

TED

the ELECTRICAL DISTRIBUTOR

NAED'S
ARTHUR W.
HOOPER
AWARD
RECIPIENT

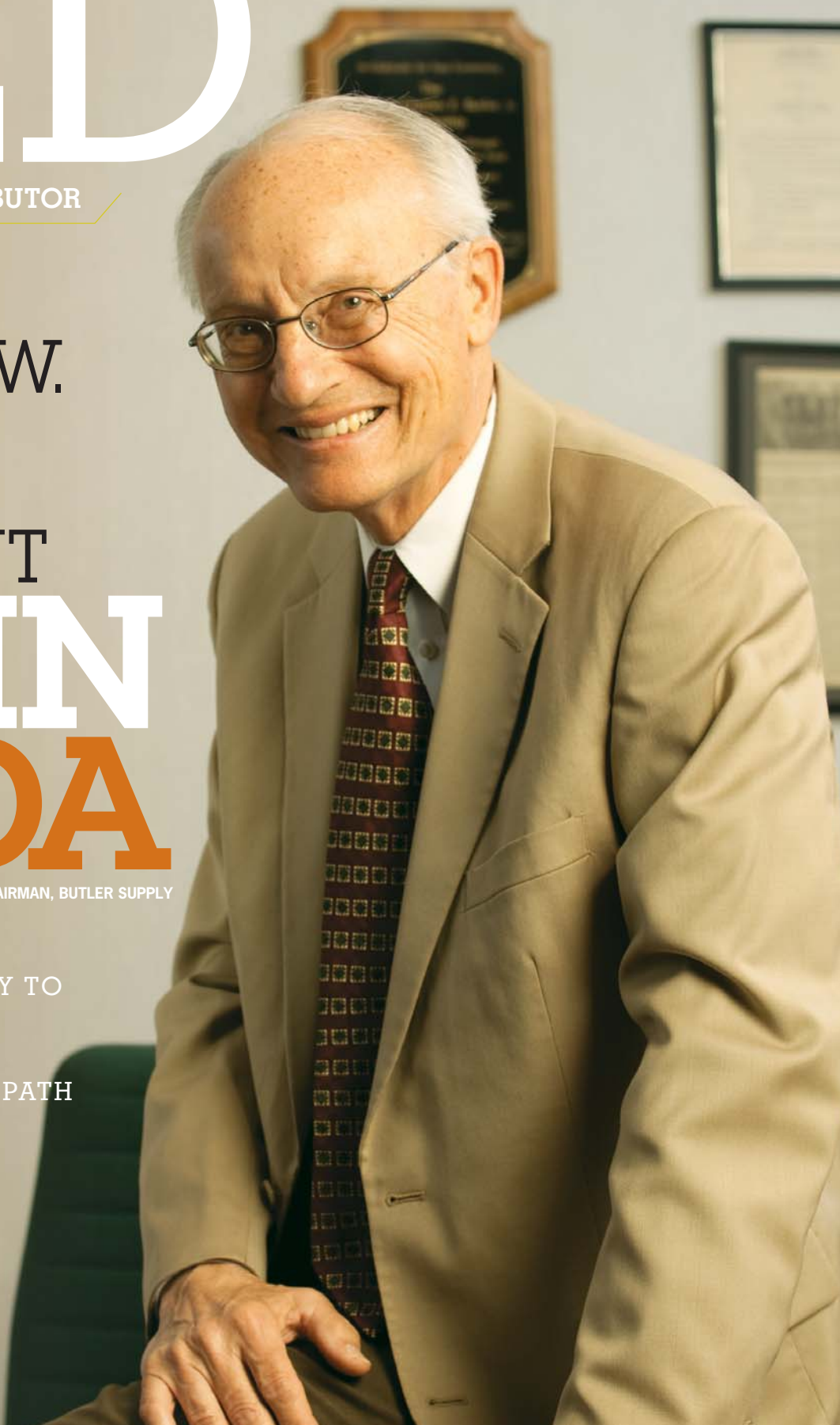
JOHN DUDA

PAST CEO/CHAIRMAN, BUTLER SUPPLY



CURRENT
ONE DISTRIBUTOR'S KEY TO
STAYING INDEPENDENT

FEATURE
PUT YOURSELF ON THE PATH
TO LIGHTING PROFIT





© SEAN LOCKE/ISTOCKPHOTO

of my life, but beyond that such incentives really can build trust between the distributor and the contractor. The truth is that you're more likely to do business and be honest with someone you like." He's less inclined to go to distributor events like happy hours or picnics, but he understands their value. "If I have to spend time away from my family, I'd rather spend it with my customers than my suppliers, but they surely have some appeal to employees."

Some distributors go so far as to tailor their events for various players in the contracting business, providing different venues for owners, estimators, project managers, and electricians. They reason that they are not so much buying business as helping contractors do their job.

