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DISTRIBUTION & SUPPLY

Spring 2017 || Volume 9 || Issue 1

DISTRIBUTION & SUPPLY magazine serves electrical distributors, manufacturers and their agents across Canada. It provides them with the information they need to perform their jobs better and run their businesses more efficiently and profitably.

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80 Valleybrook Drive, Toronto, ON M3B 2S9
Tel. 416-442-5600 • Fax 416-442-2230

Printed in Canada
ISSN 0013-4244

Publication Mail Agreement #40065710

Circulation
email: blao@annexbizmedia.com
Tel: 416 442 5600 ext.3552
Fax: 416 510 5168
Mail: 80 Valleybrook Drive, Toronto, ON M3B 2S9

Subscription rates
Single issue
Canada: $8.00
USA: $15.00
International: $20.00

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FROM THE **EDITOR**

ANTHONY CAPKUN

Standing in solidarity with the family

In a few paragraphs, my column will, in fact, line up with the title I've written above. Bear with me.

Lightfair is perhaps the largest event I attend in terms of the number of booths, exhibitors and delegates. Sure, there are other events that, by way of co-locating, may be as large or larger (e.g. Buildings Show in Toronto), but LFI does pretty well for itself doing just one thing—lighting.

As the show date approaches, I invariably start receiving emails and invitations from exhibitors' PR agencies or marketing teams that read something like:

"Stop by our booth to see the most innovative lighting control system..."

or maybe,

"Can we schedule a visit at our booth so you can observe the most innovative lighting fixture on the market?"

or perhaps, besides "innovative", they infuse their messages with words like game-changing, world-leading, paradigm shift, impressive portfolio, etc. But here's the thing:

If everything is important, then nothing is important.

This is something I wish every marketing communicator, every PR agency—everyone, in fact—would take to heart, especially those who are trying to get my attention. When I receive dozens of emails all saying the same thing, then none of them stand out. None of them are important.

So rather than rely on catchphrases, clichés and "power words", it would be great if these communicators could actually just tell me and other members of the press *in plain English* why it is they think their product or service warrants coverage. Tell me simply what the product is, what it does, who it benefits, and what those benefits are.

The simpler you make your messaging, the simpler it is for me and my peers to understand what you're trying to convey. Then, if your information is apropos to my audience, you have my attention and, by extension, my audience's attention.

Now you're on the map, and you have my attention, the attention of my media peers and, through us, everyone else's.

Now, if you'll bear my rant a little longer, I don't pay much attention to companies I've never heard of—and never hear from—until showtime. I get a lot of those emails, too, from companies you never see anywhere in the market.

(Here is where my column actually starts to coincide with the title.)

You don't see them at any of our distributors' tradeshows, they don't participate in—or sponsor—industry events (e.g. MCEE, MEET, etc.), they do nothing to support our industry associations and, yet, come showtime, they sell themselves as best buddies with the Canadian electrical marketplace.

Sometimes, they have no distribution in Canada whatsoever. So why are you calling me?

Let's be honest: they see Canada as just another market... a geographic area on a map that represents X number of prospects across X number of jurisdictions. Most times, their marketing teams don't even know whether their products are approved for use in Canada. In fact, when I ask them, they usually scratch their heads and admit they didn't know there was a difference.

And, when I ask them how they go to market in Canada, how their products are distributed, there's usually some more head-scratching.

Sometimes, they have no distribution in Canada whatsoever. So why are you calling me?

If I've learned anything over the years from our sector and the people it comprises, our electrical industry is a community... a family, and families demand respect and skin in the game. They also expect support from each other.

Electrical Business Magazine has been a member of that community for 50+ years. Like other members of this great family, its custodians have also changed over the years, but its mission to stand in solidarity with Canada's professional electrical community has not.

As the voice of, and for, this industry, we make a conscious effort to champion the players in our market who do, in fact, make us feel like we matter; who see us, not just as another market, but as a group of people to whom relationships and respect are important.

As Carol McGlogan mentioned in our interview, "So that's why I say being involved, being engaged... that's what puts you on the map [...] If you're going to walk into an EFC event and just observe and sit in the back of the room, then that's all you're going to get".

Now, I'm taking that remark out of context, because we were talking about involvement with EFC specifically, but I think the same rings true for the industry in general. You get out what you put in and, when you put in nothing, what should you *realistically* expect in return?

Yes, what I am proposing costs both time and money. You need money and time to exhibit at a tradeshow; pay an association's membership dues, or sit on one of its committees; buy advertising with our Canadian electrical media to ensure they can continue to promote our sector and its people; sponsor a contractor association golf tournament or bonspiel... and the list goes on.

But now you have skin in the game. Now you're a member of the family. Now you're on the map, and you have my attention, the attention of my media peers and, through us, everyone else's.

Maybe I'm just whistling Dixie. Maybe that's all Canada is, or ever will be, to the outside world: just another territory. But, to ourselves, we're something more, and we deserve better. D&S

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EFC UPDATE

RICK MCCARTEN

Doing well and getting even better

Electro-Federation Canada has changed over the years. We dropped our "council" structure in favour of a more uniform, cohesive group representing the main industry channel of manufacturers, distributors and reps of electrical/electronic products. With that in mind, our National Advisory Council continues to address how best to offer value to the industry.

NAC is an active committee within EFC whose role is to provide direction on the programs and events we provide. In a sense, it monitors the value we bring to members. To this end, NAC evolved into a hub-and-spoke model, overseeing the committees that help run everything, including (in no particular order):

- Annual research projects and statistical programs
- Young Professional Network and scholarship program
- Marketing and awards programs, and membership
- Annual conference and golf
- Canadian Electrical Manufacturers Representatives Association and CEMRA Manufacturers' Group
- E-commerce and EPAC
- Workforce development, HR programs and job postings
- Habitat for Humanity, our charity of choice

EFC additionally has 10 Product Section committees, ranging from lighting, motors and generators to electric heat and transformers. We also have regional committees covering parts of Canada.

Continuing to adapt the NAC

Bringing EFC committees under one strategic direction is certainly proving effective; it aligns the groups, prevents overlap and allows for synergy within task forces. The next step is to better coordinate with our regions, with the goal of identifying what EFC can do to help them and what they, in turn, do very well, and can share with the rest of us.

> If we can improve the industry and the people it involves, then we will have done our job as an association.

We are adding members from all of our regions to NAC, asking them to participate in building strategy, and make decisions as to how we should accomplish our value tasks. When you think of it, it only makes sense to have everyone across this diverse country providing their input to the arm of EFC that directs programming. We will continue reaching out for feedback—not only to our regions, but also to the provincial associations in which our members are heavily involved.

If we can improve the industry and the people it involves, then we will have done our job as an association.

NAC: Changing the industry

Through the work of its committees, NAC's mission is to make changes to the industry... changes that address the circumstances in which we find ourselves, such as:

1. Knowledge: This is about bringing new ideas, new awareness to members and their employees. It involves things such as our research projects, educational programs, statistical collection and keynote speakers. It's about recognizing change and bringing it to the table.

> We must not only consider how we and our partners view ourselves, but how we are viewed by others.

