

# ERA Today



Newsletter of the ERA Southern California Chapter

June 2003



## "Assets For Road Warriors"

### A chapter event!

At times it seemed half the chapter was involved in presenting "Assets For Road Warriors." Pictured above are most of the folks who made presentations. Not shown are Jay Ownby, Dave Barryman and Bill Sullivan. The jam-packed meeting contained so much material that it ran well over two hours allotted. Members were pleased to receive an array of useful information. Topics included our website directory and new on-line Road Warrior assets such as links to [www.sigalert.com](http://www.sigalert.com) and directories of member favorite places to eat and stay which are found at [www.erascal.org](http://www.erascal.org) under Member Benefits, Assets For Road Warriors.

Other presentations included GPS, Combined use of laptop and cellphone in the field, satellite radio pros and cons, survey results about how customers look for product information, Empowering Systems software and why to consider it, why Act! and Palm work well together, good-inexpensive teleconferencing, the latest cellphone technology, Globalspec as a lead generator and sales resource, and where to find customer information.



### Third William E. Sullivan Award Presented

Bob Baxter was awarded the William E. Sullivan award at the June 2 chapter meeting. Bob is the third recipient and is pictured here with original recipient Bill Sullivan on the right and second recipient Harrison Frank, on the left.

### SOUTHERN CALIFORNIA ELECTRONICS EXPO

The new name reflects promotional efforts for the chapter owned show that now include all of Southern California. The show will be September 24, 2003 in the Orange County Fair and Exposition Center. For exhibiting information: 949-551-2890 [info@socalee.com](mailto:info@socalee.com) [www.socalee.com](http://www.socalee.com)



### Breakfast at Mimi's

Attesting to the ongoing popularity of our Friday breakfast meetings, in Tustin six to ten meet each week, Northridge has even more on a monthly basis and Manhattan Beach with fewer member offices has fewer. The total is about 500 to 800 meeting hours per year, about as much as chapter meetings and Owner's Forums combined. These casual meetings continue to be well liked by those who participate.



### More Breakfast at Mimi's

### Do You Need CPMR CEUs?

Did you know educational ERA chapter meetings and Owner's Forums can be used for CEUs? It is another good reason to participate.



## ON CUSTOMER SERVICE ...

By Steve Goldman, President  
Image Associates, a Division of  
Image Electronics, Inc.

Does a good salesperson make a good business owner? Not necessarily. There are many aspects of running a successful rep business. I would like to discuss one aspect I feel is key to success in formulating and maintaining the Representative to Customer relationship.

I blame mid-life crisis and the nudging of a Rep company for my sudden change of careers in 1991. After 17 years in several OEM Quality Assurance positions (some of you might remember those company names such as Lexitron Corp., Micom Systems and Amperif Corp.) stepping into the Sales Representative business was somewhat of a shock. I thought selling Christmas Cards door-to-door as a 12 year old was plenty of past experience!

As it turns out, my most valuable experience was the interaction with working peers such as Planners, Engineers and Purchasing Agents in conjunction with many visiting Sales Representatives and their Principals. This gave me insight of how salespeople operate and how they interface with customers. In a nutshell, depending on how we are treated by others, whether it be personally or in a business environment, we tend to learn the reasons of our likes and dislikes toward another person. Let's just say it is the difference between Buyers who are looking forward to meeting a visiting Salesperson to

those who are not. Ultimately, achieving a good relationship with the customer, regardless of their position, is what's important. This is better done by actions rather than words.

I would have to write a book to cover all the attributes as to what makes a good Salesperson, so I will briefly cover just one area; how we at Image Associates interface with customers in respect to RFQs, Quotations and Purchase Orders. It's basically how we differentiate us from our competition and win a customer over. All this starts with Customer Service. Unless you are a stocking Rep or Distributor, Customer Service is all we have to offer, so you better make it good!

I know from speaking with many other representatives within the ERA, that we run our Rep business much different than most. Granted, our commodities are largely custom fabrication such as PCBs, Sheet Metal and Cable Assembly, but this can apply to your component customers as well. Whether our 'method of operation' is good or bad, who knows? What we do know is we were up 30% in sales in 2002 (our 2<sup>nd</sup> best sales year since our start in 1992) so we feel it is working for us. Our secret is so simple. Grow your customer base and maintain your accounts. Keep all Buyers and Engineers happy and they will continue to give you their business. We have several customers who give us the business (no pun intended) despite cost. Our Principals are typically not the low cost alternative as we, as do our customers, strive for high quality parts. However we are occasionally told by customers that we're getting the purchase order due to our company's interface in making their job much easier.

