

# TED

the ELECTRICAL DISTRIBUTOR



## On the Path to Perfection

**SPRINGFIELD ELECTRIC  
SUPPLY IS ON ITS WAY TO 100%  
CEP CERTIFIED STATUS**



**CURRENT**

**9/11, 10 YEARS LATER**

**BUSINESS**

**HARNESS THE POWER  
OF YOUTUBE**

**FEATURE STORY**

**WHY PLAN  
FOR SUCCESSION?**

**MARK BARTHEL,**  
vice president of sales



# Catapulting the curve

by Sonia Coleman

*A candid discussion on how leaders can implement automation and technology to stay ahead of the competition.*



LARRY STERN



DEL NICKEL

**DISTRIBUTORS AND MANUFACTURERS** are investing impressive resources into technology and automation to help their businesses thrive in this lean economy. Drawing on their wisdom and insider experiences as current and past IDEA ([idea-esolutions.com](http://idea-esolutions.com)) chairs, Larry Stern, president of Standard Electric Supply, Milwaukee, and Del Nickel, past president of Pentair Technical Products ([pentairtechnicalproducts.com](http://pentairtechnicalproducts.com)), had a frank discussion about where the industry stands on innovation, technology trends and fears, misconceptions about the Industry Data Warehouse (IDW), and actions leaders need to take to accelerate e-commerce.

**Q: Technology is the talk everywhere, from smart phones to social media. What impact do you see these trends having on the future of the electrical industry?**

**Stern:** That's where the world is today, and the electrical industry is no different. The issue is recognizing the importance of these technologies in our industry and taking action as it's requested—and even demanded—by customers.

**Nickel:** I believe both manufacturers and distributors are behind the curve. We're just reacting when we need to be anticipating. Young people aren't going to use print catalogs. They want mobile computing and online access to information from any place at any time. It's a trend that's here to stay and will accelerate.

**Q: What technological advances on the horizon do you think will play an integral role in the industry's future?**

**Stern:** I don't have a crystal ball, but what I do know is that we have IDEA, which is owned by the industry and is dedicated to helping us understand these new, constantly evolving technologies. IDEA is continually monitoring trends on our behalf and developing tools we need to grow and evolve.

Just a couple of quick examples: We now have the Electrical Attribute Schema, a template that defines the specific product marketing information we need to make smart buying and selling decisions. This enables our suppliers to provide standardized marketing content to the IDW so that distributors can

build robust websites and improve customer service.

Another new development is the Data Management Platform (DMP), which is software that can be utilized by manufacturers to aggregate multiple databases of information and integrate them into one.

**Nickel:** The DMP will help many manufacturers that have grown by acquisition and lack one common internal data structure. This tool will make it easier for manufacturers and distributors to align their data.

It's also important to point out that IDEA based its Electrical Attribute Schema on a globally recognized standard, which is what will be used by electrical industry companies for their product information worldwide. It's important for manufacturers and distributors alike to understand and use this global standard because they will be increasingly facing global competition. IDEA's focus on global standards is a key difference from the proprietary commodity codes used by other service providers.

**Stern:** IDEA is also offering services that enable manufacturers to outsource their data attribution work. Unlike other service providers that gather the data from websites, IDEA believes that each supplier must be responsible for its own data. It's easy to promote that philosophy, but it's another thing to truly implement it—especially for large organizations.

**Nickel:** Manufacturer-sourced data is key. Manufacturers know their products better than anyone else and can react with speed when changes are made. IDEA will continue to support manufac-

## New resources and services

As a result of continuous collaboration between electrical industry distributors, manufacturers and top technology partners, IDEA is launching several new services and products to drive costs out of the industry:

Already available:

- **Electrical Attribute Schema 2.0** is a template based on a global product categorization standard that provides manufacturers with a guide to communicate a standardized set of product descriptors for nearly 2,500 product categories through the IDW. Distributors use these product attributes to build their catalogs, e-storefronts, ERP systems, etc., enabling more marketing and sales opportunities.

