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distribution & supply

spring 2011

► Special S&D Conference issue

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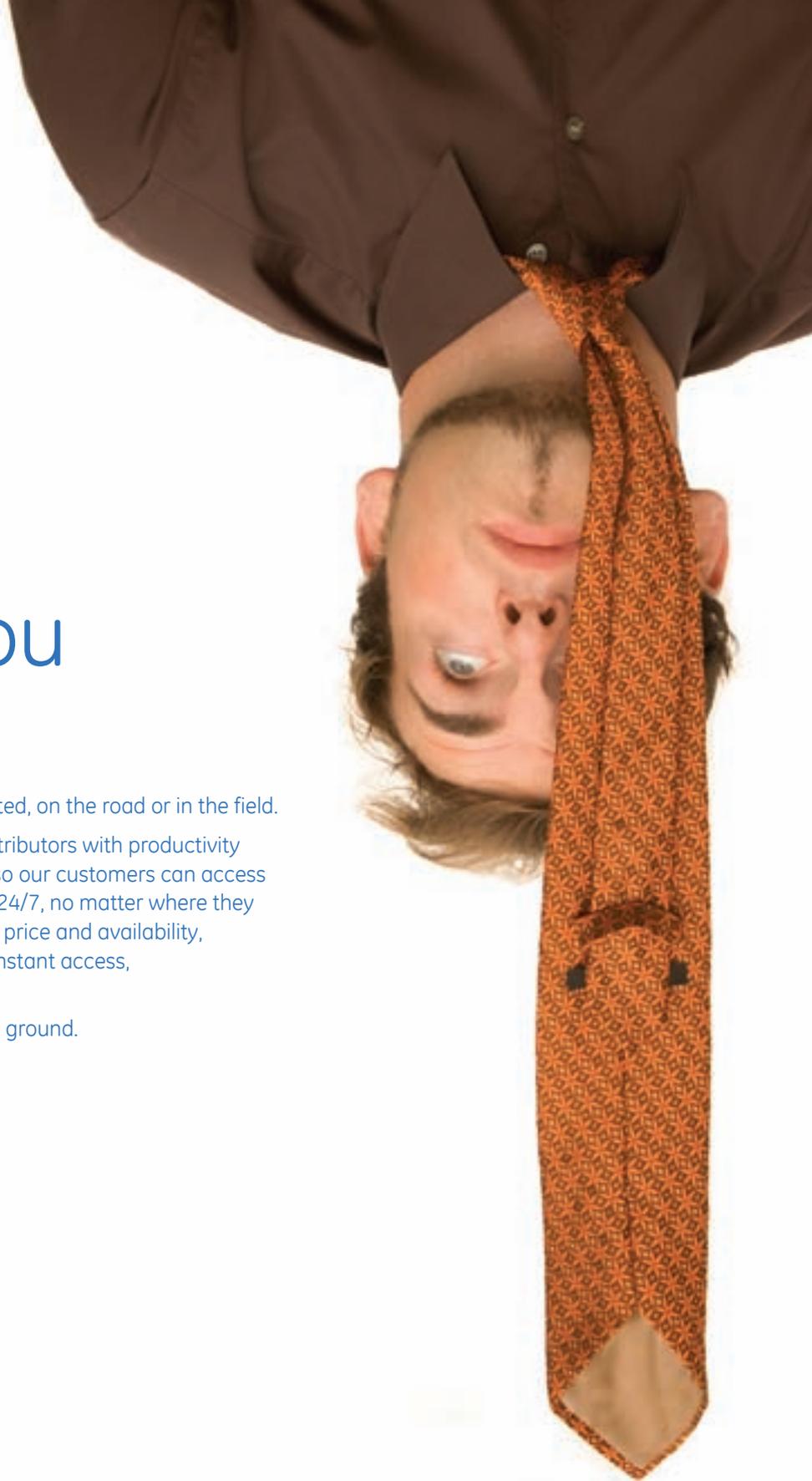
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imagination at work



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.

Editor

Anthony Capkun - acapkun@annexweb.com

Publisher

John MacPherson - jmacpherson@annexweb.com

Account Manager

Scott Hoy - shoy@annexweb.com

Associate Editor

Alyssa Dalton - adalton@annexweb.com

Art Director

Svetlana Avrutin - savrutin@annexweb.com

Production Manager

Alice Chen - achen@annexweb.com

Advisor

John Kerr

Creative Director

Einar Rice - erice@annexweb.com

President

Michael Fredericks - mfredericks@annexweb.com

ANNEX

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CIRCULATION

e-mail: dkoivisto@annexweb.com
Tel: 905-727-0077 • Fax: 905-727-0017
Mail: 240 Edward Street, Aurora, ON L4G 3S9

Subscriber Customer Service Representative
Donna Koivisto - dkoivisto@annexweb.com

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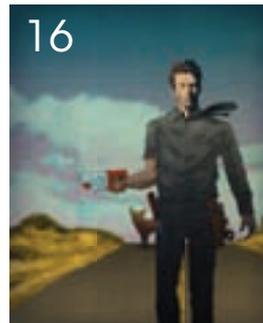
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Manufacturer reps: The road warriors of electrical sales

Jack Kohane

A number of manufacturers are turning to independent reps rather than salaried salespeople in their quest to dominate the market. But who are these road warriors of electrical sales? What do they bring to the table that in-house staff do not?

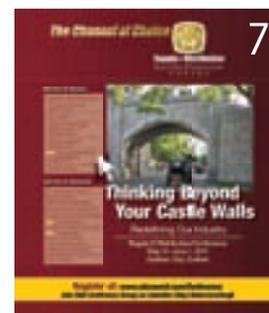


Cover illustration by Dominic Bugatto

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SPECIAL Supply & Distribution Council Conference Section.

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They are like a flash in the pan. They have no history. No relationships. Their business cards are written up and cut out by hand.

Opportunities with the Green Rush

For some time now, I've been trying to pay more attention to what electrical distributors are doing, if anything, to get a piece of the renewables pie.

When commenting on the Canadian Solar Industries Association's (CanSIA's) last national conference in Toronto, I noted "It's like the Wild West in here"... though it is more appropriate to liken the renewable energy industry (especially in Ontario) to a gold, no, green rush. (Electrical Business March 2011, page 3)

However, if we can adapt more quickly to the green opportunity (faster than we did with the opportunity brought by datacom), then the opportunities will be great; environmental awareness and politics will see to that!

So wrote John Kerr in his Fall 2010 "Market Mix" column. He went on to provide some additional suggestions as to how to leap into—and start taking advantage of—that green rush.

In Ontario, the rush for lucrative Feed-In-Tariff (FIT) and microFIT contracts has attracted numerous so-called "solutions providers" from all parts of the globe. Don't get me wrong: a lot of providers are stable, well-known global players with excellent reputations. It's the other ones I worry about—the ones we should all worry about: the ones who, literally, are here today and gone tomorrow.

They are like a flash in the pan. They have no history. No relationships. Their business cards are written up and cut out by hand.

For something as long-term as a FIT contract (say, 25 years), you would think they would be scrutinized right out of the market. Yet they persist, and I would argue it's because still not enough is being done on our end to make Canada's established electrical channel the *preferred channel* for renewables solutions.

That said, it's encouraging to see some distributors either acquiring or developing in-house renewables expertise to address this market segment. One person I met recently at a regional solar

event bore the title "Solar Specialist". Our industry needs more of him.

Also, at least one distributor is taking its renewables message straight to end users. Sonepar first caught my eye in this regard last summer when Osso Electric—in partnership with Solar Semiconductor—set up a 3kW mobile solar array display at The Canadian National Exhibition in Toronto to help Boom 97.3 FM pump out its music. Earlier this year, Sonepar Canada launched BlueWay: a social and educational online community designed to "provide and share knowledge for the sustainable creation and use of electricity".

Not long after, I stumbled upon Sonepar at the National Home Show. Among the staff were two Solar Reps, discussing renewables with all the Joe Averages attending this consumer show. Rather than simply encourage electrical contractors to push green solutions on their customers, the strategy here seems to be that of creating demand at the customer level, and have the customer push the electrical contractor straight back to his electrical distributor for solutions.

Ultimately, you have to do that with which you are comfortable and willing to support. A social media site, for example, may not be right for you. Mitch Joel, who returns to the S&D Conference this year, explains social media is the last thing you do, especially when your heart isn't into it, and you feel like you don't have the time to do it. (D&S Spring 2010, page 4)

My eyes may deceive me but, looking back, I don't see a single recognized electrical distributor exhibiting at the aforementioned CanSIA national conference. (I've not checked the exhibitor list for CanWEA's [Canadian Wind Energy Association's] last gathering, but will it be much different?)

How you wish to proceed is up to you, but to not proceed at all ensures one thing: that someone else will be munching on what little piece of pie you now have. ■

Anthony Caplan



What's so special about being a Thomas & Betts Signature Service electrical distributor? More than a loyalty program, Signature Service is our company-wide commitment to provide the highest levels of service and support to our distributor partners across Canada.

Our objective? Increase your sales, reduce your transaction costs and strengthen our mutual prospects for growth.

Rediscover the commitment behind the words.

