

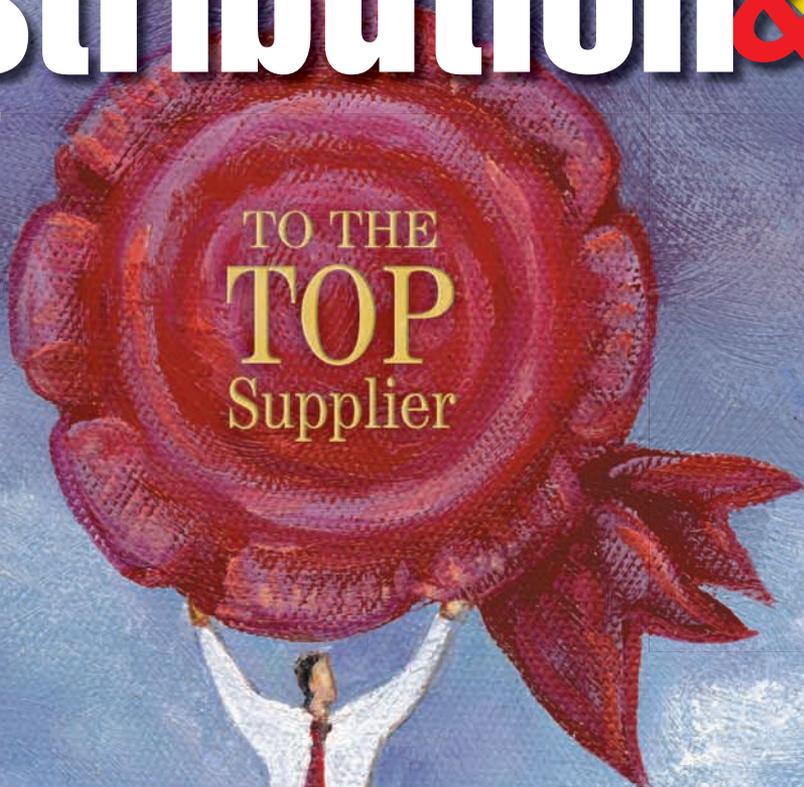
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distribution & supply

spring 2010

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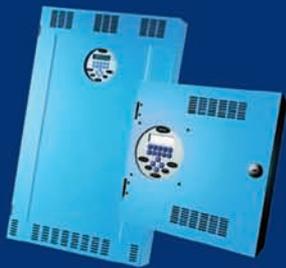
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Distribution & Supply magazine serves electrical distributors across Canada. It provides distribution personnel with the information they need to perform their jobs better and run their businesses more efficiently and profitably.

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SUBSCRIPTION RATES:

Canada: Single issue \$7.00 (including GST)

USA: \$11.00 (US) and International \$13.00 (US) per single issue

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Send address changes to:

Distribution & Supply Magazine

240 Edward Street, Aurora, ON L4G 3S9

Return Postage Guaranteed

Canada Post - Publications Mail Agreement 40063602

Printed in Canada



Contents

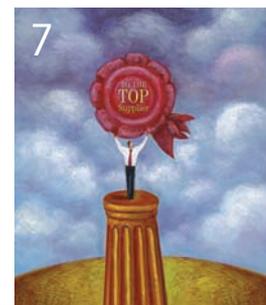
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Jack Kohane

Distribution & Supply put this question to some leading Canadian electrical distributors, and here's what they had to say. Do you agree with their opinions? How do you rate your suppliers? As a supplier, how do you stack up?



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SPECIAL Supply & Distribution Council Conference Section.

GO HERE for the Business Program, general Conference Information, Business Interaction & Networking, and Agenda.

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John Gilson

The Industry Data Exchange Association's (IDEA's) IDW (industry data warehouse) is a second-generation repository of supplier product, pricing, packaging and enriched information, designed to promote data synchronization and lower supply costs. But does it work, and has it made any inroads into Canada?



23 Don't aspire to become The Dumbest Competitor in the Market!

Rick Johnson

It is often said that profit is made on the buy side of the equation in wholesale distribution. However, this only holds true when you are disciplined enough not to give that profit advantage away during the quoting and pricing process.



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“You won’t do your reputation any good with a half-hearted effort.”

Finding the heart for social media

As you flip through the pages of our special Supply & Distribution conference edition of *D&S*, you’ll quickly pick up on the discussions of technology and, more to the point, social media. One of our columnists explains you must be involved in social media at all costs, while another argues that—for now, anyway—it’s simply not worth the cost.

But what does Mitch Joel say?

Joel is one of the speakers at this year’s S&D Conference. He’s the president of Twist Image, a digital marketing and communications agency, and has apparently been called a marcom visionary, interactive expert and community leader. According to the description of his sessions in the S&D conference schedule (which you’ll find here in the pages of *D&S*), “words like social media and Web 2.0 control every boardroom discussion in relation to growing market share and new marketing opportunities”.

And there’s the rub, isn’t it? Sure, everyone is talking about social media and wondering how best to make money from it, all without even really knowing what *it is*.

To learn more about Joel and his take on social media, I checked out his blog, and found the entry entitled “Unlike advertising, social media can’t save a bad brand, product or service”. Within, he lists several scenarios in which social media is the last thing you do, including:

- You really don’t care about customers, and only care about selling.
- Your heart isn’t into it.
- You feel like you don’t have the time to do it.

I hesitate to call these words of wisdom because, when you think about it, it’s just common sense. Social media is not about selling, but about developing relationships and brand loyalty. From my own social media experience, I don’t want to be sold to. I want information, plain and simple;

leave me alone... but show me where to go in the event I do want more information.

Do you really believe you’re going to monetize Twitter? Let me know how that goes... even Twitter is struggling to figure out how to monetize itself!

As for the last two points, I would add one more of my own:

- Your audience isn’t into it.

Just because you see Generation Y running around with superphones, uploading photos to their Facebook pages that contain hundreds upon hundreds of “Friends” (are they *really*?), it doesn’t necessarily mean that the people *you want to reach* expect you to have—or want you to have—your own Facebook page, or LinkedIn profile, Twitter account, or what have you.

Over the past several months, I have watched a couple of electrical organizations launch Facebook pages and, at the time of writing, they had 28 “Friends”... combined. And this isn’t necessarily because they haven’t put any effort into their social media endeavour, it’s just that people don’t care, or don’t have the time to care.

Does this mean it’s safe and prudent to ignore Web 2.0? The answer is a resounding “Maybe”. If your heart’s not into it, and you simply don’t have the time for it, then your audience won’t find time for you. And, in truth, you won’t do your reputation any good with a half-hearted effort. Best not to get involved until you’re ready to get involved all the way.

Focus, instead, on driving traffic to your corporate website through traditional media and methods (print ads, tradeshow, etc.). Here’s where you should focus your digital spend: make sure your website is populated with information visitors can easily navigate and use—which does, in fact, help close the deal. ■

Anthony Capkun

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What makes a Top Supplier tops?

Jack Kohane

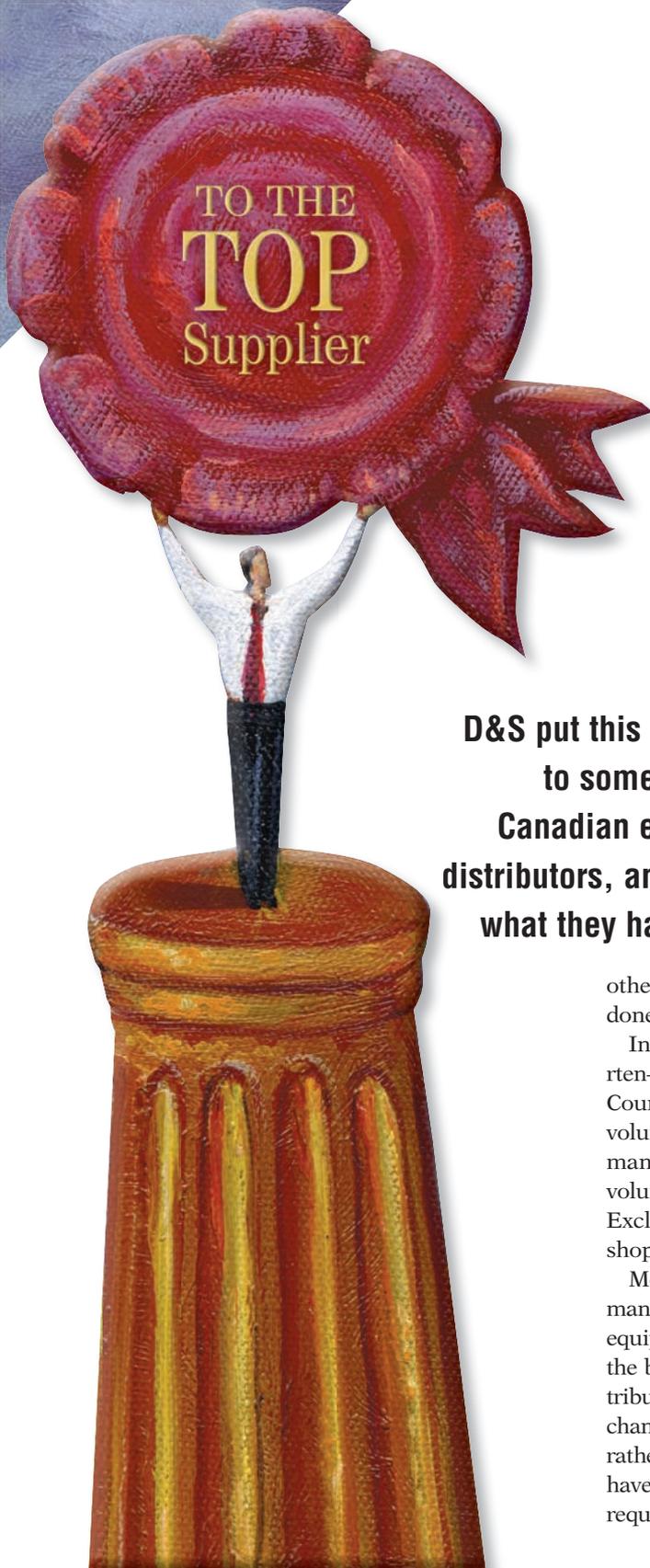
**D&S put this question
to some leading
Canadian electrical
distributors, and here's
what they had to say**

