

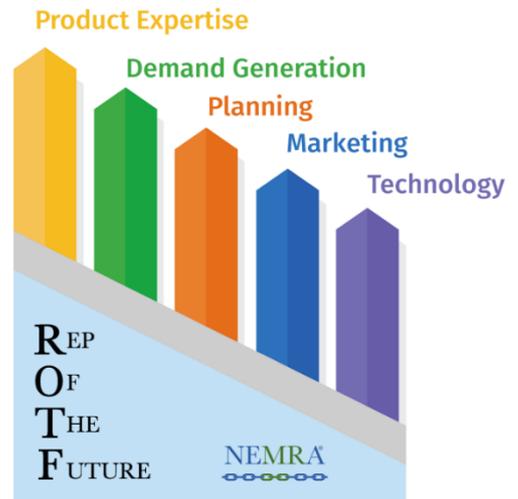
NEMRA®



NATIONAL ELECTRICAL MANUFACTURERS
REPRESENTATIVES ASSOCIATION

2025 Rep of The Future Report

Vision 2030



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A NEMRA Strategic Advisory Council Initiative

September 2025



National Electrical Manufacturers Representatives Association
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Rep of the Future: 2025 REPORT

In 2019, NEMRA commissioned the fourth *Rep of the Future* report. The 2020 edition introduced key initiatives that independent manufacturer representatives should adopt as foundational to building thriving firms. These became known as the **Five Pillars**.

Over the past five years, the electrical distribution industry has undergone significant transformation. Three key drivers of change have been:

- **COVID**
- **Technology**
- **Demographics (Age)**

Individually, these may be seen as events. Collectively, they have reshaped perspectives on the business:

- **COVID** was a seminal moment that altered business processes and fundamentally shifted business culture.
- **Technology** has transformed products, end-user markets, sales processes, and supply chain initiatives. Customer expectations—whether from manufacturers, distributors, contractors, end-users, or specifiers/influencers—have risen dramatically. Today, speed and access to information are baseline expectations.
- **Demographic shifts**
 - As the end of the baby boomer generation closes, industry consolidation accelerated, driving other changes:
 - Over 125 distributors were acquired, representing more than \$11 billion in revenues.
 - Independent manufacturer representatives sold their firms.
 - Electrical buyers and information seekers increasingly turn to the internet.
 - More manufacturers are now public or private-equity-owned, driving diversification, new channel strategies, and higher performance demands.
 - Private equity firms are entering contracting.
 - The retirement of the baby boomer generation is taking with it deep expertise and long-standing relationships.
 - Staff turnover throughout the channel has grown.

The result is five years of disruption and evolving expectations. As one manufacturer remarked, “I’d like just one normal year.” But the reality is that change itself has become the new normal.

Recognizing this dynamic environment, NEMRA has worked to prepare its members to adapt and thrive.

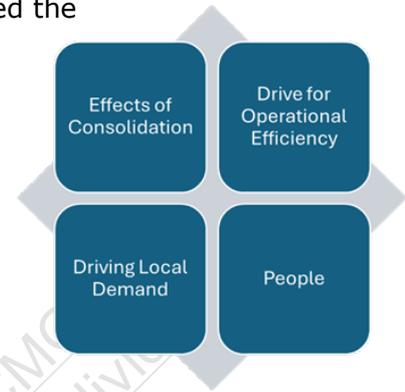
Manufacturer of the Future (2024)

NEMRA commissioned its first *Manufacturer of the Future* report, released in September 2024. Rather than asking manufacturers how they envisioned their businesses over the next five years, the central question was: **"What will manufacturers want and expect from their independent manufacturer representatives in the future?"**

The assumption—proven correct—was that manufacturers recognized the same shifting channel dynamics as NEMRA and would require their representatives to evolve significantly.

Drivers of Change

1. Consolidation
2. Operational Efficiency (enabled by technology)
3. Local Demand Generation
4. People



Desired Roles for Representatives

Based upon this, Manufacturers outlined eight critical roles/services they expect from their representatives:

1. Business Leader
2. Distribution Facilitator
3. Operationally Efficient / Frictionless Partner
4. Business Analytics Provider
5. Trainer
6. Marketing Resource
7. Field Product Specialist
8. End-User / Contractor Sales Coverage

Those firms that excel at the above will have stronger, more valuable, manufacturer relationships and be the stewards of that manufacturer in their territory.

