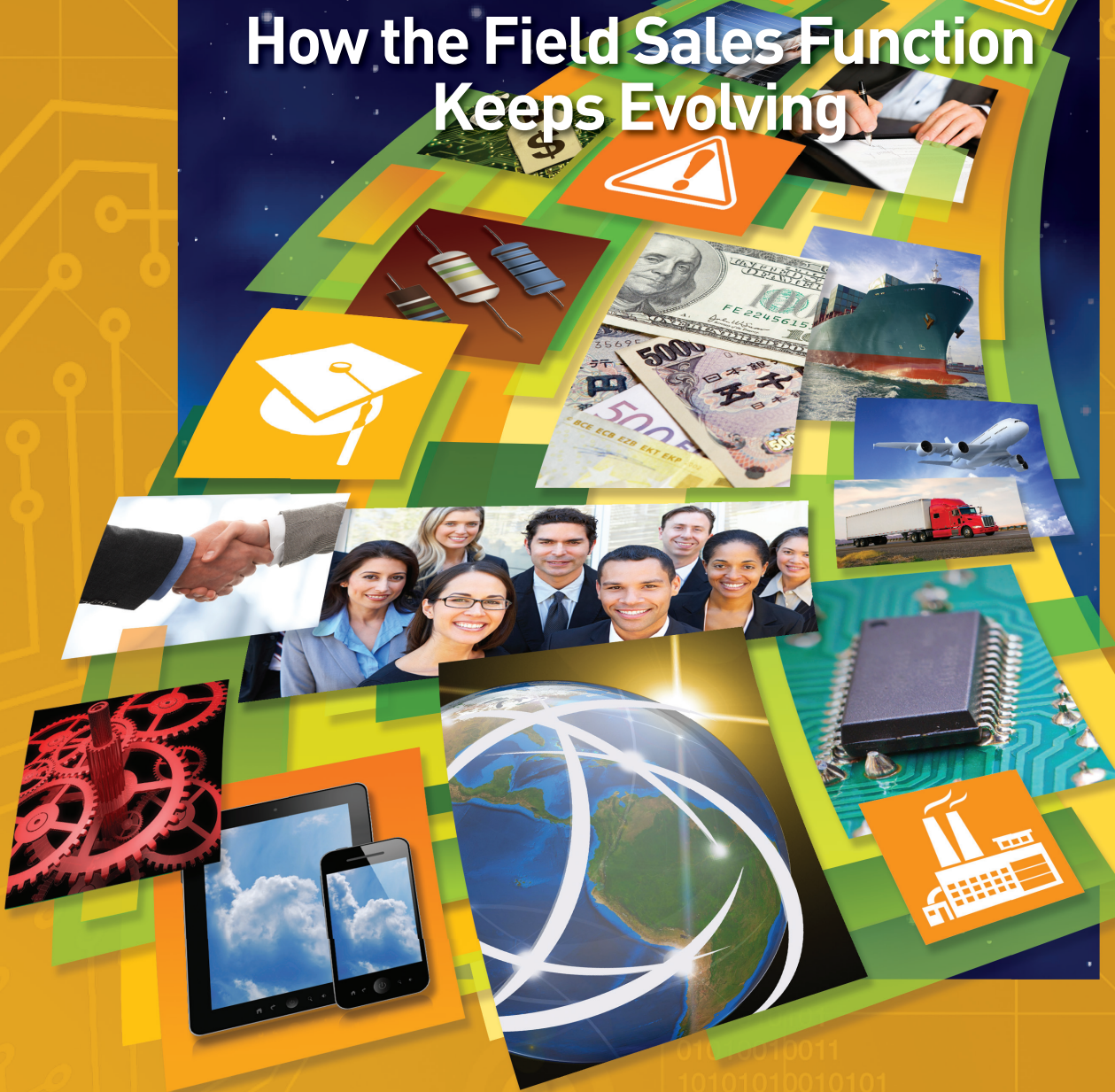




An Electronics Representatives Association White Paper

THRIVING ON CHANGE 2014

How the Field Sales Function Keeps Evolving



Why this white paper?

