

Commercial Construction Sales Playbook



KODIAKGROUP



Playbook Content Overview



Section	Content Overview	Page
Playbook Purpose	<i>Overview of how to use the playbook content to engage new and existing customers early in their buying cycle.</i>	3
Guiding Principles	<i>The principles that provide the foundations for success in delivering this messaging content.</i>	4
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Value Proposition	<i>An overview of 'Who WESCO is' in a flexible format to use in initially positioning WESCO. This content should be used as an "elevator pitch", and to assist in the creation of call scripts, voicemail scripts, emails, letters, etc.</i>	7
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The purpose of the Sales Playbook is to serve as a reference tool for WESCO's sales force. This playbook provides a foundational understanding of market trends and dynamics in Commercial Construction and profiles for specific customer audiences, WESCO's value proposition, and a process for engaging in an interactive dialogue about the business value of engaging WESCO as a strategic partner.

“High” and “Early”

Our probability of sales success increases when we engage early in the Design/Build process and create a compelling reason to do something different and change their supply sourcing strategy.

Leading the Decision Process

- Engage earlier in the buying process to provide insight at “Concept”
- Engage higher in the organization/decision-making authority
- Solve fundamental business problems for executive-level decision makers

The typical process for executing an early stage conversation would involve these steps:



TARGETING the right customer and the right contact utilizing the “Ideal Client Profile” and the “Targeted Customer Audiences.”



PREPARING for the conversation by understanding the “Market Trends” driving interest and the 3 Why “Talk Tracks” of the executive you are calling on.



DELIVERING a white board dialogue by practicing an engaging whiteboard approach for the specific executive you are calling on and determining the desired sponsorship request at the end of the meeting.

Guiding Principles – “O” Factor and 3 Whys?



“O” Factor

Self FOCUS

- Focus on product capability
- Mastery of technical and competitive arguments
- Seeks to win with features and functions
- Product presentations and demonstrations
- Urgency to close

Other FOCUS

- Focus on business value
- Mastery of the customer's business problems
- Significant industry knowledge leads to credible recommendation
- Shows how recommended solutions solve customer business problems
- Urgency to deliver results

Low Customer Focus

...If we talk about **WESCO**:

1. Our services
2. Our capabilities
3. Our history

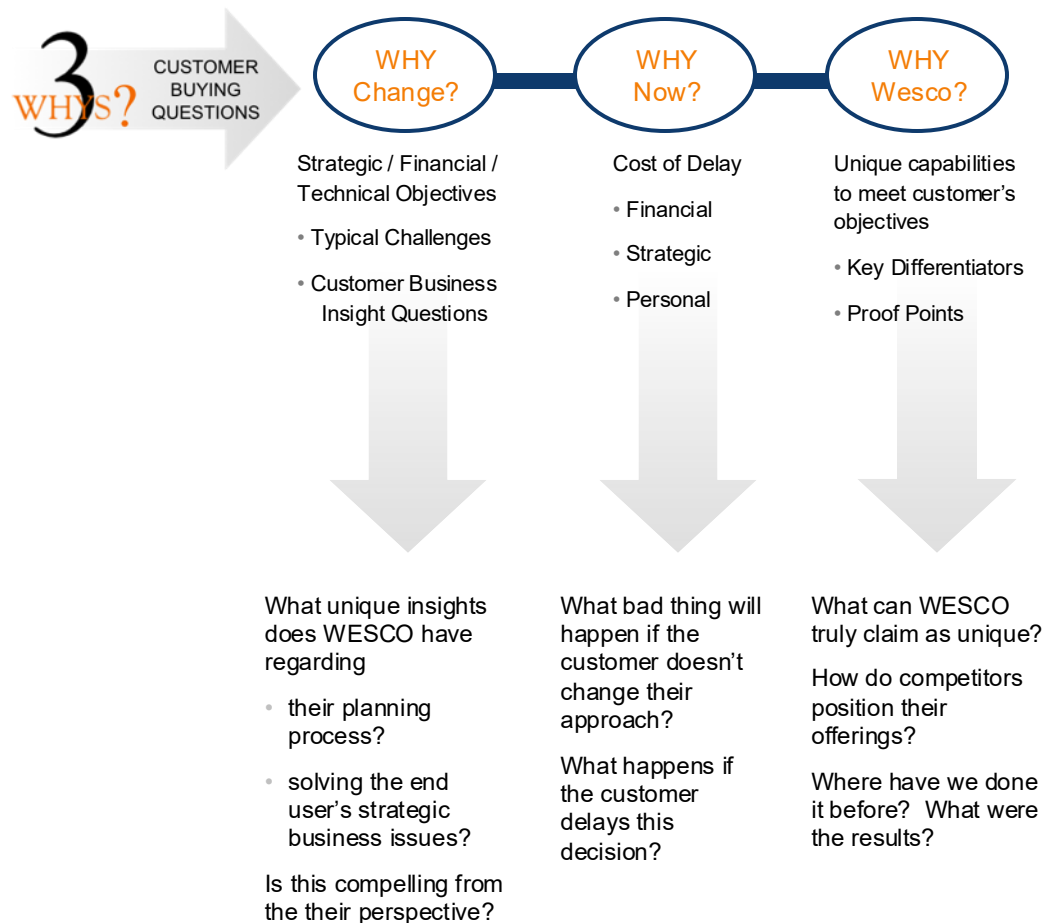
High Customer Focus

...If we talk about **them**:

1. Their strategy
2. Their business priorities
3. Their challenges



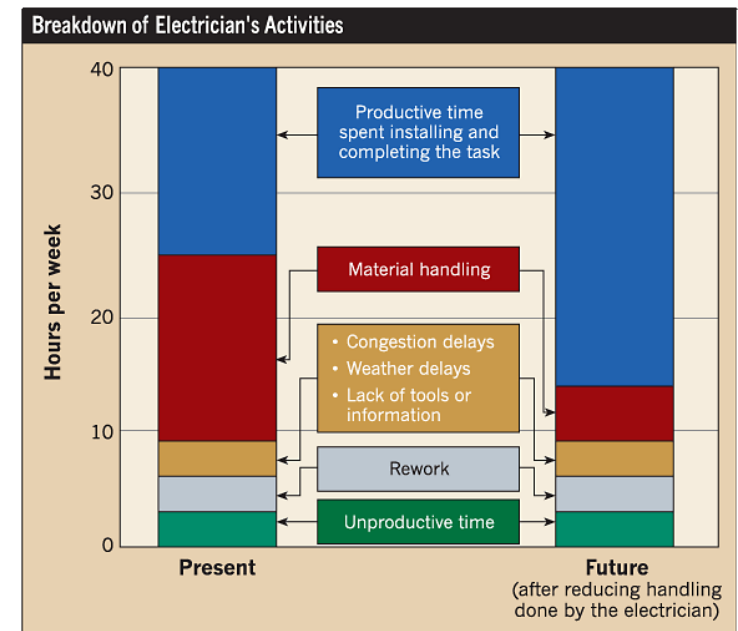
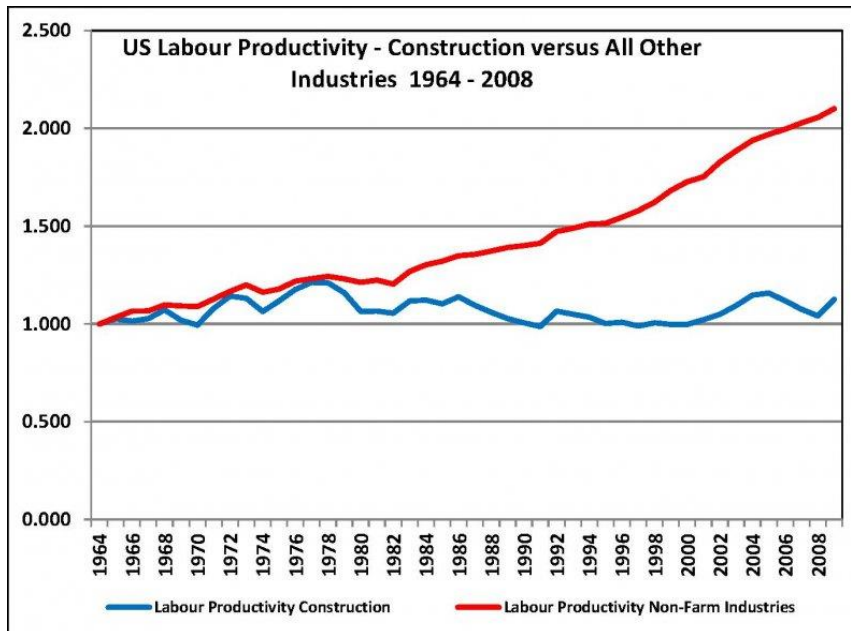
3 Whys?



