



The Results Are In! ASA Quarterly Market Survey: Rep Edition!

Welcome to the first ASA Quarterly Market Survey of 2024. This time we are focusing on independent manufacturers' representatives.

As is always the case with this survey, the questions you see below have been asked by ASA member manufacturers' reps. ASA reached out to a mix of member reps and asked what questions they would like their fellow reps to answer.

Many of the questions include an "Elaborate" option to allow for further explanation/thought. We encourage you to jot down your thoughts after answering each question.

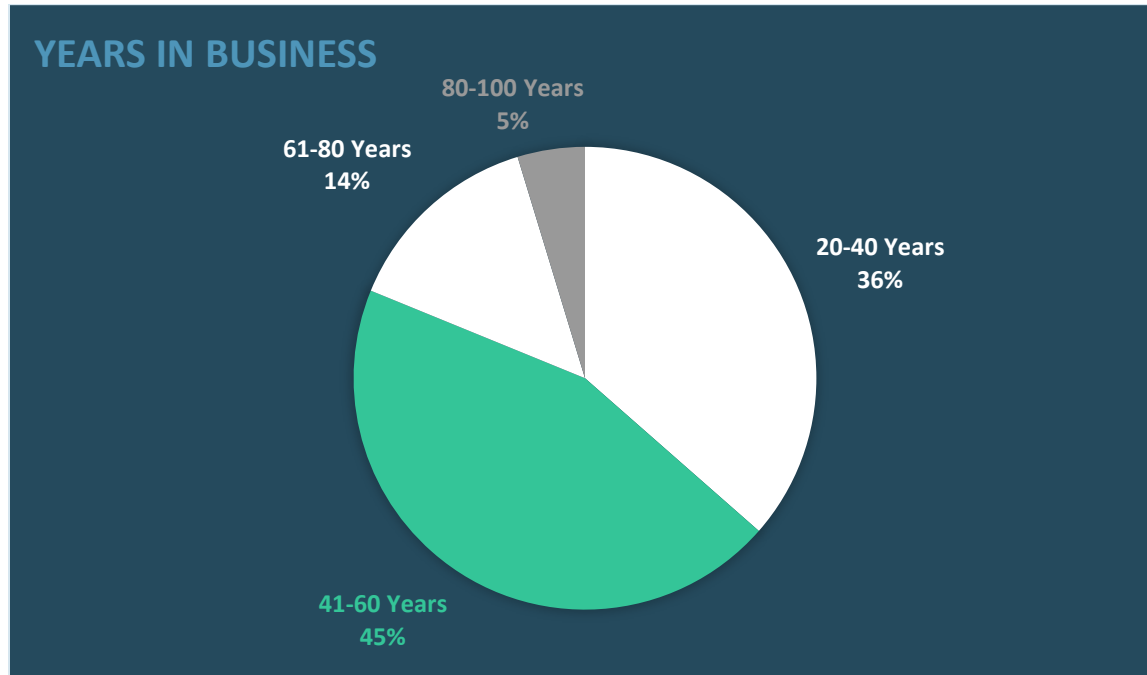
Some of the questions have been kept open-ended to allow for distributor elaboration, which enhanced the value of the report. Your responses and identity have been kept strictly confidential.

Read the results now!

How many years has your firm been in business?

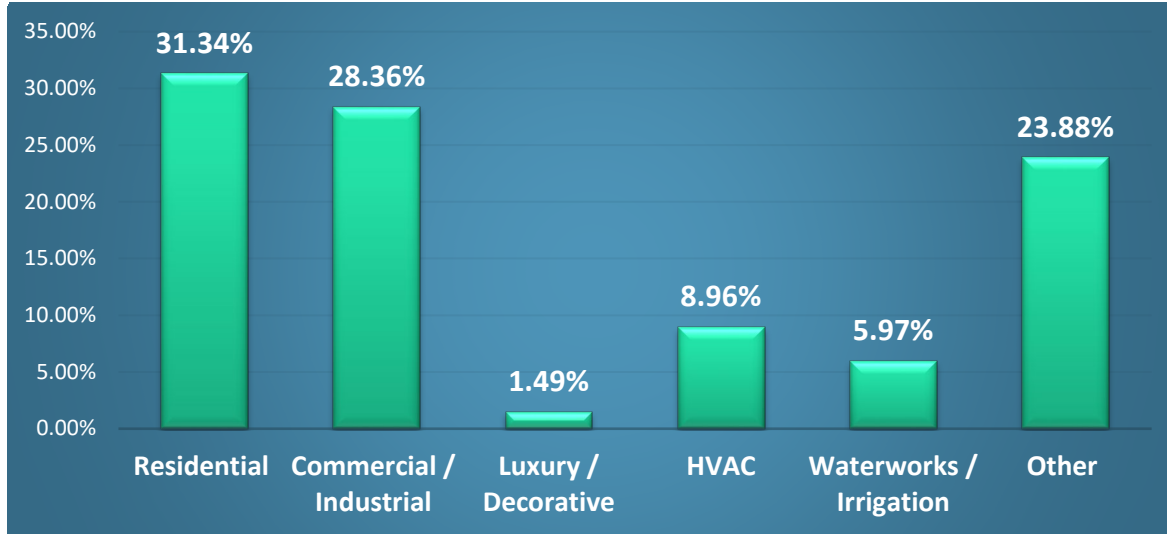
THE REP SAYS:

The Average years in Business: **33 Years**



Is your firm focused mainly on:

THE REP SAYS:

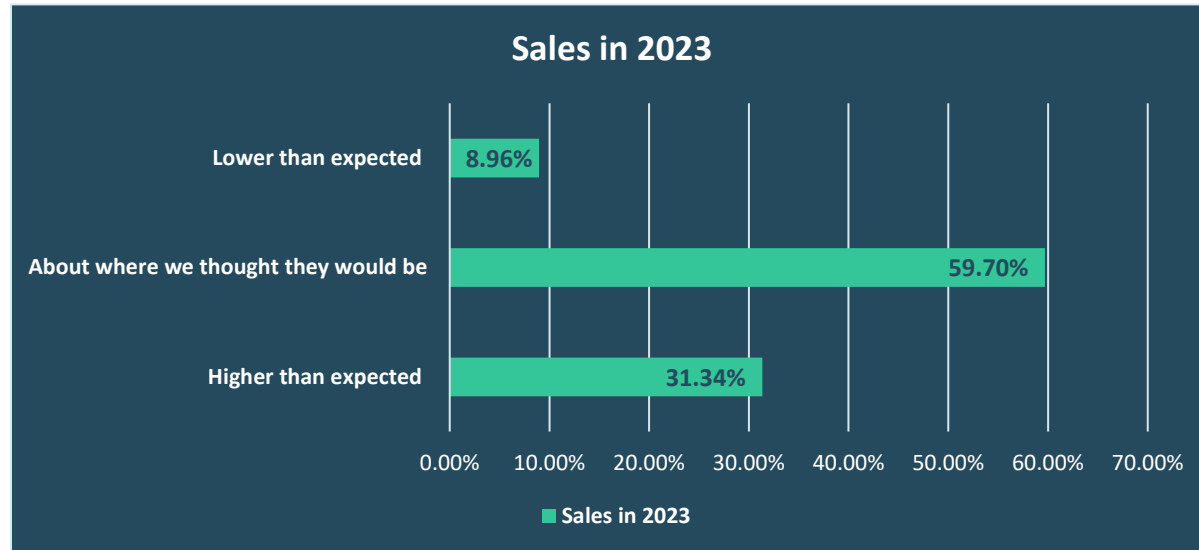


OTHER, ELABORATE:

- Residential, multifamily, light commercial, with some underground
- Residential / commercial blend
- We do commercial and residential.
- All
- Residential, commercial, luxury /decorative
- We are heavily involved with waterworks utility, HVAC, and irrigation.
- Plumbing/HVAC & construction/industrial
- Commercial, residential, luxury/decorative, waterworks irrigation
- We are a mix of residential, commercial, luxury retail and HVAC.
- Commercial and residential
- Residential plumbing and heating, commercial plumbing, and heating, decorative, HVAC
- And residential
- We have a solid mix of residential, commercial/mechanical & HVAC.
- Residential and commercial/industrial
- 65% residential, 35% commercial; 80% plumbing, 20% HVAC
- All the above.

How did your 2023 business meet expectations?

