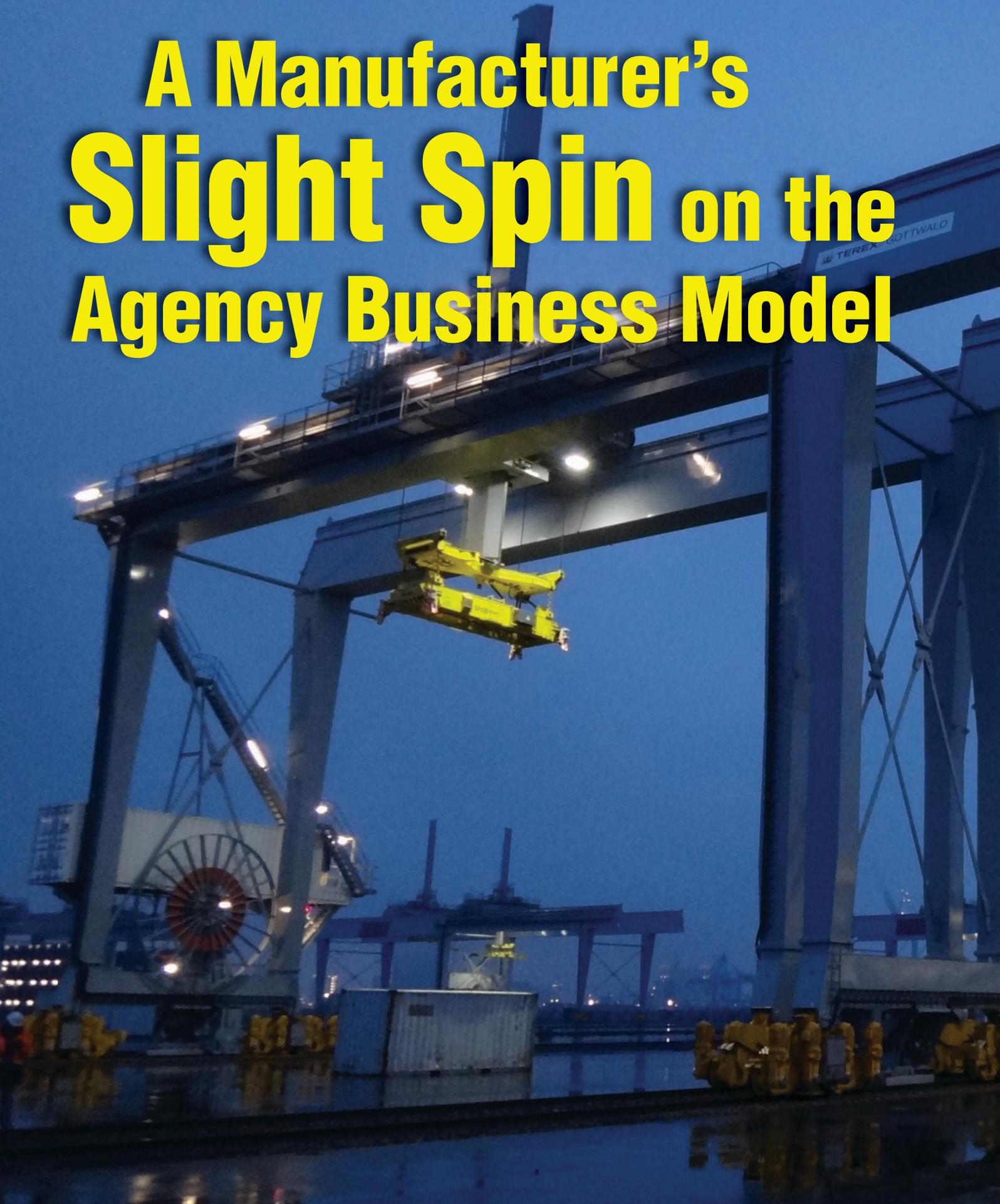


A Manufacturer's **Slight Spin** on the Agency Business Model





Founded in 1892, Phoenix Products Company, Inc., designs and manufactures lighting fixtures for some of the world's harshest environments. One of its key markets is the port and terminal industry — a critical link in the world's logistical chain. How a terminal utilizes the ever-changing technology available in this competitive industry can have a direct effect on the operator's bottom line. For this reason, having integrated systems and concise information about them is crucial.

Filling a Void

For years, Phoenix has been observing the many unique characteristics of this industry — from the long buying cycles to the amount of capital investment required to remain competitive. The distribution channels are also unique. In many cases, the manufacturer, OEM and specifier are all located on separate continents, which often complicates the management of these projects.

Phoenix has responded to these distinguishing factors with an innovative new business model, which has been named Phoenix Terminal Solutions (PTS). It sells

Phoenix's lighting fixtures in addition to other manufacturers' specialty port equipment. Scott Fredrick, CEO of Phoenix and PTS, explains that the newly formed company takes the form of a traditional manufacturers' representative agency. But there's a big difference — the agency is owned as a separate business entity by a manufacturer — Phoenix.

