

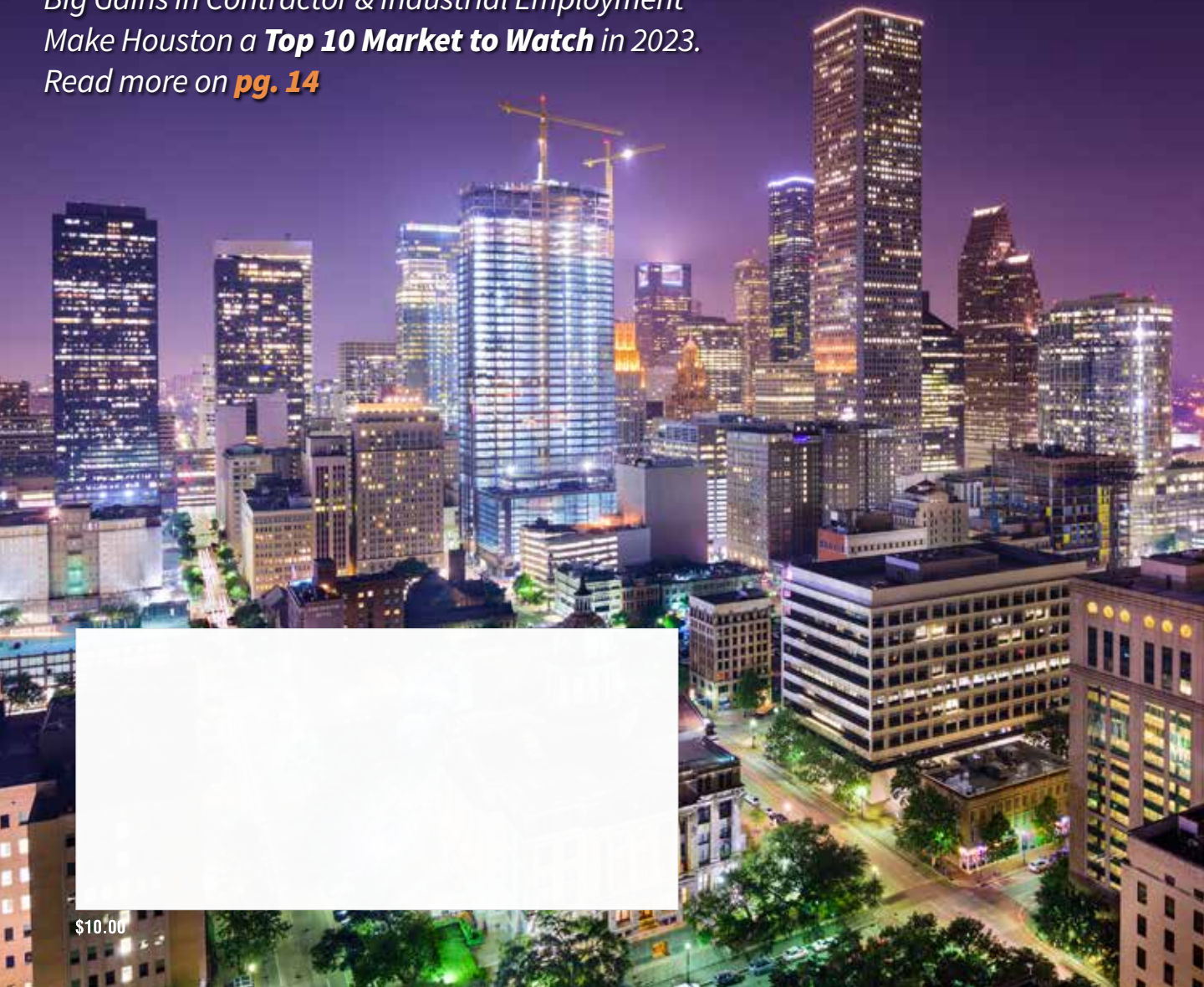
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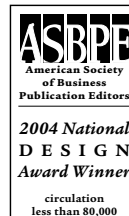
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A Season of Discontent

Forecasting can be a frustrating business because of stale data and fast-changing economic conditions. These ideas may help.

As *EW*'s editors were selecting market areas for this month's cover story on the metros with the most growth in electrical sales potential next year (page 14), it became immediately apparent that forecasting growth in the current economic climate would be trickier than usual.

The war in Ukraine, state of international financial markets, inflation, supply chain shortages, rising interest rates and COVID's continuing grip on China continue to cloud any forecaster's crystal ball, and have unexpectedly disrupted the global economy (see "A Flock of Black Swans," in June's *Times & Trends* column).

A regular challenge during forecasting season for electrical executives is that so many of the available market indicators published by the U.S. government's Census Dept. and Bureau of Labor Statistics are lagging indicators that measure business or employment activity several months back rather than forecast what may happen in the future. That's an issue. We all saw how quickly COVID crippled the global economy and how economic conditions turned on a dime because of it. Relying too heavily on data that looks back several months is like driving a car by looking in the rear-view mirror to see where you have just been.

Fortunately, tools are available in the electrical market that can help you look into the future. Here are several that you can help you with your 2023 projections.

By Jim Lucy, Chief Editor

Electrical Marketing newsletter (www.electricalmarketing.com).

EM provides an extensive package of local market indicators and sales estimates for \$99 per year.

DISC Corp. (www.discorp.com).

Chris Sokoll has done a great job expanding DISC's suite of forecasting data and tools since purchasing the business in 2019.



AIA's 2023 Consensus Construction Forecast and Architecture Billings Index (ABI) (aia.org).

Because members of the American Institute of Architects (AIA) are involved so early in the design phase of the construction process, they see what's happening in the market at least six months before distributors and their customers. The ABI is a monthly survey of AIA members on their billings and inquiry activity. At press-time, the ABI was still looking good, but Kermit Baker, AIA's chief economist, says it's pointing to some softening in the second half of 2023.

AIA's 2023 Consensus Construction Forecast is also surprisingly bullish, and expects nonresidential construction activity to increase +6% in 2023 and industrial construction to increase +9.9%.

A big caveat with this forecast is that it blends the forecasts of eight of the nation's leading construction economists, and their forecasts tend to vary quite a bit. For example, Dodge Construction Network and ConstructConnect expects nonresidential construction activity to increase at a double-digit rate next year, while three forecasters — Associated Builders & Contractors, Wells Fargo Securities and Markstein Advisors — all see increases of less than +3%.

Dodge Momentum Index (www.construction.com).

Published monthly by Dodge Construction Network, the Momentum Index is a monthly measure of the initial report for nonresidential building projects in planning that tends to lead construction spending for nonresidential buildings by a full year. The most recent report in August says commercial construction increased +1%.

NAHB/Wells Fargo Housing Market Index (www.nahb.org).

This monthly survey of builder sentiment fell for the ninth straight month in September to its lowest level since Sept. 2014.

Your customers. Check in with your contractor and industrial accounts to get their take on project backlogs, planned expansion or maintenance and other electrical spending. Your customers offer the best real-world take on local market conditions.

Ed Koch, the mayor of New York from 1978 to 1989, would often stand outside subway stations and ask residents, "How am I doing?" Good, bad or indifferent, he wanted to know, and famously once said, "If you agree with me on nine out of 12 issues, vote for me. If you agree with me on 12 out of 12 issues, see a psychiatrist."

We can all learn from the late Mayor Koch about the importance of listening to our customers. **EW**



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Flurry of Acquisition Activity as M&A Market Heats Up

Along with the Sonepar, Wesco, OmniCable, Dakota Supply Group (DSG) and Allied Electronics & Industrial deals on the next page, the electrical market has recently seen acquisitions not only of mainstream distributors, but companies in adjacent industries, contractors, software companies and automation distributors.

In the automation world, Graybar Electric Co., St. Louis, completed the acquisition of Walker Industrial Products Inc., Newtown, CT. In addition, Shingle & Gibb Automation, a Graybar subsidiary based in Moorestown, NJ, acquired New England Drives & Controls, Southington, CT. Walker Industrial and New England Drives & Controls provide advanced automation and control solutions to OEMs, industrial users and system integrators. Like Shingle & Gibb Automation, both companies are authorized distributors for large automation suppliers such as Banner Engineering, Turck and Red Lion Controls.

In the fast-growing Houston market, Winsupply Inc., Dayton, OH, bought First SOURCE Electrical, Houston, a full-line distributor of commercial, multi-family, residential and low-voltage electrical supplies. Along with its acquisition of a North

Dakota-based plumbing and HVAC distributor, Western Steel and Plumbing, DSG acquired Brown Supply Co., a distributor of waterworks products through four Iowa locations.

In the electrical contracting business, EMCOR Group, Norwalk, CT, acquired 88-year-old Gaston Electrical Co., Norwood, MA, a full-service electrical construction and low-voltage contractor in the Boston area with 2022 estimated revenues of approximately \$140 million.

Many folks in the electrical market know Trimble for its 2013 acquisition of Trade Service Corp. to get its electrical product pricing and specification data for distributors and contractors. But over the past few years, Trimble has built a business in using geospatial information for 3D visualization of construction projects. A recent acquisition adds to this expertise in using geospatial information for mapping and survey applications. On Aug. 18, Trimble Ventures, the parent company's corporate venture capital fund, announced an investment in Sabanto Inc., Chicago, an agricultural technology company that utilizes autonomous (driverless) tractors in its Farming as a Service (FaaS) business.