2. Engagement: This is a fundamental piece of the member benefit puzzle, yet is often invisible. We build our committees and regions to not only bring insight to the collective, but to help each committee member engage with one another. A good example of this is our Research Committee; its members learn about research techniques and gain an in-depth understanding of the research topic itself. Another example is the YPN, whose core purpose is to engage the under-40s in our industry.

3. Change: Our industry is in flux, and we must adapt to this diverse world of evolving channels, changing product mixes, new players and systems.

4. Image: We must not only consider how we and our partners view ourselves, but how we are viewed by others. We want to encourage young people to enter our industry, learn about the opportunities and build themselves rewarding careers.

This year's research project points to some of those challenges. We will share what we've learned, not only at the annual conference, but all over Canada, building on synergies with our ad hoc and region committee structure.

EFC is undergoing many changes, as is the electrical market as a whole but—with ongoing support from our members—we are well-positioned to become an even stronger association. D&S

Rick McCarten is vice-president, Operations, with Electro-Federation Canada. Visit www.electrofed.com.

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Interim report card... Straight "A"s *(almost)*

So far, 2017 has been a bit of a sleeper year for CEMRA members. Then, just when they thought not much was happening, several successes were achieved. The path hasn't always been smooth, but CEMRA members have been working diligently, and—with support from Electro-Federation Canada members—they are heading to the front of the class!

Because I work closely with this wonderful group of members, I have taken the opportunity to "grade" the *Class of 2017:*

Attending EFC's annual conference? Then you simply must sign up for the optional CEMRA Dinner & Cruise.

A+

Membership

CEMRA is in the midst of a membership boom: from December 2016 to the present, six new CEMRA members were welcomed into the EFC family. (I use the term "new" a bit loosely, considering several of them were EFC members in some capacity in their previous lives.) These new members would not have been able to join without the encouragement and support of other CEMRA and EFC members.

Those newest additions include: Agence Ricard (Montreal, Que.), Cascadia Sales (Surrey, B.C.), ElectraSpec Inc. (Sainte-Anne-des-Lacs, Que.), Heritage Sales & Marketing (Waterloo, Ont.), Ken Watt & Associates (Surrey, B.C.) and WSA Agency (Ottawa, Ont.). Welcome!

B–

POS Project

CEMRA members are working closely with CMG (CEMRA Manufacturers Group, chaired by Tony DeCicco of Intermatic) to tackle the ongoing issue of POS reporting, and its effect on reps' compensation for their hard work and commitment to the manufacturers they represent.

This ongoing project got a huge shot in the arm when NEMRA (CEMRA's U.S. counterpart) offered to share its findings from a large-scale POS study it had undertaken. The CMG will combine this valuable resource with its own research, culminating in a panel discussion at CMG meeting at the EFC annual conference in San Diego.

There is room for growth and improvement. The next step is recommending a Best Practice for adoption by EFC members to more fairly and accurately compensate their hard-working reps.

A+

Committee Participation

At the upcoming annual meeting in San Diego, CEMRA will welcome its newest Executive Committee chair for the 2017-19 term: Greg Moylett of Intralec Electrical Products Ltd., who succeeds Tony Munden of Munden Enterprises.

As of April 12, 2017, CEMRA is able to have two representatives on EFC's board of directors instead of just one; however, because this change was just implemented, there is only one CEMRA director for 2017.

In 2018, Jean-Sébastien Bercier of Desdowd Inc. will become chair of EFC's National Advisory Council, which automatically garners him a seat on the EFC board.

B–

Stats Program Launch

The development of a statistical program for CEMRA members has been on the table for some time. Its purpose, ultimately, is to highlight the value CEMRA reps bring to the manufacturers they represent.

This could be achieved by collecting information on the overall size of the rep business in Canada, assess what it contributes to the overall market, track trends, monitor growth year over year by region, then share the aggregate data with participating EFC manufacturers and distributors who, in return, provide CEMRA members access to their high-level quarterly results.

CEMRA members would be asked to submit their total electrical sales by quarter and region(s), mirroring the manufacturer format.

I recognize there are concerns over confidentiality, but rest assured: the EFC Stats program would not collect any information about a specific manufacturer or line. Instead, we are interested in aggregate dollar numbers, by region, which would then be shared with program participants.

But, until such time as the majority of CEMRA members and their manufacturer partners become more comfortable with the idea, the Stats Program remains a *potential* project.

A++

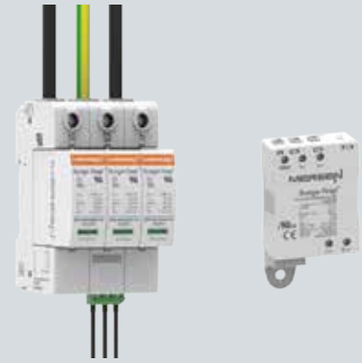
CEMRA Dinner & Cruise

Attending EFC's annual conference in San Diego? Then you simply must sign up for the optional CEMRA Dinner & Cruise. Join event sponsors Desdowd Inc., Northwinds Corp., Adanac Sales, Intralec Electrical Products Ltd. and Munden Enterprises for a 3-hour private charter aboard the California Spirit: a 158-foot, tri-level vessel with seating and an outdoor viewing level. Enjoy a buffet dinner, dancing, and great camaraderie and networking with your peers. D&S

Sue Adler is manager, Member Services, with Electro-Federation Canada, and manages all initiatives for the Canadian Electrical Manufacturers Representatives Association (CEMRA). She can be reached at sadler@electrofed.com.

PHOTO: SHUTTERSTOCK.COM

WHEN THERE'S NO TIME FOR DOWNTIME



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A *TORNADIC* EXPERIENCE FOR GRAYBAR CANADA'S WINDSOR LOCATION

The birthday that branch manager Glen Miller will never forget / ANTHONY CAPKUN

▲ At 7:24 pm, August 24, an F2 tornado (wind speeds approx. 113-157 mph) strikes Graybar Canada's Windsor branch at 2760 Deziel Drive. Luckily, the last employee had left work about an hour earlier.

It's a birthday Glen Miller won't soon forget. Probably never.

Glen is the branch manager of Graybar Canada's Windsor location at 2760 Deziel Drive and, on the evening of Wednesday, August 24—while he was out with his wife, son and daughter-in-law celebrating his 51st birthday—he got a call from one of his neighbours, Rose City Electric, who plainly told him:

There's a hole in the side of your building.

"While we were having dinner in the restaurant, the TV was showing a tornado warning in Detroit, across the river," Glen recalls. "We had just finished eating, and were thinking about ordering a bottle of wine, when my phone started ringing."

Glen didn't recognize the number from the first call; based on the area code, he thought it was probably just a telemarketer, so he ignored it. The second call came from one of his suppliers, Troy Life & Fire Safety, whose building is just a few doors down from Glen's, but he ignored that call, too, because it was after hours and, hey, they were still eating.

When the supplier phoned again, Glen figured it must be important. He took the call, and learned some of Troy Life & Fire Safety's windows were broken. They asked Glen whether he had also heard from *his* security company. Glen didn't think so, but then he remembered the call he had discounted as a telemarketer.

What was going on here? Was there a rash of break-ins?

After checking his voice mail, Glen confirmed the security company had, indeed, phoned to alert him to an alarm at the Deziel premises.

Then came the call from Rose City's owner about the hole in Glen's building.

