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RESCUE TEAM

B-to-B catalog vets Chuck Moyer (left) and Mike Wessner apply their proven turnaround tactics to Conney Safety Products

HOW B-TO-B CATALOG VETS CHUCK MOYER AND MIKE WESSNER APPLIED THEIR J&L INDUSTRIAL SUPPLY TURNAROUND TACTICS TO CONNEY SAFETY PRODUCTS

Fresh off the sale of their last turnaround project — the reinvigorated J&L Industrial Supply to MSC Industrial Direct in June 2006 — Chuck Moyer and Mike Wessner set their sights on a new opportunity. After an exhaustive search process, these two B-to-B cataloging lifers targeted 63-year-old Conney Safety Products. In a deal financed by the private equity firm CI Capital, Moyer and Wessner acquired the company from its parent firm, K+K America, in October 2007.



through a series of distinct sales channels,” Wessner says. “The telesales channel was a big part of our success at J&L.”

With its beefed up infrastructure in place, Conney realized a more efficient and productive work environment, allowing it to redeploy employees into the telesales department without hiring more staff.

Shift in Catalog Strategy

The company also redefined and reduced the catalog’s role in the business. The catalog was mailed only once in 2008, down from three drops per year under prior ownership. In addition to mailing less frequently, Conney slashed catalog circulation by 85 percent to 100,000 — the result of no longer mailing to prospects. As Moyer explains, the book now serves as more of a reference guide than direct selling tool.

To compensate for the lost catalog revenue, Conney has invested more heavily in online marketing tools. Last November, Conney effectively redesigned its Web site, which had been accounting for just 5 percent of all company orders. As of press time, that figure jumped to 22 percent. Moyer believes it will top 30 percent this year, and ultimately 50 percent.

To maintain a steady stream of new business, search has become Conney’s primary customer acquisition tool. The redesigned Web site has been optimized for search engine optimization.

As for e-mail, Moyer says Conney contacts its customers on a regular basis, with response rates staying “pretty robust” despite the reduced role of the catalog.

Emphasizing Infrastructure

First on their agenda was to implement more robust systems and processes to spur productivity — particularly in the call center and warehouse. When Moyer and Wessner (now Conney’s CEO) acquired the company, the average day-to-day productivity of a call-center rep was 20 to 25 calls a day. The pair’s previous experience at J&L told them this was way too low. So in a little more than a year, that number has swelled to just less than 70 calls per day. Likewise, the distribution center’s productivity jumped from 10 lines processed per man-hour to nearly 16.5.

In addition to the call center and warehouse, Conney has invested in upgrading its IT and CRM systems as well to gain a better understanding of its customers. It also launched a telesales channel, something that’s worked in the past for Moyer and Wessner.

“We wanted to take [Conney’s] existing business model and refine it and define it more clearly

Remerchandised Books

Not only did Moyer and Wessner change the frequency and circulation of the catalog, the book itself was redesigned. Launched last September, the redesign bucks traditional B-to-B layout, which typically displays products by brand. Conney’s book now groups its products by type. This allows customers

to more easily find and compare products.

"Looking at the catalog when we first got here, Mike and I didn't know a lot about safety supplies," Moyer recalls. "But we knew a lot about distribution and selling within distribution. We started looking through the catalog and said to ourselves, 'How in the world would you ever pick out a pair of safety glasses if you didn't know exactly what it is you wanted to look for?' So we took all the products, put them together in common pages of like items and provided customers with all the information they'd need to make a choice."

Specifically, the cataloger sets out to clarify the differences in features and price. "You could compare the various brands all on one shelf," Moyer says.

The catalog now features Conney's own private label brand as well, Conney Direct, another tactic Moyer and Wessner had success with at J&L. Also appearing on Conney's Web site, the house brand accounts for roughly 850 SKUs. Calling it a "critical piece of most well-run B-to-B distributors," Wessner believes Conney's scale of products lends itself well to a private label brand.

The catalog — generally about 450 pages — contains several new products. Among the most notable are gas monitors from Industrial Scientific Corp., a manufacturer that Conney's previous owners tried unsuccessfully to sign to a distribution contract for years. Conney's new business model and vision for the future proved to be the selling points for Industrial Scientific.

Attractive Business Model

"We were impressed with their vision of the future for Conney Safety," says Kevin Miller, vice president of global sales, services and marketing for Industrial Scientific. "That's not something we'd seen in the past. We were also impressed with their model — a combination of telesales and subject matter expertise, plus the catalog and Web site. They were going to staff subject matter experts over the phone who had a focus on safety and instrumentation. When a customer buys a gas monitor, somebody in that purchasing process needs to understand what monitor to buy, be it the end-user customer, one of our resellers or distributors, or one of our district sales managers. The combination of what we saw from Chuck and his vision and

About Conney Safety Products

Headquarters: Madison, Wis.

Year founded: 1946

First catalog mailed: 1979

Merchandise: Safety supplies and equipment — gloves, glasses, hearing protection

Annual circulation: 100,000

Mailings per year: 1

12-month housefile: 150,000

Retail stores: 1

of SKUs: 12,000

of employees: 130

Annual sales: \$55 million

Channel breakdown: 50 percent telesales, 25 percent direct marketing, 25 percent field sales

Average order size: \$250

Printer: RR Donnelley

List manager: MeritDirect

desire to staff people on the phone with some subject matter expertise made us comfortable."

Weathering the Storm

Despite the free-falling economy in which Moyer and Wessner acquired Conney, their leadership has resulted in profits increasing by 80 percent. And although the economy has further tanked this year, Conney is actively seeking B-to-B catalog/multichannel companies to acquire.

"As we move ahead, the more compelling piece of the business is the growth," Wessner says. "We just finished a year of transition, so we feel good about where we are. But we're really enthusiastic about what's ahead because we now have less infrastructure building to do and fewer changes to make. It's more about the value proposition and executing on our selling process as we move ahead."

In that vein, Conney has invested resources to buy data from the market research firm Industrial Marketing Information, continuing a relationship Moyer had with the firm since his time at J&L. This data helps Conney identify areas where it can grow market share, both from a product and customer account level.

"We're providing Conney with marketing data that tells it what its true market share is and where its opportunities are," says Industrial Marketing Information President Rusty Duncan. "Its sales and marketing organizations aren't wasting time trying to increase their market share on an account that really doesn't have any market share to be increased."

This isn't to say Conney is immune to challenges. In addition to the economy, sourcing products and managing suppliers have proven difficult. In particular, many of the products Conney sells shifted rapidly last year from being very inflationary to deflationary.

"The earth is shifting underneath our feet, so we have to be very vigilant," Wessner notes. "Every time we replenish a product, we must buy at the right level as opposed to being artificially high. We've seen some pricing changes of product that are different by 25 percent from August to now. That's a lot of change in a very short period of time. Being able to get your arms around all the products and suppliers to make sure you've got the deal for today is a big challenge for anybody." <<