

# THE WHOLESALER

**Our 10th annual purchasing survey!**  
Survey begins on page 42.

News of Plumbing • Heating • Cooling • Industrial Piping Distribution



Photos by Bob Martinson, Wasilla, AK.

## Pensacola Winnelson opens in Fla. Panhandle

DAYTON, OHIO — WinWholesale has opened Pensacola Winnelson Co. in Pensacola, Fla., to provide plumbing contractors in northwest Florida and southwest Alabama with a complete line of equipment, parts and accessories.

(Turn to WinWholesale... page 35.)

## AP lauds Taco in White House jobs summit story

CRANSTON, R.I. — Taco Inc. was highlighted in a widely reported *Associated Press* story on the recent White House Jobs Summit. The company's successful attempts to avoid laying off any workers during the downturn this year was discussed at some

(Turn to Kudos for Taco... page 35.)

Contractor Mike La Fay believes his commitment to continuous learning and attention to product installation precision have been essential to his success with the more than 100 reliable Baxi Luna modulating wall-hung boiler systems he has installed over the past decade in Alaska's Meadow Lakes area, located northeast of Anchorage and home to the Twin Peaks landmark. Story begins on page 65.

## Buys HDPE solid wall fittings division

# Specified Fittings acquires division of KWH Pipe

BELLINGHAM, WASH. — Specified Fittings has acquired the HDPE solid wall fitting division of KWH Pipe. This acquisition triples Specified's HDPE production capabilities and broadens the line both dimensionally and configuration wise. The production equip-

ment will be relocated from Saskatoon, Sask., to Bellingham, Wash. The equipment has IPS, DIPS and metric capabilities with some machinery able to produce fittings through 54" and 500 mm. Much of the new machinery has crossover capabilities that will enhance the PVC/CPVC side of Specified's product line. All machinery will be operational within 30 days, allowing for quicker turn around

(Turn to KWH... page 35.)



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See contact information on page 82

## BLÜCHER now part of Watts Water Technologies

SPINDALE, N.C. — BLÜCHER North America is now part of the Watts Water Technologies family. Formerly sold under the BLÜCHER-Josam name, BLÜCHER North America will continue to offer its extensive line of stainless steel drain, shower, channel and pipe products. The BLÜCHER product offering will compliment the extensive line of drainage products currently offered by Watts.

Founded in 1965, BLÜCHER is an established worldwide leader in stainless steel drainage & pipe solutions with 45 years experience. Core prod-

ucts include push-fit pipe and fittings, shower/bath drains for premium commercial and residential applications, and drain and channel products for wide-ranging commercial and industrial applications.

BLÜCHER North America will be based in Spindale, N.C., and Burlington, Ont.

For more information on BLÜCHER products, request literature F-B-Drainage Specialist by calling 800/617-3274 or visiting [www.blucherdrains.com](http://www.blucherdrains.com) in the U.S. or [www.blucherdrains.ca](http://www.blucherdrains.ca) in Canada.



BLÜCHER has been a worldwide leader in stainless steel drainage and pipe solutions since 1965.

## Progress Supply moves offices

CINCINNATI — Progress Supply Inc., a leading southwest Ohio air conditioning, refrigeration and controls wholesaler, has moved their corporate offices to 1201 Harrison Avenue



in the Brighton-West End area of Cincinnati. The company purchased a two-story, 8,500-square-foot former bank building that was built in 1920. Progress Supply's former location will continue to house their store and warehouse.

"Our former location was inadequate for our needs," said president and CEO Mark Faessler. "Despite stagnant sales due to the recession, we knew we needed to plan for the future once the downturn ends. Moving our corporate office people made sense from a productivity standpoint as well. We also knew we wanted to be close to our current Cincinnati warehouse location and, after five

months of negotiation, we closed the deal on the property before it was scheduled for demolition. We wanted a first-class office facility for our customers and our staff so we made a significant investment for the future and brought in the Cincinnati firm RSL Architects and the Dayton-based Miller-Valentine Corporation to completely redesign and upgrade the entire building."

In addition to housing corporate staff personnel, the new office also has a large training room on the second floor. Plus, they have installed a new digital telephone system throughout all their locations that features desk-to-desk dialing and opens up phone lines for easier customer access.

Progress Supply is a full-line wholesaler of Emerson Climate Technologies and provides HVAC products to customers in over 60 counties in Ohio, Indiana, Kentucky and West Virginia from sales locations in Cincinnati, Columbus and Dayton, Ohio.

## PACE Supply hosts Field Marketing Summit



Some 45 PACE personnel met with 12 manufacturers at PACE's 2010 Field Marketing Summit. The sales force and management from the company's newly opened Northern California Bay Area locations took part in the sessions. The Summit rolled out PACE's theme for 2010: 'Focus on the Mission.'

SANTA ROSA, CALIF. — On November 7, PACE Supply Corporation hosted their 2010 Field Marketing Summit. A total of 45 PACE attendees met with 12 manufacturers. PACE's sales force and management from the company's newly opened Northern California Bay Area locations joined in the all-day planning sessions.

The planning was an integral part of the sessions. The entire team (sales associates, management, executives) from both the suppliers and PACE held 30-minute booth sessions to discuss plans to implement marketing, sales and training events in the upcoming year.

The Sonoma Mountain Village, an impressive community designed for sustainable living, provided an

excellent venue to present PACE's theme for 2010 — "Focus on the Mission," which was centered around their Mission Statement:

"PACE Supply is dedicated to creating an environment that enhances its team members' quality of life through a commitment to education and realized opportunities.

"By offering excellent service and diverse products, the company contributes to the prosperity of its customers, team members, their families and the communities they serve."

PACE Supply Corporation is an employee-owned company that operates 11 wholesale branches throughout Northern California, plus a consumer-oriented Premier Bath & Kitchen showroom in Santa Rosa.

## F.W. Webb to build facility

SPRINGFIELD, MASS. — F.W. Webb Co. has announced plans to put a new facility at the Springfield Smith & Wesson Industrial Park in East Springfield, Mass. They will invest about \$9 million in the project, which will create approximately 40 jobs.

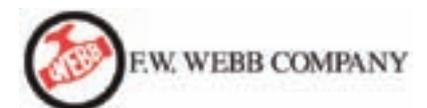
F.W. Webb will purchase 14.3 acres at the city-owned industrial park for \$1 million to build a distribution center and showroom in two phases. Each phase will be about 65,000 square feet.

The industrial park is located on Performance Boulevard, off Roosevelt Avenue in East Springfield.

F.W. Webb is one of the largest distributors of plumbing, heating, cooling and piping products in the Northeast and will become the sec-

ond tenant of the industrial park.

The company will initially employ about 20 people and is expecting to at least double the workforce over the



next few years, according to Edward J. Welch, F.W. Webb's regional manager in Methuen. Construction on the facility is expected to begin in the spring.

The company will continue to operate smaller plants in Northampton and Greenfield, and is also opening new sites in Hyannis and Boston.

Welch said the location offers great access to Interstate 291 and the Massachusetts Turnpike.

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## The Front Page



Alaska's brutal winters serve as the perfect proving ground for Baxi Luna modulating wall-hung boiler systems. Contractor Mike La Fay has installed these units for the past 10 years; he saves \$350 a month in fuel bills in his own home since converting to a natural-gas-fired Baxi Luna heating system. His installation of a Baxi system in a custom log home near Twin Peaks is profiled beginning on page 65.

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# Take time to manage your pricing

Price objections are a way of life in the distribution business. I don't know where this all started, but it is a curse that we all endure as we try to run profitable hard-goods wholesale businesses. There are no legitimate prices because everything has become negotiable.

Over the years our industry has created a real mess for itself. The worst part of it is that many in the industry have become resigned to the madness and no longer put up a fight for fair profits. As the old acronym SNAFU goes, "Situation Normal... All Fouled Up" (since dad was in the Navy, I know there are other, less socially acceptable ways to expand the acronym, but the meaning is basically the same).

What is also troubling is that some in our industry make excuses:

- "My stupid competition is the problem"
- "My sales team is out in the field and they tell me that this is where we need to be"
- "It's just too much work to improve our pricing."

I know this may sound like a broken record, but please allow me to share a few more thoughts on the topic.

## We are talking about big money

Working with a client some time ago, we analyzed their transactional data using our Price Analyzer software and determined that in one year, the sales team had, on average, discounted pricing 5% across the board.

Some transactions were actually at a higher price, some were at the customer's price in the computer, some were moderately discounted and some were obscene. So for a \$35-million company, \$1,750,000 was given in discounts throughout the year. In a tough year, just keeping one of those points would have put this company into the black.

While, in total, it can be big money, for many companies the problem is one of "Death by 1,000 Papercuts" — each override or discount seems small at the time. A dollar here, \$10 there,

**The fact that a customer paid \$50 for a product two years ago has nothing to do with the right price today. If he happens to remember an old price, it is easy to sincerely say that a lot of water has flowed under the bridge since then and that you will give him a competitive price in today's market.**

but spread over 750,000 transaction lines, it adds up quickly. Thus far, I have never shown an owner his year's override dollar total without him gasping or indicating that it was far more than he ever suspected.

Now I will allow that the bid situations certainly required special pricing and that from time to time the base pricing needed work or that customers had legitimate pricing complaints about some products. Pricing is never perfect and when it is wrong, the company needs to get it fixed ASAP.

So, while some discounting was probably appropriate to remain competitive, my gut and the data tell me that there were some times where

smart thinking could have held onto 1 or 1½ of those percentage points. And at \$350,000 per point, it would have been worth a fair amount of effort.

It is critical to know how much discounting is actually occurring in your company. Many companies have override reports that may or may not be reviewed. Some companies filter out the small overrides and then fail to review the total, resulting in that "death by papercuts" I mentioned above. You need to know the percentages and the raw dollars that are being given away in the process. Even bet-

ter, require documentation for each and every override as a way to track the market and to introduce some accountability to the pricing process.

## Significant discounting is normally caused by one of two pricing problems

### 1. Flawed Computer Pricing —

The customer pricing that was in the computer system was incorrect and maybe even ridiculous. In other words, not properly set for the market, product and customer. When this happens, the sales team is forced to establish the price for every sale. This wastes time, requires each salesperson to have significant pricing savvy and often results in overshooting the mark (gives away more than is really necessary to make the sale).

A ridiculous computer price also teaches customers to distrust all pricing and request/demand special pricing on every order.

**2. Unwarranted discounting by your team —** Many concessions are made without a legitimate market situation. The sales team got hoodwinked or was lazy or didn't care. Pricing isn't easy but the first goal is to not do it stupidly.

Here are some tactics that will help:

- **Never give a discount that the customer doesn't ask for.** This seems pretty simple, but a surprising number of salespeople discount a customer's price even *before* they tell the customer his computer price. So the computer price for a widget is \$1.00 and the salesperson quietly overrides the price to \$.80 while entering the order. The customer didn't complain because he never heard the normal \$1.00 price. Sometimes the money is given away so fast the cus-



**BY RICH SCHMITT**  
Management specialist

tomer doesn't know it happened and cannot appreciate the gesture.

- **Don't make anonymous donations to customers.** I think these are proper for charities but you want to get full credit and appreciation for every extra service and price concession that you provide to a customer. You are creating a bank account of customer assets that you may need to draw from if there is a problem.

- **Only have price wars with real competitors.** Many times, salespeople find themselves competing against a make-believe competitor. One that they have invented in their mind or one that a customer has created for them. I don't believe in ghosts or imagined competitors. So the challenge is to find out who you are really competing against, what their game is and the highest price that will win the business.

- **Don't allow historical pricing and costing to shape your current pricing.** A surprising number of companies use all the great customer history data in the computer to their disadvantage. It's the old adage of driving a car looking out the rearview mirror. The fact that a customer paid \$50 for a product two years ago has nothing to do with the right price today. If he happens to remember an old price, it is easy to sincerely say that a lot of water has flowed under the bridge since then and that you will give him a competitive price in today's market. The fact that the last cost in the system is \$25 has nothing to do with the current cost and proper selling price. Don't allow your people to see the data if they use it this way.

- **Don't show the salesperson the cost or GM percentage.** I have heard a story where the owner collaborated with his programmer and showed a lowered GM percentage on the order entry screen. The widget price was \$1.00, the GM% showed as 18% even though the actual GM% was 32%. The price was the same either way. Guess what, the amount of discounting dropped. The only conclusion was that seeing the percentage radically changed how the salespeople operated. The customer thought that  
(Turn to Price ... page 78.)

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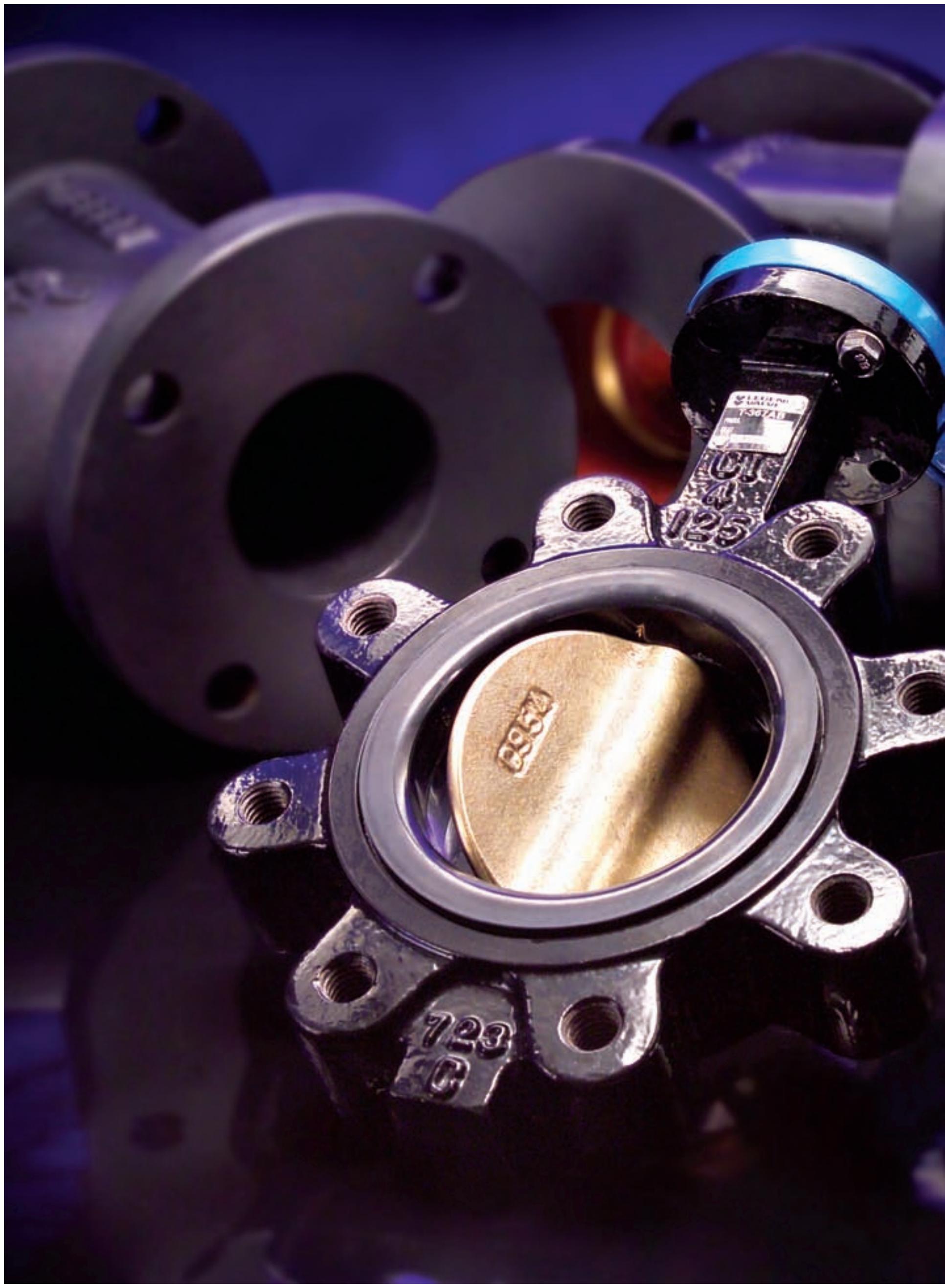


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## HARDI introduces HVAC-specific rebate resource for members

COLUMBUS, OHIO — Recognizing the need for rapid industry deployment to effectively compete with appliance retailers, the Heating, Aircondition-



ing and Refrigeration Distributors International is releasing exclusively to HARDI member companies access to a new webpage providing the only HVAC-specific resource and listing of each U.S. state's Energy Star appliance rebate program.

Funded by a \$300-million U.S. Department of Energy appropriation from the American Recovery and Reinvestment Act of 2009, the State Energy Efficient Appliance Rebate Program (SEEARP) provides population-weighted dollars to each U.S. state and territory to establish state-wide rebate programs on Energy Star

or greater retail white goods and professionally installed appliances. Almost half of all U.S. states have included HVAC products in their SEEARPs, with 15 states still awaiting DOE approval of their plans, and most states intend to run their programs on a first-come, first-served basis.

This special HARDI member SEEARP page will enable HARDI distributors to quickly understand their states' SEEARPs and educate their contractor customers by providing the latest news and updates on any state SEEARP, lists of states with approved SEEARPs including HVAC products, states with approved SEEARPs without HVAC products, and those states that have not released any information about their plans. The site also provides a spreadsheet updated weekly with start and stop dates for each state's program, summaries of the HVAC

products included and their rebate amounts, and contacts for more information. It is essential for the HVAC industry to be prepared to mobilize quickly before appliance retailers can exhaust the rebate dollars on clothes

washers, refrigerators and, in several cases, window air-conditioners. HARDI began providing access to this new member-only resource to distributor members in January.

Visit [www.hardinet.org](http://www.hardinet.org).

## Green Art teaches 'art of' perfect kitchen

NEW YORK, N.Y. — Green Art Plumbing Supply, a New York Metro area master distributor of major plumbing and heating lines, has been focusing their business on the "Art of" designing their customers' perfect kitchens.

Vice president Alex Okin said, "It's incredible how quick we've seen a response from our monthly retail-oriented seminars." He noted that the feedback is always positive, as the experts themselves are able to advise both prospective and current customers before they begin their project. Green Art carries such manufacturers as Kohler, Delta, Omega, Grohe and Danze.

The Green Art showroom is open

seven days a week and can be reached at 516/379-0449.

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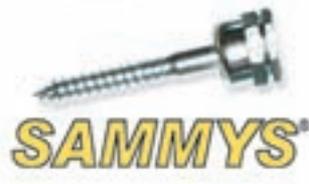
## Webstone ready for new lead-free laws

WORCESTER, MASS. — Webstone is now offering select EXP Tankless Water Heater Service Valves kits that are compliant with California and Vermont's new lead-free requirements. As of January 1, the patented EXP E2 became available in Webstone's signature "CleanBrass"™ construction, cUPC certified for compliance with AB 1953 and NSF/ANSI 61-8 Annex G. Call 800/225-9529 for details.

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## Legend Valve

# Total return on inventory investment

BY JASON BADER

*Inventory management specialist*

**A**re you a buyer of product or an investor of company money? This is the question I invite all purchasing professionals to ask themselves. Those of you who are familiar with my inventory management philosophy know that I am constantly asking buyers to look beyond the clerical function of the job. We buy sophisticated computers to handle those mind-numbing tasks. The fact that many distributors do not use their



software to free up the buyers' time is a whole other can of worms. When you make the move to investor of company money, don't be satisfied with price analysis alone. When did we develop this myopic view about the role of the inventory investor? If you are just focused on saving the net price nickels, you are missing the big dollars available in total return on inventory investment.

Total return on investment is achieved by working with suppliers who support your overall inventory replenishment goals. Do they ship complete? Do they have consistent lead times? Do you get the products you ordered? Do they help you manage your dead and slow moving inventory? When we choose suppliers that do not live up to these ideals, there is a cost. We invest money to cover up these substandard practices. This investment comes in the form of safety stock. Bear in mind, safety stock is an insurance policy designed to protect our customer service goals from poor-performing suppliers. I sure hope our insurance premium is smaller than the percent we saved in net price. If you really go back and do the math, you will start to understand the value of those suppliers who give you a total return on investment.

I recently had the opportunity to spend some time with a supplier that exemplifies what I am looking for in a total return on investment – Legend Valve. This is a company that understands the cost structure of a distributor. Let me ask you something. Do your manufacturers understand the terms inventory turn, carrying cost and gross margin return on invest-

ment? When distributors mention relationship concerns in any of these areas, some of our suppliers look like a deer in the headlights. It just isn't where they have been trained; their focus has been to sell stuff.

I usually refrain from talking about any supplier by name, but this is a unique situation. Legend Valve is expanding on its Downstream Thinking Initiative by actually quantifying the cost of poor supplier performance, a concept that literally mirrors the inventory management philosophy I have been teaching for the last several years. This extension of their Downstream Thinking program is a tool that they provide customers — at no charge — that enables them to measure all of their vendors' performance by simply inputting supplier-specific data. It's all about educating distributors on the true cost of inventory management and why Legend provides a better return on investment. This is from a manufacturer of a product often considered to be a commodity. I should be careful here. I have been getting paid to educate distributors on these concepts for several years. These guys are giving it away for free.

One of the most frustrating things

**Legend Valve is expanding on its Downstream Thinking Initiative by actually quantifying the cost of poor supplier performance... This is a tool that they provide customers — at no charge — that enables them to measure all of their vendors' performance by simply inputting supplier-specific data.**

I experienced as a purchasing professional was erratic lead times. Early on, I was naïve enough to believe that I could guess on an arrival date by looking at the geographical distance between myself and the manufacturer. What I failed to understand was the time it took for my order to get out the door of the supplier. If my customer called at noon, they expected it to ship the same day. It was a customer service expectation. When a supplier doesn't ship quickly, what does it really cost us?

Let's say that I have two suppliers on the East Coast and I am located in the West. Supplier A ships in 24 hours. Supplier B ships in 3 days. Both have the same transit time to my



*David Hickman (left), CEO of Legend Valve, and executive vice president Walter Jann take pride in the value their products and programs offer to customers.*

warehouse. In order to meet my customer service obligations, I will need to order Supplier B 3 days sooner than Supplier A. I will have 3 days more inventory in my facility when I have to make the investment to Supplier B. What is the carrying cost on that 3 days of inventory? Do I really trust that they will get my order out the door in 3 days? Been burned enough times on that one. Since I can't trust Supplier B, I need to ensure my customer service obligation. Let's add a couple of days of safety stock. Now I have 5 extra days of inventory accumulating carrying costs. Are you getting the picture here?

Just to make sure that we are on the

ally like about the folks at Legend Valve is that they call penalties on themselves when they do not perform. If they do not meet their order fulfillment guarantees, they discount the invoice by 5%. In an industry where the margins tend to hang out in the low teens, this is a fairly stiff penalty. It is nice to see a supplier put their money where their mouth is.

