



NCALERA NEWS

SEPTEMBER-OCTOBER

2003

WESCON 2003 REPORT

WESCON 2003 is complete. Overall, we think the three days invested by National, the Chapter and the volunteers was profitable. The lack of ERA National personnel presence was felt, to be sure. (We understand that belts are drawn tight all over!) We could have used a bit more advanced notice, and the material provided was not as complete as it could have been.



Their refreshment support was truly an important contribution to the success of the booth this year. We were able to invite reps and their principals in from all around the show. We had a few freeloaders, certainly. But the expense was actually a good investment by ERA. Thanks, guys. We couldn't have done it without you.

Shown above is a view of the booth, looking left. You can see the refreshment tables in the back, alongside the private discussion table behind the curtain.

We again want to thank those members who dropped by to say hello. We were sorry that we didn't have a formal "lines available" program in place. The office doesn't have a laptop and portable printer, as yet. Besides, with a Moscone location, it would have been difficult since we stayed in the city each night.

Also, we express particular appreciation for those who served as ERA Ambassadors.

They made the show possible. Dave Urban of Shur Sales kicked it off, with Bill Hedgpeth and Mike Onken adjusting their schedules to fill the need later in the show to assure that the booth was properly manned. Stephanie Hill took the mid-day session and did an admirable job. Charlie Dickenson

was there and Lou Madamba. Lou not only served with valor, he stopped by our house and picked up my camera on the way in! **(Cont. on Pg. 3)**

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NCALERA NEWS

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MEETINGS & SPECIAL EVENTS

- SEPT. 29** Golf Tourney Dinner Meeting Crow Canyon CC.
- NOV. 4** Dinner Meeting, Past President's night. Michael's at Shoreline
- DEC. 3** All Industry Charity Event – Christmas Party.

PRESIDENT'S COLUMN

By Bill Hedgpeth.



As we reflect back on the last year, we saw changes in structure and even changes in vocation for over 200,000 people, either losing or changing jobs in the Bay Area. The year has been extremely challenging for reps, some more than others, but we look towards a brighter future for all reps, as the economy is definitely moving in the right direction.

We have had some of the best meeting presentations I have heard in the past and the chapter responded by attending in significant numbers. This added to the pleasure of the committee and the speakers. This should continue as we are already planning on having John Latimer report on a great Keystone 2003 meeting in Florida, this year.

The Executive Committee still has a lot to do this year. We will be generating a new budget for the membership to review and we have started gathering names for a suggested new slate of officers. Any inputs would be appreciated.. We will try and have those suggestions by the November 4th, President's Night, meeting.

We are all in anticipation of the upcoming Golf tournament the 29th. We'll see you there. And, it is never too early to tell you to plan on our annual Christmas party on December 3rd, so put that date into your "must attend" list of Christmas functions.

WESCON 2003 REPORT. (Cont. from Pg. 1) We did have visitors. One of Ross's principals is at left. That's Steve Ross and Dennis Barry talking with one of the Southern California reps who stopped by.



If you look carefully above, our sign shows. Actually, we almost think we did better before the sign was posted (late Tuesday afternoon). People would stop and ask us what we were doing there which in many cases led to some productive discussions.

While there, Dave Johnson reestablished contact with an old principal. The principal was looking for a rep and Dave was able to help him by taking on the line again. One of the fringe benefits of working an ERA booth is getting first shot. Actually, the principal had been there the day before and came back the next day when we advised him that Dave was to be present. The point is, we know that at least one member company profited immediately as a result of being there! (Wayne Roblee, President, is on the right at right.)



How many others profited will be seen, later. We picked up two new members; Electro-Sales in the CM division and Silicon Valley Micro Service, Inc. in SAVES. Both Jerry Head and Trevor Bacolini had attended our meetings as guests and both brought their final decisions to the booth. Now, that is business the way it should be.

That's John Fullem at left with visitor Leonette Stafford of ASSET InterTech, Inc. Did he sign her up? Who knows? It is obvious that they are communicating.

Don Hennelly, Pentagon owner, (Shown at right with Jim Barkand, one of his principals) was probably the most *positive* of all the reps that appeared. His general professional attitude clearly indicated why his company has been one of the leaders in our industry for years.





The service list goes on; Rich Boucher of O'Donnell; Don Onken of Bridge; Dennis Barry, Technology Hardware; John Fullem, Recht; Steve and Al Kadis, W-J Electronic Sales, and Brian Trankle finished up the show. The classic question: Was it worth it? Not yes but heck yes!

Rich Boucher and Tim Elder of O'Donnell and Cy Hill of ISG are pictured at left.

We have to admit that it got rather quiet toward the end. It gave us time to speculate on how valuable an experience it was. It is hard not to compare this week's experience with some of the past WESCON shows we have attended, particularly when WESCON used to fill Moscone *and* the Civic Center showrooms; when every major hotel had at least one hospitality suite and many had two or three; when show management had to provide shuttle busses to get people to and from the two sites and the hotels. But then we had to remind ourselves that times and the business have changed.



