

Southern Comfort

Southern Refrigeration Corp.

Knows Its Customers

With more than seven million people and 43,000 square miles of land, the Commonwealth of Virginia is a large and diverse state with a mix of rural areas and major metropolitan centers. For an HVACR distributor to cover the entire state well takes a company with the flexibility to adapt to a variety of customers, while providing the inventory and service capabilities to meet their needs.

Southern Refrigeration Corp. has figured out this balance – whether it's supplying a heat pump for a small contractor near the Appalachian mountains or an entire HVAC system for a large building outside of Washington, D.C. In fact, Southern Refrigeration extends outside of Virginia to cover areas of four neighboring states and Washington, D.C. Today, Southern Refrigeration maintains nine branches, including its headquarters in Roanoke.

Leading Southern Refrigeration is President Jack Lang. It was Lang's brother-in-law, Bill Andrews, who founded the company in Roanoke, in southwestern Virginia, in January 1947. Back then, most of Southern Refrigeration's customers were rural, and it often took a fair amount of traveling to get to them. Despite such obstacles, the company developed a reputation for service: You could count on Southern Refrigeration to be there for its customers. "You've got to know your customers very well," says Lang, who joined the company in 1965.



Leading Southern Refrigeration is President Jack Lang. It was Lang's brother-in-law, Bill Andrews, who founded the company in Roanoke, in southwestern Virginia, in January 1947.



Left to right: Sidney Johnson, CFO; Gary Click, executive vice president; Jack Lang, president; Tom Ross, vice president, sales.

As Virginia flourished through the years, so, too, did Southern Refrigeration. With a loyal customer base, the company was able to build on this success and expand into new markets throughout the state. Lang is proud that the company's growth has not taken away from the principles that built it to what it is today. "We still know our customers very well, and we've become good friends. We've always operated that way," Lang says.

These close-knit customer relationships have become a distinctive trademark for Southern Refrigeration. While larger distributor chains may set up branches and try to grab as many customers as they can, Southern Refrigeration relies on knowing its customers' specific needs, how they do business and even the ages of their customers' children. Even as the company has added branches over the years, Lang says it has always made a point of

instilling its particular brand of customer service with employees and making sure that they know the area and their customers. "You've got to adapt to that particular market," he says. "It takes a while, but we've managed to do that."

HVACR customers, however, require more than just a friendly face at the service counter. If the distributor can't deliver the order, a customer will go elsewhere. And the competition to



David Martins, left, and Kevin Mills, right, outside salesmen.



Melanie Basham, credit manager.

take away the business is fierce, particularly in the mid-Atlantic region where Southern Refrigeration operates. But its reputation for having such a wide and deep inventory has instilled in customers the belief that if Southern Refrigeration doesn't have it, nobody else will. "As a result, people will come to us first," Lang says. With such a varied inventory that represents a large volume of brands, Southern Refrigeration built a new distribution center in 2005 that more than doubled its size to 70,000 square feet.

"We really needed the space," says Gary Click, the company's executive vice president. Southern Refrigeration had been operating out of three separate warehouses before consolidating into its new, modern space. Now, eight loading docks are available for loading and unloading equipment and materials. And there is room for expansion. Two Southern Refrigeration tractor-trailers and a fleet of box trucks make weekly runs from the Roanoke warehouse to the eight branches throughout Virginia. Branch managers have a fair amount of leeway, Lang says, to make ordering decisions based on their needs.

With a product line so varied, Southern Refrigeration's sales team works hard to stay on top of new products and updates. Click says ongoing training for both employees and its customers keeps them on the ball. "The amount of training that we do now is five times what we did 15 years ago," he says. "There is always something going on." Anticipating this need for training, Southern Refrigeration's distribution center features a training room that can accommodate up to 100 people.

And there is an appetite for knowledge among its employees, Click adds. When Southern Refrigeration recently put out the word that Weil-McLain would be holding a training session at its North Carolina factory, 14 employees quickly filled the spots. "Everybody is hungry for information," he says. The company has four technical service advisers, or TSAs, who serve as the trainers for Southern Refrigeration's Heil Dealers.

