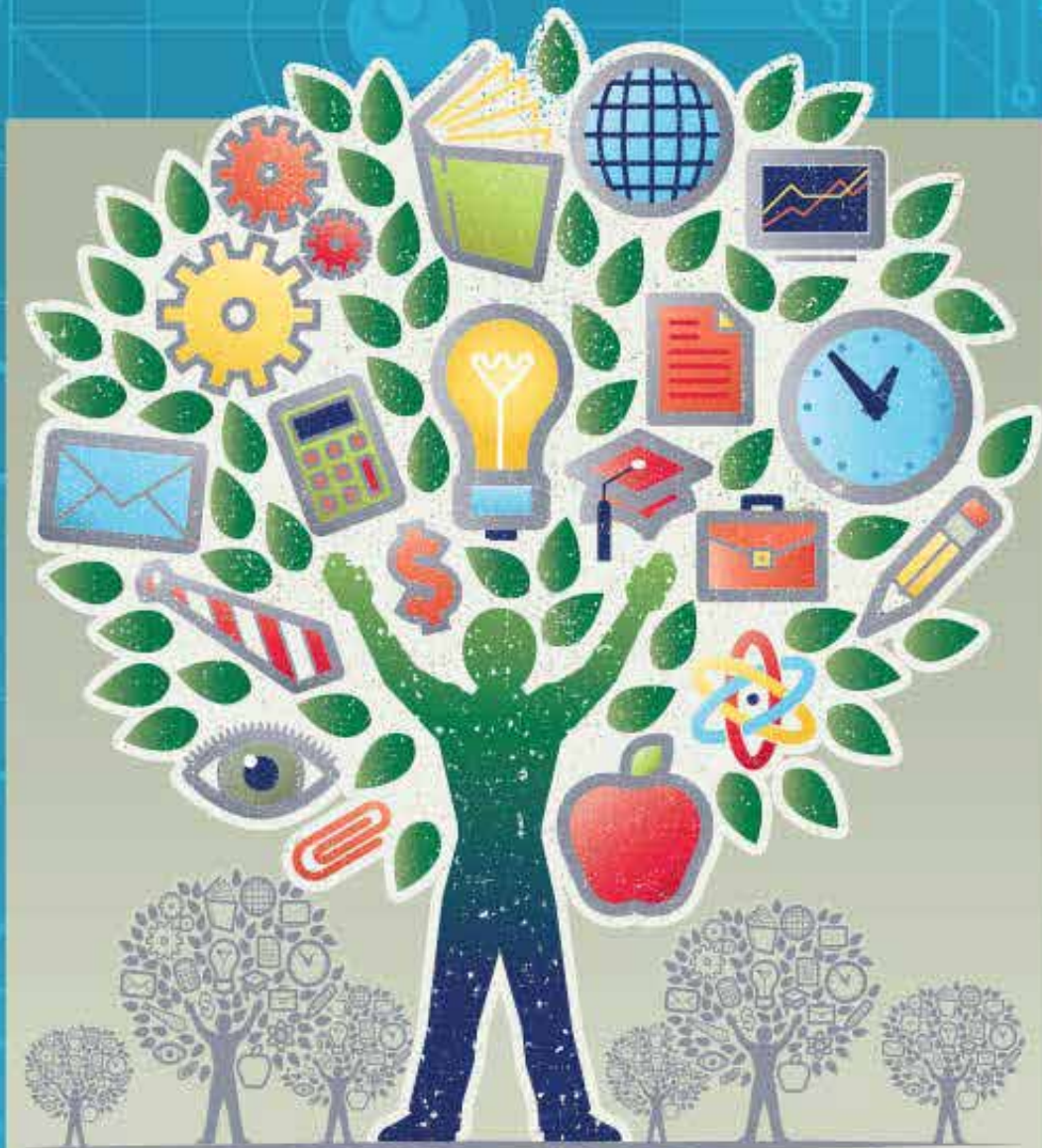


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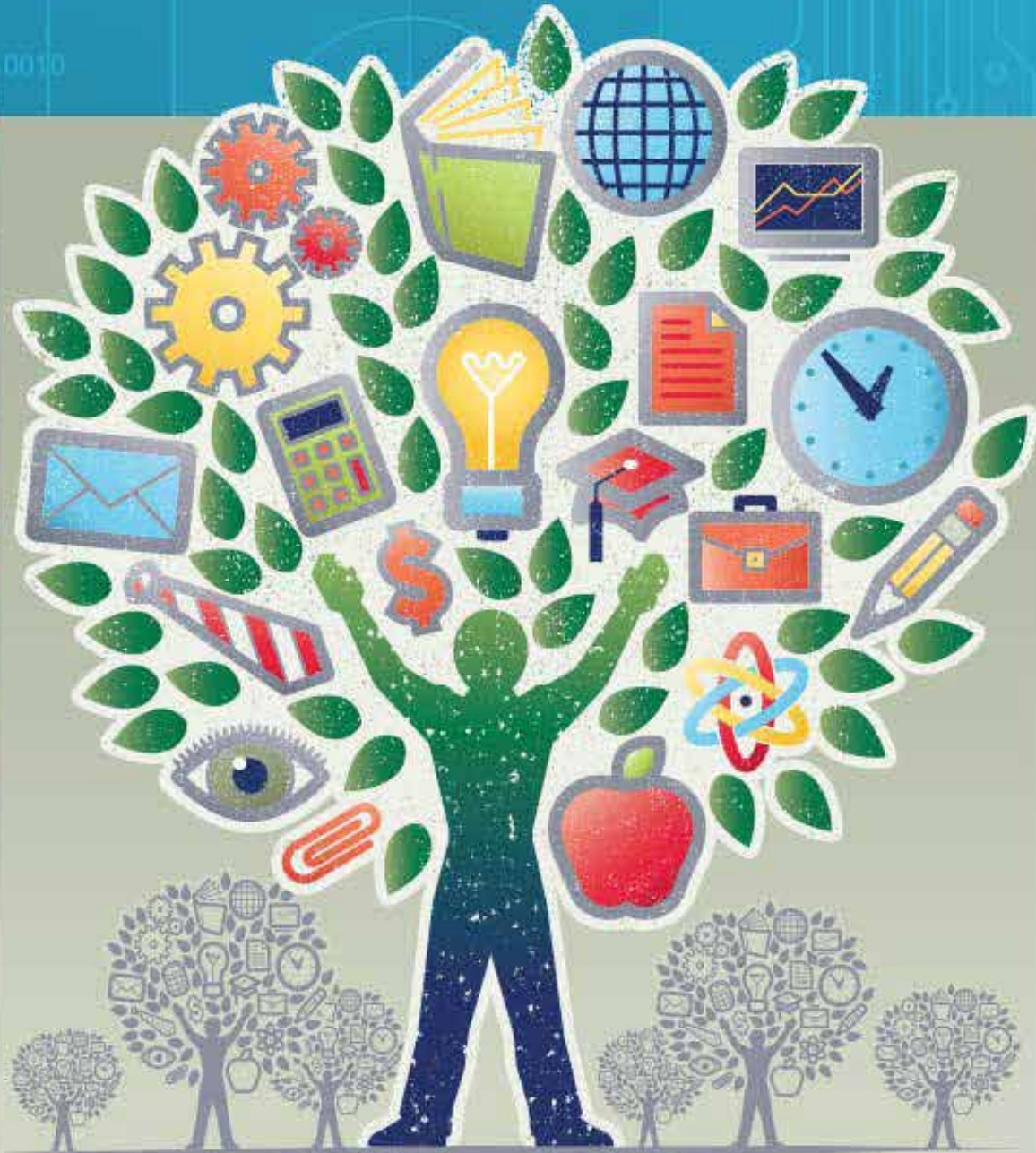
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SUMMER 2015



How Reps Can (and Should) Be

LEARNING LEADERS



Who knows their territories and their customers better than manufacturers' reps? Who knows the sales profession better than reps? No contest! Reps' business livelihoods depend on that knowledge and the insights they bring to their principals, customers, distributor partners and, of course, their own personnel. But exactly how are they sharing their expertise and "teaching" all those who depend on them? How are they fulfilling the role of learning leaders in their business relationships?

These were NOT necessarily easy questions to answer for the group of reps whom *The Representer* queried for this article. Some obviously had to think in new terms to respond, but their answers should help other reps to consider and expand their own roles as learning leaders among their business associates. Whether or not you know it, reps, you have a great deal to share and to teach!

(This article addresses the first of many ERA Issue Challenges, a project introduced in Tom Shanahan's Executive Commentary column on page 11 and in the ad on page 16 in this issue. Readers are urged to refer to those pages before or after reading this article to familiarize themselves with this new and multi-faceted ERA initiative.)

'Teaching' rep firm employees

Responses to the question of what rep owners/managers are "teaching" their employees ranged from the very specific to the very broad. For instance, on the specific side, Mike Swenson, CPMR, of the Mel Foster Company in Eden Prairie, Minn., says, "One of the learning areas we place special emphasis on throughout our organization is presentation skills. [We] recently hired a professor from the University of Minnesota to conduct a training seminar on presentation skills. After the seminar, the skills training was reinforced by each team member giving a live presentation to the professor. She then offered a third party critique ... Her candid and direct feedback led to a dramatic improvement for several individuals ... As a rep, we are constantly presenting to customers, principals and distributors, so it is imperative that we do this well."

At GSA Optimum, headquartered in Oakdale, N.Y., John Beaver reports on the most recent learning experience among his personnel: "We've all been learning the importance of embracing new lines. The mergers and acquisitions in the electronics industry have taught us that we have to make the necessary changes to adapt to the changing landscape. It's important to communicate what we've learned to other members of the firm."

"We've learned that change can be scary but good. GSA was recently awarded an additional division of a line we currently represent. It was a slightly

different technology than what the GSA sales force was used to selling. This division is slightly out of the team's comfort zone, but they quickly adapted and are realizing new successes."

