2020 Industry Forecast:
A review of key trends, challenges and opportunities

Inside:
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TABLE OF CONTENTS

4 COVER STORY: 2020 Industry Forecast — A review of key trends, challenges and opportunities

10 FEATURE ARTICLE: Five ways to use video to get business

13 GUEST FEATURE: Social media playbook: A 10-minute approach for manufacturers’ reps

9 SOMEONE YOU SHOULD KNOW: Dennis Gagné, CPMR

15 EXECUTIVE COMMENTARY: Digging wells and kissing frogs

17 FROM THE TOP: It’s 2020 … How’s your vision?

18 WELCOME, NEW MEMBERS!

19 WHERE ARE THEY NOW?:
• Jess Harper
• Dave McCoy

20 MEMBER SERVICES

21 LEGALLY SPEAKING: Rep cranks out complete victory

23 THE SUBJECT IS TAXING
There is another new law

24 MARKETING GROUP DIGEST:
• Components
• Materials, Assembly, Production & Supply

25 SALESWISE:
Old world lessons for modern-day sales success

27 NEWS BEAT

30 CHAPTER NEWS

33 BUSINESS BOOK REVIEW:
Profitable Podcasting: Grow Your Business, Expand Your Platform, and Build a Nation of True Fans

36 CLASSIFIED ADS
2020 Industry Forecast:

A review of key trends, challenges and opportunities
The electronics industry has been undergoing rapid changes over the past few years, and this trend is expected to continue in 2020.

At the start of the new year, the industry faces what promises to be a year of moderate economic growth. Although, the GDP growth rate is expected to fall below the 2 - 3 percent ideal range, unemployment is expected to remain below 4 percent and inflation is projected to reach about 2 percent in 2020, according to The Balance report.

While all indicators point toward a positive 2020, some uncertainty remains.

The electronics industry has responded well to the eased threat of disruptive trade disputes with the U.S. House of Representatives passage of a new trade agreement with Mexico and Canada, and after more than a year of negotiations and billions of dollars in tariffs, the U.S. and China signed “phase one” of a trade deal. The deal will modestly open up financial services in China to U.S. companies and China will agree not to manipulate its currency.

However, according to Chris Mitchell, vice president of global government relations at IPC. “The deal leaves many issues unaddressed including cyber security, structural economic reforms, and the high level of tariffs that are still in place on many products that are traded in our industry.”

2020 marks the beginning of a new decade and also happens to be an election year. If there is one thing that people in the current political climate may agree on is that an election year is often filled with surprises. These surprises drive uncertainty about the economy, policy changes and global relations, to name a few.

So, what does all this mean for the electronics industry?

According to SourceToday, electronics distributors share a feeling of cautious optimism. The Internet of Things (IoT) is reinvigorating the hardware business, giving a booster shot to these companies — the middlemen in the electronics supply chain. Most distributors project double-digit percent growth over the next year and plan to add new products, services and business around the world.

ERA Industry Forecast

ERA strives to stay on top of industry trends, opportunities and challenges. To keep its members up-to-date on current industry issues, ERA conducted its Industry Forecast survey for a fourth consecutive year.

ERA strives to stay on top of industry trends, opportunities and challenges. To keep its members up-to-date on current industry issues, ERA put together its Industry Forecast for a fourth consecutive year.

The report was generated via an electronic survey, which was conducted online in December 2019. It offers a current assessment and 2020 outlook of the electronics industry, based on rep, distributor and manufacturer ERA member feedback.

Key highlights of the report include demographics of the surveyed respondents, business performance, operating costs and areas of importance.

Close to 75 percent of respondents identified themselves as reps, 20 percent stated that they are manufacturers, and almost 5 percent stated that they are distributors.

While business remained strong for many ERA members in 2019 — with two-thirds of survey respondents (76 percent) rated 2019 as a good, very good or excellent business year for their organizations — about 24 percent of respondents rated 2019 as a poor to mediocre business year, up from 8 percent in 2018.

ERA members also remain optimistic for 2020, with 87 percent of survey respondents expecting this year to be either a good, very good, or excellent business year for their organization — however, 13 percent of respondents anticipate that the electronics industry might face some challenges ahead.

The economy, strategic planning and business partnerships were ranked as the top three most important issues for manufacturers’ reps, distributors and manufacturers in 2020.

When planning for 2020, ERA members report that the highest projected sales growth is going to come from IoT, military/defense sector and medical markets. Additional business growth drivers identified by survey respondents included: automotive, industrial and automation markets.

Despite concerns about how the upcoming presidential election outcome may tip the economy, lingering worries about trade wars and their impact on the manufacturing sector, reduced commission rates or lack of new lines, the 2020 electronics industry outlook remains optimistic.

Read on for detailed survey data of ERA’s 2020 Industry Forecast (pages 6 and 7).
Please identify your firm.

- Rep: 74.42%
- Manufacturer: 4.65%
- Distributor: 20.93%
- Consultant/Service Provider: 0%

How do you rate 2019 as a business year for your organization?

- Excellent: 11.63%
- Very Good: 27.13%
- Good: 37.21%
- Mediocre: 18.60%
- Poor: 5.43%

How do you expect to rate 2020 as a business year for your organization?

- Excellent: 9.45%
- Very Good: 30.71%
- Good: 46.46%
- Mediocre: 11.81%
- Poor: 1.57%

How would you rate the overall health of your firm today?

- Very Good: 44.53%
- Good: 36.72%
- Average: 14.06%
- Weak: 4.69%

How has your organization's revenue changed in 2019 compared to 2018?

- No Change: 21.88%
- Increase: 52.34%
- Decrease: 25.78%

How do you expect your organization's revenue to change in 2020 compared to 2019?

- No Change: 23.81%
- Increase: 65.08%
- Decrease: 11.11%
How do you expect your total operating cost to change in 2020 compared to 2019?

- No Change: 35.16%
- Increase: 57.81%
- Decrease: 7.03%

Rate how important each of the following topics will be in the coming year to your organization (1 = not at all important, 7 = very important).

- Economy: 4.55
- Staffing: 3.60
- Expanding My Company: 3.43
- Consolidations, Mergers and...: 2.96
- Training/Education: 3.31
- New Technologies...: 3.65
- Moving into New Markets: 3.47
- Business Partnerships...: 3.92
- Strategic Planning: 3.99
- New Marketing Initiatives: 3.74
- Social Media: 3.10

Visit era.org to view the complete ERA 2020 Industry Forecast survey results.

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Tell us a little bit about yourself.
I was born and raised in the Monterey Bay area of Northern California and obtained an ASET degree from West Valley College in Saratoga. I then graduated from Cal Poly – San Luis Obispo with a B.S. in Electronic Engineering. I worked in the engineering department of Ziatech Corp. for four years before transferring to the technical support group, where I went on to manage four application engineers and provide direct support for Ziatech’s sales representatives. This is where I learned about the rep industry and decided that I would move into that field. I gained experience in direct sales at a Northern California rep firm, Amasco, where I worked for three years. I then went to Anthem Electronics as a FAE for one year before co-founding Engineering Solutions – West in 1994. I completed my Certified Professional Manufacturers Rep (CPMR) training in 2002, at Arizona State University.

What are some things you enjoy outside of the workplace?
I enjoy all sorts of outdoor activities. I am an avid windsurfer, love to play tennis and do plenty of running, and snow skiing. Pretty much anything outdoors is my passion.

How long have you been an ERA member and how long in the rep business?
I have been in the rep business for 28 years and have been a member for about 23 of them.

How did you become interested in being a rep in the electronics industry?
As I stated above, I was supporting our reps at Ziatech, which was a board and systems level computer manufacturer, as the tech support manager. I was able to travel and visit with many reps across the country and learn about many new applications. The diversity and variety of the type of customers we interacted with really attracted me to this field. That variety has been what has held my interest for the past almost 30 years.

Briefly describe your rep firm.
ES-West is based in the heart of the Silicon Valley. Our office is right next to the San Jose Airport which gives us a prime location for principals and customers visiting the area. We are a small group of five individuals. We carry a mix of OEM computer solutions as well as reliability test equipment. We have always tried to keep the number of lines on our line card as small as possible to allow us to focus our time on our important principals so we can excel at our jobs.

What have you found to be most rewarding about the rep business?
I think the biggest rush I get from this job is helping a customer with their project and seeing it through to completion and success in the marketplace. Having these same customers come back to us year after year for their next projects is very satisfying as well.

What recent innovations, best practices and/or changes has your firm made?
We work hard at our communications with our principals. This is an area we are always trying to improve on. We use our CRM and email communications to share information on important customers real time to our principals. We also have recently been adding some younger sales engineers to the firm. We are trying to revitalize the firm and pre-pare it for succession down the road.

What have you learned and/or what contacts have you made through ERA that have had the greatest positive impacts on you and/or your business?
I have been active in our local chapter, Northern California ERA (NCALERA), and this has offered me a great opportunity to network with my fellow reps in the Northern California territory. We share information about lines, discuss contract issues, employee is-sues, etc., and it helps bolster our direction and decisions. I was also the president of NCALERA Chapter last year and spent some time with ERA CEO Walter Tobin. He is a great resource and continues to guide ERA with great skill.