### What we do

Aside from typical technical assistance, in most cases we *train* our customers to contact us, the Rep Company, not the Principal to place RFQs and Purchase Orders. We try to be totally in the

procurement loop from start to finish with little exception. Many of our customer's accounting databases have placed our Principal as the 'Accounts Payable' company, but have our contact name, email, phone and fax numbers as the point of contact. Being the age of emails, RFQs typically arrive from our customers in email format. Upon receiving the RFQ, we immediately respond via email reply to the customer that we are in receipt of their request and confirm the quote is in process. At this point we are in control of working with our Customer and well as the Principal. We are in turn also responsible to make sure this quote gets returned to us from the Principal in a timely manner. Remember that it is now US our customer is relying on. If necessary, we keep interfacing between our Principal and the customer so all are always informed of an RFQ status. Upon quote receipt, we check for accuracy in regard to quantity and lead times that the customer had requested. Upon forwarding to the customer, we contact them within one to two hours and perform a quote follow-up, typically using the phone. All this sounds simple (and yes it's time consuming), but it is amazing how often we hear from customers how we make their job so much easier for them. As you know, under the typical situation, the Buyer who is waiting for that urgent quote does not have to keep contacting their supplier for status. The Buyer is informed of the quote status, typically by email, once or twice during the day and is assured nothing fell through a crack.

Being so close in the quoting loop also provides us an immediate tool to follow up in trying to secure a Purchase Order. Our customer service policy on Purchase Orders is similar to that of RFQs. We typically receive the actual Purchase Order direct from the customer, confirm to the customer of its receipt and accuracy, and then forward to our Principal. Keep in mind that to protect ourselves,

we demand a written Order Confirmation, via email or fax, from our Principals to make sure it was received and is in process.

Our next step is keeping track of a specific Purchase Order and periodically checking with our Principal as to its status. Obviously being aware of the ship schedule, we enter this into an Excel spreadsheet as well as our Contact Manager (we use Palm PC Based, but Outlook and ACT! are most popular). By doing this, we confirm the order is being shipped on time (or not on time) and contact our customer with the status. Often, we also supply the customer with the shipping carrier tracking number.

Of course we can not possibly do this for every customer order, but a decision to implement this on a specific customer is dependent upon the account size (or potential future size), the value of a given order and/or the maturity of the account. We believe this is a valuable tool to become the ultimate Manufacturers Rep and achieve a good company reputation for Customer Service in the industry.



#### **Awards Time**

At the June 2 meeting outgoing chapter president, George Gibbons, receives an award from incoming president, Bob O'Brien. Other chapter officers were similarly honored.

#### **Chapter Officers for 2003/2004**

Board Chairman, George Gibbons  
President, Bob O'Brien  
Vice President, Steve Goldman  
Treasurer, Bill Greenfield



#### **IS THE RECESSION OVER?**

By Harrison Frank

There are a lot of indications that the answer is yes! Can we believe the indications? Well, the stock market recently broke out on the upside, some companies are giving positive forward guidance. Many reps are reporting more customer interest, and even sales increases. Only time will tell, but it is the most encouraging climate in over three years.

So, what should you do about it other than yell "Hurray?" It may be premature to start adding staff and new salespeople, but it is certainly appropriate to start talking to new and old customers about business possibilities. Of course you do this in person, on the phone, by direct mail, email, and fax. You may have trouble covering enough ground with the downsized staff that survived the recession. You need something to multiply your efforts.

That could very well be trade shows. You exhibit your products, and the customers come by and talk to you — many more than you could contact by any other method. And you have a chance to qualify them right on the spot, while the customer is standing in front of you.

If your OEM customer base includes the Southern California Electronics market, the Southern California Electronics Expo is made for you. It is held at the Orange County Fair and Exposition Center on September 24, 2003. You will have the opportunity to meet engineers and purchasing people from all over Southern California.

We invite you to look us over at [www.socalee.com](http://www.socalee.com) You can sign up to exhibit right on the web site, and you can even select your booth.

The best news is the cost to show your stuff to almost 15% of the U.S. Electronic OEM market place is only \$599 for a 10' x 10' exhibit space including carpet and electric power.

If you want the personal touch, call Frances at 949-551-2890.