And while this was unfolding, Glen didn't take it seriously. He admits with a chuckle, "I thought it was a big joke. I thought people were making this stuff up because it was my birthday!"

Business continuity kicking into high gear

- Over the course of seven days, with the assistance of Russell A. Farrow Logistics, 11 53-ft semi and 3 flatbed trucks moved product out of the Deziel Drive location.
- Other branches supported Windsor by handling customer orders.
- Local companies prioritized phone/data installation, courier shipments and building safety clean-up.

Not in Kansas any more

But it was no joke. While dining with his family, Glen's branch was rocked by an F2 tornado (wind speeds approx. 113-157 mph). It suffered severe structural damage, including a collapsed block wall to which a gas main was attached. Luckily, the last employee had left work about an hour earlier.

After chatting with John Hodges, his manager of customer service, Glen was off to Deziel to assess the damage.

"We moved into that branch in January 2001," explains Glen. Home to 15 employees, the branch comprises 16,000 sf, about 12,000 of which are warehouse, with the remainder split among counter and offices.

"As I got closer to the building, I didn't see any damage anywhere," Glen says. He noticed the traffic lights were out here and there, but it wasn't until he got right into the immediate vicinity—where he saw people being evacuated from the area—that he began to understand the gravity of the situation.

Glen arrived onsite around 8:30 pm, preceded by John, but neither were allowed near the building that evening. (John arrived onsite about 10 minutes prior to Glen, and emailed him some pictures. He was also among the people being evacuated.)

"Between John and myself, we called all the staff and told them not to bother coming into work Thursday, because we didn't have anywhere for them to work," says Glen, who admits, at that point, he had no idea what was going to happen.

It wasn't until Friday, August 26, that Glen and his staff received official word from the city and its inspectors and engineers that the building was deemed unfit. The roof would have to be removed and replaced, while others parts would have to be reconstructed. However, the building would be made temporarily safe so Glen and his team could empty its contents.

PHOTOS COURTESY GRAYBAR CANADA.

▲ Graybar Canada employees working hard on clean-up and disaster recovery at Deziel Drive.

Disaster recovery 101

At that moment, when Glen learned the premises would have to be evacuated, the company shifted into crisis mode.

"Our customs broker, Russell A. Farrow, volunteered two trucks to load up all our stuff and stage it in a warehouse for us until we could find a suitable location to work out of," says Glen.

They went through the entire Deziel building, and inventoried everything as it was loaded onto trucks. About 20-30% of the product was damaged, but the rest could be saved. With that settled, Glen started looking for property.

"I knew about this building we're in now—the old FedEx building, just around the corner—and I knew it has been sitting empty, so I suggested we look at it," says Glen, so the company's senior management came to Windsor and arranged a short-term lease for 3505 Rhodes Drive. "Then Russell A. Farrow started bringing all the material back to us at this location."

"We did the whole move with our own staff," Glen says proudly. "We didn't hire any outside help, for the most part. The project team worked from home, but the balance of the staff was with me."

Glen's staff worked pretty much every day, including weekends (save one) from 7 am to 7 pm to empty the Deziel location and, eventually, move everything into the temporary Rhodes branch.

Meantime, Graybar Canada branches from Kitchener and Niagara Falls to Hamilton and Markham pitched in to take orders, follow through on deliveries, and so on.

"Basically, two and-a-half weeks after the tornado hit us, we were up and running in this building, complete with phones, internet, everything."

113-157 MPH

Approximate wind speeds of the F2 tornado that struck Graybar Canada's Windsor branch

2 1/2 WEEKS

The time it took to get the Deziel Drive branch relocated to, and up and running at, 3505 Rhodes Dr.

DEZIEL BRANCH TORNADO IMPACT TIMELINE

Wednesday, August 24	At 7:24 pm, an F2 tornado (wind speeds approx. 113-157 mph) strikes Graybar Canada's Windsor branch at 2760 Deziel Drive. Luckily, the last employee had left work about an hour earlier. Branch suffers severe structural damage, including a collapsed block wall to which a gas main was attached. Staff are prevented from accessing the building until engineers deem it safe to enter.
Thursday, August 25	Graybar Canada communicates the situation to its employees, customers and vendors. A few staff are able to access the site and gather a few things.
Friday, August 26	Staff are allowed back onsite. They take inventory and load skids of product. They are to vacate immediately should the wind pick up.
Monday, September 12	Windsor branch opens temporary location at 3505 Rhodes Drive. Anticipated re-opening of 2760 Deziel Drive no earlier than the end of 2016.

Help from within, and offers from without

While Graybar Canada—along with its partners—seemed to have its disaster response and recovery well in hand, the branch nonetheless received offers of support from its competitors.

"People that are supposed to be competitors—trying to fight for the same business we are—reached out and offered help," Glen says, recounting some of those calls: *"Do you need storage? Come and use it. Do you need a table in our boardroom? Come and use it. Do you need computer access? Come and use it.* So I had a number of competitors reaching out, which was great."

And with so many people in the company who helped, Glen says he is hard-pressed to single out all of them. He tips his hat to Graybar Canada's IT department, who refused to accept Bell Canada's three-week timeline to hook up the new location on Rhodes.

"And my executive VP and general manager, senior VP Sales, marketing VP, and VP Central Region, too, for coming in and negotiating a lease for this temporary building… they, along with the senior management, were all just fantastic."

The keys to such an amazing disaster response, then, are having a strong company behind you, and the right people by your side.

"The whole process [of disaster recovery] wowed me," Glen admits. "Our staff worked tirelessly to get those trucks loaded and unloaded, and put the product on the shelves and get us up and running… they cared about the branch like it was their home. My entire staff has to be commended for their efforts."

Since our initial discussion, the building on Deziel made great progress. In mid-December, the roof was complete, and the rooftop units were installed and connected. The main service was built, and the mast was going up shortly. Fast-forward to 2017, and the team is back home.

"If we hadn't had such a caring company behind us—with all the right people in place to make important things happen for us—there's no way we could have been up and running again in two and-a-half weeks," says Glen. D&S

WERNER ACHIEVES ZERO ORDER BACKLOG

WITH 4-LEVEL PICK MODULE SYSTEM

A vital part of Werner Electric Supply's goal to double sales to $500 million by 2020 is its 200,000-sf, state-of-the-art distribution centre in Appleton, Wisc. Not long ago, the distributor of electrical, lighting, datacom, pneumatic, safety and automation solutions had a 100,000-sf facility and was leasing additional warehouse space.

"We built the new facility to add inventory and services to meet our sales goal, as well as get our inventory back under one roof," says Lloyd Fabry, Werner's regional distribution centre manager.

According to Fabry, the new facility holds 28,000 items in inventory, including everything from nuts and bolts to 20-ft conduit lengths and 7000-lb reels of wire on the electrical supply part of the business. It also carries items such as drives, PLCs, actuators, pushbuttons, and safety equipment for the machine control automation part of the business.

> "We built the new facility to add inventory and services to meet our sales goal, as well as get our inventory back under one roof."

Getting organized

The new facility sports a custom pick module, warehouse design and management system that promises a competitive advantage.

