



JANUARY-FEBRUARY

2005

PRESIDENT'S COLUMN

By Michael Onken

I feel honored to serve as your 2005 Chapter President. I must thank the past several presidents who have shown great patience, generosity and support as I've served the chapter, with special thanks to John Latimer, who prepared me well for this challenge.

Some of you may know me as having an opinion on everything, and that opinion being a bit long-winded. So when Bob Parsons told me I had to write a monthly newsletter, my first question was whether I had a word-limit (no laughing). Since I do not have a word limit and I am a fast typist, I hope this long President's column offers each of you at least one nugget of hope for this year, and for the future of our Northern California Chapter of ERA.



January is a great month. No matter how good or bad it may have been, it is time to close the books on the past and begin looking forward to a new year of growth. Time off with family and friends recharges our batteries and prepares us for the peaks and valleys of the coming year. Customers begin to return calls once again and forecasts all look promising. Everyone is optimistic.

In serving as your President this year, I am not immune to this excitement. I see a year full of energy, promise and progress. Most of you already know me well, but as I've learned in making presentations, "Tell 'em where you've been, where you are now, and where you're going."

Where I've Been

I grew up in the electronics industry. My grandfather founded Zack Electronics in the middle of the depression (1931) and never looked back. My father, Don, took Zack to the next level in the mid-1960's until its sale in 1986. I don't recall football on New Year's Day- I remember "Inventory Day". When I was old enough to be relied upon to count, I'd count out resistors all day. I attended University of the Pacific (now ranked #26 in basketball!) and then became the youngest graduate in my law school class at Golden Gate University. I settled into a high-profile, fast-paced career in the world of high finance. I courted celebrities and power brokers of all sorts. It was the mid-90's, and I saw things

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that would make Martha Stewart look like- well, Martha Stewart. By this time I realized I needed to slow down if I was going to marry Sandy and start a family.

NCALERA NEWS
is published by the
Northern California Chapter of the
Electronics Representatives Ass.
R.W. (Bob) Parsons, editor.

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Where I Am Now

My father was modifying his business plan, which provided an opportunity for me to work with him. After failed attempts to talk me out of that notion, he sent me off to spend a day with Bob Lessing. What struck me most is that Bob was open and willing to share anything about the business. This was new to me- after all, I was a lawyer and a stockbroker! I was accustomed to routines such as locking my office and files, secret meetings behind closed doors, finding books in the law library that others had hidden, and hiding my clients' accounts from other brokers. Suddenly I was sitting in Bob's office learning the business from his perspective. He was candid, direct and helpful. This was the first clue that I would find this industry refreshing and rewarding. Anecdotally, Don still tells people the story

of when asked if I should call him Don or dad, he replied quickly, "That's easy, just call me boss".

Starting as a rep in 1999 was a bit unfair for a green, non-engineer. I had too many leads to even follow up on, and sales were easy and strong. By the time I figured out how to really be a rep, it was mid-2001! I don't think anyone wants to be reminded once again about repping during that period, so I'll just fast-forward to the future...

Where All of Us Are Going

It would be easy for me to rattle off complaints of off-shoring, lack of distributor field salespeople, or any of about a dozen other major issues unique to our industry and our territory. But that would not be productive. What would be productive is to discuss how I see the future unfolding (with a happy ending for everyone, of course). Please remember I am a relative outsider given my short, six-year tenure as a rep. So I hope you read my next comments as innocent enthusiasm, and not as patronizing.

What stands out most is our chapter's very large trust fund. What other trade organizations, clubs, or other non-profits have a budget in the high five-figures? But the real question, or perhaps "challenge" is a better word, is what we can do with that funding to help members succeed, or even thrive, in good and bad times?

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NEWS & VIEWS

By Bob Parsons

Welcome to Y2005!

☀ We have always liked the Kiplinger Letters. We find them full of very interesting facts, political opinions and energizing ideas. And their politics tend to be very much centered. We like that, as well.

Here's a small excerpt from a recent issue of their Washington letter that very appropriately speaks to one aspect of a trend those of us in and around the electronic manufacturing business have had to live with. Read on . . .