For West Electronic Sales, based in Costa Mesa, Cal., CEO Dan Parks, CPMR, who is ERA's new board president, notes, "Our people have monthly sales training meetings in our office. These trainings are done by Mark Hahn [the company president] and/or our in-house line expert. Each training

concentrates on only one line for that particular month. We do these trainings in our training room, and all of our people attend. We also, as needed, do webinar trainings."

Chuck Tanzola, CPMR, of the Fusion Sourcing Group in upstate New York recounts a specific learning exercise for a new employee that ended up including other personnel with long tenures. "We recently hired a new employee for an entry level position," he relates, "and it became quickly apparent to us that in our daily conversations we were speaking a foreign language ... we were conversing in

'acronym' all around her.

"To help, we asked her to make a note every time she heard an acronym she was not familiar with and create a master list of three-letter acronyms that we regularly use, along with their meanings. We then sent the list, without the definitions included, to the balance of our office staff, who have much more experience, and asked them if they could explain each. We found that not everyone knew all of the terms, and there were — and still are — more terms being added on an ongoing basis. We all realized how much we know, but more importantly, how much we don't know and can still learn."

Tanzola adds that the online ERA Industry Dictionary of acronyms and other terms has also been incorporated into the firm's listings.

In his company, O'Donnell Associates North in San Jose, Cal., Mark Conley says that employees have access to many sources of continuing education. These include technology webinars hosted by principals, newsletters focusing on both technology and applications, ERA's free bimonthly teleforums, LinkedIn forums and other learning sources that cover new or changing technologies in hardware and sales strategy.

At Coakley, Boyd and Abbett, Inc., in Framingham, Mass., John O'Brien, CPMR, adds, "When a co-worker comes to me with a question, I like to use the opportunity to not only answer the question, but teach him or her how and where I got the answer. Most of the time, I find that the answers have come from years of experience, but they were also lessons that were handed down to me from any

(continued on next page)

These were NOT necessarily easy questions to answer for the group of reps whom The Representer queried for this article. Some obviously had to think in new terms to respond ...

COVER STORY: Reps as Learning Leaders

(continued from previous page)

"Reps have had so many different experiences. They sometimes do not even realize how unique the information they hold is ..."

— Kathie Cahill, CPMR

number of people within our industry. Obviously, [the late] Tim Coakley and Bob Walsh [the CBA president] have been huge influences and taught me a lot, but I've also used examples of things I've learned from other individuals and events. For instance, last fall, we were asked to participate in an Internet of Things event in Boston. Having attended the EDS ERA-ECIA breakfast only a few months earlier, I was able to provide some input into the presentation that our principal and none of our other associates had seen."

For Bob Evans, CPMR, of EK Micro in Palatine, Ill., there are "certainly teaching moments that occur" quite regularly. However, he feels, "Very often it seems what is learned by my employees from me is not one big thing but many small things. Those things are not learned in some presentation or class, but they are learned through discussions, handling daily issues, through observation and example."

Kathie Cahill, CPMR, of the Net Sales Company in Victor, N.Y., has a similar view. She comments, "Almost everything we learn or have learned is done via on-the-job training. It might be something very casual like two reps meeting in a customer lobby where the discussion turns to process rather than the specific business opportunities on which they may be working. Questions that come up can be: What are you using for CRM? Are you happy with it? What other systems did you look

at? Do you have a good lawyer, accountant or other advisor you can recommend? Did you hear such and such company has been purchased? Have you heard so and so went to work for someone else? All of these constitute our learning or training."

But Cahill's favorite sources of learning for herself and her personnel are the ERA conferences. "Between what I learn from the speakers and what I learn from the attendees, it's a double bonus of knowledge," she affirms. "Reps have had so many different experiences. They sometimes do not even realize how unique the information they hold is ..."

'Teaching' manufacturers

Cahill believes that "teaching" principals can also follow the on-the-job training route. "Traveling with a principal in the territory can be an excellent training or learning opportunity," she notes. "You have a captive audience for some period of time. You talk about family, customers, target accounts and so forth, but it is also a great chance to talk about process. You may have a principal who has an excellent way of tracking opportunities which is not overly time consuming for salespeople. That's worth sharing in the hope others can adopt."

"If you happen to have a new regional person, having that person's undivided attention while in the car can prompt a conversation about distribution, customers, focus accounts and more. It really is an opportunity to share what you have learned over years of experience so that person can come up to speed quickly. It benefits everyone."

Cahill was also one of two reps to mention rep councils in replying to the question about teaching manufacturers. "If manufacturers truly use rep councils to guide and advise them," she says, "there is much sharing and learning that can take place in that environment. Once reps know their opinions matter on a rep council, and they can see even modest adjustments within the company on whose rep council they serve, there is tremendous buy-in, and a much closer relationship evolves."

John O'Brien agrees, adding, "Rep councils, done properly, can be a great teaching opportunity for principals. One of our newer principals announced at EDS that they are looking to establish a rep council. My first reaction was to forward them the white paper off the ERA website on running a successful rep council. They have it and are now using it to get the rep council up and running."

Also while at EDS this spring, O'Brien had another type of teaching occasion arise. "At a dinner with a principal," he describes, "the subject of compensation and splits came up. It was a great opportunity for us to really dive into the struggles and obstacles we as reps face, without preaching it from a stage at a conference. Our main message to the principal was to look at compensating their regional managers similarly to the way they compensate the reps. We have found that regional managers who are judged based on the entire success of the territory are just as driven to design and capture pieces of



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business that are not consumed in their particular geography. This is absolutely something I've learned through ERA."

A recent teaching moment for Mike Swenson yielded more than the hoped-for results. He stresses, "Often times we have to rearticulate our value and resell our efforts with our principals, especially when significant management changes occur."

"There was a recent change at one of our principals, [and] working with reps was foreign to one of the new senior managers. He didn't see the rep value and thus planned to cut commission rates. I met with the CEO, CFO and vice president of sales and marketing to discuss how we have contributed to [the company's] success and the value that the rep function provides to their organization. This led to a strategy to re-engage and recommit to their rep partners. Also, as a result, we were able to renegotiate a better commission rate — up from what they were going to pay us with the new scale they were planning to implement."

Dan Parks concurs with Swenson. At his firm, "We impart information about West constantly by virtually every appropriate method. This learning primarily revolves around the rep function and how it is changing. We train on how to capitalize on this change and how to become a rep's emotional favorite. We do this by phone; we do this in our office with the principal; we use propaganda pieces; and we do this at quarterly business reviews."

A big-picture view of teaching manufacturers is also taken by Chuck Tanzola. "In addition to speaking with principals about accounts, their specific product needs and directions and the industry," he notes, "I also spend time discussing the challenges of our business and getting their input on their challenges ... We share methods we have tried to meet those challenges. I also try to speak with principals about the needs of the rep and how to manage reps. Whenever we have a principal traveling in the area, we try to take the opportunity on a management level to spend time with them outside of specific account calls to discuss the business."

A detailed learning experience for manufacturers regarding territory visits is recapped by Robert Logan, CPMR, of Kruvand Associates, Inc., in the Dallas area. He states, "We've had several of our principals push down even more requirements for inputting information into their CRMs. [As background], we have a very organized structure for when our principals come to town to make calls with us. They always state that we are one of the most organized and thorough reps they work with when they travel into a territory. We give them a very detailed itinerary, where they are staying, who is picking them up at the airport and what customers we are visiting with each of our salespeople. Then when they leave, they get a very detailed call report with actions on all the visits that were made."

"Back to CRM ... we recently started attaching copies of these trip reports after a visit to the actual opportunity in the CRM, and then taking the ac-

tions from those trip reports and assigning tasks in the CRM so that there is an owner to each task. This way, the CRM is dictating who owns the action, what the status is and the time line for completing a task. Now we don't have to send multiple reminder emails to follow up on all the actions when a principal leaves the territory after a visit."

At GSA, John Beaver mentions the firm's emphasis on increasing both the company's number and quality of personnel. As a result, he says, "Principals are recognizing these efforts and have solicited GSA to represent them in additional territories. The principals are learning that, with the proper investments, rep firms can continue to grow, even with the general downward trend in the U.S."

'Teaching' distributors

How are reps "teaching" their distributor partners? Most, but not all, of these reps' responses focus on product training.

Dan Parks relates, "Most of the training of our distributors is done at their house and usually consists of product training. Any other sharing of information is mostly done one-on-one between outside sales teams and sales management teams."

There is less time available for distributor training, according to Chuck Tanzola. He says, "Most of our training time with distributors is directed at product information and the associated account and market discussions that go with it. These formal
(continued on page 16)

"Often times we have to rearticulate our value and resell our efforts with our principals, especially when significant management changes occur."

— Mike Swenson,
CPMR

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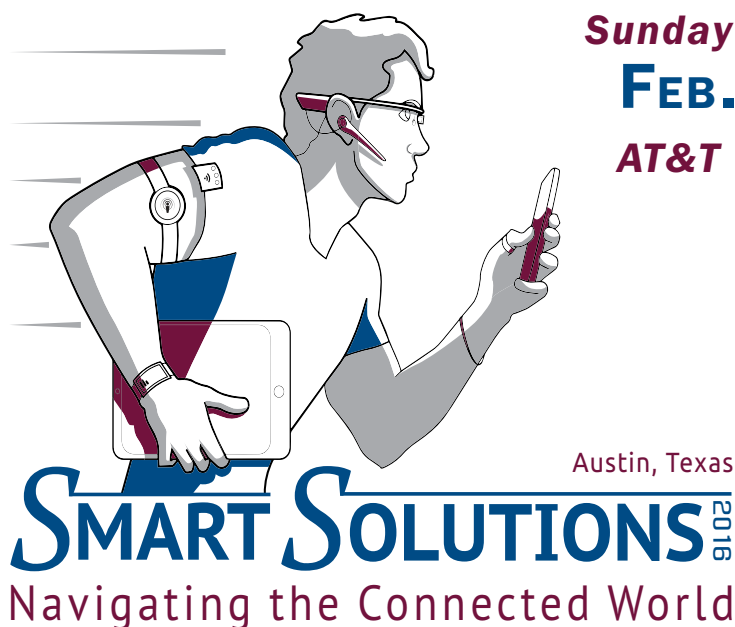
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David Berryman
President
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With so many ERA members, it's not easy to get to know every rep and manufacturer in the business. "Someone You Should Know" is The Representor department that gives readers the chance to learn about fellow ERA members, including how their time is spent both in and out of the office.