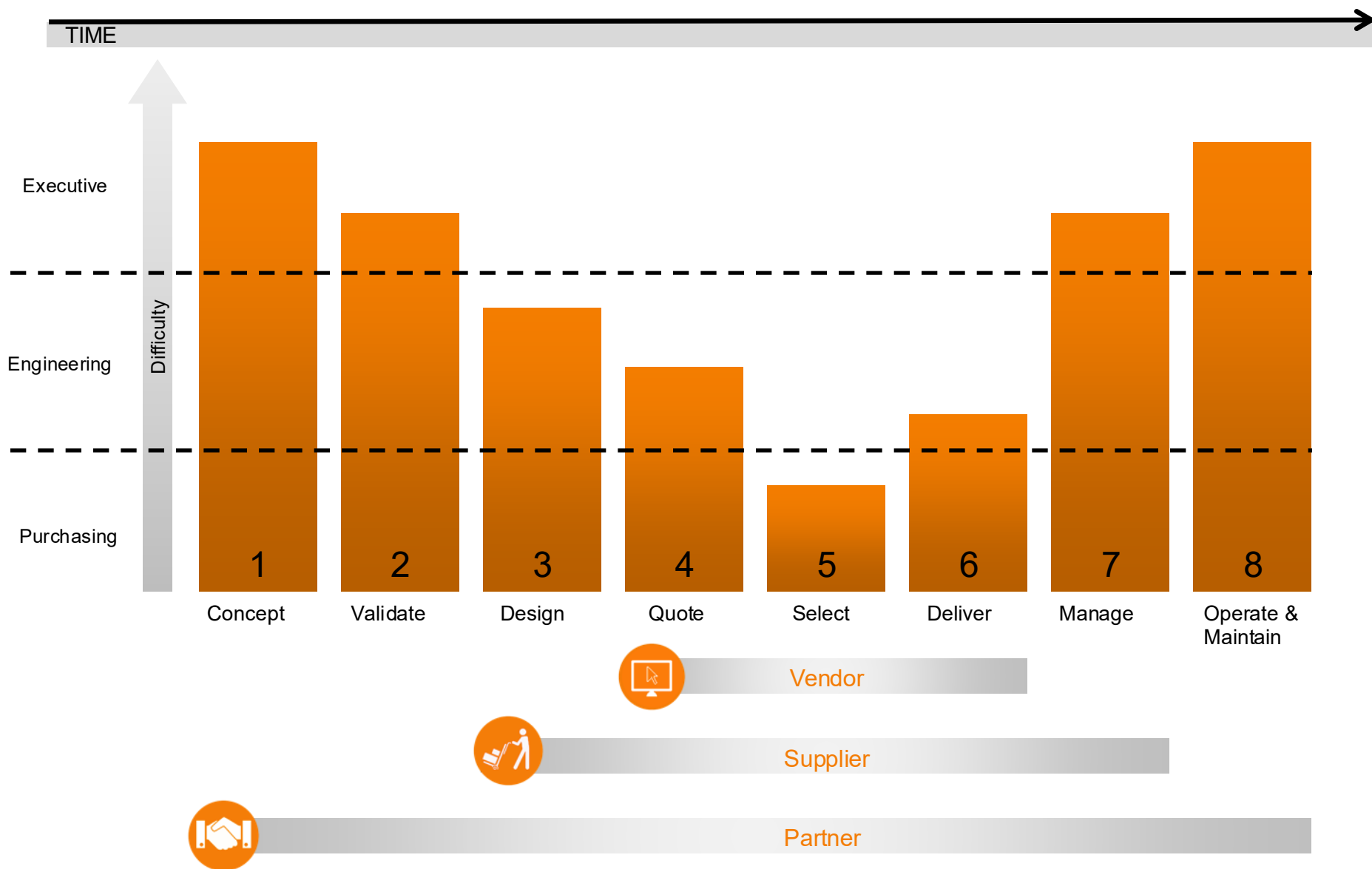


In the past 50 years nearly every industry in the US has more than doubled the productivity of their workforce. One striking exception is Construction, which is barely holding even. There are many contributing factors, including the large number of small contractors, the inefficiency of small jobs, and constantly changing code requirements. However, a quick visit to most construction sites will reveal one of the main contributors – inefficiencies in their work processes. In fact, a 2004 study by Dr. Perry Daneshgari showed that the average electrical technician only spent 15 hours per 40 hour work week actually installing, and spent 16 hours on material handling!

The core of our value proposition to the electrical contractor is improvement in labor efficiency. By providing the right material at the right time, delivered in full, and when appropriate, kitted or even pre-assembled, the time spent on material handling can be significantly reduced, and the overall productivity can increase. Although this is an obvious benefit, it requires changes in the every day habits and practices for the contractor, and therefore will not appeal to every contractor. But it is very important to strategic, growth-oriented, professionally-managed firms. This value proposition and its implications are the foundation for all of the material in this playbook.



Leading the Customer's Decision Process





Who we are

WESCO is a global leader of construction supply solutions, providing expertise that leverages our large branch network, buying power and procurement capabilities to deliver value, service and results. Our project management and material handling expertise enables contractors to optimize supply chain costs, trade-service labor, compliance, risk, time and performance milestones – ensuring each project delivers more profit and increased reputation.

What We Do

- Implement supply chain solutions that enable contractors to perform on their projects.
- Provide thorough project management and material handling services – with our experienced personnel and proven processes.
- Improved trade labor productivity and avoiding delays or stoppages.
- Leverage our 400 local branches and global network to provide the right materials at the right place at the right time.
- Spend aggregation and precise ordering, avoiding surplus or exceptions.
- Streamline material management with services like pre-fabrication, dedicated inventory, pre-stocked clamshells.
- Enable on-time, accurate bids, and if appropriate, Value Engineering.
- Ensure accurate billing, to get paid faster and manage accounts receivable.
- Efficient on-site material handling
- Ensure build to spec and standardization
- Quickly & completely address warranty and issues
- Create opportunities with market engagement through our Global Accounts and Qualify This organizations.

