

Electrical Wholesaling

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The Will to Win

Why Roger Glanz of Ft. Collins
Winlectric and WinWholesale's
Other Local Owners are the
Company's Biggest Fans



The Will to Win

WinWholesale became one of the 50 largest electrical distributors in North America by offering the challenge and joy of ownership to its local company presidents.

Electrical Wholesaling has covered WinWholesale's unique growth strategy for more than 20 years. In 1993, we visited with WinWholesale's locations in Ft. Collins and Denver, Colo., and Casper, Wyo., for our first feature article on the company and came away from the experience with a ton of respect for what really is a pretty simple growth formula — give entrepreneurs the opportunity to own a big piece of a local operating company and provide them with the back office support system and vendor relationships so they can focus on serving customers and growing sales and profits. At that time, Winlectric had 29 locations in 12 states.

Fast-forward 10 years. We visited again with the folks at Winlectric for a July 2003 cover story, and the mantra was the same — support local owners with the systems to be successful. Sales had grown to \$94.2 million and the company had 47 locations in 16 states, and WinWholesale had \$1.2 billion in sales though 429 local operating companies in not only the electrical market, but also in the plumbing, HVAC (heating, ventilation and air conditioning), industrial, PVF (pipe, valves and fittings), waterworks and some smaller niche businesses.

Jump ahead another 12 years to today. Since our 2003 cover story, WinWholesale has added more than 120 locations and more than doubled its sales to \$2.5 billion. The company now has more than 560 locations in 45 states and has expanded into additional niche markets, including fasteners, utility supplies, irrigation, and landscape supplies. Winlectric has grown steadily, too. It now has 64 locations, and

By Jim Lucy



Before coming to Ft. Collins Winlectric in 1981, Glanz was an electrician's apprentice.

another 11 WinWholesale companies carry electrical supplies to round out their core product lines. And while WinWholesale executives don't break out sales data for their individual business units, Winlectric's 2013 sales were large enough to rank the company as the 38th largest distributor of electrical supplies on *Electrical Wholesaling's* current Top 200 listing.

While WinWholesale's senior executives prefer to keep the spotlight on the local operating companies, they will say the company has enjoyed back-to-back

years of double-digit sales increases. The executive team said at last year's annual meeting that just under 50% of its overall sales are in plumbing, and electrical, waterworks and HVAC account for equal parts of sales, followed by smaller niches in fasteners, pumps and irrigation. The local operating companies range in size from \$1 million in sales to \$50 million. Many of these local operating companies tend to be on the peripheries of metropolitan areas or in more rural markets. In the electrical market, Winlectric's local

business owners tend to focus on serving electrical contractors' needs rather than on targeting industrials.

WinWholesale has dramatically expanded the services it offers the local operating companies over the years, and today they include mobile apps for customers, a sophisticated home-grown ERP system, regional distribution centers and more marketing services. Monte Salsman, the company's COO, told a group of business journalists at last year's annual meeting that while historically the company has tried to do everything a local company did at night, including accounts receivables and other bookkeeping tasks, they have expanded their focus to help with more customer-facing initiatives and marketing services.

Part of the emphasis on marketing is not only to create demand for products,



Rich Nowak, Winlectric's product marketing manager (right), works with Roger Glanz and other local company presidents to support them in the field with the right mix of product lines, marketing services and other support.

WHAT OTHER LOCAL COMPANY PRESIDENTS HAVE TO SAY ABOUT THE WINLECTRIC WAY

Carl Long, president, Odessa Winlectric, Odessa, Texas, is a pretty well-known guy in the ranks of WinWholesale local company presidents. He won WinWholesale's 2013 Overall Company of the Year and Company of the Year in the electrical industry segment, and in 2011 Odessa Winlectric also won the Overall Company of the Year Award. His location has consistently been among WinWholesale's most profitable when measured by bottom line net profit.