Are you active on social media? Do you follow ERA? Have ERA updates via social media been helpful to you?
No, I wouldn’t say that I am very active on social media. I mainly use LinkedIn when trying to connect with new companies. My family tries to get me to use Facebook, but I find it takes up too much time with non-productive activities.

What is one interesting fact that people may not know about you?
My first job out of college was at the Thule Air Base in Greenland. I was a civilian contractor working for a firm maintaining the computers at their BMES's (Ballistic Missile Early Warning System) radar installation. We were about 50 miles from the Arctic Circle. I lasted about six months, before I had to return to civilization.
It is no secret that video is a hot way to connect with important business prospects and customers today.

Video is preferred to print by many. We can debate whether that is good or bad later. Marketing-minded entrepreneurs today need to use video to capture the attention of potential and current customers.

Fortunately, we have seen major developments that have made creation and delivery of video much faster, easier and cheaper (three words that will ring the bells of joy in any entrepreneur’s heart). Ease of video capture and editing is one development. Increased bandwidth is another.

Here are five ways that you can use video to increase sales and connect with important people.

**Facebook Live**
Facebook Live gives the excitement of a live event. Think of the energy and enthusiasm that is generated for a live sporting event or a live telethon. As of the third quarter of 2019, Facebook has 2.45 billion monthly active users. That makes it the most populated nation on earth!

You can use Facebook to reach all the people on your list, or even better, target specific groups where you are active. The old saying, “Get rich in your niche” applies here when you use Facebook to target a specific group who has an interest in a specific topic.

**Bonus for you:** There is an add-on that works with Facebook to let you bring in up to 25 people on screen, share your screen with them and more. The tool is called BlueJeans. Another tool called Zoom also allows this, along with the ability to share your smart phone and tablet screens. People are able to generate a lot of excitement and energy using Facebook Live with the added enhancement for video.

**YouTube**
This is the dominant video force today. There are two primary uses for YouTube. One is videos that solve a specific problem for your target market. Remember the old sales adage that is still true today — make your content about them, not about you. Another way you can use YouTube is with a live broadcast. Think about it. You have the power to send a live video stream like only well-heeled, financially enriched TV stations and networks
could do just a few years ago.

Make your live YouTube videos exciting and highly relevant. Think about using this for a new product launch, a new development in the news, a tour of your facility, or another way to connect with your audience and provide serious value for them.

**Personal videos**

This is exciting! This technique has been around for a long time, starting with a tool called EyeJot, which unfortunately went out of business a while ago. However, there are other tools available.

One of the best ways to send a personal video is to use the YouTube Capture app that is available on both the Apple store and Google Play. The capture app allows you to use your smartphone or tablet to create a quick video for important people.

You can create a video and then upload it to YouTube. Once that’s done, you can send an email to the specific person or persons you want to see it. Be sure to make it “Unlisted” so that it is available only to those you choose, rather than the “Public” option.

This is particularly good when you want to show something relevant like a new product or something that can benefit your customer when you are on the road.

Think about the benefits of creating a quick video with you and another person that is sent to a third-party you both know and want to reach.

**Screen sharing**

Screen sharing is a great way to create how-to videos. Tools like Camtasia (from techsmith.com) or ScreenFlow (from telestream.net) can create videos that illustrate how to perform certain tasks showing your screen. You can also have a picture in picture alongside the screen so that it makes the video more interesting and helpful for learning.

Both Camtasia and ScreenFlow can give you the ability to create training modules and answer specific questions from email in a unique, creative way. These types of videos get attention and help in the learning process, and helping others is a great way to boost sales.

**Live virtual interactive presentations**

These presentations offer a magical way to create excitement with buyers. Facebook live is one way to do this, as cited above. Tools like Google Hangouts, which has been replaced by YouTube Live, are also great for live virtual presentations.

Recently, I worked with a team to create an eight-hour fundraising event for a charitable cause. We interviewed key celebrities in a given niche over this eight-hour period live on video.

People joined us from around the world for the exciting event which we promoted in advance.

The bottom line is we had more than 14,000 people join in and we raised more than $50,000 for the charity. One hundred percent of the funds raised went to that charity.

Think about how you can use live events for an exciting, updated presentation around a given event. I do this often now, and find every time I do it, it generates excitement for me and my clients.

Get to know these video possibilities. Video can help you in your work and help your customers. Having excited customers who love what you are doing boosts your bottom line.

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Terry Brock is a marketing coach who helps business owners market more effectively leveraging technology. He shows busy professionals how to squeeze more out of their busy days by using the right rules and tools.

You can reach Terry at terry@terrybrock.com or through his website at terrybrock.com.
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Apart from custom product development for Tier-1 Customers,
we are proudly introducing industry first products under our
own banner this year. We are looking for Tier-1 reps that wish
to grow with us. We will be attending the ERA conference in
February and look forward to meeting.

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Social media playbook: A 10-minute approach for manufacturers’ reps

I would bet most of you can’t directly correlate any revenues earned from anything on social media, so you wonder why to spend any effort on it at all. Here’s the truth for companies selling in the business-to-business (B2B) environment: You probably won’t ever realize revenues from social media.

There are only two real outcomes from B2B marketing: generate leads for the sales team or increase brand/product awareness in the marketplace. Social media’s purpose is the latter. Technical sales organizations are hired to be in front of customers to increase visibility to products and generate sales opportunities. Social media is only a small part of increasing visibility to the marketplace. The key is using an approach that helps your lines, but doesn’t waste your time.

The rep approach

For starters, only focus on LinkedIn. Have each person at your firm spend 10 to 15 minutes per week on LinkedIn to help promote your manufacturers visibility to your network, but only if your manufacturers are generating content for their company. For example, one of your lines posts an update about a case study or whitepaper on their company page, each person in your firm “Likes” or “Comments” on it. That’s it. This process can help create visibility of their update and company through the feeds of people you’re connected to.

Do

• “Follow” every company page for the manufacturers you represent.
  
• “Connect” with every regional manager and other people you work with at your manufacturers.
• “Connect” with customers you have a working relationship with.
• “Like” and “Comment” on your manufacturers’ company updates and posts.
• Post any events, trainings, meetings your team attends, if you have a picture.
• Join all industry association groups your organization is a member of.
• Update your company page and each person’s profile every year.

Don’t

• Don’t spend any effort on platforms other than LinkedIn.
• Don’t post about any products, unless you have a story about assisting in the product development.
• Don’t spend more than 15 minutes a week on social media.
• Don’t offer to be your manufacturers digital marketing team.

A rep’s primary job is to be in front of customers, so this realistic approach to using social media will help increase visibility for your lines without expelling much effort away from your primary function. So, keep your process simple and make your entire team participate. It will increase visibility for your manufacturers while supporting their marketing efforts. This will demonstrate your commitment to your partnerships, with a chance it may indirectly lead to more sales opportunities.

Patrick Knoelke
Managing Director and Founder
Spyre Group

Patrick Knoelke is managing director and founder of Spyre Group, a design and technology firm focused on building sales tools and cloud-based solutions to help sales teams engage their customers. Spyre Group is a Silver Microsoft Partner and an ERA Recognized Resource.

For more information about Spyre Group, visit www.spyregroup.com/reps. Patrick can be reached at pknoelke@spyregroup.com, or at 913-499-6014.
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Digging wells and kissing frogs

The new year, let alone a new decade, tends to bring about a new focus and renewed sense of purpose. As we look within to set the tone for the year, one resolution that I would like more of us to embrace is that of GIVING BACK; to do for others in our lives and in our industry without one thought as to “What’s in it for me or my company?” …To help others — even if they are competitors (who often end up as tomorrow’s coworkers, principals or customers); to make our overall industry a better place to live, bring up our families, provide new opportunities for our valued manufacturers; and to enable our customers to remain ahead of their competition. If you keep your eye on helping OTHERS, it will come back to you and your company 1,000-fold.

A real tangible example of this is the annual EDS Leadership Summit, held this year from May 11-15 at the Mirage Hotel in Las Vegas. This is OUR event. This is where our industry gathers to see old friends, make new ones, meet with prospective or existing reps, manufacturers or distributors. This is where we meet to take each other’s pulse on how we are doing for each other, what needs to be fine-tuned to ensure that all of us are successful in 2020.

EDS can be a “death march.” I get it. We complain about all of the preparation prior to getting there; the endless reviews and meetings; breakfast meetings at 0700; running (usually late) up and down the elevators to get to the next meeting; expensive late-night dinners with too much food and overpriced wine; the dreaded “one-and-done” drink at the Still Bar with someone that we didn’t get the chance to see during the day (where we usually also see folks that we have been trying to avoid) … It’s all part of the selling that we do every day.

What a nightmare EDS is! Or is it?

Don’t we secretly LOVE the action, love running around, love seeing our GOOD friends who may have been competitors in the past but are now our coworkers, manufacturers or customers?

Come on … We love it! We thrive on it! The adrenaline that we generate could light up the Strip … and often does.

We go to EDS each year to listen, learn, adjust our plans – all to make sure that WE as leaders are doing all we can to ensure that OUR COMPANY is a trusted resource to our customers and that it remains competitive; all so we can provide a great place to work for all of our employees.

What if we took a year off? What could happen? What would we really miss? The answer is PLENTY!

