Exhibit 57

RECIPES FOR KEY ACCOUNT SELLING CONTESTS

I.   **ASSUMPTIONS: WHAT DO WE BELIEVE; KNOW TO BE TRUE?**
   A. Pareto suggested that 20% of our customers generate about 80% of our sales, which is generally true for our company.
   B. We know that we have some exceptionally profitable customers in our portfolio that offset customers that we lose money on to net out to our "profit before interest and tax" (PBIT) on our income statement.
   C. When we do rough-estimate, ranking reports of customers by PBIT we find far more powerful "leverage" statistics than 20/80. Cumulative ranking reports suggest that:
       1. Top 1% customers generate 20 to 35% of PBIT ("core accounts")
       2. Top 10% yield in the range of 90% of PBIT
       3. Top 40% yield in the 150% range to offset the losses from the bottom 60%
       4. The bottom 1% super-losers or "lead accounts" that weigh us down - destroy 20% of our total profits by giving us massive numbers of small orders so that the "total cost-to-serve" greatly exceeds the margin dollars in the order flow.
   D. We would hate to lose a top 1% account; the best way to retain them is to: focus the entire team on serving them better; selling them more deeply if possible; and just take them to the next level for total value delivered.
   E. The super-losers are also killing themselves with total buying costs that exceed the value of the stuff that they are buying from us. Two honchos could look at the inter-business process economics currently going on between our companies and work out a better (creative? One-off, extra service?) win-win way of doing business together to keep the same or more volume at much lower total selling and buying costs. We could then redeploy our new found operational fulfillment slack by either taking better care of best, target accounts or laying it off in tough times.
   F. *If we don't measure key factors of our business on a regular and focused basis, we tend to get distracted by lots of other things and don't work together or as creatively as we might if we all had the right, same metrics to focus on.*
   G. We probably could know a lot more about the art and science of transforming three categories of accounts – core, target/gazelle and super-losers, so we might *consider Bruce Merrifield's generous, free training program on this subject.*[1]

II. **"THE 5/5 SALES REP CONTEST**" (to be expanded to "the 5/5/5 contest" as well as a spin-out variation on a theme contest: "The Top 10+ (x) Heroic Service Acts Contest"):
   A. Big-Picture, Spread-Sheet, Initial Analysis: Vertical Columns from Right to Left (Section A: actual screen shot from demo-client of Waypoint Analytics.) (The report is ranked by column 9, the year-over-year improvement, change or "delta" in "PBIT" for a rep's territory.)
       1. Rank (by next to last column headed by "delta")

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[1] Go to www.merrifield.com; print out both Exhibit #44, "The 5-5-5 Kit" AND slideshow #6: Fees for Services. Do this "sweat equity" homework assignment: read all thoroughly and email a summary critique with further questions to bruce@merrifield.com. He will then give you his "sweat equity" contribution of one hour of free, tele-consulting on these topics, your questions and concerns.

2. Reps' names at a profit center
3. Total net PBIT from <u>all</u> accounts in '08
4. Total net PBIT from <u>all</u> accounts in '08
5. The difference (delta) between columns '08 and '09 YTD
6. The percentage improvement YTD for all accounts
7. Total net PBIT for 5 most profitable and losing YTD in '08
8. Total net PBIT for 5 most profitable and losing YTD in '09
9. Delta YTD of top 5/bottom 5 YTD in '09
10. Percentage improvement in PBIT for the top 5/bottom 5

B. What conclusions might we draw from this big picture view? (Section B: Case study quotes from executives.)

C. The Contest Rules:
   1. Each month, the reps ratio for columns 7 and 8 will be shared as widely and constructively as possible. The simple objective is to achieve the biggest YTD increase in net PBIT from transforming both super winners to the next level and lead accounts to gold by using a number of plays (Section C) with help from the total team.
   2. The reward at the branch, regional, national level can be whatever is fun and spurs creative, focused, team efforts. Money is the biggest factor, because all employees will do better in the long-run with a much more profitable company to ride.

D. Expanding the Contest to 5-5-5: the extra 5 or so accounts will be each rep.'s most important "target accounts": the ones that meet selection criteria that suggest they have the best odds for generating the most net-present-value (NPV) new profits for the company over the next 5+ years.[2] We then want to see the total net PBIT for all 15 accounts improving on a monthly basis.