THE REP SAYS:



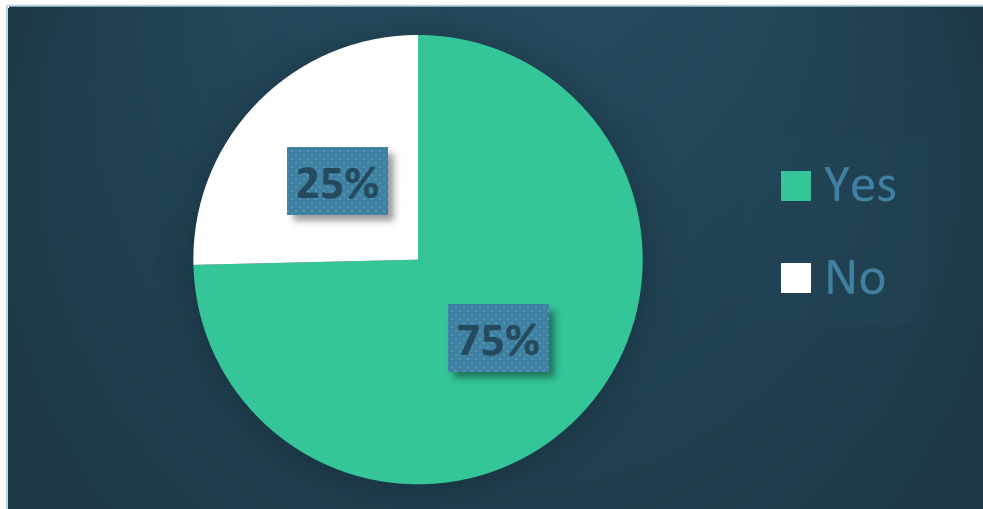
ELABORATE:

- Equipment numbers had a reset due to wholesalers' stock heavy with poor lead times in 2022 being caught up at the end of 2022. Commercial plumbing/multifamily sales were strong and is where we showed the most growth.
- We had a good year overall and were pleasantly surprised by how well a few of our lines ended the year.
- Most sales by product category were flat while we expected them to be down slightly.
- Q1 2023 was weak, as expected, but then we quickly recovered.
- We had 4 months of rain.
- Some lines flat, others down on average of 8-10%.
- Most all our lines exceeded the plan.
- Office category way down, but healthcare and education sectors picked up more than expected.
- We were off about 12%
- The first 6 months were awesome, but the last half year was way off. Overall flat year.
- Supply chain issues from major manufacturers resulted in lower-than-projected sales dollars.
- Shelf stock brands took a hit related to single-family home construction. Multifamily and commercial construction brands grew.
- Pretty flat
- Despite the economic headwinds, Northern California held its own, and our sales were slightly higher than expected.
- Our buy-sell lines were down this year overall.
- We were expecting a recession based off numerous economic forecasts.
- Flat year due to low amount of commercial activity
- Down a little, but we lost a line that we represented.

- Government rebates accelerated the move towards the electric push and distance away from highly efficient gas.
- We expected a slowdown, but sales growth was 55 ahead of projections.
- Down 5%
- Sales went in spurts throughout the year. Weather and financing delayed some projects. Also, distributors and contractors adjusted inventory post pandemic as mfgs shipped better. By year end, everything is balanced out. The other dynamic at play is consolidation. Depending on how these moves impact you, you can have huge positive or negative swings as a rep agency.
- No surprise in the down market from interest rates impacting RNC.
- Our fiscal year runs to another quarter, but our base rep business has performed right at budget expectations.
- We were expecting business to be down in 2023 due to low housing starts because of interest rates.
- Lead times affected our stocking of wholesalers.
- Up over 35%.

Does your firm plan to add a line(s) this year?

THE REP SAYS:



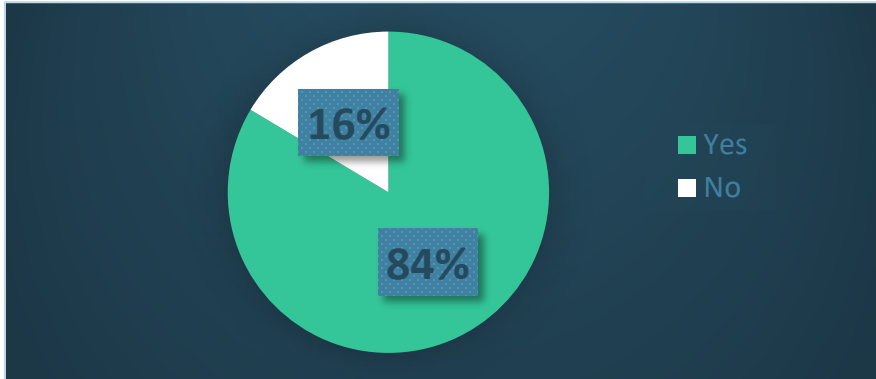
ELABORATE:

- We are looking to round out our HVAC line card, as this is a growing segment with electrification.
- We added 2-3 lines in Q2 of 2023 and added territory for another in Q4 2023 so unless a line comes our way that we can't pass up we aren't planning on adding any.
- Looking for more opportunities to upgrade manufacturers.
- Adding more complementary lines and buying sell items.
- Already added a new line for 2024.
- We're always looking for new opportunities.
- We have full offering of valves and were hired as the Emerson rep for their actuators in the water industry.
- We are looking at a couple of options that may work.

- We're expanding into HVAC.
- Always looking for good lines.
- In the decorative showroom side
- We are always looking for lines that complement our current portfolio.
- Adding one manufacturer 1st qtr. 2024
- Opportunity hunting for complementary manufacturers in existing channels
- We are shedding a few brands that no longer align with our firm and we will be looking to add new brands.
- Ventilation and controls manufacturers
- Always open to evaluating new lines.
- Always looking for one more good line!
- Always looking to add a great partner.
- Through acquisition as well
- Always looking for upgrades
- We are always looking to grow or replace lines.
- We are open to more lines, but we are not actively seeking to add more.
- Our goal is to grow our business with existing lines and channel partners. However, if a complementary line is available, we will review.
- Too many changes are occurring not to be actively adding lines- gas-related equipment & accessories are/will be pressured, and new technologies are, and will be replacing — plus the utility rebate component plays a part in the need to be flexible.
- We added a new line effective Jan. 1, 2024.
- We are always open to new lines.
- One added Jan 1, another coming in February or March. Others on the line as well.

Does your firm plan to hire more staff?

THE REP SAYS:

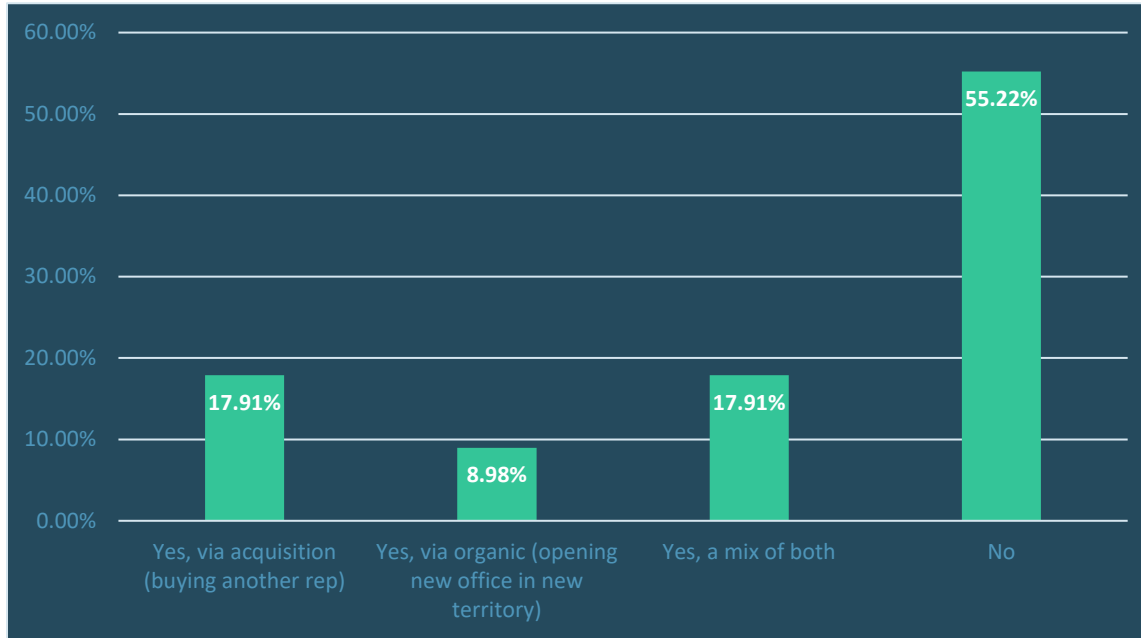


ELABORATE:

- Looking to add 1-2 inside sales/quotation staff and 1 more outside sales representative.
- We are looking to hire at least one outside salesperson and an inside sales/customer service person.
- If lines are added to open staff positions
- 2 new full-time employees Jan. 2024
- More salespeople - next gen
- Outside salesperson
- Always looking for additional team members
- Decorative outside sales rep
- Younger people are needed.
- Inside sales needed
- We are expanding our territory.
- We need additional warehouse personnel.
- We will be looking for an outside salesperson in the 4th qtr.
- Adding additional inside sales associate and possibly one outside
- 5 new people because of a manufacturer we just signed with
- We started a new employee on Jan. 2, and have another new team member starting mid-February.
- We are looking to hire for several positions, both inside and outside
- Plan to add up to 2 salespeople.
- With new lines means new hires
- All categories from inside and marketing to focus to start.
- Need additional salesmen in some areas.
- We are always looking to hire and grow.
- Expectation is for continued growth- actively seeking to fill two positions now.
- We are currently fully staffed and can handle all the lines we currently represent.
- Unless we grow financially

Does your firm plan to expand (via acquisition/organically)?