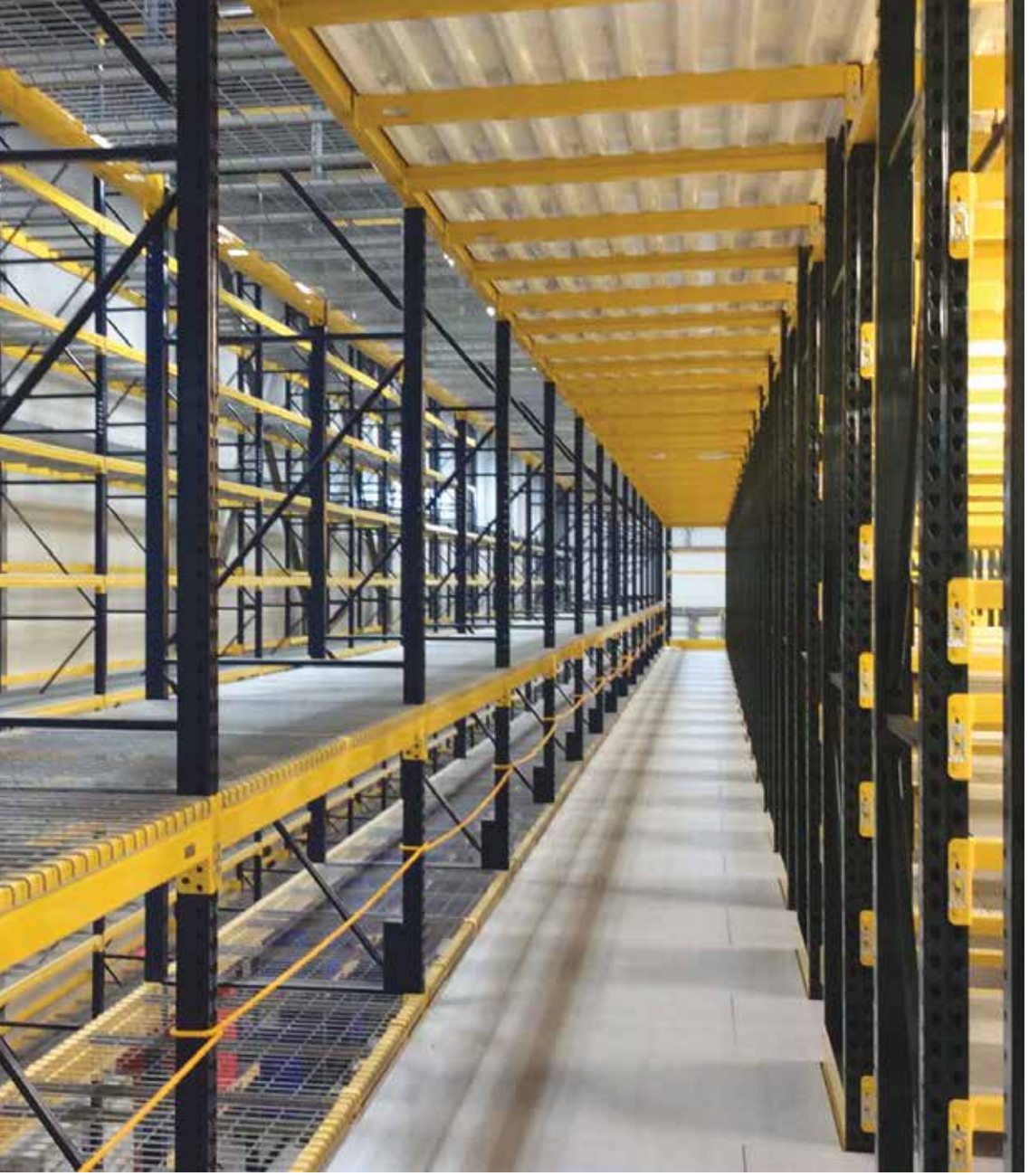
Pick module systems combine dynamic rack systems with conveyors or other flow components to increase productivity and decrease costs for broken pallet or broken carton order-filling operations. When designed as a multi-level rack supported system, pick modules also allow dense storage of products, reduced material handling, and the ability to quickly fulfil multiple SKU shipments.

"With the new facility, we're capable of taking orders later in the day, filling the orders, and having them delivered to our customers across Wisconsin and upper Michigan by our fleet before 6 am the next day," says Fabry. "We're achieving a zero order backlog at the end of each day."

For the pick module, reel rack, cantilever rack, selective rack and safety guardrail—as well as rack design engineering help—the company selected Steel King. The warehouse layout incorporates selective rack serviced by high-reach trucks and some narrow aisle, wire-guided reach trucks. But the custom, four-level, pick module system is key to its efficient distribution.

"Our zone route, pick and pass, pick module—along with a new warehouse management system and weigh scale to capture picking errors—essentially eliminates our secondary packing process," says Fabry. "It is designed to handle from 70-80% of our volume. It allows us to place more locations at ground level so we can pick more items on foot. That means we need less equipment and training, as well as avoid disruption if equipment breaks down."

According to Kyle Arndt, a Werner project manager, three options were originally considered for the pick module, but only one was feasible. Constructing a permanent mezzanine-supported structure was too costly because it required adding building columns, footings and fire protection. A shelf-supported structure was also ruled out because no vendor could go as high or support the weight they needed.



The pick module has rack all the way around on four sides, with a walkable catwalk along the inside perimeter.

To construct the pick module, SK2000 pallet rack, a boltless, closed tubular upright product was chosen. All beams are constructed of 55,000 psi (min.) steel, and holes are placed on the column's face, not the corners, minimizing strength loss. Compared to open back roll formed columns, the closed tubular uprights are 44x more torsion-/twist-resistant, with 250% greater frontal impact resistance and 68% greater side impact resistance.

> "We're achieving a zero order backlog at the end of each day."

Easy, boltless assembly of the system enables more flexibility for any future adjustments. "Depending on future needs, with boltless assembly we could add to the pick module, move it, or build another one as needed," says Arndt.

For similar reasons, the boltless rack was used, but with larger 4 x 3-in. posts to construct custom reel rack with additional storage above. This rack is designed to hold up to two 7000-lb reels in a hanging position so wire can be pulled off and cut to the customer's needs.

"The reel rack design challenge was unique, not only because of the weight of the reels, but also because their load is dynamic, not static, when the wire comes off the reel," says Arndt. "Oversize base plates were installed that helped with stability and function, while keeping our floor design cost effective."

Since the new warehouse is 45-ft high with an FSR sprinkler system, the storage racking manufacturer also custom-designed and built 35-ft high cantilever rack with 25 arm levels for storing conduit. With no front column in the way, the cantilever rack is faster to load and unload, lowering handling time and costs. The lack of a front column also saves horizontal space normally lost to rack structure, and handling clearance is also more abundant.

Safety also key

To protect people, racks and the building structure, a number of guardrail systems were also installed for safety.

A modular guardrail was used to separate people from lift-truck traffic, while presenting a more robust visual barrier than handrail at similar cost. Safety guardrail was also used to prevent end row pallet rack damage from lift trucks. Heavy-duty guardrail was similarly used to protect building columns, conveyor systems and other vulnerable areas from lift trucks.

