



The TDP Team: (front row, left to right) Melissa Glidewell, Christy Simmons, Megan Graves, Stephine Jennings, Debbie Lawley, Jennifer Ho, (back row, left to right) Sharon Kennedy, Terri Preston, Wendy Justice, Kelli Wales, Lee Anne Holsomback, Wendy Cascio, Alishia Ho, Shari Watkins and Candace Davies.

Master distribution has come into its own as a distinct step in the plumbing distribution channel. Distributors now have more choices than ever when it comes to filling their product voids, putting the onus on master distributors to differentiate themselves. The Distribution Point (TDP) is one of those master distributors. TDP has thoughtfully crafted a distinct identity as the only independent plumbing master distributor not owned by a large wholesaler distributor or big box store. The company takes pride in its customer service and extensive inventory of basic and hard-to-find brands, such as Toto, American Standard and Kohler.

Based in Moody, AL, TDP was started in 2003 by industry veteran Ranson Roussel. A New Orleans native, Roussel's career experience can be attributed to his 10+ years at Texas-based Morrison Supply, where he served in various management roles, including head of corporate operations. Like many plumbing wholesalers, Roussel was dismayed when the industry's iconic master distributor was purchased by Home Depot in 2001. Concern was widespread throughout the industry that its most trusted back-up source of supply might lose some luster as a big box captive. Roussel looked at this problem as an opportunity, and The Distribution Point was born.

"To me, a critical part of making this venture succeed was that it had to be an independent business," Roussel explains. "Otherwise potential issues arrive from a service standpoint — whether to take care of the guy at the counter or to handle someone on the phone

across the country. Our sole focus as a company is taking care of our customers in our chosen distribution channel. Every order is critical and has to get out right away."

TDP'S UN-CORPORATE CULTURE

In putting together the TDP team, plumbing experience was less a priority than finding people wise in the ways of distribution and customer service. Roussel wanted fresh ideas and new business processes, which prompted him to look outside the industry when hiring his management team. Two of Roussel's earliest hires were Rusty Baker, who heads up operations, and Joan Wood, who is in charge of the call center. Baker came to TDP after years of service with industrial distributor Birmingham Fastener, while Wood had previously spent 13 years with Alltel, starting as a customer service representative and moving up to head the cell phone provider's call center operations.

Joining the staff a few years later was Director of Marketing Mollie Donohue, who worked for the upscale clothing retailer Saks Fifth Avenue. She later recruited former colleague Barbara Quinn to round out the management team as TDP's director of purchasing.

Roussel continued to seek out the assistance of his employees to help build the TDP team. Through network recruiting, he found a way to build a distinctly un-corporate culture that resembles so many of the family businesses TDP counts among its customers.

As a result, TDP boasts a 37-person staff of talented people who

THE DISTRIBUTION POINT: PROUDLY INDEPENDENT

A distinctly **un-corporate culture** characterizes this relative upstart.

by Jim Olsztynski

are either former co-workers or longtime friends. By developing a team that works well together, Roussel was able to create an invaluable collaborative business environment with a high performance ratio and low turnover rate. “Without a doubt, hiring fun, smart, motivated associates has established our place in this highly competitive market with such high-profile players,” Roussel says.

Asked about the TDP work environment, Quinn notes how different it is from her former job in retail. “The people I work with at TDP are much more profit-driven than ego-driven. At my previous job, there were times when I hesitated to do the right thing because my boss was married to different ideas, and there was no persuading otherwise. That’s not the case here. If any of us has an idea, we can go to Ranson’s office and hash it out. He’s open to suggestions, and if something doesn’t work, there’s no Monday morning quarterbacking.”

“The atmosphere here is very different than where I used to work,” says Donohue. “When I first started, I asked Ranson how much the marketing budget would be and he looked at me as if it was a trick question. He replied, ‘How much do you need?’ I’ve never worked in this type of environment before and found it to be quite refreshing.”

CALL CENTER EMPHASIS

It’s no accident that the cover of this issue depicts some of TDP’s customer service representatives as the organization’s call center is the focal point of the business. During my interviews for this story, TDP’s managers



TDP team in the warehouse (left to right) Megan Graves, Lee Anne Holsomback, Melissa Glidewell, Jennifer Ho, Mollie Donohue and Alishia Ho.

repeatedly cited the CSR staff and their support teams as stars of their show. They are empowered to make critical business decisions, and if they need to go up the ladder, they are free to walk through any manager's open door unannounced.