THE REP SAYS:



ELABORATE:

- Our focus in 2024 is to grow within the current footprint. If an opportunity arises in which we can acquire another agency to improve our market position via line or personnel, we will pursue it.
- We aren't currently looking to expand.
- Added 2 states last year.
- Would do that if can't find a salesperson in a region then will look at the reps there and see about acquiring them.
- Working on this
- We already cover the whole country of Canada so no new territories to grab.
- Purchasing a firm in NY state & eastern Canada
- Buying another rep agency
- Planning to build organically this year a look at an acquisition strategy in 2025.
- Not planning, but not afraid to do it if the right opportunity presents itself.
- Always looking
- We have had the option to expand regions over the years and in the end, we find we are best suited to putting our efforts into the market we know best.
- It's not in our plans for 2024.
- Mostly via sub-rep expansion in 2024
- Family owned and will continue that way.

From an ASA member rep: One thing I find myself dealing with lately is that more and more of my customers are working from home. This greatly influences how I build and/or maintain a relationship with them. Talking over the phone or email does not have the same impact as in person. Are others finding this out there? And if so, how are you dealing with it?

THE REP SAYS:

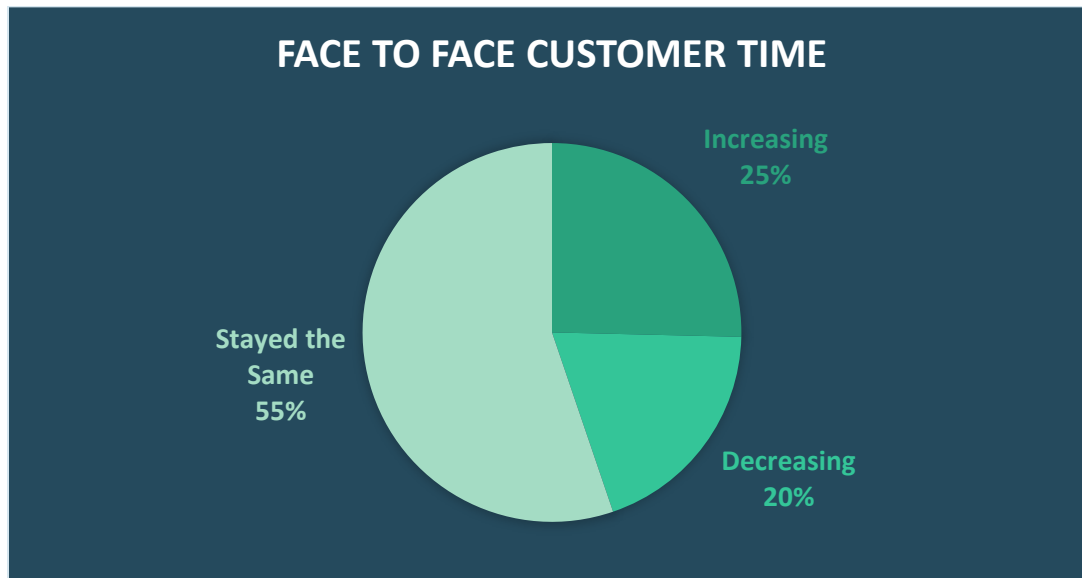
- 2023, we worked on making sure we could try to get face to face with everyone. In 2024, we have started more initiatives to do joint wholesaler and contractor events along with events driven around meeting with whole corporate teams and not just one or two individuals at a time.
- We found this with architects and engineers. Some wholesale purchasing agents are remote, but we meet them for lunch.
- One just must deal with it. You meet people when they need your expertise.
- We do have a lot of people we deal with working remotely but are still able to engage them and maintain the relationship. When needed, we will do virtual (Teams, Zoom, etc.) training so we can interact with them better than by phone or email. Sometimes being able to screen share and show them something while on the call is very helpful.
- Absolutely! It's a daily challenge.
- Not an issue in our territory.
- Yes, we participate in many industry events and trade functions. Customers are increasingly showing up for various outings and it's important for us to know where they go.
- High emphasis on agency social media.
- The distributors and end users seem to be available face-to-face. The engineers are still hit or miss, and many are working remotely.
- Yes, we are dealing with this more and more. It does not seem to be an issue with a quote person or estimator. Our issue is when the purchasing manager is remote, it makes it much more difficult to sell or make a presentation.
- We find most if not all people are back to work in person and no longer working full-time from home/remote.
- Utilizing all forms of communication can help with this. We have text options at the office, provide lunch gift cards to get in the door for a following in person meeting or lunch (engineers).
- We are not seeing this - maybe during COVID.
- For making sales calls, working remotely remains a serious issue for the design community (engineers, interior designers) more so than others. Must schedule "lunch and learn" type events. Also, some of our manufacturers have a significant percentage of their employees working remotely.
- My region is still very much in the office and in person meetings. Only a few distributors are remote, and it is much more difficult to form impactful relationships. Focusing more time and energy on the accounts that let us meet with them.
- Meeting offsite
- Mostly just engineering firms.
- It fluctuates with each customer; However, our team is well versed in asking the right questions; be that in person, e-meet, or over the phone.
- We are seeing this with our engineer customers, and it has been challenging to call on them or schedule appointments.
- We still maintain much personal contact.
- Very few are still working from home.

- This is an issue and concern going into the future. Existing relationships hold strong with extra effort towards lunch's etc... away from either office or home. New PA's working from home is usually a younger generation and typically we'll try to pivot a young salesman to try to relate. There's no perfect solution, but we are seeing small signs of people coming back into the office. Wish us all luck!

- No, most of our customers are back in the office.
- Not many except engineers.
- This does not pertain to my customer per se, more the engineering community that we call on for specifications. Their work schedule makes it more difficult to engage like previously.
- We are used to remote working as our entire sales force operates from a home base.
- Not having an issue with that.

Is your face-to-face customer time increasing or decreasing?

THE REP SAYS:

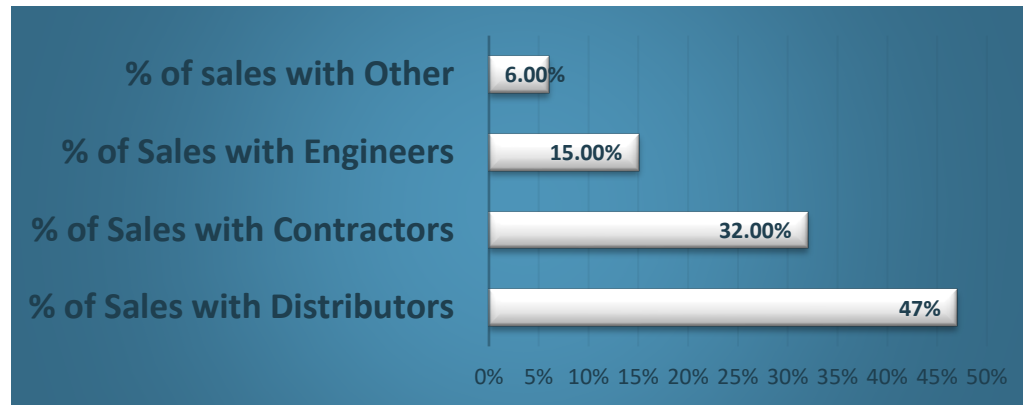


ELABORATE:

- I would say we are as face to face as we were prior to COVID.
- See question above. Plus, purchasing people don't want to see you.
- We are still able to get good face-to-face time when we need to with customers even with a lot of them working remotely.
- Increasing wherever possible.
- Face-to-face time is improving slightly but requires more effort as more meetings are being held outside the office at restaurants or coffee shops. And, usually with one or two contacts from an office rather than the entire office staff.
- We are a people business; people need to meet face to face to collaborate.
- During COVID, technology earned a place vs face-to-face call (Zoom, texting, etc.)
- Post-COVID is getting people excited to be back out and entertaining, attending events, etc. With the market being a little slower, it allows access to meetings etc. as well.
- Increase with some products and decrease with others.
- All segments are moving back to business model prior to 2020.
- it is back to where it was pre-COVID.
- More employees working at home.
- My major goal for 2024 is more direct engagement with all parties.
- We've been shorthanded, so I don't think our situation applies to market changes.
- I am having more communication remotely and including our sales managers.
- Remote working customers, more administrative demands from manufacturers.
- Because we have more people on the street.

What percentage of your total sales calls do you make to – distributors, contractors, Engineers, others?

THE REP SAYS:



NOTE: OTHER ENCOMPASSES VERTICALS SUCH AS DESIGNERS, BUILDERS/DEVELOPERS, ARCHITECTS, FACILITIES MANAGERS AND SHOWROOMS.

How are you handling email overload?

THE REP SAYS:

- Great question! Not as efficiently as we could. We are now using a sales inbox and driving customers first contact to them. Inside is then communicating back with the appropriate outside on copy so the outside group can have less down time.
- Trying to delegate to inside staff. Budget times of the day to focus on inbox. Boot laptop at customer, do emails from their place and eavesdrop and chat. Quality time with a customer.
- Work on it daily.
- The best we can.
Filters are used to remove as many advertising and spam emails as possible. Legitimate emails are all responded to, some being forwarded to others to respond.
- We delegate through line captains.
- Not well. Sending non-critical emails to a separate folder to be dealt with at other times.
- Leaving emails that do not need immediate action or a response as unread or setting a follow-up alert and reading those later is more convenient.
- Utilize Out of Office memo to call if time is of the essence, otherwise e-mail responses can be delayed as my schedule dictates.
- Filtering email and having your daily reports go to folders automatically and then taking in normal email. I also always encourage verbal communication with customers.
- I have been unsubscribing and blocking emails that are not related.
- Losing the battle! We are struggling with unnecessary emails and "bcc". MS Outlook "Focus" does help a little. We are also trying a new, more aggressive spam filter this year.

