The 2016 FISA Planning Meeting was held February 11-13, 2016 in Naples, FL. Participants included the FISA Board of Directors and invited guests, Darcy Simonis of Pentair and JT Townsend of Anderson-Negele. The meeting started with a discussion of industry trends and projections for the future. Participants shared their thoughts on the current business outlook as well as factors impacting the business climate.

Here is a summary of participants’ assessment of 2015 business conditions:

- Capital equipment sales were variable.
- The majority of participants reported a flat year.
- Parts sales were healthy.
- Food and beverage sales were stronger than industrial sales.

Looking toward 2016, the following observations were made:

- The slump in oil and gas markets will have a negative impact on business.
- Parts sales growth is anticipated in 2016.
- Integrated supply will continue to erode margins.
- Declining customer confidence creates an environment where there is a reluctance to invest which will keep capital projects on hold. “A lot of quotes in the system but customers are reluctant to pull the trigger.”
- A greater focus on safety is expected, particularly in light of the peanut executive’s guilt in the deadly salmonella outbreak.
- With Coca Cola selling franchises to investors, it is not known whether franchisees will continue the same level of investment in facilities.

- Nutritional/Lifestyle beverages will be on the upswing.
- High pressure pasteurization is on the rise and this can hurt dairy processing.
- Plants are “fixing” more than expanding.
- Vendor consolidation will continue.
- Ecommerce will change the look of sales. The “Amazon Effect” permeates many industries, including those served by FISA members’ customers.
- Pricing Competition
- Depressed dairy prices will continue.
- A focus on succession planning at the distribution level is critical.
- The Green technology mentality is growing.
- Service business will increase.
- Understanding end customers’ needs will help drive opportunity.
- The Quality vs. Price dilemma continues.
- Direct sales will impact commodity-type products; however, engineered solutions will still drive business through distributors.
- Current economic environment is soft and will drive decision making.
- Attracting and retaining qualified personnel continues to challenge.

In addition to discussing industry trends and projections, the group analyzed the 2015 Annual Conference in Austin and reviewed the on-site and online evaluations of the Conference. Each year, networking is mentioned as one of the key benefits of attending the Conference. Getting to meet company principals face to face and develop relationships is important in building connections. Watch for a new, fun networking event to be announced as part of the 2016 Annual Conference. For more information on the Conference, see page 3.
Dear FISA Members,

The Planning Meeting for the 2016 FISA Annual Conference was held in February. Our group consisted of your Board of Directors, along with invited guests Darcy Simonis from Pentair, and JT Townsend, of Anderson-Negele. Facilitated by Trish Lilly, and managed by Executive Director Stella Jones, we built a great program. Many thanks to all the participants and special thanks to our guests.

Our Conference speaker topics are based on your input gleaned from surveys and conversations throughout the year. A primary theme for this year’s Conference relates to e-commerce and marketing in the sanitary process industry. I’m sure that your e-commerce purchases during the holiday season and beyond have increased tremendously over the past few years. The same is true for common sanitary industry components. How will marketing (not pricing) on the web be managed? How do we avoid the “price race to the bottom” that other industries have experienced? Will regional engineering and sales solutions and services remain critical, or relevant? FIND OUT AT FISA 2016 — SUN VALLEY.

Are leaders born, or are they taught? How do we identify those associates with potential in our businesses, trust them, train them, and allow them to take over? FIND OUT AT FISA 2016 — SUN VALLEY.

What effect will the Food Safety Modernization Act (FSMA) have on our customers when enforcement is ratcheted up in 2016? It has already created equipment sales opportunities for Distributors and Manufacturers. Large and small processors will need to spend serious money to replace ineffective, obsolete, and dirty equipment. Where is the low hanging fruit? FIND OUT AT FISA 2016 — SUN VALLEY.

As always, economic forecasting is very important to all of us. Surrounded by an unsettled world, and a very curious presidential race, what are the keys to success next year, and in five to ten years? Is the U.S. still the driving force behind the global economy? Economist, Brian Beaulieu, will be there so we can FIND OUT AT FISA 2016 – SUN VALLEY.

Planning the FISA Annual Conference for 250+ attendees is a great responsibility. Your Board of Directors and guests worked hard to make sure this event will be memorable, and provide ideas and content to take home to use every day. We want to continue to improve, and we think this will be a great experience.

Have a Great Spring!!

