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# NEMRA Study Takes Aim At Waste In The Channel

A combination of required activities has severely limited the ability of electrical manufacturers' representatives' personnel to perform expected value-added "selling" functions.

**T**hat is just one of the critical findings of a research study initiated by the National Electrical Manufacturers' Representatives Association (NEMRA), Tarrytown, New York, and its affiliate the NEMRA Manufacturers Group (NMG).

The study, entitled *Eliminating Wasteful Activities in the Representatives & Manufacturer Sales & Marketing Channel*, is described in a white paper that has been distributed to NEMRA and NMG membership.

Conducted by the Farmington Consulting Group (FCG), LLC, Farmington, Connecticut, the study has been undertaken to assist the electrical industry and its channel participants to become more productive and profitable by eliminating wasteful activities.

Commenting on the importance of the study and the resulting white paper, NEMRA President Hank Bergson noted, "As we read this study, profitability in the electrical industry is definitely keyed to an efficient and effective use of resources.

"By focusing on areas in the narrow realm of the relationship between reps and manufacturers, NEMRA has been able to uncover significant functions where productivity improvements can be realized. At the same time, the resources of both manufacturers and reps can be refocused on the primary mission: selling products, gaining and retaining customers."

He continued, "NEMRA's mission with this project is to take this study forward and develop tools for reps and manufacturers to be more efficient and effective and to serve as the catalyst for behavioral change that will lead to a more productive and efficient relationship between reps and manufacturers."

Bergson added, "We're aware that the change we're looking for is difficult as it takes people out of their comfort zone. NEMRA is committed to continuing this research and encouraging a staged and methodical process so people can make well-informed business decisions that will benefit all participants in the channel."

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***Study findings indicate that electrical manufacturers recognize and appreciate the fact that their reps develop and maintain strong local relationships with distributors.***

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with distributors. At the same time, reps recognize and appreciate the quality of the products that their manufacturers bring to market. However, both reps and manufacturers acknowledge there is much that can and should be done to improve each other's performance in the marketplace.

Echoing that thought is Tom O'Connor from FCG, who conducted the study for NEMRA. According to O'Connor, "With the electrical distribution channel facing the challenges on competition of globalization, the growing DIY threats, and continuing consolidation among manufacturers, reps and distributors, each channel partner needs to take a hard look inside their own organizations to evaluate and improve upon the efficiency of their supply-chain processes.

"Conducting this research study, we have found that there is so much that can and should be done to improve both manufacturers' and their reps' performance in the marketplace."

Taking aim at the major subject of the study — channel waste — manufacturers and reps identified more than 20 specific areas they felt needed to be improved. Included in those problem areas and steps to take correction were:

- A task force of reps and manufacturers should be formed to attack the "most wasteful activity" and direct both sides to workable solutions. Once a solution is achieved for the "most wasteful activity," another task force should work on the second activity, etc. A goal of these task forces would be to develop standard business processes for all common wasteful functions that occur so reps can better serve their principals — and ultimately their customers.

- Systems integration was identified most often by reps and manufacturers as a category to eliminate wasteful activities. Among the conclusions drawn in this category were:

- Data is exchanged inefficiently between electrical distributors, reps and manufacturers. As

a result, sales order entry, customer service and inside sales personnel are required to perform slow, labor-intensive, error-prone manual activities when they should and could be providing value-added services.

- The sales order entry process is riddled with wasteful activities including repeated fax and manual order-entry operations.

- Few electrical distributors, manufacturers and representatives make efficient use of EDI transactions.

- In order to address the slow growth of the NEMRA Independent Representative Information System (IRIS), the association will:

- Conduct research to identify current problems and determine why some manufacturers and reps are slow to adopt and use the system.

- Develop and execute specific action plans to meet the information technology needs of all of NEMRA's members.

Copies of the white paper have already been sent to NEMRA, CEMRA and NMG members. For more complete details concerning the findings of *Eliminating Wasteful Activities* or to receive an electronic version of the 30-page study, please contact NEMRA headquarters: (914) 524-8650 or fax: (914) 524-8655, or request a copy via e-mail: [hank@nemra.org](mailto:hank@nemra.org).

NEMRA, with its affiliate, the NEMRA Manufacturers Group, is a North American trade association dedicated to promoting continuing education, professionalism and the use of independent manufacturers' representatives in the electrical industry. The association has a combined membership of 1,200 in the United States and Canada.

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