Manufacturer of the Future Foundation for the 2025 Report

Building on this foundation, research for the **2025 Rep of the Future** report began. Over 50 manufacturers and independent representatives were interviewed, shaping the findings.

Distributor needs revolve around support of manufacturer products inclusive of product training for their staff, customer service/administrative support, and a facilitator to the factory. A high percentage of distributors, preferably, would like to dissuade independent manufacturer representatives from calling on “customers” without a distributor representative and feel that they are the manufacturer’s demand generator.

The 2025 Rep of the Future Report shares a roadmap to support continued success in a changing market and provides manufacturer representative management with a roadmap to success and for meeting manufacturer expectations.

Emerging Themes for 2025 and Beyond

- **Macro-economic shifts:** The economy is diverging into a technology-driven environment and an industrial sector. Agility, data-driven planning, and rapid response to policy and market changes are essential and emphasizes why manufacturer and manufacturer representative leadership need to be agile, guided by information in their planning process and be able to react quickly.
- **Societal expectations of speed:** Customers and employees expect faster, accurate, and accessible information—delivered when and how they want it. This has also morphed into employee expectations.
- **Generational change:** The industry is quickly evolving from relationship-centric to more performance-based—and at times more transactional—accelerating consolidation and reshaping the rep landscape.

Succession Planning and Exit Planning

While often discussed together, these topics are segmented here due to the growing impact of an aging workforce. At the core, the issue is **talent**.

Succession Planning

Succession planning ensures someone is ready to step into a manager’s role when needed—due to promotion, turnover, or retirement. Independent manufacturer representatives should:

- Outline job descriptions
- Document critical functions (in writing or via video)
- Implement coaching, mentoring, and training programs
- Consider formal retention strategies for key positions

The need for retaining talent and recruiting new people to an independent manufacturer representative firm is more important than ever. Manufacturers continuously are observing and evaluating their representative partners. The evaluation relates to today’s performance and tomorrow’s ability to perform. An agency is as good as its people.

Exit Planning

Exit planning, which frequently is confused with succession, concerns ownership structure. For agencies that are not ESOPs (a strategy legally available only to companies with 20+ employees), owners will eventually need to consider other exit options.

Manufacturers commented that they have seen an increase in agencies that are ESOPs and have heard more exploring the concept. Some manufacturers encourage the model to have a greater likelihood of perpetuity.

At the same time, manufacturers commented that their primary concern for an independent manufacturer firm, and personnel, is continuity as the firm is the manufacturer’s local brand.

Continuity may also be achieved via a strategic sale or transition to key personnel. Regardless of method, stable leadership and consistent, high-quality performance are paramount.

Strategic Considerations: Owners considering exiting during this five-year period should strategically consider their timeline and options as the best exits are those that have been planned to optimize everyone’s outcome.

Independent Manufacturer Rep Firm Landscape

Current Trajectory

The number of independent manufacturer representative firms in the industry has declined. Years ago, there were many firms in each market, although many were small. Over the years, firms merged and grew, decreasing the number of firms in a market. Periodically a new agency was born either with an entrepreneur from the industry deciding to enter the rep business, previously employed by a distributor, manufacturer, or an individual wanting to start their agency, and manufacturers encouraged this. Nowadays, unfortunately, few new agencies have started and more have merged / been acquired.

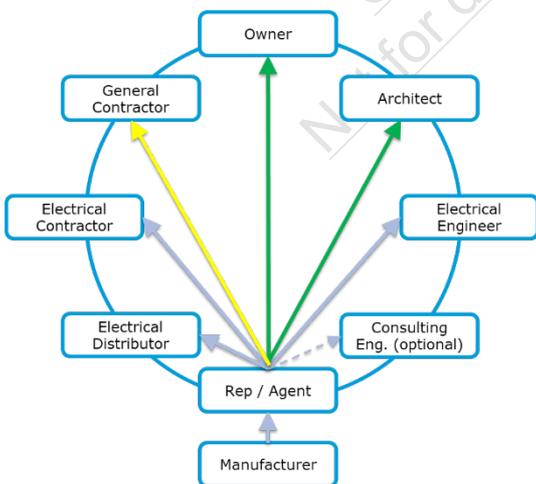
Contributing factors

- Consolidation: Manufacturers consolidating representation; agency mergers; fewer manufacturers supporting startups.
- Aging leadership: Many agency leaders nearing retirement.

