



ASA REVIEW

From Mission to Vision: ASA creates a vital and inspiring path forward for members

Q2/25



ASA President Dave Poteete at the LEAD2025 Strategic Leadership Summit in Dana Point, Calif.

Photo by Will Chu/ASA

Inside This Issue: The Silent Crisis Killing Distributor Profits | What Will Drive M&A Activity?
How to Build a New Comp Plan for Sales Reps | Women in Industry Division Soars to New Heights

From Vision to Mission: ASA's path forward to creating a winning future



ASA recently held its LEAD2025 Strategic Leadership Summit in Southern California where about 90 volunteers gathered to address critical issues facing the association and our membership.

For the past 17 years, I have always looked forward to the collaborative discussions at these meetings and the bold new direction that we take to navigate the emerging challenges we face each year. These meetings and the visionary thinking from our members are why ASA is building a winning future.

Inside this issue, we review that critically important meeting in Dana Point, California that focused on four key strategic imperatives: Technology and AI, shifting demographics and labor market shifts, political engagement, and data privacy.

These priorities were identified as vital for the association to stay ahead of industry trends and safeguard the future of our membership. While other issues, such as climate change and e-commerce growth, were acknowledged from last year's meeting in Puerto Rico, the four imperatives identified were seen as immediate priorities for the association to tackle in the coming years.

ELEVATE, which is the association's and PHCP-PVF supply chain industry's original and premier gathering of women in industry, took place in Miami recently. In this issue we look at the highlights from that conference, including the selection of Preferred Sales' **Michelle Lewnes-Dadas**, who received the coveted Alice Martin Woman of the Year Award. The more than 400 serious professional women that took part in this year's exciting program and the more than 1,000 woman that are engaged in ASA's Woman in Industry Division are leading the way toward the association's ability to attract and engage women into our industry.

Taylor Albano spotlights the growing ASA University Master in Distribution Management program as we recognize the recent graduates from the largest class with 22 professionals receiving their MDM designation. MDM has been gaining acceptance among members as a unique tool in keeping their dedicated teams from bolting to new opportunities.

Keeping up on the rapid pace of change in Washington with a new administration and Congress is an extremely daunting task. **Steve Rossi** outlines some of the initiatives impacting our members in his taxes, tariffs and reconciliation article, while **Mike Miazga** continues his Quarterly Market Survey series with leading manufacturers speaking out about market uncertainty and how they are navigating the pace of change in this newly released survey.

Randy MacLean's article on the silent crisis killing distributor profits, **Scott Stockham's** piece about how to leapfrog your competition using AI, **Brad Williams' article** on the current mergers and acquisitions landscape, and **Mike Emerson's** presentation on how to roll out a new sales rep compensation plan round out another strong edition as we continue to bring quality content to you and fellow ASA members that you won't find anyplace else.

I hope you enjoy this new edition of **ASA Review** and find it useful and worthwhile.

Mike Adelizzi
CEO

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Make it Home Safe Today

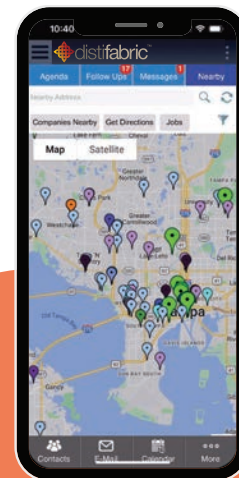
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Want to receive a printed version of ASA Review? Contact ASA's Mike Miazga at mmiazga@asa.net.



The silent crisis killing distributor profits

Going beyond small orders.

By **Randy MacLean**
WayPoint Analytics

For years, people in distribution have talked about the “small order problem.” It’s been blamed for low margins and vanishing profits, and over time, most companies have come to accept it as the nature of the business.

But that assumption has allowed a much deeper and more damaging problem to go unchecked — and it’s costing distributors millions.

The real issue isn’t small orders — it’s small order lines. Specifically, low-value picks that cost more to fulfill than the gross profit value they generate. These are the quiet killers of profitability, buried inside daily activity where they’re hard to spot — and even harder to address — without the right tools.

A real-world example

One great example: we looked at an invoice from a particular customer. Out of six order lines, only one produced meaningful profit — \$94 on a high-value pick. (1) The other

five lines, each representing low-quantity, low-value picks, were unprofitable. (2) After adding it all up, the invoice only netted \$12.87 in operating profit, despite more than \$1,000 in revenue. (3) The rest was wiped out by costly handling.

invNo	qty	pickRev	pickGP	pickExp	pickNBC	
1065324	10	838.10	192.39	98.40	93.99	① profitable item
	2	95.38	27.70	32.15	(4.45)	} low-value picks lose money ②
	1	54.76	14.84	30.41	(15.57)	
	1	36.49	13.65	29.92	(16.27)	
	1	47.19	11.58	30.04	(18.46)	
	1	9.71	2.15	28.52	(26.37)	
		1,081.63	262.31	249.43	12.87	③ remaining profit

First invoice — money-losing, low-value items destroy profitability.

And it gets worse. A week later, the same customer placed another order with the same low-value lines — but without the one profitable item. (4) That invoice lost \$76.67. (5) The two invoices produced a combined loss of \$63.79. (6)

invNo	qty	pickRev	pickGP	pickExp	pickNBC
1065324	10	838.10	192.39	98.40	93.99
	2	95.38	27.70	32.15	(4.45)
	1	54.76	14.84	30.41	(15.57)
	1	36.49	13.65	29.92	(16.27)
	1	47.19	11.58	30.04	(18.46)
	1	9.71	2.15	28.52	(26.37)
		1,081.63	262.31	249.43	12.87
1065682	1	54.76	14.84	30.41	(15.57)
	1	36.49	13.65	29.92	(16.27)
	1	47.19	11.58	30.04	(18.46)
	1	9.71	2.15	28.52	(26.37)
		148.15	42.21	118.88	(76.67)
		1,229.78	304.52	368.31	(63.79)

The two invoices combined to produce an outright loss.

If those two orders had been combined (7), losses on the low-value items would have been substantially reduced with increased product value sharing the picking and delivery costs (8), and the company would've seen a \$55.09 profit (9) instead of a combined \$63.97 loss. That's a \$119 swing — on just two invoices.

invNo	qty	pickRev	pickGP	pickExp	pickNBC
1065324	10	838.10	192.39	98.40	93.99
	2	95.38	27.70	32.15	(4.45)
	2	109.52	29.68	30.41	(0.73)
	2	72.98	27.29	29.92	(2.62)
	2	94.38	23.16	30.04	(6.88)
	2	19.42	4.30	28.52	(24.22)
		1,229.78	304.52	249.43	55.09

Combining two invoices (four days apart), eliminates duplicated picking and delivery cost for a significant profit gain.

In this company, the low-value picks occurred 177,352 times in one year! Now you can see the scale of the damage — and the potential for cost savings and profit gains. Collected up across a year, addressing the small pick problem is worth roughly \$4.6 million in additional profits for this one mid-sized distributor!

How we know this and why it matters

At WayPoint, we are able to see this so clearly because we look at cost and profit on every line of every invoice — no exceptions — thus exposing exactly where the profit drains are happening, which customers, which products and which markets are contributing to loss. This line-level visibility is what makes it possible to isolate the real drivers of profit erosion and gives companies the precision they need to act with confidence.

Researching the true impact

We have been watching this pattern develop for years. To better understand it — and quantify what attacking the problem can do — we launched a research project involving 10 distributors with a combined \$725 million in annual sales. These weren't edge cases. They were representative companies across different markets and sizes, from smaller independents to large regional players.

We divided them into two groups based on whether or not they were actively addressing the small-pick issue.



