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IT'S A NEW DIRECTION FOR MANY, BUT ALSO AN INVESTMENT THAT IS POISED TO PAY BIG DIVIDENDS IF DONE CORRECTLY. *By Susan Bloom*



To successfully compete in today's electrical product market in the wake of a challenging economy, many distributors have elected to shore up resources and begin specializing in the delivery of energy-efficiency services and energy-related support. It's a new direction for many, but an investment that is poised to pay big dividends if done correctly.

"We definitely see many electrical distributors creating new roles for energy specialists," said Paul Pompeo, president and senior recruiter with executive search firm The Pompeo Group (pompeo.com), which specializes in the lighting, electrical, and energy arena. "Whether the role is called energy specialist, renewables specialist, certified energy auditor, or energy manager, more and more distributors are aware that going green and being able to drive energy-efficient sales are important if they want to play in this market."

Here, a panel of executives from distributorships across the country share information on why they created energy manager roles at their firms and how this concerted focus is helping them capitalize on new sales opportunities, business growth, and margin enrichment.

PANEL MEMBERS



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**GLENN
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Q: What role(s) or titles did you create in your distributorship related to energy and when?

Lawrence: We created the position of Renewable Energy Specialist in June 2010 to help us tap into the emerging solar energy market. We also just created an Energy Solutions Specialist position to provide energy audits and offer solutions to reduce energy consumption.

Speckerman: We created an energy position in 2008 and expanded the position to an energy division in 2010.

Meyer: My role as Clean Energy Champion was created this February and the role of Solar/Wind Specialist was created in March.

Gassmann: We created the roles of Director of Energy Services and solutions in 2011 and Renewable Energy Manager in 2009. We also plan to hire a Manager of Energy Efficiency and a Manager of Smart Grid Technologies soon.

Goedecke: We began an energy focus in the mid-1990s, when the EPA launched its original Green Lights program; back then, we received one of the first Green Lights Ally certifications and dedicated three people to this initiative. Based on renewed opportunities in the energy market, we created the roles of Corporate Energy Services Manager and Energy Services Specialist in early 2009.

Q: Why did you create this new role or division?

Lawrence: With the slow recovery we're seeing in con-

struction, we saw this market as an opportunity to grow our business. Diversification is the key to success in times of economic uncertainty.

Speckerman: This role was created to take advantage of the potential incremental sales opportunities resulting from the availability of utility rebates and government stimulus funding of projects, as well as demand created by high energy costs and the growing imperative that businesses reduce their energy usage. In addition, our traditional electrical service and product business model was experiencing volume shortfalls and margin pressures. Our new Energy Services Business has enabled us to drive incremental sales at higher margin rates.

Meyer: Several of our customers are currently installing renewable systems and we saw the renewable energy market rapidly expanding.

Gassmann: Sources estimate a nearly 40% increase in sales related to energy efficiency, so we created this focus based on projected growth in the energy industry. We saw a need to diversify our product and service offerings and engage with nontraditional market segments.

Goedecke: The opportunity for retrofit was revolutionary. We believe that those companies that invest in resources, technical expertise, design engineering, and subcontracting labor will have a window of new business opportunity for the next 10 to 12 years. The impact will be seen not only in new revenue generation, but also in gross margin.

Q: Have you seen more and more distributors establishing these roles/departments?

Lawrence: A few are, but it seems to be a slow process. For a distributor to be successful in this market, they must live it. It's truly an investment in the future.

Speckerman: Technically savvy distributors have been moving toward the niche, but they need to be invested in the business as a growth strategy, and distribution has typically been slow to change.

Meyer: Yes, there are a handful of distributors in our market that are involved in this.

Gassmann: Clean energy is a hot topic right now; nearly every distributor is talking about and/or dabbling to some degree. Differentiation will be based on how a distributor defines clean energy and the level and quality of resources it is willing to invest to make it a legitimate division within the company.

