

C.H.I. Overhead Doors... ... serving the door professional

As I've now had the opportunity to sit down and personally visit with a number of our industry's manufacturer executives, I consider myself most fortunate. From my vantage point of sitting behind a desk at the IDA headquarters, I communicate with people from throughout the world. This is certainly enjoyable and rewarding, but absolutely nothing can take the place of my personal visits.

In mid-August, I drove to Arthur, Illinois, the home of C.H.I. Overhead Doors, and spent some quality time with Jim Overholt, President and CEO, and Pat Knoll, CFO. As I left the interstate, and began closing in on the village of Arthur, I was really taken back by what I witnessed. Just as I entered Arthur, there stood an impressive 700,000 square foot office and manufacturing facility...there stood C.H.I.

Normally, one wouldn't perhaps be as impressed with a manufacturing building. But, you see, Arthur is the largest Amish community in Illinois filled with interesting shops featuring food, clothing, and handmade items. A huge structure such as that of C.H.I. stands out and makes quite a statement.

This being the time to harvest crops, I was simply amazed to watch people hard at work, and children driving horse drawn buggies to school. As I was photographing the C.H.I. building, I could hear the rhythmic sounds of horse hoofs on the asphalt road. With a population of 2,500, the small community is most fortunate that C.H.I. employs so many.

I wondered as perhaps do others, how the company chose to locate in a rural, agricultural community. As explained to me, the company traces its beginnings to Coach House Garages, Inc., which

was started by Willis Miller in 1973 to build prefabricated garages in Arthur. Coach House began assembling their own garage doors from sections and hardware suppliers in 1981 for their own garages, and distributing to outside accounts in 1983.

In 1993 Okaw Buildings, Inc., a local business owned by the Helmuth family, purchased the door division from Coach House Garages, Inc. and named its new garage door manufacturing business C.H.I. Overhead Doors, Inc. The newly formed C.H.I. purchased its first roll former and panel embossing



line in 1993. At that time the firm was operating out of rented space in the Arthur area. In 1995 a 36,000 sq. ft. building was built. Continued expansion during the next several years brings the current total to 700,000 square feet including an office building which was completed in 2007. In January of 2001 C.H.I. purchased the assets of the Track Rite rolling steel door line and started manufacturing a line of rolling steel doors in May of that year.

The doors C.H.I. produces cover a wide range of needs and categories. The full line includes residential, commercial/industrial, rolling steel and carriage house as well as wind load and impact rated products. The company is one of a handful of manufacturers producing both sectional and rolling steel doors.

The rolling steel line includes service doors, fire doors, counter shutters and grilles. The majority of these products are available either with or without insulation and in a curved or flat slat configuration.

The residential and commercial sectional line includes pan doors in several steel gauges offered with or without insulation, mid-level styrene filled sandwich doors, and high end urethane filled sandwich products. Residential panel designs include short and long raised panel, flush, short and long panel carriage house stamp, recessed panel, aluminum full-view, and carriage house overlay products. Commercial panel designs include flush, ribbed steel and microgroove as well as the aluminum full-view. C.H.I. also carries many of the associated products for its distributors including door stop, operators, and punched angle.

The vast majority of the company's door sales are distributed to garage door professionals across the country whose primary business focus is the sales, service and installation of garage doors. They also sell to customers who may have a portion or all of their business as redistributing C.H.I. product. Lastly, they operate three warehouses in California, New Jersey, and New Hampshire.

According to Jim, "Serving the door professional is the primary method of going to market. Garage doors need to be installed professionally to insure safety and longevity of the product. This group is the backbone of the industry and is able to sell and serve the homeowner/customer as we feel it should be done." "Accordingly, C.H.I. relies heavily on the input of our family of distributors," he adds.

The company conducts an annual dealer meeting where all distributors are encouraged to attend. During the conference, management is afforded the opportunity to share ideas and concepts with the distributors as they and C.H.I. grow as partners. I asked Jim about the importance of door professionals to the company's success. "They are the reason we are in business, so they are not only important they are essential to our continued success," he asserted.

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That, coupled with the fact that we are strategically located in the United States, helps us achieve our goal of being competitive, and profitable at the same time," stated Pat.

We talked at length about the economy. Both Jim and Pat shared how they felt the financial crisis of 2008 and 2009 was a scary time for everyone in and out of the door business. At C.H.I. they reduced manpower, cut wages, conserved capital and tightened credit wherever possible. Revenue and units sold dropped in 2009 from 2008 levels. 2010 results have improved as compared to 2009, but the economy and garage door sales are both still showing weakness.

C.H.I. sales have improved in 2010, and management is happy with the results YTD. Single family housing starts remain low at 432,000 in July and new home sales were 276,000, an all time low since record-keeping began in 1963. "While new home

sales are important, we believe that it is the repair and remodel segment of the business that is the most important to us and our customers," stated Jim. "Leading indicators of remodeling activity are showing some increases with significant increases forecast for the 4th quarter of 2010," he added.