It has been likened to a tug of war between rivalling siblings: the relationship between individual electrical suppliers and distributors can be rocky at times but, on the whole, it's rock solid. Distributors may carp about suppliers' late deliveries and high prices, while vendors gripe about customers paying their bills late or shopping prices with the competition. They bicker like brothers, but they need each

other. And, just like family, an occasional pat on the back for a job well done is appreciated.

In trying to define the supplier/distributor relationship, Rick McCarten—vice-president of Electro-Federation Canada's Supply & Distribution Council (EFC/S&D)—says it's complicated. "Typically, manufacturers like volume. Distributors like margin. It was once described to me that a good manufacturer helps create margin and a good distributor helps create volume. Cooperation is a big point, but so is anything that helps margins. Exclusivity, customer brand preference, tech support all lead to customers shopping at a particular distributor."

McCarten goes on to say that his organization, which brings together the manufacturers, distributors and manufacturers' representatives of electrical equipment in Canada, has conducted studies showing that 50 percent of the branding is with the manufacturers and the other 50 percent with distributors. "As a supply channel, our strength is evenly divided [unlike] other channels, like Wal-Mart's retail channel (where the strength is with the retailer rather than the manufacturer) or the auto industry (where car manufacturers have strength over dealerships)," he explains. "When it is 50/50, the channel requires much more consensus building to move forward." >



Choosing a Supplier of the Year

Moving to evaluate supplier performance is a hallmark of Mississauga, Ont.-based Independent Electrical Distributors (IED) Limited Partnership II—a supply network that was formed to enhance the buying power and effectiveness of independent electrical distributors. “We judge them [suppliers] against their peers and, each year, we recognize the best as our Supplier of the Year,” says Jim Milne, president IED, which represents over 140 branches across Canada.

“Our members vote on who they believe are the top suppliers in our industry and, since 2003, we’ve been saluting those who go the extra mile for distributors. No matter if it’s a Canadian- or a U.S.-based company, all top-notch suppliers share certain values and commitments, such as presence and investment in Canada and the Canadian market,” adds Milne.

IED-member branch or purchasing managers are eligible to select their favourite supplier (one survey per branch) in the Supplier Performance Survey that is sent out in May, using criteria encompassing product quality consistency, order processing, on-time delivery, competitiveness of products, invoicing, complete orders and sales support. Members allot points to each criterion, and each is given equal weight and set against a benchmark. Points are tallied to determine the top quartile, median and bottom quartile. “We achieved a 90 percent response rate for a subjective, scientific and statistical survey that provides a true barometer of the current supplier/distributor partnership,” remarks Milne proudly.

Some of the past winners include Pass & Seymour (2007) and IPEX in 2008. At the annual general meeting last June, IED announced its top suppliers for 2009 from among a field of 62 entrants: Ouellet, Thomas & Betts, IPEX, Bemag and Stelpro (with Ouellet taking No. 1. IED also honoured Ouellet president Raymond Beaulieu for his leadership and dedication to independent distributors of electrical products in Canada by presenting him with the Tom Torokvei award.

“This is a company with good processes and controls in their business and operations,” nods Milne. “It’s an unassuming company; not flamboyant, but a top performer by all parameters in the eyes of its customers, our members.”

Since starting out in 1960 when founder Charles-Émile Ouellet began to build residential warm-air heating equipment in a workshop, “Customer satisfaction has always been at the heart of our commitment to our

customers,” affirms Louis Beaulieu, Ouellet Canada Inc.’s national sales manager. The ISO 9001:2000-certified company today comprises 200 employees housed in a 100,000-sf facility in L’Islet, about one hour east of Quebec City, and services the residential, commercial and industrial markets coast to coast, into the U.S., and exports to China as well.

“We remain firmly a family run enterprise,” continues Beaulieu. “Because we have a direct link between top management and our customers, if any issue arises, we can address it very quickly. Despite the challenges of a wide geography to cover, we execute well. If we promise on-time delivery, we do it. We walk the walk and do what we say we will do.”

This is the fifth time Ouellet Canada has received the IED Supplier of the Year award. Notes Beaulieu, “Just like a school report card, it’s crucial for us to know how we’re doing; where our strengths are and where we need to improve.”

Overburdened distributors realize they, as customers, have clout, and that partnering with suppliers and manufacturers offering the best product and market expertise is the way to go.

Bob Shapiro believes a good working partnership makes sound business sense. “We value most that our suppliers have become part of our family/team, and that each year we get better and better at strategic planning and going to market together,” says the president of Franklin Empire, an independent, family owned distributor headquartered in Montreal, with branches across Quebec and Ontario.

“We continue to establish stronger strategic alliances with our customers, as well as our suppliers,” he continues. “A strong supplier relationship creates a greater level of trust and cooperation.” Not all electrical suppliers nor distributors are the same; they all have their strengths and weaknesses, observes Shapiro, “but our best suppliers make sure they communicate regularly with us.”

Each year, Franklin Empire hosts a summit to meet with the senior management of its top suppliers to plan objectives such as target customers, marketing activities, joint calls strategy, etc. These plans are continuously tracked throughout the year. It is at the summit that suppliers get a copy of the evaluation form entitled “Supplier Excellence,” completed by branch managers (with input from their inside and outside representatives), and reviewed as suppliers meet with each of the company’s branches.

“Certain suppliers stand out and have



Rick McCarten,
EFC/S&D vice-president



Franklin Empire honours GE Lighting as its
Supplier of the Year for 2009.



IED president Jim Milne (left) presents
Ouellet's Martin Beaulieu with the IED
Supplier of the Year award for 2009.

proven their commitment across all of our regions, and we've decided to recognize this achievement," states Shapiro, adding that the best suppliers rank high when evaluated by the following measurements: quality of products, meeting delivery promises, regular communications, project support, helping to win new customers, and customer service. "And those that follow through with summit plans are particularly important to growing our businesses together."

By formally recognizing a Supplier of the Year, Franklin Empire demonstrates how important electrical vendors and manufacturers are to the company. In fact, one of the points in Franklin Empire's mission statement is devoted to the supplier relationship:

To be an important and strategic ally by supporting their marketing efforts and adding value to their products.

"Because of the way we feel about our suppliers, recognizing them with our Supplier of the Year ceremony is a natural thing for us to do," states Shapiro. He points out that the criteria has been refined and expanded over the years. "For instance, only two years ago we started weighing the criteria differently, and last year we added the follow-up of summit plans criteria."

This initiative at Franklin Empire began in 2004. Previous winners include Stelpro, Leviton, Thomas & Betts and Siemens. In 2009, GE Lighting was awarded the title.

"We realize that we are in the middle of the supply chain and that we bring value to our suppliers when we can enhance their efforts," Shapiro says. "Over the past few years we have made the decision to work more closely with fewer suppliers and to have mutual commitments to be valuable to each other. We started going to market with our suppliers a long, long time ago; this is not a new fad for us. We recognize our position and understand that if we don't value the history and relationship we

have with our suppliers, then we are just in the commodity business. Most of our suppliers have been our partners for a very, very long time and we are reluctant to change unless there is a very good reason."



LEFT TO RIGHT: D&S publisher John MacPherson, Osso Electric Supplies general manager Jim Wamsley and D&S editor Anthony Capkun

What more can suppliers do?