Goedecke: From what we've seen, the distributor community is approaching this entire scenario very cautiously, and only a few have leaped into the investment, much less the opportunity. Success in this area really requires an aggressive creation of new markets; you can't just wait for the opportunity to come to you. There will be a number of distributors who will venture into the basic retrofit opportunity but not invest in the entire package, and that's okay. There are billions of square feet that need to be upgraded and there's room for everyone.

Q: What are the general responsibilities of and/or objectives for the new energy-related role or division you've created?

Lawrence: The main responsibility of our Renewable Energy Specialist is to provide specialized assistance in PV system solutions, system design, and sizing to our customers. The Energy Solutions Specialist provides energy audits in the community. From this, he or she can provide solutions and products to reduce energy consumption and then offer the services of our Renewable Energy Specialist.

Speckerman: Among other goals, our role was created to build relationships with local utilities and other industry influencers and identify and complete energy reduction projects.

Meyer: As Clean Energy Champion, I meet with potential vendors to decide whether we want to sell their products; our Solar/Wind Specialist works with our outside sales team to meet with customers and prepare proposals. The main objective is to offer our customers another value-added service.

Gassmann: These roles were created primarily to develop professional and beneficial relationships with supplier partners, energy providers, and strategic vendors; research and launch new clean energy products/services; brand and create market awareness of Van Meter as a clean energy solutions provider; and grow Van Meter's market share and ensure profitability and value through the sale of clean energy products and services. Our clean energy team is actively out visiting accounts, participating in forums, showcasing our prod-

ucts and services for industry leaders, and positioning Van Meter as a resource for energy solutions.

Goedecke: We established our team to create a new market, whereby we audit existing facilities and provide a complete turnkey opportunity that generates a payback of three years or less. Every commercial building, school, government facility, and even residence is a prospect for the team to pursue. We have utilized our existing sales force to lead the energy team to numerous opportunities. The cycle is long, but end-user education is first, then discovery and need determination, and finally upgrade.

Q: Did you go outside of your distributorship or out of the industry to fill these roles or were they filled by in-house resources? If you went outside, how did you find your candidates?

Lawrence: Yes and no. The Renewable Energy Specialist position was filled by an existing employee who demonstrated a clear desire to learn and teach people about solar and retrofit opportunities. The Energy Solutions Specialist position was filled from outside of the industry; we felt we needed some "new thinking" in order to accomplish our objectives.

Speckerman: We went outside our business but within the industry to fill the vice president role. We have also trained our executive sales staff to conduct comprehensive lighting audits. We found our candidate through a relationship with one of our supplier partners.

Meyer: Both our new Solar/Wind Specialist and I worked for Werner Electric prior to our new energy roles.

Gassmann: To build our clean energy team, we recruited and interviewed talent from inside and outside our company as well as from inside and outside the electrical distribution industry. The team we have in place today includes a veteran employee of Van Meter and a marketing and product development professional from the regulated utility industry. We think this is a perfect recipe for success. The two individuals bring unique perspectives on the future of clean energy. They balance each other and provide an environment for constant learning, sharing, and give and take.

Goedecke: Mayer primarily looked inside its current ranks for team members, because we felt it was important that these specialists understood the basics of electricity, service, and our industry. We hired associates from outside the company as well, focusing on candidates with strengths in technology and the art of selling and negotiation, and then we ultimately trained them to become specialists.

Q: What skills were/are you looking for when filling these types of positions? And in your opinion, what background and overall skills would make someone successful in selling energy efficiency, green products, etc.?

Lawrence: Presentation, confidence, professionalism, and follow-up are a must if you want to be successful in energy solutions.



Speckerman: Successful candidates will have proven leadership skills, solid presentation and communication skills, knowledge of lighting and utilities, and the ability to close orders and drive change.

Meyer: As an example, we're currently looking for someone to assist us in our solar sales. A candidate with sales and/or installation experience in the solar industry as well as an NABCEP certification would be key.

Gassmann: Candidates would have vision, passion, and accountability. Vision relates to a strong understanding of the industry and future opportunities. Passion involves a personal drive to lead, motivate, accomplish goals, and achieve success for the organization. And accountability refers to a commitment to the team and an ability to make decisions and accept responsibility for success or failure. Previous experience in an energy-efficiency or electrical-related role is helpful, as is a financial background and an understanding of utilities.

