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AI Readiness in Specialty Distribution:

From AI Ambition to Scalable Commercial Impact



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Specialty distribution companies are well positioned to benefit from AI because their businesses rely on complex, high-volume commercial decisions where stronger insight, faster execution, and consistent, deterministic decision-making can create measurable value. But AI should not begin with the technology itself – it is the enabler, not the solution. AI readiness starts with specificity – the right problem statement, a clear workflow, strong data foundations, and a practical plan for adoption and scale. Impact depends on leadership, internal capabilities, change management, data governance, and measurement.

1. Why Specialty Distribution Companies Are Well Positioned to Benefit from AI

Commercial complexity and high-density data in specialty distribution create strong opportunities to apply AI to targeted business problems with immediate and measurable outcomes. Much of the data that makes distributors attractive AI-enablement candidates is customer and supplier data. Businesses that successfully manage, through systems, structures, and governance, the obligations that come with handling such sensitive information will edge out competitors that struggle with this.

Specialty Distributors Manage Significant Commercial Complexity

The following attributes of Distributors often maximize the potential ROI of employing AI:

- Large product/service catalogs with rich attribution and sizable variation across branches, regions, etc.
- High transaction volumes and order histories to identify patterns
- Sourcing, purchasing, and inventory that factor into costs and product availability
- Time-sensitive quoting, estimating, and delivery needs
- Customer-specific T&Cs, and other contract/price negotiations
- Gross-to-net items, e.g., discounts, promotions, rebates, freight/shipping, surcharges
- Margin pressure, including cost inflation and labor constraints, alongside varying price sensitivity
- Unstructured data intake and centralization / common language needs, especially from inorganic growth

Commercial Workflow Attributes that Ensure AI Creates Value

For the greatest success, businesses should focus commercial AI investments on workflows that possess specific attributes:

Area	Attribute	Detail
Workflow Operation	**Repetitive / High Volume**	Happens frequently enough for small improvements to compound
	Meaningful Time / Cost Burden	Consumes significant time such as manual data entry, document review, compliance checks, report generation, etc.
	Requires Interpretation or Judgment	Has semi-structured reasoning that needs human intervention to recognize patterns, understand specific scenarios, or make predictions that cannot be 100% automated
	Low Catastrophic Downside	Errors should be human verifiable or tolerable to reduce risk and costly mistakes
Data & Architecture	**Quality Data Availability**	Requires useful inputs such as historical transaction data, call transcripts, emails, policies, good/bad outcome labels, inventory levels, etc.
	Permissible Data Use	Customer contracts, supplier agreements, and NDAs may restrict how transaction data, pricing, and specifications can be used, stored, or shared with third-party models; Confirm data rights before the use case is built, not after
	Integration Ability	Moving between systems lowers effectiveness / ROI; fitting directly into CRMs, ERPs, BI Dashboards, Email/Chat Platforms, etc. is ideal
Business Economics	**Tied to Business Value**	Affects revenue, margin, cost, risk, customer experience, or speed in a measurable way
	Feedback & Improvement Viability	Fast feedback enables stronger improvement, such as customer responses, approved invoices, and lead conversion
	Clear Business Owner	Executive sponsorship, defined frontline users, data support, workflow owner(s), and clear ROI accountability ensure transition from ideation to realization

Sample High Potential Areas Across Generative and Agentic AI Solutions

Pricing Optimization	Explain how price points are derived, summarize customer history, generate price-change rationale to build conviction
Quoting & Estimation	Review quote information, match quotes to product catalogs, leverage dynamic models* to generate recommendations, draft quote responses, push quotes to CRM/ERP
Cross-Selling and Upselling	Analyze peer transactions to recommend additional or substitute products customers are likely to purchase to increase revenue, volume, or margin mix, then generate sales tasks, messaging, and scripts
Customer Communication Planning	Leverage sales playbooks, value prop positioning, customer history, and scenario-specific context to generate communication strategies, reasons to call, scripts, and role playing for pricing and commercial changes
Deal Desk	Flag requests outside revenue / margin targets for approval routing and memos, review special programs, terms, and agreements that balance deal economics, summarize risks, and recommend deal structure

*Please note: Using generative AI to produce price points and quotes carries significant risk:

- LLMs are probabilistic, not deterministic, giving a different answer to the same prompt. They return what is believed at the time to be a plausible recommendation based on historical patterns, instead of using established mathematical calculations.
- Hallucinations can happen quickly and without knowing, especially where there are multiple levels of logic or calculations. Most distributors use several dynamic or customer-specific factors as the logic to determine price, such as cost, rebate tiers, contract agreements, inventory levels, bundling dependencies, lead-time fees, or MOQs.
- Misquoting, overquoting, or underquoting a customer reduces trust; doing this at scale opens the business to serious risk of customer, volume, or margin loss.