What is the biggest killer of inventory turns in a distribution company? Besides the gut level SWAG (silly wild assed guessing) that many buyers substitute for purchasing logic, dead and slow inventory is like an anchor when it comes to spin. By the way, the SWAG method tends to breed more surplus than anything else. Good investors of inventory understand that inventory turn is a key component in determining the return on investment. If you can turn the inventory faster, gross margin pressure is less critical. Remember, your gross margin is often dictated by the marketplace. A large portion is controlled outside your four walls. Inventory turn is largely controlled by your company and the suppliers you choose to partner with.

How can a supplier affect inventory turn? Earlier in the article, we talked about their ability to get orders out the door quickly. This allows us to slim down the average investment in the line and inventory will turn more quickly. Again, the greatest inventory turn gains are achieved by removing dead and slow inventory from a line. What are the return policies of your current suppliers? Do you have to jump through several hoops and pay a restocking charge for any of them? Do any of them run you around until you eventually get tired enough to quit asking? Most likely, all of you have had these relationships (Turn to Legend... page 78.)

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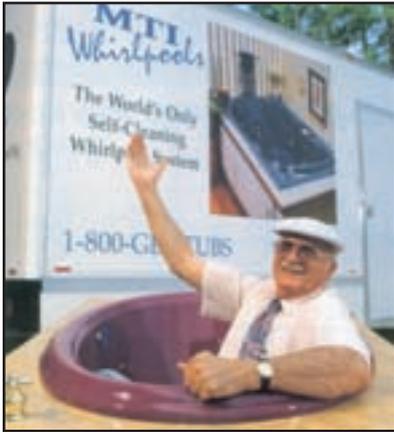
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See contact information on page 82

## OBITUARY

## J.C. Henry, founder of MTI Whirlpools

ATLANTA — MTI Whirlpools is saddened to announce that its beloved founder, JC Henry, passed away December 14. Henry founded the company in 1988 and is widely respected throughout the industry for his creation of the self-cleaning whirlpool tub.



JC Henry

“We are heartbroken by the loss of our dear friend and colleague,” said Kathy Adams, CEO of MTI Whirlpools. “JC Henry was a remarkable man who had incredible vision and innovation. It was his passion and creativity that built MTI into the industry leader that it is today. He was loved and respected by the entire MTI family, and we will feel the pain of his passing for many years to come.”

Henry had a varied, colorful career history, including jobs that ranged from machinist to collections agent. Amazingly, at the age of 59 he not only started again, but started from scratch with a highly entrepreneurial spirit. His goal was a simple one: to make the best whirlpool tubs on the market. He named his company “Mr. Tubs” and began buying tubs from other manufacturers and plumbing

them with whirlpool systems. He bought a defunct bathtub manufacturing facility in 1990 and began producing his own tubs.

Perhaps Henry is best known professionally for his invention of the patented Fill-Flush® system. As the business expanded, he was increasingly bothered by the build-up

of soap residue and deposits of varying types left behind in the plumbing lines. Through a great deal of trial and error and by adding a few custom-made parts, Henry created the self-cleaning whirlpool. He obtained a patent for the technology, which he called the Fill-Flush® whirlpool cleaning system.

## ASA names Hercules a Four Diamond Vendor

PASSAIC, N.J. — Hercules Chemical Company, a charter member of the American Supply Association, was honored as a Four Diamond Premier Vendor by the association for 2009. ASA promotes their Premier Vendor Program as being designed to recognize the unique contributions vendors make to the success of the association and the advancement of the industry. Recognition is earned one diamond at a time with a maximum recognition



of five diamonds.

Hercules has a long history of being dedicated to the plumbing professional not only by solving problems with innovative products, but by supporting the community with creative marketing approaches, leadership roles at industry trade shows and conventions, innovative selling tools and programs, and dissemination of information such as safety training and compliance with Department of Transportation regulations for the movement of chemicals.

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# Piping Industry Under Scrutiny

Core Pipe Products, President, Steve Romanelli speaks on this issue.

There is a growing concern in our industry with distributors and end users about defective products in the supply chain. Further investigations with our customers have confirmed many instances where other manufacturers' products have been below the ASTM and ASME minimum standards for wall thickness. Customers have asked Core Pipe to expand our efforts to help identify these problems for them, especially in the higher alloys. In response to these requests, we will now offer FREE QUALITY CHECKS for any weld fittings (regardless of manufacturer) sent to our facility in Carol Stream, IL where we will conduct non-destructive verification inspections for wall thickness and material grade. Results will remain confidential. Please contact your sales representative to arrange your FREE inspection.

It is unfortunate that any manufacturer in our industry would choose to ignore the specifications. If a part does not meet the ASTM or ASME standards, they should not mark them as compliant. It is not fair to distributors or the end users they supply and puts both at risk when the integrity of a designed piping system is compromised. If this program helps prevent just one damaging accident by educating our customers then we have provided a benefit to the industry we are proud to serve. We all are facing tough economic conditions, but cost cutting measures that diminish the quality or performance of our products is one option we will never choose at Core Pipe Products.

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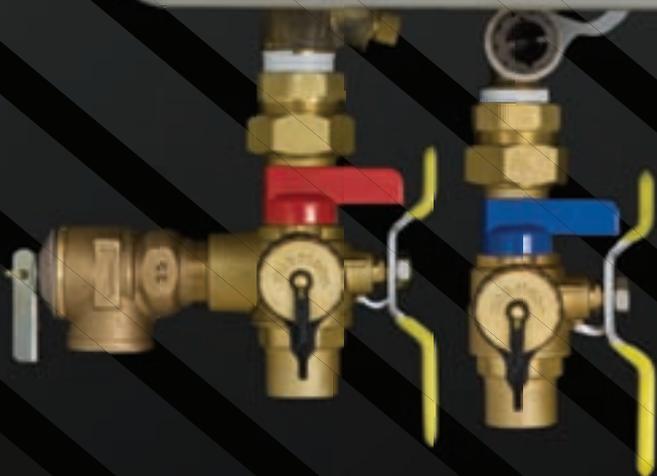
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Dan Holohan's column, "Talkin' Radiant," can be read in the print edition of *The Wholesaler*.

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# PATENTED TECHNOLOGY

# Government hostility considered the #1 risk by business leaders

As we intensify our contact with business leaders throughout the U.S. to gain a more comprehensive outlook for 2010, we are struck by the intense hostility against pending Administration initiatives.

Of the dozens with whom we've talked lately, the fear of increasing anti-business antagonism by the U.S. government is acting as an obstacle to accelerating capital expenditures, building of inventories or hiring additional employees.

In an almost unanimous inhibition, keeping them from capitalizing on a recovery that seems to be finding its footing, these businesses are afraid that the government will pull the rug out from under them. In addition to universal healthcare, cap-and-trade, renewable energy and card check, these business owners and executives feel

**As long as the business community, as well as most consumers, see an out-of-control budget deficit, and an unsustainable bloated debt, they will view the future with apprehension.**

they are totally defenseless against tax surcharges, or precipitous government action that may keep them from terminating employees, or forcing them to increase benefits arbitrarily.

This has become a primary reason why employers are concentrating on productivity, achieved by reducing labor content. The traditional American risk tolerance for expenditures in anticipation of a business upsurge is not happening. The current formula seems to be sufficiency to meet current needs, and wait for further developments.

As long as the business community, as well as most consumers, see an out-of-control budget deficit, and an unsustainable bloated debt, they will view the future with apprehension. They will continue a strictly defensive strategy to maintain the status quo — profitability and survival.

If this attitude continues to become increasingly more pervasive, even a demand pickup will only be met by a minimal reaction on the part of the American business community, guaranteeing a lack of economic growth.

Until the current Administration

can convince the business, professional and industrial community that it is not out to do them in, don't expect the machinery of growth to get out of low gear.

## IEA warns of 2020 oil peak

For years, oil industry experts have taken controversial positions as to when oil demand will outstrip available supplies. Although the oil bulls seemed to have taken the upper hand by mid-2008 when the price per barrel of oil reached \$147, this conjecture was reversed by February 2009 when demand collapse brought that price down to \$31 per barrel.

However, both these extremes proved illusory, reflecting the volatility of oil derivative usage long-term, rather than the balance between new discoveries and worldwide exploitation.

After the global economic crash accompanied the financial meltdown, the oil bears seemed in the ascendancy. Daniel Yergin, spokesman for the prestigious Cambridge Energy Research Associates, has predicted that the elevation of oil prices will stimulate alternative energy development, drastically reducing the dependence on oil.

On the other hand, the Paris-based International Energy Agency, which is considered the ultimate arbiter of the energy industry's future, came to a long-awaited conclusion. For the first time ever, the IEA's chief economist Fatih Birol pegs the year 2020 as the tipping point of demand easily outstripping the finding of new reserves. Between 1960 and 1989, the world discovered twice the amount it produced. But since that time, new oil discoveries have been only half of production.

Even today, with China, India and other developing nations accelerating oil usage, the demand/supply gap is quickly widening.

A fallacy supported by unreasonable advocacy is that oil will become unnecessary as prices go through the roof. But rational observers believe that even the ascendance of wind, geothermal, solar and nuclear will not replace fossil fuels to a significant degree.

It's very likely that the price of oil will again supersede \$100 per barrel in 2010, as the world economy returns to a higher gear. Even by mid-century, it's likely that renewable fuels will be supplemental, with oil and gas still the major source for empowering the transportation sector's combustion engines.

Keep an eye open for the expansion of natural gas usage, which is exclusively available in the U.S., through improved technology and imports from Canada.

Its price per million Btu is now in the \$5.50 range, double from just two months ago. A colder-than-expected winter is primarily responsible.

## High tech employment is America's road to future development

It's widely recognized today that double digit unemployment is the major obstacle standing in the way of a solid economic recovery.

When recognizing those working part-time, giving up looking for work, or flooding into the workforce after high school and/or college graduation, plus immigrants, almost 20% of America's employable workforce of near 160 million is now outside those capable of full-time jobs.

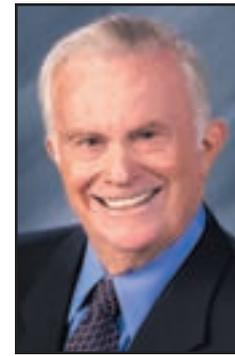
According to employment expert Ed Gordon, who recently addressed Federal Reserve Board executives at the Chicago Federal Reserve Board district headquarters on this subject, the answer lies in upgrading the capability of those job seekers, whose previous work spot no longer exists.

"When considering the implosion of the automotive and housing sectors, as well as steel and metal fabrication industries, new jobs must be created to lower the unacceptable double digit unemployment rate that the U.S. may be facing permanently if such remedial upgrading isn't actively pursued by a combined government/business alliance," asserts Gordon.

Ironically, thousands of businesses in this country have aggressively opted for automation, mechanization and the latest high tech capability in order to maintain profitability, or even downright survival.

This has resulted in shedding many thousands of personnel, adding to the swelling unemployment rolls. Gordon believes that the Administration is naive in believing that the economic recovery alone will absorb those now unemployed. "Only exports offer substantial growth opportunities at this time," the acknowledged personnel expert concludes.

He further states that two million jobs in the U.S. alone are available for those with the necessary skills: "Only a major effort to upgrade the skills of those available for such training will put a dent in the employment crisis the nation is now facing."



**BY MORRIS R. BESCHLOSS**  
*PVF and economic analyst emeritus*

It seems obvious that the Administration is tone-deaf to this advice, even with the knowledge that maintenance of current unemployment levels could prove disastrous to the party in power.

To stay up to date with my twice daily blogging, be sure to log on to my hyperlink at [www.theworldreport.org](http://www.theworldreport.org) and then click on 'Morrie's page,' announced in the middle of the *World Report* website. Your recommendation for my blog, as well as the individual columns will be much appreciated. ■

*Morris R. Beschloss, a 54-year veteran of the pipe, valves and fittings industry, serves as PVF and economic analyst emeritus for THE WHOLESALER.*

## InSinkEerator wins national graphics design award for Evolution Training Kit

RACINE, WIS. — InSinkEerator, a division of Emerson Electric Co., recently won Graphic Design USA's 2009 American Graphics Design Award for its Evolution PRO Series Throwdown Product Knowledge Training Kit.

The award honors outstanding work of all kinds, across all media. Out of approximately 8,000 entries, only about 15% of those entries receive this award each year.

Featuring Jamie Hyneman and Adam Savage from Discovery Channel's *Mythbusters*, the *Throwdown Product Knowledge Training Kit* features a 30-minute DVD and collateral materials intended to provide contractors, technicians and anyone who makes product recommendations with a better understanding of the disposer models and their capabilities. Hyneman and Savage provide a fun, but educational look at the Evolution PRO Series of food waste disposers. The duo showcases the usefulness and new features of the product. It also provides tools to help educate their employees and customers.

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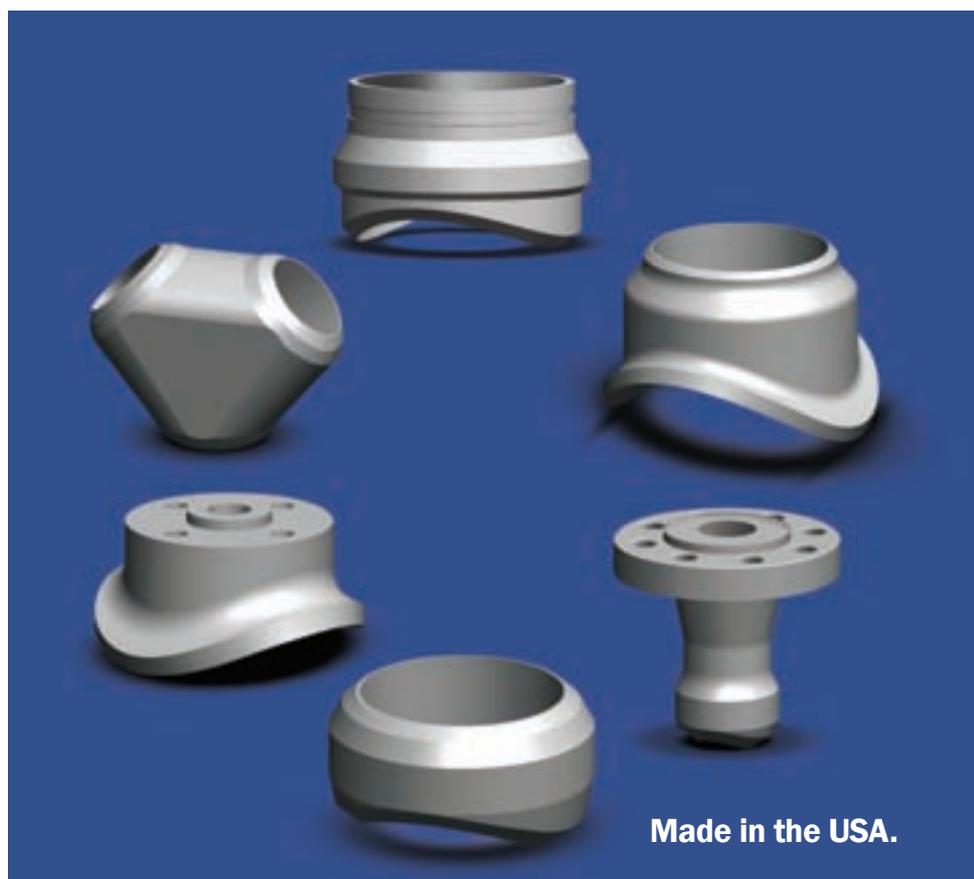
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# Walworth focuses on U.S./Canada markets in 2010 global expansion

BY MORRIS R. BESCHLOSS  
PVF and economic  
analyst emeritus

**W**alworth, Crane, Lunkenheimer, Powell! When first entering the valve industry 53 years ago, I quickly became aware that the flourishing flow control sector had four significant full-

**Walworth is solidifying plans to reenter the U.S. and adjacent Canadian markets, big time. In many ways, Walworth has what it takes to reestablish the...position it had enjoyed in the U.S. until the late 1970s.**

line valve companies that were recognized as the leading lights, coveted by the nation's outstanding plumbing-heating-cooling-pipe-valve-fitting distributors.

In those days, the top distributors aligned themselves with one of these four titans. Only domestic valves were allowed to occupy this lofty position, and competing lines were out-of-bounds for the dominant industrial distributors, who commanded the end user, original equipment manufacturer and specification markets.

Remarkably, all four of these industry giants were founded by rugged individualists/inventors around the middle of the 19th century. Their subsequent growth made their names household brand identities with distributors and the secondary markets alike.

But in light of the dizzying transition that has affected our \$25-billion fluid power industry — such as the massive incursion by foreign lines, the expansion into ball and butterfly, and a variety of specialty valves, plus mechanization and automation — only Crane and Powell of the original quartet still occupy a significant major distribution posture currently in the U.S.

However, that could change dramatically this year, as Walworth is solidifying plans to reenter the U.S. and adjacent Canadian markets, big time. In many ways, Walworth has what it takes to reestablish the overwhelmingly powerful position it had enjoyed in the U.S. until the late 1970s.

Started as a partnership between innovators J. J. Walworth and Joseph



Nason in the Boston area in 1842, the new company quickly became the pioneering juggernaut for this emerging new industrial sector. Other historical valve industry names such as Nathaniel Jenkins, John Chapman, Daniel Stillson (of Stillson Wrench fame) and H.G. Ludlow all sprang from the bosom of the Walworth pioneering firmament.

While closely held and directed by such Twentieth Century valve chief executives as Harold Brown, whom I had the privilege of knowing personally, Walworth continued its product development leadership, as well as its market penetration and brand-name luster.

However, in the mid-1970s, the company, after over 130 years of in-  
(Turn to 2010... page 30.)

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Distributors can learn something from watching 'small ball'



BY MITCHELL HARPER Special to THE WHOLESALER

We can learn a lot from watching professional baseball. In this column, I hope to share with you some lessons we can learn from the MLB's National League. In today's economy, there are a myriad of questions that distributors face:

- Should we reduce margin?
- How about grow market share?
- Should we fire some clients?
- Should we reduce the size of our sales force?
- Do we develop the ones that we have?
- In terms of our sales force, what should we be doing?

These are just a few of the questions that I get on a weekly basis. Our current economic times certainly bring these about in much greater frequency than in previous years.

Following is a game plan in the form of a sports analogy that might be useful. I love baseball. I was fortunate to play it at the collegiate level and then in industrial leagues. All in all, I played a total of 31 years. I still follow baseball both collegiately and professionally.

Some might not be aware of this, but there is a definite difference in the two professional leagues. In the American League, the pitcher does not bat. The pitcher's at bat is, instead, handled by a designated hitter. In the National league, the pitcher does bat. This is just one of the reasons that, on average, the National League scores fewer runs than the American League. Runs in the National League are at a premium.

The National League actually scores so many fewer runs that it has received the nickname of "small ball." The way small ball works goes like this:

- The first batter of an inning works as hard as humanly possible to get on base.
- They do this through taking a lot of pitches and looking for the "right" pitch or even a walk.
- The end result for the lead-off is to get on base.
- Once on base, the runner will look to steal second base.
- This is done with a cover swing from the batter in the box.
- If this is accomplished, the goal of the batter is to move the runner over with a sacrifice fly.
- They give up themselves as a batter in order to move the runner to third or scoring position.
- With a runner in scoring position, the next batter also sacrifices via fly ball to score the runner.
- Thus the team has one run and two outs. This is the definition of small ball.

In downturns in business, we can really learn something from the National League. Small ball focuses on doing one or two things at a time —

and doing them to perfection. In the sales process in a downturn, it is our time to focus on one or two things and perform them very well. The key is to determine what areas to focus on at this time. Here are a few to think about — but remember, we only want to focus on one or two, or three at the absolute maximum:

• Pricing structure — In times like these we cannot afford to incorrectly price products to our clients. There are two reasons for this. First, if we under-price products we are losing margin and that is never a good thing. Second, if we price products incorrectly too high, we have to

In downturns in business, we can really learn something from the National League. Small ball focuses on doing one or two things at a time — and doing them to perfection.

do re-work and risk alienating our clients. We might want to consider reviewing all pricing of our assigned accounts. One area in which to look for pricing issues is credit memos. It has been estimated that each credit memo a company writes costs approximately \$25 to \$50. Categorize your credit memos and find the pile for incorrect pricing. This is a great place to begin improvement with our sales professionals.

• Assigned versus house accounts — Reviewing assigned and house accounts during this time is critical for our businesses as well. In my book, for an account to be assigned to an outside sales professional there needs to be a clear strategy on the account. We can't allow account names to be placed in a sales professional's file just because we want to fill out a territory listing. Moreover, we can't pay commission on accounts that we are not calling on nor have an account strategy for. Likewise, we want to review house accounts for opportunities. We don't want to leave an account as a house account if there is potential for increased business.

• Study the sale process — Now is the time to take a look at our steps in the sales process and find opportunities to help our sales professionals. At this point we can't send sales professionals to general training. All development needs to be laser-like focused on the specific area we are looking to improve. In other economic times, we have the luxury of providing general development, but today we do not. We will only see marked improvement when we are able to increase the skill set that is limiting our sales force. Usually we can only identify this weakness using (Turn to Major league... page 28.)

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## Major league lessons for distributors

(Continued from page 26.)

good metrics.

• **Invest in development** — This is one area that typically finds itself on the cutting block during every downturn. When there is a flattening or reduction in sales, development budgets are often cut or removed completely. However, it is especially in these times that we must develop our people more aggressively. Helping our people overcome their specific areas of weakness gives us much more efficiency. And in times like these, efficiency is paramount.

Efficiency in distribution is measured in two ways: First, doing more with the same amount of labor/capital or second, doing the same amount with less labor/capital. Development of our people relies on the first

Helping our people overcome their specific areas of weakness gives us much more efficiency.

method of efficiency.

• **Demand a return** — More so than at any other time, we must review our expenses in terms of returns on investments. Take, for example, a typical golf outing with clients. One of our sales professionals desires to take a client out for golf and lunch. Let's estimate the total cost of the day to entertain three of the client's employees at \$550. Now here is the million-dollar question (quite literally): How much do we need to sell to recapture the \$550 spent on golf and lunch? To do the equation we need to know our NPBT percentage. Let's assume we make 4.5% NPBT. To calculate the total amount of product that would need to be sold to recoup the \$550, follow this calculation:

$$\text{Expense} \div \text{NPBT percentage} = \text{Sales to break even}$$

In this case the formula would look like this:

$$\$550 \div .045 = \$12,222.22.$$

How about a few dozen donuts to

an account? The payback on this looks like this:

$$\$35 \div .045 = \$777.78.$$

The point of the matter isn't to curtail all expenses, but to make sure that there is a return for all expenses. Just like National League baseball teams, distributors need to place a premium on expenses. One way to do that is to ask what the return will be prior to any expense.

These are just five areas to consider during our "small ball" period. In the next column, we'll talk about the American League. There is much we can learn from that league when our market rebounds.

