

ELECTRICAL DISTRIBUTORS' ASSOCIATION

**Regional Business Forum
23rd November, 2016,
Tech Theatre 2 - LuxLive**

Agenda



-
- | | |
|---------|---|
| 9.50am | Welcome by Glyn Prestwood |
| 10.00am | Logan Colbeck – BIM & its importance for wholesalers |
| 10.40am | EDA Update |
| 11.20am | Coffee |
| 11.45am | IoT and intelligence in Lighting
Ben Hughes, Gooee & Bastiaan de Groot, Feilo-Sylvania |
| 12.25pm | Round-up & Feedback Questionnaire |

BIM – Opportunities for Wholesalers

Logan Colbeck
Sales Strategy Leader

Honeywell E & ES

EDA Update

Margaret Fitzsimons
EDA Director

Agenda

- What's happening at the EDA – recent changes
- Member Survey 2016
- Introducing ETIM
- Marketing & Communications Update
- Education & Training Update

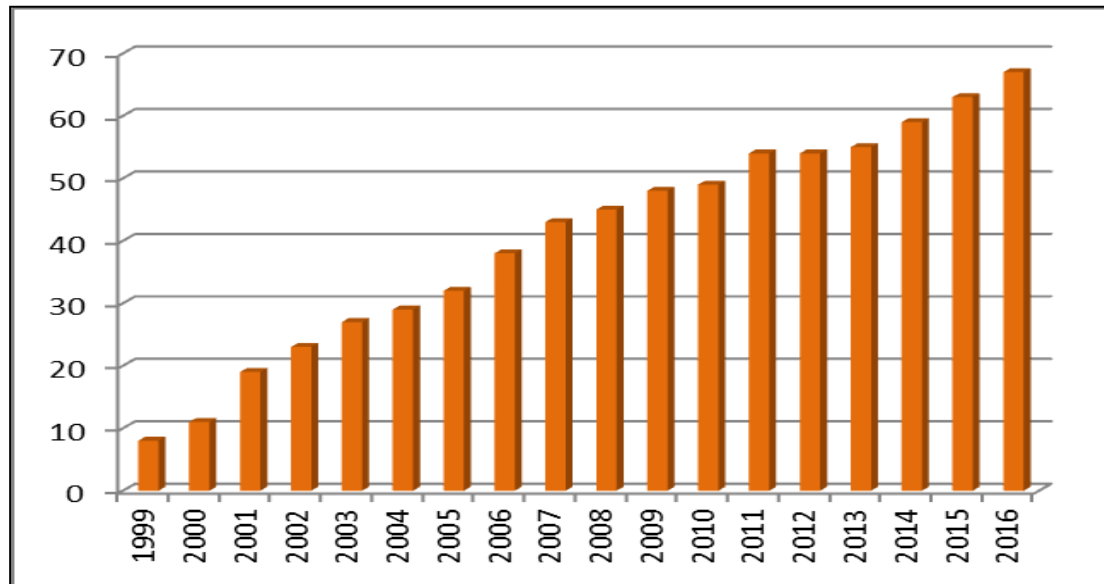
EDA Membership

- Grew from 100 wholesaler members in 2015 to 150 members in Jan 2016 (50 new AWEBB members)
- Will grow to 225 members in Jan 2016 (IBA group membership)
- >£4.0 Billion Turnover
- Represents 75-80% of market
 - Nationals: CEF, Edmundson Electrical, Rexel UK
 - Independent members of Buying Groups – ANEW, AWEBB, FEGIME (IBA from Jan 2017)
 - Other independents
- 1900 outlets
- 25,000 employees



Affiliated Membership – Oct 2016

Affiliated Membership since 1999



68 affiliated members

13 new affiliated members in 2015 & 2016

- Ansell Lighting
- Atlantic Heating
- Aurora Lighting
- BT Cables
- Carl Kammerling Intl (CK Tools)
- Contactum
- Integral LED
- Kosnic Ltd
- Lewden
- NVC Lighting
- Termination Technology
- Triton Showers
- Wiska UK Ltd

New in January 2017 – B.E.G.

EDA Board of Management – Oct 2016



Back Row (L to R): Dan Poole (Phase Electrical), Chris Ashworth (CEF), Andy Johnson (Lincs Electrical Wholesale), Alan Dunnet (Holland House Electrical Ltd), Bob Robertson (R&B Star Ltd)

Front Row (L to R): David Schofield (Stearn Electric), Margaret Fitzsimons (EDA), Tom Jones (President), (Lockwell Electrical), Simon Barkes (Vice-President), BEMCO, Chris Gibson (Rexel UK), Glyn Prestwood (Edmundson Electrical Ltd)

What keeps you awake at night?

EDA MEMBERS' SURVEY 2016

Background and methodology

- EDA Board Strategy Day – December 2015 – key themes

Improved Communications . Training . Digitisation & Product data . Market intelligence .
Information & technology hub . Greater industry voice

- Consultation with long-standing affiliated members to inform questionnaire

- Internet / multichannel distribution . Rationalisation of number of outlets . EDI . Pricing .
- Wholesaler services / added value . Consolidation of supply . Loyalty / integrity of trading policy .
- Product data standards - BIM . Recruitment and training of staff . New Product Technology .
- Marketing / Communications / Social media . Shortening Product life cycle / product obsolescence .
- Industry working together . Product Quality / importation . Shared Sales information

Background and methodology

- Questionnaire developed with broad categories:
 - Unprompted concerns
 - Prompted responses, ranking from Threat (-5 to 0) to Opportunity (0 - +5)
 - Technology of Selling
 - Supply Side Issues
 - Sales Side Issues
 - Sales Staff Issues
 - Distributor/Manufacturer Benefits
- Combination of online and telephone surveys - Summer 2016
- 209 individual responses : 58 Wholesaler organisations : 30 manufacturers

3. Members' Greatest Business Concerns



Table 3.3: Greatest business concerns – Wholesalers, unprompted

GROWTH OF ONLINE SALES

- Growth of competition from on-line sales and erosion of margin
- Growth of online sales platforms
- Internet
- Internet + unrealistic pricing e.g. extremely low margin sales
- Internet pricing
- Internet Purchasing, DIY Stores targeting Trade
- Internet Sales
- Internet selling via Amazon etc.
- Internet Trade and more Suppliers going direct to the End Users
- Internet traders
- Online competition
- Online pricing and online proliferation
- Online sales platforms growth like Amazon
- Online sales platforms like Amazon. They are threat to every business in the UK. They don't pay tax and allow drop shipping
- Payment and online pricing
- New Web Based business coming to market
- My greatest concern is not having a online sales channel
- The rise of unrecognised internet retailers
- Threat from internet retailers/sheds
- New competitors, ecommerce and non-electrical delivery methods