The real issue isn't small orders — it's small order lines. Specifically, low-value picks that cost more to fulfill than the gross profit value they generate.

Group 1: Business as usual

The first group — five companies that had not taken targeted action — showed signs of deep decline:

- The average order value dropped 13.4%, falling from \$81.89 to \$73.34.
- Pick expenses rose 8.9%, from \$46.01 to \$51.79.
- The number of money-losing picks increased 1.6%, from 753,363 to 765,578.
- Operating profit collapsed by 41.9%, dropping from \$47.4 million to \$27.5 million.

In total, these five companies lost nearly \$20 million in profits in just 12 months. These aren't the kind of numbers any business can absorb for long — not in a high-cost, low-margin industry like ours.

Group 2: What happens when you act

The second group told a very different story. These five distributors had taken action based on detailed cost and profit data. The results were impressive:

- The average order value rose 19.3%, climbing from \$145.47 to \$187.87.
- Pick expenses went up only 2.9%, from \$98.40 to \$109.53.
- Losing picks dropped by 29.6%, from 251,420 to 176,989.
- Profits rose 53.8%, from \$20.5 million to \$31.5 million — a gain of more than \$11 million.

Surprisingly, sales for the companies in both groups were relatively steady with no significant sales growth or decline.

The Group 2 companies weren't necessarily spending more, selling more or working harder. They were working smarter — targeting the right accounts, tightening fulfillment dynamics and making small, high-impact operational changes based on data.

Proof from a small distributor

And in case you're wondering whether this only applies to large firms, consider the standout performer in our study: a \$4-million distributor that used the same techniques. In just one year, they:

- ➔ Increased order value by 38.5%.
- ➔ Held pick expense nearly flat, with just a 3.7% increase.
- ➔ Reduced total pick count by 18.7%.
- ➔ More than doubled profit, from \$359,000 to \$923,600 — a 157% increase in one year.

Their story proves this isn't just a strategy for the big guys. It's about focused action, not size.

“Distributors who use advanced analytics to look deeper are proving what's possible.”

What these companies did differently

So, what made the difference? It wasn't heroic sales efforts or aggressive margin hikes. The winning companies succeeded because they followed two essential steps:

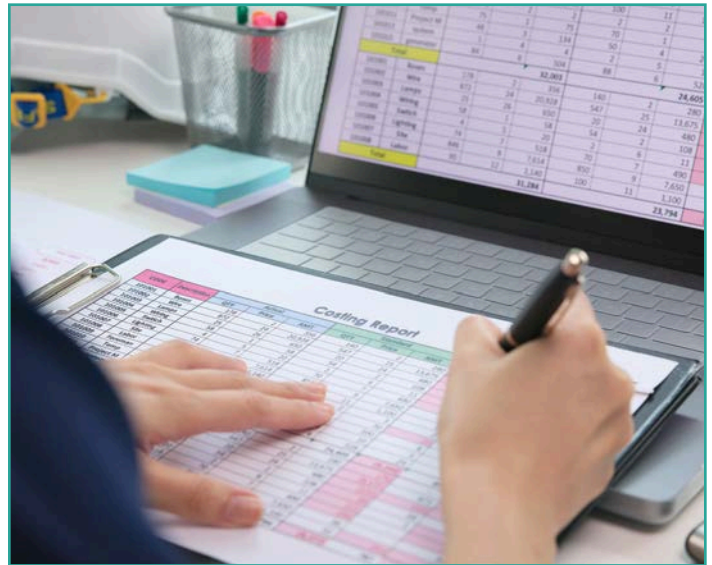
First, **they understood the real problem.** They didn't just accept the “small order” label. They dug deeper and uncovered the specific customer behaviors and product interactions responsible for the profit drain.

Second, **they used the right analytics to focus their efforts.** They pinpointed the customers and products driving losses. And once they knew where to act, they could move quickly and decisively.

The strategies they used weren't complicated, but they were powerful:

- ➔ Profit-value segmentation to identify accounts that consistently produce losses.
- ➔ Increased pricing on accounts generating disproportionate levels of low-value picks.
- ➔ Profit conversion analysis to see which revenue actually drives bottom-line results.
- ➔ Increased penetration selling into high-conversion accounts.
- ➔ Minimum order quantity (MOQ) reviews to eliminate low-value, loss-generating picks.
- ➔ Policy changes on value-adds such as delivery charges — aimed to shape customer behavior.

These aren't theoretical exercises. They produce immediate, permanent improvements — and in most cases, require no negotiation or customer pushback. Just clarity, planning and follow through. And they produce permanent gains year after year.



Line-level visibility makes it possible to isolate the real drivers of profit erosion and gives companies the precision they need to act with confidence. Shutterstock Photos.

Stop chasing the wrong problem

It's time to stop calling this the “small order problem.” That's a holdover from a time when we didn't know any better. The real threat is small picks — order lines where the cost of service is higher than the margin value of the product. These hidden losses are happening at scale and they're what's dragging down profits across the industry.

The bottom line is this: most reporting systems aren't built to expose this level of detail. They show summaries, not mechanics. And that leaves leadership flying blind — relying on averages, assumptions or gut instinct. That approach might've worked when margins were fat and costs were stable, but not anymore.

We need more precision. And the distributors who are using advanced analytics to look deeper are proving what's possible. They're cutting out unprofitable transactions. They're reshaping customer behavior. They're redirecting efforts to the places where profit lives.

And most importantly — they're getting results.

If you're ready to stop guessing and start growing, it's time to stop chasing the wrong problem — and start solving the right one.

Randy MacLean is the founder of WayPoint Analytics, which has been delivering detailed cost and profit analyses to distributors and manufacturers for more than 15 years. His best-selling “Profit-Driven” book series has been a vital guide for industry executives and managers, bringing effective tactics for boosting profit rates to companies across the industry. The WayPoint Analytics online system, and Randy's insights and techniques are widely used, as the most successful distributors have adopted data-driven approaches to their profit strategies. Discover more, or contact Randy at www.waypointanalytics.net. ■



TARIFFS

Tariffs have weighed on the minds of manufacturers across the industry, as indicated in the latest ASA Quarterly Market Survey. Shutterstock Photos.

Quarterly Market Survey: ASA manufacturers speak out on current market conditions

By **Mike Miazga**,
Vice President Sales-Operations
mmiazga@asa.net

With the first part of 2025 marked with extreme uncertainty due to, among other things, the ever-changing situation with tariffs, ASA-member manufacturers had plenty to say in the newest ASA Quarterly Market Survey.

The goal of the quarterly market surveys, produced by ASA's Business Intelligence Unit, is to gather insights on current market conditions/observations/why things are where they are at/causes for current optimism/pessimism/caution.

The twist with these surveys is the questions are generated by other ASA manufacturer members wanting to pick the brains of their contemporaries on a variety of topics. Some of the questions have been kept open-ended to allow for manufacturer elaboration, which enhances the value of the report. Responses and identities are kept confidential.

ASA received so many questions that it is breaking the survey into two parts. Part 2 will be released later this summer.

The first part of the survey dives into tariff-related topics such as manufacturers' predictions on if/when tariffs will go away, what actions are factories taking to mitigate the tariffs, adjustment of rebate thresholds in light of tariff-sparked rapid price increases, plus thoughts on price increases and predicting where the industry will be at in the next six to 12 months in a tariff-charged environment.

"The impacts are minimal, but the higher-efficient products will have the greatest impact as they require the most components from outside the U.S.," one respondent noted.

"Pricing will be based on cost increase subjected to manufacturers," another respondent said. "Tariffs on other countries might make availability harder. During COVID, we had multiple vendors go out of business."

"The real impact will be China supply chain disruptions in the medium term," another manufacturer said.

