

It has been my practice, when beginning to write these articles, to go back and look at the previous articles and look for any common themes, continuity of content and to avoid being too redundant from issue to issue. One would think that in this ultra-fast paced business of electronic components, things would change rapidly; and in terms of technology, they certainly do. But when it comes to the business climate or condition, this year has been rather monotonous. How so? The component shortages, long lead times and rising prices that were all the talk at the ERA 2018 National Conference last February, will very likely be on people's minds and lips again in Austin this February. In my last two or three columns, the theme has been the same: component shortages, growing lead times and rising prices. There are upsides though. Manufacturing numbers are up and distribution sales rose as well.

In her Dec. 3, 2018, article in EPSNews Online, Barbara Jorgensen reported, "Still, one executive commented: 'Shortages, longer lead times and capacity constraints [particularly in the electronic components' marketplace] and tariffs continue to strain the supply chain and disrupt normal business practices and activities.'" Later in her article Ms. Jorgensen pointed out, "... the U.S. manufacturing industry bounced back in November with growth in new orders, production and employment. Overall, U.S. production has been expanding for 27 consecutive months, although manufacturers tapped the brakes in October." Showing that despite the restrictive factors, manufacturing has buoyed.

Perhaps this is what is driving the good results reported by component distributors. The Electronic Components Industry Association (ECIA) recently reported that "Distributor component sales for North America showed nice growth in Q3 CY'18: up 14.8 percent compared to the same quarter in 2017. Sales for the quarter were the second highest in dollars since ECIA started collecting distributor sales data in Q1 2015." The ECIA went on to say that "Although distributor sales did slow in Q3 compared to Q2, the growth compared to the same quarter last year was a strong +14.8 percent. With a positive book to bill for the quarter, Q4 should be another growth quarter for distributor sales."

For component manufacturers (and reps selling on commission) some positive effects are also increased sales and rising prices. With the laws of supply and demand in full force, the increased manufacturing along with longer lead times have allowed manufacturers and distributors to get prices to creep up a bit; in some cases, quite a bit. Victoria Kickham wrote in an article in the October 2018 edition of Electronic Sourcing Magazine, "As of August (2018), The Institute for Supply Chain Management's Prices Index had increased for the 30th straight month." The article goes on to suggest that the buyers, despite constant price pressure, are paying higher prices due to supply/demand dynamics and the tariff factor."

EDX Electronics recently posted an article titled The Upside of the Electronic Component Shortage. In it they stated the following: "Looking back to 2017, the total sales of semiconductors, passive components, and electromechanical products increased 17 percent. Not only does this beat the Electronic Components Supply Network's (ECSN) modest initial projections of 4.3 percent market growth, but it also represents the largest period of sustained market growth since 2000. By the end of 2018, ECSN projects growth between 6.5 and 10.5 percent." This echoes Ms. Kickham's October observation.

This article again seems like a broken record and all indications are that as we enter 2019, I will be able to copy and paste this article over the next few quarters. In closing, I will cite a quote from Philip Spagnoli Stoten in an EBN Online article from Dec. 11, 2018. It was titled, "Supply Chains, Manufacturing & Tech: The Year of Adapt or Die" and Mr. Spagnoli Stoten said, "This year, and likely next, supply chains have been challenged by component shortages, by counterfeit devices and by the potential for a trade war and uncertainty over tariffs. Many say these new pressures will become the norm and are not a short-term problem." Buckle up and welcome to 2019.

---

By the time you read this column, the holidays are behind us and 2018 is a fading memory. When we look back, we should use the experiences to enhance our plans for 2019 and beyond. We need to build on the positive and learn from the negative. For all of us, I'm sure there were plenty of both.

I think we all agree that technology is moving so rapidly that we have a difficult time keeping up, much less anticipating the advances on the horizon. I'm reminded of an experience a few years ago (well, maybe more than a few) when I was asked to address a women's group about what to expect from technology in the home in the near future. They were in awe of the advancements I outlined for their kitchen and other areas of the home. Today, those advancements are ancient history. Same is true for our offices. There is a framed picture on my office wall that reads, "There's an entire generation of people who have never actually seen a carbon copy." I could add to that

*(continued on next page)*

## COMPONENTS

**Bob Evans, CPMR**  
EK Micro  
Rolling Meadows, Ill.

## Electronic components outlook tells the same old story

## MATERIALS, ASSEMBLY, PRODUCTION & SUPPLY

**Troy Gunnin**  
Sun Rep  
Tampa, Fla.

## Technology is moving ahead exponentially

## MARKETING GROUPS: Technology advancements

(continued from previous page)

they may have never seen a manual typewriter, except perhaps in a museum. Looks like the fax machine may well be destined for that roll as well. I just saw where the last “beeper” system shut down. We could continue to add to this list things that were “cutting edge” just a few short years ago.

Fast forward to today and try to imagine what is in the very near future. You don't really have to imagine, just follow the news, read a few headlines like, “Self-flying aircraft are coming” as Uber and others are toying with the idea of vertical take-off and landing (VTOL) flying taxis. “What to expect from the 5G Network? We want instant gratification.” Some of us can remember when we used operators to place long distance calls.

There are some things that “return to yesteryear.” Trains have long been a part of transportation but fell out of favor over time. Fast forward to today. Here in Florida, “Brightline” is a buzz word. With the growing traffic congestion, we are now embracing the idea of leaving the car at home and taking the train. The interesting concept here is that the government is not involved. It's a privately funded enterprise and getting a lot of positive press. It will eventually tie most of the major metro areas together.

Advancements in manufacturing materials, like the use of carbon fibers and MIM (metal injection molding), speeds and enhances manufacturing processes. Use of these processes are reshaping manufacturing. They are reshaping the electrification of transportation by enhancing the future of batteries and reducing the weight of cars and planes.

We will likely see supersonic passenger aircraft in use in the foreseeable future. Passenger space flight just made a giant step forward as a passenger test space flight made a successful journey into space yesterday. Let's not forget also the “self-driving” automobile.

One thing is certain, technology is moving ahead exponentially. We must keep vigilant to stay abreast of it and utilize what is appropriate in our business and daily lives lest it leaves us way behind. ■

---

## LEGALLY SPEAKING: Constructive termination

(continued from page 19)

evade the statute, maintained Cooperman, by merely eliminating commissions and stripping away accounts until reps receive no benefit under their contracts, rather than formally “terminating.”

After considering the parties' respective positions, the federal judge denied the motion to deep-six Cooperman's action.

Minnesota's sales rep statute, unlike most other states, provides unusual protections to sales reps by limiting the principal's ability to terminate them. Recognizing this important purpose of the Minnesota rep statute, the court concluded that Barry read the statute too narrowly, and found that its “overly technical reading of the statute would allow that statutory protection to be easily circumvented.”

The court also rejected Barry's argument “that a broader reading of the statute would require courts to scrutinize every modification of a sales representative's agreement.” Cooperman had sought to invoke the statute only upon a constructive termination of his rep contract, not to challenge lesser modifications. Cooperman's action would live on.

Just as sales representative statutes vary in different states, so too does the treatment of constructive termination claims. Certain New York state courts, for example, do not recognize the ability of at-will employees or independent contractors to state claims for constructive termination. Other states, including Massachusetts, give constructive termination claims similarly limited application.

In the right jurisdiction, the Minnesota federal court's well-reasoned decision in *Cooperman v. R.G. Barry Corp.* should provide some necessary support to enable an action that looks like a termination, smells like a termination and feels like a termination to get treated like a termination for purposes of that jurisdiction's protective sales rep statute. ■