No two WinWholesale local company presidents seem to take exactly the same path to running their own business at the company, but Carl's path may have been a little more unusual than most. He graduated with an accounting degree in college, but after six months of being an accountant he discovered that he didn't like being immersed in numbers all day long. A family member was working for WinWholesale and helped him get an interview with the company about 21 years ago. He ended up buying out the person who was running Odessa Winlectric three years later, and as he says, has "been going full speed ever since."

"You are your own boss," he says. "WinWholesale is your big brother and they watch after you, but you are running your own company. You make your own decisions. They watch over you, but they don't jump in."

Long says that while he wasn't motivated to be an accountant, his training in the field gave him the financial background to analyze WinWholesale's financial plan and business model. "I couldn't find any flaws in it," he said. "It's a well thought-out plan."

These days he spends more time with the financials of his



Carl Long
Odessa
Winlectric

own business, one that's located in one of the biggest growth areas of the entire United States — the Midland-Odessa oil region of Texas. While oil prices have crashed over the past year, Long is a native of the area and is used to the boom-and-bust cycles of the oil industry. "In 2005-2006, oil went up to \$131 a barrel and everything started getting real busy," he recalls. "And then it crashed and went to \$37."

Today, he has three salespeople calling on oil field contractors and says that supplying pump panels for the drilling rigs is big business for Odessa Winlectric, and that they sell so many of them that his location is in the Top 5 in motor control sales in the entire country for Siemens. Commercial construction accounts for approximately 40% of the branch's business and he generally takes care of calling on contractors involved in this market.

When asked what advice he has for anyone considering WinWholesale, he says, "I always tell them this organization will let you write your own paycheck. I had a guy come in here two years ago who is running the Midland store now. I told him it is up to you what you want to make. The organization lets you figure out what you want to make and they let you go do it."

Jeffrey Walker took an entirely different route to the president's seat at Douglasville Winlectric in Douglasville, Ga. After graduating from the University of Alabama-Birmingham with a finance degree, he served in the Army for four years

but to raise WinWholesale's visibility so more potential local business owners learn about the entrepreneurial opportunities the company offers. While the company's executives are always looking for acquisitions to "move the needle" on future growth and say the WinWholesale business model has worked well for its acquisitions, including Noland Co., attracting new business owners to start up local businesses will continue to be a major driver in the future, as it has been in the past.

Rick Schwartz, WinWholesale's CEO, says there isn't a specific dollar figure that a prospective owner needs because all of the ownership situations are quite flexible. "Two pillars of the company are ownership and hardworking entrepreneurs," adds Steve Edwards, the company's vice president of marketing. "If we are fortunate enough to

find a hard-working entrepreneur, then we will be flexible on the amount of initial ownership."

Monte Salsman says the WinWholesale business model should attract the "best of the best." "If a person is of that caliber, we are going to try to find a way to say yes," he says.

The local owners can make some sensational returns on their investments if they have an entrepreneurial fire in their belly and will settle for nothing less than great growth, and the good business sense and patience to let the investment in their business compound over time, say the company's senior executives. Salsman was recently talking with a local company owner who has been with WinWholesale for four years about the importance of being a patient investor in his own business. "We

were talking about the 'get wealthy slow' process. In four years, his original investment has grown six-fold, and his original investment has more than been repaid to him just in the dividends."

"That's not abnormal for us," adds Schwartz. "It's not a win-the-lottery story."

While the company will continue to add services for the local company owners on an as-needed basis, Schwartz told journalists at a media briefing at the company's 2014 annual meeting that the company's brand is built on three pillars — dependable expertise, having products when and where you need them, and being able to deal with the decision maker at a local company or have an owner-to-owner conversation with the customer. "That's what makes up our brand," he says. "That's what we live and breathe every day."

to fulfill his ROTC commitment. While in the Army, he honed his managerial skills as a scout platoon leader and tank company commander and traveled the world. Walker says "every single bit" of his Army experience directly translated to what he is doing today. Interestingly, he picked up inventory management skills there, too. "The only thing that changed was the part numbers," he says. "I have conducted tons of inventories for millions of dollars of equipment. Instead of it being tanks, M4 rifles and night vision goggles, it's pipe and wire, stuff like that."

