



Leading the
Channel Forward®

**2019 MANUFACTURING ANNUAL
PERFORMANCE REPORT**
BASED ON 2018 OPERATIONS

www.isapartners.org

Manufacturer Analytics

Analytics that **Fuels Growth.**



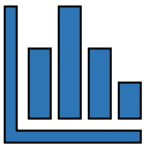
Why Manufacturer Analytics



Channel is changing | Strategic alignment with strategic channel partners, investments and resource needs



Field salesforce models are evolving | Direct, Hybrid, Reps –strategic investment for End User resource needs

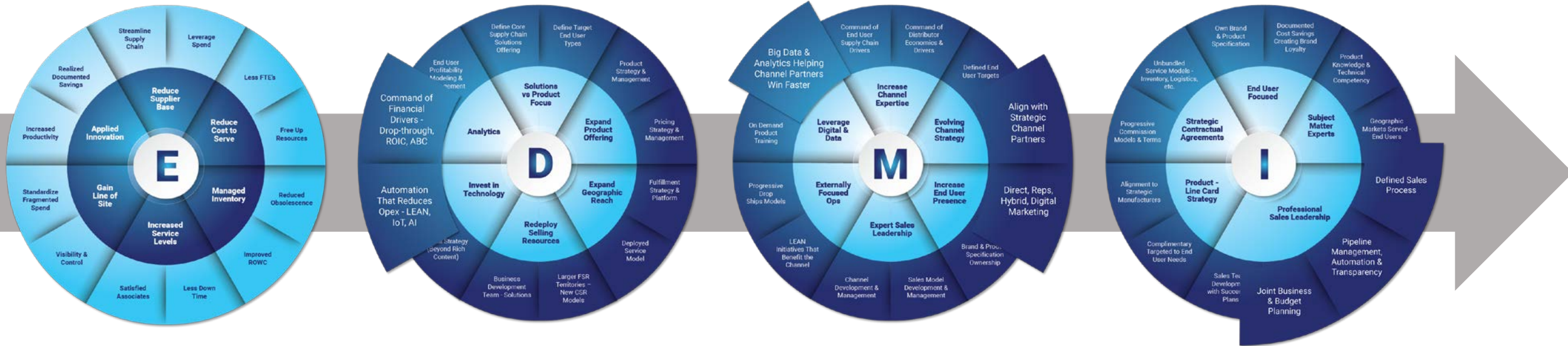


Operational Metrics | Relevant comparatives to better target strategic improvement



Top Line Growth | Timely, relevant leading and lagging indicator comparatives

Confidence to Make Informed Decisions



- Operational Metrics
- Channel Performance

- Salesforce Performance
- Monthly Top Line Pulse

Data Driven Decisions

“ Without data, you’re just another person with an opinion...” ”

Edwards Deming

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

Carly Fiorina

Built for You by You



About Industry Insights

- Objective third-party
- Dedicated Team of Statisticians, CPAs and IT Professionals
- Research Firm for Associations and Their Members since 1980
- Survey Research is Not an Offshoot
- Serve Over 200 Associations

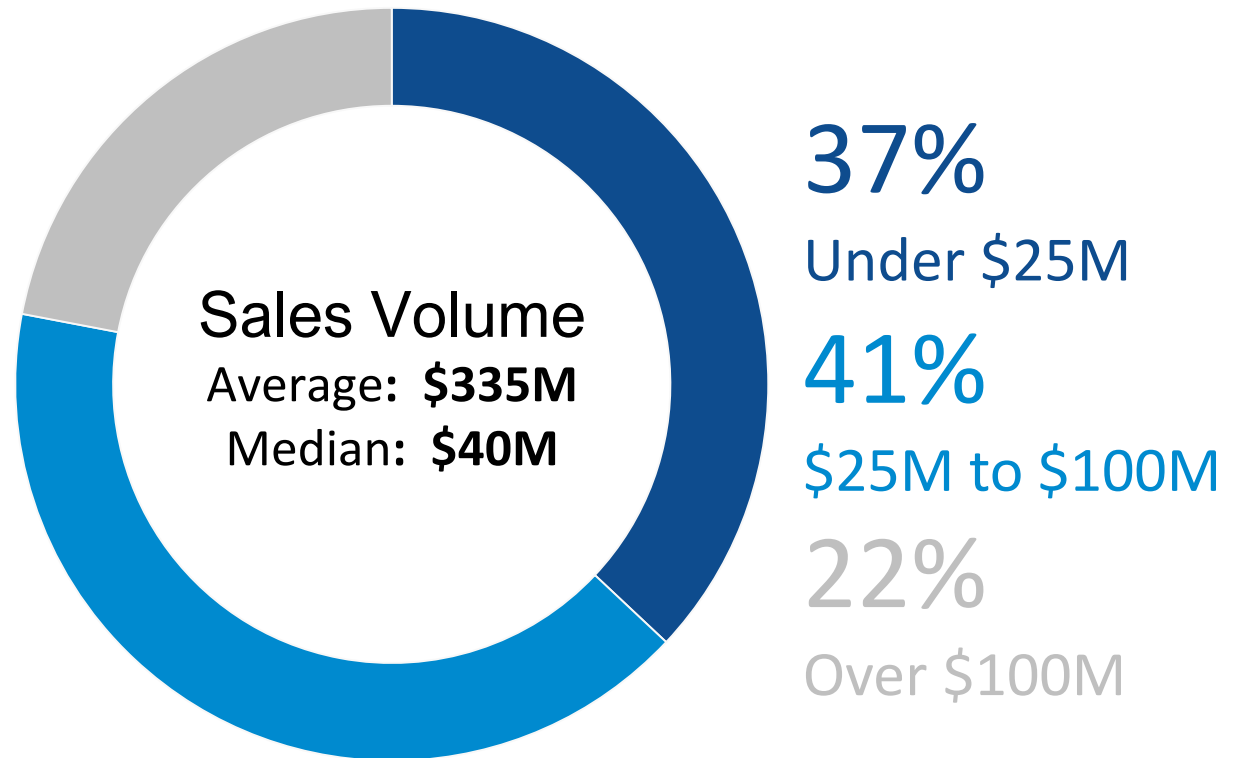
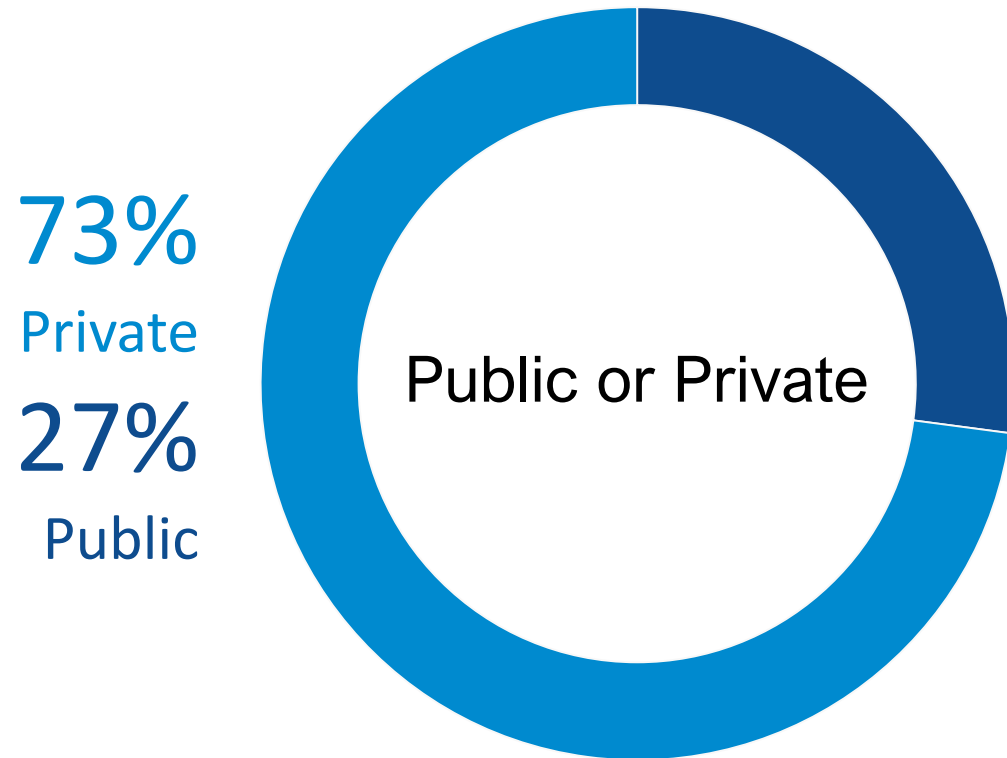