E. The "Top 10+ Heroic Service Acts" Contest:
   1. Take the all-star, best, 5+ core accounts and 5+ target accounts from amongst all of the reps' 5-5-5 reports and make every employee memorize the equivalent of baseball card information about these accounts. They need to know in their guts that growing the profits from these accounts is vital to their long-term security and job/income growth at the company.
   2. Encourage and empower every employee to do whatever extra effort or service that they can directly or indirectly for these target accounts. Why? How? (See Section D.)
   3. How to score and reward this contest: Write up, publish, circulate every "heroic act" taken as well as "incremental steps of agreement (baby buy steps) that top 10+ customers have shared with reps and management. Develop a fun reward for the team that achieves the biggest increases in net PBIT for their top 10+ accounts as well as the for the team(s) that write up and share the most Heroic Acts and Baby Buy Steps.

III. Tracking the 5-5-5 Data takes good "Business Intelligence" (BI) software. What would we ideally like to have to support these contests?
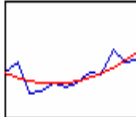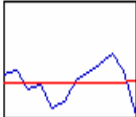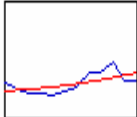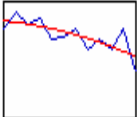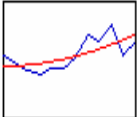
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[2] For more on picking (and selling target accounts), see within Exhibit 44, The 5-5-5 kit, pp 13-27.

A. Best customer profitability analysis (CPA) that uses best, most-dynamically-adjustable, cost-to-serve models. Waypoint Analytics (WA) has it.
B. CPA ranking reports for each rep's territory: WA has it.
C. Generate/support 5-5-5 reports on monthly basis for every rep. Waypoint has a **<u>5 x 5 Sales Rep Dashboard</u>** which also includes the 5 most up and down accounts for further investigation for the causes of exceptional, up/down activity.
D. Provide the initial big-picture analysis report. Got it.
E. Consolidate the reps' accounts and numbers on a roll up basis to the branch, region and national levels. Got it.
F. More? If WA doesn't have it, we can develop it for the benefit of all users quite quickly. With software-as-a-service technology upgrades are continuous and instantly available for all customers.

Exhibit 57
Section A

Net Profit Ranking by Rep								
		All Customers				Top & Bottom 5		
Rank	Rep	Last Yr	This Yr	Delta	%	Last Yr	This Yr	Delta	%
1	Tatum, Moshe	119,713	200,087	80,374	67.1%	92,424	130,406	37,981	41.1%
2	McClure, Pamila	1,254	36,628	35,374	2,821.7%	1,254	36,628	35,374	2,821.7%
3	Kiser, Shiloh	-272	32,981	33,253	12,233.4%	-272	32,981	33,253	12,233.4%
4	Ebert, Donovan	6,926	31,294	24,368	351.8%	6,926	31,294	24,368	351.8%
5	Gomes, Nobuko	39,154	57,538	18,383	47.0%	25,741	48,469	22,727	88.3%
6	Dejesus, Trenton	-57	18,179	18,236	32,033.7%	-57	16,655	16,712	29,356.8%
7	Pence, Branden	649	14,723	14,075	2,170.0%	649	14,723	14,075	2,170.0%
8	Guerrero, Robt	-78,325	-172,677	-94,352	-120.5%	-58,043	-45,005	13,038	22.5%
9	Townes, Olinda	2,079	6,014	3,935	189.3%	2,641	9,917	7,276	275.5%
10	Bynum, Oretha	-297,916	-222,022	75,894	25.5%	-44,455	-40,370	4,085	9.2%
11	Lake, Charles	234	2,357	2,123	908.9%	234	1,558	1,324	566.7%
12	Salerno, Britni	118,148	110,231	-7,918	-6.7%	103,466	104,682	1,216	1.2%
13	Dennison, Luci		18,456		0.0%		18,049		0.0%
14	Seeley, Damaris		9,680		0.0%		9,680		0.0%
15	Orlando, Shalanda		-1,081		0.0%		-644		0.0%
16	Nielson, Nicolette		-1,371		0.0%		-253		0.0%
17	Farrow, Deanna	-9	-12	-2	-23.8%	-9	-12	-2	-23.8%
18	Conroy, Giovanni	-13	-263	-250	-1,869.5%	-13	-263	-250	-1,869.5%
19	Homer, Ozella	-365	-1,152	-787	-215.9%	-365	-1,152	-787	-215.9%
20	Siegel, Alexia	-567,293	-12,765	554,528	97.7%	-11,412	-12,765	-1,352	-11.9%
21	Hargrave, Karry	-136	-1,506	-1,371	-1,011.4%	-136	-1,506	-1,371	-1,011.4%
22	Rogers, Fritz	1,075	-1,706	-2,781	-258.8%	1,075	-552	-1,627	-151.4%
23	Dickerson, Lisandra	8,326	-1,899	-10,225	-122.8%	8,449	133	-8,317	-98.4%
24	Goebel, Gary	9,110	-380	-9,489	-104.2%	8,711	-380	-9,091	-104.3%
25	Crider, Liana	10,016	-79	-10,095	-100.8%	9,911	428	-9,484	-95.7%
26	Coggins, Marchelle	40,289	27,060	-13,229	-32.8%	33,593	22,883	-10,710	-31.9%
27	Barnhill, Apryl	185,099	166,575	-18,525	-10.0%	184,854	166,166	-18,688	-10.1%
28	Dotson, Joel	29,295	5,195	-24,100	-82.3%	25,269	5,913	-19,356	-76.6%
29	Leyva, Francie	22,516	2,437	-20,078	-89.2%	21,816	1,785	-20,031	-91.8%
30	McMaster, Vonda	65,207	28,793	-36,414	-55.8%	42,403	22,199	-20,204	-47.6%
31	Frederick, Claudie	15,529	-6,689	-22,218	-143.1%	15,529	-6,689	-22,218	-143.1%
32	Posey, Joe	-69,495	-173,519	-104,024	-149.7%	-36,681	-59,968	-23,287	-63.5%
33	Fuller, Minh	119,145	93,850	-25,295	-21.2%	119,145	93,850	-25,295	-21.2%

