



Electro-Federation Canada's Training Module



Electrical Industry Playbook: An Introduction to the Market, its Players and the Business

An Overview: The Electrical Ecosystem

Market Segments:

Residential	Commercial	Industrial	Institutional/Government	Retail	Utility
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Market Players:

End Users	Specifiers	Installers	Distributors	Manufacturers	Manufacturers' Reps
<ul style="list-style-type: none">• Residential• Commercial• Industrial• Institutional/Gov't• Retail• Utility	<ul style="list-style-type: none">• Electrical Engineers• Architects• Interior Designers• Engineering Procurement Companies• System Integrators• Energy Saving Companies• Design/Build Contractors	<ul style="list-style-type: none">• General Contractors• Electrical Contractors• Engineering Procurement Companies• System Integrators• Energy Saving Companies• Design/Build Contractors	<p>Electrical Distributors:</p> <ul style="list-style-type: none">• Full-line• DIY Retail• Online Retail• Mass Merchant• Specialty	<p>Companies that produce, or are brand owners, of electrical products (i.e. wire & cable, lighting, distribution products, controls)</p>	<p>Third-party sales agencies that partner with manufacturers to sell electrical products in an assigned region or market.</p>

Project Types:

New Construction	In-plant Automation	Renovation Market
<ul style="list-style-type: none"> • Traditional • Design/Build • Public-Private Partnership 	Involves manufacturing plants (new construction and retrofitting of a factory floor)	<ul style="list-style-type: none"> • Full-space Renovations • Energy Retrofits

Project Mechanics:

Traditional	Design/Build	Public-Private Partnership (P3)	In-plant Automation	Full-space Renovations	Energy Retrofits
Common for new construction and renovations. Involves two teams: Design and Construction	Design and Construction teams work together as one single unit to provide a packaged solution	Involves the new construction of Institutional/Government projects (e.g. hospitals, bridges, highways, schools). Includes a consortium of companies that are responsible for developing a solution that includes all project requirements: building design, construction, maintenance and financing.	Refers to projects for the interior of a manufacturing facility (involves designing and constructing a factory production line; not a building)	Involves the complete renovation of a space within a home or building	Focuses primarily on energy-efficient upgrades as a means to lower energy consumption and maintenance costs for the End user.

Specification Types:

Specified alone	Spec with equal/alternates	Generic Specification
A single manufacturer with a specific catalogue number is identified. No other products qualify.	More than one manufacturer with specific catalogue numbers are identified.	A generic description of the product is required with no mention of manufacturers or catalogue numbers.

Players and Phases of Construction:

Design		Construction		
Owners	Specifiers	Installers	Distributors	Manufacturers

Project Checklist:

Specifications	Relationships	Competitive Actions	Team Effort
Is your product on the specification?	How strong are your relationships vs. your competition's within this project?	Monitor competitive actions and adjust price and product accordingly	Include all channel partners and sales resources in project strategy to win!

Selling Through Distribution

Distributors bridge gaps between manufacturers and purchasers of electrical products

Relationship	Quantity	Knowledge	Assortment	Service	Finance
Distributors own local relationships with customers	Distributors break down bulk ordering requirements from manufacturers and offer flexible quantities to customers	Distributors offer general knowledge on a broad variety of products	Distributors bring together an assortment of products relevant to their customers	Distributors provide value added services such as material handling, 'staging' of projects, delivery options	Distributors provide credit and financial support to customers

Three models of distributor/manufacturer partnerships:

Exclusive	Selective	Broad
When a distributor has exclusive access to products for a geographic region	When a select few distributors have access to products to several regions	When products have full coverage across all distribution channels

Considerations for selecting the model of manufacturer/distributor partnership:

Geography	Customer Type	Product Offering
Do the geographic regions align between the manufacturer and distributor?	Do the customer types align between the manufacturer and distributor?	Do the product requirements align between the manufacturer and distributor?

Key financial metrics for distributors with common programs to support partnerships:

Sales Growth $\frac{[\text{Current Sales} - \text{Last Year's Sales}] / \text{Last Year's Sales} \times 100}{= \text{Sales Growth \%}}$	Gross Margin $\frac{\$ \text{Sales} - \$ \text{Cost of Goods Sold}}{\$ \text{Gross Margin}}$ $\frac{\$ \text{Gross Margin}}{\$ \text{Sales}} = \% \text{ Gross Margin}$	Inventory Turns $\frac{\$ \text{Sales}}{\$ \text{Inventory Investment}} = \# \text{ of turns}$	Reduce Operating Costs Costs associated with the maintenance and administration of business on a day-to-day basis. i.e. advertising, payroll, overhead, equipment	Improve EBITDA (Net Profit): $\text{Total Sales} - \text{Total expenses before interest \& taxes} = \text{Earnings before interest, tax, depreciation \& amortization}$
Supported by: Building Brand Strength Joint Calls Market Plans Merchandising Promotions New Products Training Web Support	Supported by: Building Brand Strength Training Price Management Ship & Debit	Supported by: VMI Inventory-levelling Programs Reliable Delivery	Supported by: EDI VMI Reliable Delivery Quick Access to Info Extended Terms	Supported by: Rebate Programs