Value We Deliver

- Deliver projects on time and on budget
 - Optimize profitability
 - Anticipate and mitigate risk
- Standardization and surplus mitigation
- Reduced labor costs, improved profitability
- No disruption, 100% on-time delivery
- Lower overall material acquisition cost
- Increased overall project efficiency and reduced risk
- Increased winning %
- Improved cash-flow
- Improved safety record
- Improve brand and reputation
- Continually grow business



Solution



Job Trailers



Job trailers provide an “Out-of-the-box” flexible solution for new construction, renovation, planned maintenance or emergency response situations. WESCO personnel coordinate:

- Pre-implementation: Requirements & analysis
- Implementation: Materials, Strategy
- Project Phase: Restocking, Reporting
- Post-Implementation: Material & Spend review

Overview



Deliverables



- WESCO and our Job Trailer suppliers develop a customized, mobile workspace and secure material storage system that maximizes efficiency and improves profitability by reducing labor costs associated with material staging & handling.
- Every unit is supported with the products and WESCO services customers need for completing the project on budget and on time.

Kitting



Kitting, or the pre-packaging of electrical and related components, is an effective way to cut total costs for all industries. Parts packages can be configured to include a few or many components as an individual SKU. WESCO creates customized kits to reduce inventory and ordering errors and improve efficiency of customer processes.

- WESCO order fulfillment experts evaluate your supply chain needs to streamline processes and provide made-to-order, pre-packed components delivered as a single SKU, for range of applications from maintenance to production.
- Kitting services benefit the customer by improving efficiency and reducing costs associated with procurement, logistics and installation of material.

Cable Management



WESCO Cable Management is a completely customizable inventory and material management solution dealing with the specialized aspects associated with wire and cable management and the unique requirements of each project. It will help you control inventory cost, postpone ownership and minimize the risk of excess or obsolescent inventory.

- Reduces scrap, saving project overruns due to inefficient usage of cable drums.
- Minimizes usage of non-standard cables
- Pre-purchase of all necessary cables in maximum lengths to minimize shorts and ensure availability.
- Cable cutting and tagging to project requirements.
- Flexible restocking policies to match usage.

Pre-fabricated Systems



Pre-fabricated Systems is the off-site assembly of commonly used systems, customized for each project. Examples include attachment of mounting brackets, connectors, and receptacle or switch wiring. It will reduce labor costs, ensure standardization, speed installation, and simplify inventory management.

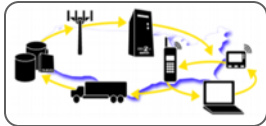
- Significant time and labor savings.
- Simplified product ordering and inventory control.
- Examples include prefabricated light fixture brackets, rough-in electrical systems, power and data communication boxes, pre-wired raceways, and conduit and large pipe bends.



Solution



VMI



Clam Shells



Visual Lockout



Overview



Vendor Managed Inventory (VMI) is a family of customized services where the customer provides product information and WESCO takes full responsibility for maintaining designated inventory at the customer's facility.

Clam Shells are pre-stocked rolling stock carts that have inventory customized for the customer, the project, and the specific needs of the technicians.

WESCO comes to your facility and develops visual lockout procedures to safely improve worker productivity and prevent on-the-job injuries and fatalities by ensuring your required lockout procedures meet or exceed OSHA 29 CFR 1910.147.

Deliverables

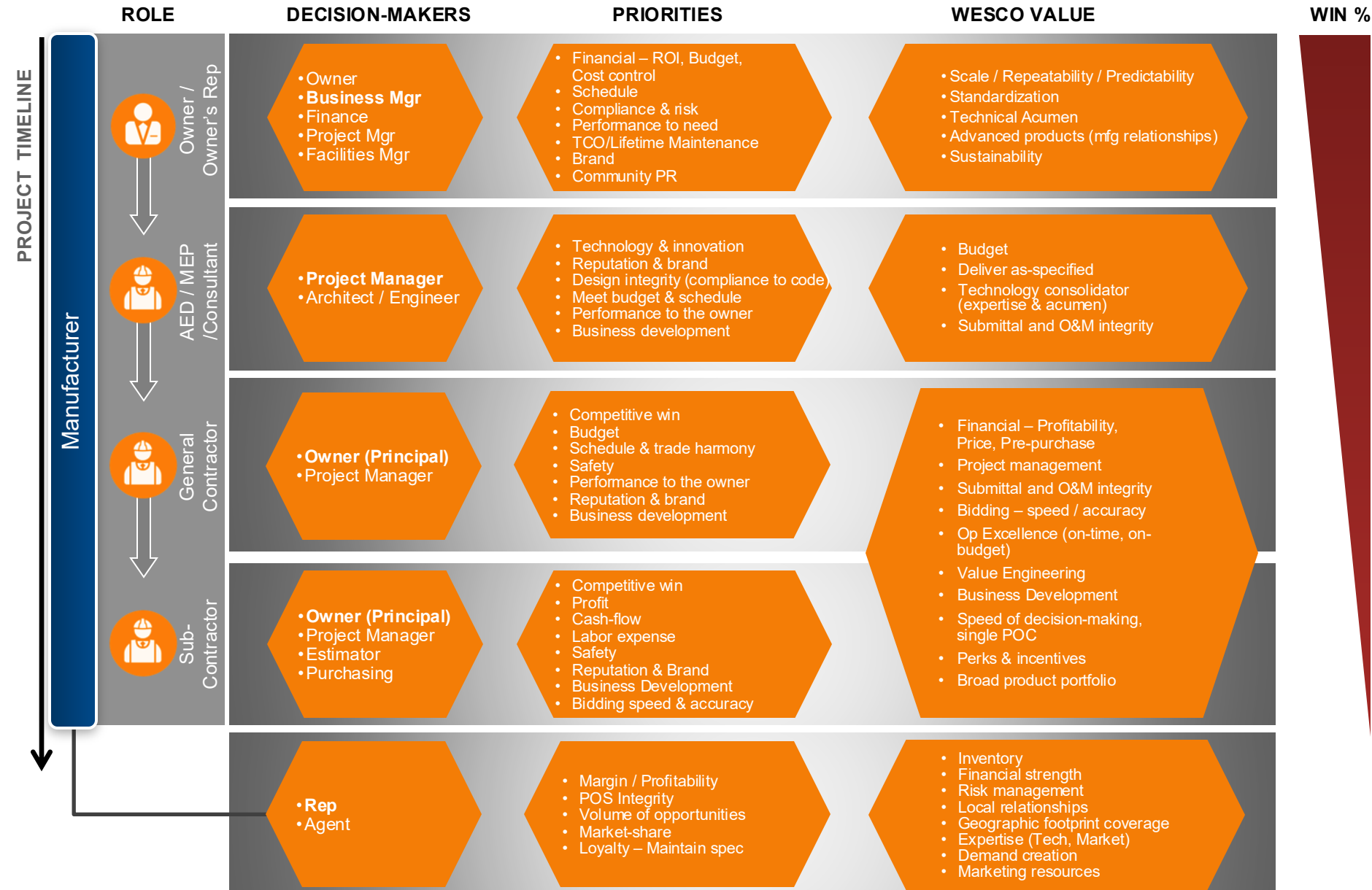


- WESCO ensures the customer has the required level of inventory by adjusting the demand and supply gaps – reducing the likelihood out-of-stock conditions while reducing the inventory in the supply chain.
- Customers experience reduced costs while avoiding out-of-stock situations.

- WESCO ensures the clam shell contains all components in the right quantities for the work to be done.
- After returning the Clam Shell, WESCO restocks it, and only charges the customer for the material used.
- This reduces costs and increases material handling efficiency.

- WESCO collects data for each piece of equipment with multiple energy sources, and creates visually-instructive, machine-specific procedures.
- Laminated procedures are placed directly on the equipment with matching, color-coded energy source tags affixed to each energy control point.
- Employees are trained on how to utilize the procedures and a complete electronic file of all procedures is provided.

Construction Value Chain





WESCO has a unique value proposition for the construction business and our electrical contractor partners. However, to be profitable and successful, there are key considerations for selecting contractors that will be a good fit with WESCO and appreciate our differentiated capabilities. The four categories below are a filter to determine whether the electrical contractor is potential partner for WESCO.