Look for the Signature Service 2011 package at your branch in May.





The electrical channel—manufacturers, distributors and reps—are uniting to form one industry group: the **Electrical Council**.

Under the Electro-Federation Canada banner, the council will work for the Canadian electrical industry to promote research, education, codes & standards, sustainability, electrical safety, industry statistics and networking. Together, we are a united voice for the electrical industry in Canada.



Rick McCarten is vice-president, Electrical Council, Electro-Federation Canada. Visit www.electrofed.com.

Why we need EFC's new Electrical Council now

Effective June 1, two Electro-Federation Canada (EFC) councils—EEMAC (Electrical Equipment Manufacturers Association of Canada) and the Supply & Distribution Council (S&D)—will join to form the Electrical Council, representing the entire electrical product channel in Canada.

Although S&D already includes manufacturers, there is a tremendous amount of activity in EEMAC on such things as codes and standards, harmonization, product safety, anti-counterfeiting, and other important areas in which we should all be informed. S&D has traditionally played a key networking role, as well as provided education and market research opportunities, so by combining the two groups, all of our activities will be made available to all Electrical Council members.

Why now?

A number of external forces are pulling our industry into the next decade, requiring us to form a unique and increasingly unified organization in Canada.

Provincial governments are establishing Extended Producer Responsibility (EPR) regulations; meantime, all our members sell product that ultimately finds its way into landfill. Just like materials, labour and marketing, the proper disposal of a product is to be included in its cost. EEMAC has worked tirelessly with government to ensure provincial EPR regulations for lighting and batteries best represent members' needs. We anticipate this list will expand to include all electrical products.

But collecting money is one thing; determining how to spend it effectively is another. As more products come under review, our entire industry will be involved in the collection of fees, determining responsibility, and identifying those not playing by the rules.

Another government force is the newly enacted Canada Consumer Product Safety Act (CCPSA), which puts increased pressure on companies to

be responsible for the goods they import should they prove faulty or harmful. This is not just a problem for manufacturers, but all of us. The quicker we, as an industry react to an issue with an electrical product, the less expensive the corrective measures.

Our industry also faces new requirements for product energy efficiency. We see it now with lighting, but this will expand to include all products that consume or transfer energy. Just as products have to be certified safe, they will also have to be certified energy efficient.

Another force that continues to affect our industry is the digital world. The Dot-Com Revolution of the 1990s was a bust but, a decade or so later, look at how it has transformed the music, movie and book businesses. The digital revolution has a long-term, irreversible effect on every transaction in our industry. Will it make more sense to buy direct, sell direct, or both? Can we hold the structure together? Do we need to develop a new understanding of how best to cooperate? Yes.

We have always had unique distributors and manufacturers, but nowadays they seem to be coming from all places simultaneously and with greater frequency. We don't have just one unique line or channel—we have them all!

These days, anyone can produce quality products; and with easy access to infrastructure for shipping and marketing, they can do so anywhere in the world. No longer are the familiar strategic strongholds strategic.

The more responsive we are to the public and proactive with our customers, the easier it will be to handle new markets and work hand-in-hand with government. This is something you cannot do alone, but manufacturers, distributors and reps across the country working in harmony with their customers can have the profound impact needed to influence government and the marketplace at large.

There is no better time for a new direction and the new Electrical Council. ■

The Channel of Choice



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Click Here for Business

Introduction to New Electrical Council

"The Future of the Electrical Industry in Canada"

"Start with Why"

"Facing the Forces of Change: Decisive Actions for an Uncertain Economy"

"The Great Un-leathering of Your Customers"

NEW! Business Segment Meetings & Panel: Manufacturers, Distributors, Reps

Head Office Meetings

Click Here for Networking

First-Year Attendees Reception

Welcome Reception:
Bienvenue dans la belle province

Walk-around Lunch: Nouvelle-France

The Electrical Council's Awards Banquet

NEW! Conference Closing Luncheon & Change of Chairmanship

NEW! Closing Reception:
Salut, au revoir, à bientôt!

Conference Golf Tournament

CEMRA Dinner Event (optional):
Soirée québécoise à la cabane à sucre

Tours & Activities



Thinking Beyond Your Castle Walls

Redefining Our Industry

Supply & Distribution Conference

May 31-June 3, 2011

Québec City, Québec

Register at: www.sdcouncil.com/Conference

Join S&D Conference Group on LinkedIn: <http://linkd.in/exGxg8>

Thinking Beyond Your Castle Walls

BUSINESS

CHAIR'S MESSAGE



This year's hotel location complements the conference theme "Thinking Outside Your Castle Walls" nicely. The Loews Le Concorde Hotel in Québec City is situated on the Grande-Allée, just within site of the castle walls that surround the original stone-built city. Restaurants and clubs surround each side of the street, with the famous Plains of Abraham—where the outcome of North America was determined—just behind the hotel.

The conference theme also resonates in the business program that has been planned. The speakers will each deliver a unique approach to growing our business in a fast-developing industry, encouraging us to think outside our common tracks. John Kerr will present a comprehensive study on what our industry will look like in five years. John has been a key market researcher in our industry for many years and he will project that wealth of knowledge into a discussion on the future of the industry, outlining what's in store for us outside our castle walls.

The speaker line-up also includes Paul St. Germain of IBM. Paul, a Canadian, was instrumental in "setting the trends affecting the industry and determining opportunities to address these trends" in the latest *Facing the Forces of Change* report. The series of research projects by the National Association of Wholesale-Distributors brings together all of the distribution channels from across North America to provide insight into the changing shape of our industry, providing visibility on what lies beyond our castle walls.

Mitch Joel will discuss the new ways to build sales and attract new customers. His book *Six Pixels of Separation* explains the new fundamentals for reaching outside audiences that are presently outside your castle walls. While, Simon Sinek will have you reflecting on the simple question "why?" He will discuss how finding your "why" and knowing your purpose will ease decision-making and help others more readily reach your objectives. This simple question will take you outside the traditional way of defining your business...and perhaps outside your castle walls.

We have also made some notable changes to the conference program to address feedback received from some of you. We have shortened the awards banquet, added more networking receptions, and have break-out business segment sessions, which provide distributors, manufacturers and reps with an opportunity to build their collective voice on key issues facing their particular segment.

I encourage you to join us at this year's conference in beautiful Québec City, and help us celebrate our new industry path.

John Sencich
2010-11 Chair, S&D Council
Thomas & Betts Limited

Introducing the NEW Electrical Council

Launching at the Conference this June!



Electro-Federation Canada's electrical manufacturers, distributors and reps are uniting to form one industry group.

In this evolving global business world, it is of paramount importance to be adaptive to change and to have a singular voice in the industry. By merging together key industry pillars—networking, education, and research with technical codes & standards, statistics, sustainability and electrical safety—the new council offers you one end-to-end solution for your business and market needs.

Together, we are one with safety, sustainability and industry knowledge.

WEDNESDAY, JUNE 1

8:30 am – 8:45 am

Opening Remarks: Jim Taggart, President & CEO, EFC and Jean Belhumeur, incoming-Chair, EFC (Leviton Manufacturing Canada)

8:45 am – 9:30 am

General Assembly & Introduction of New Electrical Council: John Sencich and Greg Passler, Co-Chairs, with incoming-Chair Tim Horsman



9:30 am – 10:15 am
"The Future of the Electrical Industry in Canada"
John Kerr

John Kerr has worked in the Canadian electrical industry all of his life. As a distributor, electrical equipment manufacturer, an electrical contractor apprentice, publisher, and then as a statistics gatherer. His annual report called "Pathfinder", centres on the state of the nation and is well read by many in our industry. In line with this year's S&D research project, John will expand his report to include key data on the present state of our industry and what the industry will look like in five years. Through an extensive survey sent to the entire membership, John will provide important insight into where we are heading as an industry.



Research Report: all members will receive a complimentary copy of this research report after the conference.



Live Broadcast across Canada: for those of you unable to attend the conference, you can watch a live Webinar of the introductory presentations from 8:30 am to 10:15 am EST.



10:30 am – 12:00 pm
"Start with Why"
Simon Sinek
Leadership Expert & Author

Simon Sinek is leading a movement to inspire people to do the things that inspire them. In this presentation, Simon will discuss the power of *Why* – the purpose, cause or belief that drives every one of us. Simon's innovative views on business and leadership have attracted the attention of various high-profile international leaders and organizations. In addition to teaching graduate-level strategic communications at Columbia University,

PROGRAM

START WITH WHY
WHY GREAT LEADERS INSPIRE EVERYONE TO TAKE ACTION

Sinek is a regular contributor to numerous national publications, including *The New York Times* and the *Huffington Post*. His first book, *Start With Why: How Great Leaders Inspire Everyone to Take Action*, was published in October 2009. Join Simon as he leads you through an exploration of what is driving your motivation for action.

NEW!

Business Segment Meetings

1:00 pm – 3:00 pm

Distributors-only Meeting

This year, there will be an opportunity for distributors to meet together to discuss key issues, including: the role of the distributor in the new council, how the "future of our industry" research will impact distribution and the role distribution plays in Extended Producer Responsibility (EPR) regulatory compliance.

