



Rep of the Future Report

A NEMRA Insights Initiative

NEMRA ... Powering a Smarter World

FOR MEMBERS ONLY

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Confidential, not for redistribution outside member company

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Researched by Channel Marketing Group, www.channelmkt.com

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Introduction

Change – while inevitable, its speed is accelerating in the electrical ecosystem. It is driven by a convergence of the following: an aging electrical workforce which is stimulating increased industry consolidation and succession issues within distributors and manufacturer representatives; increasing cost structures driven by higher labor costs for a new generation as well as new roles; the adoption of technology as a business enabler and companies recognizing their need for growth to ensure longevity. This is further coupled with the emergence of products that are more technical in nature, especially many that are technologically driven. Further, process management is leading to increased usage of digital processes to improve information accuracy, responsiveness and throughput.

The ecosystem is changing. Whether, in the words of one distributor executive, “this occurs in five years or ten years” is not that relevant. The relevancy is that the change is coming, and quicker than many expect.

But change does not occur instantaneously, so there is the opportunity to manage your way through the process. Consider the words of one manufacturer strategic account manager, who has insights into a number of national chains: “As long as not too much changes in the next 6-8 years I’ll be happy as then I’ll be retiring.” He recognizes that there will be evolutionary change, not revolutionary change.

Just like Home Depot changed the “hardware” and “building materials” industries, there are still smaller, albeit specialized, hardware stores and building material wholesalers that are thriving.

This Rep of the Future study, the first in a series of NEMRA Insights planned over the next few years that will share marketplace research with members, shares information gathered from manufacturer representatives, manufacturers and distributors. It is designed to give insight into what each member of the channel feels is needed for the manufacturer representative agency of the future to thrive.

Answers are not given here, as each company can use the insights to develop their own plan of action. There is opportunity for all, especially in a market where, although there are a declining number of distributorships, there are still the same number, if not more, of end-user buyers. There are more “outlets” for selling electrical materials. Over 90% of manufacturers in the industry utilize an independent sales organization to bring their products to market, with most not having the resources to field a complete direct sales force or not having the resources to forsake “the channel” and go completely direct.

Research Methodology

The information gathered in this Insights study to support NEMRA membership prepare for a changing market was generated from surveys, interviews and secondary research.

With the help of the following organizations,

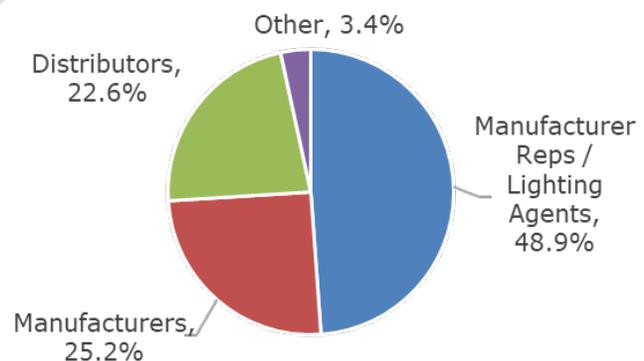
- Electrical Wholesaling
- TED Magazine
- NAILD (National Association of Innovative Lighting Distributors)
- Bill Attardi's Energy Watch News
- Egret Consulting
- AD
- IMARK Group
- ElectricalTrends
- NEMRA

Channel Marketing Group launched a survey to manufacturer representatives, manufacturers and distributors that generated 616 responses.

The survey questions were developed based upon Channel Marketing Group's experience within the electrical industry working with distributors, manufacturers and manufacturer representatives; NEMRA management input; and input from a group of distributors, manufacturers and manufacturer representatives.

The questions that were asked in this Rep of the Future study differ significantly from prior studies as marketplace dynamics have changed and insights were sought to help manufacturer representative principals and manufacturer senior management guide their organizations towards 2025 rather than seek comparative trends.

As shown in this pie chart, almost 50% of respondents were manufacturer representatives or lighting agents. Manufacturers and distributors were represented equally.



With individuals who opted-in to interviews based upon their survey responses and identification of others, over 60 manufacturers, distributors, manufacturer reps and technology companies were interviewed by Channel Marketing Group. Frank Hurtte from River Heights Consulting conducted additional interviews, and provided insights, to identify similarities and best practices from other comparable industries.

In total, 76 interviews were conducted and almost 700 individuals shared their input and contributed to this year's Rep of the Future study.

Macro Industry Dynamics

Looking towards 2025 requires a crystal ball and, to a degree, clairvoyance. There are certain industry dynamics and macro issues that many feel are “givens”. These include the following:

Market growth

Respondents expect “steady” sales performance in alignment with economic growth. Some question the growth rate of lighting due to pricing dynamics in this product category; however, this is a robust product category with much product and application change occurring.

“The” Electrical Distribution Channel

Changing channels ... consolidation, convergence, fragmentation

Respondents expect there to be continued consolidation within the electrical channel as well as continued channel convergence among distributors with continued fragmentation from a customer perspective. Today there are 2000-2500 electrical distributors. How many fewer will there be in 5 years? There will be new electrical entrants due to a consolidation of distributors (i.e., plumbing, HVAC, industrial supplies), who will either proactively carry electrical products and/or will carry some SKUs to serve “their” customers.

Simultaneously, new competitors from outside a geographic market, either driven by EPCs (engineering/procurement companies) who procure product or by online wholesalers and manufacturers selling online and competing for business.

Most reps feel there is not much they can do to impact these channel initiatives, given that their business focus, and their contractual agreements with their manufacturers, tie them to electrical distribution as well as their geographic territory. While online competitors are impacting the business from an informational and price transparency viewpoint, little is heard about end-users buying electrical materials, other than selected product categories (tools, test and measurement, some lighting), online from channels outside their territory and feel this will be less of an issue in the future as distributors in their territory invest in their own eCommerce initiatives to serve their clients.

Significance

- This changes the role of the rep from senior management distribution relationships to end-user interaction and demand generation.
- Compensation models need to be refined or sometimes remolded, to accommodate a changing customer buying/selling dynamic.

To ensure that they are compensated for sales to customers within their territory, manufacturer representatives are more regularly negotiating specification credit into their

manufacturer agreements, registering projects and seeking to ensure that they receive point-of-sale/place-of-sale credit for their activities.

Products

More "Technical"

From a product perspective, reps expect that many products will continue to become more technologically advanced. Additionally, they expect that their manufacturers will continue to launch new products with a focus on improving productivity as well as products that are environmentally-friendly, given the concern about climate change.

New products will become more technical. Whether they relate to wireless, IoT, PoE, battery, solar and other renewables, or focus on modular construction and more to increase installation productivity, products will become more complex.

With labor shortages at all levels of the product sales, specification and installation chain, there will be a rethinking of electrical products to eventually become "easier", perhaps with more "plug and play".

The focus on new products will ensure that reps continue to spend a significant amount of their sales effort on educating distributors and buyers (contractors and end-users) on the features and benefits of these items.

One area where many reps do not spend much time is on influencer selling for long sales cycle initiatives. They will call on these decision influencers if the project is considered short-cycle, typically defined as less than a 90-day project, or if the project will be in their territory. Reasons for this include their compensation model, sales resources, sales skills, pipeline management and follow-up capabilities.

Significance

- Product knowledge, and hence skill sets and training, become imperative as an element of one's value proposition.
- While some feel that "the Internet has the answer" and electronic information is becoming easier to share, the interpretation of this information and the sharing of experience and expertise based upon application needs will still be needed by distributors, end-users and specifiers. The role of the manufacturer representative will still require communication (i.e., marketing/promotion) of features and benefits based upon application, experience and expertise to "support", and sometimes "protect", the customer from inappropriate decisions.

Business Challenges

Another "macro" issue facing reps is the increased complexity, and costs, of running their business. Everything from finding and training staff to healthcare costs and the need to continually invest in technology to operate their business, support their staff and respond to

their suppliers is increasing. These issues are also affecting distribution and driving change in the distribution community.

While manufacturers have these same challenges, they also commented on the challenge of finding quality reps in markets.

While there are a number of quality reps in every market, the challenge is that due to manufacturer consolidation, line expansion and the increase in the number of manufacturers in a given product category, there are more line conflicts than ever before. Coupled with rep consolidation, the number of reps in a marketplace has diminished, resulting in reps either increasing the number of manufacturers/brands they represent and/or suppliers not being able to identify a satisfactory rep for their needs. This leaves territories uncovered, manufacturers considering "going direct" or reps carrying more lines and perhaps not supporting the "smaller" manufacturer as the manufacturer desires. Looking forward, all felt that this issue will continue to be exacerbated given that few new agencies have formed in the past few years.

Significance

- Generational issues impact buyers, sellers and staffing; this represents opportunities as well as concerns.
- There is industry consolidation at all levels.
- Increased application of technology is needed to improve throughput.
- Use data and the collection of data in the sales and sales management process.
- There is an expectation of more "sophisticated" products due to technological applications (IoT, PoE, software, etc.).

Data

Data is everywhere – sales data, customer data, product data, project information, prospect information and order information. There is lots of it and everyone wants access to it. The data is gathered, analyzed, interpreted and used for reporting, customer service, performance metrics and more. Instantaneous access is desired.

While conceptually feasible, there remain some challenges as it relates to installation of systems (CRM), training, information "standards" and then learning how to manage the information.

The desire for, and access to, data is one of the biggest changes occurring in the industry. It requires an investment in technology (software) platforms, more hardware (especially personal devices), analytic tools and different personal skill sets. The amount of data is leading to increased interest, and to "artificial intelligence" systems to analyze, predict and recommend solutions. AI is also taking on customer service roles such as via chat bots, vendor managed inventory, pricing recommendations and supporting customer service requests.

Significance

- Investments in systems and training
- Acceptance, adoption and utilization of technology supporting tools
- Redesigned processes
- Pricing methodologies changing
- Customer service returning to the role of the manufacturer

Given all of these issues, and the aggregated industry insights shared on the following pages in the Research Findings section, key questions for manufacturers and manufacturer representative agencies to consider in thinking about their respective roles and industry dynamics over the next five years include the following:

- *Who is the customer?* In an age of distribution consolidation, how does this change the role of the rep?
- *How does technology and data change sales management, pre-sales support and post-sale customer service?*
- *As the role of a manufacturer representative changes from driving demand and providing support, primarily, at distribution, to more of a demand generation role, what skills, resources and business models are needed?*
- *How does an agency manage the different needs of the manufacturers that they represent, and set expectations accordingly?*

In a world of business change and personnel change, the local manufacturer sales representative represents a “constant” in the channel to customers, specifiers and the local distribution channel ... a conduit for information. Maintaining local knowledge helps the independent sales representative to retain relevance. The culture of an agency drives its strategy, as it does for a manufacturer in gaining support for its initiatives. There are opportunities to thrive over the next five years. Planning “how” to differentiate, and grow, requires more than superior products. It requires understanding changing channel dynamics to optimize opportunities. Those who innovate can dominate, as the adage “change is inevitable” is truer in the electrical space than ever before. It will accelerate given the macro dynamics impacting the electrical distribution industry. Will that change be in five years? Maybe. In ten years, definitely.

Research Findings

With input received from almost 700 individuals that was, at times, contradictory, the research is presented in two ways. The Research Findings section shares observational aggregated trends, while the details are included in the Appendix, inclusive of verbatim responses, by audience, to the open-ended questions. The survey results are formatted in PowerPoint to enable companies to share the results with their teams to stimulate discussion.

The input received from manufacturers, distributors and manufacturer representatives should be taken as trends, not absolute givens, nor expressions of "all" groups within a channel segment.

Manufacturer Representative Input and Insight

Of the 616 survey respondents, 48.9% of them, or 301, were manufacturer representative personnel. Of these, 74% were principals or in sales management.

Agency insights:

- 59% of agencies have fewer than 15 employees with 41% having 7-15 employees
- 41% have 11-20 lines
- 58% carry 1-5 lighting lines
- 40% have total revenues (billings) of under \$25 million and 42% had revenues exceeding \$50 million
- 61% of responding agencies have a defined succession plan

Key insights gathered include:

- Staffing
 - 58% of agencies have someone responsible for marketing (a growing trend).
 - 49% of respondents shared that less than 25% of their workforce is younger than 40. Further, 40% stated that only 25-50% of their staff is under 40. The takeaway is that rep agencies are aging and "a next generation" is coming.
 - This highlights the future staffing need and will impact management skills sets as well as training needs.
 - Only 12% have a dedicated, in-house IT resource, which limits technological knowledge and capabilities.
- The Customer
 - The "customer" today, as defined by where time is spent, is the distributor with much time and resources allocated to "customer support/customer service". It was reported 41% of rep time is allocated to this audience whereas 22% of time is spent at contractors.
 - While agencies rank their top activities, based upon importance, to be revenue generating initiatives, when viewed based upon time spent, the top activities are account management/customer service activities. With distribution consolidation

and the advent of more robust, technology-driven tools, more processes are being automated. Customer-service, in the future, should empower distributors to be more self-sufficient or information to be transmitted "system to system", reducing these activities for manufacturer reps.

- Distributor consolidation changes the role of the rep from being involved in senior management relations to focusing more on branch level support for either sales support or customer service support. Less senior management involvement will occur with manufacturers taking the lead with national/regional chains.
 - As distributors consolidate, there is an expectation that sales through alternative channels defined as online and/or other types of distributors will grow. The question is "how to support these channels" and "how to get compensated for end-user activities when the purchase is made through an alternate channel" (assuming the compensation model is electrical distributor centric.)
 - The expectation is that manufacturer reps will focus more of their time and resources on "demand generation" targeted at "end-users" (contractors/installers) and getting products specified to applications. The agency will be the adjunct to customer knowledge and customer online research.
- Agency Size
 - Agency size is a direct correlation to the strategic plan of an agency. There are opportunities for agencies regardless of size. The key is determining the focus and the value proposition and appropriately resourcing. Technology is no longer a driver of consolidation. The jury is out, from a manufacturer viewpoint, on the benefits of agency consolidation due to line card differences and agency ability to focus, and leverage, resources.
 - 47% expect to add lines over the next five years.
 - 36% expect to expand their territories.
 - Given the number of manufacturers in the industry, and with more to come due to enhanced product offerings, there are opportunities for new agencies as well as agency expansion.
 - Compensation Model
 - Only 51% of agencies are more profitable than they were five years ago. Growth came from marketplace expansion and line addition. Increased costs were employment related.
 - Reps, on average, shared that their commissions average, for an agency, 3.2-4.4%, based upon their product and business mix recognizing that lines such as wire, other commodities and some project-focused business have low commissions. Few have performance-based agreements, receive specification credit or receive additional financial support for marketing and administrative services dedicated to a manufacturer. With tight revenue streams, some reps are diversifying into fee-based services. The revenue constraints inhibit a number of the small/medium reps from investing in their business to effectively resource their company and support their manufacturers (technology investments, people

- investments, etc.). Agencies consider line and geographic expansion as strategies to accelerate income as revenue sources to fund future investments.
- As channel sales erode due to alternate channels and reps focus more on end-users rather than electrical distribution, alternative compensation models will emerge that tie to territory penetration. Reporting capabilities will increase in importance to ensure companies can measure performance.
 - Marketing
 - Agencies are becoming more marketing-oriented as well as being a local information communicator.
 - eMarketing through eNewsletters and social media is accelerating based upon low cost access to technology platforms; however, a staffing, or outsourcing, expense is required.
 - Marketing is also expanding into value proposition, data analysis and utilization, pipeline management/sales enablement and utilization of video and lead generation sources.
 - In interviews, many commented that customers will seek product/application information online and that manufacturers and distributors are launching robust product catalogs to support online buying. It is interesting to note, however, that the vast majority of rep websites are focused to manufacturers and promoting the agency (or sharing contact information) rather than being demand generators and product insight resources.
 - Technology
 - Technology will be an enabler to enhance processes and the sharing of information. It will also allow more robust and “real-time” analysis of sales and operational performance.
 - Customer service and pricing will become more standardized, procedurally oriented and transparent with increased connectivity directly from the manufacturer. This will be dependent upon manufacturer resources and commitment to ease of doing business.
 - Two common concerns were CRM and manufacturer portals. CRM will become more prevalent over the next five years. The portal challenge may be a technology issue and may be mitigated as there is more system to system integration with distributor and rep ERP systems, and potentially the adoption of EDI and enhanced EDI standards.
 - Products will also become more technical in nature and require further product understanding.
 - Manufacturer Alignment
 - During interviews, there was much feedback related to the following:
 - The culture of a manufacturer makes a substantial difference in the desire to “go the extra effort” on their behalf. While all may not be able to become the “emotionally favorite”, as termed by one manufacturer representative,
-

the goal may be to become “emotionally preferred”. Winning the “hearts and minds” of the manufacturer sales agency should have the same importance as desiring an engaged, supportive workforce.

- The value of the regional sales manager to reps, in many instances, has diminished based upon many having less authority to make decisions. Those that have empowered their regional sales managers are easier to do business with and appear to be viewed as industry leaders with above-average industry growth.
 - Manufacturers and reps need to be aligned in strategies as well as account specific objectives and responsibilities, especially in an era of distributor consolidation.
 - While many have deployed CRM, the benefits of the information, in many cases, has not been realized. A few reasons that were mentioned include:
 - Information utilization
 - Privacy
 - Trust
 - 30-day contracts and customer information are an agency’s currency
- 2025
 - Agencies expect to be more demand generators with an enhanced, more technically-oriented sales organization. They will invest in marketing, have stronger inside sales team and have more focused line cards or segmentation of their line card.
 - Many feel that they will diversify into fee-based, or at least value-added, services.
 - Many will be “bigger” defined as more lines and/or more territory.

Manufacturer Input and Insight

Of the 616 survey respondents, 25.2% of them, or 155, were manufacturer personnel. Of these, 65% of respondents were senior or regional sales management.

Manufacturer insights included:

- 47% deploy a hybrid (direct and rep) sales organization and 46% had a rep only sales organization
- 44.6% are companies with revenue under \$100M, 32% are \$100-500M and 23% of respondents are with companies that have revenues in excess of \$500M
- 44% state that they do have performance-based bonus structures
- 42% provide specification credit (note: it is unknown how many are lighting companies)
- 29% provide some financial support for marketing/administrative support
- 23.6% expect commissions to decline over the next five years with 69% seeing no change
- 96% only compensate NEMRA reps for sales through the electrical channel

Other insights gathered include:

- Manufacturers expect the electrical sales channel to change with only 10.5% expecting independent electrical distributors to represent 51-75% of their sales, down from 20.6% in 2020.
 - The business will migrate to national chains through consolidation, eDistributors, MRO distributors, DIY firms diversifying into the Pro segment and distributors in other channels as well as "direct to contractor".

With manufacturers foreseeing their channels to market changing and manufacturer reps becoming more end-user oriented, being compensated based upon the purchases of a single channel rather than a territory becomes a longer-term issue.

- Manufacturers and manufacturer representatives view manufacturer representative time allocation differently. This represents an opportunity to redefine roles, responsibilities and systems moving forward to achieve the desired balance, which will change by supplier with the rep being the conduit to the various customer bases.
- Manufacturer sales management has seen much transition over the past five years and nowadays sees less value in the manufacturer representative providing customer service/support and is more focused on revenue generation. Culturally the environment has changed.
- Many manufacturers foresee consolidation amongst agencies. Drivers of this will be:
 - Key lines aggregating to fewer agencies who are able to handle their "larger" needs
 - Cost of operating agencies
 - Succession issues such as lack of qualified senior management, inability to financially transition the business, few wanting to buy-in to the role as well as lack of "new agencies"
 - Distribution support needs becoming more automated
 - Technology handing customer service/ordering
 - And probably one element will be cost of end-user focused staff

Distributor Input and Insight

Of the 616 survey respondents, 22.6% of them, or 139, were distributor personnel. Of these, 56% of respondents were senior/sales management; 90% of respondents were independent distributors and 79% were at headquarters. In essence, much of the survey feedback comes from independent distribution management and is their perspective and highlights their organization aspirations. Their goals may differ from the executional challenges of their staff at the branch level and the support desired "in the field".

Key insights from distributors include:

- Distributors want product training, sales and sales support focused on them. While they say they want joint sales calls, from experience many are reluctant to conduct joint sales calls as they prefer to control the customer's exposure to their desired lines and feel that the representative will leverage the developed relationship to solicit other opportunities.
- Interestingly, when evaluating what is important to distributors, support is ranked less important by senior management, but this can also be a disconnect with the needs of their staff. It then begs the question to manufacturers about alternative customer support models for larger distributors, or distribution in general, and also if these companies can gain adoption/utilization within their own companies.
- On a scale of 1-10, distributors rate manufacturer representatives a 6.43; however, 86.8% rate them as "fair to enthralled". Recognizing that no distributor utilizes an agency for a vast majority of their lines, this is a very good rating. In a "people" business there will be disagreements, but, overall, distributors are satisfied with how they are served (and yes, they all want more, but more support specifically and exclusively for them).
- Looking forward, distributors
 - Want more sales support to accelerate their revenues
 - Expect more distribution and manufacturer consolidation
 - Feel regional sales managers are less important than historically and consolidators expect senior level relationships with manufacturers
 - Feel "bigger isn't always better"
 - Want to control access to the end-user
 - Expect increased usage of technology to support pricing and customer service
 - Are experiencing staffing transitions and will need increased product training support

Additional Insights

- Distributor authorization. Many reps and distributors commented that they yearn for the days of selective distribution; however, they lament that in many instances the ability to influence this has been negated by the following:
 - Manufacturers seeking revenue growth which at times cannot be achieved with existing distributors
 - Acquiescing to customer requests to "open" a specific distributor who does not represent the line
 - Distributor consolidation and hence the authorization decision is negotiated between the manufacturer and the distributor with the manufacturer rep being the implementer
- Role of Regional Sales Managers. Many commented that the vast majority of manufacturer regional managers as well as manufacturer representatives no longer

are empowered to make localized decisions within parameters and that decisions must “come from corporate” or “from a specific department” and frequently take time. Countless stories were told regarding lost opportunities.

Conversely, we also heard of instances where companies, due to their culture, are nimble and responsive and have empowered their regional managers. Upon inquiring, we identified a commonality – all of these companies have changed their internal performance measurement systems so that regional managers have their own profit and loss statement that they are responsible for, and compensated upon, and they are empowered to make decisions. Internal departments have been advised of the decision-making process ... and all of their regional managers “understand” the business and interact with the various departments. They have converted regional sales managers into regional business managers.

- Manufacturer consolidation. Manufacturer consolidation will drive more rep decisions as manufacturers seek to:
 - Consider whether they desire to aggregate brands within an agency or run their business as a portfolio, utilizing multiple agencies in a marketplace to minimize line conflict and align with “the best rep” for the brand. This has management challenges as well as trust concerns; however, with the limited number of representatives in a marketplace, it is a growing concern. Larger/acquiring manufacturers may ask agencies to terminate longstanding relationships with smaller manufacturers.
 - Develop captive agencies or agencies where they have significant input to line card decisions

The result could be representatives losing key lines that are tied to their identity and are significant commission drivers which threaten the viability of the agency. Losing a key line may drive firms to restructure, merge or close if the principal is close to retirement age.

- Operational Understanding. Both parties could benefit from a deeper, perhaps better, understanding of the operational principals, and challenges, of the other. For instance:
 - The economics of a manufacturer representative agency
 - Representative operational/data management/reporting dynamics
 - Manufacturer representative sales compensation dynamics to understand why enhanced commission reporting processes are needed
 - “Fighting” for mind-share; the manufacturer need and challenge and why reps carry the number of lines they do

Additional Industry Issues

Consolidation

The term "consolidation" has been used repeatedly in the electrical industry for a number of years. It is prevalent at each level of the channel. Consolidation is an outcome that has been driven by company growth goals, generational succession issues and the increasing cost of business.