TOTAL CONSTRUCTION STARTS SAG -9% IN AUGUST

Total construction starts fell -9% in August to a seasonally adjusted annual rate of \$1.25 trillion, according to Dodge Construction Network. The decline, however, comes on the heels of a massive increase in July that saw the start of three large manufacturing plants and two LNG export facilities. In August, nonresidential building starts rose +7%, residential starts were +1% higher, while nonbuilding starts lost -36%. Year-to-date, total construction was +16% higher in the first eight months of 2022 compared to the same period of 2021. Nonresidential building starts rose +35% over the year, residential starts were +1% higher, and nonbuilding starts were up +21%.

"While construction starts activity continues to be dominated by mega-projects like chip fabrication plants, the middle and lower end of the value spectrum is holding up well," said Richard Branch, chief economist for Dodge Construction Network, in the press release. "This is a sign that organic growth in the construction sector has not yet been undermined by the concern of a potential recession in 2023. While higher interest rates may undo this support in the coming months, the industry is in a very good position to continue modest growth."

Nonresidential market. Nonresidential building starts moved +7% higher in August to a seasonally adjusted annual rate of \$569.6 billion. August's gain comes on the heels

of a massive increase in July that saw the start of several large manufacturing projects. Supporting the August gain were an airport terminal, a chip fabrication facility, and a large hotel and entertainment complex. Commercial starts were +22% higher in August, with all categories posting an increase. Institutional starts were up +62%, despite education and healthcare starts declining, and manufacturing starts lost -42% during the month.

The largest nonresidential building projects to break ground in August were the \$9.5-billion New Terminal One at JFK airport in Jamaica, NY; the \$8.5-billion Samsung chip fabrication plant in Taylor, TX; and the \$1.1-billion Gaylord Pacific Hotel and Convention Center in Chula Vista, CA.

Residential market. Residential building starts rose +1% in August to a seasonally adjusted annual rate of \$400.7 billion. Single family starts lost -10%, while multi-family starts gained +19%. Through the first eight months of 2022, residential starts were +1% higher than during the same time-frame in 2021. Multi-family starts were up +28%, while single-family housing slipped -8%.

The largest multi-family structures to break ground in August were the \$70-million Aria Reserve residential tower in Miami; the \$500-million 30 Van Ness mixed-use tower in San Francisco; and the \$500 million 42-02 Orchard Street mixed-use tower in Long Island City, NY.

Sonepar Buys Atlanta's Advance Electrical & Industrial

Sonepar's World Electric subsidiary plans to acquire Advance Electrical & Industrial Supply, Norcross, GA. With a strong presence in Atlanta, the Advance Electrical acquisition offers World Electric the opportunity to expand in Atlanta.

"With the acquisition of Advance Electrical, World Electric will greatly increase their current operations within in the Atlanta market, which is experiencing tremendous growth," said Rob Taylor, president of Sonepar North America, in the press release. "This is a great opportunity to connect geographies and expertise and expand the level of services and capabilities for customers."

Dennis Purvis, current owner of Advance Electrical, said in the press release, "After just a few meetings with World Electric, we realized the extent of resources they have available. It's exciting to think about how World Electric will build our business capabilities, provide our associates with incredible opportunities and elevate our service to the electrical contractors in our markets."

Allied Electronics & Automation Acquires Latin America's Risoul

Allied Electronics & Automation, Fort Worth, TX, part of RS Group plc, will acquire Risoul y Cia, S.A. de C.V. a family-owned distributor of industrial and automation product and service solutions in Mexico that's the largest authorized distributor of Rockwell Automation Products in Mexico and Latin America. Allied is paying \$275 million for Risoul.

The press release said Risoul has almost 50 years of operational knowledge and automation expertise. Risoul provides onsite product training, control board and panel assembly, air conditioning maintenance, specialist tool repair and a smart network infrastructure. Risoul is led by Chief Executive Officer Gerardo Ayala Guarneri, who has been with the company for 18 years, the last five as CEO. The company's 2021 revenues were \$166 million. David Gordon's www.electricaltrends.com offers some insightful analysis on the acquisition.

SESCO Lighting acquires WHOCO Lighting & Controls

Al Uszynski, publisher of inside.lighting.com, published a nice scoop recently with the news that SESCO Lighting, Maitland, FL, one of the biggest lighting reps in the country with 20 locations and 300-plus employees, acquired WHOCO Lighting & Controls, with four locations in North Carolina, South Carolina and Kentucky. The company serves these three states as well as Tennessee, Virginia, Washington, DC and Bermuda.

EW NEWS ANALYSIS

Wesco Buys Data Center Specialist

Wesco International, Pittsburgh, will acquire Rahi Systems Holdings, a data center specialist based in Fremont, CA, for \$217 million.

Rahi Systems is a systems integrator in the data center space and has worked with customers worldwide. Wesco will combine Rahi with its Communication and Security Solutions (CSS) strategic business unit.

"This acquisition strengthens our leading data center solution offerings for our global customers," said John Engel, Wesco International's chairman, president and CEO in the press release. "Rahi's extensive services portfolio serving the leading global hyperscale data center providers expands the cross-sell opportunities across our company."

OmniCable Buys Bay Wire

OmniCable acquired Bay Wire, a regional redistributor located in Hayward, CA, that focuses on providing value-added services and just-in-time service of copper building wire and other wire and cable products to electrical distributors. Glenn Elkins founded Bay Wire more than 25 years ago. OmniCable said in the press release that Bay Wire's suppliers and customers will see no change in how they currently do business. Bay Wire will continue to operate independently, with OmniCable supporting the business as needed.

DSG Acquires Plumbing & HVAC distributor

Dakota Supply Group (DSG), Plymouth, MN, continued its growth in mechanical niches adjacent to the electrical market with its acquisition of Western Steel and Plumbing in an asset purchase effective Sept. 1. Founded in 1949, Western Steel and Plumbing is a distributor of plumbing and HVAC products with two locations in Bismarck and Minot, ND. Dakota Supply Group's electrical business is ranked #51 on *Electrical Wholesaling's* 2022 Top 150 ranking with 2021 sales of \$215 million, 850 employees and 25 locations. In total, the company has more than 900 employee-owners in 50 locations across seven states.

VITAL STATISTICS

CONSTRUCTION

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

	July '22 ₁	June '22 ₂	Mo. % Change	July '21	YTY % Change
Total Construction	1,777.30	1,784.30	-0.40	1,637.30	8.50
Total Private Construction₁	1,424.20	1,436.40	-0.80	1,295.40	9.90
Residential	920.4	934.4	-1.5	806.5	14.1
New single family	450.1	469	-4	437.3	2.9
New multifamily	100.5	101.1	-0.6	101.7	-1.2
Nonresidential	503.9	502.1	0.4	489	3.1
Lodging	16.8	16.7	0.6	16.8	0.3
Office	73.5	73.4	0.1	74.9	-1.9
Commercial	104.1	103.4	0.7	91.5	13.7
Health care	40.1	40.6	-1.2	38	5.5
Educational	18.2	18	1.2	15.7	16.2
Religious	2.9	2.8	1.3	2.8	1.1
Amusement and recreation	13.6	13.3	1.6	12.4	9
Transportation	14.4	14.4	0	15.7	-7.8
Communication	24.3	24	0.9	24.9	-2.6
Power	99.8	99.7	0	115.6	-13.7
Electric	94	93.5	0.6	78.9	19.2
Manufacturing	76.7	76.2	0.6	91	-15.8
Public Construction (\$ billions) ₂	353.1	347.9	1.5	341.9	3.3
Residential	9.3	9.2	0.8	9	3.5
Nonresidential	343.8	338.6	1.5	332.9	3.3
Office	12.3	12	2.9	11.7	5.7
Commercial	3.6	3.6	0.2	3.5	2.1
Health care	10.9	11.1	-1.4	10.2	6.6
Educational	77.2	77.3	-0.1	78.8	-2.1
Public safety	11.3	11	2.2	11.9	-4.8
Amusement and recreation	12.9	13	-0.1	12.1	6.8
Transportation	41	40.5	1.4	40.6	1
Power	9.4	9.4	0.2	9	4.7
Highway and street	102.7	98.4	4.3	98.4	4.3
Sewage and waste disposal	30.3	30.4	-0.3	28.3	7.1
Water supply	22	22.1	-0.6	18.3	20.3
Conservation and development	8.9	8.7	1.7	8.5	4.8
Housing Starts (SAAR)	Aug '22₁	July '22₂	Mo. % Change	Aug '21	YTY % Change
Total (thousands of units)	1,575	1,404	12.2%	1,576	-0.1%
Single-family (thousands of units)	935	904	3.4%	1,095	-14.6%
Multi-family (thousands)	621	483	28.6%	474	31.0%

EMPLOYMENT WAGE & PRICE STATISTICS

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
Employment, Electrical Contractors (thousands) ₄	JUL	1002	1.1	962.2	4.1
Hourly wage, Electrical Contractors (\$) ₄	JUL	33.77	0.1	32.09	5.2
Copper prices (cents per pound)	AUG	361.44	6.4	439.8	-17.8

INDUSTRIAL MARKET

	Mo.	Latest Month	Mo. % Change	Year ago	YTY % Change
Electrical Mfrs' Shipments (\$ millions)	JUL	3,742	-0.1	3,452	8.4
Electrical Mfrs' Inventories (\$ millions SA) ₂	JUL	7,629	0.2	6,646	14.8
Electrical Mfrs' Inventory-to-Shipments ratio	JUL	2.039	0.3	1.925	5.9
Electrical Mfrs' New Orders (\$ millions SA) ₂	JUL	3,956	-1.4	3,405	16.2
Machine Tool Orders (\$ millions) ₆	JUL	381.82	-6.3	476.95	-19.9
Industrial Capacity Utilization (percent, SA) ₁	AUG	79.58	0 pts.	476.95	-19.9 pts.