Manufacturers-only Meeting

Manufacturers will have the ability to discuss key issues as a group. Topics of discussion will centre on government relations, technical codes and standards as well as the role manufacturers will play in the new council.

Reps-only Meeting

Reps will gather together to discuss issues facing their business segment. CEMRA reps will review a report from NEMRA and will discuss the role they play in the new council.

THURSDAY, JUNE 2

8:30 am – 9:30 am

Industry Panel: Highlights from Business Segment Meetings

The different sections of the new Electrical Council will review the issues facing their particular segment.

9:30 am – 10:30 am

"Facing the Forces of Change": Decisive Actions for an Uncertain Economy"



*Paul St. Germain
Business Development Executive,
Wholesale Distribution - North America
IBM Corporation*

As optimism about the economy grows, the primary question on the minds of many distributors is "What's next?". This question, among others, will be addressed in this presentation, drawing on NAW Institute for Distribution

Excellence's latest book, *Facing the Forces of Change: Decisive Actions for an Uncertain Economy*. Paul will present and discuss the findings of the research book, providing strategic insights into the key business and economic trends affecting the wholesale distribution supply chain through 2015. His presentation will help you look past current events and consider the more complex issue of fundamental change at your organization over time.

Paul has 13 years of experience working directly with wholesale-distributors to understand the business trends affecting the industry and determining opportunities and solutions to address the trends. During his 30 years with IBM, Paul has worked with wholesale distribution, retail, transportation and manufacturing customers.



11:00 am – 12:00 pm "The Great Un-tethering of Your Customers"

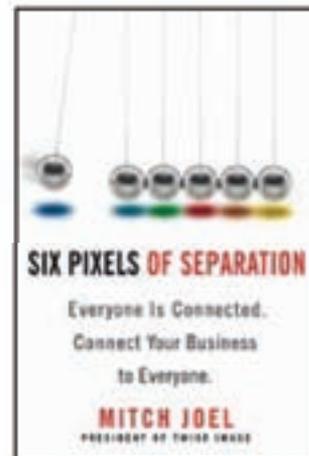


*Mitch Joel
Marketing & Personal
Branding Expert
President, Twist Image*

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." Mitch is a blogger, podcaster, passionate entrepreneur and speaker who shares his marketing insights on digital marketing and personal branding.

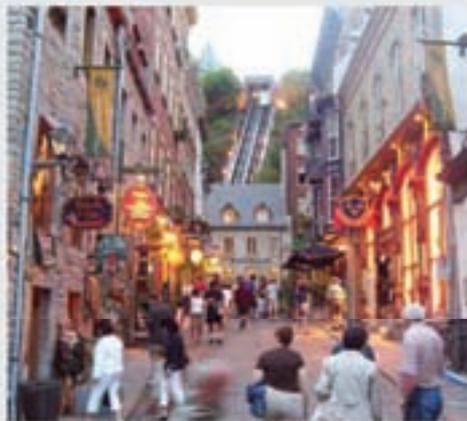
His first book, *Six Pixels of Separation*, named after his successful blog and podcast, is a business and marketing best-seller.

Join Mitch as he unravels 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.



www.sdcouncil.com/Conference

Québec City – la belle province – will play host to the 17th Annual Supply & Distribution Conference.



Québec City is one of Canada's most historic cities. This European-inspired city—which celebrated its 400th anniversary in 2008—is the only fortified city in North America and was declared an international heritage site by UNESCO.

Québec City's old-world charm is evoked by old churches, horse-drawn carriages that grace century-old cobblestone streets, fortifications and cannons that still surround the city to this day, and overlook the St. Lawrence River. Discover the many wonders of this city by walking along La Promenade des Gouverneurs, which runs along Cap Diamant, and by visiting other historic sites such as the Fairmont Château Frontenac, Plains of Abraham, and the star-shaped Citadelle, all surrounded by outstanding shops and markets.

Attend this year's S&D Conference and fall under the spell of Québec City! Visit www.quebecregion.com for more information.

Conference Headquarters

Loews Le Concorde Hotel
1225 cours du Général-De Montcalm
Québec City, Québec, G1R 4W6



Thinking outside the castle walls... Located at the highest point of the city, the Loews Le Concorde is a premier hotel that offers picturesque views of the entrance to the old walled Québec City and of the mighty St. Lawrence River. With over 400 luxurious and spacious guestrooms and impeccable service, facilities and amenities, this hotel provides all the comforts of home, while providing the commodities of the office. Quaint bistros, chic boutiques and inspiring art galleries are all within short walking distance from the hotel.

For the best panoramic view of Québec City, a visit to L'Astral, located inside the hotel, is a must. Voted "Best Hotel Restaurant" by city residents, enjoy 360-degree views of the city as you dine on traditional French cuisine influenced by local Canadian products.

For more information on Loews Le Concorde and to view the photo gallery, visit www.loewshotels.com/en/Quebec-City-Hotel.

Hotel Room Reservations

Delegates are responsible for making their own hotel reservations at the **Loews Le Concorde Hotel**. When booking a room, please contact the hotel directly and mention that you are with the **EFC code 046 Conference Group**.
By Phone: 1-800-463-5256 or 418-647-2222
Email: leconcordereservations@loewshotels.com

The cut-off date for room reservations is **May 1, 2011**, after which date, reservations will be accepted by the hotel on an availability basis.

Room Categories and Rates

Electro-Federation Canada has reserved a block of rooms within various accommodation categories at the Loews Le Concorde Hotel. All room rates are based on single or double occupancy and are subject to applicable taxes. Portage and housekeeping gratuities are payable at your own discretion.

The following room categories and rates are available for reservation under **EFC code 046**.

Superior: \$199 / night
Deluxe: \$209 / night
Luxury: \$229 / night
Premium: \$249 / night
Suites: varying rates
EFC Executive Floor: \$275 / night

See conference Website for guestroom specifications.

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

Hotel Deposit

A hotel deposit of \$100 will be applied to your conference registration fee. Upon check-out at the Loews Le Concorde, this \$100 will be credited to your guestroom account, valid only during the conference. To take advantage of the preferential room rates and the \$100 credit, it is imperative that you use the reservation code **EFC 046** when booking your room. (Restaurant, boutique and lounge services can be billed to your guestroom account).



Conference Fees

Delegate Early-bird Registration Fee
\$880 + applicable taxes
+ \$100 Loews Hotel deposit
Early-bird rate available up to, and including, **March 31, 2011**.

Delegate Registration Fee

\$955 + applicable taxes
+ \$100 Loews Hotel deposit
Delegate rate applies to registrations received on or after April 1, 2011.

Companion Fee

\$355 + applicable taxes

Conference Kids are Welcome

Children are complimentary and are invited to participate in this year's conference tours and activities. Certain restrictions may apply; see tour details for information. Children under 19 years of age are not permitted to attend any of the conference networking events, including any of the receptions, luncheons, the awards evening or golf tournament.

Weather

The average temperature in Québec City in June ranges between 20 degrees Celsius to 25 degrees Celsius, to a possible low of 4 degrees Celsius. Dress appropriately for cool Québec evenings.

Travel

The Jean Lesage International Airport is an approximate 20-minute drive to downtown Québec City and to the Loews Le Concorde Hotel. Air Canada has been selected as the official carrier for this conference. To book your airline tickets, visit www.aircanada.com and enter **EFC's Promotion Code: FXJPBXJ1** to receive the special discount. The discount travel period is valid from May 24, 2011 to June 10, 2011.

Onsite valet parking is available for \$28 a day. (Rates subject to change without prior notice).

Conference Attire

- Conference Program: casual or business casual
- Awards Evening and Dinner: Semi formal; ladies: cocktail dresses or dress suits; men: dark suits with ties required
- Tours and Activities: casual, sportswear and comfortable footwear
- CEMRA Evening: casual attire; jeans are suggested

Have Conference Enquiries?

Please contact Jelena Hierman by phone at 647-259-9526 or by email at jhierman@electrofed.com.

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. Please help make their conference experience a memorable one!



Welcome Reception: Bienvenue dans la belle province

Tuesday, May 31, 5:30 pm – 7:00 pm
Whether it's your first time in Québec City or if you're returning, what better place to be than in the most unique and European-inspired city in Canada? The Supply & Distribution Council executives welcome all conference delegates and companions to Québec City and to this opening reception, where attendees will have the opportunity to meet old friends and make new ones.

Walk-around Lunch: Nouvelle-France

Wednesday, June 1, 12:00 pm – 1:00 pm
The survey says...the walk-around lunch is making a comeback at this year's conference, as a result of high interest expressed in last year's post-conference survey. All conference delegates and companions are invited to this "Nouvelle-France" marché-style, walk-around lunch.

Head Office Meetings

Wednesday, June 1, 3:00 pm – 5:00 pm
Thursday, June 2, 2:00 pm – 5:00 pm
Distributors and manufacturers will once again be able to host meetings during the conference. To register your company for a meeting space, visit www.sdccouncil.com/Conference and indicate which day(s) you would like to schedule your company's meeting(s). Note: it is the responsibility of the manufacturer and distributor to arrange for a convenient meeting time. EFC staff will not schedule or confirm any appointments.