Given that there are electrical distributors celebrating over 100 years in business, the reality is that these have been multi-generation businesses and, unfortunately, history has shown that few businesses are fortunate enough to last three or four generations, let alone longer. This generational transference, coupled with increasing business costs and others' desire for growth, creates distribution consolidation.

A similar process occurs with manufacturers. Generational issues with manufacturers, coupled with the goals of publicly held manufacturers and the growth of private equity firms, has accelerated manufacturer consolidation.

This confluence has an impact on manufacturer representatives who are faced with:

- Consolidating manufacturers, which can result in fewer manufacturers to represent
- Consolidating electrical distributors, which changes the dynamic, and definition, of the "customer" that manufacturer representative salespeople traditionally have called upon

These issues are further amplified with:

- Increasing business costs ranging from staffing, healthcare and technology investments, to name a few
- Staffing challenges as well as their own generational issues and aging of their experienced sales force
- Digital access of information for research, purchasing and transacting of information

This does not mean that manufacturer representation consolidation is the sole path of the future. Every agency has a choice in what its future direction may be.

While the industry is consolidating and technology is changing business dynamics, consider the following:

- AD and IMARK today represent almost 1000 distributors. Some national chains are decentralized in their decision-making processes.
- NEMRA represents almost 450 manufacturers, and there are more suppliers in the electrical, lighting and renewables industries that are unaffiliated. Many are small companies.
- There are 60,000-80,000 electrical contractors throughout the country.

- And, while technology is, and will, further impact the business, Amazon has been in business for 25 years (July 1994) and, while an eCommerce behemoth, according to the US Census Bureau, as of the 2019 third quarter, only 11.2% of all retail sales were conducted online.

There will still be end-users who need to be called on and served, distributor locations that need support, and manufacturers that will need local representation to capture awareness.

Not all of the industry will be consolidated nor will all needs be served online. The key is for each manufacturer representative to evaluate their business to determine what their business plan should be. They need to:

- Determine how to serve the end-users in their market
- Understand the needs, and opportunities, of the distributors in their marketplace
- Identify how they can best help their manufacturers achieve their goals

This requires the following:

- Vision
- Planning
- Alignment
- Resourcing
- Focus

Every manufacturer representative principal needs to consider their end goal ... perpetuity of their business or a "wealth event". There is no pre-determined time frame for this decision. The industry dynamics enable small, medium and large manufacturer representative agencies to succeed, and in fact thrive. For some companies it is an opportunity to capitalize upon and to use as a growth strategy. For others it can be an impetus to defining their vision and developing a plan to control their future, perhaps with a business model different than today.

CRM

CRM, as a customer information management and sales reporting tool, was mentioned by many who were interviewed. Some companies currently use it, others plan to use it and still others do not see the need or benefit. In some instances, it was discussed as an agency sales management tool. Others discussed it as a vehicle to share information between sales agencies and manufacturers and in response to needs to enhance communications.

While individuals can debate the pros and cons for their company as it relates to reporting, pipeline/opportunity management, customer information gathering and marketing automation, there are some macro issues to be considered:

- Cost. The cost of these systems is no longer a barrier to entry. Costs have declined significantly so that solutions are available regardless of the size of an agency. Resources range from Zoho and Pipeline to Hubspot and Salesforce.com and Microsoft

CRM to representative specific systems incorporating CRM capabilities. The robustness of the systems may vary.

- Privacy and Ownership. There are concerns about the usage of privacy of the information as well as the ownership of core customer/contact information, especially given that agencies typically only have a 30-day contract with manufacturers. Many agencies feel that their core value is customer information and relationships.

In an era of cyber security and privacy concerns, as well as regulatory restrictions, sharing and usage of the information can be a concern.

- Managing through Data. While many understand that data can be aggregated and result in better market insights, some expressed concerns about micro-managing through data and pipeline management mis-management. Better communication between parties, setting of expectations and enhanced learning of how to effectively utilize the information gathered via CRM systems is needed.
- System Integration. A concern expressed by many representatives is their need to interact with multiple manufacturer systems and frequently entering the same information multiple times ... let alone if they are entering it into their own system. Some agencies employ a person to do the data entry for their salespeople to ensure that the information is submitted and to maintain salesforce productivity.

Many have commented about the need for an industry-wide integration process, or at least one to support multiple Salesforce.com platforms deployed by manufacturers. Unfortunately, based upon some interaction with Salesforce, this is not a functionality that they offer or are planning to offer. Alternatives would be manufacturers being able to extract information from rep agency CRM systems, probably via APIs, or manufacturer representatives standardizing on a few systems (a process being tested in the industrial supplies industry; however, it assumes all agencies have the same need and investment criteria). System to system integration may remain an elusive goal.

CRM systems have the ability to enhance the sales process as well as agency-manufacturer communications and reporting; however, the benefits are still to be realized by many. More success stories need to be shared to gain adoption and some of the macro issues need to be addressed to improve adoption and utilization within the sales channel.

Compensation

Rep compensation, as expected, was a topic of conversation brought up by many manufacturer reps. Many expressed frustration that the compensation model has not evolved to be more progressive in light of changing business dynamics; however, most recognize that this is typically a unilateral decision by the manufacturer. Infrequently is a manufacturer rep agency successful in negotiating with a manufacturer as most manufacturers prefer a "one size fits all" approach due to ease of administration or "on the advice of their legal counsel".

Since the economic challenges of 2008, and perhaps going back as far as concerns generated from Y2K in 2000, reps feel that the manufacturer rep business model has changed. They observe that prior to 2008, manufacturers were more responsible for customer service and had support staff. Due to the recession, manufacturers reduced their in-house resources; however, the business needs remained and were transferred to, or absorbed by, the manufacturer reps so that their role, to serve their manufacturers as well as distributors, morphed into a sales and sales operations organization. This increased manufacturer rep costs due to personnel and process/system investments as well as time commitments.

A number of reps shared that their average commission rate, based upon a blended business mix, is 3.2-4.24%, and they have manufacturers who continue to question the commission rate with some reducing rates.

Due to increased operational costs, inclusive of labor, and the need to generate incremental revenue to support their business, reps have:

- “Managed” their line card, either adding lines to generate incremental revenue while maintaining their staff size or, in some cases, pruning their line card to remove time intensive or low commission lines
- Negotiated performance-based bonus models
- For lines with no, or minimal, visibility or revenue in a market, they have negotiated a “sales retainer” or minimum guaranteed compensation level for the first year
- Requested marketing funding for activities on behalf of a manufacturer
- Expanded into fee-based services, which could include “bill by the hour/project” engineers, commissioning of systems, audits, project management and more

Due to changing distribution and “customer specification” business models, manufacturer representatives are more aware of the impact of point-of-sale information as well as the time that they dedicate to product specifications, especially if third party engineers are involved.

Some shared that the distribution central/regional distribution model affects 20-40% of their sales and they expect that this will continue to grow.

The issue is ensuring that

- They are adequately compensated.
- The sales information that is provided to them is by distributor branch, county or zip code so that they can appropriately allocate manufacturer specific sales to a distributor location and/or their salesperson’s territory. This is needed so that they can measure their salesperson’s performance as well as incent them appropriately. In many instances, agencies have moved from a commission model for their salespeople to a salary model and organization-wide bonuses.

Moving forward, manufacturers and distributors should

- Continue to work on improving POS data collection and compensation processes.

- Ensure that the rationale of “why” this is important is known throughout their organizations and is communicated to their distributors.
- Be an integral component of their agreement (a sample copy is in the NEMRA contract template).

Regarding specifications, all recognized that the distribution business model is changing and that reps will need to spend more time at the contractor/end-user level. However, in many instances, reps shared that they are more focused on “short-cycle” specifications, defined as initiatives where the project will come to fruition within 90 days, whereas for long cycle opportunities, they prefer to defer to the manufacturer as influencers outside the marketplace (third party engineering firms, EPCs, architects, etc.) frequently impact these decisions. Further, most do not call on influencers in their market who may work on projects for outside their market, as the project frequently is not purchased within their territory and hence, they would not receive sales credit.

Manufacturers who desire their reps to call on engineers/architects, as well as wanting their rep to pursue long cycle sales, should consider clarifying, codifying and developing systems to ensure that their reps are compensated appropriately for these efforts.

The issue of rep contract duration was mentioned by a number of reps. While this is an issue that has been discussed for many years, most recognize that this will be difficult to achieve other than on an individual basis, regardless of the agency’s tenure with a manufacturer. Part of this is the sales management turnover within manufacturers as well as manufacturers desiring to maintain “flexibility”, part are the performance nature of a sales role and part is reflected in a manufacturer sales manager’s comment of “I don’t have a contract and can be fired at any time.”

According to one manufacturer, he preferred the manufacturer sales agent model as a vehicle to outsource human resource/staffing management. He estimated he needs \$2.5-3 million per direct salesperson. Many markets could not support this and while others could, it would be one to two people. If a person went on vacation, was sick, got promoted or left his company, customers would not be served. If a direct salesperson left/was promoted, the role could be open for three to six months, minimum, and then with training time and getting a person knowledgeable about the market it could be eighteen months of lost productivity, possibly resulting in a decline in sales. Outsourcing to a rep agency alleviated this issue.

The manufacturer/manufacturer representative compensation model, over the next five years, will evolve for some of the larger companies to be more aligned with role expectations and performance. For many smaller companies, the model will remain consistent due to ease of managing the model (commission plus performance bonus, possibly territory based depending upon their sales structure).

Some reps have negotiated the following:

- Contract extensions in consideration of investments that they were requested to make
- Extended severance based upon the number of years of service with the manufacturer

- Performance bonuses

Many representatives commented that the manufacturer representative model, on average, is a lower expense to manufacturers than distributor rebates and is typically more cost-effective than having a direct salesforce. When resourcing a direct sales force is added (healthcare, other benefits, technology support, customer service, etc.) and human resource management is accounted for, the independent manufacturer representative model is very cost-effective, especially given the number of services that are also typically provided to support a manufacturer without a fee (staff and customer training, marketing, travel and entertainment expense, etc.).

Electrical Industry Ecosystem Trends

In aggregate, these insights lead to the following trends:

- Improved demand generation support through
 - Sales time allocation to end-users
 - Marketing efforts
- Need to implement technology, with key areas of focus being
 - CRM systems
 - Reporting tools
 - Finding ways to have better “system to system” integration with suppliers to reduce complexity, unproductive time and improve data quality and responsiveness
- Identifying how to improve revenue generation to support increased costs
 - Alternative revenue streams
 - Cost management alternatives/cost-sharing models
- Staffing and training
 - Need to consider the skills sets needed within an agency
 - New roles
 - Increased technical/product knowledge understanding
 - Aptitude to sell to multiple audiences ... upstream and downstream
- Resource Allocation
 - Changing role of interacting with a distributor
 - Management versus branch support
 - Proactive sales support versus customer service responsibility
- Rethink processes
 - Evaluate, with each manufacturer, their role within an agency. What is needed is distributor management, distributor sales support, distributor customer service, end-user demand generation and third party specification efforts. This is about role identification.
 - Once identified, develop and communicate strategy; resource and fund appropriately

- The challenge may be running a differentiated environment

A challenge within the industry is “who calls on ‘the customer’”? The distributor believes that they are the conduit to contractors and end-users. Manufacturers want to promote their brands and products to gain preference, and specifications, at the customer and subtly recognize, in most cases, that a distributor is brand agnostic and is resource challenged in providing proactive sales/demand generation support at all customers. Many feel that a significant percentage of distributors are reactive and “content” in serving the business versus affecting change. This “battle for the customer” will have a significant impact over the next five years. The challenge for the rep in managing this is to understand the expectations, and resources, of its manufacturers to support these efforts. Distributor consolidation will make demand generation more important for many representatives as, if the line is not authorized for stocking, the path to sales success is “bringing an order”.

In the words of one rep, agencies need to be “open to change”.

Input from Other Industries

Input was sought from other industries to ascertain similarities/differences. Feedback included the following:

- Electronics Industry
 - While point of sale reporting, at the customer level, has been prevalent for a number of years, recently a number of distributors are pulling back on sharing detailed levels of information with their manufacturers as manufacturers have sought to “go direct” to accounts through sales and marketing. These distributors are “reverting” to providing zip code level information to support the manufacturer representatives and provide nominal information to manufacturers.
 - Within the electronic channel, which has undergone significant consolidation over the years, the role of the manufacturer rep has become more specification-oriented. As reps gain specifications, some manufacturers, once a spec has converted into a multi-year agreement, have made the customer a “house account” or have eventually deployed direct salespeople to the territory and terminated representatives who were on 30-day contracts.
 - Distributors in the electronics industry have invested significantly into online resources as well as value-added resources (i.e., staffing) to improve their value to end-users to “control” the customer.
- Automation, Fluid Power, Power Transmission and Industrial Space
 - The value of distributors is diminishing
 - Several reps who work in the technology space, touching against automation and electrical distribution, report from their perspective the

value of the distributor is going down and reps continue to fill the space. Several made comments which mirror this:

"Distributors 'actively sell' their top 10 lines. Most (of these) are big enough to use direct factory salespeople. Reps fill the space and assume the lead role in finding applications and cementing the sale."

- Some reps are migrating toward knowledge-centric niche selling
 - Many of the reps see a stratification happening in the rep industry. At least a couple commented that they see two kinds of reps starting to form. The first are Mega firms with dozens of salespeople covering 20-40 product lines. Their views were best summarized by the words of one recently retired rep owner:
"We see lots of very large reps with large numbers of product lines. For the most part, the sellers have only cursory knowledge of the products offered. We made the conscious decision to stick with no more than 10 product lines where our people can devote the time and effort to really understand the applications and nuances of the products on our line card."
 - The second type of rep are those that are more technically capable, perhaps more focused. These are typically small to medium sized reps with 10-15 lines
- Reps prefer to work with smaller manufacturers
 - A fairly large segment of the reps interviewed demonstrated a strong preference to working with smaller manufacturers. They cited these reasons for this preference:
 - Relationships with the owner and top leadership. This offsets issues with constantly changing regional managers who have little understanding of their territories and work done for the company.
 - Ability to more easily manipulate deliveries and policies to meet customer needs. These reps indicate they are treated like part of the team and their feedback from the field was valued, often becoming part of the longer-range company policy.
 - Reps were privy to company strategy. The smaller manufacturers were more likely to share strategy forward with the reps.
 - Regional managers were more likely to stay with the company.
- More criticism on Regional Managers
 - Regional Managers (especially with large companies) are very likely to shift positions and move from company to company. Experienced people are leaving with new people having very little understanding of the market, reps and the industry. In some cases, it is like playing "musical chairs". Each shift in the RM spot put the rep in jeopardy. One rep related a story about growing a product line from \$30,000 to \$1.2 million over five years only to be fired because the RM wanted to consolidate the number of reps used. He

gave the line to a rep with a presence in an adjacent market because they promised to hire someone to move into the first rep's territory.

- Distributor management in large companies are more operations/finance-oriented
 - Distributors changing suppliers to maximize rebates and other incentives
 - Only want to deal with manufacturer so they can negotiate
 - Often done without any feedback from local sales teams
 - This creates situations where reps are forced to drive business to new distributors
 - Creates a situation with sales teams when the rep has multiple product lines

- Provide measures of success in the market rather than call reports
 - Reps often feel as though there is no accurate way to measure their performance in the markets they serve. This is especially true for products which fall outside of things like NEMA and other market share benchmark services. Sadly, most manufacturers don't have good market potential data. Without data, the rep's work is always a subjective judgement. This is particularly true for those working in secondary markets.

A couple of the agencies have developed market potential data which tries to provide an estimate of the potential for their product sales in their territory. Typically, this is based on numbers of installations and benchmarks based on installed equipment or technical people working in each facility. The reps review these estimates with their manufacturer partners annually to demonstrate their growth in the market.

Another measure of the rep's efforts comes via the number of published specifications coming out with their products listed. It seems like more reps are focusing in on specifiers to drive business. This was covered in the previous report but here are some ramifications:

- Manufacturer's willing to work more diligently on paying for specification support.
 - The reps ability to track and be paid for projects going through distributors outside of their normal territory.
 - Reps are "forcing the issue" with their manufacturers on spec credit.
- Life was simple when companies were one product line manufacturers
 - All of the reps interviewed lamented the acquisition and mergers situation. They see this as difficult for them, especially when they have products which overlap.
 - Older employees are a source of new recruits
 - Three of the reps interviewed indicate their best new people are displaced, former factory people. One indicated the "match making" was done by the

manufacturer who terminated the employee. Two out-right stated, "Big companies really do discriminate on age."

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- Other points to consider:
 - “We provide as little information as possible about our customers – that’s our job security.” Few, if any, are providing CRM data on customer contacts willingly.
 - Regarding CRM – Reps are looking to tie CRM data to longer-termed contracts, a variation of the trust issue.
 - Trust and the 30-day contract came up repeatedly. This is the Achilles heel of the industry (and rep relationships in general).
 - Call focus tied to end-users rather than distributors is growing more common. The feeling is that distributors cannot be trusted to sell.
 - Reps are focusing more on end-users and less on distributors.
 - Security of maintaining lines if something happens with the distributor
 - Security of maintaining sales if a manufacturer decides to terminate the rep
 - Reps are making efforts to own the customer, rather than sharing the customer with partner distributors.
 - Reps are looking toward steering business to distributors in a safe way.
 - How can the business be handed off in a way that keeps the rep in control?
 - Concerns about distributor switching business (value engineering) to a preferred brand.
 - Reps are looking more toward getting commissions for business they create that goes to outside of their territory.
 - Heard of a couple of “special deals” with manufacturers
 - Heard stories of working with local independent distributors to avoid issues with commission
 - Reps need to do more to cement relationships with up-and-comers in their manufacturers.
 - Several see much change will occur in the upper management of their manufacturers in the next five years
 - This is both an offensive and defensive move
 - Reps in high density areas need to be more nimble on their feet than those in other areas. Reasons include:
 - Easier to plug in a direct sales force
 - Some reps are planning two strategies – one for their “Chicago Market” and another for their rural market
 - Reps see the cost of people rising as the commission structures are dropping.
 - See a need for “raising their own people”
 - Hiring from others drives up the cost for everybody (one person said “We will never hire a free agent again.”)
 - Reps are moving into “Higher Tech” products.
 - 80% of those interviewed commented that technical needs require more rep involvement

- View as “job security”
- See issues with orders being sent from the distributor directly to the manufacturer – which eliminates rep value
- Reps are measuring distributor profitability
 - From Electrical and Automation line
 - Distributors with low profitability are being moved to “limited service” space
- The Industrial Supply Industry is attempting to standardize the CRM systems that manufacturer representatives “consider” by endorsing a single system to facilitate integration with manufacturers. This has reportedly met with resistance. Their overall channel initiative is called Channel 2.0 and starts with a focus on the end-user.

From a brief overview of a few complementary industries, it appears most of the issues are the same.

Traits of the Rep of the Future

The key traits of the rep of the future will focus on their ability to:

- **Generate demand** through enhanced sales and marketing
- **Train** their staff to call on end-users, utilize technology and be problem solvers/application specialists
- Bring **product expertise** to end-users and distributors beyond the “features and benefits” displayed on websites and communicated in videos
- **Embrace technology** to improve systems, share data and analyze information
- **Have a plan** to drive success and a focus for their agency to remain relevant in their marketplace and to each of their manufacturers

The macro industry drivers described previously will continue to occur. Being proactive enables company relevance. In the age of manufacturer and distributor consolidation, the local manufacturer rep agency is the “constant” to the customer base, representing a resource for information, advice and support.

Some concepts that were shared during interviews that may develop over the next five years include:

- For Reps
 - Development of rep “communities” to
 - Share ideas (networking groups)
 - Share resources (cost sharing)
 - Manufacturer collaboratives to support information sharing, best practices and resource sharing

- This goes beyond advisory councils as they could involve the entire rep network, possibly facilitated by online “groups”
- Increased outsourcing of roles/functions
- Utilization of online technology solutions
- Acquisition of engineering resources/firms
- Integrating key manufacturers into joint planning initiatives
- For Manufacturers
 - Developing better distributed and co-branded marketing support. Distributors shared they would like to see information hubs created that share:
 - Industry-wide cross references by product category
 - “Slang-term” cross references; newer people (young and old) coming into the industry could get up to speed more quickly if there was a reference area they could go to that identifies what the actual product is when a customer uses a slang term
 - Common web portal to gather product information to share product information bulletins, MSDS information and marketing literature to understand where and how to sell products

While they recognize that this information may be resident in a manufacturer’s website, they see a hub as a productivity benefit whereas multiple manufacturer sites are productivity drains.

- Manufacturer's financially support their rep network to become more technologically advanced
- Further definition of the role of regional sales management and clarifying their decision-making parameters
- Utilizing technology to push transactional customer service to distributors; this includes utilization of more EDI transaction sets and, if manufacturer representatives are involved in customer service, providing them access to this information electronically
- Focus on how to be easier to do business
- Determination on how to best manage distributor-specific relations and share information (strategy, successes, marketing, pricing) on a national account specific basis
- Territory management versus channel focus

Next Steps

Understanding marketplace trends and the traits of tomorrow's rep provides a foundation of understanding for considering the future. The research detail shared in the Appendix adds additional detail. Your perspective of your "market" (geographically as well as within your supplier/rep sphere) will determine how you use this report to position yourself for the future. Much additional information was shared in interviews that was distilled into trends without sharing confidential information.

For manufacturer representative agencies, it is recommended that they:

- Conduct management discussions to consider "what do you want to be" in five years.
- Solicit input from your manufacturers about what is important to them and how you could improve. Consider surveys and interviews and possibly utilize some of the questions that are asked in the Appendix.
- Depending upon your marketplace, solicit input from distributors; however, the role of the manufacturer sales agency in the future is more tied to being an advocate for the manufacturer than an arbiter of channel relations.
- Evaluate/enhance the agency and staff's skill sets and systems.
- Identify where there is a need to invest to ensure success (time, resources).
- Develop an implementation plan with timelines, responsibilities and funding initiatives.

For manufacturers, it is recommended that they:

- Understand how these trends and insights apply to their organization.
- Consider whether their future is dependent upon the electrical channel or the geographic market and how "channels" will affect their business over the next five years. This could impact their territory coverage.
- Solicit input from their manufacturer rep agencies on how they perform in the areas of sales support, marketing support, customer service and more. Are you "easy to do business"? Where do you stand on the "emotional preference" spectrum? Ask "how you could improve"?
- Regularly poll your sales network for input. Advisory councils help, but broader input can be beneficial.
- Define customer service roles and expectations.
- Create a culture of "yes".
- Ensure your compensation system is focused on the behavior you desire. Sales generation is a function of effective initiatives.
- Measure and report progress.
- Embrace your independent sales organization as you would a direct sales force.

Conclusion

Many of the issues driving industry change are beyond manufacturer representatives' control. These issues include

- Distributor and manufacturer consolidation
- Generational change
- Technology adoption expectations
- The economy

All require reaction.