Projection to 2030:

- 25% fewer independent rep firms, comprising:
 - 4–6 national/quasi-national firms
 - 40–50 regional firms (five or more states)
 - Remainder: one- to four-state firms

Emerging Models



- **Electrical + Lighting Integration:** More agencies becoming “full-line” meaning that they will represent electrical supplies and lighting, inclusive of the spec / project side of the business.
- Given changes in the lighting landscape and the success of recent independent manufacturer rep firms and lighting agencies that have combined, expect more of these mergers to occur. While they can improve overall company profitability and facilitate idea generation, they also give the supply side of the business earlier, and greater, visibility into a project, thereby benefiting all.



- **Direct-Sell Lines:** Representatives will be willing to represent lines that are not sold through electrical distribution because the line does not use distribution and distribution has not shown interest in the line, sometimes the product category. This could relate to solar, battery, data center products, or other categories. This occurs today, albeit it is "hidden." More manufacturers want access to a sales organization but distribution does not necessarily want more lines.

The key is that distribution has elected not to be involved and the manufacturer does not value distribution for its services. These reps will quote a price for a manufacturer, write the order, and either collect payment or the customer pays the factory directly.

- **Multi-Industry Diversification:** Agencies will diversify into other industries and leverage their industry knowledge and/or internal systems. This may mean diversification into the utility business, A/V and/or datacom, HVAC, industrial supplies, jan/san, tools, fasteners, other low voltage initiatives, or other specialties that could be unique to their local geography or personnel expertise. The physical product may be incidental as a company could be structured into divisions.

Of note, this may represent an opportunity for representatives seeking to enter the electrical industry, possibly through acquisition.

This reduction in the number of independent manufacturer representative firms will create challenges for manufacturers as some jockey for representation or seek to consolidate representation after acquisitions. Some expressed concern at there not being enough rep firms in many markets as they seek alternatives.

Some shared concepts of:

- Manufacturer representatives nurturing start-up agencies in other territories, or under another brand in their territory, by providing back-office services for a fee.
- Agencies could be supported by small groups of complementary manufacturers. The firm could be partially owned by the manufacturers or initially funded by the manufacturers.

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Implications for Manufacturers

Some of the outstanding issues that will result from a changing rep landscape relate to manufacturer / rep contracts.

Contract Considerations

As the landscape changes, contracts grow in importance:

- **Duration**
- **Performance Standards**
- **Compensation Levels and Consistency**
- **Conflicting Lines**
- **Information Sharing**



Many questioned the value of 30-day contracts when reps are expected to invest continuously. Trust and performance remain the best tools to navigate line conflicts. Inevitably, manufacturer sales management commented that they defer to legal and/or senior management.

The line conflict issue and information sharing also received many comments during the research. Many hoped that the line conflict issue could be resolved with communication, trust, and performance, much like it is between lighting agents and the lines that they represent.

Trend: Over the next five years it is felt that contracts between leading firms will become more personalized with clear performance goals; segmented services tied to incremental compensation or negotiated terms; targeted incentives for training, marketing, and key-account initiatives.

Interestingly, one manufacturer commented that “manufacturers may be forced to customize their terms to pursue top tier agents to be attractive to them.” The concept, while intriguing, suggests that there may be opportunities for manufacturer representatives to be pursued, and hence they need to present their services appropriately.

These are ongoing issues which are frequently present in strategic manufacturer / rep relationships. They are frequently less of an issue for relationships that are not viewed as “strategic.” In the words of one rep, “contracts should be partnerships.” There may be a “% of income” criteria where a deeper discussion is warranted.

