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Electronics Representatives Association

FALL 2021

Effective Email Marketing Strategies

How salespeople can utilize targeted email marketing to start conversations and generate leads



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FALL 2021

Effective Email Marketing Strategies

How salespeople can utilize targeted email marketing to start conversations and generate leads



This isn't really a numbers game. You can send general product email blasts to every person in your CRM and still get no tangible results. However, if you send emails specifically targeted to customers and prospects, using a system that provides you with information on who interacted with those emails, you now have information to help you engage those customers.

To paint the picture, imagine you live in Colorado and love flyfishing the shallow streams for Brown and Cutthroat trout. A sports outfitter gets your email address and starts emailing you general fishing promotions, followed up by more promotions that include deep-sea heavy-duty rods and reels because you are into "fishing." You'll probably ignore, unsubscribe, or block that outfitter from any future communications because it is not specific enough to your interests.

However, a second outfitter sends you periodic emails about fly rods, insights to flies and the streams they've been working on this year, or new state fishing regulations. You just might tune into these emails when they come across, even if you don't have your next fishing weekend planned.

Email marketing for salespeople not only needs to be targeted to the viewer to get their attention but there is also the layer of having to provide information to a person that may not know enough about the products they actually need. Technical sales professionals and sales engineers exist because their customers can't just open the internet and buy everything to fill their needs. Even great marketing efforts will fall short if the person receiving them doesn't know enough about

what they are looking to purchase.

Top tips

1. Send Something the Viewer Would Want to See

Most people don't want more email, but will give their attention if the content specifically hits their needs or interests. Content that really hits their interest, not just close enough. If you are sending an email to aerospace engineers about a new product, make sure your text content and imagery highlight the aircraft applications of the product.

Even great marketing efforts will fall short if the person receiving them doesn't know enough about what they are looking to purchase.

2. Small Batches

As a general starting point for each email campaign, every salesperson should sort through their contacts and find 15 to 20 that they want to engage regarding the products or lines highlighted in the email. It needs to be manageable, as each salesperson will hopefully be following up with most of them.

3. Stick to the Goal

The goal is to find out who is interested, so a sales professional can follow up with them. This works

through the automated data collection your email blast provider tracks, so each salesperson can see a report from their target list displaying who showed interest by opening or clicking any links.

4. Make the Effort

This is always challenging because it takes time from each salesperson, but the effort to select the right contacts to receive the targeted email is the difference in generating actual leads vs. wasting your time.

5. Have A Call-to-Action

This is an absolute must. Provide any link or button for the viewer to click, which is

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COVER STORY: Marketing strategies

(continued from page 5)

used to capture data by the email platform, and then provide you with details on who's interested. An email open isn't enough to go by. Use links to technical documents, videos, pricing or even drawing files. Any person curious enough to click a link in an email immediately becomes a serious prospect.

Steps to avoid

There are a few common missteps users often make utilizing mass-marketing platforms and should be avoided to not damage a company's reputation or push users to unsubscribe from future communications.

- Don't get too detailed or technical within the email.
- Don't just leave it to the marketing group.
- Don't email large unvetted lists.
- Don't send too often.
- Don't overwhelm yourself with email marketing data.

Even before 2020, customers were starting to want information first before engaging in a conversation, and email marketing was a viable tool. However, most sales professionals really didn't have any time to utilize these methods with their time spent on travel, in-person meetings and constant communication with current customers. If sales teams now have more time available for prospecting and need to grow their customer base, email marketing for featured products or new line announcements is a very viable option to start conversations and generate leads. ■

About the author



Patrick Knoelke is managing director and founder of Spyre Group

Spyre Group is a digital design + technology company focused on helping frontline sales professionals, a Microsoft Partner and Mailchimp Partner.

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Creating an email marketing plan

Best practices to consider when devising a strategy for your email marketing.

- **Define your audience** – have a clear idea of who your audience is in order to effectively communicate with them
- **Build email list** – use your reps' list of customers that you have directly communicated with and emailed previously to build your email list.
- **Build audience segments and groups** – organize your list into categories by creating audience groups and segments to send more relevant campaigns to your recipients
- **Decide what to write** – send emails with purpose, outline general content types you can include in your campaigns (upcoming events, news, new product announcements, etc.)
- **Set email marketing schedule** – establish email frequency and goals and set an email marketing schedule (an email at least once a month helps keep your subscribers engaged)

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Excelling through education, networking and building a professional brand



Christian Alviso

To gain a better insight into how young professionals in the electronics industry have turned challenges into opportunities and ensured continued growth, The Representor interviewed Christian Alviso, field sales engineer for Luscombe Engineering of San Francisco.

Alviso shared how continuing education, expanding his professional network and promoting his professional brand have helped him excel in the current business environment and the ever-evolving role of field sales.

Tell us a little bit about yourself.

As a San Francisco Bay Area native, I've been fortunate to live my 31 years of life in arguably one of the hottest locations for electronics innovation.

Despite having Silicon Valley right at my doorstep, I never would have guessed that my path would lead me to where I am today — working in a sales role as a manufacturers' representative.

The prelude to my career in electronics began at San José State University where I studied electrical engineering. During my tenure, I had the opportunity to become a member of the Pi Kappa Alpha fraternity as well as the privilege to be elected and serve as the president of the SJSU Student Branch Chapter of the Institute of Electrical and Electronics Engineers. These were two experiences that were paramount to shaping me into the man I am today, both personally and professionally.

Currently still a Bay Area resident; now with my wife of five years, my two-and-a-half-year-old son, my nine-month-old daughter, as well as our five-year-old terrier-mix.

How long have you worked in the electronics industry?

I have worked in the electronics industry for approximately seven years with the last four of those as a manufacturers' rep.

What made you choose this industry as your current career path?

Growing up, I always had an interest in computers, and one of my first jobs was in the electronics department at Target. In high school, there was a big push from the guidance

counselors and career center for students to choose a career path that was in demand, so it made sense to pursue engineering considering my interests.

The electrical engineering curriculum in college was very much tailored toward the electronics industry. While completing my degree, I did take the opportunity to experience different industries with internships in construction and telecom, but ultimately decided on a career in electronics.

I eventually found my way into distribution as a field applications engineer, and I really fell in love with the customer interfacing aspect of the role. This inspired me to move to a sales-oriented role within the manufacturers' rep industry.

What are some of the main challenges you encountered as you embarked on your career journey?

The main challenge I have faced in my current role has been overcoming sales-based demands when most of my prior education and training have been mostly technical.

What steps have you taken to overcome these challenges and ensure that you can establish and nurture a successful career?

Learning everything I can from everyone I can. I am very fortunate that many of the individuals I work with on my team as well as for the manufacturers we represent are seasoned professionals with a plethora of experience and knowledge.

What were some training tools or networking/industry events that you found beneficial to your professional growth?

This year, I had the opportunity to attend the Spark Professional Development Program co-sponsored by ECIA and ERA. Although normally held at the EDS Leadership Summit, my cohorts and I were able to attend virtually this year.

Additionally, I am constantly looking to expand my professional network as well as promote my professional brand. With so much happening remotely during the pandemic, LinkedIn has been crucial in that regard.

What could make this field more attractive to young professionals?

I think new talent is always welcome in any industry and anything that brings in younger and newer faces is a benefit to the industry as a whole.

I think one of the largest hurdles at present in making this field more attractive to future young professionals is that the industry is relatively unknown. I think the phrase "you don't know what you don't know," holds true in this scenario, and I think if we want to attract new talent to the industry then one of the first steps is educating prospects that it even exists.

Where do you see your profession and the industry 10 to 20 years from now?

We have seen a major paradigm shift for many of the roles within the electronics industry due to the pandemic. With remote and virtual meetings making up a large portion, it's

hard to know if "field sales" will ever return to the way it once was. In the immediate future, I see most roles becoming a hybrid of outside and inside sales with individuals covering a larger geographical area than previously able. In 10 to 20 years I could see even more hybridization occurring where individuals that are able to support customers both as inside, outside, applications, and product are what is required in each territory.

Professionally, what keeps you up at night?

There is unpredictability in every industry, but sometimes it feels like so many outcomes in this profession are decided by external factors. It's unnerving to know that sometimes you can do everything right and you might still not get the business due to things outside of your control. This last year was a perfect example of this and a very real reminder. ■

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SOMEONE YOU SHOULD KNOW



Tom Walker
Vice President
Spectron Components Inc.