- Every day I work on emails order of importance and urgency. Quote requests get moved to the front of the line. Price or lead time requests get forwarded to our inside sales team.
- Time management.
- Not an issue
- Creating rules for reoccurring reports in Outlook.
- Just spending more time on it before/after hours
- I handle it well, but email is getting ridiculous. It is almost impossible to keep up with it anymore.
- Not well! Takes too much time each day eliminating these.
- Not too well
- Not well.
- Just fine.
- We can navigate this-not really an issue.
- Having my assistant/office manager help with emails while I'm traveling.
- Staying on top of it does put strain on being in the field. Bulking up on inside staff and trying to keep outside staff away from as many administrative tasks as possible.
- Day by day...
- Catching up after hours
- Delegate to an admin quote requests and simple CSR tasks.
- Flag non-urgent emails for later and take care of them when multitasking - i.e. watching sports in the evenings or weekends.
- CLUTTER function on MS Office helps if something is VERY important, they will call or text as well.
- Fine about the same
- It is a pain. Just trying to push junk to the junk file.
- Working late every day
- Handle it as it comes and filter through it.
- Filtering software to decrease email from unknown sources.
- Delegating more to ISR/OSRs
- Training and refocusing inside staff. As we see a shift away from phone calls & fax communications to email communications.
- Group coverage
- Set up junk folder with strong entry.
- Not an issue
- I try to file the ones that don't look like they are specifically meant for me.
- It is a part of the job. We get lots of emails and we need to go through them. I find that I am spending more time in between stops replying to emails before heading to my next appointment. I try to get the easy things out quickly and the stuff that requires more time gets pushed back to when I can give it the attention it deserves.
- More staffing
- Not obsessing about answering everything right away. Utilizing the 5-minute rule to clear out quick tasks. Scheduling time for inbox management.
- Ruthless deleting of anything but needed/wanted & known senders.
- Answer in the order messages arrived.
- Utilizing tasks and setting aside email only time.
- Superhuman and sending as few as I can.
- Often, at night, at home. Or having to pull over the vehicle and take the time to do it.

How are you handing general email inboxes?

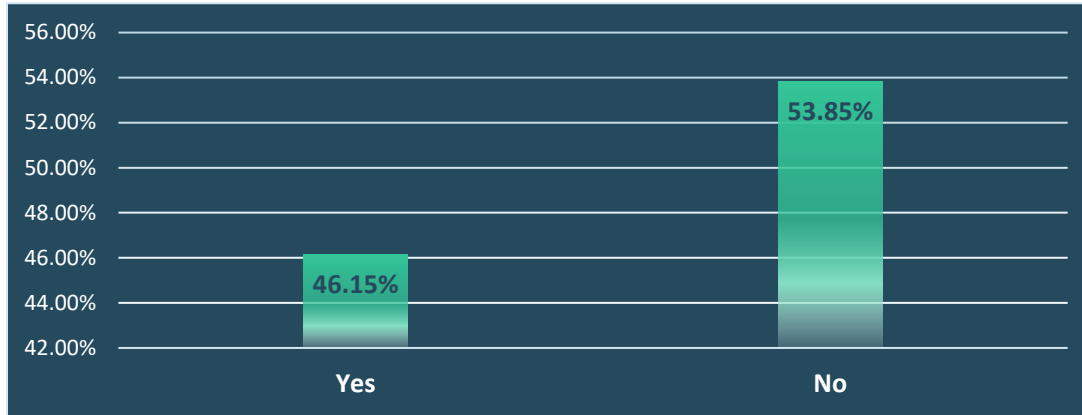
THE REP SAYS:

- Each outside has an email address with one for our inside salesperson (only have one today) and one for accounting.
- We use one quarterback for each general email address. That person handles or forwards to the right person.
- Empty daily
- We do not have general email boxes.
- Shared inboxes for specific teams.
- They shared mailboxes with several people.
- Inside staff monitoring.
- We have one person as the clearinghouse to route emails to the appropriate person.
- Our general email inboxes go to which team will be handling the response. We only have two, a quotes email and an order/info email. Communication within each team is critical as to what is being done with each email and no email goes without a response.
- See previous response.
- We have multiple general mailboxes that each of the offices has on their computer and monitor so it's not left with one person. Quotes@ Sales@ orders@ Info@ etc.
- We avoid having a general email box.
- 2 full-time office staff handle this.
- General inboxes are distributed by reception to the person who should be handling that specific email/issue.
- Inbox is my to do list. Files created for each mfg. as well as for upcoming team meetings if something needs to be addressed internally.
- They are checked by the appropriate people and when they are out others check it.
- Sharing access and making "zero unread/unaddressed" our standard
- I vet the email out to make sure it is not spam or a virus and then forward it to the appropriate person in our agency to handle the request.
- Use tools available in outlook.
- Can only get to what I can.
- General email goes to a specific email box for our company and then gets allocated to a salesman or whomever could help.
- Our staff checks it at least once an hour.
- Our CS manager monitors and assigns items into the general CS inbox, our quotations manager monitors and assigns emails into the quote's inbox.
- Flagging and prioritizing messages
- We have a general inbox for orders, order confirmations and general info requests. Our inside staff rotates checking these daily.
- Keep a focused inbox, pin action items and tag / categorize emails to reference.
- It is a daily chore.
- As part of our sales process - we are looking for specific email addresses for our key contacts and avoiding generic inboxes. Sending it to a generic inbox is no different than a generic mailer sent to "To Whom it may concern."
- Inside sales handles
- Shared responsibility of inside staff
- Inside sales team
- Our inside customer service manager monitors the general email box and forwards it to the appropriate inside/outside associates.

- Gmail filters
- Not well
- Split between employees, many blocked by spam filters!
- We have one for specs, orders, engineering.
- More staffing
- Using technology to organize and communicate group inboxes.
- Someone monitors, but we have very little "directionless" email.
- We have multiple inside sales staffs checking our general email inbox to make sure all messages are forwarded to the correct person.
- We're doing well.
- Group of employees can all see incoming emails and pull out of general inbox as needed.
- We still have one and find it necessary but could use a better ticketing system to ensure things get completed, grabbed, and owned by a single person.
- My inside staff handles the general email inbox.
- All users have access to IMAP box.

Are sales transfer reports from the major wholesalers getting more complex?

THE REP SAYS:



ELABORATE:

- Some wholesalers will provide internal transfer reports, some will not. The consolidation of the industry has led to more overlap for multiple sales agents covering a company and when there is a central distribution center, it is very hard to get precise information on how each market is performing. The national players provide good reports.
- Not necessarily more complex...but harder to get the right data.
- More complex in that sometimes it's hard to tell if it's omni channel or direct branch transfer. With some wholesalers pushing their sales staff to use their omni channel to order, it's hard to tell if we are getting sales and commission credit for these transfers that originate at a branch location.
- We typically don't see direct reports. Most of our manufacturers edit or customize the report before we see them. On our side, we wish they were more detailed so we can stay abreast of what is happening with our business and efforts.
- I don't know - I only see the POS reports on commissions statements from the manufacturers.
- Must stay on top of the issue.
- Have been consistent.
- Everyone uses different formats and monthly periods.
- Yes, as it is difficult for us as the rep to document we are being compensated correctly for transfers coming into our territory. Also, it's hard to determine if the manufacturers are receiving correct reporting from the wholesalers.
- I have not seen it getting more complex.
- Still a challenge getting these.
- Every principal has differing policies and requirements about paying for distributor transfers.
- As distributors expand their territories, the task for distributors is more time consuming.
- There are some that don't report, and they come in multiple formats.
- This is one of the biggest issues reps must focus on collectively. We all know that we are not receiving the appropriate commissions or sales reports for everything getting transferred in and out of our territory.
- We have some that are great and others that we do not have confidence in.
- They're about the same as they always have been.

What actions can be taken to best ensure that reps are compensated for their efforts?