Everyone in the company, including President Roussel, will immediately stop what they're doing to answer a call if a red light in the office begins flashing. The light alerts staff that all available CSRs are assisting customers and an incoming call needs to be answered. "One of the great things about TDP is when you call us, you'll get a live person, not a menu," says Baker.

An energetic personality is the top criterion to land a CSR job at TDP. "Experience isn't always the main driver," Wood asserts. "When interviewing candidates I mostly ask general questions, providing the opportunity to let discussion flow. My goal is to find individuals who are quick to generate conversation and most importantly, laugh. You can always train people on products, but seldom on service."

Network recruiting is key. "Many call centers have revolving doors, but it hasn't been that way with us," notes Wood. "Once part of the team, they are typically here to stay."

The TDP call center staff is small but attributes its big success to several factors. It all starts with training. The staff is strategically segmented by business type to provide maximum efficiency. Trainees spend time moving through each area, beginning as a member of the fax team, learning the computer system, customer base, product lines, product search capabilities, shipping carriers and costs and order entry and execution. Once this has been established, the rotation to various experienced CSRs begins. Novices will rotate so they get to listen to every CSR and get a feel for different styles. In addition to the interpersonal ability essential for building solid customer relationships, a big part of training focuses on developing research skills. CSRs don't need to have extensive product knowledge as a new hire, but they need to know how to track down product information quickly and accurately. Time spent in training averages about four weeks but varies with each individual. "They let me know when they feel ready to step up on their own," says Wood. Once taking calls independently, a seasoned CSR will shadow the new representative for a few additional days in order to critique and provide helpful analysis.

Product training is an ongoing process. While TDP downplays plumbing knowledge in recruiting people, it gathers relevance once they're on board. Call center personnel are required to attend vendor training sessions just like their customers do. They also look for opportunities to visit customer premises, especially showrooms. The experience gained in these visits is priceless.

"When a customer asks for something on the phone, it's just a part number," says operations head Baker. "When our CSRs visit customers in person, they learn and view the product, gaining a clear understanding of

product groups and styles. It's no longer just a part number. This makes selling and cross-selling much easier." Roussel adds, "Showroom visits are a way to meet our customers in person and get close to them. Our CSRs love to do it, and they come back with a better appreciation of our customers' business and needs. This usually leads to various suggestions about how we could be of greater service to them."

All of this leads to another key factor to the call center's success, which is building relationships with the customers. While the management team does place emphasis on call center metrics, such as answer time and rate, they don't force CSRs to follow a script when speaking to customers. Wood says she prefers CSRs just to be helpful and pleasant in their individual ways. "In my old job, how much time we spent on the phone was important, but I found out establishing relationships with our customers is most crucial," she notes.

A result is that many callers ask for CSRs by name. CSR cubicles are festooned with greeting cards and little gifts sent by customers, and greeting cards and notes frequently flow the other way to regular customers. In the early days of the business, Wood herself pitched in manning the phone lines, and she still handles longstanding customers who ask for her by name.

Donohue shares her perspective about the TDP call center: "When I first came to TDP from outside the industry, I was enamored by technology and questioned why we didn't offer product online through an automated system to our customer base. As I analyzed the metrics, I found the average call time to be less than 2 minutes. In most cases when placing an online order, that is a tough time to beat — and if our customers are able to enjoy some friendly conversation, then that personal touch makes it even better, giving us an edge!"

PRODUCT PIONEERS

Early on, the company geared its business to having what customers ask for, but as TDP matured it has become more proactive in becoming part of their vendors' marketing arms. "In today's economy, wholesalers are reluctant to take on new products," notes Donohue. "They want to quantify the demand before adding it to their inventory mix. We have consciously tried to position ourselves to partner with our vendors in helping them launch

new products through co-branding initiatives. This ensures that we have new product on our shelves when the product launches, making it available to our customer base immediately."



"I enjoy getting to know my customers. By establishing individual relationships I can identify their needs and provide additional services that are most important to them."

Jennifer Ho
customer service representative



"I love the atmosphere at TDP. We work as a team and the willingness of my co-workers to contribute more than what they are asked to do in their jobs is amazing!"

Wendy Cascio
accounts receivable

“When our manufacturers roll out new products, we start promoting and advertising them immediately,” says Roussel.