QUALITY OF STAFF

- Attracting the correct calibre of staff
- Availability of quality staff
- Employing quality people
- Having decent people that want to work
- Having staff that are capable and have initiative
- Lack of new talent in the business
- Staff
- Recruiting and retaining great people
- Recruitment and return of the recession
- Recruitment of quality staff
- Not enough growth/staff coming through the business

BAD DEBT AND ONGOING BUSINESS CONCERNS

- Bad debt and maintaining margins
- Bad debts
- Bad debts and maintaining sales
- Cash flow and bad debt
- Incurring bad debts
- Payment from customers
- Credit risk
- Customers mailing payments
- Customers not paying
- Landlords and rent
- Price of oil
- Keeping turnover steady
- Not enough accounts spending
- Sales Growth
- Sales Volume

SUPPLIER LOYALTY

- Manufacturer support / online trading
- Manufacturers more directly dealing direct
- Manufacturers taking business direct
- Manufacturing direct selling out with the wholesale supply chain
- Lack of good products and training
- Lack of support and representation from suppliers

3. Members' Greatest Business Concerns



Table 3.3: Greatest business concerns – Wholesalers, unprompted Cont.

TECHNOLOGY

- Concerned with how fast paced the industry is and it is challenging to keep up in terms of increased product technical information staff need to know and the changed in way we sell things, e.g. introduction of technology, selling platforms etc.
- Fast paced industry, new products and technology being introduced and can be hard to keep up with
- keeping pace with product and technology innovations
- More technical products

BREXIT

- Brexit
- Upcoming EU vote

FOREIGN IMPORTS AND PRODUCT QUALITY

- Cheap foreign imports
- Cheap LED products
- Chinese imports
- Import of cheap non standard products
- Quality products in the marketplace

COMPETITION

- Competition from new companies such as Screwfix / Amazon
- Competitors not understanding the worth of what they do
- Unfair competition for unspecified product
- World markets
- Market Saturation
- Marketing for new business
- Merchants looking to develop their electrical supply solution
- More & more competitors in the market

ECONOMY

- Down turn in the economy
- Economic climate, internet threats with untested products
- Economy
- The strength of the economy
- Recession
- Reduced government spending in key public areas

PRICING/MARGIN

- Competition - pressure on margin
- Under pricing
- Price volatility/indiscipline
- Prices in market place
- Pricing on the internet
- Price deflation
- Low prices
- Margin retention
- Margins of profit
- Pressure on the margin

CUSTOMERS/CONTRACTORS

- Contractors compromising on quality
- Direct sales
- The speed of response required and the blame game
- Staying relevant to our industry and change in customer generation
- Fall of enquiries
- Financial risk
- Future income
- How the demands of the market will change

Members' Greatest Business Concerns



Table 3.4: Greatest business concerns – Manufacturers, unprompted

FOREIGN IMPORTS/PRODUCT QUALITY

- Cheap imports
- Cheaper foreign alternatives
- Competition from cheaper poorer quality competitors and new distribution entrants
- Threat from counterfeiting, non compliant product proliferating the UK market, is the EDA doing enough to help tackle this?
- Traditional Wholesalers Eroding Margin & supporting Unbranded manufacturers

MANUFACTURERS

- Competitors selling direct and the value of manufacturers that are not being given enough credit
- Direct business

CONTRACTORS

- Contractors with direct accounts to our supply chain
- Meeting demand of contractors
- Meeting demand of customer
- Brand loyalty and service into contractors

BREXIT

- The EU election. Leaving the EU would cause me great concern in term of my business
- Leaving the EU

GROWTH OF ONLINE SALES

- Internet
- Management of online retailers to avoid channel conflict
- So much choice

EXCHANGE RATE

- Strength of Dollar
- Exchange rates
- Dollar exchange rate
- Currency movement

CHANGING TECHNOLOGY

- Not keeping up with current technology
- Fast paced technology, and education weakness
- Late to engage with technology products other than following consumer electronic products

WAREHOUSING

- Stock availability within the UK
- Stock level being lowered
- Electrical Wholesalers increasingly reducing stock levels and placing small back to back orders on the manufacturer
- Inconsistent ordering focusing on state of month/end of month orders putting peak demand on warehouses
- Material availability from broad supply base
- Lack of lead times and forward products requirements
- Obsolescence
- Continuity of supply & distribution

