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## FROM CONCEPT THROUGH CONSTRUCTION

### Value Creation Solutions Help Contractors Stay Competitive

**Electrical firms are looking for distributors who can offer more than just low pricing on products.**

Contractors are trying to squeeze more value out of every dollar. With more companies competing for less work, it's become imperative for businesses to find ways to control costs.

"It's pretty ugly out there right now, and it's very cut-throat," said Paul Anastasio, a master electrician and partner at M&P Brothers Electrical Contractors in Holbrook, MA. "If you mark up anything, or over-estimate labor hours, it could be the difference between you getting or not getting the job."



With many contractors bidding at or below cost, companies are trying to find ways to gain a competitive edge. One way that companies are able to survive, and even thrive, in the slow construction market is by taking advantage of the value creation services offered by local distributors.

#### Forging a Partnership with Distributors

By partnering with distributors, electrical contractors like E-J Electric Installation Co., Long Island City, NY, can meet tight schedules, increase the productivity of their field workforce, and provide unique services.

"With the increased competition, all contractors need to distinguish themselves with their clients," said Tony Mann, president of E-J Electric. "We need a partner who can help us to do that through material delivery to the jobsite and marketing efforts."

For example, the contractor recently benefited from value creation solutions while working on the New York Yankees stadium last January. To maximize efficiency, the contractor worked with its distributors to prepackage all of the fixtures by location, by area, by room, and by type.

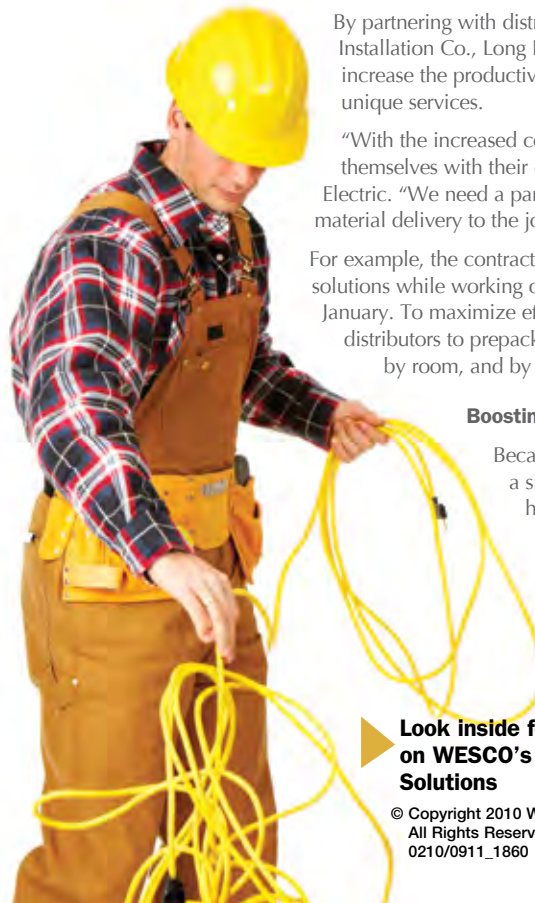
#### Boosting Productivity Through Material Handling

Because handling materials on a jobsite constitutes a significant percentage of contractors' labor hours, companies are looking for distributors that can deliver products promptly, design job kits with frequently used commodities, and offer unique storage solutions.

Continued on page 2

### What Electrical Contracting Companies are Looking for in Value Creation Services

- 1. On-Time Delivery.** Jesse Grant, vice president of Jim's Electric in Baxter, MN, said he's looking for accurate, complete orders that arrive on time, every time.
- 2. Efficient Material Handling.** Distributors should try to be available 24/7 and offer new ways to package supplies and deliver them to the job site, said Tony Mann of E-J Electric Installation in Long Island City, NY.
- 3. Product Packaging.** To make it easier for electricians to have materials on hand when they need them, distributors sometimes offer bundles of materials directly to job sites. This value creation strategy has worked well for Vista Electrical Contractors in New York.
- 4. Vendor-Managed Inventory.** Some contractors are looking for distributors to stock job-site trailers with frequently used materials or store items in bonded warehouses. That way, they don't have to wait for materials, and their electricians can have products at their fingertips.
- 5. Special Pricing and Availability.** For Vista Electrical Contractors, selecting a distributor to work with on a project comes down to pricing and availability. "If they have the lowest price and the product available, then they'll get the job," said Bill DeCola, project manager.



