



mdm spotlight



First Forward

Flexibility, Vision Continue to Lead First Supply After 126+ Years

By Mike Hockett, MDM Executive Editor

Amid accelerated industry consolidation and economic ebbs and flows, the small number of B2B distributors that have reached 100 years in operation feels like an exclusive club — and even more so for those that have remained family-owned and operated.

The team at First Supply has that beat by more than a quarter-century, and it's poised to remain a leading independent distributor of plumbing, HVACR, PFV, well & septic, industrial supplies and more.

Madison, Wisconsin-based First Supply emerged from the COVID-19 pandemic as a stronger company, and one that continues to leverage past experience against innovation to help steer the company's vision today and eye continued growth.

MDM visited First Supply at its Madison headquarters in May 2023 to learn more about the company from the inside. In this MDM Distributor Spotlight, we examine the company's family-based history, what the organization looks like today, and what's on the horizon.



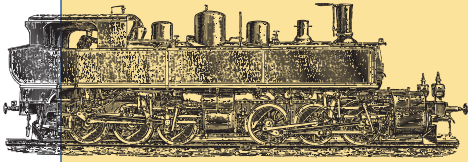
FAST FACTS

- ✓ **Company:**
First Supply
- ✓ **Headquarters:**
Madison, WI
- ✓ **Year Founded:** 1897
- ✓ **Core Product Categories:**
Plumbing, HVACR, PVF, Well & Septic Supplies
- ✓ **Top Executive:** Katie Poehling
Seymour, President & CEO (since 2021)
- ✓ **Total Locations:** 28 branch locations,
4 First Waterworks locations, 15 Gerhard's
Kitchen, Bath & Lighting Stores, 4 Kohler
Signature Stores and 1 distribution center in
La Crosse, WI.
- ✓ **Total Headcount:** 650+
- ✓ **SKU count** (all locations combined): 30,000+
- ✓ **Warehouse square footage** (all locations combined):
1,090,910
- ✓ **2022 Revenue sales growth % vs. 2021:** +10%
- ✓ **Website:** www.firstsupply.com
- ✓ **Does it offer eCommerce?** Yes, since 2019.

From 1897 to Today



1897-1951



First Supply's family roots date back to **1897** when three tradesmen — Reinie Wesson, Henry Poehling and Ed Roesler — partnered to open La Crosse Plumbing Supply Company as a new wholesale supplier in La Crosse, Wisconsin, serving the upper U.S. Midwest with salesmen traveling by rail. Henry Poehling's son Gary "Gerhard" Poehling took over the business in **1940** and led the **1951** opening of the company's second location in Eau Claire.

In his first year at the helm, Gary opened what may have been the first kitchen and bath store in the U.S. that allowed contractors and homeowners to view product displays. It was the impetus that has resulted in 15 showrooms today for First Supply that serve as a vital sales tool and personal touchpoint. The company began branding those showrooms with the 'Gerhard's' name in **1987**.



1960

Expansion reached another level in **1960**. The company opened Wisconsin Supply Corporation in downtown Madison, which the company later relocated to a 131,000-square-foot facility alongside the city's arterial beltline highway as its new headquarters. The site became its largest location, and it still is. Meanwhile, the La Crosse location likewise relocated to a larger facility there in **1970**.



1988

The company's first branch outside of Wisconsin opened in Rochester, Minnesota, in **1988**. The company broke ground on its current headquarters in south Madison in 1989 and moved in in **1990**. That same year, the company added branches in Rockford, Illinois, in **1990** and southern Milwaukee that same year.



1992

First Supply Milwaukee opened in Oak Creek, Wisconsin, in 1992, and several expansions have occurred since.

1997

The company's centennial in **1997** was an eventful one. It gained four northern Wisconsin branches with the acquisition of W.S. Patterson Company. Later that year, La Crosse Plumbing Supply rebranded as First Supply, with each location retaining its own identity but operating under the same corporate name.