Nobody was overwhelmed with crowd control problems this year, as the view of Ross Row at left clearly shows. But people were getting decent leads, *including the ERA Booth*. Some wrote business right on the floor. Alliances were consummated. It was a good show, despite the vacuous appearances at times. If you reflect on those crowded shows of the past with care, you may well remember that it was always the other guy's booth that was crowded. Otherwise, how

would you have had the time to notice?

Look at it another way. We had principals genuinely thank us for the time we gave them to explain how ERA can be of service to them. We watched people in product booths nearby spending lengthy periods of time discussing specific products. Applications? Certainly. If we can put ourselves in their shoes, many of the *customers* present appreciated the show's lack of crowds.



Just as our business is changing, trade shows are changing. Perhaps they are changing even more. We didn't get the lady's name, shown here with Sue Kingston (left) but these are typical hard working ECI people. They were there throughout the show to see to it that things were handled properly. Believe it or not, they left the next day for another show!

We had lunch with one of our reps the other day who commented that one of the statements he was hearing among his Trade Group was, "Just wait until things get back to normal." We both agreed, *this* is normal. It is unlikely that any of us will live long enough to see a return to what only a few years ago was normal. We look forward to seeing how things go with our business and that of our Trade Show friends from now on. Bring on your changes. We say to the world, "Ready when you are!"

ELECTRONIC INDUSTRY CHARITY EVENT

By The Event Committee

Please mark your calendar now for the 2003 Electronic Industry Christmas Party and Charity Event that will be held from 6PM to 9PM, Wednesday, December 3, 2003. The event will be held at the Four Points Sheraton Hotel in Sunnyvale. All proceeds from this event will directly benefit the children at the Lucille Packard Children's Hospital at Stanford and the Oakland Children's Hospital. This year's party includes a delicious selection of theme menus, a no host bar and beautiful holiday decor.

Come join your peers (reps, distributors and factory sales personnel) at this traditional industry gathering. Founded in the 1950's by members of the National Electronic Distributors Association, this local networking event has become a popular holiday celebration for everyone engaged in electronic component and system sales.

The cost of an individual ticket (which includes a significant donation to the Children's Hospitals) is \$60. If purchased in quantities of five or more the cost is only \$50 per ticket.

The Sheraton has created some theme menus offering an array of food to please all palates. An "Across the Border Station" all favorites from south of the border; a "Taste of Italy" tortellini, ravioli, pesto and marinara sauce and garlic bread; a "Carving Station" of roast turkey, roast beef, rolls and condiments; and finally a "Dessert Station" of pastries, cakes sliced fruit and cheese.

Please send your check (payable to: Electronic Industry Charity Event), c/o Ms. Becky Sanford, Prism Technical Sales, 1495 Franklin St., Santa Clara, CA, 95050. If you have any questions, please call Becky at (408) 248-0700, or Steve Ross at (408) 988-8111. We all look forward to seeing you on December 3rd.

NEWS & VIEWS

By Bob Parsons

A final total of 31 shared a lot of very worthwhile information at the last meeting. Terry Lanier and Kevin Madej (Mah'-day') alternated on the floor, sometimes covering the boring, but vital stuff; sometimes scaring the dickens out of us; and sometimes being very entertaining. The balance was good enough that we could well invite them back. The subject was challenging enough that we very likely will not do it right away.



We will not attempt to cover all the details of their presentation. First off, it flew by us in many cases. Secondly, every member present had just a slightly different perspective so that any write up we made would be incomplete or, worse yet, incorrect.

Their first objective was to discuss the dreaded *audit* process. Red Flags! Signals! Alerts!

☀ The number one potential audit item on small business returns has to be around meals and entertainment. Kevin stressed the importance of establishing a proven business purpose. This can often be done by the simple expedient of writing the names of the party on the back of the receipt, their company and the business purpose of the function.

Of equal importance is to prove that the bill was paid by you or someone from your company. He recommended a credit card payment receipt, probably stapled to the function receipt obtained above. If the function receipt does not afford enough space for the entries, certainly there will be room on the credit card receipt.

☀ The next point of high interest on the auditor's tour of your financial (tax) world is Auto expenses. He pointed out that it was next to impossible to prove 100% business usage if you use the "actual cost" option of declaration, unless the vehicle is parked (stored) at your business' facility and you drive your personal car to that location each day. Even that might be hard to prove. To verify the business usage it was recommended that you make use of a contemporaneous log into which you make entries every time you use the vehicle.

That contemporaneous mouthful above can be met by the simple expedient of purchasing a log book designed for that purpose, available at most stationery stores, if not provided free by some of your vendors. Then use it religiously.

☀ Travel proves to be easier to handle. Airline tickets, hotels, etc are well documented. You must again prove the business purpose and if you take along your favorite partner, that person is not part of the business travel. Technically, even a shared room is partially for fun in the eyes of the IRS. It wasn't made clear exactly how one divides that cost. Unless you are

The alternative is to charge the company mileage, currently at \$0.36 per mile.

going to a convention (Such as the recent Keystone 2003) best leave your companion at home or have them fly in separately. You must prove payment. You can follow the same recommendation as before. Pay by credit card.