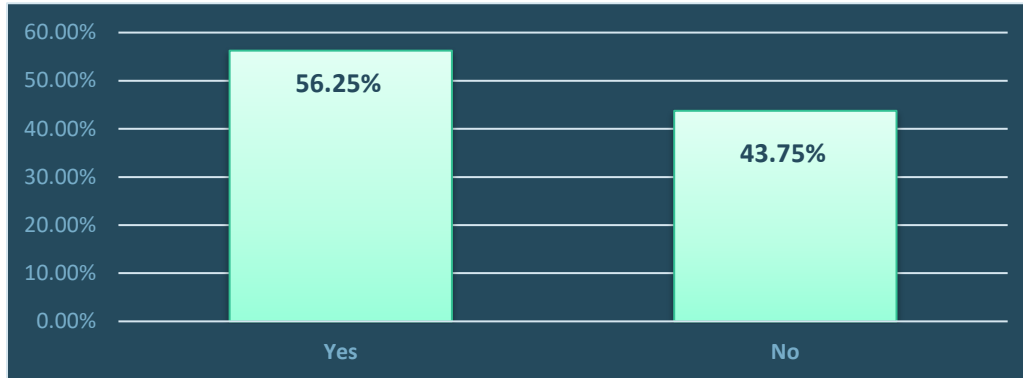
THE REP SAYS:

- Manufacturers pay for online platform sales. This has become a bigger part of the industry. Outside of that the multistate wholesalers do a decent job of reporting transfers to get local representation paid. Also, not deducting commission percentages for items coming out of central warehouse. It's penalizing agencies as we do not have the ability to control where a wholesaler builds distribution centers.
- Pursue an additional retainer fee to handle products that get through the channel outside of traditional.
- Manufacturers need to pay all commissions due - no cheating.
- The manuf. needs to work with the wholesaler to better understand the reporting they are receiving and credit the rep accordingly. The wholesaler should also be noting on the reporting of its Omni, branch, direct transfer, etc.
- Dialog with manufacturers if issues arise.
- We review commission statements to make sure they align with sales reports.
- Trust but verify.
- Submitting the PO through the rep, so we can handle the order all the way through to commission. Online sales are our biggest challenge. Driving product, specifications, field support, etc., goes unrewarded through an online channel. Bringing in products from outside of territory is also another difficult hurdle we face.
- Distributors can take a stand with manufacturers insisting their rep agencies are being compensated 100% for all their efforts to ensure they continue to gain top service and support.
- Transparency on all sides manufacturer, wholesaler and rep are key to this process. Clear, concise understanding and communication. Software would be helpful as well.
- Reps require 100% support from our manufacturers on this issue.
- A big issue in my region is that manufacturers prefer "ship to" for commissions. Needs to transition to "accounts" due to mergers and expansion by distribution (this is for independent distribution, not national chains). You can handle the account in your area and if they add a location in another state then you aren't getting credit, so you don't call on them and the rep in the area they moved to has no say in what they bring in and generally no relationship, so they are not calling on them. So, the new location gets no service, the rep that covers corporate gets no commissions on what's shipped to the new location and the rep that does nothing gets paid for things shipped to their area.
- At some point you must trust the people you work for
- Rep agreements. Monthly sales reports by customer, by state, product sold and sales dollars.
- Regional and national distributors make transfer reports as a standard monthly event, and processing immediately so commission transfer happens within one extra cycle (30-day manufacturer will get the funds on the check in 60 days).
- The manufacturers need to provide accurate reports and update their reporting when companies merge and have buyouts. Providing invoiced copies of orders really helps to reconcile the commission reports.
- Zip code reports from national distributors and e-commerce.
- Just staying on top of the manufacturers to make sure they are getting this information to us.
- Better formatting. Getting the wholesaler to get on the same page.
- Right now, it is a matter of knowing your sales and trusting your manufacturer.
- We have always been compensated higher than the industry, so it has never been an issue.
- Good communication between the manufacturers, reps & wholesalers.
- Always paying a commission of some amount based upon zip code product ships into.
- Redirect a portion of coop funds slated for distributors to reps. Allow reps to control how coop funds are spent, to improve impact.

- Product point of sale or point of transfer reporting, including online sales.
- Distributors need to recognize the value of a local rep who is training, supporting, and going to bat for them. The best way to ensure reps are compensated (i.e. with distribution reports) is for the distributors to demand it.
- Hard work and commitment from all parties (rep, mfr. wholesaler)
- Stop forcing more products into the market and expect growth in the products we cannot spend as much time on. The manufacturer initiatives are not aligned with the reps. When we are only being paid a small % of commission, and they expect more from the rep, it is not a true alignment of our time.
- Manufacturers need to take the lead to make sure the rep partners are compensated. They need to be the voice with the mega wholesalers requesting the reports. And developing an in-house process to handle the payments efficiently.
- Stay on top of it with wholesaler upper management.
- Reporting POS vs transfers
- AIM/R could develop a standardized digital program that smaller vendors could adopt to request monthly transfer data from regional distributors.
- The rep must be given a report on the sales of the product on the market. Excel formats of all line items must be provided by manufacturers to reps and wholesalers. Wholesalers must provide transfer from CD as well as invoice report for product out the door of each location to incent effort.
- Rep to rep communication
- Manufacturers could try better to help; Distributors must update their systems to accommodate.
- Work on solid contracts and have manufacturers have open conversations about time vs. compensation based on reps overhead.
- Our manufacturers must get stricter about getting accurate transfer reports. These reports must include SHIP TO ZIP and not just transfers into a branch. More and more orders are being delivered to the jobsite from DC and the sales are not reported in the transfer report the manufacturers are receiving.
- Transfer reports, specification, credit, e-commerce; compensation. Adequate commission rates for the efforts the line requires- most industry leaders are in tune with this. Covering costs for coop- lunch and learns etc.
- Ensure internet sales are treated just like branch transfers!
- More commissions for online sales when we are driving the business through wholesale.
- Bonuses
- Point of sale data vs transfer data.
- Spec credits are tough to track but can be worth it on huge projects. One thing rep should do is make sure manufacturers pay them for work won but not shipped if the mfg chooses to terminate a rep, or reps.
- Manufacturers are still using older methods of commission reporting. They need to standardize the excel format that can easily be downloaded and manipulated for information.
- Ala carte fees.
- Making sure the manufacturer is getting correct sales info and reports.
- Some manufacturers need to be more diligent and frankly more honest about that.

Do your manufacturers require monthly reports?

THE REP SAYS:

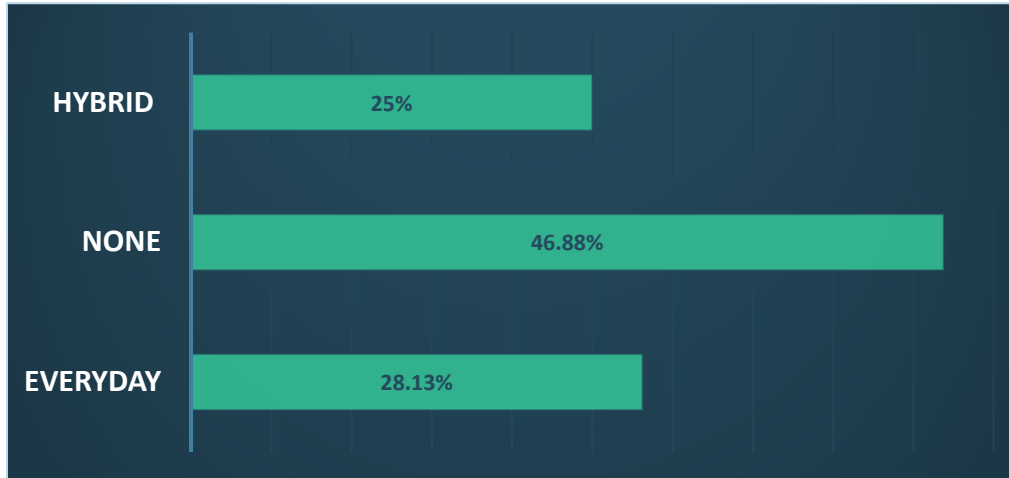


ELABORATE:

- Not all. About 50%
- Most do, some are quarterly.
- Some do formally but we communicate informally constantly.
- The sales tell the story, yes some do ask.
- It depends on the manufacturer - about half require monthly reports or some type of reporting.
- We work with their CRM systems daily.
- Some do and some don't. It depends on the manufacturer.
- Some do some don't, but we do keep them up-to-speed and have quarterly calls.
- Mixed bag. Some get report outs from phone calls, some via their CRM, some via integration with our CRM.
- A few look for monthly engagement to deliver information that can populate their CRM, but none of them require physical monthly reporting.
- Some reports are very redundant and the same info from one report to the other. Many reports are getting much more specific with target customers and products.
- Power BI, CRM investments, and monthly/annual focus calls
- It has been dramatically reduced over the past few years. We communicate regularly with our key manufacturers.
- Some do, some don't.
- Not all, we generate from our CRM.
- Every principal has different reporting requirements, but most don't have a standard monthly requirement.
- More and more are asking for either call notes or some form of report.
- Some do. Most try to limit reporting to free up time for sales. However, more are collecting data which is very time-consuming.
- We represent many lines and unbelievably, not one requires a monthly report.
- Several of our manufacturers have moved from a written monthly report to a conference call. We like this so much better because we feel like we are heard vs. just sending information on paper and feeling that it is never read.
- Large manufacturers require monthly reports or virtual meetings. Smaller manufacturers do not.

Do you allow ISRs to work remotely from home?