No one knows better than ERA member representatives that their position on the front lines of the electronics industry field sales process brings them smack up against CHANGE every day. And yet, the dramatic change bombarding reps is one of the key reasons they are successful. Why? Because they can be nimble and quick to adapt to change while also continuously reinforcing (and yes, proving) their value to their principals and customers.

The universal advances in technology and communications cause many who do not understand the field sales function to conclude that field sales “people,” and perhaps even the field sales function itself, are no longer needed. This erroneous conclusion is what spurred the creation of ERA’s Thriving on Change Task Force in late 2012 and the ultimate development of this white paper.

The goal of the task force members (*see the roster elsewhere in this article*) was to update the landmark research projects conducted between 1989 and 1996 by the late Timothy M. Coakley, CPMR, then president of Coakley, Boyd and Abbett, Inc., in Framingham, Mass., and one of ERA’s most respected rep educators. Coakley’s “Thriving on Change” presentations at several ERA conferences provided two firsts: analyses of what was influencing and driving the dramatic changes occurring at that time in the field sales function; and recommendations on how reps should be preparing to thrive in the face of those changes.

Mark Motsinger, CPMR, of Wallace Electronics Sales, Inc., in Kernersville, N.C., a past president of ERA, chaired the task force whose work began in 2012 and extended into 2014. He says, “Given the pace of change in the world, we felt it was time for an update to the foundation built by Tim and the many reps, manufacturers and other industry associates he involved in his process. Reps need to be able to articulate our value in new ways in the current environment and look to the future to identify what we must do to maintain our value proposition.”

“We followed Tim’s original process to update his research and then gathered input from attendees at ERA’s 2013 national conference to produce this white paper for our industry. We feel this report has important ramifications not only for reps but for every company in our industry that uses or deals with field sales.”

A brief background

Coakley’s process of 20 years ago consisted of four steps: 1) identifying the key drivers of change affecting the field sales process; 2) delineating each key driver’s impacts that were causing the circumstances, needs and expectations of field sales to change; 3) predicting how field sales would keep evolving in response to the key drivers and their impacts; and 4) recommending specific changes field sales reps should prepare to make in order to continue thriving.

Keep in mind, Motsinger notes, that when Coakley wrote his last report in 1996, “Google was just a silly name. Amazon and eBay were in their infancy. A blog was a monster in a movie. Wikipedia sounded like an insect. Many assumed Apple would not survive. Only birds tweeted, and we had no idea that many of us would soon be letting our friends know every detail of our lives on an hourly basis. How could any of us have imagined the world we now live in?”

Still, Coakley’s research and results indicated he had a clear idea

of where reps and the field sales function were heading. The four key drivers of change he identified in 1996 were:

- 1) cost reduction demands;
- 2) customer/supplier partnering;
- 3) the communications revolution; and
- 4) emphasis on adding value.

These were Coakley’s key predictions that resulted from analyzing these drivers and their many impacts.

- Reps will become systems sellers.
- Principals will demand higher quality marketing and non-sales intelligence from reps.
 - Reps’ value will focus on anticipating customers’ needs and solutions.
 - Field salespeople will greatly enhance their competence.
 - Multi-territory reps and hybrid sales forces will become common.
 - Reps will invest in new technology, hardware and related equipment and software.
 - Reps will be highly accountable to principals with better and real-time reporting.

So even 18 years ago, Coakley could see that the role of field sales was becoming much more than a transfer of information and that greater engagement with customers at all levels would become the norm.

Today’s key drivers of change

Following Coakley’s four-step process, the 2012-14 ERA task force identified these four current key drivers of change in the electronics industry:

- 1) globalization and logistics;
- 2) economic, educational and demographic shifts;
- 3) dominance of the Internet and technology; and
- 4) industry issues and market maturity.

