

# UPFRONT

**E-BUSINESS** BY JOE SALIMANDO

## E-here and e-there

What's making news in the world of e-business.

**J**ohn Haluska's presentation at the Electro E-Biz Forum (to be held Sept. 26-28 in Long Beach, Calif.), "Extranets in the Electrical Industry—Observations & Trends," makes for interesting reading. Haluska is with Supplier-Info and offers this industry-specific definition of an extranet: A system that customers/distributors use to access account-specific information.

According to the presentation, there are now more than 90 manufacturer extranets—and "distributor employees generally have a favorable reaction" to them. But the meat of the presentation is the answer to the question, "Why should distributors use manufacturer extranets?"

According to Haluska, distributor inside sales staff field 50 to 100 phone calls daily—and 20% of the time, the needed information is not in the distributor's business system.

He also notes that inside salespeople make 15 to 20 calls to manufacturers each day looking for information, and that every \$1 million in outbound sales requires 1,200 manufacturer phone calls for support.

He goes on to explain that 52% of distributor calls to manufacturers are about price and availability, and another 32% are about order status.

On the distributor end, says Haluska, virtually every call to a manufacturer (once the info is obtained) requires a call back to the end-customer. That implies another 1,200 phone calls.

Finally, one-third of an inside salesperson's time is spent on supplier interactions and customer call-backs.

Much of this can be eliminated, Haluska maintains, with properly arranged manufacturer extranets, accessed in a timely manner (while on the phone with the customer the first time) by distributor personnel.

But wait: Why don't distributor staffers

use these things? Hurdles listed by Haluska include the fact that they are unaware of the availability, the hassle involved in learning something new, and inertia.

Download Haluska's presentation at <http://tinyurl.com/gavs7>. Supplier-Info has also posted an undated article, *Distributors' Use of Manufacturer Extranets*, at <http://tinyurl.com/jmhoa>.

### WIRELESS WOW

A *Modern Distribution Management* feature told the story of Dallas-based electrical distributorship The Reynolds Company and its wireless warehouse. According to the case study, Reynolds moved to a wireless warehouse system from Infor late in 2000.

Previously, the company was writing off close to \$300,000 to \$400,000 each year of its \$4 million inventory. Since moving to the wireless system, Lindsay Young wrote, there have been "years when the company has not written off anything." And inventory has soared to \$22 million.

One key: Salespeople are not allowed to go and grab products from inventory. According to an Infor official, "The system applies a level of discipline that's critical to see the kind of success Reynolds has had."

### RADICAL REP

Proof that the word "radical" doesn't automatically have a bad connotation: Recently, Nelson & Associates (Santa Fe Springs, Calif.), an electrical rep firm founded in 1978, became the first-ever rep to join the Industry Data Exchange Association.

Almost immediately after joining, Kurt Nelson, president, wrote an article that was printed in the March 8 issue of *This Week in IDEA*. After first writing about exchange of data between manufacturers and their reps, Nelson asked (rhetorically): "When does the distributor come into the picture?" Here's his answer:

"In the electronics industry, there are a couple of distributors (like Sager Electronics) that share CRM information with both representative and direct sales teams. Sager recognizes that when they are partnered with a rep or direct salesperson, information sharing is critical to speed up

the sale cycle and become more effective.

"IDEA can be the exchange system between distributor and representative or direct sales force. Obviously, there are barriers to any new idea. Some may feel this is too radical; others may feel they do not want to share information.

"Imagine a world where this kind of collaboration exists. Teamwork between all parties increases. There is increased accountability with system documentation. Manufacturer's reps and distributors have a huge tool for coaching sales.

"Marketing initiatives can be launched and tracked seamlessly with all three parties. The best part is that each party can do this without having to change from their own [computer] system." ■■■

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### THOUGHT FOR THE DAY

From a recent *This Week in IDEA* newsletter: "Information has replaced inventory as the most important strategic asset."