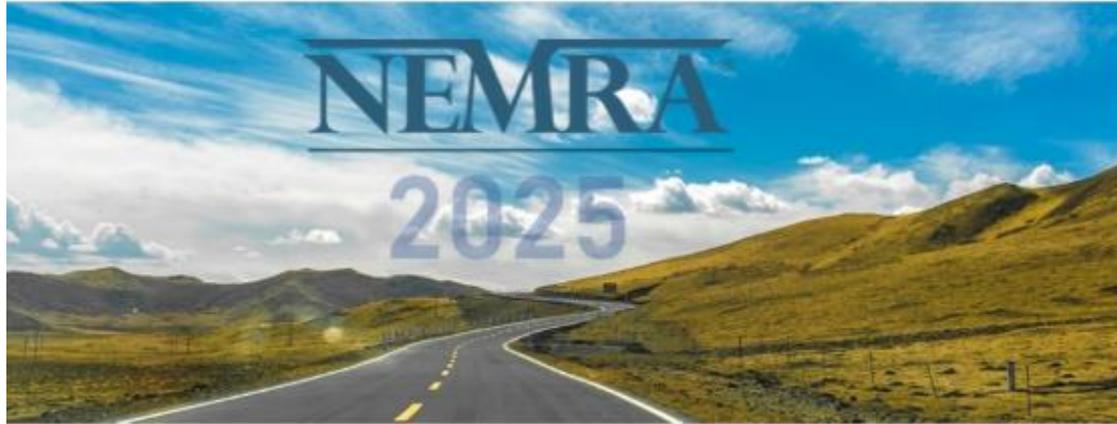
There are, however, historical trends that can be identified that provide insight into strategies to consider. While many consider the electrical industry "behind the times", to many in complementary industries the electrical industry is the bellwether. It is an industry with \$113 billion in revenues and integral to the economy due to its deliverable ... electrical material that powers construction and the industrial markets. Could it be more "efficient"? Yes, but it is diverse, which creates opportunities to differentiate and thrive, if you plan.

What you do will define your future.

Our goal has been to gather, interpret and share industry perspectives of change that may occur over the next five years, to hopefully enlighten you so that you can integrate these industry insights into your five-year planning and business horizon and to provide you areas to consider to support your agency.

Each firm has opportunities to emulate or adopt many of the suggestions or develop strategies to address the issues presented. Given the wealth of technology options in the marketplace, expense does not need to be a barrier to implementing many of the needed tools. Agency size does not need to be a barrier to success; understanding your goals, ambitions, capabilities and resources is critical to developing your plan for success. There are opportunities for all, and much depends upon what you want for your future.

What do you want 2025 to look like for you?



NEMRA Rep of the Future Study

A NEMRA Insights Initiative

January 2020

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What is the “Rep of the Future Report”?

- ▶ The Rep of the Future Report is a periodic research initiative conducted by NEMRA to gain channel insight into future challenges and opportunities in the electrical industry and how these may impact the NEMRA membership and specifically independent manufacturer sales agencies.
- ▶ The goal of the report is to provide members industry insights to help guide their business planning.
- ▶ The Rep of the Future Report is part of the NEMRA *Insights* initiative. NEMRA *Insights* is a research initiative designed to share marketplace trends and conduct membership research to support the collaborative manufacturer representative / manufacturer relationship.

Recent studies that are included in NEMRA *Insights* include:

- Rep of the Future
- State of POS in the Electrical Industry
- NEMRA Sales Compensation Study

Rep of the Future Research Process

- ▶ Information Gathered from all stakeholders in the electrical industry
 - 692 electrical industry participants contributed insights
 - 76 Interviews conducted
 - Survey
 - 301 Reps & Lighting Agents
 - 155 Manufacturers
 - 139 Distributors
 - 21 Others
 - 616 Survey respondents
 - 90+ Open to Interview
 - Survey distributed through NEMRA, Electrical Wholesaling, TED Magazine, AD, IMARK Group, NAILD and ElectricalTrends
 - Interviews conducted by Channel Marketing Group with non-electrical industry insights shared by Frank Hurtte, River Heights Consulting

Macro Considerations

Trends

- ▶ Consolidation
- ▶ Digital
- ▶ Talent Change
- ▶ Economic Cycle
- ▶ Brand vs Non-Brand
- ▶ Operational Costs
- ▶ More for Less, Faster

Impacts

- ▶ Buying Processes
- ▶ Sales Processes
- ▶ Digitalization
- ▶ Channel Options
- ▶ Staffing
- ▶ Compensation Models

Competition for “Customer”

- Is it the manufacturer's, rep's or the distributor's?

Marketplace Dynamics

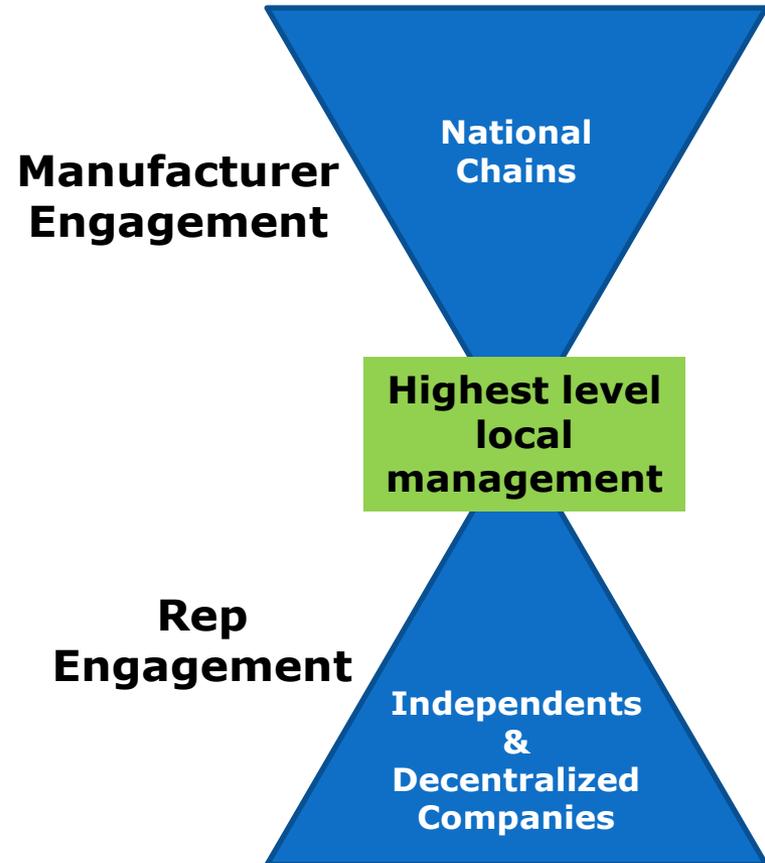
- ▶ Gen E
 - Businesses evolve
 - Generational evolution
 - Workforce issues / need for productivity
 - Digital interaction
- ▶ Technology
 - Products
 - Business Productivity
 - Predictive
- ▶ Divide / Collide
 - Differentiators create opportunities
 - Small vs large companies ... niche vs broad
- ▶ Touches
 - Need to connect / communicate
 - Data Driven

Decisions & Vision Rep Drive

- Culture
- Line Alignment
- Resourcing /
Investment Decisions
- Define Commitment

Affect of Distributor Consolidation

- ▶ Rep loses influence at upper levels of management AND at purchasing
- ▶ Rep role migrates to “customer” / buyer, support of manufacturer / distributor strategy and servicing local branch staff
- ▶ Requires
 - Planning
 - Different expectations of each party as “by market” and entity



Attributes of Companies

Survive

- ▶ Today-oriented
- ▶ Company = Job
- ▶ Income
- ▶ Nice Living
- ▶ “Old School”

Live

- ▶ Change with times
- ▶ Grudgingly invest
- ▶ Content
- ▶ Focus on loyalty
- ▶ Technologically aware

Thrive

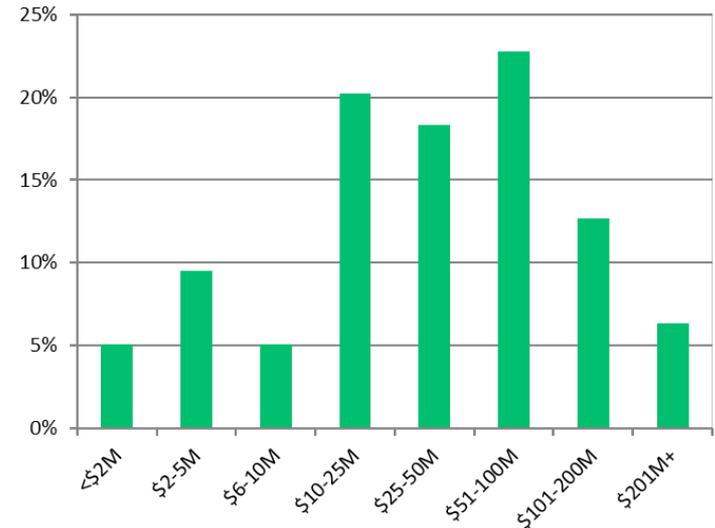
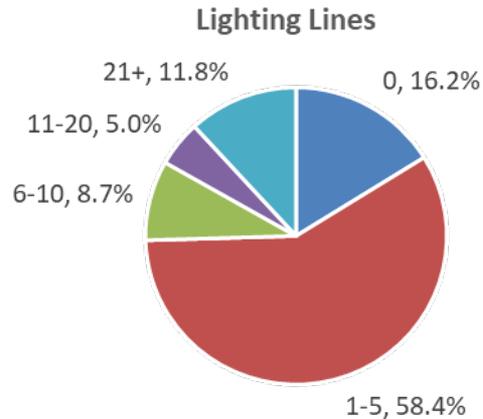
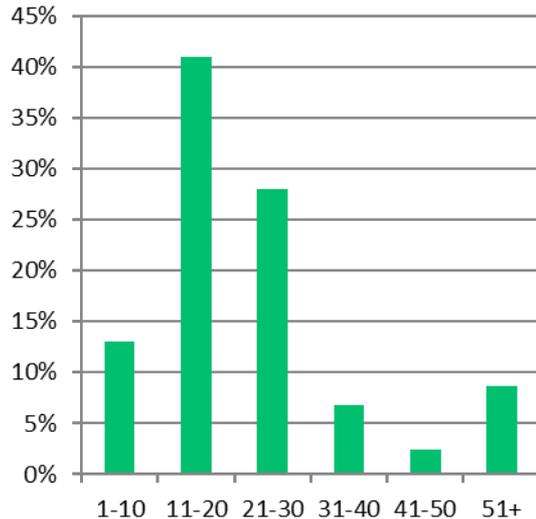
- ▶ Planning ahead / progressive
- ▶ Investing
- ▶ Seeking better
- ▶ Technologically “there”
- ▶ Business perpetuity

MANUFACTURER REPRESENTATIVE INPUT

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Rep Demographics



- ▶ 74.2% of respondents are principals or in senior management
- ▶ Key membership observations
 - 41% have 7-15 employees
 - 41% carry 11-20 lines, 28% 21-30 lines
 - 58% have 1-5 lighting lines
- ▶ 61% have succession plans

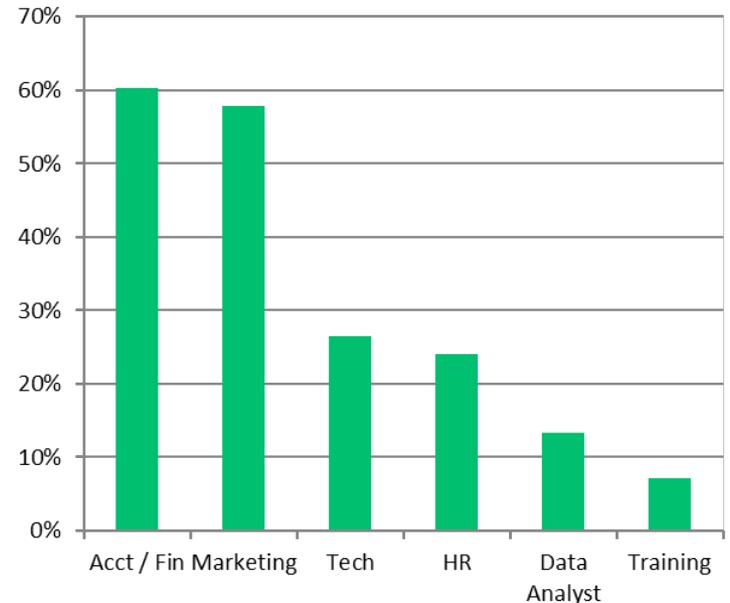
Respondent Revenue Classification		
Start-up / Niche	<\$5M	14.6%
Small	\$6-25M	25.3%
Medium	\$25-50M	18.4%
Large	\$50-100M	22.8%
Super	\$100M+	19.0%

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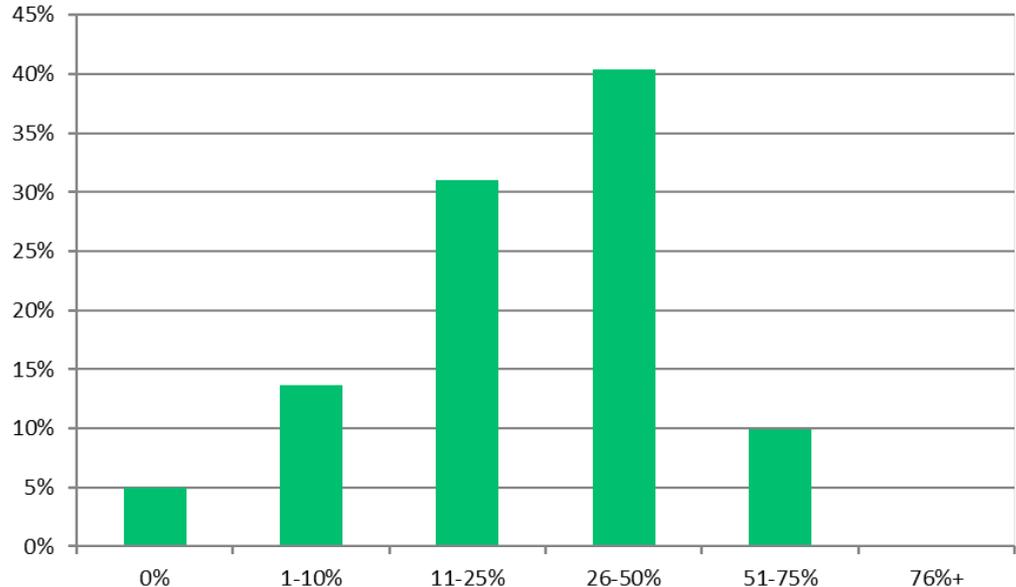
Support Staffing

- ▶ While 41% of responding agencies have 7-15 employees and, overall, 59% have less than 15 employees, medium and larger agencies are hiring support staff.
- ▶ Almost 60% of responding agencies have someone, full-time, in accounting and/or marketing.
- ▶ Based upon anecdotal experience, the marketing staff is in large and super sized agencies.
- ▶ The low percentage in technology / IT highlights an industry challenge. The level of in-house expertise is nominal. Most outsource this role and their “IT consultants” are typically infrastructure / network related or are hired on a project specific basis



Aging of the Agency

- ▶ 49% of respondents shared that less than 25% of their workforce is younger than 40 years old
 - This highlights the aging of the agency and the need for recruitment and training of tomorrow's manufacturer sales and support representatives. This will create experience transference issues.
- ▶ 40% of respondents stated that 25-50% of their workforce is below the age of 40.
- ▶ 10% have more than 50% of their organization younger than 40 and could be termed "youthful" agencies.



The generational dynamics of a manufacturer's agency network could impact training needs.

Ageism within an agency could be an indicator of longer term planning and staffing needs.

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More than Electrical Distributors

- ▶ Manufacturer representative agencies call on more than just electrical distributors
- ▶ Identifying distributors that agencies call upon may generate opportunities to:
 - Carry complementary electrical lines focused on certain industries.
 - Identify opportunities to expand into other industries through line acquisition or acquiring an agency.
 - Determine if sales resources specialized in serving these industries should be hired.
- ▶ This also highlights some of the “sales leakage” being experienced in the electrical industry based upon customers choosing where they desire to purchase.
 - Depending upon sales volume and/or desired focus, agencies / manufacturers should discuss if the agency is compensated for supporting the manufacturer throughout the territory or for purchases solely made by electrical distributors or distribution types names in an agreement.)

Distribution Channel	% Agencies Call on
Electrical	98.8%
Industrial	48.5%
Construction	32.9%
Automation	26.1%
Data Comm	23.6%
HVAC	21.7%
Power Transmission	13.7%
Plumbing	11.8%
Other	8.1%
Security	7.5%

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Whom Reps Call On

- ▶ When asked what percent of their time is spent calling on / supporting specific audiences, respondents shared:
 - 41% of time is focused on electrical distributors
 - 22% of time is contractor-oriented
- ▶ This is a combination of sales and support within an agency.
- ▶ With a desire by manufacturers for agencies to focus more on demand generation and calling on “end-users / contractors”, the question becomes “what is the ‘right’ mix for an agency AND/OR ‘what is the ‘right’ mix by manufacturer?” Essentially it is a resource allocation issue.
 - And the next discussion point becomes, how is that resource allocated between sales / demand generation and support?
 - Or perhaps the issue is pre-sales vs post-sale support?

Audience	% of Time
Electrical distributors	41.2%
Contractors	22.0%
Influencers (architects, engineers, inspectors, etc)	12.6%
Industrial end-users	11.7%
Institutional end-users	6.6%
Non-electrical distributors (plumbing, HVAC, PT, industrial supplies, etc).	3.4%
MRO distributors (Grainger, Fastenal, MSC)	2.5%

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Activities & Time

- ▶ Manufacturer representatives were asked to rank a number of activities based upon their importance and to share what percent of their time is spent on various activities in support of their manufacturers and revenue generation.

Activity	Imp
Maintaining and Developing Existing Accounts	9.78
End User Calls (without Distributors)	9.13
Promoting New Products/Promotions	8.11
Distributor customer support	7.93
Product Training at End User	7.92
Making Specification/Engineering calls	7.32
Identify and Establishing New Accounts	7.22
Product Training at Distributor	6.85
Joint Sales Calls with Distributor	6.81
Planning / marketing with manufacturer	6.13
Negotiating/Managing SPA's	5.63
Providing marketing / merchandising support	5.05
Preparing Weekly and Monthly Pipelines/Reports	3.67

Rep Activity	% of Time
Distributor customer support	18.8%
Quotation Development (Providing quotes, specs)	10.1%
Administrative tasks for agency	8.8%
End User Calls (without Distributors)	8.4%
Administrative tasks for manufacturers	7.1%
Meeting with manufacturer regional management	6.7%
Planning / marketing with manufacturer	5.9%
Joint Sales Calls with Distributor	5.3%
Product Training at Distributor	5.2%
Preparing Weekly and Monthly Pipelines/Reports	5.0%
Project management / project expediting	5.0%
Identify and Establishing New Accounts	5.0%
Sales & Training with Specifiers	4.4%
Product Training at End User	4.4%

Dilemma is balancing what is important and time

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Rep of the Future

Interview Input

- ▶ Consolidation of Distributors
 - Changes relationships; Management more ops & financially focused.
 - Impacts ability to get lines stocked / carried
 - Converts relationship to more “service” and sales support than sales generation / engagement
 - Support factory / distributor initiatives, limited ability to influence
- ▶ Distributors migrating to order-takers; less knowledgeable, fewer outside salespeople
 - “Can’t trust distributor to sell my product”
 - “If don’t take to contractor, distributor won’t”
- ▶ Line Management is a chess game (consolidation, management changes)
- ▶ Whom at distributor to engage regarding new products ... more people than ever ... different roles
- ▶ Age of buyer changing. Their knowledge and information seeking different.
- ▶ Continued growth in lighting. Line due diligence. Role in design / build. Lighting creates opportunities for new levels of contact.
- ▶ Agents of supplier need to band together to have a voice
- ▶ “Where to deploy resources??”

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Rep of the Future

Interview Input

- ▶ Size Determines Focus
 - Larger reps
 - Pursue “strategic” / brand lines ... need volume ... pursue territory to leverage fixed costs ... “shared” services
 - Consider diversification across product offerings / customer segments
 - Deploy multiple sales forces based upon distributor / end-user support
 - Smaller reps
 - Specialty / niche
 - Tier 2 lines
 - Seek manufacturers with entrepreneurial culture and focused on “ease of doing business”
 - Mid-sized
 - Need plan to determine focus, differentiation
- ▶ Expansion of customer base / offerings
 - Distributor, contractor, end-user, engineers, influencers
- ▶ Digital ... it’s going that way ... accept it
 - Expectations accelerate ... faster, “easier”, transparent, self-sufficient
- ▶ Smaller manufacturers challenged with getting visibility within reps and distributors. Financially difficult to support. Buy / sell deals with reps to allow greater margins? Will manufacturer sell direct? Should reps sell lines that bypass distribution? Should sell to other than electrical distribution?

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Customer Focus

Interview Input

- ▶ Distributor engagement for reps changes with consolidation ... no longer “top through bottom”, tougher to influence stocking / line decisions with larger companies
- ▶ Battle for customer ... who is the customer.
 - Major disagreement with distributor as feels “customer is theirs”
 - Rep = manufacturer salesforce, so whom should call on requires discussion
- ▶ Future ... Rep becomes more focused on contractors, end-users AND specifiers
- ▶ Need different sales teams; current salespeople typically not viable
- ▶ Higher level of product specialist, sales expertise needed for specification
 - National / Regional rep owned specification firms? Role for integrated marketing to maintain visibility?
- ▶ Inside sales more important due to quotation activity
- ▶ Brand / product decisions made early, outside territory

People Issues

Interview Input

- ▶ Aging workforce
- ▶ Generational management
- ▶ Much manufacturer & distributor turnover ... Rep is constant in marketplace
- ▶ Recruitment ... what is a rep?
- ▶ Training on industry, roles, processes
- ▶ Increased personnel costs (salary, healthcare, taxes)
- ▶ Cost to hire inexperienced person for a small agency ... lost productivity AND training time
- ▶ Management / ownership role changing ... from sales to management!

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Compensation

Interview Input

- ▶ “Not enough”, has gone “backwards”
- ▶ “Not paid for generating specs”
- ▶ “Manufacturers have outsourced customer service to reps without any cost”
- ▶ Average agency commission 3.2-4.4%
- ▶ Manufacturers don’t understand rep economics
- ▶ Comp models not aligned with goals
- ▶ Tough to financially support small lines
- ▶ Mostly limited to electrical distribution channel
- ▶ eCommerce will erode; impact of POS?
- ▶ Commission management full-time job
- ▶ Contracts?

51% More Profitable

Profit Impact	%
Increased payroll	38.3%
Increased healthcare costs	36.4%
Sales revenue grew significantly	31.8%
Marketplace growth	30.5%
Increased operating expenses	29.2%
Decreased commissions	26.0%
Added lines	22.7%
Lost / dropped lines	20.8%
Increased commissions	13.6%
Technology investments	11.7%
Acquisition	9.7%
Opened new distributors	4.6%
Other	3.9%
Lost warehousing line	0.7%

- ▶ Profitability constant for another 20% and 29% shared that their profitability has decreased over the past five years.
- ▶ Profit driven due to a good economy, performance (share?), adding lines.
- ▶ However, business costs have grown, with most tied to staffing issues.
- ▶ During interviews, it was shared that average agency commissions, based upon mix, are 3.2-4.4%.
- ▶ Concerns on the horizon include increasing employment costs (new / replacement hires, healthcare), operating expenses and technology investments, especially if economy slows
 - Biggest expense is labor ... many moved to more of a fixed cost with change in compensation models.