["Will "home-shoring" prove to be the antidote to offshoring?"](#)

[Maybe so.](#) The concept...employees who work from their homes.is an old one, but it's being put to new uses by a lot of businesses. About 100,000 at-home workers now staff "teleservice" call centers for companies including JetBlue, AIG, Travelers and AAA auto clubs. That's nearly the number that now staffs U.S. call centers in India.

[Virtual call centers offer low costs and skilled U.S. workers](#) for customers who don't want to deal with workers from across the globe. Operators of centers here include West Corp., Alpine Access, WillowCSN, Aspect and IntelliCare. They employ college students and part-timers willing to work for less with more-flexible hours and no commuting."

No major companies are mentioned, but by coincidence, when we called Dell for support the other day, we got connected to a really pleasant American girl who really spoke our language. Change? Let's hope so.

☀ Here's a jewel we picked up from the Southern California ERA's weekly bulletin about the IRS:

"The IRS Knows What Reps Do

Does your accountant know how to identify a rep firm for the IRS? Jay Ownby* of MANA and I* did some checking recently and found the government has assigned NAICS code 425120 for "Wholesale Trade Agents and Brokers."

MANA checked this with their legal counsel and accountants, both agree this is now the best code to use for reps who do only straight commission sales. Be sure to check it with your own accountant.

Both also agree that reps who do buy/sell, rep/distributors, etc will fall into the broad category of "42 Wholesale Trade Classification System."



For more information, see www.naicscod.com/ and www.naicscod.com/default.asp?O=425120

From the NAICS website:

Description

This industry comprises wholesale trade agents and brokers acting on behalf of buyers or sellers in the wholesale distribution of goods. Agents and brokers do not take title to the goods being sold but rather receive a commission or fee for their service. Agents and brokers for all durable and nondurable goods are included in this industry.

Illustrative Examples

- * Independent sales representatives
- * Manufacturers' sales representatives”

**Jay Ownby is a former long-standing member of ERA, now working with MANA. The writer is Dennis McGillis, Executive Director of the Southern California Chapter. Our thanks to Dennis for permitting reproduction of this interesting set of facts.*

MEMBERSHIP RENEWALS EXCELLENT!

This year we made a routine mailing on December 1st and reminded members that they had a choice between paying in '04 if they have had a good earnings year or, paying in '05 if they forecasted higher earnings in that year. Easily 9 out of 10 elected to pay in '04. Plus -- **We are now completely finished with current member-renewals.** We will lose one long- standing member who is retiring. However, we have two new members to pick up the slack and start making 2005 the start of our recovery year!

We are now completely finished with current member-renewals.

By the way, thanks to those of you who responded so promptly. It certainly makes this job a lot more manageable.

Should we be excited at a gain of just one member? With trade Associations hemorrhaging members, reducing their services to their members and wondering how they can turn things around -- not yes, but hell yes! Some wise person once uttered, “every journey begins with one step.”

As noted, we changed our procedures slightly this year. Way back, during the Jack Logan era, the Chapter decided to shift their collection-of-dues cycle from the first of the

year to the first of March. They saw the March-April period as being a better time, cash-flow-wise. It didn't work too well, as we saw it. Collections have been a pain ever since taking on this task in 2000.

We grant you, 2001 was the pits and a lot of rep companies literally went out of business. But '03 and '04 were OK years by most measures and collections were still "iffy."

☀ Anybody who reads or talks with the organizers of the National ERA group, are certainly aware of the changes taking place in that end of our Association. Ray Hall's departure is now finalized and the leadership is doing what it takes to get things turned around. Soon we will see new programs, some of which will be programs first promulgated by Ray Hall. We will all miss Ray personally, but not for long professionally. His influence will not be ignored or forgotten. But new blood is coming forward.

MANA is also seeing less-than-great times. They have recognized that their rep membership is shrinking at the same time that their manufacturer membership is growing. They are even seriously considering changing their name!

You may have noticed the increase in shared activities between MANA and ERA hereabouts. We just attended an excellent Seminar presentation, MANA sponsored, and witnessed a majority of those present being ERA (or joint MANA/ERA) members. The room was full, active, and nobody noticed that there were two associations present. What we saw was a common interest being satisfied. Should we be involving MANA? It sure looks like it.