Bob

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Promoting Distribution Is a Team Effort

Help FISA grow by recruiting new distributor members. FISA is focused on strengthening the distribution channel. Here are three reasons to join FISA:

- **Improve the productivity, profitability and performance of your business.** FISA offers outstanding educational opportunities through UID, provides excellent speakers at Annual Conferences, and has special discounts available for members.

- **Advance the profession – Channel Leadership.** FISA is committed to promoting the value added services of distributors to manufacturers and end users.

- **Stay connected.** FISA offers networking opportunities, provides information about member companies through this newsletter and keeps up with industry trends through NAW.

FISA membership is an investment in your future. Reach out to your vendors who are not members and tell them about the benefits of membership. It's a team effort. Email the name of a prospective distributor member to stella@fisanet.org.
Experience Sun Valley — Now Celebrating 80 Years

Sun Valley, ID is a destination known throughout the world for its beauty and lifestyle. Originally, mining brought adventurers West in the late 1800s and then sheep herding became the predominant industry. Then 80 years ago, there was a crazy idea to create a playground in this beautiful area, invent the first chair lift and invite the famous to the Sun Valley Resort.

Sun Valley Lodge has welcomed visitors since 1936. A total remodeling was completed in 2015 and a new 20,000 square foot destination spa was added. In addition to the Lodge with 108 rooms, there is the nearby Inn with 109 guest rooms. Scattered throughout the Resort are photographs illustrating the rich 80-year history of Sun Valley and its famous visitors. The Resort is a walk-around village complete with shops, golf, tennis, horseback riding and sporting clays.

The nearest town, Ketchum, is less than a mile from the Resort and is filled with restaurants, shops and art galleries. After the development of Sun Valley by the Union Pacific Railroad in 1936, Ketchum became popular with celebrities, including Gary Cooper and Ernest Hemingway. Hemingway loved the surrounding area; he fished, hunted, and in the late 1950s bought a home overlooking the Wood River. Spend a few hours browsing, and it’s an easy walk back to the Resort. Enjoy the laid-back atmosphere when you visit and go home refreshed with time spent in Sun Valley’s outdoor playground.

Getting There

Sun Valley is served by Hailey’s Friedman Memorial Airport (SUN). It’s located 14 miles from the resort and is easily accessible from the gateway cities of San Francisco (SFO), Seattle (SEA), Los Angeles (LAX), Salt Lake City (SLC) and Denver (DEN - summer 2014). These cities are served by most major airlines and are met by Sun Valley’s connecting carriers: Alaska Airlines, Delta Connection (Operated by SkyWest) and United Express (Operated by SkyWest).

All Sun Valley Resort guests receive complimentary transportation to and from the Sun Valley Airport. Boise, ID is about a two and a half hour drive and shuttle and van service is available by contacting Sun Valley Express at 800-622-8267.
Progressive discipline has been around since the first automobiles were hustled down the assembly line. No self-respecting union would ever approve a contract that did not include progressive discipline, accompanied by a myriad of steps that are carefully documented in Article Somewhere and prominently displayed for every member to read. Every manager in America has the infamous progressive discipline pyramid imprinted in his/her memory. At least ten pages of progressive discipline policies and procedures are readily available on the Internet. Some have five steps and a few have as many as seven. Yet, no one seems to stop and think, “This is not a discipline process; it is a punishment schedule.”

Employee discipline is never the work of a company. It is evidence that an employee is working within established polices and rules of good conduct. When the employee decides to behave outside the established policies and rules, there is a consequence. That consequence is called “punishment.” Yet, for more than 80 years, most American businesses have operated under the illusion that Progressive Discipline is the ideal way to address inappropriate behavior, and return the employee to the positive relationship that existed at the time of hire.

**DISCIPLINE** is what the employee does. **PUNISHMENT** is what the Company does when the employee does not do it.

Given that Progressive Discipline is a carefully managed schedule of increasingly punitive actions, with the intended result of getting an employee to behave differently, it is doomed to fail. We need look no further than the local prison! Statistics reveal that as many as 67.5%¹ of those in prison today have been there before. That should be sufficient evidence for us to learn that you cannot punish an employee into doing the right thing. You can only punish a person for doing the wrong thing. So, let’s call it what it is: A Punishment Schedule.