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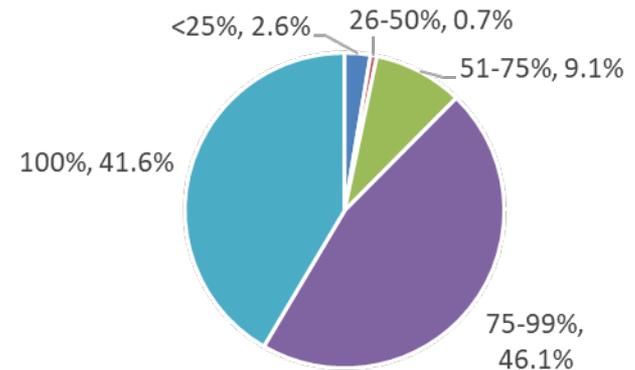
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Agency Compensation

- ▶ Rep agreements have historically been 30 day agreements.
- ▶ 41% of reps report that all of their contracts are 30 day agreements. Another 46% state 75-99% are 30 day agreements. While the norm, there are opportunities to negotiate.
- ▶ Reps were asked if they have agreements for incremental compensation based upon performance or in support of specific initiatives:



Additional Compensation Model	# of Manufacturers					
	0	1	2	3	4-6	7+
A Performance Bonus Opportunity	11.9%	15.2%	16.6%	21.2%	22.5%	12.6%
Spec credit	18.8%	10.7%	14.1%	15.4%	13.4%	27.5%
Financial support towards Marketing	52.7%	6.9%	11.0%	4.8%	14.4%	10.3%
Training budget	83.0%	2.7%	6.1%	2.0%	4.8%	1.4%
Some administrative funding	64.0%	6.1%	8.8%	5.4%	7.5%	8.2%
Technology Investment funding	96.0%	2.7%	1.4%	0.0%	0.0%	0.0%

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Alternate Channels

Interview Input

- ▶ Will grow in importance ... customer driven
- ▶ Some reps compensated for Grainger, Fastenal, others ... most lines don't
- ▶ Alternate channels are:
 - MRO
 - eDistributors
 - Big Boxes
 - Other channels (plumbing, PT, STAFDA / Tools, Utility, etc.)
- ▶ ED % of sales will decline, reducing TAM (total available market) for reps and commission potential

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Compensation More Than Commissions

Interview Input

- ▶ Emergence of Fee-based income
- ▶ Pre-fab services ... selling & supporting
- ▶ Commissioning / Lighting control monitoring
- ▶ Motor Start-up services
- ▶ Warehousing
- ▶ Training
- ▶ Engineering Support
- ▶ Lighting Audits / Layouts
- ▶ Take-offs
- ▶ Identifying additional areas to generate income OR ensure efforts result in sales of recommended products

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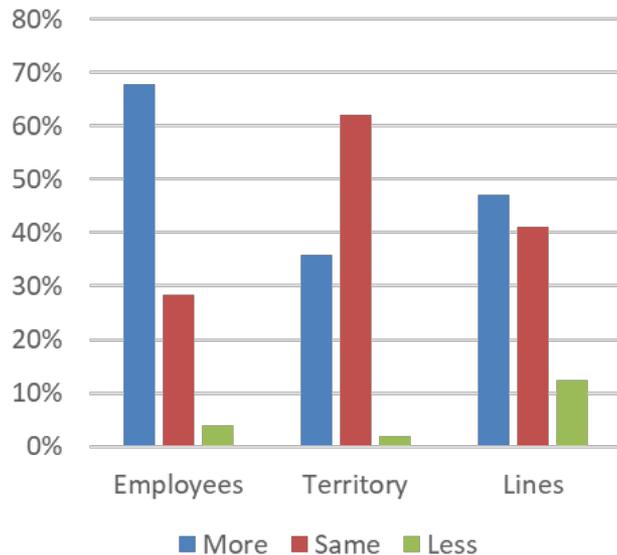
Marketing

Interview Input

- ▶ Marketer of manufacturer product or branding of agency?
- ▶ Digital enables; data driven. Role of databases
- ▶ Data mining
- ▶ Training part of marketing to professionalize presentations; video
- ▶ Dodge as lead source & direct marketing
- ▶ Manufacturers want lists for PRM systems
- ▶ Manufacturers “expecting”; outsourcing
- ▶ Incremental, unfunded cost
- ▶ Entry point for new staff
- ▶ Marketing ... tactical and strategic

- ▶ “Rekeying data is crazy”
- ▶ Belief that technology will streamline processes, improve productivity, enable self-sufficiency, increase sales time ... not always true nor do all reps embrace AND processes / capabilities / abilities differ
- ▶ Transparency of orders for customer service
- ▶ More portals to visit
- ▶ Increased expectations, costs
- ▶ Sales enablement
 - CRM / Marketing Automation, Dodge, Blue Beam, BIM file management
- ▶ ERP, WMS, Networks, Sales / Commission reporting

Growth in 5 years



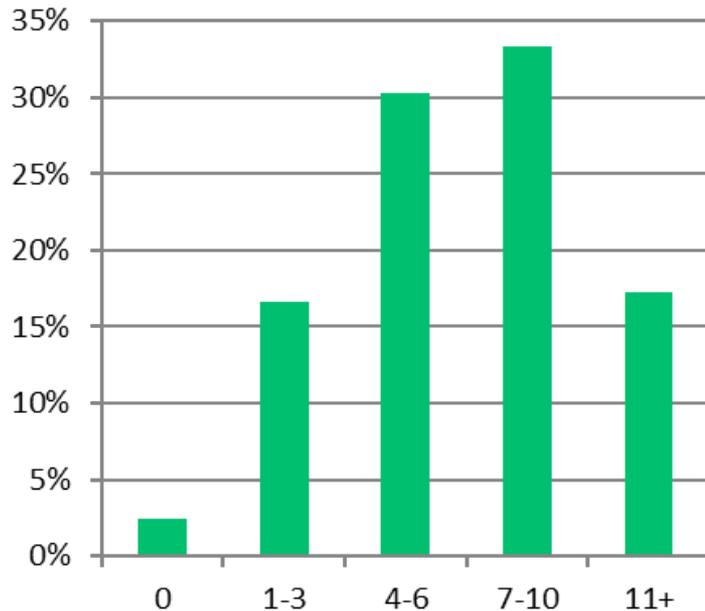
- ▶ 47% expect to add lines
- ▶ 68% foresee needing to hire employees
- ▶ 36% plan for more territory
- ▶ More people = more training = better management, and people manager skills
- ▶ More territory and/or more lines requires more people.
 - The result of consolidation and/or established reps opening in new areas, perhaps at the request of manufacturers
- ▶ Need to drive revenues to absorb increased costs
 - Commissionable Revenue Growth
 - Alternative Revenue Sources
 - Enhanced Compensation Models

Technology Needs Grow

Technology	Today	2025	Change
Direct connection to manufacturer system	80.7%	74.2%	-6.5%
Sales force automation / CRM / automated call reporting	56.1%	73.5%	17.4%
Regular posting on social media / blog updating on website	48.4%	66.2%	17.8%
In-house Sales Management System	49.0%	57.6%	8.6%
Expense management systems	34.2%	50.3%	16.1%
Offer online catalog of represented lines	45.8%	47.0%	1.2%
Marketing Automation	22.6%	45.7%	23.1%
Marketing automation software	22.6%	41.7%	19.1%
EDI	38.7%	40.4%	1.7%
Warehouse management	30.3%	32.5%	2.1%

- ▶ Technology needs in sales force automation / CRM / marketing automation grow.
- ▶ Increased use of social media to increase awareness and support manufacturer initiatives.
- ▶ Expense management platforms to improve process management

Manufacturer Portals



- ▶ While manufacturer rep technology needs will grow, today they interact with a number of manufacturer rep portals.
- ▶ 50% of reps are interacting with 7+ manufacturer portals.
- ▶ This requires:
 - Training
 - Ensuring data quality
 - Requires technology investment to ensure updated equipment and connectivity
 - Requires time from a data entry viewpoint
 - Requires manufacturer systems to interact with each other to ensure data / information quality (an industry challenge that no one is undertaking).
 - Portals have the potential to disintermediate reps from a customer service viewpoint IF distributors decide to be self-sufficient. Are manufacturers prepared for XXX times the number of users?

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- ▶ Reporting
 - More reporting, more data, more formats, more evaluative criteria ... what's "important" changes
- ▶ POS ... impacts 20-40% of commissions
- ▶ Manufacturers respect data / reporting
- ▶ Portals, Portals, Portals
- ▶ Who's "data" is it and the expectation / value of sharing
- ▶ Customer information is my currency
- ▶ Confidentiality
- ▶ Principal role ... buffer

Manufacturer Management

Interview Input

- ▶ Culture counts / Alignment
- ▶ Role / Value of RSM vs NAM
 - Value of RSM has declined due to less authority in decision making and pricing
 - Should be trainer, planner, coach
 - Become “emotional favorite”
 - Territory size / responsibilities have increased

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How Agency “May” Look in 2025

Changes for 2025	% Reps
More technically-oriented outside / inside sales roles	75.4%
Added specialized inside sales staff	64.3%
Added outside sales staff	58.7%
Invested in marketing ... people and tools	50.0%
More specialized for specific lines / markets	47.6%
Providing design / build and "fee-based" services / capabilities across product lines	43.7%
Represent more electrical lines	42.1%
Expanded geographically	40.5%
Added engineers / specialists	39.7%
Represent more lighting lines	36.5%
Calling on distributors outside of the electrical industry	31.8%
Providing warehousing services to support manufacturers	29.4%
Diversified into Plumbing, HVAC, Industrial Supplies, Power Transmission, Utility, Data Com / Security, Fasteners, Tools, etc	22.2%
Stay pretty much as is with lines, # of staff and our business focus	11.9%

- ▶ Agencies expect to add assets to support demand creation with more technically-oriented resources, dedicated inside resources and marketing expertise.
- ▶ 43.7% expect to offer fee-based services, creating an additional revenue stream and way to differentiate themselves.
- ▶ Issues / opportunities this creates:
 - Increased & changing workforce drives recruitment, training, compensation and metric issues
 - Creates questions of focus ... on whom, for whom?
 - End-user focus and marketing evolves agency from a “sales resource”, or, adjunct to a manufacturer, to demand generator.
 - Larger territories result in changing role of principals / management structures

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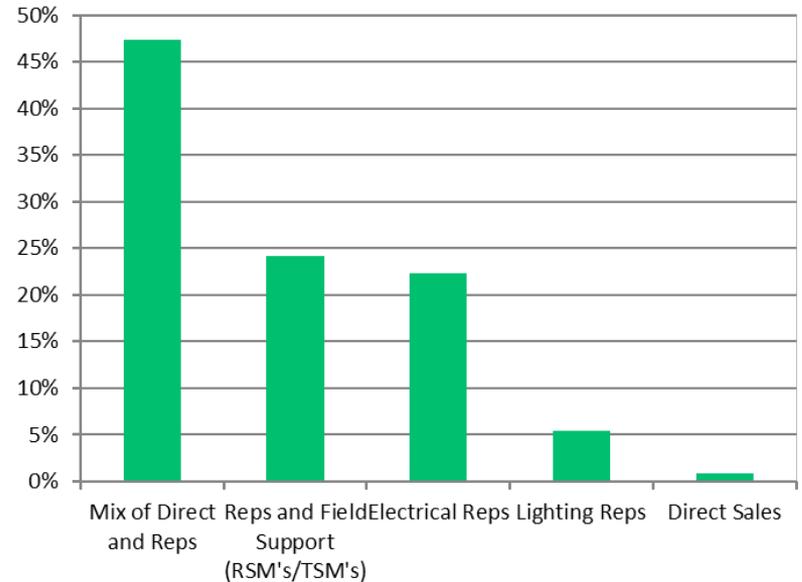
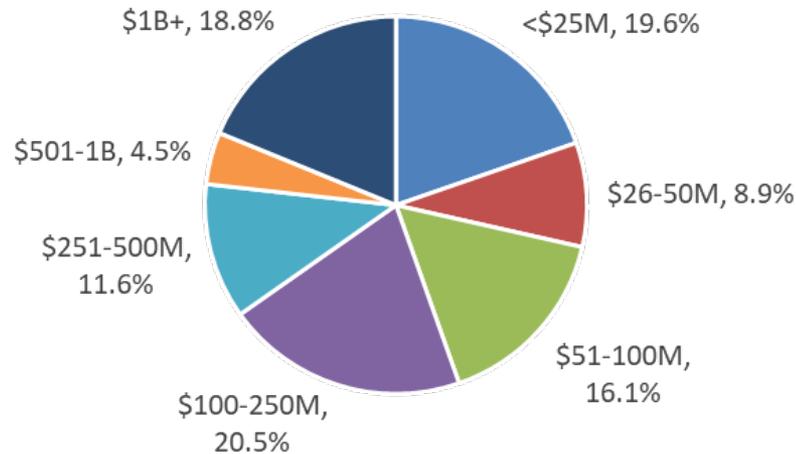


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Manufacturer Demographics



- ▶ 65% of responses were from manufacturer senior and regional sales management
- ▶ 47% of respondents categorized their sales organization as a mix of direct and reps (hybrid) and 46% are reps only, supported by RSMs.
 - The emergence of the hybrid sales organization has been driven by manufacturers with direct salesforces adding reps in either select territories, converting direct salesforces to reps to gain more “feet on the street” or the desire to add application / technical specialists to assist reps and/or call on specifiers / end-users.

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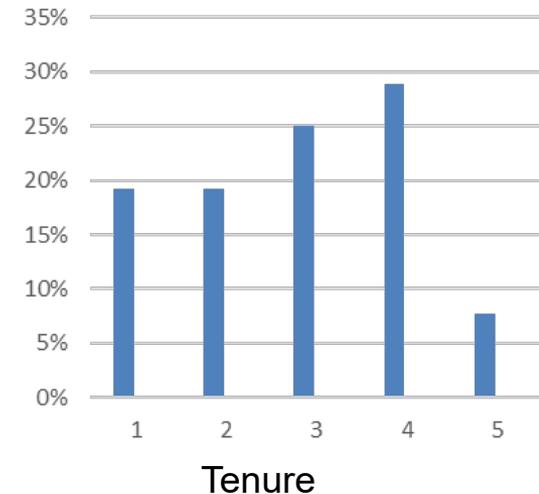
Contracts & Compensation

▶ Contracts

- Average Rep / Manufacturer tenure 14 years
- 75% stated that their rep agreements are 30 day agreements with another 14.5% stating 75-99% of these agreements are 30 days ... 90%!

▶ Compensation

- 44% provide goal based performance bonus
 - 42% provide some compensation for specs
 - 29% provide some marketing / administrative or other financial support
 - 69% expect commission rates to remain the same in 5 years and **23.6% expect a decline!**
- ▶ 96% of respondents only compensate for sales to electrical distributors



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Manufacturers Expect Channel Erosion!

Channel	0		1-10%		11-25%		26-50%		51-75%		76-100%	
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
Independent Electrical Distributors	0.0%	0.0%	9.1%	18.4%	29.9%	30.3%	36.4%	38.2%	20.8%	10.5%	3.9%	2.6%
National Chain Electrical Distributors	1.3%	0.0%	9.0%	8.1%	28.2%	23.0%	35.9%	39.2%	20.5%	25.7%	5.1%	4.1%
e-Distributors (direct to companies such as Amazon, AutomationDirect)	54.0%	27.0%	39.5%	40.5%	5.3%	25.7%	1.3%	5.4%	0.0%	1.4%	0.0%	0.0%
MRO distributors (Grainger, Fastenal, MSC, McMaster, Interline, etc)	40.5%	27.0%	48.7%	55.4%	10.8%	16.2%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%
Home Depot / Lowes (Pro only)	65.3%	52.1%	26.4%	28.8%	6.9%	15.1%	0.0%	1.4%	1.4%	2.7%	0.0%	0.0%
HVAC, STAFDA, PT, Industrial Supplies, etc)	32.9%	29.7%	48.0%	40.5%	11.0%	24.3%	5.5%	4.1%	1.4%	1.4%	1.4%	0.0%
OEM	27.4%	25.7%	50.7%	48.7%	17.8%	20.3%	2.7%	4.1%	0.0%	0.0%	1.4%	1.4%
Direct to contractor / end-user	51.4%	48.1%	33.8%	28.6%	8.1%	15.6%	2.7%	3.9%	4.1%	3.9%	0.0%	0.0%
Direct to ESCOs	55.6%	45.2%	34.7%	41.1%	6.9%	6.9%	0.0%	4.1%	1.4%	1.4%	1.4%	1.4%

- ▶ Manufacturers were asked what % of sales today to each channel ... and what expect in 2025. **Yellow** is current state; **Red** / **Green** is future.
 - For example ... 20.8% state independent electrical distributors represent 51-75% of their business today but in 2025 only 10.5% expect this audience to represent 51-75% of their business.
- ▶ Areas in green indicate significant differences. These become “channel erosion” and account for a 10 point drop in electrical distribution
- ▶ Each \$1B in electrical sales “elsewhere” = \$40-60M in lost sales compensation given current compensation models!

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Time Allocation ...

Activities	Mfg	Rep
Sales Activities		
Maintaining and Developing Existing Accounts	15.9%	
End User Calls (without Distributors)	12.0%	8.4%
Identify and Establishing New Accounts	11.2%	5.0%
Making Specification/Engineering calls	9.9%	4.4%
Joint Sales Calls with Distributor	8.8%	5.3%
Promoting New Products/Promotions	8.4%	
Product Training at Distributor	7.5%	5.2%
Product Training at End User	6.1%	4.4%
	79.8%	32.6%
Distributor Support		
Distributor customer support	6.4%	18.8%
Providing marketing / merchandising support	3.2%	
Negotiating/Managing SPA's	2.6%	
Distributor customer support		
Quotation Development (Providing quotes, specs)		10.1%
Project management / project expediting		5.0%
	12.1%	33.9%
Agency Support / Administration		
Planning / marketing with manufacturer	5.5%	5.9%
Preparing Weekly and Monthly Pipelines/Reports	2.6%	5.0%
Administrative tasks for agency		8.8%
Administrative tasks for manufacturers		7.1%
Meeting with manufacturer regional management		6.7%
	8.0%	33.5%
Total	100%	100%

- ▶ Not a formal “time study” but an indication of where time is spent.
- ▶ Differences in perception of where time is / should be spent
 - Manufacturers feel 80% should be sales activities
 - Reps spend 67% in support of rep and distributor
- ▶ More goes into sales than “time with customer”
- ▶ Rep as sales agent is misnomer as has absorbed much in customer (distributor) support / service over the years.
- ▶ Parties could identify activities to set expectations

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Rep Activities

Activities	Importance		Rank	
	Mfg	Rep	Mfg	Rep
Maintaining and Developing Existing Accounts	12.4	9.8	4	1
End User Calls (without Distributors)	13.1	9.1	1	2
Promoting New Products/Promotions	12.2	8.1	5	3
Distributor Customer Support		7.9		4
Product Training at End User	11.4	7.9	8	5
Making Specification/Engineering calls	11.2	7.3	9	6
Identify and Establishing New Accounts	13.0	7.2	2	7
Product Training at Distributor	11.5	6.9	7	8
Joint Sales Calls with Distributor	12.5	6.8	3	9
Negotiating/Managing SPA's	5.9	5.6	14	10
Providing marketing / merchandising support	6.4	5.1	11	11
Preparing Weekly and Monthly Pipelines/Reports	6.2	3.7	12	12
Planning / Marketing with Manufacturer		3.7		13
Measuring/Meeting/Exceeding Sales Quota	11.7		6	
Employee Training	8.2		10	
Coordinating between distributor and manufacturer internal, non-sales, personnel	5.2		15	
Answering client questions about credit terms, prices and availability.	5.2		15	
Handling Freight Claims	2.1		16	
Providing project pricing	6.1		13	

- ▶ Manufacturer reps and manufacturers were asked to rate the importance of a number of activities that reps typically do. The ratings are based upon the number of categories. The categories are then "ranked" for importance.
- ▶ Maintaining accounts vs new account development represents a difference of opinion.
- ▶ Alignment of importance is key to setting and meeting expectations.

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Interviews - Manufacturers

Interview Input

- ▶ Digital
 - Service, Sales Enablement, Marketing, Customer Research, Ordering
 - Service Facilitator, Sales Planner, Product Driver (IoT / IIoT), Demand / Awareness Generator, Order Transactor
 - Demand for everything “faster”
 - Driver of Consolidation ... Need to invest
- ▶ Consolidation
 - All levels ... no one knows if good, but is / will happen
- ▶ Brands want broader “customer” outreach
 - End-users, engineers, contractors ... demand generation
 - Public companies need growth / “hunter” mentality. Adoption or strategy change.
 - Line conflict inevitable ... demand for focus / resources
- ▶ Manufacturer sales management sees less “value” in distributor customer support
- ▶ Personnel change leaves rep as product educator, institutional knowledge, “constant” in market
- ▶ Culture matters for small to mid-sized manufacturers ... larger companies focus on “performance”. Value of “relationship” changes.

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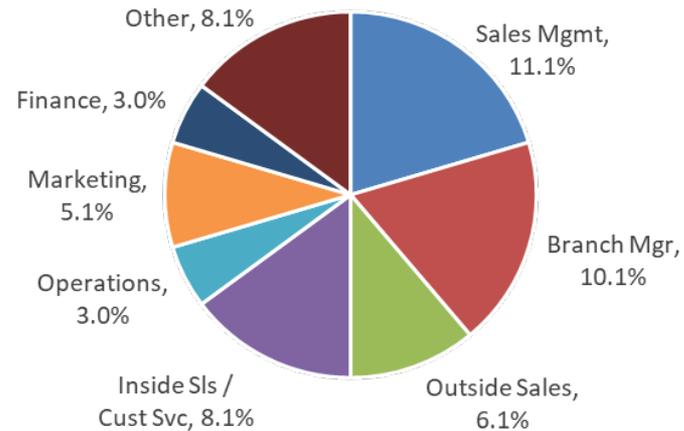
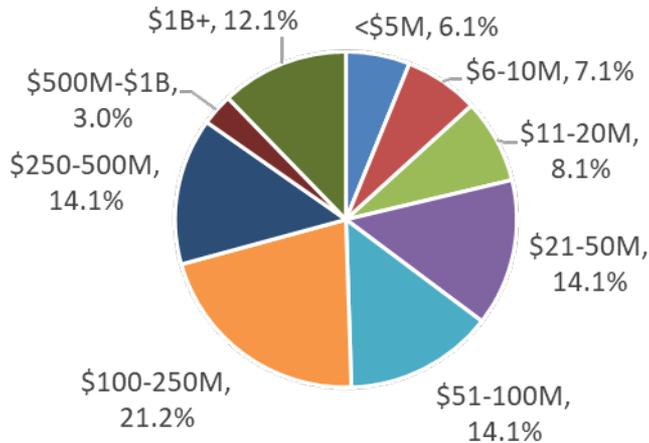
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Distributor Respondents



- ▶ Distributor response rate somewhat indicative of industry demographics, with 35% less than \$50M, 35% between \$50-250M, 17% between \$250-1 billion and 12% being from \$1+ billion companies.
- ▶ 90% of respondents were independently owned distributors
- ▶ 79% of respondents were at the headquarters level ... decision-makers!
- ▶ 56% of respondents are senior / sales management
- ▶ This is what distribution management is thinking, not necessarily what their "line" staff feels about the role / support of manufacturer reps

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What Rep Activities are Important to Distributors?