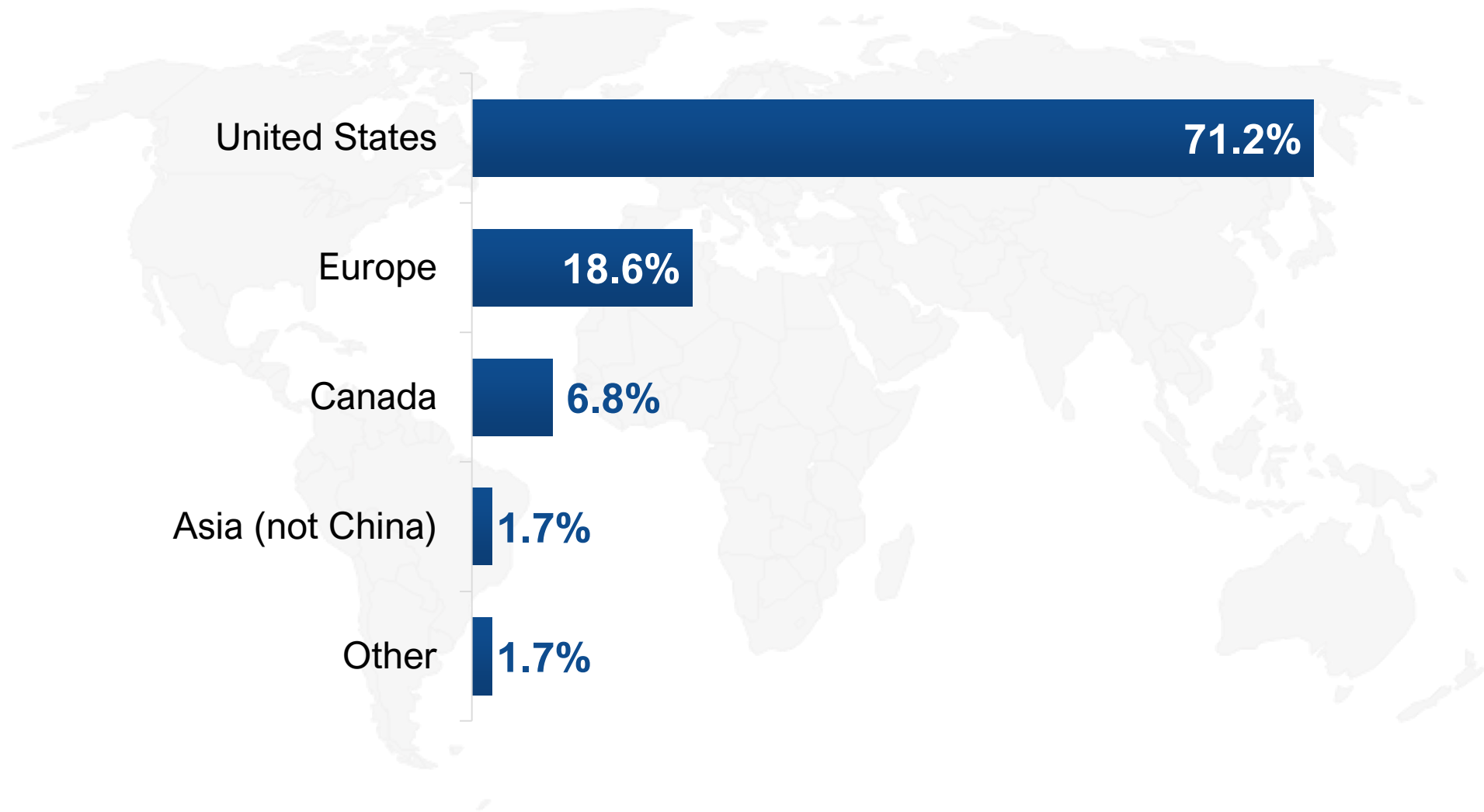


Confidentiality is
assured!

Company Profile



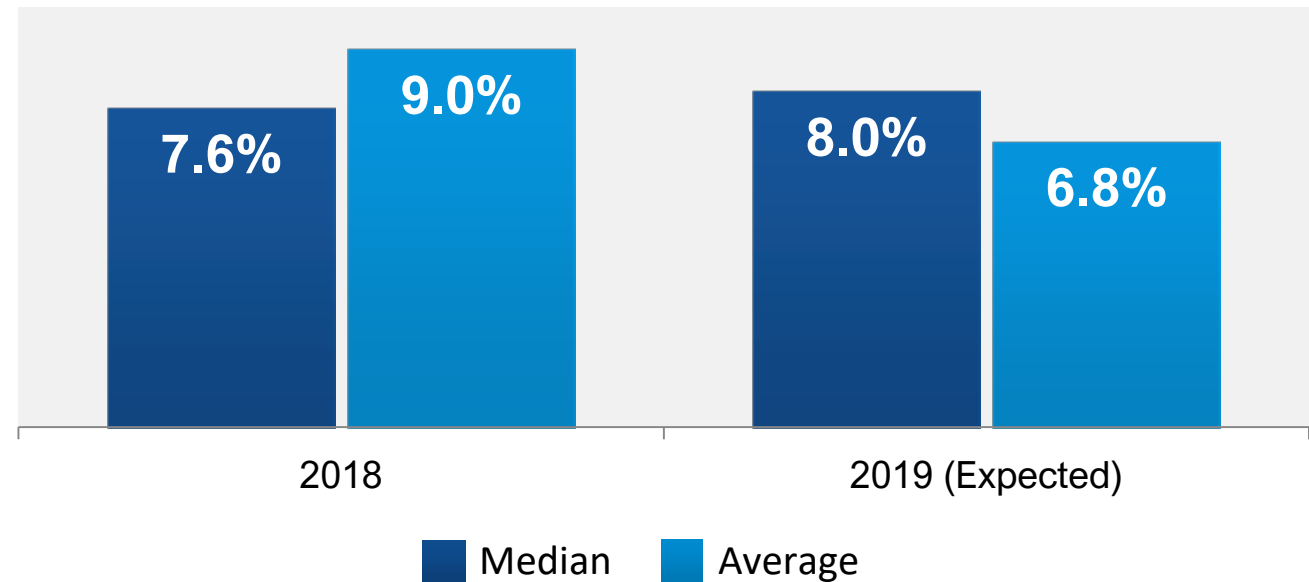
Company Profile



Sales & Operations

Sales Growth vs. Prior Year

More than **90%** of manufacturers achieved sales growth in 2018, with an average rate of **9%**. Smaller companies experienced more growth than larger organizations.



Sales & Operations

The largest companies are more likely than others to follow Six Sigma or Agile Manufacturing improvement methodologies.

	All Companies	Net Sales		
		Under \$25 Million	\$25-\$100 Million	Over \$100 Million
Improvement Methodologies in place				
Lean Manufacturing	72.7%	73.3%	78.6%	63.6%
Total Quality Management	45.5%	33.3%	57.1%	36.4%
Six Sigma	38.6%	33.3%	21.4%	63.6%
Agile Manufacturing	15.9%	6.7%	7.1%	27.3%
Theory of Constraints	11.4%	20.0%	0.0%	18.2%
Toyota Production System	11.4%	20.0%	7.1%	9.1%
Other	13.6%	6.7%	28.6%	0.0%