Remember, business isn't for the faint of heart — it is hard but rewarding work! Hard work pays off! ■

*Mitch Harper speaks and teaches internationally on sales and marketing. He has served as a senior lecturer at Texas A&M University and Baylor University in their respective*

*Industrial Distribution programs. Harper received B.S. and Masters degrees in Industrial Distribution from Texas A&M. He also has extensive experience in sales and business development as an executive and business owner. He has founded and sold several companies, in addition to being recognized for his achievements, winning the Rotary Newman Award for fastest growing firms (four times) and being a finalist for Ernst & Young Entrepreneur of the Year Award (twice). Contact him at [mitch@hwpo.com](mailto:mitch@hwpo.com) or 979/823-5150, or visit [www.hwpo.com](http://www.hwpo.com).*

## Schmidt's Wholesale marks 55 years

MONTICELLO, N.Y. — Schmidt's Wholesale celebrated its 55th anniversary by hosting a week-long celebration at all three of its lower Hudson Valley locations.

"55 years is an achievement!" said Chris Schmidt, vice president. "Our customers are the reason we're still growing strongly and we wanted to make sure we celebrated and shared this milestone with as many as possible."

The week-long event featured daily counter days with attending vendors, specials, free food and beverages at Schmidt's Wholesale Florida, Newburgh and Monticello locations. Over 200 customers were entertained and fed the final day of the celebration under the big tents in Monticello with a Lenox car cutting and pig roast.

Established in 1954 in Monticello, N.Y., Schmidt's Wholesale is a local, family owned distributor of plumbing, heating, pump, electrical, HVAC and water work equipment and supplies. While still operating at its original location, Schmidt's now operates two additional branches in Florida and Newburgh, N.Y., to service the lower Hudson Valley. Visit [www.schmidtswholesale.com](http://www.schmidtswholesale.com).



*More than 200 customers enjoyed the final day of the celebration with a Lenox car cutting and pig roast.*

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## 2010 expansion back into U.S., Canada for Walworth

(Continued from page 24.)

dependence, was sold to International Utilities, which also attempted to develop a national chain of pipe-valve-fitting independent distributors, under the umbrella of IU Distribution Services.

This experiment turned sour and was disbanded by the late 1970s. With newly named IU International deciding to rid itself of non-core business sectors, Walworth, which had lost momentum, was sold to Mexico's Pepe Lanzagorta.

Although financial difficulties eventually forced Lanzagorta into bankruptcy, the Mexican entrepreneur had been able to develop Walworth into the overpowering valve factor in Mexico. It is now owned by the Waisburd banking family. Jacobo Waisburd, vice president-operations,

is in charge of the Walworth organization worldwide.

During the past seven years since the Waisburds acquired Walworth, the broad-based valve manufacturer also extended its foreign market reach and strengthened a foothold in the U.S. through such outstanding distribution entities as Sunbelt, AIV, Industrial Valco, along with several others. Those who I have talked to recently attested to the superb quality and the depth and breadth of the Walworth line. Official industry standards are said to be met by all aspects of the expansive Walworth offerings.

According to current observers, Walworth not only features the broadest industrial valve line fielded by any global manufacturer, but it carries a wide variety of material in

types and sizes not equated by any other single source.

Walworth's manufacturing operations, which are totally owned and managed by the Waisburds, are located in Mexico and China. Its finished goods inventory, plus warehouse/office management operations, both in Mexico City and the U.S., carry a minimum balance of

an extensive conversation about Walworth's future, is deeply committed to reestablishing the powerful position Walworth once enjoyed in the U.S. Through Waisburd's aegis, Walworth has instigated a new advertising/promotional campaign to ensure that the valve-using public is made aware that Walworth is on the comeback track in the U.S. and Canada.

**Walworth has instigated a new advertising/promotional campaign to ensure that the valve-using public is made aware that Walworth is on the comeback track in the U.S. and Canada.**

\$50 million. This is scheduled to increase as Walworth broadens its reach all over the world, especially in the U.S. and Canada. The Mexican facility alone employs 500 personnel, who are responsible for the bulk of the company's extensive offerings. Walworth's TWC Service Center in Houston is prepared to offer total support for Walworth's extended activity in the U.S. and Canada.

Jacobo Waisburd, with whom I had

Waisburd is especially encouraged by the fact that Walworth listings can still be found in hundreds of nationwide specifications.

Details of Walworth's expanded product/marketing approach in North America will become apparent in the pages of *The Wholesaler* as they occur. For more detailed information on Walworth, visit their website at [www.twcousa.com](http://www.twcousa.com), or call them at 800/697-1842. ■

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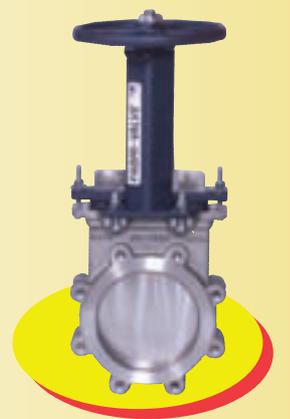
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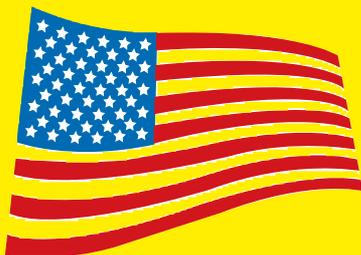
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## Kudos for Taco in AP article on White House Jobs Summit

(Continued from AP, page 1.)

length in the article.

The AP article focused on strategies that companies can undertake to create and preserve jobs. The first of four examples cited in the article concerned Taco's experience. Rather than lay off experienced workers during the course of this year, Taco elected to carry out a layoff avoidance strategy called WorkShare, whereby workers worked a day less each week and made up much of the difference in lost salary with unemployment compensation. WorkShare also allowed workers at Taco to keep their benefits intact.

The WorkShare effort affected almost 300 Taco production employees in Rhode Island and Massachusetts, and was carried out in conjunction with the R.I. Dept. of Labor & Training and the Mass. Dept. of Workforce Development. "WorkShare has allowed us to make the best out of a difficult situation," commented Taco senior vice president-human resources Kyle Adamonis. "It makes it possible for us to keep our valued employees and maintain our production, although at the slightly diminished level dictated

by our circumstances."

Taco CEO and president John Hazen White Jr. has long maintained that his workers are his most important obligation, even beyond his customers. "Taco employees are my number one priority," he said, "because they are the key to our success."

Rhode Island employers, in addition to Taco, have used WorkShare to avert the equivalent of 5,800 layoffs through October of this year, the AP article stated, adding that 17 states now participate in some version of the program.

Visit [www.taco-hvac.com](http://www.taco-hvac.com).



Company president and CEO John Hazen White Jr. (center) on the factory floor with employees.

## KWH HDPE purchase boosts Specified Fittings' production

(Continued from Specified, page 1.)

and greater product breadth.

Specified's product line includes but is not limited to fittings and appurtenances for:

- Solid Wall HDPE — IPS; DIPS; CTS; Metric DRs 32.5 - 5; 3/4- 63"
- PIP — SDRs 102 - 21; 4"- 48"
- CIOD — DRs 51-14; 4"- 48"
- Sewer — SDR35; SDR26; SDR14 ; 3"- 48"
- Profile — A-2000™; Corr-21™; Korflo™; Perma-Loc™; Pro-21™; Ultra-Corr™; Ultra-Rib™; Vylon™; 4"- 60"
- IPS — Class pipe SDRs 64-17; Sch. 40; Sch. 80; Sch. 80 CPVC; Sch. 120; 1/8"- 24"
- Corrugated HDPE — 4"- 60"
- Gated — 6"- 12"
- Duct — PVC; CPVC; 4" - 36"
- Heat and Air — 6"- 20"
- Basins — Drain Basins; Inline Drains; Curb Inlets; 6"- 48"
- Fittings — Fittings for Yelomine™; Certa-Loc™; Spirolite™
- Containment — Double containment piping

and fittings 1/2" - 63"

• Specialties — Spooling; Headers; Valves; Grooving; Threading; Tapping; Bending; Tanks; Manholes.

Production of unique, use-specific and OEM fittings are also a component of the overall line.

Its previous acquisitions of Professional Fiberglass, Norcor, Infutech, New Plastics, Total Poly, coupled with this latest acquisition, have allowed Specified Fittings to continue operating by their guiding principle of producing in-house the fabricated fittings and components the company sells.

Specified Fittings is headquartered in Bellingham, Wash., with manufacturing plants in Bellingham and Tacoma, Wash., and warehousing in Oakland, Calif.; Preston, Idaho; Dallas and Lubbock, Texas; Springfield, Ill.; Orlando, Fla.; Kearney, Neb.; and Atlanta, Ga. They are one of the largest fabricators of HDPE, PVC, CPVC and exotic plastics in North America, serving the municipal water and sewer, storm water, industrial, mining, oil & gas, agricultural, plumbing, golf, HVAC, environmental and road construction markets.

## WinWholesale expands into Fla. panhandle

(Continued from Pensacola, Page 1.)

Marty McCrory is president of the new company, which has shared ownership with local shareholders and WinWholesale. McCrory has been in the plumbing wholesaling business in the Pensacola area for 30 years.

"We believe Florida continues to be a market where the WinWholesale business model does very well," said Monte Salsman, WinWholesale chief operating officer. "We're very pleased to have Marty McCrory and his experienced team

providing their expertise and quality products to customers."

The company's product lines include American Standard, Mansfield, A. O. Smith, Moen, Delta and Charlotte, among others.

WinWholesale has more than 470 local companies across the U.S. in addition to more than 70 Noland Company locations, mainly in the Southeast. Noland Company is a wholly owned subsidiary of WinWholesale.

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## Barnett adds Kohler plumbing products

JACKSONVILLE, FLA. — Barnett, a leading national supplier of plumbing, electrical and HVAC products, has added Kohler plumbing products to its expansive plumbing offering.

Barnett now stocks over 100 models of Kohler faucets, toilets, urinals and lavatories in its distribution cen-



ters across the country. In addition to the stocked products, Barnett can supply its customers with all other Kohler plumbing products through Barnett's factory-direct department.

In the faucet category, Barnett has added a wide selection of faucets from Kohler's Coralais, Devonshire, Fairfax, Forte and Triton collections. Kohler faucets are constructed with premium materials for years of exceptional service and for maximum

strength and durability. All Kohler lavatory faucets are WaterSense-labeled and provide a flow rate of 1.5 gallons per minute. Kohler was recently selected as the EPA WaterSense Manufacturing Partner of the Year for their commitment to water conservation.

All Kohler lavatory, kitchen and bar faucets meet the strict lead-free standards of California and Vermont that took effect on January 1, 2010. Barnett also stocks toilets, urinals and lavatories from Kohler's Bardon, Cimarron, Deerfield, Kingston, Stanwell, Steward, Wellcomme and Wellworth collections.

Barnett can provide its contractor customers with Kohler's gravity-fed, dual flush and assisted flushing models. From flushing performance to water conservation to noise reduction, Kohler offers an extensive selection of one-piece and two-piece models avail-

able to plumbing contractors through Barnett.

"Barnett is excited about being able to better serve our professional contractor customers with Kohler plumbing products," said Patrick Dussinger, Barnett's general manager. "As an Authorized Kohler Distributor, Barnett can provide our

customers with any Kohler plumbing product for residential or commercial applications. Since Barnett is committed to offering plumbing products of the highest quality, Kohler is a natural fit for our plumbing distribution business."

Established in 1958, Barnett has served the contractor market for over 50 years and currently maintains over 40 locations throughout the U.S.

Visit [www.e-barnett.com](http://www.e-barnett.com).

## AIA and TOTO USA announce strategic partnership

WASHINGTON, D.C. — In an effort to provide members with greater access to cutting-edge, decision-making tools for their practice, the American Institute of Architects (AIA) announced an agreement with TOTO USA Inc., as part of the Strategic Partnership Program. This initiative will be limited to eight companies that closely align with AIA's strategic initiatives and mission. These select companies will be able to demonstrate how their products and services can better support the more than 86,000 AIA members.

The Strategic Partner Program is designed to provide unique collaborative opportunities and promotional rights with the AIA to a select group of industry leaders. The AIA and TOTO USA have agreed to partner in the areas of thought leadership that are demonstrated strengths of TOTO globally: innovation, technology, sustainable practices and socially sustainable design (the confluence of Green and Universal designs). In addition to the turnkey benefits of the program, AIA staff will work with TOTO USA to de-

velop new knowledge resources, education and cutting-edge industry programs that will benefit AIA members.

"In terms of Strategic Partners, we are looking for industry leaders who exhibit the principles of triple bottom line thinking as a core business value. TOTO USA's dedication to innovation, quality, value, ecology and design is the reason we were interested in creating this relationship," said AIA executive vice president/CEO Christine McEntee.

"TOTO looks forward to this unique opportunity to collaborate closely with the leaders in the architectural community," added Lenora Campos, Ph.D., company spokesperson. "Passionately committed to innovation as a company, our goal always is to advance thought to generate improvement and progress."

United by common principles, the AIA and TOTO USA have a unique opportunity to position social-sustainability and high design as an industry standard for 21st-century architectural design.

Visit [www.totousa.com](http://www.totousa.com).

## OBITUARY

### Kevin Powers, wholesaling executive

PITTSBURGH, PA. — Kevin Powers, 56, of West Pittston, passed away unexpectedly on January 10 in Wilkes-Barre General Hospital. He was born in Kingston, Pa., on January 17, 1953, son of the late James Sr. and Helen Kaschenbach Powers.

Powers graduated from Scranton Preparatory in 1971 and the University of Pittsburgh in 1975. He was a member of Immaculate Conception Church, West Pittston.

Powers served as vice president of A.S. Powers, Sons Inc. in Pittston. He was a director of Meals on Wheels, a member of King's College Century Club, a member of Emanon Country Club and treasurer of the Industrial Golf League. Powers was incorporator and first director of Landmark

Community Bank, and was formerly on the board of a number of local organizations.

In addition to his parents, he was preceded in death by a sister, Ellen Powers. He is survived by his wife, the former Anne Lauck, with whom he celebrated their 30th wedding anniversary on October 13, 2009; son Matthew and daughter Jamie, at home; brothers James and his wife, Dorothy, Brian and his wife, Bobbie, and Neil.

A Mass of Christian Burial was held at Immaculate Conception Church, with interment in St. Mary's Cemetery, Hanover Township. In lieu of flowers, memorial donations may be sent to Meals on Wheels, Main Street, Pittston, PA 18640.

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## Nortek emerges from bankruptcy

PROVIDENCE, R.I. — Nortek Inc. and its affiliated domestic companies have completed their financial restructuring and emerged from bankruptcy.

The emergence, which came only 57 days after the filing of a prepackaged plan of reorganization, follows confirmation of the plan on December 4, 2009, by Judge Kevin J. Carey of the United States Bankruptcy Court for the District of Delaware. The reorganization plan did not involve Nortek's international subsidiaries, which have continued to operate in the normal course of business.

As a result of the reorganization, approximately \$1.3 billion of debt has been eliminated.

Richard L. Bready, chairman and CEO, said, "This reorganization process has clearly made Nortek a financially healthier and stronger company that is better positioned for the future. We were able to achieve our goal of successfully emerging from

prepackaged bankruptcy in a short period of time due, in large part, to the extraordinary cooperation of our bondholders and lenders. We sincerely appreciate the support we also received from employees, customers, suppliers and various business partners.

"The success of the financial restructuring, together with a new \$250 million asset-based credit facility that is now available for general business operations, provides Nortek with the necessary flexibility to meet its liquidity needs and fund future growth opportunities. With the restructuring behind us, my senior management team and I look forward to continuing to provide market-leading products and service to loyal customers around the world," Bready added.

Throughout the restructuring process Nortek was able to operate in the normal course of business, pay its employees wages and benefits, pay suppliers and vendors, and

fulfill all customers programs and product warranties.

Nortek, through its subsidiaries, is a leading diversified global manufacturer of innovative, branded residential and commercial ventilation, HVAC and home technology convenience and security products. The

company offers a broad array of products including range hoods, bath fans, indoor air quality systems, medicine cabinets and central vacuums, heating and air conditioning systems, and home technology offerings, including audio, video, access control, security and other products.

## Anvil secures NSF/ANSI Standard 61 certification

PORTSMOUTH, N.H. — Anvil International's Figures 6400, 7000, 7001, 7012, 7013, 7400 and 7401 grooved pipe fitting products for both cold and hot water applications have received NSF/ANSI Standard 61 Certification. This is in addition to Anvil's Xtreme™ Lubricant and Copper Fittings, which were already certified.

NSF/ANSI Standard 61: *Drinking Water System Components* is a nationally recognized standard for all devices, components and materials that contact drinking water. Certification is gained through independent testing and provides Anvil's cus-

tomers with added assurance that the company's grooved piping components are of the highest quality and meet or exceed national safety requirements.

Tom Fish, president of Anvil International, is adamant about the significance of the certification and its importance to Anvil's customers. "Our customers have enough challenges in the current economy," said Fish. "By eliminating their safety and quality concerns, Anvil demonstrates our commitment to quality and service by providing real and measurable benefits."

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## Reps, trade publications still considered top sources

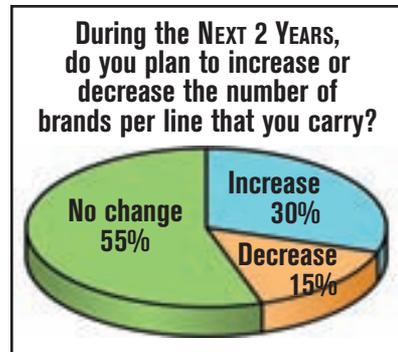
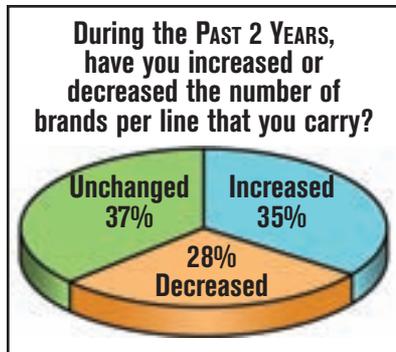
Despite the convenience and seemingly endless supply of available information on the Internet, independent manufacturers' reps and trade magazines continue to be considered the two top sources for information according to respondents in our 10th Annual Purchasing Decision-Makers Survey.

Respondents to this year's survey were almost evenly split among wholesalers of a wide range of sizes, sales volumes and product segments, which we believe gives the survey even greater credibility.

Two new questions this year were de-

signed to determine what motivates purchasing decisions by wholesalers and contractors. Nearly three-quarters of wholesalers report that quality and brand recognition are key, followed by price and relationships. When it comes to contractors, however, it was a completely different ballgame. Wholesalers believe that 73% of their customers are price-driven, with only 27% influenced by brands when buying product.

Our sincere thanks to all those who took the time to participate in this valuable survey. ■



Wholesalers have been fairly evenly split in this category when looking at the last two years, but the gap looks like it will widen in the coming years.

**Do you see manufacturers becoming MORE AGGRESSIVE in their pricing and programs?**

**Yes: 70%**  
**No: 30%**

**Have you experienced more frequent PRICE INCREASES during the last 2 years?**

**Yes: 61%**  
**No: 39%**

Likely as a result of the recession, manufacturers are becoming more aggressive in their pricing and programs in an effort to retain marketshare. However, more than 60% report experiencing more frequent price increases in recent years.



Compared to last year, the number of firms making less than \$3 million shrank 11 percentage points, while those in the largest group (\$50 million+) gained 13 percentage points to reach almost 30% of respondents.

• Be sure to visit [www.thewholesaler.com](http://www.thewholesaler.com) for web exclusive articles and videos! •



Manufacturers' reps continue to dominate as the top source for information, while trade magazines hold a strong #2 position. Scoring significantly less, and grouped within 5 percentage points of each other, were the Internet, catalogs, manufacturers' websites and trade shows.

**Is your company a member of a BUYING/MARKETING GROUP?**

- **Yes: 52%**
- **No: 48%**

**If yes, what are the BENEFITS OF MEMBERSHIP in a buying/marketing group?**

- 48% Better prices
- 30% Networking
- 23% Market intelligence
- 13% Mgmt. education
- 10% Technical information
- 7% Sales leads
- 7% Other

**If yes, what PERCENTAGE OF YOUR Buys are done through buying group vendors?**

- 0-10% – 56%
- 11-20% – 4%
- 21-30% – 8%
- 31-40% – 5%
- 41-50% – 6%
- 51-60% – 7%
- 61-70% – 4%
- 71-80% – 6%
- 81-90% – 1%
- 91-100% – 0.8%

The popularity of buying groups continues to grow, with just over half of respondents claiming membership. However, 56% of the respondents who are members reported that just 10% or less of their total buys are done through their buying group vendors. This is surprising, especially since more than half reported that better prices were their key reason for membership.

**During the PAST 2 YEARS, did your company increase or decrease its number of vendors?**

**Increased: 51%**  
**Decreased: 48%**

**THIS YEAR, does your company intend to increase or decrease its number of vendors?**

**Increase: 26%**  
**Decrease: 17%**  
**No change: 57%**

These categories have remained fairly static over the past few years, with most wholesalers retaining about the same number of vendors from year to year.

(More Survey results on page 44.)

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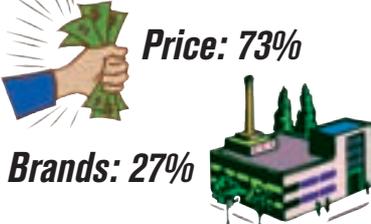
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RH012310

# 2010 Purchasing Decision-Makers Survey

(Continued from page 42.)

**Are your customers more interested in PRICE OR BRANDS?**



**Price: 73%**  
**Brands: 27%**

In what could be considered a sign of the times, with the economy struggling for the last few years, price trumps brand among contractors.

**Does your company buy stock from master distributors?**

**Yes: 57%**  
**No: 43%**

---

**If so, how often?**

**Weekly: 46%**  
**Monthly: 41%**  
**Quarterly: 12%**  
**Annually: 1%**

Compared to last year, the number of wholesalers buying from master distributors remained about the same, although fewer buy weekly and more buy on a monthly and quarterly basis.

**How are you looking to cut PURCHASING COSTS?**

- Aggressively pursuing volume leverage with suppliers across locations: 35%
- Purchasing a larger % of product through our buying group: 35%
- Reducing purchasing overhead activities: 26%
- Reducing SKUs: 23%
- Simple requests: 14%
- Automating purchasing and supply chain processes: 20%
- Other: 11%

Results for this category changed only a small amount from last year, with respondents cutting back somewhat on pursuing volume leverage.

**Compared with U.S. and Canadian-made SKUs, during the past 2 years your PURCHASES OF FOREIGN-MADE SKUs have:**

↑ **Increased - 43%**  
↓ **Decreased - 11%**  
→ **Remained the same - 46%**

**If they have increased, what were the MAIN REASONS?**

- **Price - 37%**
- **Availability - 16%**
- **Quality - 8%**
- **Design Features - 2%**
- **Other - 7%**

About the same number of respondents increased their purchases of foreign-made SKUs as last year. Also, they cited nearly the same main reasons for buying from overseas — with price at the top of the list.

**Including headquarters, the NUMBER OF STOCKING LOCATIONS your company operates is:**



1.....	26%
2 to 4.....	21%
5 to 10.....	15%
11 to 20.....	7%
21 to 35.....	4%
More than 35.....	20%

These numbers have been fairly consistent from year to year.

