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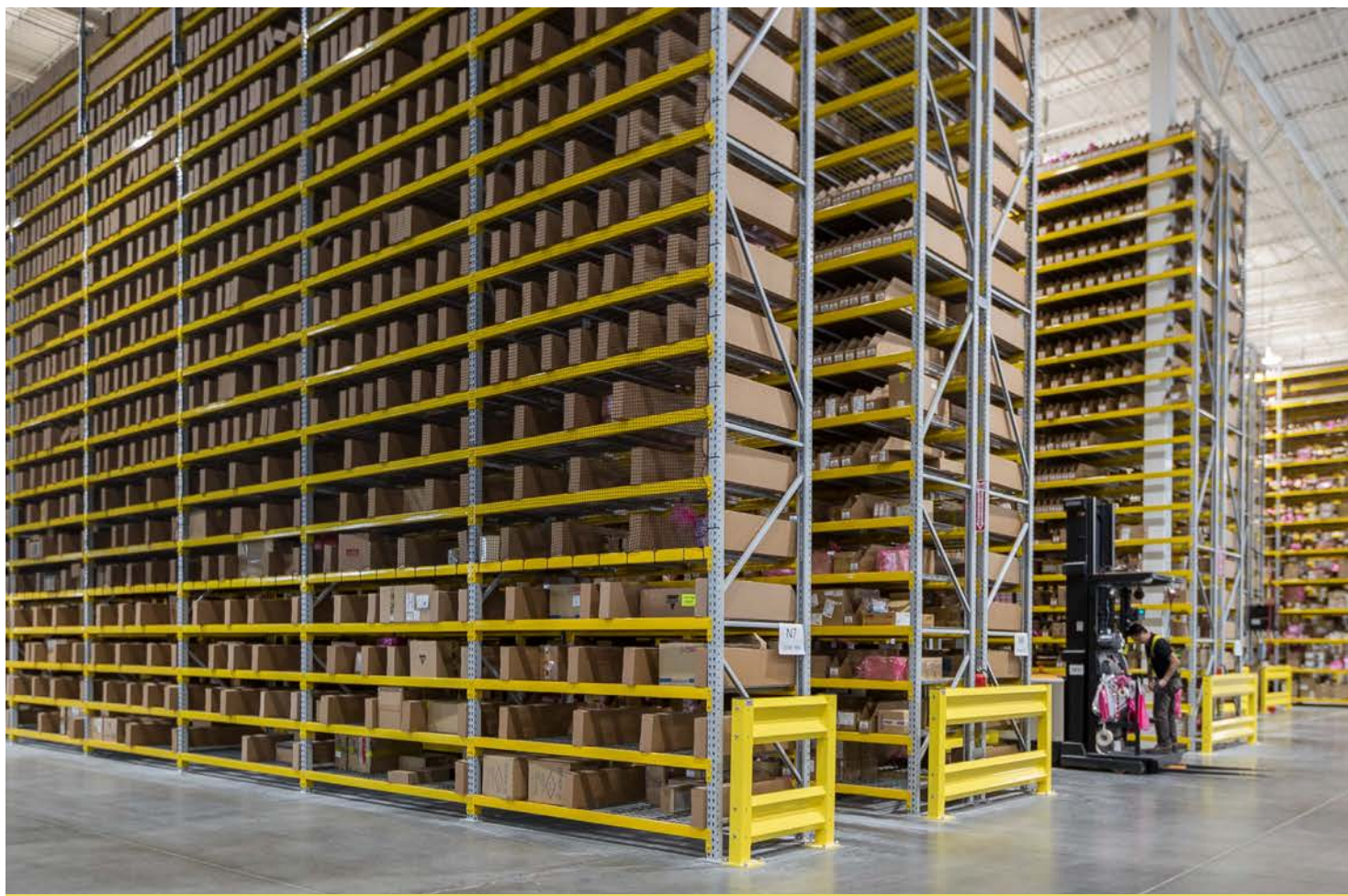
Electronics
Representatives
Association

SUMMER 2018

Looking for Talent?

**Effective Tools and Strategies
to Position Your Company
in a Competitive Market**

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Someone You Should Know, p. 7
2018 Tax Law Updates, p. 17



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ELECTRONICS REPRESENTATIVES ASSOCIATION

Advancing and supporting the professional field sales function in the global electronics marketplace through programs and activities that educate, inform and advocate for manufacturers' representatives, distributors and their principals



Founded 1935

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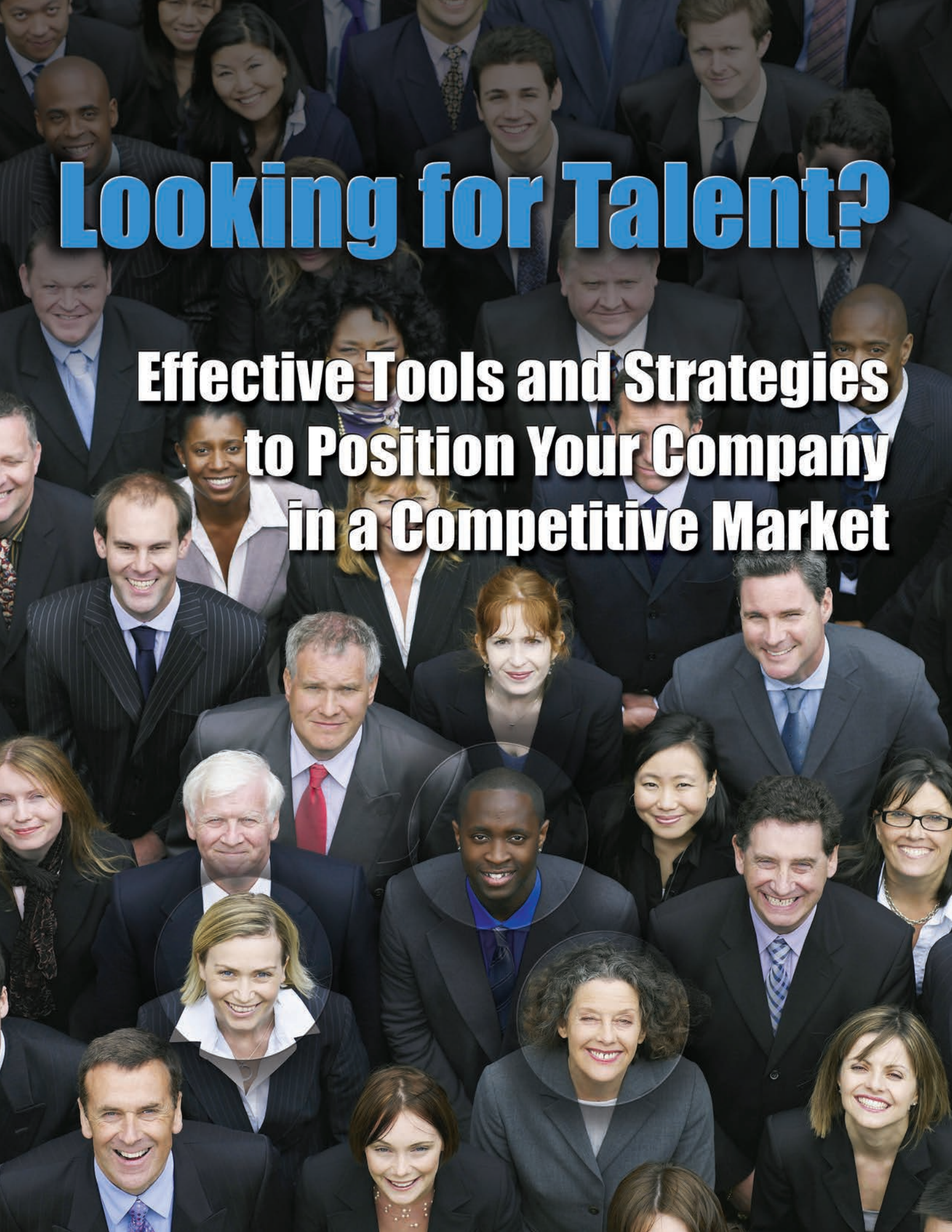
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SUMMER 2018



Looking for Talent?