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 Tom Walker, vice president at Spectron Components Inc., a Southern California electronic manufacturers' representative.

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

Tell us a little bit about yourself.

I grew up in Newport Beach, a small beach town in Southern California, sailing and surfing. I went to Loyola Marymount University and graduated from Pepperdine University. My first job was in sales and I am still selling. I still live in Newport Beach with my wife, Robin. We have a son who lives in New York City.

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

About 10 years ago, Spectron joined ERA. Seems like it was yesterday when I joined the rep industry. I answered an advertisement in the newspaper in the early 1980s for the Berman Gravely company for industrial sales. I had no clue what that was. I met with their sales manager, we really clicked and he offered me a job the next day. Ten years later, he cofounded Spectron with me.

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

I was always interested in electronics and home audio. We were having a baby and I needed a job. It seemed like a good fit.

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

I love my job. Being a manufacturers' representative in the electronics industry allows me to see products designed and evolve into products that you can buy. The people I have met along the way are the real highlight though. From the customers and distributors to the factories we represent and, of course, the other reps, are more than customers or colleagues, they are my friends too. ERA is the great connector, connecting rep.

Briefly describe your rep firm.

My partner, Brian Burnevik, and I started Spectron 29 years ago. We did not have any established lines. We rented an office, put the key in the door, and went to a WESCON trade show where we met our first line — membrane switches.

We focus on getting components designed and the products we sell are mostly electro-mechanical components. We cover the typical ERA Southern California territory. With four outside salespeople, we believe we do a good job covering the territory, and we have a stable team focused on selling and communicating

back to our principals what we find in the field.

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

Like everyone else, we have adapted to Zoom and Teams during Covid-19. At Spectron, we decided to make sure everyone has good audio, lighting and cameras that look at you rather than up to you. We invested in a custom background with the Spectron logo for a uniform brand. We have always been firm believers in using databases to track projects and to-do's. We first started with a product called FileMaker Pro 20 years ago. It has over 1,000 fields in it to track our sales. We deployed Salesforce two years ago and it serves us well as a tool to track our pipeline, develop email campaigns and mail campaigns.

Our line card is a 12-page catalog we create in-house featuring a full page for each of our lines. We typically send out the Product Guide (our line card) to about 6,000 contacts generated from leads, quotes, samples and accounts each year.

During Covid-19, we developed Mini-Guides. These are line product-specific four pages that we create campaigns with to target new accounts, revive dormant accounts, etc. Then we continue with updated products or information mailed in a sequential campaign. We can have a Mini-Guide printed and in the mail for about \$3 each. Both are filled with pictures and text and are wildly successful with our principals and customers. We do not charge our principals for these extra marketing efforts as we believe it is our way to go above and beyond in marketing our lines.

We have found curated and well-targeted direct mailers to be a very effective tool. Even during Covid-19, we have not had one person ask to be removed from our mailing campaigns. We believe Spectron is unique in using these marketing tools and feedback from principals has been very positive with the result of adding new customers and orders.

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?

The ERA Conference is one of the most valuable to me as it puts you in the room with disti management you might not have the chance to meet otherwise. It also exposes you to manufacturers who are open to sharing

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EXECUTIVE COMMENTARY

Damn the torpedoes! Full speed ahead ... safely

Like most of us, we are all just “over this.” We are ready to put behind us the many restrictions around masks, social distancing, fist bumps, elbow bumps, vaccination cards, talk of booster shots and on and on.

Don't get me wrong: I am vaccinated and will get my booster jab the day I am eligible. I want to be SAFE. I want my family safe. I want our great ERA National staff safe. I want all of our ERA members (and not-yet-members) safe. I want the whole world safe. So we are able to do our jobs, to reconnect with our customers IN PERSON, to see each other, to just get back on with our work and personal lives, but in a safe environment.

Covid-19 (This is the ONLY time I will use this word in this update!) has tried all of us now for almost two years! Can you believe it? Who would have thought that we would still be dealing with this for so long? Yet, here we are ... like seeing ourselves in a revolving door.

We have recently seen EDS rescheduled from May 2021 out to August 2021, then only to be canceled. We have also seen ECIA cancel their conference in October for the second year in a row — most unfortunate for all of us who look forward to attending it each year.

So, what lies ahead of us? When and how will we get back to a bit of normalcy in our personal and professional lives?

We started to see many of our customers beginning to open and accept visitors — our great Road Warriors who work hard to deliver both samples and information to our design engineers and procurement professionals. They, too, were tired of Zoom calls and the work-from-home environment. Some are actually describing it as “living at work” — perhaps a better, but sad, description of today's times.

Suddenly, it all stopped and we began to revert to a life of a year ago, argh! We were all yanked back by a huge choke-chain that said: “Wait a minute, not so fast, folks!”

So here we are ... ready to dig out our “work costumes,” shiny shoes, starched shirts and blouses, creased suits, fresh haircuts, suitcases dug out and reprovisioned with amenities for hotel stays, our airport travel clothes at the ready. We are all crouched at the starting line on a track just waiting for the starter gun to go off, and then, crickets ...

However, hope is on the horizon. Booster shots are being readied, airports are slowly reopening to international travel, our favorite coffee shops and restaurants are slowly restaffing and ready to tempt all of us with “healthy” airport food. We can't wait!

We just concluded our first annual Virtual Sales Training event — a three-day event that incorporated eleven hours of professional sales training. This training was a result of many of our members asking ERA to provide a virtual platform for those sales folks who may never be able to attend our annual conference in Austin. These are our frontline sales experts who work tirelessly each day to deliver excellent sales and technical guidance to their customers. They are also our sales managers, branch managers, regional vice presidents and owners of tomorrow. This training also offered them a fuller picture of ERA and the benefits that our members realize each and every day.

Also on the horizon is our Virtual Chapter Officer Leadership Training (COLT) annual training — Nov. 3 – 5, 2021. This event was always conducted in person in Chicago but was canceled in 2020 due to the “you know what.” While we would love to see everyone in person, the virtual setting will make it easier for all of our chapters to “send” their present and future chapter leaders to COLT to learn from their peers best practices on chapter management.

These are two major initiatives conducted in a virtual format out of concern for the safety of our attendees.

However, mark your calendars: Feb. 27 – March 1, 2022, for the ERA Conference that will be held IN PERSON in Austin.

“Damn the torpedoes! Full speed ahead!”

(continued on page 31)



by Walter E. Tobin
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FROM THE TOP

Lessons learned through Covid-19

If we have learned nothing else, we have learned that we as companies and individuals can face any challenge head-on and still succeed.

Whether it is a pandemic, natural disasters, skyrocketing logistics and shipping costs, raw material costs or product allocation, never mind all six at one time, we as an industry and as people within the electronics market sector are adaptive and flexible. So, where will all of this lead us?

We have adapted to a new way of working with our customers. The virtual sales call was generically referred to as Webex and used only for those rare occasions when travel was unavailable. So, what about these virtual calls?

When we first started working remotely, getting an hour of a customer's time was pretty standard. As everyone started falling into their rhythm of working remotely, those hour-long meetings were quickly reduced to 30 minutes to accommodate busy schedules. Nearly 20 months into the pandemic, hour-long calls are more like 15 minutes.

Many customers are now requesting that initial meetings be held virtually. In many cases, if we are doing an exploratory call, we have less than 15 minutes to get to the point with our customers and try to entice them with whatever product we are trying to sell.

Critical to success in those 15 minutes is having a succinct, targeted agenda. I liken these 15-minute calls to what we used to refer to as elevator pitches. We have got to

grab and hold their attention while providing maximum value to the customer. That is why research prior to these meetings is so critical. We have to better understand our customers' needs and attempt to address them with a solution immediately. By doing a deeper dive into customers' websites, social media and online content, we can get a better idea of what pain points they may be facing and tailor our discussions to help alleviate that pain.

We are entering a world of blended sales where the virtual calls augment our face-to-face meetings, where speed and accuracy are keys to our customers' success, and where preparation will be paramount to capturing the attention of our customers.

Sales will continue to evolve into a hybrid approach, so the need to adapt is critical to thriving. We are entering a world of blended sales where the virtual calls augment our face-to-face meetings, where speed and accuracy are keys to our customers' success, and where preparation will be paramount to capturing the attention of our customers.