#### **Why Are We Era Members?**

Because we understand the advantages of belonging to a trade association as opposed to going it alone. By joining forces we can speak with a collective voice to our legislators in Washington, our customers, principals and our entire industry. ERA is carrying the ball for a lot of reps who are not members because improving the rep business is good for all reps. The more members we have, the lighter the individual load. Do you know electronics reps who are not ERA members? Suggest they attend a meeting or seminar to see what they are missing. If each member brings another into ERA we double our membership! Was ERA membership a factor in your last line interview? Some principals look only at ERA firms when selecting a new rep. Who wants to miss that preferential treatment?

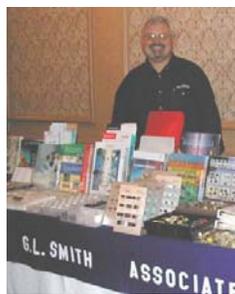
Most of our members are victims of the two stealth problems at work in southern California. Products use fewer components, and fewer things are made here. There seem to be fewer parts in everything today. Even a sophisticated instrumentation product is likely to contain some ICs on a board, and not much else. A typical test instrument may be a single board in an enclosure with power, switching, input and output provided by the enclosure; the operator has access via a personal computer. For those of us who make a living selling knobs, pots, meters and switches to OEM companies, it's time to wake

up and smell the melted plastic! The days are gone when OEM customers buy components by the truckload for delivery in Southern California. We have many small customers, some of which may be big users someday, but probably not here. Hi-tech products were made here for decades but we are fast becoming a research and development area for products to be built elsewhere. As component reps two paths seem possible; we can make a living on POS supporting distributors who handle sales to small OEMs, or we can find a way to be paid for our design work, no matter where the product is shipped. This could be commission on shipments, some form of retainer, payment for design-in, an hourly fee, or other schemes we haven't yet thought of. We need to address this in our contracts and in our long range planning.

Electromechanical reps will learn new products and find folks who need them. Sub-systems and higher level assemblies will bring higher commission dollars per sale. Fabrication reps face a different but similar set of problems. Their customer base is eroding and when a customer manufactures offshore the odds are slim they will buy pc boards or sheet metal from California. As mergers and acquisitions have thinned the ranks of component manufacturers, reps are also selling and merging, creating problems and opportunities for their principals, associates and others.  
(From ERA Today in 1994)

**Chapter Meetings**

They are still the "big events" that draw a lot of members together to enjoy meaningful and educational programs, enjoy a little social time, eat a nice dinner and still allow us to head for home well before 8:00.



**Tabletop Shows in Santa Barbara and San Luis Obispo**

These popular events continue to do well while larger shows struggle. Customers and exhibitors both enjoy the friendly atmosphere.

**The Computer Projector**

Chapter owned, it is available for your presentations and meetings. still only \$100 per day. Just call the office. 949-551-5200

**Why Networking?**

Just one good line that you wouldn't have known about can pay your ERA dues for many years.

**Chapter Directory**

Our ERA SoCal chapter directory remains the standard for the industry. This resource provides the one way prospective customers and principals can find member firms via the web. Members maintain their own data without

intervention by the office. Data entry is quick and easy. Users can easily find members by product, manufacturer name or member company name. [www.erascal.org](http://www.erascal.org) Printed copies of the directory are available from the chapter office.

**Friday Breakfast**

Meeting casually with your ERA friends continues to be a fun and productive way to share information and solutions to problems. You get to enjoy people who share your Interests and still get to the office or the first customer of the day at a reasonable time.

- \* **Orange County:** Tustin  
Every Friday at 7:00  
Mimi's, 17th Street at 55 freeway
- \* **Southbay:** Manhattan Beach  
First Fridays at 7:30  
Luigi's 5267 W. Rosecrans
- \* **The Valley:** Chatsworth  
Second Fridays at 7:30  
Lamplighter, DeSoto & Nordhoff

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**Chapter Officers:**

- President,** George Gibbons
- Chairman of the Board,** Dan Parks
- Vice President,** Bob O'Brien
- Treasurer,** Steve Geldman
- National Delegate,** Jay Ownby
- Membership,** Tom Felts
- SOCALLEE Show Director,** Gary Smith

**Trustees:**

- Bill Sullivan
- Harrison Frank
- John Buffa
- Rich Grenn

**Association Office**

- Executive Director**  
Dennis McGillis
- Assistant Director,**  
Frances McGillis

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# NOTES FROM EDS 2003

By Jay Ownby, ERA SoCal National Delegate

At EDS 2003 there were five subjects of concern of relevance to reps and distributors that dominated the presentations, seminars, panel discussions, and personal conversations.