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; Industrial Capacity Utilization - Federal Reserve Board; and Purchasing Managers Index - Institute for Supply Management.

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.

NEMA'S EBCI INDEX IMPROVES IN AUGUST

Following three months of downbeat readings on business conditions facing the electroindustry, as measured by the current conditions component of the EBCI, sentiment in August reached 50 points, signaling unchanged conditions from the previous month. The more than six-point gain in the current conditions index from July's 43.8 points was led by an uptick in the share of respondents that reported "better" conditions in August.

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.

However, the largest proportion of NEMA's EBCI panel members continued to note "unchanged" conditions. Comments indicated that some NEMA executives have seen pockets of growth in an otherwise slowing economy. In a striking change from comments submitted over the past 15 months, the only mention of supply problems in August's current conditions commentary from respondents pointed to "minimal improvement in supply chain issues."

Despite gaining nearly 10 points to a reading of 34.6 points in August, the future conditions component remained well under water for the sixth consecutive month. Although the greatest percentage of survey respondents indicated they anticipated "worse" conditions six months ahead, that sentiment no longer constituted a majority, as in increase in the number of "unchanged" responses displaced some of the prior month's negative expectations.

Comments from NEMA executives were mixed on the likelihood of continued momentum, but expectations for supply chain and labor market improvement, coupled with still-significant orders backlogs, supported the bump up in the forward-looking metric. ■

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CES Opens Branch in Martha's Vineyard



Concord Electric Supply, part of the City Electric Supply (CES) nationwide branch network, recently opened its newest location on the island of Martha's Vineyard after a year of construction. As

the company's 28th branch in the state of Massachusetts, the Martha's Vineyard location is only the second location that City Electric Supply currently has on an island.

Since opening the doors, the team has celebrated an official grand opening event and set big goals for themselves.

"I'm pretty ambitious about what I want to do on the island. I have big goals for my branch and putting our footprint down on the island," said CES Martha's Vineyard Branch Manager Justin Tullock. "This Martha's Vineyard opportunity is great for our team to make the most out of this location and see how far we can take it."

"The team that we have at CES Martha's Vineyard understands our CES culture, and it's important for our customer base to see that," said VP of Operations Jaime Marujo. "The company has wanted to put a branch on Martha's Vineyard for a while now, so seeing it come to life has been really rewarding."

City Electric Supply is ranked #7 on *Electrical Wholesaling's* 2022 Top 150 ranking.

Loeb Electric Celebrating 110th Anniversary

Loeb Electric, Columbus, OH, is celebrating 110 years of supporting commercial construction projects in central Ohio and businesses nationwide. Founded in 1912, the family-owned Loeb Electric is ranked #45 on *Electrical Wholesaling's* 2022 Top 150 listing, with 300 employees and five locations.

"Over the last 110 years, we've remained focused on one priority — customer success, which is built on trust," said Charles Loeb, third-generation president and CEO, in the press release. "Within these walls, the word 'trust' means more than any other. Anyone can sell materials. We pride ourselves on delivering unmatched service and the best possible customer experience."

Loeb Electric's cross-disciplined employees focus on key services including material supply, project management, logistics support and customer solutions



to be an essential part of their customers' success — what they call "customer centricity." "Customer centricity through trust, expertise and innovation is where

we shine," says Loeb, who took the reins in 1982 in the company's senior leadership role after starting his career at the Loeb Electric counter.

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INDUSTRY EVENTS

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

October 26-27 2022

NAED DATA ANALYTICS CONFERENCE

Dallas; www.naed.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

January 16-18, 2023

NAED WESTERN CONFERENCE

Palm Desert, CA; www.naed.org

January 30 - February 2, 2023

NEMRA CONFERENCE

Las Vegas, NV; National Electrical Manufacturers Representatives Association;
www.nemra.org



Cerrowire Marks Milestone with Celebration of a Century

On July 30th, Cerrowire employees participated in the celebration of a century at Cook Museum of Natural Science in Decatur, AL, during the culmination of their nationwide observance of 100 years of operation.

Nearly 450 team members and their families from the Hartselle, AL, facility, MC Cable business and corporate headquarters came together at the museum. During the evening, kids and adults explored museum exhibits and activities, learned fun facts at live animal shows and enjoyed important recognitions. Prior to dinner, celebrants grooved to live music performed by a talented group of Cerrowire employees. This event was the fourth and final celebration event for the company. Celebrations were previously held in the company's other locations — Georgia, Indiana and Utah.

The copper wire manufacturer started in 1920 when a young immigrant named Hyman Cohn opened a small electrical equipment store in Brooklyn, NY. The company underwent significant growth and change; and in 1938, a large plant was built — the largest in New York at the time — on the site of what is now LaGuardia International Airport.

The company was renamed Cerro Wire and Cable in 1954. The Marmon group of companies later bought it and moved operations to Hartselle, AL, its current headquarters. Marmon developed additional facilities in Ogden, UT; Crothersville, IN; and Carrollton, GA. In 2008, Warren Buffett, chairman and CEO of Berkshire Hathaway, acquired majority interest in the Marmon Group.

Today, Cerrowire is shipping copper wire and cable to distributor warehouses, large electrical contractors and home improvement stores across the country. Currently, Cerrowire is constructing a facility which will manufacture metal-clad cable (MC cable) in Alabama.

Southwire Opens New Office in New York Metro Area

Southwire Co., Carrollton, GA, recently opened a new office in Medford, NY. The opening of this office comes several months after Southwire expanded its business with the acquisition of Topaz Lighting Corp. in Dec. 2021.

“This has been a long time coming, and the acquisition of Topaz has been very important,” said Brandon Moss, president of Southwire’s Tools, Components and Assembled Solutions (TCAS) business unit, in the press release. “As we met individuals, we were extremely excited about the talent of this organization. I am really excited that we can get this talent back together and have a facility to do so. We are committed to the employee base here and this location, and we are focused on investing in the local community — as we do in every community we join — and making it better than it was before.”



During the grand opening event, Southwire Medford employees were joined by the company’s executive leadership team, the local sales staff and members of the team at Brazill Brothers & Associates, the sales agency that represents Southwire in the New York metro area.

“One of the things that is important to me is meeting people face-to-face,” said Michael Griesi, Southwire’s vice president of Strategic Sourcing and Customer Experience, in the press release. “When Southwire acquired Topaz, it was challenging to embrace

so many new people into the Southwire family because we were working remotely. Now that we have a facility to visit and spend time with everyone, I’ve seen what a wonderful team we have here.”

Winsupply to Open Richard W. Schwartz Center for Innovation

Winsupply, Dayton, OH, opened the Richard W. Schwartz Center for Innovation on Aug. 25 and reopened its Winsupply of Dayton branch location. The 28,000-sq-ft building is located next to Winsupply’s Support Services campus in Moraine, OH. The Center for Innovation is named after Richard Schwartz, the company’s chairman of the board and a lifelong champion of the power of entrepreneurship and free enterprise.



help every local company at Winsupply be more competitive in their markets. “The ability for our support services teams to work side-by-side with an operating local company will be invaluable and will actually help speed up the time to market for our newest services. I thank the leadership team for naming the facility in the spirit of what I believe in,” said Rick Schwartz in the press release.

Jeff Williams, president and owner of Winsupply of Dayton, is looking forward to the opportunity to combine his local company with the Center for Innovation. “This will allow my company to try out new services and technology that will help us better serve our customers,” said Williams in the press release, “Our team will be able to provide feedback before the services are expanded to all local companies.”

For the first time in Winsupply history, the Support Services teams can work alongside a local company to develop, test and refine innovations. These innovations include everything from IT solutions, inventory management, warehouse operations, merchandising and product deliveries, customer communications, vendor marketing and showroom displays. Upon testing, these innovations can then be rolled out nationwide to

10 Local Markets to Watch in 2023

Although economists' forecasts for the national economy in 2023 are mixed, these 10 local markets have got more than enough momentum to power through an uncertain business climate.



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It's not easy to pick the 10 local market areas with the most potential for electrical product sales growth out of the 300-plus Metropolitan Statistical Areas (MSAs) in the United States, because each local market has a unique economic profile and economic drivers to consider. For instance, the fast-growing MSAs along Florida's Gulf Coast rely on double-digit population growth to fuel demand for new vacation homes, senior housing and single-family homes for new residents from colder climates. In industrially oriented markets like the Elkhart-Goshen, IN MSA, you must watch industrial employment data from the U.S. Census Bureau and look for news about plant expansions in that market's dominant recreational vehicle

By Jim Lucy, Editor-in-Chief

manufacturing industry. Ditto for the Detroit-Warren-Dearborn, MI MSA and many other Michigan markets whose economic fortunes are tied to the amount of industrial business flowing through Ford or General Motors auto plants.

It's also hard to compare the nation's largest metropolitan areas and their billions of dollars in sales potential with much smaller metros that may be growing at a double-digit growth rate but represent a fraction of the larger markets' potential electrical sales. According to *Electrical Marketing's (EM)* electrical sales potential data, 27 MSAs have at least \$1 billion in electrical sales potential and 18 markets could generate annual sales of between \$500 million and \$1 billion. If you need market data on other local markets or all 50 states, it's available as part of a \$99 *EM* annual subscription.

The fastest-growing market areas shine when you measure them against state or national growth rates in electrical sales potential, electrical contractor or industrial employment, building permits or population growth. *EW's* editors first sorted all MSAs by their growth as measured by each of these indicators, and then pared down each list to the MSAs that were growing by at least double their state's rate on a year-over-year and five-year basis.

