

HVACR

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December 2007

Distribution Business

THE SINGLE VOICE OF HARDI DISTRIBUTORS AND PARTNERS



Delivering
Service and
Convenience

Ace Supply Co. Inc.



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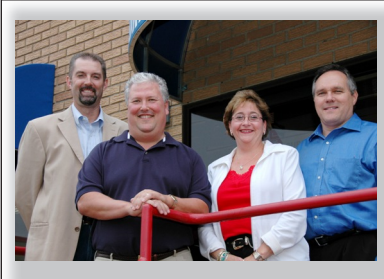
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ON THE COVER:

Bruce Hasselbring, president & CEO of Ace Supply Co. Inc.



A Golden Company

Ace Supply Is Tops in Service, Convenience for Contractors

“We’re a full-feature distributor. We try to be competitive on the price, and then we add value. People see that what we’re offering is more than just a product and a price.”

— Bruce Hasselbring, president & CEO

Bruce Hasselbring grew up in a family business known as Ace Supply Co. Inc. As a kid, he swept the floors and stocked shelves. After graduating from college in 1977 with a business degree, he joined full time, eventually becoming the president of the company. “It’s been a fun ride,” he says of the Minneapolis business that will celebrate its 50th anniversary in 2008.

You can’t succeed – and have fun – in the HVACR wholesale distribution business unless you know how to serve customers. Hasselbring and the 55 Ace Supply employees have been getting it right by focusing on the basics: higher-end products, employees who know what they’re talking about and convenient locations for contractors to get what they need and then get out to the job sites. Hasselbring also places a premium on engaging his employees, making sure the company listens to their voices and that they feel valued within the company.

“We’re a full-feature distributor,” Hasselbring says. “We try to be competitive on the price, and then we

add value. People see that what we’re offering is more than just a product and a price.” That added value includes ongoing training, in-house specialists on whom customers can count for technical assistance and specialties in such areas as hydronic heat.

In the Minneapolis-St. Paul region of Minnesota, Ace Supply has become a well-respected brand. In a business where dependability is a must, contractors trust Ace Supply. Hasselbring’s father, Herm, 79, bought 50 percent of the business in 1968 and assumed full ownership just two years later when his partner passed away unexpectedly. Hasselbring credits a solid business plan that was in place and that allowed the business to continue without interruption. His father retired in the 1990s.

The Hasselbrings knew the importance of convenience for HVACR contractors. They also knew that convenience means local service. That’s why they grew the business from a single location in Minneapolis to a total of three branches around the Minneapolis-St. Paul area, all about 12 miles apart from one another.



Senior managers from L to R: Greg Vogel, information technology manager; Bruce Hasselbring, president; Cindy Motzko, sales and marketing manager; Rick Hayes, operations manager.

Ace Supply began as a 5,000-square-foot warehouse in 1958. While its footprint has grown in size, this remains as Ace Supply's corporate headquarters and a branch location.

But one location was not enough to service the growing metropolitan region, and it was becoming increasingly difficult to attract customers from the St. Paul area to Ace Supply's Minneapolis location. In 1987, Ace Supply opened a branch in suburban St. Paul. It was immediately successful. "That gave us a location that people felt like they could go to easily, and it gave our sales effort a shot in the arm," Hasselbring says. Later, they established a third location in Eagan, in the southern suburbs of the Twin Cities. "It's

like a three-legged stool," he explains. "People aren't going to drive 15 to 20 miles through traffic to pick up a part, so location is really important."

Ace Supply's headquarters is the largest of the three branches, so it serves as a central distribution facility for some items, although they also use the two branches as the main shipping points for other products. The relatively short distance between the branches makes it easy to move the products via a fleet of Ace Supply trucks. All of the branches are replenished on a daily basis, Hasselbring says.

Computers link the branches, which makes the process seamless for the customer. If one location does not have a part in stock, they can instantly

check the availability at the other two branches. Also, an order can be placed at one branch and a pickup made another branch. "We really act as one company, and our warehouses are tied so closely together," Hasselbring says, adding that its fill rate is more than 98 percent.

Knowing the customer is an important part of any business relationship, and Hasselbring says his sales staff is savvy and experienced enough to understand its customers' needs. Take sales calls, for example. Many of Ace Supply's customers are smaller contractors that are rarely in an office and don't have the time or the need to meet with a salesperson. So they'll connect with them in the way that is most convenient for them. Larger customers may meet on a regular basis with an Ace Supply sales rep. "You want to give the businesses what they want. That's where our experience comes in," he says.

Whether it's via cell phone, e-mail, fax or the U.S. mail, Ace Supply sales reps ensure that their customers know about new products, trainings and monthly specials. As part of an ongoing marketing program, Ace Supply produces monthly sales flyers for customers. As contractors rely more on technology to run their business, Hasselbring says the wholesale distributor will keep up with this technology offering, in the near future, online ordering via its website www.acesupplyco.com. "We need to be able to provide more ways for them to interact with us electronically," he says.

What virtually all customers do appreciate, however, is training. Ace Supply puts on training classes as do manufacturers and other vendors. Hasselbring makes sure that his customers have an opportunity to learn. He also understands that training is an opportunity to educate customers and solidify relationships. Ace Supply branches hold training sessions, or they occur at the contractor's place of business if there are multiple employees who are seeking specific product information.

