

Industrial Supply

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CREATING RAVING FANS

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Software solutions

Karen Brandvold, CFO and vice president, Omni Services

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CUSTOMER-FIRST ATTITUDE KEEPS
CUSTOMERS COMING BACK

INGRAVING FANS

BY RICH VURVA

At Omni Services, the objective isn't just to turn a profit. This hose and accessories distributor is all about creating raving fans, an idea borrowed from a business book written by Ken Blanchard and Sheldon Bowles. The authors contend that having satisfied customers isn't good enough. If you really want a booming business, you have to create raving fans.

Worcester, Massachusetts-based Omni has embraced that concept and run with it.

"A long time ago I said you win in distribution with offense not defense. We're very customer driven. We're not internally focused. The purpose of the company is to get customers and keep them. Profits are a result," explains Chuck Connors, CEO.

Every year, the company surveys a subset of customers with a series of questions to find out not if they're satisfied with the service they get from Omni, but if they would recommend Omni to other companies.

If a customer responds with a nine or 10 on a scale of one to 10, that's considered a promoter. Scores of one through six are detractors. Subtracting the detractors from the promoters arrives at a net promoter score. The survey idea is based on a book called "The Ultimate Question" in which author Fred Reichheld explains how to turn customers into promoters. Reichheld's research showed that the average net promoter score for companies is 10 percent.

The first time Omni Services conducted a survey to gauge customer loyalty, in 2007, the company earned a net promoter rating of 27 percent, more than twice the average company's score. Omni refers to this number as its Customer Recommend Omni Index or customer ROI.

"While that's a good number, we asked ourselves, can we do even better?" Connors recalls. "What does it take to get to 80 percent, where the best companies reside?"

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Left to right: The management team of Todd Keeney, Karen Brandvold, Chuck Connors and Scott Sloan place an emphasis on teamwork in order to put customers first.



Omni Services strives to follow various compliance testing procedures, including the NAHAD Hose Safety Institute. These photos show work being performed at Omni's Auburn, Massachusetts, facility.

The next year, Omni achieved a 45 percent customer ROI. Since then, the company has consistently scored 50 percent or higher.

The customer ROI started to rise when Omni began asking customers if they could contact them following the survey. Net detractors get a personal phone call from Connors to talk about why they are dissatisfied with Omni. Often, the low ranking may result from a problem or a single incident that can be easily rectified.

"When the CEO of a company calls you to hear your concerns, it makes a lasting impression," says Scott Sloan, vice president of sales and marketing. "Executives in any company believe, because they want to believe, that their company is giving their customers terrific service. But how much do you put that to the acid test?"

Sloan says measuring customer loyalty is a good way to determine the strength of a company.

CUSTOMERS FOR A LIFETIME

This customer-first attitude is what has enabled Omni to measure the length of relationships with many customers in decades, not years. On those rare occasions when customers decide to go with another supplier, it's usually because they have abandoned the Northeast and moved production to another part of the country. Even so, that doesn't mean the customer will be lost forever.

For example, one OEM moved from New England to Kentucky where labor costs are lower. The OEM also began purchasing low-cost hose from China but started experiencing problems with the hose sourced overseas.

"They came back to us and said, 'What can you do? We want to buy USA products. We've made a mistake,'" Connors recalls.



Omni tested the outsourced hose and determined that because the company used a poor quality compound, the hose was unable to hold a consistent inside diameter.

"We explained the compound process to them and showed why they were having problems," Connors says.

Omni earned the business back, despite charging a price substantially higher than the overseas supplier.

Omni's expertise has earned the company a reputation as a fluid conveyance specialist. With sales nearing \$50 million annually and 16 locations, Omni has grown to become the leading independent distributor of hose and accessories in the Northeast, offering hydraulic hose and industrial hose products, formed tubing, instrumentation, specialty fluid transfer components and rubber.

"We've tried hard to put all of our customer-facing and production people through the various compliance testing, including the NAHAD Hose Safety Institute," explains Karen Brandvold, vice president and chief financial officer. "It's one of the ways, especially with OEMs, that we show how we're unique and a cut above the competition."

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About 60 percent of sales are dedicated to OEM business. The mix of customers has changed over the years as a result of traditional smokestack industries moving out of the Northeast and being replaced by advanced manufacturing including chemicals and plastics, food processing and production, medical equipment and supplies, paper and printing. The new-look manufacturing economy required Omni to add product lines and product specialists in areas such as formed tubing and instrumentation.

“We’re not just doing MRO pick-and-ship hoses, we have to do every possible thing that an OEM might ask you to do, whether it’s forecasting on-time delivery or measuring quality,” says Todd Keeney, vice president of IT and operations. “We’ve had to keep up and add new inventory, electronic inventory technologies or handheld order entry. Everything’s custom. Every label we ship to OEMs is customized with everything they need.”

Investments in hose crimpers and testing equipment and strict adherence to best practices in hose assembly from leading manufacturers and the NAHAD Hose Safety Institute’s Hose Assembly Guidelines means customers can be confident in the quality of the products they buy.

