The Results Are In!

ASA Quarterly Market Survey:
Manufacturer Edition!

Welcome ASA's Quarterly Market Survey. Last quarter, we based this survey on our member reps. This time we are focusing on manufacturers!

As is always the case with this survey, the questions you see below have been asked by ASA member manufacturers. ASA reached out to a mix of manufacturers and asked what questions they would like their fellow manufacturers to answer.

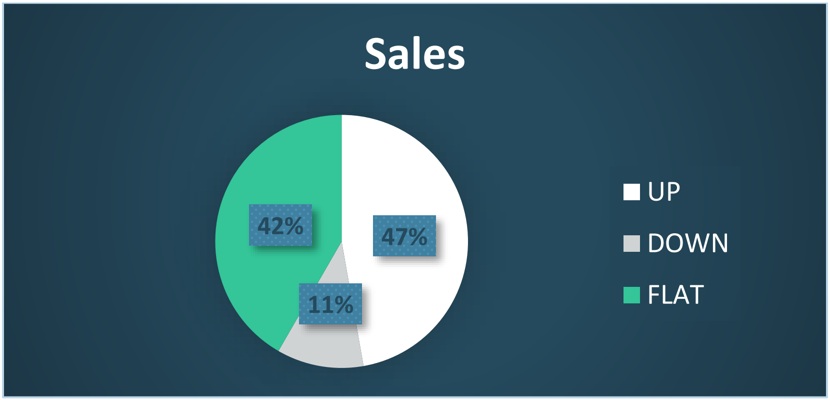
Many of the questions include an "Elaborate" option to allow for further explanation/thought. We encourage you to jot down your thoughts after answering each question.

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 have sales been in 2024 so far?

THE MANUFACTURER SAYS:

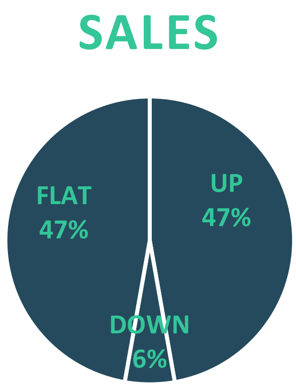


WHY?

- Up, but slightly. Q1 was flat and in the last two months we have seen a sizable bump in sales.
- Market conditions.
- Refinery turnarounds and new product offerings.
- Interest rates and bank financing.
- Single-family and multifamily residential are both down from last year.
- Some areas are up, others down, that's why I reported flat.
- Taking share and active market penetration.
- Repair and remodel market slowdowns.
- That is what the market has allowed so far this year.
- New business/gaining market share.
- Certain segments have slowed, others remain busy.
- Deflation in raw materials.
- Data center market up; Stronger penetration and use of our product due to productivity benefits.
- Improved early season working conditions moved business forward.
- Organic growth.
- PVF distribution cutting back on inventory due to decline in projects. MRO is growing, plumbing is growing, international sales (Europe & Asia) are growing.
- We go by RNC which is down, Multi is down as well. Remodeling is steady.
- 1st quarter refinery turnarounds.
- Competitive pricing.
- Uncertainty in the market; shipped a lot for one company early last year.
- Low demand across all segments for residential plumbing.
- Growing market share, more high-efficiency gas appliances.
- Taking share from competition.

What does the sales forecast look like for the rest of the year?

THE MANUFACTURER SAYS:



WHY?

- ❖ Forecasting 10-12% growth YOY. Looming economic and political outcomes in the fall will have the possibility of drastically improving or halting growth.
- ❖ Inflation.
- ❖ Market conditions.
- ❖ Higher interest rates are negatively impacting projects.
- ❖ Demand is still there.
- ❖ The drop in residential will be made up with the numerous commercial jobs breaking ground.
- ❖ Continued market share growth.
- ❖ Raw material prices are increasing.
- ❖ New business/gaining market share.
- ❖ Macro issues.
- ❖ Residential construction is beginning to pick up. Reshoring of industrial manufacturing continues.
- ❖ Best back log ever.
- ❖ High interest rates are keeping opportunities at a very conservative level. Extremely aggressive competition.
- ❖ Market share capture.
- ❖ Project pipeline is thin.
- ❖ We go by RNC which is down, multi is down as well. Remodeling is steady. Nothing to indicate improvement to forecast growth.
- ❖ Higher interest rates and labor issues impacting projects.
- ❖ Market, competition.
- ❖ Promising new items; good conversion.
- ❖ Expanding and growing our customer base.
- ❖ Interest rates and labor, customer cash flow, etc.
- ❖ Growing market share.

- Good pipeline for projects and increased showroom participation.

What emerging trends do you see in the PHCP-PVF sector (e.g. sustainability, digitization, etc.)?

The Manufacturer Says:

- Digital technology.
- We're seeing our customers and other value chain partners move away from traditional products and towards labor-saving alternative joining products.
- Sustainability continues to be a driving force in our market. The need for bringing a historically old industry (PHCP) into the digital age is upon us. The leading manufacturers and suppliers are the ones who can get access to information the fastest, and the most accurate.
- More inventory in warehouses. BAA more in demand.
- Sustainability.
- Digitization.
- Diminishing staff levels at distributors will lead to requiring more automation.
- AI trending.
- AI will continue to have a major role as engineers, developers, contractors, manufacturers and reps integrate this unique opportunity.
- Shifting demographics in consumers to younger generations is seeing a sharp rise in the demand for ethically sourced and more sustainably made products as well as those that consume less.
- Consolidation is a big one. It is happening at an increasing rate at all levels. Manufacturer/supplier, distributor, contractor, and sales agencies.
- LEED, sustainability, push for more e-commerce.
- Consolidation.
- Environmental esg etc. elements
- District energy, AI changing the design of data centers.
- Sustainability focuses on products quality and product manufacturing standards.
- Digitization and automation.
- AI, e-commerce.
- Web-based selling; AI.
- Impact of Incentives
- PHCP-PVF distributors are doing less to drive new business.
- Less loyalty, due branding for stocks, price sensitivity - all getting worse.
- Chronic labor shortages that smaller firms can't adjust to.
- Changing legislation.
- Very focused on buying in the group. More than ever, owners are squeezing every part of margin out of their buys through rebates.
- Starting to see references to EPDs and those requirements for jobs.
- Innovation slowing due to market challenges and cost pressures.
- Projects are trending to be smaller in size. Data centers, etc.
- High-efficiency.
- Lifestyle enhancements.

Are you noticing specific market segments or product categories experiencing significant growth?