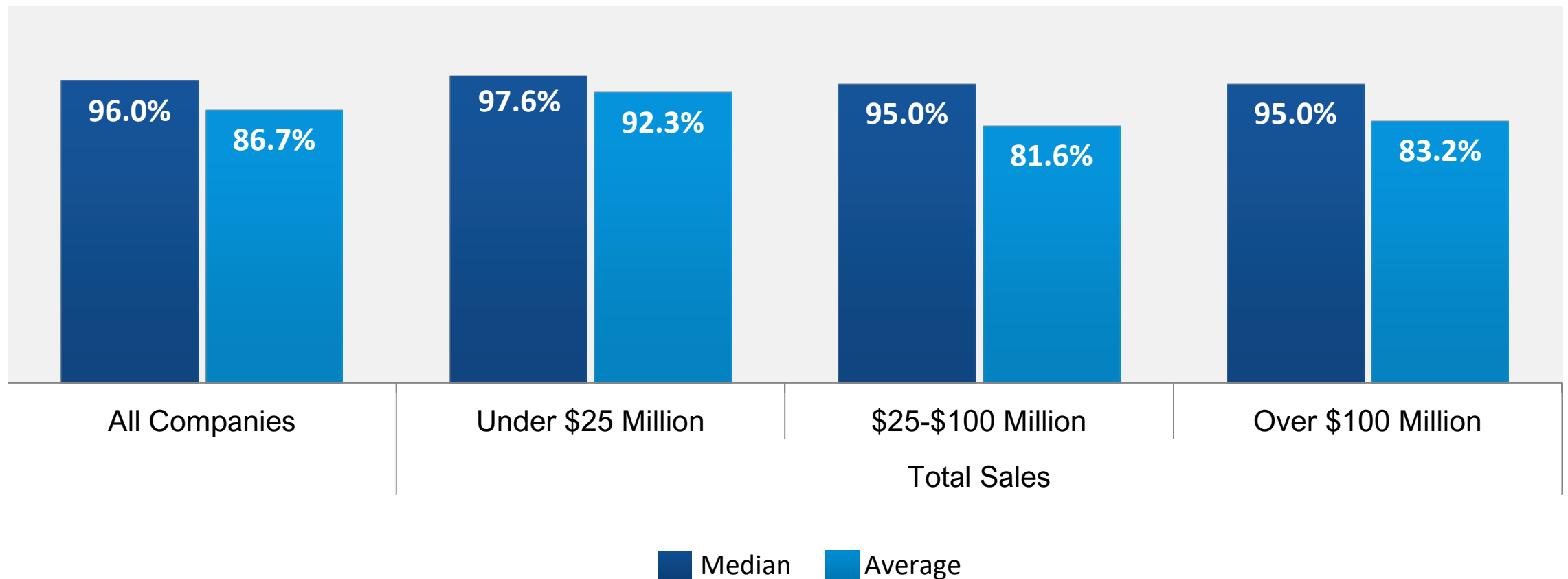
Sales & Operations

Number One Financial Performance Priority in 2018



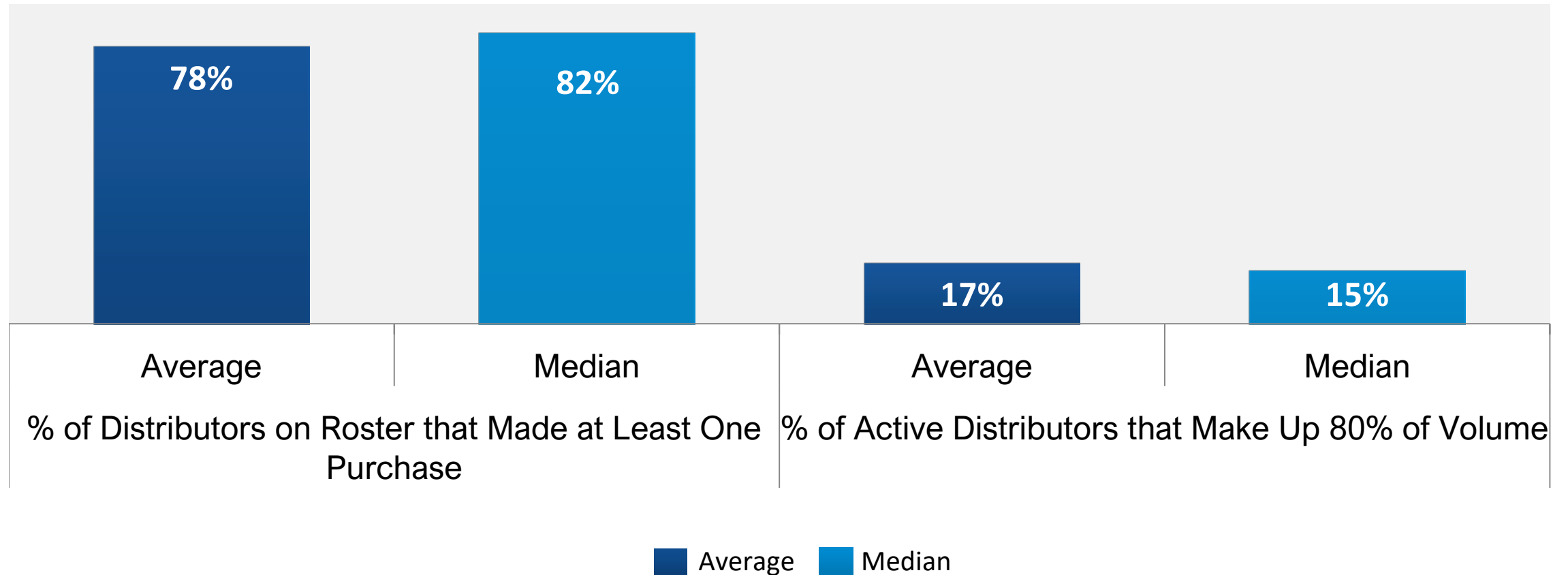
Channel Performance

Sales Through Distribution (As % of Total Sales)



Channel Performance

Sales Through Distribution (Volume Concentration)



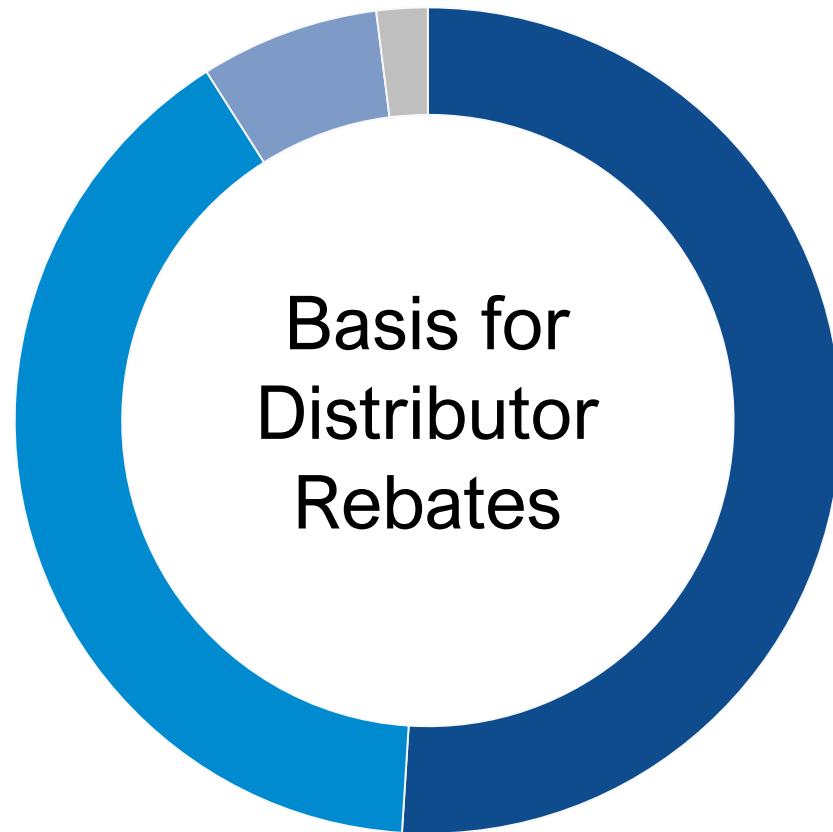
Channel Performance

General Sales Growth by Channel¹

	2018	Expected 2019
Sales Channel		
Traditional-General Line	+ 2%-5%	+ 2%-5%
Traditional-Specialty	+ 2%-5%	+ 2%-5%
National	+ 6%-10%	+ 6%-10%
E-sellers	+ 2%-5%	+ 6%-10%
Integrators	+ 2%-5%	+ 2%-5%
Wholesale Distributors	+ 2%-5%	+ 2%-5%

