



The Results Are In! ASA Quarterly Market Survey Q4: Distributors Speak Out!

Welcome ASA's last Quarterly Market Survey of 2024.

For ASA's final Quarterly Market Survey of the year, we were inundated with questions from ASA member distributors who had questions they would like to pose to other ASA distributors.

If you don't see your question in this survey, don't fret! We'll be doing several more at the beginning of 2025 and will try and include all questions that were submitted (more than 60).

Some of the questions have been kept open-ended to allow for distributor elaboration, which enhanced the value of the report. Your responses and identity have been kept strictly confidential.

Read the results now!

How do distributors manage dead/damaged stock? Do you utilize tools such as Facebook marketplace, e-commerce platform, auction houses?

THE DISTRIBUTOR SAYS:

- ❖ eBay
- ❖ We don't get much dead stock. Damaged material is insured with the shipping company, so damages are paid \$.
- ❖ I have not. I incentivize our inside salesmen to move it. I have also encouraged our buying group, AD, to come up with a platform for posting that material within the group. I believe it would help a lot.
- ❖ Sell for pennies on the dollar or trash.
- ❖ Trying FB marketplace with spotty results. We get rid of more racking and pallets than overstock. Using eBay, but must be priced at loss to move anything.
- ❖ Selling to customers who have previously purchased the product.
- ❖ Clearance section on our website.
- ❖ E-commerce.
- ❖ Product lifecycle and new AD vendor — ARCA.
- ❖ First, we try to return to the vendor, if unsuccessful, we have a "good deals" section on our website and post on eBay.
- ❖ Currently dead-stock lists are sent to branches and sales and handled on a one-off basis with customers.
- ❖ Fire sales, internal sales contests and working with vendors.
- ❖ We are in the process of revamping our obsolete stock processes. It starts with the accountability of the salesperson on how they are ordering and staging. We do not use any other avenues currently, but I am excited to hear other the wholesalers' ideas.
- ❖ We pay our inside sales to move "dead inventory" when it hits the list.
- ❖ We sell using internal resources at our locations.
- ❖ Closeout specials, donations and write-offs.
- ❖ We use eBay and Amazon for online tools. We also display at the counter with promo pricing.
- ❖ We put on our website as discontinued/damaged. We also get very aggressive and sell way below cost.

What criteria do you use to measure dead stock?

THE DISTRIBUTOR SAYS:

- ❖ 12 months no sales
- ❖ Has turned in 1 quarter.
- ❖ No movement for a year.
- ❖ No sales.
- ❖ 1-3 years generally.
- ❖ 12 months with no sales
- ❖ Length of time in inventory or vendor status.
- ❖ Two years no sales.
- ❖ Hits/annual sales.
- ❖ Items that are non-stock and stock items that have not sold in a year.
- ❖ 12 months no turns.

- ❖ One year of no sales on an item automatically is considered dead stock. We have measures in our system to make this happen. We review items on a monthly basis.
- ❖ 24 months no sales.
- ❖ No sales for 2 years on equipment and no sales for 4 years on parts.
- ❖ Something that has not moved in 2 years.
- ❖ If it has moved within the last 12-18 months.
- ❖ No sales in 2 years.

How do distributors prioritize marketing their brand? What type of budget do you allocate? What level of staffing? How do you measure the marketing ROI?

THE DISTRIBUTOR SAYS:

- ❖ Nothing formal.
- ❖ 10% max.
- ❖ We promote ourselves with relentless customer service and a very strong inventory position.
- ❖ Word of mouth. I do not make a budget.
- ❖ This is a debate, there's no shortage of vendors willing to get us more digitally out there. Most of our customers are quite familiar with us already. What's the value?
- ❖ We just started (12 months ago) a marketing department and are currently putting in pieces to measure ROI.
- ❖ Distributors use co-op to promote items. We allocate the co-op budget. Measurement is based on sales, but it is blurry.
- ❖ 2 people in "marketing" and 1 person on E-commerce. Promotional tracking through sales, website reporting (click-through emails).
- ❖ We have a 3-person full digital marketing department which publishes weekly "solutions" for our customers on LinkedIn and uses Google analytics to measure results.
- ❖ We are a full-service distributor of plumbing, HVAC, PVF, and hydronic supplies, and have demonstrated significant growth, doubling in size every five years. This success is attributed to our commitment to customer-centric excellence and innovative practices. **Prioritizing Marketing Efforts:** Customer-Centric Approach: We emphasize putting the customer first, ensuring that products and services align with customer needs. **Digital Innovation:** We were recognized as a recent AD Digital Innovator of the Year, highlighting our focus on digital transformation. **Strategic Partnerships:** Collaborations with technology providers such as Moblico have enhanced our mobile engagement strategies, improving customer interactions. **Staffing Levels:** We employ 7 marketing professionals, taking a structured approach to marketing operations. **Measuring Marketing ROI:** The company utilizes data-driven strategies to assess the effectiveness of their marketing efforts. By leveraging analytics and customer feedback, we can measure the return on investment for various campaigns and initiatives, ensuring alignment with business objectives. In summary, we prioritize marketing by focusing on customer needs, embracing digital innovation, and forming strategic partnerships. Our marketing budget and staffing are aligned with industry standards, and we employ data-driven methods to measure marketing ROI effectively.
- ❖ 1.5% - 1.5 full-time employees and use creative agencies. NPS scores system for ROI.
- ❖ For many years our marketing plan has been our company's reliability to stock quality products and build customer trust. In the past few years, we have added a marketing administrator to continue marketing our company's brands.
- ❖ We have a third-party company for brand recognition. They develop social media plans and review feedback quarterly.
- ❖ We prioritize based on profits, turns and limited distribution.
- ❖ We used to do much heavier marketing, but we've taken a step back this year.
- ❖ Tough one.

How are you pragmatically using AI to help your organization?

THE DISTRIBUTOR SAYS:

- ❖ Order entry
- ❖ We're waiting for others to be the guinea pigs. We'll adopt whatever we see working.
- ❖ Mostly ChatGPT on the IT side. We also have a quoting tool (Canals) for our commercial teams.
- ❖ New AI platforms for AP and AR.
- ❖ We have a team that is identifying and testing opportunities in every area of our business.
- ❖ We have integrated the following: AI is integrated in our goods-to-person robotic system, Autostore, for keeping the most used products in the closest locations to improve picking throughput. AI is being integrated into our customer relations management software, Lead smart. We are currently building out that capability and expect to launch in early 2025. We have a component of AI within our business intelligence tool, Phocas, for natural language data mining. We can ask questions about our data and the system presents the matching data to answer that question. AI is being used in our Commercial Department for streamlining quotes by having AI ingest a bid and extracting the relevant products we want to quote. We are rolling out AI capabilities in our Human Capital Management system from UKG that allows an employee to ask natural questions and have the system respond with accurate responses to their HR-related inquiries. We are using the popular GPT models, Open AI's ChatGPT, and Anthropic's Claude within our marketing and human resources teams to improve promotional material and job descriptions / posting. AI Meeting notes and summaries are becoming more common using Microsoft Teams or a related AI notetaker software. We are experimenting with Microsoft 365's Co-Pilot but have been underwhelmed with the capabilities to this point. We are utilizing AI within our project management software, Click-up to help us streamline use of the tool and easily extract necessary information like projects on track vs. off track and rationale why.
- ❖ Not enough. We plan to explore it in depth in 2025.
- ❖ Yes, we are testing it in small situations.
- ❖ Email help, quick knowledge about items.

How do you handle software training?

THE DISTRIBUTOR SAYS:



What systems do you have in place for order processing and fulfillment?

THE DISTRIBUTOR SAYS:

- ❖ Eclipse
- ❖ Quick Books
- ❖ We operate through our ERP's capabilities. I'd think most other distributors do as well.
- ❖ Pull the order, deliver it then post it to their account and hopefully collect the money.
- ❖ RF (barcode guns) - inventory is about layout and correct labeling.
- ❖ Eclipse ETERM
- ❖ ERP P21
- ❖ ERP and RF guns
- ❖ Totally automated delivery to promise date.
- ❖ Epicor Eclipse and Tecsys.
- ❖ P21
- ❖ We are converting to wireless warehouses to handle these two day-to-day operations. We have 5 of our 11 brands converted and it has already made us more efficient.
- ❖ Epicor Prophet 21
- ❖ Epicor-Eclipse
- ❖ Eclipse
- ❖ We use DDI
- ❖ Our ERP is Infor CSD

What key operational metrics do you track to ensure efficiency?

