

# HVACR

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## Distribution Business



**Stromquist & Co.:**

### **Small Steps, Smart Moves, Big Success**

**GE Industrial Systems  
Revs Up Interest with EMC Motor**

**PowerPoint Losing Its Power?  
New Ways to Spice Up Those Meetings**

**Art St. Onge, Int'l. Supply Chain Expert:  
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his one-man manufacturers' rep company, selling fans and other industrial applications.

Two years later, he hired former Stromquist president Lewis Cook. Current president Sam Lindley, the fourth employee hired, joined in 1965. "Then, in 1967, something happened in Atlanta that changed everything," recalls Lindley. Honeywell decided to close its local distribution branch, which was just around the corner from Stromquist's former offices in Atlanta's Armor Industrial Park. Someone suggested that Stromquist apply for a distributorship because they were familiar with the product. "We bought some shelves and put in an initial stock and started selling Honeywell items as a supplement to our sales and service of primary equipment," Lindley said. "We were in the distribution business."

That small step became a giant stride as another event occurred and allowed the then-fledgling Stromquist wholesale operation to speculate about future growth and business expansion. "In its early days, Stromquist shipped by parcel post, but during its second year as a Honeywell distributor, a new outfit came to Atlanta on the delivery scene. It was called UPS (United Parcel Service)," recalls Lindley.

On the surface, it seemed like a simple issue: changing the way one ships product, offering a way to do it faster at competitive rates. Of course, even this switch had issues: No one knew if this upstart UPS would really work out or last. But it also forced the Stromquist team into a larger dilemma. Should they tamper with the business model that was working?

In hindsight, when you're successful, it might be easy to act nonchalant about major decisions that literally affect the future of the company. But back then, the decision of moving into distribution was a momentous choice. Stromquist's rep business had been growing slowly but steadily. But was there more potential as a wholesaler? (They carried a few lines and had a taste of the business even before the Honeywell deal.)

According to Lindley, the potential of the wholesale business appealed to Bengt Stromquist. It offered a steadier cash-flow cycle than the rep business. As a Honeywell distributor, it positioned the company, almost overnight, as a solid,

big player in the regional market. And the arrival of UPS gave the company a new, if untested, mechanism that would expand the range and speed for delivery that parcel post simply couldn't offer. Indeed, within a short time, it began sending products to other wholesalers, in effect becoming a superwholesaler. We don't know if Bengt Stromquist agonized about this very tough decision: Stay with the business he had gotten to know as a manufacturer's rep, or switch teams and go full blast into the controls wholesale business. We only know the results.

Fast-forward to 2002. Stromquist wins Honeywell's Distributor of the Year award for its outstanding performance in all areas of the Building Controls market. Stromquist has millions of dollars in sales, three locations in two states, and

more than 40 employees. Bengt Stromquist's calculated risk paid off.

When asked about the Stromquist success story, Lindley points to the key people who came to the company, stayed, and grew in wisdom and competence as the company grew. In a sense, the talent pool grew as the company did. Proffering accolades to employees is a time-honored tradition among business executives, but at Stromquist, there are some powerful indicators that something special occurred. Louis Cook, employee No. 2, rose to the presidency, retiring in 1999 after 45 years. Sam Lindley, employee No. 4, has spent 22 years at Stromquist. (It's only the second job he's ever had as an adult.) Oscar Hanson, head of the Augusta, GA, stocking location, worked for Stromquist for more than 34 years. Even

## BEST PRACTICE

**Definition and Example:** We offer a level of customer service beyond the sale. We provide technical support on products, do troubleshooting on equipment, and offer industry-related training classes.

**Significance:** Keeping our customers happy, increasing their knowledge, and continuing relationships with them.

### Benefits:

- Helps customers better understand the products they are buying
- Keeps our sales staff trained and knowledgeable in the industry
- Reduces incorrect purchases and returns
- Promotes learning for employees and customers
- Encourages customer/employee relationships

**Procedure:** Customers can call or come in to our counter for technical assistance or troubleshooting on a product. Our outside salespeople often go on-site to help troubleshoot a job for a customer or to determine what is the best solution for the customer's situation. We offer multiple training classes in the spring and fall of every year.