**Effective Tools and Strategies
to Position Your Company
in a Competitive Market**

Companies across industries, of all sizes are facing a similar challenge. They need solutions to the questions: How do I attract strong candidates? How do I stand out in a competitive hiring landscape? How do I keep employees engaged?

This challenge is exacerbated in the electronics industry due to an aging workforce and competing for talent with true “tech” companies.

We will explore answers to each of the questions and provide practical, affordable and easily executable solutions.

How do I attract strong candidates?

The key to attracting candidates begins with taking a look at your company’s online presence. This is a time of information sharing. How do you gather information today? Do you use the telephone book? Go to the library? Order a catalog? The clear answer is, “No, I go online.”

Start by taking a look at your website. Is it directed toward customers AND potential employees? If it is not, it needs to be. Company websites are a starting point for every candidate. Your website needs to address the three Ws (3Ws) — WHO, WHAT and WHY.

Who: Who is your company doing business with? What is your customer base? Who are the people who work there? Most of us came through the ranks in a culture of “need-to-know basis.” In an era of information sharing, potential employees are looking for a greater breadth and depth of information to be shared. They need to be able to answer the question: Can I see myself working there?

What: What do you do? Answering this question is easy for most companies. Most company websites offer clear information about the products and services offered. However, it is important to take a look at it from an employee’s perspective.

Why: Why are you in business? Answering this question is challenging for most companies. The obvious answer is to make money and grow. Today’s talent pool is looking for more. They want to understand what is the purpose of your organization? What are its principals? What is the culture?

Companies that are succeeding in the battle for talent are taking an aggressive stance on presenting their WHY to their audience. Here are a few examples of companies who are doing this well:

- Boeing - “Boeing is a company of bold

innovators and dreamers. We are continually looking for ways to build it bigger, smarter, faster, stronger and better. Join us and you can speed up airplane production. Develop innovative cybersolutions. Or shape a global supply chain. Find your future with us by learning more about what we do.”

- Patagonia - “Patagonia doesn’t usually advertise in the Wall Street Journal, attend job fairs, or hire corporate headhunters to find new employees. We prefer instead to seek out people through an informal network of friends, colleagues, and business associates. We don’t want someone who can just do a job; we want the best person for the job. Yet we don’t look for ‘stars’ seeking special treatment and perks. Our best efforts are collaborative, and the Patagonia culture rewards the ensemble player while it barely tolerates those who need the limelight.”

SpaceX - “SpaceX was founded under the belief that a future where humanity is out exploring the stars is fundamentally more exciting than one where we are not. Today SpaceX is actively developing the technologies to make this possible, with the ultimate goal of enabling human life on Mars.”

Believe it or not, the goal is to attract a small group of candidates that will thrive in your organization and repel those who won’t.

tion and repel those who won’t.

How do I stand out in a competitive hiring landscape?

The answer starts with your social media presence. Once you have established your 3Ws, you need to infuse them everywhere online. The message should be clear and speak to the candidate. At a bare minimum, start with LinkedIn. Today, LinkedIn is the starting point for every job search. College students in their freshmen year are being directed to create a LinkedIn profile. Their research about which companies they want to work for will begin with LinkedIn. You need to review your company’s LinkedIn page and determine if it is both customer and candidate-facing. Also, LinkedIn is a tremendous recruiting tool. It is super intuitive. If you search “Electrical Engineer, Boston,” it will populate hundreds of LinkedIn profiles. As you find people you like, the site will push other similar people onto the search page for you to review.

Another website to check regularly is Glassdoor.

(continued on next page)



Gabrielle Jenkins

Managing Partner
Resource Management of Boston

Gabrielle Jenkins, a past ERA Conference presenter, is a business professional with more than 25 years of diverse experience in Fortune 500 and entrepreneurial environments in public and privately held organizations spanning the technology, digital media, manufacturing, retail, supply chain and financial services industries. Her expertise is in leadership growth and maximizing employee ROI.

In her role at RM Boston, she has worked with a broad range of publicly and privately held companies providing talent management and organizational effectiveness solutions. Prior to joining RM Boston, Jenkins served as president of Bridenbaugh Partners Inc., a consulting firm that helps companies maximize their return on their biggest investment, their people, utilizing such tools as consulting, behavior and value assessments, job analysis training and development.

You can reach Gabrielle Jenkins at gjenkins@rmboston.com.

COVER STORY: Looking for talent

(continued from previous page)

Glassdoor is the Yelp for companies. Employees can create a Glassdoor page for your company and share reviews of their employment experience with your company, including their interview experience and their perception of leadership and management. Glassdoor also offers companies a free service to become an “Engaged Employer,” which lets you create a company referral option and lets you respond to employee reviews. Find out more about Glassdoor at www.glassdoor.com/employers/start/getting-started.htm.

Finally, Twitter is another social media outlet for employers of all sizes to consider. It is where millions of people start their day to get news and connect. Adapting to Twitter is not a huge hurdle. When you share company news on your website, tweet it. When you create a press release, tweet it. Consider recruiting some of the younger people in your organization to help you create and maintain your Twitter presence.

How do I keep employees engaged?

The good news is that the work referenced above will go a long way with your own team and

will help engage their excitement about your 3Ws. Communication and transparency are critical components leading to improved employee engagement. If you don't already, consider conducting town hall meetings to share this information with different teams of employees. Get their reaction and ask for feedback on what can be done better.

Another solution is an employee referral program. Most companies are underutilizing and underfunding this great resource. We suggest providing referral awards that range from \$1,000 to \$5,000. This number might seem shocking; however, when you consider the “ripple effect” of the benefits, you will see the immediate return on investment. First, if you engage a search firm to find talent, the fee will be significantly higher than what you'd be paying for the referral. Second, the time and money required to post a job and then scan through hundreds of unqualified resumes will be much more expensive. Finally, and most importantly, an employee referral program is the ultimate

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Todd S. McAtee
*Vice President Americas,
Business Development
Mouser Electronics*

With so many ERA members, it is not easy to get to know every rep, manufacturer and distributor 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 Todd McAtee, vice president of business development, Americas, for Mouser Electronics, located in Mansfield, Texas.

The Representor asked Todd a few questions about his time in the distribution business and his experiences with ERA. Here is what he had to say.

Tell us a little about yourself.

I live in Dallas with my wife and youngest daughter. We have three girls, two of them live outside of Texas. I have been with Mouser Electronics for 10 years and currently hold the position of vice president of business development, Americas. I serve on the board of directors of EDS, several Electronic Components Industry Association (ECIA) committees, and ERA's Conference Planning Committee.

How long have you been in the distribution business?

I have spent 15 years in distribution and a total of 32 years in electronics. I started as a component level repair bench technician, then moved to product management and then to technical sales. From there, I tested the waters as a manufacturers' rep and later moved to distribution. Later on, I ran a manufacturing business for electronic components for seven years, and have been at Mouser for the last 10 years as one of its senior leaders.

How did you become interested in the electronics industry?

I have always been interested in electronics as a child. I followed my brother into tech school where I received a degree in electronic communications. I have a burning passion for electronics and enjoy working within the industry and with the people in it.

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

The friendships I have made over the years with coworkers, other distributors, suppliers and manufacturers' reps. It's like having a huge extended family.

Briefly describe your organization.

Mouser Electronics, a Berkshire Hathaway Company, is an award-winning, authorized semiconductor and electronic component distributor focused on rapid new product introductions from its manufacturing partners

for electronic design engineers and buyers. The global distributor's website, **Mouser.com**, is available in multiple languages and currencies and features more than five million products from more than 700 manufacturers. Mouser offers 23 support locations around the world to provide best-in-class customer service and ships globally to over 600,000 customers in more than 220 countries/territories from its 750,000 sq. ft. state-of-the-art facility south of Dallas.