**Upon what do you base your PURCHASING DECISIONS?**



- Product quality and brand recognition - 72%**
- Price - 57%**
- Relationships - 44%**
- Other - 19%**

A new category this year: Wholesalers overwhelmingly want to purchase name brands that offer known quality, but still remain cost-conscious. Interestingly, these results contradict the desires of cost-conscious customers.

**Does your company engage in CENTRALIZED PURCHASING?**

- **Exclusively: 26%**
- **For certain lines: 51%**
- **Not at all: 23%**

Percentage of respondents using centralized purchasing “for certain lines” increased significantly, although the other categories remained fairly steady.

**Do you have VENDOR MANAGED INVENTORY for some lines?**

**Yes: 19%**  
 **No: 81%**

After a big gain last year, this year’s reported use of VMI was unchanged.



**On WHICH BASIS do you gauge suppliers’ performance?**

- Ease of doing business: 65%**
- Relationships: 60%**
- Lead times: 55%**
- Better margins: 54%**
- Fill rates: 52%**
- Increased sales: 33%**
- Operational cost reductions: 22%**
- Inventory reductions: 20%**
- Labor savings: 12%**
- Other: 5%**
- We don’t measure it: 5%**

This year, more response options were added to better gauge this category. Clearly, respondents want their suppliers to better help them operate their businesses. To that end, business relationships are a very important component in a personality-driven industry. All other areas closely followed last year’s results.

(More Survey results on page 46.)

**In your company, WHO IS AUTHORIZED to make general inventory purchasing decisions?**



<b>Branch managers.....</b>	<b>56%</b>
<b>Ass’t branch managers.....</b>	<b>11%</b>
<b>Counter managers.....</b>	<b>7%</b>
<b>Other.....</b>	<b>45%</b>

This category has changed very little since the Purchasing Survey began; branch managers hold the most responsibility for general purchasing decisions.



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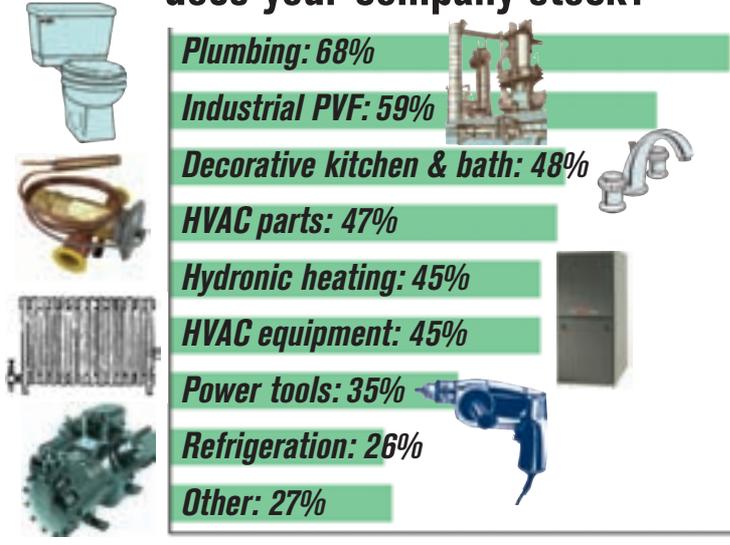
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# 2010 Purchasing Decision-Makers Survey

(Continued from page 44.)

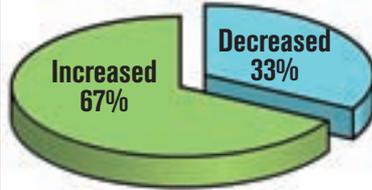
Our sincere thanks to all the purchasing decision-makers who responded to our 2010 questionnaire!

## Which CATEGORIES OF PRODUCTS does your company stock?



Plumbing remains the largest category, but significantly more wholesalers reported stocking industrial PVF and hydronics this year. Decorative K&B was a new category, and nearly half of the respondents stock these products.

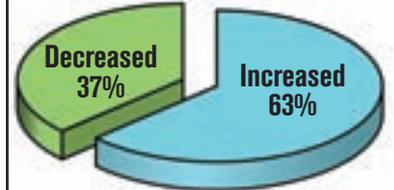
## Has your OVERALL INVENTORY LEVEL increased or decreased during the past 2 years?



### By what percentage?

-60 to 0% [decrease]	43%
1 to 10%	19%
11 to 20%	18%
21 to 30%	11%
31 to 40%	4%
41 to 50%	2%
51 to 100%	0.6%

## Have your OVERALL INVENTORY TURNS increased or decreased during the past 2 years?



### By what percentage?

-30 to 0% [decrease]	50%
1 to 10%	24%
11 to 20%	13%
21 to 30%	7%
31 to 40%	2%
41 to 50%	2%
51 to 100%	1.5%

Of those reporting decreased inventory and turns, they fell significantly, although the reported negative number ranges are too broad for meaningful analysis. For those reporting increases, the largest groups were between 1% to 20%.



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## Taco expands FloPro factory training

CRANSTON, R.I. — Taco's FloPro Factory Training offers a broad range of professional development opportunities for plumbing and heating contractors in 2010.

Participants learn to grow their hydronic expertise and boost profitability. All classes offer useful information and hands-on experience.

In addition to the 'Compleat' Boiler Room, and Hydronic Heat Loss 7 Design, the company has added a new course, Hydronic Control Strategies, all of which now happen at 5 locations nationwide. All classes are NATE-Recognized and NORA Approved.

Tuition for all Taco FloPro Factory Training courses is \$289 and includes two days of training, hotel accommodations for two nights, ground transport, meals and extras (though airfare to the host city is not included).

### Course Schedule

#### Location: Taco Inc. Cranston, RI

- Feb. 11-12 — The 'Compleat' Boiler Room
- Feb. 25-26 — Hydronic Heat Loss and Design
- March 11-12 — The 'Compleat' Boiler Room
- March 25-26 — Hydronic Control Strategies
- April 8-9 — The 'Compleat' Boiler Room
- April 22-23 — Hydronic Control Strategies
- June 24-25 — The 'Compleat'

#### Boiler Room

- July 8-9 — Hydronic Heat Loss and Design
- Sept 23-24 — Hydronic Control Strategies
- Oct. 21-22 — The 'Compleat'

#### Boiler Room

#### 'Factory' Training on the Road Minneapolis (location TBD):

- April 15-16 — The 'Compleat' Boiler Room
- May 13-14 — Hydronic Control Strategies
- May 20-21 — Hydronic Heat Loss and Design
- June 17-18 — The 'Compleat'

#### Boiler Room

#### Denver (location TBD):

- June 10-11 — The 'Compleat' Boiler Room
- August 5-6 — Hydronic Control Strategies
- Sept 9-10 — Hydronic Heat Loss

#### and Design

#### New Jersey (location TBD):

- July 29-30 — The 'Compleat' Boiler Room
- August 19-20 — Hydronic Control Strategies

#### Philadelphia (location TBD):

- Oct. 7-8 — The 'Compleat' Boiler Room

#### Registration and Tuition

- Tuition only, hotel accommodations not included: \$119.00
- Tuition plus one night's hotel accommodation: \$209.00
- Tuition plus two nights' hotel accommodation: \$289.00
- Tuition plus three nights' hotel accommodation: \$379.00

Taco's Factory Training is available only to members of Taco's FloPro Team, their free contractor training and development program. Visit [www.floproteam.com](http://www.floproteam.com).

## ICON accessories offered by Bradford White

AMBLER, PA. — Bradford White Water Heaters introduced their new Bradford White ICON System™ Accessory Packages. They work in conjunction with the company's recently introduced ICON System gas control to provide homeowners with additional benefits such as comprehensive leak protection and better, more energy efficient performance, including up to 36% savings on energy usage and an increase in usable hot water by as much as 50% or more.

The packages include:

- A fully programmable 7-day, 4 period/day LCD digital control that can be attached to the water heater or mounted remotely throughout the house
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- An enhanced integrated mixing device with multiple optional water connections that's easy to install.

To watch a video about the ICON System Accessory Packages, visit

[www.bradfordwhite.com](http://www.bradfordwhite.com).

Bradford White Water Heaters is a full line manufacturer of residential, commercial and industrial products for water heating, space heating, combina-



**BRADFORD WHITE**

tion heating and storage applications. The company is headquartered in Ambler, Pa., and has manufacturing facilities in Middleville and Nile, Mich., and Rochester, N.H., and a distribution center in Mississauga, Ont.

## OBITUARY

### Stephen Schwaber, Mestek EVP

WESTFIELD, MASS. — It is with great sorrow that Mestek announced the recent passing of its friend and colleague Stephen M. Schwaber, executive vice president of the Mestek Distributor Products Group, at the young age of 53.

The passing of Schwaber leaves a huge emptiness in the hearts of so many. A truly remarkable and balanced individual, he was the ideal mold of a manager and more importantly, a personal friend and confidant to so many within the company.



*Schwaber*

He taught those around him as much in life as he did in business. As a leader, Schwaber built the foundation and fostered the growth for his core businesses through tremendous leadership and the empowerment of those around him. He will forever be remembered as a truly selfless man who put the best interest of his friends and co-workers before his own.

He had a competitive zest for running, playing golf, the Boston Red Sox and especially Mestek, which he gave so much of himself to.

More importantly, Schwaber leaves behind his wife Cindy, who was the love of his life and true soul mate. He also leaves his beloved mother Katherine, his children Christopher and Timothy, his stepson Jessy, and his brother Robert and sister Deborah. Schwaber was a true family man, and the same support, care and concern he had for his family transcended into his personal and business relationships as well.

Donations in Schwaber's memory may be made to the Jimmy Fund, Dana Farber Cancer Institute, 44 Binney St., Boston, MA 02115, or the American Red Cross, Greater Westfield Chapter, 48 Broad St., Westfield, MA 01085.

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## D.C. projected as next into lead-free arena

NORTH ANDOVER, MASS. — Two District of Columbia council members have introduced an amendment to the D.C. Plumbing Code requiring pipes, pipe fittings, plumbing fittings and fixtures contain no more than a weighted average of .25% lead with respect to wetted surface areas. The Safe Plumbing Act of 2009 also defines “Lead Free” as not containing more than 0.2% lead with respect to solder and flux. This mirrors legislation found in California and Vermont, which went into effect on January 1. Bill No. DC B18-452 would go into effect one year later on January 1, 2011.

Considering the ongoing water quality issues Washington has faced in recent years, it’s likely that ongoing pressure from the community motivated politicians to move toward lead-free legislation. [www.weare-leadfree.net](http://www.weare-leadfree.net)’s February 2009 posting, “Did Chloramine Additives put

42,000 Children in D.C. at Risk?”, reported elevated levels of lead were discovered in children’s blood following the addition of a chloramine disinfectant to the water supply to kill bacteria. Chloramine treatment sig-

nificantly increases the leaching of lead from supply pipes.

According to the website, it’s looking more and more like AB 1953 will be the legislation template for the balance of the country.

## Grand Hall partners with Energy Star program

DALLAS — Grand Hall USA Inc., a leading manufacturer of innovative gas appliances and components, is among one of the eco-conscious U.S. manufacturers to collaborate with the Energy Star Program. Serving as an official partner, Grand Hall is recognized for its commitment to offering highly efficient gas appliances.

Grand Hall’s new premier product, the Eternal Condensing Hybrid water

heater, has qualified for Energy Star as one of the most water and gas efficient water heaters on the market. Available in early February, the Eternal Condensing Hybrid is lab verified at 0.96EF, which far exceeds Federal Requirements listed at 0.82EF.

“All of us at Grand Hall are honored to partner with the Energy Star Program. It’s gratifying to be acknowledged for our company’s pledge to not only produce highly ef-

ficient products, but also for our dedication to implementing sustainable practices throughout our manufacturing process,” commented Paul Home, director of products and marketing for Grand Hall.

The Eternal Condensing Hybrid has a built-in 2-gallon reserve to ensure fast and consistent hot water delivery, with no water pressure fluctuations. Its all stainless steel construction is durable and recyclable.

In addition to providing environmentally friendly products, Grand Hall has initiated sustainable manufacturing practices by installing high efficiency fluorescents at its U.S. headquarters, utilizing recyclable materials in product packaging and reducing gas usage by 60% through the installation of its own Eternal Condensing Hybrid water heater.

Grand Hall has been headquartered in Taipei, Taiwan since 1976 and has had a U.S. office in Dallas since 1985.

Visit [www.grandhall.com](http://www.grandhall.com).

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See contact information on page 82

## Captain of the ship

# Omni's Bob Hoff steers group through sea of changes, expansion

BY MARY JO MARTIN  
Editorial director

It's only fitting that the man at the helm of the Omni ship is a former sailor, serving in the U.S. Navy and then graduating from Old Dominion University in finance. Thirty-six years later, Bob Hoff laughs as he looks back at the launch of his business career: "I had my eye on Wall Street but the water heater industry seemed more intriguing. After a number of years with first A.O. Smith and then Bradford White, I landed on Omni's doorstep. Now, 25 years later, I'm still with the family that took me in."

With 259 current members encompassing close to 500 locations, Omni continues to grow, with inter-

ested members forming a new group, the Luxury Products Group, in 2009 that currently boasts 100 members. Hoff insists that Omni's success is not due to any one individual, rather it was born out of a



Luxury Products Group

combination of great ideas contributed throughout the years from both members and vendors.

Omni hosted the inaugural meeting of its Luxury Products Group January 29-30, followed by its Spring Business Meeting January 31-February 2 in Miami Beach. As he was preparing for these events, Hoff took the time to talk with editorial director Mary Jo

Martin about the direction for Omni and successes being realized by its members and vendors.

**MJM:** What are some of the key evolutions of the group over the years that have allowed growth opportuni-

ties or signaled changes?

**Hoff:** Some landmark changes occurred around 1994 and 1995 that put us on the fast track. Those changes were:

- We went from private ownership to 100% member ownership
- There was a discontinuation of central billing in lieu of direct billing
- Omni created a participation pol-



ty that basically said "maximize your support of our valued vendors and you will be rewarded."

**MJM:** Can you share the process that prospective members and vendors go through to gain admittance?

**Hoff:** With the value of the Omni program and the willingness to support our vendors, it is not our objective to saturate the market with distributors. With that being said, potential members must meet certain criteria, such as minimum sales level, credit worthiness, market coverage and the willingness to support our vendors.

With respect to vendors, it is our objective to support our membership with a selection of product that is readily available to each member within the group. Potential vendors are evaluated as to the benefit they bring to the group. They must submit a comprehensive application that is reviewed by the task groups and ultimately the board of directors. When selected as a vendor, they are expected to fully support our Omni program as the membership is rewarded for supporting them through a participation policy.

**MJM:** Are members and vendors often brought to your attention by recommendation of current members/vendors?

**Hoff:** Yes. We have found that our best salespeople are our current members and vendors. They take pride in sharing their Omni experience and have helped us convey that message throughout the industry. It has served us immensely in building a close-knit family.

**MJM:** Could you share with us some of the responsibilities of the Omni corporate staff, starting with you, Bob?

**Hoff:** Well, I guess you could say I'm "captain of the ship." With input from the membership, our board sets the course they would like to take and I steer the ship. We have a nine-member board. Board members serve three years with no more than two consecutive terms. It is a staggered board that sees three positions elected every year.

My Omni cargo at times has been well over a billion dollars. Sometimes it's sunny skies with smooth sailing, and sometimes the seas are rough with a lot of other vessels and reefs — but we find the right channel for us and we stay the course.

The other members of the team stoke the boilers (ha!). Linda Koenig has been with Omni the longest, having over 26 years of dedicated service.

(Turn to Pride... page 54.)

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## Pride motivates Omni members, vendors

(Continued from page 52.)

As MIS director, she has served many roles, from controller to computer support and meeting planning, as well as her latest responsibility of spearheading the Luxury Products Group.

Harvey Wasserman, with just over 22 years of service, is director of marketing services, which includes vendor program administration, website administration, promotional program implementation, and general member and vendor program support.

Rounding out our team are Kim Bogucki, Ann Travarca and Heather Morris, and the newest member of the staff, Brian Astman, who came on board last year and is learning the ropes. He should prove to be a valuable asset.

We don't have time here to cover all the value that our staff provides, but I can sum it up by telling you what I tell our employees: "Since

there are only seven of us, in addition to your day-to-day activities, you are expected to do what is necessary in making Omni successful."

**MJM:** *What are the benefits that your members seem to appreciate or take advantage of the most?*

**Hoff:** All of our programs are valued by the membership and make up the Omni Advantage. One that stands out in my mind is the FBI (frequent buyer incentive) program. I believe FBI fosters getting more of our members' key people involved in our annual meetings and enhancing the relationships with our vendor partners.

**MJM:** *Have you had to make any adjustments within Omni due to member acquisitions, closures and/or the economy?*

**Hoff:** We've tightened the belt as everyone has had to do; the recent economic downturn has affected everyone. As independents, our

members are phenomenal in reacting quickly to address areas that need to be shored up and making the changes necessary to weather the storm. I am convinced we will pull through stronger than ever while taking share from the chains and big boxes.

**"There is still a target market that yearns for something different and unique to put into their homes, and have the money to buy it...Time will give us the advantage to build and prepare the Luxury Products Group Inc. so when the market starts to accelerate, we'll be there and have the product mix as well as showrooms to support it."**

We will also continue to expand our service level to meet the needs of our membership. The Luxury Products Group is a prime example.

**MJM:** *This past year, you unveiled the Luxury Products Group. What was the driving force/idea behind forming such a group? And with the current situation in the construction/housing market, did the timing of this launch cause you any concern?*

**Hoff:** We had supported the showroom development of a lot of our members for many years through speakers, seminars etc. Over 80% of the Omni membership currently has showrooms and many of our members wanted a greater focus on decorative plumbing. We listened, and gave them more — The Luxury Products Group.

The timing of our launch has not really been a concern. There is still a target market that yearns for something different and unique to put into their homes, and have the money to buy it. The decorative market is a bit smaller than it was a couple of years ago. But, time will give us the advantage to build and prepare the Luxury Products Group Inc. so when the market starts to accelerate, we'll be there and have the product mix as well as showrooms to support it.

We have a lot to learn as we venture forward; I'll be the first to tell you that. But, with the guidance of our members and supporting vendors, I'm confident in the future and the success of the Luxury Products Group. Initially we want to earn a high level of confidence with our membership and vendor partners. It is a partnership and building the relationships will be key. Only then will we be able to set the stage for our ultimate goal — a network of professionally driven showrooms that offer the products and services one can rely on and trust. Expectations are high, and we'll have challenges to meet, but you'll be hearing more and more about this group. One thing is for sure. Omni's 30-year experience

level and success serves as a great launch pad.

**MJM:** *How many annual meetings do you have, and what are some of the key activities at these events?*

**Hoff:** We have three meetings each year. Our largest is always at the end of January, which we call our Spring Meeting because it is a springboard that gets everyone keyed up to kick off

the year. It is really the event that is key to networking with our vendor partners. In May, we host the Board/Shareholder Meeting, and then in August is our Vendor Invitational Meeting, which is designed to provide special meetings between our vendor committee and invited vendors.

Among the activities that take place at our meetings are vendor presentations, committee meetings, a board meeting, special interest forums for networking, conference booth program, program reviews and ample time for relationship building.

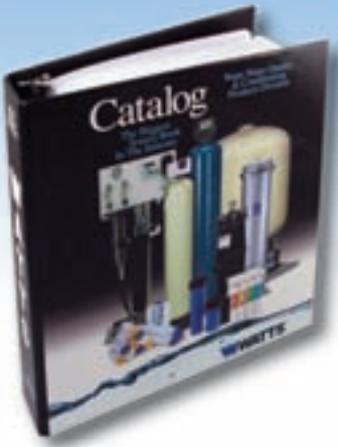
During the Spring Meeting, we concentrate on the interaction between members and vendors. Due to the number of attendees, we have open sessions so the members may visit the vendors at their tables, in addition to vendor-requested meetings where the vendor selects scheduled time with members. At the Vendor Invitational Meeting, there are structured relationship reviews with our invited vendors and a group reciprocated by the member liaison.

We have learned over the years from both members and vendors that they especially value the relationships they've built during our meetings. There is plenty of time for camaraderie, but at the same time, we get down to business with featured product presentations, special interest forums to share thoughts and ideas, as well as best practices. The conference booth allows ample time for our members and vendors to enhance their partnership and build their business.

**MJM:** *What do you think makes Omni stand out?*

**Hoff:** Our members and supporting vendors. Anyone who attends one of our meetings can understand exactly what I am saying. Nowhere else will you find the camaraderie, relationship, networking and fun that brings it all together in helping to build a solid business relationship. ■

For more information, visit [www.thinkomni.com](http://www.thinkomni.com).



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**For more information on the 24" x 24" Pre-assembled Sewage System and other Zoeller Pump Company products, please visit the new and improved [www.zoeller.com](http://www.zoeller.com).**



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### Lead-free bubbler

This 100% lead-free bubbler and plumbing components convey drinking water in the safest option possible by today's standards. The California Plumbing Law (AB1953) went into effect in January, and requires pipes, fittings and fixtures dispensing drinking water to contain no more than .25% lead. This supplier re-certified its entire line of drinking fountains and water coolers with IAPMO in May 2009. **Acorn Aqua™, a division of Acorn Engineering Co.**  
[www.acornaqua.com](http://www.acornaqua.com)

### Pre-assembled shower wall

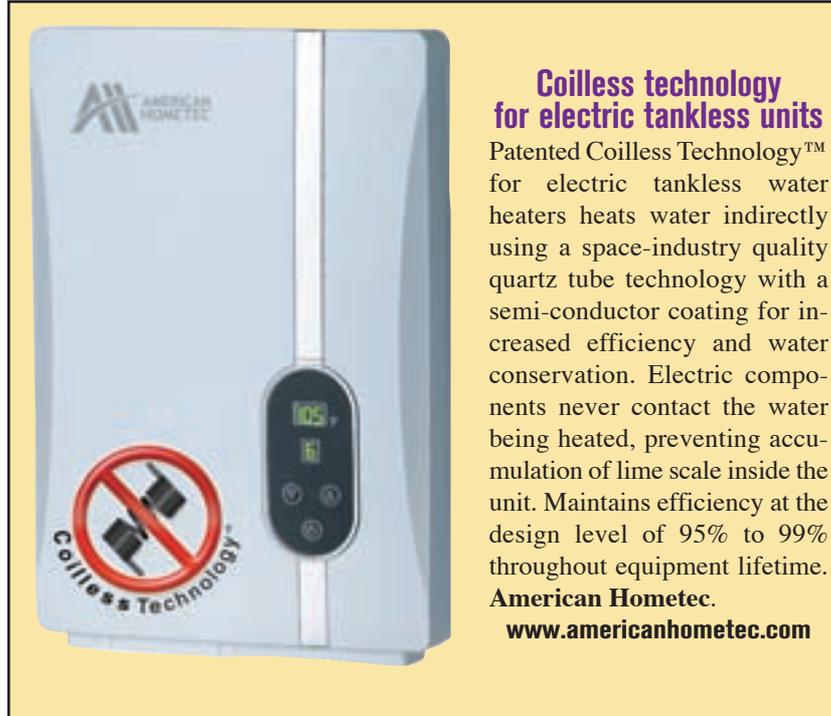
Individual Coverall Wall Shower (Model WS-1WCA) helps facility managers save significant time, costs and space. Streamlined, pre-assembled design greatly reduces installation time. Valve bodies and components of the shower are easily accessible from the front or by simply unscrewing the unit from the wall. Ideal for tight spaces; easily accommodates both exposed and concealed piping so there is no need to cut into the shower room tile during renovations.