"At every stage of the process, it is important to have a partner that is willing to work with you," concludes Fabry. "To meet our rack requirements, that sometimes meant double posting up to the first beam, hitting the beam adjustment increments, and being flexible with different beam sizes to help control our costs. " D&S

– With files from Chassity Clark for Steel King Industries.

NAVIGATING A "SEA OF SAMENESS"

Meeting EFC's new leader, Carol McGlogan / ANTHONY CAPKUN

By now you know Carol McGlogan is Electro-Federation Canada's new president & CEO, replacing Jim Taggart, who led the association for six years. And while we've all seen the announcement, I wanted to chat with Carol to learn more about both her and the organization she now leads.

Navigating a sea of sameness

The former director of marketing at Philips Lighting credits Bill Saylor of Westburne and Dick Waterman of Nedco (later Rexel) for encouraging her to join EFC some 30 years ago, while she was with Canlyte. In fact, Carol is pretty sure Bill "phoned my boss, Abbey Drazen, to ask permission to ask me [to join]. I don't know if any people still do that". She got that permission, wholeheartedly, and joined EFC's Supply & Distribution Council. Later, she served as both chair of the EFC board (2006) and the S&D Council (2002).

While the numbers are changing, the industry is still male-dominated, so I asked Carol what it was like to navigate that landscape when there were even fewer females.

"I always viewed [being a woman] as an advantage. When you're in a *sea of sameness*—a sea of men—it's actually more difficult for the men to differentiate themselves," Carol noted, adding that, as a female, "you're already differentiated".

"And there's a type of curiosity that, sometimes, opens a door, and then after that it's about performance," Carol underscored. "I've always found that, if you do good work, if you're diligent, it doesn't matter who you are... that's what's going to shine."

Wearing the face of the organization

During her first official speech at the recent annual general meeting, Carol said Jim left EFC in good shape, so I asked about his legacy. What was she inheriting?

When Jim started as president of EFC, Carol noted, "there were some issues with some of the councils in EFC's *hub-and-spoke* model. In particular, a few councils were facing "competitive pressures" from other organizations, as well as some sustainability issues.

Jim was able to "wind them down very elegantly," said Carol. He worked through the restructuring of the NAC (National Advisory Council), S&D and EEMAC (Electrical Equipment Manufacturers Association of Canada) and was able to encourage things like expanded Region involvement, improvements in Stats... "just getting on with the business of the day [...] I think that's a huge achievement".

While chatting with Carol, I pointed out to her that, as president and CEO, she is now wearing all of EFC's past successes, as well as any failures. I asked her: if she had to pick one EFC success of which she is most proud, what would it be?

After mulling it over a few moments, she replied: "It's the connection and engagement at the most senior levels of the organizations within our industry, and I'm not sure if that is the same in other industry associations. The fact that we can attract and engage the presidents of all the major corporations, the growing independents, the buying groups that are there, manufacturers of all sizes... the fact that they look to EFC as being kind of the authority of the industry... I think that's something to be tremendously proud of".

"When you're with these people at every EFC event, it's like family," Carol said. "I've heard others say that, when they've been in other organizations, they don't see or feel that. I think, because of that, it will help us move issues forward... everybody cares."

Playing the devil's advocate, I asked Carol whether this "family" could lead others to view the association as just an Old Boys' Club. She responded without hesitation:

"So picture yourself coming in, new to a situation. If you're just going to be a wallflower, then, yeah. You're not opening yourself to get in."

The biggest equalizer, according to Carol, is getting involved in committees. "When you have to sit beside somebody and work on a common project, that's when you get to know them from a different perspective. That's when you earn a different type of respect, so that when you go out to that next meeting, that door is open. You can have a conversation, you've broken down that barrier."

"If I was coming in brand new to this industry, I would go to EFC and say, *This is my business, these are my hurdles. What committees do you recommend I get involved with, because I need to break down some barriers. When I call these people, they're not answering my call.* So now you have to sit beside them and work on a problem together... then they will give you a call, because now they know you."

PHOTO: A. CAPKUN, APRIL 2017

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"When I was with Canlyte, we never dealt with Wesco, but I became great friends with Harald [Henze] because of EFC, because I was on the S&D Council with him, I was on the Executive with him, we worked on projects together. There was a mutual respect. But, had I just depended on a social event, do you think I would have had the courage to walk up to him and say 'Hi, how do you like me so far?'."

"So that's why I say being involved, being engaged… that's what puts you on the map. [EFC] is not just a social club. If you're going to walk into an EFC event and just observe and sit in the back of the room, then that's all you're going to get."

Vision moving forward

"It's always been a mission of EFC to have Region involvement, engaged Region members […] that is something we will always continue because EFC is not just about *the head office* […] it's about nurturing thought leadership; involvement geographically, as well as within all levels of the organization; participation in committees that brings out, for example, the marketing people, the HR people, the technical people within our organizations; and, of course, the YPN [Young Professionals Network], making sure we retain the best of the brightest."

Carol noted the last challenge to which EFC flexed its efforts was figuring out how ensure the existing distribution channel remained the channel of choice (over, say, Amazon, or Home Depot). Its research and initiatives led to distributors developing a better online presence, developing better counters so they would be more appealing, and playing to their strength, which was their relationship with the customer.

The landscape is changing yet again, Carol noted, primarily by technology such as the Internet of Things and integration of previously disparate systems. "Because of that, there is a new crop of customers out there that weren't there before, so we really have to watch how this evolves."

EFC members will have questions like: How are our existing contractors going to evolve into this new market? Who are the new players that are coming in? Do we have to acquire other companies? Do we have to gather different forms of expertise? And they will look to EFC for answers.

"The role of EFC of to have our fingers on the pulse of what those changes are; help educate the industry on what's before us."

Carol also pointed out the importance of standards and being involved with the bodies who write them. "If our technical resources are not the table, then it's going to be other people who are making decisions on our behalf, and I don't think that's what we want."

As for EFC's Regions, "what we want to encourage is growth, flexibility and, at the same time, we want to do it in a responsible way".

"The one thing I always think about is, *What value are we going to bring that group? What are we good at? What are they missing in their life now, and how can we fill that gap?*. I do know there are lot of contractor associations out there; this isn't about duplication, it's about being complementary to what's out there."

"I'm a marketer at heart, and marketing is all about fulfilling customers' needs. We always have to think about what we are doing for our members, what kind of value we are bringing. Whether you are a manufacturer, a distributor or an industry association, if you're not fulfilling a need, then you don't deserve to be around." D&S

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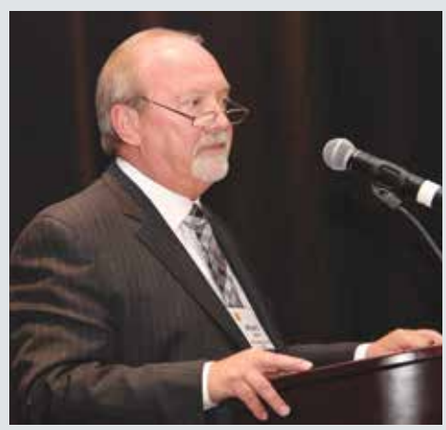
THE "SHORT, SKINNY KID WITH LONG HAIR" EARNS INDUSTRY RECOGNITION

EFC's 2017 IRA recipient… Electrozad's Bill Smith / **STAFF**

"It's quite an honour to be nominated for any industry award, and to be nominated for this [IRA], and to be chosen to receive the award, it's probably a highlight of the career—the top of the mountain, the top of the summit […] And to have my name added to such a list of distinguished people from our industry is remarkable."

