



“CONSISTENT, PROFITABLE GROWTH IS WHAT WE’RE ALL ABOUT. WE DON’T GET TOO HUNG UP ON RECORD SALES GROWTH AS MUCH AS, ‘ARE WE CONSISTENTLY MOVING FORWARD AND PROFITABLY GROWING?’”

BOB CAMPBELL
PRESIDENT/CCO
CAMPBELL SUPPLY CO.

WELL GROUNDED

who do repair and warranty work on electric and pneumatic tools, air compressors, small generators, pipe benders and small engine equipment such as Stihl products.

“We don’t see tool repair as a ‘necessary evil’, — we run it as a profit center,” explains Bob Campbell, president and CCO of Campbell Supply Co. “If you’re going to sell high-end tools, people expect them to be fixed and they want them back quickly. So we also need to keep a pretty good inventory of parts. We need to be a warranty station for those tools so if they’re under warranty, we can determine that and fix them at no charge for the customer.”

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customers and product needs than would a residential or commercial construction or MRO supplier in a larger city.

Although Campbell Supply serves different customer groups across its four stores in Iowa Falls, Waterloo, Cedar Rapids and Sioux City, Iowa, some (but not all) brands remain the same from branch to branch. This has obvious virtues for Campbell’s purchasing department, which is centralized in Iowa Falls.

Where products land is another

matter though, as categories such as ladders sell better in Cedar Rapids than the other stores, so products like Little Giant and Louisville Ladder and JOBOX, while ordered in Iowa Falls, tend to ship directly to Cedar Rapids and are then split out to the other stores as needed.

A fleet of trucks runs between the branches and customers daily, carrying new product between stores, band saw blades to Waterloo for welding and tools to Cedar Rapids for repair. The Cedar Rapids store has three full-time repair technicians

PHOTOS: JASON WALSMITH



WELL ROUNDED — WELL GROUNDED

VARIETY IS THE SPICE OF LIFE, AND A KEY TO SUCCESS IN IOWA

Distributors are well aware of the difficulty they can face when trying to open a new branch in a community already being served by established locals. The incoming firm may be larger and have deeper pockets, but if it can’t break that “outsider” barrier, little else matters. And the deeper the roots those local players have in their communities, the harder it is to break in.

Iowa Falls, Iowa-based Campbell Supply Co. knows this dynamic well

and has developed several unique mechanisms and strategies that have helped it compete and weather economic headwinds in its markets since 1963.

FIT THE PRODUCTS TO THE CUSTOMERS

One way Campbell Supply adapts to its diverse markets is by tailoring inventory and staff to their respective needs. In island economies like those in the Midwest where the next metro area can be 100 miles away, distributors often find themselves serving a more diverse set of





Campbell Supply Co.'s Cedar Rapids, Iowa store does such a hefty business at the counter that it needs no fewer than four sales associates at all times. The sales staff includes: (L-R) Ike Akers, Scottie Barber, Randy Dirks, Matt Coppess, Scott Harms, John Reck and Jay Schultz.

"I would agree with the 'necessary' part of tool repair but I wouldn't agree with the 'evil' part," adds Jay Schultz, Cedar Rapids branch manager. "It's a nice sales tool to be able to say, 'We fix it as well.'"

Another reason for high inventory levels in the Cedar Rapids store's exceptionally high levels of walk-in traffic. Schultz estimates that between 65 and 70 percent of the store's business is conducted at the sales counter.

"There's a huge amount of walk-in traffic here in Cedar Rapids," Campbell marvels. "It's not like this at any of our other locations."

"With the number of competitors we have here, including some national chains, if we don't have something, the customer will just drive down the street and get it," Schultz says. "So we typically have five people working the counter and two more inside sales people working back here."

Some customers simply bypass the sales counter altogether and

walk straight back into the office area and plop down in front of one of the inside sales reps. Because of these high walk-in volumes, Bob Campbell notes that, year in and year out, three or four of the Cedar Rapids store's top customers is their "Cash Sales Account".

MANAGE YOUR GROWTH

Another of Campbell's market strategies is simply to focus on profitable growth and not worry about becoming too big too fast.

"Consistent, profitable growth is what we're all about," explains Campbell. "We don't get too hung up on record sales growth as much as, 'Are we consistently moving forward and profitably growing?'"

"That's also why we don't move too quickly to open new branches. We have four and that's fine for now. We've done startups in Sioux City and acquisitions in Waterloo and Cedar Rapids. Acquisitions are more expensive up front, but they're easier because the phone's already ringing and you've already got some traction. A start-up is very difficult because except for one or two customers that brought you into town, you have to build a customer base. That takes time."

