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A Flock of Black Swans

Electrical distributors are once again proving their resilience in the face of a historic swarm of economic challenges.

Nassim Nicholas Taleb, who wrote his 2007 bestseller, *The Black Swan: The Impact of the Highly Probable*, to help readers prepare for highly improbable and unpredictable events, is probably amazed at today's confluence of earth-shaking challenges — the lingering impact of COVID-19, the war in Ukraine, a shaky economy recession and raging inflation.

The title of Taleb's book comes from the ancient belief that all swans were white, a theory disproved in the 17th century by the discovery of black swans in Australia. According to www.wikipedia.com, that discovery came to represent the existence of the improbable, and the fact that just because something is outside our realm of experience doesn't mean it can never happen.

Taleb, a one-time Wall Street trader, uses the lessons of the black swan in his book to support his thesis that business professionals are blind to randomness, particularly the events that represent large deviations from what they consider the norm.

While you can debate if any or all of today's geopolitical, economy and world health challenges were truly improbable or unpredictable, there's little question that together they are some of the biggest economic and geopolitical obstacles we have seen in a generation. Three years ago, I don't think anyone expected the worst pandemic in a generation or thought Putin would invade Ukraine. And back then, who

By Jim Lucy, Chief Editor

really thought \$4 gasoline, copper prices stubbornly above \$4 a pound, +30% price increases for all sorts of electrical products and lead times for switchgear extending out to 12 months would be a reality in 2022?

The good news is that many if not most electrical distributors, manufacturers and reps proved they can survive and even thrive despite the



black swan challenge of the pandemic when it hit in 2020 by adapting to pandemic-induced restrictions and hybrid officing strategies. It's incredible that not even two years after navigating through the worst of the pandemic, the electrical market has three more huge challenges to overcome — raging inflation, astronomical price increases and outrageous lead-times.

Electrical distributors are once again proving they are more than up to the challenge. As you learn in this issue's Top 150 cover story, (see page 14), many of the nation's largest elec-

trical distributors are not only coping with today's historic price increases and delivery issues, but have figured out how to gain market share.

For example, Dakota Supply Group, Plymouth, MN, grew its market share last year by investing in inventory in early 2021, according to John Gearman, the company's Electrical Segment manager. In the utility market, Johnny Andrews, chief operating officer, TEC Manufacturing & Distribution Services, Georgetown, TX, said his company grew in 2021 because of its "sole-source alliances with electrical cooperatives and municipal customers, and having an inventory positioned for service to our customers (low stock-out percentage) and not primarily around high turns."

James DeRosa, general manager, YESCO Electrical Supply, Columbiana, OH, said his company's growth came from having product on hand from enhanced purchasing in 2020 and a new GSA (General Services Administration) contract with the federal government that's bringing in orders from the USDA, U.S. Navy and other federal agencies.

The scale of today's price increases and lead times for electrical products is indeed mind-boggling, but these challenges will eventually subside. They won't go away as fast as anyone would like and the size of these increases is indeed larger than anything in recent history, but veteran executives in the electrical wholesaling industry have seen them before.

Savvy industry executives are using the "what-if" contingency plans they developed for crisis situations to help manage their businesses. As always, it comes down to doing the best job possible of servicing the most basic distribution service responsibilities — getting the right products to customers in the right quantities when and where they need them at a reasonable price. **EW**



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IDEA Acquires DATAgility to Bolster Data Quality Services

Industry Data Exchange Association Inc. (IDEA) Arlington, VA, is acquiring data management services provider, DATAgility, De Kalb, IL. The acquisition is expected to be finalized in late June.

DATAgility has worked with hundreds of manufacturers and distributors to provide high-quality data management services that have helped companies achieve sales growth, strengthen brand loyalty and accelerate ROI for PIM, ERP and e-commerce systems. DATAgility's team led by Denise Keating has contributed to the development of industry data standards (including electrical and automotive) for decades and brings substantial data management expertise to the IDEA organization.

The co-owners of IDEA, NAED (National Association of Electrical Distributors) and NEMA (National Electrical Manufacturers Association) fully support the acquisition and have worked with DATAgility on several industry initiatives throughout the years including the NAED X-Check program and IDEA Connector's Harmonized Data Model (HDM). "Distributors need to continue to grow their digital initiatives

to keep up with increased customer demand for more product information. By IDEA and DATAgility joining forces, the industry will have a complete resource for product data," said Tom Naber, president of NAED, in the press release.

"Acquiring DATAgility helps position IDEA to accelerate the Harmonized Data Model Initiative and adds expertise to further support our mission and our customers," said David Oldfather, president and chief executive officer of IDEA, in the press release.

After the acquisition is finalized, IDEA will provide additional information on how the DATAgility leadership team — Denise Keating, Angela Baraks, Tammy Mortell and Brett Anderson — will be structured within IDEA.

"We are excited to officially join IDEA," said Denise Keating, DATAgility's chief executive officer. "We have always been dedicated to the companies we serve in the electrical industry and are passionate about helping IDEA succeed in their mission to facilitate the exchange of high-quality data among manufacturers and distributors to drive desired business results."

TOTAL CONSTRUCTION STARTS INCH HIGHER IN APRIL

Total construction starts rose +3% in April to a seasonally adjusted annual rate of \$945.8 billion, according to Dodge Construction Network. Nonresidential building starts rose +6% and residential starts increased by +4%, while nonbuilding starts fell -4%. Year-to-date, total construction was +6% higher in the first four months of 2022 compared to the same period of 2021.

"The construction sector is seemingly shrugging off the fear of higher interest rates and a potential recession," said Richard Branch, chief economist for Dodge Construction Network, in the press release. "Many building sectors have made the turn from weakness to recovery as underlying economic growth and hiring are solid. With the pipeline of projects in planning continuing to expand, this trend should continue in the months to come. However, the concern that the Federal Reserve will force the U.S. into recession later this year may thwart the momentum in construction starts. While recession is not our baseline forecast, it can not be fully discounted."

Nonresidential market. Nonresidential building starts rose +6% in April to a seasonally adjusted annual rate of \$295.9 billion. In April, commercial starts rose +2%, institutional starts gained +8% and manufacturing starts increased +16%. The largest nonresidential building projects to break ground in April were the \$500-million

Caesars Virginia hotel and casino in Danville, VA; the \$430-million Aggie Square Life science building in Sacramento, CA; and the \$400-million The Rose Gaming Resort in Dumfries, VA.

Residential market. Residential building starts rose +4% in April to a seasonally adjusted annual rate of \$462.9 billion. Single-family residential starts gained +1% and multi-family starts rose +13%. The largest multi-family structures to break ground in April were the \$420-million 2-10 54th Avenue apartments in Long Island City, NY; the \$400-million Civic Square condominiums in Seattle, WA; and a \$300-million mixed-use building in Long Island City, NY.

Nonbuilding construction market. Nonbuilding construction starts fell -4% in April to a seasonally adjusted annual rate of \$187.1 billion. Starts in the environmental public works category rose +8%, while utility/gas plant starts moved +10% higher. Starts for highway and bridge projects fell -14% and miscellaneous nonbuilding starts dropped -2% during the month.

The largest nonbuilding projects to break ground in April were the \$531-million Gross Reservoir Expansion in Golden, CO; the \$450-million Seven Cowboy wind project in Washita and Kiowa Counties, OK; and the \$338-million Great Pathfinder wind farm in Boone and Hamilton Counties, IA.

Contractor Job Openings Increase in March

Job openings continue to increase in the construction industry, according to the latest Job Openings and Labor Turnover Survey (JOLTS) from the U.S. Bureau of Labor Statistics. The construction industry had 396,000 job openings in March 2022 (seasonably adjusted), according to an Associated Builders and Contractors analysis of the BLS data. Industry job openings increased by 13,000 in March and are up 60,000 from the same time last year.

When you consider that electrical contractors historically account for 13% of construction employment, that means job opening for them in March were running at a three-month average rate of 50,353, up +3.3% over February and +30.3% over March 2021.

“The March JOLTS data reflect a labor market that continues to be strong and an economy that continues to have forward momentum,” said ABC Chief Economist Anirban Basu in the press release. “Despite evidence of project postponements due to elevated costs of delivering construction services, including sky-high materials costs, demand for workers continues to rise.

“The construction industry faces a severe skilled worker shortage of 650,000 in 2022, and it’s likely that construction wages will continue to grow at above-average rates as contractors compete for talent. That will drive the cost of delivering construction services even higher during the months ahead.”

AD Sets Revenue Record in 1Q 2022

Affiliated Distributors (AD), Wayne, PA, achieved record first-quarter results in member sales and member purchases from AD supplier partners and net distributions. Member sales in the first three months of 2022 were \$17.2 billion, an increase of +35% across AD’s 13 divisions and three countries compared to the first quarter of 2021. Same-store sales were up +27%. All 13 of AD’s divisions experienced double-digit sales growth.

Purchases by member companies from AD supplier partners were up +35% to \$4.46 billion. Net distributions to its members were up 61% to \$347.5 million. Additionally, 13 independents joined the group in the first three months.

AD promotes itself as the largest contractor and industrial products wholesale buying group in North America, with 845-plus independent member owners across 13 divisions in the U.S., Mexico and Canada that have combined total annual sales exceeding \$58.5 billion. AD’s 13 divisions cover industries including electrical, industrial, safety, bearings and power transmission, plumbing, PVE, HVAC, decorative brands and building materials.

M&A REPORT

OSRAM Sells Traxon to Prosperity Group

ams OSRAM, a provider of optical solutions based in Premstätten, Austria, is selling its Traxon Technologies business, including the benchmark dynamic lighting controls e:cue, to Prosperity Group, a privately owned lighting company headquartered in Hong Kong, according to a company press release. Prosperity Group is a conglomerate deep-rooted in the lighting industry with investments and operations across diversified business sectors in global markets and a long-term partner to ams OSRAM and OSRAM for more than 40 years. The transaction is subject to customary closing conditions.

The company press release said the Traxon Technologies portfolio of e:cue control systems in combination with Traxon-created OSRAM and Traxon branded provides complete dynamic media and facade lighting solutions. It acts as a one-stop-shop for complete, sustainable and intelligent lighting solutions for architectural, entertainment, hospitality and retail lighting experiences.

With over 4,000 installations completed globally, the company offers professional and comprehensive services spanning from lighting design, product engineering and development, project planning and management, system integration, testing and commission to system maintenance. Headquartered in Hong Kong, Traxon operates two major development hubs located in China and Germany combined with a strong global sales force.

“With this acquisition, we take a significant step into the global lighting market, with strengthened ability to provide complete solutions and services globally,” said Jack Chong, general manager of Prosperity Group, in the ams Osram press release. “Running as an independent company within our group, Traxon Technologies will continue to drive its mission to be a global leader in dynamic lighting and general lighting solutions and provide professional services and support to customers and projects. As a testament to the long-term trusted partnership with OSRAM, we are delighted to become the licensee for the OSRAM brand for Traxon Technologies’s luminaire products.”

VITAL STATISTICS

CONSTRUCTION

New Construction Put-in-Place (\$ billions, SAAR)

	Mar. '22 ₁	Feb. '22 ₂	Mo. % Change	Mar. '21	YTY % Change
Total Construction	1,730.50	1,728.60	0.1	1,548.60	11.70
Total Private Construction₁	1,379.70	1,376.90	0.2	1,203.70	14.60
Residential	882	873.2	1	745	18.40
New single family	472.8	466.7	1.3	396	19.4
New multifamily	101.1	101.6	-0.5	97.4	3.9
Nonresidential	497.6	503.6	-1.2	458.7	8.5
Lodging	16.7	16.6	0.4	22.3	-25.4
Office	72.6	72.6	0	69.3	4.9
Commercial	94.8	96.7	-1.9	82.1	15.5
Health care	39	39.8	-1.9	36.8	6.2
Educational	18.2	18.5	-1.5	15.7	16.10
Religious	2.8	2.9	-3.6	3.1	-9.6
Amusement and recreation	12.6	12.8	-1.9	11.4	10.2
Transportation	15.6	15.5	0.1	15.2	2.3
Communication	21.7	21.7	0.1	22.1	-1.7
Power	107.7	109	-1.2	108	-0.3
Electric	82.3	84.2	-2.3	83.8	-1.8
Manufacturing	94.1	95.6	-1.6	71.4	31.8
Public Construction (\$ billions) ₂	350.8	351.7	-0.2	344.9	1.70
Residential	9.2	9.2	0.5	9.1	1.2
Nonresidential	341.6	342.5	-0.3	335.7	1.70
Office	11.9	12.1	-1.1	11.4	4.50
Commercial	3.5	3.5	-0.6	3.6	-2.8
Health care	11.3	11.2	1.2	10	13.7
Educational	80.3	81	-0.8	85.6	-6
Public safety	10.5	10.4	1.5	13.7	-23
Amusement and recreation	13.2	13.5	-2.4	13.7	-3.500
Transportation	40.8	41	-0.5	41.3	-1
Power	9.8	9.7	1	8	22
Highway and street	103.1	103.5	-0.4	95.9	8
Sewage and waste disposal	28.7	28.5	0.8	26	10
Water supply	18.8	19	-1.1	17.8	6
Conservation and development	8.6	8.2	4.8	7.4	14.90
Housing Starts (SAAR)	Apr. '22₁	Mar. '22₂	Mo. % Change	Apr. '21	YTY % Change
Total (thousands of units)	1,724	1,728	-0.2%	1,505	14.6%
Single-family (thousands of units)	1,100	1,187	-7.3%	1,061	3.7%
Multi-family (thousands)	612	524	16.8%	430	42.3%

EMPLOYMENT WAGE & PRICE STATISTICS

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
Employment, Electrical Contractors (thousands) ₄	MAR	969.9	0.0	948.7	2.2
Hourly wage, Electrical Contractors (\$) ₄	MAR	32.79	1.2	31.39	4.5
Copper prices (cents per pound)	MAR	468.25	4.0	408.82	14.5

INDUSTRIAL MARKET

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
Electrical Mfrs' Shipments (\$ millions)	MAR	3,643	0.4	3,389	7.5
Electrical Mfrs' Inventories (\$ millions SA) ₂	MAR	7,317	0.2	6,626	10.4
Electrical Mfrs' Inventory-to-Shipments ratio	MAR	2,009	-0.3	1,955	2.7
Electrical Mfrs' New Orders (\$ millions SA) ₂	MAR	3,841	0.5	3,406	12.8
Machine Tool Orders (\$ millions) ₅	MAR	543.81	17.4	441.65	23.1
Industrial Capacity Utilization (percent, SA)	MAR	78.64	0.8 pts.	75.25	4.5 pts.