▶ Look inside for information on WESCO's Value Creation Solutions

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## Comments from Jim:



**Jim Griffin**  
VP Industrial/Construction  
WESCO Distribution, Inc.

### WESCO Goes the Extra Mile to Help Contractors

In today's slowing economy, many distributors focus only on slashing the price of products. As a result, they often undercut their level of service. WESCO, however, is committed to helping its customers to not only save money, but also to improve productivity and safety.

Through WESCO's LEAN Value Creation (LVC) solutions, WESCO empowers electrical contractors to streamline their operations, reduce labor costs, and more effectively manage their procurement.

Our 380 Branches offer value creation solutions like supply chain optimization, training, integrated supply, engineering services, and production support. Many of our LVC solutions, such as lighting retrofits, energy audits, motor control upgrades, and recycling programs, even help contractors achieve LEED (Leadership in Energy and Environmental Design) certification.

While other distributors may try to offer the lowest price on products, they often lose sight of what's important to their contracting customers. Contractors not only demand quality products, but they also are looking for ways to run their businesses more efficiently and improve their profitability.

At WESCO, we understand that every electrical contracting company has its own unique challenges and needs. For that reason, we don't offer a one-size-fits-all approach. Instead, we sit down with contractors, identify their needs, and design customized LVC solutions to give them a competitive edge.

## TOOLBOX TALKS

### Value Creation Solutions Help Contractors Stay Competitive (continued from the cover)

M&P prefers to work with distributors that can deliver products directly to the jobsite. When the company has to send one of its electricians to a warehouse to pick up equipment, it wastes valuable labor hours, Anastasio said.

Because the company rarely has any space on the jobsite to store materials, the business prefers to have the products delivered where and when they need them. On some of the larger projects, however, the contractor will rent a container or designate a locked facility to store its materials.

Efficient material handling and delivery is also important to Vista Electrical Contractors, a New York electrical contracting firm, said Bill DeCola, branch manager of the Westchester division.

"We want to make sure that the orders are dropped off at the particular times we call for," DeCola said. "Otherwise, our electricians are sitting around waiting for material, and we lose production."

#### Craving Customer Service

Along with demanding streamlined material handling, electrical contractors are also looking for a high level of customer service. For M&P, competitive pricing is important, but it's even more crucial for distributors to follow up promptly when it comes to orders and price quotes. The faster distributors can turn around a quote, the faster M&P can complete an estimate and bid on a project.

"We're looking for distributors that can offer quick turnaround times," Anastasio said. "The faster they work, the faster we work."

The distributors need to not only work quickly, but they also need to be available to answer questions and treat their contractor clientele well, Anastasio said. Due to the economy, however, some contractors, distributors and suppliers are involved in major layoffs, which makes it difficult for them to offer quality customer service and value creation solutions, he said.

"They're making cuts in the wrong places, and they're having a hard time keeping up with demand with less people," Anastasio said.

Those distributors that are offering value creation solutions, however, are helping electrical contractors boost their productivity and profitability, which can be a challenge in a down market.



### WESCO Branches Offer Customized Solutions for Contractors

Distributors need to not only be aggressive on pricing, but they also need to step-up service in an economic downturn. Unlike many of its competitors, WESCO offers customized solutions for its contractor clientele through its LEAN Value Creation (LVC) programs.

"Value creation solutions are more important in a down economy than in a good economy," said Greg Vahsholtz, a sales manager for WESCO's Seattle Branch and an LVC leader. "People are fighting more for every available dollar than they have in the past. While price is more of an issue, you can't sell on price alone or you'll cut your profits."

By thinking outside the box, WESCO is helping contractors to save money, organize their warehouses to be more efficient, and to better manage their stock, said Beth Landreth, a regional LEAN champion based in the Seattle-Cascade Controls office. WESCO is also providing solutions that fit contractors' unique challenges on a construction site. In the industrial market, engineers often know what materials are needed and at what time. In the contractor world, however, things can turn on a dime.