Campbell Supply has its roots in Iowa's agricultural heritage and still

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CAMPBELL SUPPLY CO. AT A GLANCE

FOUNDED: 1963

OWNERSHIP: Privately-held

HEADQUARTERS: Iowa Falls, Iowa

BRANCHES: Cedar Rapids, Iowa Falls, Sioux City and Waterloo, Iowa

STAFF: Company: 105 Cedar Rapids: 18

MARKETS: Commercial and residential construction, agriculture industry, manufacturing and MRO, municipality and institutional

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"IF WE DON'T HAVE SOMETHING, THE CUSTOMER WILL JUST DRIVE DOWN THE STREET AND GET IT, SO WE TYPICALLY HAVE FIVE PEOPLE WORKING THE COUNTER AND TWO MORE INSIDE SALES PEOPLE WORKING BACK HERE."

JAY SCHULTZ, BRANCH MANAGER, CAMPBELL SUPPLY CO.

serves the ag and food industry customers and the related equipment and trailer manufacturers. Campbell also serves second-tier suppliers to those giants — fabricators and tool and die shops.

DIVERSIFY

The third leg of the stool for Campbell is diversification. Campbell Supply is the distribution division of a three-company corporation. The other two names might surprise you: Cam Spray and Iowa Power Products.

"Our parent company in Iowa Falls started out as more ag related, selling farm, shop and mill supplies," Campbell explains. "Manufacturing and processing plants have a lot of power transmission and maintenance needs, so we're still into power transmissions, Parker Hydraulics, bearings and Gates V-belts."

The Cam Spray division came out of requests from the ag market during the 1970s. Campbell Supply customers would buy a Cat or Hypro Pump, electric motors and v-belt

drives and try to build their own power washers but often needed some coaching to get the job done right. Seeing a potential for completed, ready-to-run pressure washers, Bob Campbell's father and uncle designed a couple of systems that worked well and started selling them. The new business became Cam Spray. That effort has grown into its own business, producing hot and cold water pressure washers and sewer jetting equipment for industrial and commercial use throughout the world.

In 1984, the Campbells also operated a repair center for tools, equipment and small engines. Cam Spray wanted Honda engines for its pressure washer products and as luck would have it, Honda was looking for an Iowa distributor. A match was made and Iowa Power Products was born, which still distributes Honda Engines in Iowa.

Iowa Power Products also distributes German-made Hatz Diesel engines in Iowa. These lines complement each other as Honda

Cedar Rapids branch manager Jay Schultz estimates that more than 65 percent of the store's revenue comes from the counter, so even at 10:30 a.m. you can expect to find customers keeping the sale counter humming.



focuses on gasoline engines from 160CC to 690CC, while Hatz Diesel engines range from 1.6 to 56 kW.

The three divisions add stability and diversity to the Campbell brands, which helps them grow and insulates them in times when one or another industry is in a soft period.

"Iowa just perks along," Campbell observes. "When one industry may be struggling some, other areas of our market are not."

When Campbell Supply acquired the Cedar Rapids store in 2001, it brought a wider range of industrial lines to the construction-focused store, which diversified its offerings and expanded its customer base.

IOWA NICE

It's tempting to ask why, if the company has become so successful, it stays headquartered in Iowa Falls.

"It's home," Campbell says simply. "People often ask me why don't we move our headquarters to Waterloo

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The 9,000-square-foot showroom of Campbell Supply Co.'s Cedar Rapids store is packed with product primarily for the construction trades, but the company's other, more industrially-focused stores look different. Behind this store, 10,000 square feet of office and warehouse support it.

or Cedar Rapids, but so many of our employees are based in Iowa Falls. We have 105 employees overall, and Campbell Supply is probably 85 of those. And of those 85 employees, over half have been with us for more than 10 years. We have 15 employees who have been with us over 30 years.

"We have an extremely loyal employee base in Iowa Falls; they really know this business and they're not going to relocate. You can say, 'Well, financially it might make sense to move to a larger metropolitan area,' but that ignores that human factor. You can always grab a building and set up shop and expand, but you can't replace those people. That's the hardest thing to do.

"It's a cliché, probably, but we do try to create a family atmosphere. And I think even though we've grown a lot since the days of my father and my uncle in creating a family atmosphere and a family company, we still try to treat all of our employees that way."

This hometown mentality also applies to trade and vocational schools across Campbell's territory.

Tool repair and warranty work for all four Campbell Supply stores, done in Cedar Rapids, keeps three full-time repair specialists busy. (L-R): Tony Elm, Chad Siebel and Jake Elm can fix anything.