NEMA'S EBCI FOR APRIL REFLECTS SLOWDOWN

The situation on the ground was little changed since last month, but that left major headwinds still facing electrical manufacturers, according to NEMA's EBCI report for April. NEMA executives mentioned concerns about inflation and supply chain problems that were further exacerbated by China's lockdown of its largest city and one of its busiest ports, Shanghai, to clamp down on rising COVID cases.

The ElectroIndustry Business Conditions Index (EBCI) is a monthly survey of senior executives at electrical manufacturers published by the National Electrical Manufacturers Association (NEMA), Rosslyn, VA. Any score over the 50-point level indicates a greater number of panelists see conditions improving than see them deteriorating.

The share of respondents reporting better conditions increased in April, but the proportion that noted worse conditions ticked up as well. The net effect was a modest shift from an overall "unchanged" reading of 50 points in March to one of slow growth expansion at 54.2 points in April.

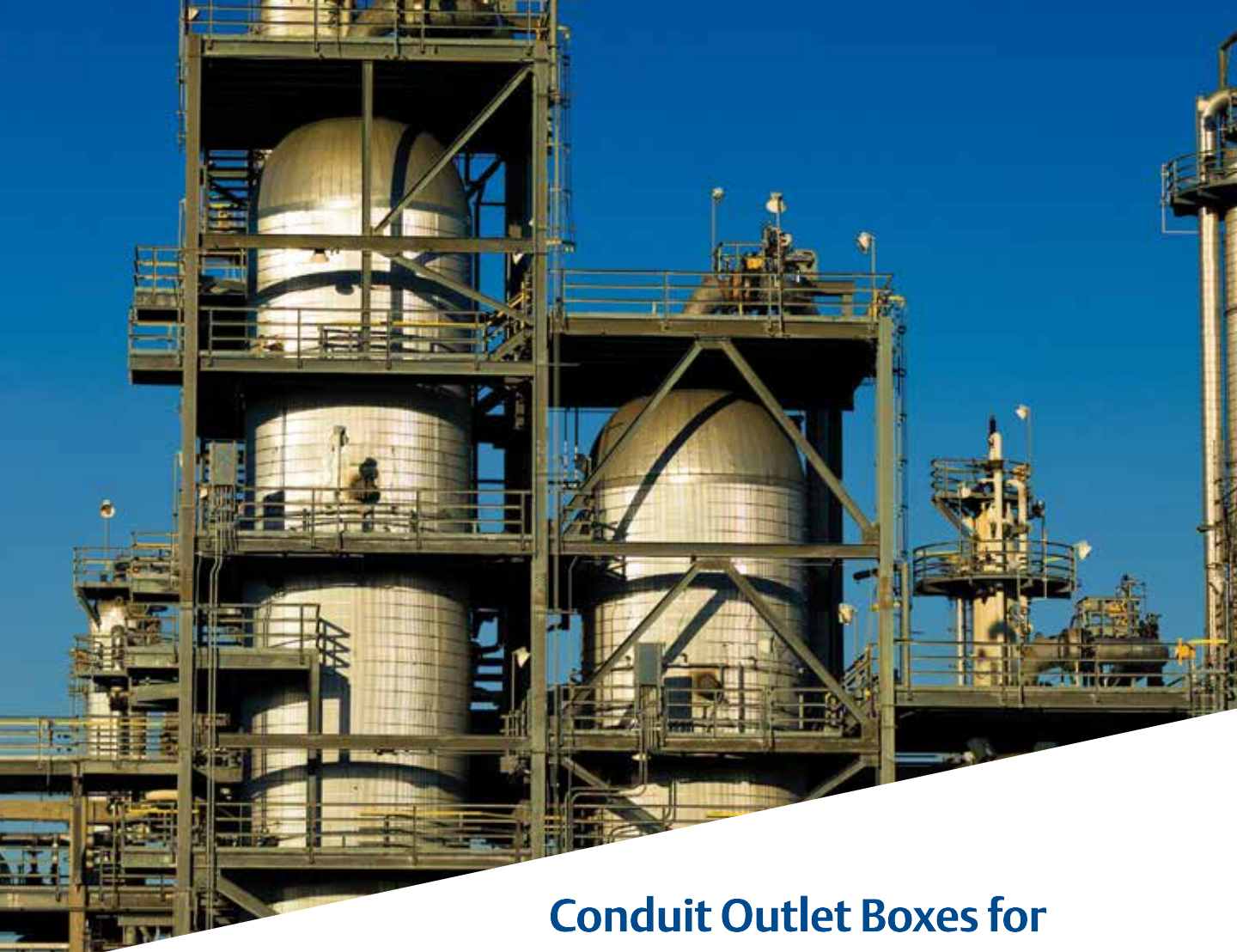
Mirroring the concerns that NEMA executives stated regarding current conditions for April, panel members expected supply chain problems, inflation, higher interest rates and workforce struggles to remain as impediments to growth six months from now. NEMA's EBCI Future Conditions Index changed slightly from 32.1 points in March to 33.3 points in April's results.

Private commercial construction stood out for its year-over-year (YOY) growth. While it was down -1.9% in March to \$94.8 billion, it's up +15.5% year-over-year. Much of this growth was due to a run-up in spending on warehouses, with general commercial warehouses up +18.7% to \$49.1 billion and mini-storage warehouse construction up +14.7% to \$4 billion YOY.

Multi-family construction starts are also on a tear. The 612,000 starts for April are up +16.8% for April and +42.3% from April 2021.

Footnotes: 1 - preliminary; 2 - revised; 3 - includes residential improvements; Z - less than 0.005 percent; SA - seasonally adjusted; SAAR - seasonally adjusted annual rate. **Sources:** Construction Put-in-Place statistics - Department of Commerce; Housing starts - Department of Commerce's Census Bureau; Electrical contractor employment numbers and hourly wage - Department of Labor; Copper prices - *Metals Week*; Electrical manufacturers' shipment data - Department of Commerce; Machine Tool Orders - Association for Manufacturing Technology; and Industrial Capacity Utilization - Federal Reserve Board.

Note: Additional economic data relevant to the electrical industry is available on a bi-weekly basis by subscribing to *Electrical Marketing* newsletter. For subscription information see www.electricalmarketing.com.



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AD Associates Participate in Giving Back Event at Cradles to Crayons

AD associates participated in a giving back event on March 17 by supporting Cradles to Crayons, a Philadelphia-area nonprofit organization providing children from birth through age 12 living in homeless or low-income situations with the essential items they need to thrive. AD's volunteer efforts, monetary donations and children's item collection will support approximately 3,200 children in the Philadelphia region.

Around 100 AD associates volunteered at The Giving Factory, Cradles to Crayons' warehouse at their Philadelphia location, to inspect and organize donations of clothing that will be distributed to local children in need. This process ensures that the clothing items children will receive are high quality and supportive of their needs.

During the event, AD's Giving Back Committee, which organizes AD's giving back events and fundraising activities, presented Cradles to Crayons with a check for \$23,302, AD associates' largest donation in company history.

AD's donations for giving back events are entirely associate-funded and were obtained through several successful fundraisers. AD also collected new and gently used items at AD Wayne, donating children's clothing, diapers, baby hygiene products, books, socks, underwear and pajamas.



Jeffrey Beall, President of AD's PHCP Business Unit and executive sponsor of the Giving Back Committee, addressed AD associates during the event and emphasized their generous support.

"It's always amazing to see what the AD team can accomplish when we come together for a great cause," said Beall. "Our Giving Back Committee goes above and beyond by organizing these volunteer experiences and encouraging our associates to get involved with difference-making organizations like Cradles to Crayons. The fundraising challenges and day of giving engaged the AD community

across multiple countries, and we know our efforts will have a positive impact for local children."

Bill Weisberg, AD's chairman and CEO, highlighted the company's commitment to the community.

"Giving back aligns with our core value of serving others, a value that connects to everything we do at AD," said Weisberg. "Our associates are committed to supporting not only our local communities, but also the communities we share with members and partners. I am proud of our team for their generous contributions, and I look forward to our next volunteer initiatives."

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- Charitable Events/Donations
- Industry Awards/Recognitions
- Distributor Support/Training
- Product Promotions
- Contests
- Ground Breakings

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CITY ELECTRIC SUPPLY HELPS REPLACE OVER 60 ELECTRIC PANELS FOR DENVER PUBLIC SCHOOL SYSTEM

City Electric Supply (CES) has helped the Denver Public School System (DPS) with a custom panel box replacement program that has been used in nearly 40 of their schools. DPS has school infrastructure that dates back as early as 1859. Since then, DPS has built and expanded the school system to reach 207 in total. When certain schools started needing upgrades around three years ago, electrical panels were proving impossible to repair in the older buildings.

“Our schools range from very, very old to very, very new,” said Mike Lakos, Electrical Department manager for DPS. “When a bond passes, the old electrical has to wait in line to get replacement funding.”

A single replacement of one electrical panel could take several weeks to complete, disrupting the schools’ operations, and the price was outside of the school system’s budget. CES was able to help Denver Public Schools get custom retrofit panels.

A big advantage for multiple reasons, these panels could fit in existing wall structures, were delivered in as little as two weeks and installed within eight hours.



“When I meet Mike and his team, they know how many panels are needed before I even come out,” said CES Sales Representative Ted Lunn. “This helps us be accurate with measurements, order forms, and arrival dates.”

CES has since helped the schools upgrade 65 panels in their system.

“It’s funny because electrical is taken for granted, and it has to be that way,” Lakos said. “Nobody notices anything other than our technicians arriving for installation, so we’re doing a pretty good job.”

CES was happy to play a role in the project.

“We’re lucky to work with DPS and have built a good relationship with them,” explained Lunn.

“Our team is very appreciative for the solutions and supplies from Ted, CES, and Eaton. We lean on vendors to bring us certain products or resources. We rely on people like Ted and CES to show us the latest and greatest stuff,” said Lakos.

And it’s clear the panels have been an asset to each school.

“Our schools do not experience a power outage for any time at all,” said Lakos. “It just goes to show that the industry is really listening and changing.”

Cerrowire Breaks Ground on New Facility

Cerrowire, a manufacturer of copper building wire, broke ground for a factory in Hartselle, AL on May 4. The 270,000-sq-ft metal-clad cable facility at Morgan Center Business Park at 2100 Byrd Road is slated for a Jan. 2023 completion date. This MC cable plant will employ more than 80 employees at start-up, with that number increasing to more than 120 within three years. An investment of over \$100 million will provide for a state-of-the-art manufacturing facility with advanced systems and equipment, allowing the 102-year-old company to further its commitment to high quality and cost control while creating more job opportunities in the region.



Cerrowire had its beginnings in New York in 1920 as Circle Flexible Conduit Co., manufacturing the predecessor to metal-clad cable. The company now has four manufacturing

plants producing copper wire and its components in Alabama, Georgia, Indiana and Utah. Cerrowire has been manufacturing copper wire at its Hartselle facility for 47 years.

INDUSTRY EVENTS

June 19-23, 2022

LIGHTFAIR 2022 TRADE SHOW & CONFERENCE

Las Vegas; www.lightfair.com

June 25-27, 2022

EASA CONVENTION

St. Louis, MO; www.easa.org

September 13-15 2022

NAED LEAD CONFERENCE

Milwaukee, WI; www.naed.org

Oct. 16-18, 2022

NECA SHOW & CONFERENCE

Austin, TX;
National Electrical Contractors Association
www.necashow.org

Oct. 16-19, 2022

NALMCO CONVENTION & TRADE SHOW

Glendale, AZ;
National Association of Lighting
Maintenance Companies
www.nalmco.org

Oct. 26-27, 2022

ELECTRIC EXPO 2022

King of Prussia, PA;
Electrical Association of Philadelphia
www.electricexpo.org

November 14-16 2022

NAED EASTERN CONFERENCE

Tampa, FL; www.naed.org

November 16-17 2022

NEMA ANNUAL MEETING

Amelia Island, FL;
National Electrical Manufacturers
Association (NEMA)
www.nema.org



Champion Fiberglass Receives ISO 45001 Certification and New UL Designation

Champion Fiberglass, Houston, has achieved ISO 45001 certification. This third certification is in addition to the ISO 9001 (quality management systems) and 14001 (environmental systems management) certifications the company has had for many years.

Champion President Goran Haag said in the press release, "I am thrilled that we are able to add ISO 45001 to our list of ISO designations including 9001 and 14001. We value our manufacturing team and their health and safety in fulfilling our company's mission. These certifications signal to others that we take seriously the safe and sustainable manufacturing of quality products. Plant Manager Paul Casano worked very hard with our partner to ensure all requirements of 45001 were met."

Per the International Standards Organization (ISO), 45001 is an occupational health and safety management system that incorporates organizational processes. More specifically, it outlines "specific requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, and by proactively improving its OH&S performance."

In other news at the company, Champion Flame Shield received UL 2196 FHIT28E for RHH 600V applications when used with fire-rated cables. It also meets NFPA 130, NFPA 502, ASTM E84, ASTM E136, ASTM E162, ASTM E662, and Flammability Classification UL94 VO and is UL 2515-A Listed for Champion Phenolic XW conduit.

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THE TOP 150

Top 150 distributors see opportunities for growth in 2022 despite one of the most challenging economic environments the electrical market has seen in many years.

After successfully navigating through most of the 2021's COVID-induced challenges, Top 150 distributors now must learn to overcome historic product price increases, supply chain snafus and labor shortages in the field and at their own companies.

