STATE ELECTRIC SUPPLY

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REIMAGINING EFFICIENCY:
HOW AI IS TRANSFORMING ORDER ENTRY AT STATE ELECTRIC SUPPLY

Faced with evolving customer expectations and growing pressure to improve efficiency, electrical distributors are looking for solutions that balance tradition with transformation. Among the most promising technologies driving this shift is artificial intelligence (AI). There may be a lot of vague hype surrounding AI, but it has real applications, and it's already helping some companies make tangible improvements to the way they do business.

One such company is State Electric Supply, a regional distributor based in Huntington, West Virginia. Led by owner John Spoor, State Electric Supply collaborated with their ERP provider Infor to implement an AI-powered product recommendation tool that is transforming order entry.

The Opportunity: Making Order Entry, Sales Processes and Onboarding More Efficient

Like any electrical distributor, State Electric Supply has a vast catalog and many complex product pairings. While they were happy overall, manual processes still played a large role in their order entry. The company also saw an opportunity to be more efficient and help their reps get even more comfortable with their ever-evolving offerings.

When company leadership began exploring ways to optimize its sales processes, their goals were clear but ambitious: They wanted to reduce the time and effort spent on order entry, improve the customer experience by suggesting complementary products, help newer employees build expertise more quickly, and help experienced reps learn about new products and pairings more quickly.

The Solution: An AI-Powered Product Recommendation Tool

Company leadership worked closely with Infor to develop a custom AI solution tailored to the electrical distribution industry. This vision took shape in the form of a tool they called "Product Recommender." The tool integrates directly into the company's Infor order-entry process, offering product recommendations based on three critical data layers:

- **Customer-Specific Data:** The AI learns what customers typically buy together, adapting to individual preferences and purchasing patterns. This personalization makes the tool feel less like an automated system and more like a knowledgeable assistant, one that remembers the nuances of product relationships and each customer's needs.
- **Branch-Level Data:** Recognizing that different regions have different preferences and requirements, the system accounts for regional variations in product usage. For example, regional alignment with specific brands is factored into the recommendations to ensure they match what is stocked in different branches.
- **Sales History:** The tool also taps into five years of historical sales data, effectively leveraging the collective knowledge of State Electric Supply's most experienced salespeople to identify patterns and suggest products that are often purchased together.

For example, when a salesperson enters the part number for 2-inch PVC conduit into the order grid, the tool instantly populates a list of commonly paired items, such as connectors, couplings, and PVC cement. As items are added to the order, the list updates dynamically. This feature allows the system to guide sales reps through the process, offering increasingly refined recommendations based on what's already been added. "This tool isn't just about speed," Spoor said. "It's about making order entry intuitive and guiding sales staff to make better decisions."

Once the customer has finished giving their list, the rep can recommend additional items the customer might need. "For newer employees, it's like having a built-in coach, helping them learn the right pairings without needing years of experience," Spoor said.

From there, salesperson can simply drag and drop product recommendations into the order, reducing the need for manual entry and minimizing errors.

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Spoor sees this as more than just a convenience. "It's about completing the order for the customer and making sure they get everything they need," he said. "It's also a way to train our junior sales staff by helping them understand what products naturally go together.

"The AI tool improves service by suggesting items that are often overlooked. It's not just faster — it's smarter customer support."

The Implementation: Overcoming Skepticism and Fear

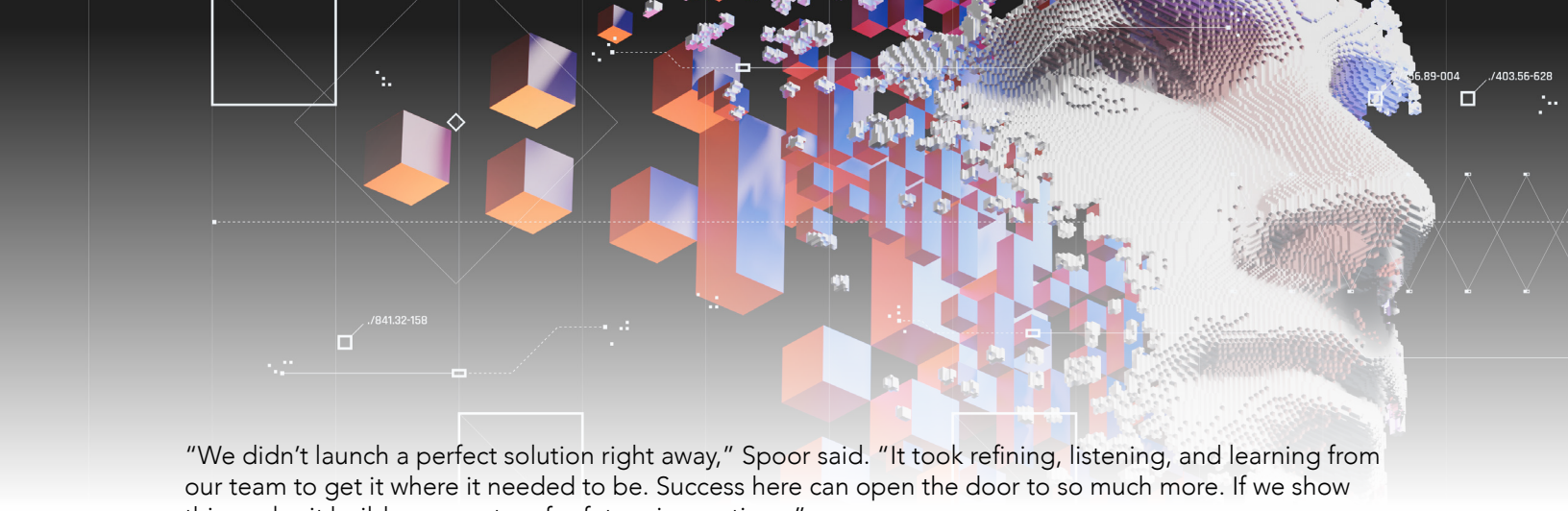
One of the most significant challenges of the implementation was resistance to change, particularly among veteran staff members who were accustomed to manual processes. Some expressed skepticism about whether the tool could match their expertise, while others feared that it might reduce their commissions or even replace them.