The next step was identifying the impacts of each driver, i.e., how each is changing the circumstances, needs and expectations of field sales.

Impacts: Globalization and logistics

Motsinger comments, “As Tom Friedman has written, ‘the world has become flat’ since 1996. Most all customers, distributors and principals have a global footprint.” So it is no surprise that the task force sees many impacts of this driver. The major impacts follow, accompanied by Motsinger’s remarks about each.

- *Issues related to publicly-held companies.* While profit is not a negative, the emphasis in publicly-held companies seems to be mostly short-term and driven primarily by stockholder value. “Organic” growth is viewed as more difficult than mergers and

“Reps need to be able to articulate our value in new ways in the current environment and look to the future to identify what we must do to maintain our value proposition.”



acquisitions, and the field sales function is being evaluated within this framework that stresses doing more with less. In many organizations, sales cost is under constant scrutiny as an *expense* versus a way to increase income.

- *Lead times and raw material inventories.* Today's supply pipeline is continually being stretched because no companies want to hold inventory. This results in more pressure on field sales firms to manage the pipeline and expedite orders.

- *Emphasis on the design process.* Especially in North America, the design process is "king," even though the process can occur in multiple locations for the same program. There is also a prevalent trend toward using consultants and/or original design manufacturers (ODMs) to speed up designs and alleviate the costs associated with staffing engineers.

- *System solutions.* Many companies are focused on building system solutions rather than commodity components. They are much less concerned with discrete designs but instead acquire functional sub-assemblies for their final products. The results for field sales reps is that they sell fewer low-end components and must focus on higher-level designs and components.

- *Expansion of contract manufacturing.* The task force concluded that, while contract manufacturing may change in terms of locations, size and expertise, it will continue to expand, and principals will want greater design-in effort from their reps. So reps are being tasked to work with OEMs even though contract manufacturers, not those OEMs, are ultimately buying the designed-in part(s). However, since reps' commissions are still based on the sale of the part(s) versus the design work, they are constantly trying to track the commissions they're owed through a complicated system of multiple design and outsourced manufacturing locations. The task force considers this a critical issue for both the present and future, and one member notes that at least one principal has ceased selling through reps because of the inability to track ultimate sales and compensate reps for their efforts.

- *Territory consolidation.* Consolidation and hybrid territories are becoming more common. As technology eliminates many of the geographic barriers of the past, reps will be judged on specific customer and/or market expertise.

- *Increase of non-selling functions asked of reps.* As principals become more system-driven, they are asking for more detailed reports and additional services from field sales reps that are not part of the reps' compensation plans or agreements. Among the tasks reps are being asked to fulfill are marketing feedback, competitive research, follow-up on unfiltered marketing lists, distribution management and project management. Also, because of limited support at principals' factories, reps are now managing deliveries and timelines more than ever before.

- *Multi-national manufacturing companies.* Multi-national companies, i.e., those with separate P and Ls for each division or location (versus international companies that use one P and L), measure their divisions or locations against each other. This

situation causes issues with design and manufacturing that can result in reps being at odds with one or more divisions or locations regarding who gets credit for a specific sale.

- *Reshoring.* The reshoring phenomenon is gaining ground, and as it does, sales and total available commissions for field sales will increase.

- *Offshore production.* Even with the gains being made in reshoring, the task force believes offshore production will continue to be a major factor in the electronics industry and will continue to require reps to "chase" their commissions.

Impacts: Economic, educational and demographic shifts

The task force members agree that the driver they labeled as economic, educational and demographic shifts is generating huge impacts on virtually all industries, businesses and individuals. The most critical seven impacts follow, again with Motsinger's notes on each one.

- *Government-generated uncertainties.* This impact – encompassing taxes, health care, government budget constraints, the national debt and underfunded state and private pensions – is, as Motsinger says, the "most depressing," but it has become much more critical in the last few years, requiring everyone to do more with less ... and faster.