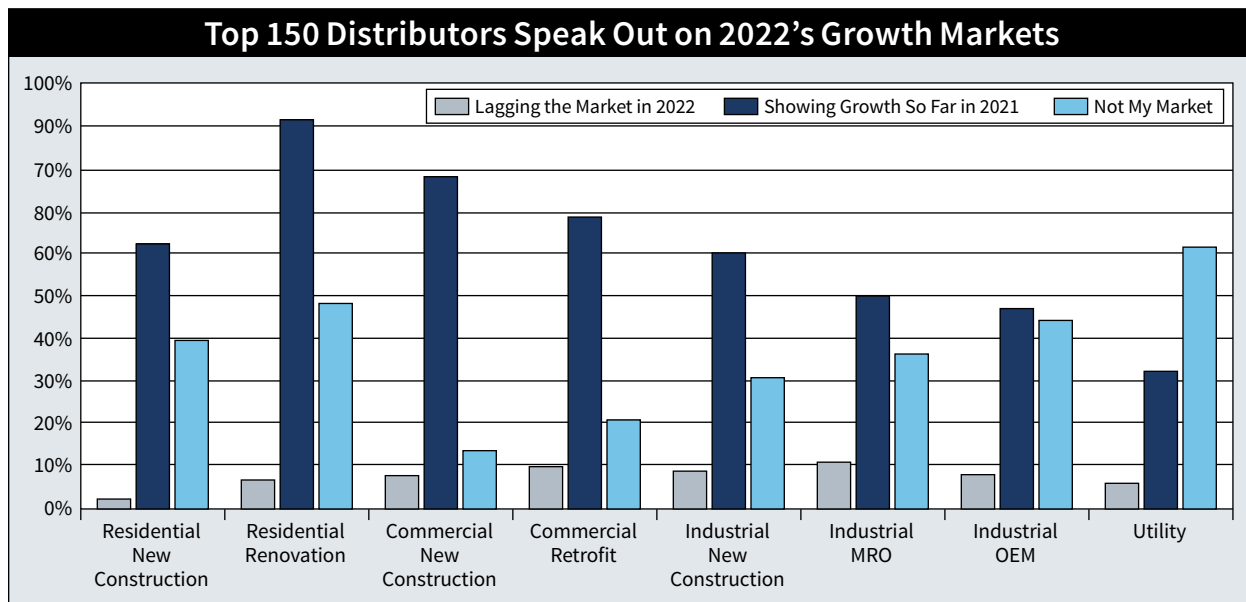
From what *EW's* editors saw in the survey responses for this year's Top 150 ranking, North America's largest electrical distributors are confident they can overcome these challenges. Over the past two years, distributors of electrical supplies found that they could not only adapt to COVID-19 restrictions out

in the field and hybrid work strategies at their own businesses, but also grow market share by investing in their businesses and focusing on service basics.

Grabbing more market share despite some tricky economic conditions. Richard Booth, Electrical Division manager for Coburn Supply, Beaumont, TX, sees a +20% increase in his company's 2022 revenues. Booth said Coburn's growth over the past year can be attributed to "price increases, increased market share, having inventory when other distributors didn't and not shutting down during COVID-19, which earned us many new customers in 2020."

Thomas Nelson, corporate communications director, Border States, Fargo, ND, said inflation had some impact on its 2021 revenue growth, but that Border States also "identified a number of areas of the business where we grew market share and expanded our share of wallet with key customers." In 2022, he says Border States is experiencing double-digit growth in all key market segments and that supply chain constraints have been the primary reason that any of the segments have lagged.

Julie Kingsley, controller, Electrical Equipment Co., Raleigh, NC, sees plenty of large projects underway or on the



drawing board in her company's market area, including textile plant expansion, utility upgrades and new facilities in the auto tire, aggregate and cement plant niches. She said in her response that Electrical Equipment Co.'s bookings outpaced sales because of supply chain issues and that this trend also holds for 2022. "Calendar year 2021 sales trended approximately +12% higher than 2020

with increases in OEM and MRO spend," she said. "OEM sales and orders accelerated throughout the year. Industrial capital spend was limited, but it was a mirror of 2020 results. Utility spend and specifically solar grew in 2021."

Loeb Electric, Columbus, OH, is one of the Ohio distributors looking forward to the groundbreaking of Intel's multi-billion semiconductor manufac-

turing facility near Columbus. Brandy Seich, Loeb Electric's senior director of marketing, said data centers, medical center expansion and other large commercial projects contributed to the company's 2021 revenues and that Loeb expects a +15% increase in 2022 revenues due in part to "continued positioning as a service leader for our entire customer base."



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2021-2022 Electrical Distributor Acquisitions

Company	Location	Acquirer	Location	Year
Advance Electric Supply Co. #	Chicago, IL	Border States	Fargo, ND	2022
Kansas City Electrical Supply #	Kansas City, MO	Elliott Electric Supply	Nacogdoches, TX	2022
FM Supply	Waterloo, ON	Gerrie Electric Wholesale	Burlington, ON	2022
Williams Electric Supply	Nashville, TN	Inline Electric Supply	Huntsville, AL	2022
Williams Wholesale Supply	Nashville, TN	Winsupply Inc.	Dayton, OH	2022
Electrical Wholesale Co.	Ames, IA	Echo Group	Council Bluffs, IA	2021
IAC Solutions-French Gerleman #	Memphis, TN/ St. Louis, MO	Agilix Solutions	St. Louis, MO	2021
Maltby Electric Supply #	San Francisco, CA	Alameda Electric Supply	Hayward, CA	2021
Manufacturer's Supply	Madisonville, KY	Cayce Mill Supply	Hopkinsville, KY	2021
Wildcat Electric Supply #	Houston, TX	Consolidated Electrical Distributors (CED)	Irving, TX	2021
Electro-Mag	Sherbrooke, QU	Graybar Canada	Halifax, Nova Scotia	2021
Stevens Engineering #	South San Francisco, CA	Graybar Electric Co.	St. Louis, MO	2021
Metro Electric Supply #	St. Louis, MO	Graybar Electric Co.	St. Louis, MO	2021
Shingle and Gibb Automation #	Moorestown, NJ	Graybar Electric Co.	St. Louis, MO	2021
Richmond Electrical Supply	Richmond, KY	Graybar Electric Co./ Cape Electrical Supply	St. Louis, MO	2021
Dunn Electric Supply	Binghamton, NY	Green Mountain Electric Supply	Binghamton, NY	2021
Jamestown Electric Supply	Jamestown, NY	Green Mountain Electric Supply	Binghamton, NY	2021
WESCO's Canadian datacom business	Pittsburgh, PA	Guillevin International	Montreal, Quebec	2021
McLoughlan Supplies Ltd.	St. John's, Newfoundland	Guillevin International	Montreal, Quebec	2021
Pacific Parts & Controls	Chino, CA	Jo-Kell Inc.	Chesapeake, VA	2021
Advanced Technical Sales (ATS)	Pompano Beach, FL	Jo-Kell Inc.	Chesapeake, VA	2021
Rumsey Electric Co. #	Conshohocken, PA	Kendall Electric Inc.	Portage, MI	2021
Caniff Electric Supply #	Hamtramck, MI	McNaughton-McKay	Madison Heights, MI	2021
Mid-Coast Electric Supply #	San Antonio, TX	McNaughton-McKay/Reynolds Co.	Madison Heights, MI	2021
Houston Wire & Cable #	Houston, TX	OmniCable (Dot Family Holdings)	West Chester, PA	2021
Mayer Electric Supply Co. #	Birmingham, AL	Rexel USA	Dallas, TX	2021
Winkle Electric Co. #	Youngstown, OH	Rexel USA	Dallas, TX	2021
Richards Electric Supply #	Cincinnati, OH	Sonepar USA	North Charleston, SC	2021
Springfield Electric Supply #	Springfield, IL	Sonepar USA	North Charleston, SC	2021
Electric Supply of Tampa #	Tampa, FL	Supply Chain Equity Partners	Tampa, FL	2021
Remaining share of Werner Electric of Minnesota #	Cottage Grove, MN	Van Meter Inc.	Cedar Rapids, IA	2021
Midwest Electrical Supply	Wichita, KS	Van Meter Inc.	Cedar Rapids, IA	2021
HESCO	Atlanta	WinSupply Inc.	Dayton, OH	2021

Note: # - Top 200 or Top 150 Electrical Distributor



Intel Corp.

Intel will invest more than \$20 billion to build two new factories and to establish a new center for advanced chipmaking in Columbus, OH, area.

No stranger to double-digit annual revenue growth, Jeff Metzler, CEO of Houston's Lonestar Electric Supply is

expecting +25% growth this year because of inflation and growth and market share. He is also excited about joining the

IMARK buying/marketing group. Matt Brnik, executive VP of Schaedler YESCO Distribution Services, Harrisburg, PA,



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said the company gained more market share in the construction and commercial markets. The company made major investments in its logistical capabilities, adding 40,000 sq ft to an existing central distribution center; purchasing a larger facility in the Allentown, PA; market; and purchasing a warehouse in the Pittsburgh metropolitan area to convert into a CDC. Schaedler YESCO is also seeing increased revenues from the branches in Pittson,

PA, and Johnson City, NY, it purchased from Rexel in 2020.

Dean Stier, marketing director, IEWC, New Berlin, WI, was also very bullish on his company's growth prospects. "We have much to celebrate," he said in his response. "A record 2021, a strong start to 2022, our expansion into the telecom market via our recent acquisitions of Cablcon and Jupiter Communications, and our continued expansion of our

OEM business in the EMEA (Europe, Middle East, and Africa) and APAC (Asia-Pacific) markets."

Larry Swink, president of Jackson Electric Supply, Jacksonville, FL, says his company has gone from a privately owned, unknown start-up in 2013 to \$54 million in 2021 revenues. He estimates that Jackson Electric Supply is now #2 in its local market with a national footprint selling lighting and gear to national

The 25 Distributors with the Highest Sales-Per-Employee

As in the past, specialty distributors, which tend to have fewer customers and employees than full-line electrical distributors, dominate the list of distributors ranked by sales-per-employee. The companies here were among the 83 respondents that provided both a 2021 sales number and an employee count for publication in this year's listing. They had an average sales-per-employee figure of \$1,546,589, which is up +3% from the 2021 ranking's Top 25 distributors in sales-per-employee. Quite a few other distributors (both full-line and specialists) would have been in this Top 25 list but they requested that their sales data be used confidentially. The average sales-per-employee for the 69 respondents who identified themselves as full-line electrical distributors and provided both revenue and employee counts was \$799,132, up roughly +6% from the 2021 ranking.

Rank	Company Name	Town/City	State	2021 Sales Per Employee
1	Western United Electric Supply	Brighton	CO	3,887,500
2	TEC Manufacturing & Distribution Services (TEC Utility Supply & Service) (Texas Electric Cooperatives)	Georgetown	TX	3,287,129
3	Tri-State Utility Products Inc.	Marietta	GA	3,264,647
4	Rural Electric Supply Cooperative (RESCO)	Middleton	WI	3,260,274
5	Gresco Utility Supply Inc.	Forsyth	GA	2,130,435
6	General Pacific Inc.	Fairview	OR	1,991,228
7	Jackson Electric Supply	Jacksonville	FL	1,800,000
8	International Electrical Sales Corp. (IESCO)	Miami	FL	1,640,000
9	First SOURCE Electrical	Houston	TX	1,322,955
10	PEPCO	Eastlake	OH	1,314,286
11	American Electric Supply	Corona	CA	1,314,245
12	LoneStar Electric Supply	Houston	TX	1,310,680
13	Wesco International Inc.	Pittsburgh	PA	1,136,075
14	Advance Electrical & Industrial Supply	Norcross	GA	1,125,000
15	Shepherd Electric Supply	Baltimore	MD	1,122,638
16	Border States	Fargo	ND	1,109,813
17	Bell Electrical Supply	Santa Clara	CA	1,107,843
18	Electrical Supply Center	Burlington	MA	1,060,000
19	Graybar Electric Co.	St. Louis	MO	1,000,000
20	Facility Solutions Group	Austin	TX	999,805
21	Jo-Kell Inc.	Chesapeake	VA	994,794
22	Benfield Electric Supply Co.	Mount Vernon	NY	983,193
23	Advance Electrical Supply Co.	Chicago	IL	980,583
24	F.D. Lawrence Electric Co., The	Cincinnati	OH	960,644
25	Turtle & Hughes Inc.	Linden	NJ	953,333

The World's Two Largest Electrical Distributors

Company Name	City	2020 Revenues	Employees	Branches	Countries
Sonepar SA	Paris, France	30,019,440,000	45,000	2,800	40
Rexel SA	Paris, France	16,715,370,000	26,000	1,900	24
TOTAL		46,734,810,000	71,000	4,700	

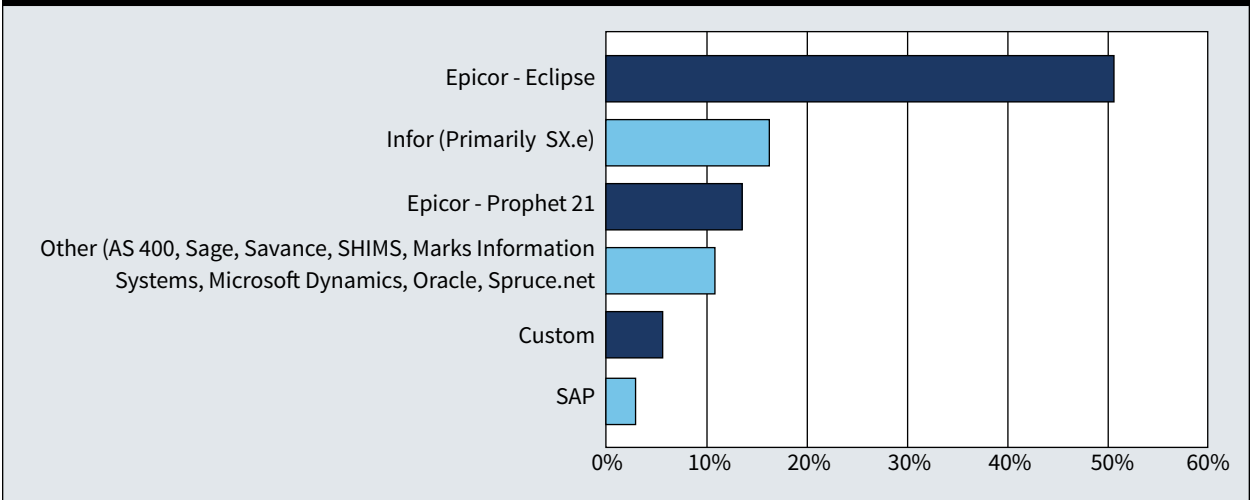
In 2021, the two largest distributors in the world had an estimated 72,396 employees working in 4,906 branches. In total, Sonepar and Rexel had combined sales of approximately \$46.7 billion. (Sales converted to Euros using the 12/31/21 exchange rate.)

