

# the NEWS

THE HVACR CONTRACTOR'S WEEKLY NEWSMAGAZINE SINCE 1926



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## The NEWS and HARDI Join to Launch Magazine

**B**NP Media, the publishers of *The NEWS* and the Heating, Airconditioning and Refrigeration Distributors International (HARDI) have entered into an agreement to launch a new publication. This bimonthly magazine will cover every aspect of HARDI and the HVACR distribution community and will be the official publication of HARDI.

“We are very excited to begin this venture with HARDI,” Mike Murphy, *NEWS* editor-in-chief, said. “We plan on bringing the same solid reporting and coverage of the HVACR industry that you find every week in *The NEWS* to the HVACR-Distribution market. There are a lot of great distributors out there with a ton of cutting-edge ideas, and we want to publicize them.”

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### On Topic: Talbot Gee, HARDI



“This partnership unites [*The NEWS*]’ proven communications acumen with HARDI’s growing voice in the HVACR industry.”

## fyi hvac briefs

### Price Increase

- **Goodman Global Group Inc.** (Houston) will increase prices on its Goodman and Amana brand residential and commercial products, effective Oct. 3.

### Manufacturers

- **RAE Corp.** (Pryor, Okla.) celebrated its 40<sup>th</sup> anniversary.
- **GeoSystems LLC** (Maple Grove, Minn.) has named **Mike Barnes** and **Nick Pothen** to drive expansion of the company’s Commercial Sales Division. Barnes will be primarily responsible for project management and design engineering. Pothen will take a more strategic approach working at the manufacturer level.
- **Uponor** (Apple Valley, Minn.) has named **Bill Gray** as vice president of sales for Uponor North America.

### Wholesalers

- **WinWholesale Inc.** (Dayton, Ohio) has appointed **Jack W. Johnston**, its chief financial officer, as president of the company.

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## Distributors Offer New Ideas for Contractors



PROSTOCK’s staff is ready to help customers get parts and equipment right away because of its inventory levels and quick deliveries.

By John R. Hall  
Of *The NEWS* Staff

In good times and bad, it is always comforting to know that there are people and businesses willing to step up and offer support as well as new ideas. That’s always been true in the relationship between HVAC distributors and contractors. And now — more than ever — distributors are stepping up and finding ways to save their contractor customers time and money through new programs and training.

“Contractors are looking for suppliers to be full service,” said David Williams of Gateway Supply Co. “This includes having the product when they need it, whether it is on the counter or for delivery to their shop or to their jobsite. Very few contractors stock a lot of product nowadays, so they expect the supplier to be their warehouse. They expect their supplier to research the industry and bring them new and innovative products that can help their business practices. They expect the supplier to get their people fully trained on the products you are selling. In reality, they expect their supplier to be an extension of their own company.”

Nowhere has this thinking been more important than in the economically depressed state of Michigan. Doug Young of Michigan-based Behler-Young knows that all

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## New Ideas

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all too well. “Looking back over the last three to four years, we were cutting back and a lot of our customers were forced to cut back, too,” he said. “A lot were not able to do the training programs they would like to do. And it was a real challenge not to have discretionary income to upgrade systems.

“Michigan has been a struggle that started early and may be still going. We downsized from 250 to 165 employees. We had to roll back our inventory levels because the business wasn’t there. We often ran out of stuff.”

Fortunately, the people at Behler-Young have hung tough and are given a great deal of support from Bryant, the main equipment line. Between the two, customers have access to a number of different training programs to help pull them out of the “post-recession” doldrums.

“Bryant sponsors a trainer who helps contractors improve in-home presentations,” Young said. “It isn’t revolutionary, just back to good old selling. The better contractors are those with people skilled at home presentations. The training tools include iPad demonstrations, which make the selling presentation more professional.”

Behler-Young also offers training that specializes in upselling accessories — and profit potential for replacement parts. Both of these are two-day programs with follow-ups so attendees don’t lose what they learned right after each seminar.

Dennis Larson of Refrigerative Supply said his company also emphasizes training. “We have a continuing education program for our customers,” he said. “The education covers start up and commissioning of equipment to trouble shooting and servicing HVACR.”

Beyond training, there are other things that Refrigerative Supply and other distributors are doing for their customers, namely faster-turnaround service and immediate availability of parts.