¹ This table provides the “Median” experience of respondents

Channel Performance



Basis for
Distributor
Rebates

51%

Overall Growth

40%

Base Business

7%

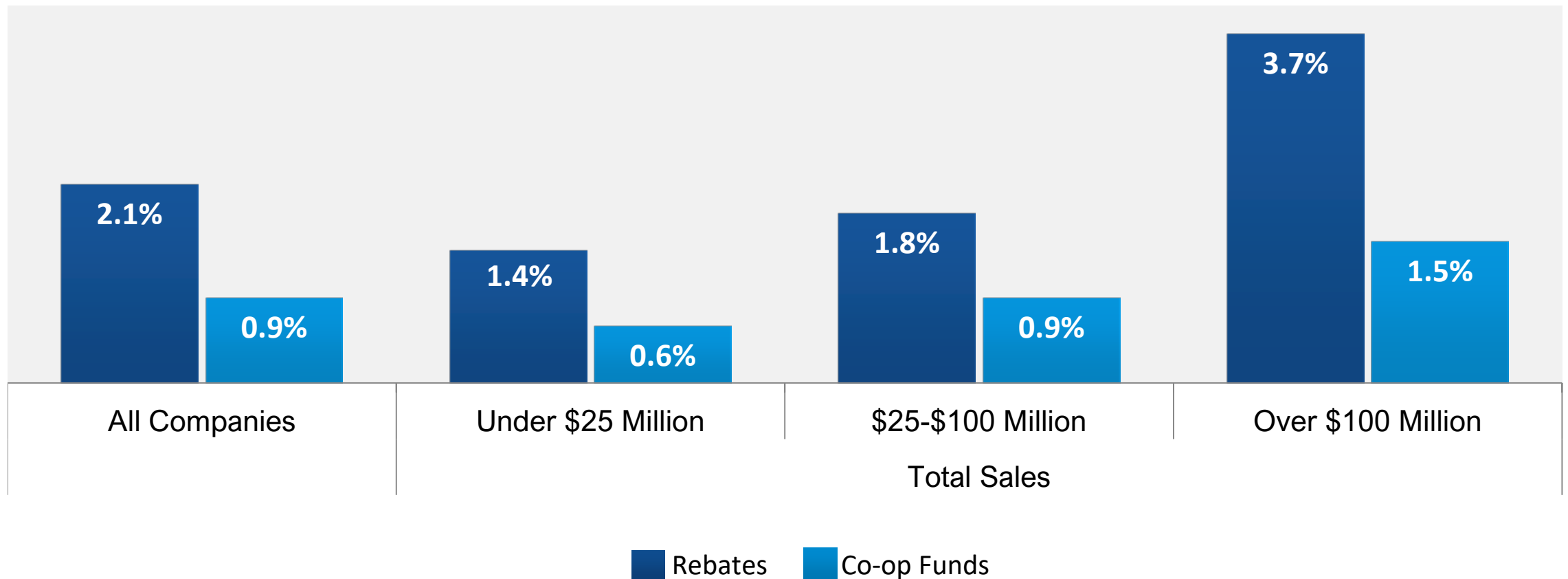
Key Products

2%

Other

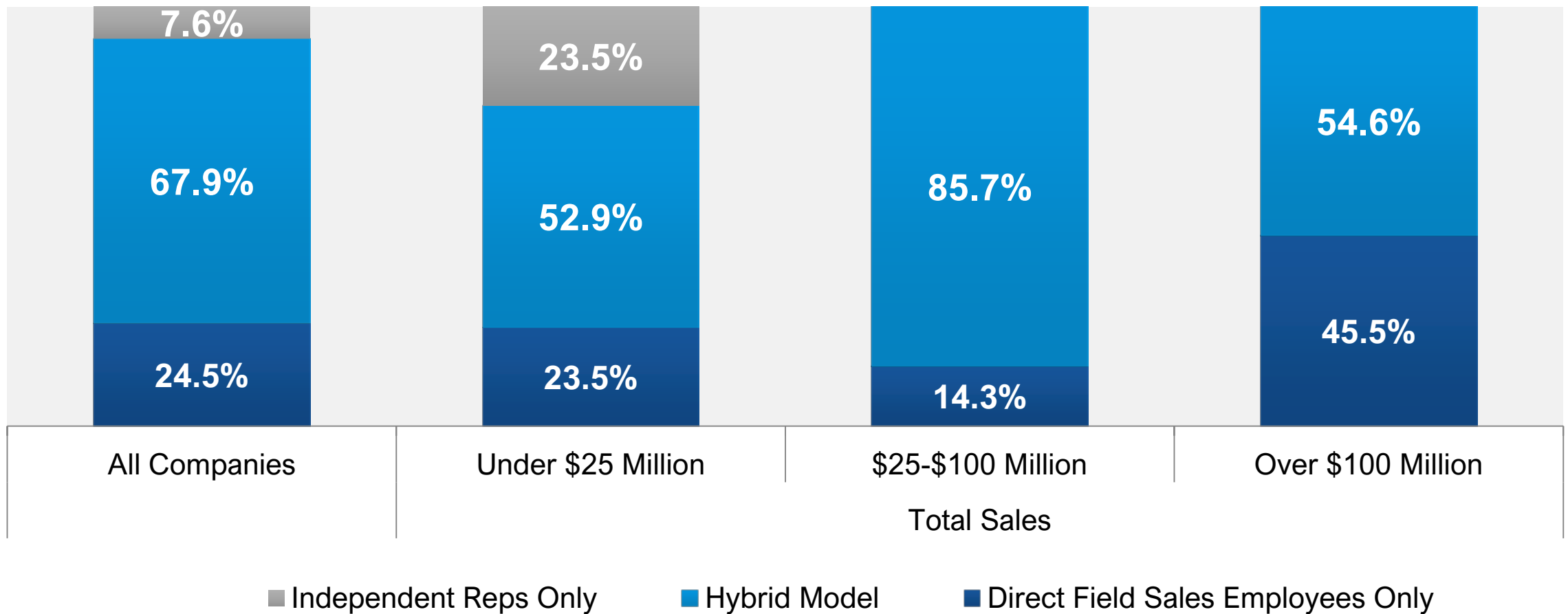
Channel Performance

Rebates and Co-Op Funds as a Percentage of Sales



Salesforce Performance

Salesforce Structure

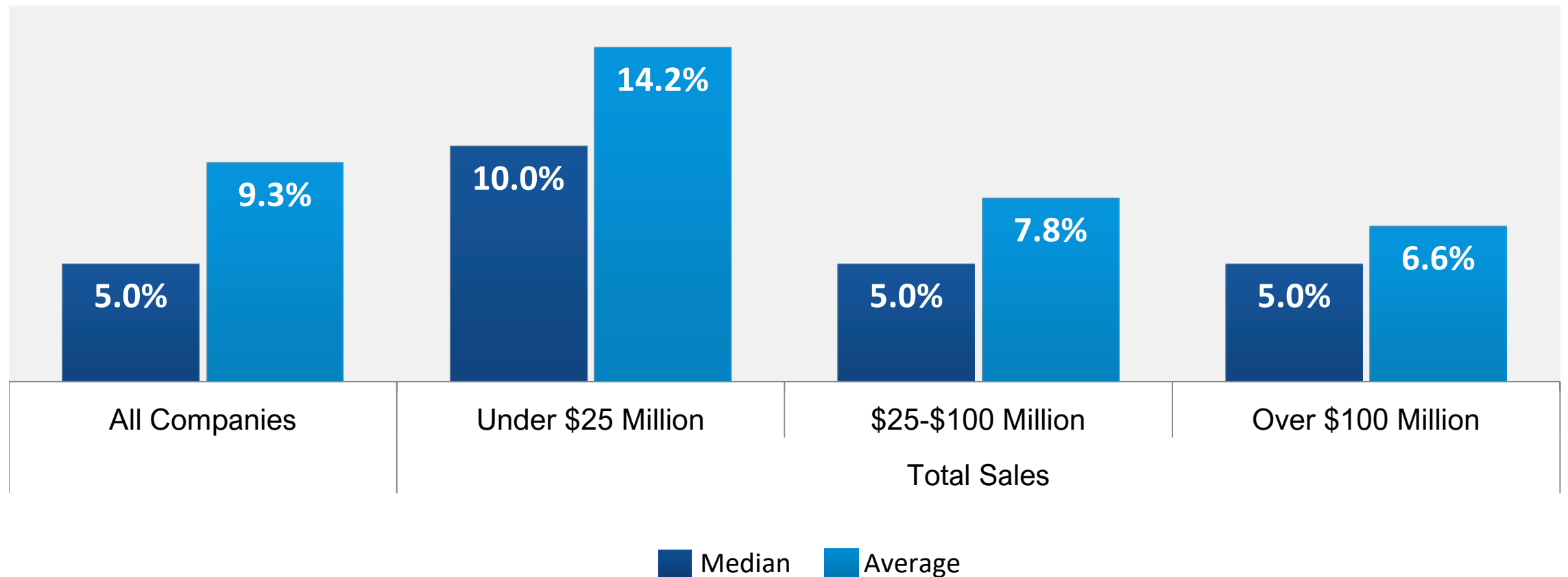


Direct Field Sales Employees

	Past 3 Years	3-Year Forecast
Direct Field Sales	↑	↑
Channel Management	↑	→
Inside Sales	→	↑
Specialists	→	↑
National Accounts	→	→
Key Accounts/Business Development	→	→
Sales Management	→	→

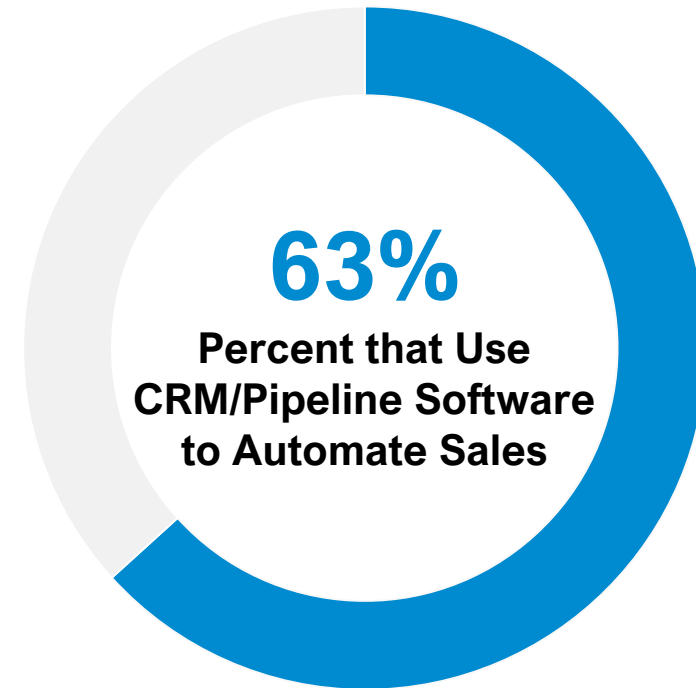
Direct Field Sales Employees

Direct Field Sales Turnover Rate (Incl. Voluntary Separations)