While looking to re-enter the civilian world, he met Monte Salsman at a career fair in Phoenix, and Salsman liked what he saw in Walker, as WinWholesale has had great success over the years integrating military personnel into its operations because of their discipline, managerial skills and drive.

"He asked me what was the part of the Army that I liked the most," says Walker. "I told him when I was in an environment when I had true autonomy and could do whatever I wanted to do and not be micromanaged. That's where I thrived. He said, 'That's what we can give you.'"

Walker trained at a Windustrial in Dayton, Ohio, for two months, after that spent a week at Beaufort Winlectric in South Carolina before coming to Douglasville Winlectric in July 2010. In just six months, he turned around what had



Jeffrey Walker
Douglasville
Winlectric

been an unprofitable operation and says he has never looked back. He is proud that Douglasville Winlectric is considered to be #4 out of 58 Win companies in the southeast region during the past year and says the past year was the best for his location since it opened in 1991.

While his company is located in the western Atlanta metropolitan area, his employees often make deliveries for area customers who have other jobs far outside the Atlanta market, going as far as Charleston, S.C., Birmingham and Montgomery, Ala., and Raleigh, N.C.

One market niche that's particularly hot right now for his company is multi-family housing. Walker says once you get a feel for which products are in multi-family projects and how contractors want their deliveries staged (by building, by floor, etc.), it's actually a fairly easy but very lucrative market to serve. "Once you figure out the formula of what these guys use and need, it's extremely easy, same stuff over and over, it's just mass quantities of it. You have the rough order and the trim order. It's easy to replicate."

He says the biggest challenge for a local company owner is finding and keeping the right people. The people he hires don't necessarily need a background in the electrical industry, and he has done great with employees from outside the industry who have a great attitude and are willing to learn.

"We have gone from doing \$2 million in sales to almost \$10 million and the greatest challenge is finding a good person," he says. "If they were good for you when you did \$2 million in sales, you have to make sure they can keep up with the pace when you go to \$10 million."



The Ft. Collins Team — We were able to catch a few of Ft. Collins' salespeople between sales calls for a quick photo. Roger Glanz, the branch's owner and president, is fourth from the right.

FT. COLLINS: A LITTLE PIECE OF PARADISE

To really learn what makes WinWholesale tick, you have to visit with the folks on the front line, and *Electrical Wholesaling's* editors thought it would be interesting to visit that same Ft. Collins, Colo., Winlectric location that had so impressed them more than 20 years ago to check out how things had changed. The city of Ft. Collins itself has seen explosive growth over the past 20 years, with 28% population growth to 152,000 residents in 2013. A beautiful city about an hour north of Denver along the Front Range of the Rocky Mountains, Ft. Collins is home to Colorado State University, high-tech firms like Hewlett Packard, Intel and AMD, dozens of locally owned businesses in a picturesque downtown, and some of the finest microbreweries you will find anywhere in the country.

When you first pull into the parking lot of the building that Ft. Collins Winlectric shares with Winnelson, another one of the WinWholesale group of companies, on the surface things look pretty much the same. The building is painted the same robin's-egg blue color, the company's freshly washed white delivery trucks have the familiar

Winlectric logo, and you still enter the counter area from the north end of the loading dock.

As you come into a counter area that's nicely merchandised with products from many of Winlectric's key suppliers, you see a familiar face — Roger Glanz, president of Ft. Collins Winlectric, who started with the company in 1981. In many ways, Roger epitomizes what WinWholesale looks for in leaders at its local operating companies. He's a "lifer" in the electrical industry who was an apprentice electrician before coming over to the distribution side. When we visited with Roger for the 1993 cover story on Winlectric "The Fire Within," he joked that he first became a distributor because he thought it might be an easier way to make a living. "I used to be the guy driving the truck to the supply house," he told *Electrical Wholesaling* back then. "I would see the guy standing behind the counter and he was in his t-shirt and it was 20 below zero outside. It looked real cushy to me. I was all bundled up trying to dig a ditch in the ice. I thought, 'I would like that guy's job.'"