Do you really want your competitors to learn about the latest products or technology from your principals? Do you want to miss your annual review with your rep or manufacturer principals? The thought of some of us pulling out of EDS strikes at the very fiber of being a good industry citizen. There is an old saying, “You need to kiss a thousand frogs to find a prince or princess.”

They are out there, RIGHT NOW. What better place to kiss frogs than Las Vegas? EDS is full of frogs that are really princes and princesses in disguise. All we need to do is find them.

ERA is a not-for-profit trade association that has been around since 1935. We have over 600 members who are all VOLUNTEERS. They find time out of their precious days and weeks to GIVE BACK to our industry, to mentor new employees, participate in our Telefoms, write articles for The Representor. They hold regular chapter meetings and events, etc. All of us love our industry. We love the action and hope it loves us back!

(continued on page 32)
SAVE THE DATES!

2020 EEE&M SHOW - April 22, 2020
Electronics, Electrical, Engineering and Manufacturing Show 2020
Orlando Gardens Event Center
Maryland Heights, MO 63043

REPRESENTATIVES

Cen Tech Inc.
314-291-4230
centech-inc.com

CTEC Connector Technology LLC
636 561 3543
ctecstl.com

Dowell, Thomas L. Associates Inc.
314-849-4234
tltdowell.com

EPI Inc.
913-293-8582
epi-sales.com

Hill & Company
314-842-6868
hillandcompany.net

Johnson Company
612-760-5000
johnsoncompany.com

Lorenz Sales Inc.
314-997-4558
lorenzsales.com

Markline Technologies Inc.
314-651-9790
markline.com

Midtec Associates Inc.
314-839-3600
midtec.com

MSB & Associates Inc.
636-938-3227
erastl.org/business-directory/155/msb-associates-inc

RC&J LLC
636-449-2366
rcjreps.com

R.W. Kunz & Associates Inc.
314-966-4977
rwkunz.com

Silicon Prairie Technical Sales
636-634-2210
seltecsales.com

Spectrum Sales
913-648-6811
spectrumsales.net

DISTRIBUTORS

Allied Electronics
636-925-8700
alliedelec.com

Arrow Electronics
314-567-6888
arrow.com

Avnet Electronics
314-770-6300
avnet.com

Carlton-Bates Company
866-600-6040
carltonbates.com

Hughes-Peters
800-590-4055
hughespeters.com

Newark Element14
800-463-9275
newark.com

Sager Electronics
618-406-4250
sager.com

TTI
913-789-6427
ttiinc.com

MANUFACTURERS

ZF Electronic Systems Pleasant Prairie LLC
(Formally CHERRY Electric)
262-942-6338
switches-sensors.zf.com

Chapter Officers (January 2019 - December 2020)

President
Chris Robertson
Heartland Electronics

Vice President/Alt. Delegate
Mark Bowers
R.W. Kunz & Associates Inc.

Secretary
David Wright
Allied Electronics

Treasurer & Finance Chairman
Mike McElhone
ZF Electronic Systems Pleasant Prairie LLC

National Delegate
Mike Long
Seltec Sales
It’s 2020 … How’s your vision?

It’s the start of a new year; which signals to me time for goal setting, planning and new resolutions; looking forward to what is to come. It’s also the dawn of a new decade, which compels some to review history; looking backward at what was and creating those “Best Of / Top 10” type lists. Noting that it's 2020, I also wonder, “At such a time as this, what article would be complete without some discussion of vision?” When we talk of vision, in one sense we’re talking about our clarity in seeing what is (or was); and, in another sense, imagining what is not yet, but could be. With this in mind, here are a few New Year, and new decade observations about our industry and association — looking backward and forward.

While 2019 was not 2018, for the industry it was not a bad year overall. Anecdotally, this seems to be the consensus opinion that I hear expressed throughout our industry. As reports of actual results from 2019 are posted, I believe we will hear sales results primarily within +/-10 percent of 2018 (probably trending more towards minus 10 percent than plus 10 percent); with 2020 forecasts of single-digit growth. As an association, ERA had a strong year in 2019 — posting record numbers in most measurable categories — membership, revenue, volunteerism and activity were all up.

The pressure on profitability — whether manufacturer, distributor, representative, industry service provider or customer — is the single largest issue facing our industry, and it will continue to intensify. These have been turbulent times in our industry — trade policies and related tariff issues have commanded a lot of intellectual and physical resources; the more than minor apprehension (and opinion) associated with Washington politics and the early election season activities that are dominating the news cycle; and recent industry announcements with respect to the formation of a new association (GEDA), changes in franchises and authorizations, and a general challenging of the status quo — have all contributed to a climate of uncertainty. Despite the reasonable market conditions over the past two years, and even though we are engaged in selling the very latest, leading edge electronic technologies, our industry continues to mature structurally, putting ongoing pressure on profitability.

In response to this pressure, organizations will: 1) feel compelled to make changes — to do “something”; 2) challenge every “norm” or convention; and 3) look for immediate results, sometimes at the expense of long-term strategies. Some organizations will look inward — enacting a strategy to focus on core competencies; while others will look to diversify (perhaps through merger or acquisition or collaboration). The push to eliminate redundancy and inefficiency by driving standardization will continue and remain in tension with the need for organizations to differentiate themselves. “Staying the course” will lose its luster as a strategy; though strategies based upon solid, fundamental, foundational principles usually don't need major overhauls as much as responsive adjustments along the way.

As companies look to seize opportunities for profit and growth, some of their decisions will not be beneficial to their supply chain partners. Each member of the electronics industry could find themselves on either side of this equation, either making a difficult decision impacting a partner, or being subject to a decision by a partner impacting our organization.

It has been said that, “Without a vision, the people cast off restraint ...” Each

(continued on page 32)
WELCOME, New Members!

These companies joined ERA since October 2019.
(The ERA chapter of each rep firm is listed in italics after the company name.)

REPRESENTATIVES

BW Technology Ltd.  
(United Kingdom)  
Craig Waterston  
bwteq.com

CST-Arwin  
(Canada)  
Robert DeRose  
cstarwin.com

Electro Mark Inc.  
(Minnesota)  
Mark Yost  
electromarkinc.com

Redtree Solutions Ltd.  
(International)  
Steve Judge  
redtree-solutions.com

Technical Marketing Inc.  
(Pacific Northwest)  
Michelle Salmick  
tmi-sales.com

MANUFACTURERS

Avery Dennison  
Pam Hone  
averydennison.com

CIT Relay & Switch  
Jeff Hampton  
citrelay.com

CT Micro Americas Inc.  
Brandon Lim  
ct-micro.com

EFC/Wesco  
Bob Fountain  
filmcapacitors.com

JCLED  
Brian Chang  
foxconn.com

IT Renew  
Phil Farrar  
itrenew.com

KEMET Corp.  
Monica Highfill  
kemet.com

Laird Thermal Systems  
Troy Daugherty  
lairdthermal.com

Lithionics Battery  
Stephen Tartaglia  
lithionicsbattery.com

M & A Technology Inc.  
Scott Zych  
macomp.com

MJM Industries Inc.  
Melanie Painter  
mjmindustries.com

Mitsubishi Materials USA  
Electronics Component Division  
David Koeberl  
mmea.com

N2Power  
Barry Kahn  
n2power.com

TQ Systems USA  
Rob Judge  
tq-group.com

XGR Technologies LLC  
Jon Buchwald  
xgrtec.com

XIDAS  
Paul Dhillon  
xidas.com

Most classes run for six weeks and include 12 two-hour lessons (that’s 24 hours of instruction!) for just $79 per course. To view the entire catalog ... read all the details about each class and instructor ... and then register, go to ed2go.com/era.
Honoring those who came before us

I have written hundreds of articles, but admittedly, I find it extremely gratifying to write about and recognize those representatives who laid the groundwork for our proud profession. In this issue, I have had the pleasure to share the history of two highly acclaimed industry veterans: Jess Harper and Dave McCoy.

How many reps do you know who were born in a log cabin? Well, I just met my first! He is Jess Harper, an ERA Hall of Famer and a Vietnam veteran. Dave McCoy, like Jess, has made innumerable contributions to our industry and association as well. Interestingly, but not surprisingly, Dave is still at it. Both Jess and Dave epitomize the qualities of those outstanding representatives who have previously graced this column.

— Harry J. Abramson

ERA CEO Walter Tobin expressed his gratitude to Jess, Dave and all the industry veterans for their commitment and contributions to ERA: “We always want to honor those who came before us ... who paved the way for us ... who dug wells for us to drink from ... and now we need to dig wells for those who follow us. It is our HONOR to recognize you and your great leaders who gave so much to ERA and made it what it is today — a YOUNG and VIBRANT organization!”

Where is Jess Harper now ...

W hat a lucky guy I am! Born in a Kentucky log cabin and delivered by a midwife I somehow managed to grow and prosper. I love my life, my wife and the business that was so good to me ... exceptionally good! Mom and dad were prolific. I am the oldest of eight children. Poverty was commonplace in Kentucky and working for a dollar a day was not unusual. Can you imagine?

My wife Susan and I love south Florida and never take the good weather for granted. We’ve been in the same house for over 40 years. We previously lived in Cincinnati and then on to Indianapolis.