THE DISTRIBUTOR SAYS:

- ❖ Line Items per hour.
- ❖ \$ closure rate, closure rate, profitability.
- ❖ Order filling rates, and "on-time" deliveries.
- ❖ We keep a "scoreboard" that shows packing lines, order lines, etc.
- ❖ Internal reports.
- ❖ Lines per man per hour, price overrides, active customers, new customers, active SKUs, lines per order and average sales per order.
- ❖ Scorecards >>queue management, sales, profit, safety, employee turnover, new customers, and inventory shrink. We also utilize an accounting scorecard with financial metrics.
- ❖ Delivery to promise date and elimination of errors.
- ❖ In short, we are a data-driven company and measure everything. Warehouse efficiency - lines per hour, accuracy, damage, etc.
- ❖ Working on defining KPIs for ops.
- ❖ Wireless warehouses offer metrics to ensure better quality control.
- ❖ DC - Pick per hour, accuracy, UET, sales, gross margin.
- ❖ We establish KPIs for each department.
- ❖ We run reports comparing the number of quotes to the number of sales.

What is the most important factor in selecting a supplier's products?

THE DISTRIBUTOR SAYS:

- ❖ Need in the market.
- ❖ Delivery of genuine brand-name products.
- ❖ Acceptability in the market, competitive pricing and product availability.
- ❖ The people that are using the product like it and believe it's worth the price.
- ❖ Market acceptance.
- ❖ Partnership and value opportunities.
- ❖ Brand recognition and product innovation.
- ❖ Support and training.
- ❖ Quality and price.
- ❖ Quality, innovation and market leadership.
- ❖ Quality, reliability/ample access to supply, warranty, terms, lead time, rebates, marketing support, field support, contractor programs/support, country of origin.
- ❖ Quality.
- ❖ The quality of the product. Our customers rely on us to stock quality products, so their opinions matter to us when choosing.
- ❖ Alignment with our goals and other products we carry.
- ❖ Quality, price, availability are all factors
- ❖ Market-share opportunity AKA volume, the profit the market will allow us to make, is it in our buying group and is there a local rep agency to support it.
- ❖ A few can't pick just one: Is it in stock? Is it sold online?
- ❖ Quality-competitive-backing.

How much work is too much? Should a warehouse associate be expected to know all functions in the warehouse, and do you set goals of lines picked per hour, lines received per hour?

THE DISTRIBUTOR SAYS:

- ❖ Yes, line items.
- ❖ Too much work interferes with "quality of life." We strive to educate our warehouse/drivers to understand what we do, and why it is important to be accurate and on time. Accuracy over speed.
- ❖ It is very rare to find someone that works too much. I expect all warehouse guys to simply do their best. Rewards for performance will follow.
- ❖ Yes, warehouse associates should be able to seamlessly move from function to function and contribute to all areas of the warehouse. Goals are set on a baseline and measured from that point forward
- ❖ As much as they can muster. Warehouse associates start putting away, then transfers, then shipping, then receiving.
- ❖ No and yes.
- ❖ We cross-train, but have primary functions for a shift (i.e. associate A will work picking, associate B will work returns, etc.)
- ❖ We don't over-manage our people; We do track errors and pay quarterly bonuses if they reduce them.

- ❖ Yes, we set those goals. All functions are not created equal, for example, not all teammates are trained on the high-reach picking or on the auto store.
- ❖ There isn't too much work. They should but currently working on a cross-training program.
- ❖ We do it at our distribution center. However, some of the smaller branches only have a limited number of employees. We expect more hats to be worn at those locations. The larger branches do have more specific job requirements.
- ❖ We split picks from put aways. We set goals for picks and put-aways per hour.
- ❖ This is all part of our measurements and the warehouse associates who can do all these get larger rewards.
- ❖ Yes, we make sure everyone who works at the warehouse knows all aspects of the job. Additionally, we train our counter guys at the warehouse as well. You never know when you need an extra hand.

How much above minimum wage do you pay workers?

THE DISTRIBUTOR SAYS:

- ❖ California market wages.
- ❖ 25% starting.
- ❖ Our lowest paid employees are paid roughly 3 times the minimum wage. We are successful because of their hard work, and we feel we get what we pay for.
- ❖ All above. Most ways above.
- ❖ \$3-\$13.
- ❖ Depending on the position but entry level is often \$14-\$15/hour
- ❖ Start at \$20/hour. Min is \$15.
- ❖ 33%.
- ❖ \$6 above minimum wage.
- ❖ We pay people what they are worth, and they get a share of our annual company profits - we all WIN together
- ❖ ~2.5X.
- ❖ As an average, over \$10 per hour.
- ❖ 15-25%.
- ❖ We pay local market rates, there are many distribution centers in our area.
- ❖ Double.
- ❖ We start at five dollars more an hour from minimum wage.
- ❖ We must pay 30-40% higher just to get them in.

Best techniques for hiring people? It seems everyone of quality is already working and most that are not have issues. How are you combatting this?