2007

The company has only expanded over the past 20 years through both greenfield facilities and acquisitions. Notable moves included the **2007** acquisitions of The H.W. Theiss Co. and PH&I Supply Co. and the **2010** acquisition of J.J. Koepsell Co. — with those three deals adding a handful of more Wisconsin branches.



2021

Most recently, Poehling Seymour took over First Supply's leadership in mid-2021, succeeding her father, Joe Poehling, who is now the company's Chairman Emeritus.



2022

First Supply extensively details its history on its webpage made for the company's **125th anniversary in 2022** at firstsupply.com/125.



Learning from its Past



Over 126 years of operations, First Supply has seen just about everything a distributor could face in terms of disruption and market volatility. Case in point, the COVID-19 pandemic was unprecedented in its business impacts, but this distributor had been through one a century earlier in 1918. Sure, the B2B supply chain and technology of the times are worlds apart, but First Supply was still able to draw upon common principles from then amid the industry's scramble to maintain operations.

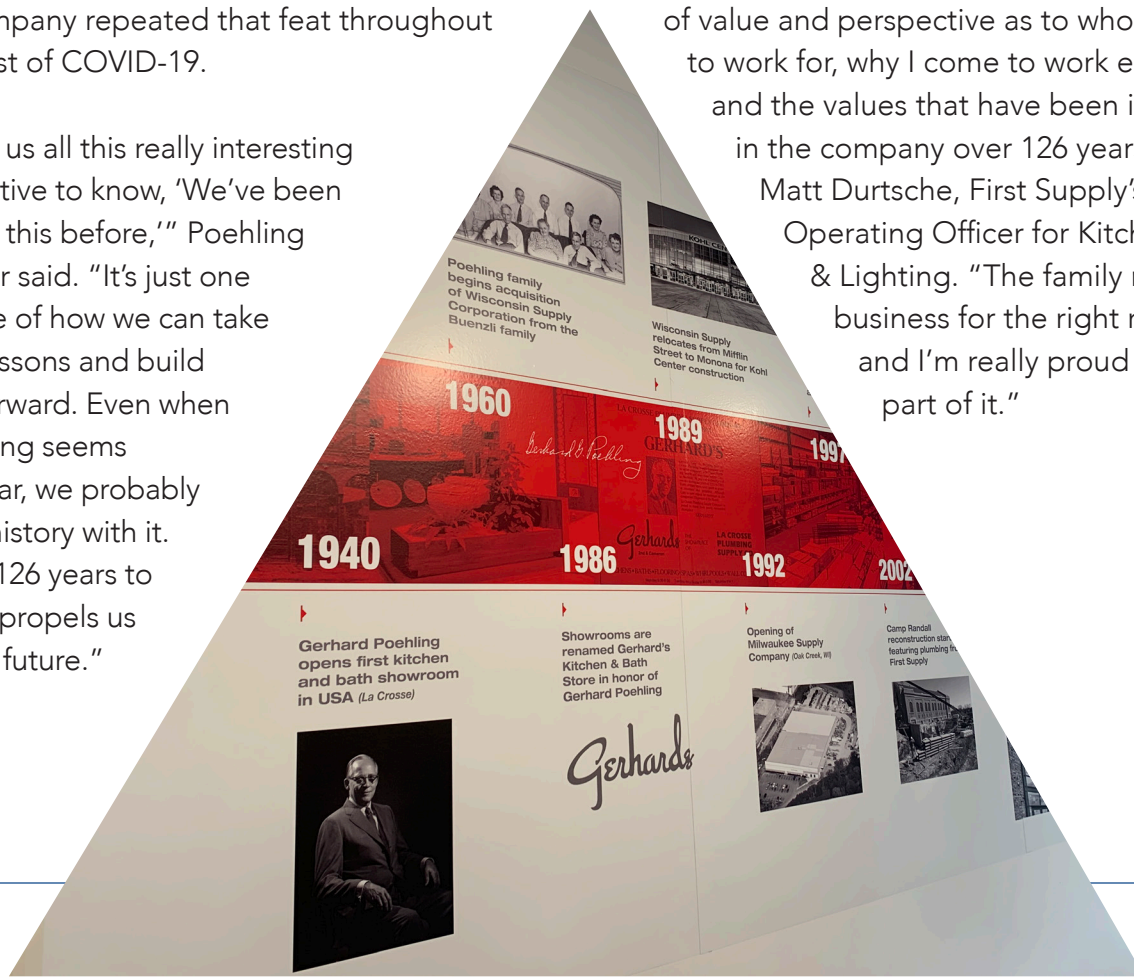
Company President and CEO Katie Poehling Seymour — who represents the fifth generation of family leadership — had one of her uncles (and fellow employee) to dig into First Supply's old employment records to see if anything useful could be found. It turns out the company didn't lose a single employee during the 1918 influenza pandemic and had no stoppage in operation. The company repeated that feat throughout the worst of COVID-19.