As we discussed the economy and how it has impacted door dealers, we concurred that because of the drastic and rapid change we've experienced, the dealers who have responded by changing and adjusting their business model are the survivors and in many cases the successful businesses in 2010. Those who haven't responded effectively to the change are or will be casualties. "We see successful dealers being the ones who have watched their costs, their debt, and increased their sales approach and efforts," stated Pat. Jim added, "Fortunately, we have always focused on selling our products via our dealers, and

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the remodel segment of the market. Because of this, we haven't had to make drastic changes to our business model...it has performed very well for us especially in a downturn market."

During a conversation I recently had with a leading door dealer, he called my attention to the possibility that because doors are manufactured to last longer by using steel in place of wood, the replacement market may be shrinking. I asked Jim to share his thoughts regarding the changing market. He agreed that steel doors will last longer, but noted that even steel can be damaged, and people have

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certainly shown an interest in changing the look of their garage doors to enhance the architectural appeal of their homes. In addition, when springs need replacing there is an opportunity to sell a new door or related door products at the same time. He added that we're not unlike other industries that are improving their products and building them to last longer such as the automotive industry.

Both Jim and Pat agreed that people are demonstrating an increased willingness to improve the look of their homes as new products come on the market. Siding, leafless gutters, roofing materials, and yes, garage doors are among the products that are attracting the attention of consumers concerned about maintenance and aesthetic issues. With the new designs and colors being offered by door manufacturers, we all concurred that now is a great time to be promoting and selling these new features. Jim stated, "There are up-selling opportunities being presented on a daily basis, and we encourage our dealers to inform their customers

about the advantages of new products and how they can be of benefit to homeowners."

During our conversation, I noted that the C.H.I. field sales personnel I've met have been very professional. Jim informed me that all of their sales personnel are experienced, industry veterans. He also called my attention to the importance of providing dealers with meaningful assistance via their sales team.

The company offers numerous tools and support mechanisms for their customers. From the sales and support side of the equation, prospects are first introduced to C.H.I. through their Regional Sales Managers who continue to partner with the distributor and support their business needs throughout the relationship. Additionally, the Customer Service Team is a key component in C.H.I.'s ability to serve the needs of customers.

"We have an outstanding Customer Service Team in both the Rolling Steel Division as well as the Sectional

Division," stated Jim. "Our Engineering team supports the numerous special application requirements that our distributors bring to the company, and we also support sales efforts through our Architectural Outreach programs. Additionally our IT department is expanding upon the existing capabilities of our Online Order Entry system that many of our distributors utilize," Jim noted.

On the marketing side of the equation, the company works to bring the right tools to the distributor to help them market their own business as well as door products. The marketing group works hand-in-hand with the distributor base as well as the sales team to create the tools that are requested and effective. These range from visualization software to website templates to showroom materials to informational DVD's for homeowners to the Four and Five Star Program.

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C.H.I. Regional Sales Managers

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Arthur. "We appreciate what operating in a small town brings to a company, a solid work ethic from all co-workers and a business foundation in treating others how you would like to be treated," Jim stated. "This being said, C.H.I. is a solid partner with the local community," he added.

The company supports numerous organizations and functions in the area including school groups, business organizations, church groups as well as the local county fair. They have also worked with organizations outside of Arthur - one being Victory Junction which is a children's camp for kids with various afflictions. The camp is in North Carolina and was started by Kyle Petty and his father Richard Petty. "Visiting the camp was a memorable experience for our distributors as they were able to tour the facility in North Carolina and see the positive impact it has on the children who attend the camp," Jim remarked.

During the years, C.H.I. has seen numerous attributes of being an industry member of the IDA. Its management feels it is imperative to stay close to the issues that involve the door industry and especially the door professional. "IDA is instrumental in disseminating this information through the articles in the trade publication or at the IDA Expo or at regional shows," stated Jim.

The company has also been a staunch advocate of the IDEA program. This program is a core requirement for the firm's Five Star Dealer Program as it is a channel where door professionals can continue to set themselves apart as the professional of choice. All C.H.I. distributors who pass the IDEA exams get the cost of the program reimbursed.