- *Employee benefits.* As it becomes more costly to pay and provide benefits to employees, the outsourcing of the field sales function could trend upward, and rep firms could also see the value of using more 1099 personnel. For existing employees and new hires, retirement plans and medical insurance are becoming more important components of compensation plans.

- *Younger workforce.* Many studies indicate that Gen X and Y workers are more interested in personal satisfaction and flexibility, e.g., working from virtual offices on flex-time schedules, than the amount they earn. They can also be highly creative and excellent collaborators – all pluses for their employers. However, they are usually less loyal and have less respect for following traditional career paths – realities that employers must keep in mind.

- *Societal shifts.* Baby boomers are retiring; there are more female breadwinners in the workforce; and, in North America, society is becoming more diverse. All of these shifts could affect the field sales workforce as well as the pool of potential employees.



- *Unemployment.* Many economists and business futurists predict that unemployment will remain stubbornly high, translating to many qualified people seeking work. This is a plus for employers, but not necessarily one they will act on because they are under economic and business pressures to do more with fewer personnel.

As it becomes more costly to pay and provide benefits to employees, the outsourcing of the field sales function could trend upward, and rep firms could also see the value of using more 1099 personnel.

- *Emphasis on training and specialization.* Differentiation is vital to set companies apart in today's overcrowded markets. Specialization and the related additional training and education are among the most common ways companies are creating their differentiation.

- *Competition for employees.* Although this impact seems counter to the unemployment impact above, it remains true in the electronics industry that companies seeking qualified new hires are having trouble finding them. So experienced people, especially in field sales, can demand higher compensation. Task force members note that distributor pay scales are now on a par with rep firms, which was not the case in the past. This fact reduces the pool of available candidates for many field sales vacancies.

- *Lack of college business, sales and marketing education courses that acknowledge and teach the basics and benefits of the outsourced field sales function.* While some progress has been made in this area, there remains a huge void of information in higher education regarding why and how manufacturers outsource their field sales. This void results in graduates who have no knowledge of or interest in pursuing careers in the rep profession.

- *Increasing cost of higher education.* Many, and perhaps most, college graduates are entering the workforce with significant student loan debt or, at the minimum, the realization that their degrees have been enormously expensive. The impact is that new graduates shy away from more risky commission-based income careers in favor of positions offering stable paychecks.

Impacts: Dominance of the Internet and technology

It was relatively easy for the task force members to delineate how the impacts of this third driver are affecting electronics industry field sales. Motsinger outlines the six most critical impacts as follows.



So this is no longer a major part of the rep's value proposition.

- *Rise of Internet sales.* Today's supply channel has changed dramatically because of Internet commerce. Every year, more people and businesses buy more goods online. "In our industry," Motsinger acknowledges, "engineers and buyers have become savvy Internet shoppers. They know how to source commodity products with no personal interaction required, which yields a big challenge for reps trying to make sales calls."

- *Demands for greater responsiveness.* The speed of today's com-

munications results in everyone expecting instant answers. "We are turning into a society," according to Motsinger, "in which many individuals have no patience or attention span."

- *Increased importance of reporting.* Because of the huge amount of information now flowing, principals are asking reps to report key issues and action items on a more frequent (and often more detailed) basis than in the past. The challenge is to limit the "touch points" so reporting does not infringe on field salespeople's time in front of customers.

- *Social media producing more visibility and expense.* The rapid rise of the use of social media has made it almost a mandatory tool for everyone in business, despite the reluctance of some older generation individuals to embrace this form of communication.

- *Expectation that reps know customers' technology and product directions.* Just as Tim Coakley stated in 1996, reps must be "embedded" with their customers. The challenge is to establish and foster these relationships when there is little time allotted or emphasis placed on face-to-face meetings. The greatest challenge for reps is simply getting customer appointments.