"It gave us all this really interesting perspective to know, 'We've been through this before,'" Poehling Seymour said. "It's just one example of how we can take those lessons and build them forward. Even when something seems unfamiliar, we probably have a history with it. Having 126 years to lean on propels us into the future."

Today, First Supply stands as one of the leading family-owned industrial distributors in the Midwest. Its footprint now encompasses 28 branch locations, four First Waterworks locations, 15 Gerhard's Kitchen, Bath & Lighting Stores, four Kohler Signature Stores and one distribution center in the company's original hometown of La Crosse. The company has over 30,000 SKUs across those locations and over 1 million square feet of combined warehouse space.

That footprint is backed by more than 650 employees, who helped First Supply achieve 10% revenue growth in 2022. Outside of the Poehlings, the company has multiple employee families and customer families who have been multi-generational with it, including one on each of those sides who are in their third generation.

"As a non-family employee, I think it holds a ton of value and perspective as to who I choose to work for, why I come to work each day and the values that have been instilled in the company over 126 years," said Matt Durtsche, First Supply's Chief Operating Officer for Kitchen, Bath & Lighting. "The family really is in business for the right reasons, and I'm really proud to be a part of it."



Culture & Development

MDM's research indicates that labor has undoubtedly been distributors' biggest challenge since they overcame the physical impacts of the pandemic, topping supply chain conditions by a considerable margin. Distributors have emphasized culture as a way to combat staffing woes, and it's something First Supply seems to have mastered.

Like the vast majority of the distribution landscape during 2021, First Supply found staff retention to be a challenge and saw a 27% turnover rate in the first quarter of that year, which is in line with the industry average. That figure moved to 21% in 1Q 2022, but dramatically improved to just 2% turnover in 1Q 2023.

"It's off-the-charts exciting for us to say that because we have people who want to be here," said Scott Boehlke, COO of First Supply's Distribution unit, after emphasizing how the company treated its employees as family. "Bottom line, we're nothing without our people."

Boehlke elaborated that, besides an excellent benefits package, the company has put an

emphasis on talent development. He cited numerous examples of staff who started with the company in a temporary position and quickly worked their way up to a supervisor and then manager role.

The company looks internally first to fill its manager positions and purposefully maps out its succession planning. And while employees in any industry may not find performance reviews exciting, Boehlke said First Supply's biannual reviews provide its leadership with valuable insights to find the right opportunities for the right staff as part of its performance management and leadership development programs.

"They can state, 'Where do they see themselves in the organization?'" Boehlke added. "Do they see an opportunity? Are they willing to relocate? With that information, along with our managers, and supervisors talking to employees every day, we learn who wants to step up. They share where they want to get to in our organization, but it's on us leaders to develop and create a path to help them get there."



Every single one of us on the leadership team are accessible. If a customer or an associate needs something, they can reach out and we're there. We have an open-door policy. We listen, and we try to implement what (associates) are seeing or strategies that they want to implement. I think we do a really good job of trying to understand what's going on at the branch level or throughout the entire business, adapt and make ourselves that employer of choice for our team members.