While Glanz may joke about why he first got into the distribution business, he's

dead serious about how WinWholesale has helped his company succeed. "I look at WinWholesale as my partner in business, and I couldn't ask for a better partner in business because they do nothing but help me succeed," he said. "They have the people and support to help me succeed. The IT has improved continually over the years and helps me take less time to mess with payables. It's just a couple of clicks. It allows me to spend more time doing what I do best — working with my customers and employees."

Glanz says one of the biggest benefits of having an ownership stake in Ft. Collins Winlectric is that many of the electrical contractors he services appreciate the fact that they can come into the location and talk owner-to-owner. They know Glanz can make many decisions on the spot, without having to call for approval. "They know me for lighting. They know me for gear and they know me for service," he says. "They know that they can come in and order a special part from me and I will get that part for them right away. Local decisions are huge and it's a big part of our company to make those local decisions."

As Winlectric's product marketing manager, Rich Nowak manages vendor relations and marketing efforts for Winlectric, and works with the company's area leaders to tailor the vendor relationships that the company has established on a national level to what Winlectric's local operating companies need. He also works with the IMARK buying/marketing group to build the relationships, and today Winlectric is one of IMARK's 10 largest distributors. He says the owner-to-owner connection that local business owners have and ability that Glanz and other local market leaders have to make so many decisions on the front line is something he didn't see when he worked for one of the national chains, where local branch leaders usually manage their businesses according to corporate mandates from the headquarters.

It's a different story at Winlectric, says Nowak, where local owners usually have the final say on which lines to stock, pricing and which markets or customers to target. He says that if a local owner wants

to go after a new piece of business in an adjacent market area, that's usually their call.

"The local owners are making the decisions on purchasing and who they sell to and they have skin in the game," he says. "The suppliers we partner with see that and say, 'That's a pretty major opportunity for us.' It's whatever relationships the local owners establish. The cool part about this is that they establish their markets. We are such an agile player. I love that about this company."

LOGICALLY LOCAL

WinWholesale's executive team based out of Dayton is happy letting the local company owners grab the spotlight, and everything they do is aimed at making the company presidents out in the field more profitable. You can see this in how they let the local company owners focus on the product lines with the highest brand preference in their local markets, to how they want to brand their companies. While many vendors across the various product niches often know the company as WinWholesale, out in the field the local companies have been traditionally branded to their product niche. More recently, as an increasing number of local companies sell products across trades, the Winsupply brand is more commonly used.

MENTORING THE NEXT GENERATION

Along with pushing key decisions to the front line and letting local company owners call the shots, another thread that runs through the company is a desire on the part of the local presidents to mentor those on the way up through the organization. The company runs a centralized Leadership Academy in Dayton where promising employees are groomed to be local market leaders, and a successful peer networking program has developed from managers who attended the Academy. Much of the mentoring is done out in the field, too.

Rick Schwartz and Monte Salsman say the local company presidents know that because they have had the opportunity to build their personal fortunes through WinWholesale, they have to "pay it forward" and help others grow in their careers at the company. Salsman says he has seen many, many managers mature and realize this over the years. "Over the course of a person's career,



In this photo, Monte Salsman, WinWholesale COO (left in photo), presents Carl Long, president, Odessa Winlectric, with the top distributor awards at WinWholesale's 2014 Annual Meeting and Vendor Showcase awards dinner, which drew 1,200 WinWholesale associates and vendors in March 2014.

when you are young, you wonder, 'How am I going to pay the bills this month?' As you get older, you realize, 'Okay, I learned how to pay the bills. What else is there?'

"You start to realize that helping people is pretty important, too. What WinWholesale provides is both the financial security of earning it and the ability for people to grow other people and to sponsor them. They actually do get an investment in those other companies, but what they really get is to look around and say, 'I helped 15 people join the organization who would have been working for wages for somebody else.'

"It's interesting talking to people who have done that. They tend to have a little more gray hair and are a little more seasoned. When you talk with them about what they are most proud of, money never comes up." ■