THE REP SAYS:

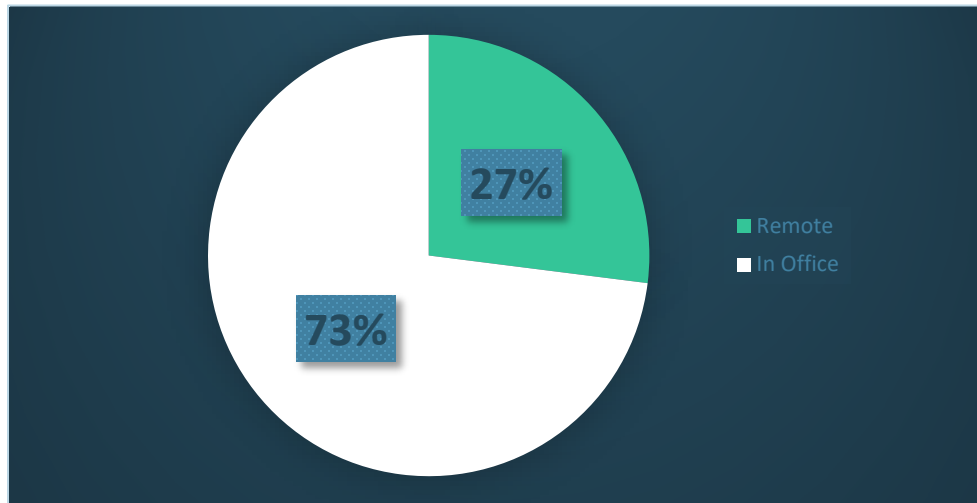


ELABORATE:

- 3 at home 2 in currently.
- We have 3-4 remote ISR and another on a hybrid schedule. We've been doing this for a while, and it works well.
- No, our inside sales team goes into the office every day.
- We have one full-time remote ISR, driven by special circumstances.
- Office staff go to the office once a week or as needs be.
- We have great office space, and it helps build our team by being present and in a team environment.
- Work from home as an exception to accommodate the employee with sick kids, service tech visits, etc.)
- We have all our systems tied together remotely.
- In the process of moving everyone back to the office. Have already been informed by one if we do, they will resign.
- Only if necessary. On the road or office is the norm.
- It depends on the distance to the main office.
- Have pulled back most of the hybrid arrangements but allow flex days throughout the year.
- We only have 1 inside salesperson.
- Some at home / some in office
- We have brought most ISRs back to the office but do allow limited remote work based on tenure.
- Some part-time employees that are administrative work at home.
- Some work from home all the time and some are hybrid.
- We have some who work full-time at home. Some who have a hybrid schedule, and some who are full-time in the office.
- Sales reps should be on the road. To me, "working from home" doesn't really apply to salespeople. Their job is remote and always has been.
- We have one ISR who is in a hybrid schedule and one who works from home daily.
- We have office days and road days.

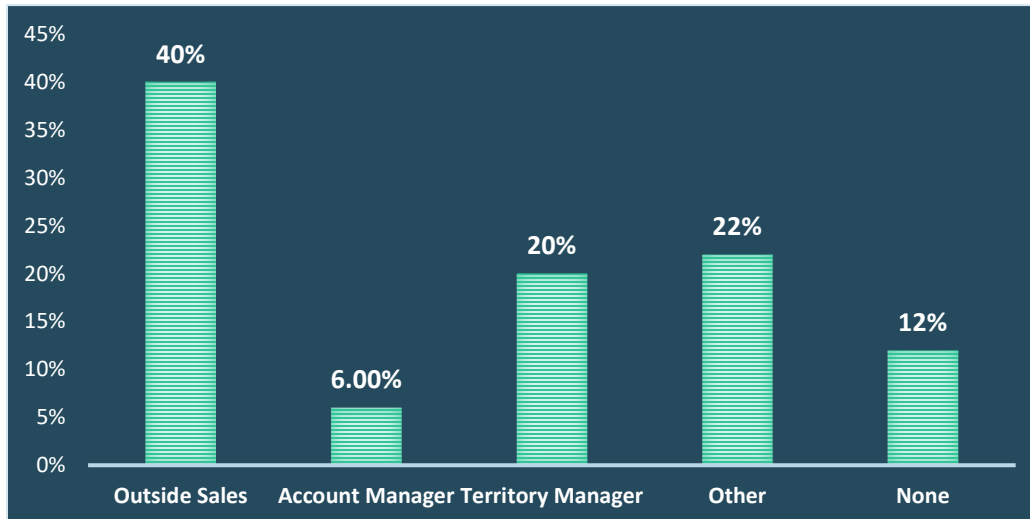
What percentage of your total staff works from home/remotely?

THE REP SAYS:



What are your OSR titles (examples: Outside Sales, Account Manager, Territory Manager, other)?

THE REP SAYS:



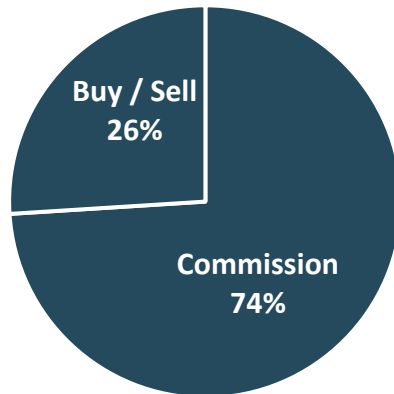
What is your percentage of revenue that goes to payroll?

THE REP SAYS:

THE AVERAGE RESPONSE WAS **47%** OF REVENUE GOES TO PAYROLL.

What is your percentage of business that is commission vs. buy/sell?

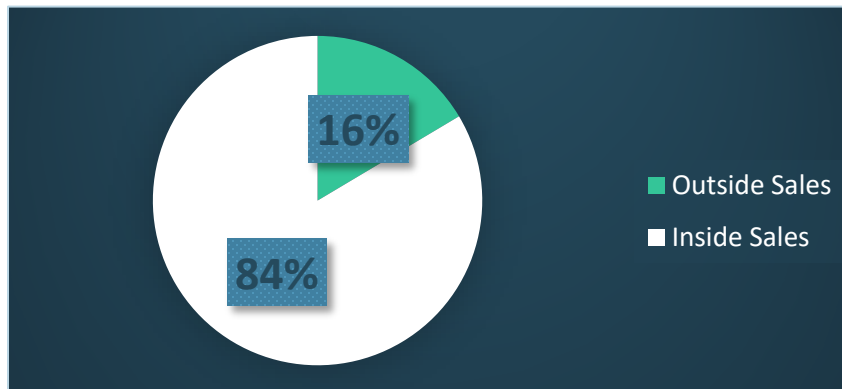
THE REP SAYS:



Ratio of inside to outside sales staffers?

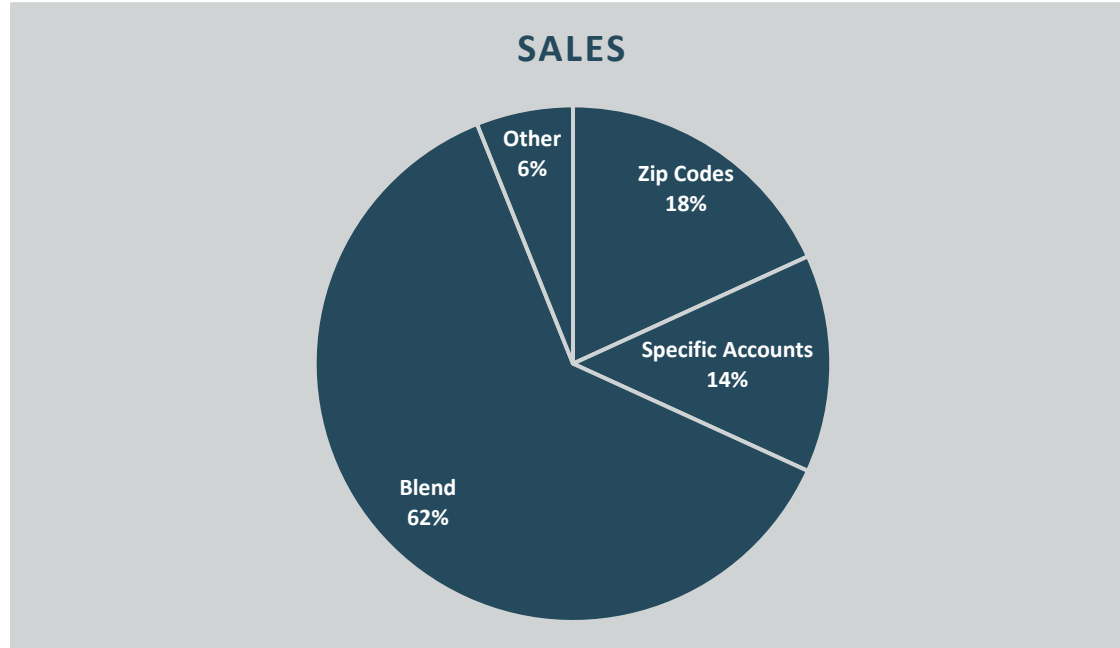
THE REP SAYS:

5 OUTSIDE SALES TO 3 INSIDE SALES



Does your outside sales team cover a territory by zip codes or by specific accounts?

THE REP SAYS:



How do you handle a relationship when a competitor or customer hires one of your employees?

