

SERVING THE GREATER CINCINNATI AREA

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GROWTH

## STRATEGIES

# Conveying priorities

## Material handling firm redefined operations

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After years of helping clients streamline operations, the managers of Advanced Handling Systems decided to take a look at themselves.

The Madisonville-based company designs material handling and storage systems for the supply chain. Most of its work is in warehouses and distribution centers for clients from a variety of industries, especially retail. AHS calls what it does "the management of motion" — millions of products have to get from point A to point B as seamlessly as possible. It oversees everything from planning and design to implementation and maintenance for a variety of systems.

About 18 months ago, AHS executives began to consider the management of motion in their own company: Where were they going? Were they efficient?

The process was prompted by the retirement of President Chuck Frank's father, Charlie Frank, who had been majority owner since 1985. Chuck Frank, Jeff Miller and Dave Tavel — each 10 percent owners who had worked at the company for 20 years — decided to buy out the elder Frank.

That was Jan. 1, 2004, and the three men — Tavel is managing partner and oversees sales, while Miller is vice president of engineering and operations — have been



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**Advanced Handling's executives Dave Tavel, from left, Jeff Miller and Chuck Frank have rethought their marketing plan and approach to landing business.**

tweaking their business since.

They've made plenty of changes to the \$12 million company: putting more money into marketing; formalizing the processes of the integration portion of their business, which brings in 70 percent of revenue, and naming it Forward Motion; undergoing a major push for national clients; and beginning the process of creating a succession plan.

Along the way, they've added seven employees, bringing them to 26. Two of those, in the equipment group, are located in Louisville, the first time the company has had employees outside of Cincinnati.

Perhaps the most important part of the process, though, has been refining exactly which clients AHS will serve, said Miller.

"There are businesses we won't take on," said Frank. "It's all based on the corporate

## CLIENTS: Scrutinizing customer base helped firm set priorities, emphasize long-term relationships

culture and on (whether) they're just dealing on price."

AHS wants to work only with companies that share its corporate culture — committed to family values, loyalty and trust — and that are interested in developing long-term relationships.

*'This allows us to qualify and disqualify potential clients'*

Dave Tavel  
Managing partner

putting together elaborate proposals. They realized they were regularly giving away tens of thousands of dollars in time and services — often to "tire kickers" or companies just trying to meet a required three-bid rule.

AHS also began to prioritize its existing client base, ranking companies from tier one to tier six. The tier ones have bought from the company in the past, have or want a long-term relationship and support Forward Motion, its comprehensive, consultative approach to clients' needs.

Tier-six companies have rarely or ever purchased but have used a lot of time.

"They're just not for us," Frank said. "I tell our salespeople, 'Don't call on them.'"

For Don Courtney, executive vice president of information systems and distribution for Finish Line, that focus on relationships fits fine. The Indianapolis-based retailer of athletic shoes and apparel has been using AHS for material handling projects since at least 1991, he said.

Back then, the chain was privately owned and had about 80 stores nationwide. AHS helped get its 64,000-square-foot distribution center running well. Today, Finish Line has 640 stores, and the center has grown to 540,000 square feet.

AHS has been there as the retailer's needs have evolved, he said, overseeing everything from conveyor systems to a recent, complicated tilt-tray sorter system.

"They always took the long-term approach and weren't just looking to make a sale," Courtney said.

When the distribution center was hit by a tornado in 2002, taking out the entire south wall and part of the ceiling, AHS had a crew there almost immediately to get things running, he said.

Paul Chisholm, vice president and general manager of Louisville-based GSI Commerce Solutions, said his company benefits from the engineer-heavy AHS staff and, especially, the former retail executives working there from large chains such as Gap.

"They've been on my side of the table," said Chisholm.

GSI is an e-commerce technology and fulfillment company, and its 470,000-square-foot fulfillment center houses products from retail partners including Linens 'n Things, Liz Claiborne and the Estée Lauder Cos.

Chisholm also likes the fact that AHS doesn't offer precanned solutions.

"Nor do they just accept what I think I need," he said. "A lot of times it's less expensive."

Throughout the reshaping of AHS, Kelly Blake, director of marketing services for



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**Chuck Frank and his partners in Advanced Handling Systems refined their client base, aligning customers into six tiers. The move helped AHS prioritize where and how to spend its time.**

Anderson Township-based Intrinzie Marketing & Design, has worked to help the company implement its first formal marketing plan.

While all the efforts are paying off, Frank said AHS' goal isn't to grow exponentially. He thinks they can take the company into the \$15 million-\$17 million range in 18 to 24 months, then shoot for \$20 million within five years.

"Then that's probably it for us, growth-wise," he said. "We're not interested in being a \$50 million company."

As with everything, it comes down to knowing who they are.