Focus



- Pursues large commercial projects – appropriate to the market and branch.
- Industrial focus can leverage our MRO and other strengths.
- Industries that match branch capabilities: Industrial, waste-water, hospital, etc.
- Ideally does low-voltage, lighting (retro-fits)



Project Approach



- Plan ahead
- Provide reasonable turn-around times
- Place value in material management



Financial



- Financial management maturity (has a CFO)
- Qualified with WESCO financial services
- 3-4 year successful track record
- Understand our 'pre-lien'/ notices policy.



Business



- Any size
- Growth-oriented business (not a lifestyle business)
- Professionally managed
- Portfolio of business with a base of service business to provide stability

These are guidelines for an IDEAL customer, not fixed rules. Contractors that match these criteria are more likely to select WESCO and much more likely to be a good long-term customer.

Construction Key Decision Makers



DECISION-MAKERS

Contractor Owner



Project Manager



Procurement



INFLUENCERS

Owner / End-user



Architect / Engineer



Manufacturer Rep





Market Trends

- Continual technology advancement
- Increased competition – existing & new entrants
- Ongoing need for new product design and product enhancements. Product life-cycle management
- Increased expectations of the end-user and contractor
- Consolidation (M&A) by end-users, contractors and manufacturers
- Brand expansion
- Globalization
- More informed & sophisticated consumer
- Expansion into new markets

Financial Pressures

- Reduced demand (some regions)
- Increased shareholder expectations
- Challenges to maintain/improve profitability
- Headcount resource constraints

Regulatory Forces

- Risk to regulation adherence & code compliance
- Safety
- Type 2 coordination
- Sustainability & conservation
- LEED





Profile: Contractor Owner

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Profit • Cash-flow <ul style="list-style-type: none"> • Shorten cash-to-cash cycle • Risk Management • Schedule • Performance • Labor • Optimize resource utilization • Trade Harmony • Manufacturer Alignment • Optimal project management capability • Reputation • Safety • Business development 	<ul style="list-style-type: none"> • Increased margin pressures • Highly competitive landscape • Access to capital • Lack of financial acumen • Lack of skilled labor • Lack of business development resources • Punch-list minutiae 	<ul style="list-style-type: none"> • What is your current market share? • What separates you from your closest competitor? • Do you have an area of specialization? • What is your current business outlook? Next year's outlook? • What does the "ideal" job look like? Bad job? • Describe your ideal supply chain logistics model? Counter? Job-site? • What is your business development resource? • How do you stay updated & compliant to regulatory oversight? • Would you consider yourself an employer of choice? Why/Why not?



Profile: Contractor Project Management

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Deliver: <ul style="list-style-type: none"> • to spec • on time • on budget • Manage cash-flow • Reduce/manage risk • Optimize resource utilization • Ensure labor efficiency & productivity 	<ul style="list-style-type: none"> • Product availability • Logistics & transportation risk • Weather, force majeure, other location dependent risk (geo-political, etc.) • Surplus and overage – balanced vs. labor productivity • Balancing standardization vs. spec • Cost management • Scheduling workflow • Tradecraft inefficiency • Supply disruption • Availability, partial fulfillment • Site logistical and storage issues 	<ul style="list-style-type: none"> • What are your overall goals & objectives for this project? • What are the key success criteria? What challenges or risks do you foresee? • What regulatory and compliance factors need to be considered? • Tell me about your approach for workflow scheduling and tradecraft productivity? • What is your plan for materials management on-site? • How do you balance surplus mitigation and labor productivity? • How will you address logistics and transportation risk? • What is your preferred strategy for sourcing and supply chain management? • Do you have an order tracking/fulfillment/status system? • How do you balance standardization vs. spec? • How important are sustainability and environmental considerations?



Profile: Contractor Procurement

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Adhere to budget, reduce costs • Meet / exceed spec • Maximize productivity & efficiency • Avoid supply chain disruption 	<ul style="list-style-type: none"> • Surplus and overage – balanced vs. labor productivity • Tradecraft inefficiency • Balancing standardization vs. spec • Cost management • Availability, partial fulfillment • Site logistical and storage issues • Product availability • Logistics & transportation risk • Weather, force majeure, other location dependent risk (geo-political, etc.) 	<ul style="list-style-type: none"> • What are your overall goals & objectives for this project? • What challenges or risks do you foresee? • What regulatory and compliance factors need to be considered? • How important are sustainability and environmental considerations? • What is your preferred strategy for sourcing and supply chain management? • What is your plan for materials management on-site? • How do you balance surplus mitigation and labor productivity? • Do you have an order tracking/fulfillment/status system? • How do you balance standardization vs. spec? • Have you considered operation and maintenance costs? • Who are your MRO suppliers?



Profile: End-User / Owner

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Market share gains • Profit • Shareholder value • New client acquisition • Asset utilization • Brand equity • Key client retention • Manage risk • Quality / Warranty • Conformance to spec • Technology & Innovation • After-market potential • Focus on core competencies • Personal Prestige 	<ul style="list-style-type: none"> • Time-to-market • Access to capital / budget • Access to real-estate • Capacity constraints • Competing budget options • Risk-aversion • Access to talent (engineering availability) 	<ul style="list-style-type: none"> • What are your goals & objectives? • What challenges or needs do you foresee? • What is your product roadmap? • How will your current facilities support your product roadmap? • What is your current capacity? How will it support required growth? • Do you have a LEAN process, and can we help you with it? • Who is your partner to expand – Eng/Design? General Contractor?