Manufacturers provided insightful responses when asked how current tariff policies or regulatory changes are impacting the supply chain and market strategies for plumbing and PVF products.

"Right now, we are seeing a push on orders with people buying ahead on jobs or stock, but we have serious concerns for jobs being put on hold or wholesalers being overstocked," one respondent said.

"Quite frankly, it's made us better at what we do by forcing us to look at our supply chain and operations in ways we can improve efficiency to offset as much of the potential tariffs as possible," another manufacturer wrote.

"Regulatory changes may have a greater impact than tariffs," another respondent said. "Some regulatory changes are less than two years from implementation and now have the risk of going through."

Operational adjustments

Forty percent of manufacturer respondents say they are adding a price-adjustment clause to job quotes due to tariff uncertainty, while 27% are quoting at current rates and hoping for stability. Some other responses included: quotes good for 90 days; quoting jobs with shorter expiration dates; quoting only 45 days out; and quotes containing a discount percentage that will be applied on the price of the day when ordered.

In terms of struggles related to lead times, one respondent noted contractors are now recognizing “just in time” is not the best practice and purchasing ahead of installation is occurring again.

“The supply chain is not good,” another respondent stated. “Ports are not shipping products. We are stretched out an additional 30 days on our orders.”

“Stock and excess inventory is not being shipped at normal levels,” another manufacturer wrote.

Despite the constant craziness of the first part of the year, 80% of survey respondents say production of products remains stable, while 20% say production has increased. When it comes to new product development, 80% of respondents say new product development continues, while 13% say they have delayed/canceled new products.



ASA manufacturer survey respondents paint a varying picture in terms of the current labor market.

Labor issues

While tariffs have wreaked havoc and uncertainty on the industry, one constant that remains: labor challenges.

“Labor is always a concern,” one respondent noted. “The transient labor is still causing productivity problems.”

“Quality and dependable labor continues to be a challenge,” another respondent said.

However, multiple manufacturers paint a different picture, albeit one dependent on where production facilities are located.

“Labor availability is strong in most areas we manufacture,” a manufacturer said. “We are also looking at other areas of the U.S. to manufacture, where skilled labor is readily available such as Texas and Tennessee.”

“There is plenty of labor available and it will only get better,” another respondent predicted. “Many plants are laying off associates due to business slowing.”

60%

of survey respondents feel tariffs will not go away.

Take out your crystal ball

Looking ahead, 73% of respondents say they are maintaining current levels in terms of product development and inventory planning related to commercial and industrial construction, while 20% are pessimistic and reducing inventory or delaying product development.

Fifty-three percent of respondents say demand for their products and services has changed over the past 12 months, while 47% report no change.

“Rebate-driven products have been strong,” one respondent said.

“Customer sales were strong throughout Q1, orders to us as a manufacturer have been better,” another manufacturer said. “We expect a solid finish since customer inventories were larger than target levels for much of summer/fall 2024 but seem stable now.”

Looking ahead 12 months, 40% of respondents say they expect demand for their services to increase slightly, while nearly 27% predict it will stay the same and 20% say the predict demand will increase significantly.

“Tariffs applied on offshore products appear to be taking their toll on brands,” one respondent observed. “It’s closing the pricing gap and increasing our perceived value — bang for your buck.”

“From my reps in the field, they see higher demands to bring on staff to support business growth,” another respondent said.

“We are expecting the market to bounce back after a short slowdown,” another said.

When asked for a general forecast for the rest of 2025, manufacturer respondents spanned the spectrum.

“I think we are going to see more business and I believe once June-July comes around, the markets will shoot up,” one respondent said.

“We will be up significantly, but we are an anomaly,” another manufacturer wrote. “We expect unit volume will be down this year across the market.”

“We will finish at our near original plan for the year, but products/components impacted by tariffs, especially from China, and those with regulatory implications, will likely be reduced,” another manufacturer said.

“There is strong potential if trade normalizes within a reasonable timeframe,” another stated. ■

40%

of ASA manufacturers expect demand for their services to increase slightly over the next 12 months.



AI is a big deal because it's the first technology that can create more technology on its own. *Courtesy of Repfabric/iStock photo.*

How to leapfrog your competitors with AI

By **Scott Stockham**

Let's face it — artificial intelligence (AI) is changing the way businesses run. Many big companies are spending lots of money on AI projects. They see AI's potential to improve their workflow and stay ahead of competitors.

AI is already part of our daily lives in ways we might not notice. It suggests alternative products to buy and powers many customer-service chatbots. As AI keeps getting better, it can do more complex tasks. Some AI can even fool people into thinking it's human. This rapid progress is exciting, but how can we use it for our business?

Key takeaways

- ➦ Big companies are investing heavily in AI to gain competitive advantages.
- ➦ AI is already present in everyday technologies such as websites and customer service.
- ➦ Rapid AI progress brings both opportunities and challenges for PHCP and PVF sales.

The onset of AI: Rapid investment

AI is a hot topic that's everywhere these days. It's not just a fancy word — it's a real technology that's changing how businesses work. Big companies are spending significant money on AI because they see its potential. They're figuring

out how to use it best, and smaller businesses can learn from what the big companies are discovering.

AI spending is growing fast. Data shows in 2024, companies spent about \$120 billion on AI. By 2027, that same data predicts that number could jump to \$500 billion. That's why tech giants such as Google and Microsoft are putting so much money into AI projects and training models.

Research shows big companies are betting on an "AI-first" future. On average, the largest US-based companies have about 375 full-time workers on AI projects, each spending around \$75 million on these efforts.

AI is a big deal because it's the first technology that can create more technology on its own. AI can write new code. It's as important as inventing the wheel or discovering fire. This makes AI exciting but also a bit scary for some people.

Getting your teams ready for AI

Companies need to help their staff adjust to AI. It's not just about buying new tech. It's about changing how people work. This takes time and care. Teams need to learn how AI fits into their jobs and how it can make them more efficient and productive.

Uneven spending on AI

While some companies are investing heavily on AI, this isn't true across the board. Some firms have no AI staff while others

have up to 1,000 people. Why is this? Is it because of company culture? Or does management not see the benefit? Whatever the reason, we all agree that implementing AI requires human resources to find its best-use cases inside a company.

What we've learned from early AI: Turing's game-changing work

Back in World War II, Alan Turing laid the groundwork for modern AI with his Enigma-codebreaking machine. He said, "A computer would deserve to be called intelligent if it could deceive a human into believing that it was human." Today's AI can do just that, like making phone calls that sound just like a real person.

AI has come a long way since Turing's time. In 2022, a Google engineer even tried to get legal recognition for an AI system he believed was sentient (able to perceive or feel things). This shows how lifelike and impressive AI has become. At the same time, it raises questions about AI's impact on jobs and society.

"AI's ability to learn and improve on its own is changing how we approach problem-solving."

DeepMind's breakout breakthrough

In 2012, Google's DeepMind team created an AI that learned to play the classic Atari game Breakout. This experiment was groundbreaking because this early-AI wasn't given any instructions on how to play the game. It simply had to figure out the controls and aim for a high score.

The AI's progress was impressive:

- ➡ After 200 training rounds: DeepMind was barely able to hit the ball.
- ➡ After 400 rounds: Showed decent skills.
- ➡ After 600 rounds: Mastered an advanced "tunneling" strategy.

This Breakout experiment highlighted how AI can develop strategies over time. As the AI played more games, it discovered increasingly effective techniques:

1. Basic ball-hitting
2. Improved accuracy
3. Advanced "tunneling" method

This learning process mimics human skill development, but at a much faster pace. The DeepMind AI found the best strategy in just 600 rounds of play.

AI's ability to learn and improve on its own is changing how we approach problem-solving. It can find solutions humans might miss or take much longer to discover.