From Jim Wamsley's perspective, top-notch suppliers are those that value the partnership, communicate fully, act inclusively to benefit each other's business, and demonstrate flexibility. "We want to deal with best-of-class suppliers... suppliers that stand behind their products and people, and have an investment in the chain," says the general manager of Osso Electric Supplies, a division of Sonepar Canada Inc.

What do his preferred suppliers do that differentiates them from competitors? "They do what they say they can do—consistently—and have passion for their products," he declares.

He adds, though, that he would like to see more training that's adapted to the needs of the younger generation, employing multi-media tools: "We need to make the younger generation feel welcome in our industry, and suppliers can certainly help us do that."

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Urging suppliers and vendors to keep the vital lines of communication open, Wamsley stresses that this will become increasingly critical as the pace of change accelerates. "We need to be more inclusive and open about our needs and goals. The alignment of supplier, distributor and customer will become ever more important in future years."

Heather Gerrie agrees that building long-standing relationships between the main stakeholders in the electrical parts and components industry is a big key to her company's success as a distributor. Gerrie Electric Wholesale Ltd.—a Canadian family owned and operated company founded in 1957—conducts its own in-depth vendor assessment process to ensure benchmarks are being met on an ongoing basis. Gerrie's Vendor Evaluation consists of measurements in the following categories: Customer Service, Outside Sales Representation, Vendor Quotations, Product, Invoicing, Management.

Vendor Evaluation was developed for the purpose of benchmarking vendors as part of Gerrie Electric's ISO, explains Gerrie. "We want to give credit where it's due. The evaluation program was put in place to provide a feedback mechanism for our vendor partners on their level of service and support so, together, we can continue to improve our relationship. This is seen as very positive by our vendors; it's information they can share internally with their teams on successes while pinpointing areas that need improvement."

The evaluation process is conducted by the company's branch managers and other key personnel. All categories are ascribed a score, up to a maximum of 5. "This offers our vendors a benchmark against their peers and against their own performance of the previous year," says Gerrie.

When asked which suppliers are among the top in her company's evaluation, she replies that confidentiality agreements preclude her from naming names. "We want to give credit where credit is due, but those suppliers who are ISO definitely have the edge in meeting our qualifications for product quality, the measurement that is paramount," she states. "Exceptional suppliers empower their service representatives to offer distributors 'real' service in delivery dates, returns, and in ease of doing business. They work to ensure we never let our customers down."

That means service excellence, even in an economic downturn. "Recessions test the supplier/distributor relationship, reflecting the strength of the team to hurdle the tough times," remarks Gerrie, spotlighting the fact that loyalty is a two-way street. "Vendors who value their distributors will be loyal to those customers, and we need to be loyal to our suppliers. Our industry demands a collaborative alliance that stands the test of time."

But on the issue of product exclusivity it's "Never forever", according to Tim Kennedy, purchasing manager for Saint John, N.B.-based Source Atlantic, a full-line supplier of electrical products and services comprising six branches in New Brunswick and five in Nova Scotia. "Exclusivity is time-sensitive," he continues. "That means a distributor has to take advantage of this while they can. We have been successful in having exclusive product lines from vendors over the years. Our sales grew substantially and margins were good, but what happens is the vendor gets greedy and wants more market share and now that business that you thought you owned was being encroached on and, of course, margins eventually deteriorated and sales declined. We have learned this lesson over the years."

Kennedy, who represents his company as a board member for IED (and sits on IED's national committee for new supplier selection), insists that anyone who wants to achieve a top supplier status with customers is one who partners with the distributor to achieve the same goals. "A top supplier provides competitive pricing, is ethical in its business practices, helps with balancing inventory levels, offers programs and promotions to increase margin, has a competitive rebate incentive, has a high fill rate with limited quality concerns, and handles any potential concerns without delay," lists Kennedy.

Source Atlantic, Kennedy explains, provides its top supplier with forecasting levels for inventory. During a recent project the company provided one of its chief vendors with expected usage six months prior for a major project. "What this did was guarantee inventory for our customer for the timeframe needed to limit any delays. We are happy because we serviced the customer. The supplier is happy because he has a large dollar value order... the customer is happy because the stock is there when required—all parties achieved the same goal."

Oddly enough, partnering with a single supplier is not what Kennedy characterizes as a favourable situation. "You have to have a healthy balance between vendor and distributor. It is not uncommon to have two or more 'partnered' suppliers under one category. If one is too entrenched in each other's business, then it would be easy to become complacent, and margin erosion could be incurred. If we were to have a falling out or 'divorce' from one another, my customers could leave us to stay with that vendor. Having options is always the key."

To stay on track, an annual meeting brings together Kennedy and Source Atlantic's general manager, vertical sales manager and senior buyer with suppliers' national management teams. The main discussion points are the previous year's sales numbers, market conditions, inventory management, any quality concerns, pricing and projected business opportunities.

"At some of these sessions the message can be that it is best for both parties to part ways, as it would no longer make business sense to continue the status quo. Other sessions provide a clear direction as to our expectations and the suppliers' expectations," Kennedy says.

Can a so-so supplier rise to superstar status? Kennedy believes so, when they bring something to the table. "Some suppliers' agents work as an extension of our sales team. They listen and address our concerns. They provide training to us and to our customers. They help us manage areas such as inventory balancing, quality concerns, defectives, fill rate levels, and invoice matching. Our favoured suppliers give us market feedback and help us land an order—that's a win-win relationship." ■



Tim Kennedy, Source Atlantic



Bob Shapiro, Franklin Empire

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The Return of *Influence*



Relationship Economics

how to maximize your Return on Influence

Customer Think

how your customers have changed

Going green\$\$

developing a presence in a fast growing market

Channel Marketing

building strong relations to strategy

2010 - June 1-4

The Return of

Influence



The Supply & Distribution Conference Committee warmly welcomes the Canadian electrical industry to the 2010 Conference. The three-day program will emphasize the importance of relationships and the financial return they give your business as reflected by the Conference theme, **"The Return of Influence"**.

Recent studies have shown that many companies fared better through the recession not on low price, but on quality service. It was the companies that had built and maintained strong relationships with their customers, who could work those relationships to reduce channel costs that resulted in increased sales. As one of our keynote speakers, David Nour states, we need to start looking at the new "ROI", the "Return on Influence" in order to maximize our relationships. Learn from the following marketing and branding experts, Ken Wong, Mitch Joel and David Nour on how your business can prosper by new and superior methods that don't include price cutting measures.

The Supply & Distribution Executive along with the special conference task force have taken members' suggestions from previous conferences into consideration and made adjustments that will improve your experience. Specifically, this includes revamping the business program to allow more time for business networking. The changes include speaker sessions now being held on Wednesday and Thursday morning only, the Annual Chair's Gala has been replaced with the Awards Dinner & Entertainment on Wednesday evening and the Annual Conference Golf Tournament is now on Friday, June 4th at the pristine Okanagan Club.

You can't afford not to come to this year's conference! Why? For two reasons:

- 1. Competitive Edge** – The Conference provides you with the knowledge required to improve performance in your business
- 2. Unparalleled Networking** – The conference is the most influential and effective platform for electrical senior level professionals to grasp market intelligence, exchange industry information and share business development experience.

I look forward to seeing you all in June 2010 in Kelowna!

Wayne Donaldson
Rexel Canada Electrical Inc.
Chair, Supply & Distribution Council
Electro-Federation Canada

BUSINESS PROGRAM

WEDNESDAY, JUNE 2

8:00am – 8:30am

Supply & Distribution General Assembly

8:30am – 9:00am

New Canadian Research on What Customers Want

Roger Partington
President, B2B Coherent

The Supply & Distribution Council is delving once again into the area of research. This year, we have contracted Roger Partington, President of B2B Coherent, to address our past report on contractors and investigate how customer behaviours have changed in the last six years. Learn how your end customers are changing with new technology and a new economic climate.

9:00am – 9:30am

**Industrial Distributor Leadership –
New Canadian Industry Certification**

Richard Ayuen
Vice President Central Region, Kinecor

The Supply & Distribution Council have supported the Industrial Distribution Leadership Certificate Program in Canada that will, over time, completely change the landscape of distribution in this country. Richard Ayuen, of Kinecor will address the delegates on this new successful program that is teaching our members — right now — all across Canada. Learn how the online program will add to your bottom line. Whether a manufacturer, distributor or rep, upgrade your employees knowledge with this easy-to-use online college certified program.

Richard is one of the founding instructors in the initial program at Mohawk College as well as a supporting company in the distribution business allowing his employees to participate.

You will undoubtedly share his enthusiasm for the program once you have heard his presentation.