☀ Other changes will take place. We are planning on gaining a better understanding of what makes this chapter tick so that we can encourage growth. Our main reason for existence is to further the education of the members. In order to gain a better educational program, we will gather information about the chapter. Information that does not now exist. For instance . . .

We know that (of the 63 member-companies) a very large percentage are smaller firms – 4 people or less. Some participate in several trade divisions but some only belong to one group; A few have distribution companies; At least one (we think) has a manufacturing company; and several have out-of-state and/or out-of-country branches.

MANA is also seeing less-than-great times. -- They are even seriously considering changing their name!

Why not find a way to exploit that diversity? We could better sell the chapter by collecting a dossier on each member firm – We can assemble the information in a useful and usable form, positively stressing the broad experience and training characterized by ERA reps.

☀ We note that the Membership Chairman will have help this year and from now on. He now has two additional members to help with the grunt work of contacting new prospects. Not to be outdone, the Educational Chairman also will have help. We should see better programming and more people participating. Yeah!

PRESIDENT'S COLUMN

(Continued from Pg. 2)

Every ERA member I've ever spoken with goes out of his way to reiterate to me the importance of member benefits and education. Inevitably, the contributions of those such as Jack Logan are recounted. At every Ex-Comm meeting, Dick Foley speaks up and politely reminds us of our charter- education.

Education makes us better reps and better people. We do not live in a stagnant world. Our world is dynamic and evolving. The popularized adage "Change or Die" was proven true (sadly) during the early years of this new century. Education is a tool to help us make change an easy transition rather than a radical proposition. And our trust fund makes education achievable. In addition, our chapter holds a second unbelievable and priceless equity, in the form of collective member wisdom. My copy of "Philosophy for Dummies" tells me wisdom simply means "insights into life". Once again, our trust allows us to empower the wisdom of the chapter.

A moment must be taken to exalt our accomplishments thus far. First, you have taken the time to foresee the importance of a trade organization proclaiming the virtues of education, camaraderie, and the power of collective thinking. From that you developed a service to the electronics community that was eventually converted into the trust fund. You have benefited charities while celebrating the year with an award-winning Christmas party. You have sponsored an annual golf tournament that is a mid-year highlight of the chapter. You have provided every member with affordable computer training. You have established a regular meeting schedule, complete with

educational speakers and two nice meals for every member firm.

Those accomplishments aside, I believe we are still only half-way there. Membership has declined. Educational programs have been good, but sporadic. Attendance at meetings is inconsistent. This is where I, as your President, will attempt to “rally the troops”.

I ask each member to rededicate themselves to the virtues of our chapter. I know many of you have already cycled through the offices and have donated your time year after year. I ask that each makes a more concerted effort to attend meetings and educational programs. Volunteer for a committee (yes, we now have formal committees to help spread out the workload). Bring a guest or employee to the meetings. Suggest ideas for programs. Without tapping into our chapter wisdom (YOU), our trust remains nothing more than an unused bank account. We must continue to progress, develop, and improve. If we do not use our collective power, we will not be able to face principals who want to cut commissions, or whatever the challenge of the day may be. We need you now more than ever. I need you now more than ever.

I'll conclude my first President's column with a lesson for all of us from a real-life occurrence I have seen more than numerous disadvantages, as well. We were told (told, not a discussion or negotiation) that the commission rate was X %. That rate was low, and so we replied that the rate should be higher citing many of the usual reasons once. We met with a prospective principal seeking representation. It was a mature line and had well-established sales in Northern California, yet it came with all of us discuss at every meeting. The principal thanked us for the meeting and proceeded to interview other rep firms. Rep firm #2 said the same thing, and so did rep firm #3. However, rep firm #4 was grateful for the line and accepted at that low rate. The point of the story is that we do have the power to affect change, but we must project a single, united front. No one else will stand up for our interests, so we must do that ourselves. A chain is only as strong as its weakest link, and I look forward to serving the chapter and making that chain a whole lot stronger!

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Instrumentation	Ted Tilton	Gado Instrument Sales	408	736-8191	739-9826
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* The Board of Directors shall consist of the most recent three (3) former Chapter Presidents