Use AI to handle the heavy lifting while your team focuses on building relationships and keeping things human. Courtesy of Repfabric/iStock photo.

Using AI at your company: Big wins and big questions for PHCP/PVF sales

AI is shaking up PHCP and PVF sales. With smarter tools, you can manage inventory like a pro, predict what your customers will need before they even know it and streamline your supply chain to keep everything running smoothly.

Sales teams get a boost, too — AI can automate quick quotes, spot trends, fine-tune forecasts and help you deliver pitches that hit the mark every time. It's like having a secret weapon for efficiency and growth.

But let's be real, AI comes with its own set of challenges. Rolling it out means investing in new tools and training your team, which can be tricky for smaller businesses. Plus, there's the danger of losing that personal touch your customers love.

The trick? Use AI to handle the heavy lifting while your team focuses on building relationships and keeping things human. That's how we stay ahead without losing what makes our businesses special.

Starting small with AI

The best way to use AI is to begin with easy tasks. Don't try to change everything at once. Pick one area where AI can help. Test it out. Learn from it. Then move on to the next thing. This step-by-step approach is safer and smarter for most businesses.

Act now to stay ahead

The rise of AI is unstoppable, and its benefits are endless — but so are the opportunities for those who act. Start exploring AI tools today to solve problems, boost efficiency and create better customer experiences.

Look for business solutions that use AI to increase efficiency and improve sales flows. Take that first step now — your competitors already are.

Scott Stockham is the chief revenue officer at ASA Association Partner Repfabric. Contact Scott at scott.stockham@repfabric.com and learn more about Repfabric at www.repfabric.com. ■



The ASA University MDM program is a comprehensive leadership journey built specifically for the distribution industry, blending real-world relevance with personal and professional growth. ASA File Photo.

MDM positively impacts ASA members' talent retention abilities

By **Taylor Albano**
 Vice President Training and Education
 talbano@asa.net

ASA and the Workforce Development Council are thrilled to announce a major milestone for the Master of Distribution Management (MDM) program — the largest graduating class to date with an astounding 22 graduates!

This exciting achievement highlights the growing commitment to leadership development within the PHCP/PVF industry and reflects the strength of our evolving program model.

The MDM program, developed as a critical part of the ASA University, is a comprehensive leadership journey built specifically for the distribution industry. Designed to blend real-world relevance with personal and professional growth, the program offers a combination of expert-led instruction, peer collaboration and ongoing support from the ASA-U team. It helps participants build the skills, mindset and strategic insight needed to lead in today's fast-moving business environment.

According to company culture expert Kathleen Quinn Votaw in her book "Dare to Care in the Workplace," 70% of employees are open to leaving and 66% of employees don't feel respected. As more ASA-member companies grapple

with recruiting and developing their teams, it has become increasingly important to keep their teams. ASA's Master of Distribution Management program has become a great tool in not just developing leaders but demonstrating commitment from members to their key future leaders.

MDM participation can be obtained through two distinct groups that follow different formats, each tailored to meet specific learning and business needs. While the outcomes were equally impressive, the paths they took underscore the flexibility and impact of the MDM experience.

A mixed-company-focused model

The first group followed a mixed-company format, bringing together professionals from a variety of PHCP/PVF organizations. This diverse class created a dynamic learning environment rooted in peer-to-peer knowledge sharing, exposing participants to a wide range of operational models, leadership styles and strategic approaches.

"There are certainly new things I've picked up on and utilized," notes **John Crognale** of APR Supply Co. "It's heavily reliant on the personalities that are in the discussion group," a nod to the different levels of expertise and organizational approaches in the room.

With regular check-ins, individualized feedback, and access to ASA University coaching, participants received the kind of support that encouraged both accountability and confidence. As individuals worked through case studies and shared their own experiences, they built a network that extended far beyond the program. Many graduates noted the relationships formed during the program were just as valuable as the content — creating a lasting support system within the industry.

A company-specific tailored model

The second group took a more customized approach, developed specifically for a company session. The company-specific class is designed in collaboration with ASA University to align the company structure, culture and broader strategic goals.

“Honestly, I have completed a few courses similar to this one, and I have to say this MDM program has been the most fun, by far,” says **Mike Charnota**, of Porter Pipe and Supply. “I really appreciate how you let the class take the reins of the conversations. I feel like that helps us improve our classes as well, because everyone knows they have to come with their A-game.”

The peer learning time became a catalyst for internal alignment. Participants shared insights across departments, broke down silos and strengthened communication channels throughout the organization. By the end of the program, individuals weren't just more confident in their roles — they were equipped to help lead strategic initiatives, streamline internal processes and elevate company-wide collaboration.

“The MDM program through ASA has been instrumental in propelling our Emerging and Developing Leaders Program (EDLP) to new heights” Porter Pipe and Supply Human Resources Manager **Joelle Szyszka** says. “The book has practical knowledge from industry leaders. We launched our EDLP program with the MDM course and since that started, we have seen several EDLP team members receive internal promotions. The monthly discussions are insightful, challenging and cause our team members to look at situations differently.”

Two paths, one purpose: Building industry leaders

While each class followed a different approach, they shared a unified purpose: to develop capable, forward-thinking leaders prepared to meet the challenges of a changing industry. The mixed class expanded participants' understanding of the industry as a whole, while the Porter Pipe class proved how targeted, internal development — supported by dedicated coaching and a flexible learning model — can elevate an entire organization from within.

“Our students' experience taking on this program has proven out in measurable results in their capstone project,” says

Tom Dietrick of Schaefer Plumbing Supply, who opted to enroll three students in the MDM program. “They have all shown and continue to show the positive impact training like this has on their career and those they interact in our industry.”

This year's record-breaking class represents the continued evolution of the MDM program and the growing demand for meaningful, adaptable leadership training in the PHCP/PVF sector.

Congratulations to our 2025 graduates

Please join us in celebrating the 2025 MDM graduates, whose dedication to growth, collaboration and leadership has set a new standard for the program.

Miguel Alcorido – Porter Pipe and Supply
Nick Allard – Porter Pipe and Supply
Caleb Beavers – VAMAC
Danny Brooker – Porter Pipe and Supply
Caitlin Butkus – Porter Pipe and Supply
Armando Carrazco – Porter Pipe and Supply
Mike Charnota – Porter Pipe and Supply
John Crognale – APR Supply
Heather Hastings – Van Marcke Trade Supply
Bradley Hauser – Porter Pipe and Supply
Adam Kaskie – Plumbing & Heating Wholesale
Blake Kukla - Porter Pipe and Supply
Chris Langton – Porter Pipe and Supply
Christine Munsie - Porter Pipe and Supply
Austin Ohm – Porter Pipe and Supply
Patrick Paradise – Porter Pipe and Supply
Joseph Poteete – Tri-Star Pipe & Supply
Josh Petschke – JH Larson
Alex Porter - Porter Pipe and Supply
Richard Sylvester – VAMAC
Kelcey Taylor – Porter Pipe and Supply
Tom Ward - Porter Pipe and Supply

ASA is indebted to the roughly 30 volunteer members of the Graduate Review Committee, whose time, insight and industry expertise play a vital role in the MDM experience. Their thoughtful feedback and support during student capstone presentations not only help guide students toward graduation but also ensure that each project reflects the high standards of leadership and practical impact the program is known for in our industry. ■



Roughly 90 ASA volunteer leaders took part in the association's LEAD2025 Strategic Leadership Summit in Dana Point, California. Pictured is McGuire Mfg. Co.'s Kevin Mayer. Photos by Will Chu/ASA.