On the following pages are 10 local markets that emerged from this gauntlet of economic indicators with superior growth rates. We picked out the economic indicators that stood out most in each market. In most MSAs, multi-family construction is currently more notable than single-family permits. More in-depth local data is available to *EM* subscribers.

HOUSTON

The Woodlands-Sugar Land, TX MSA

SALES ESTIMATES (\$ Millions)

Electrical Sales Estimate 2Q 2022: \$3,443.6 million

4 Electrical Market in U.S

% of Texas Total Sales: 28.7%

QTQ % Change: +7% / YOY % Change: +9.3%

Electrical Contractor \$ Potential Estimate: \$2,201.2 million

Industrial \$ Potential Estimate: \$447.7 million

BUILDING PERMITS

Multi-Family # Change: 6,835 • Multi-Family % Change: +87%

POPULATION GROWTH

Population Estimate 2021: 7,206,841

Net Migration: 31,921 / New Residents per Day: 87

2015-2020 # Change: 483,675 • 2015-2020 % Change: +7.3%

Houston, the fourth largest electrical market in the United States, is one of the few markets in the United States where its electrical sales potential of \$3.4 billion through 2Q 2022 as estimated by *Electrical Marketing*, is growing at double the pace of the United States. It logged a quarter-to-quarter QtQ gain of +7% and a year-over-year (YOY) gain of +9.3%.

While a report by the Greater Houston Partnership says oil industry employment has been slow to recover to pre-pandemic levels, overall industrial employment for the Houston-The Woodlands-Sugar Land MSA through July is up +4% YOY



with 8,586 more employees on the payroll than in July 2021. The most recent electrical contractor employment data is also solid with a +7.4% QtQ increase to an estimated 30,000-plus electrical contractor employees.

According to an article in the *Houston Chronicle*, some of the most interesting projects underway or on the drawing boards are Megatel Homes \$2-billion lagoon in a 1,000-home development called Saint Trope; the \$1.8-billion first phase of the Texas Medical Center's TMC3 project; and the \$2.5-billion East River mixed-use development.



AUSTIN

Austin-Round Rock, TX MSA

SALES ESTIMATES (\$ Millions)

Electrical Sales Estimate 2Q 2022: \$1,087.4 million

% of Texas Total Sales: 9%

QTQ % Change: +1.3% / YOY % Change: +0.5%

Electrical Contractor \$ Potential Estimate: \$696.3 million

Industrial \$ Potential Estimate: \$140.2 million

BUILDING PERMITS

Multi-Family Units: 15,635 / # Change: -46

Multi-Family % Change: -0.3%

POPULATION GROWTH

Population Estimate 2021: 2,352,426

Net Migration: 42,541 / New Residents per Day: 117

2015-2020 # Change: 292,489 • 2015-2020 % Change: +14.6%

Although the Austin metro's total estimated electrical sales potential top \$1 billion, its QtQ (+1.3%) and year-over-year (+0.5%) growth metrics are pretty pedestrian. Long one of the hottest housing markets in the country, building permit activity has also slowed down through mid-year.

However, the market's growth metrics are tough to beat in many other areas. It remains a popular relocation destination, with 117 new residents moving in each day and 2021 net migration of 42,541 new residents. It also added 292,489

residents in the past five years — enough people to fill the football stadium for the city's beloved University of Texas Longhorns three times.

Construction sites are busy downtown, and in the first half of 2022 at least five multi-family, mixed-use or office towers valued at \$100 million or more broke ground. An even bigger project is the 500,000-sq-ft expansion of Tesla's 4-million-sq-ft Gigafactory that according to a post at www.electrek.com would include two new assembly lines.

TAMPA

Tampa-St. Petersburg-Clearwater, FL MSA

SALES ESTIMATES (\$ Millions)

Electrical Sales Estimate 2Q 2022: \$1,271.6 million
 % of Florida Total Sales: 15.1%
 QTQ % Change: +1.4% / YOY % Change: +2.4%
 Electrical Contractor \$ Potential Estimate: \$835.3 million
 Industrial \$ Potential Estimate: \$142.8 million

BUILDING PERMITS

Multi-Family # Change: 3,131 • Multi-Family % Change: +87%

POPULATION GROWTH

Population Estimate 2021: 3,219,514
 Net Migration: 45,625 / New Residents per Day: 125
 2015-2020 # Change: 258,488 • 2015-2020 % Change: +8.7%

As the largest metropolitan area on Florida's Southwest Gulf Coast, the Tampa-St. Petersburg-Clearwater, is seeing growth on a larger scale than the mid-sized and small MSAs down the coast — Northport-Sarasota-Bradenton, Cape Coral-Ft. Myers and Naples-Immokalee-Marco Island. It's adding new residents in a big way, with 258,488 new residents from 2015 to 2020 and 125 new residents per day in 2021. Tampa is in the midst of a multi-billion dollar building surge downtown, with the \$3-billion Water St. revitalization project underway; the ongoing \$500-million Midtown Tampa

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redevelopment; the \$600-million Westshore Marina District development; and the Gas Worx mixed-use project in the Ybor City neighborhood.

Electrically speaking, this MSA is a member of the billion-dollar club, with an estimated \$1.27 billion in total estimated sales potential through 2Q 2022. Recent growth has been average, with a QtQ increase of +1.4% and a +2.4% YOY increase. Longer-term, electrical contractor employment growth has been impressive with a 2,171-employee gain (+22%) from 2015 to 2020.



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About 76 miles south of Sarasota on Interstate 75, the Cape Coral-Fort Myers MSA attracted more than 26,000 new residents in 2021 according to Census Bureau net migration data, most likely for the very same reasons snowbirds are flocking to other beach areas along the Gulf Coast — gentle waves and soft sand; great fishing; MLB spring training and killer seafood. With more than 90,000 new residents moving in over the past five years,

FORT MYERS

Cape Coral-Fort Myers, FL MSA

SALES ESTIMATES (\$ Millions)

Total Electrical Sales Estimate 2Q 2022: \$456.2 million
 % of Florida Total Sales 5.4%
 QTQ % Change: 3.1% / YOY %: 2.3%
 Electrical Contractor \$ Potential Estimate: \$1,380 million
 Industrial \$ Potential Estimate: \$14.7 million

BUILDING PERMITS

Multi-Family # Change: 931
 Multi-Family % Change: +117.3%

POPULATION GROWTH

Population Estimate 2021: 787,976
 Net Migration 2021: 26,813 / New Residents per Day: 73
 2015-2020 # Change: 90,524 • 2015-2020 % Change: 12.9%

this MSA continues to grow fast. Through July, multi-family building permits were up 931 over 2021's year-to-date pace to 1,725 permits. Single-family permits were up just +1.7% over 2021 at 6,320 permits, but that's an impressive number for a mid-sized MSA.

The MSA's total estimated electrical sales potential was up +2.3% YOY to \$456.2 million and was pacing a bit faster with a +3.1% clip QtQ at mid-year.

SARASOTA

North Port-Sarasota-Bradenton, FL MSA

SALES ESTIMATES (\$ Millions)

Electrical Sales Estimate 2Q 2022: \$395.7 million

% of Florida Total Sales: 4.7%

QTO % Change: +2.4% / YOY % Change: +3.2%

Electrical Contractor \$ Potential Estimate: \$267 million

Industrial \$ Potential Estimate: \$37.4 million

BUILDING PERMITS

Multi-Family # Change: 673

Multi-Family % Change: +41.3%

POPULATION GROWTH

Population Estimate 2021: 859,760

Net Migration: 29,691 / New Residents per Day: 81

2015-2020 # Change: 86,764 • 2015-2020 % Change: +11.3%

This metropolitan area with \$395.7 million in estimated total electrical sales potential has grown steadily over the past decade with the same formula that works for many of Florida's MSAs — double-digit population growth, steady housing construction and plenty of sunshine to keep folks moving down to some of the best beaches in the country.

As in the other MSAs along Florida's Gulf Coast, industrial business is pretty light in the Sarasota electrical market



at an estimated 9% of total sales, but the metro's electrical contractors are busy with all of the new home construction, particularly in the multi-family market. Permits for building with 5 units or more were up +41.3% YOY through July to 2,301 permits. The single-family market hasn't seen the same increase so far this year, but they still topped 7,600 permits through July according to the most recent data.

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The steady and sometimes spectacular growth of the Myrtle Beach area and its 60 miles of beaches called the "Grand Strand" along South Carolina's northern coast has a pretty "beachy" growth strategy — mix plenty of sun, golf, warm weather and a comparatively favorable cost of living to provide an escape from cold Northern or Midwestern winters. The area has gained 82,816 new residents over the past five years and in 2021 new South Carolinians were moving in at the rate of 60 new residents per day.

MYRTLE BEACH

Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA

SALES ESTIMATES (\$ Millions)

Total Electrical Sales Estimate 2Q 2022: \$149.9 million

% of SC Total Sales 7.7%

QTO % Change: 1.7% / YOY %: 0.6%

Electrical Contractor \$ Potential Estimate: \$105.4 million

Industrial \$ Potential Estimate: \$9.9 million

BUILDING PERMITS

Multi-Family # Change: -42

Multi-Family % Change: -11%

POPULATION GROWTH

Population Estimate 2021: 509,794

Net Migration 2021: 21,921 / New Residents per Day: 60

2015-2020 # Change: 82,816 • 2015-2020 % Change: 19.2%

As an electrical market, the Myrtle Beach-Conway-North Myrtle Beach MSA is one of the smallest of EW's local market picks with total estimated sales potential of \$149.9 million, but the area's steady flow of retirees looking for the good life and folks looking for a beach house or condo supports an active housing market in most years. Single-family permits saw a nice bump through July with a 1,139-permit increase (+19.3%) to 7,035 permits year-to-date.