"For the last nine years or so we have been working a lot with community colleges and JATC's (Joint Apprenticeship and Training Committees) for the unions," Schultz says. "I teach some classes for the plumbers and pipe fitters, sheet metal workers and IBEW members and their apprentice programs. It's good to get in front of them early since they are our future customers."

OPEN HOUSE!

Campbell's annual open houses in March and April also build the company's mind share with contractors, who often travel the state following jobs. Not only is a Cedar Rapids customer welcome to shop in Waterloo, Iowa Falls or Sioux City, the open houses also give each branch

the chance to showcase its particular product and service strengths, which vary from branch to branch. Campbell stresses that these aren't just typical demo and lunch days.

"A lot of our Cedar Rapids and Waterloo customers will come up to Iowa Falls for our trade show, even though they'll also attend the shows here, too," Campbell says. "We bring in our top-flight vendors to show them what's new, and we have a lot more space in our Iowa Falls warehouse so weather is not an issue. We'll have 500 customers a day for two days."

Vendors will vary from one open house to the next and Campbell

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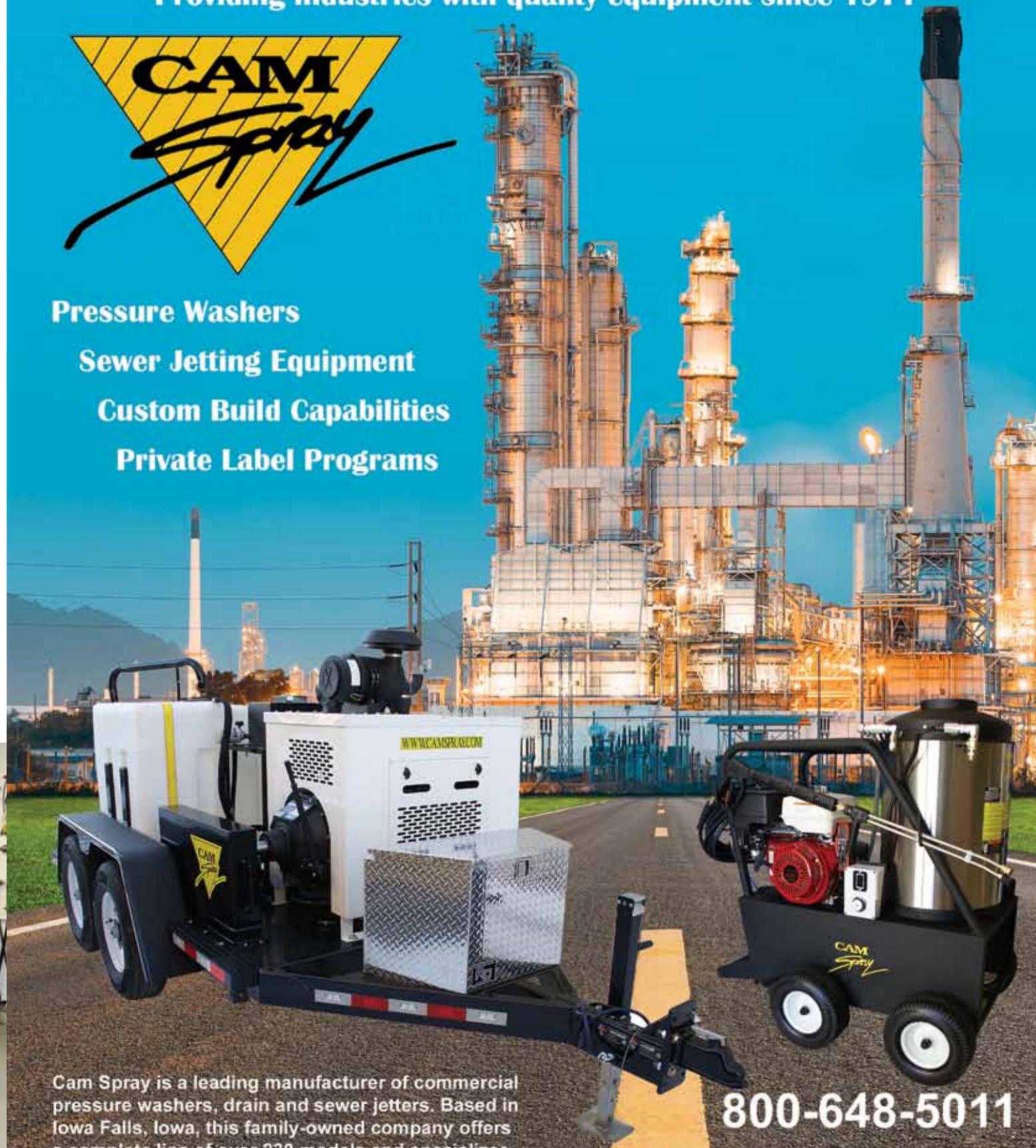


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notes that he has more vendor applicants than spaces available each year.