From vision to mission: Creating a vital and inspiring path forward for ASA members

By **Mike Adelizzi**, CEO
madelizzi@asa.net

In today's rapidly evolving landscape, the American Supply Association stands at a pivotal crossroads, tasked with turning critical challenges into transformative opportunities.

At ASA's LEAD2025 Strategic Leadership Summit in Dana Point California, roughly 90 volunteers tackled four strategic imperatives — Technology and AI, shifting demographics and labor market shifts, political engagement, and data privacy — that collectively formed new imperatives facing members and the association.



From left: Richy Milligan (Eastern Industrial Supplies), Alexis Davis (Rinnai) and Bryce Moore (Hirsch Pipe & Supply)

Each imperative addresses a distinct facet of the current environment: from harnessing technological innovation and combating cyber threats, to the association's revitalizing the workforce and amplifying the industry's voice in the policy arena. The insights and recommendations detailed in this article are the result of collaborative sessions among ASA volunteers, who have drawn on their collective expertise to shape a strategic vision that is both forward-thinking and actionable and will be merged into the long-standing strategic vision of the association.

At the heart of these initiatives is a call to the ASA strategic action councils to serve as catalysts for change. For technology and AI, the councils are urged to develop comprehensive playbooks and vendor partnerships that demystify innovation and empower members to thrive in a digital age.

In addressing shifting demographics, the focus is on creating sustainable talent pipelines through refined recruitment, training and succession planning. Meanwhile, the political engagement imperative calls for leveraging the industry's collective economic clout to proactively influence policy, ensuring legislative outcomes favor long-term profitability. Finally, the data privacy imperative emphasizes the need for robust cybersecurity measures, clear best practices and a culture of continuous vigilance.

Together, these actions are critical to securing ASA's future success, positioning the association as an indispensable leader in driving industry-wide prosperity and resilience.

Strategic initiative prioritization

During the LEAD meeting in Dana Point, ASA volunteers engaged in a robust and collaborative prioritization process designed to assess the eight strategic imperatives facing the industry and included in ASA's strategic plan.

Participants thoroughly evaluated each initiative, drawing on collective expertise to determine which areas warranted immediate focus from the ASA strategic councils. As a result, four key initiatives emerged as top priorities:

- ➔ Technology and AI
- ➔ Shifting demographics and labor market shifts (a combined initiative addressing both)
- ➔ Political engagement, and
- ➔ Data privacy

These initiatives were recognized as critical to harnessing technological advancements, adapting to workforce changes, engaging with policymakers and safeguarding data in an increasingly digital landscape.

Meanwhile, topics such as climate change, environmental regulations and e-commerce growth, although important, were set aside as lower priority areas for further strategic council attention.

This outcome reflects a clear consensus among the 90 participants, ensuring ASA's strategic focus is both timely and aligned with the industry's future challenges and opportunities.

Technology and AI imperative: Demystify the digital landscape

In an era where technology and AI evolve at breakneck speed, ASA members are confronted with two pressing challenges: an overwhelming array of new tools and the constant uncertainty of which innovations to embrace.



ASA volunteers take part in a recap session during LEAD2025.



Charlie Parham (Pepco Sales, left) and Doug Fuller (Watts Water Technologies) collaborate.

The strategic council is being called upon to transform these challenges into opportunities by creating a clear, actionable roadmap that demystifies the digital landscape. This is not merely about keeping up with change — it's about equipping members with the insights, strategies and resources necessary to thrive. The council is asked to craft comprehensive playbooks, secure advantageous vendor partnerships, and compile real-world case studies that turn nebulous concepts into tangible competitive advantages.

At its core, the council's mission is to provide clarity and continuity amid rapid technological shifts. By surveying members, collating success stories, and instituting an annual review process, the council will ensure that the ASA toolkit remains relevant and actionable. This strategic approach will not only shorten the learning curve but also build a trusted framework for ongoing innovation, ultimately enabling ASA to be indispensable in steering the industry toward sustained prosperity.

Shifting demographics and labor market shifts: Transforming workforce development

In an era marked by a rapidly aging workforce and a shrinking pool of new talent, ASA is confronted with a critical challenge: revitalizing the industry's human capital to sustain long-term growth and competitiveness.

Across three dedicated groups, the collective voice calls for ASA to lead a transformative approach to workforce development. This isn't simply about filling vacancies — it's about reimagining the entire talent pipeline. The groups highlighted a range of issues: from the urgent need to accelerate recruitment and training, to addressing the industry's thin talent bench, and establishing clear career trajectories that counteract prevailing skills gaps and language barriers, and finally, to ensuring robust knowledge transfer and leadership development that are vital for both retaining talent and attracting newcomers.

The strategic councils are being asked to serve as the architects of this transformation by crafting a comprehensive strategy that blends immediate, actionable steps with long-term vision. Specifically, they are tasked with developing best practices for succession planning, onboarding, and career path mapping — initiatives that will not only create a sustainable pipeline of skilled professionals but also elevate the industry's profile as a viable and rewarding career destination.

By establishing clear guidelines, fostering continuous communication, and implementing an adaptive review process, the councils will help ensure the industry remains dynamic, competitive and resilient in the face of evolving labor market challenges. This strategic commitment is essential for transforming the workforce landscape and securing ASA's future success.

Political engagement imperative: Transform fragmented influence

In today's turbulent political landscape, ASA is being called upon to transform its fragmented influence into a unified, potent force that shapes policy from the ground up.

The strategic council is tasked with converting our impressive economic clout into a formidable Political Action Committee — leveraging billions in annual sales to build a \$5 million PAC that can decisively influence Washington. This approach is not just about financial clout; it's about ensuring our collective voice is strong enough to advocate for policies before they are imposed, rather than reacting to them after the fact.

By uniting our industry's diverse stakeholders, ASA can secure a consistent, proactive presence in Washington, turning a weak, singular voice into a rallying cry for industry strength.

Simultaneously, the council is urged to create a centralized, dynamic platform that monitors and communicates critical state and national legislation. This resource will serve as a hub for best practices in advocacy and fundraising, ensuring every member is equipped with timely, actionable insights.



From left: Chris Reynolds (Plumbers and Factory Supplies), Mike Walleck (Gerber) and Chris Capone (IPS) share a laugh.



Danielle Laird (Bradford White) and Fielding Alderman (PDI) put their group's thoughts to paper.

The goal is to educate policymakers, cultivate political allies through targeted donations, and maintain a steady dialogue that aligns legislative outcomes with our industry's long-term interests. Together, these initiatives will not only fortify our political influence but also pave the way for an industry that thrives under a supportive, strategic policy environment — making our collective voice both respected and effective.

Data privacy imperative: Safeguard member businesses

In today's digital landscape, where every organization is vulnerable to sophisticated cyber threats, data privacy has emerged as a linchpin for maintaining industry trust and resilience. Both groups addressing data privacy have painted a clear picture: the pervasive threat of cyberattacks — from malware and ransomware to broader breaches — demands a proactive, unified response from ASA. They urge the strategic council to act not only as a source of critical technical guidance but also as a trusted ally, arming members with robust tools, comprehensive checklists and practical training resources. This dual approach is designed to both prevent breaches and ensure a swift, coordinated response if attacks do occur.

The strategic council is therefore tasked with developing a holistic cybersecurity strategy that spans the entire lifecycle of data protection. By establishing detailed playbooks, curating a vetted list of service providers, outlining an ideal IT framework, and creating peer support networks, ASA can transform the current reactive posture into a proactive shield against digital threats. These actions are critical — not only do they safeguard member data and reduce costly cyber risks, but they also reinforce ASA's role as a leader in industry security. In doing so, ASA will convert vulnerability into strength, ensuring that its members are well-equipped to thrive in an increasingly complex digital environment.