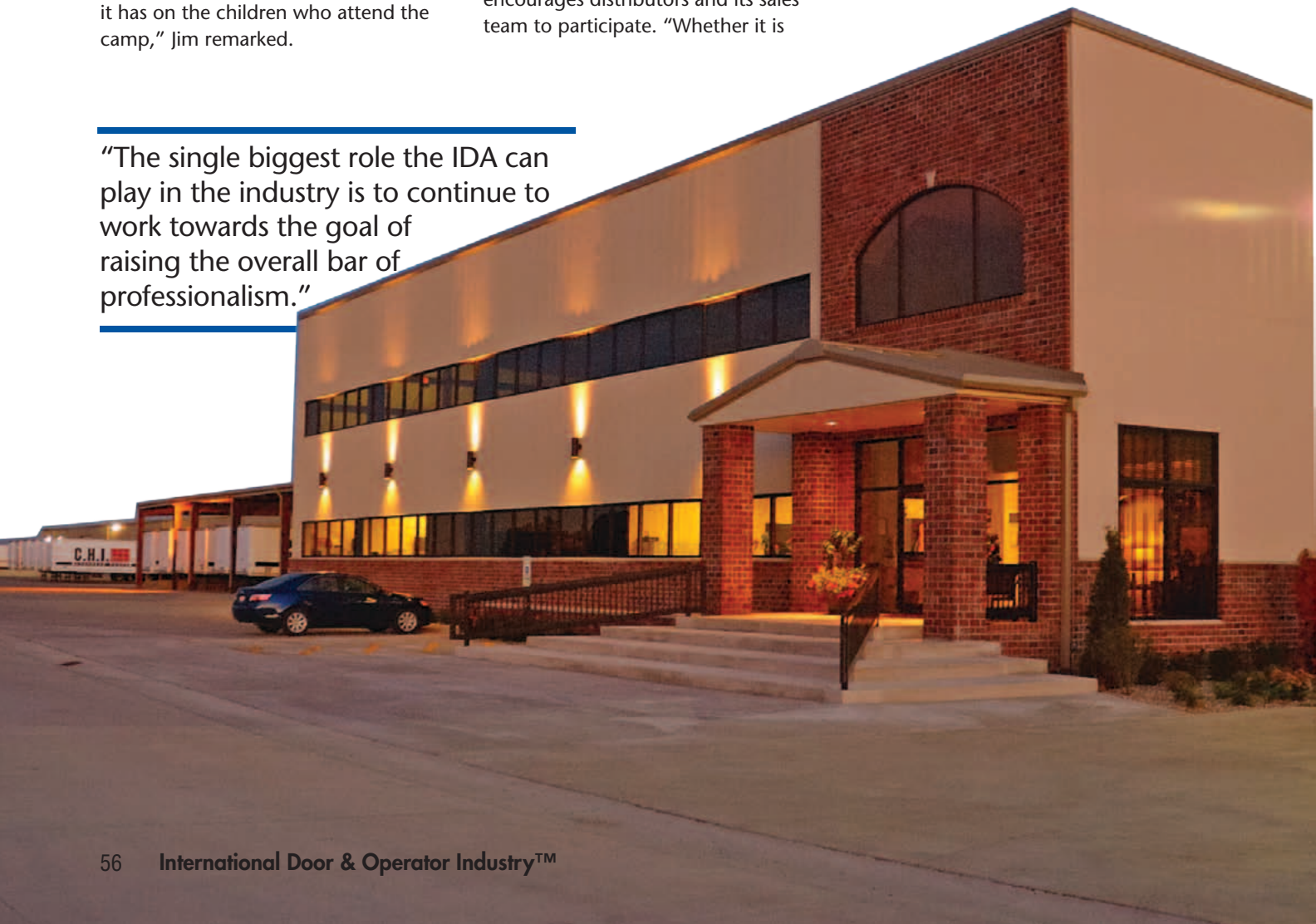
Education and training is another attribute of IDA where the company encourages distributors and its sales team to participate. "Whether it is

at the IDA Expo or a regional show, this is a valuable feature that the IDA provides for the door professional," Jim noted. "Another point to share is that the IDA offers manufacturers like C.H.I. a venue to promote our products and services. We do this through both the trade publications as well as the annual IDA Expo," shared Jim.

According to Jim, the single biggest role the IDA can play in the industry is to continue to work towards the goal of raising the overall bar of professionalism. "We have many distributors who are exceptional at presenting their overall professionalism in their showrooms, in their installations, in their sales efforts and their business as a whole. These are the companies who have the right business plans in place to grow in the good times and survive in the tough times," asserted Jim.

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I asked Jim to share three primary reasons for the success of C.H.I. I was quickly presented with eight:

1. Working hand in hand with garage door professionals who help shape C.H.I. as a company.
2. Providing the best customer service possible.
3. Damage free, on-time, complete deliveries with little or no back orders for all sizes, models and colors of doors is one of our main strengths. We provide weekly milk run deliveries on our own trucks to all customers with trucks leaving C.H.I. in one week or less from order cutoff day.
4. The co-workers in Arthur – They care about the customer and the products that roll down their production lines.
5. The ability to supply a full line of products to our dealers.
6. C.H.I. drivers – They see our customers weekly and work hard at keeping them happy.
7. Location – Centrally located in the U.S. and close to both vendors and customers.
8. We are a small town business and enjoy doing business with people who appreciate what a good handshake means.

When asked about the future, Jim responded, "We continue to evolve as an industry. More and more products are being introduced and safety requirements being implemented. One of the broader transformations we see coming is the requirement for wind load products. Wind load needs continue to move up the coast and into certain municipalities in the center of the country. We will continue to develop products to meet these codes as we see the expansion of wind load requirements continue."

As we concluded the interview, Jim stated, "I would encourage our entire industry, manufacturers and door professionals alike to continue to enhance our professionalism. If we can portray this to homeowners, architects, homebuilders, and remodelers, we can become a consultant rather than an order taker. Additionally, with all of the requirements for lead based paint removal, UL 325, and wind load, manufacturers will need to better support distributors with the right products and information as well as the distributors learning more and earning more for their professional approach."



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