

Codale: Focused on opportunity



Even in a sluggish economy, Dale Holt is pursuing his vision for growth.

As president of Codale Electric Supply, Holt is leading the construction of a new 210,000-square-foot headquarters on 20 acres in Salt Lake City, Utah. The project, scheduled for completion in December, will include a distribution center, office space, training facilities, and lighting lab. In all, the building will feature more than 200 lighting fixtures.

Building a new corporate headquarters is a huge undertaking in any economy. In a slow one, the burden of expansion is even larger. However, Holt is looking beyond current challenges to long-term opportunities.

"We've always taken market share in a down market," said Holt. "Things are easier from a management standpoint when things are going up. However, barring a huge, unforeseeable event, I feel positive about the future despite the economy."

That's not to say the risk Holt's taking doesn't cost him a little sleep in the wee hours of the night.

"Borrowing the money to build is on my mind at night," he said. "But other than that, I sleep pretty well."

Growth trajectory

Holt's confidence is understandable. He founded Codale in 1975 with the goal of becoming the best distributor with the best service. He started with four employees in a 5,000-square-foot building. Three decades later, Codale has grown to 265 employees in 11 branches throughout Utah, Nevada, Wyoming,

and Idaho. It is one of the top distributors in the country, serving the commercial, residential, industrial, lighting, voice/data/video, and utility markets.

"One of the things about us that's unique is the amount of market share we have," Holt said. "This year, we'll do \$240 million in sales. Any distributors of comparable size are in markets three to four times larger than we are."

How has Codale achieved such impressive market dominance? According to Holt, it's delivering on promises.

"This is a no-brainer, but we try to provide better service than anyone else," he said. "All of our facilities are wonderful. We've got really good inventory: broad, deep, and with high fill rates that can provide more than 95 percent of stock items. We've been fully bar coded for 18 years. All of our operations have RF bar-code scanners. We're just really good at what we do. We have great people, and we rank high on the productivity ranking in NAED's performance report."

The full-line distributor's services include 24/7 emergency service, inventory control and management, continuing education, and the ability for customers to check inventory availability, order status, and invoices. Codale also offers order entry by phone, fax, email, or Web. In addition, the privately held and locally owned company has an extensive delivery fleet of 73 trucks, plus a jet.

Smart people

Codale recognizes that great service comes from great employees. The company's staff is what makes it possible to deliver on its customer promise to "do everything humanly possible to earn your trust and support."

According to Holt, the best thing he does as a leader is recognize his limits.

"I have good vision for where we need to go. But I know what I don't know," he said. "Therefore, I have no problem surrounding myself with people who know those things. I have surrounded myself with the smartest folks I can find, and I pay more than most. As a result, we have virtually no turnover in this company."

Codale's leadership is grounded in its lean, four-person management team, all of whom have been with the company more than 30 years. In addition to Dale Holt, Codale's key leaders include Jay Holt, vice president; Jon Mitchell, vice president of sales; and Mike Stanfill, CFO.

But longevity at the 33-year-old company isn't limited to management. Codale has 22 employees with more than 20 years of service to the company.

"We have six employees with over 30 years, which is amazing considering we only had 10 employees then. We never lose salespeople. It's pretty wonderful," said Dale Holt.

Vendor strategy

Another aspect of Codale's success is its vendor strategy.

"We like to work with A-list vendors," Holt said. "I'd put our product lineup against anybody else's. We prefer to have as few vendors as we can to do the job. We want them to work closely with us, so we're pretty demanding as far as time goes."

Codale's relationship with suppliers goes beyond the status quo. The company has a comprehensive joint marketing program that it's been perfecting for 16 years. Twice a year, Codale invites 14 of its top vendors to its headquarters.

"We ask our vendors to meet with all of our managers, marketing staff, and salespeople. In addition, vendors have to schedule joint sales calls with all of our salespeople every six months. Sales calls aren't an elective; we expect them to do it," Holt said. "As a result, we have a tremendous amount of joint sales calls, which is very effective in helping us stay ahead of the competition."

Codale has also discovered that participating in IMARK has helped improve its vendor relationships.

"Having been in the other group, I can say we have a better relationship with our vendors. It's a user-friendly organization with great networking opportunities and marketing programs. Plus, IMARK's a good group that knows what it's doing," Holt said.



However, there's more that Holt likes about IMARK: "The thing I like the most is the rebate, because we can spend that."

Market diversity

Diversifying into other industry segments has also fueled Codale's growth and profitability.

"We have really well-balanced markets as a company," Holt said. "Every branch has a different industry that it's dealing with, so it is very rare that every branch is down because every market varies so much."

Codale's current customer mix is spread across several segments: 35 percent industrial, 30 percent commercial, 15 percent utility and outside plant, 5 percent hospitality, 5 percent residential, 5 percent government, and 5 percent other.

Along with expanding into its new headquarters, Codale also is expanding into a new market. The company will be constructing an additional 20,000-square-foot building for the prefabrication of substations, capacitor banks, and other kit assemblies.

Although Codale ventured into the utility business six years ago, this is its first foray into substation design

and assembly. Holt estimates that the new substation business will bring in substantial sales next year. He also expects that the utility and substation



segment will become the company's biggest near-term opportunity.

Looking ahead, Holt offered advice to other electrical distributors for success in any economy: "If you're primarily a commercial or residential house, expand the number of markets that you're in, but not necessarily the geography.

"And keep a really, really tight grip on receivables."

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