By Carla Waldemar

Spahn & Rose makes new home for the future

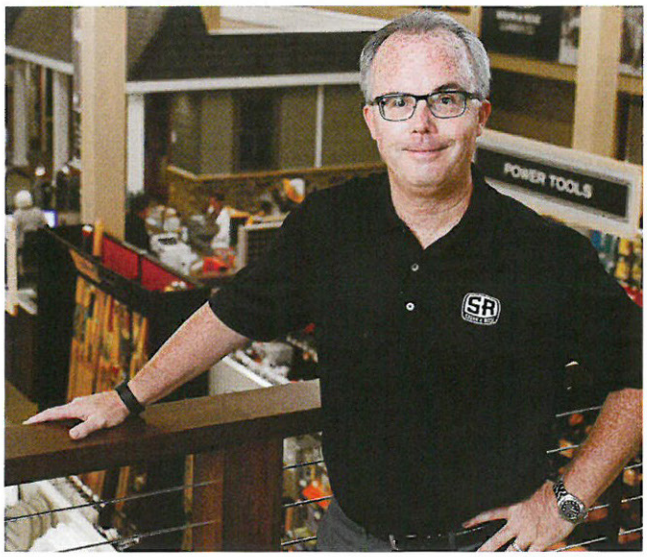
THE ONLY THING you can count on in today's business world is that you can't count on anything. So, change with the times or wave as the winners fly by.

Dubuque, Ia.-based Spahn & Rose had been founded by a couple of young go-getters back in 1904. A hundred years later, however, it was still operating on the same, long-ago outmoded site. But, change came knocking. Upon the sudden death of Chuck Spahn, for the first time in the corporation's history, the new CEO and president selected was a non-family member. John Hannan had signed on with the company in 1991 and by 2002 had worked his way to the corner office.

Hannan proceeded to color outside the lines on occasion, viewing his outlook as "a little more aggressive in updating facilities." (S&R owns 25 yards radiating from the corner of the Midwest where Iowa, Wisconsin and Illinois meet.)

"Aggressive" is an understatement for what that mindset led to—a dramatic change from the aged, unwieldy facility of 1904 to a brand-new mothership, in a new location and built from scratch.

It opened in April, but the planning had begun a good five years earlier: machinations almost as complex as the Invasion of Normandy. First off, it was important to document for the board the many factors that proved the project a sound decision: The 1904 site was hard to find, inconvenient to access, and far from any high-traffic retail area. No off-street parking. No room to expand to meet customers' clamor for more choices. Its warehouses were separated by city streets and insufficient for demand, requiring leasing other off-site buildings. The city's recent street improvements sacrificed direct rail access, eliminated access to loading docks, and imposed trucks' weight restrictions. Bottom line: inefficiencies were stunting growth in market share and customer service. Options? The choice was clear.



FAMILY TRUST: CEO John Hannan looks over Spahn & Rose's latest rebuild, in Dubuque, Ia.