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

Mouser continues to strive for continuous improvement and industry leading customer service. We continue to make improvements to stay a market leader, as well as invest in our employees. Our most recent changes were the addition of a nurse practitioners office and a full-service fitness facility.

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?

Working with and supporting the manufacturers' reps have significantly impacted our business in a positive way. The knowledge that has been shared with us to better support and align with the channel has been amazing.

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

We are very active on social media. I currently follow ERA on a regular basis.

What are some things you enjoy outside of the workplace?

As many of you know me, I am very active with my family. I also enjoy working out, golfing and traveling.

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

I have traveled over six million miles and have visited 70 countries.

3 Big Ways PEOs Can Help Your Growing Business



Does keeping your eye on revenue-generating responsibilities seem like a never-ending challenge?

With all the day-to-day administrative tasks that pile up, it's easy to lose sight of your money-making initiatives.

There's a better way. With the help of a professional employer organization (PEO), also known as HR outsourcing, many time-consuming HR tasks can be turned over to a dedicated team of HR specialists, allowing you to concentrate on your more profitable responsibilities.

Here are three big ways a PEO can help.

1. Keep your business in compliance

The landscape of government regulations and HR compliance is ever-changing, and it's only getting more complicated. For example, do you know how the Fair Labor Standards Act affects you? Are your employee records audit-ready? Do you know and abide by anti-discrimination and anti-harassment laws?

Too frequently, businesses don't know there's a problem until allegations are brought against them. And by then, unfortunately, it's too late. A single error can lead to costly litigation and fines, not to mention the loss of time and productivity.

You must get ahead of these issues to avoid

these disruptions. But how do you conquer this challenge when you have so many other items on your plate?

That's where a PEO comes in. A PEO can:

- Complete payroll in accordance with federal and state laws, and properly report federal, state and local taxes.
- Administer unemployment claims.
- Respond to employment verifications.
- Comply with many federal laws affecting PEO-sponsored benefits like COBRA, HIPAA and ERISA.
- Provide guidance on reducing workplace hazards that may support OSHA compliance.
- Assist with health care reform compliance.

With the right PEO, you get a team of knowledgeable specialists who are well versed in HR compliance. This may help you avoid or reduce litigation and fines that can halt your company's progress and distract you from key business initiatives.

2. Create a strategic HR plan

The best employees are engaged in your company's mission and dedicated to improving your bottom line. That's why investing in your company culture is so important. When you take the time to create a positive work environment, your

employees can thrive.

Engaged employees not only demonstrate more commitment and higher productivity, but they also deliver higher-quality customer service and boost your bottom line.

On the flip side, when there is confusion, discord and lack of direction, your business can suffer in more ways than you may think. From lost productivity and high employee turnover to dissatisfied clients, consider the domino effect this can have on your company.

When you work with a PEO, you get access to the expertise you need to cultivate a positive culture that supports an engaged workforce who's committed to making your business a success.

It all starts with taking a good look at how you're running your business. Do you operate within a tactical HR structure? Or are you taking a strategic approach by proactively managing your employees to maximize their success and the success of your business?

A tactical HR structure is usually limited to things like processing payroll, filing payroll taxes, managing employee benefit plans, and enforcing workplace policies. While a PEO can help you with those tactical tasks, a good PEO can also help you develop a strategic structure.

A strategic HR structure covers more than the basics. It includes setting employee goals that are tied to your business objectives, recruiting people who fit your company culture, developing reward programs and proactively dealing with conflict resolution.

When you create a collaborative work environment that your employees appreciate, they'll care more about their jobs and be more vested in the success of your company.

But this won't happen overnight. This involves a process that's cultivated, nurtured and tailored to fit your workforce and your business needs.

Here are some questions to consider:

- What leadership attributes need to be strengthened to maximize your future success?
- Is there open communication between the different departments in your company?
- How are you doing from a financial perspective? Are you where you want to be?

By anticipating changes before they strike, your business is less likely to veer off track when challenges erupt. You save both time and resources when you're strategically prepared.

- Do you have mission, vision and values statements that ring true for your company?

You might find that it's currently difficult for you or your HR manager to spend time on strategy when you're bogged down with other duties. When you partner with a PEO, you can get assistance in developing and implementing your HR strategy while also gaining a helping hand with your day-to-day HR duties.

A good PEO will take a close look at your business in creating a strategic HR plan. This will help you to:

- Train your staff so they can continue to add value to your company in the future;
- Assess, align and facilitate collaboration among your leadership team;
- Develop a succession plan, so you can

limit disruptions to your business if there's a change in management or structure; and

- Attract, hire and manage talent that aligns with your company's core values.

By anticipating changes before they strike, your business is less likely to veer off track when challenges erupt. You save both time and resources when you're strategically prepared.

The end result is a collaborative relationship that provides a solid foundation for your business.

3. Prepare your people plan

If your goal is to keep your business growing, it's vital that you plan ahead and steer your organization in the right direction. A successful growth plan is deliberate and requires forethought.

For example, are the right people in the right roles to support your growth plan? Is there a training program in place to prepare your current employees for future promotions? Do you have a goal-oriented performance strategy in place?

A positive culture that promotes growth and personal development is key to growing your business.

With a PEO, you get access to specialists who can take a broad look at your business, employee base and management structure and advise you on how to put your company on

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Michael Timmes

*Senior Human Resource Specialist
Insperity*

Michael Timmes has been in the HR field for more than 20 years. Introduced to HR early in his career in the hospitality industry, he decided to return to school at Rutgers University, earning a master's in Human Resource Management. Timmes also holds a Senior Professional in Human Resources (SPHR) designation and a Certified Professional Coaching designation from iPEC, the Institute for Professional Excellence in Coaching. In addition to working in hospitality, Timmes' professional journey includes experiences in manufacturing, IT and financial services. Timmes is currently a senior human resource specialist at Insperity.

You can contact Michael Timmes at solutions@insperity.com.

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Visit ERA.org for more information.

EDS 2018: Were you there?

All of us are back from EDS. We have files to unpack, business cards to file, action items to follow up on ... all to be done while trying to get caught up and get back to the day-to-day activities of our business. Whew — finally, things are ALMOST back to normalcy!

But wait. Why did we go to EDS in the first place? Wasn't it to meet NEW people, to seek out NEW manufacturers, NEW technologies, and learn NEW stuff from the many breakfast meetings, the manufacturer breakout session, the reviews conducted in the suites, or from the new folks met at casual "run-ins" while at breakfast, lunch, dinner or after-dinner drinks? Isn't all of this beloved chaos and madness exactly why we went to EDS and why we love it? Despite the common complaint, "EDS is such a death march," and telling everyone how much we hate it ... we really DO LOVE IT!

We love the action, the thrill of the hunt, meeting new folks, doing deals and seeing old friends. It is in our DNA — if it is May, it is EDS in Vegas!

So what now? What do we do with all of the "stuff" from EDS — brochures, pens, handouts, thumb drives with presentations, business cards — all with notes on the back to follow up when we get home?

Most of us have a tendency to put everything in a corner of our office, get back to our normal jobs, and "as soon as" we get caught up, dig through the stuff and begin to follow up.

Does this sound familiar? Is this YOU? It is certainly true for me. It is human nature to go back to our comfort zones, our day-to-day normalcy, and do our job. After all, it is what we are being paid to do! Or is it?

Why did you or your company decide to make a HUGE investment in your attendance at EDS? Is it so that you could return and do the same things over and over? NO.

You went to EDS to learn about new technologies, to meet new people, to see how you can do even better for your existing partners, so that you can return to the "real world" and

craft NEW PLANS for your companies. Plans that will take you and them into new (and perhaps uncomfortable) areas. This is the only way to continue to remake yourself and your company, and to remain relevant and forward-thinking in these ever-changing times.

Your job as the company leader is to position your company to "Skate where the puck is *going*," not to where it is *now* because, when you get there, you might find out that the puck (the market) has moved on, and you and your company are left behind.