"We try to bring in vendors that will really work the show. Some do trainings, too. Cedar Rapids customers will come up to the Iowa Falls open

house and say, 'Gosh, I didn't know you had this. I didn't know you had that. I can get Gates v-belts here?'

"We don't just do a lunch; these are selling shows. Every one of our promotions is tied to that spring time frame, to give the customer the incen-

tive to say, 'Instead of buying some of this every month for the next four months, let's just lock in an order and get a good idea what we need.'"

PROFIT SHARING

The Campbell companies created a profit sharing program in the late 1980s, and Bob Campbell proudly notes that it has never missed a year contributing to it. And it's grown substantially.

"A large portion of our year-end profits go right back to the employees through profit sharing," Campbell states. "You could ask our employees how important that is to each one of them; it's very important. That's why they're here; they helped us earn the money and it's important that they feel like they're part of that."

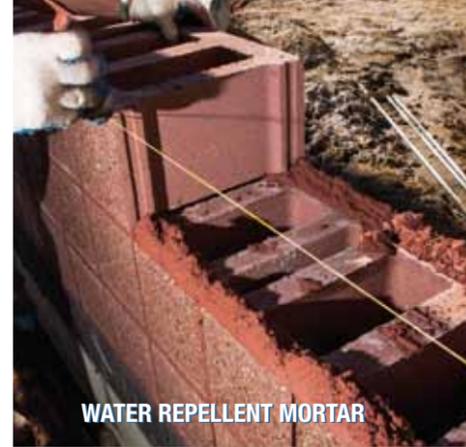
The company takes profit sharing a significant step further: even manufacturer rebates get rolled back into the profit sharing program.

"One thing we pride ourselves in is those rebates go back to profit sharing because we don't achieve those vendor sales and growth targets without what these folks do every day," Campbell says.

"Plus, when Cam Spray or Iowa Power do well, we all do well, because our profit sharing goes across all of our branches and all of our companies," Campbell explains. "Their employees are caring for their growth, too. And we want to sell their products at our branches. We're all one corporation."

"The things that set us apart from our competition are, A, we obviously have the inventory, B, customer service is paramount, and C, this is our company too; we live it," Schultz says.

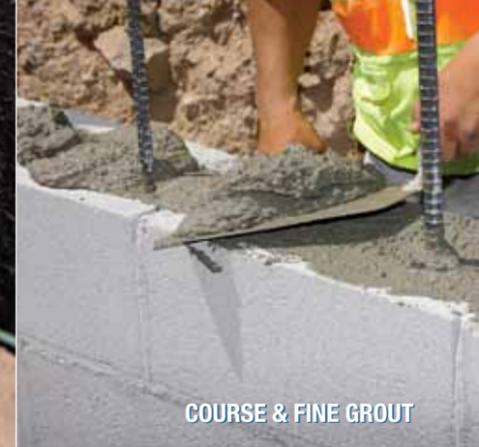
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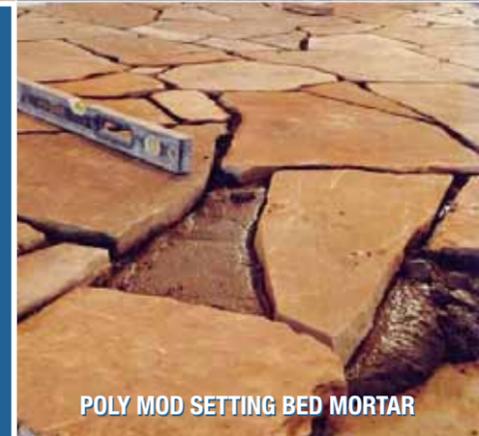


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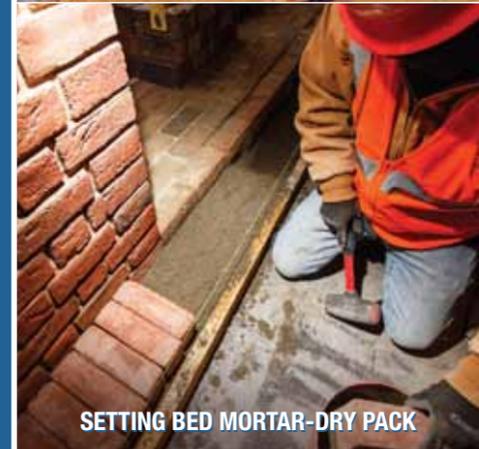


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