In my youth, I was easily influenced by popular TV shows and wanted to be a cowboy or a lawyer. I also had a passion for sports, but quickly realized that it wasn’t in my future.

Okay, I needed a job so I joined the army and ended up going back to boot camp in Ft. Knox, Ky. There, I won a Pt Trophy, which I won again at Ft. Gordon, Ga.

After active duty, I landed a job with the P.R. Mallory Co. and learned about electronics.

In 1966, I married Susan Dunn; we had two beautiful children. I am a graduate of Indianapolis University (1966) and UCF (1972). Mallory transferred me to Florida at a time that the industry was booming and we broke all sales records. Hot accounts included Cordis who made pacemakers and Motorola. They both used our batteries and capacitors.

Together in 1970, Cameron Cardy, Bill Keikes and I formed CBC Electronics, a components rep company. The team was exceptional! Again, we won many awards and ultimately made good land investments. Susan and I liked travelling and even started our own travel agency. After 10 years with CBC I retired and played golf with friends and associates, but that was short-lived.

I needed to legitimize my expenses, so, if for no other reason I started EPM Corp. in 1980 partnering with Pete Specht and Russ Timmons. The southeast territory continued to thrive and so did we. However, the states needed revenue and created a problem for the rep industry called “A Service Tax.” They were taxing reps, but not our direct sales

(continued on page 28)
EMPOWERING SYSTEMS offers ERA members discounts on its CRM tools for both reps and manufacturers. Online demos are available for both the AccountManager and AccountReporter programs. For details, visit empoweringsystems.com.

UPRIGHT is a New York City-based team that supports businesses through web design, development, branding, content strategy, and corporate innovation. With diverse backgrounds in the startup tech community, Upright provides resources for companies to expand their growth through technology. Upright is familiar with the manufacturers’ rep model and its interaction with their manufacturers and distribution partners. For more information, go to upright.nyc.

JJM SEARCH is the global executive search firm founded by Carla Mahrt, a 20-year electronics industry veteran. JJM is part of the MRI Network – leaders in the search and recruitment industry for over 40 years. Let Carla connect your company with bright, qualified candidates for your openings. For details on JJM, go to jjmsearch.com.

LECTRIX is a results-driven marketing company that serves electronics manufacturers, suppliers and representatives. The company specializes in brand awareness, content creation, online event creation and lead generation. Visit lectrixgroup.com for details.

SCHOENBERG, FINKEL, NEWMAN & ROSENBERG, LLC, offers legal Expert Access services to all ERA members. An initial consultation on any commission recovery or other rep-related business matter is available without charge. Visit salesreplawyers.com. Or call Gerry Newman or Adam Glazer at 312-648-2300.

The SALESWISE ACADEMY is specifically designed for engineers and other technical salespeople. Nicki Weiss offers bi-weekly, 10-minute audio lessons with follow-up calls to help participants feel more confident in working with customers. For a free trial, go to saleswiseacademy.com/era.

TSJM GROUP offers successful client and candidate placements within sales, engineering, quality and executive leadership, both in North America and internationally. Call 603-560-1673 or email slcolantuone@tsjmgroup.com for more information.

SPYRE GROUP offers resources that help sales rep firms provide value to the manufacturers they represent and increase efficiencies for their sales teams. It provides web, print and presentation development services, along with packaged solutions. For details, contact Patrick Knoelke at 913-499-6014, or visit spyregroup.com/reps.

RPMS offers sales analysis, commission reconciliation and sales force data exchange software designed exclusively for manufacturers’ reps. For more information, go to rpms.com.

BUARDE MARKETING SYSTEMS is a leading provider of point-of-sale (POS) reporting. With 15+ years of experience, BMS provides solutions to drive business growth, improve efficiency and maximize profitability. BMS offers a vast selection of standard reports or can customize reports to achieve your business goals. For details, call 708-301-2111, or email sales@buddemarketing.com.

HUNTER WINSTON CONSULTING specializes in sales management consulting, global management consulting and channel sales consulting. For more information, visit hunter-winston.com.

REPFABRIC is a mobile efficiency tool that speeds up the entire workflow of business including email, opportunity tracking, commission reconciliation and principal reporting. Contact Repfabric at info@repfabric.com, or call 844-737-7253, x225, to schedule a consultation.

ERA UNIVERSITY provides members, employees and families with hundreds of online college, business, technology and special interest courses through 1,500 educational institutions. The instructor-led classes offer live interaction and access to lessons 24-7. Most classes run six weeks and include 12 two-hour lessons for $79. For details, go to ed2go.com/era.

ALL ERA TELEFORUM AUDIO FILES covering 30+ educational topics for reps, manufacturers and distributors, are now available at no charge to members. To review the teleforum library and download files, go to era.org.

UPS is an ERA member service provider for shipping of all kinds. For discounts of up to 34 percent, call 800-MEMBERS (636-2377).
Rep cranks out complete victory

Sales reps who make the difficult decision to take action upon suffering a contract breach oftentimes have to settle for the equivalent of a ground rule double. Perhaps the litigation results in recovering the unpaid sales commissions plus interest, but not the exemplary damages teased under a state statute. Or a rep may hit a single by recovering commissions on certain sales but not others, or by getting awarded only some of the attorneys’ fees claimed.

No such partial victory awaited Offshore Supply Systems LLC (OSS).

OSS hit a veritable grand slam in its action against California distributor CS Industries Inc., an intermediary between Chinese manufacturers and U.S. customers. Taking its case all the way to a jury and then successfully defending the verdict on appeal, OSS recovered about $445,000 in unpaid commissions, then trebled this amount under the California rep statute. In addition, OSS received $250,000 in punitive damages arising from fraud committed by CS and attorneys’ fees.

The parties’ crankshaft relationship

The contract gave OSS a worldwide territory to solicit orders for products manufactured by CS or its suppliers, including crankshafts used in consumer chainsaws. While the only customer specifically identified in the contract was Husqvarna, an Electrolux spinoff company, OSS enjoyed the right to update the list as it secured additional business, subject to CS’s right to reject such new accounts.

Commissions varied based on the gross margins earned by CS, increasing along with profits. Gross margins were generally defined as the CS gross sales price, minus the cost of goods sold, divided by the gross sales price.

Over the years, Husqvarna purchased hundreds of thousands of Chinese-manufactured crankshafts from CS. Commissions were calculated by reference to the CS “invoice price” to Husqvarna to derive the gross sales price, and the manufacturer’s invoice to CS to determine the cost of goods sold. CS would then create spreadsheets reflecting the calculation, which were sent to OSS with periodic commission payments.

Shortly after the sales to Husqvarna “cranked up,” CS began telling OSS that its manufacturers were regularly raising prices, effectively reducing its gross margins, and greatly reducing OSS’s commissions.

Then, adding insult to injury, CS entered into negotiations with a Chinese manufacturer to enable the direct sale of parts to Husqvarna in clear violation of their contract. Accordingly, OSS urged CS to leverage this situation by obtaining commissions of 10-30 percent on these sales.

One year later, OSS learned that Husqvarna was purchasing crankshafts directly from the Chinese manufacturer, which CS never disclosed. When OSS contacted CS about the arrangement, CS asserted it received only a 2 percent commission from the manufacturer, which it then offered to split with OSS.

This substandard commission rate sounded the alarm for OSS, which suspected other commission payments were similarly paid short. Performing some quick investigation work confirmed that CS had misrepresented its costs and that the corresponding commission payments were off.

Understandably, this made OSS cranky, and it filed suit in California state court alleging breach of contract, violations of the California sales rep act and fraud.

The evidence at trial

At trial, OSS introduced certain purchase orders and manufacturer invoices obtained from CS in discovery that were purportedly from different manufacturers but were highly similar in form and layout. Contrary to industry practice in China, the invoices were neither stamped nor signed.

What’s more, many appeared to be “commercial invoices,” used primarily for customs purposes, not accounting purposes. Such commercial invoices are generated by manufacturers, but these were modified by CS to achieve better treatment by customs officials. It was these suspect invoices that CS relied upon to defend its low commission payments.

OSS presented evidence of damages, by having its founder show the jury the purchase orders CS sent to its manufacturers to obtain the costs of goods sold, rather than the invoices produced by CS. He identified the discrepancy between the price reflected in the
In the Pacific Northwest, ERA promotes and advances the growth and professionalism of its member firms through educational programs, networking, local trade shows, industry events and community service projects.

For the finest in field sales representation in the Pacific Northwest territory, contact one of these member firms.

Join our LinkedIn Group at https://www.linkedin.com/groups/13531787

Or go to www.era-pnw.org

OFFICERS
Tom Stevenson, Chairman - emgpdx@nwlink.com
Dave Fitzgerald, President - davef@wesco-sales.com
Tim Doran, Vice President - tim@doransales.com
George Alecci, National Delegate - galecci@halco-sales.com
Jennifer Eby, Secretary - jennifer@marctech2.com
There is another new law

In December 2019, Congress passed an extension to the debt which, because of the increase in the size of the debt, caused some publicity. Almost totally overlooked by the press was a major section devoted to changes in the tax law. Interestingly, almost all of the changes will increase the national debt to the advantage of businesses and retirement opportunities. So, here we go.