THE MANUFACTURER SAYS:

- Alternative joining and flow control products are experiencing significant growth.
- Service and repair parts are continuing to be a high growth segment for us. We are also seeing a shift on stainless steel sinks. We had been seeing a shift toward the most available to now customers wanting the quality again.
- Data warehouses, healthcare.
- Multi-family home.
- Commercial.
- It's somewhat pocketed, some areas are increasing in new construction, but remodel continues to be very strong. Markets are too focused on the high end and low end with the middle continuing to languish or struggle a bit with new builds, hence the need for remodel.
- Healthcare, data centers
- Not really, we have a pretty mature product offering.
- Surge protection given advanced electronics on water heaters.
- Hospitality and health and data centers remain strong.
- Multi-family.
- Epoxy.
- Commercial HVAC, commercial plumbing, heat pumps.
- Infrastructure projects.
- We see bursts of significant growth when the CRU approaches bottom, then gives a slight uptick. It’s time to buy.
- Multi-family.
- High-end finishes.
- Commercial and industrial remain good.
- Residential is growing as is heat pumps.
- Water treatment and municipal projects.
- Data storage centers are being constructed in anticipation of investments in AI.
- Steady market.
- Commercial is growing rapidly.
- Data centers, chip plants, and manufacturing still seems to be strong despite the interest rates.
- Ecommerce & data centers/tilt construction.
- Gas tankless water heaters, gas furnaces.

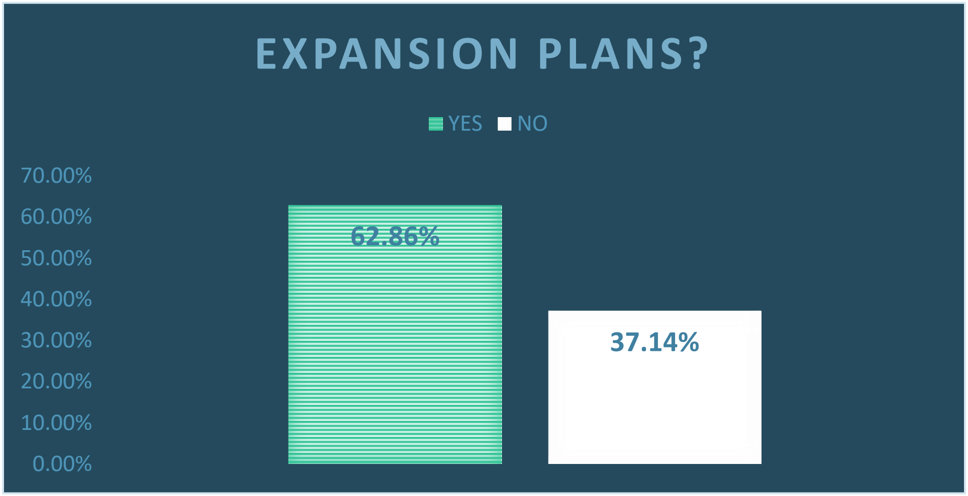
How do you balance the ever-evolving landscape of technology and government regulations with the "old faithful" products you know your customers want?

THE MANUFACTURER SAYS:

- We must be all things to all people. We're investing in technology, we are constantly monitoring and adjusting to regulations, and we make sure our "old faithful" products evolve with the times without losing what's made them so popular.
- We aim to offer both old-line and digital solutions to our customers and valued chain partners.
- We continue to innovate by letting our customers utilize advanced technologies such as AR and VR to experience and customize the core products in our portfolio.
- Train and give career paths. More PTO.
- Involved in several PVF associations.
- Balance the needs, costs and effort then you prioritize.
- These are pipe fittings not software or AI.
- We use technology only as a tool to help us organize and save time. Otherwise, we still believe in personal relationships to close deals.
- We must adapt or be left behind.
- We don't see too much of an issue.
- Technology and gov't regulations move slowly in our space. That said, we have a robust process managed by our engineering teams that monitors and implements changes in a timely manner to ensure we are always offering the highest quality products to meet the standards our customers expect.
- We fall into the "old faithful."
- We always educate customers downstream as to the trends.
- Continue educating on new technology features and benefits.
- Provide an adequate mixture of both.
- Be innovative. Get to the owners sooner.
- Diversification into different market segments and industries.
- Try to use common sense on what really drives demand for our products and how products get distributed to the marketplace geographically and logistically.
- Evolve; put out innovative products that help the contractors with labor.
- Prepared for the future changes, communicating what is best for the end user while continuing to support current products while customer demand supports those.
- By working closely with specifiers to stay current with regulatory requirements.
- It's a very pricey proposition - hard to justify ROI.
- We manufacture pipe fittings. Fluid and gas through pipes from point A to B.
- Engineering for the future.
- All our products comply, so no issues.
- Price is focused right now.
- Government overreach is biggest fallacy in our market; will backfire for certain products (e.g. heat pumps).
- Introduce the old faithful to new product enhancements… "they're better today.

Are you looking to expand this year through acquisition or organic growth (opening more plants)?

The Manufacturer Says:



Elaborate:

- We continue to look for additional places in the market to sell our product while increasing the new and popular offerings.
- We just launched our new, high tech 18,000 square-foot office and are committing to a $20M expansion in NJ of additional manufacturing and a brand-new, automated DC.
- New products require more plant capacity.
- Organic.
- You are growing or contracting, so I choose growth.
- Acquisition.
- Expansion in our own facilities
- Both organic and potential acquisitions.
- We have distribution expansion plans set for 2025/2026.
- We added a line last year and we are still learning.
- Niche bolt-on business.
- Second shift.
- Facility expansion.
- Plant expansion for new technologies.
- We are always looking for acquisition opportunities.
- New product introduced.
- We will grow organically with an eye toward acquisition.
- Excess capacity challenges.
- Organic growth.
- New U.S. plant.

What have manufacturers done to increase brand loyalty with distributors and sell-through to contractors?

The Manufacturer Says:

- Award incentives, invite in for training and travel, join programs that reward the contractor, countless hours on the road with each.
- We've seen peers promote specification position to drive loyalty and sell-through.
- Continued to be transparent and accurate with lead times, and not looking to win jobs by fluffing the timelines.
- Specifications!
- Develop and cultivate strong relationships.
- Transparency and action; Active listening.
- We only sell to distributors.
- Brand loyalty isn't what it used to be.
- Hire the best representatives who have earned trust with both manufacturer and contractors and build long-lasting, trustful relationships.
- Protecting their market channel while continuing to shift to the changing needs of the consumer is key.
- Working in the secondary market of contractors and specifying engineers.
- We are exploring tiered rewards programs. Implementing contractor experience models with visits to our manufacturing facilities as well as increased social media engagement direct with our brand.
- Improved shipping and overall relationships.
- Some have created contractor rebates.
- More advertising.
- Increase relationships directly with contractors.
- Increase our inventories to support our distribution.
- More targeted entertainment and factory tours.
- Value-added services.
- Providing a quality product with attentive customer service goes a long way towards a long-term relationship benefiting all parties.
- Robust programs to gain share.
- Customer engagement.
- We market directly to end users. Distributors carry products that sell.
- COVID created a culture of multi-source rationale that has impacted the ability to "request" single sourcing.
- We have increased our inventories, added product lines, and improved MTR retrieval.
- Work closely with contractors to build relationships.
- More than ever, we are leaning on our reps to be our boots on the street.
- Personalize their service and sales strategies. Meet the customer where they are instead of telling them how it must be done.
- Not much, as most pull back investment. Multiple manufacturers going direct to end user.
- Rebate incentives/promotions.
- Rebate programs, counter days, promotions.
- Offer a value proposition in terms of overall cost of ownership reduction.

What is your company's investment in training to ensure contractors are well-trained and educated on the latest product innovations and products for the future?