Rep Support Activities	Rank		
	Dist	Rep	Mfg
Product Training at Distributor	1	7	7
Joint Sales Calls with Distributor	2	8	3
Making Specification/Engineering calls	3	9	9
Distributor customer support	4	4	
Promoting New Products/Promotions	5	3	5
Negotiating/Managing SPA's	6	10	14
Identifying and Establishing New Accounts	7	6	2
Product Training at End User	8	5	8
Maintaining and Developing Existing Accounts	9	1	4
End User Calls (without Distributors)	10	2	1
Planning / marketing with manufacturer	11	12	
Providing marketing / merchandising support	12	11	11
Preparing Weekly and Monthly Pipelines/Reports	13	13	12

Identifies the ranking of various activities

- ▶ Distributors were asked to rank the importance of various rep activities. The rep and manufacturer ranking of these activities is noted as a reference point with yellow indicating areas where there is significant difference.
- ▶ Question becomes, what is important to whom and whom should set priorities and how does this impact the customer service responsibility?
- ▶ Distributors want product training and sales and support focused on them.

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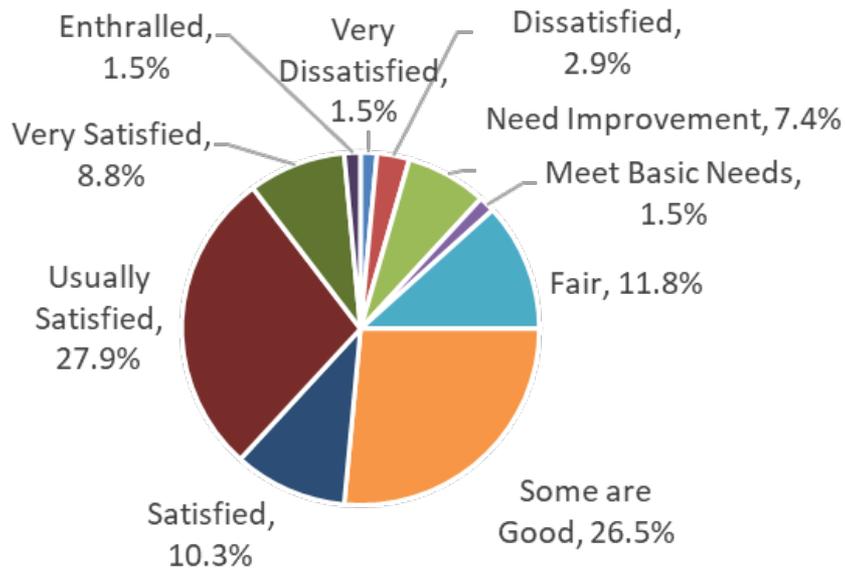
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Distributor Satisfaction

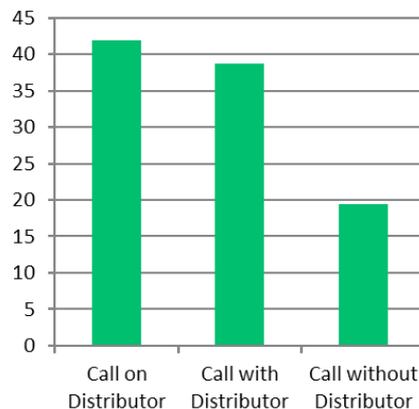


- ▶ On a 10 point scale, distributors rate reps, overall, a **6.43**
 - 86.8% "Fair to enthralled" (5+)
 - 49% rate "Satisfied to enthralled" (7+)
 - 38% rate "Usually satisfied to enthralled"
- ▶ No criteria provided but, issues of what activities are important, and offered by a distributor, are critical.
- ▶ Usually driven by line frequency, salesperson and inside responsiveness and relationship
- ▶ Understanding desired service by distributor important to over / under delivering on importance to distributor vs importance to manufacturer

Distributors want more!

Activity	Dist More Important
Identifying and Establishing New Accounts	2.46
Product Training at Distributor	2.42
Maintaining and Developing Existing Accounts	2.42
Making Specification/Engineering calls	2.40
Promoting New Products/Promotions	2.37
Distributor customer support	2.36
Joint Sales Calls with Distributor	2.27
Negotiating/Managing SPA's	2.26
Product Training at End User	2.24
Planning / marketing with manufacturer	2.21
Providing marketing / merchandising support	2.19
Preparing Weekly and Monthly Pipelines/Reports	1.84
End User Calls (without Distributors)	1.80

- ▶ Distributors want reps to continue to focus on them / support them in the future
 - # is ranking of more / less
- ▶ Continue to provide product training ... as rep sales organization becomes younger, possibly less product knowledgeable
- ▶ Provide technical support / engineer support to supplement distributor
- ▶ Provide more support
- ▶ 42% of rep time should be calling on distributor, 38% calling on customers WITH distributor and only 20% calling on customers without the distributor



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Interviews - Distributors

Interview Input

- ▶ Today
 - Reps are customer service resource
 - Educate our people
 - Relationships can matter
- ▶ Tomorrow
 - Consolidation continues
 - For some lines, still a people business
 - Drive to digital ... processes, training, ordering, customer service
 - Expect bigger, not always better
 - Relationships decrease in value, at management level, for most consolidators
 - Battle for customer visibility (control)
 - Customer service migrates to digital / AI
 - Staffing / Training
 - Rep as trainer
 - RSMs don't add value for consolidators – expect senior management
 - Faster, cheaper, more accurate

Observations

- ▶ Consolidation & Digital Change the Business
 - Line cards in motion
 - Distributor interaction changes
 - Who is the customer ... move / resources devoted to “downstream”
 - Performance metrics more important
- ▶ Reps
 - Small become more focused
 - Middle face decisions ... where to invest
 - Large invest in technology & people
- ▶ Manufacturers
 - Channel erodes, how to drive sales?
 - Invest in “ease”
 - Evaluate rep performance
 - Culture differentiates
- ▶ Planning to control “your” future



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Manufacturer Representative Insights

Manufacturer representatives were asked for their input to the question "5 years from now, how will the Rep model change and what will the Rep Agency look like?"

Future Rep Model	Category
I believe we will need to have a greater adaptation to the market. I think manufacturers are changing quickly and we need to be able to change with them.	Ability to Adapt
My hope is that the old model will age out with the old guard. Maybe we will stop asking the same questions, giving the same answers and get off the merry-go-round of allowing poor sales technics to survive. I would love to see new commission plans/structures that could help reps who want to dramatically change...change.	Ability to Adapt
I believe the size of agencies will increase	Agency Size
Bigger and better	Agency Size
Larger agencies with bigger territories.	Agency Size
I see some of the smaller agencies being bought out / merged into larger "Super" agencies that cover more territory(ies).	Agency Size
Further rep consolidation	Agency Size
Larger geography	Agency Size
More mergers & acquisitions, larger agencies, reps will manage more of manufacturers lines - consolidated manufactures under fewer reps.	Agency Size
Less reps due to consolidation.	Agency Size
It is unfortunate that the rep firms are moving to mega reps & the local service a rep gives the channel is falling downward steadily because of this.	Agency Size
More consolidation and reps will expand into more super reps will exist	Agency Size
Model will be the same - consolidation is the unknown and will drive change and creativity in rep firms. I expect we'll be bigger and represent fewer principles but more "brands".	Agency Size
Consolidation continues, smaller specialty reps emerge, large agencies, larger geographies, larger agencies designed to look smaller	Agency Size
Fewer reps	Agency Size
Much Smaller and much larger Regional reps	Agency Size
Diverse agencies. Larger territories and less agencies.	Agency Size
I think you are off base with your regional rep/mega rep outlook. I see more manufacturers that want specialized focused reps with a small linecard. Manufacturers want a rep and they usually settle for the mega rep because it covers a large territory, they don't have to find reps for.	Agency Size
Larger/more territory	Agency Size
Larger super agencies less small 2-3 person agencies	Agency Size
Two forms - larger and representing larger (merged) manufacturer lines - OR - will be more of a niche/specialist approach for select industries. There will be fewer agencies as some have not planned for the future nor are they prepared to deal with business in the future.	Agency Size

More lines, more sales, more employees	Agency Size
Agencies will be larger	Agency Size
Fewer but bigger agencies. Overall, net number of rep employees will decline.	Agency Size
Larger geographies	Agency Size
I think there will larger in size	Agency Size
Fewer agencies with bigger territories and many more lines	Agency Size
Merging with other agencies so larger agencies.	Agency Size
Will revert to smaller agencies, doing away with mega reps.	Agency Size
Larger with more geographical coverage	Agency Size
Consolidation will continue & geographies will grow	Agency Size
Larger agencies with larger territories.	Agency Size
The big rep model will shrink..... if it continues, we will see the loss of regional managers, national managers will be burdened with the extra work (what value would a regional manager have if they are only managing 1 rep firm? What will NEMRA look like if they their membership numbers decline..... what does that do to your relationship will the smaller reps?	Agency Size
More consolidation - bigger agents servicing bigger territories and other agents in more niche specialized product / channel areas	Agency Size
The Super agencies will continue to form as more manufacturers merge and acquire each other. I think agencies will be tied to gear lines and the sub lines that go with them.	Agency Size
More consolidation of smaller agencies as people retire	Agency Size
They will become larger and more influential and become manufacturers reps - i.e. 1 rep handling all EATON lines, or all ABB lines, etc. In addition to other lines.	Captive agents
Have a more important role in the entire channel segment.	Channel Alignment
I think we will see more partnerships with all of the consolidation that is happening. Hopefully distributors and manufacturers will have stronger partnerships and relationships.	Channel Alignment
Commodity lines will be direct and mfgs will have greater demands	Commodity Reps
I believe the commodity rep and local warehouses reps as less important to the manufacturer	Commodity Reps
Agents create demand, but on-line sales harvest our investment and we cannot afford to track not receive adequate recognition nor remuneration for the value we currently (nor five years from now) will continue to deliver without our manufacturers placing more investing and means to track sales in our territories.	Compensation
With online purchasing I believe we will be spending more time doing administrative functions to get credit	Compensation
Secure more robust contracts with more assurance of continuity of earnings. Manufacturers who use agents do not have to deal with HR for changes made "without cause".	Compensation

More fee based; reps cannot work on the current margins and continue to take added responsibilities	Compensation
Income for reps will decrease across the board. Large and small reps will have to manage their business wisely. Keep expenses down. Only the strong will survive.	Cost Management
Move the operation into a much more analytical model with focus on expense reduction and profitability enhancement	Cost Management
Working smarter with less employees. Limit things that waste time or money.	Cost Management
More wasted time being spent with CRMs	CRM
More sales analysis of territory and manufacturer profitability	Data Analytics
We will have to adapt to the increase flow of data and reports as most manufacturers are providing these data on a daily basis	Data Analytics
I do believe if the rep can get better real-time sales information between the manufacturer and distributor the potential for planning strategic moves that work increases.	Data Analytics
Rep agencies will continue to focus on marketing products in regards to brand building/identity and focus on sales in regards to solution selling. Gone are the days of relationship selling. People do not have time...be a consultant and bring something to the table when you are in front of a customer. Agencies will invest in marketing professionals to develop strategies specifically to beat out the competition.	Demand Generation
The rep will become more of a brand ambassador. As more distributors go to regional super warehouse shipping to individual locations will become obsolete	Demand Generation
Working on demand creation,	Demand Generation
I see an evolving change that takes the rep model from a warehouse, local inventory model to a model requiring reps to be more technical and end user-based selling. I see the electrical rep expansion into new market segments.	Demand Generation
More direct selling and brand marketing.	Demand Generation
Online marketing and sales will be more important.	Demand Generation
Increased marketing and ordering of on line presence of manufacturers will take over a good share of rep activities.	Demand Generation
Rep agencies will become larger and more geographically diverse. More of getting people to know who their lines are not as much as trying to developing stocking distributors	Demand Generation
Take on more service type tasks and be more on the front end of design/build projects. Pick up the slack regarding new business development and sales activity in general with distribution covering orders, financial and logistics responsibility. I also see reps becoming somewhat hyper-focused distributors for their manufacturers, especially those reps with warehousing capabilities. Only the financial piece is left to possibly be sorted out...	Demand Generation

Manufacturers continue to squeeze commissions and resources, so reps will need to run their agencies more efficiently and continue to develop social selling skills and digital outreach disciplines.	Digital Demand Generation
Performing more sales functions online.	Digital Demand Generation
I'm not so sure many will significantly change in five years, but the leaders will figure out how to become more strategic in their social selling and digital marketing.	Digital Demand Generation
Working smarter with less employees. Limit things that waste time or money.	Digital Demand Generation
Smaller physical space requirements, some CSR and PM's working from home. Distributor to manufacturer direct ordering. Factory marketing and RSM do remote product introductions. Rep sales force have remote video conferencing weekly and meet face to face 1-2 times a month. Pressure to keep the agency relevant, manufacturers taking a hard look at regional sales offices with company sales force. Technology is taking the people business aspect out of the sales requirement. Not necessary. They are looking at bottom lines again and the cost vs reward of paying agency's commissions. RIP in ten years	Distributed Agency
Secure projects with end users then walk it back to a distributor. Many more end user calls also specifiers and engineers	End-User Focus
With consolidation of distribution, reps will have fewer distributor calls and must be increasingly calling on end users.	End-User Focus
More end user calls	End-User Focus
The rep will have to continue to bypass distribution and protect its customers from online presence. We see less and less distributors adding value to the process. We sell, order and manage projects already. Distributors want to make more and stock less which is pushing customers to big box or online. The distributors are no longer loyal to one Manufacture. They want to have everything on the shelf and not have to sell it. Just take orders.	End-User Focus
A focus on the contractor/user will have to increase.	End-User Focus
Increased non distributor facing resources.	End-User Focus
More time spent with end user and less time on distribution.	End-User Focus
More business driven from field	End-User Focus
Unsure. Facilitating direct sales to end users on behalf of the Manufacturers we rep perhaps?	End-User Focus
Replaced by computer and online direct from Manufacturer to Distribution. Possibly to larger contractors and Institutions...	
I think we will continue to grow our time spent with the contractor and other end customers.	End-User Focus
More T&E, Specification, Troubleshooting, working with financial personnel vs. Industry personnel changes the interaction, dynamic and relationships. Broader portfolio, more administrative responsibilities, possible "Turn-Key" sales-marketing-administration for manufacturer; completely farmed out.	End-User Focus

The Rep model of the future will be heavily focused on being involved early in the design phase with the general contractor/construction manager. In a fast-paced and constantly "over-budget" environment, customers are wanting design and cost services at a discounted/free price in lieu of paying hourly engineer/design service fees. Sales teams will spend more time selecting products for design and less time trying to get "specified" by the specification community.	End-User Focus
More time will need to be dedicated to end user calls as distributors are becoming more sourcing agents than salespeople.	End-User Focus
More specification	End-User Focus
Strong emphasis on end user relationships. Less time at distribution and more at end users.	End-User Focus
Reps will need to find a way to see end users that don't want personal interaction. 'Millennials' who prefer social media to personal contact.	End-User Focus
Smaller number of Lines - better technically with the lines we represent. I feel the rep model will swing this way. Rep model currently have too many lines. Reps should perform the same role as factory direct and be as knowledgeable. Lesser number of "commodity" lines.	End-User Focus
Distributor consolidation (big corporate mentality) and the advent of electronic commerce will limit our influence at the local distribution level. Our opportunity will be to impact demand at the end user level taking control of what the distributor customer demands. This will place tension between us and the distributor but we will have the upper hand as the distributor is no longer customer focused, he is focused on operational efficiency to maximize return.	End-User Focus
More end user focused	End-User Focus
More end user focused	End-User Focus
More collaborative selling environment	End-User Focus
I'm not so sure many will significantly change in five years, but the leaders will become more efficient at deploying outside salespeople	End-User Focus
More end user focused. Use social media to promote	End-User Focus
More end user and online marketing focus...	End-User Focus
Call on more end users.	End-User Focus
More direct contact with end users.	End-User Focus
They will become more direct to contractor sales than in past years.	End-User Focus
Reps need to lend more expertise and services to the end customers if they want to stay relevant as they become less relied on for transactions & customer service	End-User Focus
Think we will have found more of a balance in technology/speed to meet market expectations. Think we will be better negotiators. Reps commissions are low for the value we bring. So many manufacturers asking us to make the sales calls and bring distributors into the conversation later. The number of tasks we do to influence potential orders has grown exponentially.	End-User Focus
We must be more technical, more of a consultant to the specifier, and call on more market channels such as developers, etc.	End-User Focus

More User and less distributor oriented	End-User Focus
More specification, services and logistical support.	End-User Focus
Less brick and mortar, more face time with customers of all aspects, trimming the distribution calls and training as they change to a more on line presence	End-User Focus
More of an end user focused approach and involved in more vertical markets.	End-User Focus
Reps that invest in technology, tech reps and new channels to sell products to become more important to the manufacturers.	End-User Focus
More technical, more direct selling	End-User Focus
The rep is the only avenue for actually "selling" new and old product to decision makers. The "order taker" model should die...but I have my doubts.	End-User Focus
More focused on driving demand with end users.	End-User Focus
At the current rate of change in "Rep World" I can't see much of a change in the next 5 years...I can see fewer reps.	Fewer Reps
More specialized, more technical, adding substantial value.	Focus
Evolution to either niche/focused markets, or large/broad-based commodity markets. The second has more latitude for diversification in both marketplaces.	Focus
More specialized sales roles with inside support	Focus
Fewer distributors, more focused with fewer lines	Focus
They will become more market segment specialized. They will have personnel that specialize in certain aspects of the business instead of just general sales. Agencies will have "Specialists"	Focus
More influence from millennials	Generational Influence
New generation - less technical product experience	Generational Influence
Younger	Generational Influence
They will be younger and less experienced. That will be good and bad. Good: ready to adapt and change with technology and outsource some processes. Bad: not having a full grasp of the needs of the distributor and manufacturer and being able to bridge that chasm.	Generational Influence
More support on inside sales and less for outside sales	Inside Focus
With manufacturers shedding their customer service responsibilities and loading them on reps (without additional compensation), rep inside staffs will grow. This added cost burden, if not addressed by manufacturers, coupled with the increasing lower service levels from manufacturer stock and shipping errors, will reduce field sales activities. Adding to this the lack of local stock and support by distribution, and the continued influence of internet and DIY retail outlets, a focus on the contractor/user will have to increase.	Inside Focus
Inside sales will be more important than outside.	Inside Focus

The inside sales team will continue to get more important to the agencies, is all about the service!	Inside Focus
I envision our agency keeping the same number of outside sales folks but increasing the number of inside folks. All younger, extremely fast, well trained on product and well paid. The outside role will still be important but in today's world, speed is king (as long as quality is not compromised). The inside team needs to be sharp. We will emphasize the importance of the inside salesperson as a product expert.	Inside Focus
More and more we will see agencies investing in technology, training and qualified sales and marketing professionals. The agencies with the drive to grown and invest will succeed and the others will fade away.	Investment
Less manufacturers but more responsibility to control territory	Less Lines
Lighting manufacturers will continue to move to traditional NEMRA reps as there is more focus on their company.	Lighting
The manufacturers are consolidating and fewer reps will exist. We need to ensure that we are best in class to survive.	Manufacturer Consolidation
Consolidated manufactures under fewer reps.	Manufacturer Consolidation
We predict further consolidation of the big manufacturers and the sales workforce to be predominately 25-45-year old.	Manufacturer Consolidation
I also think online marketing will be more prevalent.	Marketing
More marketing savvy.	Marketing
More targeted, better marketing reach, more value adds for the manufacturers, specifiers and distributors... Or they won't exist.	Marketing
More social media savvy	Marketing
Digital marketing will be used more to influence behavior, participation on digital marketing in the key to delivering results based how changing behavior.	Marketing
More on line presence and working on demand creation,	Marketing
Increased direct marketing, Reps will have to have CRM systems in place, Principals will have less account responsibility, increased management duties	Marketing
We will have a place. We handle a lot of issues the manufacturer doesn't want to deal with but we will have a more limited sales role. We will have to represent more lines to make a living	More Lines
Extended line card into additional fields utilizing relationships and capabilities	Multi-Industry
I also think online sales will be more prevalent.	Online Sales
Manufacturers are looking to cut cost I think b2b will be more and more common. Digital solutions will create business opportunities that manufacturer reps didn't even know existed and we will not get compensated for those sales.	Online Sales

I believe the largest change will be on the inside. To survive we will need to do a better job of creating and tracking opportunities. I see more people dedicated to that work and less to the day to day checking of stock and back orders. While customer service will be important you need less people on that job due to automation and less phone calls.	Opportunity management
Principals will no longer be the best sales person in the agency and transform into managers	Principal Role
More streamlined approach to running a business due to technology improvements.	Process
We will continue to streamline our processes and eliminate waste (time) where we can. And, through continued consolidation of lines, grow what we have to sell and commissions will rise.	Process
The rep agency model will continue to spend more \$\$ in order to fulfill the ever-expanding expectation of the manufacturer reporting tools (Work Force?), cutting edge technology, specialized inside, outside sales, marketing and specification people will erode our profitability. The annual price increase from most of our manufacturers is not a raise many manufacturers deduct for freight, spa's and marketing programs.	Profitability
I think we will revert to more personal contact.	Relationship
We provide the face and daily interaction on behalf of our manufacturer's. We persuade, coax, and encourage the end customers & our channel partners to think of our Manufacturer's 1st. We use technology to streamline the process, but I do not believe anyone wins without people (the "Rep") providing daily human interaction.	Relationship
The importance of personal relationships will decline (which is too bad).	Relationship
Increase in transactional Velocity. Business is STILL done by people.	Relationship
They will be forced to cut personnel because of added channels in the market which will reduce income. The DIY's have taken real share from the electrical distributor which will continues to grow. Now we have more and more contractors and end users buying on-line which manufacturing is pushing. Health care cost continue double digit increases every year with no indication it will change anytime soon. That will cause the rep agent to pass more of that cost on to the employee. A very large concern is finding new talent that is interested in the trades over the next few years. There is not a large channel to back fill the number of older folks that are retiring or getting ready to retire. With that said, I am very concerned whether there will be the same need for rep's that we have today.	Rep Existence?
One more recession like the last one and a lot of rep's will be gone/hang it up or merge. I believe there will be fewer reps as they find it hard to make a good living and the workloads only growing as manufacturers shed a lot of their responsibilities to the rep with no compensation. To survive the rep will have to become better time managers. The tail can no longer wag the dog.	Rep Existence?
Replaced by computer and online direct from Manufacturer to Distribution	Rep Existence?