Building Towards 2030

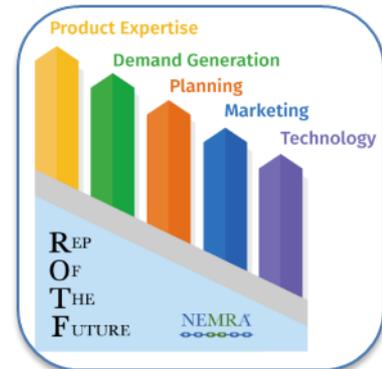
For those preparing for an exit—and especially for those looking beyond 2030—the path is clear: **plan, invest in people and technology, market effectively, and drive demand.**

Vision 2030: The Five Pillars (Table Stakes)

The first key takeaway is that the findings from the 2020 Rep the Future that led to the development of the 5 Pillars for Success have become foundational in helping reps position themselves for the future, succeed, and the implementation of them is perceived as differentiators within the marketplace and by manufacturers. These are:



- Strong corporate and supplier specific **planning**
- A commitment to **product expertise**
- Utilization of **technology** to streamline processes, leverage resources, and support business development
- Integrating **marketing** as a force multiplier to support supplier initiatives and drive demand
- A **demand generation** mindset coupled with the ability to interact with influencers and buyers.



DOUBLE DOWN

This is viewed by suppliers as “table-stakes” and by manufacturer representatives as foundational to long-term success.

Building upon this and strengthening expertise in each of these areas will enable companies to strive towards their 2030 goals while remaining agile over the next five years. Investments in technology, training, talent, and team selling will drive success.

Evolving from Relationships to Performance

Over the past 10 years there have been more manufacturers that have been acquired, or merged, with publicly held companies with some acquired by private equity firms. From this, some companies have streamlined their rep relationships, forcing representation decisions.

The dynamic, however, coupled with personnel change, is more pronounced, and much of this has occurred post-COVID.

The first two years post-COVID resulted in significant industry growth. Since then, industry growth has stagnated. This puts greater manufacturer pressure on the need for performance, especially when companies are thinking about the quarter or ownership may be thinking of selling at a prescribed time.

This change results in greater manufacturer focus on “performance.” Performance is defined as revenue growth and, in a slow growth environment, this requires “taking market share.” In a distribution channel significantly impacted by consolidation, this requires either partnering with distributors in a marketplace or focusing on demand generation at the end-user level and sharing “we have preferred relationships with these distributors.”

The change in the definition of “channel partners” is a critical influencer as reps seek to grow their business. Manufacturers have greater influence in selecting their distribution channel partners with national chains representing 50+% of the electrical industry. Manufacturer representatives, like any salesforce, must focus on those who express brand preference, which is the product buyer (contractors and end-users.)

One manufacturer representative, recognizing changes in his manufacturers, commented that today, **25-30% of his salespeople’s time is with end-users and he projects that in five years it will be 60-70%.** Currently this agent has five individuals focused on end-users and they are charged with being “distributor agnostic.”

For manufacturer lines where no brand preference is expressed, reps need to either highlight their value proposition to the end-user, so that they want to support the rep, or identify their distribution channel strategy for these types of manufacturers. A relatively small manufacturer commented that they see their future as dependent on “being named on specs” or that they can “win with good distribution or independent distributors.” They “recognize that they will usually lose if the business goes to a national chain due to back-

end rebates.” They also commented that they consciously seek agents with complementary lines, typically tied to key vertical markets.



Technology and Data

Core to the future of independent manufacturer representative firms will be their investment in technology. Whether it is a small firm utilizing relatively “simple” tools or larger firms using more robust tools, technology will be a key contributor to their success.

“Table stakes” now require an operating system and, if the system does not include a CRM system, then a CRM platform is required.

Other expectations are:

- Website
- Social Media
- Email marketing capabilities
- Marketing design software
- Utilization of AI

Agencies are also using analytics software, AI for takeoffs, quotations, submittals, and more.

Other technologies that agencies are adopting include video (multiple formats), learning management systems, cross references, and other software to facilitate call centers, expense management, and customer service, especially if they have remote employees.

The rep of 2030 must be technologically competent and have access to resources to help guide them on utilization of technology, not solely a “network administrator” or “IT person.”



While AI has much potential, today there is the opportunity for every salesperson to utilize AI (Chat, Perplexity, Claude, Grok, etc.) to support their customer development and market research efforts. Utilization should be an expectation. Refining prompt skills can be a game changer.