THE DISTRIBUTOR SAYS:

- ❖ Hire young and train.
- ❖ Trial and error.
- ❖ One-on-one interviews, with clear expectations defined. Hiring is our biggest challenge. I would say one out of 10 or 12 are solid hires. It has become a sad reality. Medical pot is part of it. It is legal in the state but NOT in our business. Sigh.
- ❖ When quality people become available, for whatever reason we act quickly and pay whatever is necessary.
- ❖ Trial and error, we lean heavily on word of mouth with employees here and try to assess potential newbies from the people advocating for them.
- ❖ You must always be looking to hire regardless of staffing levels and never let a good candidate walk due to staffing. Strong referrals often lead to the best candidate.
- ❖ Face-to-face meetings to get a feel for the person. Resume for prior experience.
- ❖ Using predictive index before hiring.
- ❖ Networking proactively, using retail (finding good customer service).
- ❖ We have a full-time "talent acquisition" manager focused on our needs for today and the next 5 years.
- ❖ Thorough interview process where the focus is on getting to know the person, not just skills based.
- ❖ Reputation and internal referrals.
- ❖ Our best avenue is still hiring people that our employees recommend. I am anxious to hear other distributors' ideas.
- ❖ Referrals.
- ❖ Keeping the pay at local market rates
- ❖ We struggle with this one.
- ❖ We've started looking internal and asking if they have any friends, relatives, etc. We had two new employees this year who are friends of a current employee and had never worked in the industry before. They made sales in different forms and are true rising stars sales-wise.

How do you maintain strong relationships with suppliers?

THE DISTRIBUTOR SAYS:

- ❖ Trade & buying groups.
- ❖ Ship the products and put the \$ in their account. Don't make too much noise in doing so. Grow 10-15% YOY.
- ❖ I instruct our purchasers to meet and greet all reps. I've been there. If someone drives a hundred or two hundred miles to meet with you, you make time for them. There is no way to say no if you don't know the deal. We want to be a good call, and if there's another 5 to be had, I want it. On the other hand, if there is just NO WAY we'd purchase a particular product or product line, SAY SO. Don't lead them on. Time is valuable, so we should not waste theirs or ours.
- ❖ Pay them - on time! Try not to ask for unreasonable things.
- ❖ In person contact is best. The phone would be second.
- ❖ Good and loyal partnerships that benefit both parties in both short and long term.
- ❖ We promote their products and keep in touch.
- ❖ Monthly meetings.
- ❖ Frequent sales calls with suppliers and sales team.

- ❖ Our best partnership is built on transparency and complete trust.
- ❖ Regular cadence. Candid conversations. Follow-through on agreements.
- ❖ Communication on a regular basis with suppliers.
- ❖ Understanding each other with communications. Honesty is very important whether it is good or bad. Also holding our vendors accountable to help us market our business.
- ❖ Joint sales calls and constant interaction.
- ❖ We have many marketing events and training sessions for the vendor products.
- ❖ Stay in contact and try to make time to have face-to-face discussions.
- ❖ Open communication, counter days.

What strategies do you use to build and sustain customer loyalty?

THE DISTRIBUTOR SAYS:

- ❖ Outside sales relationships.
- ❖ Excellent customer service, Product availability.
- ❖ I urge our outside salesmen to work hard to be a part of the family. It's much harder to turn down cousin Rick or uncle Lon! Never say no. and ALWAYS honor commitments and deadlines. We also maintain a very high inventory position, as noted earlier. We may not always have the lowest quote, but they all will have to come here for what our competitors are short on. We have a thriving counter sales business.
- ❖ Treat each customer the same! No matter the amount that they purchase or the frequency. The answer to their requests is almost always yes, then figure out how to make it happen.
- ❖ Same old same old. Try like hell.
- ❖ Relationships.
- ❖ Promotions, special pricing, promotional items and above all, customer service.
- ❖ Coupons.
- ❖ Top-notch customer service, providing services to go above and beyond to help with projects.
- ❖ We ALWAYS do exactly what we say we're going to do!!
- ❖ Regular cadence. Candid conversations. Follow through on agreements. We also have customer rewards programs and services that set APR apart from our peers.
- ❖ Communication through all avenues.
- ❖ Great service, fair pricing, and trust!
- ❖ Good service and knowledge.
- ❖ Trainings, award programs, marketing events.
- ❖ Learn about their business and let them do business with us the way they want to interact with us. Good people, Good inventory and prompt, friendly delivery service.
- ❖ We strive on going above and beyond for our customers all the time. We find that a lot of plumbing supplies send their customers to us when they "don't want to deal with something" and these become new customers for us.
- ❖ Say what you're going to do and back it up. Relationships are everything.