The employee is in charge of his/her own behavior and that is why progressive discipline does not work. Self-discipline is personal. Some employees have the ability and desire to exercise self-discipline regarding their commitments to an employer and some do not. Given the attitudes of the millennial generation, progressive discipline is a top-down and heavy-handed approach to problem solving, with a history of failure. So, why are we still using it in a workplace that is dramatically different from generations ago?

Unfortunately, we are caught in our own paradigms of tradition and cannot see beyond them. In addition, we are always entangled in some kind of legal situation when we terminate an employee and must have a stack of documents to prove we did everything possible to assure the employee had a chance to prevent being discharged. Progressive Discipline gives us the comfort that we have documented our files and we can defend our actions. As a less experienced HR practitioner, if anyone even suggested we eliminate our progressive discipline procedures, I would have tried to have that person committed! As an experienced consultant, I recognize that times (and people) have changed.

It is time to accept that employees are responsible for their own behavior and Millennials want input into what happens to them on the job. The time has come for us to introduce Constructive Discipline into our workplace. A constructive discipline policy is simple:

¹ The Daily Beast, 4/22/14
CONSTRUCTIVE DISCIPLINE
Everyone here has a responsibility to those we serve, and to other employees. This responsibility is that our work helps ensure that our customers receive the highest quality service every day.

If you behave in a way that is detrimental to our success, you will be subject to Constructive Discipline. We have decided not to include a long list of rules in our handbook, but it is possible you will see some specific rules, especially about safety, posted in your work area.

Constructive Discipline is our way of helping you to re-establish your positive relationship with the Company and to remind you that your behavior is outside our expected conduct. It may include coaching, counseling, reprimand, pay reduction, demotion or disciplinary time off from work. Should the circumstances of the violation require discharge, our procedure is to ensure fair treatment of every employee. There is no assurance that we will follow a lockstep procedure regardless of the inappropriate behavior. Each instance will be evaluated separately. When you have been part of a disciplinary interview, we will give you something in writing to be certain you understand the problem that exists needs your immediate attention. If you disagree with the action taken, please see your supervisor to learn how to file an appeal. The Chief Executive Officer has the final say regarding any action taken.

For those brave enough to step away from tradition, you will find it easy to implement an employee-focused procedure. Supervisors will find it less intimidating to administer. Keep in mind that your new approach will not be focused on “What we are going to do to you,” but on “What you are going to do for yourself.”

COACHING
Step one of the process is to have a coaching interview. During a conversation you will tell the employee exactly what the employee did that triggered the need for this session. You will tell the employee what the expectations are and say something to the effect that “My goal is to make certain you know the expectations and to let you know that I am leaving this in your hands to make certain the problem goes away.”

Keep in mind that it is NOT your problem. The employee owns the problem and the employee owns the solution. Once the interview ends, create a written correspondence, which may be an e-mail.

SUBJECT: Coaching interview
ISSUE: Failure to Complete Assigned Work
Today, we met to discuss a problem that is interfering with your success. Your Call Report was late again for the third straight month. We need it to assure we are penetrating the market for potential customers and taking care of existing customers. It is a vital business report. As we discussed, the report must be filed by the 5th of every month. You agreed to file your report on time and I will look for it by the 5th. I am glad you recognize how important this report is to our success. Please understand this is not a disciplinary action. It is a performance problem that needs to be resolved. Please tell me if there is something I should be doing to help you.

Put a copy in the employee file, as documentation of the conversation. Should the employee sign it? No. Under the old Progressive Discipline Policy, there was a demand for the employee signature. Many employees resisted. So what? It only increased the tension and showed the employee was uncooperative. It never solved the problem. We just need to be sure it was sent to the employee.

COUNSELING
If the problem still exists after a Coaching Interview, then what? The next step is a Counseling Interview. The Counseling Interview is not some form of therapy, as counseling is used in a clinical setting. It is a second attempt to be certain the employee is aware the problem has not been resolved and the situation is serious. During the Counseling interview related to late Call Reports (above), the Supervisor would remind the employee that an earlier conversation was held; the employee acknowledged that he/she was informed of the expectations, and the problem has not gone away. During the Counseling Interview the supervisor should make certain to say, “The decision to resolve this problem is entirely yours. I can only tell you of our expectations. If you decide to comply, that is your decision. I want to be sure you know the expectation and know that if the problem is not resolved, we will need to take some form of punitive action. That is not what we want to do, so I am hopeful you will decide to get your reports filed on time. This is not a disciplinary action.”

Once again, follow this interview with a written memorandum that recounts the interview and file the copy in the employee file.