10:00am – 12:00pm

Relationship Economics

David Nour
Social Networking Expert & Author
of *Relationship Economics*

This year delegates will find our kick off speaker informative and entertaining. David Nour is a social networking strategist and one of the foremost thought leaders on the quantifiable value of business relationships. David is the author of *Relationship Economics*, a senior management advisor, and a featured speaker for corporate, association and academic forums, where he shares his knowledge and experience as a leading change agent and visionary for *Relationship Economics*® – the art and science of relationships. Learn from him what you do, why you do it and why you should measure it.

David earned an Executive MBA from the Goizueta Business School at Emory University where he's often a guest lecturer, and a BA degree in Management from Georgia State University.

THURSDAY, JUNE 3



8:30am – 10:00am

The Great Un-tethering of Your Customers

Mitch Joel
President, Twist Image
Marketing & Personal Branding Expert

When Google wanted to explain online marketing to the top brands in the world, they brought Mitch Joel to the Googleplex in Mountain View, California. *Marketing Magazine* dubbed him the "Rock Star of Digital Marketing" and called him, "one of North America's leading digital visionaries." Joel is President of Twist Image – an award-winning Digital Marketing and Communications agency. He has been called a marketing and communications visionary, interactive expert and community leader. He is also a Blogger, Podcaster, passionate entrepreneur and speaker who connects with people worldwide by sharing his marketing insights on digital marketing and personal branding.

His first book, *Six Pixels of Separation* (published by Grand Central Publishing – Hachette Book Group), named after his successful Blog and Podcast is a business and marketing bestseller. Join this speaker session with Mitch Joel who will unravel the fascinating world of New Media, Consumer Generated Content and Social Media. Learn how these marketing touch points are creating conversations where the results are staggering

and loyalty is off the charts. Words like Social Media and Web 2.0 control every boardroom discussion in relation to growing market share and new Marketing opportunities. Learn how to take part in these communities and conversations.



10:30am – 12:00pm

B2B Relationships – Avoiding the Hype

Ken Wong
Associate Professor at Queen's School of Business
Vice President, Knowledge Development for Level 5

Ken Wong returns to our Supply & Distribution S&D stage. This year Ken's presentation will focus on how much has been made of the promise and potential of relationship marketing while recent evidence suggests that many organizations "talk" a better relationship than they provide, even though they may be spending thousands of dollars on new technology and programs. Why? Because they forget the basics: why we do it, how we do it and how we know whether it's working. By attending this speaker session, find out how to avoid the most common problems in pursuit of superior customer relations.

Ken is highly accomplished both in the academic and business fields and has received numerous awards. Most recently, he was named a 2006 Inductee into *Canadian Marketing Hall of Legends* for his career efforts at "providing others with the opportunity, inspiration or ability to pursue excellence in the Canadian Marketing environment". He received his B.Comm and MBA degrees from Queen's University prior to a period of doctoral studies at the Harvard Business School. Ken's expertise in research and business will assist you in identifying the areas within your business that you can improve upon and succeed in.

JUNE 1-4

Building Relations

Look for other programs throughout the conference which are designed to help you meet new people with like interests.

- If you have not yet attended the Supply & Distribution Conference, you will come away feeling like one of the veterans.
- Be heard! Voice industry issues that concern you.
- Want to know more about the Supply & Distribution Council? Come out to our new general assembly on Wednesday morning.

CONFERENCE INFORMATION

Kelowna, British Columbia will play host to our 16th Annual Supply & Distribution Conference.



Come experience one of Canada's remarkable cities, *the small city that offers the world* with acres of orchards, fields of grape vines and pristine golf fairways set along the majestic mountainside and Lake Okanagan. The serene and exceptional location is why Kelowna was selected for our members as the place to be to form and maintain vital networks. Learn about new effective business practices and enjoy each other's camaraderie with the various social networking events throughout the conference duration.

CONFERENCE HEADQUARTERS

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1310 Water Street

Kelowna, British Columbia

V1Y 9P3

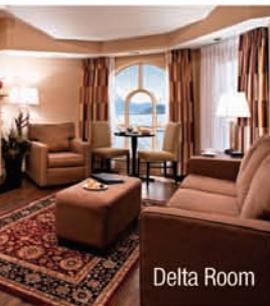
Hotel Reservations: 250-763-4500

Toll Free: 1-800-465-4651

Global Reservations: 1-888-890-3222

Reservation URL:

<http://www.deltagrandokanagan.com/g305elec>



Delta Room

This stately waterfront property is the flagship property of the Delta family of hotel and resorts, and rightly so, as it spreads over 25 acres in a parkland setting. From its terra cotta villa resemblance to emerald green lawns with ribbon walkways that wrap along the boardwalks,

marinas, beaches of the vivid blue shores of Okanagan Lake, it's no wonder why people come for the Okanagan experience.

This property is the largest hotel and conference centre in the interior BC, with over 400 newly-renovated guestrooms and suites, and over 25,000 square feet of meeting space. The hotel also has an indoor pool, two outdoor pools, a whirlpool, complete fitness centre along with a Grand Spa.

Bet in Grand style, as the Delta Grand is also home to Lake City Casino, if you plan to try your luck at the slots or gaming tables.

Also located on the resort is Lakefront Sports that rent out sea boats, patio boats, canoes, kayaks, paddleboats, sea-doo's and bicycles for the whole family to enjoy and take advantage of the surroundings. Lakefront Sports Centre will take care of all your land and water rental needs — www.lakefrontsports.com.

The Delta Grand Okanagan Resort is located in the centre of it all! It's walking distance to the cultural district, Kelowna Art Gallery, Rotary Centre for the Arts, Kelowna Museum, Historic Laurel Packinghouse, along with unique shops and boutiques, Japanese gardens, regional flavor restaurants and local lively entertainment. For more on what Kelowna has to offer, visit www.tourismkelowna.com

ROOM CATEGORIES AND RATES:

Electro-Federation Canada has reserved a block of rooms within various accommodation categories at the Delta Grand Okanagan Resort and Conference Centre. All room rates are based on single or double occupancy and are subject to applicable taxes. Choices of Lake, Lagoon, Mountain or City views are possible. Portage and housekeeping gratuities are payable at your own discretion.

- Delta Room: \$ 209.00
- Club floor - Delta Room: \$239.00
- Junior Suite with Jacuzzi: \$259.00
- One Bedroom Suite with Jacuzzi: \$309.00
- Two Bedroom Upgraded Condominiums: \$450.00

HOTEL ROOM RESERVATIONS

Delegates are responsible for making their own hotel reservations at the Delta Grand Okanagan Resort and Conference Centre. When booking a room, please contact the hotel directly and mention that you are with the Electro-Federation Canada or Supply & Distribution Conference group. The cut-off date for room reservations is **May 1, 2010** after which date, reservations will be accepted by the hotel based on availability only.

Note: Electro-Federation Canada reserves the rights to remove/reassign your room reservation in the conference room block if you cancel your conference registration.

CONFERENCE FEES

Delegate Early Bird Registration Fee

\$880.00 + GST + \$100.00 Delta Grand Hotel deposit - Early bird delegate rate is available up to and including **March 31, 2010**.

Delegate Registration Fee

\$955.00 + GST + \$100.00 Delta Grand Hotel deposit - If registered on or after April 1, 2010.

Companion Fee

\$355.00 + GST

NEW! this year! A \$100.00 deposit will be added to each **delegate** registration fee. Upon check-in at the Delta Grand Okanagan Hotel, this \$100 will be credited as a gift card, valid *only* during the conference at these Delta Grand Okanagan Hotel outlets:

- Grand Bay Café
- Grand Coffee Company
- Delta Grand Vines Lounge
- Grand Spa

You also have the option of applying the \$100 credit to your guestroom account.

**Delta Grand does not assume the risk for lost or stolen cards.*

CONFERENCE KIDS ARE WELCOME!

Children are complimentary and are invited to participate in this year's conference tours and activities, however, certain restrictions may apply. Please see tour details for information. Children under 19 years of age are not permitted to attend any of the conference networking events, including the Opening Reception, Luncheons, Awards Ceremony or Golf.

WEATHER

Kelowna is known to have the best weather in the country. The average temperature high in Kelowna in June is 24 degrees Celsius to a low of 8 degrees Celsius. It has been recorded that Kelowna averages over 2000 hours of sunshine per year.

TRAVEL

Kelowna's International Airport is approximately a 20-minute drive to downtown Kelowna and to the Delta Grand Okanagan Resort. Air Canada has been selected as the official carrier for this conference. To book your airline tickets, visit www.aircanada.com and be sure to enter EFC's **Promotion Code: QXATW4H1** in order to receive the special 10% discount. The discount travel period is valid from Tuesday, May 25, 2010 to Saturday, June 12, 2010.

CONFERENCE ATTIRE

- Conference Programs: casual or business casual
- New! Awards Ceremony and Dinner: Business attire
- Tours and Activities: casual, sportswear, and comfortable footwear

HAVE CONFERENCE ENQUIRIES?