Impacts: Industry issues and market maturity

For this fourth and final key driver of change, the task force identified seven primary impacts plus several others. Motsinger notes that all of these apply to all electronics industry companies.

- *Eroding profit margins and decreasing commission rates.* "All the issues already reviewed," Motsinger says, "have resulted in great pressure on profit margins, both at customers and principals."

- *Everyone watching sales, general and administration (SGA) expenses.* Sales commissions are an "easy target" when viewed as part of SGA. Some companies view field sales as business development, but many lump all SGA expenses together, making it "easy" to cut field sales costs when across-the-board expense reductions are mandated.

- *Price, delivery, quality, service, technology (PDQST) all critical.* It is a given that all of these are necessary for success today, and there is no room for any one of them to slip. That said, price still seems to drive sales.

- *Fewer rep firms and distributors.* The task force feels that mergers and acquisitions among reps and distributors will continue to increase because, for most companies, growing their critical mass organically is so difficult.

- *Greater emphasis on demand creation and new business opportunities (NBOs).* Because NBOs are the lifeblood of a company and usually offer programs with less margin pressure, they are the focus of most manufacturers. Many principals are setting up scorecards and ratings for field sales reps to reflect performance based on non-sales-related goals, such as lead follow-up, reporting and opportunity development activities. This is occurring despite the fact that reps' commissions are generated only by sales.

The speed of today's communications results in everyone expecting instant answers. "We are turning into a society ... in which individuals have no patience or attention span."

- *More information available online.* Again, this phenomenon has been a reality for reps for some time. The Internet has empowered customers with information that used to be provided by field salespeople.

- *Value added / value engineering (VAVE) as both a threat and opportunity.* VAVE programs can open new opportunities on cost or function, but they are also a threat to ongoing programs.

- *Electromechanical distributors stressing services/programs and stocking fewer products.* For some reps, much of the point-of-sale (POS) information from electromechanical distributors is for contract manufacturers. These distributors are trying to differentiate their companies via special services and programs that are not based on component parts.

- *Other major issues include:*
 - *counterfeit and brokered products;* (a matter for manufacturers and distributors to address.)
 - *requirement that reps use multiple customer relationship management (CRM) programs;* (Motsinger comments that rep portals into principals' systems are becoming more dominant, but the issue is that reps end up touching information multiple times.)
 - *lack of adequate sales training by manufacturers for their field sales reps.* (Again, Motsinger says, differentiation is vital. Training – in product features and especially in market focus – is important to help reps zero in on customers with the best potential.)

Future rep: 2014 and beyond



The next project of the task force was to review the key drivers of change and their many impacts in order to develop predictions on how the role of field sales will keep evolving in the near future and beyond. Motsinger calls

these predictions “more food for thought rather than points of argument.” Following are the task force’s conclusions on what reps should expect and prepare to do, accompanied by Motsinger’s brief elaborative comments.

Predicted changes due to globalization and logistics

- *Reps may no longer be “local.”* They must be prepared for shifts away from exclusive territories, but they will then be able to focus on their strengths. An emphasis on a rep’s market and/or customer base versus the firm’s territory is already showing up in the creation or revamping of some principals’ field sales networks. Since the world has truly become flat, reps must be ready and able to apply their strengths where they bring the most value.

- *Reps may be compelled to address stock analysts’ requirements* for publicly-held principals, i.e., enhancing and justifying their contribution to a company’s bottom line, especially in comparison to a direct field sales force.

- *Reps must become true communications conduits between customers and principals.* Thanks to today’s constant glut of information, reps will boost their value by becoming *managers* of informa-

tion rather than just conduits who move it along.

- *Compensating reps for design and project management will be critical.* Design “legacy” will be a focus. *Registration programs and custom part numbers for all products may be needed.*

Motsinger considers these two predicted changes to be “among the most critical areas for manufacturers to have and support field sales in the future. The old model of getting paid on shipped invoiced and then trying to split up a commission among design, ship to and/or purchasing locations does not work fairly. As reps, our challenge is to continue to articulate and demonstrate our value to our principals, distributor partners and customers.”

