

## Master distributor excels

# Service, attention to detail at core of JCR Distributors

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Editorial director

Originally founded in Dallas in 1982, JCR Distributors has achieved success in this industry by helping customers deal with and solve inventory problems that arise. JCR's goal is to develop brand loyalty by getting customers the technical help and products they need — the first time.

Mike McKenzie bought JCR, along with Pierce Hardware, about 20 years ago, and manager Brad Sledge — who had formerly worked at a plumbing wholesaler and a rep agency — came on board two years later. For the first 15 years following McKenzie's acquisition of JCR, the company averaged 23% annual growth. McKenzie, who has a degree in oceanography and had worked for the government, still functions as president. He encourages JCR employees to make their jobs their own, work smarter and get the right product to the customer the first time to build return business. In fact, in 2007 McKenzie sold the company to the employees through an ESOP, which he believes even further motivates them to work for the future and growth of JCR.

The company now occupies the former Morton's potato chip plant in Dallas — a very unique old brick structure that offers a small office space and plenty of warehouse capacity for the large inventory JCR keeps on hand. JCR started out with key brands such as Baldwin, JADO, Phylrich and Broadway. They took on TOTO around the time the 1.6-gpf legislation passed, which Sledge described as a move that provided a big

boom for the company. JCR now handles approximately 50 brands — approximately 15 of which have been added in the last year and a half — and stocks 8,000 SKUs of Baldwin, 5,000 TOTO SKUs and in excess of 40,000 overall.

"We're always looking to expand business by finding lines that have demand," Sledge explained. "JCR services demand; we don't create it. If we get a lot of interest from a vendor wanting us to help service demand for their product, we'll be happy to consider it. We'll bridge a gap and help a customer build their business to becoming a direct customer for the manufacturer.

"There is a fine line between having enough inventory and having too much. Customers are not using us every day like they were before the



On the shipping dock are (l-r): Gino Dok, Albert Williams and Major Washington.

economic environment changed. But that's okay; if they are direct they really shouldn't be using us every day. Our A items have definitely changed; with the construction market having slowed down these last few years, manufacturers are not as busy as they used to be, so they can now ship product that customers used to buy from us. It's a constant challenge to figure out the right items to have and how much."

JCR continues to sell strictly to showrooms, plumbing supply houses and K&B retailers nationally, although the brand demands vary by region and demographic.



From left to right are: manager Brad Sledge, Craig Spurlock, Keg Lamm, Laura Harrel and John Nivala.

"We want to support the industry long term," said Sledge. "I don't want to sell to somebody that doesn't have any overhead. We want to support brick and mortar locations of businesses in the industry supporting this channel."

### Marketing is key

According to Sledge, marketing is crucial when it comes to success in master distribution. JCR's primary means of mass marketing are through its monthly e-newsletter, website, social networking, postcards and faxes. They also use the TDM/AdHold

recording service to share special messages with customers while they are holding within the company's phone system. JCR typically records new messages quarterly, highlighting new products within their lines.

"Our website is a wealth of information that we update daily with price lists, manufacturer announcements and product news, etc.," Sledge noted. "Other features include eco-green products, MAP policies, links to our manufacturers' websites, literature ordering options, price lists, special promotions and line discount sheets. One of the unique things about the way our site is set up is that even when a customer goes to a manufacturer's website, they still remain on our webpage."

JCR's monthly e-newsletter highlights specials they are offering, any freight discounts, and manufacturers' promotions. They also include a line discount sheet each month.

"Our e-newsletters are monitored by Constant Contact, which gives us the ability to see how many people are opening our e-mails, what they are clicking on and which pages they are looking at on the e-mail," Sledge explained. "We're also on Facebook, which is a great way to connect with some of our customers. I use it to share magazine articles and other news that

we think is important information for our customers to know. You just can't ever give up trying to get in front of the customer to make them aware of how many brands we offer."

Not all of JCR's marketing efforts are electronic, however. The company still relies on its traditional binders, which prominently feature all of the master distributor's lines. These tabbed binders include specs and literature on all of the products carried by JCR, and provides a hands-on way for customers to quickly look up product information.

"Even though a lot of customers are turning to the internet to research and order product, we still believe the binders have great value," Sledge noted. "We've been sending them out for a long time, and our customers still ask for them. No matter what type of marketing we're doing, the bottom line is keeping ourselves in front of the customer so they think to call us when they need a product we can provide."

