

Distributor News

March 2014

FISA Planning Meeting Focuses on Trends

The 2014 FISA Long Range Planning Meeting was held February 6 – 8, 2014 in Longboat Key, FL. Participants included the FISA Board of Directors and two invited guests: Pete Herb of Fristam Pumps USA and Barbara Grayes of United Industries. Each year, the annual planning session begins 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:

- Finding talent is becoming increasingly challenging; from machinist, to engineering, to sales personnel.
- Human capital issues will have a major

impact in the coming years as a good portion of the workforce moves toward retirement.

- Generational issues in the workforce continue to impact the workplace and create management challenges.
- Big Data is driving changes Technology has increased the speed of communication and expectations and the complexity of data delivered. "The information age coming to fruition."
- Profit/Margin pressures continue to increase as a result of increasing overhead costs and credit terms and conditions.

Continued on page 8...

Eric Perkins, a new FISA Board member, commented, "This was my first time attending a planning meeting. I didn't realize how much work goes in to the conferences. I also had no idea the cost of the speakers and the conference itself. What an amazing organization."

FISA BOARD OF DIRECTORS



(L–R, Seated) David Brink, M.G. Newell Corporation, Bob Morava, Stuart W. Johnson & Company, Brad Myers, Arrow Process Systems, Jim Larsen, Alfa Laval Inc. (L–R, Standing) Joe Allman, Flowtrend, Inc., Jason Ryan, PureServe Inc., Chris LoPresti, Andron Stainless, Andrew Hider, Anderson Instrument Company, Jeff Heerema, Heerema Company, Wallace Wittkoff, PSG, Rob Clark, Perrigo Inc. and Eric Perkins, Statco-Engineering.

FISA 2014 ANNUAL CONFERENCE September 13-16, 2014 Newport, RI The Viking Hotel

Registration material will be mailed in early May. Since the Conference falls over the dates of the Newport Boat Show, hotel rooms will be at a premium. For that reason, you may book your room now by:

- Logging on to www.hotelviking.com
- Click on Reserve
- Click on Enter Group/Negotiated Code
- Enter this code: 1JU20X

Negotiated FISA rate is \$233.00 plus tax which includes parking.

You may also phone 800-556-7126. Ask for an in-house reservationist and FISA block of rooms.

We will have activities starting on Saturday, September 13th and our final night Monday, September 15th will be Cocktails and Dinner at the International Tennis Hall of Fame. Don't miss this spectacular venue and an evening to remember.



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FISA is an association composed of distributors and manufacturer members who share a commitment to value-added distribution in serving high purity processing industries. FISA's mission is to help its members improve performance and customer value.

2013 – 2014 FISA Board of Directors

FISA Officers:

Bob Morava

Stuart W. Johnson & Company President

Brad Myers

Arrow Process Systems
Vice President

David Brink

M.G. Newell Corporation
Past President

Directors:

Joe Allman

Flowtrend Inc.

Rob Clark

Perrigo Inc.

Jeff Heerema

Heerema Company

Andrew Hider

Anderson Instrument Co.

Jim Larsen

Alfa Laval Inc.

Chris LoPresti

Andron Stainless Corp.

Eric Perkins

Statco Engineering

Jason Ryan

PureServe Systems

Wallace Wittkoff

Pump Solutions Group

FISA Address:

1207 Sunset Drive Greensboro, NC 27408 Phone 336-274-6311 Fax 336-691-1839 www.fisanet.org

Stella L. Jones
Executive Director
Email: stella@fisanet.org

From the President



Dear FISA Members.

The 2014 Winter Planning Meeting was held in February, and we have many good opportunities to discuss. The time passed quickly, and we have a great conference

planned for you. Thank you to Pete Herb-Fristam Pumps, and Barbara Grayes- United Industries, for adding their wisdom and spirit to these meetings. A special thanks to Stella Jones, Executive Director, and Trish Lilly, Facilitator, for keeping us focused and disciplined.

In January, the Board sent out surveys to distributors and manufacturers. Of particular interest were sales and marketing trends that include the following:

- e-commerce as an addition to a strong web presence
- social media to market to the next generation of buyers
- freight free programs
- volume rebates for all in the market place

In addition, we share concerns with employee/associate skill levels, and their growth within the industry. Particular ideas include affordable health care (how affordable?) employee reviews, and employee rewards.

