



# epaCUBE

## HVAC Distribution Solution Case Study



**Customer:** Johnstone Supply, Wilmington

**Website:** www.johnstonesupply.com

**Customer Size:** 1 Location

**Location:** Wilmington, North Carolina

**Industry:** HVACR Wholesale Distribution

**Partner:** epaCUBE

**Partner Website:** epacube.com

***“We realized that we were letting a lot of items go at a lower price than we should have! epaCUBE makes my part of dealing with pricing so much simpler.”***

### Profile

Johnstone Supply is a nationwide chain of wholesale distributors serving professional HVACR contractors. The Wilmington Branch operates in Wilmington, NC.

### Software and Services

- EpacUBE Price Optimization
- ddisystem Distributor Focused ERP

For more information about epaCUBE Price Optimization solutions visit: [sales@epacube.com](mailto:sales@epacube.com)

## Johnstone Supply Wilmington Increases Margins, Gains Data Visibility with epaCUBE Price Optimization

*“epaCube has allowed us to have a more consistent, unified pricing structure. We’ve made more positive price changes (increases) than negative. And it’s made my job a lot easier.”*

Larry Croom, Branch Manager, Johnstone Supply, Wilmington Group

### Background

Johnstone Supply, a wholesale distributor serving professional HVACR contractors, stocks the largest selection of equipment and genuine OEM parts in the industry. Johnstone’s core mission—making it easy for the HVACR contractor to do business—emphasizes product selection, availability, and eCommerce.

After previous unfinished attempts to standardize pricing, the Wilmington, North Carolina, affiliate of Johnstone Supply (Wilmington) again sought to create a unified pricing structure to get everyone on the same playing field.

### Inconsistent Pricing Impacted Service and Productivity

With salespeople setting prices, customers calling Wilmington might get different prices on the same item. “Whatever salesperson at the time felt like that customer’s pricing should be, it was,” explained Larry Croom, Branch Manager. “We have had a few people call one counter person to get a price and turn around and call the next counter person and get a different price.”

Since inconsistent pricing negatively impacted customer service and productivity, Wilmington sought a solution. “We wanted more of a unified structure with everybody on the same

playing field,” said Croom. But creating unified pricing for an existing business was tricky.

“Our challenge was taking a 20 plus year old business with pricing that had been managed by multiple people and turn it around to have one common unified price structure,” explained Croom.

### Lack of Data Visibility

Wilmington also needed one place to look up and manage customer contracts. “We work off the web but there was no way to pull all that information together in one spot to see what we sold, how many we sold, and what percentage it was,” related Croom.

Previous pricing reform efforts had run into roadblocks. “We have tried to standardize pricing numerous times through the years,” explained Croom. “But we never could find a clear path because we didn’t have access to all the data in one spot at one time.”

### epaCube Recommended by Corporate

In 2021, Johnstone Corporate sent epaCUBE information out to individual owners. “But It was still our choice,” qualified Croom. “We did our own research, demos, and meetings and made our own decision despite the



initial partnership with Johnstone Corporate.”

Two factors influenced Wilmington to go ahead. “We knew we were going to have all the information in one spot to do what we had been wanting to do for years,” related Croom. “And the return-on-investment numbers they showed us made the decision ultimately something we had to do.”

## Solution

### Quick Start then 8 Months of Pricing

After Wilmington made the decision to move ahead, the initial steps to get epaCUBE running proceeded quickly. “We were setting pricing within the first three weeks,” confirmed Croom. “The first week, we made a plan for the implementation, week two, we started initializing that plan, and then by week three, we were working on pricing.”

Wilmington then dove into a long period of pricing work. “We went all in for an eight month stretch of two meetings a week to sit down and work on our individualized pricing plan,” explained Croom.

### Category by Category Optimization

World-class data analytics and software supported by epaCUBE’s B2B distribution pricing professionals helped Wilmington build market-level pricing that wins orders and helps them take share. The software enables them to monitor pricing changes to gain margin without sacrificing top-line sales.

“We would go through the pricing structure of each category and set the pricing node by node,” Croom continued. “And we did that for eight months until we worked through all the nodes. And now we’re working on individual pricing contracts.”

Croom’s team created all new customer and product segmentation, setting ABCD pricing levels with 2,710 price records. Croom appreciated the customer support. “epaCUBE has been great to deal with,” he confirmed.

### Data Shares to Generate Scorecard

Wilmington performs weekly data shares with epaCube. “We used our internal IT guy to create the reports to send the data to them,” Croom related. “First, we did an 18-month data share and then some 12-month shares.”

“Now we’re down to weekly data shares,” he continued. “Every Monday our IT guy sends a report of our weekly transactions to epaCUBE. “They run it through and usually give us a scorecard by Tuesday.”

Croom also appreciates epaCUBE’s responsiveness. “They’re really good,” he said. “There’s not been a time that we have tried to get in touch with them that they’ve not responded. They’re always there if we need anything. They’re awesome!”

## Results

### Margin Dollars Increased 8.6%

Using epaCUBE, Wilmington has increased its margin dollars 8.6%, adding tens of thousands to YTD gross profit as of 6/1/22. Croom attributes the increase to consistent unified pricing, contract information in one place, and the ability to track more items.

“We realized that we were letting a lot of items go at a lower price than we should have,” he explained. “We found more items that we were low on than high. So, we’ve been able to make more positive changes in our pricing than negative.”

### Saves Significant Time

epaCUBE’s pricing categories enable Wilmington to group similar customers together. “Now we have all these nodes set for A, B, C and D customers,” related Croom.” If we want to change a price, we just make one change versus having to change it for every customer.

“If our IT guy made changes on special contracts, it would take him a

few days,” he continued. “Now he can do it in a couple of hours. After it’s all said and done, especially after we get through these custom contracts for our large customers, it’s going to allow us to save significant time.”

Overall, the effort to implement epaCUBE proved to be efficient. “All the time we spent to get here is nowhere near the amount of time we spent before to never get anywhere,” confirmed Croom.

### Consistent Pricing, Data Visibility Achieved

Wilmington’s leaders love their pricing solution. “epaCUBE has allowed us to create a unified structure with everybody on the same playing field,” Croom stated. “Now if they call one counter person and get a price and turn around and call the next counter person, that price is the same.”

“It means having a way to see a whole category of items in one place, what kind of price it was, how many were sold, who they were sold to, and make a decision on how to price that category,” he concluded. “The biggest benefit is having consistent pricing and being able to manage it with one place to look at and manage individual customer contracts.”

### Don’t Wait To Get Started

Croom was more than happy he didn’t wait for his data or ERP system to be reorganized before getting started.

“epaCUBE makes my part of dealing with pricing so much simpler,” he relates. “Items are priced correctly. And if we need to make a change or a judgement, it’s very easy to do. It’s made my job a lot easier. Distributors should take the steps now to work with epaCUBE even if their operation is not fully organized or automated. epaCUBE will be a partner along the way.”