So, while all of the situations that have been thrown at us over the past 18-24 months have tried our patience and even, unfortunately, dealt us some devastating personal outcomes, we persevere. We press on. We become more agile and we work together to become better for it.



by John O'Brien, CPMR
Coakley, Boyd and Abbett
ERA President
jobrien@cbane.com



These companies joined ERA since July 2021

REPRESENTATIVES

Arcadia Technical Sales LLC

Bradford Cady
Arizona Chapter
arcadiatech.com

DB9 Associates Inc.

David Gizzi
Arizona Chapter
db9associates.com

The DiMaggio Technical Products Group Inc.

Peter DiMaggio
New England Chapter
tdtpg.com

MANUFACTURERS

Goworld Display USA

Bill Cheung
goworld-lcd.us

MARQUARDT

Nicole Jones
marquardt.com

Panthronics AG

Darryn Prince
panthronics.com

Seek Thermal Inc.

Jeff Meissner
thermal.com

RECOGNIZED RESOURCE

CalcuQuote

Kaitlyn Dotson
calcuquote.com

ERA Member Service Action Lines

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 Teleforum Audio Library	era.org
Hertz Car Rental	era.org
(Click the link on the Member Services page.)	
JJM Search	402-721-6590
	jjmsearch.com
LECTRIX	lectrixgroup.com
MRERF (CPMR/CPSC/MBP programs)	mrerf.org
Repfabric	844-737-7253, x225
RPMS software	800-776-7435
	rpms.com
Spyre Group	spyregroup.com/rep/index.htm
UPS shipping	era.org
(Click the link on the Member Services page.)	

Consultants Available for Expert Access

Accounting & Taxes: Stan Herzog	847-975-0409
Executive Searches: Carla Mahrt	402-721-6590
Insurance: John Doyle	888-243-0174
Legal: Gerald Newman	312-648-2300
Rep & Mfr. Services: Bryan Shirley, CPMR	267-620-6000
Rep Network Mgmt.: Cesare Giammarco	401-595-7331
Sales/Business Strategy: Craig Conrad	817-917-8268
Sales/Marketing Strategy: Steve Cholas	949-413-1732
Sales Consulting/Coaching: John Simari	214-325-4117

ERA Services & Resources

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

- Locator Online Directory of Manufacturers' Reps
- Lines Available Service
- ERA Water Cooler Industry Discussions
- ERA Talks (Podcast)
- ERA Member Surveys
- ERA Bulletin Board
- POS Reports & SBLC Alerts
- ERA Logos

ERA White Papers & Industry Standards

(Visit era.org for details.)

- Staying on Course – Tips for More Effective Manufacturer/Representative Quarterly Meetings
- Rep to Manufacturer Communication: Reinforcing the Mutual Value
- Introduction to Manufacturers' Reps
- Line Conflicts: Navigating to a Mutually Beneficial Resolution
- Thriving on Change 2014: How the Field Sales Function Keeps Evolving
- Guidelines to Planning a Territory Visit
- Developing New Markets with Professional Field Sales Reps
- POS – Recommended Technical Standards for Distribution Point-of-Sale Reporting
- Split Influence (Commission) Recommendations for the Electronics Industry
- Split Commission Request Form, in Excel format

ERA Meetings & Programs

- Chapter Officer Leadership Training (COLT) - Nov. 3–5, 2021
- 2022 ERA Conference - Feb. 27 – March 1, 2022

VIEWPOINTS

I think I think ...

The leaves are starting to change color, my trip to the office is taking a little longer as I follow frequently stopping school busses along the way, and despite highly researched draft strategies, my multiple Fantasy Football teams are all underperforming – *I think, I think ...* life is returning to normal. Or is it?

What is “normal?” Is there a “new normal?” Do we even recognize “normal?” These are significant questions dominating a lot of conversations and many of my thoughts. Today, paying homage to former Sports Illustrated writer, Peter King, who wrote a regular column titled, “Ten Things I Think I Think,” I’d like to share a few other things *I think I think* as well.

I think I think that the last two years have been energy-draining, and by and large, people are fatigued and ready for a return to something normal. The unusual circumstances we are living in have lasted far longer and taken more twists and turns than anyone could have predicted. People are tired of pandemics and variants. They are tired of not meeting face-to-face, and not understanding the fluctuating rules when they do. They are tired of constantly changing “supply chain issues” — both personally and professionally. They are tired of trying to understand Force Majeure and what it really means. They are tired of division and vitriol. They are just collectively weary. What will change that? How will we emerge from this protracted period? Where will a renewing of our collective energy come from?

When EDS 2020 was canceled, the general reaction was acknowledgment with acceptance. In 2021, ERA changed its annual conference from an in-person meeting to our first fully virtual conference; and it was a resounding success from all accounts. It felt like obstacles had been conquered — victory! When EDS 2021 was postponed and eventually canceled, the sentiment I heard expressed was resignation with understanding. ERA recently held its first Virtual Sales Training event, built on the same virtual platform as the conference, and it too was reported as a highly successful event. So, while *I think I think* that virtual events are here to stay and can be very effective, nothing is more energizing than meeting in person. When will that be normal again?

I think I think that it is easy to confuse doing things with getting things done.

Everyone I speak with tells me they are very busy, and I feel it in my schedule as well. The events on my calendar are color-coded by category, and it is a veritable rainbow of activity after activity. Yet, I sometimes wonder how much productivity there is? I wonder how customers, whose engineers have not been in the plant for months, are getting new products designed, tested and brought to market? *I think I think* they are not as prolific at it as pre-pandemic, and I wonder what the long-term consequences of that will be?

I think I think the many high-tech tools that have been created to simplify communications have also simply made it more challenging, and expectations are much higher. “By the way, I just sent you a text as a reminder to look at the email I sent you, confirming the VM I left after I hadn’t heard back on the LinkedIn InMail message, which I sent an hour ago. Did you get them? Sorry, I was on a Teams meeting and online chat simultaneously.” An exaggeration? Perhaps. A shade of reality? No doubt in my mind.

I think I think that muscle memory applies to more than just the golf swing. When you don’t do something for a while, you get out of a rhythm. Take travel for example. I’m starting to see that slowly increase, and next week I’ll be heading out on a trip ... I wonder what I’ll forget to pack this time? Or, for that matter, driving. Did I miss the memo that all the rules of the road and regular practices of automobile safety — like turn signals, obeying stop signs and lights, and staying between the lines on the highway — have become optional? My empirical observation is that the general population has forgotten how. I wonder what else we’ve gotten out of practice on?

This is not intended to be a rant (though maybe it sounds that way), just some of my random observations. My final thought — despite everything, fundamentally, I think it is still a good time to be alive ... consider the alternative.

In closing, predicting when we will actually gather in-person again has become less accurate than weather forecasting; however, at the risk of missing it once again, but feeling optimistic, I look forward to seeing everyone in Austin at the 2022 ERA Conference in February — “A New Day, a New Way.” As always, I can be reached at ctanzola@fusionsourcing.com and welcome your comments – what do you think you think?



by Chuck Tanzola, CPMR
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The most productive and high-performance industry professionals belong to
Florida-Sunshine ERA
 know **YOUR** markets and **YOUR** customers!

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The Florida-Sunshine ERA Chapter promotes and advances the growth and professionalism of our members through education, networking, peer discussion groups and service to our customers and community.

For details on Florida-Sunshine ERA, go to
erasunshine.org

We need to have a conversation about virtual meetings. From my perspective, there are far too many virtual calls that still have the feel of a technology thrust upon us during dark times. Something reasonably effective, but a temporary substitute for “real” selling. Alas, we have come to realize that virtual calls are here to stay no matter what happens with Covid. They are efficient, effective and many customers PREFER them. So, why haven’t we 100 percent embraced this medium and become experts?

Aren’t we in the business of selling our brand, our manufacturers’ brand? How is that accomplished if we don’t present ourselves in the best possible way? In the ERA Virtual Sales Training classes, a lot was discussed about best practices for virtual meetings. I will share three main thoughts with a focus on customer sales calls.

#1 Energy and professionalism

We are now selling our brands through a virtual medium that is an invisible barrier to personal connections. Before Covid, our skill set included ways to maximize our physical presence with firm handshakes, food, eye contact, vocal tone, body language and carefully reading a room. Are these skills suddenly less relevant? In fact, the opposite is true! We must enhance our skill set to create a virtual presence that achieves the same personal connections that our physical presence once did.