Please contact Sue Adler by phone at 647-258-7476 or by email at sadler@electrofed.com.

OKANAGAN VALLEY WELCOME RECEPTION

Tuesday, June 1st 5:30pm – 6:30pm

What better place to be than the Okanagan – amidst majestic mountains, winding lakefronts, superior golf courses and celebrated wineries. The Welcome Reception is open to all conference delegates and companions. This reception gives conference attendees a chance to meet old friends and make new ones! The Supply & Distribution Council executives look forward to welcoming all conference attendees at this opening reception.

GOLD EFC PINS

Please extend a warm welcome to delegates and companions sporting a gold EFC pin on their name badge, as these people are attending the conference for the first time.



TOURS & ACTIVITIES

We have planned a wide range of unique and exciting adventures for you to explore and enjoy during your stay in the Kelowna Region. The tours and activities include some of the most original and scenic places that the Okanagan and the surrounding areas have to offer.

For full tour descriptions, visit www.KelownaBound.blogspot.com or refer to the New tour supplement!



“GRAPE” EXPECTATIONS

**Progressive Winery Experience at Summerhill Pyramid Winery
Optional Dinner Event by CEMRA
Thursday, June 3rd 6pm – 11pm
\$170 + GST**

CEMRA will be hosting one of its most distinctive events right in the heart of the Okanagan wine country, and you are invited to join in, on their “Grape” Expectations evening. All conference delegates and companions are welcome!

The evening will feature, a welcome on the observation deck with magnificent views of Lake Okanagan, locally inspired food and

beverage stations on the Sunset Veranda and Terrance with tours of stainless wine tanks, along with a tour of the world re-known and authentic Pyramid. The ambiance will be set by hundreds of candles and barrels highlighted by the 60-foot-high ceiling where guests experience an unforgettable wine tasting of the region. The evening will conclude with eclectic fire spinners and a casual dance party!

Please dress in casual attire as this event is designed to be relaxed and entertaining! This is one CEMRA event you won't want to miss! Dinner, tastings, tour, entertainment and transportation are all included. *Book early, as CEMRA-hosted events sell out fast!* Please note: Wine is charged by the bottle due to the vast selection of Summerhill wines available.

THE INDUSTRY'S GOLD, SUPPLY & DISTRIBUTION ANNUAL CHAIR'S AWARDS EVENING

Wednesday, June 2nd 7:30pm

Join Supply & Distribution Chair, Wayne and his wife, Mary Ellen Donaldson as they welcome you to the Supply & Distribution Awards Evening festivities. Come prepared to enjoy a spontaneous conference dinner with special entertainment. This “for the love of wine” evening is scheduled to conclude at 11:00pm to allow you to participate in the hospitality suites offered or just to catch up on your jet lag. Attire for this evening is business.

NEW! “GREEN ON DISPLAY” MINI TRADESHOW

Thursday, June 3rd 12pm – 3pm

This year we are trying something a little different. We are asking our members and along with a list of other companies outside our membership to set up table-top displays with products that are energy efficient or environmentally friendly, or generate off grid power. We feel its time our members looked into the opportunities directly available to them for both in sales and branding. Learn how your company can change its image and adapt to the 21st century.

If you have a product or know someone who does, contact Sue Adler at sadler@electrofed.com.



NEW! BUSINESS “TABLE TALKS”

Discuss industry challenges and issues in this new “table talk” format on Wednesday during a delicious lunch from 12 to 1pm. Share topics that are of interest to you and your industry and hear from others that share your concerns.

HEAD OFFICE PROGRAM

Distributors will once again be able to host Head Office appointments with manufacturers on the afternoons of Wednesday June 2nd and Thursday, June 3rd. To register your company for a Head Office meeting space, visit www.KelownaBound.blogspot.com and indicate which day(s) you would like to hold meetings. Manufacturers can arrange a meeting time directly with the distributor by visiting the conference site for a list of distributors who are holding a meeting.

Back by popular demand! Space permitting, manufacturers will also be able to book a meeting room and host their own Head Office meetings during the conference.

Note: It is the responsibility of the manufacturer and distributor to arrange for a convenient Head Office meeting time. EFC staff will not schedule or confirm any appointments.



CONFERENCE AGENDA

TUESDAY, JUNE 1

1:30	S&D Advisory Council Meeting 1:30am - 4:30pm	
5:00	First-Year Attendee Reception 5:00 - 5:30pm	Conference Registration Check In 4:00 - 6:00pm
6:00	"Okanagan Valley Welcome" Opening Reception 5:30 - 6:30pm	
	Dinner Appointments 7:00pm	

WEDNESDAY, JUNE 2

Registration Desk Hours	7:00	Continental Breakfast		
	8:00	Supply & Distribution General Assembly		
	9:00	New Canadian Research on What Customers Want — Roger Partington		
	9:00	Industrial Distributor Leadership — Richard Ayuen		
	10:00	Refreshment Break		
	11:00	Relationship Economics — David Nour		
	12:00	DELEGATE LUNCHEON INDUSTRY TABLE TALK		
	1:00			
	2:00	Canadian Regions Meeting	Head Office Program	
	3:00			
	4:00			
	5:00			
	6:00			
	7:00	6:30pm	For the Love of Wine, Chair's Evening Reception	
8:00	7:30pm	The Industry's Gold Awards Dinner and Entertainment (evening concludes at 11:00pm)		

THURSDAY, JUNE 3

Registration Desk Hours	7:00			
	8:00	Continental Breakfast		
	9:00	The Great Un-tethering of Your Customers — Mitch Joel		
	10:00	Refreshment Break		
	11:00	B2B Relationships – Avoiding the Hype — Ken Wong		
	12:00			CEMRA Ice Cream Station
	1:00	"Green on Display" Mini Tradeshow and lunch Delegates only	Head Office Program	
	2:00			
	3:00	CEMRA Annual Meeting		
	4:00			
	5:00			
	6:00			
	7:00			"Grape" Expectations Optional CEMRA Dinner Event Pre-registration required 6:00 - 11:00pm
	8:00			
9:00	Dinner Appointments 6:00pm			
10:00				
11:00				
12:00				

FRIDAY, JUNE 4

Registration Desk Hours	7:00	S&D Conference Golf Tournament Okanagan Golf Club
	8:00	Shuttle transfers depart hotel at 7:00am Shotgun start 8:30am
	9:00	Return transfers 2:30 - 3:00pm
	10:00	
	11:00	
	12:00	
	3:00	

SATURDAY, JUNE 5

9:00 Registration Desk Hours: 8:30- 9:30am

CONFERENCE TOURS AND ACTIVITIES

WEDNESDAY, JUNE 2

Tour #1 8:00 – 9:00am

Morning Glory Boardwalk Stroll with Mimosa

Tour #2 10:45am – 3:45pm

Mission Hill and Quails' Gate - Okanagan's finest Wineries Tour and Luncheon

Tour #3 Noon – 3:00pm

A Taste of Kelowna on the Waterfront (downtown)

Tour #4 1:00 – 4:30pm

ATV Guided Sightseeing Tour

THURSDAY, JUNE 3

Tour #5 8:30 – 11:45am

Orchards, Cheese & Cider Agri-Tour

Tour #6 9:00am – 11:45pm

Hidden Gems Winery Tour

Tour #7 Noon – 3:00pm

Okanagan's Afternoon Delight on the Water

FRIDAY, JUNE 4

Tour #8 11:00am – 3:00pm

Exclusive Wine & Food Pairing Luncheon with Executive Chef Marston

Tour #9 11:00am – 2:00pm

Valley Views Hiking Tour and Picnic

SATURDAY, JUNE 5 (POST CONFERENCE)

Tour #10 9:15am – 4:45pm

Naramata Bench Winery Excursion with Luncheon



CONFERENCE GOLF TOURNAMENT

Friday, June 4, 2010 8:30am Shotgun Start
Okanagan Golf Club, Kelowna, BC

Connect While Playing at The Bear or Quail Course



The Bear Course at the Okanagan Golf Club was designed to ignite your passion for the game of golf. Planned by Nicklaus Designs and built in 1998, The Bear is an 18-hole, 6,900 yard, par 72 masterpiece unlike any other golf course in British Columbia. With dramatic sculpted fairways surrounded by the forests

and sage brush hills of B.C.'s sun-drenched southern interior, The Bear is the crown jewel course of the Okanagan Valley.

The Quail is a magnificent par 72, 18-hole championship golf course that has become an Okanagan Valley favourite since the day it first opened. Designed by renowned golf course architect Les Furber and built in 1994, this unique course features dramatic elevation changes and breathtaking views as 6,891 yards of multi-tiered fairways meander around a majestic rock bluff.