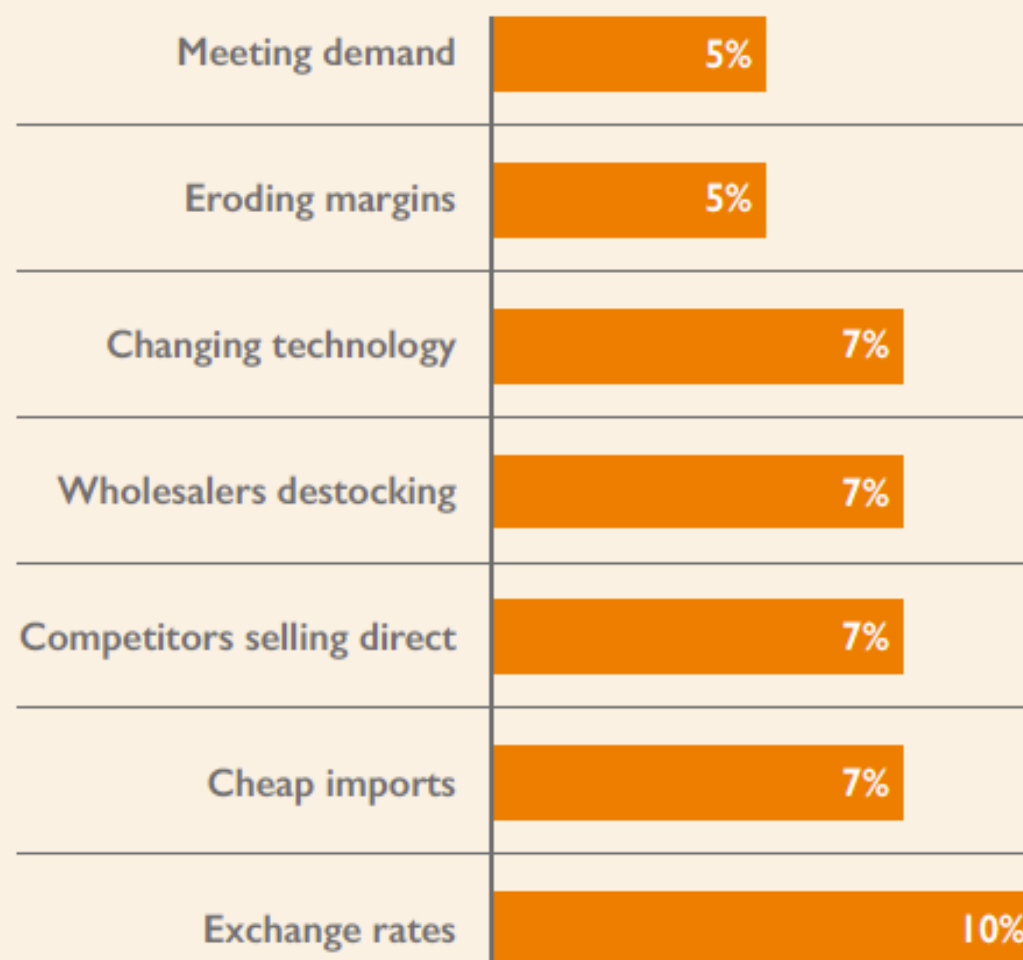
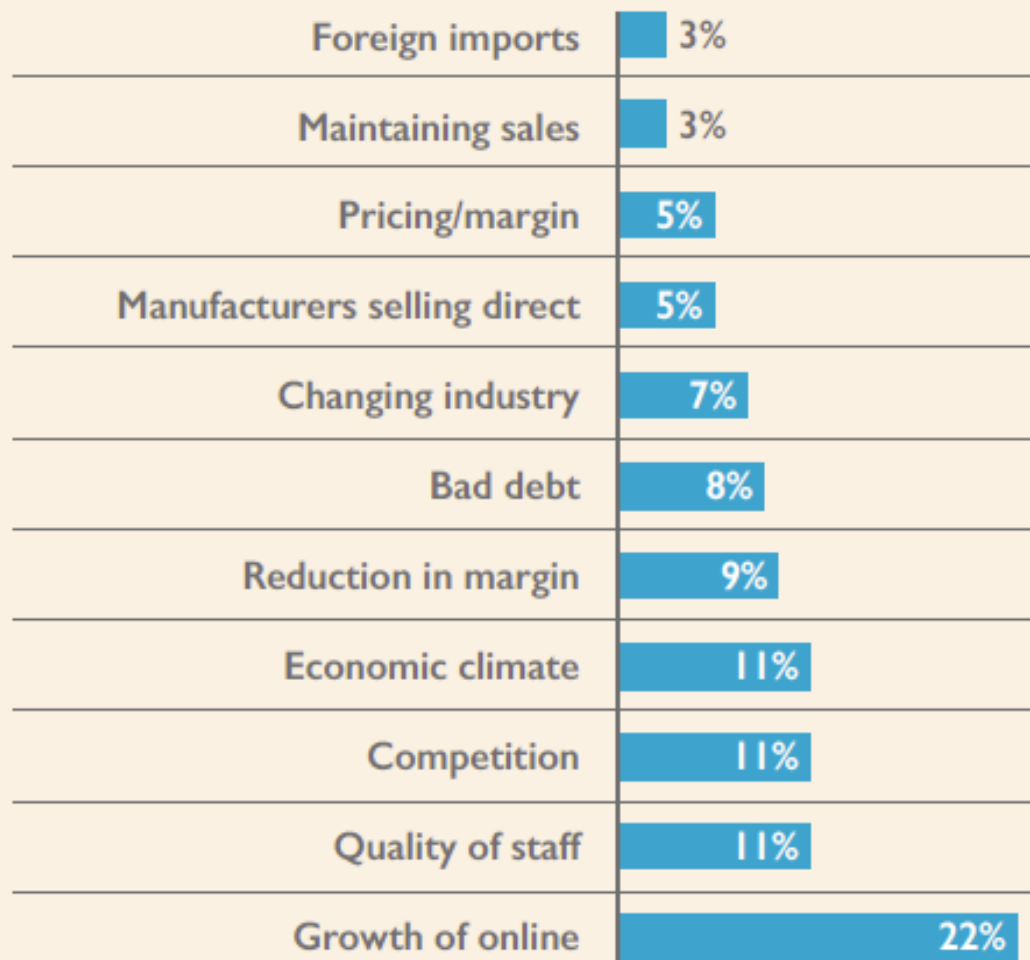
ONGOING BUSINESS CONCERNS

- Cash flow
- Constant downward pressure on value proposition
- Distributors increasingly focused on quoting but not on selling
- Hidden costs and red tape
- Internal ability
- Reliance too much on central NDC
- Supporting the distributors with the correct inventory
- Volatility of commodity raw material pricing mainly determined by demand (or otherwise) from China
- Volatility of raw material costs