2. How Companies Can Identify and Prioritize the Commercial Workflows with the Greatest Value Potential

The most successful AI opportunities are specific, measurable, and embedded in existing commercial workflows where improved decisions can drive clear business outcomes.

The Trap: AI Ambition Without Results

Many companies are under pressure to do something with AI. While AI adoption is accelerating, achieving business scale for ROI is elusive. AI ambition often leads to pilots that stall or drift before delivering measurable impact or scale, or expensive enterprise-wide directives that create paralysis and lack progress and payback.

Last year, MIT found that despite $30-40B in enterprise investment into GenAI, 95% of organizations are getting zero return despite wide adoption of personal productivity GenAI tools. Additionally, Forrester's State of Agentic AI in 2026 found 75% of leaders at enterprise organizations report they are adopting agentic AI, yet most stall in pilot and fail to reach full production. This aligns with Gartner's prediction last year that over 40% of agentic AI projects will be cancelled by the end of 2027, which they have not since revised, and their 2026 CIO Survey reporting actual AI agent deployment at 17%. This leaves a large gap between business AI goals, deployment, and ROI.

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FORRESTER, STATE OF AGENTIC AI IN 2026

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actual AI agent deployment

GARTNER, 2026 CIO SURVEY

Korn Ferry's research shows the same gap from the leadership side. Ninety-nine percent of leaders say AI will disrupt their industry, yet 56% admit their workforce is not prepared, and only 11% of talent leaders say their leadership team is ready for what AI demands. In a separate Korn Ferry survey, 42% of CHROs were prioritizing AI investment while just 5% of their teams felt prepared to put it into practice. The constraint is rarely the technology. It is the readiness of the organization around it.

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KORN FERRY RESEARCH

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SEPARATE KORN FERRY SURVEY

Start With a Narrowly Defined Business Problem, Not a Broad Technology Mandate

Focused use cases tie to defined business outcomes and clear value versus hype, a precursor for stronger adoption and faster ROI. For specialty distributors, this looks like:

- Reduce quote turnaround time from **3 days to 3 hours**
- Improve win rate on high-value opportunities by **25%**
- Increase margin by **100-200 bps** through stronger price change realization
- Reduce manual order entry by **40%**
- Increase cross-sell conversion by **10%**
- Improve contract renewal retention by **10%**

Without specificity, AI can become a general productivity experiment that is difficult to measure and scale. A focused use case allows for the following:

- Clear, defined data requirements, ensuring robust inputs and quality, trustworthy outputs
- Reduced implementation complexity, such as clarity and specificity around users, systems, decision logic, outputs, approvals, etc.
- Improved adoption through sales team clarity of what's in it for them
- Faster testing and learning for reusable building blocks and reduced risk
- Clear ownership and accountability

> The constraint is rarely the technology. It is the readiness of the organization around it.

Identify a High-Value, Well-Defined Workflow; Redesign For Agentic Capability

Agents require a clearly structured workflow to reliably interact with systems, make recommendations, trigger procedures, route approvals, update records, or make semi-autonomous decisions. Identify an existing well-defined workflow from which to begin, and assume the workflow, roles, or operating model behind it will need adjustment as agentic capabilities grow.

Defined inputs and outputs	Customer name, SKUs, requested discount, target margin, contract terms, freight structure; and approve/reject/escalate, margin impact, recommended terms, required approvals, updated quote in CPQ
Documented decision logic for how to function	If supplier cost changed within the past 30 days, use replacement cost, not historical cost
Practical guardrails and exception handling	Agent can draft a quote but cannot send without approval; If margin is below threshold, route to pricing manager
Clean and accessible data	CRMs, ERPs, CPQs, supplier systems, finance systems, etc.

