



GOAL-ORIENTED EXCELLENCE

by (Danielle Galian)

"We're an 82-year-old company, but we act like we're closer to 22 or 32," laughs Scott Robertson, president of Alliance, Ohio-based Robertson Heating Supply. He explains there are challenges to constantly tweak and improve ourselves

**Scott Robertson, president,
Robertson Heating Supply**



within the business. The same way a young company or start-up would be challenged. In fact, it is that methodology of editing and re-editing the corporate process that's kept RHS so successful for eight decades and counting. One of their annual goals (more on those later) is a focused technology goal that must accomplish five or six preselected tasks. Those improvements are an attempt to modernize the company and keep it at the forefront of the industry.

For example, RHS's customers this year will be able to use their smart phones to scan product barcodes in their shops or in the field to have access to 15,000+ items stocked at Robertson locations. These 15,000+ products with their individual barcodes, descriptions and 6-digit SKU numbers are searchable within the mobile system. Customers will be able to use their own Android or iPhone device. As Robertson further details, they went to Google and Apple, got the app approved, and now the customers will be able to use this proprietary app and software they've developed through those two companies to scan the barcode on the boxes of

product, and seamlessly provide the information necessary to order on the spot. This allows customers to review and purchase material at their convenience and location. The app is conveniently named "RHS" and is live in the month of June.

This innovation didn't happen overnight. RHS has had a contractor barcode software program for about 12 years. It was a system marketed and offered to contractors where they would pay for the hardware costs. In this previous scenario, contractors bought a scanner that RHS approved. Then they would share the software program to use on the scanner that could read magnets. RHS made product magnets with the 6-digit barcode embedded in it, so the dealer had to put product magnets on his or her bins. The magnet would be a series of barcodes that would tie into their 6-digit control number and the customer would use this scanner and magnet to recognize the product.

Robertson describes, "We only had maybe two handfuls of contractors on that software because it required an



Robertson Heating Supply's headquarters in Alliance, Ohio

investment by the contractor of the scanner which was about \$500. It required a little bit of unnatural planning and getting used to the scanner and process. Where today's version, or the one we're telling you about that we're rolling out in June, will run off of your phone, which everybody has now with a camera on it. The software is now embedded in the app, and

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the hardware is now just your smart phone. We're just making the next big step from an initial offering that was pretty innovative at the time, for sure 12 years ago, to an offering now that takes advantage of a hardware technology that everybody has. We probably all have smart phones close to our hip right now."

RHS strives to make it easy for its customers to get key information, current levels of inventory and pricing in a user-friendly way. Being creative and efficient in serving their partners is an RHS staple. With this service, you don't need to learn anything special or challenging. You just pop open the app, take a picture and you're good to go.

Scott Middleton, vice president of marketing for RHS, describes an added benefit to customers using the app. Bottom line: the IT is in-house. "We have our own IT staff on board, on site about 50 steps down the hall here. We really believe this makes us more adaptable so that if a contractor needs a special feature maybe just for them or something that we hadn't thought of, it's a matter of a phone call, short meeting and making the change. It's not consulting and paying somebody externally or going through an entire approval process. If we make the decision internally, and this isn't just with the barcode app, this is our entire software system, that we need a change or adaptability at the branch or customer level we're able to turn the ship quickly. While it's a good size ship, it's flexible. That's something that I very, very much believe in. And it's not just in the IT department; there's responsiveness, communication and flexibility in a lot of the things that we touch and do."

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Corporate Goals

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This is exactly what the name implies — a document that employees are expected to hold on to throughout the entire year. Four to five times during the year, RHS has employee meetings where goal progress and results are reviewed to date. This corporate goal process is now in its 21st year and is a constant contributor to many successful strategies, programs and achievements. There's also an incentive program that is the same for every full-time employee regardless of their position. "If you're full-time and you work the 2,000 hours that you need to be full-time and we hit six goals, which is a pretty typical number, every employee in the company is going to get \$1,200 in bonus money paid to them around mid-December. If we hit five goals, it's \$850," says Robertson. Those are the two common levels they achieve. Every once in a while they do better than that. Last year they hit all seven, but that's unusual, as Robertson points out.

Working the Alliance Branch Counter, at the far end of counter on the phone in Dean Albert, then Eric Oberlin (green shirt) and Kurt Keller (yellow and black).



They're challenging goals, and they're often goals that the company feels they need to improve on, as Robertson indicated, or they become more important to the company for their long-term sustainability. "Even if you move the financial piece out, the employees are smart enough to know that these are good goals to hit," says Robertson.

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The company will be stronger both currently and in the near future to the extent that RHS hits more of them. The goals range from new technology goals (like the app) to financial goals, and often include training, inventory management, marketing, and employee wellness throughout the course of 11 months.

Branch Sales Growth Plan (BSGP)

"This [the BSGP] forces it not to be an accidental achievement. It's a planned purposeful achievement."