TDP’s inventory is constantly being analyzed and refined. Taking on new product is a greater liability for a master distributor than a traditional wholesale distributor as they lack a retail outlet to liquidate poor performing merchandise. The nature of the business is such that a master distributor has to be resigned to carrying a vast supply of product, which may sit on the shelf for a long period of time. Like its customers, TDP has developed its own 80/20 rule when it comes to inventory investment. The difference is that 80% of its sales are likely to come from items that comprise 20% of customer sales.

“Every lost sale is a knife in my heart,” declares purchasing head Quinn. “At the same time, I don’t want to get stuck with 25 discontinued items that the manufacturer suddenly decides not to make any more. It’s a delicate balancing act, but we’re improving on it all the time. We are constantly analyzing our customer base, demographics and buying patterns as a means to improve product offerings as well as shipping times and rates.”

LOOKING BACK AND AHEAD

While the residential slump is not good news for anyone, TDP is weathering the storm better than many of its customers because at least to a degree, master distribution operates countercyclical to the general economy. As wholesalers go lean on inventory in response to slumping markets, they rely more on master distributors to fill in product gaps.

Roussel and his team express pride in what they’ve accomplished in their still young existence. With 21 vendors and some 3,000 customers, they feel they are over the hump in beating the odds against any new business surviving its initial years. The real strength of the company, though, won’t be found on any P&L statement.

It has to do with the relationships forged with customers, vendors, and within the TDP staff itself. “I give Ranson tremendous credit for taking us from zero to quite a lot very quickly,” says Quinn. “He’s assembled a team that really understands this business. I’ve worked in retail for over 25 years and these are by far the finest quality of people I’ve ever been associated with, making it fun to come to work.”



Management team (left to right): Ranson Roussel (president), Barbara Quinn (director of purchasing), Rusty Baker (director of operations), Joan Wood (director of inside sales), and Mollie Donohue (director of marketing).

CHALLENGES OF MASTER DISTRIBUTION

Starting any business from scratch is risky, but there are aspects of master distribution that make it an especially tricky entrepreneurial venture. Here are some of the things cited by TDP’s management team as among their greatest challenges:

LARGE CUSTOMER BASE REQUIRED. Although they gain a few bulk sales from job quotations, a typical transaction for a master distributor has less than a handful of line items. It resembles a retail operation in that sense, but unlike retailers a master distributor does not market to anyone and everyone. TDP limits sales to wholesaler-distributors and showroom customers, and even turns away the rare consumer or contractor that might stumble on to it via the Internet. This makes it imperative to identify legitimate prospects and convince them to buy from you. “I have found that if we can get people to try us out, we’re good to go. But getting them to make that first initial call is the challenge,” states Director of Marketing Mollie Donohue.

MULTIPLE CONTACTS WITHIN A COMPANY. Conventional wholesaler-distributors deal mostly with company owners or central purchasing agents who have authority to make large volume buys. People who call TDP typically are inside salespeople, counter personnel or showroom attendants who place orders for one or two items. “One of the biggest frustrations to me is we can establish a great relationship with someone at an inside sales desk, but a person in the next cubicle won’t have a clue who we are,” says Donohue. “It’s a constant battle to teach people that we’re available and what lines we carry.”

INVENTORY RISK. All distributors share this challenge. What makes it a bit more daunting for a master distributor is a business model that makes it necessary to stock a wide and deep assortment of skus that are at risk to gather dust, and slow turnover rates. A master distributor is at a particular disadvantage from discontinued items, which wholesalers can liquidate with a little creative salesmanship from showroom or counter personnel. Opportunities are much more limited for master distributors.

DEPENDING ON THE KINDNESS OF STRANGERS. Getting the goods to a customer quickly is the essence of the master distribution business. Yet master distributors rely on common carriers for critical deliveries, and thus don’t have total control over this aspect of operations. According to TDP’s Director of Operations Rusty Baker, it hasn’t been a big issue. “We have a great shipping location here (only a few miles off Interstate 20 outside of Birmingham), and I’ve dealt with some of these shipping companies for close to 20 years,” says Baker. “We know how to work with them, and they do a great job for us.”

BANKING ON RELATIONSHIPS. TDP’s business model is fashioned on more than selling goods. “I am a frequent shopper of Amazon.com and am able to purchase goods from the site pretty easily, but there’s no personal contact or relationship with them,” declares founder Ranson Roussel. “That kind of business model won’t work with what we’re trying to do, because ours is a relationship business in a relationship industry.”