The NAED’s Eastern Region Council developed this biannual survey to create a benchmark of the value added services electrical distributors are currently offering. It will also help facilitate effective communication of the value of services provided by the electrical distribution channel. Expanding the conversation of “value” to your customer, your employees, and to the “channel” as a whole, it allows individual electrical distributors to evaluate where they are today and to develop a possible road-map in offering new services in the future.
How do you charge for these services?

Which services do you offer?

- Lighting layout & design
- Wire & cable cutting, stripping
- Conducting energy audits
- Kitting assembly services
- Customized packing
- Layout & design work
- Customized labels
- Pulling heads
- Radio-frequency identification labeling
- Power cord modification & termination
- DIN rail assembly, cutting, punching
- Business information modeling

Provide at no charge

Bundled price with other services

Different for each customer

Charge a specific fee
WHICH INVENTORY MANAGEMENT SERVICES DO YOU OFFER?

HOW DO YOU CHARGE FOR THESE SERVICES?

- **Provide at No Charge**
- **Bundled Price with Other Services**
- **Different for Each Customer**
- **Charge a Specific Fee**
WHICH FINANCIAL & EDUCATION SERVICES DO YOU OFFER?

HOW DO YOU CHARGE FOR THESE SERVICES?

- **Provide at no charge**
- **Bundle price with other services**
- **Different for each customer**
- **Charge a specific fee**
WHAT’S YOUR REASON FOR NOT CHARGING FOR VALUE ADDED SERVICES?

- Competitive Price Pressures: 26%
- Market Conditions Dictate We Can’t Start Charging: 47%
- Customers Won’t Allow For It: 3%
- Other: 10%
- Don’t Know How To Start Charging Or Recouping Services: 10%
- Tried And Didn’t Work Out: 4%

HOW DO VALUE ADDED SERVICES AFFECT YOUR SALES BUDGET?

- 8% - Billed Internally To Another Department
- 12% - Have A Separate Budget To Forecast Goals For Services
- 25% - Services Provided Roll Into Corporate Overhead
- 55% - Don’t Have Separate Budget For Services Provided
WHO MANAGES YOUR VALUE ADDED SERVICES?

- Managed by Sales Staff: 49%
- Managed by a Dedicated Team: 26%
- Managed by Engineers: 3%
- Managed by Other People: 19%

The sum may not total to 100 due to rounding.

HOW FREQUENTLY DO YOUR CUSTOMERS REQUEST VALUE ADDED SERVICES?

- Never
- Occasionally
- Very Often
- Always

The sum may not total to 100 due to rounding.
WHAT IS YOUR CURRENT OCCUPATION?

- 9% Accounting
- 1.3% Vendor Relations
- 3.9% Regional Manager
- 3.9% Operations
- 4.8% Marketing
- 4.8% Purchasing
- 7% Other
- 8.8% General Manager
- 11.4% Sales
- 14% Sales Management
- 14% Branch Manager
- 25% Owner/President

HOW MANY EMPLOYEES DO YOU HAVE?

- Under 25: >10%
- 25 - 49: >9%
- 50 - 99: >20%
- 100 - 499: >40%
- 500 - 999: >8%
- Above 1000: >13%

WHAT IS YOUR COMPANY’S ANNUAL REVENUE?

- Under $10 Million: 30%
- $10 - $25 Million: 25%
- $25 - $50 Million: 20%
- $50 - $100 Million: 15%
- $100 - $400 Million: 11.4%
- Above $400 Million: 8.8%
We asked respondents for ideas on how businesses can take full advantage by charging for value added services.

#1 JUST START!

#2 A distributor should be a problem solving company. If your customers problems can be solved by value added services, find a way to get it done.

#3 Value added services are sometimes the only thing separating you from your competitor.

#4 Our customers often charge their own customers for value added services. They understand the value proposition when a distributor is a solution provider, rather than a parts delivery service.

#5 It’s critical that we continue to educate our employees on the importance to always look for ways to differentiate so we can stay relevant to our customers and our suppliers.

#6 Have the courage to get paid for what you do.

#7 Learn how to value your service and assess cost from a true service provider, not a distributor.

#8 Customers value things if you charge for them. If you give it away they perceive the service as having little value or cost to the distributor.

#9 Develop a value add strategy that is unique, difficult, or costly for your competitors to duplicate and SELL the value to your customer base.

#10 Document customer savings and leverage that at the right opportunity, make sure you get something when you give something.

#11 Understand what your cost structure is, in order to charge accordingly for your services.