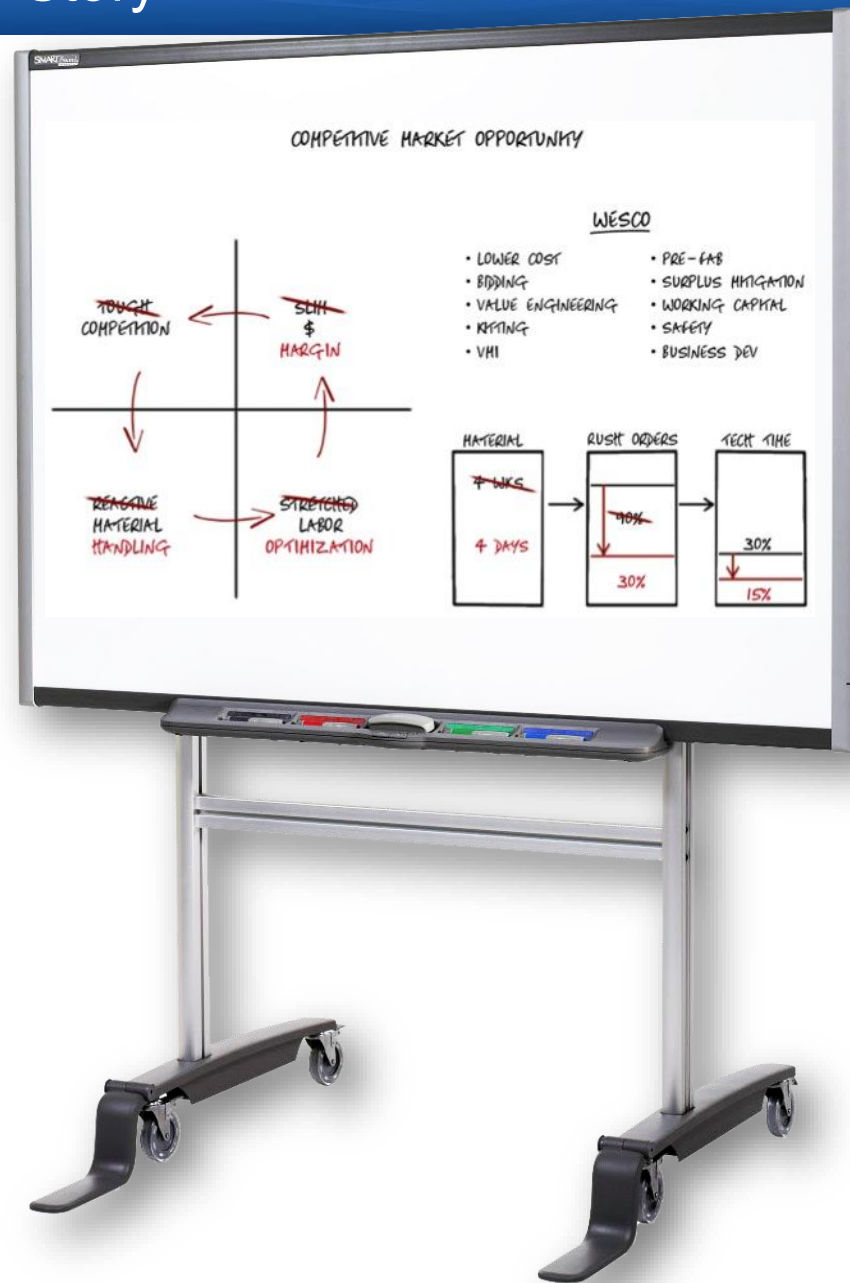
Profile: Architect / Engineer / Design

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Aesthetics • Brand, Reputation, Portfolio • Business Segment / Niche focus • Differentiate with technology • Efficiency & resource utilization • Design to budget • Business development 	<ul style="list-style-type: none"> • Retaining talent • Workflow, workload, scheduling • Time to research next-gen products • Training & CEU's • Build-ability of design 	<ul style="list-style-type: none"> • What is your firm's specialty? How do you differentiate? • How do you maximize user space for our customer? • Have you thought of designing a smaller footprint for your electrical design? • Have you considered non-traditional power? How are you increasing efficiency? • What are the end-user's business continuity plan for power/telecomm? • Who does your layouts & budgets?



Profile: Manufacturer

Business Objectives	Obstacles	Questions
<ul style="list-style-type: none"> • Earnings-per-share • Market share acquisition • Portfolio Equality • Market Window 	<ul style="list-style-type: none"> • Channel technical capability • Not enough exposure to market • Demand creation from channel • POS sales credit concerns • V/E Spec Packages • Training needs • Resource pressures • T&C's / MSA • Distributor business terms – speed, ease-of-doing-business 	<ul style="list-style-type: none"> • What are your market-share objectives? Budget? Goals? • Product roadmap? Technology? • Channel strategy? More, less? • Geographic focus? • Headcount strategy? • Where are you investing? Top verticals for growth? • Who is your top distributor? What are they doing well? • What is your channel scorecard? • What is your Ecommerce strategy? Multi-channel?





Draw

COMPETITIVE MARKET

COMPETITION \$

Interaction

- What are the trends you are seeing for your business?
- Is competition tough? How is that impacting your business?
- Do you see your headcount growing or shrinking?
- How is the environment affecting margin and cash-flow?

Story

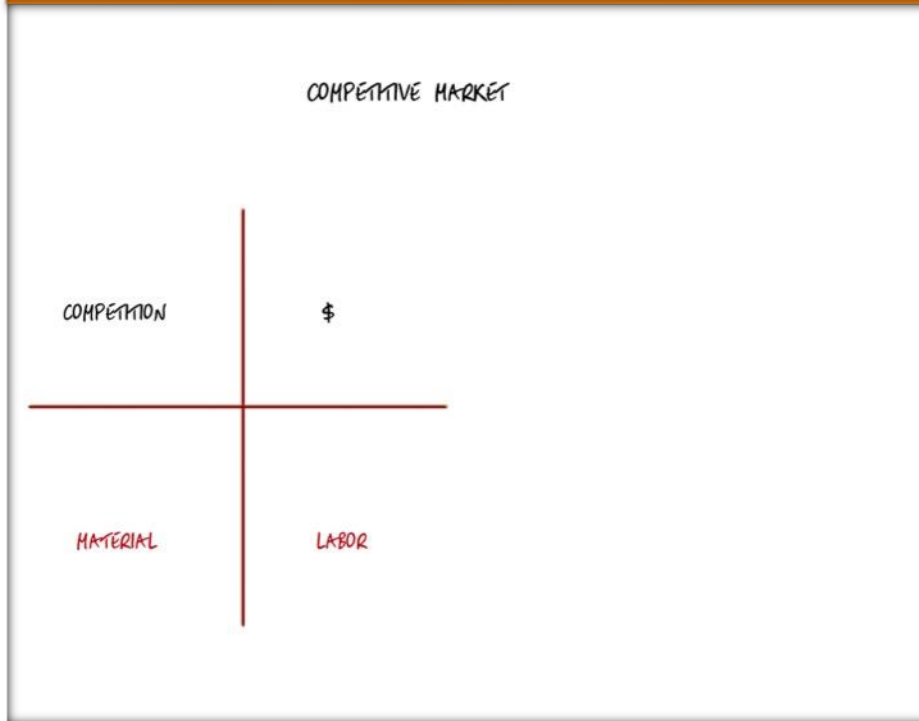
- I appreciate the opportunity to meet with you to discuss your business and how WESCO can partner with you. Our goal is to enable fast, profitable growth for our contractor customers.
- First, let me start with the reality of the market that we compete in – both for contractors like you and distributors like WESCO. It is **very competitive**.
- In fact, in 2012 – the most recent year we have data for – 12% of electrical contractors added employees, while 24% reduced headcount, the balance staying the same. While this is an improvement over previous years since the recession, overall the climate is still very tough.
- So, the reality is that there continues to be stiff competition for every project, which squeezes everyone financially – reduced margins, tight cash-flow, and reduced profits.

TRANSITION

- So, how can WESCO impact this?



Draw



Interaction

- What challenges do you have with your labor?
- Are costs rising or falling?
- Are you able to hire the talent you need? Retain them?
- What are your current top concerns with your suppliers?
- Things that you like about your distributor relationships?

Story

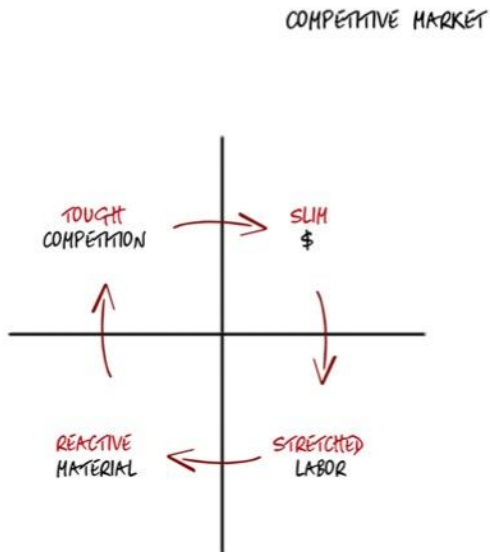
- If we consider these as top-level goals – winning more projects and financial results, what drives this?
- While there are a number of factors, I'd like to look at two.
- First, Labor. For any given project, this is probably at least 50% of your costs. And, access to the right people with the right skills at the right cost is key to your success.
- Secondly, I'd like to consider Materials. This is where WESCO comes in, of course. And it is the other major component of project costs.
- I'd like to discuss how these four elements interact to either make a contractor either successful over the long-term, or in a continual struggle.

TRANSITION

- So, how do they interact?



