

current

Q & A

ERP in distribution

Enterprise resource planning can allow for greater focus on critical objectives. by **Jim Romeo**

Louis Columbus is a senior business analyst for Cincom Manufacturing Business Solutions, Cincinnati. In this role, as well as in his previous role as a research analyst for AMR Research, Columbus has advised electrical products distributors and manufacturers on multi-channel management strategies, distributed order management, and enterprise resource planning (ERP) systems. Here, he answers questions about ERP and its effect on electrical distribution today.

Q: How has ERP evolved as a part of the electrical distribution industry over the past three to five years?

Columbus: It has [allowed manufacturers to be] more demand-driven than ERP systems and ancillary processes allowed them to be in the past. The complexities and unique catalog, data management, order quoting, pricing, and other needs of electrical distributors represent the spectrum of challenging aspects of manufacturer-distributor process and system integration. The effort manufacturers have had to make to integrate their ERP systems with electrical distributors is having a carry-over effect into industries with less complexity and less rapidity of change.

The complexities of electrical distribution are forcing an entirely new level of expertise into catalog management, data management, demand-driven ERP systems, and service-based applications. Electrical distribution, from this standpoint, is one of the strongest and most positive catalysts of change in the broader multi-channel management and ERP systems arena.

Q: Do ERP systems afford the efficiencies that they project? Was there a learning curve when the technology

was introduced that had to be overcome?

Columbus: ERP systems are only as efficient as the redefining, clarifying, and consolidating of processes they support, and then the judicious applying of technology to those processes. They are no panacea; they must be used as accelerators of redefined and clarified processes that give companies greater focus on

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their critical objectives and corresponding measures of performance.

Take, for example, the distributed order management functionality required to serve electrical distributors. Having a consistency of bill of materials [BOM] and the accompanying logic to interlock a manufacturer's specific BOM definition with those that correspond to distributors is critical for engineer-to-order projects to be completed on time and profitably.

The greater the complexity of transactions between manufacturers and electrical distributors, the greater the

COMPANY NEWS



► **Equity/EDN/IMARK combo**

In an agreement effective Jan. 1, Equity/EDN Marketing Group has combined with IMARK Group. According to a release by the IMARK Group, the combination of IMARK/Equity/EDN creates an entity with an 18% market share in the electrical supply industry, with combined revenues approaching \$15 billion.

► **Frost celebrates centennial**

Frost Electric Supply, Maryland Heights, Mo., celebrates its 100th anniversary this year. Among other things, the company is going with new branding, expanded product and service offerings, and more.

► **B&K celebrates its 50th**

B&K Electric Wholesale, City of Industry, Calif., celebrated its 50th anniversary in November with a 1950s-themed event.

► **WESCO gets awards**

Bruckner Supply, a Port Washington, N.Y., unit of WESCO, and manufacturer Saint-Gobain Abrasives received the Industrial Supply Association (ISA) American Eagle Value-Added Partner Awards. In addition, the Electrical Safety Foundation International gave its Electrical Safety Award for Excellence to WESCO in honor of its “Never Assume” safety series.

► **One for P&S/Legrand**

Pass & Seymour/Legrand received the U.S. Local Business Association's 2008 Best of Concord Award (in the current-carrying wiring devices category). The award was given “for exceptional marketing success in the Concord, N.C., community,” according to a company release.

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need for this tight interlocking of product definition, product schema, and taxonomy definition between systems. The best ERP implementations take the time to intensively know how each process interacts with each member of the channel and compensates for unique needs.

Q: Looking ahead, what role do you see ERP playing and what will it look like from the perspective of an electrical distributor?

Columbus: It's going to be much more demand-driven and less static in its ability to manage multiple, highly complex taxonomies of product defini-

tions and catalogs in this industry. The ability to create effective distributed order management systems that simulate and interpret BOM on complex engineer-to-order products is going to become much more streamlined as well. In addition, catalog and master data management will grow in scope and support multiple taxonomies of product defini-

tion. There are also going to be more effective analytics for supply chain and financial metrics in addition to functionality for creating new processes without massive recoding of ERP system or ancillary applications. ■

FACT **3-9**

THE NUMBER OF MONTHS IT GENERALLY TAKES TO IMPLEMENT AN ERP SYSTEM IN A COMPANY WITH A STAFF OF FEWER THAN 100 PEOPLE.

SOURCE: Wikipedia.com

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Survey Says

What's your hot button?

In a recent brand preference survey conducted for *TED* magazine, Accountability Information Management (AIM), a marketing communications research firm, asked distributors to rank factors in terms of how important they felt each was in relationship to a particular product or service. In a separate survey, contractors were asked to rank the importance of their suppliers' offerings. The resulting information, captured below, provides a snapshot of those things that ignited a passionate response from both groups.

Distributor ranking of factors in terms of importance

Factor	Very important	Important	Somewhat important	Not important
Delivery	56.9%	40.5%	2.4%	.3%
Availability	55.8%	39.3%	4.6%	.3%
Customer service; inside sales	46.3%	43.2%	9.5%	1%
Technical support	33.4%	47.1%	17.1%	2.4%
Brand	14.3%	44%	41.7%	0%
Online services	10.2%	33.4%	46.5%	9.9%

Change in contractor ranking of factors in terms of importance

Factor	% change, 2003-2007
Brands carried	+15%
Availability of inventory	+12%
On-site delivery	+12%
Customer service	+8%
Showroom	+8%
Best price	+5%
Extended payment terms	+5%
Responsiveness to bids	+5%
Variety of styles	+4%
Online order entry	-2%
Wholesaler website	-3%

Over the course of 2009, AIM will be exploring topics related to electrical distributors. The findings will be reported monthly in *TED* magazine. Questions and ideas for this project are welcome; e-mail them to mail@a-i-m.com. ■

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