Meet David Berryman, president of Signal Enterprises, Inc., of Fullerton, Cal. David has been involved in the industry for more than 30 years and has been a member of ERA for 19 years.

The Representor asked David a few questions about his time in the rep business and his experiences with ERA. Here's what he had to say.

Tell us a little bit about yourself.

I've been married to an incredible woman, Beverly, for almost 31 years. She is very active in our Fullerton community, and I consider her queen of all local volunteers. She is also enjoying her third term as a Fullerton Elementary School District Trustee. I have two children, Corbyn age 26, who teaches in Arizona at the Great Hearts Academy, and Andrea, age 24, who works at the Honda Center as a premium sales coordinator.

What are some things you enjoy outside of the workplace?

Golf, when I can, yard work every weekend and any time spent with my family and friends. I usually sneak in a water skiing/camping trip every year.

How long have you been an ERA member and how long in the rep business?

I was originally hired as a direct salesperson for Carlingswitch, now Carling Technologies, in 1982. I started my rep firm, Current Controls, in 1996 and merged with our existing firm, Signal Enterprises, in 1999. I joined ERA in 1996 and am the current board president of the Southern California Chapter.

How did you become interested in being a rep in the electronics industry?

My original interest was needing a job and access to a free business car in 1982 — seriously. Becoming a manufacturers' rep was due to a desire to come back to the west coast after six years in Connecticut with Carlingswitch. I had reservations about becoming a rep due to having to be "the guy." And through my experience as a regional manager, I understood that good reps work their tails off. In hindsight, I am very glad that I made the move.

What have you found to be most rewarding about being in the rep business?

People — working with great people at Signal, our principals, customers and distributors. My first regional manager made a comment that I would enjoy this business, not because of the money (certainly accurate there!), but because of the friendships that would be formed. He was right. I long ago came to the conclusion that all people in this industry, while they may have bigger titles than others, are just people doing their jobs the best they can. It is my priority to enable them to do it better.

Briefly describe your rep firm.

Signal is a five-person firm with four outside salespeople and one inside salesperson. We have some part-time employees as well to help with clerical and financial activities. We all work out of our homes since finding a central office location in southern California that is convenient for all would be impossible. We want salespeople on the road selling, not commuting several hours a

day to and from a main office.

Our size hits a sweet spot for southern California, offering our principals, OEMs and distributors access to a very focused group of salespeople. We have the feet on the street that can cover our geography and a line card that can be represented appropriately.

What recent innovations, best practices and/or changes has your firm made?

We created a sample box that has become an unbelievable tool we use during sales calls. It allows us to review all lines with customers EVERY TIME we make a sales call. In addition to offering the Signal line card, we set our kit down on the table before the meeting starts, and invariably we get to talk about a product that we normally would not have, or we get to meet with someone (usually a first-time introduction) whom we would not normally have met. It's an incredible tool. (See photo below,)



What have you learned and/or what contacts have you made through ERA that have had the greatest positive impacts on you and/or your business?

It's all about networking — creating business relationships as part of a group of companies that have the same "running a rep company" issues as Signal. As reps, we do compete against each other with common product lines, but a relationship can still exist enabling ideas to be shared and common business issues to be discussed and resolved. Every single ERA meeting or event I attend is worthwhile. Something is learned or reinforced every time. Even if the event is not on a preferred focus topic, I still walk away better for the time spent.

Are you active on social media? Do you follow ERA? Have ERA updates via social media been helpful to you?

Our Southern Cal Chapter has a weekly newsletter that is very useful. I use Facebook infrequently and LinkedIn almost never except for reading activity on ERA's LinkedIn Group.

What is one interesting fact that people may not know about you?

One interesting fact is that I am not very interesting at all! My commitment is to not "drop the ball," either in personal or business relationships. If I write it down, it gets done.

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'Issue Challenges' project will make ERA a stronger advisor

At the meeting of ERA's incoming and outgoing executive committees in late April, one of the group's discussions focused on the reasons these particular reps are ERA members. Not surprisingly, the most common response centered on the benefits of networking activities, educational programs and the sharing of best practices that occurs through our many publications, teleforums and events.

The discussion then evolved further, with the group identifying the ongoing and often overwhelming challenges that our members face and that ERA can address in ways that will strengthen current members' reasons for belonging and provide prospective members with more reasons to join. *(As noted in my column in the Spring 2015 issue of The Representor, the more members we have, the more powerful ERA's "voice" becomes — in and beyond our industry on behalf of the outsourced field sales function.)*

Out of these conversations came a new initiative built on the premise that **success lies in HOW you answer the challenges ... and ERA can help.** This "Issue Challenges" project is led by Paul Nielsen, CPMR, our immediate past president and now chairman of the board, Kathie Cahill, CPMR, our senior vice president/education, and Bob Terwall, our association president.

The Issue Challenges

The Issue Challenges are set forth in a list of questions to both reps and manufacturers that, ideally, all members and prospects should be continually asking themselves. "Ideally" is the critical word here because we all know there is very little time today for reflection and forward-thinking because everyone is so busy keeping up with day-to-day business demands.

So, as only an association can do, ERA is taking the lead to put the questions before you and offer some guidance in answering them. To give you an idea of the broad scope of the issue challenges, here are just SOME, but certainly not all, of those questions. *(Also see the ad on page 16.)*

- Who's your next principal or rep?
- Are your line interview and preparation processes up to date?
- What's your transition plan?

- What have you taught your personnel, principals or reps and/or distributors lately, and how will you educate them going forward?
- How have you recently become more efficient and productive?
- Do you have business mentors? If not, how will you fill that void?
- Whom don't you know, and how will you connect with those people?
- What don't you know, and how will you fill in those gaps?
- Amazon's coming! What will you do?
- Do you use CRM? How can it be more effective?
- How have you improved your industry?
- What's your legacy?

So ... now what?

With the challenges these questions present, the next steps for your ERA leadership and staff are to develop and provide the resources to help all members and prospects to respond individually for themselves. That's a huge, complex task that will surely spread over the next year or more, but the first step has already been taken. The cover

story in this magazine offers ideas on answering the question regarding what you have taught your employees and business associates and how you will provide them with more learning experiences. Feel free to "borrow" and adapt any of these best practices for your own company.

Other Issue Challenges will be addressed in future teleforums, through surveys, via social media "discussions" and in several types of publications, including *The Representor*. Be on the lookout for the Issue Challenges name and logo on many upcoming activities and programs.

And keep in mind that, just as you and your company rely on your trusted business advisors — lawyers, accountants and others — you can and should be relying on ERA as your advisor for all matters related to the outsourced field sales function. There's another plus as well. You can use the Issue Challenges information and guidance to share with non-members when talking about the value of belonging to ERA. You do that often, right?

Remember ... on your own, you can be good ... but with ERA you can be better!



by Thomas J. Shanahan
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*The Issue Challenges
are set forth in a list of
questions to both reps and
manufacturers that, ideally,
all members and prospects
should be continually
asking themselves.*

Watch for this logo every time an ERA program, survey, publication or social media post addresses one of the Issue Challenges.



LISTEN While You Work!

by John Boe



I believe that the earning potential for a salesperson is directly linked to the quality of his or her active listening skills. To listen closely and reply well is the highest perfection we are able to attain in the art of selling. An ancient Chinese proverb reminds us: "To listen well, is as powerful a means of influence as to talk well." While everyone can benefit from this sage advice, these words of wisdom are particularly appropriate for professional salespeople. No sales rep has ever listened himself out of a sale.

Would you consider yourself to be a good listener? How would your customers, business associates, friends and family members rate your listening ability? Their feedback just might surprise you because most people believe they're much better listeners than they truly are.

Poor listeners frequently confuse the physical act of hearing with the emotional art of listening. While hearing is a function of biology, active listening skills must be acquired and developed. In the selling process, when you talk you merely provide information, but when you genuinely listen you show respect, create trust and develop rapport. Unfortunately, our educational system places great emphasis on speaking and writing, but not on the important skill of active listening. For example, I have a good friend with a Ph.D. who speaks three languages fluently but can't listen worth a hoot. The good news is that it is never too late to begin working on improving your active listening skills ... from the kitchen table to the sales table.

Active listening is making a conscious effort to hear your customer's words as well as to try and understand the total message being sent, both verbally and nonverbally. It requires you to listen not only with your ears, but also with your eyes. It's important to monitor your customer's body language, gestures and look

for congruency between his or her words, posture, movement and tone of voice.

Are you able to stay focused on your customer or does your mind wander? By giving your customer your full and undivided attention, you're not only showing respect, but you're also laying a foundation of trust and building rapport. Discipline your mind and put aside distracting thoughts. Each time you catch your mind starting to wander, "grab it," and immediately refocus your attention back to your customer.

"I only wish I could find an institute that teaches people how to listen. Business people need to listen at least as much as they talk. Too many people fail to realize that real communication goes in both directions."

— Lee Iacocca

The best salespeople have a tendency to listen like a homicide detective and ask great probing questions to gain understanding and promote conversation. They don't make assumptions, but rather they summarize and seek clarity. An occasional question or comment, to recap what has been said, communicates that you understand the message. Until this is done, your customer will resist your input.