☀ If it isn't obvious, make it a practice *not to commingle* your funds. Maintain separate business credit cards and use them strictly for that purpose. Have a business checking account and record every purchase.

☀ Terry got us into the more demanding phase of the presentation. Who and why might a client be audited? The first determining factor is the form of business you use. Sole Proprietorship, Corporation, or a Partnership. There are some interesting variations such as S Corporations, Limited Liability Companies (LLC) or Limited Liability Partnerships (LLP),

Number one on the IRS hit list is any business who submits a Schedule C. That usually means a sole proprietorship. For it is on a Schedule C that you list all kinds of things relative to doing business, assets, liabilities, earnings, expenses – everything relative to your tax position. It is an easy form of business to engage in but it carries a high DIF score.

DIF refers to *“Different from the norm”* and is a system of analysis used by IRS to determine which forms are selected for review and or audit. In addition to sole proprietorships they look at interesting occupations and where you live as the basis of DIF.

We found it fascinating that certain of these “interesting” occupations are regular targets of IRS. Number one on the “hit” parade are Doctors. They do some of the weirdest things to make their practices different from the rest and less taxable. Next are teachers, firemen and (wouldn't you know it?) salesmen.

Teachers and firemen have a lot of time on their hands. This provides opportunities to make more money, often with only *cash* payment. *If it is green, they can't be seen.* Waiters and waitresses (among others) have long tried to avoid payment of taxes on tips. It can't be done for them. We are told that the IRS just assumes that they get 10%, like it or not. Salesmen are just financially creative people by design. ‘Nuff said!



KEVIN MADEJ



TERRY LANIER

Where you live also enters into the picture. Terry laid out the country into rough sections. If you live between the eastern border of Nevada and the western border of Pennsylvania, you are a “1.” Move to the eastern seaboard and you become a “2.” Move to California or anyplace else on the left coast? You’re a “4!” In case you are wondering, the numbers reflect your chances of getting audited (i.e., 1 in 10, 2 in 10 and 4 in 10) just because of where you live! It seems that everything new and (probably) creative to the IRS starts here on the west coast. Blah!



KEVIN, TERRY & BILL HEDGPETH

☀ As promised in our announcements about the meeting, There was lots of stuff on the new tax law. The various forms of doing business were discussed in detail. Rate changes; child credit advance payments; accelerated depreciation all came into play. But these are subjects that can be found in many sources, not forgetting nor ignoring the LMGW website, www.lmgw.com. There you will find their 10 best tips and a very comprehensive newsletter. We suggest you spend a few minutes reading their data. And if this seems an awful lot like work, just plan on attending the meeting, next time. These functions are designed to give you valuable educational material, often in a pleasant amusing format.

Here’s a few views of the meeting-before-the-meeting: Trevor Bacolini, a new member, is at left; Lon Hudson,



Kevin Frost and Don Onken get acquainted.



On the right, above, Al and Steve Kadis talk with Ed and Carole-Lynn Middlebusher (Ed’s the one with the gray hair) and below them Chris Jumper talks with Michael Onken. Michael is the one on the right – the one with hair.



This writer was fortunate to have attended the 2nd Annual Supply Network Conference, held at the Fairmont Hotel in San Jose, Wednesday thru Friday, September 17-19, 2003. We have been around the business since the mid-sixties and have attended quite a few such events. This conference was spent watching for input that would be of interest to our members.

Keep in mind that we were running against the grain. This conference was not designed for reps, not even the selling teams of many of the participants. It addressed what is becoming a meaningful term describing how things work in today's market – Supply Network Management. A lot of assumptions were made, some valid, some probably not in the rep's best interest.



We vacillated between putting a condensed version in this, our regular bi-monthly newsletter, and/or creating a special edition. As it turned out, the “special” got it. Watch for that issue in a few days. Two days of presentations on such a demanding subject was just too much to try to condense.

Note that ERA was one of the endorsers of the conference and that is probably why we were welcome to attend. In fact, one of our key members, Mark Conley of O'Donnell Associates North, shown above, participated as a speaker.

Of greater importance to reps is the fact that this event was sponsored by a major publisher of data having to do with our business. The selection of the goals and objectives of the conference almost demanded that the role of the sales end of the business be placed in a secondary position. As it turned out, the presenters could not get through the conference without alluding to the need to compensate the various players. The rep's presence was felt, if not seen. Good Supply Network Management demands paying attention to all the parts. More -- to be sure.

We will start with an idea first posed in this newsletter in August, 1998. You'll see a summary of a presentation by Bill Mackin, one of the founders of Quadrep discussing the trials a rep faced dealing with “split commissions.” This review will add new meaning to that old adage, “Everything old is new again.”

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 it members and the officers listed below, all volunteers.

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