The Five Largest Full-Line Electrical Distributors in North America

Company Name:	Town/City	State/Province	2021 Revenue	Employees	Locations
WESCO Distribution Inc. (WESCO International)	Pittsburgh	PA	15,905,053,000	14,000	630
Sonepar North America	Charleston	SC	11,001,900,000	NA	500
Graybar Electric Co.	St. Louis	MO	8,800,000,000	8,800	300
Consolidated Electrical Distributors (CED)	Irving	TX	NA	NA	700
Rexel Holdings USA (Rexel SA)	Dallas	TX	5,848,021,718	7,364	569

In 2021, the five largest full-line electrical distributors in North America had an estimated \$48 billion in combined revenues and operated an estimated 2,700 branches in North America. According to *Electrical Wholesaling's* sales data, these five companies accounted for no less than 37% of an estimated \$130 billion in combined U.S. and Canadian sales.

Top 150 Distributors ERP Systems



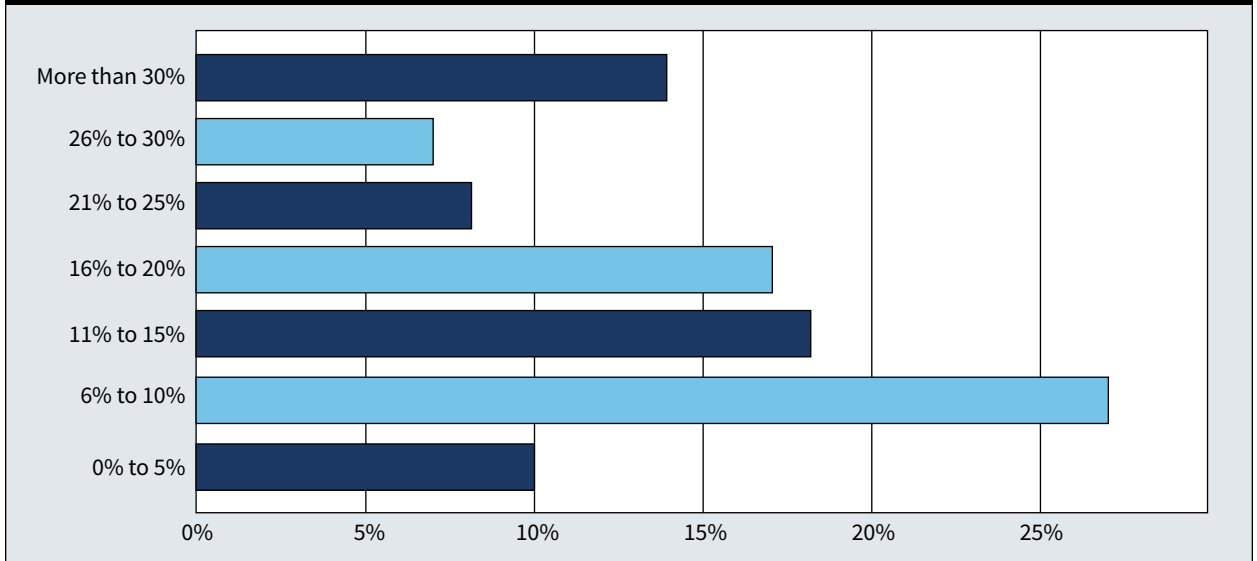
retailers and global logistics companies. “Jackson exceeded projections for 2021 and grew from \$25 million to \$54 million year-over-year,” he wrote in his response. “Key investments in new salespeople and an increase in business with existing customers combined help the Jackson team reach new levels in 2021, and we are positioned for continued growth in 2022.”

While few Top 150 respondents have seen federal dollars from the Biden

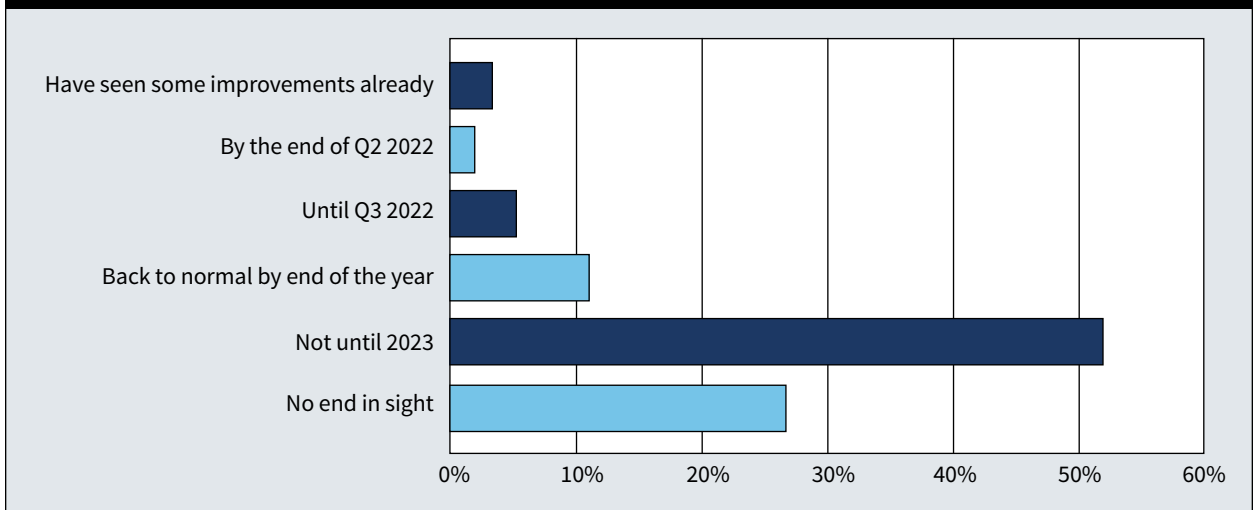
Infrastructure Bill for electrical grid modernization flowing freely, utility specialists are still seeing growth. Steve Gramling, president/CEO of Gresco Utility Supply, Forsyth, GA, said fiber-to-home projects added to the company’s 2021 revenue growth, and Rusty Batch, CEO, Tri-State Utility Products Inc., Marietta, GA, said grid modernization projects are underway in the Southeast.

Several distributors saw growth in 2021 because of concerted efforts to stock up inventories. John Eggleton, Kirby Risk Corp., Lafayette, IN, said in his response that his company saw sales increase in 2021 due to “less COVID-19 restrictions, increased onsite access vs. competition, pent-up demand and strong inventory position.” The company also has a new CRM (customer relationship management) and digital transformation strategy, he said.

Top 150 Distributors Sales Forecast Increases for 2022



How Long Do You Think It Will Take for Electrical Product Pricing to Return to Some Sort of Normal?



New business ventures. James DeRosa, general manager for YESCO Electrical Supply Inc., Columbiana, OH, said the company had a good year because of having product on hand from “enhanced purchasing in 2020.” DeRosa is forecasting a +20% increase in revenues for 2022, in part from a new GSA (General Services Administration) contract to supply goods to the federal government via the GSA Advantage program. The contract took more than a year to complete. “We already are seeing orders

from the USDA, Navy and other agencies within the federal government,” he said in his survey response.

Warshauer Electric Supply Co., Tinton Falls, NJ, opened a state-of-the-art electrical training facility called “Warshauer Trade” and established a Green Energy Division that focuses on all green technologies and energy saving initiatives. Joe Borkey, president, PEPCO, Eastlake, OH, said the company’s new “Audit and Efficiency” effort reviews all processes, procedures, operations,

etc., and has led to “paradigm shifts in pricing and service models.” PEPCO also opened locations in Latrobe and Palmyra, PA.

Methodology. In April of this year, *EW’s* editors sent out a survey to several hundred distributors. More than 100 electrical distributors provided sales revenue for their companies. We were able to supplement this data with revenue and company information for publicly held companies including Fastenal, W.W. Grainger and Rexel and collected corpo-

WHAT'S NEW WITH THE TOP 150 ELECTRICAL DISTRIBUTORS?

Major anniversary milestones. **Shepherd Electric Supply**, Baltimore, MD, took top honors with the oldest anniversary — it turns 130-years-old this year. **Central Supply Co.**, Indianapolis, IN, is 120 years old; **Crescent Electric Supply**, East Dubuque, IL, celebrated its 103 anniversary; **WESCO** will be turning 100 years old in June; **Turtle & Hughes**, Linden, NJ is planning its 100th anniversary celebration; **J.H. Larson**, Plymouth, MN, turned 90 in 2021; **Wholesale Electric Supply**, Texarkana, TX, is 75 years old this year; and **Border States** is celebrating its 70th year and growth from one location in Grand Forks, ND, primarily serving the utility market to today's 101 locations in 24 states serving customers in the construction, industrial and utility markets.

IERC, New Berlin, WI, hit 60 years as a specialty wire & cable distributor; **American Electric Supply**, Corona, CA, has operated as a single-location distributor in Southern California for 38 years; **Independent Electric Supply**, Somerville, MA, joined the 30-year club; and the Utility Supply business of **TEC Utility Supply & Service**, Georgetown, TX, celebrated its 30th anniversary.

Also, a special anniversary congratulations to **Ron Kohlenberg**, who recently marked 50 years with **Hein Electric Supply**, West Allis, WI.

Branch expansion and acquisitions. **Alameda Electrical Distributors**, Hayward, CA, added three branches in the San Francisco market with its asset acquisition of **Malty Electrical Supply's** locations in San Francisco, Petaluma and San Rafael, CA, and **Echo Group**, Council Bluffs, IA, expanded in three states with new locations in Mitchell, SD; Spencer, IA; and Kearney, NE. **Elliott Electric Supply**, Nacogdoches, TX, opened four locations and made a key acquisition over the past year. The company's new branches are in Gilbert, AZ; Salina, KS; Avondale, AZ and Gonzales, LA. It also acquired **Kansas City Electrical Supply** and its branches in Kansas City, MO, and Lenexa, KS. **Wholesale Electric Supply**, Texarkana, TX, opened branches in Weatherford, TX; Union City, TN; Memphis, TN; Forney, TX; Joplin, MO; and Mansfield, TX. For more mergers & acquisition news, see the sidebar on page 16.

New facilities and capital expenditures. **Candela Corp.**, Huntington Beach, CA, had a busy year. The company moved its headquarters to Huntington Beach, CA, from Irvine, CA, and converted its ERP system to Epicor Prelude from Salesforce. **Atlantic Coast Electric Supply**, moved out of a 17,000-sq-ft location in North Charleston, SC, to a brand new 40,000-sq-ft location in Summerville,

SC; and **Independent Electric Supply**, Somerville, MA, will be moving into a new CDC in Aug. 2022 that has triple the pallet space of its current facility, according to Bob Trolander, VP. On the fleet front, **ParamontEO**, Woodridge, IL, added five new delivery trucks because of increased demand.

ERP investments. **Mars Electric**, Mayfield Village, OH, has a new website and e-commerce platform, and in the Philadelphia metro, Scott Pressler, CFO, **Billows Electric Supply**, NJ, said the company upgraded its computer system and moved to the cloud. Billows now runs an Infor SX.e ERP system. **Border States**, Fargo, ND, completed its move to S/4HANA, the newest version of SAP, in Feb. 2022. The company also announced its new brand and evolution of its new identity during its Fusion Leadership Conference in May: "Border States. For the Unstoppable." "The new brand is a promise to treat your business as our own," the company told its management team at the conference.

Executive changes. At **Coburn Supply**, Beaumont, TX, Patrick Maloney became president and Michael Maloney was promoted to VP in 2021, as the next generation of this family-owned business has taken on more senior management responsibilities. Three company veterans at **Facility Solutions Group (FSG)**, Austin, TX, Bernie Erickson, Dave Attardi, Leon Mowadia Jr., took on enhanced responsibilities earlier this year. Erickson is now FSG's chief marketing officer; Attardi took on FSG's new chief sales officer role; and Mowadia is COO of Distribution. The company is also building a new regional office in New Jersey.

At **Graybar Electric Co.**, St. Louis, MO, Randall Harwood senior VP and chief strategy officer retired in June 2021 and senior VP and CFO Scott Clifford retired June 1, 2022. On April 1, 2022, David Meyer assumed the position of senior VP and was elected to Graybar's board of directors. In other company news, in 2021, Graybar extended the company's five-year \$750 million revolving credit facility. The new facility matures in Aug. 2026 and will support Graybar's general working capital needs as well as its growth initiatives.

On a sad note, Patrick G. Jones, president and CEO of **E. Sam Jones**, Atlanta, passed in Aug. 2021 from cancer. His oldest son, Griffin L. Jones, 39 years old, who has been working at the company since graduating from college has taken over leadership as president/CEO and majority owner of this well-known specialty lighting distributor.

MEGA-CONSTRUCTION PROJECTS TOP 150 DISTRIBUTORS ARE WORKING ON

While data centers were far and away the large projects mentioned most by Top 150 distributors when asked about the projects underway or on the drawing board in their market areas, they shared an impressive list of large projects, ranging from large hospitals to crypto mines. Here's some of them:

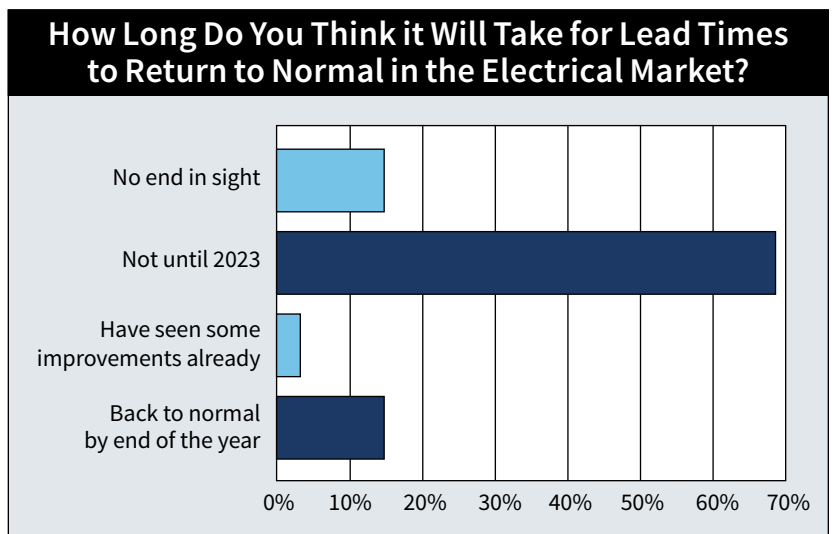
- Air Force Academy Visitor Center complex with a hotel and 8,000-seat outdoor amphitheater in Colorado Springs, CO
- Amazon's second headquarters in Crystal City, VA
- Cleveland Clinic, Cleveland, OH
- Coast Guard Training Center in Charleston, SC
- Carolina Panthers Training complex in Rock Hill, SC
- Critical Care Tower at the University of Michigan
- FBI facility in Huntsville, AL
- GM Factory ZERO — Detroit-Hamtramck Assembly Center
- Hudson's Site 685-ft tower in downtown Detroit
- Intel semiconductor plant near Columbus, OH
- Indiana University Methodist Hospital expansion in Indianapolis, IN
- Kent State University Business School
- LAX Access Modernization Project, Los Angeles
- Multiple projects in downtown Milwaukee, WI
- NUCOR Steel Gallatin melt shop and tube mill expansion in, Ghent, KY
- University of Pennsylvania Hospital construction and Fairmont neighborhood revitalization project in downtown Philadelphia

rate data from some distributors' websites, so we are able to present a robust ranking of the industry's largest distributors.