If you would like to improve your sales effectiveness, consider incorporating the following active listening tips into your sales presentations.

1. Face your customer and give him or her your complete and undivided attention.
2. Show your attentiveness through your body language by sitting up straight, maintaining good eye contact, uncrossing your legs, unfolding your arms and leaning forward slightly.
3. Minimize distractions by turning off your cell phone.
4. Respond appropriately to show that you understand by nodding your head in agreement.

(continued on page 28)

Starting out ... with great gratitude ... and a few comments about EDS

It is a bit daunting but very rewarding to be ERA's new board president, and I am grateful for the opportunity the board has given me. It has been a pleasure to work with the outstanding volunteers on our executive committee of the last two years, and I am looking forward to the important tasks the new executive committee will tackle between now and 2017.

First, some well-deserved thank yous!

On behalf of all ERA members, I extend our deepest appreciation to Mark Conley, our immediate past chairman, and Paul Nielsen, CPMR, our 2013-15 board president and new chairman, for their leadership, and to Kathie Cahill, CPMR, Robert Logan, CPMR, and Dave Norris for their service as senior vice presidents. And it is certainly not too soon to thank our newly elected or re-elected executive committee members — Paul, Kathie and Dave have now been joined by John O'Brien, CPMR, and Chuck Tanzola, CPMR — who, with our staff executives, Bob Terwall and Tom Shanahan, have willingly taken on the responsibility of leading our association through its 80th year and beyond. (And yes, 2015 marks ERA's 80th anniversary!)

Thankfully, although Mark Conley has retired from the executive committee, he is chairing our search committee for a new CEO. This is a huge task in terms of the future of ERA, so it is reassuring that Mark is coordinating this effort.

Before leaving the "thank you" notes behind, our board and every member who attends EDS owes a debt of gratitude to the ERA members of the EDS Board. They are: Craig Anderson, CPMR, who served as president of the summit board this year; plus Kathie Cahill, Dave Norris, Dave Rossi, a past president of ERA, Bob Terwall and Tom Shanahan. Along with board members from the manufacturing and distribution communities, they do a great job of guiding EDS and making it the success it is.

On a very sad note, most of you know that ERA and our industry suffered a tragic loss this year just before EDS opened when Craig Anderson's brother and partner, David Anderson, CPMR, passed away suddenly while in

Las Vegas. For everyone in ERA, our heartfelt condolences go to Dave's wife Tami, his four children, his father Bruce, an ERA past president and Hall of Fame member, and all the Anderson family. (See *In Memoriam* on page 20.)

More about EDS

Having attended EDS for 25 years, I came away from the 2015 summit with some definite impressions that I believe many reps share. It appears this event is evolving from its long-standing format of manufacturer-distributor meetings conducted with reps observing to principals holding more meetings with reps for training and reviews. Gone are the days of reps

as interested onlookers!

This evolution in format is compelling reps to bring more and more personnel to EDS and to stay for a longer time in Las Vegas — at significant expense — so they can respond to the demands of their principals. Of particular concern to me, as well as the EDS Board as I'm told, is the fact that some manufacturers are holding meetings that run for many hours.

We've heard from one president of a major manufacturer that he discourages his

fellow manufacturing executives from holding such lengthy meetings because "they take time away from *our* reps attending *our* meetings, none of which run more than 90 minutes." So at least some principals understand the dilemma these long meetings cause for reps.

And still on the subject of all manufacturer-rep meetings at EDS, it seems fair and just to me that reps should come to these meetings prepared to review their principals. A little constructive, diplomatic advice and evaluation could be of major help to struggling manufacturers.

It's obvious that EDS is changing, as is our entire industry, so if we reps are not also changing, we could be doomed. There will be more on this subject in a future column about that sensitive term, "respect."

In the interim, we have a busy year ahead with plenty to do. Watch for our new "Issue Challenges" project making its debut in this issue. And be assured that I'll welcome feedback, comments and suggestions from all.



by Dan Parks, CPMR
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ERA Board President
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It appears [EDS] is evolving from its long-standing format of manufacturer-distributor meetings with reps observing to principals holding more meetings with reps for training and reviews. Gone are the days of reps as interested onlookers!

SCOTT KLOSOSKY SELECTED AS ERA CONFERENCE KEYNOTER

The ERA Conference Committee has announced that the keynote presentation at the 47th Management and Marketing Conference will be delivered by author and consultant Scott Klososky. The conference theme is “Smart Solutions: Navigating the Connected World,” and the keynote program is titled “Building Relationships in a Connected World.” Digi-Key Electronics is the Keynote Sponsor.

Klososky is the former CEO of three successful start-up companies who now consults with clients and speaks to many types of audiences around the world on technology integration, business culture and over-the-horizon trends. His firm, Future Point of View (fpov.com), helps clients optimize their use of technology and human effort to create significant competitive advantage. He is also the author of *The Velocity Manifesto*, *Enterprise Social Technology* and *The Manager's Guide to Social Media*. His new book, to be published before the conference, is *Did God Invent the Internet?*

The ERA Conference is scheduled from the evening of Feb. 28 through the afternoon of March 1, 2016, at the University of Texas AT&T Conference Center in Austin. Details about the event, including online registration forms, sponsorship information and a video clip from a previous Klososky appearance, are available at era.org.

DIGI-KEY'S MARK LARSON MOVES TO BOARD ROLE

As of July 1, Mark Larson, the president and chief operating officer of Digi-Key Electronics for the last 39 years and the leader of the company for most of its existence, stepped away from his executive position and on to the company's board as vice chairman and advisor. He has been succeeded by Dave Doherty, a 30-year veteran of the electronics industry who came to Digi-Key seven years ago and was most recently the firm's executive vice president of operations. He will now report directly to Ron Stordahl, the company owner. It was Stordahl who recruited Larson, his high school friend, to help him run the business side of his fledgling distribution firm in Thief River Falls, Minn.

Larson's hands-on role in building Digi-Key — from \$800,000 in annual sales to \$1.76 billion and with a current workforce of 3,400 employees — is well-known and borders on legendary. “It's certainly been an amazing ride,” Larson said. “Over the past 39 years, I've enjoyed the daily challenges of adapting and improving our business to better serve our customers ... Looking forward, as the industry continues to evolve, Digi-Key is well-positioned for the next stage, and I'm extremely confident in the future of the company with Dave Doherty at the helm.”

TSA WANTS YOU!

The Transportation Safety Administration (TSA) is urging frequent fliers to apply for its trusted traveler program in order to shorten airport security lines and allow the agency to focus more on travelers who might pose some sort of threat. Various airlines have their own pre-check-in programs, and TSA offers its Pre✓ system, which permits travelers to go through airport security in expedited fashion, i.e., with shorter lines, while wearing shoes and belts, with computers in bags and with all-around less inconvenience. More than a million travelers have registered thus far. For details go to tsa.gov/tsa-precheck.

ENROLL NOW IN MRERF'S FALL CSP COURSES

The Manufacturers' Representatives Educational Research Foundation (MRERF) has two more Certified Sales Professional (CSP) courses scheduled for this year. They will be held in Chicago on Sept. 15-18 and in Portland, Ore., on Oct. 6-9. The foundation's Certified Professional Manufacturers' Representative (CPMR) course and its Manufacturers' Best Practices (MBP) course are next slated to run in early January 2016 in Austin, Tex. For information on all MRERF's educational offerings, visit mrerf.org.

WEARABLES MARKET KEEPS MOVING UPWARD

The wearables market maintained its upward trajectory in the first quarter of 2015 as new vendors, including Apple, prepared to enter the market, according to a Business Wire report. A new forecast from the International Data Corporation (IDC) Worldwide Quarterly Wearable Device Tracker estimates that 72.1 million wearable devices will be shipped in 2015, up a strong 173.3 percent from the 26.4 million units shipped in 2014. Shipment volumes are expected to experience a compound annual growth rate (CAGR) of 42.6 percent over the five-year forecast period, reaching 155.7 million units shipped in 2019.

House accounts: Why and how to handle them fairly

In my time writing this column, I've tried to avoid a bias that promotes the multiple-line selling solution as the be-all and end-all in every situation. I don't subscribe to that and would like to continue a "down the middle" treatment as I address the somewhat controversial and, it would appear to me, increasing use of house accounts. What I have to say here is equally applicable to representative relationships as it is to direct sales teams that have a compensation scheme tied to specific account assignments. Many of my sales professional friends would like me to write here that there simply is no place for house accounts in a sales partnership, but I don't buy that. I believe they have a place, but the key is to arrive at house accounts in the proper way for all concerned.

Rule one is no surprises

Recently, our friend Charlie Cohon of the Manufacturer's Agents National Association (MANA) wrote a piece on this topic and labeled house accounts the "pre-nup to sales agreements." I like that approach, and it takes me to my first point. That is, house accounts should be declared as early on in a relationship (marriage) as possible, and changes in the list of those accounts should be made infrequently, thoughtfully and with full participation (at least communication) with all parties concerned.

In the case of a representative contract, the house accounts list should be declared in the interviewing process so that both principal and rep can make an eyes-open decision based on the real, true economics of the relationship. The same is true if you go to market with a direct team and pay some part of compensation on specific account sales — that change in an account assignment to the "house" or to another sales associate has the same effect on those sales folks, be they rep or direct. So, rule one is no surprises, combined with thoughtful, eyes-open and communicative handling of house account changes.

How principals 'justify' house accounts

As I said, I believe there is a place in the market for house accounts, done properly, and there may be several reasons — some good, some not — to engage in the practice. In the end, the needs of the customer must be considered as well

as those of the manufacturer/principal, and so those two things have a significant bearing on how any one account is handled. Let me address some of the reasons I've heard to assign accounts "to the house."