Draw



Interaction

- Do you see these linkages in your business?
- Is your headcount understaffed? If so what are the impacts?
- Do you have any particular strategies for material handling? For optimizing your processes and efficiencies?

Story

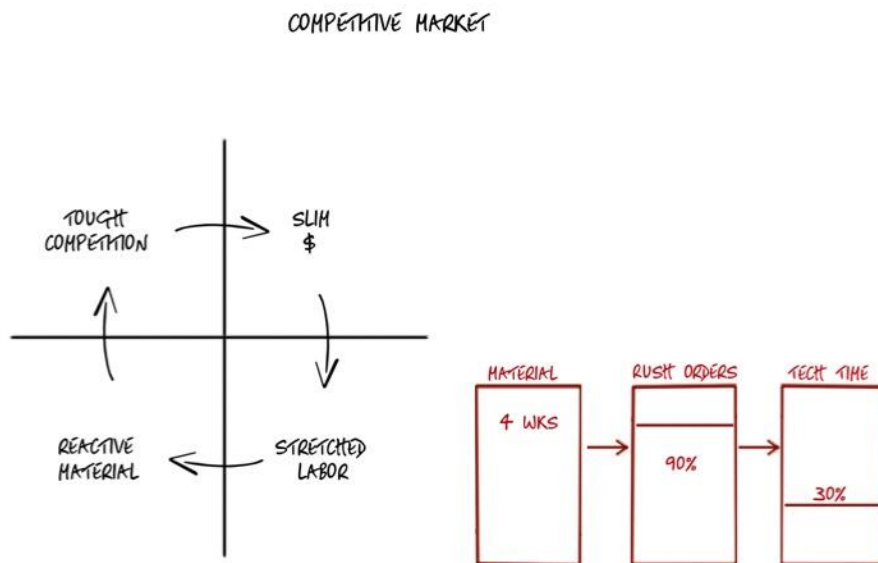
- The connection is a cycle, which starts in the upper left.
- As we mentioned before, tough competition puts a lot of pressure on pricing and overall margins and profit.
- Because of slim financials, a lot of contractors have an under-staffed or under-skilled labor force, which means their people are stretched thin.
- Because everyone is so busy, they are often reactive in terms of ordering, handling, and overall management of materials. This often impacts costs and quality, which means they are further challenged to be competitive.
- Overall this creates a vicious cycle, causing a continual struggle for the contractor.

TRANSITION

- I'd like to discuss the linkage between Material handling and labor...



Draw



Story

- Starting with the typical project, there are often 4 weeks of material on the job-site purchased in advance to be sure work won't be slowed.
- But, if a contractor tracks his number of rush orders, we've heard they can be as high as 90% of all orders. Which means they are paying a premium price, and spending precious hours tracking it down and getting it.
- The effect of this was calculated in a study by Dr. Perry Daneshgari that showed the average technician spends 40% of their time on material handling. That is 16hrs in a 40hr work week.
- This is time spent on rush orders, and on moving stuff around the job site, looking for material in the storage, and dealing with loss and breakage.

TRANSITION

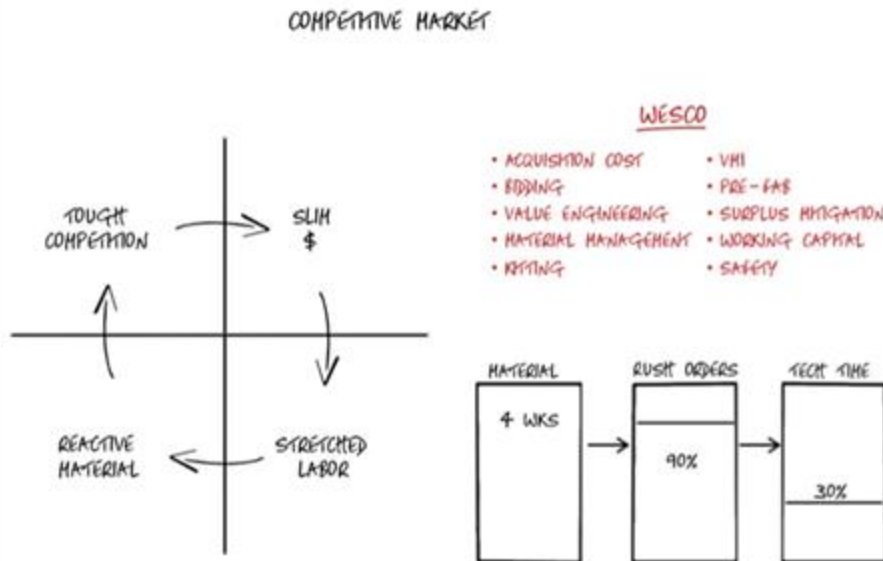
- So, how can WESCO help?

Interaction

- Do any of these ring true for you?
- What are your experience of these statistics?
- How far in advance do you see your team planning work?
- What would half of the material handling time directed to productive activities?



Draw



Story

WESCO partners with contractors to provide material handling expertise that addresses these issues, plus value added services across the entire process:

- Lower overall acquisition costs
- Fast, accurate bidding
- If appropriate, value engineering
- Overall management of all material aligned with your project plan.
- Kitting of material to speed repetitive installation tasks
- Vendor-managed inventory to ensure adequate supply and reduced cash invested in materials.
- Pre-fabrication of assemblies to speed installation and reduce cost of lower value labor.
- We ensure precise ordering based to match usage, mitigating any surplus.
- With the right amounts of materials, the amount of Working Capital is reduced.
- We create standardization and efficient installation, to ensure safety.

TRANSITION

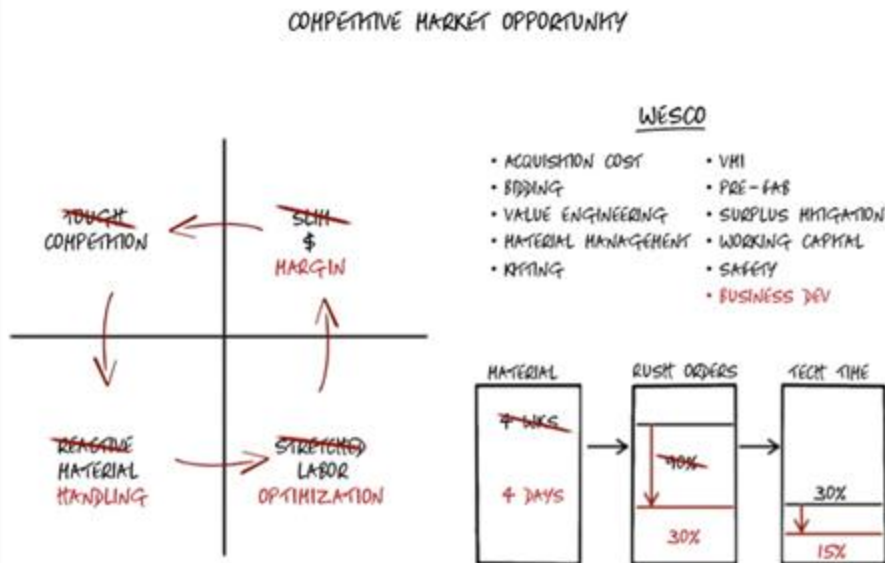
- All of these services deliver value to your business...

Interaction

- What is working well about your current suppliers?
- What is not working well?
- Would any of these services be relevant for you?



