

MEMBER CONVEYOR SOLUTIONS, INC. PROFILE

Conveyor Solutions, Inc.

Systems integrator thrives thanks to customer and employee satisfaction.

As Joseph Tholl approaches his 40th year in the material handling industry, he still believes in the tenets that he learned long ago: relationship building and customer service. "I'm from the old school of developing relationships," says Tholl. "The trend in the industry seems to be moving everything to the Internet, and that is a little discouraging to me. The computer is a wonderful tool if used properly, but you just can't do everything through e-mail."

Tholl seems determined to defy that trend by making sure the client is given proper attention. "We structured this company around serving the clients. We are not a 'me-too' company," Tholl says. "Clients are looking for more than just a conveyor supplier—they need someone who understands their business and can come up with solutions for their operations."

In fact, that's exactly how the company got its name. The company was formed by Tholl and his partner, Scott Lee, in 1996, and was originally called Conveyor Systems In Motion, Inc. One of their first projects was an installation for Zebra Technologies. After successfully completing the project, the client wrote a testimonial letter in which he suggested the company should really be called "Conveyor Solutions, Inc." since that's really what the company sold. Tholl and Lee jumped on that suggestion.

Passion for the Industry

Conveyor Solutions, Inc. exudes passion for material handling. Tholl has had only three jobs in his career, all within the material handling industry. He started in 1967 as a design engineer at Olson Conveyors, and moved to a sales position at Automotion in 1975. In 1985, he and a partner started a distributorship called Systems In Motion, Inc.



Conveyor Solutions, Inc. CEO Joe Tholl (left) and President Scott Lee

After Scott Lee received his undergraduate degree in industrial engineering, he worked as an AutoCAD draftsman for a large company. "After dealing with the people who came in to sell the systems I was designing on AutoCAD, I decided I needed to be on the other side of the fence," Lee says. "It was a much better fit for me than sitting behind a desk."

Luckily, the company Lee worked for was Tholl's client, and Tholl asked him to come work at Systems In Motion, Inc. "I saw in him the passion for the industry and what he did. At the time he was earning his master's degree and caught on to the business very quickly. I thought he would be a great benefit and that this would be right for him and the company," Tholl says.

Then in 1996, Tholl sold his half of Systems In Motion, Inc. to his ex-partner and offered Lee the opportunity to come in as partner when starting Conveyor Systems In Motion, Inc. "He agreed to come on as my partner knowing that he would someday be my successor and own the company."

Interestingly, the business plan they developed in 1996 has proven to be almost prophetic. It reads, in part, "The immediate objective is to create a fast-growing, profitable company based on service and engineering excellence. The material handling industry is changing from a lift truck-oriented, people-oriented equipment business to an automated, computer-controlled material handling systems business. This decade will represent more mechanization and more intelligent selections of intelligent environments." By anticipating this trend, Tholl and Conveyor Solutions, Inc. have built a successful, thriving business.

Within a month of inception, Tholl and Lee hired a third employee, and added a fourth a month later. The company now employs 13 people, including three project managers, three commissioned sales-people, a receptionist, and one each in customer service, marketing, accounting, CAD operation and service/installation. Many employees have tenure of at least eight years. "We don't have much turnover," Tholl says. "We really try to keep people happy here."

Employee satisfaction is one of the basic principles Tholl wrote in the aforementioned 1996 business plan. The company philosophy he penned reads, in part, "Conveyor Solutions, Inc. recognizes there are five areas critical to its success: people, quality products, engineering, service and installation. We will create a work environment which gives employees a professional and comfortable working atmosphere. The intent is to create a working environment which makes each employee part of the team."

Until recently, the company picked up full health insurance for employees and family. Increased premiums led Tholl to ask employees to contribute to the insurance, and everyone agreed. "Everyone understood and there was no resistance," Tholl says. Employees receive ample benefits, including profit-sharing. Sometimes on Friday afternoon, Tholl and Lee shut down the office and treat employees to miniature golf, a barbecue or some other fun activity. "We believe that work shouldn't be work, because this isn't work to Scott and me. This is something that we love to do," Tholl says.

Customer Service

Client satisfaction is critical for Conveyor Solutions, Inc. "The keys to our success are the service level we extend to our clients, and the product knowledge and expertise we possess," Tholl explains. "In today's arena, customers look for a high return on investment. We help them justify their systems."

Tholl credits Conveyor Solutions, Inc.'s affiliation with Hytrol Conveyor Company, for whom Tholl has been a distributor since 1990, as a major asset in that regard. "It was really an honor when Hytrol selected us as a distributor. I like their philosophy and commitment to the distribution channel," Tholl says. "We portray to our clients that we have a great company behind us."

A unique business model is another way that Conveyor Solutions, Inc. is able to compete with larger companies. In addition to its business with the end-users of conveyor systems, the company also partners with several resale dealers in the Chicago area that serve as "bird-dogs," sending projects Tholl's way. "We don't promote a lot of racking, shelving and mezzanines, because we utilize the resale dealers in

COMPANY SNAPSHOT

**Conveyor Solutions, Inc.**

CEO/Chairman: Joseph M. Tholl
President: Scott Lee
Year Founded: 1996
Year Joined MHEDA: 1996
Location: Schaumburg, Illinois
2005 Sales: \$19 million
Employees: 13
Web Site: www.conveyorsolutions.com

those areas. They are our eyes and ears in the field, so it's like having 60 people on the street. It's an interesting way to go to market."