1) The customer is multi-location, likely multi-national, and a high degree of coordination across its many facilities is needed. This is one of the better reasons, although I can cite countless examples whereby multiple salespeople

are involved across the various customer sites, and a coordinator (key account manager) runs the team. This can be very effective because it maintains the local involvement and cost effectiveness of that involvement (whether via reps or direct people) while bringing the necessary coordination appropriate to a large customer.

2) The customer is "strategic," technology road maps are co-developed, and so the number of players in the relationship must be limited.

This is a bad reason, in my opinion. One attribute of a strong principal is an integrated sales force, rep or direct, that has participated in the development of the strategic plan and its resultant initiatives. To limit the sales force involvement in the case of strategic accounts points to a shallow relationship that I believe will limit results. One key limitation is that you will train salespeople to restrict the depth and breadth of the relationship with the customer such that they don't become "strategic" and get taken away from them.

3) Margins are thin and won't support a variable compensation to the sales entity, again whether rep or direct. I'd offer that this is a weak, although quite common, reason to go to a house account model as it presupposes the compensation scheme is non-negotiable. It isn't, and while changes in commission rates and/or variable compensation to direct folks should be done carefully and with all parties involved, good sales professionals can and should participate in these discussions to arrive at suitable plans to meet all needs, including the customer's.

4) The account has grown so big that it should be taken as a house account. This is the worst reason of all, a counter-productive incentive to keep accounts from growing to the point

(continued on page 24)



by Robert G. Terwall
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COVER STORY: Reps as Learning Leaders

(continued from page 7)

training opportunities are getting harder and harder to schedule, and the available time on the part of the distributors is much reduced. For example, when I started in this business, I averaged making three formal training meeting presentations per week, every week, all year. That is long gone! Most recently, I have found success in presenting interactive, hands-on training of mechanical products — involving demonstrations and physical samples, etc. — as opposed to PowerPoint presentations.”

And, of course, when discussing rep-distributor partnerships, buddy calls are mentioned. John O’Brien feels, “Buddy calls with our outside salespeople are far better training methods than the old all-hands, half-day training. We can focus in with all of our lines in common and on specific applications.”

He relates a recent experience: “In June, I was doing a buddy call with a distributor for one of our lines we had in common. We met with an engineer and discussed some of the difficulties he was having with his product selection. The customer had asked the distributor for an aluminum electrolytic capacitor, and while we definitely could have provided one, in our discussions we actually realized that a film capacitor would work better for his end product. The customer was pleased and opened up the rest of his design to us. We now have a fuse, resistor and crystal designed in.”

O’Brien also notes that he, Mark Conley and ERA Chairman of the Board Paul Nielsen, CPMR, of Brainard-Nielsen Marketing in the Chicago area, were recently invited to meet with the management team of a major distributor. “Specifically,” he says, “they wanted to know how they are perceived in the marketplace.” The assumption is that plenty of distributor learning occurred in that meeting.

“These formal training opportunities are getting harder and harder to schedule, and the available time on the part of the distributors is much reduced.”

— Chuck Tanzola, CPMR

Mike Swenson’s firm directs one of its outreach efforts to new distributor personnel. “One of the areas Mel Foster focuses on,” he describes, “is the training of new field sales personnel in distribution. We feel this is extremely important given the focus some of our distribution partners are putting on emerging account sales. As a result, we have a plan to step up training to these individuals and be more

available for discussions and buddy calls. Training sessions are scheduled in our office every few weeks to engage the new employees with the product lines we represent and help them in learning what different technologies do for their account base and how they can be successful selling common lines.”

In the metro New York City area, John Beaver recounts how “distributors have learned the importance of networking” through ERA chapter programs. The most recent event featured a distributor, contract manufacturer and rep panel discussing a variety of topics, including: why large-volume customers and contract manufacturers feel registrations keep prices higher; how mergers of semiconductor companies will affect reps and distributors; and the effects that third-party logistics companies, such as DHL and Amazon, are having on the industry.

So, reps, with these ideas to spur you on, what will comprise YOUR learning leader activities in the coming year? How will you boost your employees’ knowledge and enhance your value to your principals, distributors and customers? Remember: ERA has volumes of resources, all available online to help you. Email info@era.org for assistance. ■

This article was written by Tess Hill, editor of The Representor.

Reps & Manufacturers:
SUCCESS
lies in HOW you
answer the challenges.
Find help at era.org.



How have you improved your industry?

How should you build your network?

What don't you know, and how will you fill those gaps?

How do you use CRM?

What's your legacy? Where and how have you helped?

Whom don't you know, and how will you connect with those people?

Amazon's coming! What will you do?

What's your transition plan?

Who's your next principal or rep?

Do you have business mentors? If not, how will you fill that void?

Are your new line interview and preparation and processes up to date?

What's your social media strategy?

How have you recently become more efficient and productive?

Do you have a great elevator speech?

Avoiding the pitfalls of personal liability when making management decisions

Often in sales representative organizations, the sole or majority shareholder of the company or sole member of an LLC also wears the hat of president, CEO and all-around manager. These combined responsibilities require that the owner make many management decisions necessary to successfully run the organization.

While these decisions are presumptively made with the best interests of the organization in mind, certain decisions regarding personnel can often lead to litigation by an aggrieved employee. This is the nature of business and is often considered when management decisions are made. However, occasionally, aggrieved employees sue not only the rep organization, but also the individual decision maker who, of course, is the sole or majority shareholder, president, CEO and manager.

While most business owners think they are protected by the law of limited corporate liability or by the LLC, there are scenarios where the court will “pierce the corporate veil” and hold individual business owners liable for their management decisions. Although these scenarios are the exception and not the rule, **every business owner should be aware of the “line in the sand” when the law of limited corporate and LLC limited liability no longer applies.**

The significance of being individually named in a lawsuit can be great. If the individual is not immediately dismissed from the lawsuit, he or she may be subjected to the rules of discovery, which typically require the individual to answer questions regarding personal matters and to turn over personal information regarding the individual’s finances. The scope of this discovery can be very broad, although your attorney will make every effort to limit it. The standard used by the court includes not only relevant evidence but also information that may lead to relevant evidence. Aggressive plaintiffs’ attorneys may pursue the individual’s personal information with a vengeance.

The prospect of having the individual’s personal information disclosed is only part of the problem. If the employee’s suit is successful against the individual company owner, the employee can pursue the individual’s personal finances to recover on the resulting judgment. Also, there is the prospect of punitive damages if the court finds fraudulent or egregious activity.

In a recent case, Mr. Smith was the president, CEO and sole shareholder of a small sales representative company. As the president of the organization, Mr. Smith controlled all aspects of

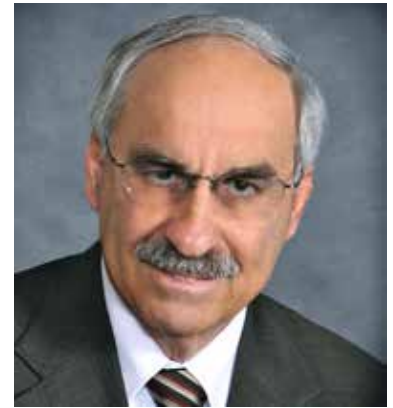
the business, including negotiating all contracts with principals and all of the employment agreements with its sales reps. After several years with the company, one of the sales rep employees started his own business and left the company. Mr. Smith paid the employee his commissions earned through the date of his resignation per their oral agreement. The rep disagreed with the amount of the commissions owed and sued the company and Mr. Smith (individually). In his lawsuit, the rep claimed that Mr. Smith should be held individually accountable because he made all of the organization’s decisions regarding the commissions owed which, subsequently, resulted in Mr. Smith’s personal financial gain. The employee also alleged that Mr. Smith had another organization operating out of the same offices and operated a satellite office out of his summer home in Florida.

The court dismissed Mr. Smith in his individual capacity — holding that the employee did not allege sufficient facts to pierce the corporate veil — but did so only after the court decided that Mr. Smith had run the organization in such a way as to avoid individual liability. This included adequate capitalization of the business, adhering to the corporate formalities and not commingling corporate funds with personal funds. A review of these factors may assist the small business owner to protect himself/herself from individual liability.

Adequate capitalization

More often than not, when the court decides to pierce the corporate veil, it is because the organization appears to be merely a facade by which the individual does business. This is typically established by showing that the organization does not maintain adequate capital to meet its responsibilities. Whether the capitalization of the organization is adequate depends on the nature of the business and the amount of potential corporate liability. Therefore, the amount of capitalization cannot be illusory compared with the type of business and the expected risk of loss. This will typically be determined based upon the equities of the situation. In other words, is the organization run with so few funds as to merely be a flimsy organization set up by the shareholder to avoid personal liability? If the organization is adequately capitalized in accordance with its business purpose, then it has begun a strong case against piercing the corporate veil and avoiding personal liability for the shareholder.

(continued on page 24)



by Gerald M. Newman
ERA General Counsel

Gerald M. Newman, partner in the law firm of Schoenberg, Finkel, Newman & Rosenberg, LLC, serves as general counsel to ERA and is a regular contributor to The Representor. He participates in Expert Access, the program that offers telephone consultations to ERA members.

Gerry co-authored this article with his partner, Adam Glazer.

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Adam Glazer

A book review and recommendation by Dan Beaulieu

Behind Every Good Decision: How Anyone Can Use Business Analytics to Turn Data into Profitable Insights

by Piyanka Jain and Puneet Sharma

Copyright: 2015 by Amacom

Price: \$27.95 • 244 pages with notes and index

I'm happy I decided to read this book!

First, I have a confession to make: I never read books that have the word “analytics” in the title. I hate that word and everything it means. As a completely right-brained person, I have no use for charts, numbers and graphics. I am completely focused on people and ideas and dedicated to the philosophy that, with the right ideas and the right motivation, a passionate person can do anything — even things that analytics can prove that we should not be able to do.