Prizes

Prizes will be awarded in the following categories for each course:
Low Gross – Individual • Low Gross – Foursome

Format Options

Individual or "Texas" Scramble

Transportation

Shuttle transfers will depart from the Delta Grand Hotel commencing at 7:00am. All golfers must be at the course by 8:00am for the 8:30am Shotgun Start. Coffee and muffins will be provided.

Tournament Fees

Cost per golfer: \$175 + GST • Foursome fee: \$700 + GST • Club Rentals: \$ 55 + GST

The tournament fee includes: power carts, green fees, continental breakfast and transportation.

Register Early and Secure Your Spot!

This tournament sells out quickly each year, so sign up soon!
Register online at: www.KelownaBound.blogspot.com.

Cancellation/Substitution Policy

All golf cancellations must be received in writing prior to April 30th, 2010 for a full refund. No refunds will be granted after this date. All substitutions should be submitted by May 21st, 2010.

To view the golf tournament information above in French, visit www.KelownaBound.blogspot.com.

Pour lire les informations sur ce tournoi en français, cliquer : www.KelownaBound.blogspot.com.



A move to market-driven

Reviewing “Value Creation Strategies for Wholesaler-Distributors”

Rick McCarten

Michael Marks once told me that not much happens in a stable economy. He was referring to a company's market share, which stays relatively consistent. It is only during periods of growth and decline that things can really change. One needs only to look at the world banking system in 2008 and 2009 to see the truth of this observation.

Co-authored by his partners at Indian River Consulting Group (IRCG) Steve Deist and Michael Emerson, Mark's new book—*Value Creation Strategies for Wholesaler-Distributors*—examines how the same kind of change is happening in the electrical industry. It looks at current trends on what makes a distributor successful, provides insight on a distributor's core value and explores how the industry has come to be where it is.

According to IRCG, distributor models are very much dependent on their customers. When the customer base changes, the model will change the next day. Large centralized systems work well with large centralized customers, while decentralized systems work well with independent customers.

During a dinner back in the nineties, I sat beside the owner of a pharmaceutical distributor who told me his industry in the States went from hundreds of local distributors to three large companies almost overnight because the customer base in the healthcare business changed.

Contrast that with the electrical business in the last 25 years where the top 10 American chains' market share has only grown from 21 percent to 26 percent. The large part of the reason for this small change is the consistency of the customer base. In

In the end, it's all about finding enough customers to turn your inventory six to eight times a year.

Canada, the top distributors have a much larger market share because size is not based so much on the country, but rather on the customer mix. In the end, it's all about finding enough customers to turn your inventory six to eight times a year.

Pembroke Consulting has found that distributors represent about seven percent of the GDP in the U.S. and, despite growth of the larger distributors, the number of overall distribution firms has stayed the same. In other words, for every large distributor that takes in another distributor, a new distributor is born elsewhere.

Marks and IRCG see three major forces that raise distributors to the top of their game. The first is “Micro-Marketing”: when your biggest customer represents 10 percent of your business, you had better cater to what works for them. When your second-biggest customer represents eight percent of your business and wants it done another way, you had better be able to cater to him, too. When they want special terms, delivery, unique products and warehousing, successful distributors will design around them. In the end, time and energy are money competing daily with product price; according to IRCG, they not only compete, they generally win.

Successful distributors have created “a brand identity that can be unique to one customer”. Once a company understands how that can be done, they can move the development expertise over to another major customer.

The second force affecting distributors is “high autonomy”. IRCG found that success came to those companies that were geographically rather than functionally oriented. They limit the shared resources and allow a variety of products and service offerings within geographic reporting structure.

When it comes to dealing with your big customers, IRCG feels “it is more important to have the right chef than it is to have a recipe for success”. The autonomy allows the local area to act on opportunity. Too often, bigger companies spread the pain across the business, not capitalizing on local situations.

The third force is the “Service Business Cost Structure.” Distributors are uniquely different from manufacturers and retailers; unlike those two businesses, distributors have a highly variable cost structure, putting their business more in line with the service industry. It means the size of the business can grow quickly to match market conditions (or shrink, as the case may be).

Value Creation Strategies for Wholesaler-Distributors is an easy read, full of good examples and insight into the workings of a distributor, with numerous examples taken from the electrical industry. Whether you are a centralist or autonomist, I recommend this book. ■



Rick McCarten is vice-president of the S&D Council of Electro-Federation Canada (EFC) and president of CEMRA (Canadian Electrical Manufacturers Representatives Association). Visit www.electrofed.com.

Why face-to-face still matters

S&D Conference will help you hone your sales skills

Cindy Doherty

The theme of this year's Supply & Distribution Council conference is "The Return of Influence", which focuses on the importance of relationships. At first, this may seem to be stating the obvious, yet with our busy and technologically driven society, we need to be reminded that face-to-face contact is still the most important and effective method of building relationships.

It's easy to get caught up in sending the quick emails, text messages and BlackBerry PINs, but taking the time out of our busy schedules to meet with someone face-to-face still holds great value. This year's S&D Conference provides plenty of opportunity for you to practice at face-to-face get-togethers, including the infamous CEMRA night!

Always a magical event, this year's CEMRA event is no different, with the "Grape Expectations" dinner being held at Summerhill Pyramid Winery on Thursday, June 3rd from 6 to 11 p.m. The evening will begin on the observation deck with magnificent views of Lake Okanagan; you will be served regional wine and enjoy a locally inspired dinner. The evening will also include a tour of the Pyramid, and conclude with fire spinners and a casual dance party!

Also important for building your skill set is the array of continuing education courses offered to, and supported by, CEMRA reps through the National Association of Electrical Distributors (NAED) and Certified Professional Manufacturers Representative (CPMR) program. Your customers want product knowledge, and you want professional growth, so look no further than NAED and CPMR industry-specific training. NAED's online Learning Centre offers a variety of courses, such as manufacturer product training courses, and a range of soft-skill and business-skill courses. To find out what's available, visit the Learning Centre at www.naedlearningcenter.org.

With the CPMR program, meantime,



Whether you have been in the business for three years or 30, there is always an opportunity to hone your sales skills.

participants invest one week annually for three years on campus at Arizona State University. Each year is a building block for developing your skills:

1st Year

The opening level provides a structural foundation of what it takes to have a successful representative firm. CPMR candidates learn and review general business acumen skills necessary for developing strong internal, principal and customer relationships.

2nd Year

In Year Two, the level of study goes deeper into the essentials of managing and evaluating the candidate's firm. These areas include productivity, profitability, human resources, and sales and fiscal management.

3rd Year

In the final year, the level of study integrates material covered in the prior two years and points the candidates toward leading the organization to future sustained success. As

a key member of the firm, candidates learn about financial, strategic and succession planning, as well as principal management.

Many CEMRA reps are already CPMR-certified, and several are currently enrolled in the program. Those who have completed the program say they have found it invaluable for helping them continually develop successful supplier and distributor relationships, and increase business. They also say the program helps them continually develop successful relationships within their own businesses. For more information on the CPMR program, and to apply, visit www.mrerf.org.

Whether you have been in the business for three years or 30, there is always an opportunity to hone your sales skills to provide customers with exceptional service. Join me at the S&D Conference with hundreds of fellow industry colleagues. You are bound to get some good out of it, and have the opportunity to contribute to our industry as well. ■

Cindy Doherty is the CEMRA chair for 2009/2010, and manages the Wire and Cable Dept. at Intralec Electrical Products. She can be reached at cdoherty@intralec.com.



What is the Industry Data Warehouse, and can you even find it in Canada?

John Gilson



A lot of changes have happened over the last 10 years. International trade barriers have been broken, information technology continues its explosive expansion and, most recently, the world economy fell into its deepest recession since the 1930s. For electrical distributors to gain an edge in this rapidly changing business climate, they need to adopt new strategies and solutions. Perhaps they need to look no further than the industry data warehouse (IDW).

The Industry Data Exchange Association's (IDEA's) IDW is a second-generation repository of supplier product, pricing, packaging and enriched information, designed to promote data synchronization and lower supply costs. Bob Gaylord, president and CEO of IDEA, explains IDW was created to help electrical suppliers and distributors conduct transactions in an increasingly digitized business environment.

"In a world where technology rules the day and where the letter 'e' followed by a dash is commonplace, business transactions, as a result, have become more complex," says Gaylord. "This is why IDEA came up with IDW... to help businesses unleash the power of 'e'."

The online repository, which is part of IDEA's Data Sync Platform, accepts manufacturer business information in any electrical format. It includes a custom map function, which allows distributors to create formats that are compatible with their software ERP programs. Other features of IDW data include: standardized business information, customized for the electrical industry; feature-rich data (including expiration dates, life cycle status codes, lead times, dimensions and weights, and complete manufacturer price data); legacy columns (product codes, legacy descriptions, etc.); net price/cost into stock; 80-character description field; user-definable downloadable file size; and more.