Many of these companies asked us to use their sales data confidentially and only for placement on the listing. We are glad to do that. Over the past three years, we have had more distributors ask us to use their sales data confidentially, so when you see a "NA" (Not Available) for 2021 revenues, that most often means we have the data but are not releasing it publicly.

In those situations where a distributor is large enough to make the listing but did not respond to our surveys, if we have reliable sales or employee data from the past two years, we will place them on the listing using a sales-per-employee average developed each from the respondents who provided both revenue and employee data. For this year's ranking, the 69 full-line electrical distributors had an average sales-per-employee figure of \$799,132. We also placed some distributors that did not provide data on the list with sales or employee data from Mergent Online.

The impact of M&As on EW's annual ranking of the industry's largest distributors. *Electrical Wholesaling* tracks industry M&A activity closely and has a database of the 600-plus acquisitions we have reported on since the 1980s. Over the past two years, no less



than 18 distributors formerly ranked on the Top 200 have been acquired, reducing the "pool" of sizeable companies to include in the list, and if you consider the number of distributors with \$20 million in sales or more that have been acquired over the past five years, that adds at least 20 more distributors that had been in *EW's* annual rankings before their acquisitions.

The acquisitions of so many distributors who had been ranked in our annual listing was a major factor in our decision to only rank 150 distributors this year (as in 2021) instead of 200 companies,

as we have done for well over a decade. Despite the smaller list, the 150 distributors in this year's ranking have tremendous clout in the market. They have an estimated \$84 billion in 2021 revenues and operate more than 7,000 locations. Our best estimate is that these companies account for roughly 70% of the electrical wholesaling industry's total sales.

Check out the Top 150 on www.ewweb.com to see additional data an analysis on market conditions, pricing, lead times, electric vehicles as a market opportunity and the impact of the Biden Infrastructure legislation. **EW**



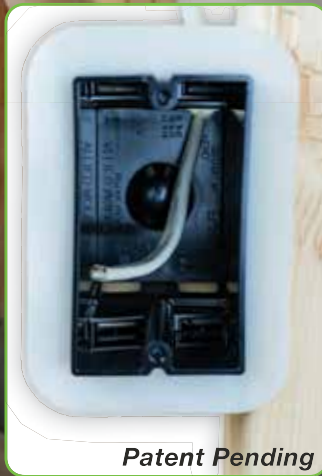
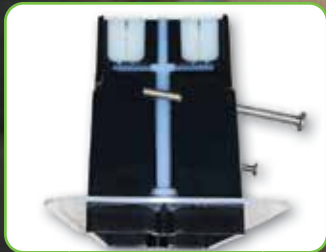
Top 150 Distributors are working on some very large hospital projects. One of the largest is the Pavilion at University of Michigan Health. The 12-story hospital will house 264 private rooms capable of converting to intensive care; a state-of-the-art neurosciences center; and advanced imaging facilities.

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THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/Province	2021 Revenue	Employees	Locations	Senior Executive
1	Wesco International Inc.	Pittsburgh	PA	15,905,053,000*	14,000*	632*	John J. Engel
2	Sonepar North America	Charleston	SC	11,001,900,000	NA	500*	Robert Taylor
3	Graybar Electric Co.	St. Louis	MO	8,800,000,000*	8,800*	300*	Kathleen Mazzarella
4	Consolidated Electrical Distributors (CED)	Irving	TX	NA	NA	700	Kurt Lasher
5	Rexel Holdings (Rexel USA)	Dallas	TX	5,800,013,000*	7,364*	569*	Brad Paulsen
6	Border States	Fargo	ND	2,850,000,000	2,568	101	David White
7	City Electric Supply	Dallas	TX	NA	4,259*	620*	Thomas Hartland Mackie
8	McNaughton McKay Electric Co.	Madison Heights	MI	NA	1,500	53	Donald Slominski Jr.
9	Elliott Electric Supply	Nacogdoches	TX	1,501,000,000	2,400	168	Bill Elliott
10	Crescent Electric Supply Co.	East Dubuque	IL	NA	1,800	140	Scott Teerlinck
11	Mayer Electric Supply Co.##	Birmingham	AL	1,300,000,000	NA	68	Nancy Collat Goedecke
12	U.S. Electrical Services	Middletown	CT	NA	2,000	150	Randy Eddy
13	W.W. Grainger Inc.	Lake Forest	IL	NA	24,200**	348*	Donald Macpherson
14	Kendall Electric Inc.	Portage	MI	NA	1,250	72	John Harman
15	OmniCable (DFH)	West Chester	PA	NA	550	22	Greg Lampert
16	Van Meter Inc.	Cedar Rapids	IA	678,746,000	785	25	Lura McBride
17	Main Electric Supply Co.	Santa Ana	CA	NA	458	14	Scott Germann
18	Turtle & Hughes Inc.	Linden	NJ	572,000,000	600	14	Jayne Millard
19	Dealers Electrical Supply	Waco	TX	NA	632	55	Scott Bracey
20	State Electric Supply Co.	Huntington	WV	NA	650	40	John Spoor
21	Gresco Utility Supply Inc.	Forsyth	GA	490,000,000	230	7	Steve Gramling
22	Scott Electric	Greensburg	PA	NA	610	15	Larry Shirey
23	Wholesale Electric Supply	Texarkana	TX	NA	592	61	Buddy McCulloch
24	Kirby Risk Electrical Supply	Lafayette	IN	NA	535	39	James K. Risk, III
25	Winsupply Inc.	Dayton	OH	NA	NA	75	Richard Schwartz
26	Summit Electric Supply	Albuquerque	NM	NA	559	24	Ed Gerber
27	LoneStar Electric Supply	Houston	TX	405,000,000	309	6	Jeff Metzler
28	Wholesale Electric Supply of Houston	Houston	TX	NA	479	12	Greg Hall
29	Colonial Electrical Supply	King of Prussia	PA	NA	NA	17	Steve Bellwoar
30	Gexpro Services (Lawson Products)	Irving	TX	NA	660	14	Bob Connors
31	Shepherd Electric Supply	Baltimore	MD	349,140,531	311	5	Stuart Vogel
32	Werner Electric Supply Co.	Appleton	WI	NA	455	11	Craig Wiedemeier
33	Echo Group Inc.	Council Bluffs	IA	NA	400	21	Mitch Lane
34	TEC Manufacturing & Distribution Services (Texas Electric Cooperatives)	Georgetown	TX	332,000,000	101	28	Johnny Andrews
35	IEWC	New Berlin	WI	NA	458	8	Mike Veum
36	Gerrie Electric Wholesale Ltd.	Burlington	ON	NA	NA	24	Elaine Gerrie
37	Edges Electrical Group	San Jose	CA	NA	340	12	Chester C. Lehmann III
38	Madison Electric Co.	Warren	MI	NA	NA	7	Brett Schneider

* North America ** Global # Acquired in 2022 ## Acquired in 2021

THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/ Province	2021 Revenue	Employees	Locations	Senior Executive
39	Franklin Empire	Mount-Royal	QU	NA	546	23	B. Backman & C. Backman
40	United Electric Supply	Wilmington	DE	NA	NA	21	George Vorwick
41	Fastenal	Winona	MN	258,468,700*	20,507**	1,649*	Daniel Florness
42	Agilix Solutions	St. Louis	MO	NA	375	13	Mike Stanfill
43	Schaedler Yesco Distribution Inc.	Harrisburg	PA	255,567,116	360	23	Greg Schaedler
44	Standard Electric Co.	Saginaw	MI	NA	300	30	Bill Gray
45	Loeb Electric	Columbus	OH	NA	300	5	Charles Loeb
46	Granite City Electric	Quincy	MA	NA	NA	29	Steve Helle
47	Rural Electric Supply Cooperative (RESCO)	Middleton	WI	238,000,000	73	7	Matt Brandrup
48	PEPCO	Eastlake	OH	230,000,000	175	10	Joe Borkey
49	Dominion Electric Supply	Arlington	VA	NA	NA	11	Steven Krooth
50	Billows Electric Supply Co.	Delran	NJ	NA	280	19	Jeffrey Billow
51	Dakota Supply Group	Plymouth	MN	215,000,000	850	25	Paul Kennedy
52	Electric Supply Inc. (Supply Chain Equity Partners)	Tampa	FL	NA	170	4	Harry Irwin
53	Steiner Electric	Elk Grove Village	IL	NA	NA	5	Rick Kerman
54	Alameda Electrical Distributors	Hayward	CA	NA	296	15	Craig LaRue
55	Western United Electric Supply	Brighton	CO	186,600,000	48	3	Greg Mordini
56	Horizon Solutions	Rochester	NY	NA	NA	12	John Kerkhove
57	Inline Electric Supply Co.	Huntsville	AL	181,000,000	257	17	Bruce Summerville
58	Facility Solutions Group	Austin	TX	163,968,000	164	30	William Graham
59	Butler Supply	Fenton	MO	NA	NA	26	Deborah Kuempel
60	Brownstown Electric Supply Co.	Brownstown	IN	NA	140	5	Gregg Deck
61	Electrical Equipment Co.	Raleigh	NC	159,459,000	241	12	Mark Holmes
62	Lowe Electric Supply Co.	Macon	GA	NA	170	14	Jim Kinman
63	CBT Co.	Cincinnati	OH	133,000,000	182	3	Jay Stahl
64	Buckles-Smith	Santa Clara	CA	NA	154	6	Art Cook
65	Mars Electric	Mayfield Village	OH	129,347,798	180	11	Michael Doris
66	Regency Lighting/AllSale Electric	Chatsworth	CA	129,000,000	174	5	Evan Regenstreif
67	Standard Electric Supply Co.	Milwaukee	WI	128,000,000	198	16	Larry Stern
68	American Electric Supply	Corona	CA	127,481,811	97	1	Mike Pratt
69	Stanion Wholesale Electric Co.	Pratt	KS	125,200,000	220	17	Bill Keller
70	J.H. Larson Co.	Plymouth	MN	NA	164	8	Lisa Fox
71	NEDCO Supply	Las Vegas	NV	NA	110	1	Marc Winard
72	Benfield Electric Supply Co.	Mount Vernon	NY	117,000,000	119	2	Daniel McLaughlin
73	General Pacific Inc.	Fairview	OR	113,500,000	57	4	Rick Hall
74	Denney Electric Supply	Ambler	PA	NA	136	9	Steve Thornton
75	Tri-State Utility Products Inc.	Marietta	GA	110,998,000	34	3	Rusty Batch
76	Independent Electric Supply	Somerville	MA	NA	110	7	Dan Gray

* North America ** Global # Acquired in 2022 ## Acquired in 2021

THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/ Province	2021 Revenue	Employees	Locations	Senior Executive
77	CX Connexion (LAB Development)	Buffalo Grove	IL	NA	135	2	David Rosenstein
78	Parrish-Hare Electric Supply	Irving	TX	NA	NA	4	Pat Hare
79	Steven Engineering##	South San Francisco	CA	106,290,000	125	3	Paul Burk
80	Electrical Supply Center	Burlington	MA	106,000,000	100	6	Larry LaFreniere
81	Dickman Supply	Sidney	OH	NA	NA	4	Tim Geise
82	Broken Arrow Electric Supply Inc.	Broken Arrow	OK	104,674,967	135	10	Bruce Garner
83	Dulles Electric Supply Corp.	Sterling	VA	NA	107	2	John Hughes, III
84	F.D. Lawrence Electric Co., The	Cincinnati	OH	97,025,000	101	3	Tink O'Leary
85	Jo-Kell Inc.	Chesapeake	VA	96,495,000	97	5	Suzy Kelly
86	Amperage Electrical Supply Inc.	Roselle	IL	96,135,000	115	1	Vito Pelagio
87	Warshauer Electric Supply Co. Inc.	Tinton Falls	NJ	96,000,000	156	4	James Warshauer
88	Advance Electrical Supply Co.#	Chicago	IL	94,136,000	96	1	Aaron Hughes
89	Rockingham Electric Co.	Newington	NH	NA	110	10	Jim Pender
90	Chelsea Lighting	New York	NY	NA	62	2	Robert Bazan
91	Caniff Electric Supply Co.##	Hamtramck	MI	NA	85	2	Doug Bemis Sr.
92	Hunzicker Brothers	Oklahoma City	OK	NA	100	11	Mike Lockard
93	Blazer Electric Supply	Colorado Springs	CO	76,000,000	112	2	Steve Blazer
94	ParamontEO	Woodridge	IL	NA	110	3	Ken Gallagher
95	Green Mountain Electric Supply	Colchester	VT	NA	NA	20	Nate Laber
96	Raymond de Steiger Inc.	Sterling Heights	MI	NA	80	4	Peter de Steiger
97	K/E Electric Supply Corp.	Mount Clemens	MI	NA	69	4	Rock Kuchenmeister
98	First SOURCE Electrical	Houston	TX	70,116,589	53	1	Phil deLoache
99	Electric Supply & Equipment Co.	Greensboro	NC	NA	101	3	Brad McCormick
100	Central Supply Co.	Indianapolis	IN	NA	200	6	Ted Ashcraft
101	Fromm Electric Supply Co.	Reading	PA	NA	102	9	Michael Fromm
102	Hein Electric Supply Co.	West Allis	WI	NA	75	9	Chris Stoming
103	Peninsular Electric Distributors	West Palm Beach	FL	NA	72	2	John Larmoyeux
104	Gordon Electric Supply	Kankakee	IL	NA	68	3	Cara Gordon Potter
105	Medler Electric Co.	Alma	MI	NA	117	13	Bill Michael
106	Metro Electric Supply##	St. Louis	MO	NA	165	14	William Frisella
107	Bell Electrical Supply	Santa Clara	CA	56,500,000	51	1	David Wallen
108	Service Electric Supply	Romulus	MI	NA	49	1	Eric Braidwood
109	Advance Electrical & Industrial Supply	Norcross	GA	54,000,000	48	2	Dennis Purvis
110	Jackson Electric Supply	Jacksonville	FL	54,000,000	30	1	Larry Swink
111	Gross Electric Co.	Toledo	OH	NA	NA	3	Laurie Gross
112	Atlantic Coast Electric Supply Inc.	Summerville	SC	NA	55	5	John Marshall
113	Metro Wire & Cable Corp.	Sterling Heights	MI	NA	38	3	Devin Ezop