Tours & Activities

A wide range of unique, exciting adventures have been planned for you to explore and enjoy during your stay in Québec City. The tours and activities include some of the most original and scenic places that this city has to offer. Note: please refer to the Conference Agenda (centre-fold) for tour listings and times. For full tour descriptions, visit www.sdccouncil.com/Conference or refer to the insert included with this brochure.

The Electrical Council Awards Banquet

Wednesday, June 1
6:30 pm – Chair's Reception
7:30 pm – Awards Dinner,
Entertainment & Dance "à la Moulin Rouge"

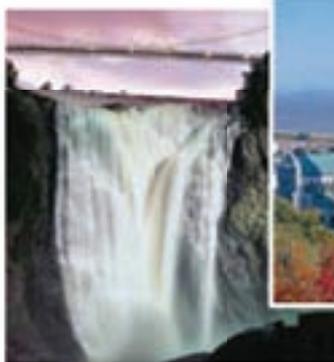


This awards banquet honours those, who through dedication, advocacy and ingenuity, have made significant and lasting contributions in the industry. This banquet also features dinner and special entertainment, followed by dancing for those who wish to kick it up "à la Moulin Rouge" style! Attire for this evening is semi-formal: cocktail dress and suits for the ladies; dark suits and ties for the men. **New this year!** All business speeches and the exchange of the chairmanship role will be conducted at the closing conference luncheon on the following day.

NEW!

Conference Closing Luncheon & Change of Chairmanship

Thursday, June 2, 12:00 pm – 2:00 pm
The exchange of the gavel will take place at this closing luncheon, officially concluding John Sencich's term as S&D Chair and Greg Passler's term as EEMAC Chair. Tim Horsman will formally be introduced as the first Chair of the new Electrical Council. Learn what Tim and the executive have in store for the new council in the year ahead.



NEW!

Closing Reception: Salut, au revoir, à bientôt!

Thursday, June 2, 5:00 pm – 6:30 pm
Conference attendees have indicated that networking with industry peers is one of their primary reasons for participating in this annual conference. With that in mind, this year's conference includes a closing reception to provide you with an opportunity to bid adieu to fellow conference attendees.

Optional Dinner Event by CEMRA:

Soirée québécoise à la cabane à sucre
Thursday, June 2, 6:00 pm – 11:00 pm
Pre-registration required. All delegates and companions are welcome.



You're invited to join CEMRA for one of their most distinctive and cultural evenings yet—right in the heart of l'île d'Orléans. Located only 20 minutes from the downtown core, the cabane à sucre l'En-Tailleur sugar shack is a family-run maple sugar farm. You will feast on authentic French Canadian cuisine, including: traditional country-style pea soup, homemade bread, pork-baked beans, Canadian meat pie, maple ham, grilled salted pork, sausages in maple syrup, maple syrup pie with fresh cream—and as a finale—maple taffy on snow.

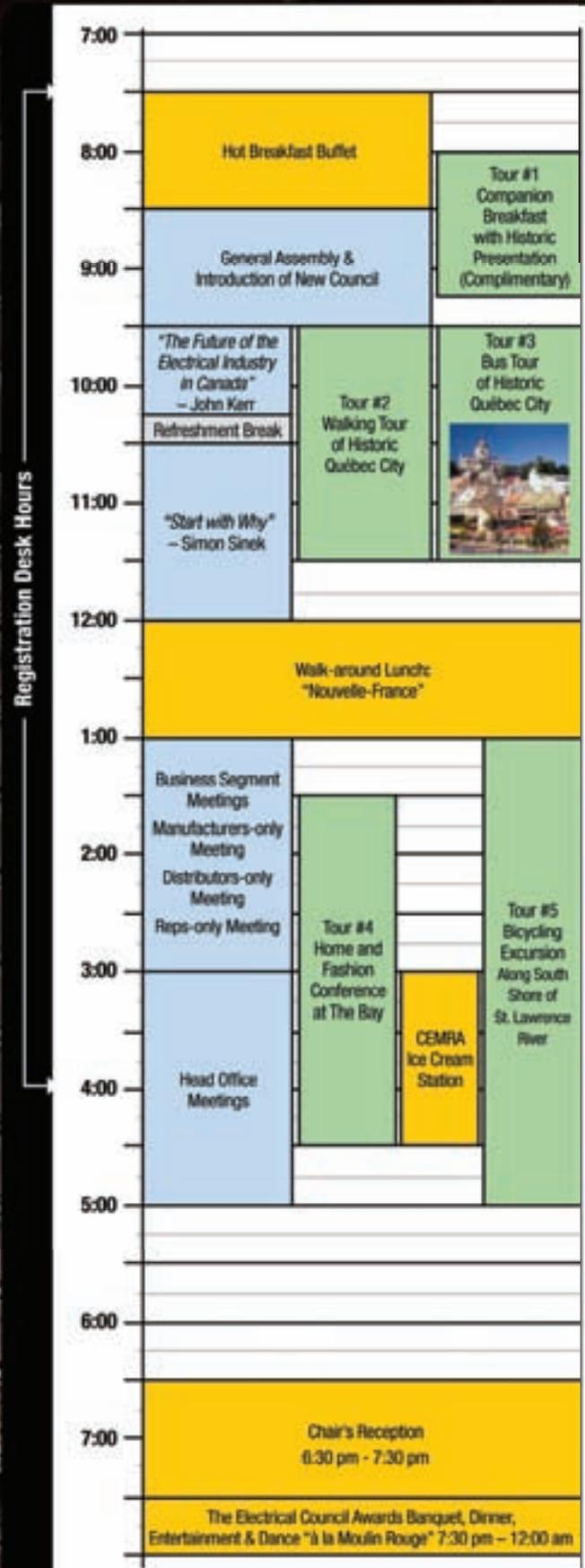
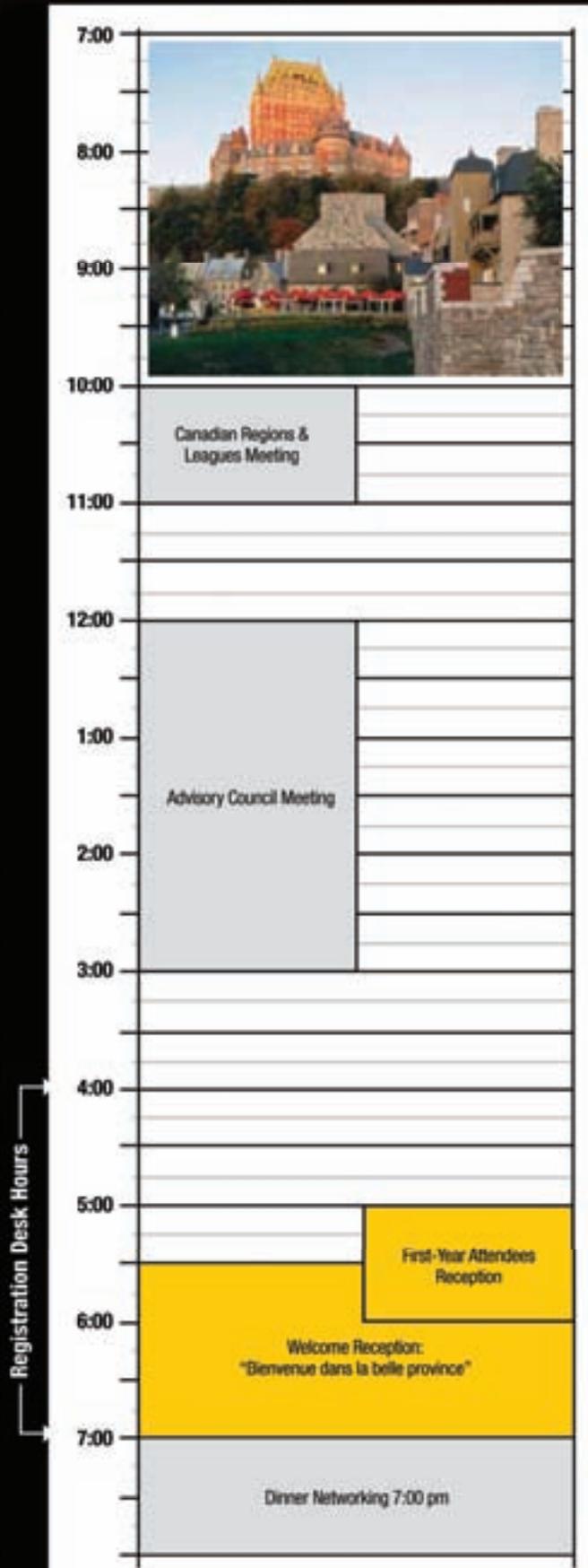
Note: if you have any special dietary needs, please let EFC staff know in advance.
Evening entertainment will feature a local favourite, the Painchaud Family Trio, who will astonish you with their musical ingenuity. If you like home-style food and fun, this is one CEMRA event you won't want to miss! Attire for this event is casual; jeans are suggested. Registration includes: welcome cocktail, dinner, two beverage tickets, entertainment and transportation. Return shuttle will commence from 10:00 to 11:00 pm.

A cash bar will also be available onsite. Book early, as CEMRA-hosted events sell out fast!