The measure of success of any meeting or conference is pretty simple: What is different 30 to 90 days afterward? If nothing changed, it was all a waste of money and the most precious commodity we all have — TIME!

I can almost guarantee you that, in all those folders and business cards, there is at least ONE opportunity for your company that is waiting for you to follow up on. Don't let another rep, manufacturer or distributor who also met with that company BEAT YOU TO THE PUNCH and follow up first, so when you finally get around to following up, you are given "the Heisman" and told that the opportunity is gone.

Some may say, "Oh well ... it is not my fault." Or is it? The measure of success of any meeting or conference is pretty simple: What is different 30 to 90 days afterward? If nothing changed, it was all a waste of money and the most precious commodity we all have — TIME!

So ... put down your coffee (After you read *The Representor* of course!), and dig out your EDS 2018 folder or box. There is gold in there. You just need to find it before your competition.

I also need to dig out my own "stuff" from EDS and do my own follow-up. My apologies to all of you to whom I said: "I will email/call you when I get back." I hope the opportunity is still there when I do.

ERA at EDS

EDS 2018 was a huge success for ERA! We had more than 600 people at our ECIA/

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by Walter E. Tobin
ERA CEO
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These companies joined ERA during the second quarter of 2018.

(The ERA chapter of each rep firm is listed in *italics* after the company name.)

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Reflecting on EDS 2018

As I write this, we are all recovering from EDS — arguably the most taxing and rewarding week in our annual business calendars. EDS brings all the stakeholders in our industry together in one of the three major industry events of the year.

ERA and ECIA are the sponsoring organizations that own and manage the EDS Summit and as such, work together to insure that EDS continues to evolve in support of the ever-changing needs of our constituent member firms.

I can admit to recalling those earlier EDS shows when manufacturers would highlight new products with the expectations of booking special stocking packages from their distributors at the show. Back in the day, the reps role was more observational with plenty of emphasis on the “social” aspects of EDS week. Oh, the stories we all could tell! There was actually one year when EDS was moved to New Orleans; probably the only other city that could make Vegas seem tame!

EDS 2018 followed a structure that has morphed over the past number of years where the week has extended on both ends and now includes rep/manufacturers QBRs, sales meetings, industry overview breakfast sessions, golf events, and other on- and off-site gatherings, to take advantage of the fact that we are all together in one place at one time. As crazy as the week at EDS can be, and it's as draining as a triathlon, it is an almost unique opportunity to “touch” most of your business partners.

The EDS Summit creates this opportunity through the support of the member firms of ERA and ECIA. Manufacturers, distributors and representatives invest time and resources through their team members who actively participate in the extensive planning and

preparation required to make it all work. The day after EDS 2017 concluded, work began to put shape to EDS 2018.

Those many volunteers from the three constituents of our EDS community deserve our thanks for a job well done! By most reports, it was a pretty seamless EDS this year, which requires a great deal of behind the scenes efforts to make that so.

As crazy as the week at EDS can be, and it's as draining as a triathlon, it is an almost unique opportunity to “touch” most of your business partners.

The Spark initiative brought together a few dozen participants representing the best and brightest from our member firms. As this program continues to grow, the Spark attendees and alumni are building their network which will, no doubt, be a foundation upon which the future of our industry builds.

This year there was an APAC session helping our attendees from Asia better understand our ecosystem and how to get the most from their investment at EDS. We hope to increase the attendance next year for what turned out to be a very worthwhile effort.

Each morning as I sat in one of the now traditional breakfast meetings, whether hosted by TTI, Digi-Key or ERA/ECIA, I was reminded how valuable having this time together can be. Beyond all the individual, supplier specific meetings, these “community gatherings,” thanks to our various host entities, bring us together to learn, exchanges ideas and prepare for the future.

Many thanks to those who support EDS each year by not only coming to Vegas, but by joining us at the EDS venue as on-site participants. Your continued commitment to EDS and the herculean effort to ensure its success allow us to deliver the value our attendees have come to expect.



by David Norris
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For more information, email rtally33@cfl.rr.com.

Buying or selling: Key factors for sales rep agency valuation

Recently, a client requested our help with a succession plan. The rep agency had two 50 percent owners. One of the owners had a son active in the business and wanted to transfer his stock to his son. Both owners, as well as their accountant, had assumed that the stock was essentially worthless. Based on our analysis, however, including the application of a reasoned valuation formula, a purchase price was derived of approximately \$600,000 for 50 percent of the stock.

A common starting point in valuing a rep firm is to look at 100 percent of the previous year's gross commission income. From there, it is important to consider several factors that tend to increase or decrease the value. Factors such as long-term and stable relationships with principals and customers, selling products with a promising future in the market, and the firm's commission income stream on the rise, tend to increase the price. Meanwhile, downward sales trends, short-term relationships, high employee turnover, and a concentration of revenue in a small number of customers or principals are factors that tend to lower the price of a rep firm.

Sellers often desire the perceived certainty which comes with a fixed purchase price. A fixed purchase price is typically based on historical performance. Ordinarily, the price can be as simple as 100 percent of the previous year's gross commission income, or it can be based on an average or weighted average of two or three prior years. A fixed purchase price appears to favor the seller, unless commission income is expected to grow substantially in the near future. In reality, however, few sellers are motivated to sell at a time when commission income is steadily growing.

Buyers and sellers should both be concerned about a fixed purchase price when the loss of a key line or territory, or the loss of a key customer or key sales employee, can have

a substantial negative impact on the value of the agency and its ability to pay the purchase price. This is so because the purchase and sale of a rep agency is almost always a "bootstrap transaction," i.e., the buyer's ability to pay the purchase price, and the seller's ability to get paid, is always dependent on the stream of income available from the business itself.

As a result, in transactions with a fixed purchase price, the parties often allow for the purchase price to be adjusted downward in some fashion upon the loss of a key line, territory, or customer. This protects the buyer, of course, and fairness would dictate that an upward adjustment should occur if business improves. Otherwise, the seller is asked to accept the downside risk while receiving no upside benefit.

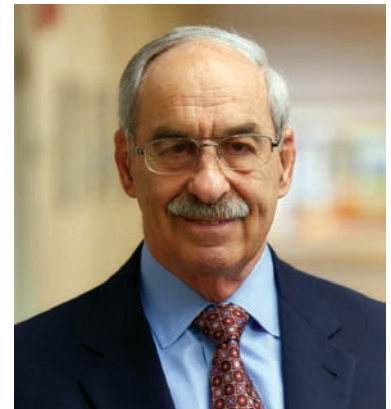
If the parties mutually expect that business will only decline, this can prove acceptable, but this is seldom the case.

We tend to favor a variable purchase price based on future performance, whether we are representing the buyer or the seller. For example, the price could be 15 percent of gross commission income for the seven years following the sale, which equates to 105 percent of gross commission income. Moreover, we have found that most agencies can afford to pay 15 percent of gross commission income after a sale without threatening their all-important cash flow.

If the agency value increases due to positive business factors, the payment term might be extended. For example, payment of 15 percent of gross commission income for 10 years following the sale equates to 135 percent of gross commission income. This approach provides the buyer with downside protection, while also yielding an upside benefit to the seller.

Parties using a variable purchase price will

Factors such as long-term and stable relationships with principals and customers, selling products with a promising future in the market, and the firm's commission income stream on the rise, tend to increase the price.



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, Leonard J. Gambino.

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(continued on page 23)



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2018 tax rules for salespeople and autos — enough to drive you crazy

The new tax rules for 2018 forward are foreboding for salespeople. We can begin with a review of the itemized deduction changes.

Many salespeople drive their own cars for work and receive a flat allowance from their employers for the use of their cars. A corollary situation would arise if they received no allowance, or their allowance was included in their Form W-2. In any of these scenarios, the deduction for the car is completely up to the salespeople. It is then their responsibility to report their actual expenses on their tax returns. The expenses then would be reported on their personal returns under the “miscellaneous” section of Schedule A on their tax returns, reduced by any allowance received that was not included in their W-2. That was so last year!