This year, FISA will again sponsor the PAR profit survey. This is a business survey that we last supported in 2007. Since that time, many distributors have joined FISA looking for ways to improve their businesses through education. I know of no better way to a better bottom line than to participate in this survey. Self analysis is self-awareness. The survey will allow complete anonymity, while creating the ability to compare yourself with distributors in OUR industry.

In April, distributors will receive an emailed form to fill out with your financials – again anonymous! If you don't have time for the form, send your year end financials. Dr. Al Bates and his team in Colorado will compile the information as a series of industry averages to give us a profile of our companies. You will then receive a report comparing YOUR numbers to the industry averages.

In my first report, I found out that our "sales per person" exceeded the industry average. This allowed me to consider adding employees and not hurt the bottom line. It also told me my margins were low compared to industry average. Again, a good management tool to be used to improve business. These are very personal, and yet universal opportunities to be used at NO COST to you.

We need 25 distributor participants to make a solid sample. If you have questions about the PAR survey, please call me.

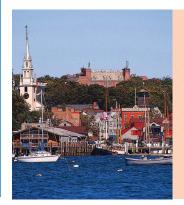
The Fall Conference is planned for September 13-16, 2014 in Newport, RI. FISA will feature Brian Beaulieu with his spot-on economic presentation, along with 3 other speakers that will inspire and motivate. As many of you know, our conference is the same weekend as the Newport International Boat Show (newportboatshow.com). If you've ever had a passion, or even a curiosity about ocean power boats and sailing craft, this is the right weekend for you!

The FISA Annual Conference is more than a meeting—it's an experience! This year promises to be a fantastic experience. More details on the speakers and activities are coming soon.

Have a great spring, and SELL!

Sincerely,

Bob Morava



ABOUT NEWPORT

Home to spectacular coastal scenery, awe-inspiring architecture, a thriving waterfront downtown, and welcoming hospitality, Newport, Rhode Island is considered by many to be a shining gem in the coastal crown of New England. Newport is home to a colonial section with more than 300 buildings built before the American Revolution and world-famous Bellevue Avenue where millionaires built their fabulous "summer cottages" during the Gilded Age. In addition, the bustling waterfront offers shops, restaurants and opportunities to get on the water.

2014 FISA Member Survey

WHAT IS THE BIGGEST CHALLENGE YOU FACE IN YOUR BUSINESS?

RESPONSE RATE

21 Distributors and 23 Manufacturers

DISTRIBUTOR RESPONSES

- Culture and employee development inside the company
- Managing cash flow
- Personnel issues; especially those relating to federal government regulations and mandates. A second item would be competition from non-traditional competitors.
- Communication
- Government regulations, and lack of experienced individuals/decision makers at the customer level due to smaller workforces required to fulfill more responsibilities. Constant bad news regarding the economy has many customers "afraid" to commit to spend as they normally would.
- Cash flow
- Good craftspeople and sales
- We had a record 2013 and it will be tough to repeat. Customer and vendor expectations are really tough to meet. It seems as though the partnering types of relationships are harder to come by.
- Succession planning
- Competition and the economy
- Keeping focused and staying on plan
- Insurance
- Profitability during growth

MANUFACTURER RESPONSES

- Keeping up with the increasing specifications and demands for conformance with varied standard setting boards
- Competition from imports
- Growing global accounts like Campbells, Tyson's, etc.
- Getting distributors to take on the role of getting leads, following up and close the sale
- Too many competitors driving for the same piece of business
- Chinese imports of substandard quality under the price of my higher quality fittings
- Pricing on competitive products, primarily imports
- Finding the right resources
- Challenging to find skilled and profit minded employees

