Objectives

1. Benchmarking Initiative

2. ISA Committee and Industry Insights

3. Importance of Benchmarking

4. Survey and Reporting Tools
The Need for valuable data has never been greater

The goal is to help ISA members better assess performance

Primary location for all of your data needs
ISA Benchmarking Platform

**Annual Performance Report**
ISA's Annual Performance Report (APR) helps you put into context your overall financial and KPI performance with your industry peer group. Accurate data, dynamic reporting and personalized results gives you the confidence to make informed decisions to take your business to the next level.

**Top Line Pulse**
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**Distributor Compensation Report**
ISA's Distributor Compensation Report is a cross-industry analysis of wholesale-distribution salaries and benefits. Released every two years, this report captures all relevant employee information from the C-suite to the warehouse in a confidential and secure platform.
ISA Benchmarking Team

- Bryon Shafer
  General Manager
  ASG (Jergens)

- Karen Baker
  COO
  Horizon Solutions

- Bill Henricks
  COO
  DGI/DoAll

- Matt Schron
  General Manager
  Jergens Industrial Supply (Jergens)

- Jeff Bigelow
  President
  Hubbard Supply

- Jon Eames
  President
  N H Bragg

- Edward Gerber
  President & CEO
  ISA

- Tommy Thompson
  EVP
  Turner Supply
About Industry Insights

• We are a team of Statisticians, CPAs, and IT Professionals

• Objective third-party

• 35 years experience with survey research

• Survey research is not an “offshoot”

• Serve more than 200 associations

• **Extensive steps taken to ensure confidentiality**
Confidentiality

1. Companies are assigned a confidential, Company ID Number

2. Data are coded and entered into a proprietary system

3. Results are reported only in aggregate form

4. We guarantee that confidential information will not be released to any person, company, or organization for any purposes.
Importance of Benchmarks

Measure Performance and Productivity

- Profit Metrics
- Return on Assets
- Employee Productivity

Gauge Health

- Liquidity
- Leverage (debt)

Ratios Create a Common Platform for Evaluation
Benchmarking Basics

• Ratios need to be “Benchmarked” against some standard (i.e., industry peers, company’s historical performance, etc.) to be meaningful

• Major deviations between your own firm’s performance and industry norms are not necessarily good or bad, but signals areas of further analysis

• **EVEN RELATIVELY SIMPLE ANALYSIS CAN RESULT IN SIGNIFICANT INSIGHTS ABOUT YOUR BUSINESS**

“The goal is to turn data into information, and information into insight.”

Carly Fiorina, former executive, president, and chair of Hewlett-Packard Co.
Benchmarking Cycle

1. Where are you?

2. Where do you want to go?

3. How do you get there?

- Look at your recent year-end information alongside key industry-specific statistics
- Identify areas you could improve
- Develop a strategy
- Each level requires more effort but the foundation is available
Where Are You?

1. Where are you?

2. Where do you want to go?

3. How do you get there?

- Assessment Phase
- Easiest Step
- Participating organizations will have their data populated into the system
- Utilize the available tools and evaluate your performance
Where Do You Want to Go?

1. Where are you?
2. Where do you want to go?
3. How do you get there?

- Goal Setting Phase
- More Involved
- Focus on the Profit Leaders
- Prioritize
1. Where are you?

2. Where do you want to go?

3. How do you get there?

- Planning Phase
- Most Involved
- Conduct Interviews, Speak With a Consultant, etc.
- Goal of ISA Benchmarking is to help you develop an informed strategic plan
### Strategic Profit Model Ratios

<table>
<thead>
<tr>
<th></th>
<th>Your Company</th>
<th>APR High Profit Distributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Margin – Before Tax</td>
<td>1.0%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Asset Turnover (i.e., Sales/Total Assets)</td>
<td>2.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>2.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Total Assets to Net Worth (Leverage)</td>
<td>3.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Return on Net Worth</td>
<td>6.3%</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

