



NOVEMBER-DECEMBER

2002

The 2002 ERA Board Meeting Report By Mark Conley, National Director

We were pleased to attend the Board Meeting, held in Chicago, recently. A lot of ground was covered and you will see dynamic changes in our association right away. We'll touch on each major area of discussion.



The Board reviewed the association's current financial position and adopted the FISCAL 2003 BUDGET. The discussion included a detailed review with a question-and-answer session relating to the various revenue decreases and the impact on the budgets over the last several years. National has not been immune from the industry's downturn.

Much is being done to reduce the budget including national staff decreases, reduction in staff compensation, travel and benefits. This led to a \$600,000 decrease in the budget for 2003. It is imperative that ERA does a better job of showing added value to individual members in order to increase their numbers. This is the quickest way to improve the budget shortfalls.

Marketing the ERA was a topic of intense discussion and long duration. Many subjects were discussed and a poll was taken as to how to increase membership in the ERA through marketing and value-added improvements. The top 5 ideas that resulted include (1) the need to urge manufacturer members to

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encourage their non-member reps to join. (2) A Focus on "closing" the recruitment of new member prospects at trade shows. Get them on board right on the spot. (3) ERA can establish an ERA office in China to help members track products and splits (My personal favorite!). (4) We must work on better "packaging" of the value of

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R.W. (Bob) Parsons, editor

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MEETINGS & SPECIAL EVENTS

November 5th – Michaels at Shoreline – Regular meeting – Past President's Night

December 4th – All Electronic Industry Charity Event (ERA, NEDA Christmas party

January 1st – Happy New Year!

member "networking." And (5) we must restructure our dues.

The Executive Committee shared with the Board an update on the major projects and activities that have been completed since April's Board meeting at Saddlebrook. These activities include the report that the 2002 National Conference in Saddlebrook was a major success, both financially and in content, despite the low turnout (due to the economy). The conference scored the highest ratings of any within recent memory.

Three special rep events were held at EDS 2002 (the annual Industry Breakfast Program, Small Rep Firm SIG program, and Large Rep Firm SIG meeting), all of which drew higher-than-usual attendance. The adoption of the bylaws changes that give members more options in how they belong to the ERA (the right to join local chapter or national chapter without belonging to the other). The return of the printed Locator (every rep company in Northern California should have received one copy by now). The publication of a recommended industry standard format for requesting split commissions (if you have not seen this you can download the Split Commission Request Form on the ERA National website – www.era.org.) This is the form that resulted from the ERA White Paper, Split Influence Recommendations. The scheduling of the next Small Rep Firm Forum in Baltimore next April (with MANA). The planning and completion of the Large Rep Firm SIG held October 26 and 27th in Chicago. The

enhancement of the ERA Web site. If you have not visited recently, please do so; you will like what is available to you and others. And, finally – the release of a new information kit designed for reps new to the business. (*Editor's note: A sample of this kit will be available for review during the 11-5 meeting.*)

Bryan Shirley and I announced the new conference format to be used next year at Saddlebrook. This conference entitled "Keystone 2003," will be held next September 11-13, 2003. The conference, co-sponsored by ERA, MANA, and

NEMRA, will include manufacturers' representatives from all industries, not just the electronics industry. Recognizing that the need for networking is stronger now than ever, networking will be a key focus at this function. Another emphasis provided during the program will be the "take-aways" – information, strategies and how-to tips that attendees take home with them. Participating reps will be encouraged to implement those "take-away" ideas into their own operations back home.

**NETWORKING
WILL BE A KEY
FOCUS AT THIS
FUNCTION**

By the way, there will be no manufacturers' invited to Keystone 2003. In 2004, ERA will resume its' regular Conference schedule (with manufacturers') in Phoenix, Arizona.

ERA is coordinating the USA Pavilion Exhibit at this year's Electronica 2002 in Munich next month. This exhibit will feature a number of electronics industry organizations and the hosting of seminars for manufacturers on how to take their products to market in North America, Europe, and China.

Life Membership Awards were received by Mary Ellen Tucker (Florida), Dean Perron (New England), Andy Torigian (New York), Dave Locke (Ohio), Tony Oliverio (Ohio), and Jim Reed (Southern California). Congratulations are in order for these folks.