“Most of our contractor customers look for inventory to be in our branches when they need it and knowledgeable staff,” Larson said. “They want us to be there 24/7 and provide the parts and service they need when they require it. They also look for information that is relevant and timely on the equipment and parts they require.”

The Rheem Sales Co. “has taken several measures to help our customers better navigate the tough business climate,” according to



Prostock's 200<sup>th</sup> store – McCall's Supply Inc. of West Columbia, S.C. – opened in May 2011.



The large training facility at Behler-Young's New Hudson, Mich., location allows HVAC contractors to send employees to regularly scheduled classes in the same building they pick up their parts and equipment.

general manager Don Harter.

“Rheem expanded its Prostock store concept throughout the past few years, and plans to open 30 new Prostock stores this year,” he said.

“Prostock provides wholesale locations for contractors to quickly and easily find Rheem and Ruud parts and supplies. In the tough economy, the Prostock wholesale concept provided immediate access to parts and supplies, which helped contractors find supplies easily and in a timely manner. Plus, we migrated to a seasonal return policy at Prostock stores so that customers have greater flexibility returning parts and supplies.”

Having an adequate inventory and immediate shipping can give a contractor a competitive edge, and distributors like Rheem have systems in place to keep the parts and equipment continuously flowing.

Speed and inventory are two of the most important time- and money-saving aspects of the HVAC distribution channel. Inventory management is another. The R.E.

Michel Co. Inc. has a program in place to help customers track and control their inventory.

Mike Michel explained the program. “The contractor’s investment in inventory and the management of it is a burden that we can alleviate,” he said. “Our ESP Plus program offers fulfillment and management solutions tailored to the contractor’s business model.”

“From the most basic stockroom inventory fulfillment and management to providing the service, ESP Plus eliminates the stockroom altogether and manages and replenishes onboard service vehicle inventory. Electronic Data Interchange (EDI) and handheld barcode scanners can be incorporated into the program. The resulting direct cost savings and the increase in billable hours will be appreciated by management.”

Young believes that all of these measures to help contractors remain competitive and profitable come on the heels of some badly needed help — energy tax credits —

and his customers should welcome any help in 2011.

“Contractors need to go back and sell the features of the systems,” he said. “The tax credits often sold the systems themselves, including the rebates from utilities and OEMs. The price looked good. Now, contractors need to differentiate their system from what their competitors are doing — old fashioned selling.”

“It takes money and time to learn about training — two things that were not in a lot of supply the last couple of years. The climate has improved and the confidence level has returned and there is more replacement. We are seeing the mix return to what it was before — a higher percentage of lower end equipment sold after tax credits expired.”

And with the emergence of social media, the HVAC distribution channel has even more ways to highlight features and benefits of its equipment. “With the influence of social media, communicat-

ing devices and the web, there is an expectancy from most people, not just contractors, to have the information they need right away and that includes inventory,” said Larson. “We have had to adjust to that need by extending our open for business hours in most of our branches.”

Offering sales incentives is another way to keep contractors focused on their goals. Sales incentives can be a fun experience, mixing business with pleasure. Williams listed a few examples.

“We offer fun promotions such as a driving experience at Lowe’s Motor Speedway where a dealer can race a real NASCAR vehicle around the track,” he said. “We still promote incentive trips that seem to really work well. We always go to great locations like Paris/Normandy this year as well as the Bahamas. Some dealers utilize these trips as their own vacation and many have been going so many years it is like a family reunion with the other dealers that frequent the trips.”

Exotic locations and cash incentives may not seem to go hand-in-hand with today’s economy — and Williams pointed out some of the realities, too.

“The industry is constantly changing,” he said. “The continued lack of true recovery is still a challenge to survive in the business. Those of us who have adapted are managing but we still see less business opportunities in the traditional sense (meaning mainly new construction) and when we do, there are so many going after what is there; it is difficult to earn a reasonable profit.”

“With the extreme heat, the add-on replacement market has been good this summer, but once the heat lets up I anticipate this business will slow drastically. I feel that most people, if they have any disposable income, have to put it in their groceries and their gas tanks. This fact along with growing cost across the industry could prove to be an ominous omen for this industry’s near future.”

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