"Due to weather, material issues with pricing, or shortages of steel, things get thrown off, and sometimes funding is stopped on a job," Landreth said. "The best laid plans don't always fall into place. For that reason, WESCO realizes that the contractor market is different, and we're doing what we can to help them with their needs."

With 380 Branches and 7 Distribution Centers, WESCO has the size and the contractor relationships to truly make value creation solutions valuable for contractors, said Tom Plimmer, an outside sales representative for the Phoenix, AZ Branch.

“Because we’re bigger and stronger, smaller competitors don’t have the same relationship with contractors and the ability to provide value creation services,” he said.

Here are some of the key LVC solutions that WESCO offers to its contractor customers to help them to save money and boost productivity and profitability.

**Kitting.** One way in which WESCO Branches are helping electrical contracting firms to be more competitive is by creating job-specific, customized material kits. For example, the Gillette, WY WESCO Branch created a kit for one of its OEM contractor clients to use when working on methane wells.

“We went to the customer and found what they use on a typical well, and we designed a kit around that,” said Erik Treesh, Branch manager. Anytime they need to do an install, they can come in and pick up the full kit, rather than order all the material individually.”

**Jobsite Trailers.** Contracting firms can also take advantage of WESCO’s vendor-managed inventory services. On the west coast, WESCO Branches have worked with many electrical contracting firms to set up trailers with minimum and maximum levels for certain products. Through a service called e-Stock, WESCO takes the worry out of product ordering. This value creation solution is very popular with Seattle-area contractors, Landreth said.



“They don’t have to make small orders every day,” Landreth said. “Instead, our driver can fill their trailer with whatever they need.”

**Lighting Control Upgrades and Retrofits.** WESCO can help companies specify and design a lighting system to reduce maintenance costs and save energy. This LVC solution, which can contribute credits toward LEED (Leadership in Energy and Environmental Design) certification, includes a complete service — from needs assessment to implementation.



**E-Capabilities.** To streamline invoicing, WESCO allows contractors to receive and send purchase orders electronically. Because the purchase orders are electronic, contractors can easily access them in their own system and cut costs. The WESCO Seattle Branch is working with the corporate office to take some of the processes out of the purchasing system with this business-to-business tool.



“It takes a step out of the purchasing equation and saves them time,” Vahsholtz said.

**Training.** Another way in which WESCO is differentiating itself from its competitors is through its extensive training programs. For example, WESCO’s Phoenix, AZ Branch is helping electrical contracting companies to become more proficient in renewable energy installations.



“A lot of our customers are having trouble finding work, but one area that is growing in the electrical business is solar sales and installation,” said Chris Crump, solar and sustainability specialist for WESCO Branches in Tucson and Phoenix, AZ and Las Vegas and Reno, NV.

The Branch puts together an entire solar program for its electrical contracting clients. Every 30 days, the Branch offers training on specific solar products, like panels, inverters, and tracking. In its 50-person training room, the Phoenix Branch offers a four-hour training session, which qualifies for continuing education credits. Most distributors would charge for training, but WESCO offers the class for free as part of its LVC solutions.

**Sourcing.** Contractors often need a large volume of products on a construction project. For that reason, WESCO often works with them to offer package pricing on items such as lighting or switchgear.



“It works well for both of us, in that they get a better price and we get a bigger piece of the pie,” Vahsholtz said.

In addition, WESCO also offers yearly volume pricing to some of its contractors. For example, the Seattle Branch works with vendors and contractors to give them the best pricing available on basic commodities that they use day in and day out. They then give the contractors an electronic pricing file disk to keep on hand.

**Energy Audits.** WESCO Branches are also helping customers reduce energy consumption and save money. For example, WESCO’s Maui, HI Branch is working with customer facilities and operations to evaluate energy assets and discover a way to monetize tax benefits and rebates.

“We add tremendous value by making the business case for the customer to invest in renewable energy,” said Ken Anthony, Maui Branch manager. “We’re bringing technology that they may not have recognized to their attention. At the end of the day or the project, we can deliver the best solution for that facility and not try to fit them into a one-size-fits-all solution.”