Available with a variety of shower-head options. **Bradley Corp.**  
[www.bradleycorp.com](http://www.bradleycorp.com)

### Control valve

AB-QM Pressure Independent Control Valve (PICV) is a flow limiter and a control valve in one compact package. May be used as a stand-alone, automatic flow limiter valve or as a combined flow limiter and control valve when fitted with a wide range of actuators, providing accurate and stable flow. Available in sizes ranging from 1/2" to 1 1/4", with sizes up to 6" coming soon. **Danfoss.**

[www.danfoss.com](http://www.danfoss.com)



### Coilless technology for electric tankless units

Patented Coilless Technology™ for electric tankless water heaters heats water indirectly using a space-industry quality quartz tube technology with a semi-conductor coating for increased efficiency and water conservation. Electric components never contact the water being heated, preventing accumulation of lime scale inside the unit. Maintains efficiency at the design level of 95% to 99% throughout equipment lifetime. **American Hometec.**  
[www.americanhometec.com](http://www.americanhometec.com)

### Quick connect valves

The EZ Quick family of water line installation solutions easily installs new appliances to existing water supply lines. Three quick-connect valve sizes offer flexibility for the installation of appliances including ice machines, refrigerators,



humidifiers, under cabinet water filters and evaporative coolers. All EZ Quick kits and valves are certified to NSF/ANSI 61. Available in complete kits or in individual valves. **Dormont Manufacturing, a subsidiary of Watts Water Technologies.**

[www.dormont.com](http://www.dormont.com)

### Vandal-resistant coolers

This series has been enhanced to include a resilient, refrigerated 14 Gauge vandal-resistant water cooler unit. Designed for both indoor and outdoor environments, the heavy-duty engineering, coupled with an attractive, curved profile, make it ideal for high-traffic applications prone to vandalism. Durable, sleek satin finish provides added protection against stains and corrosion. **Elkay.**

[www.elkay.com](http://www.elkay.com)



### Capacitance switch technology

The 1/2 hp capacitance or "Cap" switch technology sump pump model #SSBCSC50 ensures worry-free, reliable sump pump operation. Completely sealed, microprocessor-controlled

switch has no moving parts to wear out or corrode; detects the presence of water vs. air, and determines the cycle time to keep the pump running. Tested to more than 1,000,000 on/off cycles. Rugged, stainless steel motor case and cast iron base. **Blue Angel Pumps by Wayne Water Systems.**

[www.blueangelpumps.com](http://www.blueangelpumps.com)



### Outlet coupling

Figure 702 outlet coupling is a pipe joining coupling with an integral reducing outlet, eliminating the need for a mechanical tee or a reducing tee and associated couplings. Available with grooved, male-threaded or female-threaded outlets in sizes 1 1/2"-6" (DN40-DN150). Handles pressures to 500 psi. **Grinnell Mechanical Products, a brand of Tyco Fire Suppression & Building Products.**  
[www.grinnell.com](http://www.grinnell.com)

### Joist space radiant

The RAUPLATE joist space radiant heating system debuted at the AHR Expo. The company also showcased its recent developments for the renewable energy market, including its RAUGEО™ ground loop heat exchange,



**REHAU ECO AIR™**  
ground-air heat exchange and radiant cooling systems.

The complete line of RAUPEX® and INSULPEX® pipe, EVERLOC® fittings, PRO-BALANCE® manifolds and the RAUPANEL™ radiant heating system also were displayed. The REHAU EDGE™ professional contractor development program was featured, including the latest member benefits in training, company branding and local, regional and national networking events. **REHAU.**

[www.na.rehau.com/heating](http://www.na.rehau.com/heating).

### Water stops

These PEX and Wirsbo® CP Stops (1/2" PEX or Wirsbo x 3/8" OD) are available in both straight and angle. Provide a quick, positive shutoff for sinks, lavs and toilets using PEX & Wirsbo tubing. Feature a 1/4 turn on-off, chrome-plated brass body, and comply with NSF61-9. PEX stop features a metal oval handle; the Wirsbo is available with a lever handle. PEX CP stop is CSA approved. **Raven Products.**

[www.ravenproducts.us](http://www.ravenproducts.us)

### Video inspection system

Gen-Eye SD™ provides all the features of a full-size video inspection system in a compact, lightweight package. Weighs just 10 lbs. Command Module features an 8" LCD color screen for crisp, clear pictures, an SD Card Reader to store video or still images and a full keyboard for on-screen titling. Connects to standard reel to trouble-shoot 3"-10" lines, or to mini-reel to view 2"-4" lines. **General Pipe Cleaners, a division of General Wire Spring Co.**  
[www.drainbrain.com](http://www.drainbrain.com)





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### Modern faucet line

Padova faucet line combines quality and a high-end modern style at an affordable price. Its design is simple elegance with straight lines, angled handles and unique bends. Line consists of kitchen and lavatory faucets, bath and shower sets, vessel faucets, bath fillers, and accessories including robe hooks, towel rings, towel bars and paper holders. Available in chrome and brushed nickel versions and offers 4" and 8" lavatory configurations. **Matco-Norca**.

[www.matco-norca.com](http://www.matco-norca.com)

### Video inspection line

This remarkable new electronic product for all types of inspection work is the Video Camera Scope. Part still camera, part video camera, part borescope, this handy instrument enables users to view otherwise inaccessible areas and that often require invasive, often damaging, efforts to penetrate. Five new portable video inspection systems utilize the scope. Ideal for HVAC troubleshooting, maintenance and plumbing inspection. **General Tools & Instruments Company**.

[www.generaltools.com](http://www.generaltools.com)

### Valve connection package

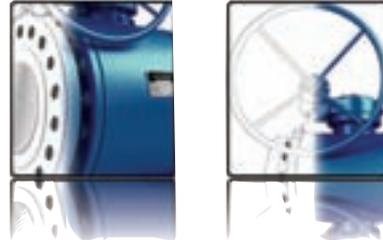
Ball Valve End Connection Packages are designed to save contractors 5%-6% off ball valve list prices depending on the model selected. Choose "socket" or "threaded end connections" on any quantity of ball valves ordered. Packages reduce material cost and waste, since only one set of end connections is typically used for each ball valve during installation. Saves disposal costs on end connections not used on the job site. **Hayward Flow Control Systems, a division of Hayward Industrial Products**.

[www.haywardflowcontrol.com](http://www.haywardflowcontrol.com)

### Trunnion-mounted ball valves in wide variety

API-6D trunnion-mounted ball valves in classes ANSI/ASME 150, 300, 600, 900 and 1500 in sizes from 2" to 48" feature bolted or welded body; API-6FA/API-607 fire-tested; full or reduced bore; wrench, gear or electric actuator operated; double block and bleed; bi-directional, carbon and stainless steel bodies; NACE, low temperature and stainless steel trim. **Walworth**.

[www.twcousa.com](http://www.twcousa.com)



### Drain primer

While the U design in pipe under a drain keeps sewer odors from escaping, if it dries out from water evaporation, the odor can become a problem. This can be prevented by adding EverPrime into drains. It keeps traps from drying out, is simple to use and lasts for months. **Waterless Company LLC**.

[www.waterless.com](http://www.waterless.com)



### Water heater connectors

Series FFSS Stainless Steel Corrugated Water Heater Connectors are very flexible and provide an easy, kink-free installation. A built-in dielectric sleeve negates the need for a separate dielectric union; connectors are available with standard 3/4" pipe thread connections in the popular lengths of 12", 15", 18" and 24". NSF and IAPMO listed. **Watts**.

[www.watts.com](http://www.watts.com)



### Outlet box

The Gas Ox Box is the newest addition to the line, and provides quick and convenient access to a gas shut-off valve for many household appliances. Works with a number of gases



including natural, manufactured, mixed propane and LP (including LP gas-air mixtures). Recessed box keeps pipe & valves out of the way, plus a quarter-turn valve for positive, easy shut-off. For indoor use only. **Sioux Chief Manufacturing**.

[www.siouxchief.com](http://www.siouxchief.com)



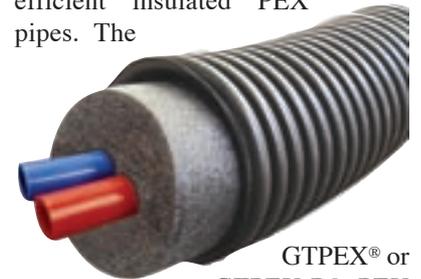
### One-piece compact toilet

The versatile, one-piece SANICOMPACT toilet offers a reliable green solution that saves water and floor space in a residential bathroom. Installs quickly and easily anywhere in the home; no venting required. In addition to handling toilet waste, it can also pump water away from a nearby sink. Operates with only 1 gpf; combines a macerating pump and electronically activated toilet bowl into single fixture. Measures only 14.5" wide and 18.25" deep; ideal for tight spaces. **SFA Saniflo Inc.**

[www.saniflo.com](http://www.saniflo.com)

### Insulated PEX pipes

THERMOFLEX® is a line of highly efficient insulated PEX pipes. The



GTPEX® or GTPEX-R® PEX pipes for potable and radiant heat systems respond to the most intensive environments and climates; insulated with almost 5" of high-quality, closed cell polyethylene foam to provide thermal performance and protection against water migration. Up to 300 ft long; can be customized to individual specs that increase or decrease the number of PEX pipes or internal diameters, require specific colors or need to have electrical wires added to the system. **GTGlobe Industries**.

[www.gtglobeindustries.com](http://www.gtglobeindustries.com)

### Offset installation kit

This kit is designed to make offsets in installations of this supplier's factory-built G Series grease duct. The Variable Offset Kit provides offsets of 1.5", 3", 4.5" and 6" as an easy method to work around beams, pillars and other obstacles on an installation site. Innovative design allows the installer to select the amount of offset needed with just one kit. **Metal-Fab, Inc.**

[www.mtfab.com](http://www.mtfab.com)





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## A letter from conference VP

# Why should I attend the AIM/R Conference?

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**“AIM/R reps that attend the annual Conference are reinvesting in their business professionalism and knowledge so as to do a better job for the manufacturers they represent.”**

reps. Why do they seek out AIM/R reps? Because we are the “crème of the crème.”

How do AIM/R reps get to be the best in their business? One way is by attending the AIM/R Annual Business Conference.

Our Conference brings us together to network with other reps on how they run their businesses with panels on best practices, speakers and reps discussing subjects like insurance, operating systems, management tools, human resource training, business law. And now, a portion of the Conference includes the manufacturers we represent to discuss their views and desires of what they would like to see from their reps.

AIM/R reps that attend the annual Conference are reinvesting in their business professionalism and knowledge so as to do a better job for the manufacturers they represent.

Having been associated with AIM/R for years and attending our annual Conferences, and currently on the Board of Directors, I can attest to the fact that our sales reporting and accounting systems, insurance

programs, hiring procedures, compensation programs, and more have all come from sessions held at the Conference.

This year's Conference is going to be held at the JW Marriott Resort in Summerlin, Nev., just outside of Las Vegas, from March 17-21. If you are

an AIM/R rep or manufacturer, or even if you are not an AIM/R rep but are interested in becoming one and reinvesting in your future business, I encourage you to attend.

This year's Conference will include such topics and sessions as the ones mentioned in this letter and

more. Go to [www.aimrconference.net/](http://www.aimrconference.net/) and sign up now.

Now, more than any time before, is the time to re-evaluate your business and invest in your business knowledge to get through these tough economic times.

I hope to see you in Las Vegas in March.

*Ken McGregor, CPMR  
VP, AIM/R Conference 2010  
McGregor & Associates Inc.  
West Jordan, Utah*

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## Pay it forward Eastern customer is friend for life

GREENVILLE, S.C. — To meet Mr. Walter Bruce, to spend just a few precious moments in his company, far exceeds anything this world can offer to brighten the darkest of days, the gloomiest of moods, lifting spirits soaring. Such is the nature of Bruce, who for many years until his retirement had been a faithful customer of Eastern Industrial Supply Inc. — and a friend for life.

Those at Eastern who have come to know Bruce over the years, either through delivering material to various job sites or having the good fortune to enjoy his company during the visits he made to the Greenville branch counter/distribution center, have great admiration and respect for him.

Mr. Bruce, now well into his 80's, has left a legacy of goodwill throughout the entire Greenville

community, and especially at Eastern. Many speak of how they remember Bruce always having something good to share about others and about life's circumstances. One associate noted with a chuckle that Mr. Bruce would usually end his visits with "there's something I want to tell you before I leave," and then go on to share an uplifting, kind word of encouragement.

It was no surprise then when Eastern associate Tony Hampton learned of an extraordinary need on the part of Mr. and Mrs. Bruce and he immediately set out to see what Eastern Cares could do to assist the couple in some special way. Hampton had learned through a local television "Pay It Forward" news feature that Bruce—a World War II veteran — was still seeking opportunities to supplement his meager Social Security,

which had become necessary after losing his retirement when the company he worked for failed. While caring for his ailing wife, Bruce regularly called upon local establishments looking to pick up odd jobs, including welding, for which he is known to be an "expert."

Through the Eastern Cares commitment to extend a helping hand of care to the company's associates, its 12-branch location communities, this country and other cultures

around the world, Eastern's associate-funded Cares Fund presented Bruce with a \$1,000 gift. This gift, along with many others that the Bruce's received from throughout the community as a result of the recent "Pay It Forward" news feature, will afford him much more opportunity to spend time at home with his wife. It also has given Eastern an immeasurable blessing to have reconnected with such a dear customer — and friend for life.

## U.S. Patent approved for Prier's C-634 Hydrant

GRANDVIEW, MO. — Prier Products' C-634 commercial hydrant has been awarded a U.S. Patent by the U.S. Patent and Trademark Office. The hydrant installs in half the time and has increased flow. The innovative design took into consideration the needs of the engineers, wholesalers and contractors who specify, distribute and install these valves. It has superior flow rates (19 gpm at 25

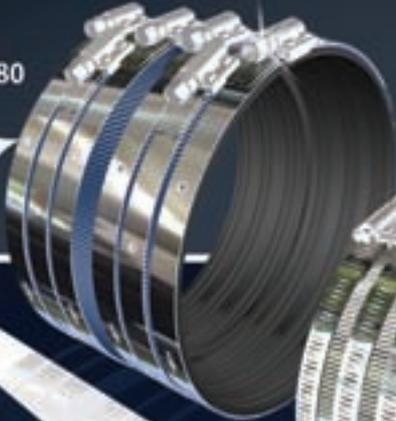


psi), is easy to install and was third-party lab tested to 250,000 cycles, equivalent to hundreds of years of service.

Visit [www.prier.com](http://www.prier.com).



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Our 2-day factory training programs are taught by Taco's own John Barba. Together, you'll focus on one topic and learn it cold. It's work, but it doesn't feel like it.

## Sign up now!

Classes are small, and available to FloPro team members only. Visit [www.taco-hvac.com/flopro](http://www.taco-hvac.com/flopro) for all the course information and details.



Date	Course	Description
FEB 11-12	"Compleat" Boiler Room (CBR)	Learn to design – and sell – the ultimate boiler room using all Taco products. Lots of hands-on, including wiring and programming Taco controls.
FEB 25-26	Hydronic Heat Loss and Design (HHD)	Learn simple strategies to improve any system by adding reset controls to existing cast iron boilers, adding motorized reset valves to mod-con boilers PLUS a whole lot more! Includes an introduction to Taco's new <b>iWorx</b> web-based system controls for residential applications. (CBR is a prerequisite)
MAR 11-12	"Compleat" Boiler Room (CBR)	See above
MAR 25-26	Hydronic Control Strategies (HCS)	Learn to conduct an accurate heat loss analysis with pencil, paper, and calculator. Learn how to use our state of the art FloPro Design software. Plenty of hands-on. Sure to benefit any experienced hydronics designer. Basic computer skills required.
APR 8-9	"Compleat" Boiler Room (CBR)	See above
APR 22-23	Hydronic Control Strategies (HCS)	See above
JUNE 24-25	"Compleat" Boiler Room (CBR)	See above
JUL 8-9	Hydronic Heat Loss and Design (HHD)	See above
SEPT 23-24	Hydronic Control Strategies (HCS)	See above
OCT 21-22	"Compleat" Boiler Room (CBR)	See above



### New this year are several "Off-Campus" locations:

#### Minneapolis:

April 15-16 CBR  
 May 13-14 HCS  
 May 20-21 HHD  
 June 17-18 CBR

#### Denver:

June 10-11 CBR  
 August 5-6 HCS  
 Sept 9-10 HHD

#### New Jersey:

July 29-30 CBR  
 August 19-20 HCS

#### Philadelphia:

Oct 7-8 CBR

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# Reliable Alaska heating performance proof that Baxi Luna can heat a home anywhere

BY PAT KAHNERT

Special to THE WHOLESALER

To excel with a boiler installation in North America's most demanding heating market is admirable. Mastering 100 reliable installations of a brand over a decade can best be described as exemplary — and that is precisely what Alaska contractor Mike La Fay has been doing with Baxi Luna wall-hung modulating boilers.

**"You simply can't get better than that — saving lots of money while knowing your heating system will withstand the coldest challenges of our winter."**

La Fay, owner of Meadow Lakes Supply in Wasilla, Alaska, has successfully installed Baxi Luna boilers since 2000 throughout Matanuska Susitna County, a 50-minute drive northeast of Anchorage.

"It can be 30° below zero here for three weeks straight, so a reliable heating appliance is essential for home comfort, not to mention survival," said the Baxi-certified con-

tractor. "I recommend this hydronic heating appliance to builders and homeowners with confidence, knowing it has a proven Alaska track record for quality, safety and reliable performance.

"I have not experienced any serious problems with this product," La Fay said. "I am even more excited knowing that Gensco is the exclusive stocking distributor of Baxi products in Alaska, meaning we have ready access to the product."

Gensco is a leading wholesale distributor of heating supplies and equipment, selling only to qualified contractors trade in Alaska, Washington, Oregon, Idaho and Montana since 1947. More recently, Gensco supplied 250 Baxi Luna boilers for an award-winning community redevelopment of Seattle Housing Authority, which reported 37% energy use savings over another hydronic heating system they had used.

**\$500 monthly oil bill reduced to \$150 gas tab**

La Fay says his personal experience with Baxi equipment was "icing on the cake" for his confidence in the product.

"My neighborhood just got natural gas over the past year, so I now have a Baxi Luna heating our family home and my shop," he noted. "Our previous fuel oil bill was up to \$500 a month, and now we are spending around \$150 for gas. You simply can't get better than that — saving lots of money while knowing your heating system will withstand the coldest challenges of our winter."

One of La Fay's top Baxi customers is builder Greg Koskela, owner of Elkhorn Log Homes in Wasilla.

"Mike is really good at what he does," Koskela said. "He convinced me five years ago how these compact, efficient Baxi boilers are ideal for our custom building. He designs simple, workable systems. Plus, he is a thorough and quick trouble shooter, always standing be-



Mike La Fay (left) enjoys ready access to Baxi product through Tom Beesing's Gensco Anchorage team. Gensco is the exclusive stocking distributor of Baxi products in Alaska.

hind his work. At the end of a day, you just know Mike knows how the appliance has got to work."

## Baxi Modulo enhances custom log home

In December, La Fay completed a Baxi installation in a 3,200-square-foot custom log home built by Elkhorn in the Meadow Lakes area. Overlooking the scenic Twin Peaks landmark, the home features multiple heating zones and high domestic hot water demand. To the delight of the builder and homeowners, La Fay designed a hydronic heating system featuring the 98%-efficient, low-NO<sub>x</sub> Baxi Luna HT 1.33 modulating, condensing boiler atop the 21-gallon, stainless steel Modulo storage tank. The Modulo is fully equipped with a fitting kit designed to connect directly to a fully loaded Baxi heating-only boiler.

"The Baxi boiler with Modulo tank is a slick combination heating unit that easily supplies the four heating zones as well as four bathrooms," said Koskela. "The heating zones include three radiant loops with RHT tubing and manifolds. Janes Brothers installed one loop is in the concrete slab, and two in Gypcrete. We also have supplemental baseboard heating in the loft."

The Elkhorn custom log home was La Fay's first Baxi modulating, condensing boiler with Modulo install. He also added Sentinel chemical water treatment to the boiler system. Sentinel, now included with all Baxi boilers in North America, eliminates any impurities and oxygen in the boiler loop, enhancing performance and ensuring longevity to the system.

"I like the Baxi combination heating and domestic hot water solution with everything built into the boiler," La Fay explained. "For this application, which has a high domestic hot water output demand, the boiler and

Modulo tank combi is perfect. We simply followed the manuals, checked a Baxi installation CD-ROM, and then assembled the boiler and Modulo within a couple of hours."

## Commitment to learning pays off

Mike La Fay says his commitment to keeping aware of Baxi product installation specifications goes hand in glove with keeping his promise to customers for ongoing maintenance of his work.



Elkhorn Log Homes of Wasilla, Alaska prefers Baxi hydronic heating solutions for their custom-built homes.

"I will not install any product that I don't fully understand," noted the seasoned heating and plumbing specialist. "Also, since I remain responsible for servicing units that I install, I want to make sure they are installed flawlessly every time."

La Fay says his product knowledge is kept sharp by referring to installation manuals for each install. He has found the Baxi Luna training and certification CD-ROM to be an ideal sales and installation support over the years, and has taken the on- (Turn to Tough Alaskan... page 66.)



Photos by Bob Martinson, Wasilla, AK.

Mike La Fay sets up his first installation of the 98%-efficient, low-NO<sub>x</sub> Baxi Luna HT 1.33 modulating, condensing boiler atop the 21-gallon, stainless steel Modulo storage tank in a 3,200-square-foot log home.

## Tough Alaskan winter climate allows Baxi boilers to strut their stuff

(Continued from page 65.)

line Baxi certification test. The contractor also appreciates having 24/7 access to the password-protected Baxi Certified section at [www.wallhungboilers.com](http://www.wallhungboilers.com). He also values Baxi technical expertise available from hydronic specialists at Gensco

and Marathon International.

Marathon International, the exclusive North American distributor of Baxi products, has produced a series of technical training and certification CD-ROMs for the Baxi Luna HT modulating, condensing boilers line (up to 98% energy efficient), as well

as the Baxi Luna 3 Comfort and the original Baxi Luna modulating boilers. The CD-ROMs are available from authorized Baxi distributors throughout North America.

Marathon president Mike Thomas says the firm's CD-



The Elkhorn 3,200-square-foot custom log home's four heating zones and four bathrooms are no strain for the Baxi boiler with Modulo tank.