The partnership works one of two ways. Either Conveyor Solutions, Inc. will help the dealer design an installation and then sell the equipment to the dealer for resale, or Conveyor Solutions, Inc. will sell direct to the customer and pay a finder's fee to the dealer. Lee says, "The resale dealers allow us to go into more secondary markets like the outlying areas of Chicago, Rockford and Decatur that are farther from our geographic center."



Conveyor Solutions, Inc. services customers nationwide from a 10,000 sq. ft. building in Schaumburg, Illinois.

With its headquarters in a 10,000 sq. ft. facility in Schaumburg, Illinois, a suburb of Chicago, Conveyor Solutions, Inc. takes advantage of the demographics of the market. According to Tholl, Chicago is primarily a distribution and service market. Lee adds, "We've been very focused in the distribution market for the last few years, but in the future we will be expanding into more manufacturing and packaging."

Lee believes this strategy will help separate Conveyor Solutions, Inc. from its competition. "Our knowledgeable staff and strong vendor partnerships allow us to provide answers for those customers requiring simple or complex solutions. In addition to utilizing Hytrol's 24-hour stockyard

program, we've also designed and installed systems up to \$6 million." The \$6 million project Lee refers to was the largest project Conveyor Solutions, Inc. ever worked on. A client spent two-and-a-half years and \$6.5 million to change its warehouses into high-end, zone-routed distribution centers.

Choose Customers Wisely

Conveyor Solutions, Inc. carefully chooses the projects it pursues. "We pride ourselves on not looking to have thousands of accounts, because there's no way we would be able to maintain the high level of service that we demand," Tholl explains. "We're looking for repeat users who want to do the job properly and are not afraid to invest in their corporations. A big key to our success is qualifying our clients and working with users who have multiple distribution centers."

The result is a trail of happy customers. "Our attention to detail and our reputation for producing what we promise has earned us the confidence of both end-users and associates in our own field," Tholl says. "A lot of our new jobs come through word-of-mouth from satisfied clients."

Conveyor Solutions, Inc. has developed a planned maintenance service arrangement, and has an employee who travels around the Chicago area to perform small service and installation work. "Having a service person who can go out and help clients in an emergency has been another key to supporting the success of our business," Tholl says.

As part of his relationship-based philosophy, Tholl insists on preparing presentations for would-be customers. These presentations include possible design layouts, material lists, electrical and controls issues, and cost estimates. For complex projects, it can take up to six weeks to gather information for a proposal, though most take around two to three weeks. Tholl estimates that the average proposal costs anywhere from \$3,000 to \$5,000 to pull together, which is another reason he finds the prevalence of the Internet discouraging. "Most of the time," he says, "clients ask us to e-mail our proposals because all they

care about is the price page. But we nicely insist that we give a formal presentation so that clients can really hear exactly what we can do for them.”

Training

Even with a successful plan in place, educated and motivated employees are the most important key to success. Tholl believes that internal employee training can lead to success not just in business, but in life as well. “We have no problem training people right out of high school and teaching them our method of doing things to gear them up for their lives,” he says. Tholl also is willing to take on young interns, such as the aspiring architect who worked at Conveyor Solutions, Inc. last summer, to help them learn what working in “the real world” is like.

Conveyor Solutions, Inc. also conducts informal public speaking training. Tholl will give an employee a topic and four to six weeks to prepare a presentation for the rest of the company, which is then presented during a company lunch. “Everybody gets a turn in the barrel to learn to communicate and prepare a presentation in front of people,” Tholl says. “Through that, we help them learn how to be better speakers.” Topics are within the employee’s area of expertise. An engineer may give a presentation about AutoCAD, or a secretary may speak about Microsoft Excel or another program. Salespeople may speak on a step-by-step sales process. One of the owners may talk about the economy. “This is a way to get a direct result from your training for little cost. By doing these presentations, we find that our people learn not to be gun-shy when speaking in front of clients.”



Project Manager Christine Voyles presents a potential project layout to the rest of the company team.

Tholl also is sure to encourage outside training as well, sending his employees to the product training offered by Hytrol. At the Hytrol schools, Lee sometimes serves as a guest speaker on sortation, and Tholl often speaks about application engineering and design. This year, Tholl was named to a four-year term on the Hytrol Distributor Council.

Future

The past has seen nothing but success for Conveyor Solutions, Inc., and Lee has a vision to continue that into the future. “Conveyor controls software will become more important for systems integrators, and we intend to capitalize on that with our software program,” he says. “We absolutely must differentiate ourselves from everybody else in the marketplace and keep this product from becoming a commodity. The important thing is to realize when the market is commoditizing a product, provide additional value or do not make that your core business.”

Conveyor Solutions, Inc. knows it has an engineering advantage. “We’re heavy on engineers, customer service support and order processing, which gives us a higher cost of doing business but allows us to support large national accounts.” Lee says the company has followed the growth of its customers, which has led to installations in nearly every state in the country, plus projects in Mexico and Canada.

Such foresight has served the company well, and all signs point to continued positive results. The two men have a buy-sell agreement that was put in place when the company was formed. The first step of a multi-phase succession plan saw Lee ascend to the presidency in 2005, and he will take over ownership of the

company when Tholl decides to step aside.

But don't expect that to happen anytime soon. Tholl still enjoys his work and getting out to solve customer problems. "Eventually, you're going to see a full turn back to the old way—the proper way—where relationships have to be developed again. It's going to be a necessity in order to save corporations from total disaster later on."

If Tholl continues his current path, Conveyor Solutions, Inc. has nothing to worry about.



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