THE MANUFACTURER SAYS:

- We prioritize training and ongoing support for the contractors we work with.
- We have empowered our rep groups to host in-depth and in-person contractor training at their facilities.
- Field and in-house hands-on training.
- We conduct internal training.
- Each salesperson takes an active role in educating and training contractors in the field.
- We only sell to distributors and our products do not require much training.
- We have 2 live training facilities focused on education.
- Significant dollars.
- Significant. Bring them to us, we go to them, hitting all the segments.
- Web-based videos onsite.
- We partner with our local sales agencies and distributors to sponsor and support continuing education program credits. We also have a self-funded, national scholarship program for plumbing apprentices.
- Working on online training videos as well as onsite visits if asked.
- We built a training room. We have a demo trailer.
- Much more focus on lunch learning and product demonstrations.
- We participate in the MCA and PHCPP. We offer jobsite training on installations. We attend several trade shows at all levels.
- Work hand in hand with the various organizations (PHCC, Local UAs, Apprenticeship Skills Competition, CISPI, etc.) to provide material and training.
- Substantial – we run classes every 2 weeks at our HQ facility.
- We are building a new training center in 2025.
- We support professional training through the local trade associations.
- Ongoing process. LMS is a big part of it.
- We spend a significant amount of time educating and training contractors.
- Live streaming training coupled with in-field training and rep training centers.
- Our direct-marketing program is built on educating end users and contractors.
- Contractors are still "old-school"...we are heavily into PHCC and know they struggle with moving contractors onto the mainstream platforms. It's a huge struggle.
- We only sell through distribution.
- State-of-the-art training facilities.
- Coop $ toward tours at plant, training in field for distributors.
- We're investing in technology to help our company.
- Highly invested.
- The biggest marketing focus is educator awareness and training.
- Online presence is elevated. Onsite rep training.

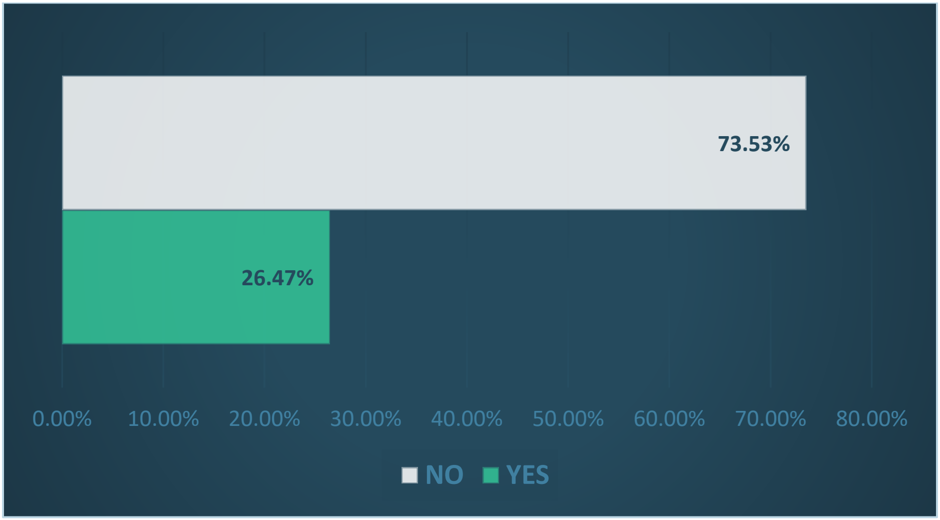
What is the No. 1 thing you think reps and wholesalers value the most?

The Manufacturer Says:

- Do what you say you will do.
- Having the right product, in the right place, at the right time.
- Communication.
- Integrity. Having the right product in stock.
- Quality PVC pipe.
- Transparency and action.
- Inventory and educated inside sales personnel.
- Consistent communication and transparency.
- Trustworthiness.
- Respect and value for their expertise, time and margins.
- Consistency.
- Field support through communication, marketing and selling materials as well as easy transaction processes.
- Relationships and quality product.
- Fast exchange of information.
- Easy button/asset velocity.
- Communication.
- Service.
- The opportunity to make a profit with a product that is not a commodity.
- Ease of doing business.
- Sincere and consistently good customer service.
- It feels like a price.
- Consistency of supply and pricing.
- Program $$.
- Relationships first; good products second; good price third.
- Delivering on service commitments.
- When manufacturers get the product specified for them.
- Honesty, relationships.
- Clear pricing, material availability, AML approvals.
- Quality and honesty.
- Innovation, new products. Then, support when they need it.
- Partnership and loyalty. I think they go hand in hand.
- Support, communication
- Mfg. loyalty.
- Reliability (stock, lead times) and performance.
- Profits, income.

Are contractors changing purchasing behavior materially due to government incentives (e.g. IRA programs)?

The Manufacturer Says:



ELABORATE:

- More BAA
- We are monitoring two changes right now. The natural gas appliance ban is taking hold in CA and expanding. Also, the Buy America Acts, specifically around the ongoing infrastructure deal.
- Decarb drives some decisions.
- BAA and BABA.
- Gas water heater rebates are a major incentive.
- Government programs, tax incentives.
- High efficiency.

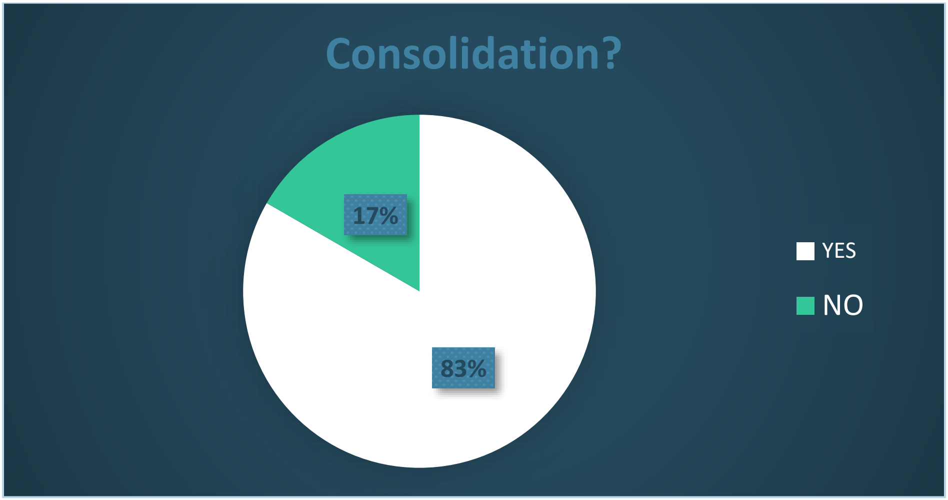
How are manufacturers viewing attempts by some distributors to disintermediate manufacturers by private labeling/creating distributor house brands?