Okay, whew! Now with that out of my system, let's go on to why I did break my rule and read this book with the “A” word in the title. I thumbed through it, did my chart and graphic test, and found there weren't too many. I checked out the introduction and found words like “clear,” “simple” and “easy to use” and thought, “Well, this is the book for me.” I had looked at a number books explaining how to work with big data and was half asleep before I put them back on the shelf. But for some reason, this one seemed different. I liked those words “simple and easy,” so I decided to give this one a try. And I'm glad I did.

This is truly the big data book for dumm ... er, I mean right-brained people. The authors have done a great job of taking all of the mystery and heaviness out of the subject of analyzing data. I particularly like the chapter that explains BADIR (Business questions, Analysis plan, Data collection, Insights, Recommendations). I got it. I understood finally how this all worked.



The thing I found most useful about the book was the way the authors guide me through implementation and how to make all of this work. They explain how to impact the organization in just 90 days by driving the organization in the right direction. They go into specific detail, right down to the type of person to have on the team, and focus on getting things done in 90 days. This book does have some charts for certain, but they are simple and elegant enough for a person like me to understand, to “get.”

There are many books about data out there right now, but to my thinking, this is the best for right-brained thinkers like yours truly. If you really want to know everything about analytics but were very afraid to ask, this is the book for you. This is the one that does for analytics and big data manipulation what Carl Sagan did for the Cosmos.

Don't be afraid. Pick this one up and read it. And then you'll know.

Dan Beaulieu is the president and founder of D.B. Management L.L.C., a consulting firm specializing in all aspects of sales, marketing and branding with a focus on rep-principal relationships. His latest book is The PCB 101 Handbook which can be purchased online by emailing danbbeaulieu@aol.com. Dan is also the author of “It's Only Common Sense,” a weekly sales column appearing at pcb007.com. Dan can be reached at 207-649-0879.

ERA Member Service Action Lines

Amazon.com	era.org
(Click the link on the Member Services page.)	
Avis Car Rental	era.org
(Click the link on the Member Services page.)	
Budde Marketing	708-301-2111
	buddemarketing.com
Empowering Systems	888-297-2750
	empoweringsystems.com
ERA Customized Survey Service	era.org
(Click the link on the Member Services page.)	
ERA Strategic Planning Service	rterwall@era.org
ERA Teleforum Audio Library	era.org
ERA University (online courses)	era.org
EYOND: MRSware	866-795-8386
	mrsware.com
Hertz Car Rental	era.org
(Click the link on the Member Services page.)	
JJM Search	402-721-6590
	jjmsearch.com
MRERF (CPMR/CSP programs)	mrerf.org
Office Depot	era.org
(Click the link on the Member Services page.)	
Perfection Data	perfectiondata.com
RepCare insurance	888-243-0174
Rembrandt Advantage	800-292-7182
	rembrandtadvantage.com
RPMS software	800-776-7435
	rpms.com
UPS shipping	era.org
(Click the link on the Member Services page.)	

Consultants Available for Expert Access

Accounting & Taxes: Stan Herzog	847-564-1040
Executive Searches: Carla Mahrt	402-721-6590
Field Sales: Ray Hall	419-957-6354
Insurance: John Doyle	888-243-0174
Legal: Gerald Newman	312-648-2300
Rep Network Mgmt.: Jim Hartranft	262-945-9200

Other ERA Services & Publications

(Call 312-419-1432 or go to era.org.)

- Locator Online Directory of Manufacturers' Reps
- Lines Available/Hot Lines Services
- Guidelines for: Becoming a Successful Rep; Establishing and Benefiting from Rep Councils; Agreements between Sales Reps and Manufacturers; Agreements between Stocking Reps and Manufacturers; Agreements between Reps and Sub-Reps; Agreements between a Rep Firm and Its Salespeople; Evaluating a Prospective Principal; Evaluating a Prospective Rep; Developing New Markets with Professional Field Sales Reps
- Line Portfolio Evaluation
- Outsourced Field Sales: Adding Value for the Customer (CD)
- Outsourcing Field Sales (Fortune Magazine Reprint)
- The Value of Outsourced Field Sales (EBN Reprint)
- Selling Through Manufacturers' Representatives
- ERA Code of Ethics
- ERA Commitment to Performance (Information and Certificates)
- Recommended Technical Standards for Distribution Point-of-Sale Reporting
- FAQs Manufacturers Ask About Representatives
- Split Influence Recommendations for the Electronics Industry
- State Rep Commission Protection Acts
- Manufacturer Membership (Roster and Information)
- Principal Information Exchange (P.I.E.)
- ERA Membership Pins

ERA Meetings & Programs

- Board of Directors Meetings (Next Meeting: Fall 2015)
- ERA Conference - Feb. 28 - March 1, 2016

Here are 11 things that the best bosses believe

What makes a boss great? I've been thinking about that issue for a while and talking with teams and their leaders to gain more understanding. Then I read an article by Dr. Robert I. Sutton, professor of management science and engineering at Stanford University and the author of *The No Asshole Rule: Building a Civilized Workplace and Surviving One That Isn't*.

I've combined the best of Sutton's ideas with my observations into a list of 11 key beliefs that the best bosses hold and the worst bosses reject, or more often, never consider.

The bottom line? All the technique and behavioral coaching in the world won't make a boss great if that boss doesn't also possess a certain mind-set.

Here's the list.

1. I have a flawed and incomplete understanding of what it feels like to work for me.
2. How I do things is as important as what I do.
3. My success — and that of my people — depends largely on being the master of obvious and mundane processes, not of magical, obscure or breakthrough ideas or methods.
4. Setting ambitious and well-defined goals for my people is important, but I need to focus on the small wins they achieve every day to assess their progress.
5. One of the most important and most difficult parts of my job is to strike the delicate balance between being too assertive and not being assertive enough.
6. My job is to serve as a human shield, to protect my people from external intrusions, distractions and idiocy of every stripe. That

idiocy also includes my own.

7. I strive to be confident enough to convince people that I am in charge, but humble enough to realize that I am often wrong.

8. One of the best tests of my leadership — and my organization — is the answer to, "What happens after people make a mistake?"

9. Innovation is crucial to every team and organization. My job is to encourage my people to generate and test all kinds of new ideas. But it is also my job to help them kill off the bad ideas — and many of the good ones too. Sometimes good objectives aren't aligned well with what we're trying to do. And sometimes there are just too many good ideas to be able to implement them well.

10. Because I wield power over others, I am at great risk of acting like an insensitive jerk and not realizing when I cross the line.

11. My job is to pay attention to, and continuously elevate, the culture of my team. I need to keep asking questions such as: Is our culture all about "me" or "we?" Do team members have each others' backs? Do my team members work collaboratively or as lone rangers? I regularly take time with my team to figure out what's working, what's not working and how to fix any problems.

If you're like most people I meet, you've had your share of bad bosses — and probably at least one good one. What were the attitudes the good ones held? And what workplace-transforming beliefs could your worst boss never embrace? Email me your thoughts at nicki@saleswise.ca.

If you want more information about each of the 11 key beliefs of great bosses, stay tuned. Over the coming months, I'll be writing about each one in more depth.



by Nicki Weiss
Certified Professional Sales Management
Coach and Master Trainer

Nicki Weiss is an internationally recognized Certified Professional Sales and Leadership Coach, Master Trainer, thought leader, speaker and facilitator. Since 1992, she has trained and coached more than 20,000 business leaders, sales teams and reps. Nicki has a particular passion for working with manufacturers, distributors and rep firms in the electronics industry.

Nicki is ERA's sales consultant, the brainchild and facilitator of ERA's free teleforum programs and the founder of the SalesWise Academy. Every day, leaders wake up knowing they, their technical reps and field sales engineers need to sharpen their focus and their skills. But they don't have the tools, resources or patience to continually help enhance their strategy, communication and relationship building skills. The SalesWise Academy fills that void and delivers those skill-building lessons. To learn more, go to saleswise.ca or call 416-778-4145

IN MEMORIAM: ERA mourns ...

... **David B. Anderson, CPMR**, of Sumer, Inc., Rolling Meadows, Ill., who passed away suddenly on May 11 while attending EDS in Las Vegas. He was 53 and a third-generation rep who, with his brother Craig Anderson, CPMR, continued the rep business legacy of his grandfather, the late Burt Anderson, and his father, Bruce Anderson, CPMR, a past president of ERA and a member of the association's Hall of Fame. He was a graduate of Miami of Ohio University and joined the family firm in 1986. As a partner and vice president of the company, he managed Sumer's distribution program and account coverage. For many years, he was also a highly respected coach in Little League baseball in his hometown of Lake Zurich, Ill.

In addition to his brother and father, survivors include his wife, Tami, and their four children. Memorial donations are requested to the charity of the donor's choice.

... **Gordon S. Marshall**, retired chairman of the board and founder of Marshall Industries and namesake of the University of Southern California Marshall School of Business. He was 95 when he passed away on June 2.

He was a World War II B-24 bomber pilot who earned an accounting degree from USC in 1946 and then pursued his interest in electronics with the founding of Marshall Industries in 1953. The company eventually grew to become one of the five largest U.S. distributors of electronic components. In 1999, it was purchased by Avnet, Inc., in a multimillion-dollar deal.

He was active in the USC School of Business Distribution Management Program, lectured in several courses and served as executive-in residence. In 1996, he pledged \$35 million to the school. At the time, it was the largest endowment ever made to a business school and the second-largest in USC history.

He was preceded in death by his wife, Lynne, and is survived by two daughters, 12 grandchildren and two great-grandchildren. A USC campus service to celebrate his life will be held in the fall.

... **Glenn Brown** of Midtec Associates, Florissant, Mo. He passed away on May 16 at age 60. He was a 30-year veteran of the rep profession who has been described by friends and business associates as "one of the good guys." Survivors include three daughters and three grandchildren. Memorial donations are requested to St. Jude Research Hospital (www.stjude.org).