This begins with how we present ourselves on camera. Must the camera be on? Even if the customer is not? A thousand times, yes! If you were invited to a face-to-face meeting, would you join via a conference call? Customers want to see your smiling faces no matter whether they have their camera on or not. Professional dress, personal grooming, and bright, flattering lighting will make you camera ready. Frame yourself so that your head and shoulders dominate the screen. Make sure the sound is clear. Your appearance matters in person and matters virtually as well.

Put everyone at ease by being relaxed and confident on camera. This can feel awkward at first, so practice. Smile and make eye contact by using the camera, not the monitor. Use hand gestures for emphasis and vary your vocal tone to keep your audience engaged. Share your personality by telling stories that help form connections and memories. Eliminate all distractions like notifications or noises to ensure your focus.

Importantly, bring your positive energy and enthusiasm. You may have to amp it up for it to translate virtually! Be willing to try new things and seek feedback and coaching.

#2 Follow the Scout motto ‘Be Prepared’

The best salespeople prepare for a call. Virtual calls require extra planning to compensate for the loss of the natural conversation when meeting in person. We need to replace the quick glance around the customer’s office for clues about common interests and the impromptu factory tour that provided more ways to sell our line card. Instead, we do more research before the call.

Ask questions, review websites, scrub your CRM data. When reviewing websites, focus on the customers’ products you are confident are designed in your area. Try as best you can to break down the product in your mind and how it relates to your line card. A block diagram visual is a method to help focus your thoughts. Then, prepare meaningful visual content and possibly invite a technical expert from the factory to join the meeting. Also, leverage modern search tools to learn about your audience and find personal connections through previous positions, companies, achievements, or interests.

Virtual calls are time-sensitive. Create a meeting agenda in 10- to 20-minute increments with time to establish rapport and wrap up. Be prepared to shrink or expand call length depending on last-minute customer requests with a plan B, C and D.

#3 Display competence

You have one chance to make a first impression and fumbling through a virtual meeting is not the way to gain confidence. Practice, practice, practice all aspects of virtual meeting technology. Nothing is worse than an unforeseen delay that causes participants to drop off the call.

Know the meeting platform ahead of the call or be sure to practice before the meeting. Master the virtual meeting essentials: seamless screen sharing, file sharing, and website navigation via a good connection with fast internet speeds and clear audio. If you are hosting a larger meeting, why not include Chat? Chat allows a level of participation often not seen in face-to-face meetings.

Embrace change

The sale is the same, only the tools are new. Now you can meet with more people in less time and do it from almost anywhere. In the long run, virtual technology will gain you access to more stakeholders. It is time for account sales representatives to be THE experts in virtual sales calls.

INDUSTRY UPDATE

Kingsland Coombs,
 CPMR, CSP
 Control Sales Inc.
 Sr. Vice President at Large
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Virtual selling
 and a call to action



EDUCATION UPDATE

Ellen Coan, CPMR
C C Electro Sales
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Listen and learn



Education is the process of facilitating learning. Everyone learns differently and applies what they learn in their own way.

The ERA community regularly comes together to share best practices in their industry, locally and nationally, to continue their mission of providing programs, services and activities that educate, inform and advocate for manufacturers' representatives, the principals they represent and the distributors who are representatives' partners in the marketplace.

This happened Sept. 21 – 23, 2021, on a virtual platform. The attendees (reps, principals and distributors) listened and learned some new sales techniques and are now implementing what they heard.

Some of us had interruptions that could not be ignored and the presentation, that was recorded, will be watched later. Some of us tried to focus on the presentation but will re-watch it again later. We all heard different things and how we apply what we heard is what makes our industry thrive.

The ERA community that assembled this

event and other events like the ERA Water Cooler series, ERA Talks and the ERA Conference continue to grow. New ideas are shared and all this makes our industry stronger than ever. The ERA staff is motivated and professional and we would not have these programs without them. They keep us thinking and looking for new ways to keep moving forward.

I want to thank the ERA staff and the ERA community for all they do for each other. This community shares attitudes, values and goals that pull us through the craziest times we could ever have imagined. We all have our corporate culture where we adapt the ideas we learn. Each day as the sun comes up, unknown challenges await us and we dig in.

I encourage you to watch Ted Lasso on Apple+ TV. It gives us all hope no matter what the situation of the moment is. There is humor (sometimes quick and shadowed by a British accent – I suggest turning on the subtitles) and great examples of playing, working and coming together on the right path. I feel like ERA is our Ted Lasso. It is nice to know we are not alone.

interruption of production and processing time.

- Texas is one of largest producers and exporters of resin, plastics and other petrochemical products. During that snow and ice storm in Texas, production of 75 percent of polyethylene (PE), 62 percent of polypropylene (PP), and 57 percent of PVC was forced to shut down. The one week shutdown resulted in 230 million tons of PE and 180 million tons of PP to be lost. Who knew that would ever happen?
- This has impacted so many of the electronic component suppliers. Estimates were that the resin industry would return to "normal" by Q2/Q3. We are still experiencing allocation issues for most, if not all, manufacturers who use resin in their products.
- As we go to publication of the fall issue of *The Representor*, there is now a coal shortage in China that could create a reduction in available power to provide production facilities and the country with enough electricity. Due to a number of economic and environmental factors along with a miscalculation of the demand for energy, China, and possibly other parts of the world, may face an impactful energy shortage. So, while a lot of these factors are impacting the supply of material to distributors and ultimately to OEM, CEM, engineering and MRO customers, how is the demand looking? Well, in a word ... Unbelievable! This tends to make something that looks good, seem bad.
- There are real increases in demand from so many segments of the industry. In 2020, demand for medical equipment, such as ventilators and testing equipment, created some exciting challenges

and opportunities, and many other major segments and industries were down. However, in 2021, they are bouncing back or merely taking off on a new trajectory.

- Industrial equipment, marine, off-road and recreational vehicles, warehousing automation, including robotics and consumer electronics, all are seeing significant increase in demand.
- Distributors, of course, see this as a great situation and place POs on the component suppliers. Components manufacturers, who normally would see this increase in demand in the same light, are trying to keep up with the demand.
- Trying to keep up with the demand in the face of increasing raw material costs, increasing labor costs, raw material shortages, worker shortage, cardboard shortages, increasing transportation costs, delays in the supply chain due to factors beyond their control.

Honestly, I could continue with even more unanticipated, never-before experienced, hard to fathom, unwilling to accept, excessively costly, incredibly hard to explain, "Who you gonna call?" aspects of our amazing industry; however, you might be asking yourself, How does this relate to a contact sport?

Let me answer by asking you to think about how does all of this, and even more, get communicated, understood, managed, packaged for human consumption, designed in, specified, added to the print, ordered, adjusted as needed on the PO, re-priced, packaged, shipped, received, inventoried, tested, cycle-counted, re-packaged, invoiced and paid.

That is what I call a contact sport.

Looking forward to a wonderful autumn season and hope to see you all soon.

ERA XCOM Digest continued on next page.

DISTRIBUTION UPDATE

Craig Sanderson
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It's the start of football season, which reminds me that distribution is a contact sport!



Not just during football season, but throughout the year, distribution is a contact sport. However, let's recognize that contact has a different meaning now than it did in 2019.

Now we make contact virtually, by Zoom, MS Teams, email, text, phone call, MS Teams text, video chat, FaceTime, Facebook, LinkedIn and, occasionally, in person, self-distanced, masked and vaccinated.

The last two years have been unlike any other. More contact with more situations that have never been experienced by the electronics component distribution channel. Despite all of these new challenges, the real questions are: How is everybody doing? How long can it last? Or, as a component supplier recently asked, "When will we fall off the cliff?"

I don't see us "falling off the cliff," but changes will occur. It's inevitable. So, let's look at some of the changes and challenges that we have faced together over the past few years. The year 2020 ended as the worst year for economic growth since WWII. The economy shrank by 3.5 percent. You may have been thinking that 2009 was the worst year, but in 2009 we experienced an economic decline of -2.9 percent.

What was different about this decline? One aspect was that the unprecedented

stimulus funding from the U.S. Federal government helped support the economy in the second half of 2020. As a result, Q4 2020 saw the economy rise by 1 percent, but pandemic cases increased during the year-end holidays.

However, we saw the industry impacted by significant supply chain and Covid-19 factors possibly more so than by some of the economic factors ... although the lines are starting to blur.