— Seth DePuy, Chief Strategy Officer



Diversification Strength

By classification, First Supply may be best known throughout the industry as a plumbing supplies distributor, as it would rank just outside of MDM's 2023 Top Distributors list in that category based on 2022 revenue. But its product portfolio is actually quite diversified. The company shared with MDM that plumbing represented approximately 28% of its 2022 total revenue, with PVF and HVAC just behind at 27% and 26%, respectively, followed by fluid handling and waterworks at 10% and 9%, respectively.

That market diversity led to the company jumping up Supply House Times' Premier 150 Rankings of PHCP-PVF wholesaler-distributors from No. 33 in 2022 to No. 12 in 2023.

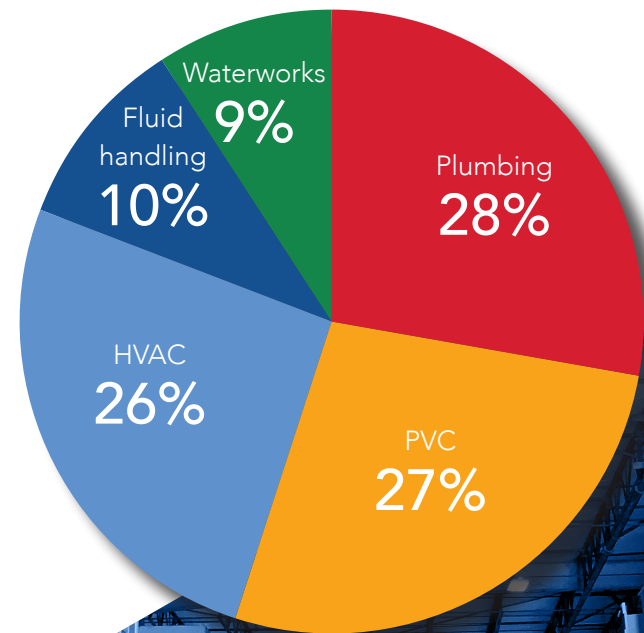
Boehlke said that HVAC is currently the company's fastest-growing market opportunity, evidenced by First Supply climbing up Supply House Times' revenue-based HVAC rankings from No. 33 in 2022 to No. 12 in 2023. Meanwhile, waterworks — which helped push First Supply through the 2008-2009 Great Recession and residential market collapse — is seen as another high-growth area after the company upped its investment in that category and turned it into its own business segment.

The company's portfolio strength isn't a recent development, either. It's been in place since the early years, when steel piping helped power the company's business during World War I and the Great Depression. Today, the company's Madison warehouse — stocked with HVAC equipment large and small and acres of barge and pipe yard at its Madison headquarters — makes it very

apparent the company has plenty to offer beyond plumbing supplies.

"We've been diversified since day one," Poehling Seymour said, noting that First Supply's founders came from HVAC, well drilling and plumbing. "That's gotten us through pandemics, world wars, depressions, recessions — all of those things. Diversification really is our strength, even though it seems to be a best-kept secret."

First Supply Product Portfolio



eCommerce & Digital Growth



First Supply took a major step forward on the digital front in 2019 when it launched its initial eCommerce webstore in 2019. In its first year, the company saw only 2% of total revenue come from that channel, but it quickly surpassed double-digits in 2022. That initiative enables customers to have 24/7 access to the company's product catalog, self-serve features and the ability to find products they previously didn't know First Supply offered. The site also allows customers to see pricing, specification sheets, installation videos.

Of course, no distributor's eCommerce offering should ever be considered a finished product, which is why First Supply has a dedicated team, including an eCommerce sales specialist who is responsible for tying the customer experience the company provides back to FirstSupply.com to make sure customers understand all of the shopping tools at their disposal. That team is constantly gathering feedback from the market and First Supply's customers on how to make changes to continue improving the digital storefront. Chief Strategy Officer Seth DePuy noted that the company's nimble nature allows it to implement certain eCommerce improvements in a matter of days or weeks.

"We want to be that one-stop-shop where customers can come and do everything they need to for any sort of product we're putting out there," DePuy explained. "We know our customers. They don't always work a 9-to-5 job, but they'll be able to get the information they need when they need it, whenever they want."