Those were the words of William C. "Bill" Smith—president of the Electrozad Group of Companies—as he accepted Electro-Federation Canada's 2017 Industry Recognition Award.

"When I think of Bill, I think of him as a welcoming face to the industry, as a person who is passionate about his industry, and as a person who has tremendous wisdom on industry matters," said Carol McGlogan, EFC's president & CEO.



Bill was born and raised in Windsor, Ont., explained Carol. He started his electrical career working part-time at Electrozad Supply while attending St. Clair College. Upon completion of his two-year Sales & Marketing program, Bill's first full-time job in the industry was with State Electric in 1974.

"For a short, skinny kid with long hair, coming out of St. Clair College that worked at Electrozad part-time—that didn't want anything to do with this industry—I soon became the S.O.B. (which, Bob Ruddy taught me, was the "Son of the Boss") and learned from the ground up," Bill said.

In March 1975, Bill returned to Electrozad as a customer service and counter sales rep, later holding a variety of marketing, sales and management positions. In April 1992, Bill was appointed president of the Electrozad Group of Companies.

Just two years ago, Bill was recognized as Member of the Year for Leadership by Affiliated Distributors' Electrical Supply Division.

EFC's Industry Recognition Award is presented annually to an individual who has "influenced the Canadian electrical industry", either as a current or retired industry delegate, or as an industry supporter.

Some immediate past recipients include Franklin Empire's Bob Shapiro (2016) and Wesco's harald Henze (2015).

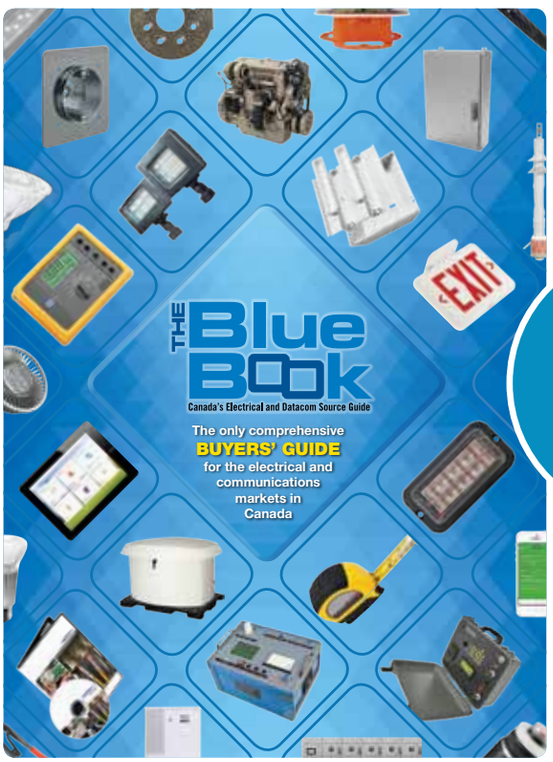
"That skinny kid with the long hair remembers being taught that it's a great industry, great people and you'll learn to love it… and, 42 years of that, I've learned to love it, and the people involved with it," said Bill. D&S

Watch video highlights from Bill's acceptance speech at EBMag.com (direct link tinyurl.com/mboaxdf).

PHOTO: A. CAPKUN, APRIL 2017

THE Blue Book

Canada's Electrical Source Guide



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THE COST OF WORKFORCE DRUGS ON YOUR BOTTOM LINE

Is your benefit plan poised to drive your success or undermine your KPIs? / ANTHEA GOMEZ

It may be the most agreed-upon concept in business: to build a great company, you must be able to attract and retain great people. However, in the Western world, demographic shifts are making that goal harder to achieve each year.

A recent PwC study found more than half of global CEOs see skills availability as a threat to future growth.[1] In the power and utilities sector—a major employer of electricians—80% of CEOs planned to address this threat by working to enhance engagement and 63% planned to invest in initiatives designed to help sustain a skilled workforce.

In Canada, the stakes are particularly high: A recent Distribution & Supply article pointed out that baby boomers make up almost a third of our current workforce and the youngest are within 13 years of age 65 (D&S Spring 2016, p.10).

Preparing for history's biggest shift change

Competing to replace retiring workers in the electrical industry requires that employers know what employees want... and it probably isn't higher earnings. The 2011 Sanofi Canada Healthcare Survey found that most Canadians preferred their benefits to $20,000 in cash. Moreover, a 2015 Glassdoor survey found that Millennials value benefits even more highly—almost 90% of respondents aged 18 to 34 preferred benefits to a raise.[2]

And what is the most highly valued benefit? Prescription drug plans.

The 2016 Sanofi Canada Healthcare Survey finds 81% of plan sponsors were very satisfied with their drug benefit, and 94% of plan members felt their drug plan was "very/somewhat important," with dental care coming second.[3]

At the same time, Canadian employers spend more on prescription drug coverage than any other benefit, and that spending increases each and every year.[4] According to the Canadian Institute for Health Information (CIHI), drug spending by the private sector has doubled from $8.8 billion in 2003 to $17.6 billion in 2015. Not surprisingly, the 2014 Sanofi study finds 70% of plan sponsors were concerned about the sustainability of their drug plan.[5]

"Employers are in something of a Catch-22," says John Herbert, director of Strategy, Product Development & Clinical Services with Express Scripts Canada, a provider of health benefits management services. "The benefit that employees care about most is also the benefit most threatened by unsustainable cost increases."

Fortunately, says Herbert, research shows there is a way to protect the sustainability of the drug benefit without undermining employee health or productivity... or loyalty. "We have been able to prove it is possible. As with many of the critical challenges that businesses face today, it comes down to engaging patients and influencing better decisions to drive lower costs and healthier outcomes."

59% of employees have one or more chronic conditions, such as high blood pressure (21%), mental illness (19%) and arthritis (17%).

Rising costs, and what they mean for the workforce

The most commonly cited drivers of drug spending inflation are increasing utilization due to an aging population with rising rates of chronic disease, as well as a shift to the use of newer high-cost drugs.

RISING CHRONIC DISEASE RATES, AGING WORKERS

The Sanofi Canada Healthcare 2016 study finds 59% of employees have one or more chronic conditions, such as high blood pressure (21%), mental illness (19%) and arthritis (17%).

Age is a critical factor. Among employees aged 18 to 34, 40% have

PHOTO: SHUTTERSTOCK.COM

at least one condition. Among those aged 55 to 64, the percentage of employees with at least one chronic condition rises to 79%; and, in the last decade, the number of Canadian workers over age 55 climbed by 67%.[6]

Not surprisingly, then, the Express Scripts Canada 2015 Drug Trend Report (DTR) reveals more than half of plan members with a drug claim suffer from multiple chronic conditions, and one in five has four or more. Plan spending for these members averaged $2296 in 2015—4.7 times that of other members.

"Understandably, these individuals are often unable to manage their complex treatment plans, and they experience gaps in care," says Priscilla Po, Express Scripts Canada's senior manager of Clinical Services & Drug Plan Management. "As a result, their claims show their health worsening over time. As they get sicker, more and more costly medications are often required."