Draw



Story

- First, our project managers work closely with your project plan to deliver the supplies you need at the right time. This reduces the amount of material stored on-site and the cash tied up.
- This reduces the number of rush orders, and overall reduces the amount of time spent on material handling.
- On the left side, this reduces the reactive approach to Material Handling
- With WESCO you are more proactive, freeing up your stretched resources and Optimizing Labor.
- With more hours available for productive work, and less cash tied up in inventory, you can be more profitable and have more free cash-flow.
- This in turn allows you to be more competitive in your bidding.
- And, our Qualify This capability provides leads and business development.
- The vicious cycle is reversed and you can start process of long-term growth.

Interaction

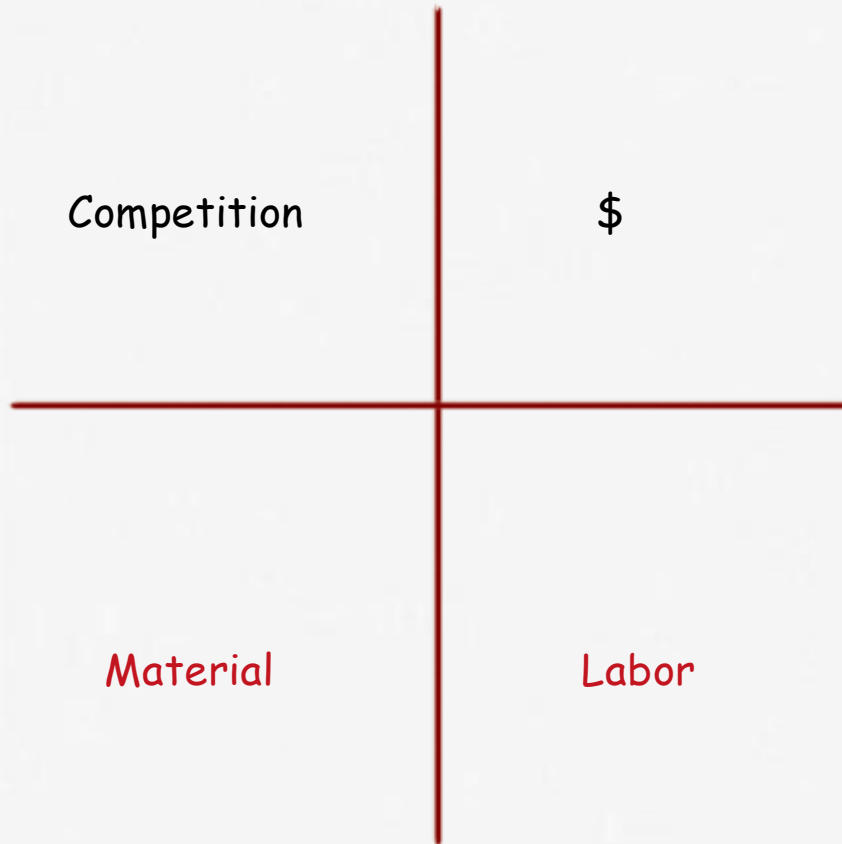
- If this is interesting, can we consider some potential starting points for a partnership? Perhaps an initial project to partner together on?

Competitive Market

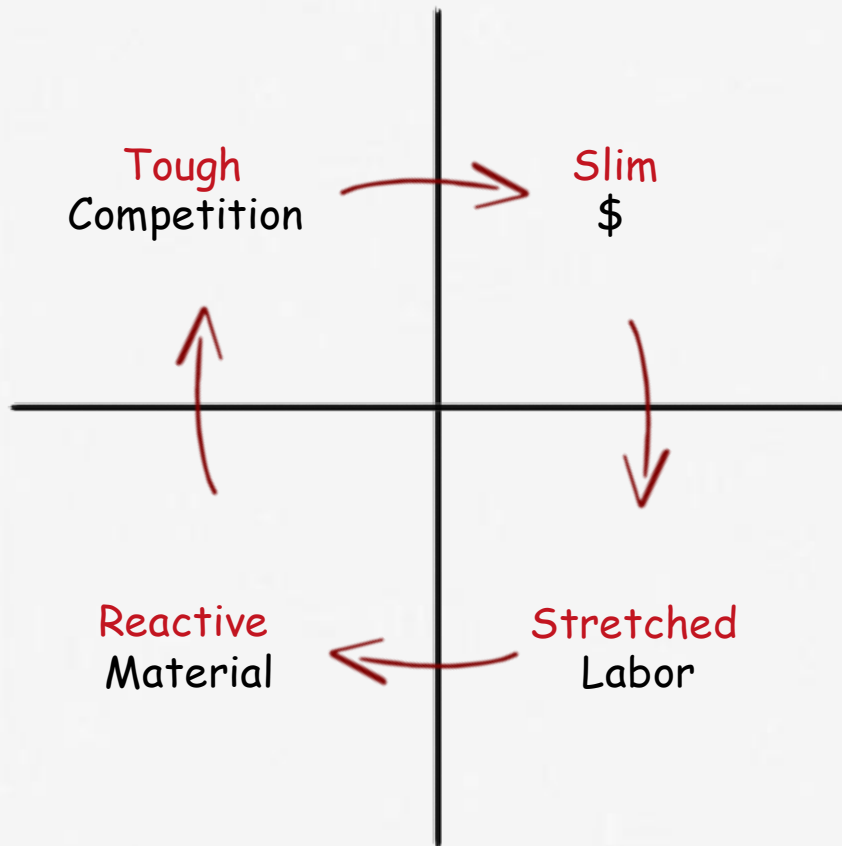
Competition

\$

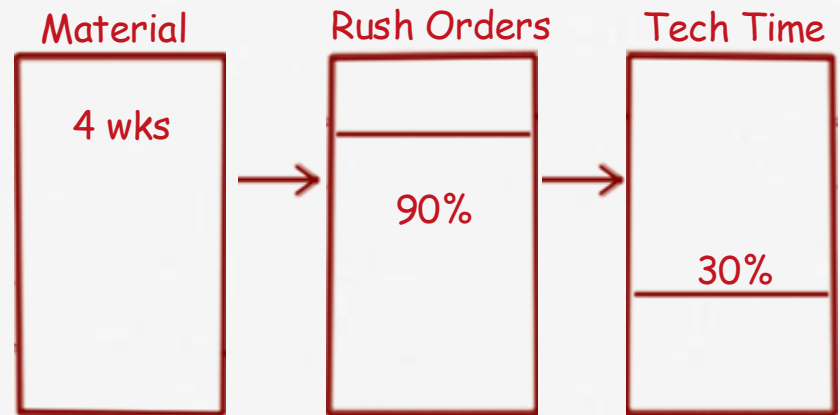
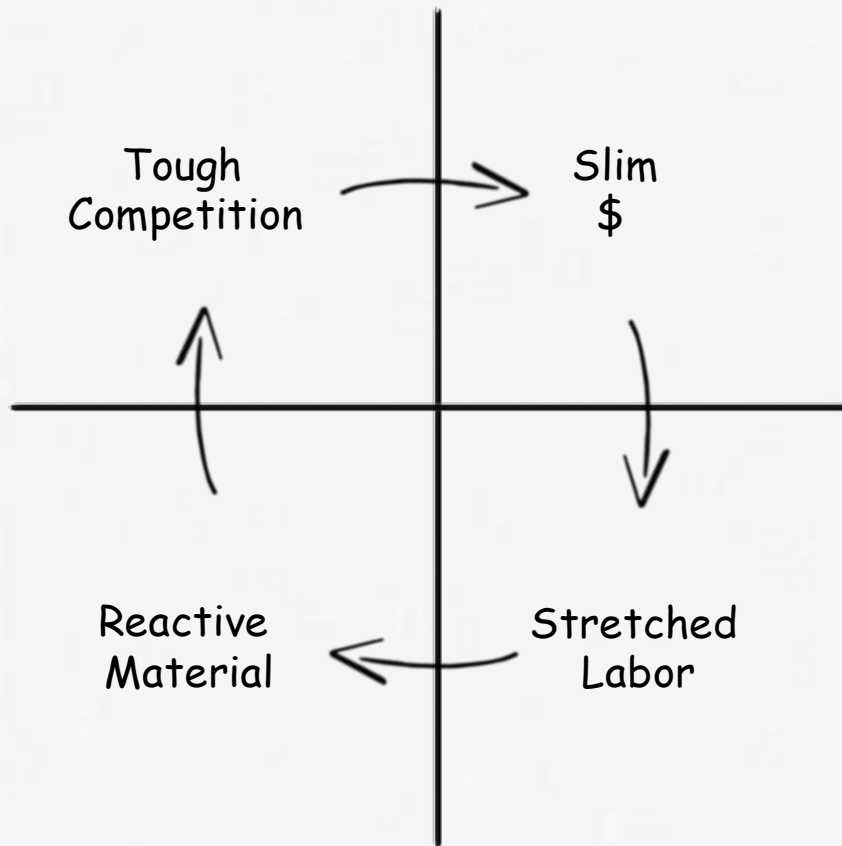
Competitive Market