THE MANUFACTURER SAYS:

- As a manufacturer we're weary of this disintermediation as we work to be a comprehensive partner for distributors across all product and service needs.
- We have a position that distributors bringing in private labels and competing products can still purchase ours, but they will lose out on the possibility of the ultimate pricing protection compared to distributors who support us as a manufacturer.
- New product innovation.
- It is a challenging situation.
- They are looking at these distributors as more direct competition.
- Unnecessary and lowers the market for all legitimate manufacturers for no apparent reason(s).
- It's a growing trend. Success varies greatly and it still seems to be focused on basics.
- It's a continuation of a disruptive strategy to traditional lines of responsibility. It will continue at the contractor, MEP, GC level as well.
- We are establishing unique programs to reward distributors of brands and diminishing programs where private-label alternatives are offered.
- I think some are relieved. The categories tend to be nuisance and not profitable.
- Healthy competition.
- We view our own brands as competition to our brands and we compete with those initiatives.
- This is an attack on our business to save a few percentage points when we can support them better locally.
- We offer private labels if needed.
- It will not work as manufacturers know product manufacturing & service better.
- It is not a healthy situation when the line is blurred between manufacturer and wholesaler.
- It's been happening for years. We supply private labels and make it feasible for them.
- It was inevitable. How do we balance the ask with the realization of share loss. It's a challenge. And now a game we may have to get more involved in. Every action has a reaction.
- We have not participated in any private labeling.
- Some manufacturers see it as being a good partner. Others see it as competing with themselves. We look at what makes sense for the business and the long-term.
- It's not surprising since some manufacturers have items listed for sale on their websites. Even those supposedly run through distribution, they are removing control from the local wholesalers. It's the same as the wholesaler selling directly to consumers/contractors through e-commerce channels.
- Not a good situation. Imports and house brands are causing manufacturers to change programming and route to market and go direct to end user, which will then only add high amounts of risk to residential-focused distributors.
- Vertical integration at its finest.
- Select situations; it's a disaster for distributor and contractor as distributors aren't the product expert nor do they manage the supply chain; they risk materially alienating long-standing manufacturer relationships; distributors can't get private label product at competitive price for their customers to beat the product they get from branded category leader.

Are manufacturers seeing consolidation in reps as well as distributors?

THE MANUFACTURER SAYS:



ELABORATE:

- Both of these segments are experiencing consolidation in an effort to cut costs as well as increase coverage.
- Yes, regional consolidation continues to happen and will not slow down.
- The cost of doing business continues to escalate and proficiencies afford the opportunity to merge/consolidate.
- Larger reps with a higher level of professionalism and stability are leading the way and manufacturers find it necessary to go to larger reps.
- It's difficult for most reps and smaller distributors to invest in the technologies that allow us to keep up with the growth and speed of business today. Those distributors and reps that continue to invest in technology and their people will continue to gain share.
- It is harder to find reps with non-competes due to this.
- It's continuing across multiple geographies.
- Several rep firms are joining forces as principals exit the business due to retirement.
- The M&E game has picked up in the last year.
- Lack of succession plans seem to be the driving factor.
- M&A happens all the time with distribution.
- The "mega-rep" is becoming more prevalent as well as good independents getting gobbled up.
- Small rep firms offer limited value.
- Failure to have succession planning creates a need to merge.
- It is harder and harder to find reps without a competing line.
- This has been happening more frequently as it makes sense for the manufacturer to have more influence and less reps.
- Doing business with fewer on both fronts.

As the rep groups consolidate and take on additional lines, how much is too much? Is there a guideline/ratio of lines per person that reps need to subscribe to?

THE MANUFACTURER SAYS:

- Not sure if a guideline or ratio exists but developing one would be a sought-after tool.
- We don't have a firm view on this and only aim to avoid vendor conflict amongst our reps.
- When I was a rep, we had a rule of thumb that one rep was proficient with 4 lines and maxed at 6-7.
- Every territory is different. Through analytics reps can see not only the cost of a line but also the cost of doing business with wholesalers.
- When reps can't meet their quotas, then that may be a clue.
- If reps have a plan and enough personnel to handle more lines, it isn't a problem. Manufacturers are constantly looking to grow new product lines which also require investment. Why shouldn't reps be allowed to grow if they invest appropriately?
- If there is a "guideline", I'm not sure what it would be? It depends on the line(s) and the quality of people you have within the organization.
- That can vary based on the market they have, i.e. demographics of population, density (i.e. windshield time), etc.
- If our interests do not get diluted....it is contingent upon the manufacturer to review that with the rep.
- Our review is based more on “what” lines are carried more so than the number of them. We know certain lines require additional resources, so we monitor the staffing of the agencies and are they increasing at the appropriate levels needed to support the lines represented on their line cards.
- The more lines a rep has the less focus they have on yours.
- They need to be able to meet sales growth objectives with appropriate staffing.
- There is a limit, beyond that you need specialists.
- Yes, many are diluted.
- Consolidation is always a concern for manufacturers with broad portfolios. Each one is a case-by-case discussion. 15 to 20 max. 3 larger max
- We try not to work with firms with more than 20-25 lines. Beyond that it is just way too much.
- Yes, there is a max but what the number might be depends on the talent of the rep agency team.
- We have not seen this.
- It depends on the size of rep agency and territory.
- I believe 20 lines should be the maximum; a rep agency cannot effectively manage more than that, in my opinion.
- No competing lines.
- We don't mind a rep having 20 lines...we just want to be in their Top 5 to stay relevant.
- There is certainly a greed factor - we try and avoid it, but we can be the best in town while still loaded. It's the way an agency manages their team. The biggest isn't always the best but it can be if managed well.
- Time ratio is very important. All reps should evaluate lines vs contribution margin.
- We look at the organization, complementary lines, succession plan and, most importantly, reputation and go-to-market strategy.
- I think this depends on the organization. Of course, there are built-in protections against overlap.
- M&A has forced us to revisit policies on potential conflicts.

How are manufacturers dealing with conflicts as rep groups consolidate?

THE MANUFACTURER SAYS:

- We're working to make sure our reps do not have any vendor conflicts for our products.
- Working to communicate with groups as M&A framework is being built. If niche product overlap occurs it's nearly impossible to avoid, but we can see clear, competitive conflict and steer around it, or prepare to make changes.
- Conflicts are overcome by manufactures and reps that view each as partners.
- Monitor closely.
- There will naturally be conflicts and manufacturers must look at the wholistic piece of the puzzle to see if these conflicts overlap too much. Communication is the key.
- In general, it's frowned upon, but as consolidation continues, there will inevitably be conflicts. Too often manufacturers move away from potential conflict and often settle for a lesser agency.
- It's tricky. You really have to consider the wholistic... maybe it's the same product, but different materials, classifications, price-segment, etc. Primary focus vs. secondary focused products.
- Sometimes it's a core product vs non-core product review.
- Two options. The first is cut and dry, pick one. The second option can be to contractually carve out what lines they are permitted to sell from each conflicting manufacturer.
- Case by case.
- Stick to core business conflicts.
- Direct sale channels. E-commerce.
- Case by case. If it is a direct conflict, they will need to decide.
- Some welcome it so does not.
- We have terminated reps when a conflict is too large or stayed with when it is minor.
- Evaluate changes and implementing factory rep teams where feasible.
- Build a stronger brand with end customers.
- Find the reps that value your products more than the competitor.
- Case by case.
- We have been forced to exit some relationships with reps as consolidation made them too large or brought in conflicting manufacturers.
- We ask the agency to either go on probation until it's proven or we ask the agency to re-interview their line.
- Need to make important decisions. Might end up with a "B" team player. Hopefully we work it out before a merger happens and we can change or guide as partners.
- We have not fired a rep for a competing line yet. We will cross that bridge when we come to it.
- Usually the largest profit/revenue generator wins.
- Allowing in most cases as options are limited. In many cases offsetting with direct employee increases.
- It's an issue; creates inefficiencies as manufacturers can't get coverage in certain territories or then have overlapping relationships that create channel confusion with wholesalers.
- Forces us to take a fresh view of each territory and ensure the best quality of representation. We should be doing this daily, of course.