PROVO

Provo-Orem, UT MSA

SALES ESTIMATES (\$ Millions)

Total Electrical Sales Estimate 2Q 2022: \$455 million

% of Utah Total Sales 22.6%

QTQ % Change: 11.8% / YOY %: 14.1

Electrical Contractor \$ Potential Estimate: \$304.5 million

Industrial \$ Potential Estimate: \$45.5 million

BUILDING PERMITS

Single-Family Units: 4,113 • YOY # Change: -564

Single-Family % Change: -27.2%

5 Units or More: 1,717

Multi-Family # Change: -643

Multi-Family % Change: -27.2%

POPULATION GROWTH

Population Estimate 2021: 697,141

Net Migration 2021: 13,912 / New Residents per Day: 38

2015-2020 # Change: 79,332 • 2015-2020 % Change: 13.6%

Not all of the fastest-growing markets are major metropolitan areas. The Provo-Orem MSA is a good example of a relatively small market electrical market with an estimated sales potential of \$455 million and a population of less than a million that showing some impressive growth in electrical sales. *Electrical Marketing* estimates that through 2Q 2022, its electrical sales potential increased +11.8% QtQ and +14.1% YOY.



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Nestled in the foothills of the Wasatch Mountains about 45 miles south of Salt Lake City, the area's population has been growing at a double-digit rate over the past five years. It's adding 38 new residents per day and has added over 79,000 new residents since 2016. Home to Brigham Young University, the MSA also has a fair number of tech companies, including Adobe, Oracle, Symantec and Vivint Smart Homes.



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PHOENIX

Phoenix-Mesa-Scottsdale, AZ MSA

SALES ESTIMATES (\$ Millions)

Total Electrical Sales Estimate 2Q 2022: \$2,133.1 million

% of Arizona Total Sales 77.7%

QTQ % Change: 1.9% / YOY %: 2.4%

Electrical Contractor \$ Potential Estimate: \$1,352.5 million

Industrial \$ Potential Estimate: \$288.3 million

BUILDING PERMITS

Multi-Family # Change: 1,188 • Multi-Family % Change: +14%

POPULATION GROWTH

Population Estimate 2021: 4,946,145

Net Migration 2021: 70,097 / New Residents per Day: 192

2015-2020 # Change: 479,564 • 2015-2020 % Change: 10.5%

While the Valley of the Sun's housing market continues to be fueled by an enormous influx of new residents each year, Phoenix, now the seventh largest electrical market in the United States, is making a name for itself as a destination for new semiconductor and EV plants and data centers. In addition to new data centers by Iron Mountain and Facebook, over the past two years the metro has seen Nikola break ground for a \$470-million hydrogen-electric truck plant; Lucid announce plans for a massive expansion of its luxury

EV facility in Casa Grande, AZ; and Intel break ground on a \$20-billion expansion of its Ocotillo semiconductor plant campus in Chandler, AZ.

While these examples of industrial expansion in the Phoenix metropolitan area are impressive, the area's continued population growth is truly staggering. According to U.S. Census Dept. data, 192 new residents are moving into the metro every day and since 2015 the MSA has added 479,564 new residents.

ST. GEORGE

St. George, UT MSA

SALES ESTIMATES (\$ Millions)

Electrical Sales Estimate 2Q 2022: \$138.6 million

% of Utah Total Sales: 6.9%

QTO % Change: +5.1% / YOY % Change: +6.4%

Electrical Contractor \$ Potential Estimate: \$98.4 million

Industrial \$ Potential Estimate: \$8.2 million

BUILDING PERMITS

Multi-Family # Change: 479 • Multi-Family % Change: +1,408.8%

POPULATION GROWTH

Population Estimate 2021: 191,226

Net Migration: 9,204 / New Residents per Day: 25

2015-2020 # Change: 30,074 • 2015-2020 % Change: +19.4%



Nestled between Pine Valley Mountain, Zion National Park and the Mojave Desert in Utah's southwest corner, St. George continues to add new residents at a surprising rate. Skywest Airlines is headquartered in St. George and is one of the area's largest employers, but it's the metro's reputation as a retirement haven that appears to be drawing most of the new residents. At 191,226 in 2021, the MSA's population is growing at a rate that by some population metrics makes St. George the fastest-growing MSA in the nation. The city has added 30,074 new residents over the past five years — a

19% surge — and saw its population increase 30% between 2010 and 2020.

Building activity has been steady, as builders have pulled 1,654 single-family permits and 513 multi-family permits year-to-date through July. New homeowners will have some tough new water conservation measures because of the serious drought in the region, including a ban on “nonfunctional grass at any new commercial, institutional and industrial developments and a limit on grass at new homes,” according to a post at www.ksl.com.



BOISE

Boise, ID MSA

SALES ESTIMATES (\$ Millions)

Total Electrical Sales Estimate 2Q 2022: \$470.3 million

% of Idaho Total Sales 49.1%

QTO % Change: 3.1% / YOY %: 2.4%

Electrical Contractor \$ Potential Estimate: \$302.9 million

Industrial \$ Potential Estimate: \$58.9 million

BUILDING PERMITS

Multi-Family # Change: 1,404 • Multi-Family % Change: +93.1%

POPULATION GROWTH

Population Estimate 2021: 795,268

Net Migration 2021: 24,261 / New Residents per Day: 66

2015-2020 # Change: 95,180 • 2015-2020 % Change: 14.1%

Although the Boise market area may have slowed down some from the rapid-fire growth rate it experienced during the past decade, its population is still growing faster than most other MSAs and its estimated electrical sales potential grew steadily over the past year to \$470.3 million. The Boise MSA added 95,180 new residents over the past five years, and in 2021, new residents moved into the area at a rate of 66 per day. The single-family housing market through July 2022 took a hit, with building permits dropping approximately 18% to 4,376

permits. On the flip side, multi-family permits saw a huge jump YOY, with builders pulling 1,404 more permits YTD through July than last year for a 2,912 total in multi-family permits.

Boise's economy relies on mix of traditional businesses like the Boise Cascade building materials company and the J.R. Simplot food company and tech companies like HP, Micron and Peraton. In 1Q 2022, Facebook announced that it plans to build a \$800-million data center in Kuna, ID, near Boise according to a post on www.datacenterdynamics.com.



CATALYSTS *for* CHANGE

Here are *nine leadership qualities* to embrace in a post-pandemic world.

Editor's note. Over the past two summers, Dirk Beveridge embarked on two excellent ventures — cross-country road trips in his We Supply America RV to visit with dozens of distributors and hundreds of employees working at the supply houses. Central to his mission on these adventures was talking with these distribution execs and their employees about what he calls “the noble calling of distribution,” and how they were all part of something big, transformational and

By Dirk Beveridge

of critical importance to America in this post-Covid world — supporting the supply chain that drives the U.S. economy. In this article, Dirk explores some of the things he learned during the thousands of miles he traveled through the distribution industry.

As we emerge from the greatest disruption the world has experienced in nearly a century, distribution leaders may be left wondering how to lead their companies into the future. What worked before the pandemic may not work today, especially with supply-chain shortages, price increases and the Great Resignation. For our businesses to thrive, leaders

must adapt or die — and bring our team along for the change. But to do that we must carefully examine our business and leadership practices, and decide which qualities stay and which ones go.

Recently, my team and I launched a three-pronged research series to gauge the confluence of changes that are transforming independent distributors today. Not only did we survey distributors to get their unfiltered take, but we traveled to meet with dozens of distributors throughout two seasons of the We Supply America tour and engaged in deep conversations with their leadership teams

and staff. I also pulled from my extensive strategic work one on one with leadership teams throughout the country.

From this, we established three foundational components that could make or break the future success of the independent distributor:

- Leadership
- People
- Innovation

In the first pillar of the research series, out now, we focused on leadership and dug into the data to examine the forces (internal forces, external forces and people forces) that were driving change in our businesses today.

We found that due to the accelerating confluence of change, that the very nature of leadership in distribution is changing more rapidly than most of us realize. About 78% of respondents in our survey agreed with this premise. And, as a result, 83% of leaders believe we must lead differently coming out of the pandemic than how we led going in. We cannot lead our teams the same way we always have.

As one respondent said, “Distribution is in danger of becoming an extinct business model if management philosophies continue to remain archaic.” Instead, management needs to focus on and invest in empowering all employees to achieve their potential – a Noble Calling for today’s leaders.

Nearly all of the executives we surveyed agreed the human element will play a bigger role in leadership going forward. We asked distribution leaders to share the qualities they believed were the keys to future success in leadership. Instead of business goals and KPIs (key performance indicators), many of the answers pointed to qualities that sup-

ported the development of the individual and acknowledged the role humanity will play going forward. The top leadership qualities they said distributors need to embrace included:

- #1. **Commitment to growing and developing people**
- #2. **Defining a meaningful purpose**
- #3. **Authenticity**
- #4. **Investment in the future**
- #5. **Ability to lean into unknown**
- #6. **Defining a meaningful purpose**
- #7. **Playing the long game**
- #8. **Having a mindset that anything is possible**
- #9. **Having a pioneer and innovator mindset**
- #10. **Bias toward technology**

In theory, these qualities seem fundamental. But in practice, they are often

“If you’re not going where the industry is going, you’re going to be left behind. You’re not leading. You’re harvesting.”