Goedecke: Associates in energy services must have vision and a driving need to help customers reduce energy usage. The associate has to be able to grasp today's and tomorrow's technologies and understand the basics of electricity, state and federal regulations, IES standards, and how to overcome a variety of obstacles in the sales process.

Q: What kinds of ongoing training do you support for your energy manager or energy team?

Lawrence: We've found it helpful to team up with our local utility to obtain information on their rebates and training programs. We're also partnered with great manufacturers that provide training, and NAED and IMARK also offer training curriculums that distributors should take advantage of.

Speckerman: We attend utility seminars and trade shows and have joined the appropriate industry organizations. In terms of ongoing training, we take advantage of the Affiliated Distributors Network and off-site manufacturer-sponsored training in addition to organizing our own in-house product and application training.

Meyer: Among other groups we belong to, the Midwest Renewable Energy Association offers training seminars that we've found to be valuable.

Gassmann: We participate in energy-related industry trade associations and professional development programs and take advantage of the industry job shadowing process. Organizations we rely on for training and information include manufacturers, customers, the DOE, and a variety of groups associated with sustainability and green buildings.

Goedecke: Once we make hires, we immerse them in anywhere from 100 to 200 man-hours of training because we want our specialists to be true experts and go-to industry resources in the market. We want our team to provide its own designs and to understand lighting technology, motor efficiency, and all aspects of energy usage including HVAC, motor systems, capacitor systems, and eventually wind and solar.

Q: What benefits do you gain from having an

energy expert or energy team in place?

Lawrence: This has created a new revenue stream for our company with margins that are better than our traditional commercial business. Not only do we have our customers coming to us for expertise in these areas, but we also are partnering with them to install the energy-efficient products and renewable systems we're selling, which is a win-win situation for both of us.

Speckerman: Internally we've begun to see a mindset change—we're now more focused on solution selling, with ROI being the key driver as opposed to project cost. We're also completing numerous projects at higher margin rates and are seeing leads generated from project testimonials and from connections we've made through our local utility and other channel members.

Meyer: While this area is still very new for us, our sales team will definitely benefit from having a renewable specialist on staff, someone they can use as a resource to help sell products and services to their customers.

Gassmann: Customer response has been favorable. Our industrial accounts are eager to improve the efficiency of their operations and appreciate the opportunity to learn about new solutions as well as ways to leverage incentive programs and shorten payback periods. Our contractors recognize that our efforts in this area will yield new business for them—with both existing and emerging products. They welcome the work and seem eager to train and learn about new opportunities like solar, electric vehicle charging stations, etc., so it's a new and exciting day for contractors. Overall, it's about creating jobs, stimulating economic development, giving area businesses a competitive advantage, and changing the way we live and work to preserve the environment for future generations.

Goedecke: In two-and-a-half years of investment, we now have 14 specialists generating proposals in excess of \$10 million in brand-new business, with more than 70% of what we quote and design expected to come to fruition over the next 12 months. Are we seeing results? Absolutely, in both revenue and margin; it's truly exciting. The ultimate keys to success are follow-up and proven savings over time.

Q: Many distributors are unsure of how to fund or budget for creation of an energy expert position or department. How would you advise other distributors to approach, structure, or pay for this investment?

Lawrence: We made the investment in an individual in our organization who had a passion for the market without any industry support. It's difficult in these economic times to secure any factory support for the development of such a position. But we found that the increased business more than supported the investment in a relatively short period of time.

Meyer: I had been a product manager with our company when I was asked to also take on the role of Clean Energy Champion and help get our Clean Energy Division up and running. What we realized from that experience was how time-consuming the role of energy champion can be. You

really need to make a dedicated investment in this initiative to do it right. However, distributors that are concerned about funding this kind of start-up might consider launching it with inside staff until it ramps up enough to justify additional investment.