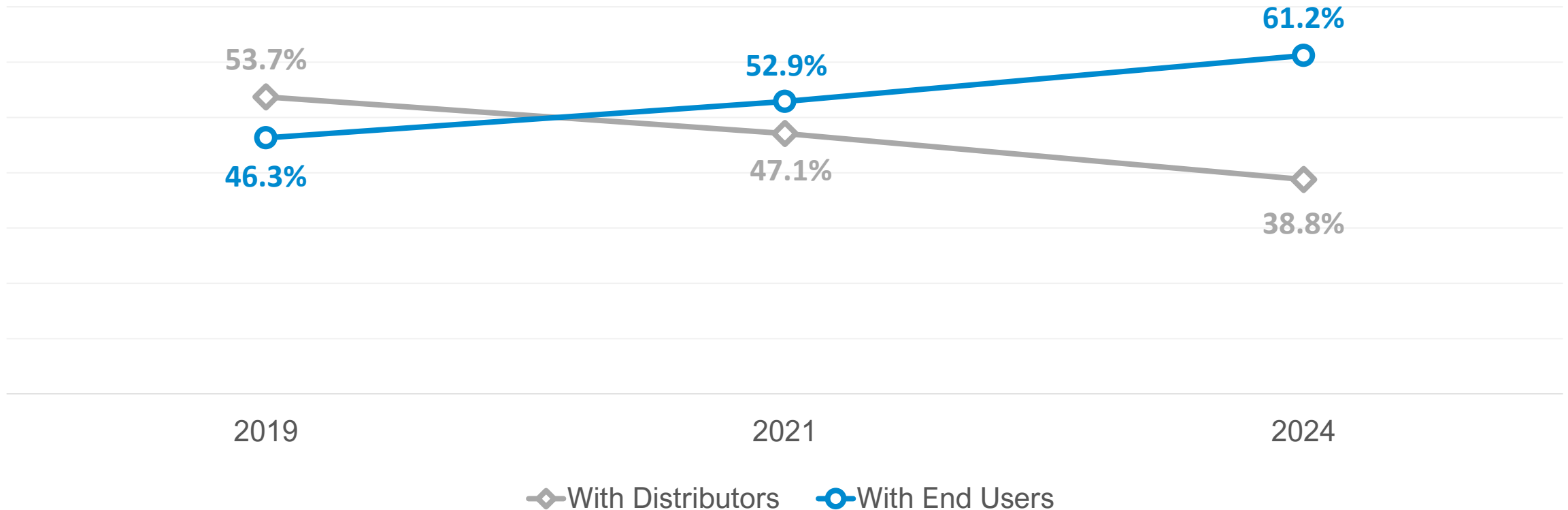
Direct Field Sales Employees

Sales Processes



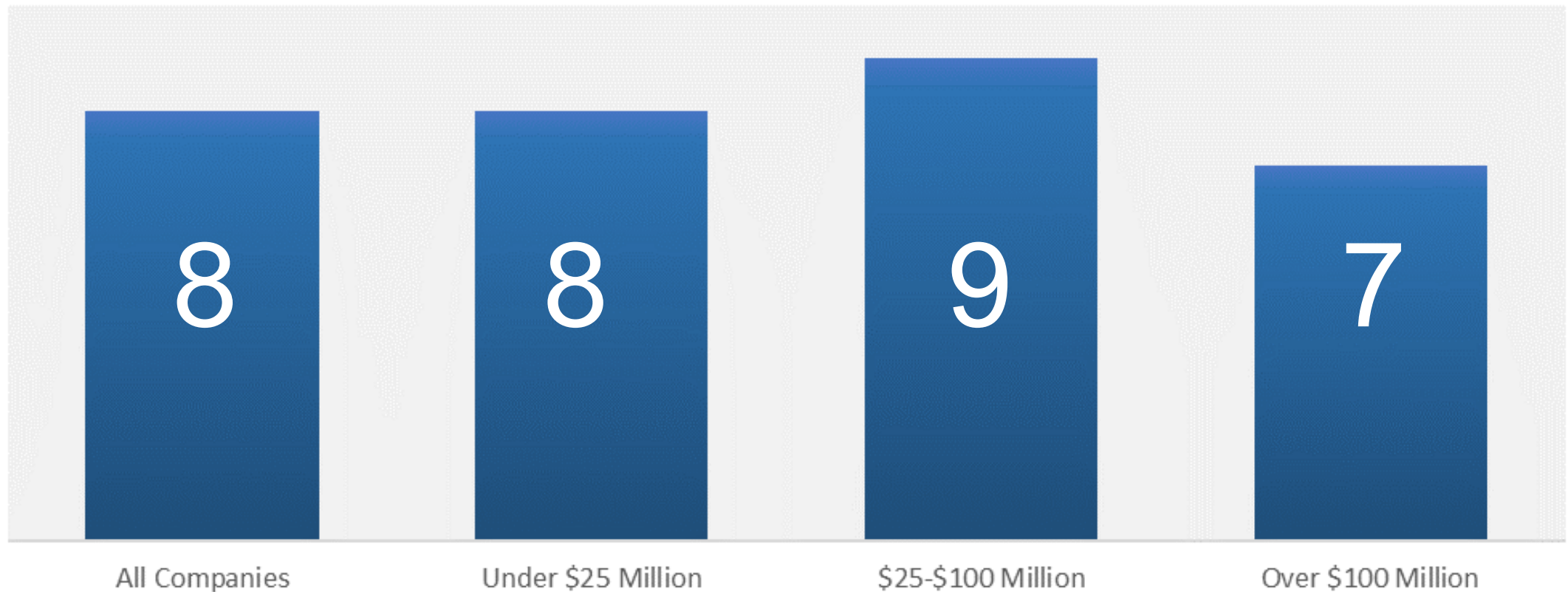
Direct Field Sales Employees

Where Will the Direct Field Sales Team Spend Their Time?



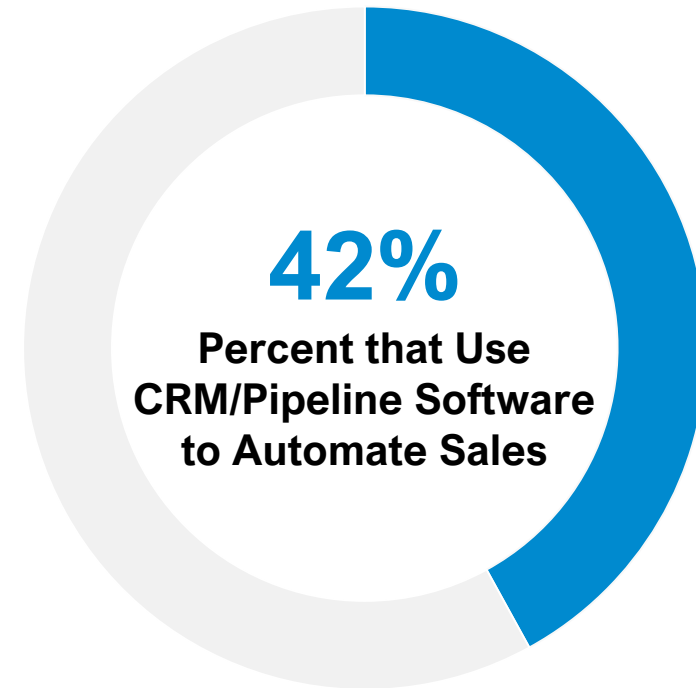
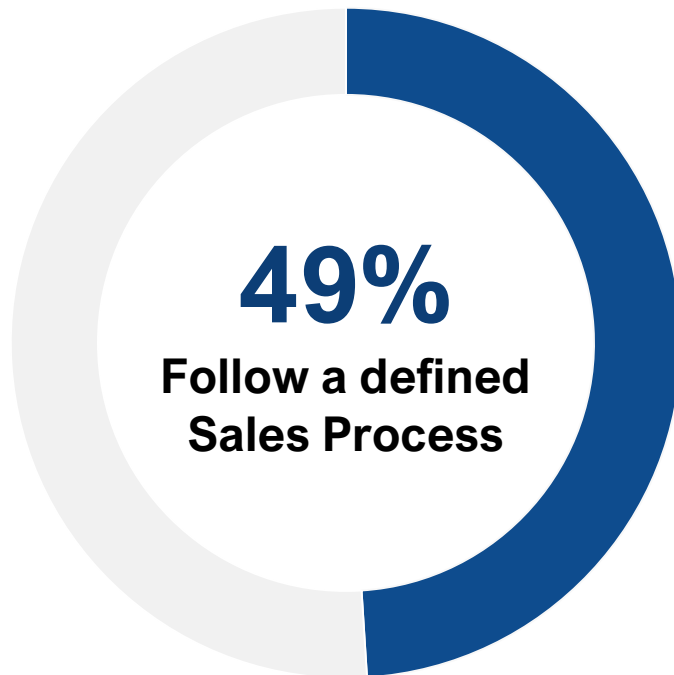
Independent Manufacturer Reps (IMR)