To review a copy of ASA's Long Range Strategic Plan inclusive of the additions from the LEAD2025 meeting in California, visit www.asa.net. ■

Preferred Sales' Michelle Lewnes-Dadas receives Alice A. Martin Woman of the Year Award

By **Leah Lopes**,
Manager of Member Engagement
llopes@asa.net

ASA's Women in Industry Division created an annual award to recognize the contributions that women have and are making to advance the PHCP & PVF industry.

The Alice A. Martin Woman of the Year Award, in honor of the legacy of NIBCO's **Alice Martin**, was created with the goal of recognizing women in the PHCP/PVF industry who have a record of significant accomplishment within the industry, and who embody the character of the late Martin, exemplifying traits such as embracing education and encouraging inventive ideas; promoting women within our industry; inspiring others through her work and example; and being a bold leader that others emulate.

Martin served as president and cofounder of the Rex and Alice A. Martin Foundation, a charitable foundation headquartered in Elkhart, Indiana, which donates to major projects for children. A champion of women's rights, Martin founded the Women's Leadership Group at NIBCO.

This year, ASA honored **Michelle Lewnes-Dadas**, CPMR, president of Hermitage, Pennsylvania-based manufacturers rep firm Preferred Sales, with the Alice A. Martin Woman of the Year Award. Lewnes-Dadas is the seventh person to receive the coveted honor.

A trailblazer in the PHCP-PVF industry, Lewnes-Dadas has carved out an extraordinary path of leadership, mentorship and service. As one of the first women to become the principal of an agency in this space, Lewnes-Dadas, a second-generation leader at Preferred Sales (her dad, **Pete**, purchased Preferred in the late 1970s), exemplifies the power of persistence, intellect and emotional intelligence.

Lewnes-Dadas' career has been defined by her ability to lead with grace and purpose, mentoring others along the way. Known for her strategic insight and passion for collaboration, she has made lasting contributions to ASA and the wider industry. From her commitment as a leader with AIM/R (she is the AIM/R 2025 president) to her invaluable presence on ASA panels and at Women in Industry events, Lewnes-Dadas has been instrumental in driving initiatives that empower women and foster innovation.

ALICE A. MARTIN WOMAN OF THE YEAR



Photo by Alex Franco/ASA.

Her mentees attest to her transformative influence. They highlight her mentorship not just for career guidance but as a source of courage to take up space confidently, integrate family and work with intention, and master challenges with authenticity. From building product expertise to encouraging others to embrace visibility and community networking, Lewnes-Dadas' guidance has left a ripple effect across the industry.

Lewnes-Dadas' dedication extends far beyond her own company. Her deep engagement with ASA, AIM/R, PHCC, ASPE and NCWA, and other organizations demonstrates her belief in collaboration and the importance of building connections.

Her colleagues and mentees describe her as a powerhouse of wisdom, passion and generosity, embodying the spirit of leadership that the Woman of the Year Award celebrates.

Past recipients of the Alice A. Martin Woman of the Year Award include: 2019 **Ashley Martin** (NIBCO), 2020 **Katie Poehling Seymour** (First Supply), 2021 **Robyn Brookhart** (Liberty Pumps), 2022 **Suzanne Chreene** (Delta), 2023 **Karla Neupert Hockley** (Consolidated), and 2024 **Rebecca Falish** (InSinkErator). 🟩



The ASA Women in Industry's ELEVATE2025 conference in Miami drew more than 400 attendees. Photos by Alex Franco/ASA.

ASA's Women in Industry ELEVATE conference provides strong platform in attracting and engaging women

By **Mike Adelizzi**, CEO
madelizzi@asa.net

ASA's Women in Industry Division has become a dynamic and growing force, dedicated to elevating the visibility and impact of women professionals in the PHCP-PVF industry.

Through its valuable platform for connecting with other driven women, fostering opportunities to network, grow, and leverage educational resources and provide practical guidance, this ASA division is unequalled for both personal and professional growth.

While these benefits have set it apart from other industry efforts that offer women events, the Women in Industry Division takes its value to the next level with the added mission to help the association attract women to the PHCP/PVF industry.

For the past decade, one of the divisions' core programs is to deliver a multiday forum geared specifically for women professionals in the PHCP/PVF industry. ELEVATE, annually attracting more than 400 women, presents thought-

provoking speakers and topics that are relevant to the career development of women in our industry, making it the industry's largest gathering of women professionals. It continues to grow in importance to both the association and attendees.

"The ASA Women in Industry Division plays a vital role in shaping a more vibrant future for our industry," says **Meagan Owen** of Eastern Industrial Supplies. "Its efforts reflect ASA's commitment to promoting progress and serve as a powerful beacon for women considering careers in the industrial sector.

"Programs such as ELEVATE empower women with the tools, mentorship, and confidence to lead — helping them rise, thrive and transform the industry from within. I have greatly benefited from networking with other women in our industry, and have created meaningful relationships that have helped further my career."

Miami was the host city for this year's ELEVATE, which saw 415 women participate in the 12 networking and educational sessions on dynamic topics from leadership in times of change, setting boundaries (work-life balance) and elevating your technology to the popular best practices roundtable

ELEVATE



session. Topics this year tied into the conference theme: “Flourish Through Change.”

“Attracting more women into the industry offers invaluable benefits such as increased profitability and diverse perspectives,” says **Alexis Davis**, vice president of human resources at Rinnai America. “Joining Women in Industry has been instrumental in helping me navigate my space in this industry. Women who truly take advantage of the ASA network walk away motivated, confident, and part of a shared community of powerful women — and men.”

Involvement in ASA’s Women in Industry allows women professionals to:

- ➡ Build a strong support and network group for professional and personal growth.
- ➡ Increase the visibility and impact of women in the PHCP/PVF industry.
- ➡ Share and learn from valuable resources to succeed in the industry.

“The Women in Industry Division is an open-minded, empowering group that truly supports women,” says **Kelsey Richter**, director of operations at rep firm Battersby, Daniels, Azbell (BDA) and the 2025 chairwoman of the Women in Industry Advisory Group.

“It’s unlike anything in other industries, and through ELEVATE, we attract, encourage and retain talented women in plumbing and PVF.”

Join ASA’s Women in Industry Division

Through a company-wide membership, all women within a firm have access to the benefits offered in the division. For further information about your firm joining ASA’s Women in Industry or how to get your name listed among the more than 1,000 women in the division, contact ASA’s **Leah Lopes** at llopes@asa.net.



ASA members met with Indiana Congressman Rudy Yakym during the association's legislative fly-in last fall in Washington. ASA continues to be actively engaged in Washington, educating decisionmakers on Capitol Hill and Trump administration officials about the PHCP-PVF industry and its crucial role in the economy. Photo by Steve Rossi/ASA.

Taxes, tariffs and reconciliation: How the new administration and Congress are changing the business landscape

By **Steve Rossi**, Vice President of Advocacy
 srossi@asa.net

The initial months of President Donald Trump's second term have been characterized by unprecedented activity. In contrast to his predecessor, there have been daily news conferences and hourly developments as he swiftly implemented his vision for federal reform. The rapid pace of changes has posed a challenge for seasoned veterans of politics, policy and media.

ASA has been actively engaged in Washington, educating decision-makers on Capitol Hill and Trump administration officials about the PHCP-PVF industry and its crucial role in the economy, the challenges it faces, and advocating for policies that will foster industry growth and contribute to America's economic prosperity. Several actions (energy tax credits, corporate tax rates, regulatory changes) may have an impact on our industry and will continue to do so throughout the year as changes are made to the regulatory and trade framework established by the Executive Branch, as well as the tax, budget, and legislative policies enacted by Congress.