- **The Attribute Fulfillment Service (AFS)** is an outsourced solution that helps manufacturers populate standardized product marketing content into the IDW faster and more cost-efficiently than using internal resources.

Coming soon:

- **The Data Management Platform (DMP)** is a new application that manufacturers and distributors can use to aggregate and manage their product information and relationships. This new product enables manufacturers to manage and synchronize all types of product information (e.g. core transactional data, marketing content, distributor-specific data, etc.) for multiple channels (e.g. electrical wholesale, retail, etc.) using a single method of their choice. This integration will be key to saving manufacturers time and helping distributors access the accurate and complete information they need to compete.

- **The B2B Partnership Rating Program (PRP)** is an NAED-supported collaboration tool in which manufacturers and distributors can identify, prioritize, and solve data quality issues together.

IDEA will also reveal a new and improved user interface for the Industry Data Warehouse (IDW) later this year. Its annual e-business training and educational event, the IDEA E-Biz Forum, is taking place Sept. 26-28 in St. Louis. Find out more by visiting [idea-esolutions.com](http://idea-esolutions.com), emailing [info@idea-esolutions.com](mailto:info@idea-esolutions.com), or calling 703-562-4600. —S.C.

turers with sourcing data and is introducing services to help manufacturers bring industry knowledge and information up to date. We're at a really positive crossroads right now.

**Q: Many smaller companies agree that these technology trends are important, but finding the resources or manpower to implement solutions can be an issue. How should companies weigh their investments?**

**Stern:** If your customers are utilizing these tools, you have to innovate with your business. And there's a cost to that, just as there was a cost to the first fax machines and the first computers. That's just the way business works, and you shouldn't be fearful of new technologies. You either have to step up to address your customers' demands or recognize that you're not going to be able to do business with those customers. Ultimately, the question is: Are you going to be able to survive and thrive long term with your business? Then you have to figure out how to incorporate those new technologies and, from a cost standpoint, how to pay for them.

**Nickel:** Mobile computing and online purchasing trends are undeniable and unavoidable, even for the smaller companies. If they are going to be a broad-based provider of product and services, they must find a partner at the right price point to make the investment. But in a couple of years, with the speed of technology and change, all business owners will have

to make this investment to compete. And if they don't, they won't get the best prices or best products. Technology is an expected offering; it's no longer a choice.

get comfortable in how they do business and in their relationships. Sometimes you just don't want to fight that battle with the folks in your organization.



**MOBILE COMPUTING AND ONLINE PURCHASING TRENDS ARE UNDENIABLE AND UNAVOIDABLE, EVEN FOR THE SMALLER COMPANIES. IF THEY ARE GOING TO BE A BROAD-BASED PROVIDER OF PRODUCT AND SERVICES, THEY MUST FIND A PARTNER AT THE RIGHT PRICE POINT TO MAKE THE INVESTMENT.**

—DEL NICKEL  
PAST PRESIDENT, PENTAIR TECHNICAL PRODUCTS



**Q: What concerns are keeping some company leaders from fully embracing e-commerce?**

**Stern:** Fear of change. Anytime you implement changes, no matter how small, it's painful. Individuals

The other reason is fear of the cost. In the distribution business, the margins and the return on sales are already so small that you worry you might overextend yourself.

**Nickel:** One of the prin-

cipal issues facing both distributors and manufacturers is that they are afraid of commoditization—becoming just like everyone else. They are concerned that if the data is standardized, they'll be the same. It's the fundamental fear of computers replacing relationships. However, relationships are still critical; it's just that how we communicate is changing. The touch points you have with trading partners online simply reinforce the relationships you build in person.

I see everyone going to one common trusted place for the data and then creating unique sales opportunities based on their core competencies and strengths.

As Larry mentioned, cost is an issue. In their mind and in their gut, both manufacturer and distributor leaders know that this is complex, detailed work, and they are scared of the cost and time involved in completing a project. But what they are not accounting for is the cost and time that is wasted administratively underneath their current operations, which results from mistakes, returns, incorrect ordering, wrong information, and miscommunication. These costs typically outweigh a smart e-commerce investment.