What are some best practices around launching new products to reps?

THE MANUFACTURER SAYS:

- Delivering kits and scheduling training webinars surrounding the kit.
- We have seen success when educating our reps ahead of launch and then incentivizing them to sell the new product post-launch.
- We like to constantly innovate and launch new products frequently. Best practice is to have the product at or nearly at the point of “ready for distribution” before you launch. Using the excitement as momentum is crucial. Products that are teased and then launch late rarely perform as well.
- Voice of the customer designs the new product demand. Reps are closest to the customer providing valuable insight from engineers, contractors and wholesalers. Short sales meetings specific to the new products.
- Providing in-person training and support.
- Literature and training.
- Communication, buy-in programs for distribution, guarantee buyback programs to limit risk.
- Today's reps must have "specialists" who are well-versed technically and provide "training facility."
- Training and communication!! Even if its product types they know, each manufacturer has unique elements and making sure that understanding is there and that they have open lines of communication.
- Train, train, train. Launch incentives to gain mindshare.
- Our focus has been on increasing the pre-sell period and allowing pre-orders to be taken. Really focused on making sure there is enough time built into launch timelines to allow our rep and distributor partners engagement and market seeding prior to a new product launch.
- Webinar and incentives. Also, FFA on first POs.
- Training training training!
- Training, extra incentive, technical support readily available. Joint calls.
- Education.
- Engage them. Provide the tools. Train. Make the benefits of having our product obvious to them.
- Webinars.
- Standard marketing practices along with face-to-face selling to key decision-[makers.
- Training.
- Train and communicate effectively; have the product in stock; price it at a fair market value that will be sellable.
- Start with rep councils to discuss potential impacts, numerous meetings to ensure messaging and focus.
- Discussions about conflicts and strategizing well in advance. It has to be a dialogue with them, not a mandate.
- In person training - virtual training is over when it comes to a launch.
- Marketing materials and training.
- Manufacturing team and product managers supporting and training. Incentivizing sales and growth.
- We do a webinar with our engineer, backed up with literature, videos and email launches. We have not done spiffs or extra bonuses.
- Playbook.
- Advance notice as much as we can. Complete product launch package, including product training and assignment of sales targets to achieve.

There are reports about the next generation "answering the call" when it comes to skilled trades. How are you supporting the trades and helping to expose youth to potential careers in the industry, so this trend continues?

THE MANUFACTURER SAYS:

- Working with local tech schools, supporting the local high schools on career day, and making sure the company is part of the community life, making it interesting for all.
- We take several steps to support the trades and primarily focus on supporting union and other training programs.
- This is very important to us. We are hosting a summer intern program as well as a high school tech class to come in and learn about the potentials of our industry.
- Never stop talking about our industry and the opportunities we have to offer. Donate products to the local shops for career day opportunities and contractor tradeshows.
- Training and safety.
- Be involved in the local community vocational schools, STEM and to support training via the industry associations.
- Scholarships through sponsorships and donations, summer jobs.
- We have a partnership with both our city and local school system and we bus 40 students in Monday - Friday to introduce them to the "trades." It's supported by the city and school system provides a full-time teacher. It's an exciting program that BDA and the other businesses (building and construction) support.
- YES! This is so important. I personally make efforts to reach out to local schools to present to students at high school and college level to discuss a multitude of options in trades and kitchen and bath design.
- We are focused on the promotion and expansion of our scholarship program(s). Trying to do our part to ensure the cost of entering the trades is not a barrier to entry.
- We support all the union training facilities, MCAA, local trade schools, etc.
- Our company supports scholarships to trades and STEM education students. We hire undergraduates and give them 18 months training in 3 different functions within our company. After, they are required to find a function they enjoy and is hiring.
- YES! In a BIG way.
- Trying to support local trade associations and promoting our company/industry through local community business associations.
- Training and affiliation with union contractors and plumbers.
- We work with MCAA and PHCC to train young professionals in this business; we also work with our reps to train their salespeople.
- Investment in organizations like ASA.
- We would love to participate in an ASA program if it gave us visibility.
- PHCC - local and national.
- Through plant tours, scholarship fund raising, summer internships.
- Great question, the industry itself should promote with the support of manufacturers. What we don't want is turning the industry into a DIY or labor only.
- We supply returned products to schools and trade houses where we can and know about them.
- Working with trade schools.
- MCAA & PHCC.
- Partnering with Explore the Trades and trade schools to invest in next generation of skilled trades.

What do your typical rebate programs look like?

THE MANUFACTURER SAYS:

- Our rebate programs are volume based and focused on driving sustainable growth for both ourselves and our distribution partners.
- Typically, they can vary between 2-7% base rebate with varying growth incentives up to 15-20% total.
- More bundling of products to incentivize.
- We are part of the IMARK buying group.
- Volume and growth based at the same time.
- Rebates have gotten out of control and too often, we're paying a contractor, builder, wholesaler, etc. for the same business.
- Varies. Some linked to buying groups, some to individual wholesalers. They are tiered based on sales and performance.
- Branded product rebates with annual incentives focused on the areas of expansion the organization has selected for that year. Any annual purchase targets are balanced against prior year performance and desired growth from that point.
- We are a part of the AD buying group.
- 3-5%
- Wholesalers, contractors programs.
- Incentive based on growth.
- Growth based.
- 7-10% tiered.
- Flat plus growth component.
- Tiered based on growth.
- A combination of tiered incentives for some and built-into-pricing kickbacks for others.
- Primarily buying group driven.
- Sized proportionately to distribution
- Base plus growth
- We don't do typical but where we do them, they are quarterly with possible annual bogeys. Additionally, we might offer a growth incentive as well.
- Base with growth tiers.
- Growth driven.
- Up to 6%; sliding scale.