### Employee Productivity

<table>
<thead>
<tr>
<th></th>
<th>Your Company</th>
<th>APR High Profit Distributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Per Employee</td>
<td>$497,351</td>
<td>$555,645</td>
</tr>
<tr>
<td>Total Payroll Per Employee</td>
<td>$64,500</td>
<td>$76,636</td>
</tr>
<tr>
<td>Total Payroll as % of Sales</td>
<td>16.5%</td>
<td>15.7%</td>
</tr>
</tbody>
</table>

### Employee Turnover

<table>
<thead>
<tr>
<th></th>
<th>Your Company</th>
<th>APR High Profit Distributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive/Senior Management Positions</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Management Positions</td>
<td>8.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Non-Management</td>
<td>15.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
### Hypothetical Case Study

<table>
<thead>
<tr>
<th></th>
<th>Your Company</th>
<th>Industry</th>
<th>Your Company</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Level Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO/ President</td>
<td>1</td>
<td>1</td>
<td>$215,000</td>
<td>$230,000</td>
</tr>
<tr>
<td>Top Marketing/Sales Officer</td>
<td>1</td>
<td>1</td>
<td>$115,000</td>
<td>$155,000</td>
</tr>
<tr>
<td><strong>Other Full-Time Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>2</td>
<td>1</td>
<td>$65,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Operations/Whse. Manager</td>
<td>4</td>
<td>3</td>
<td>$60,000</td>
<td>$80,000</td>
</tr>
</tbody>
</table>

### You
- Years in Industry: **10**
- Years at Company: **8**
- Education: **Bachelors**
- Structure: **70% salary**

### Industry
- Years in Industry: **25**
- Years at Company: **15**
- Education: **Masters**
- Structure: **25% salary**
Hypothetical Case Study

**Sales Performance**

<table>
<thead>
<tr>
<th>Sales Employees</th>
<th>Total Annual Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Company</td>
<td>Industry</td>
</tr>
<tr>
<td>Director of Sales</td>
<td>$90,000</td>
</tr>
<tr>
<td>Sales Manager</td>
<td>$80,000</td>
</tr>
<tr>
<td>National Accounts Manager</td>
<td>$75,000</td>
</tr>
</tbody>
</table>

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**Top Line Pulse**

Sales Performance vs. Economic Indicators

- **My Data**
- **Industry**

-10% to 20% Percent Change

Hypothetical Case Study

- Important to use available information to develop identify strengths, weaknesses, and improvement opportunities

- ISA’s benchmarking studies are designed to work in conjunction

- In 5 minutes, we identified key issues and possible opportunities

- A simple analysis can result in significant dividends
Surveys and Reporting Tools

www.isapartners.org
Analytics that Fuels Growth

Change the way you assess performance with actionable business intelligence.

Go to Benchmarking Site
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Annual Performance Report

Survey

Use the Online Form – or complete with an Excel version and upload to the site.
The report card is designed to provide users with the ability to “grade” their key performance measures against similar companies in order to identify potential improvement opportunities.
APR Reports and Online Tools

Interactive Peer Report

This tool allows users to create customized Company Performance Reports on demand. Users may select up to 5 data cuts to compare their figures against.
APR Reports and Online Tools

Searchable Results

This application allows more specific information than any single report could reasonably provide. Using the program, users can create their own data cuts to create benchmarks that most closely match their organization.
Top Line Pulse Application Reporting

Data is entered securely either directly through the application home page or users may opt to receive text notifications. The text feature allows respondents to simply report their monthly sales figure via text messaging.
Top Line Pulse Application
Interactive Online Results Dashboard

Filter Options Include:
- Your Company Data
- Industry
- Industry Indexes (e.g., Industrial Production Index)

Monthly Sales Snapshot
Shows your current month sales figure:
- Vs. Prior Month
- Vs. Same Month Prior Year
- YTD vs. Same Month Prior YTD
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Distributor Compensation Report

Survey

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Distributor Compensation Report

Results
Survey Details

• Visit www.ISAPartners.org/benchmarking
• Access the ISA Benchmarking Dashboard
• Click on “Register” to create an account (password retrieval available for past users)
• Note: Credentials used for these studies are not matched with your ISA credentials

• Reach me or my team with any questions.

Deadline to Participate: May 1, 2018
Industrial Supply Association
April 15, 2018

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