The Formation

Prior to doing anything, Phoenix researched, interviewed and judged key market professionals' reactions to



Phoenix Terminal Solutions hosts its first global sales meeting in Chicago. The week included training from manufacturer partners, strategic development and discussion with Charles Cohon, CEO of MANA. Attendees included PTS Market Managers from the United States, Europe and Asia. Left to right: Adam Plowman, Scott Fredrick, Wiam Afifi, Ryan Hertel, Charles Cohon, Claudia Paez, Ben Cartland, and Allan Ku.

Previous page: Automated Stacking Cranes at Rotterdam World Gateway illuminated by Phoenix ModCom Hi 100W LED floodlights.

Phoenix is more than 123 years old.

their concept. The response was positive, and they were convinced it was the right thing to do for two predominant reasons:

- **Trust:** Phoenix is more than 123 years old. With its rich history and the credibility built over the decades, customers were confident they'd be presented with top-quality products from trusted suppliers.
- **Efficiency:** There was also a consensus that, with PTS bringing more products from more manufacturers, customers would learn more from a single sales call than they would by meeting with four or more separate vendors.

Another compelling reason to create the separate agency was the fact that Phoenix has aggressively grown its presence in the port market for lights installed on cranes worldwide. "A good deal of this growth has been in LED technology and was elevated when they established a direct sales force. We headquartered the team in the Milwaukee area but included off-site locations including North Carolina, Taiwan and Rotterdam. Our sales team calls on the major OEM crane manufacturers in China, Germany, Finland, Ireland and Austria. We originally established this specialized port sales team within Phoenix because we weren't able to identify an alternate sales channel that would focus exclusively on the port market, be adaptable to the long buying cycle or have a multi-national presence required by the industry."

Forming Partnerships

PTS has initiated manufacturer partners through interaction at industry events and trade shows. "We learned that two European manufacturers were interested in expansion into the American market. They could have signed on with a general rep or distributor, or they could have hired their own sales force. Both of these routes seemed to have more negatives than positives. PTS was able to offer them the best of both worlds. We have regular and reliable access to many ports and have strong relationships with key contacts in the operational, electrical

and safety areas. We also have strong financial resources, an existing sales team, years of relationships, marketing resources, etc."

Fredrick states that they currently represent three companies and plan to add others — possibly organizations based overseas that are looking to grow in the North American market. "Plans also exist to partner with American companies looking to expand into international markets because our port sales team already has a strong presence in Europe, Latin America, and Asia."

Perhaps above all else, Phoenix was the company that pioneered the introduction of LED technology into the port market. It carries the reputation and experience that money can't buy.

Weighing the Risks

When asked how the company came to create its own rep agency despite Phoenix's history with traditional independent agencies, Fredrick says, "We've worked with reps for decades. We value our reps and are completely dedicated to them. We chose this route because the business model of traditional lighting reps isn't conducive with the port market. Dealing with ports doesn't work well for most reps because of the worldwide distribution channels involved. There can also be a two-year sales cycle. Overall, they typically don't see that market as lucrative." Fredrick continues, "We were sensitive to our existing rep network. We have independent reps working in 64 markets in all major U.S. cities. But we weren't getting the port business, which is why we chose to do what we did."

Phoenix has moved in this direction without compromising its commitment to the more than 60 independent manufacturers' representative agencies that have been working with the company for decades.

Echoing the Phoenix commitment to its rep network, Ryan Hertel, Global Manager-Ports & Terminals, says, "As we began to formulate our plan to form Port Terminal Solutions, we spoke with a variety of owners of

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ModCom Hi 300W LED Floodlight illuminating ARMG crane at Long Beach Container Terminal in Los Angeles, CA.

existing rep agencies. Each of them made the clear recommendation to join MANA and take advantage of the resources available. After investigating the MANA website and speaking with Charley Cohon, the association's President & CEO, it was clear that our rep agency would benefit from the guidelines, templates and resources that MANA provides."

Maximizing Resources

Fredrick further explains that the Phoenix sales team had proven to be very effective, and the team includes credible, port industry veterans with a wealth of applicable knowledge."

"We wanted to leverage this sales team by represent-

ing other premium-brand manufacturers that also target the port market. Our seasoned staff had been running well under 'capacity' as it only offered lighting equipment while their experience could offer so much more. The desire to represent complementary product lines rapidly grew."

PTS has been fully operational since January 2015. Thus far, the market response and overall performance of the newly formed, specialized company has exceeded expectations. The project opportunities are abundant, and appointments have been as easy to secure as ever. All in all, it's been a very promising start for a company that is challenging the status quo and working to optimize distribution in the port and terminal industry.