About 72% of all cancer drugs in development are designed to be self-administered.

HIGH-COST DRUGS

In 2015, Express Scripts Canada research shows 16% of total spending was for new, brand-name drugs approved by Health Canada in the previous five years alone. As patents expire on blockbuster drugs such as Lipitor, the pharmaceutical industry has pivoted toward developing medicines aimed at less common conditions, but with astronomically higher price tags. These specialty drugs are taking up an ever-larger portion of overall plan spending—from 13.2% of plan spending in 2007 to 29.5% in 2015.

This trend has huge implications for the Canadian workforce and employers.

For example, two in five Canadians are expected to develop cancer during over the course of their lives.[7] New oncology drugs are saving lives, transforming formerly fatal diseases into chronic conditions, but the cost burdens are startling.

Two such promising drugs were recently introduced in Canada, and studies show they are extending lives by strengthening the immune systems of patients with advanced cancer. Their cost? $115,000 and $123,000 per year of treatment. Given their effectiveness and side effects that are much less disabling than those of chemotherapies, it is likely the use of these drugs will continue to expand. Less than a year after their initial approval, Health Canada has already approved additional applications for both drugs.

Also underway is a shift that makes it possible to administer cancer drugs outside of hospitals, shifting the cost burden from government health plans to private plans and patients. About 72% of all cancer drugs in development are designed to be self-administered.

Hepatitis C treatments also come with a hefty price tag, costing between $47,000 and $268,000. In 2011, Health Canada estimated that between 210,000 and 275,000 people were infected, with an additional 30% undiagnosed. Before 2011, the first-line treatment—interferons—cured only 6% of patients treated, many of whom experienced incapacitating side effects. The new antivirals introduced since late 2014 have consistently cured 90% of patients, with few side effects and shorter treatment times. As a result, plan spending for hepatitis C treatment tripled in 2015.

These trends are expected to escalate. Of the 7000 potential new drugs in development, most are designed to treat cancer, neurological disorders and infectious diseases—illnesses affecting numerous Canadian employees and their families.

Managing the way forward

Yet despite the factors outlined so far, the primary threat to sustainability of the drug benefit in 2017 is not an aging workforce, chronic disease or high-cost drugs, but rather poor decision-making.

Our research shows that optimizing spending on traditional maintenance drugs through pharmacy services that engage patients and influence better decisions can, indeed, help fund access to new high-cost drugs.

Through retrospective analysis of the claims the company manages for more than seven million Canadians each year, we find up to one-third of every plan dollar spent on maintenance medications does not necessarily improve health outcomes. While this finding may be shocking at first glance, it is also good news, because this level of spending can be recaptured by engaging patients and influencing better decisions.

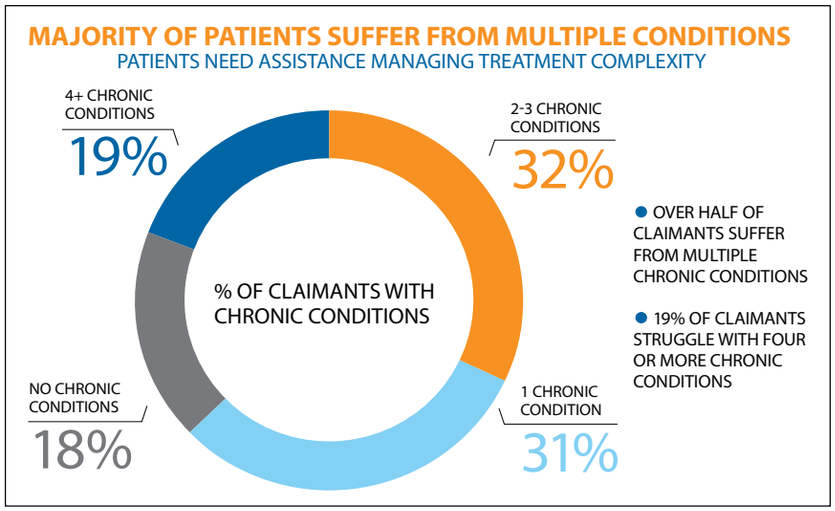
Claims analysis shows that, without help, plan members:

- Often unknowingly use costly medications when more affordable alternatives are available.
- Do not take their medications as prescribed, which leads to worsening health and the need for more expensive treatments.
- Pay more for prescription services than necessary.

Express Scripts Canada research shows employers and employees both want the best care and the best value, but pharmaceuticals are now so complex that members simply can't make sound decisions without the right kind of support, says Po. "When plan sponsors have engaged us to give members the information and support they need—in the right way and at the right time—member treatment decisions almost invariably align with best practices."

With this knowledge, we've used our claims research, behavioural science and clinical expertise to develop plan management solutions that deliver this targeted intervention, providing support at key decision points along the treatment path.

The result, says Herbert, is better health outcomes as well as a reduction in plan spending. These savings make funding available for potentially life-saving, high-cost specialty drugs when they are needed.



DTR 2015 data reveals that best practice utilization and clinical management have become vital in today's pharma environment, says Po, pointing to hepatitis C treatment as an illustration.

"For two patients with the same genotype, therapy costs ranges from $47,000 when Harvoni is prescribed for eight weeks to $268,000 when combination therapy with Daklinza and Sovaldi is required for 24 weeks, which may be the case for those with cirrhosis who require dose adjustments due to drug interactions."

In other words, if the patient does not get the most appropriate treatment for their specific situation, incremental spending can exceed $220,000. To prevent this, an extensive assessment must be conducted, well beyond the traditional prior authorization process generally in place today.

"Utilization management should include a review of genotype, fibrosis and cirrhosis status, viral loads, liver function tests and medication history," explains Po. "Guiding the member and doctor toward the optimal treatment could mean significant savings for the drug plan—and for the patient."

While opportunities for optimizing spending do not usually amount to hundreds of thousands of dollars, recapturing smaller amounts thousands of times has an even greater overall impact, she adds.

Clinical management solutions that leverage specialized, treatment-specific care to ensure safety and effectiveness are also essential, says Po. "Ongoing monitoring and follow-up help the patient get the full benefits from their treatment. They come to understand how following their doctors' direction affects the outcome, and they learn to recognize and minimize side effects. By guiding them throughout the treatment journey, we can help prevent relapse and the need for re-treatment."

Tightly managed plans that engage patients and influence better decisions may also enhance the member's experience of their benefits, says Herbert. "When a doctor prescribes a drug in a class where a lower cost clinically effective alternative is available, we can reach out to share this insight with the plan member and their prescribing physician in order to drive a better decision."

"Too often, employees just end up paying out-of-pocket for the needlessly expensive drug while cursing the limitations of their plan. With the right solutions in place, we ask their permission to contact their doctor in order to recommend a switch to the more cost-effective option. The process reassures members they are getting the right treatment along with the best value—and that they don't have to figure it all out alone."

Plan members get better care and lower costs. Plan sponsors get better return on investment.

For employees, these benefits are exponential: with proactive, supportive treatment plans in place, financial and emotional stress is reduced. Time, money and energy are freed up to focus on improving health through better nutrition and physical activity. Complications don't have to happen; conditions don't have to get worse. Aging doesn't have to mean getting sicker.