**Start Today for Immediate Impact! Go to [www.wesco.com](http://www.wesco.com) and Use the Branch Locator to Contact Your Local WESCO Branch.**

# LEAN Program

## Value Creation Solutions through WESCO's LEAN Program

### Let LEAN Help You Maximize Productivity while Saving Money

The LEAN Value Creation (LVC) Program includes WESCO's complete portfolio of services designed to provide value to our customers by applying LEAN concepts to all aspects of the business stream. The goal is to enhance productivity, improve safety, reduce costs, minimize waste, and provide positive bottom-line impact.

WESCO and Customer meet to build clear definition of customer requirements.

WESCO's team of solution experts reviews the customer's requirements and aligns them with the LEAN Customer Value Creation Solutions. WESCO then prioritizes the solution options and creates details for a Search for Savings event.



WESCO and Supplier experts design customized solutions to maximize productivity and value.

WESCO and Supplier experts engage the Customer team in a Search for Savings event to identify opportunities to resolve needs requirements.

## WESCO's Key Construction LVC Solution Categories



Construction



Engineering Services



Supply Chain Optimization



Data Communications



Green and Sustainability



Training



e-Business



Integrated Supply



Working Capital



Energy



Production Support



Safety and Security

For more information or to schedule your LEAN Value Creation Event, contact WESCO's LEAN Team at [leanvc@wesco.com](mailto:leanvc@wesco.com).

## Green and Sustainable Solutions

At any stage of a building's life, from concept through construction to completion and beyond, WESCO has a Green Solution to help you realize energy savings. WESCO recognizes the special needs of companies worldwide as they embrace "Go Green" initiatives.



Is your project just getting started? Let WESCO help you in the design phase. Before you break ground, incorporate the latest technologies to realize the maximum energy savings.



Building the next green masterpiece? With our 380 Branch Locations, we can support your project anywhere.



Do you have an existing building you want to turn green? WESCO has the experience to help you incorporate energy-saving technologies into older structures.



Is your green building prepared to stay green? The latest green electrical solutions are available from WESCO.

WESCO is dedicated to helping our customers achieve their "Go Green" initiatives and we are equally as dedicated to making a greener WESCO. We are proud to present the latest in green and sustainable solutions from world-class manufacturers.



## Solar Savings

**Problem:** A Phoenix, AZ motor shop, systems integrator, and electrical contracting firm, was looking for a way to make its new 100,000-square foot facility state-of-the-art and as green as possible. The 220kW system will include 1,227 solar panels on the roof of the new building.



**Solution:** As part of its LVC solutions, WESCO Branch employees met with the contractor to identify areas in which the company could save money and increase energy efficiency. WESCO found ways

to cut down the amount of material that was installed. They were able to use less components and end up with the same result.

“We worked with the engineer, and the engineer asked questions so we could come up with some solutions to help them to cut corners,” said Chris Crump, WESCO’s solar and sustainability specialist in the Phoenix, AZ office.

**Cost Savings:** The company has saved about 12% on the \$900,000 installation due to WESCO’s LVC services. The customer expects to pay back the system in about 10 years due to utility rebates.

With its extensive experience in the solar industry, WESCO was able to add value to the project, Crump said.

“We have the knowledge, the inventory, and the history versus some of our competitors,” Crump said. “We got into the solar end of the business when it started, and we have our feet on the floor and can help businesses run more efficiently.”

## Energy Evaluation

**Problem:** Hawaii has some of the highest electrical rates in the country, with Maui at 30 cents per kilowatt/hour, so businesses need to find a way to save energy in any way possible.

“You can have a million dollar swing in your electrical bill in a short period of time,” said Ken Anthony, Maui WESCO Branch manager. “There’s a lot of attention paid to how to maintain that, and not let it run away from your business.”



**Solution:** WESCO’s Maui-Branch is working directly with facilities and operations to evaluate energy assets, and to look at possible lighting retrofits and renewable energy investments like microturbines and photovoltaics. The Branch often meets with the clients to talk about the return on investment, as well as any utility or government incentives or rebates.

Recently, WESCO began working with a luxury hotel on Maui on a five-year, \$10 million plan to help them to upgrade their electrical and mechanical systems. As part of the project, WESCO will offer engineering services, purchasing technology, and help to the customer in integrating the technology into a unified system.