- At times, personnel
- More competition
- Finding qualified people willing to work
- Finding the absolute best employees for the position
- Shifting marketing strategy
- Qualified employees
- Managing growth as it impacts cash flow and requires more resources to meet demands
- Keeping our operational support ahead of our growing sales efforts
- Process design innovations top support changing products being developed
- Reducing costs
- Keeping focus on what is important and delivers results
- Market conditions

| Which of these marketplace realities influence you? | DISTRIBUTORS | MANUFACTURERS |
|---|--------------|---------------|
| Too little time | 15.8% | 52.4% |
| 100 11110 11110 | | |
| More demanding value expectations | 42.1% | 28.6% |
| Changes in market structure | 31.6% | 33.3% |
| Competition | 47.4% | 61.9% |
| Effects of Technology | 26.3% | 28.6% |
| Multigenerational differences | 21.1% | 9.5% |
| Fewer decision makers | 15.8% | 14.3% |
| Availability of decision makers | 31.6% | 57.1% |
| What do you expect in 2014? | | |
| Sales to stay the same | 30.0% | 18.2% |
| Sales to increase | 65.0% | 81.8% |
| Sales to decrease | 5.0% | 0.0% |

FISA Long Range Planning Meeting — February 6-8, 2014



Jennifer and Chris LoPresti, Andron Stainless



Wallace Wittkoff, PSG and Barbara Grayes, United Industries



Guest, Sally Brink, with her Dad, David, M.G. Newell Corporation



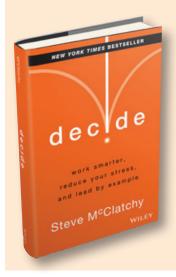
(L-R) Rob Clark, Perrigo Inc. and Pete Herb, Fristam Pumps USA

3-A SSI 2014 Education Program & Annual Meeting



NEW YORK TIMES BEST SELLER

At the 2013 Annual Conference in Savannah, GA, Steve McClatchy was a popular speaker who led sessions on The Business of You! and How to Manage Your Team. Steve mentioned his new book Decide: Work Smarter. Reduce Your Stress & Lead by Example would be published in early 2014. Decide was recently number two on the New York Times Best Seller List and can be purchased from Amazon, Barnes & Noble and 800CEOread.



3-A Sanitary Standards, Inc. (3-A SSI) announces the opening of registration for the 2014 Education Program and Annual Meeting on May 12-15, 2014 at the Clarion Hotel & Conference Center in Milwaukee, Wisconsin.

A full-day education program, 'Achieving & Assuring Hygienic Design', will be held on Tuesday, May 13. The theme presentation by Larry Hanson (Johnsonville Sausage, LLC) will highlight the importance of a shared commitment among many professionals and organizations to help reach and maintain the integrity of a hygienic food processing operation. Other topics and speakers for the program include:

- Thinking Inside and Outside the Box Andy Timperley, Timperley Consulting
- Perspectives on Achieving and Assuring
 Hygienic Design Panel Discussion featur-

- ing Steve Sims, FDA/CFSAN, Carl Buell, Leprino Foods Co. and Terry Gardner, Alfa Laval
- The Keys to Project Success Marco DiGino,
 E.A. Bonelli and Associates
- The FSMA and 3-A Equipment in Your Preventive Controls Plan – Allen Sayler, Center for Food Safety & Regulatory Solutions
- New 3-A Sanitary Standards General Requirements – Lyle Clem (ESC), Chair, 3-A Steering Committee
- Hygienic Equipment Design in a Changing World – Knuth Lorenzen, President, European Hygienic Engineering & Design Group

For complete program details, Working Group meeting schedules and a link to event registration, visit www.3-a.org and see News & Events.

YRC Freight Works for You

Thank goodness it's Friday and YRC Freight is working on weekends!

When you use YRC Freight Time-CriticalTM service, you can relax and enjoy your weekend knowing that your Friday shipment will arrive on Monday.

Unlike most carriers, YRC Freight Time-Critical Service counts Saturday and Sunday as service days. In fact, YRC Freight provides Friday-to-Monday service on 80% of Time-Critical lanes, and Thursday-to-Monday service on 95% coast to coast:

- No one is faster on Friday pickups than YRC Freight Time-Critical.
- It's like getting air freight service at a fraction of the cost.
- Also, there's no additional charge for weekend transit. It's automatically included when you use YRC Freight Time-Critical service.
- For last-minute, emergency shipments, you'll save dollars with Time-Critical. None of



those nasty air or rush charges.

Remember, Time-Critical shipments continue to move over the weekend. To engage a Friday-to-Monday Time-Critical shipment,

take the following steps or click here for more detailed information.