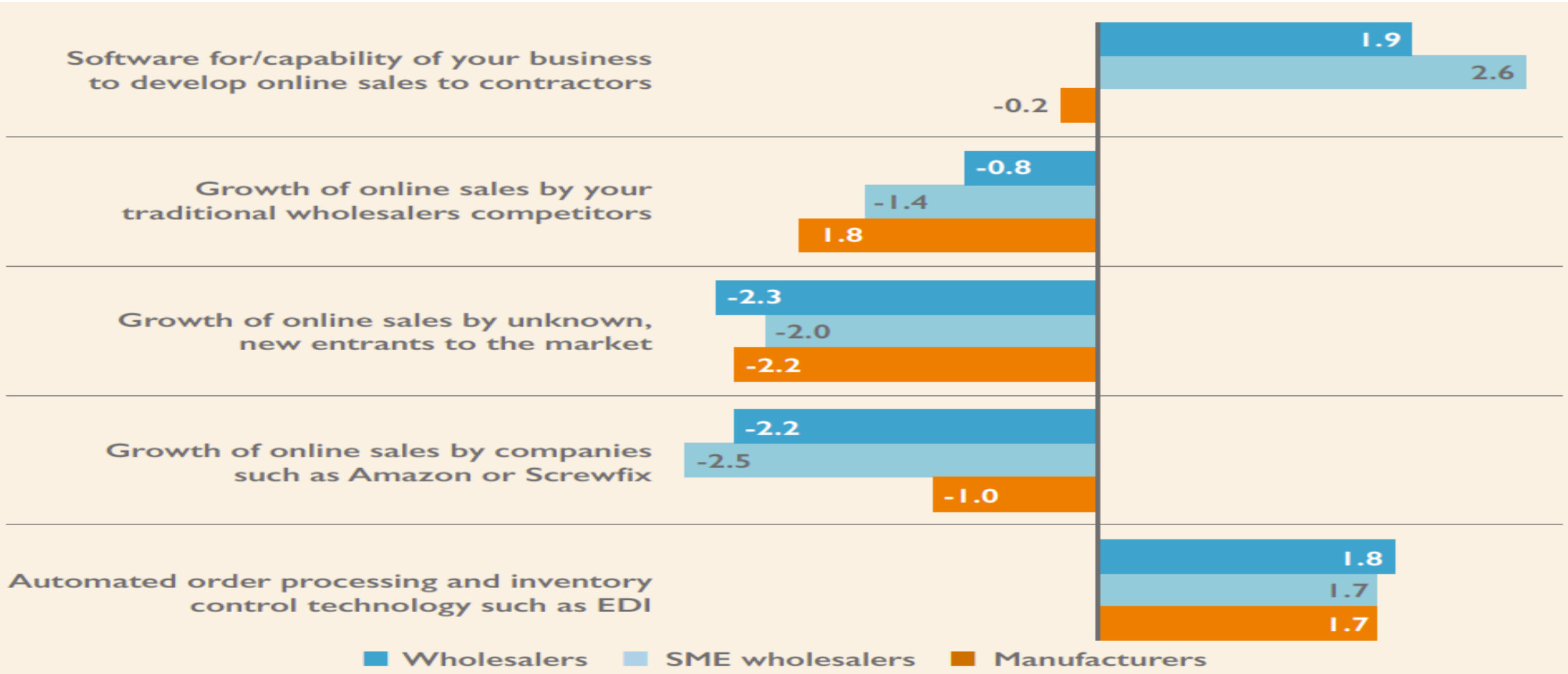
Members' greatest business concerns

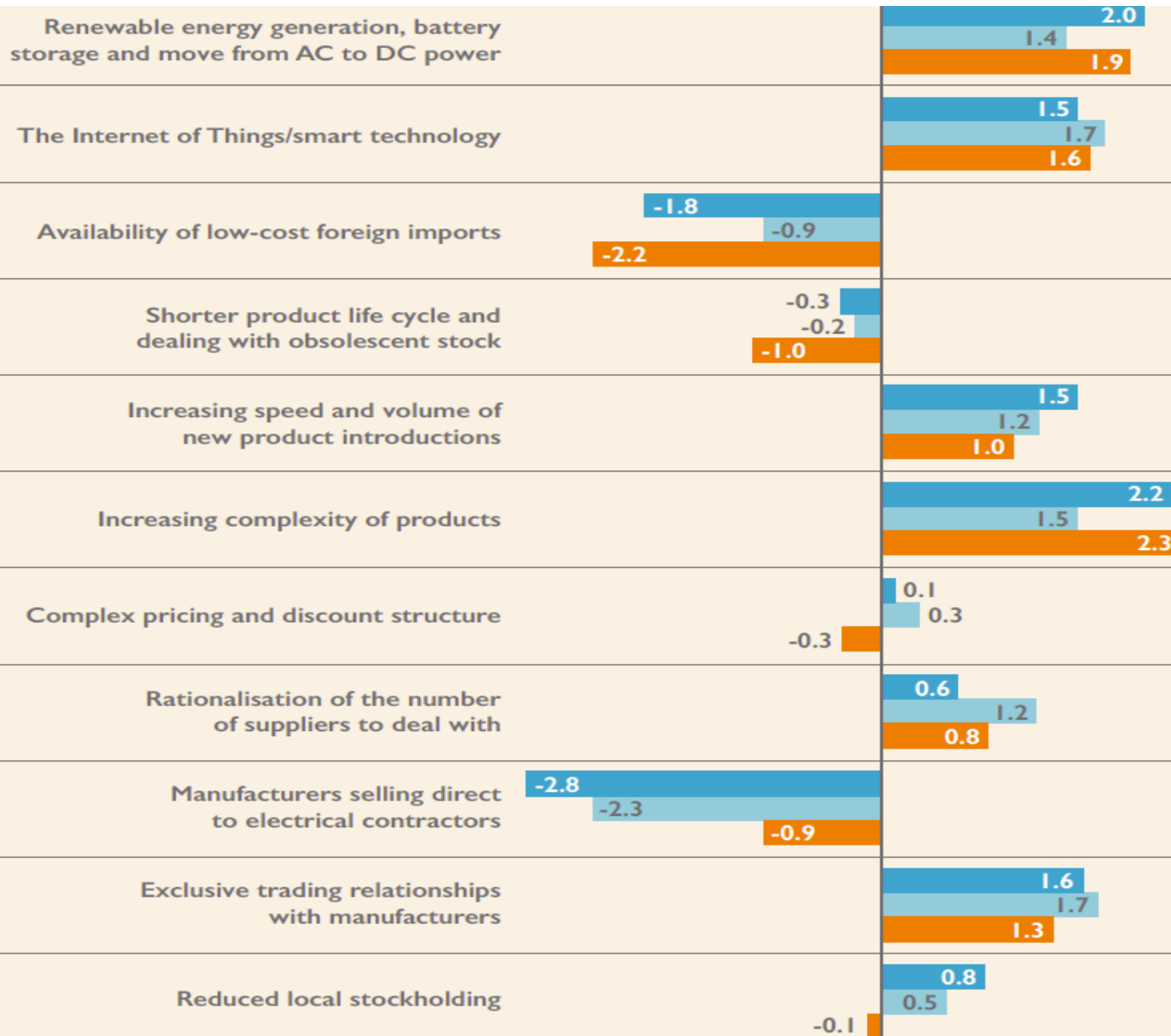
(unprompted)