Average Number of Rep Firms Used



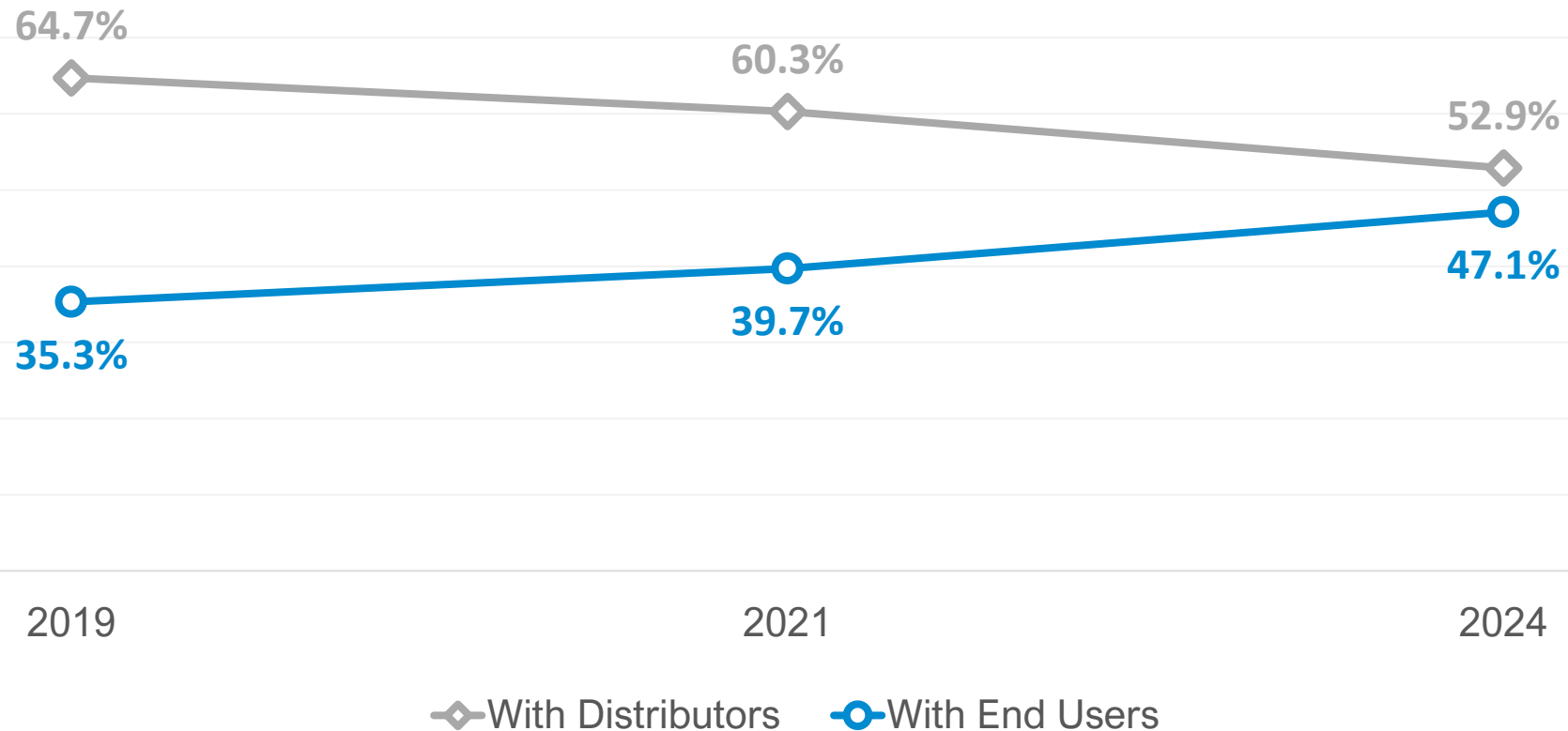
Independent Manufacturer Reps (IMR)

Sales Processes



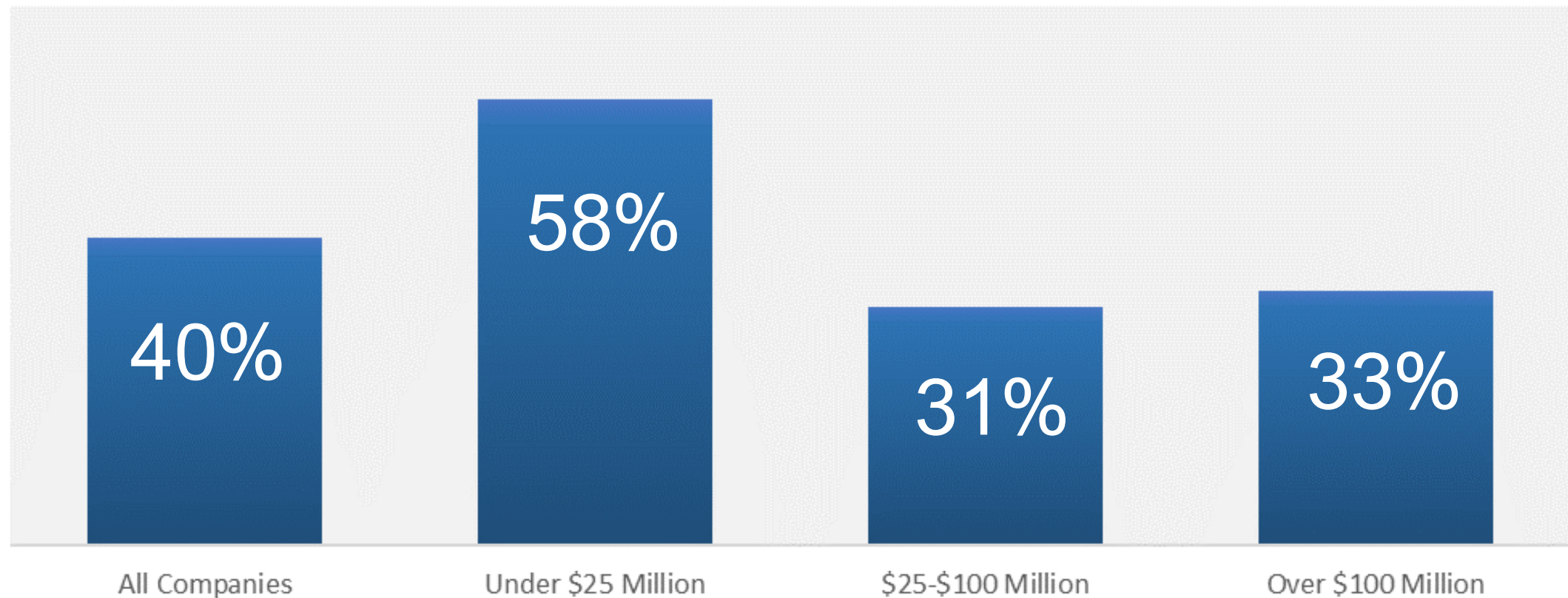
Independent Manufacturer Reps (IMR)

Where Will IMRs Team Spend Their Time?



Independent Manufacturer Reps (IMR)

Utilization Trend – Increase Use Next 3 Years



IMR 1.0 to 2.0 Gaps

Top Areas to Address

SalesEffectiveness
PipelineManagement
Technology/CRM EndUserFocus
Transparency SalesProcess
ProductExpertise

Connecting the Dots

Manufacturer Top Priorities



Needs from IMRs



2019 Growth Expectations vs Leading Indicator

3/12 (leading) vs 12/12 (lagging) Insights

2019 Forecast	ALL	< \$25M	\$25-\$100M	\$100M>
10%>	16%	25%	18%	0%
6-10%	49%	40%	41%	82%
2-5%	21%	15%	32%	18%
Flat: -1 to 1%	7%	10%	5%	0%
Decrease of -2 to -5%	7%	10%	5%	0%