Ace Supply also invests in training for its employees. "So we have knowledgeable people inside that can answer questions," Hasselbring says. Each branch has a "city desk" that serves as the "pulse and the heart and soul" for Ace Supply, he says. Those knowledgeable sales reps



have the answer, or they know how to get an answer, for a contractor quickly. Ace Supply also has a residential accessory specialist to work with contractors on such comfort issues as zoning and humidification, and a support staff to assist in specialty areas such as hydronic heat and commercial products.

What really sets an Ace Supply employee apart, however, is attitude. In fact, that's what Hasselbring and his managers look for first when hiring new employees. "You can get some really technical people that know a lot of stuff, but they can't communicate their way out of a paper bag," he says. "Customer service is an important part of what we do, and it's important in our business to have communicators to help people solve our customers' problems." At least one-third of Ace Supply employees have been with the company for more than 10 years, with nine logging more than 20 years of service. Contractors appreciate such familiarity. "Our business is about relationships, and it always has been," he says.



Operations group from L to R: Chris Adrian, inventory control manager; Bill Zwirner, Eagan branch manager; John Hasselbring, purchasing manager; Rick Hayes, operations manager; Jason Hurd, Minneapolis branch manager; Matt Hasselbring, pricing manager; Wayne Furuli, Mounds View branch manager.

Loyal customers are still part of the business, Hasselbring says, but "you have to earn the business. If you earn it, people will be loyal to you." While some customers will still shop for the lowest price, Ace Supply's best customers recognize the importance of

the company's commitment to a high-end product line and its service. Over the years, they've come to realize that Ace Supply makes it easier for them to do their jobs. In the end, they are more successful and more profitable because of Ace Supply. Hasselbring, in turn, recognizes those contractors who are committed to providing added value to their customers, and those are the ones that he will pursue because they have similar philosophies.

Ace Supply's diversity of residential and commercial business has been important to the company's stability, particularly since the downturn in home sales throughout the country, Hasselbring says. It credits niches, such as hydronic heating systems and products like the AK Blue Duct, an insulated, watertight high-density polyethylene HVACR duct system, with helping to differentiate the company from the competition. That, too, has helped to create new business in spite of the weaker residential market. "When we choose product lines, we try to choose the higher-end product lines," he says. "We have more fun selling something that's of better quality and that people want to have."

Hasselbring gets support from industry associations like HARDI and a local networking organization made up of non-HVACR businesses that share best practices on general business issues. But the most valuable support, he says, comes from the employees themselves. The voice of the

Ace Supply Co. Inc. at a Glance

President & CEO:	Bruce Hasselbring
Vice Presidents:	Richard Hayes, operations manager Cynthia Motzko, sales and marketing manager Greg Vogel, information technology manager
Headquarters:	3825 Edgewood Ave. So., Minneapolis, MN 55426 Ph 952/929-1618
Branches:	4749 Old Hwy 8, Mounds View, MN 55112 Ph 952/929-1618 2817 Eagandale Blvd., Eagan, MN 55121 Ph 952/929-1618
Operations:	Sales Territory: Minnesota, North Dakota, South Dakota, western Wisconsin
Employees:	50+
Major Product Lines:	Snappy, Nailor Industries, Mr. Pex, Flexible Technologies, Shoemaker, Simpson Dura Vent, AK Duct, Modine, Honeywell, Aprilaire, ZoneFirst, Space Ray Infra-Red, Broan, Acme Fans
Website:	www.acesupplyco.com
Year Founded:	1958



employee stems from the time when Ace Supply was a small company of eight people. Back then, Hasselbring says, "everybody was in the same room all the time, and it was easy to bounce ideas off one another."

With the growth of the company and the number of employees, there's more of a formal structure in place, but Has-

selbring says it's still important to get their input. "We have a great group of people, and they're not a bunch of 'yes' people," he says. "We have a really diverse group of people that are all pulling the wagon in the same direction, but they do have different views." After reaching a decision, however, everybody accepts that decision and moves ahead, he adds.

Best Practice

Daily Inventory Replenishment

Definition and Example: We replenish inventories at all locations every day by 8 a.m.

Significance: Helps to deliver our 98+ percent order fill rate.

Benefit: Our customers can count on their orders being backorder-free.

Procedure: Transfer trucks are loaded at the end of each day for cross-docking exchange at our main location at 7 a.m. the following day. Trucks return by 8 a.m., and the replenished inventories are available to fill orders or stock shelves.

People Involved: Inventory control, inside sales, branch managers, warehouse workers and truck drivers.

Cost: \$50,000+ per year

Contact: Rick Hayes, operations manager, rick.h@ace-aircontrolessentials.com

He counts his vendors and manufacturers as important allies as well. "We really feel like we need to have a partnership with our manufacturers," he says. They, too, provide insights into how they can make Ace Supply stronger. Hasselbring says the relationship is a true two-way street. "We can't take all of their resources and not give back," he says. Ace Supply has made sure that there is a swift flow of traffic on both sides of the street by investing in training for its employees and ensuring that its customers understand the value and the benefits of the products that are available. It's that kind of commitment to the marketplace that has been the hallmark of Ace Supply for the past 50 years.



Michael Maynard is a business writer based in Providence, RI. He writes frequently on HVACR, construction and architecture issues. Contact him at michael.maynard@lycos.com.

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