With the passage of the new tax law, Congress eliminated the miscellaneous deduction section of Schedule A. As a result, autos cannot be deducted on Schedule A, and salespeople will be fully taxed on any flat allowances.

The auto deductions are not the only items knocked out by the elimination of the miscellaneous deduction category. Other items no longer deductible include: non-reimbursed entertainment and meals, association dues, trade publication subscriptions, unreimbursed business cellphone use, legal fees, tax preparation fees, safe deposit box rental and broker fees. The only deductions left are those that were not included in the items subject to the 2 percent limitation of adjusted gross income. The main item that is still deductible is gambling losses to the limit of gambling income.

Congress eliminated the miscellaneous deduction section of Schedule A with passage of the new tax law. Therefore, autos cannot be deducted on Schedule A any longer, and salespeople will be fully taxed on any flat allowances.

The best arrangement for companies with salespeople appears to be requiring sales personnel to submit expense reports, including business mileage and other business sales expenses. The IRS has approved a rate of 54.5 cents per business mile for 2018 reimbursement. In lieu of that, a business could allow its salespeople to report actual costs, including a calculation of depreciation based upon the percent of business versus overall use. Depending on the number of salespeople, this could put a lot of responsibility on the shoulders of the company to determine what is reasonable for IRS purposes.

I really believe that in its construction, this is a mean law. It lowers the tax rates a little (about 2 percent) in most brackets, and hurts a great many people with loss of deductions in order to give the very wealthy some huge tax breaks.

The IRS has advised taxpayers recently to estimate their taxes for 2018 under the new provisions. With real estate and state income taxes limited to a combined total of \$10,000, the loss of miscellaneous deductions and casualty losses and also the loss of exemptions, many people who have itemized their deductions on Schedule A will find in April 2019 that they will owe more in taxes, not less.

The IRS issued lower tax withholding tables which could exacerbate a year-end tax liability problem. The IRS should be, and apparently is, worried about an April national uprising, with many taxpayers unable to pay their balance due. Now is a good time to check your future tax liability to avoid a financial problem next April.



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.

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ITEM MEDIA is a results-driven marketing company that serves electronics manufacturers, suppliers and representatives. The company specializes in brand awareness, content creation, online event creation and lead generation. Visit item.media for details.

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REMBRANDT ADVANTAGE offers tools for employee selection, development and evaluation. ERA members say they can't do without this company when bringing new people on board or evaluating current personnel. For more information, visit rembrandtadvantage.com.

SPYRE GROUP offers resources that help sales rep firms provide value to the manufacturers they represent and increase efficiencies for their sales teams. It provides web, print and presentation development services, along with packaged solutions. For details, contact Patrick Knoelke at 913-499-6014, or visit spyregroup.com/rep.

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The SALESWISE ACADEMY is specifically designed for engineers and other technical salespeople. Nicki Weiss offers bi-weekly, 10-minute audio lessons with follow-up calls to help participants feel more confident in working with customers. For a free trial, go to saleswiseacademy.com/era.

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ORGO SALES ENGINE is a software program for sales organizations on the go. It tracks sales from multiple manufacturers; reconciles commissions with ease; offers sales reporting tools; and makes communications with team, factories and customers intuitive and quick. For details, visit orgosales.com.

SCHOENBERG, FINKEL, NEWMAN & ROSENBERG, LLC, offers legal Expert Access services to all ERA members. An initial consultation on any commission recovery or other rep-related business matter is available without charge. Visit salesreplaywers.com. Or call Gerry Newman or Adam Glazer at 312-648-2300.

JJM SEARCH is the global executive search firm founded by Carla Mahrt, a 20-year electronics industry veteran. JJM is part of the MRI Network – leaders in the search and recruitment industry for over 40 years. Let Carla connect your company with bright, qualified candidates for your openings. For details on JJM, go to jjmsearch.com.

EMPOWERING SYSTEMS offers ERA members discounts on its CRM tools for both reps and manufacturers. Online demos are available for both the AccountManager and AccountReporter programs. Visit empoweringsystems.com for details.

ERA RepProtect is an insurance resource for manufacturers' representatives. Full package coverage is available, including commercial general and product liability. Unique to ERA, professional liability is available for reps who advise or provide design assistance which goes past what general liability covers. Learn more at normanspencer.com/erarepprotect, or call Byron Spencer at 800-842-3653, x223.

RPMS offers sales analysis, commission reconciliation and sales force data exchange software designed exclusively for manufacturers' reps. For more information, go to rpms.com.

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ERA UNIVERSITY provides members, employees and families with hundreds of online college, business, technology and special interest courses through 1,500 educational institutions. The instructor-led classes offer live interaction and access to lessons 24-7. Most classes run six weeks and include 12 two-hour lessons for \$79. For details, go to ed2go.com/era.

UPS is an ERA member service provider for shipping of all kinds. For discounts of up to 34 percent, call 800-MEMBERS (636-2377).

ALL ERA TELEFORUM AUDIO FILES, covering 30+ educational topics for reps, manufacturers and distributors, are now available at no charge to members. To review the teleforum library and download files, go to era.org.

*For a complete list of ERA's Recognized Resources, check out the Member Services page at era.org. Then link to a service provider's home page for more information. Or take advantage of services from companies like **Avis** and **Hertz Car Rentals** (which are accessible ONLY via the ERA website).*

All ears: How to sell more through Level 2 listening

In sales, listening is a form of magic that leads to more sales.

When customers are truly listened to, they feel known and understood. People get bigger when they know they are being listened to and they are likely to share more. They feel safer and more secure as well, which leads to trust. That's why listening with authentic curiosity can produce profound business results.

And yet, for many people, including sales professionals, listening has become a lost art. A general rule of thumb is that as a sales representative, you should be talking or asking questions about 30 percent of the time and your customer 70 percent of the time. That means you should be listening 70 percent of the time. It is very simple: If you are not listening enough, you are losing sales.

However, it is not just about how much you listen, it is about the quality and depth of your listening.

There are two levels of listening — Level 1 and Level 2.

Level 1 listening is the most common and has little depth or impact. At Level 1, our attention is on ourselves. We listen to the words of the other person, but our focus is on what it means to us. At Level 1, the spotlight is on ourselves — our personal thoughts, our opinions, our advice, our solution to our problem, our opportunities. Level 1 conversations are usually fairly one-sided, and the buyer feels like a little

more than a potential purchase order.

Level 2 listening, however, is where the money is. At Level 2, there is a sharp focus on the other person. You can see it in people's posture when they are listening at Level 2 — leaning forward, looking at the other person with authentic interest. The listener's attention is centered on the other person with not much awareness of the outside world.

True influencing and selling begins at Level 2 listening because it creates a high level of empathy, collaboration, clarification and trust. At this level, you are unattached to your ideas and opinions, you are not preoccupied with your own agenda.

True influencing and selling begins at Level 2 listening because it creates a high level of empathy, collaboration, clarification and trust. At this level, you are unattached to your ideas and opinions, you are not preoccupied with your own agenda. The conversation becomes spontaneous, your questions flow seamlessly from what your buyer is telling you, and you are no longer constantly trying to figure out your next move.

In fact, if your attention is on trying to figure out what to say next, what brilliant question to pose to the buyer, that should be a clue that you are listening at Level 1 and inside your own experience.

Also, if you are talking endlessly, that is another clue that either you have stopped listening, or you are too focused on Level 1 listening — being the expert, solving the problem. The time for that is in the next phase of the selling process, once you truly understand what the buyer needs, why they need it, what it means to them, and once you have built a high level of trust and engagement ... by listening at Level 2.



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 that 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.

ERA ANNOUNCES 2019 CONFERENCE COMMITTEE

ERA announced the appointment of the chair, vice chair and members of the committee tasked with the development of its 50th Anniversary Management and Marketing Conference program, scheduled Feb. 24-26, 2019, at the AT&T Conference Center in Austin, Texas.