- ❖ When will business return to normal
- ❖ Movement of manufacturing to China
- ❖ Acceleration of design activity in China
- ❖ Tracking sales to contract manufacturers
- ❖ Compensation for design activities

## ❖ When will business return to normal?

- Susan Mulcahy, Reed Electronics – "The question isn't 'when will the economy recover?' The real question is 'When will the economy stabilize?' It has stabilized." The economy will never recover to where it was in 2000. It will be a different economy going forward.
- Juergen Gromer, Tyco Electronics
  - Total worldwide electronics market, relative to 2001
  - 2001 – 100
  - 2002 – 80
  - 2003 – 73
  - 2004 – 78

## ❖ Movement of manufacturing to China

- Contract manufacturing is migrating from Malaysia, Singapore and Taiwan to China
- 10% of the Taiwan labor force has moved to China
- There are 5,400 electronics manufacturers in China, mostly small
- Electronic product sales in China will grow 17% in 2003
- By 2006 the China electronics market will surpass Japan
  - Arrow has 35 offices in Asia, nine in China and one in Hong Kong
  - Arrow has 1,000 people in Asia, 500 in China & Hong Kong
  - Avnet has 23 offices and 450 people in China
  - Asia is 17-20% of Avnet's total sales
  - China is 50% of Avnet's Asia sales
  - Avnet's sales growth rate in China is 40%
  - Quadrep has ten offices in Asia, four in China
  - 25% of Quadrep's business in China is transfer from Taiwan
  - Three years ago 2% of Tyco's manufacturing was in China. This year it will be 15%
  - Vishay has eight manufacturing plants in China
  - Vishay has 6,500 people in China, including sales people
  - Asia was 37% of Vishay's sales in 2002

❖ **Acceleration of design activity in China**

China will graduate more engineers than the U.S. in 2003

- Tyco is establishing electronic design activities in China
- "An engineer in the U.S. costs me \$100,000. An engineer in China costs me \$5,000." (Paraphrased)
  
- Vishay is establishing electronic design activities in China
- "Would you rather pay \$80,000 for an engineer in the U.S. or \$8,000 for an engineer in China?" (Paraphrased)

ODM (Original Design Manufacturing) will accelerate in China

❖ **Tracking sales to contract manufacturers**

and...

❖ **Receiving compensation for design activities (for both reps and distributors)**

- No new solutions presented at EDS but...
  
- There is clearly a growing awareness of the problem among major component manufacturers
  - Distributors are receiving global authorization, so they can sell products in all markets
  
  - Some component manufacturers are taking the position that "if we are not paying full commission on sales, then someone isn't getting paid"
  
  - Contracts are being written to provide compensation for design activities by reps where tracking of sales is not possible. Avenues being used or considered include:
    - Services Charges
    - Design Fees
    - Consulting Contracts
  
- The ERA is reviewing its "Guidelines for Negotiating Agreements between Sales Representatives and Manufacturers" to deal with the compensation for design activity problem.

❖ **The Bright Side** – not widely discussed, but at least mentioned, were the following:

- Products less likely to be affected by offshore design and manufacturing
  - Military
  - Medical
  - High Dollar/Low Volume Products
  - Some Automotive
  
- From Glyndwr Smith, Vishay – Remember your history
  - 15 years ago – "Japan, Inc." was going to decimate the electronics industry in the U.S.
  - 10 years ago – The "Four Tigers" were going to decimate the electronics industry in the U.S.
  - 5 years ago – Contract manufacturing in Mexico was going to decimate electronics manufacturing in the U.S.
  
  - Electronics design and manufacturing continues, and will continue, in the U.S.

## ERA SoCal Committees, 2002 – 2003

Committees are the heart of ERA with members involved in every aspect of chapter operations. Chapter business is conducted by the chapter office and Chapter Board with committee support. Their actions and recommendations make things happen. Below is a list of ERA SoCal Chapter Committees with phone numbers of chairmen so they can be reached with comments or suggestions.

