



# CUTTING THE TIES THAT BIND

The Decision to Eliminate Lines Freed Up Valuable Sales Resources for One Rep Firm

EDITORIAL | JACK FOSTER

In a move viewed as welcome by some and unusual by others, long-time MANA member **Nelson & Associates**, Santa Fe Springs, California, announced earlier this year it was ending its relationships with several manufacturers and focusing its efforts on working with eight remaining “premier” suppliers. According to the rep firm, this was done as a result of industry feedback with the goal of “dramatically increasing customer service, end-user activity, specification and demand creation.”

The manufacturers that Nelson will continue working with are: Alcan, Ferraz Shawmut, Hoffman Enclosures, Inc., Panduit, Encore Wire, Generac, JM Eagle and Wheatland Tube Company.

Manufacturers with whom the rep firm is ending relationships are: Crescent/Stonco, Edwards Signaling, Sola/Hevi-Duty, Bivar and Schurter.

In explaining his agency’s decision, **Kurt Nelson, CPMR**, president, said, “This strategic, industry-leading decision will allow Nelson & Associates to reposition our resources and assets towards the aforementioned premier manufacturers. With fewer lines to sell, our salespeople will have a more focused product expertise, enabling them to effectively drive new product sales, which is crucial to distributors’ sales growth and profitability.”

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“Early last year,” Nelson continued, “the firm retained the services of consultant Tom O’Connor, The Farmington Consulting Group, Farmington, Connecticut, to assist in “developing a business strategy that would guide us well into the future. The decision to end some relationships is an outgrowth of that strategy.

“During the course of the process, one of our goals was to identify that which we were truly good at. We didn’t want to be just okay or mediocre at anything — we wanted to be excellent. Once we did that, we had to determine what to do about it.”

What the agency did was to move on from some of the manufacturers it had successfully represented for years in order to focus on others. “We take great pride in the fact that we’ve been able to hit the quotas for the lines we represent. However, it’s very difficult to do on a regular basis when you represent 14 or 15 lines. Invariably, you and your team are going to be diluted.”

In terms of the logistics employed to move this process forward, Nelson explained that ending long-standing relationships was something the agency had not done in the past, although he and his brother Todd, also a CPMR, had learned about the benefits of line profitability analysis during their three years in the MRERF CPMR program. “I’d have to say that, at the beginning of last year, neither we, our principals nor our customers anticipated such a move. But as we got deeper into the process with our consultant, this seemed to be the best action we could take in order to make ourselves better at what we do.”

Making the decision to end relationships was difficult, according to the rep, “because over the years we had developed close business relationships with some of the companies we no longer will be working with. But throughout the entire process, we followed our goal to make the best business decisions for us and the other people we work with.”

In making the decision to end some relationships and concentrate on others, Nelson is aware of the impact the decision had on a number of constituencies:

**Manufacturers** — Ferraz Shawmut and Hoffman Enclosures, two of the manufacturers remaining on Nelson’s line card, applaud the agency’s effort.

Ken Hooper, senior vice president of sales, Ferraz Shawmut, Newburyport, Massachusetts, notes that the Nelson move is “an unusual one, and we wish more reps would do the same thing. Obviously this decision was the result of a very systematic approach for their organization and the market.”

“No matter how small other lines are that a rep works with,” adds Margie Basney, national sales manager for Hoffman Enclosures, Inc., Anoka, Minnesota, “they take time away

from your line. That’s why I think this is an excellent decision. Our goal always is to gain more attention from our reps and more sales in the territory. I believe we’ll achieve those goals with this decision.”

**Electrical Distributors** — Among the distributors, two companies were quick to offer their thoughts on the move.

Bob Zamarripa, president, One Source Distributors, San Diego, California, applauded the Nelson decision. “From my perspective, this is certainly a move in the right direction. For years now we’ve felt that electrical reps have had too much of their time diluted because they carry too many lines. As a result, they haven’t been able to provide a competitive cost solution for the marketplace. Having fewer lines will allow them to provide value.”

Scott German, president & CEO, Main Electric Supply Co., Los Angeles, California, dwells on the point Zamarripa made — that reps’ efforts have been diluted by representing too many lines. “With this move, Nelson isn’t going to be spread as thin as they’ve been in the past. Now they’re going to have fewer lines to worry about. That’s going to increase their value to us and other electrical distributors.”

**Other Rep Firms** — According to Nelson, his brother Todd and he “identified at least four other rep organizations that could benefit from the move. We called each of them and let them know of the opportunity so they could be prepared to take advantage of it.”

**The Nelson & Associates Organization** — Nelson noted that the decision was somewhat of a surprise to some of the agency’s staff; however, “We experimented with a similar move in our datacom business a year ago. The result of that move was that we became more focused and were able to increase sales.”

In conclusion, Nelson explains that the agency will continue to rep the lines that they will not continue with until those manufacturers are able to find a home with another rep. He adds, “It’s our hope that this move prepares us to successfully sell in what might be an uncertain economy. We’re at the point where we’re lean and mean with a core group of premier lines and in a position to grow sales in good or bad economic conditions.”

When asked whether there might be anything other reps could learn from the moves made by Nelson & Associates, Nelson said, “There are so many unknowns in our business lives that we have no control over. The bottom line is that our destinies aren’t necessarily in our hands. That’s why it’s always so important to make the decisions you feel are best for yourself and your company. Then you just put faith in yourself and move forward. That’s what we’ve done, and we’re confident it will work positively for us, our principals and our customers.” 