Gassmann: When we began investigating this opportunity, we spent a lot of time doing research, talking to those in the industry who understand the market and competitive landscape, and working to find the right individual to help lead us in this area; having done the due diligence, we're betting it will yield positive results. We painted a vision and took a risk, but our research determined that this was a space that offered tremendous opportunity and one that would make sense for us to invest in. The way we looked at it, we took a step forward and made an investment that we believed could forever change who we are and what we can become.

Goedecke: Distributors need to understand that the investment in an energy champion and all of the associated costs—benefits, training, trade organization memberships, etc.—may not be one that turns itself around quickly. Based on the fact that there's also a longer sales cycle associated with this type of activity, you might take a loss for the first year or year-and-a-half; but once you start securing these jobs, the margins they generate can be two to three times higher than those on standard business. The key is to approach this as an investment in the growth and future of the business.

Q: Any advice you could offer other distributors regarding staffing for the energy-efficiency and related markets?

Lawrence: This is a great opportunity to grow your business in a difficult market and it's worth the investment. This is a commitment and you must dive into it to be successful.

Speckerman: Evaluate your own market and the economic factors that could help or restrict this type of investment. Make sure you're committed to the new business model and that your sales teams clearly understand the objectives moving forward.

Meyer: I would recommend distributors find someone with product knowledge in this field. It would be a long learning process for someone starting from scratch.

Gassmann: This is an opportunity for the electrical distributor to embrace. The energy market is large and you have to have dedicated resources in order to maximize the opportunity. Utilize existing talent and market partners to work with the new energy team to provide the overall solution to the customer.

Goedecke: Have a lot of vision as it relates to the field of energy efficiency and then make investments in people. It simply must be viewed as an investment that will pay itself back over time. ■

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A view from the recruiting office

Paul Pompeo, president of The Pompeo Group, and Brian Ortiz, who heads up the firm's electrical distributor search practice, offer their insights into recruiting for energy-efficiency professionals in the electrical distributor sector:

- On the distributor's role in delivering energy services: "Many distributors we work with see education as their primary responsibility—educating employees on new products and practices so that they can, in turn, educate customers," said Ortiz.

- On the skills that make someone successful in selling energy-efficiency and green products: "Distributors tell us that ideal candidates for this role are those who are knowledgeable and/or passionate about energy and green solutions, individuals who really live it personally in their own lives," Pompeo said. "Having a 'green brain' is very helpful. You really can't be effective in this role if you don't have a passion for and deep understanding of energy savings."

- On using in-house candidates vs. going outside: Both methods are widely used. According to Ortiz, distributors that got into the energy sector early often did so by training a person from within. Pompeo noted that distributors for whom this segment is new may also find themselves inclined to train an in-house person as a way of testing the waters. But either way, said Ortiz, many distributors like to see candidates with a background in sales; depending on the position, some prefer an engineer or someone with a technical background or a product specialization such as lighting, controls, solar, or wind. "Most important is a good knowledge of the rebate market and how to push rebates through," he said.

- On distributors' current hiring projections in the energy services area: "We're seeing distributors across the board making plans to hire a first, second, or third energy person in the next two quarters," confirmed Pompeo. "Smaller distributors are finding a 12-month window more appropriate." From Pompeo's experience, "National chains typically already have energy divisions and are definitely planning to hire people in the next six months, while the independents and regional chains are often trying to train from within."

- On doing it "right" the first time: "From our industry interactions," said Pompeo, "distributors with an energy team or specialist already in place feel they are well positioned, as they expect to see this segment explode in the coming years."

- On the opportunity at large: "An energy director from a Midwest regional wholesale chain recently told me that 'our electrical business took 20 years to get to a certain level, but our energy business has grown to the same level in two years,'" Ortiz said. "Everything we hear tells us that energy will be a very big part of a distributor's business in the next few years and that, in order to be competitive, this is a market they have to be in," he said. "Stay on top of legislation and industry developments," added Pompeo. "As an energy specialist once told us, 'If you find out about rebates through the news, it's too late—you've missed it.'" —S.B.