Southern Refrigeration's outside salespeople also regularly attend manufacturers' trainings, says Tom Ross, vice president for sales. Because they are in the loop on what's happening in the industry, they become a valuable source of knowledge and information for their customers, and they always have something for them.

While there is a dedicated sales team, Lang likes to point out that all 85 employees are, essentially, salespeople. "That's always been a philosophy of ours," he says. As a Southern Refrigeration employee, you are always representing – and selling – the company, whether it's driving a truck, answering the phone or taking care of credit mat-

Southern Refrigeration Corp. at a Glance

President & CEO	Jack Lang
Vice Presidents	Gary Click, executive vice president Tom Ross, vice president, sales Sidney Johnson, vice president, finance
Headquarters	3140 Shenandoah Ave., Roanoke, VA 24017
Locations	9
Employees	85
Breakdown of Sales & Business	Refrigeration – 30 percent Heating – 35 percent Air Conditioning – 35 percent
Major Product Lines	ICP (Heil), Honeywell, Sporlan, Tecumseh, Scotsman, Weil-McLain, Bohn, Mitsubishi, Mueller, Genetron, Nu-Calgon, Ritchie, Emerson
Annual Sales	\$40 million
Website	www.southernrefcorp.com



Left to right: Tracy Moore, product manager and technical service advisor; Jeff Lang, product manager; Richard Bell, product manager and technical service advisor.



Left to right: Jim Donckers, shipping/small package worker; Darrell Wilson, warehouse manager; Al Baxter, shipping/small package worker.

BEST PRACTICE

Definition and Example: We strive for A-1 customer service by keeping a large inventory, so that the customer knows he can "find it at Southern." This practice allows our customers to come to us first.

Significance: We never forget the value of our customers.

Benefits: Maintaining our dedicated customers brings our company more sales and referrals. More sales and referrals = sales increases.

Procedure: We continually strive to update our customer service through customer and employee training. We consistently improve our technology.

People Involved: Everyone – Southern Refrigeration Corp. is an ESOP. Everyone is an owner.

Timing: 24/7 with people on call at anytime.

Cost: Included in normal cost of doing business.

Other Considerations: Multiple locations and a large delivery fleet allow us to serve our customer base wherever it may be.

Contact: Tom Ross, 540/342-3493, ext. 1112, tross@southernrefcorp.com; Gary Click, 540/342-3493, ext. 1111, gclick@southernrefcorp.com.

ters. Click adds that there's a shared sense of knowledge and pride among employees to help customers. If one person or department is busy, others will "grab the phone," he says. "Most of our people are very well trained, are experienced, and they know what they're talking about when a customer comes through the door," he adds.

Southern Refrigeration employees are also owners. Since 1991, Southern Refrigeration has operated under an Employee Stock Ownership Plan (ESOP) that gives each employee a share of the company. "We grow, they grow," Lang says. The company has had to educate its younger workers about the benefits that come with a stock plan, while the older employees have a better understanding and "took right to it," Lang says. Over time, however, it's been a win-win for everyone. "They see the advantages of it."

The company also rewards employees in other ways. Since the 1970s, Southern Refrigeration has offered incentives for customers in the form of trips. Designed as an opportunity for salespeople and management to connect with top customers, the trips frequently include other employees as rewards for work that is well-deserved, Lang says. "We've always tried to treat our employees the same way that we'd like to be treated," Lang says. The most recent Southern Refrigeration trip was to Portugal.

With the expanded warehouse up and running, the company is looking forward to continued improvements in other areas. A bar-coding system is nearing completion that will give the company a more accurate count of its inventory, tracking each product as it moves from the warehouse to the branch and to the customer, Click says. Company officials have also made it a goal to revamp its website (www.southernrefcorp.com) to allow for ordering on the Web. "We want to make sure that our customers are secure using the Web," Click says.