Reports

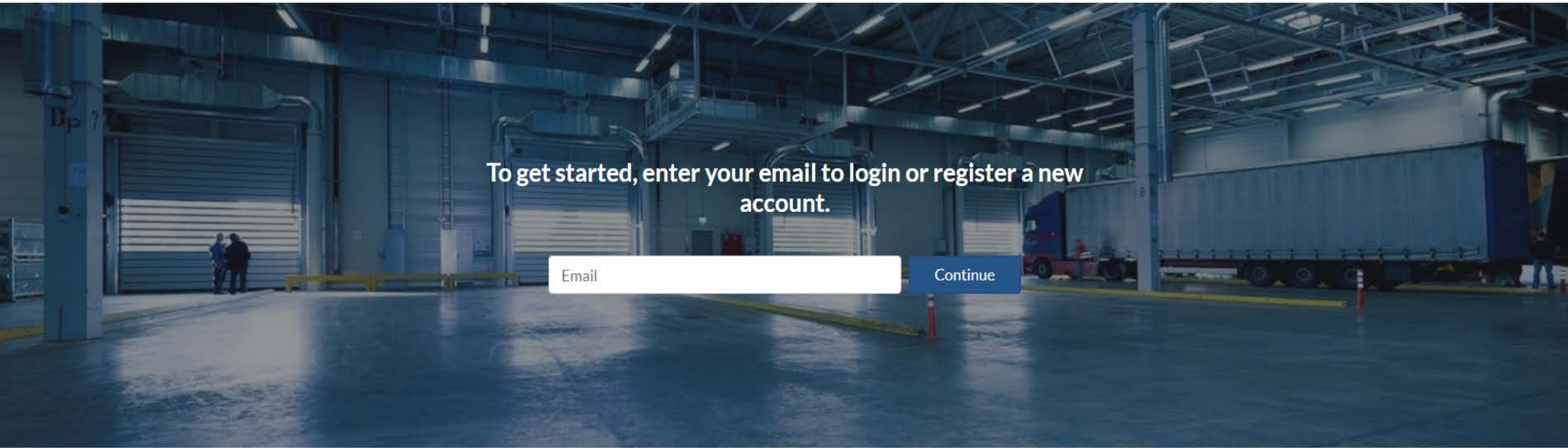
Analytics that Fuels Growth

Change the way you assess performance
with actionable business intelligence.

[Go to Analytics Site](#)

[Learn more](#)





To get started, enter your email to login or register a new account.

[Continue](#)

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Report Options



Static Reports

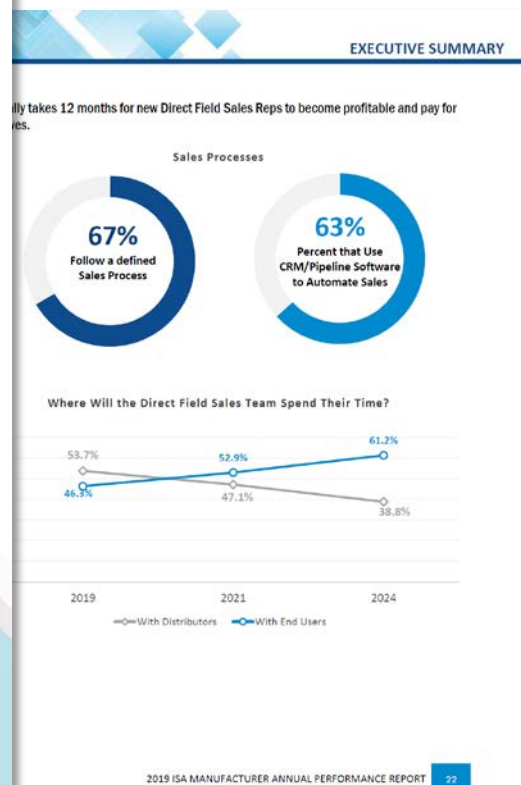
The screenshot displays the ISA Manufacturer Analytics web application. It features a "Display Your Data?" section with filters for "Annual Sales Volume" and "Region". The "Region" dropdown menu is open, showing options: South Atlantic, East North Central, East South Central (selected), and West North Central. Below this is a "Selected Filters" section showing "Region: East South Central" and "Annual Sales Volume: \$401 to \$500". A "Run Report" button is visible. The main content area shows a large image of a factory interior with the text "To get started, enter your email to login or register a new account." and an "Email" input field. A "Continue" button is next to it. A table titled "TOP LINE PULSE" is partially visible on the right side of the screen.

	100%	80%	60%
100%	100%	75%	50%
80%	100%	100%	25%
60%	100%	100%	100%

Interactive, Online Reporting Capabilities

Downloadable Reports

Industry-Wide Report



DETAILED SURVEY RESULTS

	All Reporting Manufacturers	2018 Sales Volume		
		Under \$25 Million	\$25-\$100 Million	Over \$100 Million
Operations – continued				
Sales following improvement methodologies, percent following (responses allowed)				
Manufacturing	52	19	17	12
Quality Management	15.9%	6.7%	7.1%	27.3%
Production System	38.6%	33.3%	21.4%	63.6%
Inventory Management	72.7%	73.3%	78.6%	63.6%
Supply Chain Management	45.5%	33.3%	57.1%	36.4%
Production Constraints	11.4%	20.0%	0.0%	18.2%
Production System	11.4%	20.0%	7.1%	9.1%
Inventory Management	13.6%	6.7%	28.6%	0.0%
Production System	15.4%	21.1%	17.7%	8.3%
Inventory management methodology being used				
Days receivable days ((accounts receivable / total sales) x 365 days)	40	19	20	9
Days receivable	44	42	47	40
Days receivable	44	44	44	41
Days receivable	47	46	52	45
Days receivable	89	88	40	87
Inventory turnover ratio (cost of goods sold / average inventory)				
Inventory turnover ratio	47	16	20	9
Inventory turnover ratio	4.0	3.3	3.5	5.9
Inventory turnover ratio	3.4	3.0	3.6	4.2
Inventory turnover ratio	5.0	3.4	4.2	6.0
Inventory turnover ratio	2.4	2.3	2.0	3.5
Expenses as a percentage of sales				
Expenses as a percentage of sales	45	17	18	8
Expenses as a percentage of sales	2.0%	2.0%	1.0%	0.1%
Expenses as a percentage of sales	2.5%	1.9%	2.6%	3.3%
Expenses as a percentage of sales	3.5%	3.0%	2.9%	4.2%
Expenses as a percentage of sales	0.4%	0.2%	0.4%	0.9%
Number of employees (all plants)?				
Number of employees	54	19	21	10
Number of employees	1068	44	201	5201
Number of employees	141	42	200	475
Number of employees	255	59	230	919
Number of employees	54	30	140	351

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Downloadable Reports

Company Profile Report (CPR)

CONFIDENTIAL

COMPANY PROFILE REPORT



2019 MANUFACTURING ANNUAL PERFORMANCE REPORT
BASED ON 2018 DATA

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The *Company Profile Report (CPR)* is designed to assist you with identifying developing trends, experienced manufacturers. The statistics contained on the following pages represent broad performance "yardsticks" measured. Using this information, you can compare your own figures with those of all responding ISA member general sales volume category, and other aggregations deemed relevant to your operations.

Using this Report

The information in this report is designed to be a tool for helping you to better understand and control you of the *Company Profile Report (CPR)* your company's own data are included along with reported norms to aggregations. Thus, an individual owner/manager is provided invaluable information without needing to spend manually.

However, just as absolute figures are not really meaningful in isolation, so too is no ratio meaningful in itself more other performance measures to determine whether or not a satisfactory level exists.

As you compare your company's information versus the industry, remember that the statistics published in rather than "absolute standards." Thus, a deviation between your figures and a number appearing on a table indication that additional scrutiny may be warranted.

The statistical information contained in this report is believed to be representative of the ISA manufacturer reasonable efforts were taken to assure data comparability within the limitations of statistical reporting for given number varies depending upon sample sizes and the degree of consistency among responses for the

A few comments about your report:

- Your company name does not appear on the report. Each data page confidential company identification document. Your organization's reported net sales volume is also displayed.
- If your report does not contain certain data under the "Your Firm" column, it is because the information was not useable.

Should you have any questions about this report, please contact Jacob Starinsky of Industry Insights at 617-441-1111.