Let’s start with autos. A couple of major changes occurred in the 2017 law, with a warning. New cars bought in 2019 have a tremendous opportunity for deduction by taking the normal depreciation. The first-year depreciation is slated for $18,000 and the second year $16,000 for “luxury” automobiles under 6,000 pounds and not a sport utility vehicle. Subsequent year depreciation is $5,760 per year.

It is possible to write off a truck (vehicle over 6,000 pounds) in one year but beware of a couple of things. First, do not elect Section 179 first year write-off. For some reason, you get an $18,000 write-off in the first year and nothing in the next five years. Second, the itemized deduction for autos on personal returns is still not allowed so these rules only apply to businesses — corporations, partnerships, sole proprietors.

For 2020 the standard mileage rate for “luxury” vehicles is 57.5 cents per mile, down a half-cent from 2019. Again, this is the amount for businesses and cannot be used on Schedule A of form 1040. For medical purposes, the rate is 17 cents per mile, down 3 cents from 2019. The charity mileage rate is 14 cents per mile. A daily listing of business mileage is still required upon IRS audit.

One of the more important provisions of the new tax law lowered the medical expense deduction floor from 10% back to 7.5% of adjusted gross income for the years 2019 and 2020. The rate was 7.5% in 2018, so the rate will remain the same for last year and this year at least.

Retirement provisions were among the most important parts of the law, both good and bad. First, participants in IRA plans could not contribute to an IRA after age 70.5; but from now on, that limitation has been repealed – there is no age limit while making IRA deductions.

At the same time, a rather weird change in the law refers to the right of making contributions to qualified charities out of retirement plans and using those funds to reduce the taxability of part or all of their required minimum distribution (RMD). The legal limit was $100,000 per year. The new law made it $100,000 for lifetime, reduced by all such contributions made after age 70.5. That is further interesting in view of the fact that the beginning date for RMDs was raised from 70.5 to 72 after Jan. 1, 2020. Those who turned 70.5 in 2019 must withdraw.

If you think that’s complicated, consider the revised retirement plan distribution rules for beneficiaries. They were fairly straightforward. If the beneficiary was named in the plan, the beneficiary was required to withdraw from the plan upon death of the account owner based upon their own attained age in the IRA withdrawal chart. Thus, a 53-year-old person would take his/her share of the balance in the plan and divide by 14.3. The following year it would be 13.3, then 12.3, etc. Minimum distribution rules do not apply to Roth IRAs. The rule for spouses is unchanged — they can roll the funds into their own plan. If there is no named beneficiary, funds had to be removed over a five-year period. That’s the short-short description of the way it was.

Now, the five-year rule was extended to 10 years. The calculation for named beneficiaries was eliminated except for people less than 10 years younger than the deceased, cases of disability or minors. This means that all children of the deceased will be required to withdraw their funds within 10 years with the above exceptions. The rule is applicable for all people dying after Dec. 31, 2019; rules for people already dead are not affected apparently because they appear unwilling to change their plans. It is always possible that the IRS could hire several hundred fortune tellers to communicate with the dead.

We now turn to the other side, the company side, of retirement plans. The primary change affects 401(k) and profit-sharing plans, also known as defined contribution plans. Hitherto the way employees entered the plan was after a year of 1,000 hours of service, with an opportunity to enter at the earlier of the beginning of the next plan year or six months

(continued on page 26)
Looking forward to 2020, I get the sense from talking to my rep colleagues and manufacturers, that people around our industry generally have a positive attitude. Of course, all of us in the business of field sales have optimism in our DNA, but there appears to be some empirical data to support our rosy outlook.

In a December 2019 article on the eBOM.com, Amy Leary, eBOM’s marketing manager, opined that there were “Five trends that will transform the electronics industry in the next decade!” Included in her list were, robotics, 5G, autonomous driving, artificial intelligence and the environment.

Michael Knight, president of the TTI Semiconductor Group and senior vice president of Corporate Business Development at TTI Inc. has often said that the consumption of electronic components will rapidly increase in the next few years. In addition to the new technologies cited by Leary above, Knight also sees electric vehicles in general, continued cellular telephone proliferation, and the Internet of Things as contributors. He says that all of these will drive the growth of component consumption on an unprecedented scale.

Cameron Ward, Sr. VP, RS Components was quoted in the December 2019 issue of Electronics Sourcing magazine, he stated, “... We saw solid growth in design activity throughout 2019, particularly among small and medium-sized OEM’s and contract manufacturers.”

Also quoted in the December issue of Electronics Sourcing magazine, TTI Americas President, Don Akery said that “At TTI, we expect 2020 to be another growth year, beginning with continued gradual recovery, as we experienced in the second half of 2019.” It seems that Knight’s TTI colleague, Akery, and many others like him are on track with optimistic forecasts for 2020.

According to the “Global Electronic Components Market 2019 Research Report,” published in August 2019 by 360 Research Reports, the global market for electronic components is predicted to grow at a compound annual growth rate (CAGR) of about 5.6 percent from 2019 to 2024. This report points to the same driving influences espoused by Leary and Knight, also adding smart home and personal healthcare products as additional causes of growth.

At the last ERA National Conference there was talk of growing opportunity in our industry and it seems that research and the experts agree. We are all looking forward to growth and looking at how we can all benefit from it. Here’s to a great 2020 for all of us!

“And this is 20/20" ... Remember Barbara Walters on the ABC News program with that title from 1979-2004 and again for a short stint, 2013-2014? As I look forward to 2020, the new year/new decade, it prompts me to look back and reflect on the good and bad, both personal and in business. I’m sure you have done the same. We saw a horrendous recession with business failures, mortgage foreclosures, our 401(k) plans were in the tank, yet, the fortitude of Americans saw us rebound and move into today’s economy as one of the best any of us can remember. Let us not forget the painful lessons from that experience. But history tells us that we have short memories and so many times we tend to slip right back into our old habits.

As we welcome 2020 (I’m writing this column right after Jan. 1), there are many positive signs on the horizon. The United States-Mexico-Canada Agreement (USMCA) has been signed. A Chinese delegation is coming to Washington to sign phase one of the trade deal. The UK General Election promises to get BREXIT done and hopefully stabilize the European situation so trade agreements can be put in place.

So how do these agreements affect the electronics industry? Phase one of the China agreement recognizes the protection of IP and ends China’s practice of demanding technology transfer as a condition of doing business in China. Trade between both countries is expected to double as a result of this first phase agreement.

The Office of the United States Trade Representative (USTR) projects that USMCA will add an estimated 76,000 new jobs related to high-tech electronics. We also have seen announcements of large capital investments by the auto industry in new and renovated facilities in the U.S. and electronic manufacturing ramp ups have been announced with new and expanded facilities. Right here in our area, Jabil is building a large facility.

The electronic manufacturing industry is a huge potential poised for growth with a seemingly endless stream of new technologies and expanding EMS demands around the world. Let’s hope that these positive signs stay the course and when we get to 2030, we can look back with fond memories of a great ride.
Old world lessons for modern-day sales success

Not long ago, I was fortunate enough to travel to Italy and spent my last few days at a spectacular villa in Sienna called Frances Lodge. It’s run by two of the most gracious people I have ever met. I had the privilege of observing, first-hand, how they run their business and make their customers feel cared-for and special. Franco and Franca set a standard that guarantees customers will return, and there is a lot that all sales leaders and reps can learn from them about how to keep a customer by delivering great customer service and earning loyalty.

Why is this relevant? Research shows that it costs five times as much to gain a new customer as it does to retain a current one. Here are some of my observations of why Franco and Franca’s business is such a success and what we can learn from them. None of it is rocket science. All of it works.

Treat guests (aka clients, staff and colleagues) graciously

When my cousins and I arrived at Frances Lodge, Franco was waiting for us at the top of the driveway, waving and happy to see us. He and his wife anticipated our needs and quickly supplied help with our luggage, an Internet hookup for a quick email home, maps and a tour of the villa. We felt that we were in good hands. I bristle when I have an appointment with customers or colleagues and am left waiting, as if I am an interruption in their busy day. People also mess with their smartphones while others are speaking. Phones go off during meetings. What is that about? Greet your customers, staff, distributors and colleagues on time, give them your full attention and make them feel you are happy to be in their presence. This kind of graciousness is in short supply and displaying it will set you apart from your competition.

Always help with the luggage

Franco delighted us with stories of his travels, stressing how the level of customer service added to or detracted from his enjoyment. Number one on his list of no-no’s is checking into a place and receiving a key with no further help to find your room or carry your luggage. This did not sound strange to me, since that is standard practice in North America (although a tip will get you that service). However, it disgusted Franco since his credo is to make people feel special. Helping with luggage in your business means offering small acts of kindness consistently and deliberately: giving a referral, being a referral, helping out on someone else’s proposal, acting as a sounding board, writing a thank-you note. These caring gestures can go a long way toward building customer loyalty.

Be in the same business for a lo-o-ong time

In addition to being a gorgeous place for visitors to lay their weary heads, Frances Lodge sits on eight acres of well-established vineyards, olive and lemon groves, fruit gardens, and horse stables. The villa has been in Franco’s family for three centuries and in one way or another these grounds have contributed to the owner’s income. Franco and Franca know what they are doing. They have an established reputation, solid business connections and a way of doing business that keeps people coming back for more. Isn’t that what we all want for ourselves?