Exhibit 57
Section A

Most Profitable Customers

Customer	Net	Invoices
Schick Technologies, Inc	$10,834	22
Scott Sherv Saab Inc	$2,286	25
Great Lakes Sugar Company	$1,421	18
Williamsburg Group LLC	$742	10
Sotas Inc	$145	8

Fastest Growing Customers

Customer	Invoices	Rate
Transamerica Holdings LLC	176	82.7%
Forrester Construction CO	57	50.0%
Partners Healthcare Systems	38	69.0%
Versatran Air Craft Division	71	31.0%
Falcon Financial Investment Trust	32	66.7%

Year / Year Stats

	FY 2007	FY 2008	delta
Lines	4,265	4,533	+6.3%
Invoices	1,543	1,635	+6.0%
Shipments	1,402	1,537	+9.6%

/ Invoice Avg

Revenue	$522	$554	+6.0%
Gross Profit	$123	$113	-8.1%
Cost to Serve	$168	$220	+30.3%
Net Profit	-$45	-$106	+135.6%

Break-Even Order Size

Revenue	$713	$1,072	
Gross Profit	$168	$220	20.5%

Best Opportunity Customers

Customer	Net	Invoices
Putnam Master Inc Trust	$7,058	3
Brent Smythe + Barry	$3,706	4
SpringShield	$1,642	2
Mezzanine Management LLC	$1,111	5
Fresh! Global	$716	2

Cost-to-Serve

Expense Item	Value	Method
Commissions	22.6%	of GP
Selling Exp	$3.81	per line item
Order Entry Exp	$32.28	per order
Whse Exp	$22.66	per line item
Fleet Exp	$55.99	per shipment
G & A	$71.15	per invoice

Most Costly Customers

Customer	Net	Invoices
Bulkregistercom Inc	-$27,672	167
Transamerica Holdings LLC	-$24,102	176
Inolex Chemical Company	-$10,897	87
Partners Healthcare Systems	-$9,453	38
Susan Bristol Inc	-$8,064	34

Declining Customers

Customer	Invoices	Rate
Susquehanna Regional Healthcar	29	-96.4%
Inolex Chemical Company	87	-26.0%
Kaufman Cabs	31	-52.4%
Houghton Oil	18	-61.5%
The Denmark Corporation	11	-100.0%

Trend Stats

Revenue Gross Profit Cost-to-Serve Net Profit Invoice Count

Exhibit 57
Section B

CASE STUDY QUOTES FROM EXECUTIVES

1) I was shocked to see: how seemingly random PBIT numbers were in correlation to total sales and margin dollars in a territory. Big volume territories were losing money. Some small ones were making good PBIT as a percent of sales.