A Dallas-based distributor sponsors open houses and barbecues geared toward electricians, at which they give away hand tools or calculators—things that might be useful in the field. At the same time, contractors can learn about new products or systems that have come on the market.

The company also provides continuing education classes for managers who are required to have it, bringing in manufacturers to contribute to the training. And for owners and managers who have a need for meeting space, the distributor supplies it—asking only for the opportunity to give attendees a tour of the warehouse.

In good economic times, such enticements can make a difference to a contractor looking for an edge. In hard times, however, they become even more important, although contractors understand that distributors have thin margins too. Montecalvo said that while distributor-sponsored events may be less robust than they were in a better business environment, she believes they will eventually strengthen as the economy does "because they are such an effective tool."

The contractors interviewed for this column made it clear that distributor events should not be viewed as an attempt to "buy" their business. "We don't go to these events to get free

Out and about

Marketing events aren't about buying customers—they're about building relationships. by Rae Hamilton

Distributor-sponsored events that are designed to promote face-to-face contact between suppliers and contractors are as old as the industry itself and apparently as effective as ever, despite a perceived slowdown due to a poor economic environment. These events vary widely in their nature and their reach. Some are as simple as a barbecue to which contractors and perhaps family members are invited. Others are more elaborate and less frequent, such as a golf tournament with greens fees waived or a trip to Hawaii. What they all have in common, however, is a desire to foster better customer relations.

Nancy Montecalvo, president of Montecalvo Electric, a contractor in Akron, Ohio, summed up what many in the industry think of such events: "They provide opportunities to get to know and understand suppliers and, in turn, communicate your needs and point of view to the distributor," she said.

A small contractor from northern

California said his supplier hosts a barbecue every month. "It's a nice social occasion for our employees," he noted, "but it also gives us an opportunity to meet company reps and learn about new products."

A large contractor based in Maryland said trips based on purchasing goals have "provided some of the highlights

stuff," said one. "We go because it shows us that someone is interested in taking care of us and getting to know how we work and what we need to do to bring a job to completion. It's the ultimate goal in customer service."

Customer service is a concept to which much lip service is paid. That incongruity is often attributed to the intense scrutiny of the bottom line and its accompanying cost cutting, but contractors assert that cutting corners on customer service is penny wise and pound foolish. "Nobody likes higher costs," said one, "but if I get great customer service, I'll stay with a supplier even if I might be able to slightly lower my costs by going to another. In the end, I'll recover those costs through supplier loyalty and customer satisfaction."

And guess what? It works out for the distributor as well. Performance improvement company HMI Incentives (hmiaward.com) was recently hired by a midsized electrical distributor to help it keep pace and distinguish itself from the competition. The company provided the following case study that suggests distributors can gain as much from rewards programs as their customers:

HMI provided a package of marketing programs to the contractor, the centerpiece being an annual group travel event. According to the company, in the first year the trip award improved participant sales by nearly 30%. More than 300 companies enrolled in the program, and 140 were rewarded with a cruise. The plan gradually expanded and was well promoted. Ultimately, sales increased more than 22% from the participant pool alone. Thirty-six percent of the client's customer base enrolled in the program, which sent 30 participants on a trip to London and more than 300 on four-day/three-night cruises. Some top performers opted to give all six trips to their employees, helping to broaden relationships with owners, project managers, and estimators.

With results like that, it is hard to see what the downside would be in developing and maintaining customer event programs. If they strengthen the

bond between distributors and contractors, improve communication between the two, result in a better bottom line, and perhaps even increase satisfaction among end-users, that represents a very nice return on investment—and is illus-

trative of a partnership that is healthy for everyone in the food chain. ■

Hamilton is a Parkton, Maryland-based freelance writer. Reach him at hamilton_rael@yahoo.com.

"CUSTOMERS' CORNER" IS A NEW MONTHLY COLUMN IN *ED* DESIGNED TO HELP STRENGTHEN THE RELATIONSHIP BETWEEN DISTRIBUTORS AND THEIR CUSTOMERS. SEND YOUR COMMENTS TO EDITOR MISTY BYERS AT MBYERS@NAED.ORG.



RAISE YOUR EXPECTATIONS

- Expect higher quality
- Expect a higher level of support
- Expect higher profit margins
- Expect unique tools not found anywhere else
- Expect increased sales without duplicating current lines

Tools Designed With Your Hand In Mind™

KNIPEX is the world's leading brand of professional-grade pliers. Make our German-made, American-supported, world-class tools your #1 line of pliers. For more information on KNIPEX tools or to receive a free sample* of one of our top tools, please send an email to sales@knipex-tools.com. Or call us at 847-398-8520. www.knipex-tools.com



Get the free mobile app for your phone
<http://gettag.mobi>

*Limit one sample per distributor ©2011 Knipex



Circle 126 on Info Card or visit tedmag.com/InfoCard