DISCIPLINE
Two conversations should be sufficient if the employee decides to solve the problem. If not, you will have the third and more difficult conversation. It is the Disciplinary Interview. For some businesses, it may be followed by a Day of Reflection. The employee is given a day off (with or without pay) to make a decision regarding whether he or she can live up to the expectations and stay with the Company. For others, it is a formal written warning that any further infraction will lead to dismissal. At this stage, the message is serious and the employee should hear, “This is more than a conversation about this problem. I need to tell you that your job is now in jeopardy. That is not our goal. We need this problem resolved and only you can do that. I hope you make that decision. This is a Disciplinary Interview and I have a formal disciplinary action here to give to you. It is a reminder and it is the official document that we must provide to show that we have made you aware of the problem and that you know your job is at risk. I hope you will take this seriously and resolve this problem.”

If the employee ignores or discounts the process, the final interview becomes less
Trans-Market Process Systems

Trans-Market is proud to announce a successful expansion into Texas is complete with two locations including Dallas and San Antonio. Trans-Market worked closely with WestOne & Associates throughout 2015. After 20 years in business, WestOne finished winding down its business. Ken West said it best, “We are not winding down, but winding up for the new start with Trans-Market.” WestOne has officially closed, but the same team has joined Trans-Market. The expansion provides the opportunity to deliver service and quality with our combined knowledge, local presence, additional resources and larger stocked inventory. Trans-Market continues to provide services nationwide including Engineering, Automation, Installation, Distribution and Maintenance.

Oliver M. Dean, Inc.

Olive M. Dean, Inc. of Worcester, MA is pleased to announce the addition of Ted Haley to the position of Product Sales Manager. Ted brings over 20 years of distribution sales experience in the hygienic and sanitary equipment markets. His diverse background includes specialization in validated engineered products and systems. Prior to joining Oliver M. Dean, Inc., Ted worked for the F.W. Webb Company as the Sales Manager for the High Purity Process Division. In that role, he supported sales across nine states in the Northeast serving Biotech, Pharma, Food, Dairy, and Personal Care customers. At Oliver M. Dean, Inc. Ted will be responsible for sales growth, market penetration, vendor management and customer development. He will extensively support the outside sales engineers with developing further expertise in the consultative selling process and increasing value for customers.

MDE Corporation

Bob Nielsen, President of MDE Corporation says, “We were very happy to have Bryan Prentice join us in 2015. Bryan will continue to serve the territory his father, Mike Prentice, covered for more than 25 years before his retirement in 2015. We feel very fortunate to have Mike, and now Bryan, as part of the MDE family.” MDE Corporation is also pleased to announce the addition of David Carlson to their outside sales staff. Dave had been in outside sales for the last 24 years with an industrial supply company. Welcome Dave!

Andron Stainless Corporation

Andron Stainless Corporation is pleased to announce that Scott Walters has accepted the position of engineer. Scott has worked for Andron for over seven years. He has a strong background in machining and fabrication with over seventeen years experience in manufacturing.

GEA Heat Exchangers Becomes Kelvion

Something’s happening in the international heat exchanger business – another new standalone company has been created out of the former Heat Exchanger Division of the GEA Group AG. Due to a change of ownership, the company is now ready to take on the competition around the world under the name Kelvion. “The new company name pays homage to Lord Kelvin, a pioneer of thermodynamics. The name Kelvion is new, but we continue as global experts in heat exchange with plate heat exchangers, finned-tube heat exchangers, shell-and-tube heat exchangers, modular cooling towers and refrigeration heat exchangers. We are connecting the best of two worlds in Kelvion – as a long tradition and the solid expertise of our employees meets the flexibility of a medium-sized company,” said Michael Andersen, Interim CEO of Kelvion.

M.G. Newell Corporation

M.G. Newell is pleased to announce that Neil Johnston has joined the company as an Outside Sales Representative for Central and Northeast Ohio. In this position, Neil will report to David Brink, Vice-President and General Manager of the Louisville Division. Neil
brings over 17 years of sales experience to M.G. Newell. Previously, he served for 12 years as an Outside Sales Representative for R.A. McGovern Equipment Company. His responsibility included sales of tanks, heat exchangers, pumps and other process equipment to commercial and industrial customers. Prior to that, he served five years as an Outside Sales Representative for Columbus Crew, a professional soccer club. Neil is a graduate of Wittenberg University in Ohio. M.G. Newell, headquartered in Greensboro, NC with divisional offices in Greensboro, Louisville, KY, and Nashville, TN is a full service distributor and systems integrator of sanitary processing equipment for the food, beverage, dairy, pharmaceutical, and personal care industries. They celebrated their 130th anniversary in 2015.