Conference agenda

TUESDAY, MAY 31

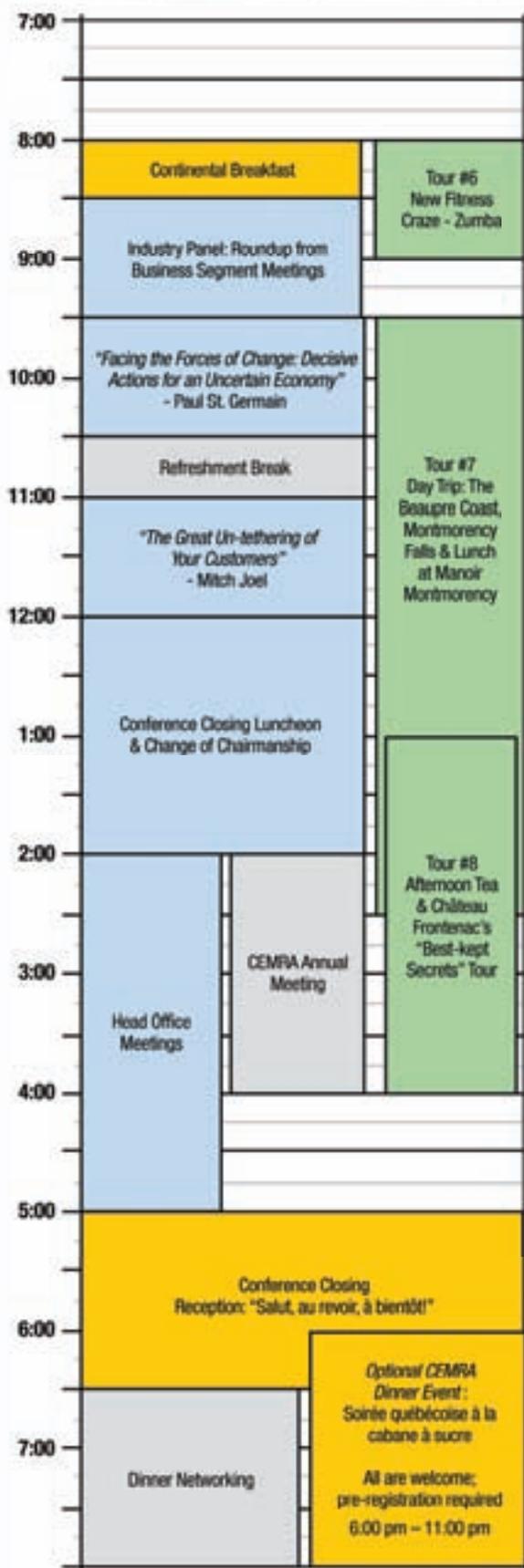
WEDNESDAY, JUNE 1



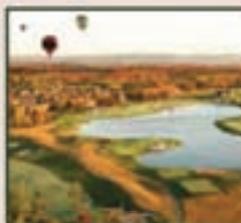
THURSDAY, JUNE 2

FRIDAY, JUNE 3

Registration Desk Hours



CONFERENCE GOLF TOURNAMENT



La Tempête Golf Club is Québec City's very first world-class golf course. Designed by renowned architect Darrell J. Huhnam, the course layout covers 200 acres, including 40 acres of premium-quality bent grass. With its unique 7,203-yard design, lavish clubhouse, restaurant and bar - managed by the Château Borne Entente - La Tempête is the region's most spectacular and prestigious golf course.

La Tempête hosted the Telus World Skins Game in 2009 and we are confident that this golf club can handle our dynamic group of golfers, whether near pro or amateur!

Visit www.golflatempete.com for more details.

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 Loews Le Concorde Hotel commencing at 6:30 am. All golfers must be at the course by 7:30 am for the 8:00 am Shotgun Start. Coffee and muffins will be provided upon shuttle transfer. La Tempête Golf Club is located approximately 20 minutes from the Loews Le Concorde Hotel. If you plan on arranging your own transportation, please let us know.

Tournament Fees: *Cost per golfer: \$220 plus applicable taxes*
Foursome fee: \$880 plus applicable taxes
La Tempête Golf Club Rentals: \$65 plus applicable taxes

Note: Club rental quantities are very limited at La Tempête, so please reserve early or bring your own to ensure you have the best clubs available.

The tournament fee includes: power carts, green fees, continental breakfast, and transportation. All fees are subject to applicable taxes.

Register Early and Secure Your Spot!

With only one course at La Tempête, this tournament will sell out quickly! Please sign up soon to reserve your spot.

Register online at: www.sdcouncil.com/Conference

Cancellation/Substitution Policy

All golf cancellations must be received in writing prior to April 29, 2011 for a full refund. No refunds will be granted after this date. All substitutions should be submitted by May 20, 2011.

THIS IS ONE GOLF EXPERIENCE YOU WON'T WANT TO MISS!

Customer relations: is it cool to be digital?

How often have you phoned or met a person directly to have a real conversation that fixed everything?

In a scenario reminiscent of Chicken Little's "The sky is falling", one has to wonder whether the digital revolution is waning, as various forms of e-messaging are no longer cool, but cooling. Given the spate of security breaches at e-list houses, anti-spam legislation, overloaded Inboxes and hyperactive Spam and Junk filters, declining open rates and increasingly cautious internet users, it's hard to imagine anyone's product/service message being read, let alone acted upon.

It is ironic, then, that the Supply & Distribution Conference's theme this year is "Thinking Beyond Your Castle Walls", as it seems others are using fear, uncertainty and doubt over e-communications to put walls around our customers and prospects. We need to be more effective at getting through these 'walls'.

Making this digital landscape more precarious is Ottawa's passage of Bill C-28: the Fighting Internet and Wireless Spam Act (FISA), which complements and amends other legislation, like PIPEDA (Personal Information Protection & Electronic Documents Act). This legislation may seriously impact the way you go to market.

With FISA, Canada is actually catching up to other progressive countries' internet legislation. The European Union, for example, has some very strict rules on digital data collection, prior consent and privacy; the United States may have more liberal rules regarding e-mail collection and use, but Opt-Out capability is mandatory. (Canada being Canada, we will likely end up somewhere in the middle.)

FISA refers to "commercial electronic messages" (CEMs), which encompass any message that could "reasonably be construed to encourage participation in a commercial activity", and transmitted any number of ways, including e-mail, instant/text messaging (IM and SMS), social media postings and some voice communications.

Canada's act requires prior opt-in with positive confirmation from the recipient before you can send your CEMs. (There are, however, provisions for implied consent relating to prior business relationships, partners, existing active e-mail lists, etc.)

So what do you do? First, review existing lists for affirmative opt-ins and prior business communications. Look at your web forms and Contact Us information areas for proper consent information, with the Opt-In



box pre-checked as the default setting. Granted, you will end up with smaller lists, and your sales team will have to be careful about unsolicited mass e-mailing, but the fines and consequences can be serious, so develop policies and procedures your staff can follow.

All of this is enough to make one think that maybe electronic messaging is too much trouble for the return on invested resources but, over time, it will build trust and credibility for compliant users.

In a digital marketplace of tablets and smartphones, 4G networks and a million "apps"—combined with an increasing cadre of customers who have "grown up digital"—some form of e-communication will be necessary, if not the norm. You'll have to embrace the technology, along with its caveats.

Having said that, you should also be considering all the other tried and tested methods for engaging and capturing new customers as complementary to the non-contact sport of e-marketing. E-communications don't let you shake a customer's hand, see the whites of their eyes, or instantly read their emotions and reactions to your conversation (the first IM!).

With abbreviated and often cryptic dialogue, the wording and underlying tone of an e-mail exchange can give false impressions; in those cases, how often have you phoned or met a person directly to have a real conversation that fixed everything?

Yes, there is a revival of things such as direct mail, conferences and shows (smaller and more focused, maybe), and even customers seeing a live salesperson. The whole area of personal contact and customer engagement strategy is for another column, but these important interactions complement the 'virtual' ones, and give us a desperately needed dose of reality. ■



With many 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.

Channel to evolve around sophisticated end users

There's an old saying: if you want to sell what John Brown buys, you must look through John Brown's eyes. Looking through those eyes is a little trickier these days, as John Brown is a lot smarter, more connected and better informed than ever.

The issues facing our industry are ongoing and fluid; commodity and global pricing are stretching manufacturers' ability to perform and deliver lower prices. Commodities are being sold at greater 'retail' points. The base of our industry's sales pyramid widens as product complexity evolves.

The electrical industry must determine its future business model and how it wishes to define itself. Should it adopt the path of selling product (where fast-moving A-list items are the rule of the day), or an integrated model with a solution-selling stance?

This was easier to figure out just a few years ago when the market kept growing, and you could sell all you had; when pricing was stable, competitors were predictable and partnerships were a pillar.

In the Sixties, issues facing our industry included regional warehousing, the emerging Seabell buying group and, before that, consignment models. There was even discussion over contractor buying groups. Back then, there were fewer national distributors, outlets were more numerous and the margins simply put better.

In those days, the industry was an eclectic mix of direct sales and buying direct, with some major direct account sales and channel strategies. When a distributor was not being serviced by a particular manufacturer, the end user would simply buy from whomever had what he needed.

