

Pro Sales

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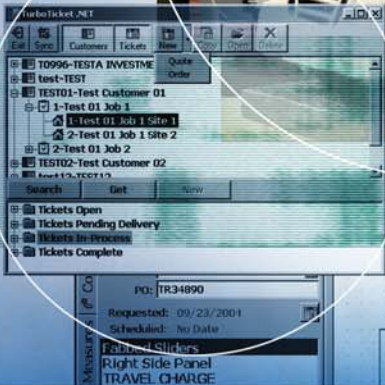
Winner's Circle

THE 2004 PROSALES EXCELLENCE AWARDS

ORCO Construction Supply, Livermore, Calif.



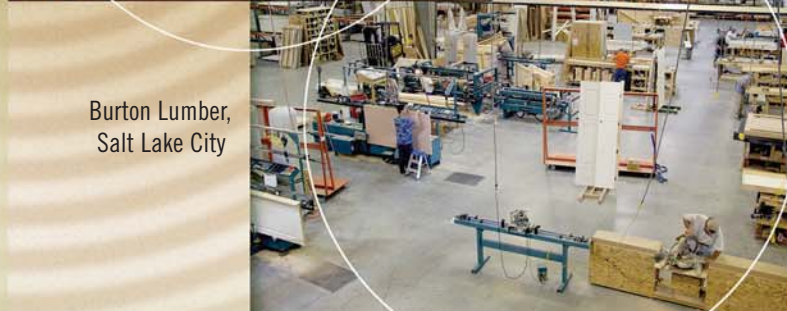
Ply Mart,
Norcross, Ga.



Tindell's, Knoxville, Tenn.



Causeway Lumber,
Fort Lauderdale, Fla.



Burton Lumber,
Salt Lake City

Profit Center



Tindell's installed sales profit center, which includes installed insulation, wire shelving, and mirror fabrication, is used by 42 percent of the dealer's customers and comprises almost 12 percent of annual gross profit.



TINDELL'S CASHES IN ON INSTALLED SALES BY EMBRACING DATA MINING, FOCUSING ON SALES REP GUIDANCE, AND ENTICING TOP-NOTCH EMPLOYEES WITH PIECE-RATE INCENTIVES.

Who says installed sales can't turn a profit? Certainly not managers at Knoxville, Tenn.-based Tindell's. By separating installed sales into a separate business unit and analyzing costs and revenues on an annual, monthly, and even daily basis, Tindell's has developed an installed sales program that generates a healthy chunk of corporate earnings and enjoys widespread support among the company's outside sales reps. With attention to timeliness and quality construction on the jobsite, Tindell's has secured installed sales participation from a phenomenal 42 percent

of accounts, primarily from custom and production builders.

Moreover, with a unique piece-rate compensation program for installers instituted in 2001, the company has secured some of the best labor in its market, consequently building even greater corporate and customer confidence in Tindell's installed sales services over the past three years.

While the Tindell's installed program was conceived and continues to operate as a component of the pro dealer's one-stop-shop business model, behind the scenes the program is stand-alone with its own budget and P&L statements

EXCELLENCE AWARDS INSTALLED SALES PROGRAM



Successful installed sales of garage doors (top) and other product lines requires excellent management. Tindell's installed programs are steered by a team including Bill Dyer, Keith Hamm, Ed Mahaffey, Gene Patton, and Matt Tindell (bottom, left to right).

providing operating expenses, pro forma income, and profitability by product group.

Software developed in-house and hosted on Tindell's Intranet allows company management, installed sales managers, and outside sales reps to dig even deeper into the daily workings of installed

operations, viewing reports on demand that provide sales, gross profit, and gross profit percentage by product group; inventory performance, including turns and low stock status; profit margin exceptions above and below average; customer expected delivery dates and subsequent execution; salesperson per-

formance by product group; and customer performance by product group, just to name a few.

"You can sit and analyze the data all day," says Tindell's vice president of operations Ed Mahaffey. "But you learn after a period of time which data is critical at a given moment. When you start an installed program up, you need to be ready on the front end to perform. If you make miscalculations in the beginning, it will fail right from the beginning. It's just preparation, and I don't think there is a big secret to that. Our information system lets you pick out anything that might be a potential problem early on, and it lets you identify things that are really profitable—[places] where you want to put your assets to work."

Since jumping into the installed game in 1986 with garage doors, Tindell's has steadily added new product

offerings and now boasts install capabilities in insulation, fireplaces, mirrors, shower doors, cedar handrails, stairs, cabinets, wood flooring, bath hardware, countertops, wire shelving, and locksets. In the immediate future, the company plans to add central vacuum systems, premium decks, fiber-cement siding, housewrap, and windows, with a long-term goal of getting into installed framing.