<div align="right">CEO of a Bakery Supply Distribution Chain</div>

2) We noticed right away that there is little correlation between GM percent and the profitability of accounts. In our business, the guys with high GM% turned out to be selling small-account, small-order, warehouse-sales orders where the total cost-to-serve exceeded the actual margin dollars in the account. The guy with the lowest GM% out of the warehouse, had such large contract orders, he was enormously profitable.

<div align="right">CEO of a Bakery Supply Distribution Chain</div>

3) The entire story for every one of our territories was in the biggest winners, losers and target accounts. We started shaving down the number of accounts in every territory. We decided that it was better to super-focus on accounts with big net present value profitability, than race around maintaining smaller, breakeven accounts that were not growing.

<div align="right">VP Sales of a Packaging Supply Distribution Company</div>

4). When we first looked at our overall profitability ranking report, none of us believed that the super-profitable and the super-unprofitable could be so extreme. So, we did in-depth analysis on all of our top 10 and bottom 10 accounts to discover that most of the top ones were, in fact, less profitable than the report suggested when we considered the extra, human-service and entertaining stuff we were doing. But, they were still sensationally more profitable than the rest of our customer base, and we would be hammered if we lost one of them.

The super-losers were in some cases even more unprofitable than the report suggested for various reasons like huge special stock investment and exceptionally expensive delivery distances or routines. We generally freaked out, because we had confused huge activity and some healthy, top-line numbers with bottom line profitability. Once the team (especially the reps on the accounts) understood that 80% of the super losers could cooperatively (more or less) be converted to winners and often buy even more, they calmed down. We did find that about 20% of the super-losers were just blatant cherry-pickers who beat us up for good prices and terms and then bought small quantities of stuff from our convenient locations and odd stock items. But, if we still had the cherries, than they would have to do business with us on our new, dictated, profitable terms whether they liked it or not.

We also guaranteed the reps that we would cover whatever commissions they had been making on the account for at least a year, if things went south. So, they had good, probable upside with no short-term risk. And, they did appreciate that we had been paying them commissions on accounts that were total cost-to-serve losers for the company.

<div align="right">CEO of a Pipe, Valve and Fitting Distribution Chain</div>

5) Two of our top 10 accounts were freaks of nature that were house accounts that ordered occasional big, drop-ship orders at dream list price. We didn't really know much about them, but after visiting with them we found ways to sell more to them and more to other freaks like them. These random good accounts became the kernels for growing new customer niches.
CEO of a Security Hardware Distribution Chain

6) We got a lot of resistance from the old-school reps about team-selling their best accounts. They claimed that they were already selling everything that we could and none of their accounts were about to change how they bought from us in anyway. Well, the louder they protested, the more they had to hide.

We actually fired one guy as a result of this program, and when we put a go-getter on the old guy's best accounts, they all went up a lot pretty quickly. Makes you wonder how much upside potential is being sat on by the bottom 50% of the sales force, and how much overlooked "old-products-to-old-customer" potential the average distributor has.
Branch Manager of an Industrial Supply Co.