Introduction

2019 ISA Manufacturing Annual Performance Report
Company Profile Report

Company: Sample
Net Sales (000's): \$10,000

	Your Firm	All Reporting Manufacturers	Company Type: Private	Total Sales: Under \$25 Million	Manufactured Outside U.S. Over 75% of Sales	Salesforce Type: Only Direct Field Sales Employees
Company Profile						
Public or private?						
Public		27.1%	0.0%	5.0%	41.7%	46.2%
Private	X	72.9%	100.0%	95.0%	58.3%	53.9%
Country or region of company's headquarters						
United States	X	71.2%	76.7%	80.0%	41.7%	61.5%
Mexico		0.0%	0.0%	0.0%	0.0%	0.0%
Canada		6.8%	7.0%	10.0%	16.7%	15.4%
Europe		18.6%	14.0%	5.0%	33.3%	23.1%
Asia (not China)		1.7%	0.0%	0.0%	0.0%	0.0%
China		0.0%	0.0%	0.0%	0.0%	0.0%
Other		1.7%	2.3%	5.0%	8.3%	0.0%
Average sales by product category						
Abrasives & Brushes	0.0%	13.7%	13.6%	15.0%	16.4%	7.7%
Adhesives, Sealants & Tape	0.0%	2.7%	2.7%	0.0%	0.0%	3.2%
Bearings	0.0%	0.2%	0.3%	0.1%	0.0%	0.0%
Chemicals, Lubricants and Equipment	1.5%	8.9%	11.6%	15.1%	1.1%	9.0%
Clamping & Workholding	0.0%	3.4%	4.6%	5.1%	1.4%	0.1%
Cutting Tools & Metalworking	0.0%	40.4%	33.7%	35.0%	53.6%	38.1%
Electric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Electrical & Lighting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Facilities Maintenance	0.0%	1.7%	2.3%	0.0%	0.0%	0.0%
Fasteners	0.0%	2.2%	3.0%	4.5%	0.0%	6.9%
Fluid Power	60.0%	0.5%	0.6%	1.4%	2.5%	2.1%
Hand & Power Tools	10.0%	7.7%	5.8%	3.7%	2.2%	8.8%
Hoses and Fittings	3.0%	1.0%	1.3%	2.3%	3.8%	3.2%
HVAC	0.0%	1.7%	2.3%	5.0%	9.1%	0.0%
Jan/San	0.0%	0.4%	0.6%	0.5%	0.0%	0.0%
Machinery	0.0%	1.7%	2.2%	0.0%	6.4%	0.0%
Marking & Labeling	20.0%	0.9%	1.2%	0.0%	0.0%	0.0%
PIV	7.0%	0.3%	0.4%	0.8%	1.4%	1.2%
Raw Materials	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety	0.0%	6.2%	7.9%	8.4%	0.1%	7.7%
Seals, Gaskets & Accessories	0.0%	0.4%	0.5%	0.5%	0.0%	0.8%
Shipping & Office Supplies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Welding & Soldering	0.0%	0.2%	0.1%	0.0%	0.9%	0.8%
All Others	0.0%	4.4%	3.2%	2.7%	0.0%	10.5%

Confidential

Detail Section - Page 1

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Interactive Reporting Tools

Searchable Results

Company Type:

Sales Emphasis by Product Category:

Manufactured Outside U.S.:

Distributor Channel:

Country or Region:

Total Sales:

#	Filter Text
☐	Under \$25 Million
☒	\$25-\$100 Million
☐	Over \$100 Million

Matching Results: 59

BUILD REPORT **RESET**

☒ Show Your Firm

Export to Excel

Enter text to search...

Metric	Your Firm	Industry
Average sales by product category		
(N)		58
Abrasives & Brushes	15.0%	13.7%
Adhesives, Sealants & Tape	0.0%	2.7%
Bearings	0.0%	0.2%
Chemicals, Lubricants and Equipment	4.0%	8.9%
Clamping & Workholding	2.0%	3.4%
Cutting Tools & Metalworking	18.0%	40.4%
Electric	0.0%	0.0%
Electrical & Lighting	0.0%	0.0%
Facilities Maintenance	0.0%	1.7%
Fasteners	1.0%	2.2%

Interactive Reporting Tools

Interactive Company Profile Report (peer groups)

You can compare your own data versus five peer groups of your choosing. Simply select the peer group you wish to compare yourself against from the dropdown menus and then click "Build Report." Created reports can be exported to Excel once they have been built.

Select Up To Five Peer Groups

Peer Group 1

Company Type: Private

Peer Group 2

Total Sales: \$25-\$100 Million

Peer Group 3

SELECT BREAK

Peer Group 4

All Reporting Manufacturers

Company Type: Public

Peer Group 5

Company Type: Private

Country/Region: United States

Country/Region: Europe

Sales Emphasis: Abrasives & Brushes

Total Sales: Under \$25 Million

Public or private?

Total Sales: \$25-\$100 Million

(N)

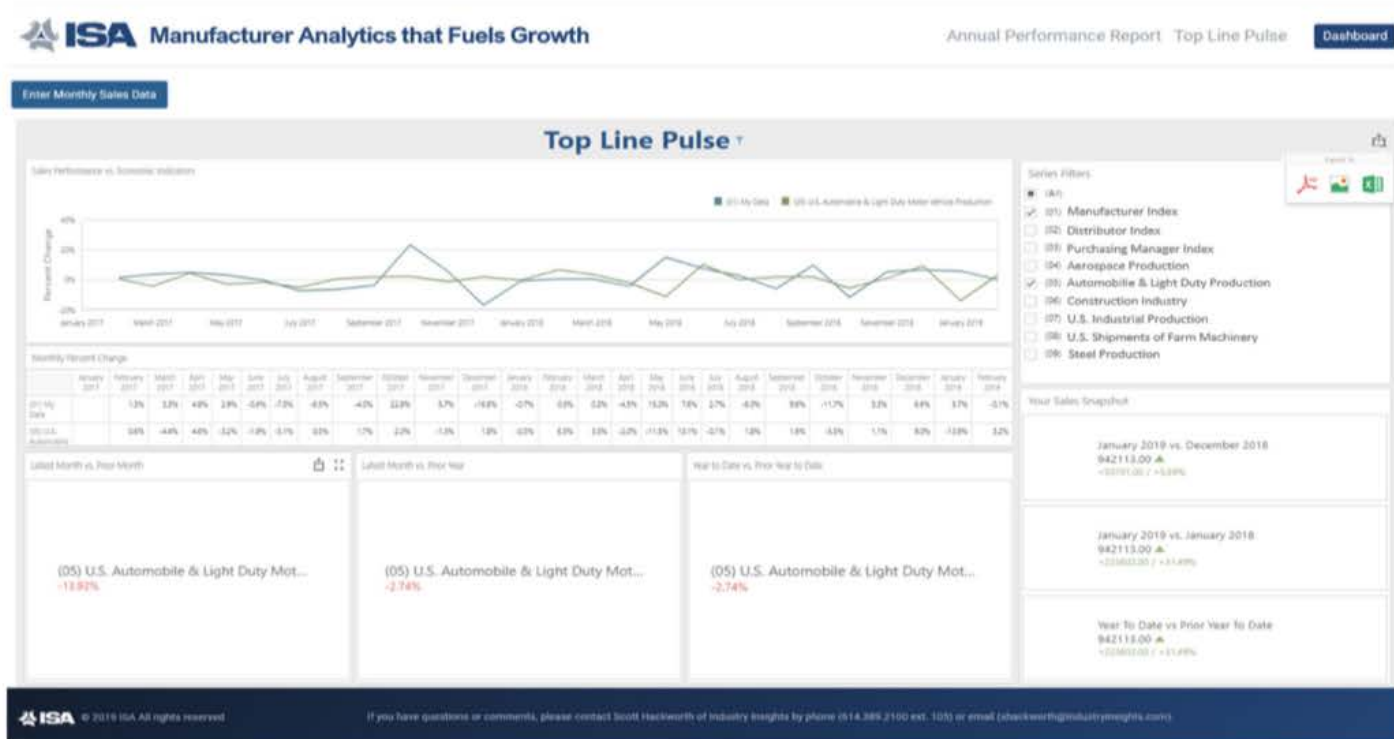
Total Sales: Over \$100 Million

	Your Firm	Company Type: Private	Total Sales: \$25-\$100 Million	Country/Region: United States	Distributor Channel: >50% National
Average sales by product category					
(N)		43	22	42	6
Abrasives & Brushes		13.8%	8.2%	9.7%	0.0%
Adhesives, Sealants & Tape		2.7%	0.7%	3.7%	0.1%
Bearings		0.3%	0.0%	0.3%	0.0%
Chemicals, Lubricants and Equipment		11.6%	9.7%	12.0%	32.9%
Clamping & Workholding		4.6%	3.7%	4.3%	4.3%
Cutting Tools & Metalworking		33.7%	51.7%	35.5%	0.0%
Electric		0.0%	0.0%	0.0%	0.0%
Electrical & Lighting		0.0%	0.0%	0.0%	0.0%
Facilities Maintenance		2.3%	4.6%	2.4%	0.0%
Fasteners		3.0%	1.8%	3.1%	15.0%
Fluid Power		0.6%	0.0%	0.0%	0.0%
Hand & Power Tools		5.8%	5.5%	8.0%	0.0%
Hose and Fittings		1.3%	0.0%	0.3%	0.0%

Top Line Pulse (TLP)

RESULTS

The results dashboard allows users to easily visualize sales trends and identify indicators that lead, lag, or are in sync to assist strategic decisions. All results are fully exportable (Excel, PDF, etc.).



Filter Options Include:

- ☐ Your Data
- ☐ ISA Distributor Index
- ☐ ISA Manufacturer Index
- ☐ Purchasing Managers' Index (PMI)
- ☐ U.S. Industrial Production
- ☐ Automotive
- ☐ Aerospace
- ☐ Agriculture
- ☐ Steel Consumption/Industry
- ☐ Energy Upstream/Downstream
- ☐ Construction Industry