

THE WHOLESALER[®]

N.B. Handy + Mincron = Valuable customer/vendor relationship

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Founded in 1891 in Lynchburg, Va., by Nathan B. Handy, the N.B. Handy Co. got its start as a supplier of metals, metal fabricating machinery and hardware materials for roofing and general sheet metal trades. Following World War II, N.B. Handy was one of the early pioneers in providing materials for the nascent warm air and air conditioning systems industry as contractors turned to roofing and sheet metal shops for ductwork to convey conditioned air. The company responded quickly to this emerging market by adding materials for warm air and air conditioning systems, while continuing to serve the roofing and sheet metal trades.

N.B. Handy continued to prosper throughout the 1950s and the 1960s, during which time it opened an additional warehouse in Roanoke, Va. During the 1970s, the company opened three more branches -- in Raleigh, N.C., Richmond, Va., and Greensboro, N.C. -- and established its steel processing center in Lynchburg.

N.B. Handy sustained its growth through the 1980s and the 1990s with the addition of seven more branches (Norfolk, Va., Baltimore and Capitol Heights, Md., Charlotte, N.C., Greenville and Columbia, S.C., and Atlanta, Ga.). In 1992, the company also became the exclusive representative/distributor for Carlisle SynTec Single-Ply Roofing Systems throughout much of its existing territory. The following year, N.B. Handy established the machinery sales group to focus on sheet metal fabricating machinery sales and service.

Until 1996, N.B. Handy was managed mainly by descendants of the founder. The current management team led a series of initiatives to assemble the infrastructure from which N.B. Handy could pursue accelerated growth. This included upgrading the company's facilities and equipment, realigning the organization's structure, selling two non-core businesses and implementing an integrated erp system.

With a solid foundation for growth firmly established, in 2002 management led a bottoms-up strategic review of the company that identified several promising growth initiatives. These included positioning the company to accelerate penetration of the commercial roofing segment through a new key product program and completing the product offering in the hvac segment by adding hvac equipment in all branches.

The company has experienced a significant growth curve while also enhancing financial performance due to these initiatives.

Most recently, in 2003, N. B. Handy began serving Northern and Central Florida, building the foundation for the establishment of another branch location in Orlando. The company continues to grow its presence in Florida in both the HVAC and roofing product lines; this year N.B. Handy became an exclusive representative/distributor of Johns Manville singly-ply roofing systems in the state of Florida.

For additional information on either company, visit www.nbhandy.com or www.mincron.com.

Family owned for four generations, N.B. Handy has grown into one of the country's leading distributors of high-quality hvac equipment and supplies, commercial roofing products, sheet metal, and sheet metal fabricating machinery. They have managed that growth effectively through their use of Mincron Software Systems. Recently, N.B. Handy cfo Tom Mills and vice president-information systems Angela Isaacs shared an exclusive interview with editorial director Mary Jo Martin on N.B. Handy's operations and use of technology.

MJM: Describe the company today, including management team, facilities (existing and planned), customer base, territory, number of employees, product sectors?

Mills: N.B. Handy Company is one of the country's leading distributors of high-quality hvac equipment and supplies, commercial roofing products, sheet metal and sheet metal fabricating machinery. We operate 14 branches strategically located throughout the Mid-Atlantic and Southeastern U.S., and distribute one of the industry's most comprehensive product offerings with over 15,000 skus from in excess of 250 major vendors. These include leading brands such as Carlisle, Fabral, Gibson, Hussey Copper, Johns Manville, Kelvinator, Lockformer, Owens-Corning, Sentriclad (private label) and Westinghouse.

As a result of over 115 years of excellence, exceptional customer service, 99%+ service level, quick turnaround times, outstanding field sales team and broad product offering, N.B. Handy has developed strong and loyal relationships with a diverse and profitable base of over 5,000 customers. Our customers include hvac subcontractors, commercial roofing contractors, and fabricators, whom are generally located within a 100 mile radius of each branch location.

Currently, the employee base is at 433 and growing. The company is led by president and CEO Mitch Reaves. In addition to myself, our executive management team includes vice president-operations Joe Tyree, vice president and regional manager Dennis Craven, vice president-hvac sales and marketing Sam Meeks, vice president-information systems Angela Isaacs, hr director Chip Christian, director-business development Jake Mitchell, director-roofing sales and marketing Mike Landry, and regional manager David Hanny.