Washington, traditionally known for its slower pace, has presented an adjustment for many and significant changes can occur at a moment's notice, as demonstrated by recent tariff policy. Furthermore, the budget reconciliation process, at the President's directive, has accelerated its speed compared to previous years.

When a single party holds "The Trifecta" of the White House and both chambers of Congress, it can implement a substantial overhaul of tax and spending policies within a 10-year window. This occurred during the inaugural year of the Biden administration when Democrats held power. Consequently, several of the measures that Republicans intend to repeal are now on the agenda. In the upcoming weeks, the Senate Parliamentarian will determine if the budget reconciliation deal violates the Byrd Rule, which requires budget provisions to directly impact the budgetary balance. This rule prevents extraneous policy changes and ensures the budget doesn't exceed the 10th-year deficit.

Many moving parts

The Tax Cuts and Jobs Act (TCJA) of 2017 could impact the budget reconciliation calculation. While some Republicans believe it won't affect the bottom line as an existing measure that does not expire until the end of 2025, many Democrats disagree and are ready to challenge that notion. If the Parliamentarian disagrees with Republicans, the Senate can vote to overrule her, replace her (as she serves at the pleasure of the Senate Majority Leader), or the most unlikely scenario is that Republicans accept her decision.

Both chambers have been diligently working on budget reconciliation since the Senate passed budget instructions prior to the April recess. These negotiations have been high-level and confidential, with the House Ways and Means Committee convening in the Library of Congress to discuss the progression of tax policy.

Speaker Mike Johnson committed to having the bill voted out of the House before Memorial Day, so that the Senate would have ample time to debate and amend the bill, with an eye on getting the legislation to the President's desk by the Fourth of July. It is imperative to note that no aspect of the negotiations has been overlooked.

The One Big, Beautiful Bill Act reflects the priorities of the Trump Administration and many House Republicans. The bill includes making the Tax Cuts and Jobs Act (TCJA), commonly known as the 2017 Trump tax cuts, permanent. It includes no taxes on tips or overtime, a \$4,000 deduction for social security income, increases the SALT limit to \$40,000 for those with incomes under \$500,000, cuts spending by \$1.5 trillion over 10 years, and increases the debt limit by \$4 trillion.

Federal spending in FY2019 was \$4.4 trillion, while in FY2024, it reached \$6.91 trillion. The absence of a spending agreement that significantly lowers the deficit will pose challenges for fiscal hawks in the House.

On that note, the budget instruction bill mandated the House Energy and Commerce Committee to reduce its programs by \$880 billion. This led to the House Energy & Commerce Committee reductions on Medicaid and food stamps, instituting work requirements for able-bodied recipients along with other measures. The House Bill was passed 215-214 at 4:30 a.m. on May 22, after a marathon of late-night hearings and floor sessions that started the day before with a 1 a.m. House Rules Committee hearing to get the bill moving. Two Republicans, Reps. Thomas Massie (R-KY) and Warren Davidson (R-OH), voted against the bill, citing that spending cuts did not go far enough.

In the Senate, the bill will likely go through extensive revisions, based on the chamber's rules and a diverse group of political ideologies. Several Senate Republicans have already indicated they intend on restoring many of the energy tax credits and programs that were cut by the House. In addition, the legislation will be subject to the aforementioned parliamentary procedures, while moving to floor votes, and further

negotiations with the House on upcoming changes will affect the timeline. Senate Majority Leader John Thune (R-SD) has proven skilled thus far on floor strategy and this will certainly be his Magnum Opus if the legislation remains on schedule.

The situation remains fluid, and further developments are predictable. Recently, the president of the National Economic Council, Kevin Hassett, said that the bill could be passed by early summer. Much remains to be negotiated, including existing and future tax credits, as well as making good on campaign promises such as no taxes on tips and overtime. Additionally, the current debt limit expires this spring, and President Trump wants a significant increase to remove obstacles to legislative progress and ensure Congress remains responsive to funding needs.

The tariff situation has remained in flux since "Liberation Day," with several changes occurring at the end of the quarter alone. More than 75 countries have approached the White House regarding renegotiating trade deals, with roughly 15 currently engaged in active discussions. Renegotiating these intricate deals within a 90-day pause granted by the President presents a challenge, potentially leading to extensions for certain countries if they are actively engaged in negotiations at the time of expiration. Tariffs on critical minerals and semiconductors may be the next targets for increases.

As the Trump administration continues to implement its significant budgetary, tax, and trade reforms, ASA will remain committed to ensuring that the interests of the PHCP-PVF industry are effectively communicated. Given the rapid pace of these developments, it is vital that members stay informed.

ASA Insights, the association's weekly e-newsletter for members, and the Rossi Report, a video podcast featuring Washington influencers discussing the latest developments and providing insights into what is next, serve as valuable resources for timely updates.

Should you have any questions, please do not hesitate to contact ASA Vice President of Advocacy **Steve Rossi** at rossi@asa.net, to obtain further guidance and clarification on federal and state legislative and regulatory matters. ■



Check out the latest insider Washington news with ASA Vice President of Advocacy Steve Rossi's quarterly Rossi Report and monthly Washington updates at www.asa.net.



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Tariffs and their impact on the M&A market

By **Brad Williams**, The Beringer Group

As the current administration sharpens its focus on tariffs, many industrial business owners are reevaluating the long-term effects on their cost structures, inventory strategies and succession planning.

While tariffs affect commodity prices and supply chain issues, merger and acquisition (M&A) activity is ultimately driven by capital availability and long-term business strategy rather than by short-term trade policy fluctuations. That being said, here are three ways tariffs may influence the current industrial M&A and succession planning landscape:

1) There is a strong likelihood

Tariffs could impact the cost of goods sold (COGS) for distributors and manufacturers, but they will not affect M&A. The forces driving deal flow, strategic expansion, vertical integration and private equity investment are still intact.

- ➞ Access to capital is a greater issue than tariffs — high interest rates impact deal structure and valuations much more than import expenses.
- ➞ Tariffs would make more acquisitions likely. If the cost of imports increases, companies will likely use acquisitions as a means of taking control of their supply chains rather than relying on third-party vendors.
- ➞ Industrial distribution customers prefer recurring revenue and stable customer relationships over the risk of trade policy fluctuations. These are more critical to long-term value than the volatility of material cost.

Bottom line: While tariffs may create market noise, M&A continues to be guided by the fundamental needs of businesses. Without significant shifts in the capital market, it is unlikely that the volume of deals will significantly decrease due to tariffs. Industrial business owners should expect the value of their businesses to grow when tariffs increase the cost of goods sold.

2) Industrial distributor inventories may increase as firms hoard ahead of tariffs

Industrial distributors operate with a close monitoring of commodity markets as they handle commodities such as steel, copper and aluminum. Tariffs making inputs more expensive would result in distributors accumulating larger inventories to hedge against higher future prices.

- ➞ Short-term demand surges are likely. Many companies will attempt to secure materials at pre-tariff prices, resulting in temporary spikes in sales.
- ➞ Excessive production can result in liquidity risk. When demand falls, or tariffs are lowered, companies with surplus inventory may tie up substantial amounts of capital in unsold products, resulting in disruptions to cash flow.
- ➞ Credit-worthy distributors will benefit. Companies with strong balance sheets will be able to establish and maintain supplier relationships, as well as renegotiate long-term rate contracts, during this period.

Bottom line: Inventory fluctuations are likely, but companies must strike a balance between short-term purchasing strategies and long-term fiscal prudence to prevent liquidity issues.

3) Tariffs likely accelerate succession planning among industrial company owners

Many owners of industrial companies are already considering exits due to age, industry consolidation or capital market trends. The “Liberation Day” and the uncertainty surrounding new tariffs present a timely opportunity. By anchoring valuation to the announcement date of the tariffs, April 2, 2025, owners may benefit from a strategic discount. Given the potential for tariff volatility, this could prompt owners to accelerate their exit timelines to avoid the risk of declining valuations caused by rising costs.