### BOARD OF TRUSTEES

Bill Sullivan 949-770-6229 Chairman  
John Buffa 714-692-8880  
Harrison Frank 760-758-2400  
Rich Grenn 714-731-2222

### BYLAWS COMMITTEE

Jay Ownby 949-581-1211 Chairman  
Bill Quinton  
Gary Schoenbachler  
Ed Reese  
Ted Wiltse

### FINANCE COMMITTEE

Steve Goldman 805-777-1106 Chairman  
George Gibbons  
Bob O'Brien  
Bill Greenfield

### PROGRAM PLANNING COMMITTEE

Bob O'Brien 818-957-0640 Chairman  
Dave Burgener  
Roy Burtrum  
Bill Greenfield  
Mark Sabine  
Gary Schoenbachler  
Bob Stukenberg  
Don West

### MEMBERSHIP COMMITTEE

Tom Felts 310-539-9070 Chairman  
Steve Goldman  
Mark Thompson  
Tim Wolfe  
Roy Burtrum

### SOCAL EE COMMITTEE

Gary L. Smith 714-701-1800 Show Director  
Steve Tennesen Asst. Show Director  
Harrison Frank Show coordinator

### OWNER'S FORUM COMMITTEE

Harrison Frank 760-758-2400 Chairman  
Tammy Bailey  
David Derksen  
Jimmy Hill  
Gary Luthy  
Dave Weathers

Ted Wiltse

### SHOWS COMMITTEE

Gary L. Smith 714-701-1800 Chairman  
Dave Snyder

### TECH FOCUS COMMITTEE

Jay Walters 818-957-0640 Chairman  
Don Blankenburg  
Kelly Carlberg  
Doug Johnson  
Jeanne Ogren

### TRAVEL & ENTERTAINMENT COMMITTEE

Jerry Becker  
Steve Goldman  
Bob O'Brien  
Dave Poundstone

### WEBSITE COMMITTEE

Dan Parks 714-375-6500 Chairman  
George Gibbons  
Bill Perry



Here is what we did in the 2002/2003 Chapter year

## **2002 - 2003 CALENDAR OF EVENTS**

### **It's The Economy!**

**Oct 15, 2002**

#### **Chapter Event**

Dr. Esmael Adibi, Chapman University  
Cypress Golf Club

### **Secrets of making more money in the rep business**

**Nov 6, 2002**

#### **Owner's Forum**

Moderated by Harrison Frank. Chanteclair in Irvine

### **Finance and Taxtips**

**Dec 3, 2002**

#### **Chapter Event**

By Mel Daskal, ERA Financial Wizard  
Porter Valley Country Club in Northridge

### **Health Insurance: Information From Experts**

**Jan 8, 2003**

#### **Seminar**

Moderated by George Gibbons.  
Cypress Golf Club in Los Alamitos

### **Buying, Selling, Merging, M & A**

**Jan 30, 2003**

#### **Chapter Event**

Bryan Shirley of Colrud-Lowery  
Cypress Golf Club in Los Alamitos

### **How to make money with missionary, off-beat, and**

**Feb 5, 2003**

#### **Owner's Forum**

pioneering lines.  
Radisson Valley Center in Sherman Oaks

### **The games customers and principals play**

**Mar 5, 2003**

#### **Owner's Forum**

Moderated by Harrison Frank  
Cypress Golf Club in Los Alamitos

### **LAS VEGAS SHOW**

**Electrotech Tabletop Show**

**Mar 13, 2003**

Italian American Club, Las Vegas

### **Distributor Rep and Manufacturer Panel**

**Mar 19, 2003**

#### **Chapter Event**

Recreation Park Golf Club, Long Beach

### **Goleta Show**

**Electrotech Tabletop Show**

**Apr 9, 2003**

Santa Barbara Elks Lodge

### **San Luis Obispo Show**

**Electrotech Tabletop Show**

**Apr 10, 2003**

San Luis Obispo Veteran's Hall

### **Profit from the new rep bonanza that lies ahead**

**Apr 23, 2003**

#### **Owner's Forum**

Cypress Golf Club, Los Alamitos

### **Assets For Road Warriors**

**Jun 3, 2003**

#### **Chapter Event**

Courtyard by Marriott, Cypress

### **Southern California Electronics Expo**

**Sep 24, 2003**

(Formerly Orange County Electronics Expo)  
Orange County Fair & Expo Center in Costa Mesa

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### **Friday Breakfast**

#### **- Orange County -**

Every Friday at 7:00 Mimi's Cafe, 17th at 55 freeway,  
Tustin.

#### **- Southbay-**

First Fridays at 7:30 Luigi's 5267 W. Rosecrans,  
Manhattan Beach.

#### **- San Fernando Valley -**

Second Fridays at 7:30 Lamplighter, DeSoto & Nordhoff,  
Chatsworth.