—Joe Nettemeyer,

President and CEO of Valin Corp.

sidestepped for what’s considered more urgent tasks. What’s more, the overwhelming challenges of the pandemic and its aftermath have caused some leaders to return to “what’s always worked,” rather than embrace the changing nature of leadership.

Disruption is always around the corner and changemakers know these challenges are continual opportunities for improvement. Joe Nettemeyer, president and CEO of Valin Corp., believes

constantly looking ahead is critical to the success of distribution. Yet, he’s heard other business leaders say, “This is how we’ve always done it, and this is the way we’re going to do it.”

To that he says, “They’re wedded to the success of yesterday. They didn’t look to what it takes to be successful tomorrow. You have to bake that into your thought process. If you’re not going where the industry is going, you’re going to be left behind. You’re not leading. You’re harvesting.”

One distributor we surveyed believes leadership must go beyond traditional management strategies and include qualities that inspire and motivate growth. “Empowering your employees to be the best versions of themselves will create more leaders.

We all have plenty of managers, we need leaders to excel. Putting time, money and coaching back into our people is how we will thrive.”

Another told us, “With people at the heart of it all, finding ways to incorporate the human element (“what’s best for my team?” and “what’s best for my customer’s teams?”) will be significant. If you have an emotionally exhausted team no vision will be executed to its full potential.”

We’ve seen a shift in the workplace and if leaders want to thrive into tomorrow, they must embrace the qualities the marketplace seeks in its leaders today — and balance purpose with profits.

Want to see what distribution leaders have to say about the changing nature of leadership? Learn more in our new report, which you can download at www.unleashwd.com/fod-reimagining-leadership. **EW**

ABOUT THE AUTHOR

Dirk Beveridge is the founder of UnleashWD, executive producer at We Supply America, president of the Beveridge Consulting Group and “champion for the noble calling of distribution” for over 36 years. His one-of-a-kind perspective on the future of wholesale distribution has guided his mission to advance the growth, relevance and transformation of the industry, helping distributors thrive. Learn more about him by visiting WeSupplyAmerica.net, or learn about his work speaking to audiences big and small about his research findings. Contact him at info@unleashwd.com / (847) 381-7797.

Installation of residential solar panels will most likely increase because homeowners will be able to take 30% of the cost of installing solar power systems off of their federal taxes through 2032.



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Inflation Reduction Act **Primed to Pump Billions** into Renewables, EVs & Construction Market

Check out the revenue opportunities electrical manufacturers, distributors, reps and contractors will all see generated by this legislation.

Mammoth in scope and vigorously debated on Capitol Hill, the recently passed Inflation Reduction Act (IRA) will directly impact the electrical wholesaling industry because of the billions of dollars in tax credits and other financial incentives it will pump into renewable power production and the industrial, construction and electric vehicle markets.

Federal tax credits will be available for electric utilities and other producers of renewable energy, building owners, homeowners and domestic manufacturers of equipment for the solar, wind, electric vehicles and EV battery markets when they make the investments

By Jim Lucy, Editor-in-Chief

specified in the bill. In the electrical construction market, virtually any company involved in the design, sale or installation of energy-efficient building products should see downstream revenues related to the construction of new manufacturing facilities, retrofits of commercial buildings, the installation of residential solar systems and other green project work.

While being an accountant, lawyer (or both) would help one understand the verbiage in the Inflation Reduction Act that President Biden signed into law on August 16 to combat climate change, reduce health costs and battle inflation, one thing is clear: it's a big deal for electrical manufacturers, distributors, reps, electrical contractors and other buying influences. The bill aims to incentivize companies to onshore the manufacture of electric vehicles, batteries, solar

panels and wind turbines. They will also benefit from the recently passed CHIPS and Science Act that will provide \$52.7 billion in financial incentives for semiconductor manufacturers that build or expand factories in the United States.

Although many of IRA's provisions don't kick in for a year or two, the legislation's extended tax credits and new financial incentives have been well-received by trade associations in the electrical, renewables and utility industries.

While the bill was being debated in Congress, Debra Phillips, president and CEO of the National Electrical Manufacturers Association (NEMA), wrote in a letter to Majority Leader Chuck Schumer and Nancy Pelosi, Speaker of the House that said in part, "NEMA members are already poised to invest billions to expand

domestic manufacturing capabilities to facilitate the energy transition, and this legislation will make those investments a lasting reality.

“The Inflation Reduction Act includes over \$360 billion in clean energy and climate provisions over the next 10 years, many of which are, and have been, supported by NEMA, including but not limited to:

- \$500 million through the Defense Production Act to support the availability of strategic critical minerals and associated technology in the U.S.

- \$30 billion in tax credits to accelerate growth of domestic manufacturing of renewable energy components

- \$30 billion in targeted grant and loan programs for state and electric utilities to transition to clean electricity

- \$10 billion in investment tax credits to build clean technology manufacturing facilities, including facilities that make electric vehicles, wind turbines and solar panels

- Over \$9 billion for federal procurement of American-made clean technologies to create a stable market for clean products.

“Making the necessary investments to expand domestic clean energy manufacturing and achieving greenhouse gas emissions reduction goals requires certainty and the ability for companies to plan for the long-term. Given the current economic reality — characterized by continued disruption of pre-pandemic supply chains, inflation and dependence

on international suppliers for critical components like semiconductors — NEMA urges Congress to work to expeditiously advance this legislation into law, which will help their downstream customers invest in and grow our nation’s domestic clean energy industrial base.”

Often an active lobbyist for energy bills on Capitol Hill, the National



BriteSwitch says new tax credits will be available for businesses and homeowners that install electric vehicle charging systems.



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The extension of tax credits for electric utilities and other companies that build wind farms, centralized solar facilities and stand-alone energy storage facilities should spur new business opportunities for the electrical industry.

Electrical Contractors Association (NECA) said in a press release that it worked with Congressional leaders to ensure the IRA legislation “would make critical investments in clean energy opportunities for NECA contractors without an increased tax burden.”

“The National Electrical Contractors Association (NECA) applauds Congress on the passage of the Inflation Reduction Act of 2022,” NECA said in the release. “The Inflation Reduction Act, as negotiated by Senator Manchin and Majority Leader Schumer, will invest over \$369 billion in domestic energy production and manufacturing. The investment will provide NECA contractors with new opportunities to modernize our energy portfolio and create good-paying jobs across America. In addition, this legislation has strong labor protections, including mandating prevailing wage rates and using apprentices from only registered apprenticeship programs”

David Long, NECA CEO, said in the release, “NECA contractors are ready to go to work with their partners to build America’s new clean energy sector. I would like to commend Senator Manchin, Senator Sinema and members of Congress for their due diligence in negotiating a bill to make significant investments in America’s domestic energy while not increasing taxes on our contractors.”

Following are several key elements of the IRA that *Electrical Wholesaling’s* editors believe will have the most direct impact on the electrical market.

Extension of the Investment Tax Credit (ITC) and Production Tax Credit (PTC). The legislation offers extended and

new tax incentives for electric utilities and other companies that build wind farms, centralized solar facilities and stand-alone energy storage facilities.

A post at www.natlawreview.com said, “The IRA comes as welcome news to the renewable energy industry as important tax incentives for wind, solar and other renewable energy resources are set to expire or wind down. Existing law also did not provide any federal tax incentives for the rapidly growing stand-alone energy storage and clean hydrogen industries. The IRA fixes that and more.”

Increase and expansion of the tax deduction for the construction and retrofit of energy-efficient buildings.

A post at www.accountingtoday.com said, “The already permanent Section 179D tax deduction has been significantly increased from the current maximum of \$1.88 per sq. ft. in 2022 to \$5 per sq. ft. to reward the construction of energy-efficient commercial buildings, including multi-family buildings that are four stories or taller. Energy-efficient ground-up construction, along with energy efficient retrofits of older buildings, will be eligible.” The bill also included details on how lighting retrofits could qualify for these tax deductions.

Tax credits for the purchase of certain new and used electric vehicles.

While the IRA includes some stipulations about which EVs are covered and has eligibility limitations for consumers in the highest tax bracket, new EVs assembled in North America that are on the IRA’s qualifying list will be eligible for a \$7,500 tax credit starting in 2023. IRA’s tax credits for used EVs are \$4,000.

Tax credit for electric-vehicle charging installations.

According to an analysis of the Inflation Reduction Act by BriteSwitch, the 30C Tax Credit has been extended until Dec. 31, 2032. “Businesses and other organizations that install EV chargers at their facilities can qualify for an incentive of up to 30% of the cost,” said a post at www.briteswitch.com. “With the passage of the IRA, the maximum amount of the tax credit has increased from \$30,000 to \$100,000 for projects completed after Dec. 31, 2022. Projects completed before then would still be subject to the \$30,000 cap.”

BriteSwitch also said homeowners can qualify for an EV charging system tax credit and can expense 30% of the project installation cost up to \$1,000, as long as qualifying equipment is installed that allows bi-directional charging.

Residential Clean Energy Credit.

Homeowners will be able to take 30% of the cost of installing a solar power systems off of their federal taxes through 2032, according to a post at www.kiplinger.com. Heather Zichal, CEO of the American Clean Power Association, said the legislation would provide companies in the clean power industry with “unprecedented multi-year policy certainty for clean energy.”