- First, check your transit map or our service calculator to ensure we can meet the delivery date.
- Then, select Time-Critical by 5 pm on any of our quote-free options and provide Monday's delivery date.
- Finally, schedule a pickup for Friday and your shipment is on its way.

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 us by phone or email.

FISA Will Sponsor Performance Analysis Review (PAR) Survey for Distributors

The essence of what a trade association can do for its members is help them improve profitability. One of the best tools available is to have benchmarking data so you will have a plan for financial improvements you can make.

The FISA Board of Directors has voted to spend \$7,500 and authorized Al Bates of The Profit Planning Group in Boulder, CO to conduct the Survey. Here's how it will work:

FISA will provide email addresses for all FISA distributors to The Profit Planning Group.

- On April 1st, Profit Planning Group will email each distributor the survey.
- All you have to do is answer the operational questions and attach a copy of your income statement and balance sheet to the survey; return it by June 15th to the Profit Planning Group and the Profit Planning Group will do the processing.
- Everything is confidential and neither FISA nor any member will know who participates. Profit Planning Group independently conducts this survey for FISA. You send your questionnaire directly to Profit Planning

Group and they return your Performance Analysis Report directly to you. Profit Planning Group has conducted over 100 financial surveys annually for over twenty years with no breach of confidentiality.

- To be statistically valid, we need 25 participants.
- You will receive the results by August 15th.

What's In It For You?

As a participant in the survey, you will receive a copy of the Industry Performance Report and a personalized Performance Analysis Report. This 25 page report compares your firm with similar firms and provides suggestions for improving your firm's profitability. Along with your Performance Analysis Report you will receive access to Profit Toolkit Online, a Microsoft® Excel spreadsheet designed to help you plan critical financial improvements for your firm.

What Does It Cost?

Participation is FREE. For distributors, this is a major benefit of your membership because this type benchmarking data is not available anywhere else.

If you have questions, call The Profit Planning Group at 303-444-9245.

Listed below are some of the metrics you will see in the Performance Scorecard: YOUR FIRM COMPARED WITH ALL PARTICIPANTS.

STRATEGIC PROFIT MODEL RATIOS

Profit Margin Asset Turnover Return On Assets Financial Leverage Return On Net Worth

INCOME STATEMENT

Sales Volume Cost Of Goods Sold Gross Margin Payroll Expenses Occupancy Expenses All Other Operating Expenses Total Operating Expenses Operating Profit Other Income/Expenses

FINANCIAL RATIOS

Current Ratio Quick Ratio Accounts Payable To Inventory Accounts Payable Payout Period Debt To Equity **EBIT To Total Assets** Times Interest Earned 14.8

ASSET PRODUCTIVITY RATIOS

Average Collection Period **Inventory Turnover** Inventory Holding Period Sales To Inventory Ratio Gross Margin Return On Inventory **Employee Productivity Ratios**

FISA OFFERS FREE HR CONSULTATIONS

Hiring competent employees and personnel issues are challenges facing FISA members. Take a look at page 3 of this newsletter and you will notice how many times personnel issues were mentioned in the recent Member Survey.

To assist all FISA member companies, we have a Human Resources Consultant available to you.

Nancye Combs is the FISA endorsed Human Resources consultant. Nancye has more than 35 years of practical experience in human resources and organizational management. A recognized authority, she speaks, writes, and offers expert witness testimony on management issues. She is a University instructor for human resources professionals seeking to become nationally certified by the Human Resources Certification Institute.

Nancye can provide 30 minutes of free consultation a year for any FISA member. In addition, she provided many excellent resources, such as an employee handbook, which are available in the Members Only section of our website at www.fisanet. org The virtual HR Department also has many resources, both free and for a small fee. If you have misplaced your password for getting in this Members Only section, contact FISA at (336)274-6311.

CONTACT NUMBERS

Consultation with Nancye Combs - 800-691-5061 or nancyecombs@aol.com

Password for Members Only Section - call FISA 336-274-6311

Member News & Views

The who, what, where, when and whys of the FISA membership.

How to Submit News

The Distributor News is published quarterly and the deadline for the next issue is June 1, 2014. Due to space limitations, we cannot print specific product information, but personnel changes, changes of address, expansions or other industry news is always of interest.

If you have a question, please call 336-274-6311.

Fax information to FISA at 336-691-1839 or mail to FISA at 1207 Sunset Drive, Greensboro, NC 27408.