■ Wholesalers ■ Manufacturers



Technology of Selling



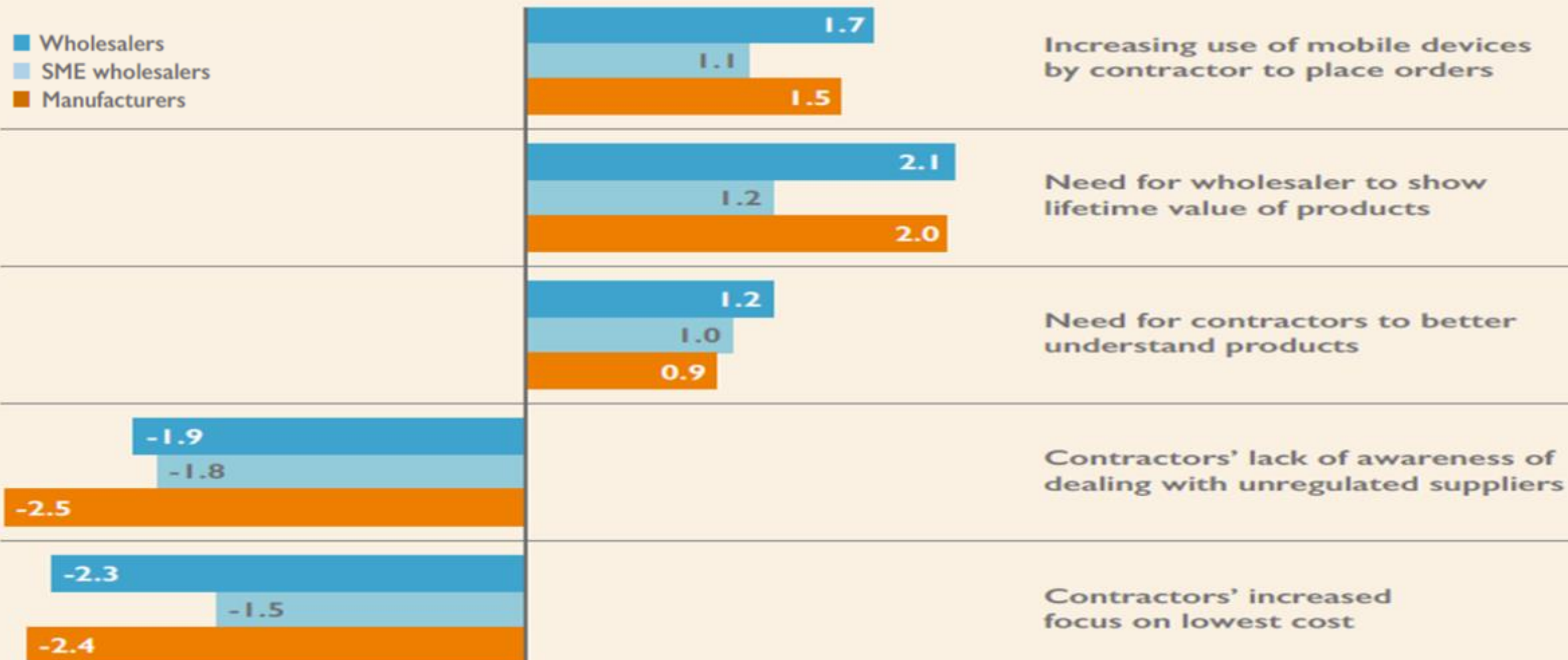


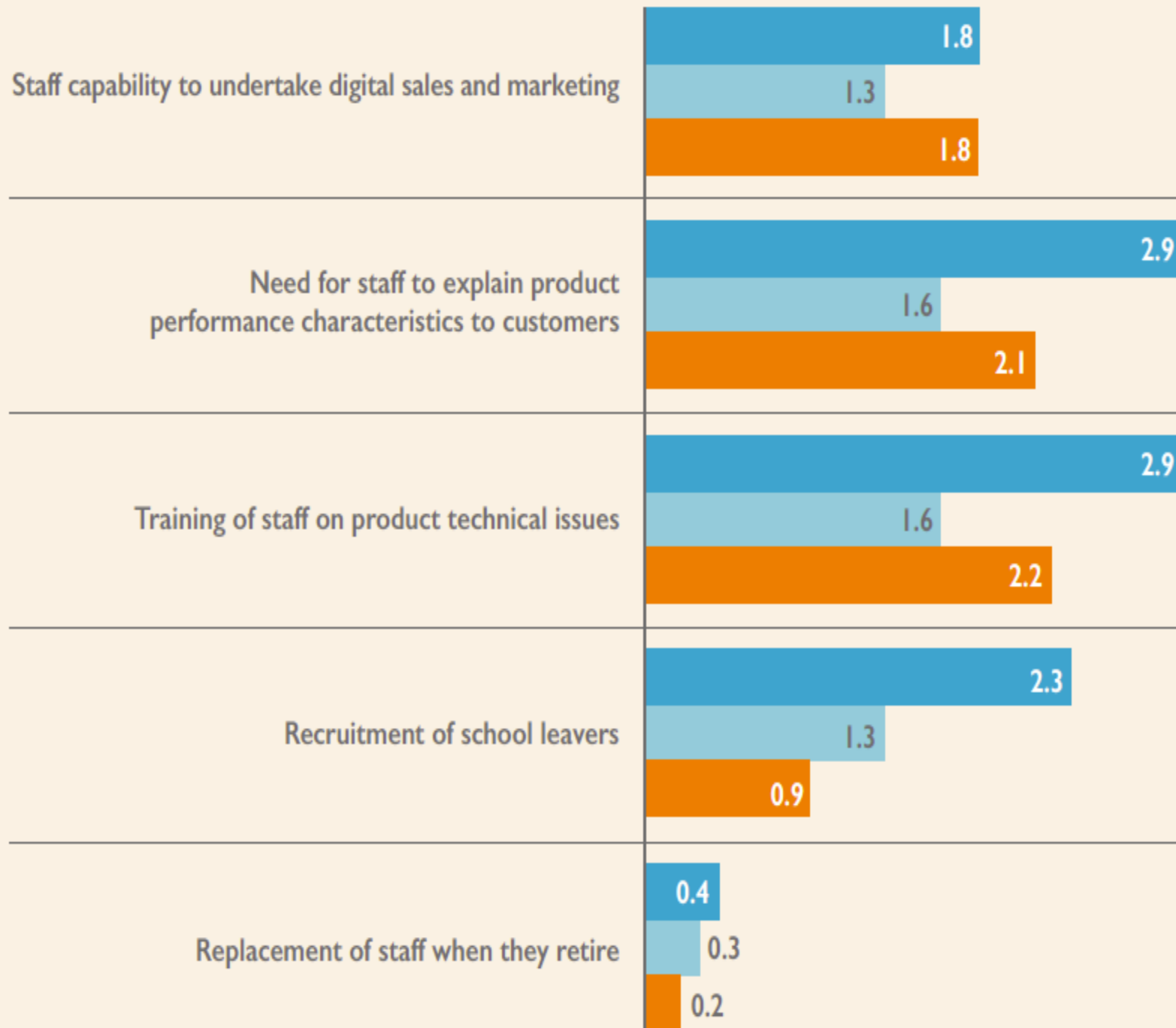
Supply Side Issues