What is happening?

- The ports are backed up. New York, Los Angeles, Long Beach and others. The back-up of ships waiting to dock are at all-time high levels approaching 100 in the Southern California ports. Those ports have recently expanded to night time hours, but still a shortage of workers to unload, not enough trucks and their drivers to transport and the holiday season rush will make it worse.
- Weather has played a role in the impact on raw material supply. Most notably, the impact of the Polar Vortex in Texas in February 2021 truly hurt the businesses in the vast region, but completely decimated the resin industry. Almost overnight, the major resin suppliers declared Force Majeure as they experienced damage to their facilities,

MANUFACTURING
UPDATE

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Lights, camera, action ...



As I sit down to think about some of the topics that are facing the electronics industry today and write this article from a manufacturer's point of view, I struggle with the conditions our country and our industry is still experiencing. Is this the reality of our future?

I have just received the second cancellation of an industry event due to an ongoing concern over again a larger outbreak of Covid-19 in the U.S. — the ECIA Executive Conference in Chicago. This, of course, followed the cancellation of EDS 2021 in Las Vegas at the beginning of September.

Both announcements have been extremely concerning because many of us have discussed over these past two Covid-19 ridden years what really will be the future for many of us in our day-to-day business relations.

From my side of the table, how can we as manufacturers really interact with our customers, reps and distribution partners as we did so many years gone by? Will we ever get to really see business associates in a group setting again on a regular basis? Can we ever feel comfortable with physical greetings among colleagues and coworkers?

I now believe we have entered a new era, which I have referred to many times as “The New ABNORMAL.” Now I realize that we may never be able to have large gatherings in any industry on a “live” basis. There always seems to be another variant or strain to follow that will affect how we live and work in the future. We will all be forced to implement and expand the ability to conduct business virtually at the drop of a hat. Gone are the days of sitting with a customer, rep or distributor on an intimate level, getting to know them, their business, their company needs and provide a solution that will lead to the win/win we as salespeople thrive on daily.

We must now be able to do this through a video platform and work much harder on

our ability to communicate via technology.

Many organizations and companies have done an excellent job of mastering the video platforms for great conferences, trade events, seminars and training programs, including ERA with its most recent Virtual Sales Training event held in September 2021. Many of our reps and distributors have done an outstanding job conducting virtual meetings with customers. Therefore, it is now the time for your organization to invest even more in some of these cutting-edge technologies and develop further virtual options for both sales and marketing activities on a regular basis.

Whether you are a rep, distributor, or manufacturer we must all budget even more of our funds toward creating the ability to communicate effectively in our world today.

Now more than ever with the significant increases in sales volumes that we are all experiencing — which is causing an exorbitant amount of expedites, push outs and levels of frustration to hit new highs — we must focus on how to get this information effectively to everyone involved.

Start laying out your plan on how to reach your audience effectively without ever having the chance to meet in a “live” setting. There are many resources currently available from so many platforms like Zoom, Google, and Microsoft, to name a few. They can help you to decide what platform can best fit your business and create the right environment for a successful virtual sales meeting that now, when facing reality, WILL BE the primary way for all of us to communicate successfully.

I still have high hopes that one day in the future we will once again have an opportunity to travel globally without fear (or a face mask), embrace, converse and interact on a “live” basis. But until then, it's all lights, camera, action ... See you on the next virtual encounter!

Mentorship and sponsorship should be an integral part of your business retention strategy

Harvard Business Review recently reported four million Americans left their jobs in July 2021 and that there were a record-breaking 10.9 million open jobs at the end of that month. According to HBR, resignation rates were highest amongst mid-career employees in the tech and health care industries. As U.S. companies grapple with rising resignations, fears of returning to the office due to the Covid-19 pandemic, and increased demands for improved work-life balance, retention efforts should be at the forefront of every organization.

Prior to the Covid-19 pandemic, the electronics industry was already facing its unique employment challenges with an aging population and a slow rate of new talent seeking employment across the channel. Asencore's 2020 Mind of the Engineer survey placed the average age of an engineer at just over 48 while Electronics Sourcing North America recently reported in its 2021 survey of purchasing professionals that the average age of its reader was 45.

Compounding the issue around age is the lack of diversity and development. According to the Center for Creative Leadership, “all successful leaders need a network of champions — including mentors and sponsors.” Yet statistically, women are missing out even though they outnumber men at almost every educational level and represent half the workforce in most countries. Women hold less than a quarter of senior management roles, with only one in 18 women earning a six-figure salary compared to one in seven men. Women of color experience even wider gaps.

While we don't have the hard data within the electronics industry at this time, we can see that our industry reflects similar patterns pertaining to women in leadership positions. Yet, study after study supports the financial reasons for advancing women; Catalyst's efforts show Fortune 500 companies with the highest representation of women on boards financially outperform those with less diversity while recent Gallup findings indicate that gender-diverse business organizations earn higher average revenue.

If it is a sound financial business practice to develop female talent and successful leaders are positively impacted by mentorship and

sponsorship programs, what can the electronics industry do collectively — and differently — to help women advance in their careers?

Providing a formal mentorship program and active sponsorship are ways to help more women in our industry progress to leadership positions. By definition, mentorship is a relationship between two people where one individual shares experience, knowledge and connections with another. In contrast, sponsorship goes beyond mentoring with a person of influence advocating and actively working to promote another individual. While these strategies may not occur concurrently, both are critical for not only keeping talented women within our industry but for developing them as future leaders.

Mentoring and sponsorship have traditionally occurred in less formal settings, but a number of large organizations in the industry are now recognizing the advantages of formalized programs and have created Employee Resource Groups to support employee development. But not all organizations are in a position to do the same, which is why Women in Electronics (WE) created its flagship Mentorship Program. Opened to all members through an application process, the WE program provides mentees access to leadership training, skill development, and relationship building tactics that are designed to empower women to reach the next level of their career while also offering both the mentor and mentee clear goals, progression, and continuity. WE also offers leadership development training and resources on finding or becoming a sponsor.

As we are reminded of our talent needs and the pipeline shortage we are facing, it is important to consider what an experienced mentor or sponsor can do to support diversity and development within the industry. If 71 percent of Fortune 500 companies have mentoring programs “because investing in leadership capability pays off in performance, productivity and innovation,” consider your role and the position of your organization. WE is always looking for men and women leaders to lend their talents to the Mentorship Program. It is a rewarding experience and one that will benefit the future of the industry and its many talented women.



Monica Highfill,
Vice President and Founding Director
Women in Electronics
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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

As part of its virtual event series, Carolina ERA recently hosted a lunch meeting on the topic of “Cyber Security: Simple Safeguards, Seven Days a Week,” presented by Penny Langdon, Carolina sales and distribution manager at AEM Group, and Carolinas ERA Chapter president. Chapter leaders also planned an in-person Board of Directors meeting in Greenville, South Carolina.

FLORIDA-SUNSHINE

Florida Sunshine ERA was excited to host its Second Annual Golf Tournament in October at Celebration Golf Club in Celebration, Florida. The event, which was open to reps, manufacturers, distributors, customers, friends and family, helps raise money for local 501(c) charities in Florida.

INDIANA/KENTUCKY

The 2021 Indiana/Kentucky ERA Chapter Industry Golf Outing was held in August at the Golf Club of Indiana. The chapter is pleased to report record attendance with 18 foursomes — 80 people including volunteers that bring it all together, like ERA rep company member D-M Associates, pictured below, enjoying the day.



MINNESOTA

Minnesota ERA continued its virtual breakfast series through the summer, hosting an event on Aug. 19. This event featured a presentation from Digi-Key leaders Dave Doherty, president and COO, Paul Dosser, vice president business development, and David Stein, vice president, global supplier management. The chapter will resume virtual breakfast events in the fall.

NEW ENGLAND

New England ERA hosted its inaugural golf tournament in October, having to reschedule it from its original date in August due to inclement weather. The event took place at the challenging course at Four Oaks Country Club in Dracut, Massachusetts. This was a great opportunity to get back together, see old friends and network. The event was open to reps, distributors, manufacturers, family and friends. With over 90 people teeing off, and over 100 people in attendance at the dinner, the event was a success. The chapter is thankful to the many event sponsors

and players for taking part in the event.