- *Reps may have to travel to track designs and sales as well as manage global programs.* It’s a “flat world” reality!

- *Reps must be able and willing to drive all types of training* (e.g., sales, education of principals re: the rep model, how to provide field support, etc.). “Reps will be responsible for more activities in the field than just selling,” Motsinger describes. “We can effectively become the field point of contact for quality issues, supplier surveys, warranty issues and more. With video conferencing becoming more effortless, there’s no need for people to travel for reasons that previously required a visit from the factory. However, the devil is in the details of how the reps will be compensated and trained for these additional activities.”

- *Principals’ evaluations of reps will be based more on intellectual property, long-term customer relationships and services.* Report cards are becoming more prevalent, and actual sales dollars are often a minor component of today’s evaluations. The task force projects that evaluations will become part of a rep

firm’s compensation plan.

Predicted changes due to economic, educational and demographic shifts

- *Rep firm owners must rethink their entire employment packages to keep up with new demographics.* Reps and ERA should pursue internship programs with academia to attract graduates to the business. “One of our greatest challenges,” notes Motsinger, “will be to attract and keep younger and more diverse employees. Unfortunately, because the rep function remains relatively unknown and little understood in academia, it will be up to ERA, our chapters and individual rep firms to develop and offer internships to broaden students’ knowledge of our business and draw them into the rep world.”

- *Reps must focus on defining and selling their value,* including providing more services to lighten the loads of customers and principals. Motsinger urges, “We must be proactive in adding more services and support beyond the pure sales function.”

- *Virtual rep offices will be more common.* Communication tools make this possible, and the trend that is already evident is bound to continue.

- *Larger rep firms will flourish.* Larger reps will be able to offer the infrastructure, staffing, information technology, marketing and spe-

Prediction: Compensating reps for design and project management will be critical. Design “legacy” will be a focus. Registration programs and custom part numbers for all products may be needed.

cial services that will become part of the rep function. Smaller reps can also thrive by pursuing niche market and product opportunities.

- *A combined rep-distributor function may develop.* “It will be interesting to see where distributors are in five years,” says Motsinger. “If they are willing to sell only non-competing lines, there could be some blending of the field sales function with distribution.”

Predicted changes due to the dominance of the Internet and technology

- *Reps must stay ahead of technology advances and trends affecting or being used by their customers and principals.* Reps must be ready to address manufacturers’ expectations that they deliver “intelligence” about their customers while also staying up to date with principals’ new directions.

- *Reps must adopt new methods and new technology to interact with customers and to conduct marketing functions.* “The continual updating of our own technology is critical to bringing value to our principals and customers,” Motsinger insists. “We need to be connected to and engaged with our technology, and it will be vital to our success to eliminate repetitive touch points in activity. At the same time, we must improve our ability to thoroughly understand new products and future roadmaps to educate our customers for new designs.”

- *Reps must maintain the “personal touch” to continue selling custom products and services.* “Virtual sales calls may become more common,” Motsinger says, “but personal touch remains the property of field sales, even in an environment that will continue to be significantly affected by new technology.”

Predicted changes due to industry issues and market maturity

- *Emerging manufacturers must understand they cannot expect reps to work for free to build their businesses.* More open discussion can be expected regarding the costs for rep firms to pioneer lines, and reps will forge more shared investment agreements with missionary line principals.

- *Reps must begin thinking of their firms as SERVICE organizations (versus sales companies) with services provided on a fee basis.* The same discussions (as noted in the predicted change above) will occur

as field sales reps take over additional functions for principals. “If we show that cost and more effective method for the service,” Motsinger contends, “we will be paid appropriately.”