Spoor and his team addressed these concerns head-on. They emphasized that the tool was designed to complement human expertise, not replace it, and that its ability to suggest add-on items had the potential to increase sales commissions. Most importantly, employees were involved from the beginning. A core group of strategic team members provided feedback during the tool's development, helping to shape its functionality. This gave employees a sense of ownership in its success.

Over time, even the skeptics came to appreciate the tool's value, especially as they saw how it improved customer satisfaction and simplified their order-entry work.

"We've crossed the hurdle where people see the value of tools like this," Spoor said. "It's not about replacing anyone — it's about making us better at what we do."

Another challenge lay in aligning AI's recommendations with the nuances of their business. Spoor and his team worked closely with the technical team at Infor to ensure the tool understood the needs of their industry. Regular communication with the development team, including weekly calls, was critical to refining the tool.



"We didn't launch a perfect solution right away," Spoor said. "It took refining, listening, and learning from our team to get it where it needed to be. Success here can open the door to so much more. If we show this works, it builds momentum for future innovations."

The Outcome: A Big Step Forward

The early results have been promising. While specific utilization metrics are still being formalized, the benefits are already clear, especially when it comes to operational efficiency. By reducing the time needed for order entry and eliminating the need to search manually for complementary products, sales staff can now process orders faster and with greater accuracy. This increased efficiency allows them to focus more on building relationships with customers and offering expert advice — both critical.

Spoor also expects the new tool to drive an increase in revenue. By surfacing cross-selling opportunities that might otherwise be missed, the tool can help the average order value go up. Customers are receiving more complete orders, and sales teams are already capturing additional revenue with minimal extra effort.

This has also made customers more satisfied. According to Spoor, one customer was so impressed with how much time they saved during their last order that they joked it felt like the salesperson could read their mind. This level of efficiency builds trust and fosters loyalty.

> *"We've crossed the hurdle where people see the value of tools like this. It's not about replacing anyone — it's about making us better at what we do."*

The tool has proven to be an invaluable training resource, as well. For new employees, it acts as a virtual mentor, guiding them through product pairings and building their confidence. This has eased the learning curve for junior staff and empowered them to provide a higher level of service earlier in their careers.

Spoor and his team are now thinking about how to measure success more systematically. Potential metrics include adoption rates, the speed of order entry, and the impact of add-on sales. They also see opportunities to use the tool as a catalyst for other innovations. For example, Spoor is interested in exploring how AI's insights could inform warehouse operations, creating efficiencies downstream of the order-entry process. "We're staying focused on optimizing this tool for now," Spoor said, "but I see this as just the beginning. Success here can open the door to so much more."

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The Takeaway: AI Requires the Right Approach

For other distributors considering AI solutions, State Electric Supply's experience offers several valuable takeaways:

1. **Start with a clear goal.** Define the problem you want to solve and what success will look like. Are you hoping to improve order efficiency? Increase sales? Enhance customer satisfaction? If you're not sure where you're going, you won't be able to figure out how to get there.
2. **Involve your team early.** Engaging your employees in the design and pilot phases can help smooth the transition and ensure that the solution is practical and user-friendly. This accelerates change management and increases adoption – critical for ROI.
3. **Embrace iteration.** Technology projects, especially those involving AI, are rarely perfect right out of the gate. Be prepared to adapt and adjust based on feedback and real-world usage. "You've got to be willing to try things and learn from them," Spoor said. "If they don't work, don't be afraid to let them go — but you have to be willing to try."
4. **Partner with a technology provider that understands your industry's unique challenges.** Any provider who pushes a one-size-fits-all solution simply won't get it done.

Harnessing AI to Enable Working Smarter in the Future

As the industry grapples with how to use AI, State Electric Supply's Product Recommender tool demonstrates its potential for electrical distributors. By addressing core challenges like order inefficiencies, incomplete orders, and new employee training, they've made their entire business model more efficient and customer-centric. Their experience also underscores the importance of embracing change and experimentation, recognizing that AI is a tool that can complement, not replace, human expertise.

"One win like this changes how people think about what's possible," Spoor said. "It creates a culture that's ready for the next big idea. Every improvement we make here has ripple effects — better customer service, stronger teams, and more efficient operations down the line."

For other distributors looking to embark on their own digital transformation journey, the NAED Digital Center of Excellence (DCoE) offers resources and support to help navigate the complexities of AI and other emerging technologies. The future of electrical distribution is powered by data, and those who embrace it will lead the way in shaping the industry's next chapter.

Learn more about the Digital Center of Excellence at https://www.naed.org/dcoe.