From front right: Dave Norris, Adam Anderson, Ken Bellerio and Walter Tobin

NORTHERN CALIFORNIA

Northern California ERA canceled its first in-person event in over a year due to safety concerns regarding the most recent surge of Covid-19. Chapter members remain hopeful to re-schedule the event by the end of the year. The chapter has been working on two virtual events open to all ERA members. The first event, held on Sept. 28, featured a presentation, “Maximizing Rep/Distributor Collaboration in An Evolving Market,” and an OEM discussion, led by Mike Despotes, an accomplished technology sales executive whose career has spanned four decades and recently retired as Sales Director at Avnet. The second virtual event will be held in November. The also chapter recently launched a brand new redesigned website

SOUTHERN CALIFORNIA

Southern California ERA continues to hold monthly virtual breakfast meetings. Members have exchanged ideas on how to work with the current supply problems. The chapter also is continuing to hold regular meetings. The next meeting will be held in person and feature a chapter panel discussion focusing on the subject of current challenges facing member rep firms. The chapter will host its annual charity golf tournament at the Black Gold Golf Club in Yorba Linda California in November. For more details about chapter events, visit erascal.org.

SPIRIT OF ST. LOUIS

The Spirit of St. Louis ERA recently held a lunch meeting featuring discussions on the chapter’s annual golf tournament to be hosted at the famous Forest Park Gold Course. Joining the meeting via Zoom was ERA Membership Services Coordinator Ama Derringer. Derringer walked members through the ERA website. The chapter also is planning its Chapter’s Electronics, Engineering and Manufacturing Trade Show, scheduled for April 2022. This show was rescheduled twice due to Covid-19. ■

MATERIALS, ASSEMBLY, PRODUCTION & SUPPLY

Troy Gunnin
Sun Rep Inc.
Tampa, Fla.

Adapting to change

When I wrote my column for the summer issue of *The Representor*, I made several observations and suggested that they would be read at, or around EDS. Well, maybe around, but certainly not at EDS. It didn’t happen because right around the same time, “DELTA” made its presence known, in a big way.

EDS and several other events — including my family reunion — were canceled or curtailed considerably. I recently read an editorial that asked the question, “Will trade shows ever be the same again?” The feeling is that the pandemic has had a major and long-term effect on trade shows. Will they return to their former prominence? Perhaps. However, the past couple of years have certainly caused everyone involved, both exhibitors and attendees, to reevaluate their approach to trade shows.

We will likely continue to see virtual shows, perhaps scaled down to specifics. They are much more nimble and can be much more “current” as it relates to new product introductions, changes, promotions, etc. I think that we will see in-person shows continue to be very important as networking events that you just can’t duplicate with virtual shows. Personal contact has always and will continue to be an important part of a good business relationship.

One positive news report that I just saw said that scientists predict that Covid-19 infections and deaths could be well under control by March 2022. We can certainly hope this is the case.

Most of my other observations about full stadiums, full planes, restaurants, bars and crowded beaches are true. As I write this column, it looks like our “RAYS” could be headed to the World Series and you can bet on full stadiums. But at this time, we are still experiencing a lot of issues, full hospitals, long deliveries, price hikes ... and the list goes on. I just saw a picture of a harbor full of container ships waiting to be unloaded. In view of this, I read in another editorial that perhaps this could encourage reshoring, to U.S., Mexico or Central America. That would at least mean that we would not have an ocean between us and our supplies.

The past couple of years have certainly been challenging. I’m sure all of us have been touched by the pandemic. We have had a couple of people affected, one mildly, one hospitalized. They tell me it “ain’t fun,” so we should all keep our guard up.

We also are seeing some companies opening for visits, but for the most part, still very few in-plant visits.

Some people are back in the office, perhaps part-time, and others are still working from home. The “back-to-the-office” plans continue to shift constantly. I am aware of at least one organization that was supposed to bring back its employees to the office in the first week of August. That plan got moved to November. So, we will likely continue to see a very fluid schedule for some time, perhaps for a long time, as the working-from-home concept becomes more comfortable, for both employees and employers.

We are a resilient group and have adapted to change through the years as our market has changed. We will continue to do so, and thrive.



ERA WATER COOLER
EVERY OTHER TUESDAY
@ 4 PM EDT

NO NEED TO REGISTER

VISIT ERA.ORG FOR DETAILS

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).

EMPOWERING SYSTEMS, an ERA Recognized Resource for over 20 years, helps electronic manufacturers' representatives grow their business. The company's cloud solutions are designed for reps and how reps work. AccountManager, SalesAnalysis, Analytics, Mobile and Microsoft 365 integration keep reps in front of their customer and away from administrative work. Ask about the ERA member special discount. Contact Carroll Boysen at 888-297-2750 x709 or visit empoweringsystems.com or for more information.

ERA TALKS is a new podcast series featuring informative interviews with industry leaders in a quick conversational format. For details, visit era.org/era-media-center/era-talks-podcast/.

SCHOENBERG FINKEL BEEDERMAN BELL & GLAZER 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. For more information, visit sfbbg.com, or call Adam Glazer or Gerry Newman at 312-648-2300.

REPFABRIC is a mobile efficiency tool that speeds up the entire workflow of business including email, opportunity tracking, commission reconciliation and principal reporting. Contact Repfabric at info@repfabric.com, or call 844-737-7253, x225, to schedule a consultation.

ERA WATER COOLER is a free biweekly teleconference providing an open forum discussion for members and non-members. For details, visit era.org/era-events/era-water-cooler-teleconference-series/.

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

BUDDE MARKETING SYSTEMS is a leading provider of point-of-sale (POS) reporting. With 15+ years of experience, BMS provides solutions to drive business growth, improve efficiency and maximize profitability. BMS offers a vast selection of standard reports or can customize reports to achieve your business goals. For details, call 708-301-2111, or email sales@buddemarketing.com.

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

Creating a mess by sweeping one state's carefully considered rep statute under another state's rug

In the course of selecting noteworthy judicial decisions involving independent reps to feature in this column, some stand out as significant rep wins with legal principles worth sharing, some comprise notable losses from which lessons can be learned, and some, like the subject of this article, involve haphazard judicial rulings that can devolve into a hot mess.

Minnesota sales rep, Global Graphic Resources LLC (GGR), entered into a five-year sales representative agreement (SRA) with a Nevada manufacturer, Catalina Graphic Films Inc., in 2017. Catalina was purchased the following year, and according to GGR, the acquiring company renounced the SRA.

Viewing Catalina's conduct as violative of the parties' contract and of the Minnesota sales rep statute, GGR complied with the SRA mediation provision by attempting to resolve its dispute on an informal basis before a California mediator. When this failed, GGR demanded arbitration under the Minnesota statute, which arms every sales rep with the right to arbitrate contract disputes with their principals.

In response, Catalina claimed the Minnesota statute was inapplicable because a provision in the SRA called for Nevada law to govern. Nevada is one of only a few states with no sales rep statute at all, and therefore, it asserted GGR had no right to arbitrate.

To resolve this impasse, GGR filed suit in Minnesota state court seeking to compel arbitration. Catalina then exercised its right to move the case to the federal court in St. Paul. Leaving no stone unturned, Catalina also filed its own action in Nevada state court. This time, it was GGR's turn to move the case to the federal court in Las Vegas.

Scoring an early win that would later

prove dispositive, Catalina successfully convinced the Minnesota court to transfer GGR's suit demanding arbitration to the Las Vegas federal court. Once the two cases were consolidated in Las Vegas, and notwithstanding the fact that both parties had sought to obtain a federal forum, Catalina then moved to remand the litigation back to the Nevada state court.

To no surprise, GGR opposed, arguing that another transfer was inefficient and would only further delay the proceedings. It also raised the hypocrisy of seeking to litigate in federal court back in Minnesota, while asking to return to state court in Nevada. In a decision issued in March 2021, the Nevada federal judge ruled that his court was "a more appropriate forum than one of the states whose interest may be at stake," and rejected Catalina's motion to remand. No legal basis was offered.

The judge then turned to GGR's motion to compel arbitration, to which it was entitled under the Minnesota rep statute, but unavailable if he decided the SRA was governed by Nevada law. Significantly, Minnesota's powerful rep statute, which vests sales reps with the right to arbitrate, applies to any rep who is a Minnesota resident, whose principal office is located in Minnesota, or whose sales territory includes part or all of Minnesota.