Exhibit 57
Section C

PLAYS TO RUN FOR THE 5-5-5 ACCOUNTS

FOR MOST PROFITABLE ACCOUNTS:
1. PBIT BY SEGMENT-STRATA NICHE: Divide customers into niches that are defined by both the standard customer segments that everyone in a given channel uses (commercial contractors, residential contractors, etc.) and the business-model strata (A, B, C). A's are buying (for example with our logic) enough to generate $400 in margin dollars or up per month to allow full-service with outside sales rep assignment to be profitable. B's are "wholetail" ($50 – 400 in GM$/month). And, C's are cash-n-carry, retail sized orders and annual volume (under $50 in margin/month). You can add other customer characteristics to the database that will help to decide whether and how you might work with unprofitable customers (viz.: how fast they are growing v. industry peers on a 1-5 scale with 3 being average; and why they buy from a #1 supplier: friendship, value, price. Waypoint can only initially determine profitability and strata zones from transaction data. In a sales meeting, a distributor could quickly assign industry segment, growth rate and why-they-buy- codes to all of the accounts that matter.
2. Do <u>most popular item ranking reports</u> for each segment-strata to then:
   a. Generate a list of items that each niche customer is not buying from us, but might be likely too ("old-to-old).
   b. Then, track how much of this mutually overlooked (by the customer and us not asking) business is converted and how much average order size increases.
3. Consider <u>beefing up the stock and fill-rates of the most popular 2-5% core items</u> that serve the most profitable core niches of customers to boost:
   a. Customer satisfaction and retention.
   b. Increase average order size economics in which 50% of the incremental margin beyond transaction-cost, breakeven flows to the bottom line.
   c. Avoid back-ordering, split-shipping or doing expensive substituting which turns a normally profitable order to two or more losers for lack of fill-rates.
4. If you have one to a few most profitable customer segment-strata niches, then <u>audit 5 or so "advisors"</u> in great depth to define:
   a. What a new, improved definition of the service value equation is by using <u>the "Big 8 to 12" service metrics</u> that Waypoint will help track.
   b. What a <u>"10" replenishment, re-order system/process looks like</u> at such a customer so that we can help all other similar customers to upgrade their re-ordering process, which will typically give us more items and larger order size economics.
5. If common customer segments in which customers would buy common items does not exist in a channel, then do an <u>"is there anyone-else-who-buys-the-same-types-of-items ranking report"</u> which is a unique artificial intelligence capability from Waypoint.
6. More. . .FOR TARGET/SUPER-LOSER ACCOUNTS: (no specific plays, but 5 x 5 tracking)

Exhibit 57
Section D

TRAINING ALL EMPLOYEES FOR THE "TOP 10+ HEROIC ACTS" CONTEST

1. Why is training necessary?

   Don't just train them (that's only step #5 in my 7 step "kinetic chain" – for holistic change implementation and organization alignment. (Kinetic chain? See Exhibit 16 at www.merrifield.com or module 5.10 in the DVD training program, "High Performance Distribution Ideas for All", which is free to all Waypoint Analytic users.) Internally adjust and (re)align every step of the kinetic chain to implement this program.

   If we don't train people, they will continue to treat every customer like they are an equally important NPV-PBIT account. Warning! Some employees will have real (values/brain chemistry/personal emotional) issues with treating high-leverage accounts exceptionally well, especially in moments of triage when the best must be given front-seats to the worst.

2. How should we train them? Create and use real life case studies and imagined case studies drawn from real life possibilities for the actual Top 10+ accounts.

   a. Ask – top 10+ customers, reps, and all employees – for personal stories of when they got exceptional service. Then, generalize those cases to come up with guidelines and then role play with them using hypothetical scenarios for the actual 10+ accounts.

   b. Reactive requests:
      i. The customer asks for something outside the normal service norms, such as hotshot (delivery) service; calls 20-minutes after the order desk closes with an emergency.
      ii. Triage priority front seats:
         • They call when everyone is on the phone (true story): one inside rep was talking with "a micro-minnow", so in mid-stream talking, he cut to the target customer's line to appear to Micro that the phone system somehow cut him, the inside rep, off. Later blamed the rude cut-off for strategic, triage reasons to the phone system.
         • Too many orders to fill in a closing window; too many orders to go on a truck route. Weed out the D accounts to make sure that the Top A accounts always get served. Then, call the D's with the bad news, don't wait for them to call looking for the order.
      iii. They want as fast as possible response time for "price and availability date" on a special order in order to bid something to their customers. We make that a standard service for all big accounts like the one that wants/needs it.
      iv. Our general response is - "Yes! – to whatever the need is.
      v. Do we want to put a cap on the estimated extra-resource costs these requests might have? Discuss, invent and explain through case study examples.

   c. Proactive volunteering of: "if-you-ever-need-something-special, don't hesitate to call me Joe Jones at this extension xxx".
      i. Case examples of how these offers have played out in the past?
      ii. We want to build as many tight, personal-chemistry and knowledge-about-the-account strands to our rope relationship as possible.

d. Take as many team employees on customer site tours and to have lunch with their counter-parts if and whenever possible. Put real experiences and face to face bonding to work.

e. Teach them all how to fill out 4 x 6 file cards for "praising statements" to be published (for more see article 6.3 at www.merrifield.com; DVD module: 5.2). Published praising statements give recognition to the extra effort players; encourage all players that good momentum is happening and worth supporting; eventually shames some who can't be flexibly energetic, creative and accommodating to go elsewhere. This type of news stream is the oxygen for continuous improvement and creative innovation.