If manufacturers fail to increase commissions or Reps fail to find more revenue sources that outweigh the increase in overhead to support it, the long-term outlook of rep agencies in many areas of the country is bleak.	Rep Existence?
In 5 years, I think we'll basically look the same as far as Rep/MFG relationship goes, but if more manufacturers keep utilizing a direct relationship with distributors then there is the very real possibility that our role will disappear.	Rep Existence?
There will be less rep firms in each market with rep firms doing more work.	Rep Existence?
There will be a lot of agency that will not make it. With increased cost of conducting business, manufacturing putting more labor requirements on the rep agent and additional channels to buy from it will make it difficult to survive. With these additional costs more rep agents will need more lines to supplement the deficit which will also leave a vacuum for the agency who are losing those lines.	Rep Existence?
Either you grow your agency or probably won't be in business	Rep Existence?
More consolidated	Rep Existence?
Online portal for manufactures to allow us to see real time stock	Rep Portals
I think we will all be using rep portals to conduct daily business.	Rep Portals
The factory direct model is consumed with reporting and this has bled over to the independent agent. Forecasting, pipeline reporting, agency personnel, sales management and gap filling to provide customer service and marketing is impacting our ability to provide sell and create new business.	Reporting
More automated reporting on sales activities and value	Reporting
More reports for manufacturer tracking	Reporting
Able to auto report to MFG on activities accomplished.	Reporting
Over the next 5 yrs. the Rep Agency will require a strong association that is willing to actively advocate for the interests of the small business owners in this industry. Agencies, more than ever, will need a collective "voice" proclaiming the importance of their existence, the value of their contribution, and the essential contributions that they make to the manufacturer's bottom line. Manufacturers are going to HAVE to assume an "Amazon" mentality of prompt, customer convenient service, and, as a result, the Agency will become a facilitator of customer satisfaction and efficiency of service.	Role of NEMRA
What will NEMRA look like if they their membership numbers decline..... what does that do to your relationship will the smaller reps?	Role of NEMRA
Outside sales will be more salary based. Not as highly paid as commission salesmen.	Sales Compensation Change
More commission compensation and less salary for outside sales.	Sales Compensation Change
Tighter alignment with channel based on supported manufacturers	Selective Distribution

We will continue to see more consolidation of agencies taking advantage of shared administrative costs and increased leverage with manufacturers. The promotion/marketing of the agency will be equally as important as the promoting of the manufactures. Internal marketing capabilities will be more critical to the agency's relevance. With that being said I believe there will still be a place for the traditional 10-20-line, single NEMRA territory rep that is known for being the best in their space.	Shared Costs
I know this goes against the grain, but I feel the need for rep firms with 15+ lines will diminish. Rep firms that bring solution-based answers will grow and will be needed more. Lesser number of Lines, but better at the lines they represent. Basically, an extension of the direct factory person.	Solution-based
Faster and more efficient due to upgraded software and technology. Which will lead to better relationship and understanding between inside outside sales distributor and manufacturer.	Speed of Business / Technology
More automated engagement	Speed of Business / Technology
I think it will be more online communication than ever. Most employees working remote due to territory merges	Speed of Business / Technology
More automated	Speed of Business / Technology
Almost impossible to tell - but for our industry to attract and maintain good people, working from home is a very big deal in our market place. With the increase population, the commutes are getting annoying and so many businesses are supporting the working from home idea.	Speed of Business / Technology
Information will flow more rapidly	Speed of Business / Technology
React faster to the request of both distributors and end users. Have the electronics tools to get to their customer base faster.	Speed of Business / Technology
Tech is changing the game at a rapid pace.	Speed of Business / Technology
More streamline and efficient	Speed of Business / Technology
More specialists vs generalists, more diverse in offering & an expanded geography	Technical Expertise
The rep is more of a technical asset and consultant. We focus on lighting and controls. Specifically, controls are an area foreign to most distributors and specifiers.	Technical Expertise
More technical lines that are high in support	Technical Expertise
More tech	Technical Expertise
More tech savvy sales reps.	Technical Expertise
More specialization	Technical Expertise
The rep will have to have more technical personnel on their staff.	Technical Expertise
More technical, increase responsibility (Order entry, project tracking, Engineering)	Technical Expertise

They will be technical sales support which we are now. We may be selling other specialized products. We don't want to sell more at a lower commission level.	Technical Expertise
More technical inside sales staff to service the customers	Technical Expertise
More automation	Technology
Sales and service will be the foundation, using more technology to enhance the customer experience will be a bigger part of a successful agency	Technology
Technology upgrades. Faster more efficient. More knowledge online available for dist. End users etc.	Technology
Manufacturer Rep agencies have to adopt to technology and embrace it. We have invested heavily in technology so that we can be towards the leading edge.	Technology
The rep agency will have to continue to invest in the tools that will help them to provides the necessary reaction to help the manufacturer and electrical distributor grow their sales	Technology
Reps will also need to monetize services, invoice distributors and customers for services and negotiate contracts that allow for differentiated pay for specific functions.	Value Added Services & Compensation
Increase in services to end users and getting paid for those services	Value Added Services & Compensation
More value-added services, particularly around lighting controls integration.	Value Added Services & Compensation
Services, logistical help	Value Added Services & Compensation
Services likely to be more of a focus. Will cover the "selling void" left by distribution as they transition away from business development into order taking and logistics.	Value Added Services & Compensation
I'm not so sure many will significantly change in five years, but the leaders will figure out how to monetize services	Value Added Services & Compensation
They will continue to develop and support sales in new ways to being value to the manufacturer.	Value Added Services & Compensation
Rep agencies will become a modified design-services team. The channel has changed, and specifiers, distributors, and agents will need to adapt. The design/build and negotiated-contract community has a need for cheap/free project design and product selection services, and either engineers/architects will have to offer significantly-reduced fees, distributors will need to add lighting product selection specialists, or agents will need to spend more time designing projects instead of introducing new products for others to specify.	Value Added Services & Compensation
More value-added services around lighting controls.	Value Added Services & Compensation

Reps are going to have to prove their value by bringing Extra Value to the table.	Value Proposition
We have more responsibility in the market as we become the major cog in the channel to handle most specs, orders and project management.	Value Proposition
More than ever rep agencies will be put in a position of continually justifying their very existence, their necessity, their value. The attraction of courting a direct sales force in the hopes that this contributes to the bottom line will continue to be a temptation for manufacturers, and it is ESSENTIAL that NEMRA stand in that gap as the rep agencies' ultimate enforcer and advocate. Rep agencies must be presented, thought of, and sought after as the overwhelming choice for sales representation and results in the industry. Rep agencies will have to band together, under a strong central umbrella, to be strong as the collective and reclaim a voice and level of respect with the manufacturer.	Value Proposition
Will have to differentiate ourselves with newer selling techniques, understanding the technical aspects of the products we represent and we will have to be more efficient at selling techniques via better communication with the younger generation.	Value Proposition
Since loyalty and fair commissions from manufacturers has virtually evaporated, I see us looking more and more towards a Stocking Rep model where we have better control of our destiny and we own the distributor and customer relationship. The sad reality today is manufacturers have a very easy way out of a partnership (30-60 days) and this needs to change to 6 months minimum.	Warehousing
I believe warehousing will be more important	Warehousing
Few warehouses.	Warehousing
I think there will provide more warehouse space for their manufacturers.	Warehousing
With increased pressure on conglomerate lighting manufacturers to meet quarterly earnings projections comes increased pressure for stock sales and warehouse shelving space. This will provide a need that could end up being fulfilled by agency-owned dedicated warehousing if a selective-distribution partner cannot be found in the market.	Warehousing

Manufacturer Representative Agency feedback to the question **“From a technology viewpoint, where are your biggest challenges and/or where do you see the need to invest to help your agency prosper?”**

Technology Challenges	Category
It's difficult for me to say in my stage of life - I'm mature at age 68 so my knowledge of technology is limited.	Age = Inertia
Too much technology can lead to too much information that leads to less time in front of customers selling products and establishing relationships. Finding the balance is key to long term success in a market	Balance
Identification of best practices technology	Best Practice Sharing
A full merged and compatible phone/email/information storage system.	Communication System
Improved use of Salesforce	CRM
CRM platform that is tailored to fit our needs	CRM
We are having trouble finding the right CRM system for our agency.	CRM
Data base	CRM
Finding and using a CRM program that fits our needs	CRM
CRM	CRM
CRM	CRM
Invest in a CRM	CRM
Ability to satisfy growing factory CRM requirements.	CRM
Time management	CRM
Too many different platforms of crms being used.	CRM
CRM program	CRM
CRM, organize sales team - we have a lot of crossover coverage in regards to distributor and contractor customers. Not a bad thing, because our customers communicate with more than one person from our agency so we are more "sticky", but not sure if that is necessary.	CRM
CRM	CRM

We have selected the CRM we believe to be best for us, and now the challenge is to get the data right and execute.	CRM
Sales force automation and opportunity management with an automated connection between reps, manufacturers and distribution	CRM
The CRM Maelstrom thanks to salesforce not being compatible. 1 rep firm with 5 factories using Sales Force = 5 different log ins. Not efficient and does salesforce really help?	CRM
CRM	CRM
Engagement of all parties in CRM and opportunity tracking software	CRM
Interface between our CRM/Sales Software and our manufacturer's CRM.	CRM
CRM for sales.	CRM
Communication of our CRM/Salesforce reporting to the factory to populate monthly reports.	CRM
Need to invest in CRM, but costs are high	CRM
Managing all of the different direct and CRM sites. It would be great to be able to have one system that communicates with all manufacturer's systems.	CRM
Biggest challenge is selecting software that works in the REP world and satisfies both us and our manufactures	CRM
CRM software, choosing one solution for all manufacturers very difficult and expensive	CRM
Continued CRM improvement	CRM
Bid and opportunity follow up	CRM
CRM	CRM
Security. Cost of cyber security and cloud storage which like medical continues to increase year over year.	Cyber Security
Automation on data analytic. We capture a lot of data, but need this turned into actionable information from which our salesmen can make decisions on where to spend time to capture new or existing opportunities.	Data Analytics
Continuity of data and managing data.	Data Management

A common data connection and repository, between the manufacturer, the rep, and the distributor.	Database
A lot of our distributors in our area are very resistant to the change in technology.	Distributor Resistance
Automated software & accounting	ERP
Management systems - sales calls/contractors, expense, accounting, commissions, etc.	ERP
Order processing	ERP
Manufacturer to Rep agency order entry systems with tracking	ERP
Transferring data between Distributor-Agent-Manufacturer	ERP
Quote software	ERP
We will need to invest in a business/CRM platform that can fully integrate all our functions and improve efficiencies. We use CRM but only to record customer interactions, opportunities, sales calls/planning. We do not have a system for expenses, mileage, commissions, employee quarterly commission report, etc.	ERP
Further automation of the sales and operational aspects (order entry, tracking, customer service)	ERP
Consolidation of data, accurate sales reporting/commission reporting, Efficiency tools both operationally and sales related. Automation of day-to-day tasks (order entry, tracking, etc.)	ERP
We need a single portal for our team to use that will distribute the data to the manufacturer's system	ERP
Speed to market - automating the price quoting system	ERP
Automation of simple tasks that are necessary evils	ERP
Expense management	Expense Management
Managing monthly costs due to subscription-based software platforms that continually seem to rise.	Financial
Managing multiple expensive tools such as marketing & CRM programs, lighting programs/Oasis with a quotation system & tying all together.	Financial

<p>We are paid to be a sales resource, not a free or commissioned based sales agency. The manufacturers are doing a poor job "making the phone ring" and their expectations for their sales agents to provide these services as well as pipeline and opportunity reports without a means to cover the cost in lieu of backside distributor rebate and programs the offer are not making up the delta.</p>	<p>Financial</p>
<p>Customer touches will always be at our core; however, the ancillary work is just as important (tracking opportunities, marketing, quoting, etc.). There are increasingly available opportunities to use technology to make us more efficient and automated as a rep firm. The challenges for these improvements are the required major investment of time, effort, outsourcing (\$'s), etc. To get a system in place that is right for the rep.</p>	<p>Financial</p>
<p>Lack of shared cost from our manufactures</p>	<p>Financial</p>
<p>We are a smaller agency with 20 million in sales and our biggest line is \$5 million. We grind it out every day and with overhead don't have the funds to really invest in technology. We want to, and have the knowledge to, but can't invest too much into tech!</p>	<p>Financial</p>
<p>Most of our needs are being handled with TradeTech. He is doing a great job .</p>	<p>Good Shape</p>
<p>We are heavily invested in technology currently</p>	<p>Good Shape</p>
<p>I think we're pretty good at this already, but we need to keep the most up to date operating system in place.</p>	<p>Good Shape</p>
<p>I feel that we are staying ahead of the curve and are constantly looking for better ways to do business via new technology.</p>	<p>Good Shape</p>
<p>Knowing the right questions to ask. Finding the bottlenecks is difficult when different team members are pulled in so many individual directions (different systems, different needs/wants/expectations, different language). I would love to have one system that spoke to all languages in computer land.</p>	<p>Guidance</p>
<p>We need a bigger server or split servers to handle the load of the computers, cell phones and iPads that are using our server daily.</p>	<p>Hardware</p>
<p>Computer Systems. All of our support staff have the computers that get replaced every 3 years. They also have 3 large screen monitors each to improve efficacy. I would say that cost will continue to increase with more and more manufacturers put more work load on our systems.</p>	<p>Hardware</p>

Updated software system. Faster computers. The ability to work from home/laptop if emergency or sickness arises last minute. Updated phone system. Dist. Log in to check stock and tracking on orders. The volume of work is too high way too fast paced for slower computers and software that can't keep up.	Infrastructure
Allow for a work from home program to lure young professionals and maintain committed employees	Infrastructure
Virtual Network, File Sharing, Email volume, SPAM, Backups, Remote offices/people	Infrastructure
Merging all the different manufacturers into one system.	Integration
Systems design (lighting controls, photometrics)	Lighting Design
Design software.	Lighting Design
The Fractured nature of Salesforce.com. 5 factories = 5 different salesforce.com log-ons = 5X times the work	Manufacturer Portals
Manufacturers that don't offer a customer portal or a rep portal	Manufacturer Portals
Getting accurate information in an automated manner (through a portal)	Manufacturer Portals
Need Manufacturers to get up to current operating options for automation, access to stock and pricing status, and better response time. We would continue to keep our hardware and software current our internal training up to date.	Manufacturer Portals
On-line industry based social media, webcast user and distributor training	Marketing
Marketing capability with mobile devices	Marketing
Our largest need is marketing. We want to be in front of not only the end customer but the manufacturers showing them what we are doing for them.	Marketing
Social media get the word out	Marketing
Marketing	Marketing
Marketing automation	Marketing
Online business is the biggest challenge. We need to invest in our customers and our relationships with them. Also, we need more marketing towards the contractors and end users	Marketing

Keeping-up ... tech & social media	Marketing
Social media is growing with younger people coming into the business	Marketing
We need to get involved with more social media as that is where the trend seems to be heading. We also need to market our agency as well as our manufacturers better than we do.	Marketing
Help us with Marketing within our territory	Marketing
Posting on social media/blog updating website	Marketing
Marketing and social media.	Marketing
Keeping up with online competition	Online Sellers
Have distributors EDI all orders to mfgs	Order Processing
Order entry into mfgs systems, need to automate.	Order Processing
Having manufacturer and rep on the same page and same pace of improvement of on-line services or requirements. Everybody wants their own way of doing things. Nothing is uniform so we do the same things 10 different ways to appease manufacturers. We can upgrade technology faster than the manufacturer in most cases yet those who lag behind want us to forge ahead with technology when they themselves can't improve and/or keep up	Pace of Change
Keeping abreast of new lighting and controls technology which is constantly changing.	Product
Stopping mfgs from having 20 different reports	Report Standardization
Because there are no industry standards, sales reporting is accomplished across various platforms significantly decreasing efficiency. A streamlined, standardized sales reporting process is an essential need. An immediate resolution to a portion of the existing technology challenges would be the elimination of PowerPoints and Excel spreadsheets that are created and distributed for completion without a thorough understanding of what is being asked. This is another example of a lack of standards, and an even better example of corporate, "busy work" fluff.	Report Standardization
Investing in a reporting software would be the only thing we are lacking. We do internal manual reports but would be nice to have an automated system that can look at metrics.	Reporting

Time spent on reporting fluff! There are no standards, so each manufacturer has their own vernacular, their own motives, so spreadsheets and PowerPoint are filled with want to be "Jack Welch" verbiage. Having to wade through and guess at the fluff or redo because regional managers want to work a different agenda. Set standards, focus on what is essential. To prosper is to sell more not do more. Reports fill inboxes, selling fills wallets!	Reporting Standards
Technology working great at current time but always investigating new trends.	Research
Trying to tie all manufacturers together in one system is very hard. It's almost impossible to get timely sales data from all manufacturers each month.	Sales Reporting
In house sales management system to cover profit and margin as a tool to calculate individual commissions for all represented lines.	Sales Reporting
Sales reporting.	Sales Reporting
Need better way for sales and commission data to be consolidated (wish there was a universal man. Format for reporting)	Sales Reporting
Accurate sales and commissioning reporting.	Sales Reporting
People	Staffing
Young professionals whom are motivated and have positive, lively attitudes.	Staffing
Additional outside sales rep, Inside sales / Administrative help	Staffing
People	Staffing
More technical personnel	Staffing
Keeping up with electronic changes and funding without crippling another in house function from an expense side. And It/technology person.	Staffing
Investment in systems integration	System to System
Transparency and instant response on order processing and tracking is a crucial part of the customers experience and is dependent on our manufacturers investing in software	System to System
Electronic interface between agency and manufacturer systems	System to System
Challenges - Trending to direct manufacturer systems away from Rep systems (NEMRA Software/MACS)	System to System

Too many systems not enough synergies between manufacturers reporting	System to System
Getting manufacturers systems capable with talking with our systems.	System to System
We use one software to track orders, calls and all of our manufactures use another.	System to System
Technical Sales Talent. Its extremely challenging to find qualified Technical Graduates who have People Skills and want to be in a Sales Role	Technical Sales
Time needed for investment as a balance to selling	Time
User adoption via training. Technologies are coming at an accelerated pace and you can shop around for cost-effective tools but if users are not trained and adopt (as a team), we will not realize the full potential of the management plans behind the technology.	Training
User adoption via consistent training. New tools and technology are coming faster than ever and you can find cost-effective tools but without training and user adoption we will not realize the promise of these technologies.	Training
Training	Training
Timely training on new or revised portals	Training
Inventory management (would like our own warehouse management system but we are restricted by the need to be on our manufacturers systems)	Warehouse Management System

For Members Only

Manufacturer Representatives were asked **“What could you do differently to support your manufacturers?”**

What do different for manufacturers?	Category
Manufacturers are requesting a lot more from the reps and I think it will continue as they want a more control of their business thru us (the rep) the bigger the manufacturer the more they will request. So, we will have to continue to adapt to the changes.	Adapt to Mfg Needs
Request manufacturers financial support of all the admin and customer service we are doing for them	Compensation Model
Be the clear best in class in customer service. Automate the flow of information wherever possible.	Customer Service
Improve my agencies data management	Data Management
I would focus on demand creation 70% of the time and channel management 30 % of the time. Manufacture will need to compensate for all sales in territory regardless of the sales channel the product is sold this would including our current channel as well as digital sales and retail sales	Demand Generation
More focus on their end users	End-user Focus
Our agency currently does a good job of supporting our manufacturers. Some investments that are on the horizon revolve around specification work for both lighting and engineered solutions. This is an area that we can expand our efforts.	End-user Focus
Stop babysitting the distributors and make sure end users are aware of new products. Get the order before it goes out to bid.	End-user Focus
Truthfully, I do not think much would change when we received the ROTF-1. We embraced the philosophy of driving demand and it has served us well. If we could ever get a true increase in commissions I would invest in our relationships with contractors and end users.	End-user Focus
<p>We need to know our products inside and out and share our knowledge with specifiers, engineers, contractors, end users and distributors. We are an extension of our manufacturers here in our territory.</p> <p>Our 2020 plan is to provide a monthly update - newsletter of sorts, to keep our manufacturers up to date with our strategies, goals and territory opportunities.</p>	End-user Focus
Its less about what I would do differently to support them. Its more about what they need to do differently to support the markets and us.	Information on Manufacturer Support

Provide more market/project updates	Information Sharing
Limit the lines to manufacturers that only provide value and support.	Line Selectivity
Build a stronger leadership team specific to each line	Line Support
Enhanced resources dedicated to the line. Line specialists.	Line Support
More specialization and more product lines that are synergistic	Market Segment Focus
Better job of online marketing	Marketing
Continue to increase the electronic touches with the end-users and the distributors.	Marketing
More activity in touching the client.	Marketing
More end user calls	Marketing
Further increase localized marketing efforts	Marketing
More marketing	Marketing
Use online tools or portals to track quotes and keep each manufacture updated on the status of the quote.	Online Tools
Have a system that communicates directly with their system, better and quicker understanding of sales by distributor and product or product category.	Ordering Interface
Work more together on marketing plans and training budgets.	Planning & Training
Learn as much as possible about manufacturer product. This makes the "middle man" inside salesman easier to work with.	Product Knowledge
Part of our mission statement sums it up: To be the most professional, cost-effective sales organization in our markets served. This is achieved in a wide variety of ways, including efficiency, integrity, professionalism, commitment, and entrepreneurial spirit.	Promote Value Proposition
I would better support them if I had more time in the field selling instead of nonessential activities (reporting, conf calls, etc.) That they deem necessary in an apparent exercise to justify titles, positions, necessity of role. Reps have lost autonomy and manufacturers continually exploit more and more of the reps' uncompensated time.	Reduce Reporting

Principal liaison to manufacturer executive management and executive distributor management.	Role
I would spend more time aligning our sales and support strategy. We need more relationship sales and less shotgun style sales.	Sales Model
Spend more time in front of customers as opposed to so much desk time.	Sales Time
Reps must be more disciplined in approach: not afraid to take calculated risks to grow your manufacturers by making alliances with specific distribution (and not trying to pacify all distribution.)	Selective Distribution
Become more specialized to really attacking specs - hire specialized sales people to convert these specs.	Spec Focus
Next generation people, utilize technology more, increase speed	Staffing, Technology
I believe that we need to develop strong relationships. These need to extend to both the end user and the distributor, but must be done in conjunction with each other.	Strengthen Channel Relations
Become more technical with their lines.	Technical support
<p>I would have as many tools possible to go to market.</p> <p>Tech Reps: engineers and staff that can be technical and focused on the contractors, engineers and end users.</p> <p>Reporting: Market based feedback sent to the manufacturer quarterly. Give manufacturers the info that we need them to hear.</p> <p>Marketing: invest in people and tools to get information on new products and industry changes in the hands of our customers as effectively as possible to grab their attention and promote the brand.</p>	Technical Support, Marketing, Market Insights
<p>Streamline technological interfaces.</p> <p>Invest in tools to make it easier to succeed.</p>	Technology Investment
<p>50% Focus on contractors and other users, including joint sales calls.</p> <p>30% Focus on distributors</p> <p>20% Focus on specifiers</p>	Time allocation
Require more time from larger manufacturers and less with smaller manufacturers	Time Allocation

<p>We must support each of our manufacturers with a focus on their types of products and avoid taking on competing lines. We also routinely evaluate our manufacturers to ensure new product development does not wind up diluting our focus with those who already have that type of product.</p>	<p>Understand Manufacturer Better</p>
<p>Not much more than we do currently. Time share to all manufacturers is always a juggling act.</p>	
<p>Nothing, doing all we can</p>	
<p>We are supporting our manufacturers to the best of our ability currently</p>	

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Manufacturer Insights

Manufacturers were asked **“Which areas (services, support, skills) do you you’re your reps, in general, need to improve upon to better serve you?”**

Areas for Reps to Improve	Category
Reps often have too many lines to actively sell.	# Lines
Follow thru	Accountability
Top-tier agents are consumed with constant alliance with our company and our top customers. Bottom-tier agents are not focused and shooting for as much income from as many lines as possible. These agencies themselves are not vital to have around, as they are not specialized. Constant communication is common in great reps, the lesser ones only call when needing something and are MUCH less connected with us.	Communication
Not packaging and losing a project because of overage	Compensation
Improve enablement via CRM	CRM
CRM tool knowledge	CRM
Support and customer Service	Customer Service
Provide a better understanding of customers’ expectations on lead time, pricing.	Customer Service
Support	Customer Service
Service through in person and internet means	Customer Service
Ability to use data to help drive an operating rigor to identify areas of opportunity and weakness. Which product lines, distributors are up/down both from \$, count, price, etc. Where is the disparity in the market? Who is buying one product, but not the support product? Who has good/bad mix and what are we doing to drive the discussion and hold accountable?	Data Analytics
New account development, more willingness to sell into new segments	Demand Generation