### The home team

JCR has approximately 3,000 accounts nationwide in their system; 2,000 of them have been active within last 12 months. The company's five full-time salespeople — with more than 90 years of industry experience — operate in a bullpen atmosphere. JCR does formal training when they take on a new line and they do encourage their employees to share learning experiences from various situations with each other.

"Our discounts are competitive," said Sledge, "but what sets us apart is our customer service. Great service comes at a cost and it's very important that we well represent our vendors well. It's about long-term, repeat business. I don't get excited about a sale; I get excited about somebody's business. We want repeat business and customers.

"We are a very friendly crew and we enjoy helping people. Success in this industry comes from how well you deal with the problems that arise.

(Turn to JCR... page 96.)



Other members of JCR staff are (l-r): Gwen Worrell, Jim Krizmanic and Vikki Williams with Brad Sledge.

## JCR Distributors sweats the details for customers

(Continued from page 94.)

It makes customers feel good when you help them and they want to come back. That is really the bottom line.”

Another feature of JCR’s website is a slideshow that illustrates their shipping and packing protocol. It is crucial for both JCR and their customer that the merchandise arrives with no damage, so JCR takes great care in packing the products. (See the videos of Sledge and JCR employee Albert Williams demonstrating what goes into safely shipping product in the “On the Road” section of [www.thewholesaler.com](http://www.thewholesaler.com).)

JCR has a very well-thought-out and deliberate process for packing and shipping:

- After the product has been pulled, employees inspect all items and boxes to ensure they are not damaged prior to shipment
- They select the correct size of

pallet for the shipment

- A 1" plank foam is placed on top of the pallet to cushion and protect product during shipment
- Boxes are carefully placed and arranged for maximum stability
- When shipping multiple boxes, they are strapped down with heavy duty plastic banding
- Reinforced corrugated cardboard corners are placed under the straps to protect the integrity of the boxes
- Orders are then stretch wrapped for added security
- Depending on the product, some of the boxes will be opened and extra protection added inside to ensure product doesn’t shift during shipping
- A Shock Watch sticker is placed on the outside of the boxes on LTL shipments to monitor whether they have been dropped or roughly handled; this protects both JCR and their customers from having any damage

costs. If the sticker has been tripped and noted on the waybill, carriers will pay on concealed damage claims.

- Quotes are obtained from at least four shippers to ensure customers get best the rate.

### Business projections

According to Sledge, remodeling is currently the strongest area of JCR’s business, which makes it more important than ever for them to have the right inventory on hand. “We are hearing from our customers that their contractor customers doing these remodeling jobs still aren’t very busy,” Sledge described. “So they want their product right away so they can get right to work when they have a job. They don’t want to sit and wait for weeks to get the product. We’re seeing that many remodel jobs are only one room, rather than multiple rooms or the whole house. People are doing things on a smaller scale.

“I think this year is going to remain kind of flat in residential construction, but we are hoping that it will start to come back in 2011. Phones

are ringing more and showroom traffic is picking up for our customers. We have to face the fact that it’s probably going to be awhile before we reach the levels of a few years ago, but it can be strong again. We’ve had a couple of good months in a row,

**“We want to support brick and mortar locations of businesses in the industry supporting this channel.”**

— Brad Sledge

consumer confidence is increasing and the stock market has improved. If we could just get the banks to start loaning money again, things will start to look better.”

Sledge noted that to support customers — and protect JCR — during these last few years, they’ve lowered credit limits across the board. “We didn’t do this to cut people off or limit the amount of business they could do,” Sledge explained. “We really did it as a way to help us stay on top of where our customers are in terms of their outstanding credit. Communication is critical component of maintaining a working credit relationship with each customer.”

As far as the future of master distribution, Sledge is confident it will always be in demand. As long as there are high-end decorative showrooms, there will be a need for two-step distribution.

“I don’t think we’ll go the same route that some industries have gone where manufacturers have started to sell direct,” he said. “I think there will continue to be a need for us. The internet is going to have an even stronger presence going forward. I want our customers to be able to place their own orders and service themselves on the Internet. That’s something we’ve got in the works.”

Ultimately, Sledge emphasized that business still comes down to service and relationships: “What really sets our company apart is our customer service. We’re not just order takers. My team is familiar with the products we carry. They generally will catch any mistakes in an order. They are good salespeople and treat customers with respect. We have knowledge and experience. It’s still about relationships — not about taking the order and getting off the phone. It’s about developing a connection and getting to know that person a little bit. We have a good following of customers who are happy with their experience with us, and so they will always turn to us when they need help.” ■

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