- *Reps could become resources for manufacturers in various ways* (e.g., as trainers, product recyclers, test and certification providers and global materials “finders”). The task force believes that reps should always be open to areas where they can provide a service more effectively than their principals. The needs and preferences of manufacturers will vary widely, but reps must be flexible to best fit their capabilities to each principal’s circumstances.

- *As all companies do more with less, principals’ priorities for reps will change.* This will require reps to respond with new services as

suggested above.

- *Reps will hire less locally and more globally.* Some of this hiring will include more specialists to handle reps’ expanded services to principals, e.g., personnel in foreign countries or local employees who can work with global accounts.

- *Price will remain key to add value, so non-value-add activities will diminish.* Once again, Motsinger emphasizes that redundant activity must be eliminated for reps to remain viable and competitive. “Principals must understand,” he urges, “that non-value-add activities must be eliminated.”

- *Reps’ contracts with principals will be more customer-specific versus territory-specific.* There are some such contracts in place now, Motsinger confirms, “but this practice will become more commonplace, with reps having responsibility for only certain customers. In five years, reps may be using separate line cards for each major customer.”

- *There will be major consolidation among CRM software providers so that a true 24-7 global communications system emerges for use by all reps, manufacturers and distributors.* Cloud computing should resolve many of the cross-platform reporting issues that now exist. Motsinger notes, “Our firm now does reports on the cloud, and it has made our lives much easier.”

Conclusions and food for thought

On behalf of the task force members, Motsinger briefly summarizes the input from their year-long study:

“Predicting the future is challenging but a necessary part of

Thank you, task force!

ERA extends its deepest appreciation to the members of the Thriving on Change Task Force as well as the 2013 ERA Conference attendees who provided input for this white paper. In addition to the chair, Mark Motsinger, CPMR, the members of the task force are:

- Kathie Cahill, CPMR, Net Sales Company
- Mark Conley, O’Donnell Associates North, Inc.
- Ted Curtin, CPMR, Repworks, Inc.
- Bob Evans, CPMR, EK Associates, Inc.
- Tom Griffin, CPMR, Catalyst Sales, Inc.
- Mike Kunz, CPMR, R. W. Kunz & Associates, Inc.
- Scott Lindberg, CPMR, SEL Consulting
- Holly Myers, CPMR, Wallace Electronic Sales, Inc.
- Paul Nielsen, CPMR, Brainard-Nielsen Marketing, Inc.
- Tom Shanahan, ERA Executive Vice President and CEO
- Richard Shor, Chesapeake Industrial Marketing
- Mike Swenson, CPMR, Mel Foster Company, Inc.
- Bob Walsh, CPMR, Coakley, Boyd and Abbott, Inc.



good planning. We must start preparing today for the challenges of tomorrow. As reps, we have always been able to adapt and thrive as our world changes around us – one of our greatest strengths. The value of the field sales function continues to be vital to the success of the sales process, but we must constantly articulate and produce this value moving forward.

“We reps will still provide empathy and nuance to the supplier-distributor-customer relationship. That will always be our role even though the focus and techniques are constantly changing. Relationships will be more virtual but will remain highly valuable. The ‘virtual’ aspect will be a huge shift for those of us in the Baby Boomer generation but one that will come naturally to our younger employees and successors.

“Perhaps most importantly, because of the explosion of information engulfing our businesses and industry, managing that information to assist both principals and customers – not just moving it – will be an overriding and critical role of field sales in the near future. For manufacturers to fully utilize and benefit from the power of their field sales reps as information managers, they must recognize these ongoing changes, strive to understand what motivates their reps, and adapt their support activities and systems to the new realities.

“The bottom line here is that selling through reps brings a manufacturer a field sales team consisting of every person in every rep firm, all of whom are embedded in direct relationships with multiple touch points into customers. That’s a ‘big picture’ profile that only reps can provide and that no direct sales force, whatever its makeup, can ever hope to match. Reps remain not only the lowest cost way to go to market but the most effective sales method a manufacturer can choose.”