Several manufacturer representatives, who are considered “leaders,” commented that “tech changes everything and will be a business driver for the future.”

When asked, each of these companies either have technically competent people who have interest in CRM and various tools, principals have become comfortable with the technology, or they have a tight relationship with a local trusted resource.

And, over the next 5 years, manufacturers and software providers will deploy additional AI-driven systems that reps will need to understand and integrate into their processes. Customers, meaning distributors, contractors, specifiers and others, will have expectations that reps understand their various tools. It is important for the rep of today to know the nomenclature, and systems, companies are deploying and to ask questions of their customers and partners so that they remain on the “speaking edge.”

Congruent with utilizing technology tools is the data that is entered, stored, mined, and shared within and from these systems. More and more information will be asked to be shared. Whose data is it? How will it be used? What is the liability of sharing it? These are all questions to consider. Information is a rep’s currency. Sharing it with manufacturers to populate manufacturer systems, while frequently requested and expected, should be considered with caution and manufacturers should offer, or be willing to accept, information sharing agreements that outline how it will be used and the need for confidentiality and non-direct solicitation.



Marketing—Beyond Events and Emails

Every manufacturer rep firm seeking to differentiate itself and accelerate growth through 2030 should have at least 1 full-time marketing person.

Marketing for a rep firm is evolving from a marketing coordination function focused on developing and coordinating marketing communications collateral, coordinating events, and developing presentations, to a more robust function that supports the management team, outside sales, distribution, and is responsible for being a force multiplier in the marketplace. They are responsible for identify and communicating the firm’s value proposition and promoting it to the appropriate audience.

Functional responsibilities could include:

- Annual / Quarterly Marketing Planning
- Sales analysis
- Market research
- “Customer” targeting
- Service development
- Value Proposition, Branding, and Messaging
- Understanding key vertical markets, developing vertical line cards, and marketing strategies.
- Supplier marketing interaction
- Key distributor marketing interaction
- Marketing communications
- Social Media
- Event management
- E Initiatives (website, video, eMarketing, etc.)

While there are many areas of potential involvement, this changes based upon agency culture, size, management philosophy and more. Some agencies today have multiple people supporting the team; some have field marketing personnel.

Metrics to Consider

The core metrics for a manufacturer rep firm, corporately, focus on commissions, cost management, and net profitability, however, other key metrics to consider include:

- Top Line Sales
- Units (or an appropriate metric like pounds)
- Market share for product category spend in territory
- Market share by line
- Commission dollars generated / invoice
- Commission dollars generated / distributor
- Return on inventory (time) / manufacturer
- Return on inventory (time) / distributor
- Commission dollars / employee
- Commission dollar / outside salesperson
- Distributor satisfaction for the agency



- Distributor satisfaction for the inside sales / customer service team

And then there are performance benchmarks for percentage of commission dollars for operating expenses. Agencies can gain insights from NEMRA or network groups.

Manufacturers may have specific objectives, which should be communicated, at the beginning of the year.

Rep Takeaways

Reps with a 2030 vision should be focused on investing in **People, Technology, Marketing.**



People: Investments should focus on enhancing sales skills, customer service, technology utilization, and leadership while ensuring continuous electrical market and supplier specific product training.

- The key is preparing your team for their future.
- Roles that manufacturer representatives may consider staffing include:
 - Inside Group – this could be an inside salesperson or the role segmented to Customer Service and Inside Sales roles. Data entry responsibilities will decline as a percentage of time and, as systems improve, distributors will turn to self-service tools for key manufacturers.
 - Line Champions will have responsibility for interacting with key lines. This responsibility is more than quotation and customer service. It could evolve to include planning and ongoing marketing initiatives. Some companies may call these Product (Manufacturer) Managers.
 - Application Specialists, who are responsible for serving end-users on specific needs – automation, lighting, power quality, renewable initiatives, contractor productivity, etc.
 - Engineering Resources
 - Outside Sales. These roles could be segmented by customer audience (distribution vs end-user) and the end-user could be further segmented by industrial vs contractor, or there may be other models.
 - Lighting vs Non-Lighting vs Project (Spec)
 - Project Management Groups



Technology: Will accelerate in importance for independent manufacturer representative firms. Effective utilization to manage supplier and distributor customer service costs, quickly serve information, and generate additional insights and services will be an expectation. Companies will invest more in technology and consider how it can help them scale their business more effectively. Some will seek to monetize the insights gathered from the information

they gather with some manufacturers compensating them for it or, in some instances, they will be able to syndicate anonymized information to third parties.