There was more business carried out but pretty mundane stuff. I left the meeting with good feelings about where our Association is going. I am proud and happy to be a part of it.

Editor's Note: Mark's report is quite timely in view of the fact that Ray Hall will be making one of his rare visits to Northern California. Ray will spend some time with the Executive Committee as well as speak to the group at the meeting November 5th, 2002. We are certain that many will have questions of Ray.

**ERA-ALL INDUSTRY
GOLF TOURNEY RESULTS**

By Ron Jenkins

The ERA All Industry Golf Tournament was held at Crow Canyon Country Club in Danville on Monday, September 30. The 49 entrants gathered to compete for a total of 25 prizes. Once again, we were blessed with perfect golf weather. The course was in great condition.



Following a grilled BBQ lunch hosted by Wescon/IEEE, the representatives, distributors and manufacturers teed off at 12:30. The cocktail hour and settling-up-side-bets immediately followed in the beautiful Crow Canyon Club House. For dinner everyone enjoyed either Filet Mignon or Chicken Wellington. During the dessert course, Ron Jenkins and Don Onken announced the winners.

All winners were presented with gift certificates, and the five first place finishers also received plaques. The field consisted of two flights for Handicap players and two flights for Callaway-Non Handicap players. Each flight had five winners. There were also winners for the closest to the hole in one shot on the Par 3 holes.

Congratulations to Mike Guerra of Arrow, shown at left with Ron Jenkins, this year's low gross winner. He shot a great 5 over par 74.



The winners are:

- Low Gross (74) – Mike Guerra, Arrow
- Net - 1st Place
 - Flight 1 (68) – Ron Jenkins, Westech
 - Flight 2 (65) – Steve Ross, Ross Marketing
- Callaway - 1st Place
 - Flight 1 (73) – Bruce Arnold, Pacific Radio
 - Flight 2 (73) – Jeff Weselow, Target

- Net - 2nd
 - Flight 1 (70) – Chris Kleips, Arrow
 - Flight 2 (67) – Eric Robinson, ES-West
- Callaway - 2nd
 - Flight 1 (73) – Dick Campbell, O'Donnell
 - Flight 2 (74) – Tom Robasciotti, Arrow
- Net - 3rd
 - Flight 1 (71) – Andy Keuser, Retired
 - Flight 2 (68) – Bill Hedgepeth, Z-Tech



More Winners

Callaway - 3rd

Flight 1 (74) – Kevin Frost, Ross

Flight 2 (75) – Dan Viotto, Kemet

Net - 4th

**Flight 1 (71) – Mike LaPorte,
West Penn Wire / CDT**

Flight 2 (71) – Craig Fraser, EFI

Callaway - 4th

Flight 1 (75) – Ben Barden, Westech

**Flight 2 (75) – Steve Hughes,
Thomas&Betts**

Net - 5th

Flight 1 (73) – Don Onken, Bridge

Flight 2 (72) – Kerry Greene,

Belden

Callaway - 5th

Flight 1 (75) – Tim Bilyk, CalCap

Flight 2 (75) – Jim Hungerford,

IEEE



Unknown, Floyd, Shane & Lumis



Hedgpeth's Group

Closest to the Hole on a Par 3:

Closest - #4 16' 1" – Bob Mariolo, Retired

**Closest - #8 4' 1" – Dick Campbell,
O'Donnell**

Closest - #12 17' 2" – Andy Keuser, Retired

Closest - #16 4' 1" – Mike Guerra, Arrow



Moore, Onken, Lessing & Keuser



Ross, Frost, Hudson and friend



Mollard, Rinker, Cianciulli & Mariolo

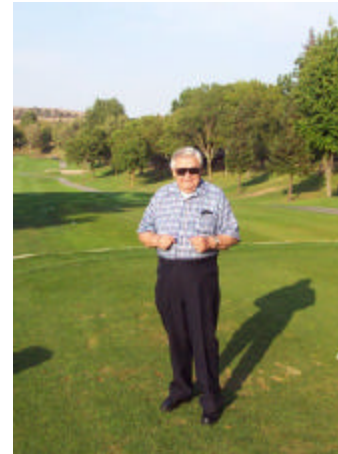
Ed's Note: How about those blue skies? What a grand day it was! For our Eastern readers, eat your heart out!

