



DIRECT

NAED News

NAED invites electrical distributors, electrical suppliers, and marketing groups to participate in *TEDE Magazine's* 2006 Best of the Best Awards Competition. The deadline for entries is Feb. 2. Visit www.tedmag.com for more information.



Registration is open for the University of Industrial Distribution (UID), March 4-7, at Indiana University/Purdue University in Indianapolis. NAED members are encouraged to register early this year, since UID sold out before the early-bird deadline (Feb. 2) last year. UID offers in-depth education with 30 courses over four days covering sales, customer service, inventory management, operations management, and profitability. UID is sponsored by NAED and 27 other trade associations. Go to www.univid.org for more information.



The U.S. Department of Energy (DOE) is offering "Save Energy Now" CDs containing energy-saving information and software at no cost. The CDs were recently distributed to 3,500 large industrial plant managers across the nation. The CD contains sourcebooks, software files, case studies, and tip sheets tailored to help industry plant managers and engineers save on energy costs. For more information, go to www.eere.energy.gov/industry/saveenergynow.

Research in Action

Adding value: Services that customers desire most

Research shows how to improve customer satisfaction.

BY JIM BRAIBISH

Most distributors cite quality service as the key factor in what differentiates them from their competition. But what, in the customers' view, defines good service? A new research study by the NAED Education & Research Foundation explores this question.

The study, *Value-Added: Assessing Service Offerings of Electrical Distributors*, analyzes 16 distributor services according to customer ratings in importance and satisfaction.

Survey results are broken down into five customer segments: commercial contractors, new construction and residential remodel contractors, manufacturing, and institutional MRO.

What distributors do well

Overall, high importance/high satisfaction services include:

- **Warranties and returns.**

Four out of five customer segments are pleased with distributors' service in this area. The study suggests streamlining



and consider new ways of providing these services."

Areas for investment

Several areas represent issues considered important by customers; however, customers are not satisfied with the quality being provided. The report suggests investing in resources to raise satisfaction levels.

High importance/low satisfaction services include:

- **Order fill rate.**

The research results show that this area is one of major concern for five out of six customer segments. The study's results also suggest that distributors should provide a consistent back-order policy, randomly second-count individual orders, review and correct EOQ levels, develop online ordering capability, and monitor and follow through on suppliers' performance.

- **New service development.**

All five of the customer segments expressed low satisfaction with new services. The three contractor segments all rated this service as important,

Continued on page 84

processes by documenting them and applying time and cost estimates to each step of the process.

- **Timeliness of delivery.**

Distributors should consider developing delivery services that accommodate the needs of key customer segments.

- **Inside and outside sales product knowledge and problem solving.**

Inside sales scored on par with outside sales in a number of the customer segments.

According to the study, "These services are important and customers like what they are getting. The key is to remain ahead of the competition

Did you know?... According to recent industry **sales volume** estimates, the electrical distribution industry generates **twice that** of the global **gaming** industry and the **music** industry.



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Get involved today

FEBRUARY & MARCH 2007

Feb. 13, 1:00 p.m. ET

✓ EPEC Insider Tips Teleconference, "The Sales Counter Crystal Ball"; get more info at www.naed.org.

Feb. 13-16

✓ Certified Sales Professional Program Training, Atlanta; to register, go to www.naed.org or call 303-463-1801.

Feb. 15, 2:00 p.m. ET

✓ Proffit Talk 101 Teleseminar, "A Supplier's View of Partnering with Distributors"; to register, call NAED Customer Service at 888-791-2512.

March 31

✓ Performance Analysis Report (PAR) survey due; to participate, go to www.naed.org/PAR.

Continued from page 82

while the manufacturing and institutional MRO customers gave it low importance. The study, which features an in-depth section on new service development, recommends that distributors plan their new services for each of their customer segments.

• **Pricing consistency.** Although this topic is important to almost every customer segment, pricing consistency varied widely in satisfaction. For improvement, the report suggests that distributors develop segmented pricing templates, maintain written rules on special orders and quotes, estab-

lish a customer matrix pricing system, and develop a pricing decision hierarchy.

Funding for this report and other industry research initiatives is made possible through the NAED Foundation's Channel Advantage Partnership endowment fund.

The full report is available free of charge to NAED members. Contact NAED Customer Service at 888-791-2512 or at customerservice@naed.org for more information. ■■■

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NATIONAL ASSOCIATION OF
ELECTRICAL DISTRIBUTORS

Smart Tools for Smart Distribution...

February 28- March 3, 2007
Manchester Grand Hyatt, San Diego, CA

SOUTH CENTRAL REGION CONFERENCE

FOCUS on the FUTURE

Register Online
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