The industry was much smaller then, too; the nationals controlled a fraction of the market (in comparison to their dominance today), more independents dotted the field, and alliances with end users (primarily contractors) were open—and often the rule.

Nowadays, the technology and scope behind product innovations demand engineering support, custom logistics, investment in inventory; meantime, the challenges they present in managing new ratios and processes are already stretching our market. Many distributors are adopting green products (i.e.



Manufacturers may have no choice but to begin selling direct with greater frequency when distributors cannot offer a viable alternative.

solar) and trying to make them part of the product mix, but they're doing so in an environment where business models clash. Lead time for products, standardized and consistent pricing, engineering and training support demands are threatened, as the value that distributors offer is either misunderstood or dismissed by an end user that will simply abandon the channel relationship and go direct.

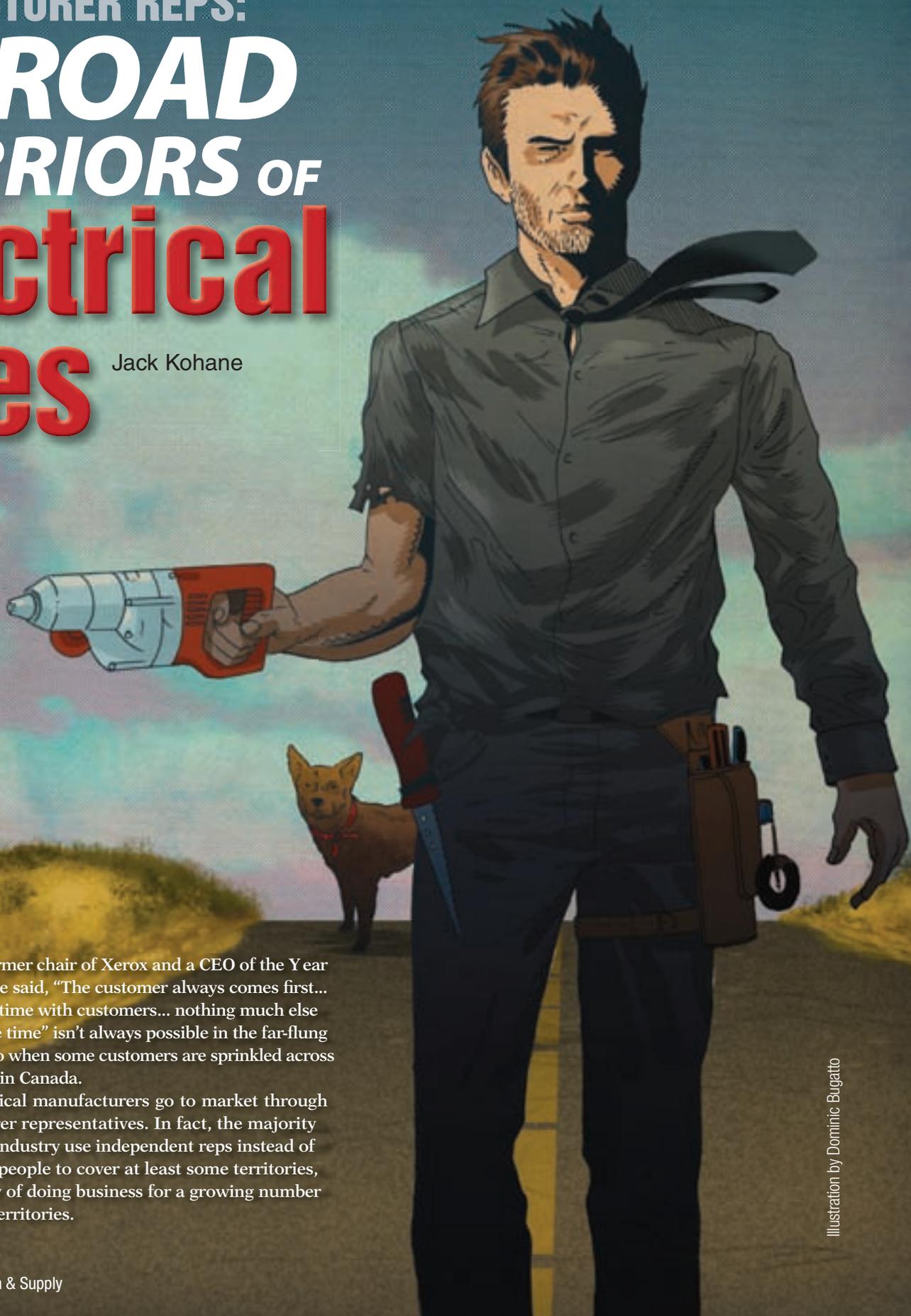
As products become more sophisticated, channel evolution (including sourcing direct) will be the norm. Manufacturers may have no choice but to begin selling direct with greater frequency when distributors cannot offer a viable alternative. Distributors will adopt the more mature, European model of buying direct for their commodity products. Contractors will leverage their technical expertise as integrators of more sophisticated electrical solutions.

Our challenge: to look forward without our blinders and realize that the road ahead will require us to rethink our perspectives, preferences and alliances. Will our channel revert to what it once was? Perhaps, but my money is on all the John Browns who, for first time in a long time, will drive the changes that impact our channel the most. ■

John Kerr has been involved in the Canadian electrical market for over 25 years, consulting to electrical equipment manufacturers and publishing his annual research, "Project Pathfinder". You can reach him at johnkerr@kerrwil.com.

MANUFACTURER REPS: *THE ROAD* **WARRIORS** OF **electrical** **sales**

Jack Kohane



Anne Mulcahy, the former chair of Xerox and a CEO of the Year award recipient, once said, “The customer always comes first... you have to get face time with customers... nothing much else matters”. But getting “face time” isn’t always possible in the far-flung electrical field, especially so when some customers are sprinkled across some very remote regions in Canada.

That’s why many electrical manufacturers go to market through independent manufacturer representatives. In fact, the majority of manufacturers in this industry use independent reps instead of company-employed salespeople to cover at least some territories, and it’s becoming the way of doing business for a growing number of manufacturers for all territories.

Illustration by Dominic Bugatto

How do manufacturer reps represent?

“Historically, manufacturers hired their own factory sales force to reach customers, but more companies are choosing to outsource their sales,” explains Dick Roney founder of Roney Marketing based in Mississauga, Ont., whose team of seven salesmen work the Ontario market on behalf of 13 electrical firms, including Broan-NuTone, Cooper Bussmann and Klein Tools. “We make deals with people, not paper,” Roney continues. “Our agency brings a three-prong approach to the market: our sales force, or ‘feet on the street’ who sell product and keep our customer distributors posted on new products; our counter servicing company (a merchandising component to keep the counter displays of customers in shape); and our inside customer service group.”

To succeed in the rep game, one doesn't need to be a rocket scientist, Roney remarks. “But as in any sales profession, the difference between winning or losing an order is often razor-thin and you need to do the little things very well. It's not always about the lowest price, and when it is, it's often an order reps should not want anyway.”

Since independent sales reps handle a number of different product lines, Roney believes they come equipped with a better understanding of market conditions, along with a broader range of customers they service. “They can often sense overall market changes and opportunities earlier and more accurately than factory salespeople focused only on their own company's products,” he nods.

Roney Marketing's customer service department provides quotes, expedites and handles orders and offers customers solutions to electrical problems. “In some cases we are it totally for that manufacturer,” says Roney. “A good customer service department in a strong agency is the ‘heartbeat’ of the agency. They talk to the customers daily whereas our outside reps might be seen every few weeks. A happy customer who feels well cared for is our goal.”

In earlier years, manufacturer reps were primarily brought on board for one main reason: their contacts and connections in the industry. While this is still one of the main drivers, there are many more, including the almost relentless need by electrical distributors and wholesalers for information on the latest products and innovations.

“Reps are professional outsourced sales and marketing; just as many companies outsource payroll, human resources and trucking, many others feel the same way about their sales and marketing function... they must be effective and efficient to their users,” says Murray Chamney, vice-president and operations manager for Intralec Electrical Products in Mississauga, Ont., which blankets distributor networks across most of Ontario through six regional reps, two specifications reps and one wire specialist. The company has 15 principals on its line card, including Alcan, Crouse-Hinds and Milwaukee Tool.

“Most good reps are focused on demand creation,” Chamney points out. “This requires a rep firm to build this in as one of their core values. Reps know that most of the manufacturers that hire them are in dire need of this discipline.” Reps also fill the gap where a manufacturer may be weak, he adds. “The recession has trimmed many people and departments from even large companies. Reps offer an easy, affordable method to reach niche markets.”

Specialization is another plus as many reps are focused on a specific market area, including lighting, wire and cable, and controls, thus delivering additional expertise to a manufacturer. “The building blocks of successful selling are loyalty, relationships and trust, and

that's where manufacturer reps excel,” Chamney chimes in. “We press the flesh with customers.”