All companies have branches. All companies probably have a branch sales goal for the year. They may want their branch

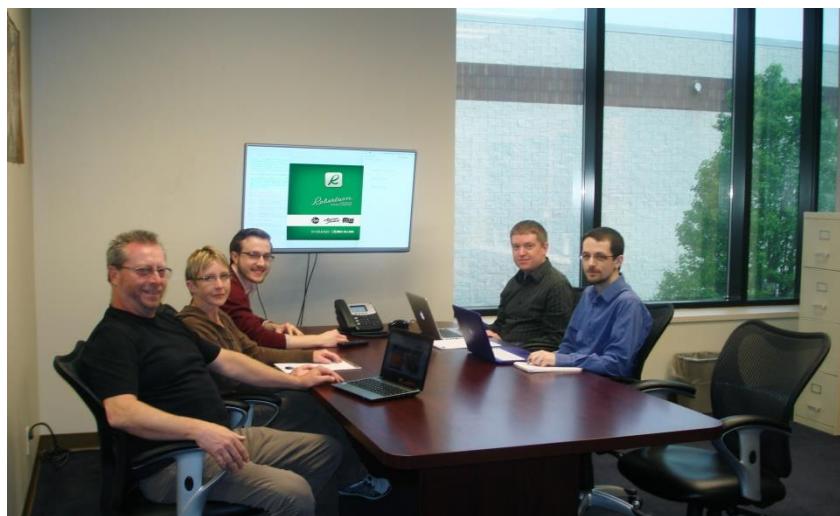


in territory "A" to be up 8 percent. They want this newer branch in territory "B" to be up 11 percent because it's fairly new and a lot of room for growth. They want this very mature branch that they already dominate, they've been in that market for 45 years, maybe to be up 4 percent for the year because it's already a very mature branch, Robertson explains.

"The difference with the BSGP is it's a formal plan and document that's a lot like corporate goals," he adds. "The difference is it's a specific branch's plan. The branch manager, his salesman who works out of his branch, the regional sales manager that the branch falls underneath for the region, and the regional operations manager, those four people have to get together early in the year a couple times and set their goals. They have to come up with a plan that includes eight strategies, exactly eight; that they feel will allow them to hit their sales goal for the year, which this year we've set at seven-and-a-half percent. So corporate selects the minimum number each year that they have to be up to trigger their BSGP bonus. This year its seven-and-a-half percent, so every branch has a specific eight strategy plan that if they hit their goals they will be up seven-and-a-half percent and do their part in helping the company hit its goals."

Very specific goals

Goal number one, for example, might be to increase the HVAC equipment sales by \$70,000 by selling more to, say, three specific accounts. That's \$70,000 of the \$215,000. Then number two, increase the water heater sales to target accounts by \$60,000. Now he's up to \$130,000. So there are very specific strategies that are laid out and agreed upon by this group of four people. The eight goals must exceed the seven-and-a-half percent because they're not going to hit all eight. They have to hit at least four of the eight and the seven-and-a-half percent in order to trigger the bonus program.



The RHS Information Technology team is (from left to right): Mark Tucker, Shelly Lott, Ryan Ford, Josh Dennis (Dept. Head) and Andrew Beal.

Leadership & Excellence

"We are definitely passionate, competitive, intense and active. If you want four words, you could go with those four."

If they hit their sales goal and hit four of the eight strategies or more, then all the people at their branch get to participate in a bonus pool that's made up of the extra sales dollars. The extra sales dollars go into a pool of money. Then RHS pays a percentage of that out to the team.

The team, of course, is the four people that had to meet, the manager, the salesmen... of which there could be more than one depending on the size of the branch and territory, so those people plus all the employees that work at the branch, get to share in a pool of bonus money that is set based on the increased sales for that branch.

They then all get paid out a certain percentage of the pot that's been pre-identified. It's not arbitrary either. "You're probably getting the impression we don't leave very much up for interpretation here. And you'd be right, it's well laid out and understood. That's a neat thing because the pot, which could be \$7,000 or \$9,000, is what the branch gets to divvy up. That is very branch specific, so it's not relying on the corporate success like the corporate goals are. It's relying on the success of that single branch and their team, all by themselves," notes Robertson.

The thought that keeps coming up is leadership. It's a passionate, driven leadership and a spirited, engaging tone. It can be heard in every element of the discussions. It's nurturing a strong and lasting sentiment amongst not only the

leaders, but also throughout the employees of RHS. That may have been something that was subconscious, almost a goal in and of itself to achieve because it's felt so much, and so you want to promote and support that within the employees. The leadership is a testament to the measurability and success of each of these goals. There's a consistent accountability process for them that proves they're specific and trackable and they get the focus of constantly improving the company, which in turn is exciting and rewarding. "The other thing about the goal programs is that it develops leadership from within, those who are working themselves up through the organization and includes our younger people because it's a very transparent process. It's an open book so that if you're a branch counter person and you want to work your way up to being a manager or a regional operations manager, whatever your personal goals are, you can volunteer, you get engaged, and you're learning and working these practices. It really gives senior leadership the ability to see people as they tackle challenging, big projects. Most of our management team and branch leaders have come up through this process of regularly setting, tracking and measuring personal and company goals, so it's really just part of our culture and expectation. The results are positive and ultimately speak for themselves through the company's continued success," concludes Middleton.

It's clear this team has a way of inspiring, challenging and rewarding themselves to better serve their customers that seems unique in the industry. That's really the passion, leadership and intentional success of Robertson Heating Supply.

For 82 years, Robertson Heating Supply has been a dominant force in the HVAC and plumbing distribution markets. Headquartered in Ohio and serving western Pennsylvania, Michigan, and parts of West Virginia and Kentucky, RHS strives to not only better itself as a company, but to inspire and motivate all who work for RHS while being an innovative, reliable partner to their customers.