* North America ** Global # Acquired in 2022 ## Acquired in 2021



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THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/Province	2021 Revenue	Employees	Locations	Senior Executive
114	Voss Lighting	Lincoln	NE	NA	168	14	Michael Voss
115	Hunt Electric Supply	Burlington	NC	NA	8		Sam Hunt IV
116	Crum Electric Supply Co.	Casper	WY	50,010,540	82	10	David Crum
117	Allied Wholesale Electrical Supply	Indianapolis	IN	49,853,276	55	4	Rob McCurdy
118	Stokes Electric Co.	Knoxville	TN	NA	75	3	Don Stokes
119	Swift Electrical Supply	Teterboro	NJ	NA	78	4	August Sodora
120	Gallant & Wein Corp.	Long Island City	NY	NA	55	3	Stuart Gruman
121	Yale Electrical Supply Co.	Canton	MA	NA	NA	2	Warren Sheinkopf
122	Cayce Mill Supply	Hopkinsville	KY	NA	106	6	Bart Cayce
123	G&G Electric Supply	New York	NY	43,388,848	55	3	Laurence Heimrath
124	Midtown Electric Supply Corp.	Long Island City	NY	NA	NA	1	Timothy Gold
125	E. Sam Jones Distributor Inc.	Atlanta	GA	NA	104	6	Griffin L Jones
126	International Electrical Sales Corp. (IESCO)	Miami	FL	41,000,000	25	1	Michael Bernstein
127	Maltby Electric Supply##	San Francisco	CA	NA	49	3	Rodney Jackson
128	Idlewood Electric	Highland Park	IL	NA	105	3	Barbara Lansing
129	YESCO Electrical Supply	Columbiana	OH	NA	75	5	James DeRosa
130	Coburn Supply Co.	Beaumont	TX	NA	30	58	Patrick Maloney
131	WECS Renewables (WECS Electric Supply)	North Palm Springs	CA	NA	31	1	Theresa Eaton
132	Teche Electric Supply	Lafayette	LA	NA	64	4	David Frazer
133	Wolberg Lighting Design & Electrical Supply	Albany	NY	NA	NA	4	Jay Bindell
134	B&K - Power to Solve	City of Industry	CA	NA	40	5	Todd Brown
135	Desert Hills Electric Supply	Artesia	NM	NA	NA	4	Jason Bolin
136	Desert Electric Supply	Palm Desert	CA	NA	51	4	Eric Stevens
137	Y&B Lighting & Electric Supply	Brooklyn	NY	NA	NA	1	Yoel Braver
138	Hartford Electric Supply Co. (HESCO)	Rocky Hill	CT	NA	NA	1	Todd DePasquale
139	United Utility Supply Cooperative	Louisville	KY	NA	29	5	Chris Pery
140	West Virginia Electric Supply	Huntington	WV	NA	65	8	Jared Colker
141	Holder Electric Supply	Greenville	SC	NA	NA	1	Jeff Rogers
142	Villa Lighting Supply	St. Louis	MO	22,500,000	115	2	Jack Villa
143	Cardello Lighting & Electric Supply	Pittsburgh	PA	NA	NA	8	Matthew Cardello
144	Dial Electric Supply Co.	Honolulu	HI	NA	NA	1	Kenneth Kamakura
145	D&S Electrical Supply Co.	Pocatello	ID	NA	25	2	Andrew Akers
146	Johnson Electric Supply Co., The	Cincinnati	OH	19,600,000	39	2	Douglas Johnson
147	Candela Corp.	Huntington Beach	CA	18,250,000	46	2	James Baas
148	Toole & Rose Supply Inc.	Carrollton	KY	NA	19	1	Bryan Rose
149	Wholesale Supply Group Inc.	Cleveland	TN	14,942,492	205	32	Jeff Rogers
150	VEC Supply	Charlottesville	VA	14,000,000	20	4	Frank Stalzer

* North America ** Global # Acquired in 2022 ## Acquired in 2021



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ALPHABETICAL GUIDE TO THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/Prov
109	Advance Electrical & Industrial Supply	Norcross	GA
88	Advance Electrical Supply Co.	Chicago	IL
42	Aglix Solutions	St. Louis	MO
54	Alameda Electrical Distributors	Hayward	CA
117	Allied Wholesale Electrical Supply Inc.	Indianapolis	IN
68	American Electric Supply	Corona	CA
86	Amperage Electrical Supply Inc.	Roselle	IL
112	Atlantic Coast Electric Supply Inc.	Summerville	SC
134	B&K - Power to Solve	City of Industry	CA
107	Bell Electrical Supply	Santa Clara	CA
72	Benfield Electric Supply Co.	Mount Vernon	NY
50	Billows Electric Supply Co.	Delran	NJ
93	Blazer Electric Supply	Colorado Springs	CO
6	Border States	Fargo	ND
82	Broken Arrow Electric Supply Inc.	Broken Arrow	OK
60	Brownstown Electric Supply Co. Inc.	Brownstown	IN
64	Buckles-Smith	Santa Clara	CA
59	Butler Supply	Fenton	MO
147	Candela Corp.	Huntington Beach	CA
91	Caniff Electric Supply Co.	Hamtramck	MI
143	Cardello Lighting & Electric Supply	Pittsburgh	PA
122	Cayce Mill Supply	Hopkinsville	KY
63	CBT Co.	Cincinnati	OH
100	Central Supply Co.	Indianapolis	IN
90	Chelsea Lighting	New York	NY
7	City Electric Supply	Dallas	TX
130	Coburn Supply Co.	Beaumont	TX
29	Colonial Electrical Supply	King of Prussia	PA
4	Consolidated Electrical Distributors (CED)	Irving	TX
10	Crescent Electric Supply Co.	East Dubuque	IL
116	Crum Electric Supply Co.	Casper	WY
77	CX Connexion (LAB Development)	Buffalo Grove	IL
145	D&S Electrical Supply Co.	Pocatello	ID
51	Dakota Supply Group	Plymouth	MN
19	Dealers Electrical Supply	Waco	TX
74	Denney Electric Supply	Ambler	PA
136	Desert Electric Supply	Palm Desert	CA
135	Desert Hills Electric Supply	Artesia	NM

Rank	Company Name	Town/City	State/Prov
144	Dial Electric Supply Co.	Honolulu	HI
81	Dickman Supply	Sidney	OH
49	Dominion Electric Supply	Arlington	VA
83	Dulles Electric Supply Corp.	Sterling	VA
125	E. Sam Jones Distributor Inc.	Atlanta	GA
33	Echo Group Inc.	Council Bluffs	IA
37	Edges Electrical Group	San Jose	CA
99	Electric Supply & Equipment Co.	Greensboro	NC
52	Electric Supply Inc. (Supply Chain Equity Partners)	Tampa	FL
61	Electrical Equipment Co.	Raleigh	NC
80	Electrical Supply Center	Burlington	MA
9	Elliott Electric Supply	Nacogdoches	TX
84	F.D. Lawrence Electric Co., The	Cincinnati	OH
58	Facility Solutions Group	Austin	TX
41	Fastenal	Winona	MN
98	First SOURCE Electrical	Houston	TX
39	Franklin Empire	Mount-Royal	QU
101	Fromm Electric Supply Co.	Reading	PA
123	G&G Electric Supply	New York	NY
120	Gallant & Wein Corp.	Long Island City	NY
73	General Pacific Inc.	Fairview	OR
36	Gerrie Electric Wholesale Ltd.	Burlington	ON
30	Gexpro Services (Lawson Products)	Irving	TX
104	Gordon Electric Supply	Kankakee	IL
46	Granite City Electric	Quincy	MA
3	Graybar Electric Co.	St. Louis	MO
95	Green Mountain Electric Supply	Colchester	VT
21	Gresco Utility Supply Inc.	Forsyth	GA
111	Gross Electric Co.	Toledo	OH
138	Hartford Electric Supply Co. (HESCO)	Rocky Hill	CT
102	Hein Electric Supply Co.	West Allis	WI
141	Holder Electric Supply	Greenville	SC
56	Horizon Solutions	Rochester	NY
115	Hunt Electric Supply	Burlington	NC
92	Hunzicker Brothers	Oklahoma City	OK
128	Idlewood Electric	Highland Park	IL
35	IEWC	New Berlin	WI
76	Independent Electric Supply	Somerville	MA

ALPHABETICAL GUIDE TO THE TOP 150 ELECTRICAL DISTRIBUTORS

Rank	Company Name	Town/City	State/Prov
57	..... Inline Electric Supply Co.....	Huntsville	AL
126	..... International Electrical Sales Corp. (IESCO).....	Miami.....	FL
70	..... J.H. Larson Co.....	Plymouth.....	MN
110	..... Jackson Electric Supply.....	Jacksonville.....	FL
146	..... Johnson Electric Supply Co., The.....	Cincinnati.....	OH
85	..... Jo-Kell Inc.....	Chesapeake	VA
97	..... K/E Electric Supply Corp.....	Mount Clemens.....	MI
14	..... Kendall Electric Inc.....	Portage.....	MI
24	..... Kirby Risk Electrical Supply	Lafayette.....	IN
45	..... Loeb Electric.....	Columbus	OH
27	..... LoneStar Electric Supply.....	Houston	TX
62	..... Lowe Electric Supply Co.....	Macon	GA
38	..... Madison Electric Co.....	Warren	MI
17	..... Main Electric Supply Co.....	Santa Ana.....	CA
127	..... Maltby Electric Supply.....	San Francisco.....	CA
65	..... Mars Electric.....	Mayfield Village.....	OH
11	..... Mayer Electric Supply Co.....	Birmingham	AL
8	..... McNaughton McKay Electric Co.....	Madison Heights.....	MI
105	..... Medler Electric Co.....	Alma	MI
106	..... Metro Electric Supply	St. Louis	MO
113	..... Metro Wire & Cable Corp.....	Sterling Heights.....	MI
124	..... Midtown Electric Supply Corp.....	Long Island City.....	NY
71	..... NEDCO Supply.....	Las Vegas.....	NV
15	..... OmniCable (DFH)	West Chester.....	PA
94	..... ParamountEO	Woodridge.....	IL
78	..... Parrish-Hare Electric Supply	Irving.....	TX
103	..... Peninsular Electric Distributors.....	West Palm Beach	FL
48	..... PEPCO.....	Eastlake	OH
96	..... Raymond de Steiger Inc.....	Sterling Heights.....	MI
66	..... Regency Lighting/AllSale Electric.....	Chatsworth	CA
5	..... Rexel Holdings (Rexel USA).....	Dallas.....	TX
89	..... Rockingham Electric Co.....	Newington	NH
47	..... Rural Electric Supply Cooperative (RESCO)	Middleton	WI
43	..... Schaedler Yesco Distribution Inc.....	Harrisburg.....	PA
22	..... Scott Electric	Greensburg.....	PA
108	..... Service Electric Supply	Romulus	MI
31	..... Shepherd Electric Supply.....	Baltimore	MD

Rank	Company Name	Town/City	State/Prov
2	..... Sonepar North America	Charleston	SC
44	..... Standard Electric Co.....	Saginaw	MI
67	..... Standard Electric Supply Co.....	Milwaukee.....	WI
69	..... Stanion Wholesale Electric Co. Inc.....	Pratt.....	KS
20	..... State Electric Supply Co.....	Huntington	WV
53	..... Steiner Electric.....	Elk Grove Village	IL
79	..... Steven Engineering.....	South San Francisco.....	CA
118	..... Stokes Electric Co.....	Knoxville.....	TN
26	..... Summit Electric Supply	Albuquerque.....	NM
119	..... Swift Electrical Supply.....	Teterboro	NJ
34	..... TEC Mfg. & Dist. Svcs. (Texas Electric Cooperatives)	Georgetown	TX
132	..... Teche Electric Supply	Lafayette	LA
148	..... Toole & Rose Supply Inc.....	Carrollton	KY
75	..... Tri-State Utility Products Inc.....	Marietta	GA
18	..... Turtle & Hughes Inc.....	Linden.....	NJ
12	..... U.S. Electrical Services	Middletown	CT
40	..... United Electric Supply	Wilmington	DE
139	..... United Utility Supply Cooperative Inc.....	Louisville.....	KY
16	..... Van Meter Inc.....	Cedar Rapids	IA
150	..... VEC Supply.....	Charlottesville.....	VA
142	..... Villa Lighting Supply Inc.....	St. Louis.....	MO
114	..... Voss Lighting.....	Lincoln	NE
13	..... W.W. Grainger Inc.....	Lake Forest	IL
87	..... Warshauer Electric Supply Co. Inc.....	Tinton Falls.....	NJ
131	..... WECS Renewables (WECS Electric Supply)	North Palm Springs.....	CA
32	..... Werner Electric Supply Co.....	Appleton.....	WI
1	..... Wesco International Inc.....	Pittsburgh.....	PA
140	..... West Virginia Electric Supply.....	Huntington	WV
55	..... Western United Electric Supply.....	Brighton	CO
23	..... Wholesale Electric Supply.....	Texarkana.....	TX
28	..... Wholesale Electric Supply of Houston.....	Houston	TX
149	..... Wholesale Supply Group Inc.....	Cleveland	TN
25	..... Winsupply Inc.....	Dayton	OH
133	..... Wolberg Lighting Design & Electrical Supply	Albany.....	NY
137	..... Y&B Lighting & Electric Supply.....	Brooklyn.....	NY
121	..... Yale Electrical Supply Co.....	Canton	MA
129	..... YESCO Electrical Supply Inc.....	Columbiana	OH

SIX MARKET SHARE MEASURES THAT MATTER

Want to increase market share? These six metrics can help you measure and manage your growth more effectively.



