

NEWSLETTER

*"...companies and individuals can now source so much more easily, whatever knowledge, production, innovation, research, or advice they need." — Thomas Friedman,
Author of "The World Is Flat"*

INTRODUCTION

In 2005, on a global business trip for FCI, I took the opportunity to read Thomas Friedman's "The World Is Flat". I recall thinking, "I can relate to that" over and over as I turned the pages.

Clearly the world of electronics and interconnect was leading the way to a "Flat World". Early on we were dealing with the dynamics of supporting customers who designed in one region, built in another, provided customer service in yet another, all while supporting a global customer base. Not surprisingly at this year's Electronic Representatives Association (ERA) Conference the topic, "How to excel in this Flat World", was still a major point of discussion.

A few companies have put in robust business processes, systems, and tools to excel in this brave new world. On the other hand many other manufacturers, distributors, and manufacturer's representatives have a long way to go. This month's feature article discusses this topic in more detail.

In other articles, I'll update you on my new role at Bishop & Associates and provide reflections from the ERA conference.

On the economic front it appears that that the global economy and more specifically the electronics industry have started to rebound. All of my contacts report positive sequential growth Q3 over Q2, all be it at volumes 25-30% lower than Q3 2008. Most are forecasting a "U" recovery, although at the moment it looks more like a "V". It's clear that employment figures will lag, with many believing, it will take several years to replace all the jobs lost during the 2008/9 recession.

On a personal note it's been a very busy few weeks, I was able to attend both the Supercomm and ERA conferences, wrote my first ConnectorSupplier.com article, and completed my first official consulting project.

I look forward to seeing and hearing from you soon.

Sincerely,

Earle

Inside this issue:

- Introduction
- New role at Bishop & Associates
- Reflections from Electronics Representatives Association (ERA)Conference
- Featured Article – by Earle Durham
"Your sales team needs to be more coordinated and communicate better than ever"

BISHOP & ASSOCIATES, INC.

Some of you may have seen the press release announcing that I have joined Bishop & Associates, Inc. as Market Director – Telecom/Datacom. In this role I will conduct market research on the worldwide Telecom/Datacom markets, with emphasis on how technology and business trends in this sector affect the connector industry. In the coming months you will see articles, resulting from my research on communications, in ConnectorSupplier.com, a division of Bishop & Associates, Inc.. In the spring of 2010, an in-depth report will be published on telecom/datacom.

I will also be developing reports focused on the global distribution markets.

In my first ConnectorSupplier.com article I provide my [“Reflections on Supercomm 2009”](#).

I look forward to working with Ron Bishop and his team at Bishop & Associates, Inc. and would welcome any insights you may have on the telecom/datacom and distribution markets as I do my research over the coming months.

Fun Facts from Bishop & Associates, Inc.: (2008)

- The Connector Industry is a \$44B industry with a 28 year GAGR of 6%
- 22.8% went through distribution
- Telecom/datacom market accounted for \$7B in connector sales

REFLECTIONS FROM ERA CONFERENCE

ERA's 44th Management and Marketing conference for Electronics Industry Reps and Manufacturers held in Chicago this October had a well balanced agenda hitting key issues and concerns of both the Reps and Manufacturers. New this year was a full day pre-meeting where many of the major Electronics Distributors presented their views of the markets and their strategies going into 2010. The main agenda covered a wide range of topics from overall economic conditions, emerging markets (renewable energy, medical electronics, wireless and power consumption), marketing and selling in the web 2.0 environment, and the age old question of how to maximize the performance of the Rep / Manufacturer relationship.

My observations / reflections:

- Distributors all reported that the market has turned around, with month to month sequential growth after hitting bottom in the Feb – April time frame. Most were reporting increased levels of expedites as the suppliers are cautious in adding back capacity and their end customers are ordering only as needed. The recovery may be a bit over heated at the moment as the distributors increase inventory levels to support the expected market recovery.
- Reps remain concerned over receiving a fair return on investment for demand creation activities. *See featured article.*
- Too few manufacturers attended the conference; this really needs to change if this conference is to have meaningful dialog over critical issues.
- Major focus at the conference was on web 2.0 and beyond and how it impacts the role of sales as the trusted advisor to the design community. All are trying to understand how to best utilize these tools to differentiate their Rep organizations and to add more value to their customers and manufacturers. At this point there seems to be more hype and confusion than clear answers. The distributors seem to be leading the web 2.0 implementation, with some nice tools for the design community.

As you might expect the discussion groups provided interesting insights and were a very valuable part of the conference.

