

Getting better deal for members, suppliers

My job: Keith Giblin

In conversation with
John Daly

In its objective to improve buying prices and terms for members in tandem with increasing volumes and market share for its suppliers, the Allied Merchants Buying Association has driven consistent growth through a commercial vision to be a leading low cost group with strategically placed members working with partnered suppliers.

"As CEO, my responsibility is to continually deliver value and profit to our members and elevate their business to achieve results as a group that would not be achievable operating independently," Keith Giblin outlines. "In 2011, I worked with six founding members to form Allied Merchants Buying Association and today we co-ordinate the negotiation and purchases of over €200m of product and services."

Established during a challenging time for the economy, the association created a business model leveraging collective negotiation power to increase affordability and availability of products and services for its members. "We establish trust. We want to buy better and sell more, so we show commitment to our supplier partners by demonstrating greater purchasing growth and increasing the volume of business we do with them in return for providing the best brands and terms to our members. Our relationship with our suppliers is one of the most important elements of our group and we operate with a commercial belief of enabling both our members and our approved suppliers to achieve incomparable results by utilising the strength of our members and quality of their stores."

In a marketplace where change is constant, an ethos of mutual understanding and support is crucial: "A successful sale for our member is a successful sale for our supplier. We are all part of the supply chain that must end with a customer having a good experi-



Keith Giblin, Chief Executive Officer, Allied Merchants Buying Association.

ence that will increase the likelihood of them staying loyal and endorsing that brand." By streamlining suppliers and tracking members compliance in supporting approved suppliers, the Association saw support and compliance levels of 93% in 2018. "We provide a fresh approach to the benefits of combined purchasing, through our simple structure, responsive attitude and ability to leverage national opportunities."

Significant improvements were also achieved through all category management teams having recently completed an executive programme in negotiation in partnership between AMBA and Trinity College. "Our structure still remains that our store owners and managers are part of the negotiation with suppliers on behalf of our members, and this is important as they are on the frontline of the day-to-day activity in the marketplace."

Composed of a membership across timber, building materials, plumbing, hardware, décor, garden, agricultural trade and homeware sectors, the Association is geographically spread across Ireland and Northern Ireland and includes established trade names such as TJ O'Mahonys, C & D Providers, Arklow Building Supplies, Stakelums Home & Hardware, Gra-

hams of Monaghan, MD O'Shea & Sons, Drinagh Co-op, Donegal Plumbing and Limerick Paints. "What differentiates us is that all cost savings, settlement discounts and rebates go to our members in their entirety. In all our activities, our mission is to 'Make members more profitable.' How we achieved this mission has evolved over the years, but remains the core of any undertaking we engage in and our principal purpose."

Having begun with six members and 15 stores with purchase turnover of €22m in 2012, the AMBA currently has 20 members with 118 stores nationwide, and an annual negotiated purchase turnover in excess of €900m. "We continue to preserve our low-cost base, currently 0.26% of purchase turnover. We are committed to running a lean-yet-highly-effective organisation and doing so solidifies our legitimacy as a business that exists not for the purpose of profit, but with the sole goal of strengthening our members."

The launch of the Association's Agri Category signifies it is open to other sectors where Mr Giblin believes the proven business model can deliver enhanced benefits to members and suppliers. "The addition of Kerry Agribusiness affirms our progressive approach,

dedication and strategic intent. The integrity and professionalism of Kerry Agribusiness complements our growing member network and validates the strategic direction and strength of our group. We were formed at the most challenging time in our industry but continue to grow through the unity and strength of our group. The agri sector offers significant opportunities to our members and partnered suppliers," he adds. The association recently included 'agri' in its portfolio of product categories due to a number of members having a large product offering in the sector.

Earlier this year the AMBA signed a membership agreement with the Builders Merchants Federation in the UK, a move partially designed to help ensure that links with Britain are maintained and strengthened, regardless of the outcome of Brexit. BMF has 640 merchant and supplier companies who together have combined sales of £28bn and employ 123,000 people in the building materials industry. "We recognise the need and value of being a member of associations, organisations and federations focused on adding further value to members businesses. Membership of the BMF offered further opportunities particularly in recruitment, awareness

Name: Keith Giblin

Occupation: Chief Executive Officer, Allied Merchants Buying Association

Background: Formed in 2011, Allied Merchants Buying Association is an all-inclusive member buying group of leading merchants operating in the building materials, plumbing, décor, garden, and agricultural sectors.

and alliance. Our market is somewhat reliant on the UK and with the countdown to Brexit it is essential to be closer to an association that represents merchants and building material suppliers operating in the UK to develop a greater understanding of the issues and implications on both sides."

Beyond the as yet unknown outcome of Brexit, Mr Giblin lists the day-to-day problems of price inflation, product shortages, on-line retail and poor-quality counterfeit products reaching the market through non-merchant channels as other challenges facing the AMBA. "Accelerated construction methods and the changing nature of doing business, including online where the customer is less focused on loyalty and more focused on price, has forced members to change ways of driving business," he explains.

"A broader challenge is the fact that technology is an increasingly large part of people's lives and the rise of digital technology is impacting our industry and forcing us to adapt. This isn't a problem where you can go and buy a solution, it is a set of capabilities that members are building to adapt to challenges and improve efficiencies and grow business."