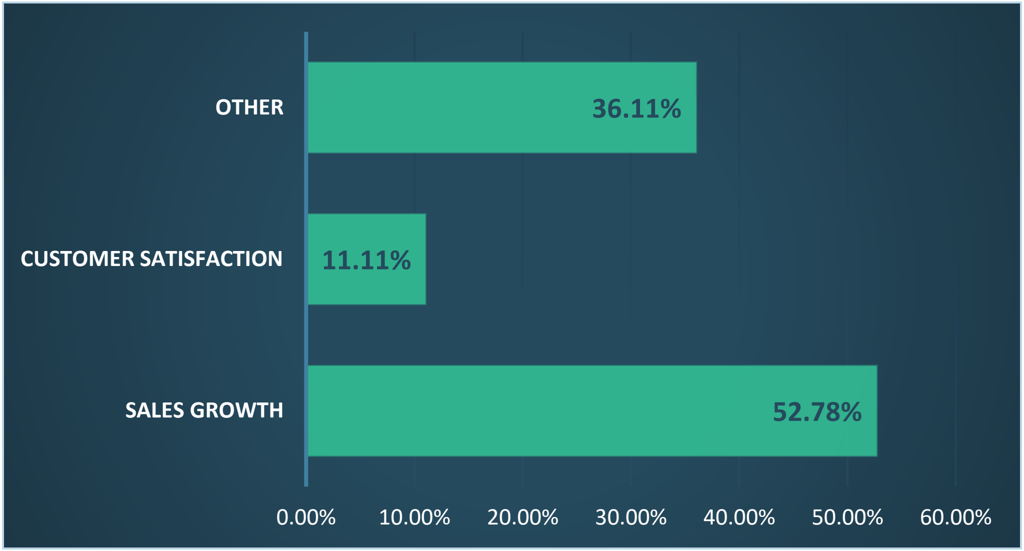
What current trends are you seeing with pricing and inventory?

THE MANUFACTURER SAYS:

- Metals continue to fluctuate without warning.
- We're seeing distributors bring inventory down and seek lower pricing in the current market environment.
- Inventory levels remain high and pricing is sensitive. Discounting is regularly asked for again.
- Cost of doing busine ss continues to escalate and with that prices will continue to rise. Inventory has a cost associated and that too is passed on to the contractor.
- All base cost of resin and other materials.
- Firm on fittings and branch connections.
- Price increases keep coming and inventory is still shrinking where possible.
- Prices continue to escalate from pre-COVID times and I don't see this stopping any time soon.
- Shipping rates are rising, inventory is harder with demands for variety.
- Pricing is ever changing with inflation, labor rates and commodities. Inventory levels feel to have made a return to normalization.
- Pricing is increasing. Inventory at the wholesaler is decreasing more is pressure on the manufacturer to ship quicker.
- Pricing is deteriorating.
- Increased prices, inventory reductions.
- In the plastic market we have seen excessive deflation in the face of rising raw materials. Inventories are adequate for the volumes being consumed.
- Steady price and inventory.
- More inventory on the ground. Price increase to cover freight cost increases.
- Price increases being announced mid-year.
- Major price devaluation and a scramble to reduce inventory.
- Healthy inventories with lower pricing at the moment.
- Our pricing is holding, we don’t plan on seeing any increases.
- Pricing is stable and inventory levels are increasing.
- As raw materials increase, and labor costs go up we will only see prices increase; inventory is being pushed more to the rep than the wholesaler as the wholesaler does not want the exposure of owning material that may or may not move based on local market conditions.
- Prices have been stable, but distributors are cutting inventory and working off our shelves like in 2008.
- Shorter inventory holds. Pricing from COVID isn't getting recouped.
- Difficult to pass along price increases now. Costs are rising on all overhead related expenses.
- Best price, least volume.
- We have seen competition lower prices to gain market share sacrificing service and/or quality. We tend not to play that game. Distributors are carrying inventory. Availability is a necessity at distribution.
- Pricing has been increasing because we are tied to a commodity and inventory is shrinking because of worldwide shortages. Hopefully both of these change so we don't have market instability.
- Lower pricing and lower inventory levels
- Materials beginning to increase again. LME up nearly 20%

What metrics do you use to measure success?

THE MANUFACTURER SAYS:



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OTHER:

- Both growth and customer satisfaction.
- A clear mix of sales growth and customer satisfaction. Both are equally important.
- Customer satisfaction equates to sales growth.
- Profitability, sales volume growth in whatever key categories we are focused on at the time.
- Clearly, it's sales growth that pays the bills, but without a loyal customer (engineer, developer, builder, GC, distributor) trust and belief in the quality products nothing else matters. If you do the right things then the rest works out, also.
- All of the above, the first is obvious, but if you don't have the second, you'll quickly lose any growth.
- LBS
- Both of the above
- Sales growth, volume growth, net promoter scores.
- Market share.
- Share.
- Market share/wallet share.
- The 2 above are tied together. Repeat sales are a metric we follow to establish success.

What KPIs do you use to measure success with your reps beyond sales?

THE MANUFACTURER SAYS:

- We look at sales of specific products, rather than the overall package, to measure reps.
- Display merchandiser placements, bringing customers to HQ, factory communication, promotion attentiveness.
- Call percentages. Response time. Customer service.
- None.
- Reputation in the marketplace, teamwork mentality, ethical behavior, timeliness of paperwork, etc.
- Implementation of new products, time spent outside of business hours developing relationships and ability to adapt to the new technologies in today's marketplace.
- A preference for higher percentages of wholesale than internet sales in their area / customer knowledge and understanding of products and processes / the ability to handle difficult scenarios / new sales along with growth in established customers.
- Number of sales calls with contractors and MEPs.
- We look at pipeline fill. Do they have a steady churn of opportunities coming into the pipeline as well as exiting. Aside from sales we want to be able to measure activity as that is a controllable metric at the rep level, sometimes sales can have noise built into it that is outside of the rep’s control.
- Growth.
- Activity in our CRM.
- Pipeline. Win ratio.
- Account penetration, product mix, account mix, sales call effectiveness.
- Engineer specifications.
- Specifications written. Customer engagement.
- Contractors and job success rate.
- Relationship with our team and customers along with opportunities brought to the table.
- Sales growth, delivery performance, customer satisfaction.
- What share of time do we get with customers vs. the other lines they represent.
- Share. Training.
- End user adoption and partnering with distributors to drive successful engagement with contractors.
- Strong customer relationships - by far!
- Sales and grades of steel.
- Market share, sales growth in share by product.
- Growth to LY and growth to goal.
- New customer setups, sales process from contact to sale.
- YOY sales, new product placement.
- Market share, specification growth.
- Sales and marketing focused. Displays, training, relationships, projects.

What are some best practices when onboarding rep agencies?

THE MANUFACTURER SAYS:

- Onsite factory training followed by trade show attendance.
- Breaking the learning into digestible segments. Excite them with code procure. Inundate them with literature and material. Allow them to go get feedback and questions and then slowly introduce more complex learning.
- Recognize the rep has other lines to sell, minimize the training period in a day/week/month.
- Training and plant tours.
- Providing dedicated onsite training and support materials; add to digital communications; include in sales meetings; plant tours; include in training schools.
- Onsite training and introductions.
- Spend as much time in their market as possible in the first 6 months. Factory trips and make sure they have the tools and know who to contact.
- For outside sales, start them on inside sales for a few months if at all possible. Travel with experienced reps.
- Training and communication! Also, infield travel with new reps.
- Train, train, train.
- It's really about training. And that includes, product, customer, systems and processes.
- Start with customer service, then selling.
- Technology training – in-house training.
- Product trading, account training and historical information, account plan, logistics training.
- History, industry reputation.
- Training. Bring to our facility.
- In person training, Calls with the rep, and literature that helps them make calls without manufacturing sales staff.
- Hands-on training and travel with sales management.
- Training and emersion in brand culture.
- Training is key; a rep is not going to talk about a product they do not fully understand.
- Set specific benchmarks for success 3m, 6m, 12m, 24m out. Not just revenue numbers.
- Factory tour, key account visits.
- Train, work side by side.
- In-person training, ride-a-longs with outside sales, CS works with quote and inside sales team. We support any marketing needs they have. Post our new reps on LinkedIn.
- Rep training playbook & continued education.