Evaluate Use Cases Across Key Dimensions

Once focused use case(s) are identified, understand feasibility, readiness, and prioritization by evaluating across several dimensions:

Value Potential:	Aligned to revenue growth, margin improvement, cost reduction, retention, or similar growth objectives
Workflow Fit:	Demonstrates consistent frequency with high importance or dependency, where decisions were preciously slow, manual, or inconsistent; embed-ready
Data Readiness:	Whether data is available, accessible, clean, and (re)usable
Decision Logic:	Clarity of business rules and decision logic, human judgment interference ability, and exception/approval guardrails
Process Governance & Adoption:	Whether the team trusts the process, is open to change, and can be held accountable with clear expectations and aligned incentives
Data Governance & Rights:	Whether the underlying customer and supplier data can be used for this purpose contractually and legally, and who owns that approval
Deployment Fit:	Whether the use case calls for a general-purpose commercial model, a private or locally hosted model, or a mix, given data sensitivity, cost per transaction, and latency
Measurement Capability:	Visibility to performance through granular analytics; clear understanding of system requirements and internal capability to develop

Ability to Scale Through Continuous Learning and Embedded Systems

AI initiatives can scale when they are repeatable, relevant, and trusted over time. MIT reported, "The primary factor keeping organizations on the wrong side of the GenAI Divide is tools that don't learn, integrate poorly, or match workflows. What's missing is systems that adapt, remember, and evolve…" Users won't adopt tools they don't trust; Decisions need to be supported by models with effective context across scenarios, the ability to adapt, and operative integration into existing processes.

For specialty distributors, this means building AI priorities that focus on:

- Deep customization to a narrowly defined, high-value business process
- Agentic solutions that ensure ongoing flexibility and adaptability
- Deterministic models that generate scenario-specific outcomes that teams can trust
- Adoption from the frontlines that leads to strong realization benefit
- Continuously measuring outcomes

3. What Leaders Must Do Differently to Prepare the Organization, Drive Adoption, and Scale Results

Technology alone is not enough. AI impact depends on leadership behavior, talent and capabilities, governance, change management, and measurement.

Leadership Responsibilities

First, leaders need to shift from sponsoring AI experimentation to building AI readiness by creating the conditions for AI to solve real business problems in a scalable, trusted, and measurable way.

- Define the commercial problem clearly
- Align AI initiatives to business priorities
- Sponsor focused use cases with measurable outcomes
- Ensure cross-functional ownership and capabilities across commercial, operations, IT, data, and HR teams
- Establish governance and decision rights, including who approves the use of customer and supplier data, and in which systems it may be processed
- Own the architecture trade off – models, hosting, cost, latency
- Assess organizational readiness and appropriate starting points
- Communicate why the change matters
- Reinforce adoption through training and incentives

What an AI-Ready Leader Actually Does

Being AI-ready does not mean being technical. Korn Ferry's research on the AI-Ready Leader identifies six responsibilities that separate leaders who scale value from those who sponsor experiments:

Sustain the vision	Anchor the organization to a clear view of how AI will be used commercially, and stay committed when early results lag
Take decisive action	Move with urgency but not recklessness; be explicit about what to perfect, progress, pause, or stop
Scale for impact	Concentrate resources on the few workflows that move revenue, margin, or cost instead of funding scattered pilots
Champion learning and unlearning	Retiring old quoting, pricing, and approval habits is harder than teaching new tools, and it is where most adoption stalls
Address fears	Be transparent about what AI means for branch, counter, and inside sales roles rather than letting people fill in the blanks themselves
Don't stop at success	What works this quarter may be surpassed next; keep experimenting and iterating past the first win

Treat AI Adoption as Behavior Change, Not Technical Deployment

Without trust, even technically sound tools can fail. Adoption requires people to change how they make decisions, manage work, and trust recommendations. Success depends on leadership sponsorship, training, transparent communication, trust building, feedback loops, and reinforcement through incentives and performance management.

Trust runs in two directions. Beyond trusting the output, frontline and commercial teams need confidence that customer and supplier information is being handled appropriately. A single incident of confidential customer pricing being pasted into a public model can set adoption back further than a bad recommendation. Clear, simple rules about what data can go where are an adoption enabler, not just a compliance exercise.