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With prices changing so fast and the market facing considerable uncertainty, how do you make sure you are gaining market share? When growth rates are tied to inflation, it becomes difficult to use revenue as your sole benchmark when measuring period-over-period market share fluctuation. One large commodity order at an inflated

By Christian Sokoll

price can skew market share growth rate since the base cost is not the same as the prior comparable. DISC Corp. is currently estimating the inflation rate in the electrical industry for Q2 2022 to be 10.8% year-over-year (YOY), which is on top of last year's Q2 2021 inflation rate of 19.8%. Overall, our industry grows at around +2% to +2.5% per year when we remove inflation. So, even if your sales are more than +30% over your 2020 numbers, you may be leaving some share on the table. Looking at market share

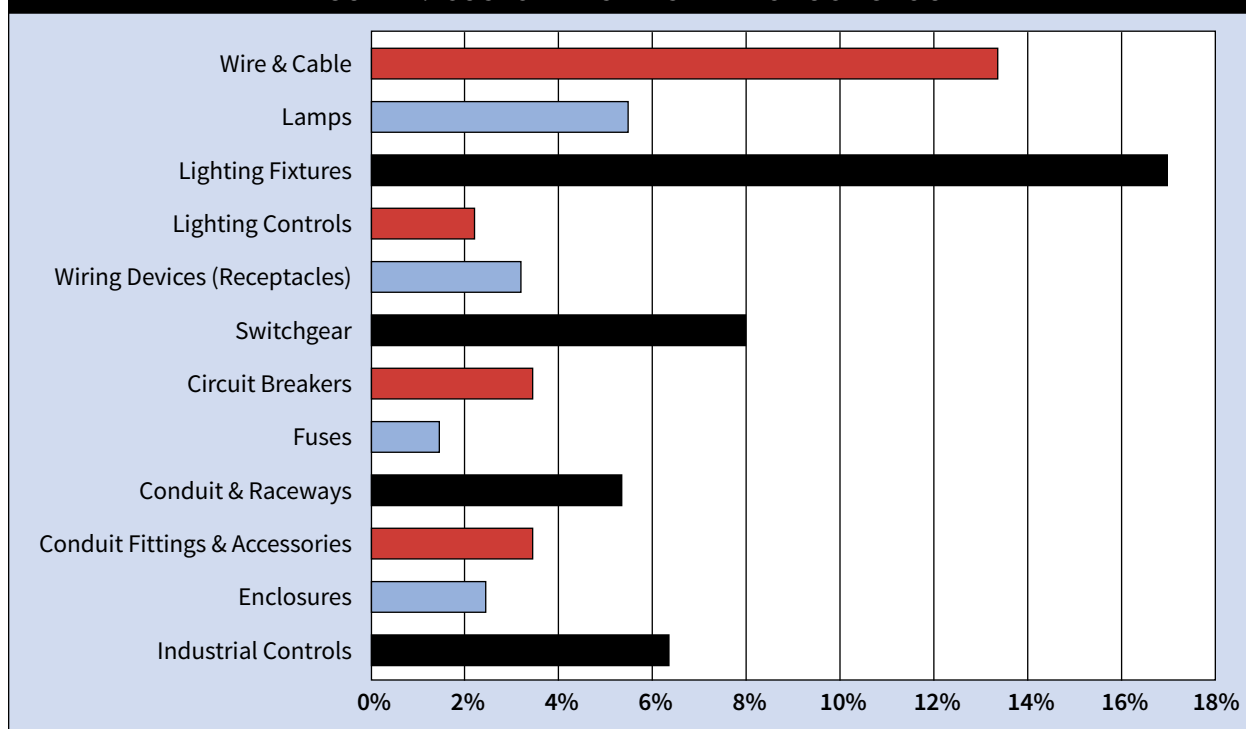
from a different perspective can help you manage your business both now and into the future. Let's dive into six measures that are easy to quantify for market focus, growth and improved overall performance. Compensation can also be tied to these metrics to heighten awareness for your salespeople.

#1 Customer counts. How many active customers do you have in the current period vs. the number of active customers

FIGURE 1: ACCOUNT STRATIFICATION

Account Stratification	Count	Sales \$	% of Sales	Tier Count	Tier % of Sales
Accounts > \$1 Million	14	\$25,576,667	12.36%		
Accounts Between \$500K and \$1 Million	59	\$40,016,381	19.33%		
Accounts Between \$110K and \$500K	520	\$83,340,268	40.26%	493	71.95%
Accounts Between \$50K and \$100K	365	\$25,656,263	12.39%		
Accounts Between \$10K and \$50K	1099	\$26,834,003	12.96%		
Accounts Between \$5K and \$10K	449	\$3,236,196	1.56%	1913	26.92%
Accounts Between \$1K and \$5K	793	\$2,081,884	1.01%		
Accounts Between \$500 and \$1K	228	\$164,658	0.08%		
Accounts Between \$0 and \$500	3152	\$89,050	0.04%	4173	1.13%

FIGURE 2: CUSTOMER SALES BY PRODUCT GROUP



you had in the prior period? You should always focus on adding new customers while retaining the established ones. DISC Corp.'s feature article published in the Nov./Dec. 2021 issue of *Electrical Wholesaling* "Mapping Out Market Clusters," is a good way to look for new customers in areas where you already have market knowledge. While getting new customers is more expensive than keeping the existing ones, it's vitally important to prospect and find new customers.

#2 Customer stratification. This is a key tool in helping move customers up in sales buckets simply by identifying them and adding a bit of good old customer service. Tier your customers by sales volumes and counts. "Fig. 1: Account Stratification" on this page will give you an idea of what this looks like. This table has three large tiers and nine smaller tiers. You can see from this chart that of approximately 6,500

customers, 493 are doing just short of 72% of the business. The sweet spot is in that third bucket of the top tier. This tends to be a great representation of how 80% of your business comes from 20% of your customers (the Pareto Principle). If you have never done this exercise before, it can be an eye-opener. If you move just 10% of these customers by count into the next higher bucket, by bringing on new
(Continued on page 39)

Selling Your Business

Part 1 of this two-part article explores the electrical market's current M&A climate and offers tips on preparing your business for a sale.



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Thinking about stepping back from the business you built during your career or need to develop a succession plan? Want to make growth investments to strengthen your company? Perhaps you are ready to sell the business.

You owe it to your family, yourself and your employees to know the options. There is a lot to consider. Your business is your life's work, maybe even a big part of your identity of who you are. You have taken chances before, and you know that taking a chance backed by information

By Gary Uren

increases the likelihood of a successful outcome. But you also know that timing is everything. As a privately owned manufacturer, rep agency or electrical distributor, if you are thinking about selling the business your options are clear:

- Stay on and continue to build the business and hand it off to an appreciative next generation.
- Stay on and create an ESOP, in effect handing off the business to your employees.
- Sell most or all of your business to a private-equity partner.
- Sell your business to a competitor or a large aggregator of businesses in the electrical industry.

These are all valid choices, but they each have their own advantages and disadvantages. From a value perspective, timing is an important factor. A less talked about consideration is your legacy. You have built a business, a brand that your employees, community and our industry have come to respect and depend on. How and who you sell your business to can put all of this at risk.

Often talked about behind closed doors is what I will call the "synergy case." These are the changes a buyer may make to your business to reduce expenses and improve margins after you sell your business. Ironically, most sellers tend to believe this just happens when the buyer is a private-equity

firm. This frequently not the case. Often, it happens when a competitor buyer takes over the reins of a business. It's easy money for them to combine sales teams, integrate supply chains or eliminate duplicate functions or locations.

THE 2022 M&A MARKET

The M&A climate is as strong as it has ever been and is being driven by comparatively cheap money, competing forces looking for deals and a healthy end market outlook for electrical products.

Some private-equity firms that owned electrical businesses cashed in a number of their portfolio businesses in 2020 and 2021, enabled by the tailwinds of higher multiples at the exit. These firms have made solid returns for their shareholders as well as co-investors. Success builds success, and fundraising by private-equity firms has also been strong. They have money from businesses sold and new or additional money from investors in their funds. The number of new funds and the size of the funds means there is a strong desire to put money to work in good businesses they can help grow. These private-equity firms invest in private businesses to build growth, typically alongside the current owner of the business or at least the senior leadership team of a business they acquire.

Public and large private electrical companies are also keen to acquire. Many of these companies have made outsized profits for their shareholders, in large part due to higher margins from commodity price hikes and product shortages as well as from steady market volumes. This is in the face of what many consider to be a decent end-market demand. These potential acquirers are cashed-up and looking to make accretive acquisitions near, or adjacent to their core business to improve their competitive positions.

Other companies are positioning themselves for the expected boon from infrastructure spending and looking to acquire businesses that better position them for what is an anticipated period of growth. The combination of the competing interests of private-equity firms and strategic acquirers bidding for good

businesses all but ensures the volume of M&A transactions will remain high, and that multiples paid by buyers for quality businesses will stay at or near the levels of 2021 for the foreseeable future. With that being said, the "party" for sellers of businesses will not go on forever. In recent months, I have spoken to many investment bankers, M&A brokers and private-equity players, and their general view is that this is the 3rd inning of a 4-inning game.

The M&A climate is strong and is being driven by comparatively cheap money, competition and a healthy electrical market outlook.

I like to break the complex into simple, and this analogy describes today's M&A climate. I think of the current M&A market as being similar to the housing market in most states in 2006/2007, just before the 2008 financial crisis. During this era, the value of real assets declined sharply. I'm not suggesting this will happen with business values in the same way as it did to the housing market, but it's probable that some of the frothiness currently in the M&A market will subside as money gets more expensive and buyers become more discerning or move to other industries.

Talking multiples. In my 10-plus years of working in corporate strategy and M&A for U.S.-based electrical companies, I have seen typical multiples for a small- to medium-sized good manufacturing business increase from around 5 times to 6 times EBITDA to as it is now, to 8 times to 9 times EBITDA or higher.

In this simple example, a business with \$5 million of EBITDA in 2012 would be worth around \$25 million to \$30 million, and that same business is now likely worth between \$40 million to \$45 million. This naturally varies depending on the type of business and whether it's a distributor, agent or manufacturer. This may be an over-simplification of the valuation process, but it's a useful rule of thumb. Valuation is more complex than it may seem on the surface, with several factors including sustainability of earnings being key. For this reason, I won't go into any depth on valuation variables in this article.

GETTING READY TO SELL

Once you have decided to sell your business, two top priorities will be preparing your company's financials for a sale to get the best value and evaluating potential acquirers. We will explore how to prepare the business financials in this article and cover evaluating potential acquirers in the second part of this article, which will be published in *EW's* July/August print issue. The complete article is available now at www.ewweb.com.

Don't underestimate the time it will entail to prepare a business to make it "show ready" and to amass the data needed for a potential buyer to enable them to prepare a valuation, as well as being able to respond to questions during a later due diligence process. One way

ABOUT THE AUTHOR

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to do this is having an accredited CPA or accounting firm conduct a Quality of Earnings (QOE) report. This can also be done in-house if a business has sufficient bandwidth and capability. Naturally, the independence of an accounting firm adds credence to the information prepared and may end up shortening the total time of a transaction. In the shorthand, a seller QOE is a means of normalizing the underlying financial performance of a business. If it's not done by the seller, it will almost definitely be done by a buyer.

Remember that the multiple times EBITDA methodology for establishing value is based on the belief that the EBITDA being valued (multiplied) is sustainable. In other words, the business will continue to make the same earnings after it has been acquired. This is the general understanding of both private-equity firms and competitors who may buy a business. It's therefore normal in a QOE to consider both the one-off expense the business had in a valuation period, as well as any one-off commercial gain the business may have

had in that same period that will also not likely repeat. The valuation period will typically be the last twelve months (called the "LTM" or "LTTM").

Another consideration is capital gains tax, which may impact whether the business is sold as a "sale of assets" or "sale of shares." Again, this work is best done by a CPA or your tax advisor, because there are different levels of ongoing risk associated with these two sale types. You must also consider who is in your business to bring into the circle of trust and how, or if, critical employees should be retained and engaged. Other considerations may be if these employees should be renumeralated from the sale proceeds, and whether stay bonuses should be implemented to keep them engaged and in place during a sale process.

Typical terms of an offer. Most transactions in the United States are cash-free, debt-free and with a normal level of net working capital (NWC). The last is frequently a surprise for first-time sellers but is logical when explained. A buyer is buying a business as a going concern.

They, therefore, expect on Day 1 to be able to operate the business without needing to inject additional cash. There are several mechanisms to determine NWC. The most common is an average of the last 12 months' NWC balance where any differences between the value of NWC at close and the actual is determined by a third party. This is done sometimes after the transaction closes, and then "trued-up." This means that if a seller delivers at closing more than the average NWC value, they would receive the difference as a one-time payment. In the inverse, if the NWC at the close is found to be less than the 12 months average the seller would refund that amount to the buyer.

The other term — cash-free — may seem contradictory. Cash-free typically implies "surplus cash" in the company's bank account. This can be removed by the seller at the close. Surplus cash is not cash balances required to service current liabilities including, for example, supplier payments. That's an element of the going concern principal. **EW**

To be continued

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This index is a service to our readers. Every effort is made to maintain accuracy, but *Electrical Wholesaling* cannot assume responsibility for errors or omissions.

IDEA (Arlington, VA): **Larry Stern**, president of Standard Electric Supply, will lead IDEA's board of directors. He has led Standard Electric Supply for 30-plus years. Stern previously served in many volunteer posts for NAED, Affiliated Distributors, SupplyForce and IDEA.