## Sentinel cleaning and protection is a must for any boiler system



Sentinel's leading water treatment products improve a boiler system's efficiency, while reducing gas consumption and carbon dioxide production.

Sentinel cleaning and inhibitor concentrates eliminate the risk of premature wear of a boiler's heat exchanger, valves, pump and pipe work.

Sentinel products can also save radiators that are clogged with scale and black magnetite sludge, and allow a system to operate at optimum efficiency levels.

**Sentinel X100 Inhibitor** now comes with each Baxi Luna wallhung boiler.

To learn more, contact Marathon International, the exclusive distributor of Sentinel products in North America, at 1-888-602-5360. Or, complete a request form at [www.wallhungboilers.com](http://www.wallhungboilers.com).

**SENTINEL**  
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ROM series is a great learning tool for hydronic heating contractors located in remote locations.

"Mike La Fay's Baxi success is terrific," Thomas noted. "His careful attention to equipment specifications in each of his installs is clearly a manufacturer's dream. Above all, his work with Baxi equipment demon-

**"For this application, which has a high domestic hot water output demand, the boiler and Modulo tank combi is perfect. We... assembled the boiler and Modulo within a couple of hours."**

strates that if a boiler can heat a home in Alaska reliably for 10 winters, then it can heat a home anywhere."

Baxi is now in its fourth decade of manufacturing and marketing its Luna series of boilers worldwide, with a team of 12 mechanical engineers dedicated to the wall-hung line. The firm's Bassano, Italy, plant now produces 4,000 boilers a day for export to 70 countries, including the U.S. and Canada. Baxi Luna boilers are fully certified for North America, and include stainless steel heat exchangers bearing the ASME H-Stamp. ■

Visit [www.wallhungboilers.com](http://www.wallhungboilers.com) to learn more about Baxi proven hydronic heating solutions available in North America, as well as Sentinel water treatment products.



Baxi Luna HT 1.33 condensing boiler atop the Modulo storage tank.

See contact information on page 82

# Introducing a no-brainer from some of our brightest brains



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This new kind of water heater saves homeowners approximately \$320 a year\* in water heating operational cost. The footprint is similar to a standard tank model, and it uses existing water and electrical connections.

Set yourself apart by installing the GE Hybrid water heater and giving homeowners the energy savings they're looking for. For more information call 888-4GE-HEWH or visit [geappliances.com](http://geappliances.com)



See contact information on page 82

\*Based on DOE test procedure and comparison of a 50-gallon standard-tank electric water heater using 4881 kWh per year vs. the GE Hybrid water heater using 1856 kWh per year.  
\*\*Compared to a standard 50-gallon-tank gas model, based on 2007 fuel costs and testing conducted by the DOE.

## Laissez Les Bon Temps Rouler!

# Plenty of food and fun on hand as Coburn's shares thanks with State

BY MARY JO MARTIN  
Editorial director

The roots of Coburn Supply Co. are in Louisiana, and it seems that the spirit of New Orleans — “Let the Good Times Roll” — is embodied throughout its leadership and management team. It is simply impossible not to have a great time when you're with this group, so when

**As the rice expanded, it almost looked as though it was going to spill over the sides, but they had measured it just perfectly to fill every square inch of the massive pot.**

they invited me to come along as they set out on a very special trip to Ashland City, Tenn., my answer was a resounding “YES!”

Coburn's is based in Beaumont, Texas, and has branches in Texas, Louisiana, Mississippi and Tennessee. On December 9, the Coburn's executive management team brought a taste of Louisiana to the 1,400 employees of State Water Heaters in Ashland City, Tenn. Coburn's is well known for their cooking prowess, having put on countless special events for customers over the past 20 years. One of their specialties is jambalaya, a Cajun favorite. Believe me when I tell you that if these guys ever decided to get out of wholesale distribution, they could have phenomenal success as caterers.

And just as I had suspected, the day was filled with fun, laughter and camaraderie, not to mention a mouth-



It all started with 500 pounds of pork, chicken and Boudin sausage.

watering menu of jambalaya, fresh garden salad, bread and cookies.

### Turning the tables

While most often the vendor is the one serving as host for their customers, Coburn's wanted instead to do something to thank all of the people at State — not only for building a quality product, but for the relationship that the two companies have built since their partnership began in 2007. Additionally, last summer State presented Coburn's with a replica of their original 1934 Ford V-8 stake bed delivery truck for the company's 75th anniversary — which was featured on the cover of the October issue of *The Wholesaler*. Jim Margoni, vice president-sales for State Water Heaters, noted, “We were excited to be involved in the co-op program that provided the restored pickup truck to Coburn's for their an-



'Top chef' Trey Berlin and Jim Dinser (far left) add the rice and seasonings; Berlin, Danny St. Pierre and Thomas Chamblee (center) stir the steaming pot; and Darren Tramel and Mike Parham (far right) serve as salad masters.

niversary and look forward to a continued partnership.”

Coburn's management wanted to bring the truck to the plant for all the State employees to see in person, which led to the idea of bringing lunch to State's employees. Coburn's vice president-sales and marketing Jim Fuller ran the idea by Margoni, who was understandably blown away by their generous offer. And, thus, the plans began to come together.

“We coordinated everybody's schedules and picked a date,” explained Coburn's marketing manager Michael Maloney. “Fortunately, cooking for large groups of people is not new to us, although 1,400 is more than we've ever served in the past. Truly, though, once it gets past 100, it's all kind of the same. If you can multiply, you can work with any recipe.”



The Coburn's team came in full force for this special mission. From left are: GM Larry O'Neal; VP-sales & marketing Jim Fuller; regional State rep David Thames; VP/GM Bill Geysler; Texas rep Mike Parham; commercial/PVF manager Thomas Chamblee; VP/GM Darren Tramel; VP/GM Clodile Romero (retired); VP/GM Trey Berlin; marketing manager Michael Maloney; plumbing purchasing manager David Frazier; president Don Maloney; VP/GM Jim Dinser; VP/GM Danny St. Pierre; Butch Moore, 1934 Ford hauler driver and operator; kitchen & bath manager Russell Atchetee; and EVP A.J. Maloney.

In addition to Fuller and Maloney, among the 14 from Coburn's who journeyed to Ashland City were key executives including president Don Maloney; executive vice president A.J. Maloney; vice presidents Trey Berlin, Danny St. Pierre, Clodile Romero, Bill Geysler, Darren Tramel, Jim Dinser; general manager Larry

“In my career, I've never seen anything like this done before,” Rajendra said. “When I told the board members in Milwaukee why I needed to leave the meetings for a day, they couldn't believe it. Having a customer go to such great lengths for our entire organization is really special.”

Rajendra noted that when he first

O'Neal; plumbing purchasing manager David Frazier; commercial/PVF manager Thomas Chamblee; and kitchen and bath manager Russell Atchetee. They were joined by State regional manager David Thames and two of State's reps, Mike Parham (Pepco Sales) and Jeremy Sharpe (Woolfe-Harris).

The night before the event, State executives welcomed the Coburn's group with dinner at a local steakhouse. Several toasts were made, and it was evident from all those in attendance that these two organizations have formed a strong partnership based on mutual respect — and really enjoy each others' company. In fact, Ajita Rajendra, State Industries president, took a break from a corporate board meeting in Milwaukee to fly back to Ashland City for a day to be part of this special event.

met with the Coburn's management several years ago as the two companies sealed their partnership, executive vice president A.J. Maloney had given him this piece of advice: “Don't ever treat us like a customer. Treat us like a prospect.” And the people at State have really taken that to heart.

But even more than that, as VP/GM Bill Geysler noted, is State's longer reach: “It's not just about what a manufacturer does for Coburn Supply. It's what they do for the industry as a whole and for the plumbers that matters to us. And in my book, State can't be beat.”

### Making it happen

Trey Berlin, vice president/general manager of Coburn's Baton Rouge region, served as “top chef.” Berlin (Turn to A Cajun... page 70.)

# Is there a seat at this table for you?



It takes more than hard work to become part of a Legend. **Joining our sales team takes commitment:**

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## A Cajun cookout in Tennessee

(Continued from page 68.)

has perfected this jambalaya recipe over the years; in fact, his local Kiwanis group actually sells the dry mix that includes the rice and all seasonings as part of their fund raising efforts. Berlin also coordinated logistical efforts to get all the ingredients, cookware and service items to Ashland City. He actually loaded 75-gallon and 25-gallon pots, along with a 100-gallon propane tank, onto his truck and drove them all the way

pinch hit wherever we're needed, so we figured everything would run pretty smoothly. It's a layered process with the jambalaya, it's almost like a concert. You add a little at a time and it all comes together at the end. To serve that many people we had to start really early."

A third group from Coburn's came in a few hours later to help with the remainder of the food preparation, set up and service. A number of the guys took turns stir-

**"It is great for building relationships and showing how much you care. It comes from the heart; this isn't done for show. Our executive team really wants to be there on the front line. And in this case, they really wanted to meet the people who make the product. We're fortunate to have a great group of people at Coburn's who love to cook, have fun and aren't afraid of new challenges."**

from Baton Rouge to Ashland City. A separate hauler brought in the replica 1934 truck and all the meat and rice.

Berlin split Team Coburn into several groups, each of whom was assigned a series of responsibilities. The first group arrived at the plant at 5:00 a.m. to set up a makeshift kitchen on the floor of the plant and start cooking the meat. Meanwhile, another group went to two local Sam's Clubs to pick up the fresh lettuce and other last-minute fixin's for the feast.

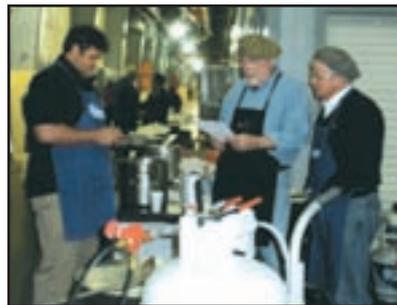
Included on Coburn's shopping list were:

- 500 pounds of cubed pork, chicken and Boudin sausage
- 180 pounds of rice
- 12 cases of lettuce
- 5 gallons of salad dressing
- 200 loaves of bread
- 3,000 cookies.

To mark the event, State had 2,000 t-shirts made up for their employees, with the phrase "Good Things Cookin' at State...Cajun Cookout."

"Trey ran the show for this event," Maloney explained. "He let everybody know what they needed to do. We're all pretty versatile and can

ring first the meat, and then the full jambalaya pot after the water and rice was added. Adding the water in itself was quite a process. Numerous buckets of water had to be



Coburn's VP/GM Trey Berlin (center) goes over last-minute logistics with marketing manager Michael Maloney (left) and president Don Maloney.

carted in and poured into the 100-gallon pot, followed by bags and bags of the rice mixture. And then chef Berlin added his special ingredient, "Magic Swamp Dust," to give it that authentic Cajun flavor. As the rice expanded it almost looked as though it was going to spill over the sides, but they had measured it just perfectly to fill every square inch of the massive pot.



Coburn's served a hearty lunch to 1,400 employees at State's Ashland City, Tenn., plant over three shifts. The plant workers were genuinely delighted that a customer would go to such lengths to say thank you. Needless to say, they really enjoyed the spicy 'taste of Louisiana.'

• Be sure to visit [www.thewholesaler.com](http://www.thewholesaler.com) for web exclusive articles and videos! •



These State employees were all smiles as (behind table) Coburn's marketing manager Michael Maloney, EVP A.J. Maloney and plumbing purchasing manager David Frazier served up a mouthwatering lunch.

Meanwhile, others worked on salads, making homemade dressing and adding their signature olives; while still others set up the serving lines with plates, napkins and plastic utensils, and got the bread and cookies ready.

Three serving lines ensured that none of the employees had a long wait and were really able to enjoy their lunch time. All hands were on deck for serving, with three Coburn's team members assigned to each station and the others acting as runners to make sure the stations were continuously stocked with food and service



State president Ajita Rajendra (right) sincerely thanked the Coburn's team, including VP/GM Danny St. Pierre, for going to such extraordinary effort.

ware. As the employees came through the lines, the Coburn's executives personally thanked each one and engaged in warm conversations. All together, they fed three shifts of employees, panning and putting the leftovers in warmers in the plant kitchen after the first two shifts, and making a fresh, smaller batch of jambalaya midway through the day.

Among the comments that State employees shared with me were:

- "We had heard they were going to do this, but had no idea how they were going to pull it off! But this was really great!"
- "We knew it was going to be good, because we could smell it all morning in parts of the plant!"
- "I couldn't believe the size of that pot!"
- "This was the best jambalaya

I've ever had...I'm going back for more!"

- "I can't believe they went to all the trouble to do this for us. We've never had anything like this happen before by a customer. It was a really nice thing for Coburn's to do!"

While this was a big endeavor on the part of Coburn's, Michael Maloney said this type of hospitality is really just part of their culture.

"It sounds cliché, but we've been doing things like this for our customers since the company started," he said. "It is great for building relationships and showing how much you care. It comes from the heart; this isn't done for show. Our executive team really wants to be there on the front line. And in this case, they really wanted to meet the people who make the product. We're fortunate to have a great group of people at Coburn's who love to cook, have fun and aren't afraid of new challenges. And when you share that with customers or vendors that you really enjoy, it makes it even better." ■

For more information, visit [www.coburns.com](http://www.coburns.com) or [www.statewaterheaters.com](http://www.statewaterheaters.com).



Mike Parham of Pepco Sales; State's David Thames; and long-time Coburn VP/GM Clodile Romero manned one of three serving lines set up on the plant floor.

## Effective showroom marketing

# Professional trade group partnerships for 2010

If you are going to be successful in 2010, a tough economic year, you will need to reach a greater portion of potential buyers and influencers. Knowledgeable trade partners can help create a conduit between you and the consumers. Professional trades can make “house calls,” while most of you do not have this option. Remember “The Three Commandments of Successful Showrooms”:

- Qualifying clients
- Determining who sent the client into the showroom
- Finding out who is buying the products.

Today, any of the trade groups listed can be the buyer. All the other trade organizations can give positive affirmation to buying decisions.

In every single professional trade segment, there are good and bad members. Please throw away your judgments if you want to be successful in working relationships. Yes, there is a difference between professional interior designers and interior decorators, just like between good and bad plumbers. If you are aiming for the high-end luxury buyer, you might want to become a “design/build” organization like many professional interior designers. In other words, they buy bath/plumbing products and subcontract the work to plumbing contractors. I 100% support the plumbing contractor if it is a “win-win” working relationship.

Following are some great trade groups, their number of members and websites:

- PHCC — Plumbing, Heating and Cooling Contractors, 4,100, [www.phccweb.org](http://www.phccweb.org)
- NAHB — National Association of Home Builders, 235,000, [www.nahb.org](http://www.nahb.org)
- NAHB — NAHB Remodelers Council, 14,000, [www.nahb.org](http://www.nahb.org)
- NARI — National Association of Remodeling Industry, 40,000, [www.nari.org](http://www.nari.org)
- ASID — American Society of Interior Designers, 40,000, [www.asid.org](http://www.asid.org)
- IIDA — International Interior Design Association, 13,000, [www.iida.org](http://www.iida.org)
- NKBA — National Kitchen and Bath Association, 40,000, [www.nkba.org](http://www.nkba.org)
- AIA — American Institute of Architects, 86,000, [www.aia.org](http://www.aia.org).

Some tips, secrets and rules of

thumb regarding success within the professional trade groups – collectively and individually are:

- **Joining the association** — Join as an Industry Foundation Partner (manufacturer/distributor), go on their website, click on their chapter map and go to your nearest chapter. The local chapter will come up and usually will have their own website. It will list chapter board executives, events and much more. When was the last time you were at an ASID local trade group monthly event?
- **Attending and participation** — Do *not* expect to get business from the group collectively or individually unless you attend the monthly meetings and participate in their other events. It takes establishing personal relationships to have real success. It is just as easy to make good personal friends and clients at the monthly trade group meetings as it is in your neighborhood.
- **Design homes** — Called by names such as The Parade of Homes or Street of Dreams. Contributing

plumbing and bath products, whether it is for a reduced cost or free, will *not* buy you into the group. It takes one-on-one personal relationships.

- **Table tops and display areas, monthly meetings and other events** — Most of the trade groups have 8-foot table tops and display areas for Industry Foundation Partners (product sellers). The cost can range from \$50 to \$250 depending on the size of the chapter and the monthly turnouts. Showroom promotional pieces, manufacturer literature and some small knock-dead faucets will work well here.
- **Open Houses at your showroom** — Most of the events I have attended in the plumbing wholesaler showrooms have missed the mark. Professional trade organizations will not give up their time for food and beverage only, or a weak event that you honestly would not attend yourself if you did not work for the com-

pany hosting the event.

- **Local trade group monthly chapter meetings** — Since professional trade group chapters are not money making, many are strapped for cash and have difficulty hiring professional speakers for monthly programs. The exception is one or two major programs or events a year where I or others have been hired to conduct day and evening seminars and keynotes. I highly recommend that showrooms partner with their manufacturer and manufacturers’ rep partners to come up with an exciting program on bath and kitchen trends, what’s new and hot in bath and kitchen products, and much more. It must be thoroughly entertaining with lots of value. The trade group will not accept a “commercial” type program.
- **Trade group conferences and Expos** — Many trade groups host an annual or bi-annual event with one to three days of educational programs coupled with an Exhibitor Expo. These are great vehicles to show your wares. It is also a great place to net-

**I highly recommend that showrooms partner with their manufacturer and manufacturers’ rep partners to come up with an exciting program on bath and kitchen trends, what’s new and hot in bath and kitchen products, and much more. It must be thoroughly entertaining with lots of value. The trade group will not accept a “commercial” type program.**

work with the other local home suppliers who serve the trades. Example: Lighting, appliances, windows, doors, tile, surface materials, and much, much more.

**Would you eat a cup of worms for \$10,000?**

Now that I got your attention, I have a “Target the Trades” Contest for you and your showrooms. The award is that you will be acknowledged in this monthly column in the June column with your name and showroom. I will also personally send you a crisp \$20 bill! First, do you have a Master List of *all* of the types of professional trades — plumbing contractors, builders, remodeling contractors, interior designers and architect within marketing distance of your showroom?

All you have to do is go to [www.thewholesaler.com](http://www.thewholesaler.com). Click on “Archives” and go to the August



**BY PETER SCHOR**  
*Showroom specialist*

2007 monthly showroom column, “Driving better traffic to your showroom.” Then just follow the instructions. The results will be:

- You will be able to identify all the trades in each group category by zip code within your market area.
- You will be able to create your own target market mailing piece or by using one of your manufacturer mailing pieces to get them to come to your showroom.
- The end result will be a greater amount of business in 2010.

All you need to do is send me the target market groups and numbers in each area as well as the number of accounts (no names) in each trade group category, and total trades. Then send me the target market piece that you used. Everything will remain 100% confidential. I will announce all the winners in the June issue of *The Wholesaler*. This is a 100% proven method to reach all of the professional trades in your immediate market. Even if “you think” the designers or architects don’t buy, they may influence the buyer in making their decision, constantly remodeling their own residence, and can recommend your showroom. My offer is to acknowledge you and motivate you (\$20 bill) to be more successful in 2010!

If there are any important issues that you would like me to address in this monthly column, please feel free to e-mail me. ■

*Peter Schor, president of Dynamic Results Inc., is a bath/plumbing industry speaker, educator, author, columnist and consultant in the many segments of our industry. For the past 20 years, he conducted seminars and speaks at numerous conventions. Schor has great expertise in the field of showrooms and hotel bathrooms and has won many industry awards. He also consults manufacturers in taking their products to market in the areas of sales, marketing and public relations. Schor can be reached at 1302 Longhorn Lane, Lincoln, CA. 95648, phone 916/408-5346, fax 916/408-5899, e-mail [pschor@dynamicresultsinc.com](mailto:pschor@dynamicresultsinc.com) or visit his web site [www.dynamicresultsonline.com](http://www.dynamicresultsonline.com).*

## VMI on the rise in plumbing

# Reasons to let a supplier manage your inventory

BY TOM HOAR

Special to THE WHOLESALER

As a wholesaler considering participating in a supplier's Vendor Managed Inventory program, you might be asking yourself, "Why would I let a supplier manage my inventory?" It may seem counter-intuitive that you can improve inventory management and

a standard in the retail industry and is very much on the upswing in wholesale distribution industries such as electrical, plumbing and industrial products. For instance:

- In the consumer packaged goods industry where VMI started, nearly all major suppliers and retail outlets participate in VMI programs.
- In the electrical industry where VMI has become well-established,

the benefits and want to realize them for more of their products and sales channels.

### A straightforward process

With VMI, a supplier takes responsibility for managing your inventory of their products. Both parties agree up front on the goals and metrics – usually focused on in-stock performance, inventory turns and transaction costs. Other agreements may be made regarding returns of excess inventory, etc.

The basic VMI process is relatively simple:

- The supplier monitors your sales and inventory levels for their products.

"VMI significantly reduces procurement costs and communication errors while optimizing inventory in support of both customer and branch network service requirements. This allows us to continue the high level of service our customers expect by maintaining high customer order fill rates."

– Greg Skagerberg  
CEO, Goodin Co.

- The supplier manages reordering calculations based on actual demand, lead time and other factors.
- The VMI system recommends replenishment orders. The supplier's VMI planner reviews and places the orders; planner and buyer communicate in exception situations.

### Why your key suppliers may be willing to take responsibility and do the work

There are several reasons why suppliers are willing to take on this activity:

- The supplier knows that fewer stock-outs mean increased sales. They have learned that, with the right tools, it's easier for them to effectively manage the SKUs you carry from them than it is for your buyers who are responsible for thousands of SKUs across dozens of suppliers. The supplier also has more information – for instance, they know when their lead times change and can make sure they are properly reflected in the re-ordering calculations to avoid any supply disruptions.
- With VMI, the supplier has greater visibility of actual demand, information which helps them with their own production planning.
- The supplier knows that whole-

"VMI has helped us add profit to our bottom line. We have seen increased turns and better in-stock percentages for our VMI suppliers. We have been involved with VMI for quite a long time and have confidence that processes like VMI make us more efficient in serving our customers."

– Charlie Slattery  
VP-Purchasing, F.W. Webb

salers with whom they do VMI tend to work more closely with them on promotions, new product introductions and other ways to increase sales, because their business objectives and communication channels are well aligned.

### Why you, as a wholesaler, will like VMI

Back to the original question: As a wholesaler, why would you want a supplier involved in managing your inventory? Why would you want to allow a supplier to maintain something as important to your business as having the right inventory on hand? Here are three good reasons:

#### 1. Improved inventory management.

Because of the reasons stated above, VMI suppliers can probably do an even better job of managing their products for you than you can yourself – and they have a big incentive to do it well.

- Fewer stock-outs = increased sales
- Better replenishment = faster turns.

#### 2. Reduced administrative costs.

Because your supplier is doing most of the work, your buyers spend much less time managing those products. Experience has shown that buyers can manage at least twice as many SKUs on VMI as they can manage using the traditional approach. That means you can re-allocate resources to troublesome products or to other more value-added activities.

- Less allocated manpower = reduced cost.