- ➞ Home country supply chains will make firms more attractive to buyers. Buyers can favor firms with reduced

dependence on imports from foreign countries as they see such firms as being less susceptible to tariff risks.

- ➔ Buyers can include tariff exposure in pricing discussions.
- ➔ Industrial family businesses can speed up succession planning. Uncertainty over trade policy can encourage owners to transfer the company to the next generation or sell to a third party earlier than expected.

Bottom line: Tariffs will not force owners to sell, but they could be the trigger for those considering an exit, resulting in more succession-driven M&A transactions.

A robust M&A market with evolving dynamics

While tariffs affect inventory strategy and COGS, they will not

significantly slow M&A activity. Interest rates, supply chain management, and succession planning decisions continue to drive industrial deal-making far more than trade policies.

For sellers, it is a question of understanding how shifting trade policy impacts valuation and positioning their firm accordingly to achieve maximum value under any economic environment.

Brad Williams is the managing director at The Beringer Group, a Radnor, Pennsylvania-based independent advisory firm dedicated to serving privately held businesses, family offices, and high-net-worth individuals. Visit <https://theberingergroup.com/bradley-williams> for more details. ■



The opening reception, which featured ASA West Summit sponsors manning tabletop displays, was held high atop the resort, providing a picturesque Napa backdrop.

Inaugural ASA West Summit draws packed house in Napa

By **Mike Miazga**, Vice President Sales-Operations
mmiazga@asa.net

The inaugural ASA West Summit, bringing together wholesalers, suppliers, reps, master distributors, service providers and other invited guests from 11 western states, was a smash hit out of the gates.

The summit held in early May drew more than 220 attendees and enjoyed tremendous sponsorship support from industry vendors, wholesalers, reps and service providers for its two-day education, best practices sharing and networking forum held at the Meritage Resort and Spa in Napa, California.

On the education front, attendees heard seminars from longtime ASA friend, speaker and consultant **Dirk Beveridge** who gave a state of the distribution update and talked about

ASA WEST SUMMIT

the importance of empowering all individuals in the distribution and manufacturing sectors to reach their full potential and thrive, regardless of their role or level within an organization.

Dave Kline shared seven leadership mistakes he's made, while Distribution Strategy Group's **Jonathan Bein** gave an update to attendees on the state of the customer experience in distribution. **Janine Driver's** seminar on how to ready body language was well received, as was a mid-year economic update from ASA Chief Economist Dr. **Chris Kuehl**.

In keeping with the promise to provide value for all parts of the supply chain at ASA regional summits, ASA West attendees participated in a best practices roundtable session where industry challenges and solutions were discussed related to a number of topics.

In addition to a sponsor tabletop opening reception held high atop the resort, attendees were taken to the Inglenook Winery in Rutherford, California for a final-night networking event, sponsored by ASA West Summit Diamond supporters A. O. Smith, AB&I Foundry/Anaco-Husky/Tyler Pipe, Charlotte Pipe, Distro, NIBCO and TOTO.

The event concluded with the first-annual ASA West Summit Golf Open at Eagle Vines in American Canyon where the foursome of **AJ Benton** (Smardan Supply), **Joe Mento** (Mega Western Sales), **Joe Theiss** (Mainline Sales) and **Michael Benisek** (Mainline Sales) won the scramble event.

The 2026 ASA West Summit takes place May 12-14, 2026, at the Hilton La Jolla Torrey Pines in La Jolla, California. The ASA West Summit golf tournament will take place at the nearby and famous Torrey Pines Golf Course. ■



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Rebuilding sales compensation plans without losing your team

By **Mike Emerson**

Change is hard. It's so hard that distributors will often stay the course even when they know it's not taking them in the right direction.

For instance, that sales compensation plan set in stone may be so outdated and inconsistent that real growth is basically impossible. You may think, what if changing it causes top performers to leave?

The truth is that a sales compensation overhaul, when done correctly, can motivate reps to align their work with company goals and drive more revenue as a result.

It does have some risk attached, and it will take some planning and effort, but the alternative — standing pat — offers nothing but downside. The way distributors are doing business is changing and inside and outside sales roles are blurring.

This necessitates a hard look at your current compensation plans. Assume that your competitors are looking for every possible edge, and a fully modernized compensation plan offers one of the best edges available.

Recently, I helped a major distributor take a dozen compensation plans cobbled together from various acquisitions and transform them into a consistent, modern compensation structure, all without losing a single rep. Here's what I learned from the process:

Fear is natural, but it can be overcome

Company leadership knew having so many plans was untenable, but they were worried that half of its 130 sales reps might jump ship. Compensation changes are often met with skepticism by reps who assume that change results in lower earnings. That's a valid fear, but with a proper strategy and communication plan in place, those fears can be eased.

“A fully modernized compensation plan offers one of the best edges available.”

Change management is crucial

A sales compensation overhaul requires planning, patience and clear communication. In this case, the company gave itself more than a year of runway to develop and implement its new plan. Rather than rushing into a major change and imposing it on the sales team, it took the time to test and refine the new



A sales compensation overhaul requires planning, patience and clear communication. Shutterstock Photo.

plan, involving stakeholders from across the company as early and often as possible. Sales leaders, HR specialists, data analysts, finance and payroll experts gave their input to ensure that the new plan would be airtight in all aspects.

The sales team itself was also involved very early on, as leadership interviewed a dozen key reps to better understand both the frustrating and popular elements of the existing plans. They also discussed areas where compensation and sales behaviors were misaligned. With the team's input heard and considered, leadership began developing the new plan and communicated the oncoming changes to the reps — no surprises.

Data-driven transparency is a must

There's a big difference between "trust us" and cold, hard data. The team and I worked with company leadership to create real-time commission dashboards and provide reps with self-service access to commission reports with every detail of their earnings, including invoice-level data.

This, along with side-by-side comparisons of the old and new plans, helped the reps visualize and understand the benefits of the changes. The elimination of manual commission tracking also saved more than 1,000 hours in administrative time, a huge cost-saving benefit. Ultimately, transparency is the greatest weapon against skepticism.

Incentives need to align with business goals

Of course, it's easier to be transparent when the plan itself is strong. This company wisely built a compensation structure that didn't penalize reps, but rather incentivized desired sales behaviors.

With performance targets and rewards clearly defined, every rep got a boost. Those in need of improvement were motivated to grow, while the high-performing reps, that

leadership worried about losing, quickly found they could earn the same or more under the new plan. This change was an opportunity to create a strong link between individual performance and broader business objectives, and the company took full advantage.

"Ultimately, transparency is the greatest weapon against skepticism."

Slow and steady wins the rollout

The company comprehensively trained its managers on the new plan before introducing it to the broader sales team three months before implementation. This time span allowed managers to support and reassure their teams. Reps also had enough time and information to prepare for the shift, including tools to model their earnings under the new plan.

The transition to the new compensation plan was so well-executed that not a single sales rep left — despite initial fears of losing around 60. This shows how easily fear can distort reality.

It's clear that change itself is not the culprit when it comes to attrition — it's mismanaged change. With thorough planning, clear communication and a thoughtful rollout, change becomes far more manageable.

Now is the time to launch a strategic, employee-focused compensation plan that makes your reps feel valued and motivated. Waiting only risks looking back with regret that hesitation got in the way.

Mike Emerson, managing partner at Indian River Consulting Group, has worked with hundreds of distributors and manufacturers of all sizes on sales strategy, structure and compensation. Learn more at ircg.com. ■

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