What commission structures have you employed with reps that have delivered substantial growth?

The Manufacturer Says:

- Our commissions structure for reps is relatively consistent and standard but our employee commissions structures put more weight into key product sales vs other product we offer.
- We have a quarterly bonus incentive where reps can earn additional commissions back to dollar one for achieving growth targets.
- New products that require more time to sell pay more commissions.
- Simple baselines plus commission by grade of steel.
- If commissions are higher than our competitors and our profits are better than their other lines, we usually see growth trends if it is a good fit and we give them support.
- It's so hard to say as there's never one answer. Different people are motivated by different things. Finding what works for the individual(s) is the key.
- Frequent mix of email/phone/webinar. Some reps respond better to a certain type of communication so having the ability to meet them where they are is important.
- Gross margin structure.
- We are salaried and bonus.
- Fixed with incentives.
- We have extra commission for projects sold at higher multipliers.
- Flat rates.
- Flat commission across all lines.
- We offer a generally higher commission than industry standard; this has helped our continued growth.
- We're in the process of changing our commission model to an activity-based incentive model (distributor training, end-user calls)
- Different commissions by grade of steel.
- N/A - Tiered for growth on pioneer products.
- We do not change our commission structure.
- Rep bonus commission eligibility. Based on incremental annual YOY growth.
- % rate + upside based on annual growth.

What are some of the most effective training methods for wholesale showroom and outside sales personnel?

THE MANUFACTURER SAYS:

- Short video clips, webinars and basic catalogs
- I think 30-minute target training works very well. Focusing on a key product or market and introducing an idea and hammering the details.
- Joint sales call still the top priority.
- Training using video and in-person training and hands-on demos.
- Hands on in the warehouse and sales desks.
- In-person, after-hours training is the best.
- Earing trusting relationships and having those same relationships with their key customers (builders, designers, engineers and contractors) that allow us to pull the business to our distributor partners. Distributors will sell what the customer asks for. It's our job(s) to make sure they ask for the manufacturers our agency represents.
- Ones that touch on audial, visual and kinetic learning so you can reach each person based on their learning style. Same thing in multiple ways to drive home messages. And follow up with refreshers to keep it top of mind and increase retention.
- We like to utilize LMS, or a form of digital training. With a national sales force and distribution network, in-person training can be difficult, so our LMS system lets us keep in constant contact with our sales teams. It also allows them to get training on areas they wish to focus on and when they wish to focus on them.
- Travel with a specialist in products.
- We do hands-on training at the branch with products and joining equipment.
- Hands-[on training with experienced team members.
- OJT with mentor or colleague.
- Working alongside them. Everyone has their own unique way of selling, and it's important to find outside salesmen who align with our methodology.
- Face to face, onsite.
- Hands-on training for outside sales. Product training.
- State-of-the-art training facility and plant tours.
- Webinars on products monthly.
- From my previous wholesale experience, online with incentives and in-person targeted.
- Lunch and learns.
- Hands-on and listening to how THEY sell.

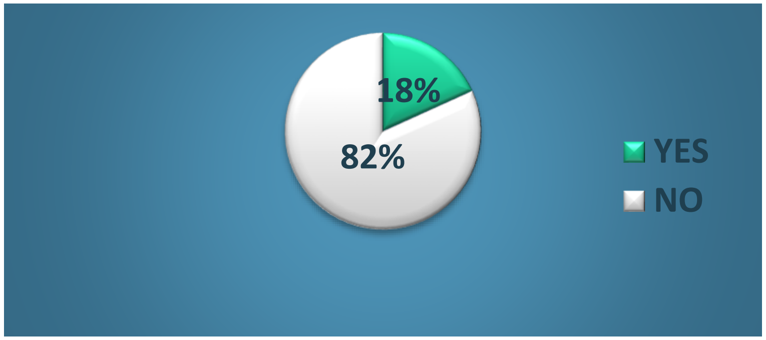
Do you use an LMS system, and if so, which have you found to be the best?

THE MANUFACTURER SAYS:

- We have an LMS package and find it helpful in educating at all levels.
- Researching with AI element
- Yes, SuccessFactors
- WE do try and use the programs from ASA depending on the level of experience with the folks we hire.
- We do. It is our own internally built LMS system.
- We have LMS courses that are allowed at their own speed. We find hands-on interaction more effective.
- Vetting a variety
- We use online courses with completion timeframes, sent via email.
- Internally developed LMS.
- Blue Volt
- Reward online training after completing the program and completing the test.

As a manufacturer, have you completed or are you working on an environmental, social and governance (ESG) strategy?

THE MANUFACTURER SAYS:



ELABORATE:

- Currently working on this.
- We're working to best support our direct and indirect stakeholders over the long-term.
- It is an ever-evolving strategy.
- This is a waste of time for a company.
- We have an ESG that has just released our first report. For example, we have 4 manufacturing plants on 100% renewable energy.
- We have put out LEAD certification foundation on steroids.
- European-[based manufacturing so we are heavily invested into sustainable production.
- Our core values reflect fairness and sustainability in everything we do.
- Ongoing, we have a government team.
- Packaging, transit, and sourcing of materials all are being reviewed.

Can you share examples of successful product launches or market expansions in recent times?

THE MANUFACTURER SAYS:

- We successfully launched a new line of compartment sinks. Bringing in a small number of SKUs and testing them in the market. Reviewing the feedback and making changes before hard-launching the product line. When we officially launched, they were in-stock, and we knew the market was ready for them.
- Joining groups such as ASA have opened new avenues and exposed a larger market for us.
- Where we partner with distributors to win end users the process is much more successful. Instead of calling on the distributor, we call on their customer to drive business together.

What trends are you seeing when it comes to hiring and retention (strong talent pool, difficult to recruit, talent pipeline, etc.)?

THE MANUFACTURER SAYS:

- It's a competitive landscape with a limited talent pool, requiring a rich package compared to the pre-COVID period.
- Our hiring team has struggled to find quality, high-level candidates for executive positions. We are doing well at hiring for manufacturing and warehouse.
- Career path required. Mobility encouraged. Recruit through apprenticeship.
- Talent pipeline.
- Flexibility is a must for attracting talent. Companies must sell themselves more vs the other way around. Compensation.
- Drugs are a major problem.
- Pay them above market. Don't be stingy with vacation and give them responsibility that makes them feel like they can make a difference.
- We continue to struggle since the pandemic with the "work from home" request. It's hard to build culture when your team works from home. The newer generations aren't motivated by the same perks as those of us that've been around for a while.
- It is increasingly harder to find the right people for various positions. The pool is very competitive.
- Challenging.
- We have seen a strong talent pool of late.
- Still difficult.
- Challenging, new gen not disciplined nor accountable.
- Our industry is aging quickly with a gap in bench strength as the “old guys retire “
- Difficult to recruit and turnover rate.
- It is an employee market.
- To get good talent you must hire them away from their current employer for more money.
- Very difficult to recruit talent and all levels.
- Difficult to recruit if located in remote area.
- A flexible work schedule and amenities in offices is critical.
- Relationships drive best new hires. Hard to keep low-level employees.
- The talent pool in finance and administration is very strong. Many sales recruits lack actual experience in sales, but plenty in customer service or "account management."
- Very high failure rate on pre-employment drug screening. Retention is down. New hires don't have interest in a career.