THE REP SAYS:

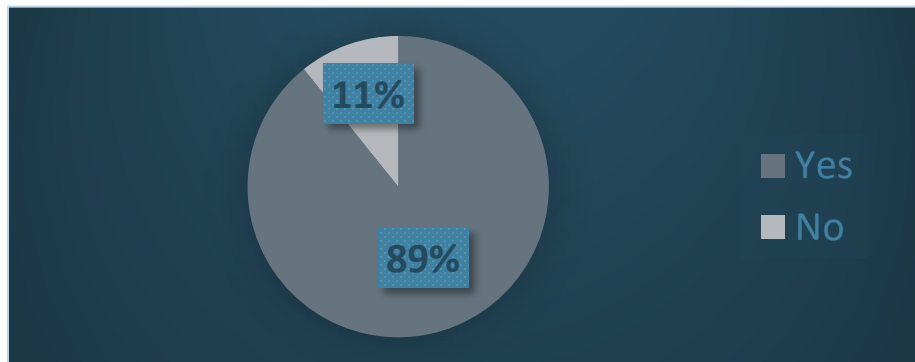
- It is what it is. There is no point in crying over spilled milk. We only ask for NDA to be followed/signed and samples to be returned. It's our responsibility to retain and keep employees happy to not want to look.
- Wish them luck.
- Fortunately, we haven't had to deal with this.
- 2 different ways.
- We have not had to deal with this.
- Exit interviews.
- Just try to be nice — if it's a good opportunity for the employees then good for them.
- It is a business relationship, and we handle it professionally, but depending on the circumstances it typically does not sit well after we have invested so much in our people. It happens, we work through it and move on. Our company will not hire from a customer.
- The competitor is handled differently than the customer obviously.

- You always hope it is handled correctly, you should always want the best for your employees and if you can't supply that then you must allow them to better their family. We keep the relationship.
- These are very different scenarios but, in general, reps must take a long-term view of our industry relationships.
- That has not happened, nor have we hired a competitor's employee. We did have a vendor hire one of our employees, but the fit was good, and we would not ever deny someone an opportunity. We still rep the line.
- Wish them well.
- Knock on wood, we haven't lost any employees to competition.
- Doesn't happen.
- Amicably.
- Have not had this happen yet.
- As a rep, there isn't anything you can do. You will get blackballed with your lines.
- Common courtesy, we don't poach their people and they don't poach ours, typically.
- Always wish them the best but also exit interview as to why, if it is a surprise.
- My philosophy is don't burn any bridges. (At least not to the ground)
- It's only happened once in the past 15 years that I can remember. We just plow forward and move on. If you can't take care of them enough to stay, then you were most likely never good enough anyway.
- At this point only a manufacturer that we represented took an employee and then let us go.
- We have not had that happen.
- We accept it although, like anyone do not like it. We feel it's unethical, especially for a manufacturer, to try to poach our good employees which in many cases have major investments-both monetarily and time invested in the individual.
- Has never happened.
- I have not had this happen yet (knock on wood).
- Respectful - small circle of folks on all sides and never knowing when tides turn.
- Head up and move on.
- Nothing we can do about it.
- Have not had it happen yet.
- That is part of the business we are in. Roll with it.
- Support their decision!
- Case by case
- We don't burn bridges.
- It compromises trust and that's challenging to get past. It is frowned upon and starts a path that is difficult to get past.
- Gracefully
We have non-compete clauses in our employment agreement.
- Live with it.
- Wow, that's not easy. We have open conversations, but it usually doesn't happen.
- We expect any customer or competitor to call us if they are hiring our employees. We try not to hire from a customer or a competitor, but if we are approached by someone, we will always call the customer ahead of time and ask if they are OK with us engaging with one of their employees (although we do not share who it is). If they say no, we will not proceed.
- It depends on the dynamics involved.
- Luckily, we have not had that occur in quite a long time.
- We have not experienced this situation.
- Everything is about the employee's happiness.

- Try to create a culture that employees don't want to leave. If they have a better opportunity, we don't hold it against them.
- Knife fight (joking).
- Maintain professionalism. Keep driving. However, this has not happened to us.
- Competitor is restricted by agreement, customer is fine.

Do you visit your manufacturers for ownership/management meetings?

THE REP SAYS:



ELABORATE:

- Sit down with ownership of companies to make them aware of what we are doing in the market and ask if there are any areas they are looking to grow over the next year and down the road and how we can help with those goals.
- It's based on the manuf. and who they ask to come in and when.
- We have meetings either in-person at their location or zoom, set the tone and direction of the sales plan.
- We have specific sales meetings.
- Depends on the year, but we do training at manufacturers, sales meetings, etc.
- We will visit for factory tours and possibly have meetings.
- We are on three rep councils from major manufacturers.
- Yes and no. Many come to us, but we have travelled to companies but infrequently.
- Although not often, and it's only related to a few individuals.
- Typically working with sales managers and meetings are remote or at annual trade shows.
- Some yes, some no
- Way less often than in the past
- Small percentage of them
- Sales meetings or product trainings
- About 25% of the time
- Some manufacturers have yearly meetings, and some do not.
- Principals' meetings or sales meetings held by the manufacturer.
- Only when it comes to a side-type of trip.

As an independent manufacturers' representative, what new services are you providing for your customers and manufacturers?

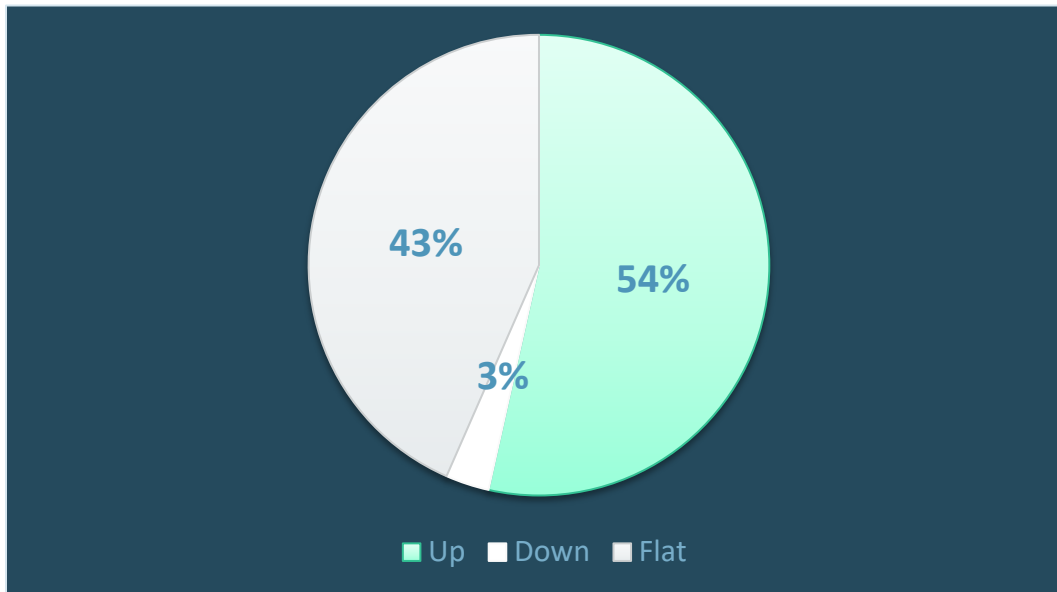
THE REP SAYS:

- Troubleshooting/startups; Data consolidation
- Lots of sizing & quoting. Not new, but the amount has increased.
- We are in the process of refining our job quota and a follow-up process which we think will help us with both our wholesalers and manuf.
- 1) More customer training and other value-adds for customers. We cannot be viewed as margin erodes. If that happens, no respect from distributors.
- EDI order support for buy-sell items; Improved reporting through project quoting & tracking.
- We have hired a service technician and trainer.
- System commissioning / startups
- Onsite startups, pre-startup training, after-warranty no-charge parts, rebate programs.
- Text ability in the office.
- A pay-for-service marketing arm
- Marketing services
- More and more (1) field "services" (warranty, etc.) and (2) industry training (sales, product, technical, certification) are being handled by the local representative.
- We stick with the core approach that got us here - pioneering new products, excellent customer service, excellent vendor partners, sales calls, training, factory visits. Have tried other items but they do not always translate well. We have provided marketing plans, digital media options, products that are not typically an HVAC item like 5-hour energy or other impulse items for the counters.
- The contractor and engineer relationship.
- We incorporated a chat feature on our website - we get upwards of 80-100 unique chats per day - we provide stock, order data, part numbers and anything else we can provide over chat.
- More feet on the street and relationships with end users.
- A service arm that helps package unique valve packages.
- Social media advertising for our manufacturers on LinkedIn and Facebook.
- Facility audits, strategic planning
- We have an 87,000-sq.-ft. warehouse and distribution facility for immediate to market, if needed. Also, have a dedicated master plumber on staff for educating and taking care of field issues.
- More order entry and customer service functions that the manufacturers previously handled with no increase in commissions.
- Go-to-market strategies. We aren't a typical agency that stays in our lane. The future independent representative must diversify for its survival. Calling on just one segment of the market won't get it done. Creating a larger funnel captures more business for our manufacturing partners and helps drive business to all our distributors and market channels. We also utilize a unique CRM and routing software that proves results that benefit both our distributors and manufacturers (Note: It's 100% not the one you're thinking of in your head).
- Monthly newsletter, podcasts, CEU courses, product highlights through social media.
- I'm not sure if there is anything new, but it seems we must walk our customers from the ordering process to the warranty process more now than ever before.
- Considering start-up and service division for commercial work

- We haven't developed any new services, although we started a blog that will help keep customers in the know, and we are adding a resources page to our website for price sheet downloads and such.
- We are looking at expanding parts stock as distributors are reducing inventory in this area. We are also looking to have an in-house capability to handle warranty requests for our customers.
- Trainings / CEU classes hands-on classes
- Dedicated trainer and training facility
- CRM / pipeline reports, contact distribution.
- Service support in the effort of a separate service company. Additional information is made available on our website.
- Service, data. Etc.
- Startup/warranty service, training for their customers. For manufacturers we provide sales figures for buy/sell business, CRM reports, product reviews.
- Engineering support. Start-up support, writing specifications, podcast, social media posts, job tracking, etc.
- Quoting resources, sales analytics, mobile training, field tech support, CEU certifications.
- Expanding customers, we call on more warehousing, more data collection, different types of trainings, more advanced customer service, larger staff with more specialized focus.
- Marketing services, territory data services, warehousing services, delivery services, training services
- We started a company sourcing foreign (mainly European) manufacturers that are prepared to enter North America but don't know how to effectively take that step- more importantly, the focus is on labor-saving products.
- Young, new generation with energy
- Increase inventory in buy/sell.
- Live-fired training truck and trailer, warranty service on hot water equipment, marketing support, consignment.
- More training. More trips. More training trips.
- Consulting.