Statistics show that in business, you hopefully break even in your first year, make some money in your second year, and take off in your third year. Thereafter, if you’re any good, your business will grow through referrals and your income will steadily increase. Like many salespeople, I am restless for what I can only call “something else.” For me, “something else” shows up as pining for bigger opportunities, more of a challenge, or fewer headaches. In the past, this restlessness led me to switch companies prematurely, not allowing myself sufficient time to build long-term relationships. Happy customers couldn’t find me to give me their business or referrals. Now I am experiencing the rewards of staying in one place: deeply serving my customers, developing a niche that allows me to add value in a meaningful way, establishing a reputation and making it easy for people to locate me.

Tell your history with pride

I loved hearing about the history of Sienna, (continued on next page)
of traditions that have lived for 600 years, including an annual horse race in the town square, how it took 200 years to build the church, and that Franco’s family once raised and used carrier pigeons to send messages. He also has more recent stories about villa renovations, bartering with neighbors and plans for the business. His deep pride made me feel privileged to be his customer.

Often, when I hear other people talk about their company’s history, the narrative feels canned and detached. Reps have a great opportunity to create a visceral experience for customers when they tell stories about their company. Find someone in your organization whose enthusiasm is palpable. Interview them, emulate them, find and tell stories that make you proud, and practice your delivery. Passion sells!

Share your abundance

Franco and Franca embody the attitude of abundance. They are willing and thrilled to share. At no extra charge, they loaned us their cell phone when we ventured into the countryside, gave us extra food at breakfast, called long distance to make dinner reservations for us, and drove our luggage and us to the bus stop (a 45-minute round trip).

In business, we often protect our ideas and insights, fearing that we will lose them if we spread them to other people. Those who are willing to share their sales strategies, proposal templates or scripts and speeches set themselves apart as valuable and caring businesspeople. In my long career, I have learned to appreciate that abundance begets abundance, attracts clients and increases customer loyalty. One of my key goals is to become even more focused on customer care so that I, like my Italian hosts, can earn an A+ on my client’s report card.
EDS RETURNS TO THE MIRAGE, MAY 11–15, 2020

EDS is a joint effort by the industry’s top member organizations: the Electronic Components Industry Association and the Electronics Representatives Association.

The event brings together the world’s top manufacturers, distributors and sales representatives to exchange insights, focus resources and build new business. EDS is a forum for top decision makers to discuss new opportunities, reset goals and build new business together.

This is not a typical trade show, it is a combination of scheduled, one-on-one meetings, product exhibits, educational programs and networking opportunities to maximize success.

For more information or to register, visit edssummit.com.

REPORT WARNS OF SLOWING ECONOMY IN 2020

According to a recent Deloitte survey of chief financial officers (CFOs) at major U.S. companies, the economy is headed toward a slowdown and the stock market is overvalued.

The surveyed CFOs said they cautiously see the economy as “good,” but are fairly certain that things will change before the year is out. They also said that business and consumer spending will likely slow. About 82 percent of them think they may have to take defensive actions in the meantime, like potentially reducing their workforce or cutting voluntary spending.

Deloitte surveyed 147 CFOs from companies in the U.S., Mexico and Canada, with most of them working for a company that earns over $3 billion in annual revenue.

IOT MARKET TO REACH $5.1 BILLION BY 2025

The global IoT device management market is anticipated to reach $5.1 billion by 2025, growing at a compound annual growth rate of 28.3 percent, according to Grand View Research.

Growing demand for IoT services, the need for digitalization, and increasing penetration of communication and networking technologies are expected to drive the market over the coming years.

ECIA BOARD ANNOUNCES SEARCH FOR NEW PRESIDENT AND CEO

ECIA’s President and CEO Bill Bradford announced to the Board of Directors that he plans to step down as the association president and chief executive officer by the end of the first quarter of 2020.

Bradford has led the association since 2018 and will transition to an industry position later in the year.

“I have been so blessed to work with such a capable staff and dedicated members,” said Bradford. “I am proud of what we have been able to accomplish together these past couple years. It has been my pleasure to serve the association and the industry, and it has been a tremendous honor.”

The ECIA Board will provide updates as the search process unfolds.

ONLINE RETAIL SALES REACH RECORD-HIGH NUMBERS

Despite sluggish sales at physical stores, retail sales reflected record-high numbers during the 2019 holiday season thanks to online shopping, Mastercard reported. Total retail numbers reached close to $880 billion, up 3.4 percent from Nov. 1 and Dec. 24 compared to the same period in 2018.

TRUMP THREATENS TO IMPOSE TARIFFS ON EUROPEAN CARS

President Donald Trump said that he is serious about the possibility of slapping tariffs on European cars if he couldn’t make a deal during ongoing trade negotiations with the European Union. In comments at the World Economic Forum in Davos, Switzerland, the president did not specify a deadline for when he would decide whether to put duties on automobiles.

GLOBAL WEARABLES MARKET SET FOR GROWTH

The global market for wearable electronics is projected to reach $61.4 billion by 2025. The market is driven by the availability of inexpensive sensors, miniaturized yet powerful microchips and processors, low-power lighter electronic components, evolving app ecosystem and the resulting expansion of applications addressed by wearable products and services. After smartphones and tablets, smart wearables is the new innovation taking the technology to a fevered pitch in the consumer electronics industry.

IN MEMORIAM OF JULIE BAKER

ERA mourns the loss of Julie Baker of Fairport, N.Y. Baker passed away on Jan. 3, 2020. She was 58. Baker was account manager for GMA located in Pittsford, N.Y., and served as the secretary/treasurer of the Empire State Chapter of ERA.

She was predeceased by her husband Richard “Dick” Baker and is survived by daughters Claire (John Dakin), Jill and Paige; stepson Geoff; parents Joanne and Richard “Dick” Clas; brothers Dick (Marie), Dan, Jim (Pam), Dave (Julie), Terry (Kathy), Andrew; closest friend Terry Jeanne Clas (Vic Del Pozzo); and many nieces and nephews.

The Empire State Chapter is planning to make a donation in her honor and dedicate a chapter event in her name.
competition (manufacturers). Our way of going to market was in jeopardy. EPM was profitable, but the tax was a real problem! I started protesting; the Florida Sunshine Chapter of ERA saw my passion and elected me to the Board. Soon after, we won the battle and Florida dropped the service tax; fortunately, other states soon followed.

In order to promote the world of repdom, I saw another way to help by asking to lecture at the university’s engineering department. Here is where I planted the seed that graduating EE’s had a viable opportunity to be a professional salesman.

Our chapter also invited distributors and manufacturers to attend our meetings. We promoted joint sessions with SMTA of which I was president.

It’s around this time that I met Ray Hall, my mentor. Ray knew more about industry associations than anyone I ever met. He was a major player in trade shows. I’m proud to say that I was elected to ERA’s Board of Directors and served as president and chairman. I feel strongly that the year I was president we had the best BOD ever assembled. It was also the year that MRERF was founded. This was funded by White Pin members at the London ERA conference. The Florida Sunshine Chapter donated $5,000, as well as myself. Many rep firms and chapters also contributed. Other milestones in my career included the establishment of CPMR classes at Indiana University and later at Arizona State. I proudly accompanied Ray when he was honored into the Hall of Fame of Association Managers. I served on the Southcon BOD and was a “White Pin.”

Lastly, medical issues are part of my history which included non-Hodgkin’s lymphoma, a pacemaker and diabetes. Fortunately, my cancer is in remission, my pacemaker is working as well as the pills for chemo and high blood sugar. I walk every day and I’m feeling fine. I sold EPM and retired. My greatest sorrow has been the passing of friends and relatives. I currently love to travel, enjoying my computer, reading, watching sports on TV and following the grandchildren’s activities.

Where is Dave McCoy now …

I started my career in electronics working for a regional electronic distributor branch in Memphis, Tenn. There as a very young man I met Jim Cartwright, president of the prestigious Cartwright & Bean Inc. (C&B) rep firm. I was fortunate to be offered a position with C&B working from the Memphis area until we were asked to relocate to New Orleans, La. I worked there for nine years during the 1960s. In 1969, I was transferred to the Atlanta office to become sales manager of our company.

C&B has operated as a manufacturers’ representative since 1932. That is an incredible 88 years! Our company grew to encompass the six Dixie Southeast states of North Carolina, South Carolina, Georgia, Alabama, Tennessee and Mississippi. We later sold our Florida division to our employees. Then I was blessed to receive the great opportunity to serve as president of ERA, president of the Electronic Distribution Show (EDS), and served on many of our principals’ rep councils. I was also one of the reps who advocated point-of-engineering and point-of-sale commission credit. This was not an overnight endeavor and ultimately resulted in fair compensation for all electronic reps.

Furthermore, I am most grateful for being selected into the ERA Hall of Fame. I feel very blessed to have received these honors and opportunities and thank those principals, distributors, and fellow representatives for them.