#### 3. Stronger supplier relationships.

Because you and your supplier focus on the same metrics (e.g. fill rates and inventory turns) to measure the program's success, you know your goals are always in sync, and performance is always visible. You and your supplier become stronger partners and are both better able to capitalize on opportunities and manage market swings.

- Better collaboration = reliable supply.

### Deciding if/when VMI is right for you

If you have not already done a conscious evaluation of what VMI could

**The supplier knows that wholesalers with whom they do VMI tend to work more closely with them on promotions, new product introductions and other ways to increase sales, because their business objectives and communication channels are well aligned.**

increase sales by allowing suppliers to maintain your inventory. But more and more wholesalers are doing just that with key suppliers. In fact, many wholesalers are now encouraging suppliers to include them in their VMI programs. Why? Because for you, the wholesaler, it results in increased sales, improved inventory turns and reduced administrative costs.

### A proven and growing business practice

VMI is not a new concept – it's been around since the 1980s when Proctor & Gamble and Wal-Mart started the practice. VMI has become

80% of the top 50 suppliers have an active VMI program and 66% of the top 100 distributors do VMI with one or more suppliers.

- In the plumbing industry, where VMI is now becoming a common business practice, at least 25 of the top suppliers already have an active VMI program and a growing number of wholesalers do VMI with one or more suppliers.

Like many innovative business practices, VMI was adopted first by the leading and forward-thinking companies in each industry. The use of VMI is now expanding as both wholesalers and suppliers are seeing

## A new generation of VMI

A new generation of technology is making it much more cost-effective for suppliers and distributors to create collaborative VMI relationships.

Dataliance VMI is offered via the Internet as a "Software as a Service" (SaaS) solution that removes virtually all of the technical issues and allows partners to focus on the business issues. "With the growing acceptance of VMI in the plumbing industry, suppliers are looking for a cost-effective and easily scalable program," said Tom Hoar, Dataliance director of sales. "The SaaS model allows suppliers and their wholesaler partners to be up and running in as little as eight

weeks."

Examples of plumbing industry suppliers launching or expanding their VMI programs using Dataliance include:

- Canplas — leading manufacturer of ABS and PVC fittings, specialty plumbing, grease management, sewer and industrial products
- Ward Manufacturing — manufacturer of leading malleable and cast iron fittings and nipples, and WARDFLEX® CSST
- Watts Water Technologies — manufacturer of an extensive line of flow control products for water quality, residential, commercial and OEM markets.

do for you, here are a few easy steps:

- To learn more about Vendor Managed Inventory, visit [www.vendormanagedinventory.com](http://www.vendormanagedinventory.com). You can also find a wide range of articles, success stories and other resources to explain how VMI works, answers to common concerns, and keys to success at [www.datalliance.com](http://www.datalliance.com).

- Identify the suppliers that are most important to your business and for whom you are an important channel. Target your top 10%; start with your top 6-8.

- Talk with those suppliers. Do they have a VMI program? If so, are they interested in doing VMI with you? How does their program work? What would be required of you? How would they ensure high service levels? How would they handle overstock situations? How would you maintain visibility and effective communication?

- Select an initial supplier with whom you have mutual trust. Confirm that your interests and theirs are well aligned. Start with a pilot — possibly at just one location — to prove the process. Once that location is working well, you can fully implement with that supplier with confidence.

- Expand to additional suppliers at a pace that makes sense to you.

Datalliance is one of the world's largest independent VMI service providers, processing almost \$5 billion in orders, over 11 million SKUs managed, and more than 26,000

**"We've improved turns for our VMI items by 30%. In the past, replenishment orders were less frequent, with larger quantities and included some "cushion" for safety stock. The entire process is leaner now with orders tied directly to sales."**

**— Rod Sanders  
Manager of Information Systems,  
Consolidated Supply**

customer locations. Delivered as a managed service via the Internet using the 'Software as a Service' (SaaS) model, Datalliance VMI makes it easy for suppliers and their customers to establish effective VMI relationships that fully align business objectives, improve collaboration and streamline supply chain operations. Datalliance serves leading Fortune 1000 companies and their distributors, retailers and customers in a number of different industries. For more information, visit [www.datalliance.com](http://www.datalliance.com). ■

*Tom Hoar is director of sales-plumbing for Datalliance. He can be reached at [thoar@datalliance.com](mailto:thoar@datalliance.com).*

## Cheap (and highly effective) market research for you

Entrepreneurs wonder all the time what the market *really* wants. What products will sell? What services are people ready, willing and able to pay for?

The wrong approach — which is unfortunately used a lot — is for a well-meaning small businessperson to come up with a seemingly great idea and run with it. Many have tried the "Do what you love and success will follow" path, only to find they still don't make solid, bottom-line profit.

Now hold off on the nasty e-mails. I'm a firm believer in doing what you feel is important. Just remember that in the world of business, *you* are not the one providing the income — your customer is. You have to come up with the products and services *they* are ready, willing and able to pay for. If you like it, hey, that's great! However, that is not the sole measure of what you should do.

Like so many decisions in life, it is a combination of what the market is ready, willing and able to pay for now, as well as where you have a passion. In business, the emphasis is on the customer — at least if you want bottom line success.

So, how do you test for what they *really* want? How can you conduct market research quickly, inexpensively (key term in today's market) and effectively (you want accurate results)? One of the classes in my MBA program was Market Research. We studied lots of quantitative approaches as well as really cool ways to find out what people said they would buy. The problem was that most of that market research was really expensive. Lots of number crunching and focus groups would cost serious money. All that is well and good. Many of these same techniques are used today.

However, for you and me there is a much less expensive — and even more effective — means of testing new ideas for products and services. Today we have the benefits of new technologies that have changed the rules and slanted the advantage to the small business.

I've always believed that small businesses have a real advantage over large corporations. I often joke that if I need to make a decision, I have a meeting of the Board of Director (emphasizing the one director!) and do it. If I want a raise, I don't have to ask anyone for it — I just go out and earn it.

So, here's a way you can make decisions and test them effectively in

your business. Check the idea with a Blog. You can start a Blog for no cost at Blogger.com or at Wordpress.com. Both of these tools are excellent and they are free. You can write about what is on your mind to test the market. Be sure to include some good keywords that will grab the attention of the search engines. You want people looking for information on your topic to be able to find it very quickly.

*No charge to you.*

An even better way to test is to put a video with your article. Do it on YouTube and then include the HTML, the coding for the video, into your article with a simple Copy and Paste command.

*No charge to you.*

You can also ask for feedback. Find out what your target audience thinks of your idea. Before you spend all the money on a new product or expend a lot of energy, test it online with a Blog and video to see the market reaction. Get feedback from real potential buyers and slowly test the waters.

*No charge to you.*

Do you see how lucky we are to be alive today? Even in the midst of challenging economic times, we can test ideas quickly. If they don't fly, look at it as really good information. This is along the lines of the famous Thomas Edison quote about not failing 1,000 times to create the light bulb, but finding 1,000 ways it doesn't work. It cost Edison a lot of money to test his ideas. Failures were disheartening and costly. However, today you can test your ideas at...



**BY TERRY BROCK**  
*Technology/marketing specialist*

*No charge to you.*

Kinda' nice, huh? Of course, the next step is if you see a lot of reaction (based on solid, real numbers of visitors and real reactions) you can produce a test product as a PDF or MP3 audio. You can do this for little cost with open source software like Audacity for audio. Check out PDF995 or PrimoPDF along with a host of others that will create a PDF for free.

You can create dazzling products that solve real-world problems and post them on your Blog. Get an account (at low cost) with PayPal and you can receive money.

There you have it. A great way to test your ideas *and* make money — *at no charge to you*. With this approach, you can do what you love and the money will follow because the marketplace also loves what you do! ■

*Terry Brock is an international marketing coach and professional speaker who helps businesses generate profitable results. He can be reached by e-mail at [terry@terrybrock.com](mailto:terry@terrybrock.com) or through his website at [www.terrybrock.com](http://www.terrybrock.com). Join the Twitter adventure with Terry through his Twitter address: TerryBrock.*

## Historic Hotel Andaluz chooses Caroma for renovation

HILLSBORO, ORE. — Caroma was chosen by Goodman Realty Group to furnish high efficiency toilets for the historic Hotel Andaluz in Albuquerque, N.M. The hotel, with 107 guest rooms, re-opened on October 1, 2009, after a \$30-million renovation. One goal for the Andaluz is LEED Gold certification, potentially the first for a hotel listed on the National Register of Historic Places.

Caroma was chosen by Goodman Realty Group to help maximize water savings and because of toilet design. The hotel has been retrofitted with Sydney Smart 270 and Caravelle 270 toilets. The Sydney Smart is a dual flush toilet using 1.28 gpf for solid waste and 0.8 gpf for liquid and paper waste, averaging only 0.90 gallons based on a 1:4 full/half flush ratio. The Caravelle HETs have a 1.6-gallon full flush and a 0.8-gallon half flush, averaging just 0.96 gpf. Goodman Realty Group expects to conserve, at the least, 100,000 gallons of water a year at 50% occupancy.

According to Darin Sand, LEED AP for Goodman Realty Group, "One of the main reasons Caroma toilets were chosen was because of the adjustable rough-in. This hotel was originally opened in 1939, and during that time, rough-ins were usually 10 inches. However, when we were remodeling the bathrooms, we discovered that the rough-ins were 10, 11, 12 inches, or somewhere in-between. With the offset connector supplied with the Caroma toilets we chose, we could easily handle any of these variations."



## 2010 and beyond

# Our industry economy + our focused participation = our success and/or survival

Happy New Year everyone! I suppose you could say that it has taken me about a month to really settle into the fact that we are faced with a new year. Yes folks, the first year of a new decade is staring all of us squarely in the eyes with a puzzled look on its face and holding a big sign that says, "What Happened and What Are You Going To Do Now?" Well, that indeed is "the question" of the new decade as far as I'm concerned — *What are we going to do now?*

My observation across these United States (though it may be bi

**I observe that packaged stock orders of commodity PVF/plumbing product have changed a great deal in size and mix. As long as this practice is the norm, the pressure is indeed on manufacturers to stay on top of that "critical balancing act" to take care of the surge when it comes— and at some point it will come.**

ased by my constant attitude that having a positive laser-like focus on any issue is always better than negative thoughts) is that the market has begun to show a positive pulse again. Yes, it is faint for sure, but there are many signs out there today indicating we all should see or may already be seeing a stirring of interest in some inventory replacement from wholesalers. There is more new activity in some

parts of the country than others reference industrial PVF — the evidence of some stimulus money on the loose, mining and power work, and a bit of a pick-up in parts of the oil, gas and energy market sector. Pure single family housing is still rather void across the country, while commercial/mechanical and fire protection opportunities are still hard to find.

You know I'm a pretty simple guy. I like to know and learn what is going on or what is expected in our great industry as much as the next person, but I get so tired of having to jump from publication to publication, or website to website, etc., etc., to read stats on different market segments. I read fast and really like to skim the surface of an article, taking the summary facts that I want and leaving the rest. I like to see what I need summarized all on one page — quick, easy, reliable and truthful, that is what keeps my interest.

Some of the following comes from me and my personal knowledge and thoughts, some from noted wholesalers and contractors across this great country of ours, some from news publication stats, and some from the Internet. I have boiled them down to one pretty solid generic report for you that pulls no punches. Rather, it gives you what I believe to be a pretty darn factual snapshot of what is currently seen and reported.

### Wholesaler inventories

Most contacts I have spoken to (both wholesalers and manufacturers)

believe 2010 will see a modest movement in inventory replacement, starting now but with a heavy hand on the throttle so as not to create more than needed again just to fill the bins, know what I mean?

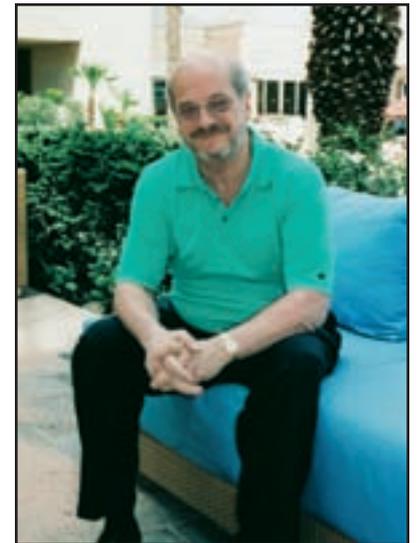
The good news here, I'm told, is that on average, most wholesalers' inventories are down (compared to the prior year) as much as 20%. Depending on the market segment and area of the country, some commodity inventory has been taken too low, hence the need to balance most certainly for the PVF side of the business. Some of this is evident also in the plumbing products at wholesalers as well. "Cautious" will be the word of the day in 2010 when it comes to inventory builds.

By and large, most contractors are saying that the wholesale suppliers they use are in pretty good shape and holding steady on commodity products; there are some stock outs, but getting better. Large equipment manufacturers of chillers, boilers and HVAC equipment — generally long lead time items — have also improved their delivery by a large degree. They all need business just like we do.

A couple of large union contractors have stated to me that some inventories will indeed be challenged by having to comply with the new Federal Policy of "Buy American." To the writer, this brings up an interesting point. Is it "Buy American" or "Buy America"? To me there is a lot going on in that statement, know what I mean? In general, I believe that "America" means made in this country and "American" means quite possibly made out of this country by an American-based company that has actual production facilities elsewhere.

### Manufacturer inventories

Manufacturers that are on top of their game in building product that matches up to customer/field/market needs and expectations have had a heck of a time trying to balance their inventory build while at the same time running huge plants at a keen level of total expense control to keep competitive cost in place. It is a critical balancing act for all producers (especially commodity shelf items) to



BY JOHN MARTIN  
PVF industry veteran

play a larger role in having what is needed on time as wholesalers continue to watch their growth in inventory dollars.

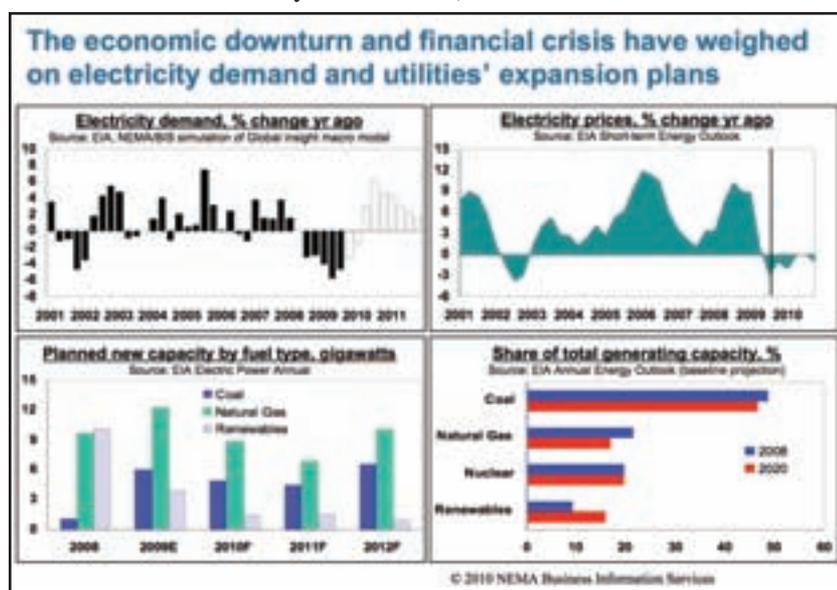
I observe that packaged stock orders of commodity PVF/plumbing product have changed a great deal in size and mix. As long as this practice is the norm, the pressure is indeed on manufacturers to stay on top of that "critical balancing act" to take care of the surge when it comes — and at some point it will come.

Until that happens, market input on expected uptick demand from the wholesaler and the contractor/end-user is critical so no one gets caught with empty shelves. Who should we charge to keep track of such information? It is my opinion that the responsibility should be placed squarely on the shoulders of the manufacturer and wholesaler to make end-user/contractor calls and get to know first hand what is coming down the pike from design, specifications, time frame of project, bid stage and purchase point.

All of this is key to having "ready inventory" on commodity products, and of course agreeable lead time on design product/services and specials. Another key point to all the manufacturers reading this edition of "Martin's Corner" is this: More efficient and timely preparation of your name brand product to fit project just in time needs will have you equally better prepared to take on any of your competitors — be they foreign or domestic. I subscribe strongly to the idea that U.S.-produced product will start to mean more again to the American end-user, the mechanical/HVAC/plumbing contractors, distributors and to the American workers. A recent national report stated that U.S. factory orders gained 1.1% in November compared to prior.

### Industrial PVF

This is a market that really needs focus and study in the new year to ac-



tually pick off the opportunity areas. While being down a significant amount in 2009 versus prior years, I am actually getting reports from around the country that are somewhat positive for 2010. Mostly flat to down 5% to 10% versus 2009. While this is a big spread in opinion, note that the Southwest and Southern part of the country chimed in with relatively good news of 2010 being a growth year.

### Stimulus money

I hesitate to mention this area of opportunity just for the general feeling (mine more than anything) that all

seems like good ideas to me, but it takes several years of study at times on the issues — and then the answer is most likely no. Doesn't make a lick of sense to this 'ole Texan, but who am I?

Brighter side here is that some OCTG/Oil country casing producers in the states are running big time again, with lead times jumping out to as far as 16 weeks on some products since December.

I'm also told that the large Korean mills are almost booked now through the second quarter — *not* with mechanical grade B & A piping for our type work, but with oil country prod-

ucts. To this point, who can remember when there was not any major construction projects in the city of Las Vegas, as an example? With all due respect to what I just stated, from most all other parts of the country comes information that there is some nice work out there, but simply not the volume of projects we have seen in the past.

One reason for that (I believe) is that private money is very hard to find right now as the banks are just not lending as freely, so high rise commercial construction has simply fallen of the radar screen compared to prior years. One report told me that within a 100-mile radius of the city of Boston, not one private sector money job is in progress. Not good!

On the bright side of this sector of construction, government work such as hospitals, health care facilities/labs, schools, military spending, airports and various other stimulus packages are pretty busy. For manufacturers, wholesalers and contractors engaged in these markets, there should be growth during the last half of 2010.

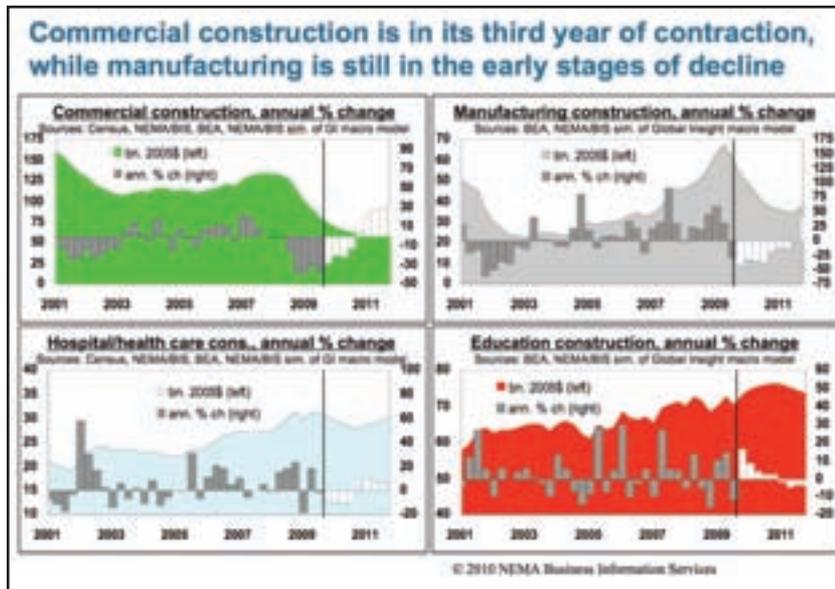
My brother Robert Martin works for an independent HVAC-air-conditioning wholesale house in Fort Worth, Texas. He says their parts department has never been so busy for repair, service and new construction projects. (Since he is my brother, I don't mind using his name. If my forecasts are really bad, then I can

to more scrutiny from contractors on line item pricing for products — even on commodities to take all the cost they can out of their bid price to finished job.

Another area of concern for me, and should be for you, is the unemployed. I saw a stat today stating that we lost another 85,000 jobs in the month of December, but the total for the year still stands at approximately 10% of the work force. That alone is scary enough, but when you take a shot at narrowing it down to the work areas that play a big roll in the survival of our industry, it becomes pretty clear (to me) real fast that some sectors of employment are in worse shape than others.

For now I'll address just one, and that comes from the American Institute of Architects. The AIA has actually issued a statement that says the continued weak economy and soft demand for commercial space will combine to keep construction of commercial centers and office complexes down again in 2010.

While in 2009 these types of commercial construction dropped some 25%, they announced that they feel 2010 will yield an additional 12% to 15% decline. That is not a good thing, but the AIA did state that inquiries about new projects have recently shown a slight increase, which indicates a possible improvement in activity later into the calendar of 2010. The AIA in fact bases their forecast



I've really seen thus far are all those huge road signs that say "Your Stimulus Money At Work" or something like that. I chuckle when I read them mostly on the side of the roads and freeways or bridges — like how much PVF or plumbing is used on this job? I just have not seen a lot of meaningful projects shaken loose yet to see the "stimulus dollars" at work for our industry in general. I have seen "mega dollar" jobs such as solar projects, power-oriented projects, etc., that have been quoted, but funding not released yet. We are told jobs like these are about to take off — and if they do, hurray! We need projects like these to kick in all across the country, and if any of you readers know exactly when that will happen, *please* let me know!

### Oil, gas, alternative energy sector

So controlled, so sensitive to worldwide demand, so mysterious at times! The prices at my gas pumps are still going up and down like a yo-yo. Why? Manipulation of course, depending on the world market and demand. All the federal laws and activist groups that are more concerned about the life span of some endangered insect or the growth area of some rare cactus really bother me. Drilling wells, putting in necessary pipe lines, or erecting wind farms

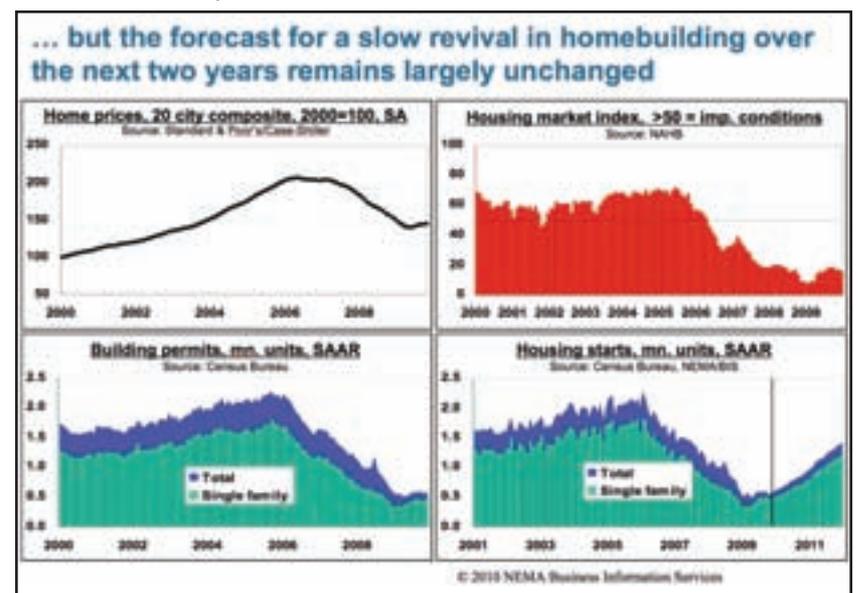
uct. Looks like the cost to produce now on that product is putting a belief into some inventory build getting ready for work in the last half of the year.