Sandy Macpherson, who founded Burnaby, B.C.'s Alliance Marketing Ltd. 20 years ago as a manufacturer representative serving the Western Canadian electrical and HVAC industries, says that, for independent sales agencies to survive in the current fluid market—one marked by consolidation, alternate channels and technology—it's critical they evolve to meet the changing needs of clients. “Agencies today must become professional marketing organizations with sales forces trained to answer increasingly technical application questions, focus on missionary sales work and create effective marketing campaigns,” he insists.

In the case of Alliance Marketing and its team of four outside sales reps, three inside customer service reps and warehouse coordinator Macpherson says he views his company's role as an extension of the sales and marketing activities of his clients. “We provide such services for our clients as market intelligence, preparing annual forecasts (as well as monthly, by product and customer), and identifying and communicating market opportunities. If a manufacturer calls us with a product that doesn't have a presence in our marketplace, we can usually tell him in the first 10 minutes of the discussion if the product will or won't meet a demand and the reasons why. Manufacturers have figured out that just because the product is on a distributor's shelves, it will not just fly off by itself. We have to develop a coordinated process of pulling stuff off of those shelves, making sure that the channel is responsive to the customer and ensuring that the customer understands how he can get his wants and needs satisfied.”

It's that kind of up-to-the-minute market know-how and credibility with customers that sets independent manufacturers' reps apart from in-house factory reps. Most distributors and wholesalers welcome these consultative sellers.

“The building blocks of successful selling are loyalty, relationships and trust, and that's where manufacturer reps excel.”

Manufacturer reps keep costs down

Controlling costs is another huge spark that ignites manufacturers to partner with an independent agent. Reps live with 30-day contracts and volatile product portfolios. They only get one-month's notice if they lose a line. They may spend their entire career building a product line in their market, only to have that line disappear because of a merger or acquisition.

Agency reps are almost always paid in a percentage of sales. If they do well in selling a line, they are compensated fairly; if not, no commission is paid. Thus, they offer suppliers a cost certainty. By contrast, setting up a factory sales force requires taking on operational costs that an independent manufacturer rep absorbs, such as payroll, unemployment benefits, workers' compensation, profit sharing, bonus plans, pension plans, sick days and vacations. Add in training time for new recruits and a support network (secretary and administrative assistants), it is estimated that the total cost for

one factory rep ranges, on average, from \$175,000 to \$225,000.

"We have a broad product offering and complementary products that bring opportunities that may not be seen by a factory rep for one product," asserts Tony Munden, president of Munden Enterprises Ltd. in Wolfville, N.S., which represents Fluke Networks and Fluke Electronics in Atlantic Canada. "We can provide a manufacturer with an experienced and motivated sales team at a very low variable sales cost. Also,

we have a 30-day marriage that can be severed by either party. We continually have to prove that we are doing the job."

Heading a force of four outside salespeople covering the Atlantic region, Munden emphasizes that his team spends a tremendous amount of time and money driving the business by marketing the products they sell. Some of his company's initiatives designed to spur sales include conducting Counter Days, participating in trade shows, as well as hosting Lunch and Learns. For the calendar

year 2010, Munden Enterprises participated in more than 75 distributor-focused events. Products from principal manufacturers are showcased at each of these events.

Munden touts his company's recently launched electronic marketing program. "We have a database of over 1200 people, broken down by vertical markets such as consultants, contractors, end users, utility, telecom, industrial distribution and electrical distributors." Munden sends out four marketing emails per week targeted to 1-2 market segments. These emails are focused on new product or specific product applications. "We are not limited to dealing with one or two distributors, but sell products to every distributor in the region. One of our strengths is that no one distributor represents more than 20 per cent of our total business. Based on this, we are involved in the majority of the projects within the region based on our broad customer base."

Mark Chowen, president of TMC Sales—a start-up independent agency formed in Winnipeg in 2009—credits his enterprise's quick successes with such top-notch customers as Gescan, Nedco and Guillevin to what he calls his "immediate impact on the market with his experience and existing relationships". Chowen asserts that, with the diversity of the electrical market today, independent agents have become even more valuable. "By representing more than one manufacturer, it enables us to earn some crossover business by representing complementary lines, which leads to growing the business of both or all the manufacturers represented. An agency is an ideal choice for a manufacturer looking for full coverage of a territory but is unable to put a full-time factory rep in place."

Territorial intelligence

The market intelligence offered by the independent sales agent is lauded as a godsend by smaller, lesser-known manufacturers who need the close relationships these reps have cemented with distributor and contractor clients to promote their products. Larger companies may rely on agents to penetrate markets they wish to serve better.

Because agencies often sell the product lines of between 10 to 15 different suppliers, some manufacturers feel their lines just won't get enough attention from outsourced sales personnel. Countering this perception, Ed Tuggle, vice-president and principal of Alberta-based D.A.D. Sales, says the key to selling multiple lines is to maximize the

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synergies between and among the items and systems in the product basket.

Asked how his reps balance their time when making calls to pitch the products of Anamet, Bemag Transformer, Ideal Industries, Ouellet and others in Alberta, portions of British Columbia and the Northwest Territories, Tuggle replies, "Simply put, we ensure that our salespeople are calling on any company or person who can potentially create demand. There are many ways to create demand but the bottom line is that if you're not calling on your customer's customer, then you're not creating demand for your product. That is one of the key benefits to having manufacturer reps as, typically, independents employ far more salespersons than manufacturers who have direct sales people".

Because the needs of each of the suppliers he represents differ, Thomas Brockway prefers to limit their overall number in his roster. He insists that this is the best way to make his manufacturer/sales representative ratio realistic and manageable. "We try and have manufacturers with synergies that produce realistic efficiencies for us in our territory coverage," says the owner of Brockway Enterprises, who entered the independent rep business in 1988, starting Brockway Enterprises headquartered in Lower Sackville, N.S., to service all of Atlantic Canada. "Additionally, we try not to be all things to all people and remain in the market segments that best suit our knowledge base and strengths."

The local marketing edge and expertise that independent sales reps bring to the table for electrical suppliers works to perfection in particular regions and provinces. Guy Goupil, president of Contact Delage Inc. in Longueuil, Que., says his firm's most outstanding strength is in "Being regional, knowing our market, knowing local codes and regulations, knowing how local people do business. With globalization, corporations have to compete against the lowest-cost producers from anywhere in the world. Both distributors and manufacturers have had to cut costs to meet their profit objectives. So, when introducing a new technology or new product in the field, manufacturers know we have the regional presence to do this quickly".

Covering both the Quebec and the Ottawa Valley regions, Marc Laplante of Laplante et Associés in Longueuil says he notices definite regional characteristics. "There are some major differences in the way business

is done in various areas. Some products we sell in Quebec do not sell in the Ottawa valley. Some cities have incredibly strong relationships between contractors and distributors; others are very price-driven and margins are lower." Laplante goes a step further, stating that what sales reps are tasked to do also shifts from one territory to another. "In some areas, the reps are the ones expected to generate the work from the spec level, so the reps there have a very strong engineer customer base. In other

cities, those reps are expected to be strong with the builders or contractors. The beauty of the independent rep is that he adapts very quickly to the variations in different market conditions and requirements."

Atlantic Canada, according to Brockway, has its own challenges. "The biggest difference comes with our market size and geography," he remarks, noting that Atlantic Canada represents 6 to 8 per cent of the Canadian market, and its territory encompasses 2.4 million people in four

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provinces—two of which are islands. “Each of these four provinces have very unique personalities. We must adapt to each one in order to gain confidence and have reasonable knowledge of their individual needs and expectations. I know in some Canadian sales territories this population base can be covered in a city. We are a regional rep firm and this gives us a certain level of continuity and allows for better management of diverse market segments.”

Though the agency model in the electrical market is working well just about everywhere in the country, Chamney pinpoints some stark realities in Eastern Canada. “Reps are embraced in some regions to a greater extent,” he comments. “In terms of culture and language, Quebec in particular scares many manufacturers... where reps are often hired to help bridge the company and provincial cultural differences. Ontario is unusual in that it has most of the head offices of manufacturers and distributors. Many manufacturers feel they need direct control in Ontario, opting for direct staff here and reps in all other territories. Ontario’s independent reps are working very hard to change this viewpoint.”

The CEMRA connection

Drawing representatives and manufacturers from across the country to work together to improve the electrical channel, the Canadian Electrical Manufacturers Representatives Association (CEMRA) promotes its members as industry stewards and publishes guidelines to best practices within the electrical profession. Based in Toronto, this is the Canadian equivalent to NEMRA (National Electrical Manufacturers Representatives Association), and both organizations are closely linked.

A division of the Supply & Distribution (S&D) Council of Electro-Federation Canada (EFC), CEMRA hosts annual conferences for education and networking to help strengthen members’ sales, marketing and management skills.

“Our ethics statement, as in all committees, must be accepted voluntarily,” states Chamney. “In a nutshell, it tells us not to steal lines, and to be ethical in our business practices. Only true believers join the group. In many cases, manufacturers will only hire CEMRA/NEMRA reps due to our reputation.”

Tuggle exalts CEMRA/NEMRA for providing the tools to make an agency rep firm more

professional on both a systems and a sales level. “They are the guiding lights to our business,” he declares. “There are also numerous networking best practice groups and those provide us with the ability to use ideas from other successful rep firms. The ethics guidelines are also important as they provide a framework for us to judge ourselves, our competitors and potential new members, and to hold us all to a higher level of behaviour.”