The diversity of Southern Refrigeration's customers makes for interesting dynamics when it comes to technology. While some of its customers, particularly those in northern Virginia, are clamoring for Web-based ordering, it has not been as much of a concern among its southern Virginia customers. Similarly, much more business is done electronically via e-mail and fax by its northern Virginia customers than by the southern Virginia customers, who prefer ordering in person or over the telephone. North or south, east or west, the common element among Southern Refrigeration's customers is loyalty. "We are loyal to them, and they certainly have been loyal to us," Click says. "To earn that loyalty, you have to provide good service and a good product at a competitive price."

Southern Refrigeration also enjoys strong loyalties with its manufacturers.



Left: Richard Walker, customer; Mike Shepherd, right, counter/inside sales.



Below: Larry Davis, left, bookkeeper; Sidney Johnson, center, CFO; John Lang, right, IT manager.

Its largest vendor, International Comfort Products (ICP), counts Southern Refrigeration as its oldest U.S. distributor. "We've nurtured that line, and it's grown by leaps and bounds," Lang says. Southern Refrigeration maintains contacts with manufacturers at multiple levels. "A lot of it is personal contacts, and we've always been very strong in that," Lang says. Much like the dealings with its customers, the mutual respect has made these relationships last as well. "If you have a vendor that gives you a good product at a competitive price, treats you the way that you would want to be treated, answers your questions and is quick to respond to your problems, then that's the type of vendor you look for and stick with," Lang adds.

A challenge for Southern Refrigeration, as it is for many distributors, is finding enough technically savvy employees. Southern Refrigeration

"builds" employees, Ross says. He notes that two students from a local community college recently finished programs that included work at Southern Refrigeration. One student is going to work for a contractor, but would eventually like to come back to Southern Refrigeration. In fact, one of Southern Refrigeration's top employees, Tracy Moore, who serves as a technical service adviser and is its product manager and liaison with ICP, began working for the company as a 16-year-old student.

Future expansion of Southern Refrigeration is possible, but officials say they want to make sure that they have the right people and the right locations. Lang notes the blurring of the HVACR wholesale channel, with some manufacturers dealing directly with contractors. "It's not as clean as it used to be," he says of the distinctions between manu-

GUNG-HO FOR PURCHASING AGENTS

PROUD ★ RELIABLE ★ SERVICE



www.amfco.com ★ 800 860 0277



Darrell Wilson, left, warehouse manager, and Kenny Clinebell, right, warehouse stocker.

facturer, wholesaler and customer. But he says strong wholesalers will continue to carve out their pieces of the marketplace. "And I like to think that we're part of that group," he says. "We've had continual increases in our business year after year, and that has extended for some time now."

Click foresees a retreat from some of the larger wholesale distributors whose model has been to flood a market with branches and hire employees who don't know the business. "Some larger companies are going to have to do things a little softer," he says. Being successful in the HVACR wholesale business

takes product knowledge, customer service and follow-through.

"Some of our competitors, while they may have good intentions, just don't have people that understand the business or the products," Click says. "They need to make sure their employees know what they're doing with their customers and worry a little less about grabbing a hunk of turf in a new city."

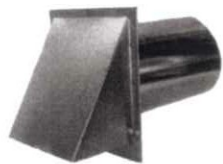
In fiscal year 2006, Southern Refrigeration's total sales will pass the \$40 million mark as it enters its 60th year of serving the needs of its ever-growing customer base. The company is proud of its past history and its strong presence in the markets of today, and looks forward to continued growth in years to come. ■



Michael Maynard is a business writer based in Providence, RI. He writes frequently on HVACR, construction and architecture issues. Contact him at michael.maynard@lycos.com.

FAMCO

The leader in quality wall vents.



Wall Vents 3" to 12"+



Reversible Damper 4" to 12"

FAMCO has been the leader in quality wall vents for years. We have a full product line that includes galvanized, aluminum, stainless steel, painted or copper. We can provide most wall vents with or without dampers and/or screen. Also available is our plastic line of products for intake or exhaust in brown or white.

** Call or fax for a full line product catalog **



Plastic air intake 4" to 7"



Plastic Hood wall vent 3 & 4"



649 N. Ralstin St., Meridian, ID 83642
 800-234-1903 • (208) 884-8931 • fax: (208) 884-8943
<http://www.famcomfg.com> • famco@famcomfg.com