What tools or technologies do you use to support your inside and counter sales teams?

THE DISTRIBUTOR SAYS:

- ❖ Proprietary.
- ❖ Our ERP system offers all necessary tools. We utilize our factory guys for training as often as they want to participate. Most want that. If we offer a rep the chance to train our people on their product, it is a win.
- ❖ No tools or technologies. Simply magnify the team effort concept.
- ❖ Product training, sales incentives.
- ❖ Prokeep.
- ❖ AD training resources (Bluevolt and AD courses).
- ❖ Totally integrated software and CRM system.
- ❖ Leadsmart CRM, Sales Made Simple, marketing, services beyond products, Inside teams, product specialist and technical service advisors.
- ❖ In-house developed system.
- ❖ Our main tool is "Ease of Business" for our customers. We use new technology and communications to make it easy for customers and our sales teams to make this happen.
- ❖ Our ERP system and other software to help build HVAC systems correctly.
- ❖ Computers and software to help them.
- ❖ Online training with spiffs.
- ❖ We offer bonus incentives for counter sales.

What have you found is the best way to track and acquire target accounts?

THE DISTRIBUTOR SAYS:

- ❖ Word of mouth.
- ❖ Google Adspend.
- ❖ The proof is in the sales pudding! Our outside salesmen are well incentivized to pursue and stay on top of target accounts.
- ❖ Wait for the right opportunity and once it happens, make an impression. Many ways to do that, not just pricing!
- ❖ Word of mouth, internet, just keeping your eyes and ears open for opportunity.
- ❖ Google searches, word of mouth, and employee tips.
- ❖ Pipe drive.
- ❖ Workflow.
- ❖ Well researched and identified with quarterly reports and bonuses for those secured.
- ❖ Leadsmart CRM. Inside sales team. Marketing.
- ❖ Market research and experience within the territories.
- ❖ We outline the characteristics of our ideal customer, including demographics, pain points and goals. And, building relationships with the target accounts' key decision-maker(s) along with the help of local reps and their relationship.
- ❖ Salesforce.
- ❖ We use several methods. If we do not have a relationship with a customer, we have found that the best way is still to have an outside salesperson physically call on them. Second would be tracking them down by phone via a call or text. Lastly, email but this has the least impact.

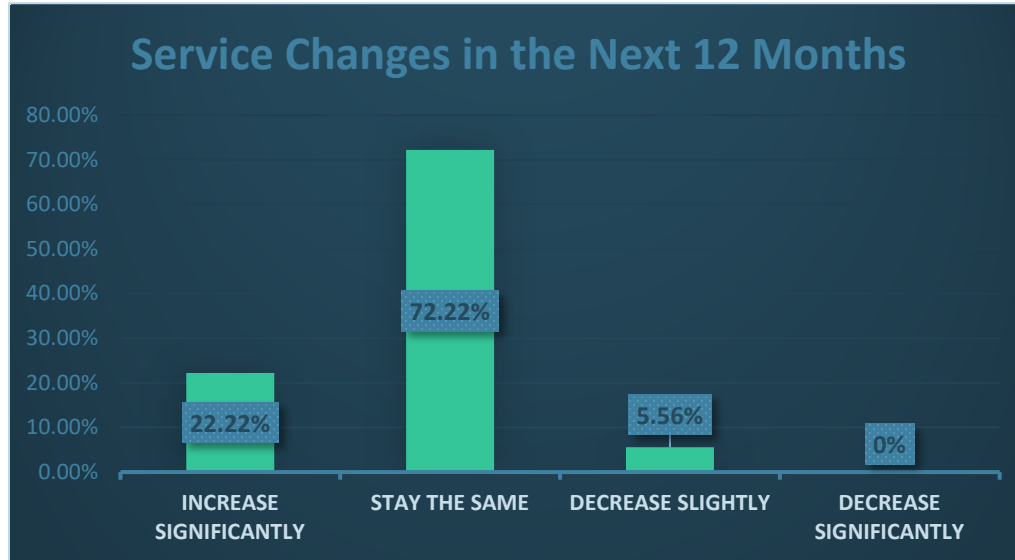
What separates your outside sales team from the pack? How do you support them with tools and resources?