Like many other state statutes, Minnesota's seemed to anticipate conflicts with other states' laws by including explicit language intended to protect its sales reps in wherever jurisdiction they may find themselves:

"(a) No manufacturer ... shall circumvent compliance with this section by including in a sales representative agreement a term or provision, whether express or implied, that included or purports to include: (1) an application or choice of law

(continued on next page)



by **Gerald M. Newman**
ERA General Counsel

Gerald M. Newman and Adam J. Glazer are partners in the law firm of Schoenberg Finkel Beederman Bell and Glazer LLC, and they serve as general counsel to ERA. They are also regular contributors to The Representor, and participate in Expert Access, the program that offers telephone consultations to ERA members.

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Adam Glazer
ERA General Counsel

of any other state; or (2) a waiver of any provision of this section.

(b) Any term or provision described in paragraph (a) is void and unenforceable.”

Notwithstanding the state legislature’s unambiguous directive to protect Minnesota reps by rendering contract provisions seeking to circumvent its statutory terms by applying other states’ laws void and unenforceable, the Nevada judge enabled just such circumvention.

He stated that Minnesota, home state of GGR and a key part of its sales territory, lacked “a focused relationship with the transaction.” Meanwhile, he found that Nevada, home state of Catalina and the location where its products were manufactured and distributed, had a substantial enough relationship to the parties’ transaction to override the Minnesota statute.

Curiously, none of the examples he cited in making this finding evidenced any interest, much less a substantial one, in the law of Nevada.

He noted that GGR’s sales territory included several states other than Minnesota but failed to mention that none of those states was Nevada. The judge also cited as an example that the negotiation of the SRA took place in California and Minnesota. Though no part of the SRA was negotiated in Nevada, this factor somehow still favored applying its law.

The agreement was later executed by GGR in Minnesota and by Catalina in California. Once again, the court felt this pro-Minnesota factor supported applying Nevada law to the parties’ dispute. So, too, did the fact the parties had mediated in California support applying Nevada law, according to the judge.

With the outcome plainly foreshadowed, the court went on to determine that Nevada had a strong public policy interest in enforcing its law in this matter. Never mind that Minnesota had actually enacted two statutes to specifically protect sales reps, compared to Nevada’s none, the court still found that: “Nevada also has compelling public policy interests at stake.”

Held up to the light of day, however, those “interests” prove far less than “compelling.”

Citing no legal precedents or other authority for its decision, the court ruled that the contract provision calling for Nevada law “negated” Minnesota’s interest in enforcing its rep statute. However, the presence of such a competing provision is necessary for any choice of law analysis to be undertaken in the first place. It, therefore, cannot be determinative.

But that’s only the starting point. When no relevant factor suggested Nevada’s interest in seeing its law applied rivaled Minnesota’s, the court instead turned to Nevada “public policy about the arbitration of disputes between parties” and a state statute addressed to arbitration clauses.

Three responses here.

First, virtually every state has expressed public policy favoring private arbitrations to lighten the load of its courts, including Minnesota, and there is nothing exceptional or unusual about Nevada’s interest.

Second, as GGR pointed out, the Nevada Supreme Court recently ruled that the same Nevada state statute was preempted by a federal arbitration statute, severely undercutting any policy interest derived from it.

Third, issuing a lengthy decision on outcome-determinative issues without citing to or relying upon opinions from higher courts or any other authority is not normal. Trial courts ordinarily cite to precedential decisions from appellate courts to show that their rulings are consistent with well-developed law, and they are not proceeding from a blank slate. Not so here.

Without more, the state of Minnesota’s interest in enforcing its sales rep statute certainly should not get “negated” by a contract provision. Yet, territorial judges who fail to fully consider the factual record or cite to precedent frequently deliver messy decisions. And as the 34-year old author and philosopher Criss Jami said, “It’s easy to make a mess when you’re not the one who has to clean it up.” ■

Converting LLC to S Corporation: What you need to know

Many sales representative organizations, like other businesses, are structured as limited liability companies (LLCs). The preponderance of LLCs with more than one member are treated as partnerships for tax purposes. Some multi-member LLCs elect to be treated as corporations and in such cases, many elect S corporation status. Similarly, most LLCs with only one member are disregarded entities and treated as sole proprietorships for tax purposes although the same election to be treated as corporations is available. LLC formation is relatively straightforward and, particularly for those LLCs without employees, income tax reporting is relatively uncomplicated.

As many sales representative organizations begin generating larger amounts of income, LLC members or owners contemplate converting their organizations to S corporations. One of the common motivations is the payroll tax savings that can be achieved through an S corporation structure. This of course begs the question as to what is involved in the conversion of an LLC to a corporation and how the payroll tax savings can be achieved.

LLCs, like S corporations, are pass-through entities meaning all of the company profits, losses, gains and other items, while reflected on the entity tax returns, are taken into account in computing the income of the members. In addition to being subject to income taxes, a member actively involved in the LLC’s business must treat the entire member’s share of LLC earnings as self-employment income on the member’s personal income tax returns. This subjects the member’s income to payroll taxes largely consisting of social security taxes (e.g., FICA taxes) and Medicare taxes. While FICA taxes phase out after a certain threshold amount of income is earned, there is no cap on the Medicare tax imposed on self-employment income.

More specifically, in 2021, the first \$142,800 of the income of an LLC member

active in the business will be subject to FICA tax. As self-employed individuals for tax reporting purposes, each LLC member must pay the full amount of the FICA tax obligation. This differs from the employment setting where this obligation is equally shared by employers and employees. Moreover, a member’s entire share of LLC earnings is subject to the 2.9 percent Medicare tax and this must all be paid by the member. In the employment context, the Medicare tax obligation, like the FICA tax obligation, is equally shared between employers and employees.

In the S corporation structure, wages paid, whether to an employee or an owner/employee who receives compensation for services rendered, are subject to payroll taxes, half of which is paid by the employer and half of which is paid by the employee. As with LLCs, the same threshold phaseout applies to FICA taxes while there is no threshold for Medicare taxes.

The key difference is that distributions of profits and other items from S corporations which are not paid in the form of salary are not considered earned income for tax purposes and are not subject to employment taxes. This creates an incentive for S corporation shareholders to reduce their salaries and receive S corporation distributions free of payroll taxes.

The obvious question is how much of the S corporation’s earnings can be reported as salary and how much can be reported as distributions, the motivation being to maximize the amount which can be reported as distributions. There is no bright line test which S corporation owners can rely upon. The IRS has challenged S corporation owners who receive unreasonably low salaries in the hope of significantly reducing payroll taxes. With undefined rules, of course, not all tax practitioners agree. In the absence of specific guidance and increasing IRS scrutiny, S corporation owners should strive to be reasonable in determining their salaries.



by Bruce E. Bell, CPA/Attorney

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A founding member of the firm, Bruce chairs the firm’s transactional and tax practices. He concentrates on federal tax, estate planning and general business matters.

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(continued on next page)

As S corporation shareholders seek to minimize their salaries, the collateral consequences of doing so should be considered. Company contributions to profit sharing and pension plans, for example, are based on the amount of salary reported so that an owner whose salary decreases may also receive a smaller share of company-paid retirement plan contributions. Similar consequences can apply with company-sponsored group life insurance where coverage is based on salaries paid. For those S corporation shareholders who routinely receive salaries below the FICA wage base, lower salaries may ultimately result in lower social security benefits. The prospective loss of these benefits, if any, must be weighed against the potential payroll tax savings.

Once a decision is made to convert to S corporation status, the manner of conversion is relatively easy. An LLC simply files an election to be treated as a corporation and taxed as an S corporation. Assuming all of the statutory requirements are satisfied, the LLC becomes an S corporation upon making the election. The election can be made as of a current or prospective date. An election can also be made retroactively on or before the 15th day of the third month following the effective date of the election.

Prior to the effective date of the S corporation election, the LLC must report its income consistently with past filings. If there are more than one LLC members, the income and other tax items for the pre-election period must be reported on a partnership income tax return and if there is only one LLC member, then income and other tax items must be reported as a sole proprietorship. From and after the effective date of the election, the company's income is reported on a corporate income tax return but allocated to the shareholders who report the income based on their pro rata ownership of company stock.

With some exceptions, S corporations are required to utilize a calendar year for income tax reporting purposes. That being said, an S corporation election can still be made at any time during the year. If the election takes effect mid-year, the corporation will file a short period income tax return for the period beginning on the date of the election and ending on December 31. Returns for subsequent years will be filed for each full 12-month calendar year that the corporation remains in existence.