According to Gaylord, IDW functions similarly to IRD CERICOMX, a service for the retail industry. "IRD CERICOMX helped establish a strong supply-demand relationship between suppliers and retailers. Customers saved a lot of money, and the ability to move goods was sped up," says Gaylord.

A new way of doing business

"IDW really focuses on you and your community, creating the best environment for data synchronization," explains Nick Manzo, IDEA's director of business development and integration. "It's more efficient for your business in the long term," he adds. "IDW helps businesses to effectively utilize the 80-20 relationship; that is, the idea that 80 percent of a business' relationship is driven by 20 percent of its community. This concept is especially true for

electrical distributors. When you're focusing on reducing your costs, you want to first look at those you do business with most."

With the economy battling its way through this recession, Manzo believes now is the perfect time for distributors to take advantage of e-commerce. IDW, he says, can help distributors find alternative ways of saving money.

"The recession has negatively affected many businesses, but it has also allowed them to adopt better business practices. In the past, many businesses would have resorted to static procedures, such as reducing inventory and laying off workers."

Two steps forward, one step back

IDEA says IDW is the leading electrical database, with 85 percent market penetration, but it still faces obstacles when selling the concept to distributors.

"The hardest thing for most people is the reluctance to try something different," says Gaylord. "The Baby Boomer generation is especially reluctant to try social media, but once they take that intellectual shift, they gain enormous efficiencies."

IDW represents a dramatic departure from traditional means of conducting business. Instead of phoning every supplier individually, IDW users can receive crucial information at the touch of a finger. Another reason why distributors may be reluctant to give IDW a chance could have to do with the uncertainty of doing business with another human being whose voice they cannot hear and whose face they cannot see.

"At the end of the day, it's all about trust and relationships. When I was younger, we did business by telephone or handshake, but now we often do business with a person we never see."

What do Canadians think?

Both Bob Gaylord and Nick Manzo are deeply interested in spreading IDW above the 49th parallel, but Canada has proved a difficult place to sell. Despite its popularity in the United States, IDW still remains largely unknown in Canada.

According to Rick McCarten—vice-president of Electro-Federation Canada's Supply & Distribution Council (EFC/S&D)—there are two major reasons for IDW's lack of fanfare here in Canada:

1. There are fewer Canadian distributors and suppliers on the IDW database,

making the information less complete; and

2. Many distributors in Canada are uncomfortable—or just unwilling—to pay for pricing information.

McCarten notes, however, that Canadian distributors have a lot to gain from using IDW, saying, "The biggest thing they [IDW] have done lately is the attribute columns. If filled in, they will allow customers to search on product qualities and compare

online. This will change a lot of things, and the industry may not be ready for it."

In the future, McCarten thinks IDW will have a similar effect on the electrical industry as Amazon did on the 'book-searching' industry. He says, "In the end, the person with the best search engine wins."

Jim Milne, president of Independent Electrical Distributors (IED) Limited Partnership II, says his organization has very little interest in IDW.

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“There is an expectation that distributors pay for this, but very few customers would pay for pricing information. They would rather get it from the supplier individually,” Milne points out. “But the main issue is completeness. If IDW were more complete, more distributors would be willing to use it.”

Elaine Gerrie, on the other hand, has an entirely different perspective. The COO of Gerrie Electric Wholesale Ltd. says her company started using IDW about two years ago because it gave them a central location for

up-to-date price catalogues from its major vendors. In fact, regular updates of key vendors’ price catalogues are the primary benefit Gerrie derives from IDW. “Their [vendors’] semi-annual updates can include many thousands of items,” notes Gerrie. “In past years, receiving this type of document via EDI would choke our system... With the semi-annual and daily updates, we are saving thousands on VAN kilo-character charges using IDW/IDX.”

Gerrie has been pleased with the service

so far, adding that she hasn’t experienced any major problems. Her only complaint is that IDW’s information is not distributor-specific. As a result, she only uses IDW for a few select vendors.

How to get started

As the world becomes increasingly “computerized”, the expansion of IDW into Canada seems inevitable.

All one needs to set up IDW, according to IDEA, is a computer or server, a current web browser, internet connection, the ability to create Flat Files, EDI or XML, and FTP capabilities. Once installed, IDW information is available to customers on a 24/7 basis, as the information is continually updated and uploaded by suppliers. Customers can schedule to have their trading partners’ data delivered on a regular basis, whether that be daily, weekly or monthly.

“If you have a problem, you can call us and we can help you through it. There are also classes online 24/7 that will help walk you through the process,” notes Gaylord.

In addition to round-the-clock services, IDW offers customers opportunities to attend live training sessions or webinars to help. This includes role-based training for manufacturers and distributors, as well as monthly open-forum sessions where the company addresses the topic of greatest interest to users.

IDEA says IDW customers receive all kinds of benefits, including: data synchronization between trading partners; data accuracy, timeliness and availability; reduced transaction costs; and built-in security. Distributors receive product and pricing updates from one source for all of their suppliers. The company says that, as e-commerce becomes more effective, packaging data can be funnelled directly into a distributor’s internal warehouse system to allocate storage space for the product more accurately.

Customers can also realize considerable financial investments. According to IDEA’s website, there is no need to invest in any new system or software to use IDW. Without adding any new hardware or software to their systems, IDEA says that all trading partners see a bottom-line impact of 0.25 percent to two percent.

When it comes to security, IDW users can rest assured their information is safe. “IDW is absolutely secure,” Gaylord asserts. “Large companies like Panduit, Rockwell, Hubbell and many others would not use this service if it wasn’t solidly secure.”

The decision is yours. To learn more, visit www.idea-esolutions.com. ■

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Don't aspire to become...

The Dumbest Competitor in the Market!

Dr. Rick Johnson

Pricing is the tip of the profit spear. It is often said that profit is made on the buy side of the equation in wholesale distribution. That is a true statement. However, it only holds true when you are disciplined enough not to give that profit advantage away during the quoting and pricing process.

The quoting-pricing process

Your customer has no need for you to make a fair profit unless there is no other distributor willing to take your place.

This is quite a sobering thought, but one that we should keep fresh in our minds.

Pricing strategy starts by providing guidelines for your quoting process. If we do not have a vehicle, a scorecard or some methodology for determining how we are doing, then we are essentially driving through a tunnel with our lights off. Not having a formal quote process increases our chances of becoming 'The Dumbest Competitor in the Market', giving away valuable margin.

Quotes have to be recorded with a timeline lifespan. Preferably, your IT system supports this activity and allows you to turn a quote into an order quickly and easily. When it does, chances are you can create a number of score-card tools to determine what exactly is happening in your market from a competitive standpoint. These tools include:

- Quote kill rates
- Trend analysis on quote success
- Re-quotes and negotiated pricing
- Quote number tracking
- Follow up triggers
- Margin exceptions
- Number of quotes generated by sales rep
- Percentage of quotes sold by sales rep
- Lost business report

Quote kill rates and a trend analysis are two of the most important tools for understanding the effectiveness of your pricing strategy.



Are you market-based?

$$\text{Quote kill rate} = \frac{\text{Total business booked}}{\text{Total business bid}}$$

Don't worry about month-to-month. Instead, look at trends to guide pricing:

Month	J	F	M	A	M	J	J	A
a. QKR	12%	30%	20%	22%	24%	25%	18%	16%
b. QKR	12%	30%	20%	22%	24%	25%	29%	35%

This analysis really reduces wasted quoting time. Understand the math. Analyze the type of business you are quoting.

When your kill rate is high, it may indicate an opportunity to raise prices. When it is low, you may need to lower prices (you should, of course, investigate all factors before coming to that final conclusion). When you track your kill rate by month, you get an indication as to what may be happening in the market. When your kill rate rises dramatically, again, you may be lagging in a market that is demanding a price increase. Conversely, when your kill rate drops dramatically, it may mean that market prices have dropped and you are not in sync with what's going on.

Keep in mind this is just an indicator that suggests further investigation. Do not react impulsively without all the facts.

Negotiations aren't what you think

Contrary to some beliefs, negotiations in distribution are not about:

- Persuasion
- Closing
- Overcoming objections
- Compromising
- Accommodating
- Getting the order off the street
- Blowing away the competition

Negotiation in distribution is about the exchange of information and action planning that results in a mutually beneficial exchange of resources between two companies. There are five underlying facts you must understand when you are negotiating:

1. You are negotiating all the time.
2. Everything you want is owned or controlled by someone else.
3. You can count on predictable responses in the negotiating process.
4. There are three critical factors in every negotiation: power, information and time.