“This is the vote heard around the world,” she said in a press statement. “It puts America on a path to creating 550,000 new clean energy jobs while reducing economy-wide emissions 40% by 2030. This is a generational opportunity for clean energy after years of uncertainty and delay.” **EW**

Leviton Announces Goal to Achieve Carbon Neutrality by 2030

Leviton recently announced its climate change goal to achieve company-wide Carbon Neutrality by 2030 (CN2030) and its ambition to achieve Net-Zero Carbon by 2050. The company also announced its CN2030 program, which is based on a refreshed commitment to reduce its environmental impact in six focus areas. The focus areas are carbon, energy, waste, recycling, water and through innovation by empowering and enabling customers to be more sustainable.

Leviton established a Global Sustainability Steering Committee (GSSC) last year comprised of executives from across the company to provide direction, resources and funding. At the same time, Ross Goldman was appointed as Leviton's first chief sustainability officer. He takes on this role in addition to his current role as executive vice president and general manager of Leviton's Network Solutions business unit.



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“Every day, Leviton manufactures products that help our customers create more sustainable buildings, factories and homes, and we are proud to formalize our company’s sustainability commitment through our CN2030 program,” said Daryoush Larizadeh, president and chief executive officer,

Leviton. “From earning factory ISO-14001 certifications to developing LED-driven energy-saving products, to recyclable packaging and much more, we have already made major strides in sustainability as a company. As chief sustainability officer, Ross will accelerate our efforts across all of Leviton.”

Duke Energy Testing Ford F150 Lightning’s Potential as Power Source During Outages

Duke Energy is looking at new ways customers in Florida may one day be able to use two-way, or bidirectional, charging from electric vehicles to power their own homes during outages and to help support the power grid.

According to a press release, Duke Energy will launch a research and development pilot program in the state to test and evaluate the viability of the new Ford F-150 Lightning all-electric truck’s high-capacity batteries as a grid edge resource that could help transform the energy system.

As part of the pilot, Duke Energy will add approximately five Ford F-150 Lightning trucks to its Florida

fleet and perform additional testing of the technology, with a focus on leveraging homes that have solar energy and stationary storage. Using the Ford Charge Station Pro and Intelligent Backup Power Home Integration System’s bidirectional charging infrastructure, the company will perform extensive testing using the vehicles to feed and draw energy from the power grid. Vehicle-to-grid (V2G) integration will push and pull energy between the connected electric trucks and the grid in a bidirectional energy flow.

The pilot project will focus on real-world use cases with the Ford F-150

Lightning to benefit the grid — such as how the vehicle interacts with other customer-owned distributed energy resources (like rooftop photovoltaic — or PV — solar and customer home batteries), how the truck’s battery performs powering customers’ homes during an outage, how the vehicles will be used to feed the grid during peak times of use, and how such usage might impact the trucks’ batteries over time.

The F-150 Lightning has Intelligent Backup Power, a feature that can allow customers to power their homes for up to 10 days during a power outage, all from the vehicle’s battery.

NSI Industries (Huntersville, NC): Industry veteran **Joe Saganowich** was appointed as the company's Electrical Division president. This is a new position created to support the company's rapid growth in the electrical market.

Saganowich joins NSI from Ideal Industries, where he held positions as VP of sales and marketing for IDEAL's North American Electrical Group. He also has worked as VP and general manager of SK Hand Tool, a division of Ideal, and was its Southeast regional sales manager for the electrical group. He has a bachelor's degree in marketing from Pennsylvania State University.



Saganowich

Energy Focus Inc. (Solon, OH): Lighting industry veteran **Lesley Matt** is now CEO. Matt spent more than 12 years at TCP Lighting, helping grow the product portfolio of the Cleveland-based company. She spent the last three years as senior VP, with responsibilities for developing the organization, setting strategy and objectives for the sales team, P&L responsibility for multiple channels and product categories and overseeing day-to-day operations. Prior to TCP Lighting, she had multiple roles in marketing and product management for software, advertising and manufacturing companies.



Matt

Crawford Electric Supply/Sonepar (Houston): **Megan Bishop** is the company's new VP of human resources. She comes to Crawford Electric Supply from the oil and gas industry and has 15-plus years of human resources experience.



Bishop

Fromm Electric Supply (Reading, PA): **Jennifer Donnell** was named director of human capital. Donnell will be responsible for recruitment, benefits and compensation administration, training and talent development. She has more than 15 years of human resources experience at companies like Amazon,

Comcast and Ingersoll Rand. Donnell holds a bachelor degree from John Hopkins University, a master of science degree in business management & human resources from Purdue University and a doctorate in education from Liberty University.

Service Wire Co. (Culloden, WV): **Trish Weisberg** was promoted to director of human resources. She will coordinate efforts of the company's human resources team across its Houston, Phoenix and Culloden facilities. Weisberg has experience managing multiple operational and sales facets across the company including supply chain, quality systems, manufacturing and procurement. A graduate of Southern Methodist University and Rice University, she is a third-generation employee of Service Wire.



Weisberg

OBITUARY

Jack Borkey, co-founder of PEPCO, Eastlake Village, OH, passed away on Sept. 11. *EW's* editors received a note from his son, Joe, on his dad's passing that said in part:

"It's with heavy hearts that we share with all of you the passing of our co-founder and former CEO Jack Borkey, Sr. on Sept. 11. "Mr. B" as he was known to most of the PEPCO family, had a brief yet brave battle with pancreatic cancer and a blood clot that ultimately placed him into God's hands.

"Mr. B. and Mrs. B. founded PEPCO back in 1968 and enjoyed early success with the help of many family and friends. Their passion and values drove the family-like culture here at PEPCO for many generations. Ultimately his legacy will live on and we can all be thankful for their early sacrifices that afforded us the opportunity to grow PEPCO into great company that it is."

According to his obituary at www.legacy.com and in Cleveland's *The Plain Dealer*, Jack was the beloved husband of Janice (Consolo); dearest father of Jack (Judy), Jeffrey (Kelly), Joseph and Jerrod (Wendi); devoted grandfather of many grandchildren and great-grandchildren and brother of Rose (Horvath), Helen, Ruthie (Bak) Charlotte (Smith), Bob, Ron (all deceased) and Fred.

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DMFLighting (Carson, CA): This manufacturer of modular LED downlighting system announced the appointment of **Nathan Hagemeyer** as the company's VP of sales. Hagemeyer will develop and execute sales strategies to drive continued growth across the commercial and industrial segments of the organization. Hagemeyer's most recent positions include managing director for Lutron Electronics' Europe and Africa division and previously was the company's director of sales operations overseeing all North American sales. He also served as vice president of Lonestar Electric Supply, a startup independent electrical distributor headquartered in Houston.



Hagemeyer

He earned a bachelor's degree in business administration and management from the University of Florida and attended The University of Chicago Booth School of Business. Hagemeyer also served as an infantry officer in the U.S. Army and served two tours in Operation Iraqi Freedom.

Motion Industries (Birmingham, AL): **Lisa Solomon** has been promoted to Senior VP - Corporate Accounts. She joined the company in 2015 as a business development manager focused on an automotive industry account before transitioning the same year into an automotive specialist role concentrating on a different automotive account. Solomon graduated from Central Michigan University with a degree in broadcasting, communications and marketing.



Solomon

Universal Douglas (Nashville, TN): **Paul Tudor** was appointed president and CEO, succeeding Ty Anderson who is retiring from the position this month. Tudor will assume the role effective Sept. 19 and will work closely with Anderson, who is retiring after 14 years with Universal Douglas. Tudor brings more than 16 years of experience leading transformations for private-equity, listed and government-owned companies across retail, distribution, manufacturing, mining and utilities. He previously served as president of Pioneer Landscape Centers, a landscape materials distribution company, owned by private equity firm JLL Partners. Tudor, a native Australian, earned a bachelor's degree from Curtin University and an MBA from the University of Western Australia.

REP NEWS

Amber Cashion joined **DeFazio Industries**, Richmond, VA, as an inside sales rep. In her new role, Cashion will be responsible for product lines such as AFC Cable Systems, Allied Tube & Conduit, Prysmian Group and other brands that comprise DeFazio's Commodity Supply Group. Prior to joining DeFazio, Cashion began her career in the electrical industry as a Southwire product line manager with LW French Inc. in the Virginia marketplace.

Morris Products, Inc., Queensbury, NY, appointed Rick Ryan and Tina Smith, principals, **Electrical Solutions & Design (ESD)**, Elk River, MN, as their rep for Minnesota, North Dakota, South Dakota and western Wisconsin, effective Aug. 15. Regional Manager Shawn Williams will be working with the ESD team.

CSA Electrical Sales (CSA), Lake Mary, FL, announced that Dave Johnson joined the company as VP of business development. He began his career in the electrical market working for a rep firm based in central Florida and also worked for 15 years as a regional manager in the electrical manufacturing community. While Johnson was the Topaz regional manager, he worked with CSA when it represented the line for seven years. CSA will be celebrating its 45th year in business next April.

Convergence Partners Inc., Integrated Sales and Lighting Solutions of Iowa plan to form a strategic partnership that would offer the electrical industry a unified resource for virtually all their products, services and design requirements throughout Missouri, Iowa, Nebraska and Kansas (MINK states), according to a Current press release. This partnership will be marketed under the Convergence Partners brands. A video on the Convergence website said the partnership will unite 56 people in a common culture.

Prior to the strategic partnership the three companies represented Current's GLI, HLI and Forum Brands and will now expand its combined representation to include the HLI Brand portfolio in the state of Nebraska.

Midwest Equipment Co., Cedar Rapids, IA, will now represent ABB Installation Products, formerly Thomas & Betts, in Kansas and Western Missouri, in addition to existing programs across Nebraska and Iowa. Midwest Equipment Co. focuses on the OEM, MRO, contractor and end-user markets.