The chair of the committee is John Hutson, CPMR, of MacInnis Group and the vice chair is Mike Swenson, CPMR, of Mel Foster Company. Both Hutson and Swenson are returning committee members.

In addition to Hutson and Swenson, other returning members of the ERA 2019 Conference Committee are: Ken Bellerio of Schaffner EMC; Holly Myers, CPMR, of Wallace Electronic Sales; John O'Brien, CPMR, of Coakley Boyd and Abbett Inc., ERA Sr. VP/Education; and Bryan White, CPMR, of Catalyst Sales Inc.

New members of the committee are: Kingsland Coombs, CPMR, CSP, of Control Sales; Paul Doser of Digi-Key; Brian Flynn of Sager Electronics; Terri Straube of Straube Associates Inc.; and Tom Vanderheyden of TTI Inc.

ERA staff members on the committee are: Walter Tobin, the association's CEO; Erin Collins, the conference coordinator; and Neda Simeonova, the conference app coordinator.

Hutson said, "It is an honor and a privilege to be chosen as the 2019 ERA Conference Chairperson. Although the incredible success of recent conferences, and the fact that the 2019 ERA Conference will be the 50th Anniversary Conference has set the bar exceptionally high, I am confident that delivering another gold medal performance will be possible with the outstanding conference planning committee that we have in place."

ERA INTRODUCES A DESIGN REGISTRATION (DREG) TASK FORCE

ERA announced the formation of a Design Registration (DREG) Task Force. The task force will review the current State of the Union for the DREG Program and make recommendations on what changes need to be implemented to address the current needs of manufacturers, distributors and reps. The impetus for this initiative was a result of the ERA Conference held in February in Austin, Texas, where many of the association's reps, manufacturers and distributor members asked ERA to revisit this issue and make appropriate recommendations.

The ERA DREG Task Force consists of the following industry experts: Lori Bruno, vice president distribution, Luscombe Engineering Company; Mike Calabria, CEO, Abracon; Dana Canatsy, director channel management, Finisar; Mike Carroll, vice president of global sales, RFMW; Julie Fajardo, director national distribution sales, TDK-Lambda; Mike Lasley, president, ION Associates; Chris Reginato, manager business analytics operations, Avnet; John Simari, CEO, Simari Consulting LLC; Walter Tobin, CEO, ERA; Tom Vanderheyden, vice president Americas sales, TTI; and Karim Yasmine, corporate vice president strategic supplier development, Future Electronics Inc.

ERA CEO Walter Tobin comments on the formation of the DREG Task Force: "Many of the task force members have experience across the rep, channel and manufacturer communities and bring together some great industry DNA. ERA has begun this initiative and will be announcing recommendations once the task is complete."

SBLC RELEASES GUIDE TO THE DEDUCTIBILITY OF EXPENSES FOR MEALS AND ENTERTAINMENT UNDER THE NEW TAX LAW

In June, the Small Business Legislative Council (SBLC) released its Guide to the Deductibility of Expenses for Meals and Entertainment Under the New Tax Law. Prior to the passage of The Tax Cuts and Jobs Act (TCJA), 50 percent of expenses for business-related meals and entertainment that were not "lavish or extravagant" were deductible; and 10 percent of expenses for meals provided as a "fringe benefit" to employees by the employer were deductible.

After the passage of TCJA, entertainment expenses — even if they are directly related to or associated with substantial business discussions — are not deductible. Also gone are deductions for payments for membership dues for any club organized for business, pleasure, recreation or other social purpose. Businesses can still deduct 50 percent of meals for employees when traveling or when discussing business with clients or prospects as long as meals are not lavish or extravagant. For more details on the SBLC guide, visit <http://era.org/online-tools/sbcl-reports-legislative-updates/>.

IN MEMORIAM OF DEON D. HENDRICKSON

ERA mourns the loss in late March of Deon D. Hendrickson, former owner of CBX Electronics, of Orlando, Fla. He was 80. Deon served as president and a long-time leader of the Florida-Sunshine Chapter of ERA. He was recognized for his dedication and contribution to the electronics industry and was inducted into the ERA White Pin Group in 2001. Memorial contributions may be made to: Crohn's & Colitis Foundation, National Processing Center, PO Box 1245, Albert Lea, MN, 56007-9976, or Warrick Humane Society, 5722 Vann Road, Newburgh, IN 47630.

At EDS 2018, there seemed to be a sense of cautious optimism to almost a bipolar degree. On the one hand, there was optimism based on the omnipresent proliferation of electronics in our homes, cars, and generally every aspect of our lives. On the other hand, there were all the conversations (and moaning) that revolved around increasing component shortages and their restrictive effects on immediate growth.

This was a kind of “good news, bad news” scenario except that both were the very same news.

Manufacturers (except for salespeople who must face customers and field expedite calls) are very excited about the demand in the market. Distributors also have posted positive results, selling their inventories and looking toward the future. It appears that anyone associated with the electronics industry can't be anything but elated at the prospect of all of the new products being developed and manufactured that will include a printed circuit board and their accompanying components. But as Stephen Covey said, “If you pick up one end of the stick, you also pick up the other.” This condition has created extraordinary demand.

Jessie Shen cited a quote from IC Insights in a June DIGITIMES Taipei article, “The automotive IC market is on pace to grow 18.5 percent to a new record high of US \$32.3 billion in 2018 ...” Along with those ICs, go a plethora of passive components that are being consumed at higher and higher rates. In addition to the automotive consumption, the manufacturing of cellular handsets is another culprit in the overworked supply base. By most indications, passive component demand to support the cellular telephony market has grown exponentially over the past several years. Shortages now abound.

The letters “M-L-C-C” struck terror into the hearts of reps, manufacturers and distributors everywhere in Las Vegas. You had a better chance of winning on the slot machines than finding someone with a reasonable lead time for an MLCC, let alone a short lead time. Although there are plenty of other troublesome parts, MLCCs seem to be the poster child of this current shortage phenomenon.

So, is there a light at the end of the tunnel? When do the experts see things loosening up? Seemingly, there is no obvious consensus among those whom I heard or spoke with specifically. Finding a common answer to the question, “When do you think things will begin to loosen up?” is about as easy as getting people to agree on what is the best kind of car to drive. My own very unscientific poll resulted in answers ranging from the end of 2018 to the end of 2019, and many said, “I have no idea at all.” The last one may have been the most popular answer.

The good news is that demand is up, there are orders to be had, and there are more and more inventions, developments and redesigns using more and more electronic components across the globe.

This should serve to strengthen our industry for years to come. The bad news is that lead time that was 12 to 14 weeks, is now 42 weeks ... oh, no, wait, it is now 60 weeks. Call me back next year.

A couple of weeks ago, I wandered into the kitchen, poured myself a coffee and decided to have some sausage for breakfast. I had prepackaged serving size packages in the freezer so I opened the freezer door and retrieved a SOFT package of sausage. Yep, my refrigerator had died. That determined part of my day's activity — to go shop for a new refrigerator.

I found that today's refrigerators could basically be the center of activity. I checked all the new refrigerator bells and whistles and determined that I really did not need to call my refrigerator from the grocery store to find out if I need milk or butter, so I settled for a more modest model, yet one with a lot more features than the one that died. This brought to mind a number of articles that I have read recently that address the exciting and somewhat mind boggling advances in technology. Here are a few of the headlines: “The Pursuit of What's Next,” “The Future's so Bright ...,” “Transformative Technologies for the Near Future,” “The Coming Power of AI,” “AI: The Big Buzzword at ISC West.”

These articles discussing artificial intelligence (AI), deep learning, IoT, and IIoT, perhaps invoke memories of Stanley Kubrick's “2001: A Space Odyssey” where HAL 9000, the shipboard artificial general intelligence computer, when commanded to “open the pod bay doors,” replied: “Dave, I'm afraid I can't do that.” I suspect that all of us have some concerns about computers and robots becoming “too smart,” and that perhaps Alexa is hearing too much.