■ Wholesalers
■ SME wholesalers
■ Manufacturers

Sales-side Issues

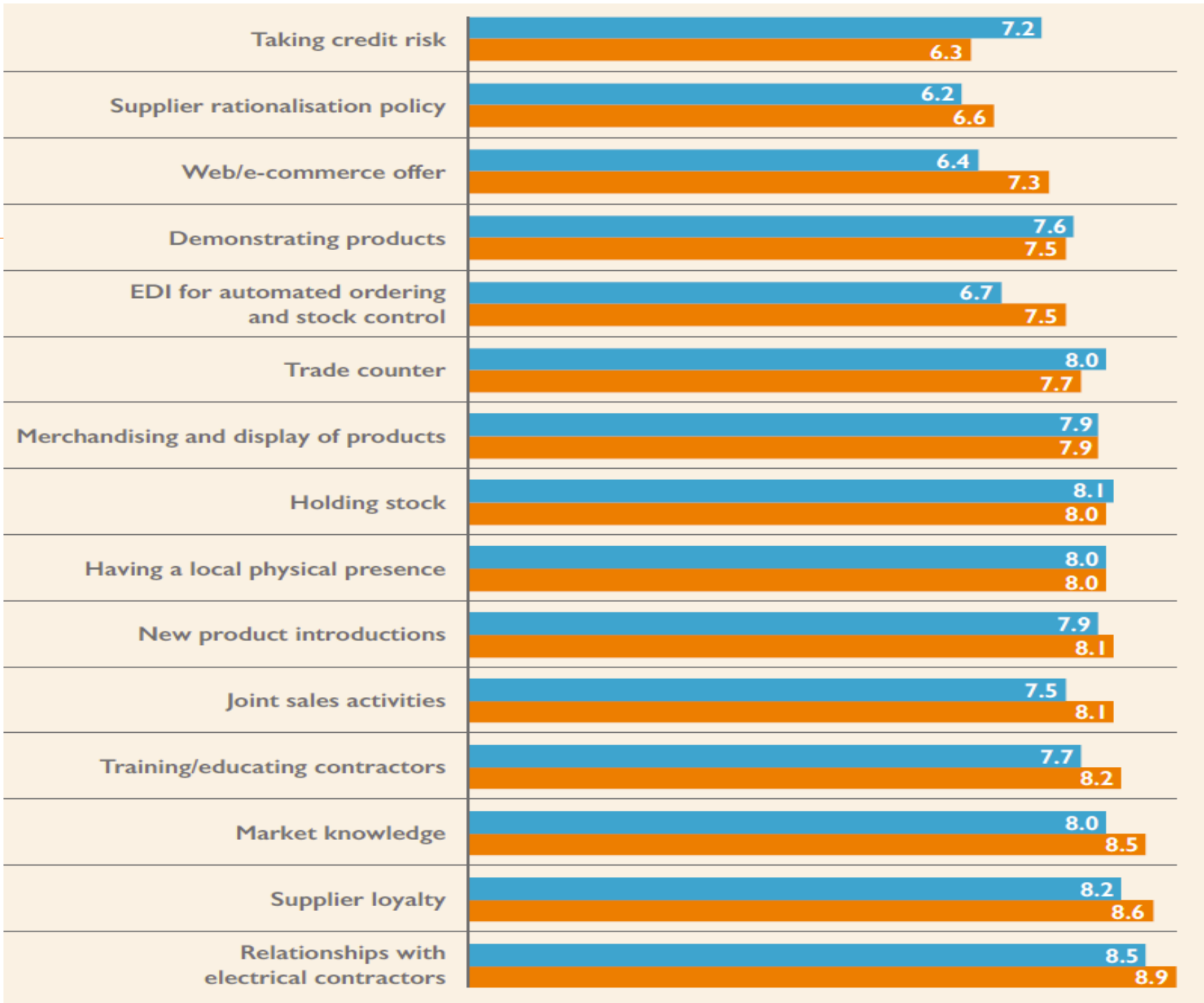
- Wholesalers
- SME wholesalers
- Manufacturers