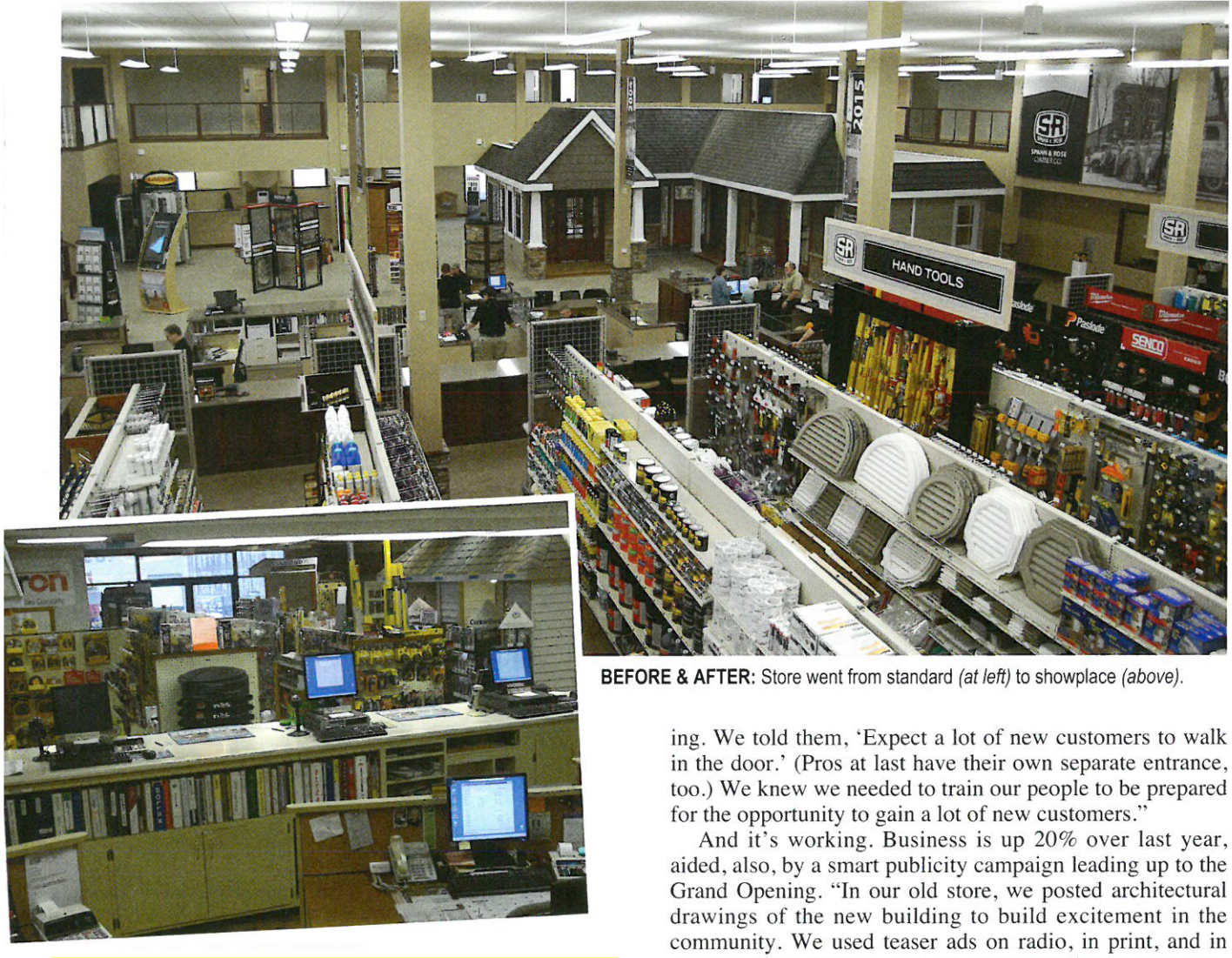
The first step, natch, was choosing a new site. (Even crossing the river into Illinois or Wisconsin was under consideration). Hannan hired an engineering firm to weigh in on the most efficient uses at potential locations, and conferred with the city of Dubuque about possible financial incentives. The winning site selected provides much greater visibility and access and adjoins retail operations that already drive traffic, including a busy supermarket.

Site? Check. Next up, design. Hannan and his team criss-crossed the country visiting other yards to gain input on what worked, what didn't. The lessons they gleaned included how best to display products. "We learned that the best way was to make things look professional. Classy. We also learned we needed to have a wide variety of products right there inside the showroom, not merely in catalogs or on the Internet. We learned where to best position the sales staff within the showroom with easy access (answer: dead center), and to position items like millwork and cabinets around the perimeter.

"We also asked our staff for input early in the process. For the outside, we showed them the architectural drawings with potential floor plan and loading dock. And for those working inside the showroom, evaluating how departments could interact. In hardware, what items to add and what size of a work area. We also showed the architects the photos we'd taken on our travels. Then the architects interviewed our employees as to their likes, dislikes, and needs.