People studying Industry 4.0 suggest a coevolution of workers and manufacturing operations. The IoT is quickly changing how products are manufactured. Technology has a starring role, but the success of the technology is in the hands of factory personnel. What this means for us is that we must continue to develop skilled people to ensure the continued progress of our manufacturing operations.

Most studies that I have read indicate that with the rate of automation we are seeing, there will continue to be growth in job opportunities in manufacturing rather than a reduction. The jobs will be more skilled and result in higher pay. This means that we must devote the necessary resources for ongoing training to try to stay ahead of the curve. A recent article that I read in Florida Trend, “Wireless World” addresses that. The University of Florida has established the Warren B. Nelms Institute for the Connected World. It will work in conjunction with Florida Institute for Cybersecurity Research, MIST (Multi-Functional Integrated System Technology) Center and NSF (National Science Foundation) Center for Big Learning. I am sure that there are other centers like this and more will be created to deal with the exciting future ahead of us. While we are not sure what the future holds, one thing is certain, “You ain't seen nothing yet.” Buckle up and hang on tight, the future is rapidly approaching and it will be exciting.

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LEGALLY SPEAKING: Valuing a sales rep agency

(continued from page 15)

sometimes include a cap and a floor on the price. This can assure the buyer will never “pay too much” and the seller will never “receive too little.”

In addition to their commission income, some reps also act as distributors, buying inventory from the principal and selling it at the markup they can obtain in the market. Valuing this part of a rep business is different than the straight commission business.

Three components are potentially involved in valuing the buy-sell portion of the business: inventory, accounts receivable and gross margin. A buyer may or may not buy the inventory or the accounts receivable. If they do, saleable inventory is typically valued at the lower of cost or market, and accounts receivable are typically valued at their face amount, less an appropriate discount for doubtful accounts. If the buyer is acquiring the accounts receivable, the buyer should also assume the trade accounts payable.

The real issue, however, is valuing the buy-sell business as a going concern. Here, the parties typically use gross margin rather than gross commission and apply the same formulas discussed above.

In connection with succession planning, the goal is always to craft a valuation formula that not only results in an appropriate value, but one that can also be applied without generating controversy or incurring substantial expense. For these reasons, we generally avoid using a multiple of EBITDA (earnings before interest, taxes, depreciation and amortization), or providing for the value to be determined by a third-party appraiser.

Clients are also counseled to avoid using a fixed value as of a certain date, subject to periodic review and adjustment. Experience teaches that most rep agencies will neglect to actually review and adjust. This can result in a dispute when a triggering event occurs and an outdated valuation is reflected on the books.

Bearing these general principles in mind, it remains the case that every rep agency is unique and, therefore, every agency valuation requires careful attention paid to both the factors identified above, and the particular goals of the buyer and seller. Reps considering buying or selling an agency are well-advised to keep these valuation approaches in mind. ■

FEATURE ARTICLE: How PEOs can help

(continued from page 9)

the best trajectory for growth. Having a team of HR experts proactively directing your path can keep your business from taking a wrong turn and losing momentum.

PEOs remove guesswork from planning by working with you to:

- Identify skill sets your company needs to reach growth objectives;
- Create detailed job descriptions and establish a strategic selection process;
- Design and implement an ongoing performance management process;
- Develop company policies and practices to help limit your liability and costly litigation;
- Receive guidance on how to establish competitive pay so you can attract and retain talent; and
- Develop your company's mission, vision and values.

Work with a PEO to help ensure everything is aligned and pointing in the same direction. You can fully examine your current organizational structure, departmental and individual goals, and company policies. Your growth will be a thoughtful and deliberate process that will continue to support your business through every cycle.

Meanwhile, a PEO can help keep your business on the right track by taking on much of the cumbersome jobs of HR administration so that you have more time and resources to devote to running your business.

When the burdensome responsibilities of employer-related governmental compliance, HR strategy and growth plans are handled proactively, you will have fewer HR concerns — opening the door for you to achieve success. ■



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 Carolinas Chapter is continuing to host its monthly networking breakfasts throughout the summer. On May 21, the chapter held a networking program that focused on LinkedIn tips. The title of the event was “Tips for Prospecting and Creating a Top-Notch Profile!”

CHICAGOLAND - WISCONSIN

Chicagoland-Wisconsin ERA is once again planning to host its annual baseball outing. This year’s event is the “crosstown classic” Chicago White Sox vs. Chicago Cubs at Guaranteed Rate field on Sept. 21.

The chapter also held a networking lunch on June 1 at the Avnet facility in Hoffman Estates, Ill. Richard Greaves of Empowering Systems was the guest speaker and gave a presentation on “Leveraging the Latest Collaboration Tools.”

EMPIRE STATE

Empire State ERA continues to grow its membership in 2018 in the rep, distributor and manufacturer categories. The addition of new board members and creation of new chapter leadership roles has been a positive step forward to service the increased and diversified membership needs of the chapter.

Empire will host its annual signature golf event on Aug. 6, at Ravenwood Golf Club in Victor, N.Y. This event features a golf

tournament, scholarship program and presentation by the American Cancer Society for the charitable work and donations the chapter continues to provide. For more information on the golf tournament, contact Rob O’Rourke at rorourke@nycom-inc.com.

MICHIGAN

The Michigan Chapter is revitalizing and planning for a kickoff event in September. The chapter has elected new officers. President is Matt Cohen, CPMR; VP of Finance/National Delegate is Mallerie Merchant; VP of Membership is Brook Merchant, CPMR; and VP of Operations is Mike Pecar, CPMR.

MINNESOTA

The Minnesota chapter of ERA will host an evening program on Aug. 1 featuring Michael Knight, president of TTI Semiconductor Group (TSG) and senior vice president of corporate business development at TTI Inc., who will present “The Evolution of Homo Sapiens into Homo Technicaeus.” This presentation explores and interprets some of the latest advances in technology with an eye toward gaining an understanding of the ramifications for our culture, business and the very definition of what it means to be human.

METRO NEW YORK

The Metro New York Chapter is planning its 3rd Annual Charity Golf Outing, which will be held again at St. George’s Golf & Country Club in Stony Brook, N.Y., on June 25, 2018.

NORTHERN CALIFORNIA

The Northern California Chapter hosted a meeting on April 10 featuring a presentation by ERA CEO Walter Tobin, as well as an interactive panel discussion with Bryn Davis, engineering manager, Lockheed Missiles and Space; Koti Ancha, supply chain innovation and solutions, Jabil; Drake Margiotta, co-founder and CEO, CloudNav; and Sharon Woo, CEO, Peak Technology Enterprises Inc. The panel shared insights on the most effective ways to improve your business and how to bring more value as a manufacturers’ representative.

COLT 2018 slated in October-November

ERA’s Chapter Officers Leadership Training (COLT) program has been set for 2018. The one-hour webinar program will take place on Wednesday, Oct. 24, 2018, and the in-person meeting will be held in Chicago, Nov. 7-8, 2018, at the Double Tree Hilton O’Hare-Rosemont. Registration is open.

COLT is a training program for anyone interested in taking a leadership position in their local ERA chapter. Chapter officers, both current and future, come together for an intensive program teaching practical knowledge, tips and ERA insider information to help them meet the challenges of serving as a volunteer leader. The COLT program details how to effectively run a chapter, including hosting events, chapter bylaws, member recruitment, educational programming and more.

COLT is coordinated by Bob Evans, CPMR, president of EK Micro and chair of the Chapter Leadership Council, Stephanie Tierney, membership outreach coordinator for ERA, and Walter Tobin, ERA CEO.

For more information on COLT 2018, visit era.org.

SOUTHERN CALIFORNIA

On May 23, Southern California ERA held a program about “Understanding and Working with Millennials.” The guest speaker was Barry Wright, senior partner at Grosvenor Training and Consulting. The chapter found the venue to be exciting with a great educational program for members. The grand finale was an extended tour of the John Force Racing Museum and then John Force himself came out, introduced himself and shook everyone’s hands.

SOUTHWEST CHAPTER

Southwest ERA held a chapter luncheon in Richardson on June 29. The speakers were

Drew Snow and John Jacobs from TechTitans.