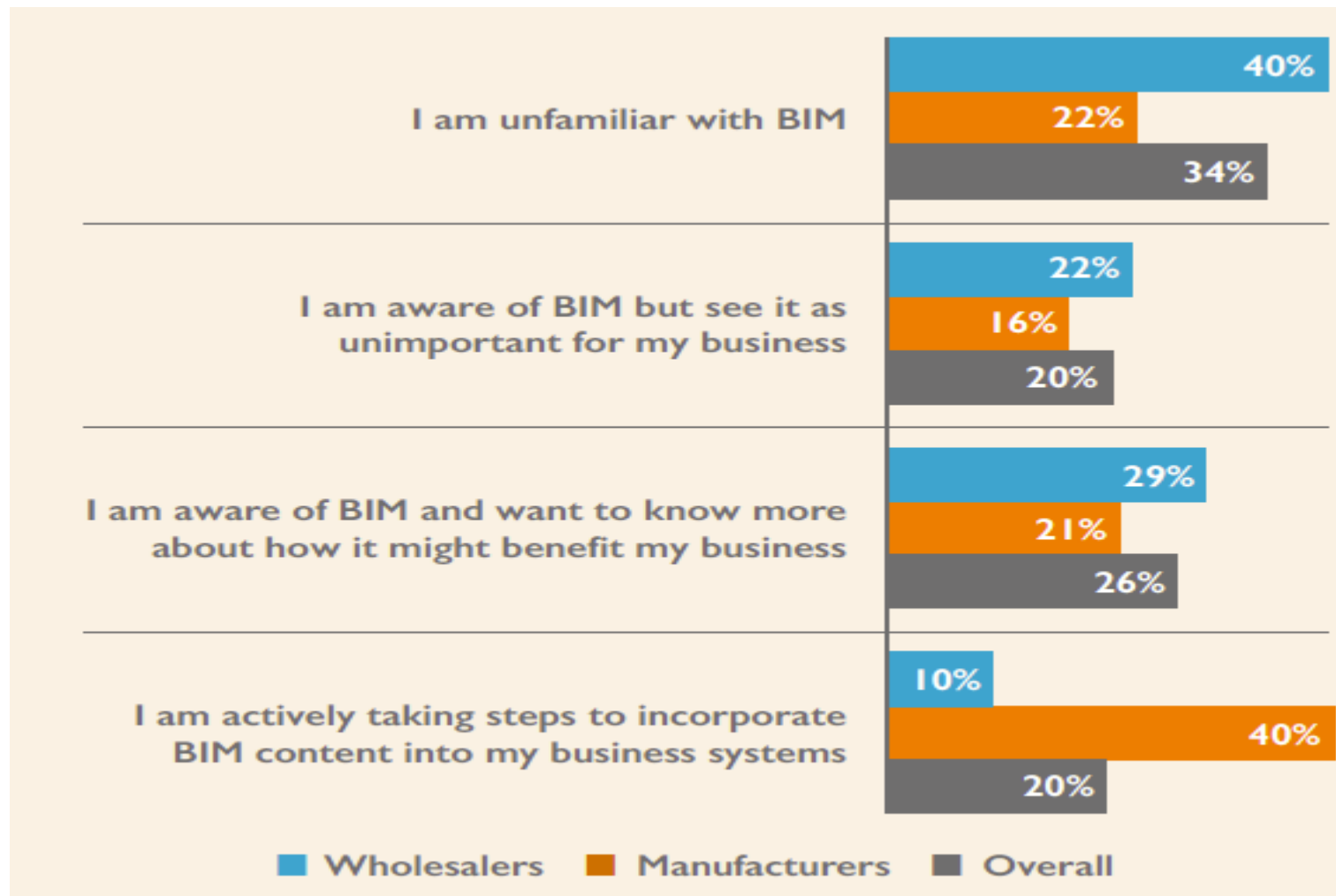
Sales Staff Issues

■ Wholesalers
■ SME wholesalers
■ Manufacturers



Wholesaler benefits for the Manufacturer

BIM



Key Findings

- Wholesaler and Manufacturer have similar concerns
- Developing online sales, supported by EDI, is an opportunity. Not acting will make it a serious threat
- Need to facilitate understanding of BIM and help those who wish to adopt – this can help demonstrate lifetime value and deliver product data
- Strategy in response to low cost imports demonstrating the benefit of value required
- Staff can be an important differentiator

Let's **Think, Talk & Act** together

ETIM-UK

Product Data Classification Standard for UK

David Bate

Project Manager – ETIM-UK

Flow of Products and Product Data



1. Identifiers
Part numbers,
Luckins Codes

2. Commercial Info
Packing and price information

3. Physical characteristics
Size, weight, colour

4. Performance
Output, watts, I?, resistance

5. Compliance
Certificates of conformity,
Healthy & safety

6. Marketing information
Images, videos, brochures, case studies,
logos, long descriptions

What is ETIM?

- Global standard for classifying product data
- Operational since 1991.
- Used across Europe and USA.
- Lists the most important technical characteristics of each product type.
- Technical committees (usually manufacturers) agree common data values to keep data consistent.
- Data values and classification model are translated, so usable in several languages.

Why ETIM?

- Enables the basis for successful e-commerce solutions.
- Enables global product data exchange.
- Assists customers to make informed purchasing decisions.
- Wholesalers can save time and resources when information is managed by the suppliers in ETIM format.
- It is implemented by many leading suppliers.
- Offers a consistency of data standards.
- Smaller suppliers with no Product Information System of their own can deliver ETIM information.

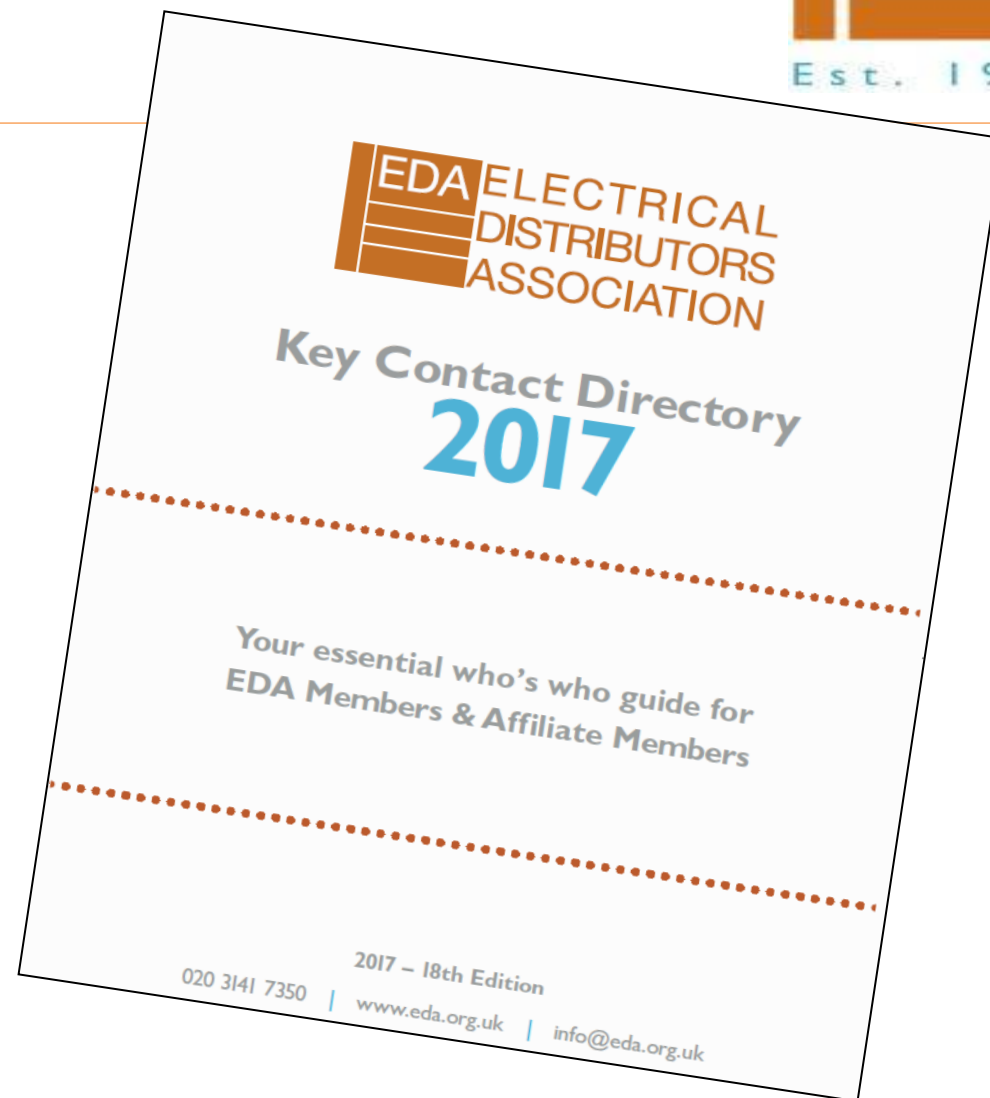
EDA Marketing & Communications Update

Anne Vessey

EDA Head of Marketing & Communications

Current Projects

- Events programme for 2017
 - Pilot: Subject-specific breakfast panels
 - Regional Business Forums
 - Annual Dinner
 - Summer Event
 - Awards celebration
- 2017 Publications
 - Who's Who
 - Yearbook
 - Taking Stock, January