"We got the engineers involved early as well, as to the best possible layout." Engineers also helped with solutions that affected the environment. "The site contained a building that was not well-situated, so a local outfit tore it down, piece by piece, and re-assembled it elsewhere. We had the site's concrete and asphalt excavated, crushed, and re-used as sub-base. Nothing," Hannan proudly stresses, "nothing was hauled away."

The new building operates on sensor-activated LED lights and the showroom not only sports solar panels to collect energy, but a huge computer screen indicating to the staff and fascinated customers just how much is being produced, moment by moment.



BEFORE & AFTER: Store went from standard *(at left)* to showplace *(above)*.

Result: a new 72,000-sq. ft warehouse with Sunbelt Rack to allow maximum storage space, six drive-thru lanes, and three loading dock bays. The new showroom, with 28,000 sq. ft. on the main floor and a mezzanine hosting badly needed offices and conference rooms for contractors and their customers and employee training sessions. (Before? None of the above.)

"It's easily the nicest, most professional showroom in our area," Hannan can boast, going above-and-beyond not only with additional SKUs throughout, but consciously adding items to increase walk-in, retail traffic. "Lots of people thought we only served contractors," he realized, then set about to change that perception. Pros do provide 70% of the mix, but Hannan realizes that "homeowners are driving a lot of the decisions. Now they can come in, get ideas, and talk to our people."

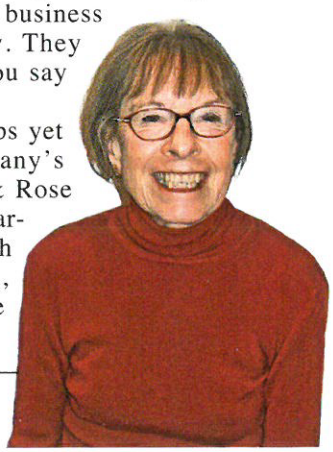
And these homeowners love-love-love the star of the showroom, a complete 1,100-sq. ft. model home. "We built it as large as possible, to incorporate a wide variety of brands and colors, and it's been a very effective selling tool," he reports.

So has S&R's building itself, and by savvy planning. The exterior has become a marketing billboard, employing "many products we actually sell, like siding, stone, columns, and shingles. Down the line, if someone asks how Product X will look in five years, we can send him outside to see for himself." Vendors, of course, are delighted with the showcase effect. "It shows them we'll make a commitment to their product."

And staff? "We started training well ahead of the opening. We told them, 'Expect a lot of new customers to walk in the door.' (Pros at last have their own separate entrance, too.) We knew we needed to train our people to be prepared for the opportunity to gain a lot of new customers."

And it's working. Business is up 20% over last year, aided, also, by a smart publicity campaign leading up to the Grand Opening. "In our old store, we posted architectural drawings of the new building to build excitement in the community. We used teaser ads on radio, in print, and in our statement stuffers. And when the warehouse was completed, we held our monthly contractor lunch in that new location, plus gave them a tour of the new showroom under construction. That really got them excited!" he reports. The grand opening for the community featured a promotion offering a free grill with purchase of selected decking. "That idea generated a lot of new business," Hannan reports.

But you won't catch him with his feet up on his desk. The region's big boxes and strong independents are breathing fire nearby. "What makes S&R better?" a reporter posed. Says the boss, "We have a larger number of experts in product knowledge and customer service. A larger inventory, due to our financial strength. A new showroom with nothing like it around. And," underscoring all of the above, "a history. Being in business since 1904 adds credibility. They trust that you'll do what you say you'll do."



So, what's ahead? Perhaps yet another change. The company's website states that Spahn & Rose prefers penetrating small markets. But, says the CEO with confidence, "going forward, that may change, too. We have plans and hopes for growth."

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