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Courts react to better economy

One of the strange observations I've made over the years is that the courts seem influenced in their decision making by the state of the economy. If a case is heard when the economy is down, chances of the taxpayer winning seem to be improved. If the economy is bounding along, taxpayers seem to have a harder time winning.

Note that this is a general subjective observation. No taxpayer can hope to win a case that is an obvious loser, and the decisions are made by judges who would surely argue that they aren't thinking about the economy when making decisions. The difference is in the subtle close calls. And the pendulum appears to be swinging against the taxpayer in recent close cases. Here are a few examples.

The taxpayer, a construction worker, drove 60 miles from home to his job site. He deducted his work shoes and his mileage on his tax return. The court allowed the shoes but disallowed the mileage on the basis that he did not leave the metropolitan area and drove home every night. Taxpayers have won mileage when they travel from one city to another even upon returning home at night. Furthermore, they have won when they were required to take their tools with them to the job site. So the decision here rests on what is considered a local area. For example, a 50-mile range is actually stated in the law as one of the conditions necessary for the deduction of moving expenses. How local is 60 miles?

Another interesting result was reached in a divorce case. Here the taxpayer had agreed to pay alimony (deductible) to his ex-wife. He subsequently stopped paying her (no reason was given), so she took him to court and won a judgment that the amount was owed to her.

He then began making up the payments and deducted them on his income tax return. The court decided that the judgment changed the nature of the alimony payments so that they were no longer deductible. The court reasoned that the payments had been converted to a fixed liability which would be due even upon death. Since one of the requirements of deductible alimony is that the alimony ceases upon death, these payments had become non-deductible. Of course, the taxpayer had not died, and the judge in the alimony case most likely just wanted him to pay what he'd promised to pay, but the court found a way for the IRS to win.

The last case of interest concerns a boy who was a foster child. He and his foster "mother" had become very close over the years, and he continued to live with her after his 18th birthday when the foster relationship legally ended. Complications set in when he fathered a daughter who joined the household. The "mother-now-grandmother" took her in and deducted her as a dependent on her tax return. The IRS successfully argued that the daughter was not legally bound over to the "mother," was not the daughter of a legally qualified relation and was therefore not a legal dependent. The court could have easily helped the "mother" by pointing out that the daughter qualified as a dependent because she lived in the household for the period in question. However, the "mother's" representatives didn't make that argument, so the court wouldn't make it for her.

These cases all have a feeling that the courts are trying to help the IRS win a close case. That may not be, but it just seems better to try your case when times are bad rather than when times are getting better.



by Stanton B. Herzog, CPA
ERA Tax, Audit & Accounting Consultant

Stanton B. Herzog, CPA, principal in the firm of Applebaum, Herzog & Associates, P.C., Northbrook, Ill., serves as ERA's accountant and is a regular contributor to The Representor. He is available to speak at chapter or group meetings on a variety of financial and tax-related topics. He also participates in Expert Access, the program that offers telephone consultations to ERA members.

You can call Stan Herzog at 847-564-1040, fax him at 847-564-1041, or email him at sherzog@theahagroup.com.



Don't miss this issue's Classified Ads on pages 29-30.



Chapter News reports the local activities of the 22 chapters of ERA. The chapters sponsor educational and training workshops, local trade shows, legislative and industry projects to enhance the professionalism of individual members and to advance the goals and mission of the national association.

CAROLINAS

The chapter is continuing its monthly networking breakfasts through the summer with the next events scheduled on July 24 in Raleigh and Aug. 14 in Charlotte. The most recent Carolinas program focused on the Internet of Things. The guest speaker was Larry Steffann, general manager of the Wireless Research Center of North Carolinas.

CHICAGOLAND - WISCONSIN

Chicagoland-Wisconsin's most recent breakfast round table featured a review and recap of EDS 2015. Bob Evans, CPMR, of EK Micro, moderated the discussion, including a report of a chapter survey about this year's EDS. The next event on the calendar is the fourth annual Cubs-Brewers baseball outing on Aug. 13 at a Wrigley Field rooftop. More than 110 attendees have purchased tickets.

EMPIRE STATE

Empire State's upcoming networking events include a lunch on July 10 and breakfast on Aug. 7. The annual Debbie Henry Memorial Golf Tournament is coming up on Aug. 10. Once again, this event will raise funds for the chapter's annual scholarship awards. The tournament and scholarship program are chaired by Scott Caliel of Leonard D. Allen, Inc.

INDIANA - KENTUCKY

Indiana-Kentucky ERA members are looking forward to their annual all-industry golf outing on Aug. 14 at the Golf Club of Indi-

ana. More than 50 rep and distributor golfers usually register for this event.

NEW ENGLAND

The New England chapter joined the Electronic Components Industry Association (ECIA) to sponsor an all-industry regional event on June 23 in Newton, Mass. The guest speakers were Greg Campbell, senior vice president and chief technology officer of Lumenpulse, and Tom Galligani, global vice president, supply chain, of Future Electronics.

NEW YORK

On May 1, New York members participated in the 12th annual IEEE Long Island Systems Applications Technology Symposium. In early June, the chapter hosted another in its ongoing series of dinner programs. A contract manufacturer, distributor and rep participated in a panel discussion about the changing playing field for component sales and how industry partners can best work together to boost profitability.

OHIO

Ohio ERA's next event is scheduled on Sept. 11 at the Montgomery Inn in Cincinnati. The program, still to be finalized, will be co-sponsored with the Manufacturers' Agents of Cincinnati (MAC).

SOUTHERN CALIFORNIA

Two special events are on tap for Southern California in late summer. The first is the 12th annual Sagebrush Summer Social for all electronics industry personnel on Aug. 6 in Calabasas. Then, on Aug. 10 at the Aliso Viejo Country Club, the chapter sponsors its third annual Charity Golf Tournament to benefit Operation Homefront.

SPIRIT OF ST. LOUIS

Spirit of St. Louis hosted another industry happy hour at the Train Wreck Saloon in Westport, Mo., in mid-June, and the chapter's next program presentation is scheduled in early July when Mark Larson of Digi-Key Electronics is the guest speaker. Also coming up on Oct. 2 is the chapter's golf tournament in St. Peters, Mo.

COLT registrations are due Aug. 5

All ERA chapter officers and managers: By Aug. 5, please submit the names of your volunteer leaders who will be attending the 2015 Chapter Officers Leadership Training (COLT) program. Just email the names and contact information of your registrants, as well as any questions about COLT, to Tess Hill at thill@era.org.

Be sure your COLT participants know that this program format was totally redesigned in 2014 and will be conducted in three one-hour webinars on Sept. 11, Sept. 25 and Oct. 9, followed by the in-person workshop in Chicago on Oct. 22-23. Chapters that hold COLT tuition scholarships are Carolinas, Chicagoland-Wisconsin, Empire State, New York and Southern California.

Check out these indispensable tools for the road warrior

I love technology — when it makes us more productive. I particularly love it when it helps us to learn and to have fun. Combine that with protection, and you have a winner.

I want to share three tools that I bought and use regularly on the road that can help you as a road warrior. They also help when you're working at the office, at home and wherever your "third place" might be.

ZAGG PROfolio Keyboard

More of us are finding that our smartphones, tablets and other smaller devices are replacing more traditional laptop computers. I like to take notes when I go to seminars around the world, and the keyboard on the iPhone just doesn't cut it. However, the market has offered a lot of alternatives that do a great job. One of these is the ZAGG PROfolio Keyboard.

This is a portable keyboard that works through Bluetooth with a number of different devices. My iPad 3 fits comfortably into the slot and works very well. Before I bought it, I was concerned that I might not be able to use it with my iPhone 6. After a little bit of fiddling and talking with the great tech support at ZAGG, I figured out how to use the keyboard for either my iPad, iPhone or other Bluetooth-supported devices that I might get in the future.

The keyboard is very comfortable, and I'm able to use it to quietly take notes even in small conferences. It also serves as a protector for my iPad. The retail price is \$99.

Kingston MobileLite Wireless 5-in-1

When I read the announcements about this wireless device, I was intrigued. It claimed to be able to transfer pictures from my iPhone through this device, using its own Wi-Fi connection, directly onto a USB flash drive. Because we take a lot of pictures today, it's important to be able to keep them in a safe place but not necessarily on your phone.

In addition to transferring to either a USB flash drive or an SD card, the 5-in-1 Mobile Companion from Kingston also serves as a

Wi-Fi access point. This can be helpful if you're in a hotel room and can connect with an Ethernet cable. It allows connection with other devices in the room such as your smartphone, tablet and/or laptop computers.

However, here's a word of caution. When I received the unit, in my eager anticipation to use it, I plugged in my USB drive to transfer photos from my iPhone 6+ to the drive. Perhaps I did something wrong, but in my haste to transfer, I obliterated all the files on my USB drive, about 60 GB of data. Ouch! I don't know exactly what I did wrong, but I'll be on the phone to AppleCare very shortly to find out a way to retrieve those lost files.

Despite this glitch, I was able to successfully access files and copy back and forth between my iPhone 6 and USB drives. My conclusion is that this unit will be very helpful, and you can't beat it for the price!

My plan is to begin a systematic organization of videos and photos, along with other documents that I have on my iPhone, to keep them in a safe USB drive location. That will keep my phone manageable. Another option would be to access cloud-based storage, which I am also using. The retail price is \$78.

Cree UltraFire flashlight

The simple things are often the most useful — and most practical. This Cree UltraFire flashlight can be a lifesaver. It is a simple flashlight that operates on one AA battery but produces light up to 1,000 lumens.

Many times when you're traveling, you're suddenly in a dark room or situation and light is really important. I find having a small travel light that is always within arm's reach of the bed at night helps when I'm in different locations and could have some serious problems stumbling around in the dark.