Adoption also changes what the job is. Sellers, quoting teams, and pricing analysts move from executing tasks to supervising semi-autonomous agents, which requires a different kind of capability: the judgment to recognize when an output looks authoritative but is wrong, the confidence to override a recommendation without feeling they are breaking the rules, and the flexibility to keep working as agents and guardrails evolve. Korn Ferry's research consistently identifies learning agility as the strongest predictor of performance in unfamiliar situations, and it is the attribute to hire, promote, and develop for here – ahead of tool-specific skills.

Prepare the Organization to Scale

Readiness begins with an honest assessment of where the organization stands today across three things: current skills, current capabilities, and ambition. Ambition that outruns capability produces stalled pilots; capability without ambition produces underused tools. Leaders do not need to be experts in these tools themselves, but they do need to be able to judge whether their organization is positioned to take advantage of them.

It also helps to be honest about which stage the business is actually in. Most organizations move through four:

1. Aligning the senior team around a Human + AI vision and the governance behind it
2. Enhancing productivity through targeted automation and workforce fluency
3. Reshaping how work gets done by redesigning roles, workflows, and incentives
4. Competing differently through AI-enabled offers and operating models

Distributors that try to jump to the third stage without the first rarely get there. A useful starting diagnostic is task-level rather than role-level: map the responsibilities inside quoting, order entry, pricing, and customer service to see which are candidates for automation, which for augmentation, and which should stay firmly human.

Additionally, most distributors already have leaders who lived through earlier technology-enabled shifts such as ERP consolidation, e-commerce, and CRM rollouts. Those people are an underused asset. They know what stalls adoption, what change management actually costs, and how long trust takes to build.

There is a second-order effect worth naming. Forty-three percent of companies plan to replace roles with AI, with entry-level and back-office positions most affected. In distribution, those are exactly the roles – counter sales, inside sales, quote desk, order entry – where people learn how the business actually makes money, how customers behave, and when to break from the playbook. Korn Ferry's work on leadership pipelines in the age of AI makes the point plainly: leadership capability is accumulated before promotion, not taught after it. Automating those roles without redesigning how commercial judgment gets built creates a savings today and a branch and regional leadership gap in five years.

The Answer Will Not Be One System

Data governance obligations shape a decision many leadership teams skip: which AI systems the business should actually run on. This is not a single choice, and it is not purely an IT question.

General-purpose models	Commercial models from providers such as OpenAI, Anthropic, and Google are fast to deploy, strong at language tasks, and inexpensive to start. They also raise real questions about where customer and supplier data travels, how long it is retained, and whether contractual obligations permit it to leave the business at all.
Private, locally hosted, or vendor-isolated models	These give tighter control over sensitive pricing, contract, and customer data, but carry higher fixed cost, infrastructure demands, and internal capability requirements.
Cost profile	Per-transaction pricing on high-volume workflows such as quoting can scale badly. A smaller model run in-house may be cheaper at volume even when it is more expensive to stand up.
A managed portfolio	Most distributors will end up with a mix: general models for low-sensitivity drafting and summarization, and controlled environments for pricing, contracts, and customer-specific data. The governance question is how to manage that mix deliberately rather than letting it accumulate by accident.

The build-versus-partner decision sits inside this same frame. The question is not who has the best technology, but which capabilities are worth owning outright, where a partner accelerates progress without creating dependency, and whether a prospective partner can meet the data handling standards the business has committed to its customers and suppliers.

Closing Takeaway

For specialty distribution companies, AI readiness is not just technology readiness. It is a combination of commercial readiness, operational readiness, data governance readiness, and people readiness. The companies that generate the most value from AI will be those that start with specific business problems, prioritize the workflows with the greatest value potential, and prepare their organizations to adopt, trust, and scale new ways of working. That starts with leaders who can honestly assess where their organization stands on skills, capability, and ambition, and who recognize that the right answer will be a managed mix of tools rather than a single platform.

Technology will be part of the difference, but it will not be *the* difference. Most distributors will have access to the same leading models, so the advantage comes from what people do with them. What separates the companies that convert AI into margin from the ones still running pilots is whether their leaders can set a vision people believe, make decisions without complete information, protect customer and supplier data credibly, and build the skills and trust their commercial teams need to work alongside these tools.

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