5. The proper mesh of personality types is important for negotiating success.

Negotiation is not just about price. You negotiate many things with a customer, including the rules of engagement (how you are going to do business together). The better your relationship, the more predictable the responses between you and the customer. However, you must never forget that the buyer you call on has likely been trained in the art of negotiation. That's his job, which consists of three basic elements:

1. Ensure a reliable source of supply.
2. Ensure quality meets requirements.
3. Without compromising items 1 and 2 above, minimize raw goods inventory and purchase price.

You should recognize that 90 percent of performance-related buyer terminations occur for failure to perform items 1 and 2, and not because of the price paid. Remember this when negotiating.

Again, the buyer has been trained to develop a rapport with you, then tell you your price is too high. Believe it or not, many professional buyers will keep a log on how you respond to the statement: "Your price is too high". This is why it is extremely important that you not only understand the difference between price and cost, but can educate your customer on the difference. (There are numerous classes on negotiations. It is worthwhile to attend one.)

Being successful at negotiation means you have to know your buyer's needs and goals. The only way to accomplish this is to ask open-ended questions then shut up and listen. Skillful questioning and good listening will help you uncover the information you need. Specifically, the objective of your questioning process is to:

- Gain information. Don't assume anything when you are negotiating a sale.
- Check understanding and interest level. Ask questions to uncover the customer's technical knowledge. Can he understand your true value propositions?
- Overcome obstacles. The major challenge is dealing with your own fear of rejection, but that's easily overcome by lowering your price. Big mistake! You must overcome your fears by understanding all your value propositions, including the personal value proposition you create in your relationship with the customer. Value propositions are provided by the benefits of the product, the company and you, personally. Make sure you understand and are able to explain all of them in detail.

Your belief in yourself, your product, company and service is the secret to successful negotiations. ■

Dr. Rick Johnson is the founder of CEO Strategist LLC, an experienced-based firm specializing in leadership development, strategic planning and sales effectiveness focusing on the creation of competitive advantage in wholesale distribution. With over 30 years in the wholesale distribution business, Johnson is a highly sought-after speaker and trainer. To learn more, visit www.ceostrategist.com.

Do we need social media to have conversations? You bet!

Why you need to build brand awareness on a digital front

David H. Green

Your marketing communications options are many and varied. Outbound marketing using standard print ads, direct mail with newsletters or flyers—and events such as counter-days, trade shows or seminars—are all still valid, but the 21st Century demands that you start having conversations in the Web 2.0, social media arena.

You'll agree there's nothing new about networking, being social and having conversations. We've been doing it for years, and we didn't need the internet to tell us how to do it. So the marketing rules haven't really changed; at the end of the day, it's all about building and nurturing relationships. What has changed with social media, however, is that we're now nurturing and building relationships with possibly anonymous people, often with just an IP address, who may be thousands of miles away.

Another very important aspect to social media is its immediacy. For that big announcement about a new supplier, product, service or promotion, you want to get the word out fast, far and wide. Leveraging Web 2.0 technology gets that information published immediately, and is seen right away by your followers. The trick, now, is to develop those followers.

Social media networks like Facebook, Twitter, LinkedIn, YouTube, etc., do not replace traditional marketing communications methods. Instead, they serve to enhance those relationships while building brand awareness and loyalty on a digital front. Under that Web 2.0 umbrella is the notion of "inbound" marketing, whereby—via search engines, social networking sites, etc.—customers come to you.

Once visitors hit your corporate website, or social media page, their experience will be formed by your content and interactivity; first impressions are everything, and having quality, engaging content is paramount. Small- and medium-sized enterprises (SMEs) can compete very effectively with the big guys when they leverage social media in their marketing. The nimble SME can look a lot 'bigger' by creating good, relevant and engaging content.

You have to deliver what you promise, though, as fickle social media site users frown upon straight-out

sales pitches. That same visitor can—and will—ask for impartial feedback from a universe of like-minded people, and get that feedback in minutes. The opinions of your company, products and support will be biased and unfiltered, and will carry more weight than your carefully planned commercial messaging. What's worse, you'll have no control over them.

The rules in social media don't really differ from customer service best practices... only the consequences of inaction are different, and quite possibly more severe. You must get plugged into that information flow—in the press, on social media sites, industry forums—and monitor what is being said about your company.

Responses to customers must be timely and appropriate. Avoid defensive commentary and stick to facts. Work with online community members to resolve any issues or misconceptions quickly. The results—good or bad—will be shared with the community, which will form opinions of its own. Help mould those opinions by being a part of the conversation.

Not far down the road we'll see new sites for sales people, and channel and business partners, where social networking can happen in a more controlled environment. Corporate sites like Yammer (a Twitter variant) and Chatter for sales forces are in the works.

According to a recent study by Cisco, it is expected that more than 400 million of the world's internet users will access the network solely through a mobile connection by 2014. No home or office computer... just a phone. Now that's something to think about!

You will need to train the next generation of employees on support, organization practices and customer relations, but working in the e-world should prove easy for them. (The older, experienced staff may need some pointers.)

A special report in *The Economist* (January 2010) did a good job of looking at social media and its impact/adoption by business, saying "... social networking technologies are creating considerable benefits for the businesses that embrace them, whatever their size...and this is just the beginning of an exciting new era of global interconnectedness that will spread ideas and innovations around the world faster than ever before." ■

So the marketing rules haven't really changed; at the end of the day, it's all about building and nurturing relationships.



With over 30 years of experience in business development, sales & marketing, David H. Green, P.Eng.—managing partner, Stratmarc Associates—specializes in strategy, marketing, communications and development of education/industry partnerships for industrial and technology clients. Contact him at (705) 443-8974 or davidgreen@stratmarc.com.

Getting the 'connected' customer's permission to sell

You now have the communication horsepower to extend your reach

Roger Partington

The good news is the basic principles of relationship selling and good technical service remain the same.

Over 70 percent of Canadians research their purchases on the internet, and electrical products buyers are not dissimilar. The 'connected' customer may go to a bookmarked website or use a search engine. He may have a hazy recollection of a recent communication, like an ad, email, trade show or conversation with someone (maybe even your rep). He will then go to the web or his email folders to fill in the details.

This is often a hot prospect: this buyer has a need and is looking to fill it fairly quickly. Your challenge as a local service provider is to stand out from the crowd when a simple Google search for "wiring supplies" returns millions of results.

It sounds like the numbers and the technology are stacked against the average distributor, but the good news is the basic principles of relationship selling and good technical service remain the same. With the right selection and application of marketing tools, you can cut through the clutter.

Interruption versus permission marketing

After all, think of the buyer: besides trying to wade through millions of search results, he is continuously interrupted by pop-ups ads and unrelated offers. This is an example of what marketing guru Seth Godin calls "Interruption marketing"—fighting for people's attention by interrupting them. For example, a 30-second spot interrupts the hockey game, or a telemarketer interrupts your dinner. By some estimates, we receive an average of 3000 marketing interruptions per day.

"The interruption model is extremely effective when there's not an overflow of interruptions," Godin says. "But there's too much going on in our lives for us to enjoy being interrupted anymore."

Interruption marketing is being crowded out by something called "Permission marketing", where customers volunteer to pay attention to your message. It employs a whole new set of tools that relate to the connected customer and how he researches purchase decisions. These new tools extend beyond traditional print media, like flyers and brochures, to include eNewsletters, white papers, webcasts, product selection guides, video, email, digital magazines and social content marketing. The choice of vehicle(s) depends on what will grab and hold your audience's attention, and the economics of creating

and distributing that content.

The new technologies will complement your other sales and marketing efforts, but will have a subtly different feel, as they usually contain more information and tone down the sales message. Now you need to continually earn your prospect's attention by providing them with useful content that helps them do their jobs. You want them to return the next time they have a need, thereby granting you permission to talk to them about their problem.

For distributors, this marketing model works hand-in-hand with personal relationships, localized geography, manufacturer alliances and unique areas of technical expertise. It is simply more valuable for a connected customer to have both a personal and an online relationship with a capable local supplier.

Permission marketing is very effective at increasing awareness, reaching new markets and generating leads. It gives you a platform for distinguishing your company as a leader in your chosen areas. Where customers frequently see only minor differences, this can be an important tool for building a unique brand.

Content is king

So where do you get that all-important content? Fortunately, distributors already have a lot of content. Liberate it! Training materials, manufacturer content and marketing brochures are all good starting points.

Organizing content by customer need—rather than by manufacturer or even product category—can make a big impact. Just as you create value by combining products from many sources for a job, you create value by bundling relevant information.

It all links back

Your sales force are still the front line but have the added responsibility of ensuring customers know where to find your content. With more ways to communicate, it is increasingly important to maintain a consistent thrust linking sales efforts, company capabilities and marketing communications.

There is no secret to the new marketing: it's the same marketing, just with better tools and techniques for influencing the connected customer. You now have the communication horsepower to extend your reach, generate leads and build a unique brand. ■



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