Commending his company’s connections with the association, Goupil says, “CEMRA has given us a professional status that would have been hard to acquire without its existence. It’s given us guidelines to grow and improve the way we do things constantly.”

Manufacturers are believers too. Independent reps are key to the Cooper Bussmann sales and marketing strategy. “At Bussmann, we have historically worked with agencies in Canada and the U.S.,” says George Lundy, the company’s national sales manager, headquartered in Mississauga. “The independents give us a bigger bang for our buck. They are very efficient in terms of generating sales per client visit per salesman. They have created long-term relationships with customers; they have a deeper and better understanding of those customers’ needs. They know their territory best.”

Barry Marcus of Marcus Transformer esteems his agencies. He has partnered with 15 of them across North America. “For a mid-sized firm such as ours, I believe an agency is the only way to go. From a dollars-and-cents perspective, agencies are the most cost-effective and affordable alternative to factory sales staff,” says the owner of the Montreal-based maker of standard and custom-built industrial control and distribution dry-type transformers for the commercial, industrial and institutional sectors. “Our agents’ package of non-competing, compatible products—fuses and conduits, for instance—is complementary to ours, and that helps pull our products into the sale. It’s a win-win for everyone in the process.”

Roney views most reps as roadwarriors who are highly trained, armed with the tools and intelligence to sell effectively. “Best-of-breed reps make things happen. Manufacturer representatives build and nurture their customer base with meticulous care. They are the mainstay of the markets they serve. Factory salespeople may come and go, but the top manufacturer representatives have many years invested in their territory. We work hard to seal the deal for manufacturers and end-users—often with a smile and a handshake.” ■

Nathalie Pilon, President, Thomas & Betts Canada, is pleased to announce the recent appointment of Richard (Rick) Gingras to the position of Director, Business Process Improvement, responsible for leading continuous improvement initiatives across sales and administrative processes.

As Thomas & Betts’ operational link with electrical distribution, Rick’s role is to seek out opportunities to improve the overall customer experience using lean tools to reduce waste and to improve, standardize and document business processes.

Formerly Director of Logistics, Rick has been a member of the Thomas & Betts family since 1977. In 2003, Rick received his black belt training in Lean Six-Sigma and has been instrumental in the roll-out of the Lean Six-Sigma culture within Thomas & Betts over the last eight years.

This appointment reflects the importance Thomas & Betts places on continuous improvement throughout the supply chain in order to continue delivering both top quality products and superior service.



Richard (Rick) Gingras
Director, Business Process Improvement
Thomas & Betts Canada

Thomas & Betts is a leading designer and manufacturer of electrical components used in industrial, construction, communications and utility markets. With a portfolio of over 400,000 products marketed under more than 40 premium brand names, Thomas & Betts products are found wherever electricity is used. With 12 manufacturing facilities located across Canada, 80% of the Thomas & Betts products sold in Canada are manufactured in Canada.

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Thomas & Betts

CEMRA's growth & role in the new Electrical Section

Cindy Doherty

This year marks the last year of my two-year term as chair of CEMRA (Canadian Electrical Manufacturers Representatives Association, www.cemra.ca). I was the first to have a two-year term, and I found it very beneficial, as it allowed continuity.

I would like to extend special recognition to the CEMRA board of directors for its participation this past year: (Western Canada) John Baron, Elect-Tech Sales; Ed Tuggle, D.A.D. Sales; Jim Modjeski, Titan Marketing Solutions; and Garry Pestaluky, Hi-Tech Sales; (Central Canada) Steve Collins, Collins Sales & Associates; Jean-Sébastien Bercier, Desdowd; (Eastern Canada) Tony Munden, Munden Enterprises.

Marc Laplante of Laplante et Associés also deserves thanks for his efforts representing Canadian reps on the National Electrical Manufacturers Representatives Association (NEMRA) board. Thanks to Marc and his predecessors, we have full voting status on the NEMRA board and enjoy many of the benefits of NEMRA membership, such as use of software, access to research and the Locator and, of course, the annual conference. It still amazes me how many potential leads you can get by attending this event and the S&D Conference every year!

I would also like to extend a special thanks to Tom Brockway of Brockway Enterprises and his predecessors for their work in getting reps to the table and allowing us to gain credibility in the industry. Also, compliments to Tom for his three years of CEMRA representation on the Supply & Distribution Council executive.

We have come a long way as an organization; it was back in the 1990s when we first approached the Supply & Distribution (S&D) Council to come into the organization under their wing. We now have a permanent position on the S&D Council, and that



position will work up through the ranks to become chair of the new Electrical Council Executive. S&D activity, you will learn that S&D and EEMAC (Electrical Equipment Manufacturers Association of Canada) are joining to form one council—the Electrical Council—and manufacturer reps will be one of the three key cornerstones of that new organization.

I'd like to extend special recognition to Ed Tuggle for his lead in the HST project. CEMRA commissioned an accounting firm to research required HST payments. This affects reps who sell products where the office is located in an HST province. (This also affects all other companies. We will make the report available to everyone shortly.)

I am pleased to remind you that the 2010 recipient of the CEMRA Academic Leadership Award went to Curtis Flavel, a 4th year Electrical Engineering student specializing in Power at the University of Saskatchewan. Electricity has "fascinated" Curtis for many years, as he grew up being mentored by his father and grandfather, both of whom have worked in the industry. Curtis's father is an employee of Eaton Electrical. We wish Curtis continued success in his studies and look forward to his future contributions to the electrical industry. Also, CEMRA continues to support the EFC Foundation Scholarship Program again this year.

In closing, I look forward to other members becoming more involved in CEMRA and urge everyone to attend our next major meeting in June in Quebec City at the S&D Conference.

I have met a lot of industry peers as a CEMRA member and it has helped me tremendously in my business and my overall understanding of the industry. Thanks for your support. ■

Manufacturer reps will be one of the three key cornerstones of that new organization.



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 cdoherly@intralec.com.

Making the case for customer incentive and reward programs

Roger Partington

Contractors expect a lot from their distributors, and they frequently view rewards as a symbol of preferred status.

Customer purchase incentives/loyalty programs have been around the industry since Day One, and every distributor offers some variation. Manufacturers, too, have a big stake in these programs, as they provide considerable funding.

The extent and variety of these programs has expanded over the last several years. Why? Because they work! Any marketing person will tell you their program shows measurable sales increases while helping foster better relationships. Contractors expect a lot from their distributors, and they frequently view rewards as a symbol of preferred status.

In a world where competing distributors are often viewed as providing equivalent value, the right incentive program will tilt the playing field. Contractors now have a variety of incentive programs from which to choose. They also know the best way to capitalize on these rewards is to channel a larger share of their ongoing purchases to the distributor with their preferred program.

What works best?

Loyalty program performance has more to do with execution than design. The key is customer engagement, where there is no substitute for an enthusiastic sales force and local service teams. While national programs have advantages, branch and regional promotions can be a very effective part of the mix. Typically, these are shorter, seasonal promotions; it is easier to ramp-up the excitement for a three-month promotion than maintain it for an annual trip or ongoing points program.

Loyalty-style programs succeed when they effectively use communications, analytics and customer targeting to build results over time. Because of their scale, they can leverage communication tools and information technology to engage customers at key decision points. A distributor has the flexibility to exploit the loyalty program for a myriad of short- and long-term sales goals by adjusting points, leveraging special offers and targeting communications.

Getting the most from a loyalty program

At the outset, programs must be built around the customer segments you wish to target. Payout ratios

must offer an attractive incentive that's competitive with other programs. By building in reward tiers, special promotions and growth incentives, you can better tailor the program to maximize ROI. Customer communications, program roll-out and sales force engagement must keep the targeting consistent. The program must strive for a high ratio of engaged customers versus those customers who earn rewards but do not change their purchase patterns.

In operation, loyalty programs must be responsive to business opportunities. This is where analytics come in. For example, knowing which customers are active participants can guide sales strategies; knowing their purchase patterns can trigger opportune emails or sales calls. Incentives that are not directly related to purchases but other marketing goals (i.e. training, product demos or attendance at events) should be offered. This way, the loyalty program is part of the entire customer engagement cycle.

Communication should be personalized, frequent and engaging. Fortunately, your customer is naturally curious: How close am I to a free trip? What are my reward possibilities? How can I earn points faster? While you have their attention, you should include links to new products, special offers, new service capabilities and upcoming events. Capturing quality customer demographic information will help you personalize communications and special offers.

Program measurement is part of the analytics capability and, over time, will guide the types of promotions and communications you employ. Analytics demonstrating sales performance and customer engagement also helps you justify program support to a manufacturer.

The challenge

Loyalty programs are a big investment in dollars and management resources, but a well designed and executed program will improve ROI by targeting and engaging the right customers, and making the case for manufacturer support. Better ROI justifies investing in the analytical and communication capabilities that will allow you to stand out from the competition and earn a larger share of the contractor wallet. ■



Roger Partington is a management consultant specializing in distribution channels, channel relationships, and sales & marketing strategy for manufacturers and distributors. He can be reached at roger@coherentb2b.com.

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