The company has grown through acquisition over the years but the primary growth driver has been organic sales.

“We’re a customer-led organization, principally speaking. That’s the simple message that is at the bedrock of why we’ve had some success over the years,” Connors says.

CAREER OPPORTUNITIES

When Connors met three people who were contemplating starting their own distribution company because they’d become disillusioned with how their last employer had treated them, he offered them an opportunity to open a branch in New Jersey. Coupling their high energy and entrepreneurial spirit with Omni’s proven commercial techniques, the branch surpassed its sales and profit goals within 18 months. The employees were rewarded for their success without having to fund a company startup.

More than a dozen employees who left Omni in search of greener pastures eventually came back and were welcomed with open arms.

Keeney, who has been with Omni for 25 years, recalls the time early in his career when he went into company founder Bob Mitchell’s office to turn in his resignation. Keeney planned to join an upstart company that promised him a great future. Mitchell tore up his resignation letter and convinced him to stay.



Karen Brandvold poses by a painting of her father, company founder Bob Mitchell.

“When my dad started this company, he wasn’t thrilled with the way the company where he worked previously had treated its people,” explains Brandvold. “He always said from the very beginning that we’re going to treat our people like family. We’ve managed to keep that culture.”

Mitchell would likely take great pride in the fact that his daughter will become the first female president of NAHAD when she takes office later this year. Brandvold says it’s an honor to be the first woman to fill the role of president in an organization that has been critical to Omni’s success. She has been active in leading NAHAD’s Women in NAHAD program created to help support the professional development of women in the hose and accessories business.

“I hope that by serving as NAHAD’s first female president that I can be a role model for young women in the industry,” Brandvold says. “I hope that my being president of NAHAD can help to prove that there are real opportunities for women to succeed in this industry.”

As Omni has grown over the years, it has created advancement opportunities for employees who wish to remain.

“Given our size now, we have a structure in place that allows us to provide a career path for employees that will enable us to continue to grow into the future,” Sloan says.

Omni’s approach to treating employees is similar to how it treats customers. If you listen to their requirements and provide them what they need to succeed, everyone wins.

“If you’re providing a value-added approach and pay attention to what you’re doing, you can create raving fans,” Connors concludes. **IS**

Editor's Welcome



Karen Brandvold will become the first female president of NAHAD later this year

Making history

When I first contacted Karen Brandvold about featuring Omni Services as the cover story in this issue of *Industrial Supply magazine*, she initially expressed some reluctance. She wanted assurance that the story would be about Omni and not about her.

I assured her that while we typically feature the incoming NAHAD president's company in our March/April issue, our focus is on the company and not on the individual.

Brandvold is chief financial officer and vice president of the Worcester, Massachusetts-based hose distributor founded by her father, Bob Mitchell, in 1976. What I quickly discovered when visiting with the Omni leadership team is that the company places a strong emphasis on teamwork. Personal accolades take a back seat to pulling together to do whatever it takes to keep customers happy or, as they like to say at Omni, creating raving fans.

That's not to say the company doesn't single out an individual for praise and recognition when it's deserved. So, despite my pledge to Brandvold to keep the focus of the story on Omni as a whole and not on her, I will break that promise here by congratulating her on the role she will assume later this year when she becomes the president of NAHAD - The Association for Hose and Accessories Distribution. When Brandvold assumes the title, she will become the first female to ever fill the president's chair.

Asked to comment on that achievement, Brandvold responded with humility, putting the

focus on others rather than herself.

"I hope in my role I can help to inspire and motivate other women in our industry," Brandvold told me. "We are not alone in facing the challenge of attracting and retaining people to our field. Since women make up 50 percent of the workplace, there is an opportunity for the distribution industry if we can demonstrate to women they are desired and supported in our industry. I hope my being president of NAHAD can help to prove there are real opportunities for women to succeed in this industry."

Rich Vurva

rvurva@directbusinessmedia.com

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SALES

Chris McClimon, Partner
Director, Sales & Marketing
cmclimon@directbusinessmedia.com

Bob Stange, Partner
Director, Business Development
bstange@directbusinessmedia.com

Patricia Wolf, Sales Representative
pwolf@directbusinessmedia.com

EDITORIAL

Rich Vurva, Partner
Editorial Director, Industrial Group
rvurva@directbusinessmedia.com

Tom Hammel, Partner
Editor, *Contractor Supply*
thammel@directbusinessmedia.com

ADMINISTRATIVE

Linda Scott-McCabe, Partner
Audience Development
lmccabe@directbusinessmedia.com

Caitlin Kincannon, Production Manager
ckincannon@directbusinessmedia.com

Amy Klawitter, Creative Director
aklawitter@directbusinessmedia.com

CONTACT US

401 S 4th St W
Fort Atkinson, WI 53538-2106
920-397-7551 | 866-214-3223
920-397-7558 Fax
Visit us on the internet at:
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