**People Involved:** All salespeople, training coordinators, and management.

**Timing:** It really has been an ongoing and evolving practice of the company for more than 40 years.

**Cost:** Expenses of sending employees to training classes, as well as all the costs involved with hosting training classes at our facility, i.e., instructor's salary, books and other training materials, upkeep of the training facility.

**Other Considerations:** It often takes hours of salespeople's time to offer such extensive technical assistance and troubleshooting services, but we have found that what our customers gain from it and the relationships we establish because of it make it well worth the time spent.

more compelling is that both Cook and Lindley served as president in a family business. Today, the two Stromquist sons are heavily involved: Eric, 47, is vice president of sales, and David, 45, is vice president of operations. (Bengt Stromquist retired in 1992.)

“We hire with great care,” says Lindley. “We try to expose them to all parts of the business and are very aware that some people fit well in one department but not as well in another. The key is matching up the talent with the desire and treating everyone well so that they want to come to work.”

Lindley also credits Lewis Cook’s foray into joining the Northamerican Heating Refrigeration Airconditioning Wholesalers (NHRAW), which exposed them to the best practices of other distributors throughout the United States.

There is a balance between holding on to past successes while still moving forward and growing. When Honeywell announced that Stromquist had won the Distributor of the Year award, the normal protocol would have been for the com-

## Stromquist & Company At A Glance

President & CEO	Sam P. Lindley
Vice Presidents	David Stromquist, VP Finance & Operations Eric Stromquist, VP Sales & Marketing
Headquarters	Atlanta, GA
Operations	Atlanta, GA, and Orlando, FL
Employees	47
Breakdown of Sales & Business	50% Industrial, 50% Commercial which includes selling to other wholesalers
Major Product Lines	Honeywell, Johnson, Belimo, Fenwall, Asco, Invensys, Maxitrol, McDonnell Miller, Maxon Burner
Annual Sales	\$16 million-\$18 million

pany’s management team to go to Minnesota to accept the award. Instead, Eric decided he would rather host a day of celebration and have Honeywell present the award at Stromquist’s office in Smyrna, GA, so that the employees and customers could share in the experience. After all, they are the people who made it possible.

To take it a step further, Eric invited Honeywell’s top management and product development staff to showcase the release of their new T7350 thermostat and to get feedback from customers who would be using the product. Thanks to Eric’s forward thinking, it was a brilliant opportunity for everyone involved.

Indeed, it is Eric, charged with the sales responsibilities, who must wear the thinking cap about what customers want, what they need, and what they might want or need but don't even know it yet. Eric says the company mandate is that honesty and integrity are the cornerstones on which to build relationships with their customers. Customer service is paramount. And he believes that the buying experience is what differentiates Stromquist from other wholesalers.

"While we believe everyone at Stromquist is devoted to better customer service, we still found that certain people were doing better at it than other people," says Eric Stromquist. "We wanted to create a consistency (in behavior) so that no matter who at Stromquist you dealt with, the experience would be positive."

Eric, who loves analyzing issues, describes it as the difference between handling a customer and taking care of a customer. Though the differences are subtle, handling a customer means doing things based on your criteria, while taking care of the customer means putting the focus completely on your customer's needs. Although the end result might seem the same, e.g., filling an order, the key is leaving the customer with the feeling that someone cares about his problem. There is a lot of competition out there, and sometimes the small things can make the biggest difference. "If the customer feels good after talking to someone at Stromquist, we have done our job."

This happens on a daily basis in the sales office where employees take one phone call after another. But even with the volume, they treat every customer as the customer wants to be treated because each customer has unique needs. That starts with repeating the customer's name, their order, and all other pertinent information. And they ask questions of the customer to make sure they have everything right and to find out exactly what the customer wants, needs, and expects. "We break it down into a process because we don't ever want anybody leaving here without an answer," says Eric.

What happens if they can't answer a question or handle the problem? First, they apologize for not having the answer, then explain what comes next. Typically that means making a phone call to a manufacturer to get the necessary informa-

tion. They will establish a timetable for the customer and ask if this is acceptable. For instance, "Tom, I need to call the factory to get an answer for you, and I will get back to you in thirty minutes. Is that OK with you?" If it isn't acceptable and the customer needs something quicker, they do whatever they can to solve the problem sooner. Then they follow up by calling the customer back at the agreed-

upon time, even if it is just to let them know that they haven't gotten the answer yet but are still working on it. Eric says that when a customer "entrusts us with a question, the customer will not have to follow up with us because we will keep them in the loop every step of the way."