Ability to call on new customer prospects, open up new business. Our ability to service existing will be handled more and more by web interface. The greatest need is for a rep that can open up new markets and gain penetration in existing markets for our product. Too often they get stuck in their "milk-run" ruts.	Demand Generation
How to communicate our value proposition.	Demand Generation
Find new business; merchandising; trade-show engagement; promoting product	Demand Generation
Prospecting for opportunities	Demand Generation
Demand creation, go find new business or gain market share at a distributor	Demand Generation
Increasing product categories with existing customers.	Demand Generation
Finding and developing new accounts	Demand Generation
Specification and end use demand	End-user Focus
More end user calls versus time with distribution	End-user Focus
More end user calls to pull more business through distributor	End-user Focus
Engineering specification development	End-user Focus
Build solid relationships with engineering firms, contractors,	End-user Focus
End user relationships	End-user Focus
OEM and End user sales skills. Technical selling	End-user Focus
Need to make more contractor and job site calls. Need to pre-qualify new accounts. The ratio of distributor and end-user calls needs to be almost even.	End-user Focus
Working with end users more, directing them where to buy and what to buy.	End-user Focus
Commit time to specification work and training of end-users. Some of our reps are excellent in this area, others are not. On balance, we need to improve in this area.	End-user Focus

Relationships with contractors; need to be with foreman, superintendent and PM's	End-user Focus
Contractor relationships	End-user Focus
More end user call.	End-user Focus
More end user and specifications sales calls.	End-user Focus
End-user calls and launching new products into their local market.	End-user Focus
More engagement with engineering specs	End-user Focus
Manufacturers need Reps specialized in specific markets, verticals, geographies and to focus on his domain of expertise.	Focus
Following up and closing business. I find it interesting that closing business was not a choice in the survey among rep activities. Very telling.	Follow-up
Follow up is anemic and not managed by the principals - accountability	Follow-up
Rigorous quote follow up, driven down to channel	Follow-up
Follow up on quotations/proposals to Distribution	Follow-up
Development of Inside Sales support	Inside Sales
Strong inside sales staffing and training are common in great reps. The lesser ones seem to employ a "brother-in-law" type of person and leave them in there to rot, with little-to-no training.	Inside Sales
Understand strengths & weaknesses of the factories they represent and become the consultative go-to expert for the distributor. I want the distributor to think of calling My rep first basically, gaining mindshare of the distributor for my products.	Manufacturer SWOT
Specific market expertise - customer and channel knowledge.	Market Insights
Understanding the dynamics of the Retrofit market	Market Insights
Analyzing market conditions and not meeting pricing based on "hearsay"	Market Insights

Better working relationships with ALL distributors in their markets. A more thorough understanding of the vertical market segments where my company has the most opportunity and knowing which distributors serve those markets.	Market Insights
Provide better market awareness	Market Insights
Stronger annual planning with distributors and executing to those plans.	Planning
Better planning with manufacturer more engagement	Planning
Strategic planning	Planning
Better sales alignment and tactical execution	Planning
Planning and follow up	Planning
More proactive	Proactive
Better understanding of product and markets. Some of our reps are very knowledgeable, especially smaller firms, however larger firms tend to be hit or miss.	Product Knowledge
Skills and product knowledge	Product Knowledge
Better product and applications knowledge to improve solutions selling	Product Knowledge
Product Knowledge for new innovation items	Product Knowledge
Product knowledge	Product Knowledge
Product knowledge	Product Knowledge
Product knowledge.	Product Knowledge
Education about our product	Product Knowledge
Learning product	Product Knowledge
Technical product training, application training. Understanding the product, you sell and the application it is being used in is key to being able to successfully sell it against the competition and provide value for all the customers.	Product Knowledge

Learn the key products and how to SELL them, not just show and tell. Reps are not good closers.	Product Knowledge
Be the expert on our products. Success with new products.	Product Knowledge
Product knowledge	Product Knowledge
Product expertise needs to improve as well.	Product Knowledge
Product training - the value they provide is being an extension of the factory sales force. This can only happen in the reps spend time fully learning the lines they represent.	Product Knowledge
Product knowledge. Desire to sell rather than expect sales brought to them.	Product Knowledge
Product knowledge	Product Knowledge
More detailed and informative customer proposals, not just basic P&D quotes	Proposals
Need to be deeper than purchasing	Relationships
Communication! Many times, hard to get replies to calls or emails.	Responsive
As Reps have been asked to undertake more back office responsibilities from manufacturing, field sales blocking and tackling assignments have slipped. NEMRA agents have to remember that they are a Sales organizations first. That doesn't mean that technology is going away and CRM platforms are here to stay so those skills need to continue to improve	Sales Efforts
Person to person skills	Sales Skills
Functional sales training.	Sales Skills
Market approach, need a blend of NEMRA and Lighting Agents approaches.	Sales Skills
Presentation skills	Sales Skills
Value addition and upselling - quality, made in USA, their own service value. STOP relying on the vendor to always give up margin!	Sales Skills
Skills are the key factors to improve.	Sales Skills

Professional development of associates, are we developing our talent to meet or exceed the challenges in our evolving business model. Employee retention of key contributors, minimize turnover. Succession planning.	Sales Skills
Negotiation skills	Sales Skills
Solution sellers and brand name developers. Simple and complex information will become more easily passed through the internet and will be the preferred method for more and more of the market. Reps will need to concentrate on more complex solutions which may include things other than product such as logistics.	Solution Selling
Succession planning.	Succession
Due to convergence of channels, need Reps to be more technical and solutions sales focused. Still far to transactional and reactive	Technical Expertise
More technical-minded resources	Technical Expertise
Better technical sales skills,	Technical Expertise
Technical expertise	Technical Expertise
Services and technical abilities.	Technical Expertise
Need to become adept in technology.	Technology

Manufacturers were asked for their input to the question **“5 years from now, how will the Rep model change and what will the “ideal” agency look like for your company?”**

"Ideal" Agency	Category
The ideal agency will work with distribution partners that also share common goals of effectively closing revenue of all sizes, not just projects	Alignment
An extension to the company they represent with more empowerment to run their business while maintaining Corp governance	Alignment
The ideal agency will be well versed in our line and how we can add value at distribution and the quality of our products for the end users. I see the change in the delivery of the message. Communication methods are advancing and this will continue to change our industry. The relationships that the reps have is still key and I think they will transform over the coming years as the support distribution needs will change.	Alignment
Reps will need to be a tighter extension to our existing sales model to succeed.	Alignment
Their goals will be aligned with seeking growth, rather than lifestyle business. All manufacturers need to show shareholder growth.	Alignment
More seamless collaboration on sales plan execution and joint planning activities	Alignment
Broader capabilities to cover all market and opportunities	Alignment
Rep model will be more sophisticated, with a more tiered structure built to developing the long-term viability of the agency. A focused agency that matches its particular strengths with those of the manufacturer's it represents.	Alignment
Both lighting and electrical offerings	Broader Offering

<p>I don't see reps going away, but I do see factories seeking the "rep" model with more specialized agents. Could be someone who works in our office for a year or two and then we help to sponsor their own agency being started with the understanding that they will have only XYZ number and type of lines.</p> <p>We are in dire need of concentrated agents, as the market has gone from TAKING orders to needing a CONSULTATIVE approach to closing business. Skilled labor is so scarce that saving 3% on procured items is less important if a rep can show the contractor how to save 40 or 50% on labor for that product. The vast majority of reps are not specialized enough to be effective in this approach, at least in my product category.</p>	Captive Agents
Relationships are even more important.	Channel Relations
Have strong relationships with the end users and distributors	Channel Relations
60-70% of mind share. Complementary lines that are aligned with distributors that share the same lines, not competing lines. Stronger alignment with consultants and engineering firms.	Complementary Lines
Limited complementary lines	Complementary Lines
Technology will take over service. Right now, the rep often feels more like the extension of our customer service department than a selling organization.	Customer Service
Reps will be more broadly enabled to provide pricing and support to customers. Reps will necessarily need more skilled inside support personnel that are technically and commercially savvy.	Customer Service
The ideal rep agency will do 100% of the admin associated with the sale of our products.	Customer Service
Higher level of business development - rep as lead generator.	Demand Generation
Good mix of electronic exposure and face to face meetings	Demand Generation
Continue the evolution of specification work and end-user focus, expertise and penetration.	Demand Generation
They need to provide more effective new account targeting and development capabilities	Demand Generation

The Ideal agency will know how to connect the market with our product and get the deal closed.	Demand Generation
Demand generation resources	Demand Generation
Ideal Rep will be engaged in selling and business development. They must call on end users.	Demand Generation
Demand creators, pull business through distributors	Demand Generation
50% of sales team dedicated to calling end users directly with no distribution accounts, 40% of the sales team dedicated to distribution and 10% focused on specification with engineers etc.	Demand Generation
Strong at getting new products seeded at customers.	Demand Generation
They will also field all the Sales Opportunity Calls in their Geographically Defined Region	Demand Generation
Outside sales staff more than just "route" salespeople.	Demand Generation
The demand generation activity (pull, spec-in...) Will become more and more important while the push will be taken care digitally (e-commerce, e-Platforms...)	Demand Generation
Have a full-service organization developing opportunities through specification and end-user work, complimented with marketing prowess and exceptional customer service. Be able to communicate that full-service model to vendors and the value the agency provides and back it up with a strong sustainable business plan.	Demand Generation
Digital expertise	Digital Expertise
They need to be less tied into specific distributors.	Distributor Agnostic
Focused on building relationships and support of our key distributors. Good complementary lines.	Distributor Alignment
Those that we need to handle all the distributor activity. Purchasing, marketing, stock, counter, inside with the calls, spa's, quotes, training, systems maintained/updated, electronic order entry. Must make sure it's not a milk run and all aspects of the operation are being looked at and improved.	Distributor Focused

More direct contact with the distributor. Less price control, more sales like a direct employee of mfgs. Will be too much information available for them to control pricing.	Distributor Focused
Serve end user demands with a talented specialized team	End-user focus
Stronger alignment with consultants and engineering firms.	End-user focus
Significantly more focused on end user	End-user focus
The ideal agency will balance distribution sales churn with engineering specification and more end user development	End-user focus
The ideal agency will not lean on their distributor to own a customer relationship, they will own those relationships as strong or stronger than distributors	End-user focus
Getting to the end market both with/without distributor joint call to drive demand for new products and the focused products of the manufacturer. The distributor activities will be handled "online" similar to an amazon type model.	End-user focus
Specification resources	End-user focus
Concentrate on end-user sales and education; expect the rep to be an extra outside salesperson for their distributors.	End-user focus
Specification driven	End-user focus
More OEM sales people	End-user focus
Contractor focused	End-user focus
Outside sales at rep agencies will be more specialized	End-user focus
Focus on the End User's needs.	End-user focus
We need reps that understand that the channel is a facilitator and NOT the only customer. We need reps that understand the importance of the contractor and end user and that spend time cultivating these as OUR customers... Not the distributors customer.	End-user focus
Very strong energy management divisions.	Energy Management

Must have strong Inside sales, outside sales is becoming more of an ambassador position - regarding commodities.	Inside Sales
Strong Inside Sales	Inside Sales
Very strong inside sales who are also solution providers. Ability to communicate and deliver information in the way the customer wants it delivered, quicker, faster, better. Ability to maintain, develop and grow relationships in the way the customer wants which won't always be a physical visit. Relationships will only be good if they can influence.	Inside Sales
More business will be conducted by inside sales.	Inside Sales
Less agents in any given market due to regional agent expansions and mergers/acquisition consolidation by manufacturers	Larger Agents
The industry as a whole is moving towards larger reps and less of them - more state coverage by the individual rep	Larger Agents
I see consolidation of agencies to larger agents. Ideal agent will be strong technically, have strong relationships with the end users and distributors and strong at getting new products seeded at customers.	Larger Agents
Agencies will be larger and cover more territories due to lack of younger people not entering the industry. Internet more involved daily.	Larger Agents
Limited lines	Less lines
Lighting reps will only carry large broad product lines not the niche manufactures	Lighting
Traditional NEMRA agents will continue to expand in lighting. Lighting agencies should begin to look at commodity electrical lines or they will continue to lose market share.	Lighting
Dedicated Product Line managers	Line Champion
Highly focused on the markets and channels that fit these markets.	Market Focus
They will have a marketing team as well as a sales force and cover more territories.	Marketing
Marketing resources that align with mfg., goals	Marketing

Gets commissions from all sales areas reduced territory barriers for online or brick mortar	Multi-Channel
They will be doing both in person and internet sales and service.	Online
Knowledge and planning will be key	Planning
We don't have a lot of rules or hard and fast procedures but the ones that do exist, we'd like the agents to follow only because it makes it easier for us to assist them quoting or servicing a customer.	Process
Product experts.	Product Knowledge
Reps, like others in the Channel, will have to add real value. Access to products is overwhelming. Expertise, understanding of applications and installations is critical.	Product Knowledge
The ideal agency will automate their reporting to manufacturers and not just provide basic excel reporting	Reporting
Mix of end user and distributor sales	Sales structure
Willing to market services not just products	Services
Perhaps smaller and more targeted to a specific area of specialization where most lines are synergistic to their day to day conversation.	Specialize
Succession plans	Succession Plan
They will need to provide salesmen who are more product specialists than general salesmen, which suggests fewer product lines for a given salesman	Technical Expertise
Technically proficient solution sellers	Technical Expertise
As the complexity of products change with emerging technologies, we will looking for our Rep partners to have the ability to present to and train end users, distributors and specifiers.	Technical Expertise
Ideal agent will be strong technically	Technical Expertise
Specialized sales force for different markets	Technical Expertise

They need to become more technical. The new rep requirements must be more than just building relationships with the distributor. They must provide value.	Technical Expertise
Progressive (more technological advanced within sales/operations)	Technology
An ideal rep firm would have computer capabilities par to those of the manufacturer.	Technology
More use of technology, and unfortunately, more millennials.	Technology
Much more automated and less transactional non-value add work done.	Technology
Sounds like an old story but differentiation and value add will be ever more essential to the electrical distribution model and to those who serve it. We really need to get better at every aspect of what we do. The "bread route" mentality needs to go away, not just in the principal's mind but also in the mind of every salesperson in the field.	Value Proposition
More focused value selling.	Value Selling

For Members Only

Manufacturers were asked **“Five years from now, in your opinion, how will rep agencies change?”**

How Rep Agencies Change	Category
<p>Bigger agents (larger geographic areas) aligned with the major vendors (Eaton, ABB, Legrand, etc..) Due to line conflicts due to continued acquisitions. The future rep will have to be tech savvy, have the resources and leadership to be nimble in adjusting their business model. More transactions will electronic and self-service, or in the background. How do reps stay relevant and visible with decision makers?</p>	Captive Agents
<p>NEMRA agents will be relegated to pure commodity products with diminishing commissions</p>	Commodity Reps
<p>As more and more volume transitions from a rep or specific branch placing an order to an Internet order from anywhere, the compensation model may change from a % from dollar one to possibly a set payment/allocation for covering a territory with a bonus structure for new account (which would have to be figured out). I think a rep that can provide this type of "billing" to a manufacturer would be beneficial.</p> <p>Manufacturers are trying to balance how to handle the "commoditized" products efficiently as possible (Order, delivery, and cost of representation) with rewarding for driving their newer, specialized, solutions that typically drive profitability. Agency that have a model to handle both situations with the different skillsets to do both well will be valued.</p>	Compensation Model Changes
<p>Will be paid on true POS (not POT) not territory commissions.</p>	Compensation Model Changes
<p>More consolidation and stronger marketing</p>	Consolidation
<p>Consolidation</p>	Consolidation
<p>Additional consolidation</p>	Consolidation
<p>Larger reps covering more territory - less reps nationwide - reps will need to bring a different outlook and approach to support of their manufacturers if they want to maintain their manufacturers in a shrinking group of available options</p>	Consolidation
<p>More consolidation, more super / multi regional firms serving multiple channels and industries</p>	Consolidation
<p>I think you'll be looking at more Mega Reps that cover more geography because of consolidations and the lack of anyone new getting into the Rep Business.</p>	Consolidation
<p>Super Regionals with more lines</p>	Consolidation

With consolidation of manufacturer's there could be a trend of fewer agents but larger agents. Agents covering multiple territories/states.	Consolidation
Will have to share data	Data Sharing
They will become sales initiators and avid hunters. They will work to bring the value of additional customers to their manufacturers. They will leave the "service" side to the manufacturer and focus supremely on growing revenue.	Demand Generation
The strong will get stronger by doing more bus-dev. Waiting on new construction and leads from your customers will not be enough to provide sustainable growth.	Demand Generation
Ecommerce support will increase, project oriented as inventory at distributors will be lower so can't just ask for an order anymore. They will have to create the demand	Demand Generation
They will be relying on vendor portals and concentrating on generating orders as more customers will be utilizing VMI and EDI transactions. Reps will be more responsible to the vendors and customers for walking orders in.	Demand Generation
Rep agencies that change their mindset from "I go see client" to "what action do I need to take to reach the set goals with the manufacturer" will see exponential success.	Demand Generation
Rep organizations will change to reflect buying and information gathering habits of end users. Rep agencies will need to have a better methodology to develop and manage line strategies for manufacturers.	End-user Focus
Those Agents who are willing to focus valuable attention onto distributors who are willing to earn the business of the electrician and end user will thrive, those who are broader based and route driven will fall to the wayside.	End-user Focus
I think agencies will need additional end user specialists and inside support. Digital content and logistics will continue to expand and internal agency champions will be needed to execute those roles.	End-user Focus
Both reps and manufacturer sales managers will need to show more value with the growth of online sales outlets and distributor online growth. Reps and sales managers value translates into making more end-user calls, physical or online training and demonstrations of new, existing, and improved products and/or services to both end-users and distributors if they want to stay relevant and useful.	End-user Focus
They will be more focused on marketing our products to end users than managing distributor relationships.	End-user Focus

They will more technically support to contractors	End-user Focus
More technical, closer to Products, closer to customers technical teams	End-user Focus
More specialized and more expert in terms of targeted Market and Customers	
More bodies, less lines, more attention to specs and product. More service and less personal relationship time.	End-user Focus
Merge with distributors to cut out a channel perhaps?	Existence?
Sales transactions will be more automated, less rep involvement. Most Reps will struggle to add value	Existence?
They will need to become more focused.	Focus
I believe rep agencies will be multi-faceted; meaning they will have divisions within the agency to approach commodity, industrial, specification/project work separately BUT cohesively.	Focus
Reps should deploy dedicated resource's in multiple markets for application and specification activities/follow-up to drive new products into the contractors. Today, agents rely on the manufacturer to do this work and the work stops when the manufacturer leaves the territory until next time.	Focus
Less physical travel as % of sales. More product specialist/solutions providers. Reps will either have 10 lines or 40. The top lines will pick the top reps and demand attention. Go big or go small and small isn't necessarily bad for an agency. Consolidation of the NAED channel means more national deals.	Focus
I think they will need to be more focused on categories the line up with their agency's skill sets.	Focus
They will have to be specialized or will become obsolete. Unless there are lines that just want bodies to answer calls about specs on certain products or enter orders. These things will become automated in years to come, if they aren't already.	Focus
More specialization, more technologies to plan and attack the markets you serve.	Focus
They will have to get younger, but need to make sure that the new staffs are prepared to do their job. Utilize manufacturers for assistance.	Generational Change
Larger with more lines.	Larger

Larger geographical footprints, younger sales team, non-traditional approach to selling.	Larger Geographically
Cover more territories due to lack of agencies. Most agencies need to concentrate on succession plans of upper management. Most agencies wait until they want to sell. Need to create succession plans 5 years earlier.	Larger Geographically
More market intelligence from the manufacturers and more collaboration between employee sales and other agencies	Market Insights
I think we will see more rep agencies open as manufactures reduce sale forces and move to rep support. Smaller start up manufactures continue to have difficulties signing agreements with existing agents.	More Agencies
Not sure, the agencies that will survive and grow will need to be more efficient and more professional.	Professional
The smaller, non-progressive agencies will go away. Those that are not paying any attention to end users, specifiers, contractors will not survive. I see reps asking more from Mfg.'s as far as support (financial, field, etc.), Reps will start being more critical and have higher expectations from manufacturer field resources (what will they do for me when they are here that I can't do already). Reps may start evaluating lines that offer more risk long-term as far as longevity and security. Reps will ask for more training from Mfg.'s to help them effectively sell.	Reps More Demanding
Fewer people more electronic communications	Smaller
Smaller but more efficient	Smaller
They will need more technical for the IOT technology to be able to support it, Also, having an online presence to support internet customers.	Technical Expertise
More technical and services oriented. Less transactional.	Technical Expertise
They will be more sophisticated (technically and IT enabled), more knowledgeable, more focused (fewer lines), more educated and a stronger partner to their manufacturers	Technical Expertise
- They will have to adapt to technology and layer those types of tools and processes into their business model. They will need to understand in more detail how business is conducted in the digital space. And they will need to be able to convince their manufacturer partners that they can thrive in this environment. Or they will die.	Technology
More digitally capable, lots of generational changes	Technology

Reps are going to be behind computers more and on the road less. The agents will lose touch of face to face with the customer is because of technology	Technology
Technology seems to be a key factor in B2B sales.	Technology

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Manufacturers were asked **"If you were a rep, where would you invest, over the next five years?"**

Where Reps Should Invest	Category
I would invest in a few key manufacturers (under 10, for sure, but probably under 5) that I can get ingrained in the culture and in tune with their needs. Basically, become a direct salesman for those companies but not an employee of that company. Manufacturers are dying for agents to be "all in" with their company and are willing to do a lot to help agents go down that path. A rep that knows acutely what is going on in your company and can operate ALMOST autonomously is so vital to mutual success.	Captive Agency
Sales automation tools to provide data hungry manufacturers information on how reps are adding value day to day.	CRM
- I would invest in a CRM system that ensures quotes/proposals issued are followed up. Generally speaking, Reps are poor at following up manufacturer quotes down to a certain level. They all chase big projects effectively (but so does everyone else). A CRM system is a competitive advantage that ensures quotes of all sizes have some level of ownership and accountability for follow thru.	CRM
CRM training	CRM
Use of technology to be more effective in prioritizing time (both at existing accounts and where to hunt)	CRM
Sales automation. Quicker, faster, better with fewer resources devoted to face to face meetings. Time will become more precious. Even if the reps have infinite ability to talk to customers the customer won't have the time. Relationships are still vital but they will be maintained differently. Every call needs to have a mission and an output.	CRM
CRM systems that can integrate into MFG's systems.	CRM
Be comfortable with data and how systems work to ensure the distributor partners systems are promoting/selling my products efficiently and accurately.	Data Analytics
Resources to drive demand (engineers, utilities, contractors)	Demand generation
Joining and being active in non-traditional organizations. Business development.	Demand Generation
Have a diverse offering of electrical, industrial, and safety products	Diverse Product Offering
Electronic exposure	eMarketing

Specs.	End-user Focus
Route salesman/saleswomen are not effective, bring relevance and solutions to the Contractors (installers), A&E firms and Distributors.	End-user Focus
Relationships with influencers	End-user Focus
Developing tight relationships with distributors so I could more effectively joint or solo call on their customers.	End-user Focus
End users calls	End-user Focus
Developing end user relationships	End-user Focus
Get closer to end user	End-user Focus
Engineering spec influence	End-user Focus
End user technical intimacy on my targeted markets.	End-user Focus
Sales support	Inside Sales
Internal staff to support the sales team and distributors and outside sales people with stronger technical skills.	Inside Sales
Critical to have talent on the inside	Inside Sales
Development of leaders	Leadership Development
Reducing line overlaps. Becoming more versed on lines in hand. More time on each line, less lines. Prove worth to mfgs to gain more commission	Line Rationalization
Marketing as to scale	Marketing
Marketing	Marketing
Find ways to better target the audience through interactive promos	Marketing
Demo room	Marketing
Marketing technologies	Marketing
Marketing	Marketing
I would invest in personnel that have technical abilities, experience and can penetrate end-users from low to high.	People