According to Mahaffey, deciding which product lines to bring into the installed fold is largely guided by outside sales reps. "We like to be conscious of trends in the market and take advantage of that," he explains, "but the salespeople deal with contractors every day, and we depend on them in how we go to market—it's where we get our information from. Typically if they come wanting to

sell a product on an installed basis, they'll make it go—and it tends to go well."

Indeed, success of Tindell's installed sales programs most often hinges on the efforts of the outside sales reps who pitch the services to their contractor clients. While a portion of these efforts is rooted in traditional relationship building, the ability of installer crews to execute on-time, quality performance has a direct effect on reps' interest in pursuing the installed sale. "When our installed schedule is accurate and the job is done correctly, they are quick to promote the program," explains Mahaffey. "When program problems create callbacks, they reduce their efforts. To encourage sales support, we believe that the best way to provide confidence is to focus on the completion of the work correctly in the first effort. If the installed team does its job correctly, the sales will follow."

Knoxville-based custom home builder Larry Garner agrees. One of Tindell's first installed sales clients, Garner says support from Tindell's sales staff and high quality workmanship have kept him returning to the company for garage door and vent-free fireplace installs over the past 18 years. "I've been really happy with them," Garner says. "They have excellent salespeople and they always take care of me on the jobsite. They create a great business relationship and they back it up with the work that they do."

Qualifying Labor

Obviously, jobsite performance and exactitude hinge on quality labor—the resource, or lack thereof, that spawned the idea of installed sales in the first place. Approximately 50 percent of Tindell's customer base is comprised of regional, single-family production builders operating across 14 counties surrounding greater Knoxville. As such, they are highly mobile, inclined to have multiple jobs and duplicate projects over time, and require large labor pools. While Tindell's has been all too happy to step in and alleviate the labor dilemma for builders, ensuring its own qualified labor capacity doesn't come easy.

Vital Statistics ■ Company: Tindell's ■ Year founded: 1907 ■ Headquarters: Knoxville, Tenn. ■ Number of locations: 6 ■ Number of employees: 190 ■ 2003 gross sales: \$41.7 million ■ Pro sales percentage: 98 percent

EXCELLENCE AWARDS INSTALLED SALES PROGRAM

“Installed sales is a difficult business. If you think you’re going to get into it and it is going to be simple or smooth, you are going to be mistaken,” cautions Mahaffey. “It’s a good business to get into, but the problems you are going to face are not typical to purchasing and resale.” For Tindell’s, directly employing crews at an hourly wage did little to keep installers motivated on the jobsite, or worse, interested in long-term employment at all. At one point, turnover hovered around 50 percent, and Tindell’s even considered dropping some installed product segments that were profitable due to an inability to reach dependable labor capacities. “The real reason is economics for hourly laborers,” says Mahaffey. “It didn’t matter what they did [on the jobsite], they would make the same amount of pay, and they were always looking for a better job and a better paycheck.”

Finally, to guarantee more talented and consistent labor, less callbacks, and consequently greater confidence in Tindell’s

installed program, the company upped the compensation ante in 2001, offering above-market wages based on a piece-rate scale that paid staff installers based on projects completed. According to Mahaffey, above-market wages have attracted the cream of the crop among Knoxville-area installers, and as a result, Tindell’s callbacks and quality issues with installed sales have plummeted. “I wouldn’t say that we don’t get any callbacks or complaints,” says Mahaffey, “but they are few and far between.”

Spawned from an industry roundtable discussion on installed sales, the piece-rate strategy is paying off for employees and Tindell’s installed revenues alike. “One of our garage door installers made \$2,000 in a week,” says company president Carl Tindell. “That’s uncommon, but it shows the potential that the piece-rate system offers installers. If you look at payroll as an expense you have to control, you are never going to be driving your employees to do a better job. We’ve made it so they are as successful as they want to be. The

piece-rate system has really solved a lot of problems for us.”

Since moving to the piece-rate pay system, turnover among Tindell’s installers has dropped to 7 percent. Additionally, the company has seen a dramatic spike in installed sales revenues. While growth throughout the ’80s and ’90s was around 10 percent per year for the installed division, the last five years have resulted in an overall 135 percent sales leap. The business unit now represents 9.2 percent of Tindell’s total gross sales, which were \$41.7 million in 2003, and 11.7 percent of total gross profit. “Getting customers to come on board [with an installation program] is a function of completing jobs on time and flawlessly,” Mahaffey says. “That has been a main focus and concept for us for a couple of years now that I think has paid off very well. Your customers stay with you because you are consistent and do a good job, and the salespeople are really no different—they will promote your program if you do it right.” —C.W.

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