Attracting and developing staff remains one of the core ambitions of the Association: "Attracting new talent is not always easy. Awareness of this industry is low and what people think they know is often incorrect or negative, so there's little motivation to join. The reality is that it is a very attractive industry with tremendous career prospects. Attracting and developing talented people to represent our members, ensuring stores aspire to the highest level of expertise and customer service is a key development which will help drive business growth of our members."

JOB of the WEEK

Job: The Cork Film Festival, one of the country's first and largest film festivals, wants to hire a person to fill a new full-time three-year contract role as Director of Programming, to start next January.

Duties: Programming the event, you will help develop and deliver artistic policy and programming ambitions. You will work closely with the festival director and CEO. You will also develop year-round activity and contribute to the festival's development plan.

Qualifications: You will have senior programming experience in a film festival and/or film arts organisation, excellent knowledge of and interest in all forms of world cinema, in Irish film and the Irish film landscape, an established network with contacts in film sales and distribution agencies, cultural institutions, film festivals and film organisations, and a track record of working to budgets and timeframes.

Applications: Send your CV to jobs@corkefilmfest.org, with 'Director of Programming' in the subject line, before August 9.

The Management of Governance, Risk and Compliance — it's a choice

For organisations, and their leaders, there are four words that become almost elemental: management, governance, risk, and compliance. They herald meetings that can either be perfunctory in nature or talk to the fundamental future of the organisation.

Any close analysis of the conditions that gave rise to the Global Financial Crisis in 2008 will point to a series of failures in all four areas of these disciplines. In more recent times, in Ireland, we have seen a significant societal trust being undermined by well-known and even state-sponsored agencies adopting less than effective governance models, by choice, and permitted to do so through lack of monitoring and transparency.

Never before has there been a greater general awareness of the need for robust, common sense governance models applied by suitably qualified professionals who understand the risks and opportunities that must be managed in order to achieve the strategic objectives of a business or organisation. There is a need to learn from past mistakes. Otherwise, as amnesia, we tend to forget everything and are bound to repeat past errors.

Governing the fabric of your organisation

So, where and how do you start? Let's start with Governance. Remarkably, it is often the case that a definition of governance could vary across a range of people. The OECD is an often quoted reference point. The 2004 definition points to a structure of controls that allows a business to manage itself in delivering its strategic objective for its stakeholders.

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. (OECD, 2015.) I would offer a slightly different definition. Governance is the fabric through which an organisation integrates its business objectives with key controls



Never before has there been a greater need for robust, common sense governance, writes Noel Ford

IMI business analysis



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filters that include risk management, compliance awareness, product development, HR, financial and capital management and fit for purpose reporting that facilitates sound business decisions. The fabric also ensures that the culture, values and ethical aspects of an organisation are strategically embedded in the business model. It's a choice.

It is worth reminding ourselves that even today 2019, the 21st century, so much of our business and organisations engagements are with human beings. The DNA factor of culture in all organisations can be assessed through its corporate culture. It is important to understand what that culture is and be sure that it is an asset to the business and not a liability. It's a choice.

Risk acts as a compass

In considering Risk. Quite

simply, in terms of a board of directors, if you don't understand the risks within your business, how is it possible to exercise strategic or operational control or direction? An in-depth understanding of the 'risk universe' in an organisation is a critical source of data towards better decision making. It is also important to recognise that risk management can also be a facilitator of business opportunity and securing added value to the business. It's a choice.

Another interesting thing about risk, it works best when everyone within an organisation knows what the business appetite and tolerance for risk is, it's everyone's responsibility. It's a choice.

Compliance as opportunity

Compliance is often considered, particularly by more entrepreneurial parts

of a business, as a restrictive control. This perception of compliance needs to be challenged. In a very narrow assessment, compliance can point to ensuring that regulatory and legislative commitments are met.

In a broader scope, compliance can be used to look internally within an organisation. The opportunity to assess if the business targets for operational and strategic developments have been met, is a key control.

Also, in the same space, a critical assessment of targets and standards set for diversity, inclusion, equality, climate risk and CSR, are vital and emerging aspects to all businesses. Are we in compliance with the internal targets set to make the business a differentiated and profitable proposition to both internal and external stakeholders? It's a choice.

Managing the narrative

We are probably too used to the phrase 'tone from the top'. It is often applied to emphasise the influence of the board of directors on the operational and strategic running of an organisation. What is often less well understood is that without a reciprocal 'echo from the bottom' there is probably no real value in lofty statements of intent, however well intended, from the leaders of the business. The case for Management connecting the two elemental levels is a fundamental enabler to a business meeting its stakeholders' expectations.

The key to optimising a considered business model must ensure that management, governance, risk and compliance do not function in operational silos. The real 'secret sauce' of operational efficiency is in insuring that GRC awareness informs every level in a business. The integration of these disciplines offers greater added value and a more robust, flexible and sustainable business model.

It's a choice. Why would we not choose this?

■ Noel Forde is Programme Director for IMI's Professional Diploma in the Management of Governance, Risk and Compliance. For information on all IMI programmes, including those running directly in Cork this autumn, go to www.imi.ie.

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