Other factors need to be considered in effectuating a conversion. The stringent requirements of S corporation ownership must be satisfied as S corporations cannot have nonresident aliens, most types of corporations, many types of trusts and certain other persons and entities as shareholders. Businesses previously operating as LLCs should have their governing documents updated so that they are consistent with S corporation status. LLC operating agreements, for example, almost always contain provisions that incorporate partnership tax provisions which are inconsistent with S corporation requirements. These agreements should be amended effective as of the date of the election to remove the provisions inconsistent with S corporation status. Because the IRS could look closely at S corporation governing documents, the failure to amend these documents to comply with S corporation rules could jeopardize the company's S corporation status.

With LLCs that have more than one member, there are sometimes different arrangements as to the manner in which owners share in profits and losses and cash distributions. S corporation rules require that income be reported by the shareholders proportionately based on stock ownership. If an LLC operating agreement permits disproportionate allocations of income, loss, distributions and other items, those provisions must be modified. To the extent S corporation owners wish to share income in a disproportionate manner, they can pay differing salaries to the owners to accomplish that objective; distributions must nevertheless be proportionate.

LLCs often require owners to maintain separate capital accounts. If these capital accounts are not proportionate to the ownership of the S corporation, the LLC might consider eliminating the disproportionate capital account balances, whether by special allocations of income or otherwise, prior to the effective date of the S corporation election as it may not be possible to do so once S corporation status takes effect.

Changing times and circumstances may cause business owners to rethink their business structure. For the LLC seeking to become a S corporation, the seemingly simple means of conversion should only be undertaken after all of the consequences are properly considered. ■

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ideas, and it opens the door for networking with reps in other areas of the country. The principals I have worked with over the years are great resources too. Because of the strong relationships, it encourages us to stay connected and forms a basis to bounce ideas off each other. Lines come and go, but I always try to keep the door open. If a line doesn't work out for us, I will offer to help them find a good fit with another organization. As a result, the relationships and friendships are lasting.

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

I think LinkedIn is a very useful tool for finding contacts and making connections that benefit my firm and our principals. It is probably the most useful in getting information and connecting with companies and people. Their training modules are useful too. I do follow ERA and it is how I heard about the recent ERA Virtual Sales Training event offered in September.

What are some things you enjoy outside of the workplace?

My family, music, boating, sailing and surf photography keep me busy during the weekends.

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

My wife and I are caretakers of a 1967 red Mustang, original engine. I say caretaker because I take care of it and she drives it. ■

EXECUTIVE COMMENTARY: Damn the torpedoes!
(continued from page 13)

We are fully committed to holding this event in a safe environment for our staff and attendees. I am very optimistic that we will be able to conduct our conference in person and safely. We have booked the larger and new Zlotnik Ballroom and adjacent meeting rooms that will allow us to accommodate over 500 attendees in a safe and relaxed environment.

Your conference committee of over 50 volunteers is working hard to deliver another GREAT conference – chock full of real and tangible takeaways to help you manage and grow your business.

Registration and sponsor information is available on our website at <https://era.org/era-events/era-conference>.

All of us are SO READY to be back IN PERSON. The last electronics industry IN PERSON event was our own ERA Conference in February 2020. Come help us celebrate seeing each other two years later in February 2022. None of us have gotten any older!

Leave your business costumes at home. Our events are casual and fun. Join us to learn from each other, from our great keynote and general session speakers, and our unique breakout sessions format.

So, FULL SPEED AHEAD! ERA will be protecting you from any torpedoes thrown your way. See you all in February in Austin.

Your ERA Ship's Captain speaking ... ■

2022 ERA CONFERENCE
KEYNOTE SPEAKER
ANNOUNCED

The 2022 ERA Conference Committee announced that FutureSight Labs Founder and CEO Seth Mattison will be the keynote speaker at the upcoming conference, scheduled Feb. 27 – March 1, 2022, at the AT&T Hotel and Conference Center in Austin, Texas.

Mattison will open the 2022 ERA Conference program on Monday morning, Feb. 28, with the presentation “The Emerging Future: Building Future-Ready Organizations and High-Performing Cultures to Compete and Win in The Decade Ahead.”

As an internationally recognized thought leader, advisor and top-rated keynote speaker on talent management, change and innovation, digital transformation, leadership and the future of work, Mattison inspires audiences by sharing actionable strategies to drive meaningful outcomes for individuals and their organizations.

Over the past decade, Mattison has shared his insights with thousands of business leaders around the globe for many of the world’s most recognizable brands, including Mastercard, Johnson and Johnson, IBM, The Dallas Cowboys, AT&T, PepsiCo, GE Energy, E&Y, Caterpillar and The Walt Disney Company, to name a few.

As we enter the second decade of the 21st century, leaders prepare to face an unrelenting and continuously shifting landscape of change and transformation. At the 2022 ERA Conference, Mattison’s keynote presentation will empower leadership teams to meet the decade ahead with confidence, clarity and conviction.

ERA HOLDS FIRST
VIRTUAL SALES
TRAINING EVENT
IN SEPTEMBER

In September, ERA held its first Virtual Sales Training event, “Sharpen Your Sales Skills in Today’s Market.” The program offered 11 hours of sales training comprised of nine 75-minute educational modules, which offered a unique blend of tactically focused sessions and useful takeaways, best practices and key sales tools. All sessions were recorded and available to registered attendees to view on demand through September 2022 at erasalestraining.era.org.

Attracting more than 150 attendees, the event was a success and is expected to return as an annual event held in September.

LINKEDIN TO SHUTTER
SERVICE IN CHINA

LinkedIn announced in October that it is going to shutter its platform in China. The decision marks the biggest departure from China by a major tech company in years. The company, which is owned by Microsoft, said a “significantly more challenging operating environment and greater compliance requirements” by Beijing authorities were behind the decision. LinkedIn is the only major American social network allowed to operate in the country. Other social media services like Twitter and Facebook have been blocked in China for years. However, LinkedIn isn’t abandoning China completely. The company said it will offer its 50 million Chinese members a slimmed-down version of their platform: an app focused just on job postings. China users will not be able to share or comment on posts — a key feature of the LinkedIn platform elsewhere in the world.

SEMICONDUCTOR
MARKET TO SURGE
THROUGH 2022

The semiconductor market grew by 10.8 percent in 2020; however, it is expected to easily clear that bar in 2021, with 17.3 percent growth. The report noted that growth is being driven by “mobile phones, notebooks, servers, automotive, smart home, gaming, wearables, and Wi-Fi access points,” along with increased memory prices.

Depending on demand, there is also the possibility of a decline in late 2022 or early 2023. The various first and second-tier foundries have increased production at existing facilities and are building all-new fabs around the world to handle anticipated long-term demand. If currently high levels of demand do not continue, the semiconductor market could find itself with an enormous glut of additional capacity no one needs.

ERA MOURNS
ROGER PONTO

It is with great sadness that ERA must report the passing on Sept. 30, 2021, of Roger Wayne Ponto. He was 90.

He founded Roger Ponto Associates in 1980 and held several leadership positions with ERA from 1985-1997, serving in various roles on the executive committee, including chairman, VP/audiovisual group, VP/education and director of industry development.

In 1999, Roger Ponto Associates was dissolved and Roger and his son, Gary, created GP Marketing, specializing in security and surveillance products.

He was inducted into the ERA White Pin Group at the Bermuda Conference in 1986 and was recognized as a Life Member of ERA in 2000.

Tune in.



Listen in to ERA's podcast series, featuring informative and educational interviews with industry leaders.

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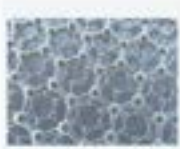




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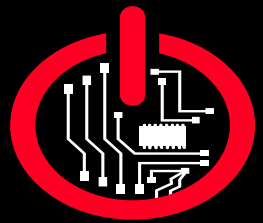


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NEW LOOK

SAME GREAT COMPANY

To enhance our business worldwide, KYOCERA and AVX announced that the companies have established a new integrated brand "KYOCERA AVX" to be used for the Kyocera group's electronic components business starting in October, 2021. The new brand structure will accelerate and strengthen the growth of Kyocera's electronic components business worldwide and will enhance the global sales capabilities as well as maximize synergy by combining the companies' resources of manufacture and development for further expansion of its global business.



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