Do you expect your 2024 business to be:

THE REP SAYS:



ELABORATE:

- We have made changes within the organization to focus on areas where we had underperformed. Implemented in 2nd/3rd quarter 2023 and has led to us gaining more market share and wholesalers have responded with more opportunities.
- We added some lines that we expect to expand market share.
- Flat means taking market share.
- Optimistic
- 2024 looks to be flat. Economic indicators do not look great and major projects look to be less than last year. We use our engineers and mechanical contractors to help with what their future business looks like.
- Steady paycheck is my saying for 2024, election year will stabilize but with interest rates high and savings low things will be flat or slightly up.
- In January, all yearly forecasts should be "up!"
- Cost of goods, current inventory levels, new construction
- Weather is not so much of a challenge.
- Interest rates in Canada are hindering new construction and renovations (multi-unit is holding us up), the BOC is forecasting rates to begin dropping in spring - the back half of 2024 we see as stronger than the first half.
- Slow start and good finish
- Slowing economy on commercial offset by slight price increases
- Pipeline and economic pickup
- We don't see that consistent building that we've had for the past several years.
- We have some very nice commercial projects that will be shipping in the first half of 2024.

- We invest in staff and results, so we don't wait for buyers to decide, but instead do whatever it takes wherever it takes to achieve growth.
- Backlog of jobs and expected new construction.
- With the addition of new lines, we expect to have a great year.
- We feel there is some major concern on what will happen in this election year (Inflation, immigration and overall, the government getting more involved in our everyday lives)
- Overall, up because we just started with a large, new company but take that company out and we will probably be down.
- Concerned about the economy and new construction.
- The commercial segment is likely up a little but residential will be down.
- We are beefing up our team, and increasing payroll significantly, so we need to grow.
- We are developing 2 new lines that have significant potential to increase market share. The products our manufacturers offer are in demand for VRF projects and new commercial technology buildings.
- We are feeling a tailwind coming out of 2023 and have a couple new lines to augment our income.
- Definite slowdown in the past few months. Our economic advisor predicts slowdown in the wholesale market for 2024, rebound and growth in 2025.
- Single families should improve some, but multifamily will decline.
- The economy commercially is still quiet.
- Expansion of products and territory
- Taking share
- I've expected business to be flat/down the past 4 years and been wrong every time.
- We have been fortunate to take on a couple of new lines that will allow us to sell more products to the same customers.
- New salesmen will add to our customer base, more available inventory.
- The market will be down slightly, so we must take shares, add products, or increase price to remain flat.
- There are more people moving out of our state than moving in. At some point there is going to be a slowdown in buildings, regardless of how the overall economy is doing. Then add in the fact that most people are predicting either soft or hard landing in the economy for 2024 and the overall picture leads us to think flat will be a good outcome for us.
- Easing of interest rate pressures on new construction.
- Numerous factors — inflation, COVID era correction, election year
- Unless interest rates go down, we expect business to stay the same as in 2023.
- Products we have are not growing.
- Up slightly in industrial, flat commercial, flat residential
- Because we have an amazing team, and the economy is going to start to improve as interest rates come down.
- The Midwest region is booming right now.

Biggest challenge(s) facing an independent manufacturers rep today?

THE REP SAYS:

- Consolidation of wholesalers and manufacturers. More line conflicts are created. Manufacturers feel they have more control to go factory direct with fewer relationships to manage.
- Consolidation of customers and manufacturers.
- The expectations of the manuf. regional or higherups with some of them not fully understanding the rep role in the market. Some think of the rep as just a line item on the P&L and don't fully realize the investment the rep makes or has with the manuf. to work the line and help both the manuf. and rep succeed. For example, a rep may have 3-4 people working that line in one specific area (sometimes more) and for the manuf. to hire 1 factory person would have to spend the full amount they are paying rep commission plus some to get 1 qualified person.
- Consolidation
- Some manufacturers do not understand what a good rep can do. Manufacturers that can't keep up with inventory demand. It appeared to us, the larger the vendor the worse the inventory control.
- -Consolidation of customers' businesses can impact relationships and territories. Consolidation of competing rep agencies can intensify competition among agencies -Balancing customer relations, customer competition and opposing interests of the various sales channels can be difficult to navigate. -Regulatory changes require more training and changes on how we go to market - Manufacturer support in terms of product availability, marketing collateral and technical assistance is always a challenge.
- Labor pool. Retaining top talent
- Attracting and retaining good employees. Compensation models that combine commission basis and salary basis.
- -Manufacturer acquisitions are out of our control and can be in your favor or against. You can work a line for 20 years and overnight it is given to another rep because of an acquisition. I think for everyone in our industry to attract, hire and retain talented employees. - Retail channels targeting the professional. Cuts us out after we have put so much work in, destroys territory pricing and ruins the relationships all the way through our wholesale distribution channel.
- National and local politics
- Turnover at manufacturers, generational change in the industry or your next national sales manager.
- Manufacturer acquisition
- Constantly working on staff retention and ensuring we find the balance between money and happiness for our team.
- CRM systems by manufacturers and all have different logins and systems.
- Lack of loyalty from manufacturers. Lack of respect from some manufacturers that don't treat our organization like they are one of the team members.
- Mergers of manufacturers that then create conflicts with other lines.
- The factory focuses on large or small sized reps, additional duties being added on without additional compensation (order entry, etc.)
- All the mergers and acquisitions of rep groups and manufacturers.
- Amazon
- Consolidation of distributors. In many instances it mitigates the former local relationships that have been developed over many years.
- Keeping employees compensated fairly.
- Online purchasing, less protection from the manufacturer in this regard.
- Large customers cut pricing deals with manufacturers and reps get cut to offset the low pricing.
- Manufacturers demand more of our time while cutting our commission dollars.
- New rep agencies are starting up, manufacturers trying to control more and more of your time or overall business.
- National wholesalers buying independent wholesalers.

- Contractor buying habits are mixed across wholesalers, retailers (HD Pro, Lowes Pro, Grainger) and online outlets.
- Low pay, poor performance from manufacturers, time spent managing poor performance manufacturers.
- Other reps stealing lines and people.
- -Cost of doing business- expense increase with inflation - line card stability due to private equity acquisition - costs to hire and retain good talent.
- Consolidation of distributors, causing more and more purchasing decisions to be made outside our territory.
- Retaining good employees and keeping our costs in line due to rising expenses for travel, warehousing and time spent selling.
- Since COVID some manufacturers have drastically reduced their time in the field, which has left a big void in market knowledge. Also, overall operating costs associated with running an agency.
- Consolidation. Distributors consolidating - bigger customers with more buying power / and less options for pioneering a new line
Manufacturers consolidating - increasing conflicting products amongst our lines.
- Keeping up with the wholesale staff turnover and lack of knowledge at a wholesale level
- More competition in the marketplace.
- Staying ahead of the reporting required by manufacturers.
- Labor rates / Personnel changes at mfgs and distributors
- Onboarding and keeping good associates.
- Manufacturers acquisition which can create conflicts. Manufacturers ask for more information which is proprietary. Reporting or quoting platforms invested in by the manufacturer that can be imposed on the rep without regard of investment. 30-day contracts that can be blown up by a person in a temporary management role to move the salesforce to factory direct.
- Some manufacturers don't understand the role a good rep can do for manufacturer.
- Communication with all involved.
- Adapting to the changes in technology, supply chain, manufacturers requests, Amazon, online.
- Compensation not growing at the rate of inflation. We have had to add resources for all the projects on our plate and commissions have not kept up with the costs.
- Sales management.
- Continued consolidation of our industry- Wholesale has been going on for a long time, but service contractors is happening rapidly and with venture capital finding our industry, it's starting to happen at the rep level.
- Not having large lines that are future planning.
- Talent acquisition and efficient product training.
- Complacency.
- Time. We are being asked to do more tasks. Timely communication is a constant struggle.