I recommend getting a small flashlight like this one and carrying it with you at all times. You never know exactly when or where you'll be when you suddenly need light. For the price, it is hard to beat to build in that much insurance for your safety. The price on Amazon is \$9.95.



by Terry Brock

Terry Brock is a marketing coach who helps business owners market more effectively leveraging technology. He shows busy professionals how to squeeze more out of their busy days by using the right rules and tools.

You can reach Terry at 407-363-0505, by email at terry@terrybrock.com or through his website at terrybrock.com. Also look for Terry on Twitter @TerryBrock.

ASSOCIATION ROUND TABLE: House accounts

(continued from page 15)

where they are a target for going to the house. *See previous comments regarding the negotiable nature of commission rates and direct force compensation schemes.*

In the end, the job is to grow, likely by meeting and exceeding the customer's needs, and almost certainly one contributor to a growing account is that someone on the field sales team has done a good job. Why change horses? I've personally had a number of experiences whereby a good professional salesperson initiated the conversation around compensation rates in conjunction with a dramatic revenue boost at a customer, and that almost always yielded a continuance of the sales coverage and continued growth to the satisfaction of all parties.

Key questions for manufacturers

Finally, the deployment of house accounts fits in with many other factors in your marketplace and its impacts on your sales team. Do house accounts dominate the revenue in the territory, or are there lots of opportunities to be pursued? What is the design cycle for your products — weeks, years? That matters. What is the life cycle of the product — months, years? That matters too. For your reps, what is the "run-out" of compensation if a change is made, i.e., whether the sales firm will be retained for other than the house account or if a full parting of the ways is happening? These and other factors should all be considered in the practice of adding or discontinuing a house account for your sales force.

We at ERA would be happy to help interested parties, be they manufacturer or representative firm, with this evolving matter of house accounts and, as we hope you see here, bringing a thoughtful and fair approach for all. ■

LEGALLY SPEAKING: Avoiding pitfalls of liability

(continued from page 17)

Adhere to the corporate structure

The court will also look to see if the formalities of an organization are being followed. This includes regular corporate meetings with minutes, issuing stock, payment of dividends, filing all necessary annual reports and paying any franchise taxes, and keeping accurate corporate records. The incorporating attorney will be able to advise the organization on these requirements and the applicable laws in the state of incorporation.

Do not commingle corporate funds with personal funds

A very important way to protect an owner from individual liability is to completely separate corporate finances from personal finances. This may seem like a simple principle, but individual business owners often overlook routine transactions that may appear (or later be twisted by ambitious attorneys) to be commingling of funds. The simplest measure is to be certain that the organization has, in its own name, all of its own banking accounts necessary to run the business and does not pay for personal expenses from corporate accounts. This is the first place a suspecting plaintiff's attorney will look to see if you have commingled funds.

Be sure that all utility bills are in the name of the organization. This includes cell phones, although the occasional personal call on a company cell phone should not result in piercing the corporate veil. Also, be sure that all corporate vehicles and related insurance are in the name of the organization and that all premises used by the organization are either owned or leased by the organization and not by the individual shareholder. Also, if the organization has satellite offices, be sure that those leases are in the name of the organization and not the individual shareholder. Lastly, be sure that all loans or capital contributions to the organization are fully documented.

Final thoughts

The factors discussed above are not reviewed individually, but instead cumulatively, when the court decides to pierce the corporate veil. Moreover, the court reviews these factors only to decide the central question of whether the existence of the corporate identity perpetuates a fraud on creditors or would otherwise work a gross injustice to the law of limited corporate liability.

With these factors in mind, sole or multiple shareholders can control and dominate their organizations without the fear of individual liability. While no measure of protection can prevent owners of rep organizations from being named individually in the occasional lawsuit, these suggestions should assist your attorney in a swift and relatively painless dismissal. ■

Editor's Note: This article was published some years ago by ERA and has been updated by the co-authors to ensure its accuracy and relevancy today.

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ELECTRONIC SYSTEMS INTEGRATION

Gary Ponto, CPMR
GP Marketing
Kirkland, Wash.

Lower tech costs fuel 'race to bottom' pricing

It seems that every conversation I have with an integrator or distributor ends up getting around to the topic of "the race to bottom" regarding product pricing. There is no doubt that technology costs are falling and product pricing is as well, with many off-shore competitors entering the U.S. at really low pricing to penetrate the markets. Import products are pushing pricing and margins down in some electronic industries faster than others, but it is coming, and fast, into many markets. So I ask you, does a brand name still matter to your customer as a consumer? Does a brand name warrant a higher price?

I will step up and answer my own question by stating that I believe it is support, not brand, that is now taking over integrators' and distributors' preferences for a product or product line. The two together are very powerful. Technology is moving so fast that our customers need more support than ever before, and I believe cutbacks in this area by manufacturers are a shortcoming for long-term growth.

IP products are becoming more of the norm for AV and security installations. These products are bringing new integrators into these markets. They are network and datacom providers, and they tend to work at lower product price margins than the traditional AV and security integrators. They also offer service contracts to retain customers and provide a larger array of services to building managers.

Technology: Is this going to change our markets, customers and/or rep firms? Are you ready?

INSTRUMENTATION, AUTOMATION & CONTROLS

Tom Diercksmeier, CPMR
AG Technologies, LLC
Scottsdale, Ariz.

Use of Intelligent bus architectures is growing

Intelligent bus architectures are making their way more into the industrial control arena. PROFIBUS and ethernet IP are the two major standards. With these architectures, sensors and control elements can be integrated into a single network. There is software that makes it very easy for end users to convert their systems over to these networks.

Many industries, such as electric utilities, mining and water/waste water processing, are expanding their control systems via the ethernet-based and PROFIBUS I/O products. With the ever-increasing price of gold and silver, many mines are still requesting capital funds for plant upgrades and expansion. Even titanium processing plants are upgrading their facilities in anticipation of future increased prices. Ethernet, PROFIBUS and wireless I/O are very cost effective methods of adding to existing legacy control networks.

Throughout many plants, especially in the food and beverage industry, there is an increase in the number of parameters that are being measured. In food and beverage, the usage of individual ingredients is being monitored very precisely to maintain their individual recipes, to ensure the accuracy of the batch for the recipe and to eliminate waste of materials.

Sensor calibration hardware sales are still on the increase. There are two reasons for this: ensuring accuracy of the measurements in the field and increased agency regulations. Documenting calibrators are leading the way in calibrator sales. These types of calibrators store the measured values automatically which eliminates the human error aspect of measurement. They can also upload their data to the control system.

The market for sensors and instrumentation is increasing due to the lower cost of sensors. As companies try to increase efficiencies of their production lines, the more monitoring they are doing, thus driving increased sensor and instrumentation usage.

If there are any questions, please contact me at 602-329-2147 or send an email to tom@agtechnologiesllc.com.

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Time flies! It's an old cliché but very true. By the time you read this, half of 2015 is in the history books, and so far, the economy seems to be moving in a positive direction.

The auto industry has recovered nicely, albeit with a lot of controversy and recalls. I noted with interest an article about BMW's facility in South Carolina. Last year the plant produced 364,000 vehicles, and some 70 percent were exported to 140 markets worldwide. Over the next few years, BMW plans to spend \$1 billion to ramp up production to 450,000 vehicles and add 1,000 jobs. So U.S. jobs are being created to fuel an export market. What a concept!

In looking to improve efficiency and quick turnaround in model manufacturing, Toyota plans to adopt a modular manufacturing strategy that will allow it to operate smaller and more flexible assembly lines. The company feels this move will cut costs and improve production. Over the past several months, the U.S. has been hampered by the employees' work slowdown at west coast ports. It has had a pretty dramatic impact in some areas. On another automotive note relating to that, Honda has felt minimal effects from the west coast ports problem since more than 80 percent of the parts used in Honda's North American-built vehicles are domestic. That's a nice benefit of using "made in America."

We have seen a lot of positives in our area. Housing, particularly apartment building, is very robust and with increasing prices fueling concern about another boom to bust. Industry seems strong as well with employment increasing. Since January 2010, employment in U.S. factories has risen by 900,000 to 12.3 million, recouping more than 30 percent of the jobs lost in the downturn. One note of interest is that there are more than 500,000 skilled manufacturing jobs unfilled. That will probably grow as Americans age out of the workforce.

By 2030, it is estimated that 20 percent of Americans will be 65 or older. That is impacting more than manufacturing. I just noted that some local municipalities are facing shortages as 25 percent or more of employees are facing retirement in the near future. What to do? This reality means that we must reach out to our youth today to encourage them to get an education appropriate to the vocation they desire. We should also stress the importance of flexibility so they realize that, in today's volatile world, their vocations may change many times over the course of their working years.

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There's good news in the auto industry recovery



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FEATURE ARTICLE: LISTEN While You Work!

(continued from page 12)

5. Encourage your customer to give you more information by using open-ended questions, such as “How did you feel when that happened?”
6. Keep an open mind, and don’t jump to any conclusions or make assumptions. Wait until your customer has finished speaking before deciding that you disagree.
7. Don’t interrupt your customer when he or she is speaking.
8. Ask questions for clarification and periodically summarize comments. Paraphrase your customer’s key statements to make sure you didn’t misunderstand his or her point of view. Start with: “So if I’m hearing you correctly, you’re saying ...”

Where communication is poor, mistakes increase, relationships breakdown and opportunities to make the sale are missed! If you want to enhance your professional image, strengthen relationships, and dramatically improve your sales effectiveness, I encourage you to listen while you work. ■



John Boe presents a wide variety of motivational and sales-oriented keynotes and seminar programs for sales meetings and conventions. He is a nationally recognized sales trainer and business motivational speaker with an impeccable track record in the meeting industry. To have him speak at your next event, visit www.johnboe.com or call 937-299-9001. A free newsletter is available on his website.





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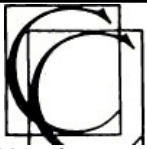
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