

ORBD works to level playing field between big and small

Every year consumer package goods manufacturers introduce about 89,000 new products; about 2,000 of them make the cut. The rest wind up in return bins, flea markets, the close-out store circuit and sometimes much worse. That's the cruel fact of life in the CPG industry. The margin of success is just that slim: about 2 percent.

But it's not like they all came from some island of misfit new products or something. Many of the new items that will be introduced and fail this year will represent some of the most progressive thinking in new product development. Too often what will hold them back will be a company's inability to navigate the real world tactical business issues that come up before, during and after the sale. If it ever was as simple as make a good product, get the retailer's attention, get the order, make a lot of money—and

I am not so sure it ever was quite that easy—it just isn't any more.

That's why you have to give an awful lot of credit to Fitz Elder, National Association of Chain Drug Stores chief member-relations officer, Todd Kwait and nine other key individuals (including Bill Baxley of Kerr Drug, Mike Jones of Del Pharmaceuticals, Rich Juliano of Supervalu, Steve Lawrence of Cardinal Health, Dan Mack of Dentek, Jim Marini of Matrixx Initiatives, Ron Otto of National Sales Solutions, Adam Raczkowski of W.F. Young and Rich Swanson of The Swanson Group) for having the foresight and resolve to form the Outreach and Business Development committee. With the ultimate goal of providing a platform for small, medium-sized and emerging companies in order to become more engaged in the industry, the ORBD, as it has come to be known

less formally, is working to provide important tools and resources to help these types of companies be successful. Because to a large degree, if these types of small, entrepreneurial companies—the ones generally responsible for all the real innovation in the marketplace—don't succeed neither does NACDS; and neither does the industry.

So far the work of the ORBD has culminated in some pretty impressive results, including the NACDS Successful Selling seminar, hosted March 7 in Chicago, and a white paper on what it takes to bring a new product to market.

Successful Selling, which came together as a result of the work of two ORBD subcommittees, Best Business Practices, which is chaired by Mike Jones of Del Pharmaceuticals, and Broker/Manufacturer Representatives, chaired by National Sales

Solutions' Ron Otto, drew representatives from 52 manufacturer companies and 27 broker organizations. The event accomplished two very important goals, including helping first-timers prepare a program for working Marketplace and also helping to raise awareness for the value of the broker community.

As Otto noted during a Saturday morning, pre-Marketplace ORBD meeting, when you consider that the typical broker represents anywhere from 25 to 30 different brand manufacturers, the broker community touches hundreds of emerging new companies that are so critical to the health and success of not only NACDS Marketplace, but the drug store industry at large. That's huge.

If you think that all of this is happening in some kind of a vacuum—that the ORBD is just going through the motions and that all of this is relatively meaning-



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less in terms of the leadership and direction of NACDS today—you're just plain wrong. Certainly, the reach of the broker community was not lost on NACDS Marketplace organizers.

While there is some debate within that community as to what the appropriate name is for these type of companies—many prefer to be recognized more as “full-service marketing/branding/sales consultants,” although this is a mouthful at most and a two-sided business card at least—whatever you call them, their presence was quite tangible at Marketplace this year.

The very first thing you saw when you came off the escalator and onto the Boston Convention Center show floor was the massive Emerson pavilion; 20 companies in all. If you tried to snake around Emerson, you were likely to run into P2B's family of brands, encompassing seven different companies. And just a few aisles down there was The

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Greenwood Group and the nine different companies they brought to Boston.

Again, whatever you call these types of companies, they represent more or less the same thing for the retailer. They have their points of dif-

ference to be sure, but they all do one thing: they build brands. And in a business where differentiation is a challenge, and every gross margin point matters more than ever, these companies are growing in importance for the retailer. Clearly, NACDS is taking this group seriously.

From a larger perspective, the ORBD is about delivering for NACDS' small and medium-sized associate member companies in two key areas: access and involvement—access to key decision makers and increased involvement in the industry at large.

According to Adam Raczowski, who chairs ORBD's Interactive Government Affairs subcommittee, that means more than just getting a product into retail—it means supporting the industry that helps you make your living. “A lot of people say, ‘what's all that Tricare stuff about? That's just Rx—that doesn't

affect me,’” he explained. “Well if millions of people in the military are suddenly forced to get their prescriptions through the mail, that's millions of people who won't be able to buy my product either.”

Raczowski's Interactive Government Affairs Subcommittee is working to build a national database of legislators that the industry can leverage to promote and protect its interests, as well as to increase participation in the NACDS PAC. In the ORBD's first year in existence, there has been a 300 percent increase in associate member participation in the PAC, and a 250 percent increase in total contributions from supplier members.

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