**Q: Where do things stand with the IDW? And what would you say to the skeptics?**

**Stern:** IDEA's sole purpose and goal is promoting e-commerce in the industry and developing the required tools. That's been the mission from day one. The reason that there may be skeptics is because on day



one, we didn't have all of the tools and capabilities necessary for e-commerce. It was moving at a glacial pace and that frustrated individuals. Today, we have the tools in place to achieve our goals.

But I'd like to point out that we'll never have "all the data" because our business needs are changing at the speed of technology; new innovations will continue to impact us. For example, we started out focusing on transactional data. Today we've expanded our focus to marketing data; tomorrow we'll be gathering BIM data—and who knows what else.

**Nickel:** We also have the ability to quantify and prioritize data quality issues through IDEA's new B2B Partnership Rating Program. And I think there's a more focused commitment on the part of NEMA and NAED and their manufacturers and distributors. The industry is coming together in a positive, productive way; this is a key development to getting the job done.

**Q: How close are we to having robust marketing content in the IDW?**

**Nickel:** I'm optimistic that in another 12 to 18 months, people will see tremendous progress now that manufacturers are beginning to populate the IDW using the Electrical Attribute Schema. Distributors will see much more marketing information to power their online catalogs and ERP systems.

**Stern:** Frankly, I would be extremely disappointed in myself and in the industry if

we don't see that kind of progress. The tools are there, the motivation is there, and we're seeing both manufacturers and distributors drive this process.

**Q: What can company leaders do to move the industry forward? Why should leaders care?**

**Stern:** It's critical for industry leaders in distribution and manufacturing to get educated and understand what our industry needs to do to stay competitive. Then leaders must continue to make innovation a priority and push e-commerce improvements forward in their organizations.

From the distribution side, we need to have one-on-one conversations with our suppliers to clearly indicate the importance of product marketing information and direct them to IDEA for support.

**Nickel:** If any leaders don't think they have to be e-commerce literate in today's world, they are missing a critical competitive issue. Worldwide players such as Home Depot, Lowe's, and Grainger have the resources to launch effective e-commerce sites. Companies in the electrical wholesale industry have a golden opportunity to use IDEA's resources, skills, and capabilities to keep up with technology and compete cost effectively against these powerful competitors. ■

*Coleman has been writing about electrical industry issues for more than a decade and is a marketing and web consultant. She can be reached at [scoleman@colemanunlimited.com](mailto:scoleman@colemanunlimited.com).*

**More industry leaders share their perspectives on technology trends**

"Both management and technical professionals need to shift their focus from the technology of e-business to a philosophy of improving how we conduct business. EDI does not equal e-business—e-business is about looking at all the processes in your company and determining whether there is a better way to reach a goal or complete a task electronically. Just because a company has performed a task a certain way for years doesn't mean it can't change or improve."

—**Phil Barrios**, senior director, corporate marketing and e-business, Hubbell ([hubbell.com](http://hubbell.com))

"Our data sophistication must increase as the next generation, who grew up with information at their fingertips, enters the workforce. Our ultimate goal is to improve the customer experience and match the right product to the right customer needs at the counter and on the web. Distributors need more than basic transactional data to keep our competitive edge in this new generation."

—**Ron Schlader**, vice president, operations and quality, Crescent Electric Supply, East Dubuque, Ill.

"We're constantly working to keep up with global and industry needs. We now know that marketing content, enriched descriptions, attributes, and multiple spec documents are becoming global standards. To do business globally, this is going to be a necessity."

—**Angela LiVolsi**, data synchronization specialist, Philips Lighting ([lighting.philips.com](http://lighting.philips.com))

"IDEA staff not only executed the project, but I felt like someone was paying attention. They didn't just sell me a service and then walk away and hope that the conversion would go through. They were involved 100%, and they stayed with it until it was done. They definitely have the technical competency on hand."

—**Bob Shapiro**, president, Franklin Empire, Mont-Royal, Quebec, Canada —S.C.