Email: stella@fisanet.org

ACE Sanitary

Mark Hess was recently promoted to Vice President and General Manager of ACE Sanitary. Under Mark's leadership ACE Sanitary has steadily expanded over the past five



Mark Hess

years. New sanitary hose products have been continually added for beverage, dairy and pharmaceutical applications.

M.G. Newell Corporation



Michael Sherrill

J. Michael Sherrill has been named President of M.G. Newell Corporation. Michael had been serving as Executive Vice-President and Chief Operating Officer. Since joining M.G. Newell in

1998, Michael has served in several sales and management positions. He is a graduate of Hampden-Sydney College. Former President, John Sherrill, will remain as Chairman of the Board of Directors and Board of Advisors for M.G. Newell. Headquartered in Greensboro with divisional offices in Greensboro, Louisville, and Nashville, M.G. Newell is a full service distributor and systems integrator of sanitary equipment for the food, beverage, dairy, pharmaceutical, and personal care industries. Established in 1885 as a dry goods store, the company has evolved over the years first to a dairy supply business, and later to its present structure. The company proudly celebrated its 125th anniversary in 2010.

Tetra Pak Inc.



Joshua Dawson

Joshua Dawson has accepted the role of Application Engineer, Mixing Technology, based in Vernon Hills, Illinois. Joshua is a recent graduate of the University of Wisconsin, where he earned

his Bachelor's of Science Degree in Mechanical Engineering. His main role will be to provide technical support to customers and distributors for Tetra's mixing product line.

Owner Resource Group

FISA member, Owner Resource Group, recently acquired Advantage Business Media ("ABM"). With a 40-year legacy, ABM is a full-service digital marketing and information services company providing up-to-theminute, targeted and relevant editorial content to professionals across the science, design, manufacturing and communication markets. ABM delivers its content through a wide range of media solutions, including daily enewsletters, branded websites, webcasts, videos, white papers, print media, conferences and live events. The Company's talented and dedicated employees maintain a portfolio that includes 24 highly regarded, industry-focused brands including Industrial Distribution, Product Design & Development, Food Manufacturing, IMPO (Industrial Maintenance and Plant Operation) and Manufacturing.net, among others. ABM COO and CFO Terry Freeburg, who will remain in her current role, noted that the partnership between ABM and ORG will further strengthen and support the longterm success of the Company, adding, "We are excited to partner with ORG. They have a strong record of working side by side with management to create long-term value for all stakeholders." Jonathan Gormin, Managing Director of Owner Resource Group added, "ABM is a leader in their industry. We are proud to support the Company and its employees as they continue to provide relevant and valuable information to their audience and serve the Company's outstanding customers. In addition to being a great investment, we view this acquisition as strategic to our ability to build relationships in the industries in which we invest - relationships that will ultimately bring value to all of our partner companies."This is a very unique investment for Owner Resource Group, who typically invests in manufacturing and distribution businesses. Owner Resource Group Principal Melissa Sprinkle explained the acquisition, "This is a strategic investment that will allow Owner Resource Group the opportunity to provide more value to and further strengthen our current partner companies as well as potential future partner companies."

VNE Corporation

Dan Larsen, CEO is pleased to announce



Chip Manning



Pete Dunbar

that Frank "Chip" Manning has been promoted to Vice President of Sales and Marketing. Chip has been with VNE for 10 years as their Sales Director. In his new role Chip will be responsible for strategic planning, business development and marketing. Pete Dunbar has been promoted to National Sales Manager. Pete has

been with VNE for 19 years as a Regional Sales Manager. In his new role Pete will be responsible for all domestic sales with all VNE Regional Sales Managers reporting to him.

Nelson-Jameson Inc.

Nelson-Jameson Inc. is pleased to announce that Scott Sasse has been named Manager of Business Development. In this position, Scott will be responsible for increasing and managing sales of unassigned accounts. He will target building relationships with these accounts and increasing Nelson-Jameson's growth in gross margins and its customer base. Scott is a graduate of the University of Wisconsin and formerly worked with CDW, Inc. a Chicago-based technology distributor and Fortune 500 company. Most recently, Scott built and operated a real estate brokerage in Chicago's West Loop neighborhood.