Spreading the word

Raising awareness

Looking forward to 2017

- Harnessing good news / Celebrating your success
 - Digital channels
 - Your stories/photos
- New website
- Renewed focus on helping you make the most of your membership benefits
- Education & Training
 - Apprenticeships
 - Specialist Product Knowledge modules
- Croner Business Support Helpline
 - 2016: 110 calls to date
 - 2015: 101 calls



- Listening to our members
- Increased opportunities to give feedback



EDA Education & Training Update

Simone Fonseca

EDA Education and Training Manager

Product Knowledge Programme

1,277
modules ordered

1,248
modules started

72%
modules
submitted

784
modules graded

44% Distinction

21% Credit

34% Pass

- More than 40 modules including 10 EDA recommended
- Opportunity to gain a L2 City and Guilds professional qualification
- Monthly reporting
- Communications plan
 - Managers
 - Learners (MOL)
- Study support tools
- Celebrating success

Apprenticeship Programme

565

apprentice
vacancies

513

branch
starts

503

successful
learners

325

new people into
industry

- Partnership with EDA Apprenticeships Plus
 - Level 2 & 3 courses
- Celebrating success
 - NAW/NAS Awards 2017
- Into 2017...
 - Trailblazers
 - Apprenticeship levy

Education & Training – The Benefits

22% of EDA members said online distribution was a threat to their business and 11% said the same for quality of staff

EMPLOYEES

- Career development and progression
- Opportunity to gain a L2/3 City & Guilds professional qualification
- Builds expertise and credibility
- Flexible learning

EMPLOYERS

- Stay competitive – people are a USP vs online sales
- Improved performance and productivity
- Build talent pipeline
- Improved engagement and motivation
- Minimal impact to business - distance learning
- New people in to the industry – raising profile and awareness

“I’ve been training my team with MOL for the past few years and it has been a great success. Both experienced, and new, members of my team are achieving great results and using their improved knowledge to help further our business’s development.” *Joe Roberts, Edmundson Electrical, Tamworth*

Preparing for the Apprenticeship Levy

John Henry and Carmen Daley
EDA Apprenticeships Plus

Agenda



- Overview of the apprenticeship levy
- Accessing levy funds for levy payers
- Apprenticeship funding for non-levy and co-funded organisations
- Additional funding
- Working with EDA

What is the Apprenticeship Levy and who pays it?

Starts on **6 April 2017**, at a rate of **0.5% of pay bill**, paid through PAYE

Applies to all **UK employers** in all sectors

£15,000 allowance is **not a cash payment**

Only **2% of employers** but employing **c60% of employees** will pay the levy

The levy will be set at **0.5% of an employer's pay bill**. It will only be paid on any pay bill in excess of

£3m

Employers will have an allowance of **£15,000** to offset against their levy payment



Accessing Levy Funds to spend on Training

- Apprenticeships started before 1st May will be funded through to completion according to the existing rules
- Levy funds will be available through a new digital service on gov.uk – England only
 - 10% monthly government top-up
 - First funds appear in account in late May 2017
- The Levy will be collected as a payroll tax in Scotland, Wales and Northern Ireland.

Accessing Levy Funds to spend on Training

England Only)

Levied employers buying training from May 2017

- May commit to apprenticeship starts from the beginning of May
- Funds will automatically leave the digital account on a monthly basis
- The cost will be spread over the lifetime of the apprenticeship
- The system will hold back 20% of the total cost, to be paid on completion of the apprenticeship. (completion and end point assessment)

Non-levied employers buying training from May 2017

- Make payments direct to providers
- Move onto the digital system at a later date – pre 2020

Additional support for employers

16-18 year olds

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train a 16-18 year old apprentice

Disadvantaged young people

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train 19-24 year olds leaving care or who have a Local Authority Education and Healthcare plan

Small Employers

Employers **with fewer than 50 employees will have 100% of the training and assessment costs covered when training a 16-18 year old**

Additional learning support

Training providers will be paid **up to £150 a month** to support these learners, plus additional costs based on evidenced need

English and Maths training

To meet minimum standards of English and maths government will **pay training providers £471** for each of these qualifications (Level 1 and 2)

EDA Apprenticeships Plus

Who are we?

- Created by EDA members for EDA members in 2011.
- BIS Approved Apprenticeship Training Agency.
- Active lobbyist:
 - Trailblazer
 - Apprenticeship Levy
 - Higher Level Apprenticeships
- Independent of any College or Training Provider.
- Management of the Training Provision on behalf of members and Associates.

EDA Apprenticeships Plus

Meet the team



John



Hannah



Sarah, Chrissie, Charlotte, Gill



Louise



Michelle



Carmen

EDA Apprenticeships Plus

Benefits of working with us

- A single point solution for Apprentice recruitment and employment
- Local and national government contracts
- Funding of training
 - Saving of levy (from April 2017) on those we employ
 - Saving of employer NI
- Recruitment of apprentice
 - Advertising
 - Candidate pre-screening
 - Setting up interview dates,
 - Contracts and supporting paperwork
- HR support
 - People management
 - Payroll
- Variable apprenticeship wage rates

Questions?

Coffee Break

Connected Lighting: Unlocking the value of the Internet of Things (IoT)

Ben Hughes

Senior Technical [Engineer, Gooee](#)

Bastiaan de Groot,

Global Director, Strategy & New Business Development, [Feilo Sylvania](#)

Questionnaire & Badges

Please visit EDA Affiliated members exhibiting at LuxLive



Aurora: Stand H2

B.E.G.: Stand J82 :

EATON: Stands B8 & S36

Hager: Stand P40 :

Illuma: Stand N1

Kingfisher Lighting: Stand G16

LEDVANCE: Stand F50

Megaman: Stand L8 :

NVC Lighting: Stand J4

Reggiani: Stand E40