**Sani-Matic, Inc.**

Sani-Matic, Inc., a Madison, WI-based manufacturer of sanitary process cleaning equipment, components and provider of accompanying services for the food, beverage and pharmaceutical industries, has restructured and bolstered its sales organization through a series of appointments and promotions, positioning the company for strategic growth. **Greg Pryal,** a 17-year sales manager veteran with extensive experience generating growth through distributor sales channels, joins Sani-Matic as its Director of Sales to create and execute sales strategy programs and strategic distribution channel models. Prior to joining Sani-Matic, Pryal served as the foodservice sales manager for Stoelting, LLC, a food service equipment manufacturer with a worldwide distributor network, and as a sales manager for Ross Manufacturing. Pryal received a Bachelor of Science in Business Administration from Lake Superior State University. He operates from both the Sani-Matic headquarters and his home office in De Pere, WI and reports to Aaron Zell. The company’s sales reorganization includes the appointment of 23-year Sani-Matic veteran, **Chad Dykstra,** as Vice President, Business Development. Dykstra began his career at Sani-Matic as a CAD designer and, after several years, moved into sales where he continues to expand Sani-Matic’s presence in the food and beverage industries. This recent appointment allows him to focus his efforts and extensive knowledge on developing training programs for distributors, building national account relationships and growing the central region. Dykstra continues to report to Zell. Sani-Matic’s focus on pharmaceutical products has grown with the industry under the guidance of the company’s 31-year Sani-Matic veteran, **Chris McNulty,** who has been promoted to Director of Pharmaceutical/Biotech sales. He will build the pharmaceutical sales team by adding a new member and will work closely with Pryal to grow the manufacturing representative network. The company has also promoted **Justin Jaeck** to Director of Tactical Solutions. Jaeck has 17 years’ experience in IT leadership and entrepreneurial endeavors and joined Sani-Matic in 2013. He remains responsible for the fast-growing Tactical Solutions system optimization and services programs, and because of the complementary relationship between service and components, has assumed responsibility for the sanitary components department. Jaeck reports to Zell and operates from the company’s Madison, WI office.

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**YRC Freight**

Whether northbound or southbound, YRC Freight makes cross-border shipping fast, seamless and simple. In fact, with YRC Freight, over 98% of shipments are pre-cleared into Canada, and 100% of southbound shipments are verified. YRC Freight, one of the largest less-than-truckload firms in North America, is dedicated to adding consistency and reliability to their customers’ supply chains. They specialize in 2-5 day service throughout North America and offer more expedited, specialized and cross-border shipments than any other carrier. For more information, contact your dedicated YRC Freight specialist at 800.647.3061 or associations@yrcw.com. As a FISA member, you can receive significant savings with YRC Freight. Simply enroll online at enrollhere.net or contact them by phone or email.
Progressive Discipline Is A Hoax, continued from page 5

stressful. We are never quite certain what an employee may do following termination, so these interviews are not easy. But, it is not difficult to say, “I am sorry you were not willing or able to resolve this problem, and we have now reached the time that we cannot keep you in our employment. We wish you the best, but your employment here has ended.”

Coaching, Counseling and then Discipline are not appropriate for every situation. If the behavior is egregious, such as misappropriation of company assets, sexual harassment, violence, or careless behavior that could cause injury or death, then the steps may be bypassed in favor of immediate termination.

Constructive Discipline leaves the solution where it belongs – in the hands of the employee. It has sufficient documentation to verify the employee had the opportunity to avoid losing his/her job. The type of problem or level of employee does not change the process. From the shop floor to the C-Suites, it works when it is delivered with respect and dignity. It verifies to employees that they are in control of their own destiny and the responsibility of the supervisor is to be certain the employee knows the expectation and consequences.

Employees in the contemporary workplace are not looking for a complicated, quasi-judicial process, with punishment handed down by a higher ranking person of power. They just want to know the expectation and they will decide if they are willing to do it or move on. Why not let them have that freedom?

NOTE:
Remember to update your company information. Go to www.fisanet.org and look under the Membership Listing. Email changes to stella@fisanet.org.