Walker Stainless



Cory Clement has joined Walker Stain-Manager reporting to David Strouse, Director of Sales. Cory most recently was with Mepaco/Apache

Stainless selling processing equipment

less as a Regional Sales

and stainless tanks for the food industry. Prior to Mepaco, he was the NE Regional Sales leader for Cozzini. Cory has a BA in Communications and a minor in Market-



Tom Dean

ing from Missouri State University. Also, Tom Dean recently joined Walker as a Regional Sales Manager. Tom had been with Cadence Technologies since 1994 as

Sales/Application Engineer working with sanitary process equipment for the food industry. Tom has a Bachelor of Science in Mechanical Engineering from Southern College of Technology/Marietta, Georgia.

GEA PHE Systems



Steve Schwalje

Steve Schwalje has joined GEA PHE Systems as Northeastern Regional Sales Manager for the food sector. Steve has over twenty years of experience with heat exchangers and comes

with strong product, sales, and engineering background. His experience includes 10 years in heat transfer applications for dairy, beverage, process food, and breweries.

Welcome New Member

Dekoron Unitherm

Contact: Jeff Winterstein 1531 Commerce Creek Blvd. Cape Coral, FL 33909 Phone (239) 995-8111 Fax (239)995-8027 i.winterstein@unithermcc.com www.unitermcc.com

SIGN UP NOW!

FISA is a member of the Association Education Alliance (AEA) which is a group of leading distributor associations who together offer educational programs and webinars. A Sales Professional Training Camp is coming up April 1-3, 2014 Dayton, Ohio.

This outstanding training seminar will be conducted by Don Buttrey, President of Sales Professional Training, Inc. He is a no-nonsense, powerful teacher who relates sales skills so effectively that both rookie and veteran respond immediately and never get bored.

Space is limited to 35 attendees. If you have questions, can call Don at 937-427-1717 or email him at donbuttrey@salesprofessionaltraing.com.

To register, email: plilly@thompsonmanagement.com

> Sales Professional **Training CAMP** April 1-3, 2014 Dayton, Ohio

> > Featuring

The Four Pillars of the Sales ProfessionTM

PILLAR I

Personal Disciplines

PILLAR II

Relationship Skills

PILLAR III

Strategic Selling

PILLAR IV

Tactical Selling

\$895 per person

Seminar includes 2-1/2 days of training materials, a complete workbinder, a CD of course tools, all breaks and lunches during the seminar. Travel and lodging not included, but a special hotel rate (\$94.95) has been negotiated for you.

Long Range Planning Meeting ...continued from page 1

An increasingly competitive marketplace requires a focus on methods to improve margins.

- Insurance costs continue to climb or are unknown moving forward.
- Distributors continue to provide technical expertise at as a value-add without capturing revenue for this service. This trend needs to be addressed.
- A shrinking knowledge base at customer level is becoming more evident.
- Sustainability, or reducing a company's environmental footprint, is becoming more popular, but sustainable product and workplaces need to be pursued in an economical fashion.

As a result of inferior product entering the marketplace, the quality vs. price issue arises. Customers require education in this regard. While price plays a role in every purchase process, identifying the quality needs of a particular product/project is critical.

In addition to discussing trends and manufacturer/distributor relationships, the group reviewed the recent 2014 FISA Membership Survey and analyzed results from the 2013 Conference Surveys.

Rob and June Clark of Perrigo Inc. will chair the upcoming 2014 Conference in Newport, RI. Joe Allman of Flowtrend, Inc. and Eric Perkins of Statco-Engineering will chair Sponsorships for the Conference.

Pete Herb, an invited guest said, "It is impressive to see a group of industry leaders, who may compete on a daily basis, come together to develop a relevant and growing association. They are efficiently putting together another terrific conference that will provide value to all of us members though the thought-provoking speakers, endless networking opportunities and numerous activities. We are part of a truly unique organization."

Mark Your Calendar

March 10-14, 2013 UID in Indianapolis

April 1-3, 2014
Four Pillars
Sales Professional
Training Camp

July 1, 2013

Renew FISA Membership

September 13-16, 2014

FISA Annual Conference Newport, Rhode Island The Viking Hotel

NOTE:

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



Distributor **News**

1207 Sunset Drive Greensboro, NC 27408