My wife, Nona, and I have had the great privilege of working with and becoming good friends with industry notables over the years. Among them are James and Betty Cartwright, Everett and Helen Bean, Ray Hall, Bob Trinkle, Bruce Anderson, Gene Foster, John Merchant, Joel Schwartz, Jess Harper and Larry Brown. These are a few of the many special individuals we had the honor of getting to know. They all had a significant influence on my career.

We have not put a date on my retirement as I still feel good, energetic and enjoy our business. Nonetheless, we are preparing for that eventuality.

Being a representative for so many world-class manufacturers has been a richly rewarding profession. I have been blessed to be able to spend my entire career with the same company; one I was ultimately able to own. There were many along the way who helped and many I had the privilege of helping.
POs and the price in the later manufacturer invoice, which he could not explain, and used the price in the POs to determine the amount of commissions due.

Comparing this amount to the commissions actually paid yielded the underpayment awarded by the jury of approx. $445,000. OSS then argued that the CS invoices produced in discovery were fraudulently generated to reduce the commissions due by overstating the amounts paid to manufacturers for the crankshafts.

Under the California sales rep statute, the jury's award for failing to pay commission amounts due was trebled. The jury further determined that two key players at CS had acted with malice, oppression or fraud, and proceeded to award $100,000 in punitive damages against CS, and an additional $150,000 against each of the two CS officials. The total punitive award was thus $400,000.

Not surprisingly, the defendants appealed.

Statutory treble damages were appropriate

In appealing the treble damages award, CS misconstrued California's rep statute, which requires the rep to "solicit orders at least partially within this state.”

The parties' contract assigned OSS a worldwide territory. While many Californians equate their state with the whole world, it is beyond dispute that a worldwide territory at least includes California.

OSS presented evidence at trial that it called on automotive customers in California, which was consistent with the contract's provision enabling OSS to identify customers other than Husqvarna. Although these calls ultimately proved unsuccessful, the statute only requires "soliciting orders" in the state, not actually "making sales.”

CS also tried to distinguish OSS's California sales calls by pointing out they did not relate to the sales to Husqvarna at issue. However, reps who operate at least partially in the Golden State are entitled to assert a cause of action under the statute for unpaid commissions, and it is not necessary to show the unpaid commissions relate specifically to a California customer.

The jury fairly awarded the contract damages

The appellate court also found ample evidence supported the jury's finding that CS fabricated invoices and used these false records to underpay OSS. While the parties’ contract called for determining the CS gross margin based on the cost of goods sold as reflected in the manufacturer invoices, when these invoices proved unreliable, the jury properly accepted OSS's use of the CS purchase orders as evidence of cost of goods sold instead.

As the court stated, “The law requires only that some reasonable basis of computation of damages be used, and the damages may be computed even if the result reached is an approximation.” OSS explained at trial how a purchase order comprises an agreement to buy a product at a set price, and it was reasonable for OSS and the jury to rely on this price to establish the CS cost of goods sold and its gross margin.

Using the purchase orders reasonably enabled the jury to approximate the real invoice price, an approximation fully warranted when “it was CS’s own wrongdoing that resulted in the unreliable invoice prices in the first place.”

Fraud by CS justified awarding punitive damages

The law defines fraud as a misrepresentation made knowingly and with an intent to defraud another party, who justifiably relies on the misrepresentation and suffers resulting damages. Each of these elements was proven at trial.

By showing that CS fabricated its costs through doctored manufacturer invoices falsely reflecting manufacturer increases, OSS proved CS made intentional misstatements in a scheme to deceive it into accepting lower commissions based on purportedly lower CS gross margins.

The assertion that the conduct proved at trial was insufficient to show intentional misrepresentation was a claim by CS viewed as BS by the appellate court. Pointing to the invoices CS relied upon at trial court, which were manipulated for customs purposes, the court noted how the prices varied from the purchase orders, as well as how they were unsigned and unstamped, produced in electronic format rendering them subject to manipulation, and nearly identical in form though purportedly issued by different manufacturers.

Finally, the appellate court grew cranked up that CS was less than forthright with OSS about its new manufacturing agreement, on its way to upholding the jury's finding that CS defrauded OSS. Thus, the punitive damages awarded were deemed fully consistent with the evidence, and the jury's award was affirmed in full.

For CS, it was bad enough on the losing end of OSS's grand slam judgment. Then, it was forced to endure OSS's metaphorical home run trot when CS was even ordered to pay costs on appeal.
ARIZONA

In December, the Arizona Chapter hosted a high visibility networking luncheon, in partnership with Benchmark/Lark in Scottsdale, Ariz. Approximately 40 people from the electronics community attended the event, which featured Fred Grabau, national sales technology manager, who presented on the dynamic of Benchmark/Lark’s engineering development and services business segment. Benchmark recently relocated its headquarters to Phoenix, and also is planning to bring its ODM engineering services business into the Phoenix area, making it one of the go-to technology resource for leading edge technology design and development in the area of RF and communications.

CAROLINAS

Caroliniae ERA (CERA) held another successful golf tournament last fall in Raleigh, N.C. Over 100 golfers raised enough funds to cover three rep/distribution scholarships in 2020. The chapter also donated to the American Cancer Society in memory of Larry Steffann, Meara Hamlin and Esther Bowling.

CERA held elections in December to appoint new officers for the 2020-2021 term. They are: Chairman of the Board – Buzz Reynolds, CSP, of Performance Technical Sales; President – Penny Hoglund of AEM Group; VP / Finance – Annette Paden of South Atlantic Components Sales; VP / Education – Ken Jacobson of Aurora Group - Caroliniae; and VP / Membership – Bryan Teen of Tech Marketing.

Newly elected chapter directors for a two-year term (2020-2021) include: Kingsland Coombs, CPMR, CSP, of Control Sales and Patrick Pajor of Abbey Sales Corporation.

The following chapter delegates were last elected in 2019 to two-year terms, so their tenures extend through 2020:
• National Delegate – Jeff Huntsinger of Huntsinger Group, LLC
• Alternate Delegate – Eric Sagendorph of Select Technology Sales
• VP Marketing and Social Media – Zachary DeVillers, CPMR, CSP, of Brainard Nielsen Marketing

Chapter Director Bob Evans, CPMR, of EK Micro was last elected in 2019 to a three-year term, so his tenure extends through 2021.

The following chapter directors were last elected in 2018 to three-year terms, so their tenures extend through 2020:
• Director – Todd Somers, CPMR, of Somers-Stanton Inc.
• Director – Ron Riesinger of Synmark Sales (Retired)

Martin Linke of Dytec-NCI is leaving the board after many years of service. The Chicagoland-Wisconsin ERA board is grateful for his support and dedication to the chapter.

CHICAGOLAND - WISCONSIN

The Chicagoland-Wisconsin Chapter has appointed new officers for the 2020-2021 term. They are: Chairman – Tom Trzeciak, of ALT Technical Sales; President – Rick LaPiana of Cain-Forlaw Company; VP / Fiscal & Legal – Diana Nawrocki of ESA Technical Marketing; VP / Education – Jon Ogden of Cain-Forlaw Company; and VP / Membership – Joe Braun, CPMR, of EK Micro.

Newly elected chapter directors for the terms of three years (2020 through 2022) include: Kingsland Coombs, CPMR, CSP, of Control Sales and Patrick Pajor of Abbey Sales Corporation.

The following chapter delegates were last elected in 2019 to two-year terms, so their tenures extend through 2020:
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Martin Linke of Dytec-NCI is leaving the board after many years of service. The Chicagoland-Wisconsin ERA board is grateful for his support and dedication to the chapter.

EMPIRE STATE

Empire State ERA hosted its annual holiday party in December at the Sherwood Inn in
downtown Skaneatelles Falls, N.Y. The event offered a great opportunity for reps and distributors from the local area to meet and celebrate the holiday season.

**METRO NEW YORK**

Metro New York at the Long Island Chapter of Women in Electronic event.

In November, the Metro New York Chapter accepted an invitation to sponsor the inaugural kickoff meeting for the Long Island Chapter of Women in Electronics. Representing the chapter were Steve Alford, John Beaver and Jeff Bergstein from the local board. Near the end of their meeting, the chapter was given the opportunity to provide a brief introduction of ERA's history and the Metro New York's role in supporting the local market.

**NEW ENGLAND**

The last quarter of 2019 was a very busy one for the New England Chapter and 2020 is also shaping up to be chock full of chapter member events.

The chapter held a networking event in November, which provided members the opportunity to practice their golf swings on the simulator at Wamesit Lanes, while catching up with fellow rep, distributor and manufacturer members.

In December, the chapter supported the Molex Toys for Tots Industry Holiday Gathering that was very well attended.

Also in December, the chapter board met to plan 2020 and is preparing the send save the dates event notifications for March 25, July 20, and Oct. 14. New England ERA is especially excited for its upcoming July 20 event, when the chapter is planning a members golf outing.

**SOUTHERN CALIFORNIA**

In November, Southern California ERA hosted a fun and successful charity golf tournament, with dinner, silent auction and raffle. The chapter raised $5,000 for Operation Homefront, a nonprofit organization that focuses its efforts on relief, resiliency and recurring support for military and veteran families. Everyone had a wonderful time.

**REPS, DISTRIBUTORS AND MANUFACTURERS:**

Access to ERA education programs has **NEVER** been easier or cost less!