"All the financial metrics we measure point in the same direction: traditional approaches to plan management have failed," says Steve Nowak, director of Sales & Marketing at Express Scripts Canada. "Interventions such as spending caps that simply transfer costs to employees can have devastating side effects when employees don't take their medications because they feel they can't afford them."

"Proven alternatives are available, but plan sponsors must be proactive about implementing them before it's too late," Nowak stresses. To that end, he is conducting a free webinar for plan sponsors in October at on the subject of sustaining your prescription drug benefit (see below). The answer is, Yes, absolutely, but not unless you take action... sooner rather than later.

"Employers save money on the drug benefit but end up paying significantly more for costs relating to productivity, absenteeism and disability," says Nowak. "Or their plan is perceived as second-rate, so they can't attract the best employees, which has a profound impact on future success." D&S

These savings make funding available for potentially life-saving, high-cost specialty drugs when they are needed.

Notes

1. "When it comes to competition, talent comes first", PWC, tinyurl.com/lt8jcvn.
2. "The perks and benefits that employees want more than a raise", Canadian Business, tinyurl.com/l92q7ht.
3. Sanofi Canada Healthcare Survey, tinyurl.com/qz46qex.
4. "Reforming private drug coverage in Canada", tinyurl.com/lteb32v.
5. "The dilemma of expensive drugs", Benefits Canada, tinyurl.com/of7ewf6.
6. "Boom, bust and economic headaches", Globe and Mail, tinyurl.com/q5kdwl4.
7. Canadian Cancer Statistics 2016, Canadian Cancer Society, tinyurl.com/khl6fvy.

Anthea Gomez is director of Human Resources & Corporate Services for Express Scripts Canada, a leading provider of health benefits management services. HR Reporter has recognized Anthea as one of Canada's Top 25 HR Professionals.

WEBINAR

TAKE CONTROL OF YOUR PRESCRIPTION DRUG BENEFIT PLAN!

Prescription drug benefit plans play an important role in employee satisfaction and retention, but their costs continue to rise... Can you sustain them?

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GO TO **MARKET**

JOHN MACPHERSON

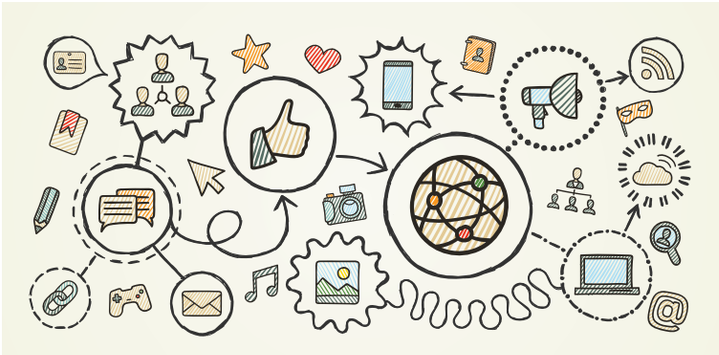
Building an integrated advertising toolbox

The media landscape is more complex than ever, and there are also more places than ever—print, digital, social media, etc.—in which to invest your marketing dollars to get your message *out there*.

Not surprisingly, this creates a lot of confusion, which is why I often get questions like: What are the pros/cons of these various avenues? Is there a silver bullet advertising vehicle that does everything?

Sadly, there is no silver bullet. As for the first question, however, different media formats achieve different end results, and they each have their place. The discussion then becomes one of what it is you are trying to achieve with your reader, viewer, surfer, etc.—all of whom collectively make up your *audience*.

To that end, let's take a look at some of the more common forms of advertising—Print, Web, eProducts—and weigh their pros and cons against desired outcomes.



Print advertising

Pros: Believe it or not, print still has the highest level of audience engagement as compared to other forms of media. A person who has chosen to sit down with a magazine or newspaper is not easily distracted—they are 100% engaged while they read.

And, in the case of professional, third-party audited business publications (B2B), they are mailed to *qualified* readers (those who fit the industry and/or demographic categories the publications serves) who not only flip through them again and again, but who also pass them on to other readers in their office or shop (pass-along readership). As such, print is an excellent vehicle for building your brand and maintaining visibility in the market.

Cons: As a one-way form of communication, print has a hard time demonstrating ROI to an advertiser i.e. how do you know your audience has seen your ad and is taking action? Unless the ad has a very specific call to action (e.g. distinct URL, QR Code), you cannot tell how many proverbial widgets you've sold as a direct result of that ad. In fact, ROI is a rather poor metric for any advertising, which is why I frame the conversation around *Return on Objectives*: Did your plan achieve its pre-determined objectives? Are you maintaining and/or strengthening your brand's presence in the market?

Web advertising

Pros: Advertising space on websites is typically sold on a monthly basis, so you get some decent, regular exposure to your audience. Surrounding your ad is also content that, hopefully, is engaging your audience, keeping them on the page longer and, by extension, keeping your brand in front of them longer. You also have metrics/analytics that give you an indication as to what kind of a traffic is coming to that website and being exposed to your ad, and how many are clicking on your ad.

Cons: A website is reactive advertising. It is based on people coming to you, rather than you reaching out to them. Plus, you have real no idea who is visiting that website… you could get their IP addresses, and maybe do some *geotargeting*, but you cannot identify specific individuals.

eProducts advertising

Pros: I say e*Product* to include any form of content/marketing sent to an email address. This includes eNewsletters, eBlasts, vBlasts, eMarketing, etc. (different publishers have their own jargon). The single-biggest benefit is you are being proactive, delivering your message directly into the Inbox of someone who *has elected to receive* information from the publisher.

(This last point is very important. By now you must know of CASL [Canadian Anti-Spam Legislation]. "Forward to a friend" does not exist any more. You cannot simply email anyone at any time… not unless you want to face the consequences!)

So your message is reaching a willing, engaged readership, and better analytics (open rate, click-through, leads) can be generated because the eProduct is connected to an actual individual in the publisher's database (not like an anonymous website visitor).

Cons: eProducts have a very short shelf life. If there is any interest in your message, it will typically happen in the first 12 hours of receipt. After that, it will likely be filed or more likely deleted. But the biggest problem, by far, is *Inbox fatigue*, and we all know what this is: being overwhelmed with so much *email noise* in our Inboxes that we just delete *everything* that's not essential to our daily business or doesn't immediately capture our attention. With their short life spans, eProducts are best reserved for things like, say, a time-sensitive promotion, an upcoming event, new product launches, etc.

An integrated toolbox

People are increasingly selective with the ways in which they choose to receive content, and they do not necessarily subscribe to all methods of delivery (some may only subscribe to print, others only digital, etc.). Additionally, the depth of content consumed varies by medium: digital tends to be short, concise bits of information whereas print allows for greater depth of content. Because of this, and the pros and cons above, you should actually do a little bit of everything, flexing the full potential of an integrated program to achieve the greatest Return on Objectives. D&S

John MacPherson is a media professional with 20+ years of experience across numerous publishing platforms and industries, helping clients achieve their Return on Objective. He is a group publisher and director of business development with Annex Business Media, Canada's largest family-owned B2B publishing house. Call John at 416-997-0377 or email jmacpherson@annexweb.com.

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