THE DISTRIBUTOR SAYS:

- ❖ Technology & product offering.
- ❖ I have the best outside salesmen. Period. What separates them? Knowledge and drive. They're incentivized and competent. They're old hands with a lot of contacts. I do not have to look over their shoulders nor worry if they're making their calls. They work hard to become part of the family of the customers they call on.
- ❖ Relationships, knowledge and the desire to help. The most important tool is to have the product.
- ❖ Knowledge of product and providing superior customer service.
- ❖ Technical and very strategic, supported by a GREAT digital marketing effort.
- ❖ Knowledge, customer service, and empowerment.
- ❖ We are always looking for outside salespeople with a "hunter" mentality. We support them with up-to-date technology and CRM material that is useful to help them build and grow relationships.
- ❖ Salesforce and our ERP system.
- ❖ We provide our outside sales with the MITS sales tool to track customers' purchases and changes in habitats. We stress to our outside team that they are not professional visitors, and they need to bring value to the customer in the form of information that helps our customer succeed in their business. We help them with how to achieve this.
- ❖ They go above and beyond for their customers. We always make it happen for them.

How do you expect the demand for your services to change over the next 12 months?

THE DISTRIBUTOR SAYS:

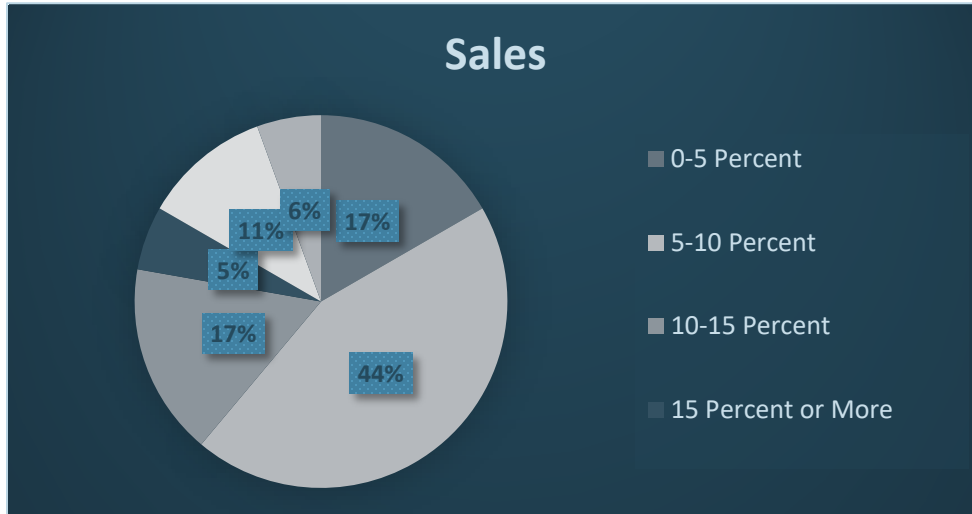


ELABORATE:

- ❖ Off year last year.
- ❖ We are putting more resources, effort, and people into our Industrial division, and I fully expect it to pay dividends in 2025.
- ❖ Lots of work in our area, however 2 brand-new competitors that will be looking to make a splash.
- ❖ Trump election bump.
- ❖ Unless mortgage rates see a decrease, we expect the market to stay flat in 2025.
- ❖ Anticipating a slowdown in 2025.
- ❖ We are service driven, and we are always looking for new or refreshed services.
- ❖ We have a strong backlog so hope to be up slightly.
- ❖ Slight increase unless interest rates drop.
- ❖ People are still unsure about the economy and where it's going. Interest rates are still high.
- ❖ We have a loyal customer base.

What sort of sales increase are you budgeting for 2025?

THE DISTRIBUTOR SAYS:

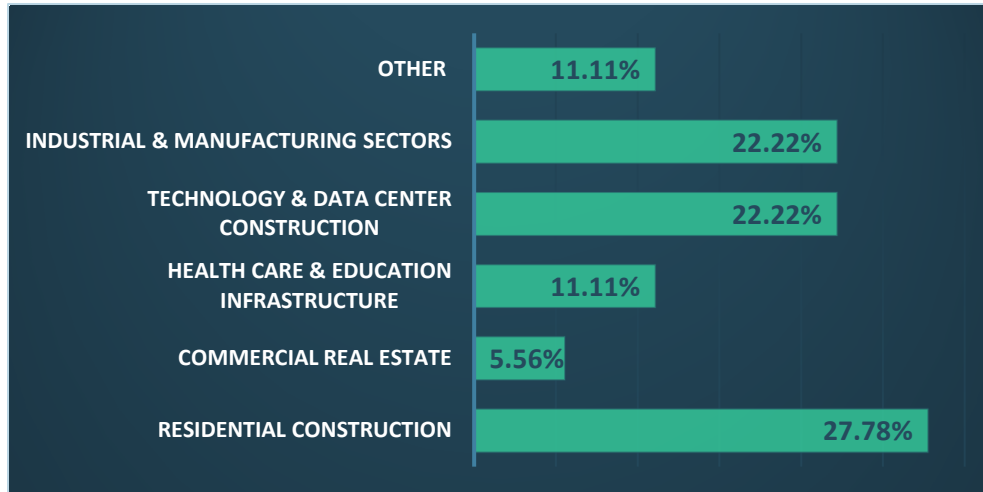


ELABORATE:

- ❖ Staffing up and increasing ad spending.
- ❖ We already see projects and jobs moving forward into 2025, some of which were tabled in early 2024. Along with more industrial sales, those projects should propel growth.
- ❖ I do not budget, but being real, competitive conditions will cause either flat to slightly decline.
- ❖ 2024 was the BEST year in our history!!!
- ❖ We have upcoming work that supports this growth.
- ❖ Hopefully as interest rates go down, more people will be getting improvement, loans, etc., and therefore causing more business. Also, If the tariffs go into effect, we expect prices to jump up on our items, causing higher \$\$
- ❖ 3% price increase alone

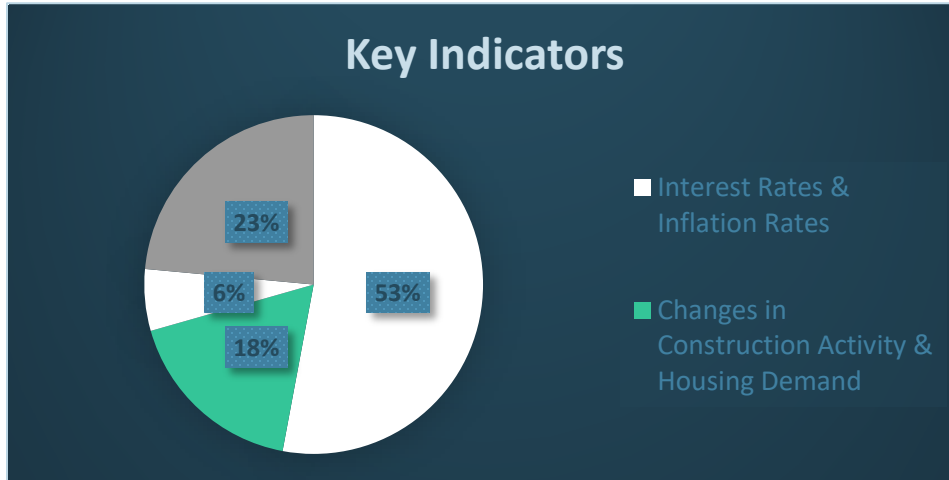
What markets can a supplier expect to see the biggest growth in 2025?

THE DISTRIBUTOR SAYS:



What do you see as the key indicators for markets in 2025?

THE DISTRIBUTOR SAYS:



ELABORATE:

- ❖ These rates are stifling growth.
- ❖ There are a few manufacturers building facilities in our state, as well as expansion of current facilities. Not only does that bode well for business, but there will have to be more housing for the influx of workers for said expansion.
- ❖ Need to lay off regulations.
- ❖ Business only slows down for us when rates go up or inflation increases.
- ❖ Planned tariffs will increase prices and drop sales.

Do you have a succession plan in place at your firm?

THE DISTRIBUTOR SAYS:



ELABORATE:

- ❖ I'll retire in 2 or 3 years, and I've already picked a successor. Also, due to unforeseen illnesses with our top officer, I've had to select a successor for two main areas of management, both purchasing and warehouse management. We're good to go. Our biggest challenge is the warehouse and driving personnel.
- ❖ Will begin a plan this year.
- ❖ Next generation in 20s, working and leading.
- ❖ Our children are trained and ready to take over.
- ❖ It started on Day 1 as the leader of our company. The sooner you face it the better off you will be for the future.
- ❖ We have a family member next in line.

Given the impact of consolidation at the contractor, distributor, rep and manufacturer levels, what steps are you taking to maintain current business?