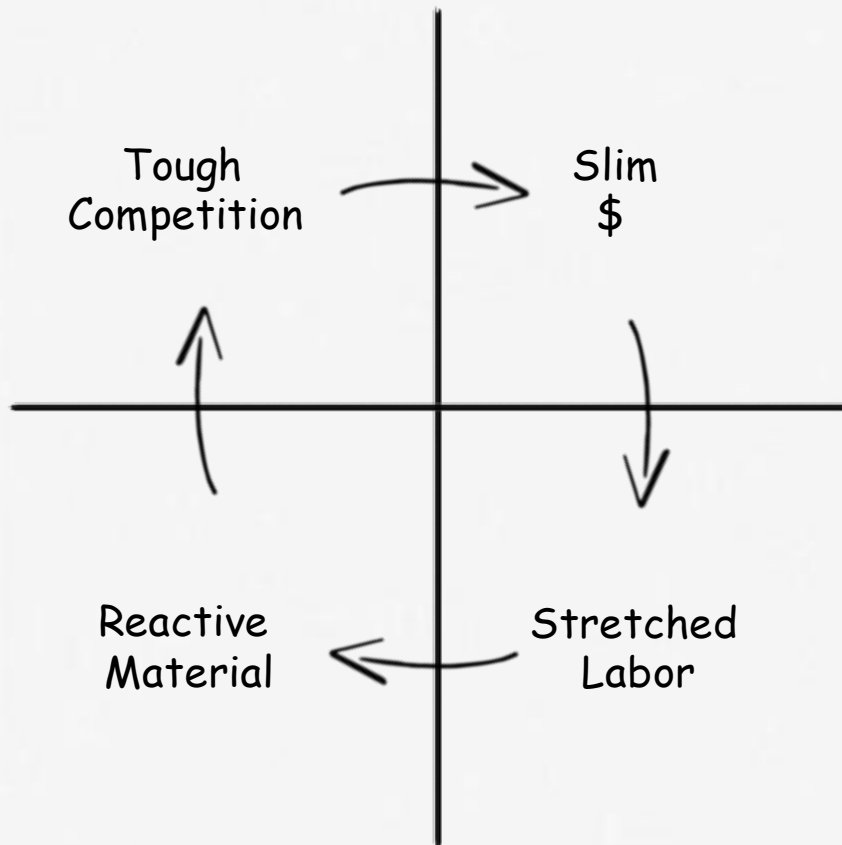
Competitive Market



Competitive Market

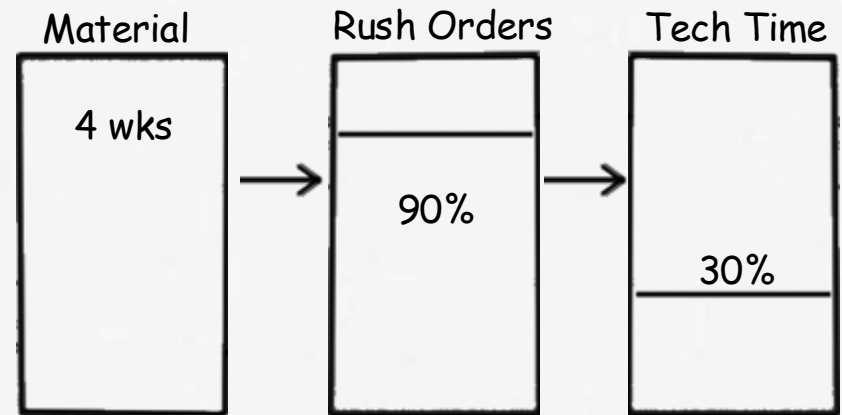


Competitive Market

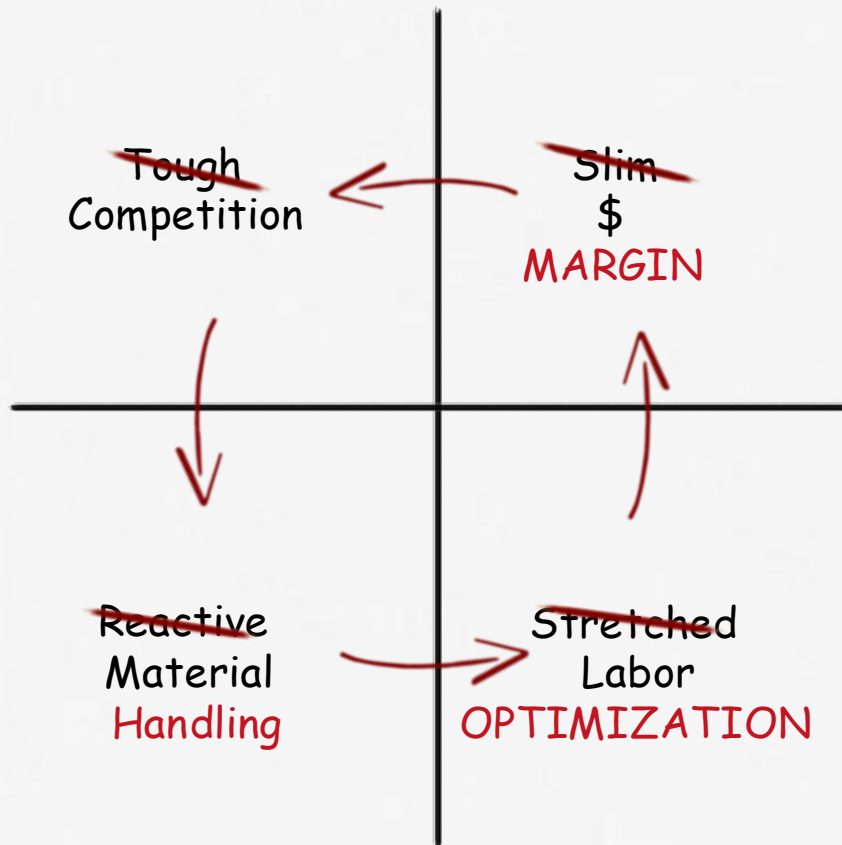


WESCO

- Acquisition Cost
- Bidding
- Value Engineering
- Material Management
- Kitting
- VMI
- Pre-fab
- Surplus Mitigation
- Working Capital
- Safety



Competitive Market Opportunity



WESCO

- Acquisition Cost
- Bidding
- Value Engineering
- Material Management
- Kitting
- VMI
- Pre-fab
- Surplus Mitigation
- Working Capital
- Safety
- **Business Dev**