Experienced external sales resources in the form of qualified distributor partners.	People
There are a lot of rep salesmen nearing retirement age, so developing bench strength to maintain continuity and traction in the marketplace is important.	People
Invest in people who can make the important contact between the customer and the product.	People
People	People
People who know the ESCO's and contractors who are writing the project business in major markets	People
I would invest in good quality people who can understand the products, benefits and value for the customers.	People
Talent	People
Quality people	People
People, to allow for additional manufacture lines	People
Sales people with strong critical thinking skills and willingness to contribute to team development goals	People
People	People
Attracting and keeping the best people.	People
Quality people.	People
Invest in personnel that have an electrical background, not just business, marketing or accounting personnel. Employees that know how systems work are FAR more prepared to sell product than those with no knowledge of the industry.	People
Invest in talent acquisition and train that talent!	People
High quality people	People
I would invest in gathering assets to provide the strongest channel support from owner/specifier to consuming end-user. Be a full-service partner in creating value and having a strong business plan on taking share with the best talent available.	People
New talent	People

Create a goal-oriented focus and planning. This is obvious, but beyond planning, rarely we see actions and goals achieved	Planning
Technology. Ease of doing business.	Processes
Systems to streamline business transactions and increase productivity.	Processes
Product knowledge	Product Knowledge
With more and more information being obtained from the internet, the rep salesmen need to be more able to provide the next level of added value in helping customers understand how to apply and benefit from the product in their applications so they should invest in developing/acquiring the required background and experience.	Product Knowledge
Training and demonstrating new and more efficient products and services to contractors and end-users.	Product Knowledge
Lighting controls knowledge, understanding and ability to commission projects.	Product Knowledge
Customer relationships	Relationships
Relationships to contractors and distributors	Relationships
Sales management	Sales Management
Services to differentiate	Services
Succession planning	Succession Plan
A solid succession plan	Succession Plan
Technical expertise, commissioning & troubleshooting of controls, integrations of technology beyond lighting - with lighting as the hub	Technical Expertise
Technical skills	Technical Expertise
Product application	Technical Expertise
Sales people with technical aptitude.	Technical Sales
Technical selling	Technical Sales
Technical sales people	Technical Sales
Hiring educated personnel that can provide more technical support to customers.	Technical Sales

Technology	Technology
Information technology.	Technology
Technology	Technology
Technology to allow more time spent with end user and less time doing other things	Technology
Certainly, keep up with the technology that will service the customer product needs.	Technology
Technology	Technology
I would invest some of my time on changing technologies across the board. This would help me stay current in the needs of my distributors and their end users.	Technology
Better understanding of digital transformation and how to leverage it.	Technology
Technology	Technology
Technology	Technology
Technology.	Technology
Technology	Technology
In infrastructure	Technology
IT systems, websites,	Technology
Technology to support my customers	Technology
Establishing internet presence and having support teams for both in person calls and servicing internet requests.	Technology
Technology	Technology
Business development skill sets	Training
Training	Training
Skills	Training
Training	Training
Technology training	Training

Product training for sales staff.	Training
Sales training	Training
Technical training	Training
Functional sales training	Training
Training on industry trends/code and how each of my manufacturers products align to it.	Training
Training.	Training
Training of both internal and external sales personnel.	Training
Contractor training. Hire reps that used to work for contractors. As manufacturers want to market to the contractors. Get buy in from contractor then the manufacturer controls the distributor	Training
Training sales people how to sell.	Training
Employee training to raise professionalism and sales skills.	Training
Training. Both new technology like IoT but also how to sell to the contractor and end user vs the channel	Training

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Manufacturers were asked **"If you were a rep, what would you do differently to support your manufacturers?"**

Do Differently	Category
Slim down the amount of product lines represented and be experts on the lines you do have to show value and support to the manufacturer and customer.	# Lines
Hold your team accountable to selling the VA products not the commodity lines.	Accountability
I would make sure all stakeholders are held accountable. I would continue to invest in developing various sales skills as a long-term initiative.	Accountability
More frequent communication	Communicate
Engage over ways to find new and additional customers. I haven't had a rep yet ask whom I might want them to be calling on and what their focus should be. Reps today are not listening to their manufacturers for direction. Manufacturers are not always right, but then the rep should engage in that conversation and see if the fit is correct or if they should drop the line.	Communicate
I would be more open about challenges I have with line presentation. I feel too many reps tell me/us they are comfortable with the line but they really aren't and it doesn't come out of the bag enough on sales calls. Manufacturers need to hear where the struggles are so they can work to improve the reps;	Communicate
Better communications back and forth	Communicate
Be more proactive and professional in mission critical communications with MFG.	Communicate
My best reps reach out to me regularly, just to check in. They call me with any new development in their territory.	Communicate
We don't require a weekly update report so as a regional, I'd like a simple call with any updates or market intel a little more often. I don't want to find out after the fact that an account was lost. That happens far too often. The rep shouldn't be taken by surprise.	Communicate
I would engage the manufacturer to ask that questions. However, focusing on unique methods to grow share, investing in technology and talent would be a good start.	Communicate
Provide regular feedback on progress towards plan.	Communicate

Do more prospecting for new customers	Demand Generation
Spend more time on demand creation as oppose to reactive selling	Demand Generation
Invest in more resources to drive demand	Demand Generation
Bring new business opportunities to the table	Demand Generation
Focus on demand generation (spec-in, new customers...)	Demand Generation
Embrace distributors as an extension of their sales force and push for stronger dedicated relationships.	Distributor Relationships
I would eliminate non-core selling personnel and invest in customer facing personnel and processes	End-user Focus
Increase end user and specifier calls.	End-user Focus
Have better relationships with end users.	End-user Focus
Commit to regular and scheduled specification work with specifiers/end-users.	End-user Focus
Have highly trained reps that know contractor's needs.... not milkmen	End-user Focus
Show that you drive the sales because of your end user relationships.	End-user Focus
Develop new accounts to increase penetration by using new products.	End-user Focus
Specialized on my targeted markets	Focus
Increase efficiency through technology	Process
Reps need to allow for additional manufacture joint sales call.	Joint Sales Calls
I would proactively seek their help in the sales of their products and have good quality calls lined up when working with one of them.	Joint Sales Calls
Be more open to Joint Sales Calls. It can be difficult to get mind share and time with some rep firms	Joint Sales Calls
Strategy management and demand creation are key requirement for manufacturers employing rep teams.	Line Champion
Appoint a champion within my organization to coordinate and focus on specific manufacturers; would look similar to a Product Manager for a specific manufacturer.	Line Champion

Being sure to allocate time for each MFG on sales calls. Reserve visit time for every MFG to come into the territory.	Line Visibility
More reps should be more willing to back the manufacturer and not so easily concede to the customer	Manufacturer Advocate
Have alignment and cadence with your team as the manufacturer rolls out the upcoming year strategy.	Manufacturer Alignment
Understand their long-term strategy and vision and align mine accordingly (first have to decide if my firm values the Mfg. Relationship) More alignment with executives of both companies, let Mfg.'s know agency vision and succession plan.	Manufacturer Alignment
Make sure and meet with executive management of my top 10 lines. Layout plans for the future and how we will executive. Deliver how the manufacture needs to evolve.	Manufacturer Alignment
Alignment of goals	Manufacturer Alignment
Understand the new rep of the future report, I thought the previous one was perfect. No rep or manufacturer is perfect and can meet all the goals of the report, especially in a short amount of time. Realistically understand your agencies skill sets and goals and pick manufacturers that need the same or be able to grow to support the manufacturers. Understand the manufacturer's plan and drive to those goals.	Manufacturer Alignment
Become closer to them. Visit bi-annually or maybe even quarterly. Ask pertinent questions on what manufacturers want to see and really follow through with it. Make myself as valuable as possible to them and show what I was doing to become more valuable as a rep. Effort is a great first step. Most agents ask what they should be doing, but when we tell them, they do not act on it. Never-ending circle of frustration on both-ends. I would align my agency with those key manufacturers (small number) and restructure to meet their needs in marketplace.	Manufacturer Alignment
Better focus on keys goals. 1 to 3 max	Manufacturer Alignment
Ensure there is alignment of the line you represent, the markets that you cover and the channel that you support.	Manufacturer Alignment
Our most successful Rep groups have a very good pulse in their markets with the key players. They are on top of the projects and have good contractor relationships as well. They have excellent inside support that provide good market intelligence for their respective areas.	Market Insights

Hire more staff	People
Hire the right people who have the relationships that drive retrofit business	People
Strategy management and demand creation are key requirement for manufacturers employing rep teams.	Planning
Work with them to understand their annual goals. Revenue growth, increased revenue per unit etc.	Planning
Prepare a specific plan of action for each manufacturer with action items and target dates. Review quarterly, readjust and repeat.	Planning
Be more open and transparent.	Planning
Spend more time in joint planning on specific goals and objectives for the territory.	Planning
I would develop a strong strategic plan on how to develop/cultivate mutual growth goals that we would be held accountable for.	Planning
Know their product and work on closing business.	Product Knowledge
I would ensure that a development plan for products/systems/applications is in place for all my employees	Product Knowledge
I would ensure that quotes are properly followed up	Quotation Follow-up
Base sales bonuses on meeting manufacturers quotas as a rep company.	Rep Sales Compensation
Better logging of activities	Reporting
Provide them a quarterly scorecard of what accounts keep your doors open	Reporting
More active internal sales management	Sales Management
Teach my sales personnel how to approach a customer for sales based on the product.	Sales Training
Use automation to reduce non-value add transactions	Technology
More training	Training
Require/demand more and regular training.	Training
Work closer with the manufacturer and distributors to be full service, not just a go between. Show value to both.	Value Proposition

Distributor Insights

Distributor feedback to the question "Five years from now, in your opinion, how will rep agencies change?"

Future of Reps	Categories
Bigger....more employees, more lines. Consolidation. Which is already happening.	Consolidation
More smaller reps will fold up to larger firms and more small businesses will go under too hard to for small business to buy direct	Consolidation
They will be bigger and manufacturers will utilize more agencies since it lowers their cost of sales	Consolidation
They will be larger with more focused departments	Consolidation
I think they will be larger encompassing more territories. I think many will use electronic communication over face-to-face, which I also think is a mistake.	Consolidation
Larger agencies will be the norm, more feet on the street	Consolidation
I think you are going to see fewer, but the ones that stay will be bigger. Cover a bigger territory.	Consolidation
I think rep agencies will continue to grow and carry more lines and manufacturers reps will become less common.	Consolidation
Far fewer will be left.	Consolidation
I think there will be consolidation and it will be influenced around line consolidations	Consolidation
They need to respond faster. We live in a world of instant gratification and waiting for an answer from a rep/manufacturer is no longer an option	Customer service
Rep agencies may not be needed if the factories have their own direct sales personnel. Factory people are usually more valuable than the Lighting Agencies because they have direct interest in their own company versus the lighting rep having to juggle multiple fixture manufacturers.	Direct sales
Less important, move to internet sales.	Direct sales
There will be less Reg agencies and more factory direct for distributors	Direct sales

I think there will be fewer rep agencies for lighting as manufacturer's begin to sell direct to distributors. It seems as though rep agencies are taking on any and all lighting lines that they can which reduces their expertise on any individual line and their influence with any one manufacturer.	Direct sales
I believe there will be less of them and that major manufacturers will see a greater value in having their own people pushing their products at least in major markets.	Direct sales
Only the best will survive because factories will realize that they are wasting money.	Direct sales
Digital Marketing is connecting the manufacturer and distributor earlier in the process. Rep agencies will need to find their niche in this process.	Disintermediated?
Not sure - we are all fighting for the user	End-user Focus
More product exposure less customer service and pricing.	End-user Focus
The rep will need to show samples, offer technical assistance, train users and act as the manufacturers eyes if there is a problem. There will be less general information that needs to be disseminated.	End-user Focus
They will continue to try and control the market more by calling on end users direct.	End-user Focus
Lighting agencies become less important. Electrical agencies will be more business consultants.	End-user Focus
Hopefully they won't exist	Exist?
If not careful, increasingly less useful	Exist?
They will be gone	Exist?
Most will no longer be needed	Exist?
Fewer feet on the street. More inside tech and pricing support.	Inside support focused
More involved in marketing and creative ways to get AdWords and good search to find the parts. Have a good relationship with the sales, technical and purchasing departments.	Marketing & business support
I see more manufacturers going directly to consumers.	Mfg goes direct

I believe that they will grow in number as the Manufacturers realize that they are the most cost-efficient method that they can use.	More reps
Rep agencies will become more and more specialized. It feels like some rep agencies are there just to be there. We end up dealing with the manufacturer more and more often.	More specialized
They are going to have to do more layouts, understand controls and understand more of how fixtures and controls are installed and used.	More specialized
I think rep agencies that focus on few (targeted) lines will see larger growth due to their expertise and the rapid increase in technology we are seeing.	More specialized
Will need to be more technical and larger. Will need to focus on planning with their partners.	More technical
I do not see a big variance in today's agencies as they are an integral part of some MFG's market channel	No change
No difference - manufacturers bounce back and forth from direct sales reps to rep agencies depending on how their executive leadership changes.	No change
The relationships will be diluted due to the transition of baby boomers into retirement. Effort will be needed by all parties to build these back up. This is still a relationship business and to stay successful, strong partner relationships is a must.	Relationships change
Less staff, less face to face time with prospective users	Smaller
Using more technology to respond to customers and get information out.	Technology
Less formal meetings. Meetings will occur on a platform for example via facetime and video chat.	Technology
There will be much less person to person interaction and much more interaction online and on the phone	Technology
More electronic touches, more electronic support with numbers, more timely lead generation, higher degree of product knowledge, more buy/sell lines	Technology
They will have to continue to become more agile and use available technology to do more with less. Creating differentiation between products is getting harder and harder so local market knowledge and presence will be valuable.	Technology
Less hands on more via social network	Technology

Rep agencies should get more automated and treat distributors as partners; especially lighting reps. Most distributors have project managers/customer support- and it seems like several lighting reps "hold" the ship dates instead of letting the distributors go get the shipping schedules online.	Technology
Need to be more digital in operation	Technology
They need to be prepared to move away from the traditional sales model and trust in distribution more to deliver to the end user.	Trust distribution

For Members Only

Distributors were asked "If you were a rep, what would you do differently to support your distributors?"

Support Distributor	Category
I would focus on pushing as much business via EDI as it eliminates human error while lowering transactional costs. Possibly to the point of providing my distributors with outside resources to accomplish	Automate
Be available when they need me.	Availability
Let them know I work for them, AND the manufacturer. Fill gaps that exist in each relationship.	Balanced advocate
More activity/support at the branch level.	Branch support
Help convert lines	Conversions
Give out prices or availability over phone besides having to wait 2 days for an email	Customer Support
To make sure things are in stock. They send tracking. Quick turn around	Customer Support
Return quote requests in a timely manner.	Customer Support
I would have an insides support team second to none that could turn around quotes, orders and resolve issues faster than anyone else in the market.	Customer Support
Try to cover their complete line card offer more than just the "big/main" lines.	Discuss complete line card
Build relationships at all levels, be seen and respond to requests in a timely manner.	Distributor Sales Support
Return quote requests in a timely manner. Work with distributor sales people to educate them and not just try and sell to purchasing agents.	Distributor Sales Support
Review product with the distributors, advise of updates to product and engage with them early on in the sales process to work collaboratively.	Distributor Sales Support
Work with distributor sales reps to add value.	Distributor Sales Support
Be in the distributor more often helping to get my products on their minds, working to demonstrate the benefits not just price, working with purchasing to ensure the right stock is on their shelf. Can't sell from an empty cart.	Distributor Sales Support

Get as much product knowledge as possible to answer questions without having to contact the factory too often. Have a pricing matrix in the event you need to price something quickly.	Distributor Sales Support
Make sure the distributor has sufficient customer support through both the outside and inside sales rep.	Distributor Sales Support
Bring value instead of a box of donuts & a weather report	Distributor Sales Support
Show up, email, call and visit distributor locations and sales counters. Engage, train, support and plan with our sellers to drive business.	Distributor Sales Support
Make sure you make contact with all employees in the branch.	Distributor Sales Support
Be sure to have a good relationship with salesforce and executive management. Walking in orders is always much appreciated.	Distributor Sales Support
Establish a closer relationship with salespeople at all levels	Distributor Sales Support
More customer facing efforts	Focus on customers
Spend time with them and build a relationship with them to build trust with me and work accounts that we have opportunities to also build and grow a relationship with.	Focus on customers
Reps line cards never align 100% with a distributor. Every call they make at a distributor's customer is a risk of intellectual property loss or leveraging of one of their other lines. Whoever figures out a way to mitigate this risk will gain a significant advantage.	Focus on customers
I would make sure to give independent distributors more exclusive items and devote time to helping them promote those items.	Independent Distributor
Create incentive programs that incentivize reps and distributors to build market share together	Joint incentives
Dig in deeper to our business and provide guidance supporting growth.	Market Information
Provide more real-time market data, competitor data, and existing customer data so that distributors could adjust their approach more proactively	Market Information
Consistent engagement at branch locations is key to driving relationships with inside and outside sales and product specialists. Direct factory reps are more focused and knowledgeable, but are much less accessible for the distributor personnel. Independent reps are more available, but much less	More focused at branch

focused. There needs to be a balance between the two approaches to be more effective.	
I would focus on training counter and inside people on my products, especially new products to ensure my products were their first thought when a customer was in front of them.	More focused at branch
I would show new products more often and spend more time with inside sales staff and outside sales staff (rather than purchasing agents).	New Products
More strategic focus - planning and follow-up	Planning
I would make sure to understand the frequency of required visits by distributor location and what activities need to occur during those touches. I would gain an understanding from my distributor of what end-user activities would best drive business and then implement a plan along with my distributor.	Planning
Call on them more and ask how I could help and what to do to increase sales.	Planning
Better products	Product Knowledge
Stop all together. Will soon be obsolete	Relevance
Plan agenda for joint calls. Don't veer off agenda to discuss product that distributor doesn't carry, and definitely don't turn around and go back into the customer (where the distributor just introduced you) to sell your other products.	Sales Planning
More time in field	Sales Time
More monthly visits with the distributors.	Sales Time
I would be in front of the distributors at an agreed upon time and date with valuable and/or relevant information (i.e. Products, flyers, samples, etc.). I get too much "checking the box" attitude where a rep shows up unannounced.	Sales Time
I would work more strategically with distributors to find out how we could partner in business solutions for the end user.	Sales Time
Talk less about golf, games etc. And plan better, be more specific about why you are visiting, and stop wasting time.	Sales Time
Less milk runs. Quit showing up unannounced. Quick responses.	Sales Time

Better product training, how the new internet products integrate into the customers' existing system. Who is the competition, and what are the products strengths and weaknesses? Too many reps have no clue as to how to prepare distributors sales staff to sell their product. These "trainings" are little more than a show and tell.	Sales Training
Determine market strategy and align to the most strategic distributor which will provide growth opportunity.	Selective Distribution
Say no to Ferguson if you already are well represented in a market with distribution.	Selective Distribution
Be more selective in who you work with and be more strategic. Not just look for the next PO.	Selective Distribution
Team up with specific distributors instead of "covering the whole market" use market knowledge to make everyone more money	Selective Distribution
Be available and have solutions and answers	Solution-based
Work diligently to get my major product lines specified and work harder with distributors that lend value to sales growth instead of selling on price.	Specification Support
Treat the small distributors like ourselves the same they treat the large chain distributors	Support Small Distributors
Offer value add, such as temporary space needed for staging, work space for assembly,	Value-added Services

For Members Only

Distributors were also asked **"If you were a rep, what would you do differently to support your manufacturers?"**

Support Manufacturer	Category
Work directly with distributors more often in trying to get business in the marketplace	Adjunct to Distributor Sales
Supply call reports.	Call reports to distributor
Focus. For independent reps they are focused on many manufacturers and try to maximize their time at a distributor or end user by covering their entire portfolio with disregard to what the buyer wants to learn about or focus on.	Customer Focus
Call/ Make sure you send tracking / invoices etc. On timely basis	Customer Service
Make sure the distributor gets maximum payback on comp monies.	Customer Service
Direct support at the distributor place	Customer Service
Advocate for the distributor.	Distributor Advocate
Focus on end user call to drive business through the channel	End-user focus
Attack new customers- with or without distributors. Too many times the rep gets lost in the "customer support" phase- instead of chasing new customers	End-user focus
Represent fewer manufacturers.	Fewer Lines
Don't take on too many lines and dilute your overall results	Fewer Lines
Represent fewer lines and be more loyal	Fewer Lines
Position (prioritize) them by importance to agencies overall success.	Focus Line
Follow up on sales	Follow-up
I would have one person at the agency an expert in the line as a resource for the sales team to use.	Line Champion
Know pricing of local competitors	Market Insights

<p>Ask for specific data from Distributor to see where they are buying individual items and why they are not buying from your manufacturer.</p> <p>With this data the rep can get feedback as to if it is price, convenience or other reason why the items are not being purchased from them. From there they can develop a plan to change the buying habit.</p>	Market Insights
I would take market feedback back to the factory so they can adjust/adapt.	Market Insights
Keep up with the local market requirements. Give updates on trend changes.	Market Insights
Send out more electronic product updates and new product launches.	Marketing
Have a better handle on marketing support available	Marketing
Promote their products	Marketing
I would work with them to create more opportunities to differentiate independent distributors from the large box stores	Planning
Dig into the details of the product. Work more collaboratively with the distributors	Planning
Focus extensively on working the marketplace in tandem with the distributor	Planning
I would gain a clear understanding of what they define as success in the market and negotiate that based on my market knowledge so that we are on the same page.	Planning
Work hard to develop distribution strategies with specific manufacturers to lean towards supporting more professional distributors that add value instead of playing the "how low can you go" distributors. Also help fund "direct " factory reps that focus on main lines to cover the entire selling process for my key manufacturers.	Planning
Because the manufacturer and the distributor have many executive conversations directly; the rep doesn't hear "directly" the alignment plans. As a rep, I would make sure I clearly understand the long-term goals and objectives of the relationship with the distributor.	Planning
Plan better. Reps RARELY have a plan and if they do have one, they don't share it. They rarely work with you unless you push them to. If you don't call them, they are at your competition.	Planning
Continue to invest and work on your business. Succession plans, data rich content to share.	Planning

Faster response time on setting up new Distribution and composing a Pricing Strategy that fits the Market.	Pricing Strategy
Keep up on current product	Product Knowledge
Learn the products	Product Knowledge
Know products and applications,	Product Knowledge
Stay educated on their products so I could sell them more effectively.	Product Knowledge
Better train customers and distribution on new product	Product Training
Become CEU certified and offer sales people and contactor trainings.	Product Training
More training for my account reps	Product Training
Be sure they see the value in what I am doing.	Promote value
Less time on meaningless paperwork, and more time in the field.	Sales Time
They need to spend more time at the distributor.	Sales Time
Need to do a better job creating partnership with distributors - now a days seems everyone has access to best pricing without commitments	Selective Distribution
Be more aggressive when it comes to planning and selective about distribution.	Selective Distribution
Would go after more small business with good prices and easier to get an account set up besides trying to get all large corporate accounts	Small Distributor Support
Keep up on technology not counting on them for all the support. Have a technical person on staff.	Technical Support
Provide highly trained resources to sell/market the manufacturer's products and be more selective with the basket of manufacturer's I tried to support.	Technical Support