Beyond webstore site improvements, First Supply is implementing a customer initiative to have them utilize QR codes for digital shopping. Once completed, it will allow customers to print out those codes and keep them in their facilities, and a quick scan of them will add those products to their digital cart.

The company is also testing out a grocery-store-like self-checkout system. It would enable customers to pick up an actual basket when they visit a First Supply store, scan in products via the First Supply smartphone app as they grab them, self-checkout in the app, show their phone to the branch's counter rep and then walk right out.

Online bill pay is another convenience feature the company had in the works as of June 2023, while one full-time staffer helps constantly enrich First Supply's product information content by running products through a cubic scan machine that captures weights, dimensions and photos of every item in its La Crosse distribution center.

"That's been a really big initiative that helps with the warehouse management system, our eCommerce and just helps support our vendors' products that much better," Poehling Seymour said.

Internally facing, First Supply plans to soon add voice picking technology for its warehouse staff, in addition to other automation technologies that will improve efficiencies.

Poehling Seymour, an April 2023 MDM Podcast guest, noted that, while the company hasn't infused AI technology into its operations as of mid-2023, it's something she's politely pestering the rest of the leadership team of how it can be utilized throughout the organization.



Why Customers Choose First Supply ▶ ▶ ▶ ▶

With consistent footprint expansion and digital initiatives, it can be a challenge for distributors to maintain the personal touch with customers that has always helped them win business.

First Supply said its personal touch remains one of its strongest selling points in a market that continues to grow more fragmented. Part of that comes from the company's longevity, which has resulted in generational relationships with numerous customers. Constantly innovating and paying attention to customer needs has been crucial to remain the distributor of choice for those longstanding customers, new additions and those on the prospective front. This year marks the 26th year of First Supply's customer incentive program, which DePuy boasted about continuing to be a big hit.

"What I've seen in my six years here is that we really tailor our business practices to drive what the market needs and what our customers need to be successful," DePuy said. "We're not successful unless our customers are successful and we understand that voice of the customer."

DePuy explained that Joe Poehling, the company's CEO from 1999-2020, spearheaded having the company overhaul its selling organization amid the pandemic to one that centered on a channel team structure that ties sales and marketing with supply chain staff. It has

allowed First Supply to gather voice of customer insights faster and communicate those insights to supplier partners more effectively.

Another customer stickiness factor the company's leadership pointed to is First Supply's industry participation. Poehling Seymour currently serves as President of the American Supply Association (ASA) — the third First Supply executive to do so and the only company that can say so. She serves on the board of directors for the National Association of Wholesaler-Distributors (NAW) and Affiliated Distributors' (AD) Decorative Brands unit, founded ASA's Women in Industry division and was a panelist speaker at MDM's 2022 SHIFT Conference.

All of that participation, Poehling Seymour said, allows First Supply to give back to the communities it serves while providing the company with valuable perspective from outside of its key markets.

"We can take nuggets from what others are doing that can really make us stronger," Poehling Seymour said. "It's one of those valuable ways we spend our time. We are involved in our buying group and various different boards and segments and committees. We're learning what people are talking about and looking at, while building connections with others as well."



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— Seth DePuy, Chief Strategy Officer

What's Next?

First Supply understandably couldn't share specifics on what future expansion might look like, but acknowledged it will certainly continue. The company is always open to pursuing acquisitions — eyeing culturally-aligned distributors that perhaps don't have a succession plan in place and want to remain independent. Vendor expansion is also important, and the company cited its rapid market share growth Kansas City and Detroit powered in part by Kohler.

"It's an exciting thing to have potential and the continued desire to do that," Poehling Seymour said about expansion. "Our vision statement is to distribute innovation and partnership for generations to come, and the only way we can keep doing that is we keep growing and developing that way."

From left: First Supply's leadership team of COO – Kitchen and Bath Stores Matt Durtsche, COO – Distribution Scott Boehlke, CEO and President Kathryn Poehling Seymour, CSO Seth DePuy, and Chairman Emeritus Joe Poehling. Not pictured: CFO Todd Restel.