MJM: Are you more involved with residential or commercial/industrial construction? Can you share percentages of sales for those areas, as well as for your product areas?

Mills: We are a balanced supplier with 38% of our business in residential end sales and 62% in the commercial segment. Additionally, N.B. Handy's customers represent both repair and replacement (34%) and new construction orientation (66%).

MJM: Are you comfortable discussing annual sales volume, or perhaps percentage of growth in recent years, especially after the implementation of the Mincron system?

Mills: N.B. Handy implemented a new ERP system in order to provide a backbone for information reporting. The quality systems we have in place facilitated growth from \$160 million to \$300 million in sales over the last four years.

MJM: What are some of your growth projects/goals for the near future?

Mills: We will continue to increase product offerings in both the hvac and roofing segments, and will increase points of access for customers within our markets. In the near term, N. B. Handy will be opening its newest facility in Boca Raton, Fla., this month.

MJM: Were you using another software system prior to Mincron? If so, what was your reason for wanting to switch to a new system?

Isaacs: Prior to implementation of Mincron's Hardgoods Distribution Software, we were using an old IBM financial software application, jda's Advanced Warehouse Replenishment system, formerly know as E3 trim, and home-grown applications for order entry that were not fully integrated together. The Mincron HD software application allowed us to integrate all aspects of our operations into one package, with the exception of our Steel Service Center Manufacturing process. Beginning early in 2007, N.B. Handy plans to implement Mincron's Work Order system, which will then complete the integration process of all of the company's processes. We continue to interface the third party inventory replenishment system for a majority of our inventory replenishment process.

MJM: What was it about Mincron and its key features that interested you?

Isaacs: Beyond just the integration of all processes, it was the richness of the order entry functionality that placed Mincron into one of two packages for the final selection process.

MJM: Is the software easy to implement and get started on?

Isaacs: The implementation of the software took place over a nine-month period from start to finish. As with any major change in applications, the cultural change was the hardest issue to overcome. Training involved everyone at corporate in accounting (ap/ar/gl/credit), procurement and operations, along with inside sales at the branch facilities. Managers and all subordinates were trained during the implementation phase.

MJM: What are some of the particular areas of the system that you use?

N.B. Handy utilizes all facets of the Mincron Hardgoods Distribution application. The process begins with our inside sales personnel entering bids, quotes, orders or purchase orders into the system. Bids and quotes can easily be converted into orders whenever the sale has been awarded. The invoices (whether ar or ap) are then processed by our accounting department. All of these processes automatically update the general ledger file(s). Mincron has had a full edi suite that we have been using since 2003 that allows us to electronically process transactions with our vendors. The Web Commerce application -- which we first made available to customers in October 2006 -- allows customers access to their accounts for information or invoice reprints and entry of orders.

MJM: Have you done any upgrades since your initial installation?

Isaacs: N.B. Handy has performed five significant upgrades of the hd application since implementation in 1999. The upgrades are generally about 18 months apart. The upgrade itself is performed by our personnel with support available from Mincron as necessary. We perform a list of process points against the upgrade in a test environment prior to actual upgrade, and then do post testing after the actual upgrade.

MJM: Do you find that you are using a good deal of Mincron's functionality?

Isaacs: We utilize much of Mincron's available functionality. The parts of the Mincron HD system that we do not currently make use of involve 3rd party application add-ons or interfaces.

MJM: Are there any areas that you feel the software is lacking or any further developments you'd like to see Mincron make that could benefit your business?

Isaacs: Mincron has a varied offering of tools for the business user. The user community consistently works with Mincron personnel to add needed functionality. One of the latest offerings that Mincron is gathering information on is for a crm application.

MJM: It seems from attending several of the Mincron Users Group Conferences that customers have a very close relationship with Mincron personnel. Can you talk about the support you continue to get long after installation is over, and the type of interaction you have with Mincron on an ongoing basis?

Isaacs: Relationships with Mincron personnel become inevitable as the user community works with them to enhance the package's offerings. We have been extremely fortunate in having been appointed to our Mincron csr, Leona Price. Leona has consistently given us excellent support in a timely fashion. We also have been able to provide feedback to the Mincron development personnel during Mincron Development Advisory Committee and User Group Application Forums.

MJM: How do you balance the wonderful benefits of electronic technologies with continuing to build close relationships with your vendors and customers?

Mills: The key to keeping our relationships with customers strong is to not replace face-to-face interaction with them, but to offer enhancements to the transactional processing that offers value to the customer.

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