- Try to hire from within, never pass up a star player who fits culture.
- Talent pool is OK. Younger with flexibility desire.
- I feel like this is the same as it's always been. The main difference now is expectations of status/pay are tied to feelings more than tangibles.
- Difficult.
- Impossible to find good talent; tougher than COVID era.
- Fewer quality candidates that look at a career rather than just a paycheck.

What are the biggest challenges you face when it comes to hiring in today's environment?

THE MANUFACTURER SAYS:

- Finding qualified people is the biggest challenge.
- Competition. Large-scale companies are offering TC packages that smaller manufacturers have difficulty competing with outside of the gate.
- The work from home attitude negates the benefits of learning from experienced professionals and the mentoring aspect is more challenging.
- Competing for talent across industries
- Just not enough people looking.
- Logistics, talent, and experience level being in the right place. Remote working is easier than it used to be, but with younger teams it's harder to train them in the nuances of the industry without that connection.
- Qualified candidates.
- Balancing an RTO plan with the location(s) of the talent pool.
- Finding the right fit.
- Finding the right fit for our culture.
- Attitude and work ethic is marginal.
- Finding the right person that fits our culture. The salary range and compensation package has exploded.
- Turnover.
- Finding people for/in our industry.
- Lack of talent in an already small pool.
- Lack of understanding of the benefits and personal growth opportunities of our industry.
- Finding people who want to work and have a way to get to work.
- The skill pool has declined with retiring baby boomers.
- Getting people to come back in the office after COVID; Finding young talent that wants to be engaged in the business.
- Loyalty matters less today.
- Average tenure across the job market is decreasing. We look to get recruits going right away and reward them frequently. We want them to make their mark before they move on.
- Compensation, work from home expectations
- Drugs and a lack of desire to work.
- Millennials, work ethics, drive, loyalty
- We have low turnover so have not had issues with hiring.
- Finding the right person who is good at problem solving and self-starting.
- Retention at lower skilled positions.
- Attracting and then retaining “A” players; no one wants to work anymore.
- Being willing to pay enough to make us competitive for many positions.

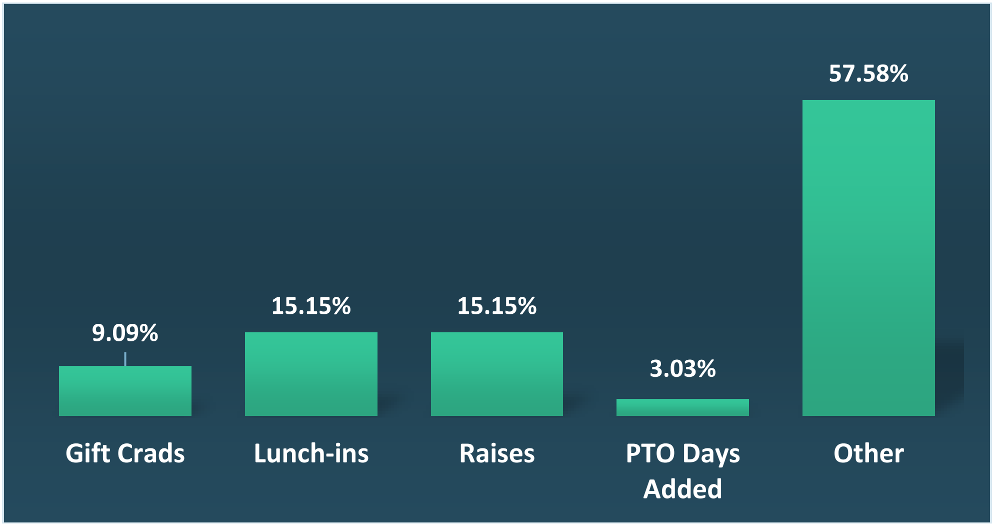
What employee benefits, perks or engagement activities do you find are the best-received among employees?

THE MANUFACTURER SAYS:

- Acknowledgment of effort, contests and solid healthcare benefits.
- Bonuses. Employees respond best to monetary opportunities. We also host several office happy hours, barbecues and participate in summer Fridays.
- Celebrating what's important to the employees through the company newsletter. Monthly drawings.
- Healthcare insurance, Retirement plans and stock ownership, remote work, educational subsidies, parental leave.
- Health insurance.
- 401k, profit sharing, bonus programs, PTO above average.
- Personal days off, work remotely, team building events, a great culture.
- Balanced flexibility and stability... flexible in work locations, schedules etc., to enhance a work/life balance, and stability in the income, benefits, etc.
- Flexible work. Gone are the days of 9-5, and it's more about making sure employees are able to accomplish their work in the appropriate timelines, but not so much focus on the daily hours in which they complete their tasks.
- Monthly lunches.
- Full PPO healthcare.
- Flex.
- Training is crucial. Lunch and lessons are well attended. Continuing education is approved and paid for by the company.
- Pay scale and benefits.
- Unlimited time off. Remote work if it fits the position. 401K match.
- Food trucks, extra PTO, lunches.
- Company functions celebrating employees and company merchandise website.
- Bonuses are based on performance as a team, more than individual focus.
- Time off.
- You need to have a welcoming environment that is positively charged; salary is important, but culture is everything.
- Make it worth their while to engage.
- Vehicle, 401K, more base salary, and less bonus based.
- Health insurance, 401K.
- Pay.
- We have a savings program and 401k that the company pays for. Profit sharing.
- Pay is where it starts, but company get-togethers. Our company party was a day trip for everyone and a guest to Disneyland. This was a well-received and built comradery.
- Profitability
- 401k contribution; weeks PTO; profit sharing; healthcare benefits.

How do you celebrate key achievements within your organization?

The Manufacturer Says:



Other:

- Gift cards, lunch-ins, and gifts.
- Happy hours, luncheons and raises are all rewards of organization milestones.
- This varies; we have several annual reward programs that recognize and reward associates from all levels within the organization.
- Profit sharing.
- A mix of the above, but personally think we could be better at it, employees knowing they are valued is such an underrated work enhancer.
- We have a defined incentive comp structure based on KPIs.
- Spot bonuses, recognition, pay.
- Celebration and recognition at work with their team members.
- Bonus, gift cards, lunch-ins
- We celebrate milestones (whether company or individual) together. Usually, a lunch or a celebratory dinner with spouses and significant others invited.
- Company-wide recognition.
- Profit sharing.
- All the above, we don't keep track of PTO.