All ERA WEBINAR files are available for just $20 per program for members ($30 for non-members). Listen and learn **WHENEVER and WHEREVER** you choose.

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- I Hate Cold Calling: Alternatives for High Impact Prospecting
- Managing Your Line Portfolio
- Negotiating with Both Customers and Principals
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- Strategic Planning for Any Size Rep Firm
- Time and Territory Management: Parts I and II
- Turning Objections into Sales
- Valuing, Buying, Selling or Merging a Rep Firm

For details and an order form, go to era.org.
EXECUTIVE COMMENTARY: Digging wells
(continued from page 15)

The 2020 ERA Conference Committee is chaired by Mike Swenson, CPMR, president of Mel Foster Company and Craig Anderson, CPMR, president of Sumer, Inc., is the co-chair. Both men have given several hundred hours to help put on a great 2020 Conference. This does not happen by accident. Together with Erin Collins, events coordinator for ERA National, they have assembled more than 100 VOLUNTEERS on various conference sub-committees. Do you think that these 100 or so volunteers have a lot of spare time to give to ERA and to our industry? No more than any one of us. The difference is that they FIND TIME to invest in our industry and in each other.

We all have the same 24 hours in a day. Those folks that all of us have come to know and to rely on know that, somehow, they will “find the time” to help us and others.

We also know that there are many people who never volunteer or want to give back to others, don’t we? We have all drunk from wells that we did not dig. Who dug them for us? Those that came before us!

At the start of this new year and new decade, we must ask ourselves: What are we doing today to help those who will follow us? What will they say about us? Will we leave the industry better or worse after we move on?

As a part of our membership initiatives, we often lose a member who decides to not renew their ERA membership. I try to call each one and ask them where ERA failed them? Where did I fail them? I often hear: “I got nothing out of it. I never heard from anyone. I do not see any return for my dues investment.”

Perhaps these are all valid points. However, I try and tell all new members that ERA is an all-volunteer army. You will get out of it what you put into it! Get involved in the local chapter and chapter events. Get involved on the Conference Committee. Join our Teleforums. Write an article for The Representor. CALL me to complain. Do something other than sit back and wait for someone to do something for YOU first!

My hope for 2020 is for all of us to SEE clearly what this great industry does for all of us and our companies. It is our responsibility to support EDS and other industry associations and events. Invest your marcom budget in each other and in this great industry.

We owe it to those who came before us who built the industry that we enjoy today. If we don’t give back to this great industry TODAY, what does mean to those who will FOLLOW us, who are relying on tomorrow’s leaders to develop tomorrow’s leaders?

Adopt the mindset: “How can I help?” versus “What’s in it for me?”

If you poll those folks, who we all know are givers and volunteers, who we can count on to help out, you will find that they and their companies get back way more than they put in. Sometimes industry ROI may be more important that financial ROI, and sorely needed in today’s times.

Help me dig some wells and kiss some frogs at EDS. Thanks for listening.

FROM THE TOP: 2020 vision
(continued from page 17)

manufacturer, each distributor, each representative and, yes, even each association, must know and understand our unique value proposition, and provide a vision of our value and benefit to the industry daily.

What better way to be part of the discussion and spread a vision of your organization than to participate in industry-wide events — like the upcoming ERA Conference in Austin; like the EDS Summit in Las Vegas; and like the ECIA Executive Conference in October — your industry partners will be there networking. Will you?

Finally, on a personal note, as I was bringing this article on vision to conclusion, an unforeseen event caused me to re-write it. On Thursday evening, Jan. 3, 2020, as all the holiday celebrations were concluding, Julie Baker, who served as Treasurer on the Empire State Chapter ERA Board, was taken from us in a tragic and senseless incident of domestic violence. Julie was vivacious, kind, gentle, and thoughtful. Those of us who served and worked with Julie saw this in her daily and will miss her dearly.

As important as vision is, we must realize that we rarely see everything ahead of us; and maintain perspective in all things. As always, I can be reached at ctanzola@fusionsourcing.com and welcome your comments and feedback. I look forward to seeing you in Austin in a few weeks.

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EXECUTIVE OFFICERS

Chairman of the Board:
David Norris
dnorris@norrisrep.com

President:
Chuck Tanzola, CPMR
tanzola@fusionsourcing.com

Senior Vice President/Fiscal & Legal:
John O’Brien, CPMR
jobrien@cbane.com

Senior Vice President/Education:
Tom Griffin, CPMR
tgriffin@catalyst-sales.com

Senior Vice President/Membership:
Cameron English, CPMR
cenglish@englishsales.com

Senior Vice President/Industry:
Bob Evans, CPMR
bevans@ekmicro.com

Senior Vice President at Large:
David Fitzgerald
davef@wesco-sales.com

Manufacturer Delegate:
Ken Belleron
ken.belleron@schaffner.com

Distributor Delegate:
Craig Sanderson
csanderson@sager.com

Chief Executive Officer (Ex-Officio):
Walter E. Tobin
wtobin@era.org

ERA STAFF

Chief Executive Officer:
Walter E. Tobin
wtobin@era.org

Events Coordinator:
Erin Collins
ecollins@era.org

Executive Assistant:
Karin Derkacz
kderkacz@era.org

Database Manager and Webmaster:
Katherine Green
kgreen@era.org

Communications Director:
Neda Simeonova
nsimeonova@era.org

Membership Director:
Stephanie Tierney
stierney@era.org

Finance Director:
William R. Warfield
lwarfield@era.org

ERA OFFICERS

1325 S. Arlington Heights Rd., Suite 204
Elk Grove Village, Illinois 60007
T: 312.419.1432  •  F: 312.419.1660
info@era.org  •  era.org
A book review and recommendation by Dan Beaulieu

Profitable Podcasting: Grow Your Business, Expand Your Platform, and Build a Nation of True Fans
by Stephen Woessner
Copyright: 2017 Amacom
Price Paperback: $21.95
Pages: 258 with Index

The only book on podcasting you’ll ever need to get started

There is no doubt that we live in a world of content marketing. If we want to get our company’s message out there, we must not only know how to develop great content but come up with the best ways to launch it into the stratosphere.

Many of us, shall we say, more experienced marketing people have missed this meeting. We now must play catch up if we are going to keep up. We must learn very quickly about social media, blogging, podcasting, Twitter, Instagram, and every other new social media delivery system out there.

And unless you have been under a rock for the past five years, you know that podcasting is king, by far. Some of us have been exposed to podcasting by entertainers like stand-up comedian Marc Maron and his WTF weekly podcast, while others have just missed the boat completely.

Personally, because of my 20 to 35-year-old children, I know all about podcasts, and because I have been writing a weekly sales column for more than 10 years that also has an audio as well as printed version, I am technically a podcaster, though I don’t know much about it.

However, for the past two years, I have been hunting for the perfect book on podcasting. A book that would not only answer all my questions but also show me in a step-by-step manner how to do it, and better yet, how to make money from it. Finally, now I can say that I have found the book that does all of that and more, much more.

This comprehensive guide to everything podcast is authored by none other than Stephen Woessner, founder and CEO of the digital marketing agency Predictive ROI, and host of Onward Nation, the top-rated daily podcast for business owners.

Woessner became an overnight success in his first attempt at podcasting when he launched a $2 million venture from scratch … now this is the kind of guy I want to listen to.

This one book offers key information about podcasting — how to set up podcasts; how to make them interesting with the right guests; how to interview those guests; how to edit, broadcast, promote your podcasts; and how to make money from podcasting.

Look, I’m not saying that all you need is in this one book. Podcasting is not easy, and it takes a great deal of talent, creativity and time, but this book is a great place to start.

Warning: If podcasting is not part of your content marketing yet, you need to make it before the world passes you by. If you want to get started, get a copy of this book and start reading, start doing. Use this book as your podcasting guide to launch yourself into the 21st century.

Dan Beaulieu is the president and founder of D.B. Management LLC, a consulting firm specializing in all aspects of sales, marketing and branding with a focus on rep-principal relationships. His latest book is The PCB 101 Handbook which can be purchased online by emailing dabbeaulieu@aol.com. Dan is also the author of “It’s Only Common Sense,” a weekly sales column appearing at pcb007.com. Dan can be reached at 207.649.0879.
Certified Professional Sales Consultant

The Certified Professional Sales Consultant (CPSC) is an updated and deeper dive into the skills and tools that are relevant to today’s sales professional.

CPSC will cover a variety of topics such as effective communication, self-awareness, sales planning, prospecting and lead generation, consultative selling and much more. Classroom instruction will be followed by a written exam as well as an interview to earn the CPSC certification.

The first class will be in late March with additional dates and locations to be posted at MRERF.org/CPSC

The MBP workshop will be back later this year. Sales leaders learn various strategies such as selecting the right reps for the business, leveraging reps to meet strategic plans, and how to align with your reps, so your business becomes top of mind.

Certified Professional Manufacturers’ Representative (CPMR) 2021

There are many different aspects to running a successful business ranging from legal to human resources to line profitability, and developing relationships with your principals, it can be overwhelming. The Certified Professional Manufacturers’ Representative (CPMR) program is designed to provide you with the tools you need to succeed.

January 11 – 15, 2021: AT&T Executive Education & Conference Center
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