When the project gets underway, WESCO will bring Maui’s best electrical contractors on board to help with the installation.

**Cost Savings:** By controlling their energy usage and investing in renewable energy technologies, Maui businesses are saving a substantial amount on their electrical bills. In addition, WESCO is cultivating business for the area electrical contractors.

## Streamlining Delivery

**Problem:** An electrical contractor in Mooresville, NC needed a customized, value creation solution to cut transaction costs, eliminate waste, and streamline material delivery on the jobsite. The company wasn’t looking for a rigid, canned program like the ones offered by other distributors, but rather a flexible plan that would help their business become more efficient on the jobsite.



**Solution:** “WESCO’s ability to apply LEAN strategies was a win-win situation for both WESCO and the contractor,” said Charlie Kincaid, sales manager for the Charlotte, NC Branch.

WESCO tailored the program to the contractor’s needs by putting a WESCO person on the jobsite with a trailer that was stocked with conduit, wire, and fittings. The field superintendent dealt directly with WESCO so the material pipeline was direct. This approach enabled the contractor to replace its normal material handling labor with an extra electrical installer. The min/max levels were current, and the contractor was billed once a month and only paid for materials that were used. The contractor was credited for anything that was still in full cartons and resalable at the conclusion of the project.

**Cost Savings:** The contractor estimated that the WESCO program saved them about 5% on their upfront material handling costs of \$42,000, and another \$2,000 to \$5,000 in transaction costs and wasted-material elimination.

# Featured Case Studies

## Reducing Labor Hours

**Problem:** A Redmond, WA commercial electrical contracting firm searched for value creation services to become more competitive when bidding on design-build projects like casinos, medical office buildings, and data centers.

One of the key reasons why the company looked for value creation services was to reduce the expense of material handling since every dollar saved on not handling material would save labor hours.



**Solution:** The electrical contracting firm is working with the WESCO local sales manager as well as a national pricing specialist to identify and implement LVC solutions like electronic invoicing, more streamlined material handling, and labor-saving tools.

For example, on some construction projects, the contractor is buying all of its materials from WESCO and getting the benefit of volume pricing.

By having one distributor make the deliveries to the jobsite, there are fewer back orders and better stock levels. This partnership approach cuts down on overhead, as well as the number of invoices.

Another way in which WESCO is helping the contractor is by delivering rolling carts filled with materials directly to the electricians in the field. All of the components are labeled according to the rooms the electricians are working on.

Since material storage is often an issue on construction sites, where space is often at a premium, WESCO has also set up jobsite trailers or bonded warehouses and stocked them with the necessary materials. In addition, WESCO has worked with its suppliers to include the price of storage into the price of the materials.

“They have their materials stored in a bonded and insured warehouse, and they can inspect them at any time, rather than waiting for them to arrive or worrying about a shipment going out late,” said Greg Vahsholtz, a sales manager for WESCO’s Seattle Branch.

**Cost Savings:** Material handling can constitute about 20–40% of labor hours, states the contractor. As a result, there is a much greater opportunity to save labor dollars by handling materials versus any savings achieved by lowering the cost of materials, he said.

Also, by storing their materials in a bonded warehouse, the company can also save about 5% of the total purchasing price, Vahsholtz said.

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## Storage Solution

**Problem:** A San Jose, CA-based electrical contracting firm was looking for a way to avoid pending price increases and have better control over the material flow to the job-site on an airport project. The contractor had virtually no onsite storage when working on installing lighting at the airport’s Terminal B and at a new facility for rental cars.



**Solution:** The contractor worked with WESCO’s Santa Clara, CA projects team to provide a value creation solution. The Branch contracted with a third-party logistics warehouse to have the materials shipped directly to the warehousing facility. The lighting products were staged, stored, and released as the contractor needed them onsite. The first shipment was released in January 2009, and the project is currently ongoing.

**Cost Savings:** Teri Cochran, Branch manager for the Santa Clara, CA office, indicated that the contractor saved an estimated 3–4% of \$3 million spent on the project.



## Featured Suppliers



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## Featured Suppliers



### Energy Audits

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