Strategies to thrive on change

With all the task force information and predictions in front of them, the rep, manufacturer and distributor attendees at ERA’s 2013 Management and Marketing Conference added their input by replying to two questions. Their responses provide ideas for others to adapt in their own businesses. Following is a summary of answers to each question. These are collated lists, i.e., with multiple similar responses listed only once.

• Question 1: What is your company doing now to respond to the key drivers of change?

Most of the conference attendees’ replies fall into the four main categories listed below.

Category: Technology, communications and the Internet

- Embracing and investing in technology to automate processes, increase productivity and enhance efficiency
- Using a younger employee as in-house technologist
- Conducting formalized and regular technology training
- Building in search-word optimization on website
- Hiring younger employee to handle social media

... selling through reps brings a manufacturer a field sales team of every person in every rep firm, all of whom are embedded in direct relationships with multiple touch points into customers.



- Developing new ways to connect with engineers
- Posting/sharing more relevant website content and making content more accessible

Category: Personnel

- Getting more team members to attend educational events, including ERA conferences
- Hiring young and more diverse personnel (e.g., age, gender, ethnicity, skills set, background)
- Targeting colleges for new recruits
- Using intern co-op programs
- Formalizing engagement with academia
 - Developing an overall company culture to accept change
 - Educating personnel on cultural differences
 - Ensuring the firm includes a thinker, i.e., a director of ideas
 - Assigning emerging accounts to younger personnel
 - Increasing company’s physical presence overseas
 - Adding global employee(s)
 - Assigning a global account manager for specific customers

Category: Sales and marketing

- Creating individual line cards and product portfolios for customer-specific markets
- Creating line card highlighting engineer-specific solutions
- Focusing on being a more solutions-oriented resource for customers
- Selling custom solutions, systems or niche parts (versus commodity parts)
- Extending rep firm’s historical territory footprint
- Beginning to charge for additional services
- Accepting no missionary lines without stipend and negotiated, documented expectations
- Developing rep firm “menus” of functions and/or services for principals
- Improving product registration programs
- Using more centralized reporting
- Conducting more dialogue re: commission fluctuations so all parties win
- Sharing manufacturer-focused resources among multiple rep firms
- Handling customers in multiple locations

Category: General management

- Investing in business development and future planning
- Adapting to market changes and shifting resources to accommodate those changes
- Investing in more research and development
- Training reps to be more technical
- Traveling more internationally
- Shortening time to market
- Conducting “pitch and catch” conference calls
- Owning stock in principals’ companies

• Question 2: What is now in your business plan to help your company prepare for the changes coming over the next five years?

Responses to this question again fall into the same four main

categories.

Category: Technology, communications and the Internet

- Increasing use of the cloud
- Investing in technology and technical training
- Using more Web services
- Creating dedicated marketing plans for social media, direct mail, etc.
- Using iPad applications to move information more quickly
- Exploring the creation of a technology “think tank” with or at one or more manufacturers

Category: Personnel

- Hiring and training younger employees
- Exploring the co-funding of employees with principals
- Working with college or co-op programs
- Hiring inside data strategist to work with outside sales
- Adding a new business development person to focus on leads and research of emerging companies

Category: Sales and marketing

- Exploring how to pay for non-revenue-producing activities
- Helping manufacturers understand concept of full-service rep firm versus sales-only firm
- Refining products and services represented to move away from commodities and low-margin solutions toward more system lines and/or custom solutions
- Reviewing and revamping line card to ensure it is complementary and dynamic
- Adding a contract manufacturer to line card
- Exploring acquisitions to expand product offerings and move into new markets
- Improving the auditing of commissions

Category: General management

- Developing a succession plan
- Collaborating with local reps
- Taking better advantage of ERA support services
- Developing a road map for the future with clear set of metrics
- Allocating time to regularly work ON the business



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