SPIRIT OF ST. LOUIS

The Spirit of St. Louis chapter organized the Electronic, Electrical, Engineering and Manufacturing Show 2018 (EEE&M) on April 11, 2018. The EEE&M Show was held at the Orlando’s Event Center and included 46 exhibitors and seven technical seminars throughout the day. This event promotes the electronics community (reps, distributors and manufacturers), and showcases products and services to the local customer community. It was well attended, providing value to customers and excellent leads to the exhibitors.

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 - Valuing, Buying, Selling or Merging a Rep Firm

For details and an order form, go to era.org.

COVER STORY: Looking for talent

(continued from page 6)

win-win solution. You deputize your employee base as recruiters who are out selling and promoting your company. The statistics associated with employee referrals are hard to ignore:

- Retention rates of 46 percent versus 33 percent of organizations that only use career sites.
- New hires obtained through employee referrals finish training and onboarding faster than hires from other sources.

When you do successfully hire a candidate referred by an employee, you get to reward the referring employee with a bonus. These types of employee benefits have a ripple effect in the company as other employees see their peers referring candidates and get more engaged. The rewarded employee feels a sense of gratitude to the company for the extra cash. In addition, your team just got stronger because a trusted contact was brought onto the team.

If the you are not able to pay a cash bonus, be creative. Research shows that 15 percent of companies offer additional vacation days. It is also important to remember that not all referrals come from employees; 41 percent come from the organization's external network.

Over the past two years, the number of chief executive officers and vice presidents of sales who have posted job opportunities on LinkedIn to their network has increased exponentially. Your next employee could be the next-door neighbor, niece or nephew of a long-time business contact, or an old classmate or friend.

The adjustment to the age of information sharing is significant. However, think of how quickly we have adapted to this new reality due to the constant presence of the little electronic device that is with us constantly — our phone. How many times per day do you check your phone? Think of all of the reasons you do: email, text, sports scores, YouTube videos ... or just Googling something.

After you are done reading this article, Google your company name, your corporate website, LinkedIn page, Glassdoor reviews, etc., and review the information from a candidate's perspective. How much information are you sharing? You will quickly see where you need to expand. ■

EXECUTIVE COMMENTARY: ERA at EDS

(continued from page 11)

ERA breakfast who came to listen to Liz Laderman of the Federal Reserve Bank talk about the Fed policies and their impact on our day-to-day lives. Many thanks to all who attended!

The Connections Café was alive and had a real “buzz” this year. Did you feel it? I did. There were almost no seats available at most times. We welcomed many companies BACK to the Mirage who had stayed “off property” in the past and made folks walk the famous “Las Vegas Block” to meetings off site. As you all know, the walk “next store” takes 45 minutes and prevents you from booking a meeting just prior to or right after the off-property meeting ... so, thanks for staying at the Mirage and truly becoming a part of EDS!

Our ERA Business Center was always jammed! It was great to see so many ERA members and sign up new ones, to have you meet our great staff and celebrate together the great organization that is ERA. Both of our conference rooms were booked almost 100 percent by YOU for private meetings. We will have these two rooms again in 2019.

As you noticed, we had stricter enforcement of your EDS Show Badge credentials to access all of the venues at EDS. In today's times, we need to ensure the safety of all attendees while at the show. All of us at ERA appreciate your support of this heightened security as we continue to work hard to put on a great show in a safe environment.

On a personal note, I want to thank all of you who stopped by to say hello. Your membership and support of ERA and our team is most valued and never taken for granted.

Now, let me get to those business cards from EDS and return those calls! ■

Electronics Representatives Association



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Other ERA Services & Publications

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

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- 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)
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- Selling Through Manufacturers' Representatives
- ERA Code of Ethics
- Recommended Technical Standards for Distribution Point-of-Sale Reporting
- FAQs Manufacturers Ask About Representatives
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- Board of Directors Meeting - Oct. 18, 2018
- COLT Webinar - Oct. 24, 2018
- COLT In-Person Meeting - Nov. 7-8, 2018
- 50th Management and Marketing Conference - Feb. 24-26, 2019

A book review and recommendation by Dan Beaulieu

The One-Percent Edge: Small Changes That Guarantee Relevance and Build Sustainable Success

by Susan Solovic
Copyright: 2018 Amacon
Price: \$24.95
Pages: 256 with Index

A provocative book on how small things make a big difference.

Occasionally, you read a book that truly makes a difference. I can tell I am reading a book like this one by how long it takes me to read it. That's not because it's boring or slow reading, certainly not! It's because I have to stop constantly to jot down ideas in my notebook because the book is stimulating me to come up with ideas that pertain to my own business. Susan Solovic's new book, "The One Percent Edge," is one of those books. She writes about change and how companies who refuse to embrace change ... die, and those who find a way to adapt ... win. She talks about how changes to steady your company and make it thrive in our ever-changing world do no have to be big grandiose life-changing initiatives, but rather small well-thought-out and executed gestures.

Let me get personal for a minute. I am not a fan of those big company "changing" initiatives like *re-engineering* or *total quality management*. Of course, they have their place, but as Solovic points, most of the time, they are not needed. Because most of the time, some simple adjustments will not only solve whatever problem a company is facing, but also make it a better company in the end.

One especially thought-provoking section of the book was the chapter talking about "customer edge." The first section of this chapter lists some questions that we should all be asking ourselves about our slant on our customers.

- Are we giving customers a reason to change their buying habits and fall in love with us?
- Are we using technology, tools and resources to best serve our customers?
- Do we constantly enhance the customer experience and deliver on expectations?
- Have we articulated a strong vision to our customer base and our prospects?
- Are our teams trained and empowered to serve the customers?
- Are we responsive to market shifts and changes in customer buying habits?

These questions should be framed and hung in every customer service department, or in everyone's department!

Later in the chapter, the author even breaks the customer service taboo and talks about firing customers. "Yes," Solovic writes, "the customer is not always right."

To paraphrase from the book. Customers should be fired if they are:

- Disruptive
 - Disrespecting your employees
 - Ignoring personal boundaries
 - Dishonest
 - Causing too much negativity
- Always late on payment or not paying at all
- Or too needy wanting many times more than what other customers require

Think about that for a minute. This should give you the idea that this is not your grandfather's or even your father's book, or even your book a year ago.

Read this book and it will rock your world.

Dan Beaulieu is the president and founder of D.B. Management LLC, 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.



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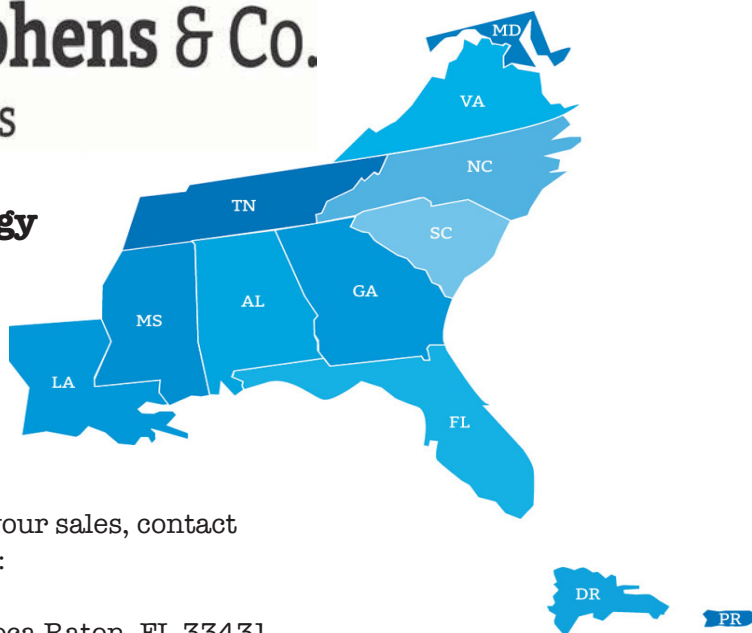
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