NEWS & VIEWS

By R.W. (Bob) Parsons

One of the hottest subjects for some years now among reps has been split commissions. Why? It is the development and maturity of systematic offloading (outsourcing) of services of all types (manufacturing; design; packaging, etc.).

Outsourcing has paid off for manufacturers of all varieties but it has created more headaches for electronic reps than can be willingly tolerated. As the services travel, reps simply lack the facilities to track each and every order and they quite simply are not being paid for services rendered. To date, nobody seems to have the complete answer.



Yes, I made it to the golf course.

One approach being discussed offers *an* answer, but as yet it has not been fully accepted in the industry by all parties. We are not certain it has been adequately *defined*. Because of splits, particularly those involving offshore manufacturers (services) who do their own purchasing, months of effort tracking design-in situations lead to a blank wall as the manufacturing is outsourced in many directions. Reps are suggesting that it would be a good idea for their principals to pay them for their front-end investment for which they are not compensated. This alternative approach concerns a planned, agreed upon . . .

FEE FOR SERVICE

One of the most definitive commentaries about this subject of splits is a white paper recently released by ERA National -- "Split Influence Recommendations." You can review and download a .pdf version at this link <http://www.era.org/publication/index.shtml#split>. This paper lays it all out, who does what and why -- who gets paid and how much. This feature emphasizes the aspect of fair splits, properly compensated. We will not re-print the entire article, for obvious reasons. There are a few passages that directly apply to this feature, however and we will share them with you.

The paper opens with the question of why a fair split influence (credit/commission) program is important to both the manufacturers and their professional field sales representatives. It stresses that, "It has become critical for manufacturers to accurately track their business around the world. Without effective tracking systems in place, manufacturers face two risks, i.e.: losing business to competitors at the point of purchase (and even sometimes being unaware of the loss); and being unable to appropriately credit their field sales representatives for the rep's influences at various points in the sales process."

The Split Influence feature is extensive. They close with a commentary about alternative compensation methods. They suggest one option, a review (forecast) to be conducted by all concerned. A fixed, pre-determined percentage of all commissions be allocated to each influence (rep) and all sales to the specific customer involved be divided according to that allocation and paid out as monthly retainers. Fee for service? Close, we have to admit.

Early on we commented that Fee for Service, per se, had not been fully accepted. One of the statements in the Split Influence paper was, "Business and compensation models that assume design, purchasing and manufacturing all occur in one location are out of date . . ." Fortunately, *some* companies have modified their thinking to better acknowledge the complexities of the now world-wide industry. But old ideas die hard. People who have been conditioned to think of the rep exclusively as a commission merchant, cringe at the thought of paying a retainer for services that they assume are "part of the plan."

Today, the role of the rep has become less obvious, yet no less vital to the development of new business for his principals. This is particularly true among commodity suppliers. Once the selection is made and OK'd, the rep's function is no longer as conspicuous from day to day. *It becomes rather easy to forget the rep's initial development role and overlook his daily input.* The "forgetting" and "overlooking" by their suppliers is all too frequently applied to the allocation of their local rep's commissions. Manufacturers (principals) who, out of necessity, track work-in-process down to the bench level, can't manage to give proper credit to all the reps involved in their distribution scheme. The reps located at design-in locations end up not get proper credit for the services they rendered.

We also note that when factory employed regional managers are compensated by sales and shipments into their territory, just as reps are, "tracking" and other problems seem to get easier, much more efficiently carried out.

Thus is born the need for a more active consideration of alternative payment plans. Our final Owner's Forum of 2002 will be a round-table discussion of the options available to reps.

Please call if you have a success story or, and this can be important, a failure. We want to pass along those ideas that worked and explore corrective measures to be taken to improve chances of making the other ideas work. Certainly we want to invite you to this important event.

The Northern California Chapter of ERA is one of the more active chapters within the National Association. We have received numerous national awares to prove it. Our success is a direct result of the interest and effort put forth by its members and the officers listed below, all volunteers.

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