### Housing

New housing starts have been in the 600,000 range (plus or minus a bit) for quite some time, so you see, even if they almost doubled in calendar 2010 to let's say, a million, it would still be considered as "way short" of our historical standards. By the way, no one that I know expects much of a change for 2010, so I'm afraid the single family home market is still in for a tough year. Further recognition of this being true is the "state of the union" at the underground hydrant, valves and cast iron water distribution manufacturing companies. There is no housing land development going on and certainly very little municipal city inventory contracts in use.

### Commercial/mechanical/fire protection

The CEO of one of our industry's leading manufacturers of product has informed me that commercial construction will decline once again (in his good opinion) into the low double-digit range. It is a pretty uniform feeling that there is just not any need nor financing out there for new proj-



openly blame him for some of it!)

You know, in general terms, some contractors have stated that they have work — a couple even said lots of work — booked, but today there are so many contractors going out of their normal comfort zone to bid work, any work, in an attempt to stay busy that it is very hard to make money. As you all know, on most federal jobs, and I'm sure on any new stimulus work as well, the low qualified bidder gets the order. I see a lot of trouble ahead on that, right down

on an index that measures design and engineering activity in American firms, which generally leads construction activity by 9 to 12 months. According to this referenced index, the current weak demand we see for design services indicates a continued weakness in this construction space well into 2010.

On a brighter note, institutional construction should do a little better, as spending is forecasted to be up slightly in 2010. The stimulus money (Turn to PVF sector... page 76.)

## PVF sector looking for slow growth, mild recovery for most categories

(Continued from page 75.)

spending should keep construction crews busy in 2010 on schools, hospitals and government buildings as already stated. Healthcare construction spending should remain relatively flat with 2009.

The architectural industry has been particularly hammered. It is reported that they have lost a staggering 14% of their total workforce to lay offs. Wow! We all should keep a keen eye on those firms. When they start hiring again, forecasters should surely begin painting a rosier picture for new commercial construction projects.

Prices are starting to be announced for many products. Due to recent ITC

work is trending down. A lot of his client base has been impacted by recent large pharmaceutical company mergers, so he has a wait-and-see attitude on that sector as to how it will be affected. The smaller pharmaceutical work has been and is still very good there.

Unique to that area (Capital District of New York), a \$6-billion microchip plant is underway, and drawing a lot of attention from around the country. A new advanced micro device (AMD) is going to be developed and produced in this plant; it's construction will likely see many of the U.S.'s larger national companies involved. Other than this mega

the highway you know and trust and understand. Stick to honesty, good company practices and hard work in the industry segment you know and trust. Train your people well, and get ready for the comeback. Keep "ramblin'." We can make it — together!

See ya, and thanks for reading! ■  
Born Johnney E Martin in Venus, Texas in 1944, he is one of nine children raised 100% on a cotton and grain farm that his father share-cropped. After high school, Martin went into the Army and then Reserves. He joined what was then Grinnell Co.

in 1968 and has been with them every day of his life since then through four different owners, now Anvil International, A Unit Of Mueller Water Products. He currently serves as vice president of national account sales for the Anvil Mechanical Unit. Holding various sales and management positions over the years, Martin has received numerous industry and association awards, and has been involved with industry education foundation boards, and the Board of Directors of both ASA and MCAA. He resides in Castle Rock, Colo., with his wife Kathy of 27 years; they have a daughter Kayla who is 25 years old. He is committed to staying involved in the plumbing and pvf industry (which he loves) for many years to come.

**If demand has not picked up on a steady basis, we might see the new prices that are put in place the first six months of the year get a little soft. Foundry items, valve products, etc., are scheduled for increases in the first half of the year also. Most commodities (not steel pipe) will likely set the pace of increases at between 2.5% to 8.0% depending on market conditions and materials.**

rulings and cost changes on scrap and hot band, steel pipe prices will go up during the first quarter and most likely the next quarter as well. This includes U.S. and import.

If demand has not picked up on a steady basis, we might see the new prices that are put in place the first six months of the year get a little soft. Foundry items, valve products, etc., are scheduled for increases in the first half of the year also. Most commodities (not steel pipe) will likely set the pace of increases at between 2.5% to 8.0%, depending on market conditions and materials.

One good wholesaler friend of mine from the West has a not-so-bad story when you consider the state of the economy. He feels that the business year of 2007 is a good model to use for planning, and that unemployment is more like 20%. This is close to my feeling as well, since so many people have just stopped looking and are not even in the stats. He doesn't see much hiring until there are two quarters of sustained growth. Could be!

A good friend (mechanical contractor) in the Northeast states their backlog is down some 40% from prior year. It all depends in what part of the country you are in and what market segments you work in. He sees a lot of water treatment and waste water treatment sectors in his area directly due to stimulus monies.

There is still reported in this area "big bucks" in large data center projects. Power work is trending up for him, and hospitals and health care

project, the local unions are having a tough time.

In Boston, I am told that there is a 10.4% vacancy rate in the commercial buildings. There is no commercial construction in that area at all right now. However, there are some good signs of stimulus packages showing up there for VA hospitals, military bases and airport work.

To paraphrase a great quote from a good friend of mine in Alabama: "Here we all stand at the start up of 2010, flat footed and with little tail wind!" We are going to have to pick and choose our battles (manufacturers, wholesalers and contractors), work the market with vigor and focus, and perform like never before. This is America, and even in these times, we all can survive if we lend a little respect to each other! Let's make it through 2010 — and then, I believe we will realize a bit more joy in 2011!

Until next time, remember this: Merle Haggard wrote in one of his great country and western songs: "My hat don't hang on the same nail too long, and my ears can't stand to hear the same old song. And I don't leave the highway long enough, to bog down in the mud, 'cause I've got ramblin' fever in my blood!"

My point is simply this: Be like Merle! Your hat needs not a nail to hang on if you are out and about the business of our industry. Stop listening to the same old song, as it will get you down — and please, don't get yourself bogged down in the mud of this economic turndown by leaving

## Acadia helps military housing go green

BANGOR, MAINE — Approximately 2,000 homes for military members living at McGuire Air Force Base will have the new Acadia™: combined heating and cooling system installed in an effort to be more energy efficient, environmentally conscious, and reduce operating and ownership costs of the homes. The Acadia heat-pump systems will reduce overall energy consumption and reduce heating and cooling costs for residents by more than 20% annually, while increasing the overall comfort of the homes for the residents.

The Acadia will be installed by United Communities LLC, the owner of the Military Housing Privatization

Project at Fort Dix/ McGuire. The Military Privatization Act is a national program that allows private developers, through competitive offers, to redevelop and operate military housing for a 50-year term. United Communities selected Acadia to improve quality of life for its residents while saving them money on heating and cooling.

The patented Acadia is an economical, environmentally friendly, next generation heat pump. The engineers at Hallowell International developed their patented Opti-Cycle booster so that it enables the Acadia to run efficiently in temperatures as cold as minus 30°F.

## New Samsung & Coaire distribution center serves central U.S. and Canada



FORT WORTH, TEXAS — Samsung Systems A/C & Coaire celebrated the grand opening of their 64,000-square-foot learning and distribution center here. The comfort system in the learning center features a Samsung DVM Plus III variable refrigerant flow system to demonstrate and train distributors and contractors on the features and benefits of the system. Sales and technical training seminars will be held on a regular schedule throughout the year for Samsung air condi-

tioning equipment including mini-splits, Coaire mini-splits, Coaire tankless water heaters, Coaire dual purpose water heaters and Coaire unitary air conditioning products.

The Fort Worth center, working with company facilities on the West and East Coasts, will serve wholesale distribution throughout the central U.S. and central provinces of Canada; providing timely product delivery and technical support to distributors. For information, call 817-838-6066.

# Price management: It's worth every minute you devote to it

(Continued from page 8.)

the \$1.00 price was acceptable in either case since he never got to see the GM%. (Before you complain, sales compensation was based upon the raw sales dollars not the gross margin so the inaccurate GM numbers didn't cheat any salespeople out of their commission. In fact, since the sales force didn't discount as much, they actually made more money in the process.)

- **Don't show the customer your cost or GM percentage.** I just wanted to throw this in since there have been instances where salespeople routinely shared the company's costs and gross margins with their customers.

## Watch for the red flags

**Red flag 1 — Sledge hammer discounts.** These are instances where the salesperson sees that the customer seems to have heartburn and hits the situation with the biggest hammer that they are permitted to use. They don't take time to determine if the

*...Seldom, if ever, does a customer tell your team that he needs 25% gross margin pricing on a product. Very few of your team understand what gross margin is and even fewer of your customers have a clue about what gross margin is.*

heartburn is related to the price, if it's a bargaining tactic or due to the double-bean, extra spicy burrito the guy had for lunch. The big hammer almost always gets the sale, but often creates big collateral damage:

- The company's profits are gone.
- The customer wonders why he has been paying so much for all these years when such a massive discount was offered with so little effort.

Often, simply asking a couple of questions can help the salesperson understand the highest price that will make the customer happy enough to buy from you.

**Red flag 2 — Even percentage discounts or gross margins.** Over the years, as we have looked at the individual transactions, we noticed that many of the concessions resulted in even numbered GM percentages. (In fact, as we noticed the pattern we

added code to our Price Analyzer that detects and reveals instances where the salesperson looked at the customer's sale price and entered an even GM percentage override into the computer.)

## Red flag 3 — Discounts and

**gross margin percentages in multiples of 5.** We noted that many of the GM percentage overrides or discounts were 10%, 15%, 20% or 25%. We have found in practice that there are many instances where a 12% or 13% discount would have worked

just as well (with the customer) as the 15% that was given.

I don't want to get off into a rant but I find these last two types of overrides to be quite offensive. Why, you might ask.

- Because seldom, if ever, does a customer tell your team that he needs 25% gross margin pricing on a product. Very few of your team understand what gross margin is and even fewer of your customers have a clue
- (Turn to Schmitt, page 78.)

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## Schmitt

(Continued from page 77.)

about what gross margin is.

- If, perchance, they *did* understand gross margin, they sure as heck wouldn't tell your team that they needed xx% gross margin pricing.
- In my 20 years of consulting, with an emphasis on pricing, I can count on one hand — really, three fingers — the number of instances where customers

**Discounting authority is granted for one reason: To address competitive situations. It is *not* provided to allow the sales team to use in making friends with customers.**

have demanded pricing in terms of gross margin. I am not sure that they understood what they were requesting but they used the words gross margin in only three instances.

- So the gross margin percentage or discount that gets entered probably tells you what the salesperson thinks is a fair gross margin percentage or discount for the product and maybe for the company overall.

(As an aside, each member of your team probably has his own personal “fair gross margin” number in his head. It typically has little or no relationship to the market, the company budget or the competition. It is just a number that he thinks is right. It may vary based upon the company's niche but as I poll people in our industry, it is typically in the low to mid 20s. Sadly, the fair gross margin threshold for some salespeople happens to be below the break-even point for the company.)

• Even gross margin percentage pricing is not related to hitting a target price put forward by the customer since that customer's price seldom resolves to an even GM percentage. So when the customer says, “I buy that widget for two bucks down the street,” your guy will enter \$1.99 and the GM percentage will be calculated to some number that is seldom an even percentage.

- Further, 10, 15, 20 and 25 discounts are massive drops in margin especially when you consider that each discount point gives away a point of gross margin.

• Most companies and salespeople don't understand that each discount point gives away a point of gross margin.

- These major jumps may indicate how casually some salespeople view discounting. They give away the company's money in a way they never would if it was their money.

This is a huge problem.

**Red flag 4 — Discounts to the wrong customers.** Some salespeople have become discount addicts. They discount to customers based upon their mood more than a verified market situation. When you see a faucet cartridge discounted to a cash customer, you have a problem. In fact, discounts to any cash customer are suspect since these are often high-cost transactions in the first place. Again, the sales team sees a high gross margin and gives away the money.

**Red flag 5 — Robin Hood attitude.** Discounting authority is granted for one reason: To address competitive situations. It is *not* provided to allow the sales team to use in making friends with customers. If you find that some of your sales team has no customer skills beyond price dropping, they are

**...Discounts to any cash customer are suspect since these are often high-cost transactions in the first place. Again, the sales team sees a high gross margin and gives away the money.**

## Legend Valve puts faith in VMI

(Continued from page 14.)

at some point or another.

When choosing your vendors, look to the folks that support your need to return unproductive inventory. Legend Valve takes responsibility for their products in a distributorship. David Hickman, CEO of Legend Valve, outlined their straight forward policy with this simple statement: “If you can't sell it, we can.” He also likes to use this gem with his own people: “The ultimate ruse being perpetrated against wholesaler distributors is the cost of poor performance being hidden by a low price.”

VMI, or Vendor Managed Inventory, is one of those concepts that many distributors shy away from.

The basic concept behind VMI is simple. The supplier takes over the fulfillment function of the inventory management process. The distributor supplies the vendor basic sales transactional data. The supplier runs it through their purchasing algorithm. Inventory is fed to the distributor as needed. The theory looks good, but many distributors are scared to give up that much control. There is a fear that the supplier will just load them with more inventory in order to make their own sales goals. In order to combat this, most VMI relationships have very specific inventory turn goals. If you expect 6 or more turns, the supplier better be very cautious about loading you up.

Although Legend Valve has a relatively low percentage of customers using their VMI solution, it is really the next step in the relationship, according to Walter Jann, executive vice president. This is the program that really cements the partnership between distributor and manufacturer. Sure, it ties you to one guy in the marketplace. But let me ask you this, how many of your current lines turn 11 to 13 times per year?

Some of you might know that I have been on a campaign for the last few years to teach manufacturers, and particularly their sales representatives, how distributors really make money. I encourage them to be more consultative, rather than product focused. The Downstream Thinking initiative from Legend Valve is the best example of a manufacturer putting this into action. As they roll out the program, I encourage you to give them the opportunity to show you where total return on investment beats net price every time.

Good luck. ■

Jason Bader is the managing partner of The Distribution Team. The Distribution Team specializes in providing inventory management training, business operations consulting and technology utilization to the wholesale distribution industry. Bader brings over 20 years of experience working in the distribution field. He can be reached at 503/282-2333, Jason@distributionteam.com, or at [www.thedistributionteam.com](http://www.thedistributionteam.com).



### The Distribution Team Inventory Management Seminar Chicago, Illinois April 1-2

This seminar is all about managing cash in a privately held distribution company. You have weathered the storm. Let's start putting your inventory back to work. Here are some of the main topics:

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- Warehouse function and security
- Monitoring transfers and branch inventory
- Understanding the controls in your software
- Balancing between inventory turns and customer service

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buying the customer's friendship and that is a bad approach.

So, in short, here's my punch list:

- Take time to manage pricing.
- Work hard to give away a little less. Every dollar not given away should hit your bottom line.
- Start with properly managed computer pricing so your sales team has a realistic starting point for any negotiations.
- Don't show GM percentages.
- Don't allow people to see costs.
- Require accountability when discounts are required. (Why, who was the competitor, etc. Provide documentation whenever possible.)

For more on pricing, e-mail at [rich@go-spi.com](mailto:rich@go-spi.com). ■

Rich Schmitt is president of Schmitt Consulting Group Inc., a management consulting firm focused on improving the profitability of distribution and manufacturing clients.  
[www.go-scg.com](http://www.go-scg.com)

Rich is also the co-owner of Schmitt ProfitTools Inc. (SPI), a business producing print, CD-ROM, web and palm-based catalogs as well as pricing management and analysis software for wholesalers.  
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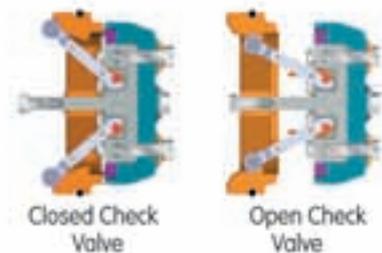
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## New version of Activant Business Analyzer gives distributors more analysis tools

YARDLEY, PA. — Expanding the already extensive business information tool set available to distributors, Activant Solutions Inc. introduced a new version of Activant Business Analyzer solution.

The latest version of Activant Business Analyzer software makes more information available to distributors, including bookings information, which allows users to analyze the orders placed on a given day. One capability is tracking changes to existing orders based on the original order date or the date of the modification as compared to the promised date, for more flexibility in analysis related to customer performance.

Another key dimension added in numerous places are user-defined fields class fields that allow users to analyze information by class related to the data. For example, sales managers can analyze sales and order backlog information by the customer's primary class, to determine which type of customers are most profitable.

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# Managing those left behind after a layoff



BY MARY JO MARTIN  
Editorial director

Just a few years ago, it seemed that employees were really in the driver's seat. The economy was booming, credit was readily available and companies were realizing record profits. Employees were often on the lookout for better opportunities and many companies were searching for innovative new ways to boost retention and maintain loyalty.

My, how the tables have turned. The recession has put companies' livelihoods at risk — which, in turn, led many to implement serious cost-cutting methods, among them of course, downsizing their workforces. Such layoffs, however, often create their own set of problems. Putting aside the significant challenges faced by those in the job market, let's focus here on those who remain behind.

These folks are under more pressure than ever. To ensure their optimal performance and productivity, as well as good morale throughout your organization, managers need to be tuned in to their employees' feelings and challenges. Psychologists have even come up with a name for this phenomenon — Layoff Survivors' Syndrome. Among the issues they face include:

- Fear that if they don't perform, show displeasure at the additional workload, make a mistake or simply don't have a good relationship with key decision makers, they will be next to get a pink slip.
- Being overwhelmed by the additional responsibilities they've assumed to make up for their colleagues who have been let go, and often working longer hours or extra days just to keep up.
- Guilt and/or anger at the loss of their colleagues. People often spend more hours — at least "awake hours" — with their co-workers than with their own families. So when they lose a team member, there can be a "mourning period," with sadness over the void that they now feel.

Some months ago, the research group Leadership Q conducted a study of 4,172 workers who remained after a layoff. Nearly three quarters said their own productivity had declined since watching their colleagues go, while 70% said the quality of their company's product or service has dropped.

As Leadership IQ's Mark Murphy noted when the survey was published, "There is a great myth that following a layoff, the surviving employees will be so grateful that they still have a job that they'll work harder and be more productive. But as this study shows, the opposite is usually true."

Among its other findings:

- 87% were less likely to recommend their company as a good place to work
- 64% said their colleagues' productivity had gone down
- 81% believed customer service had declined
- 77% saw more errors and mistakes being made
- 61% believed their company's future prospects were worse.

So what can members of the management team do in these situations?

First and foremost, be upfront and honest. If you're going to make decisions that affect the team, let them know in advance. Share with them the real reasons behind your decisions and specifically how you believe this is in the best interest of everyone involved with the company. Employees need to know where you really stand, and if you don't tell them, they will start guessing, leading to speculation and rumors.

It's also important to explain how you chose the people to lay off. By providing some tangible reasons behind your decisions, you will lessen the fear that the survivors have when they view layoffs as random. When there's no solid explanation behind someone's layoff, it can seem like a subjective, arbitrary decision — leading to fear that they could be next.

You might also consider providing additional training and staff development opportunities to help employees feel more comfortable transitioning into their added responsibilities. And consider offering some added incentives or other means of thanking them for assuming a greater workload. It doesn't have to be strictly monetary; simply showing genuine appreciation and understanding of the effort they are making goes a long way.

Stephanie Creary, author of a report issued recently by business membership and research association The Conference Board, explained, "The downsizing action itself pits a management team's interests against employees' interests — essentially promoting an 'us against them' atmosphere. ... Management needs to realize that successfully managing 'survivor syndrome' is not simply about making employees happy. It is about taking a strategic approach before, during and after the downsizing so management teams will be able to extract greater employee motivation, engagement and productivity, and foster the performance of the business over the long term."

Budget cuts and downsizing are difficult decisions for executives to make and can create a negative ripple effect throughout your company. How your team rebounds from these challenging situations will, in large part, be influenced by management's words and actions. Think carefully about the right way to share your decisions with your staff, and then implement a plan to keep those who remain very engaged and motivated. ■

Mary Jo Martin is editorial director of THE WHOLESALER. She can be reached at 972-867-0724 or editor@thewholesaler.com.

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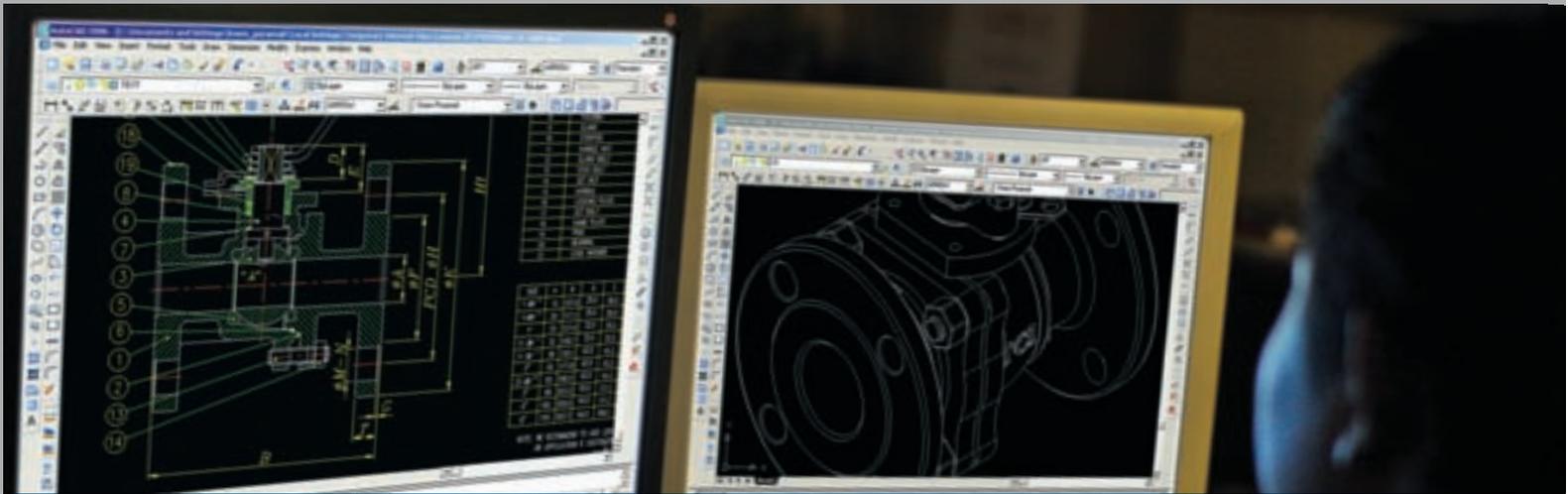
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