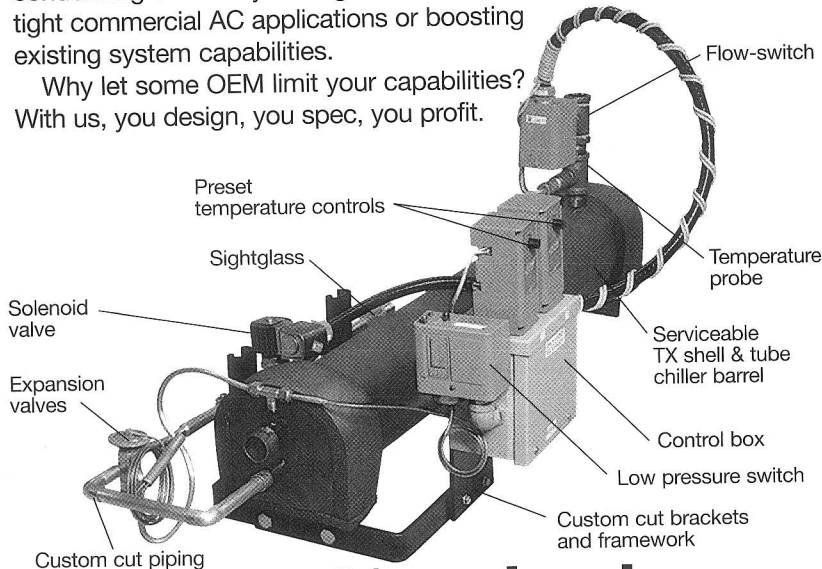
No matter what the situation, Eric believes that one of the best ways to take care of customers is to give them a choice.



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*Stromquist's inside sales team.*



*Administrative staff of Stromquist & Company.*

Everyone has different needs, and Stromquist wants to ensure that they meet those needs. In addition, customers can choose how they want to be served by ordering online from Stromquist's state-of-the-art website, by calling the sales department, or by faxing an order. The goal is to make sure everyone is satisfied with their experience. Although they have been successful in the past, Eric believes you can't rely on past successes to carry you through the future. "You have to be flexible and willing to make changes to accommodate each customer's needs." According to Eric, when it comes to quality, perception is reality,

and the customer is the only one who gets a vote.

And that's why Stromquist sees the pattern of service as so important, especially at a time when virtually every poll shows that service in America is dreadful. "When someone needs an answer, we make sure they know we're aware of their problem and then we reassure them that we're going to get an answer to that problem," says Eric. "And we prove that by giving them a time frame in which we're going to solve the problem."

Out in the field, Stromquist surprises some customers by being direct when it comes to serving as their distributor. "I'll

say to someone, 'I want to be the best vendor you've ever had. But what must I do to make that happen?' Now, they've never had someone ask that question. When someone tells me what they expect, everything else becomes easier because you clearly understand your customer's expectations. Then you should fulfill and even exceed those expectations."

What is startling about this approach is the breadth of answers people offer, Stromquist says. "Some people want me to touch base with them several times a week, while others settle on once a month," he explains. "You'll find someone who mostly cares about whether you return his phone calls on time. You just never know until you ask. I tell my customers that I won't do anything that is not in their best interest, even if it means turning business away."

You should never assume you know what your customers want, says Eric. If you're a conscientious salesperson, you will ask them what they want, establish the ground rules that the customer requests, and periodically touch base with the customer to monitor how you're doing based on what you've agreed to do.

Stromquist is a firm believer that if you establish the patterns for success, such as breaking down the small detail of a phone call or sales visit, it helps to better ingrain work habits which, ultimately, result in a culture throughout the company that outsiders both recognize and appreciate. Indeed, whether talking with Stromquist or Sam Lindley, it's almost remarkable that they would rather talk about their customers than the company.

The Stromquist & Company team has much to be pleased and proud about. They've served as a poster child for the American business, they continue to draw up plans for future growth, and you can bet that in their office, Sam Lindley, Eric and David Stromquist, and the rest of the team are breaking down into small digestible steps exactly how they will get there.