Further, technology is the backbone for marketing. Aside from sharing data, it houses customer information, is the infrastructure for digital marketing, and enables AI to support research, design, video, and more.

Marketing: Historically, rep firms have built their brand based upon personal relationships. These were either principal or salesperson driven. Moving forward, firms that invest in Marketing will grow at a faster rate. Marketing helps in branding an agency which can attract manufacturers. More importantly, it acts as a sales force multiplier, enabling the company to communicate to customers and influencers on a regular basis regarding

manufacturers and the agency's value proposition. Creative firms will also be able to use Marketing to generate additional information that can be monetized as well as conceive strategies to strengthen local relationships.

Strategies for Reps to Achieve Their 2030 Vision

Considering industry dynamics and the trends that will impact independent manufacturer representatives in the coming years, the following are some thoughts for different size firms:



Small

- Recognizing that many lines will not have brand recognition, and presuming you are seeking growth, consider being a line aggregator. Let your distributors / end-users know that you have the "fill-in" lines that help them complete a project or sale.
 - The alternative is to focus in a niche, such as industrial, power quality, niche "commodity" lines, etc.
- Be an information and emotional favorite. Relationships matter and be responsive.
- Seek to dominate a segment through:
 - Product knowledge, service, application with complementary manufacturers
 - Utilize technology, especially CRM, to reach more distributors and end-users, especially eMarketing tools to share product information.

Medium

- Invest in People & Technology
- Seek share by utilizing Marketing as a force multiplier to share more information.

If you can get a platform line to build around, it can be your "driver."

- Alternatively, seek top tier or second tier brand lines and use the Avis approach "We Try Harder."

In the words of one mid-sized manufacturer representative, "be the specialist in your dirt and service the hell out of your distributors and contractors."

Large

- Invest in Marketing to be the brand and demand driver within your territories while also using marketing as your internal communications system to promote your suppliers
- Identify Services that your size can bring to market to differentiate your suppliers and be a magnet for customers
- Invest in Next Generation Technology to be your customers' lowest cost information and operational resource, enabling quick turnaround time, leverage informational insights that can be acted upon, and
- Leverage your scale to drive market share gains and financial benefits.
- Diversify to ensure multiple revenue streams

For a large manufacturer representative, either as a regional or national firm, "customer" dynamics are different.

- Should you have visibility at national / regional contractors?
- Do you have the same lines in all markets or unique line cards for each market?
- How do you train and market?



- Should you have visibility at regional and national distributors so that you understand their strategies and can support them or do you prefer to be distributor agnostic and stay at the branch level?
- Technologically, do you aggregate data to have a macro view and be able to consider product categories or do you keep information segmented and manufacturer specific?

Conclusion

By 2030, independent manufacturer reps should expect:

- Manufacturers to have greater expectations of their reps and leading reps will deliver more services to their manufacturers and distributors while earning less net revenue as costs grow in a relatively flat market. Superior growth and digital initiatives enable market leaders to mitigate this.
- There will be less reps in the market but more manufacturers seeking to enter the market. This creates agencies with more lines, and potentially line conflicts, and/or manufacturers seeking alternative to the market. Some reps will consider representing lines that lack distribution.
- Agencies need to invest in their people as well as technology systems to generate a competitive advantage in retaining / recruiting manufacturers while effectively serving their territory.
- Distributor consolidation reinforces the need for manufacturer representatives to focus on demand generation. They need to work with their manufacturers to identify preferred distribution channels, where feasible, and focus on generating brand and product preference at the end-user level to ensure their lines are requested by buyers.
- Supporting demand generation will require a commitment to marketing.
- NEMRA's 5 Pillars are a manufacturer representative's North Star and foundational to success

The rep of the future will:

- Have a clear 2030 vision
- Be powered by strong teams and leadership
- Leverage technology and data to drive results
- Operate seamlessly with supplier partners
- Build moats for their manufacturers by creating demand and securing customer loyalty across their territory.