

The ups & downs of doing business electronically

Data show that electrical distributors aren't getting the most out of EDI, a contractor is awarded for e-biz projects, and e-bidding is losing steam.

Electrical distribution has a leg up on the rest of the industrial distribution world, thanks to the combined NAED/NEMA determination to fund and stick with the Industry Data Exchange Association (IDEA). And distributors currently using the Electronic Data Interchange (EDI) and the Industry Data Exchange (IDX2)—and who are ready to make use of the expanded capabilities of the Industry Data Warehouse (IDW2)—have an added advantage.

Yet, according to IDEA, many distributors who use EDI aren't making the best use of it: They are using only a tiny portion of the capabilities available. The chart

below illustrates the industry's use of various EDI forms. Normally, the number of EDI invoices processed should run at 250% of the number of purchase orders handled via EDI. However, thus far, the data show invoices running at 60% of purchase orders—meaning that:

- Invoices are being handled manually that probably don't have to be.
- More errors are being made by distributor personnel handling documents in lieu of using e-business.

There's something else, of course: Many more electrical distributors could take advantage of e-business. If one adds those who do not use EDI to those

minimizing their EDI applications, the industry apparently has progressed only from the tip of the iceberg to a spot that is clearly in view. Going one step further, with the recent adoption of flat file processes, even distributors who do not use EDI can take part in e-business.

The Oct. 19 issue of *This Week in IDEA* included a worthwhile two-page "Did You Know" section on EDI. If distributors are unaware of EDI's advantages, this is a quick, easy, and vital read. To download it, go to www.idea-inc.org and look for the "This Week" archive.

Customers and e-biz

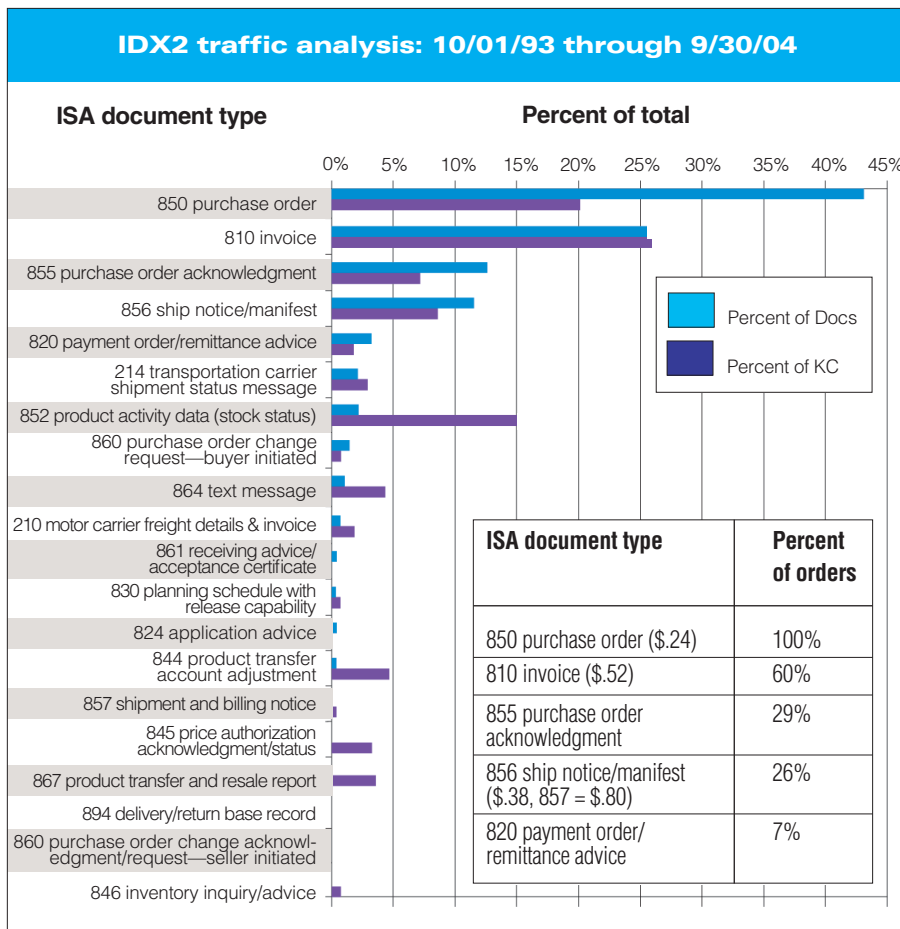
ConstrucTech magazine's October issue presented its "Vision Awards," which honor construction companies for their e-business projects. While the program included awards for architects, building managers, and more, only one group of subcontractors were given awards: electrical contractors.

Taking the gold award was Seattle-based Cochran. The company told the magazine that one key to its success is its "ability to leverage project information as an intellectual asset. Taking knowledge from one project and applying it to the next."

Cochran's IT people created Project Executive, a project database. The company used readily available tools (SQL Server 2000, Share Point 2003, Access 2000—all from Microsoft) to put the program together.

According to *ConstrucTech*, Project Executive operates as a management tool that monitors key metrics on projects. Built-in workflow procedures monitor such things as profitability and contract value. This allows managers to review and approve project financials.

Lighthouse Electric in Cannonsburg, Pa., took the silver award—for an approach it calls PAC-Man (Pro-Active



Construction Management). The goal here is to plan for labor requirements on its jobs. The company thinks better labor planning will save \$100,000 a year.

How it works: Each week, foremen and project managers review, confirm, or adjust previous estimates for the coming month, according to the company. The goal, as reported to the magazine, is to be 60% accurate at four weeks out, 70% at three weeks, 80% at two weeks, and 90% at one week.

Beyond avoiding labor costs, the system is used to coordinate material and tool deliveries; they are "sequenced to coincide with crew changes."

A drop in e-auctions?

Under the headline "Buyers Become More Selective In Online Tools," *Purchasing* magazine must have shocked some readers. The article was based on the magazine's *Benchmark Survey on E-Sourcing Strategy*.

The survey shows that with "declining interest and enthusiasm for most online tools, coupled with a marked decline of buyer confidence in having the skills needed to make the best use of Web-based tools for sourcing and procurement, the novelty of the Internet may be starting to wear off with buyers." But that's just an appetizer. The meat came in the story's third paragraph: "59% of buyers polled said they won't use reverse e-auctions." The piece quoted Andy Nicoletti, purchasing manager for Haartz in Acton, Mass., on reverse auctions:

They are "inefficient and do not serve as the best buying tool."

Further, he noted that "we feel e-bidding drives suppliers to developing a product which meets only one target: price. In today's environment of rising materials, energy, and transportation costs, the lowest price does not necessarily equate to the greatest value for an organization." ■■■

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NOTEWORTHY

Schaedler Yesco branches out

On Oct. 19, 2005, Schaedler Yesco officially opened its facility in State College, Pa. An official ribbon-cutting ceremony took place with Centre County Chamber of Commerce representative Neal Castles, Chamber member Spence Garvin from Northwest Savings Bank, and Schaedler Yesco employees.



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Laurie Gross, President, Gross Electric, Inc., Toledo, OH
[Switched to Intuit Eclipse in 1999]

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