Energy Management Platform

The SimplySnap control platform provides management teams with the systems and analytics required to execute and monitor sustainability initiatives across departments, facilities, divisions and the overall enterprise. SimplySnap is built on a scalable, and secure wireless mesh network. The platform provides connectivity to critical equipment around the facility, regardless of age or vendor. By using the Sense 4-20, the battery-powered wireless sensor interface, end users can integrate with other hardware and software solutions that already exist in the factory.

Synapse Wireless / www.synapsewireless.com

Head Protection

Milwaukee BOLT is a new safety system that allows users to secure accessories simultaneously for a complete head protection solution. Eye Visors, Polycarbonate Face Shields, Metal Mesh Face Shields, and a specially designed BOLT REDLITHIUM USB headlamp are joining the BOLT safety lineup. This new expansion of head protection accessories is designed to help keep users safe and productive. The Eye Visors are designed to provide users with the best fit and easy headlamp use, Full Face Shields are designed for long-lasting visibility, featuring an ANSI Z87.1+ rating, a fog-free interior coating, and an anti-scratch exterior hard coating and Mesh Full Face Shield protect users from debris in chipping and cutting applications and provides maximum durability.

Milwaukee Tool / www.milwaukeetool.com



Floodlights

Areamaster Generation 2 LED industrial floodlights come in a wide selection of beam patterns, color temperatures and lumen outputs ranging from 9,000 to 38,000 lumens, allowing companies to cost-efficiently retrofit existing HID floods from 250W to 1500W, however diverse their lighting needs. Plus, it uses the same slip fitters and pole brackets as older Appleton HID floodlights so retrofits cost less and require fewer labor hours.

Emerson / www.appleton.emerson.com

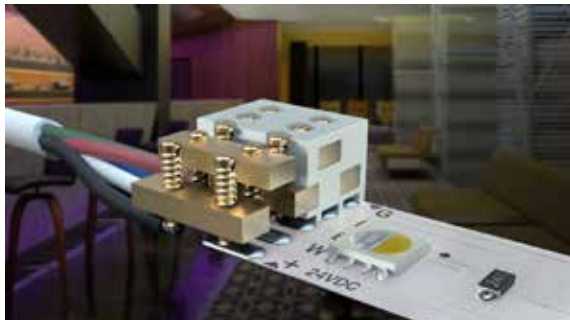
Modular Downlighting System

The DRD Modular Downlighting System consists of a housing, module and trim, features new M Series housings — offered in round and square apertures — and over 50 unique trim choices, allowing for a single housing to accommodate 98% of downlighting applications including fixed, adjustable and wall wash. The field-interchangeable optical distributions range from 15 degrees to 90+ degrees and the color temperatures include a choice of 2700K, 3000K, 3500K, 4000K and Warm Dim (3000K – 1800K) with a 93+ color rendering index. Lumen output options range from 750 to 1500 lumens.

DMF Lighting / www.dmflighting.com



THIS MONTH'S PRODUCT PICKS



Terminal Connectors

AmpChamp RGB and RGBW Terminal Connectors are UL-recognized for color-changing tape lights. The connectors offer secure, fast and reliable tape light to wire connections for high amp applications, while enabling longer tape light runs on a single connector. The connectors also accommodate tape lights as narrow as 0.4 in. and, according to the company, support the highest number of connections within the smallest space.

Alloy LED / www.alloyled.com



Wireless Lighting Solution

LEDVANCE LINK is a contractor-friendly, wireless connected lighting solution with Bluetooth Mesh technology that's simple, flexible and cost-effective. It's designed for contractors who want to offer their customers the convenience and energy efficiency of the latest lighting solutions without the hassle and expense of additional wiring or complicated gateways. Using just a few key components, an installer can tailor a LEDVANCE LINK lighting control solution to the exact needs of a customer. For new installations, there are network-ready, connected luminaires. For retrofits, there are field installable, plug & play controllers, sensors and accessories for a wide range of compatible luminaires.

LEDVANCE / www.ledvanceus.com

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(Continued from page 32)

Brand interactions. Natural language processing AI models detect customer sentiment by analyzing tone, language cues and subtext. Some models scan social media posts, customer surveys, emails, CSR notes, online forums and service center transcripts to identify negative brand impressions and dissatisfied customers.

HOW AD PREVENTS CHURN

With the help of AI, reps will be better equipped to retain customers and prevent churn by understanding which accounts are likely to defect and why. From there, sales and customer service reps can use AI to retain customers with several digital marketing strategies.

Recommendations. AI-powered recommendations help reps make more personalized and relevant product suggestions. This feature reviews browsing behavior and past purchases and com-

pares perceived preferences to similar accounts to identify suitable item suggestions. Great product suggestions help prevent category slippage by ensuring customers find what they need and have the option to reorder from you. AI recommendations also help customers find items they may have missed, promote complementary products and provide accurate substitutions — boosting satisfaction, improving customer stickiness and reducing churn risk.

Sentiment analysis. Natural language processing analyzes sentiment across various touchpoints and identifies customers who may be unhappy with their product or service. AI then informs your support team of any potential issues so CSRs know who to contact and offer support to. Contacting customers as soon as they show signs of frustration or unhappiness can help your team soothe tensions and reduce the risk of customers switching to a competitor instead.

Timely offers. AI can boost retention by automatically sending personalized offers and incentives to at-risk customers. It accomplishes this by reviewing customer analytics and basing offers on purchase history, interests and behavior. Data-driven promotions ensure customers receive timely offers they are likely to engage with.

Scrambling to understand customer churn by pouring over old records and notes by hand is ineffective. With hundreds of customers buying thousands of different products, it would be impossible for a sales rep to be aware of everything going on with each account — especially when slippage happens gradually over time. AI models make it easier than ever for sales reps to keep up with their customers. With the help of AI, you can take steps to improve the customer journey and ensure your buyers continue to spend with you well into the future. **EW**

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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.



Catching Customer Churn Early

Here's how electrical distributors can hang on to at-risk customers with artificial intelligence (AI).

losing customers is expensive. The costs required to prospect new leads, close sales and convince new customers to become repeat buyers are high. Once a buyer defects to another supplier, your team will have to put in twice the work to find a new customer to fill the gap.

It's more cost-effective to retain customers than to secure new customers. Studies show that existing customers spend significantly more over time and are 300% more likely to buy from your brand than new customers. A mere +5% uptick in customer retention can increase profits by +25%.

Fortunately, most customer churn is preventable. In one survey, 97% of customers said a negative customer service experience would change their buying behavior, and 46% said they would continue to shop elsewhere even two years after a negative experience. Improving your customer service strategy could prevent nearly most of the customer churn among these buyers.

Because churn is preventable, it's essential to pay close attention and find ways to mitigate it. You must understand why customers are dissatisfied and what factors turn them away from

your brand. Most companies look to the past to understand why customers defect. With the help of artificial intelligence (AI), you can catch signs of churn early and take steps to prevent it.

HOW AI IDENTIFIES CHURN RISK

Customer churn rate is a lagging indicator of customer satisfaction. Churn is often a slow process, with a customer who regularly buys from five categories of products slipping down to four categories, then to three and so on. Oftentimes this slippage is missed. Most distributors only realize churn has happened after customers stop buying from them altogether.

Unfortunately, once a customer leaves, they are unlikely to return. That is why identifying churn risk early and taking steps to address it is the most effective way to retain customers.

AI identifies churn risk by analyzing data such as customer behavior, transaction data, browsing behavior and demographics. As a result, it pinpoints irregularities and alerts sales teams and customer service representatives (CSRs) when they should reach out to an at-risk

account. For instance, if a customer stops buying their usual products, buys at a lower frequency or stops browsing online, AI can identify that change and trigger an alert. AI models use various metrics to understand churn risk. Below are several of them.

Behavior. AI uses irregularities in customer behavior to identify churn risk. For example, a customer may have a predictable reordering schedule and place an order on the same day each week. If they are several days late, AI will alert the sales team that something unusual has happened so a rep can reach out and see if there is a problem.

Similarly, sales teams must be aware of regular changes in shopping behavior. For example, some customers may have increased needs in spring and summer and will buy more during those seasons. In this case, a drop in spending during the winter months may not be a sign of churn but just part of a natural cycle. AI-driven analytics can help sales teams see variations in their customers' behavior and determine whether they need to be concerned or not.

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ABOUT THE AUTHOR

Benj Cohen grew up in his family's distribution business, Benco Dental, a dental supply business started by his great-grandfather in the 1930s. He blended this background with a Harvard degree in applied math to found proton.ai (www.proton.ai), a company dedicated to bringing artificial intelligence to distribution companies and others in the B2B world to deliver large ROI. Cohen was the subject of a 2019 *EW* feature on AI, "The Art & Science of Artificial Intelligence." You can contact him at benjamin.cohen@proton.ai.

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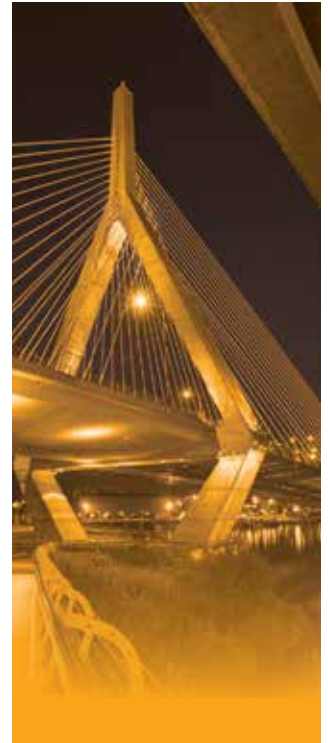
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