FEATURE ARTICLE

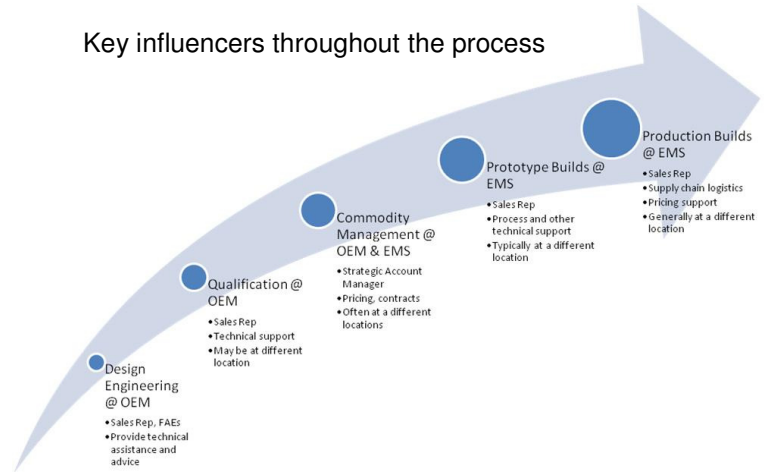
“Your sales team needs to be more coordinated and communicate better than ever”

– Earle Durham

The selling process in our new “Flat World” is more complicated than ever. Key decision makers are scattered across continents and across the supply chain. And in many cases decision makers are competing to maintain the strongest influences in the buying decisions. Example: Corporate commodity management teams at OEMs and their EMS counterparts.

To complicate matters even more each of the decision maker has preferred ways to conduct business – Engineers often prefer getting their information directly from corporate websites 24/7, while commodity management teams may prefer face to face negotiations. So what does your global sales team need to do to make sure they are meeting the needs of all the buying influencers, while keeping sales and marketing expenses competitive?

Key influencers throughout the process



For strategic accounts, having a **centralized account manager** who coordinates the efforts of the global support teams is critical for success.

Adding value to the Design Engineers:

- Proactively **market** to Design Engineers to meet their needs
 - Information they need, when they need it (24/7/365) and where they want it.
 - Information must be easy to find and use!
- Sales Engineers have to be viewed as experts that can assist in the design process
 - Educate on newest technology and trends
 - Offer design solutions that best meet the needs of the application
 - **Ultimately be viewed as a trusted advisor**

You need to provide **proper sales resources and technical support staff** to capture and protect business throughout the customers design, qualify, and build process.

Having a **CRM tool and related business process** that allows for quick and efficient communications of customers needs, program details, and the project status dramatically improves the chances of booking the business. These tools must also provide timely and accurate sales data, allowing sales credit to be applied to the entire sales team.

Having **compensation plans** that provides a fair ROI to the entire sales team, yet is affordable so the manufacturer has the resources needed to properly market the products and provide the technical resources / tools needed by the customers engineering community. To paraphrase Richard Dwyer, VP of Sales and Marketing Group / GM WW Embedded Sales Group, Intel, “The sales and marketing expense budget is only so large; it’s up to us to determine where to spend that money to provide the best value to our customers.”

In summary you need a comprehensive business process that sells, markets, and services each decision maker / influencer on their terms, while communicating effectively across your team. This business process should tie together the necessary resources, tools, and communications to make your sales team stand out against the competition.

FEATURE ARTICLE (CON'T)

Is your process in place? Are your sales teams getting a fair ROI on their investments and are your sales expense ratios in line with competition? And most importantly are you gaining share by having a sales team that's outperforming your competition? If you can't say yes to all these questions you are in danger of losing market share!

Key elements to a closed loop demand creation program:

- Sales channel / resources in place to support needs of your customers
 - Design Engineers
 - Commodity Management
 - Purchasing at the EMS companies
 - Service the supply chain needs of the prototype and manufacturing sites
- Compensation plan
 - Fairly compensates the sales team so they can get a fair ROI on their efforts and expenses
 - Sales Reps working with Design Engineers
 - Strategic Account Managers closing the contracts and coordinating efforts of sales team
 - Sales Reps supporting qualification and manufacturing sites
- Communications / Tracking CRM systems
 - Easy to use, reliable system that gives your team confidence that they will get fairly compensated for their successes
 - Critical to improving your companies chances of closing the business at the purchasing locations
 - Timely and accurate sales reporting
- Supply Channel
 - Do your channel partners have the support in place locally to capture and support the business, VMI programs in place? Appropriate inventory, priced properly etc.

NEWSLETTER SUBSCRIPTION INFORMATION

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On the other hand if there are others that you would like us to add to the mailing list, simply forward this to them and have them log on to our [sign up page](#).

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