Stern

Also joining the IDEA board is **Mary Derrick**, vice president, Channel Strategy & Digital Enablement for Schneider Electric. She brings over a decade of experience at Schneider Electric and her background includes customer journey mapping, digital marketing and BIM strategy. The IDEA board members for 2022 are:



Derrick

Larry Stern, Standard Electric Supply

Frank Kulaszewicz, IDEA chair elect, senior VP, Rockwell Automation

Brian DiBella, IDEA past chair & treasurer, president, Data, Power & Control, Legrand North America

Phil Hale, IDEA secretary, CIO, Elliott Electric Supply

Mary Derrick, Schneider Electric

Rick Gigliotti, board officer, VP, Business Process Management, WESCO Distribution

Paul McCool, board officer, president & CEO, Revere Electric Supply

Bill Waltz, board officer, president & CEO, Atkore International

Morris Products, Inc. (Queensbury, NY): Industry veteran

Tom Lyga joined the company as marketing manager and will lead the product marketing and promotional activities of the company. In his new role, he will be responsible for the product direction, brand strategy and promotional activities of the company. Working closely with the leadership team at Morris, Lyga will be executing Morris' mission of helping customers simplify their work, by being a single



Lyga

source for electrical and lighting. This includes enabling customers to take advantage of Morris' streamlined order processing, easy-to-meet shipping and product minimums and access to a wider selection of lighting, electrical supplies and accessories.

Lyga reports directly to **Tom Wooldridge**, general manager, Morris Products and Packard, both subsidiaries of Diversitech a manufacturer and supplier to the HVAC/R industry. He brings more than 35 years of marketing and sales experience to the position. Prior to joining Morris, Lyga held sales and management positions at Horizon Solutions and Green Mountain Electric Supply. He began his career in the electrical industry in sales positions at WESCO and Panduit before joining Pass & Seymour/Legrand and later Crescent Electric Supply Co., where he honed his marketing skills in the electrical industry.

Lyga holds a Bachelor of Science in industrial distribution from Clarkson University, and a MBA from Syracuse University.

Keystone Technologies (Lansdale, PA): **Gene Lindemann**

was promoted to VP of Sales-ESCO Channel. Lindemann, a longtime veteran of the lighting and electrical industries, joined Keystone as ESCO sales manager in 2015. In his new position, he'll be providing increased supervisory expertise to the ESCO team, including training staff, logistical planning and overseeing territory managers.



Lindemann

MasTec (Coral Gables, FL): **Ava Parker** joined this large electrical contractor's board of directors. She is currently president of Palm Beach State College, Parker also sits on the board of directors of Orchid Island Capital Inc., a publicly traded specialty finance company, and Professional Holding Corp., the holding company for a community bank specializing in construction, residential and commercial real estate financing and loans. Parker earned her BA and JD degrees from the University of Florida.

AEMC Instruments/Chauvin Arnoux Group (Dover, NH): **Steven Vanasco** is the new director of R&D and director of manufacturing. He has more than 20 years' experience in research & development and manufacturing in different industries. Prior to joining AEMC, Vanasco worked in many industries as a

manufacturing and operations manager. He holds a dual engineering degree in electrical and mechanical engineering with a concentration in manufacturing and is certified by the Project Management Institute as a project management professional.

Fromm Electric Supply (Reading, PA): **Heather Busch** joined the company as a lighting specialist and will help drive the company's project development, system design and value-added services initiatives. Busch holds a bachelor's degree in architectural engineering with a certification in environmental/illumination/electrical systems design from Penn State University.

In other news at Fromm Electric, **Frank Giliberto** was named Services Business Development manager. In this newly created role, Giliberto will oversee the company's automation services, storeroom and job-site inventory management programs and panel assembly shop. He holds a bachelor's degree in business and marketing from Aurora University.

Affiliated Distributors (AD), Wayne, PA): **Marisol Fernandez** will be returning as president of AD's Electrical and Industrial Business Unit, effective June 8. Fernandez comes back to AD from Bunzl where she held the position of senior vice president - Sales Effectiveness and led several strategic functions in its distribution division. Prior to that role, Fernandez was president of AD's Industrial & Safety - U.S. Division. In Fernandez's new role at AD, the group's U.S. and Mexico Electrical, Industrial, Safety and Bearings & Power Transmission divisions as well as AD Member Supply will report to her. She holds a MBA from Lake Forest Graduate School of Management and proudly served the United States as a member of the U.S. Air Force.



Busch



Giliberto



Fernandez

REP NEWS

NSI Industries appointed three new manufacturer representatives in its Mid-Atlantic Region: **Gumersell Cashdan** based in Farmingdale, NY; **Kunz Powell Associates** in Pottstown, PA; and **Phoenix Sales in Halethrope**, MD. These companies will represent NSI Industries, including the brands' Polaris Connectors, Bridgeport Fittings, Tork, Platinum Tools, Warrior Wrap, Terminator and PowerGRP.

CSA Electrical Sales, Lake Mary, FL, now represents NSI Industries' Bridgeport Fittings brand in the Florida territory. CSA calls on OEMs, industrial MRO facilities, municipalities, and the residential, commercial and industrial construction markets in the Florida excluding the Panhandle.

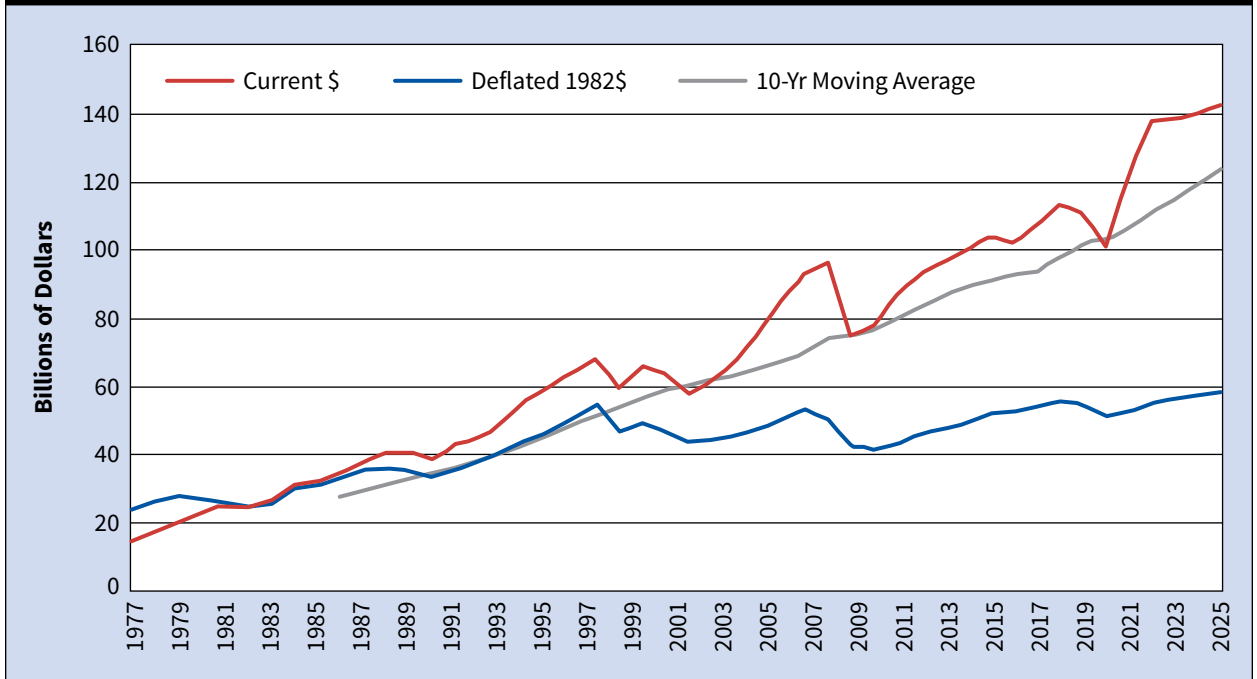
Lester Sales now reps Chalfant Manufacturing in western Pennsylvania and West Virginia. Lester Sales, now a nine-state agency, recently entered western Pennsylvania and West Virginia via acquisitions of Cardel-Criste and specified assets of Onesource Paolicelli. Prior to the sale, Cardel-Criste represented Chalfant.

DeFazio Industries expanded its Atkore relationship in the Maryland/Washington DC territory and opened a new office in Gaithersburg, MD. Its Atkore product portfolio now includes Calconduit — EMT, GRC, IMC, ARC, Colors and Kwik-Fit/Couple; Kaf-Tech — MC Cable, Flexible Conduit and Liquidtight; Heritage Plastics — PVC Conduit, Elbows, Sweeps and Accessories; and Unistrut — Channel, Supports, Brackets & Fittings.

Legrand, North and Central America has expanded their partnership with **SESCO Lighting** in North Carolina as the manufacturers' representative for Wattstopper products. SESCO Lighting has been the agency of record for Wattstopper products in Alabama, Florida, Georgia, Mississippi and Tennessee for 10-plus years, and recently added South Carolina with the acquisition of The Schneider Co. in South Carolina in Dec. 2021. According to information on SESCO's website, the company has more than 290 employees and annual sales approaching \$300 million.

Biben Sales will represent Chalfant Manufacturing, a cable management solutions company that specializes in ladder tray and wire basket systems, in eastern Pennsylvania, southern New Jersey and Delaware.

FIGURE 3: LONG-RANGE ELECTRICAL EQUIPMENT SALES



(Continued from page 33)
accounts and rejuvenating some old ones, you will grow share.

#3 Invoice count. Increasing the number and frequency of invoices can drive market share gains. When your salespeople get customers to place more orders with increasing frequency, it's a solid sales practice for growth. Remind your sales team to utilize multiple points of contact and to reach out more frequently to their customers. Make sure they are maximizing all available communication channels, including e-mail, phone, text and web inquiry forms, because it can move the needle on this metric.

#4 Product group counts. This metric goes along with invoice counts. Asking questions at the point-of-sale is a great way to increase the number of product groups you sell to an individual customer. Ask leading questions to introduce related products, such as, "Do you need cable ties and connectors with that wire?" or, "I also have a new cable cutter in stock that I think you would really like."

It's likely you have some add-ons that the customer may not be aware that they need or that they can purchase from you. Helping to simplify their life by clumping these complementary products can save them time and energy from contacting another vendor. Building a model that shows your company's salespeople their sales by product group for each customer is a great way to utilize business intelligence along with the power of Excel to capture more market. "Fig. 2: Customer Sales by Product Group" on page 33 illustrates this metric.

#5 Piece counts and/or weight shipped. Another measure of market share is piece counts and/or weight shipped. When prices by product group are skyrocketing, consider different ways to measure results by product category. *Electrical Marketing's Price Index* is reflective of the differences in inflation by product group. Wire is good example of a product group that can easily be overestimated when looking at a revenue perspective. In April 2020, the price of copper was \$2.30 per pound. In April 2022, copper was \$4.80

per pound, a difference of \$2.50. Considering that 500MCM has 1,544 pounds of copper in a 1,000-foot reel, you could sell half as much and generate more revenue. Measure the weight of what you sell, or in the case of hardware and wiring devices, measure the piece counts over time.

#6 Removing the inflationary component of total revenues. Another way to get a more accurate measure of your sales revenue results is to remove the inflationary component from both your sales and the market data. "Figure 3: Long-Range Electrical Equipment Sales" on this page gives you a visualization of the impact inflation has had on the growth in the electrical distribution market. DISC can help you to look at the market from a normalized perspective, removing inflation to better see your actual results. As always, please feel free to reach out to me with questions or comments. **EW**

Christian Sokoll is president of DISC Corp., Houston, the electrical market's leading provider of sales forecasts and related market data. He can be reached at chris@disccorp.com or 346-339-7528.



Common Sense Communications

Build solid working relationships with business partners by investing the time to keep them posted on matters of mutual importance.

How much communication do you owe your distributors? As a manufacturer who sells through distribution, that's a loaded question. You might think what you do internally is not their concern. But, what if your internal operations impact them? Do you communicate that? If so, how, when and how much?

If a change in your internal operations impacts your distributors, you should proactively communicate with them. It's a sign of respect and partnership that will help maintain and strengthen the relationship.

Proactive communications also allows you to control the narrative. If you don't share information proactively, people have a tendency to gossip, assume, or, worse, make stuff up.

People also need to know what comes next. Do they have a new point of contact? Are lead times changing? Should they bulk up inventory to prepare for your new ERP changeover? Whatever is happening in your organization that might impact distribution, a good manufacturer partner helps the distributor prepare and plan by sharing relevant information.

How should you share? A phone call if the information is personal or complex, or there may be nuanced questions that require a thoughtful answer. An e-mail if the information is brief and to the point. A press release if the information is major. How would you

want to receive the information if you were in the distributor's position? When to share is also important. Do you want to control the narrative? Is the information time sensitive? Get ahead of the situation and communicate proactively.

Does the distributor need to know every detail? No. Certain things are inappropriate or proprietary. You should share how the mutual business is impacted, and the future plan. This allows business to continue, without disruption, mutual customers to be served and relationships to be preserved. Solid and proactive communication is critical to any public relations strategy. Follow these simple guidelines:

- What happened, is happening, and will happen, in brief.
- How the manufacturer will manage the above, in relationship to the distributor.
- What the distributor needs to know, do, understand going forward.
- Answer any questions or concerns quickly, succinctly, professionally.

The end result will be business continuity, trust and maintaining your professional reputation. In a market where many manufacturers are consid-

ered substitutable by distributors, you can differentiate yourself from other manufacturers with good external communications. You can build better distributor relationships by communicating clearly, and expecting the same respect in return. If you deliver it, you will also receive it.

Lastly, some of you may be thinking, "If I share information with my distributors, it will get shared with my competitors." More than likely, your competitors already know, high-level, what you are doing. Your own salespeople are probably sharing the information. If you have a deep-seated distrust of your distributors, maybe there is a bigger problem you need to investigate.

In business, as in life, you generally earn what you invest. If you invest the time and care to proactively communicate with your distributors, you will earn a return on that investment that cannot be measured strictly in dollars and cents, although it will translate to that over time. You will earn trust, confidence and true partnership. Evaluate your external communication practices, and if they need improvement, take action. **EW**

ABOUT THE AUTHOR

Desiree Grace is currently on the adjunct faculty at Augustana College in Rock Island, IL. She teaches marketing, marketing strategy, advertising and other subjects. Grace's most recent role in the electrical market was VP, Strategic Distribution, North America, for Panduit. She is a well-known industry veteran in the electrical market.

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By Desiree Grace

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For questions on *Electrical Marketing's* new market data, contact Jim Lucy, *Electrical Marketing's* Editor-in-Chief, at jlucy@endeavorb2b.com.



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