THE DISTRIBUTOR SAYS:



ELABORATE:

- ❖ Staffing up and increasing ad spending.
- ❖ We MUST not only maintain and keep current customers, but we must also expand into new or growing markets.
- ❖ We feel we need to be out there more as something real rather than another chain or P/E company that is facing social headwinds. Many are sick of P/E already in how it affects their healthcare, veterinarians, auto shops, basically anything that used to be mom and pop.
- ❖ HVAC and water filtration are targeting market
- ❖ I could choose all four of the choices.
- ❖ We are doing all the above actions
- ❖ All the above

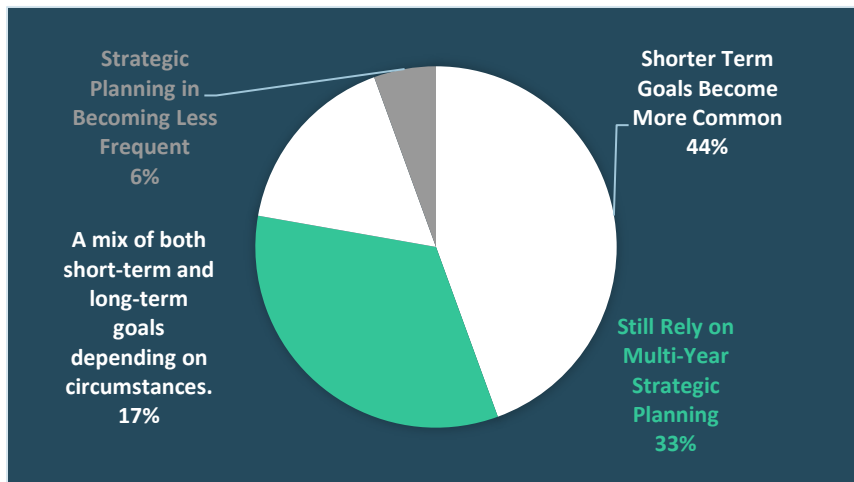
What do you feel is your company's biggest challenge/fear/concern for 2025?

THE DISTRIBUTOR SAYS:

- ❖ Interest rates and price decreasing.
- ❖ Training new staff quickly.
- ❖ The talk of tariffs. On everything. It should be a concern for all. Otherwise, the biggest concern is over the global situation, a couple wars and Sabre rattling, which can absolutely affect business. These things could cause a spike in inflation as well. My prayer is for resolution of those conflicts, for all involved, and that the talk of tariffs is more bark than bite.
- ❖ Accounts receivable.
- ❖ Interest rates.
- ❖ Lack of velocity in the housing market, both new construction and existing home sales.
- ❖ The push for HVAC heat pumps. Our business is heavy hydronic. The incentives are hurting our demand.
- ❖ Continuing to adapt to the changing market.
- ❖ Very positive on the year!!
- ❖ Further consolidation.
- ❖ New competitors, tariffs.
- ❖ To see how consolidation will play out for wholesalers, reps, buying groups, and manufacturers.
- ❖ Maintaining a strong inside sales team to keep up with demand and our high expectations.
- ❖ Labor and vendor prices.
- ❖ Decreasing profit margins.
- ❖ Tariffs on imports.
- ❖ The economy. We can only go if it does.

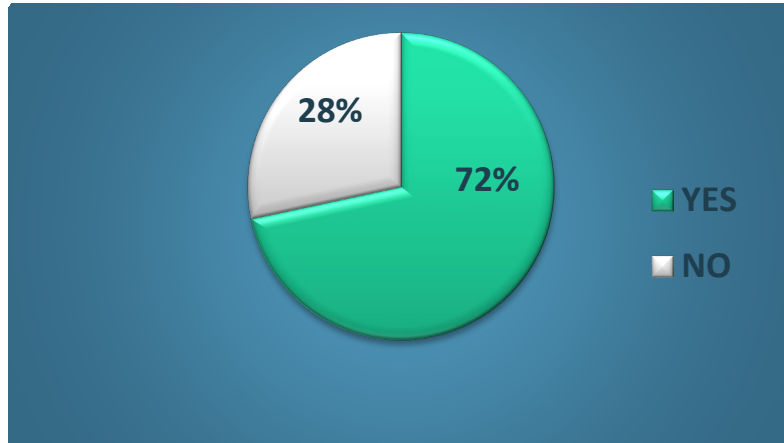
Is looking forward to strategic planning becoming shorter or still multi-year goals?

THE DISTRIBUTOR SAYS:



Does your company outsource its cyber security?

THE DISTRIBUTOR SAYS:



ELABORATE:

- ❖ Our IT provider coordinates our multi-layered cyber and internet security.
- ❖ We have an in-house IT team, but they farm many tasks to vendors
- ❖ We have a third-party company that protects us.

Does your company have cyber security insurance?

THE DISTRIBUTOR SAYS:

