

Billtrust and Riley Sales

Making green a successful strategy

JAMESBURG, N.J. — How does a green strategy help drive sales and profits? How can it differentiate your company? What steps should you follow to take your company green?

The success of Riley Sales' Green Initiative provides an excellent example to follow. Riley Sales is a full-line supplier of HVAC and industrial supplies to residential and commercial markets. A second-generation family business, they operate seven branches in eastern Pennsylvania and southern New Jersey. Riley Sales prides itself on being an innovator that gives their customers the products and training they need to succeed.

Even though Riley Sales is a leader in their market, they take nothing for granted. Believing that future growth requires strategic planning, they faced a crossroads in 2005. According to Mike Riley, president of Riley Sales, "We had a big choice to make. Do we want to compete on price only, or do we differentiate ourselves, and market the new green products progressive vendors were offering."

Riley decided to focus on the high end of the market, anchoring their strategy with environmentally friendly products. "Once we decided on a strategic direction, we quickly identified the opportunity sustainable energy offered to us, our customers and the environment."

Their goal was threefold:

- Capture increased market share
- Improve margins
- Support the environment.

Today, Riley Sales is recognized as a "go-to" supplier in the region for advanced, environmentally friendly products. Riley is working with manufacturers around the world to develop products to meet the environmental needs of the market. They have developed strong relationships with service providers like Billtrust to reduce their carbon footprint by driving key indicators like paperless billing. Most importantly, they have been able to protect their profitability in a challenging economy.

Riley Green Team keys to success

Riley Sales wanted the commitment to being green to permeate throughout their organization. To get things launched they formed the Riley Green Team, led by Debbie Riley, director of sustainability. The goal of the team was to help all constituents — employees, customers, builders, manufacturers and regional associations — "get it."

She said they faced four primary

obstacles in the early days:

- Lack of commitment from employees — many of the tasks were viewed as a "hassle"
- Lack of support from existing manufacturers
- Need to educate branches on new product lines and how to communicate "sustainability"
- Need to educate customers about the sales and profit opportunity green products offer, and how to sell green.

One of the first duties of the Riley Green Team was to create a mission statement that would clearly convey the impetus of the green initiative to all their constituents. It states: *Provide New & Profitable Business for our Customers through Sustainable Energy Savings.*

Mission statement in hand, the team then began to implement programs. There were four primary components to Riley's green initiative:

- **Have a consistent message** — Each year the Riley Green Team creates an environmental theme that is promoted to all of their key constituents. The theme is unveiled each March at a customer appreciation event and included in all company collateral distributed over the following 12 months. "Our goal was to create a unified voice with our customers and employees that promoted the benefits of going green," said controller Deb Ott.

- **Build a foundation** — Another key to success for the team was to lay a foundation of growth by working with customers who were "ready and willing" to support environmentally friendly and cost efficient buildings (the early adopters). They worked closely with these customers to optimize their product line and educate them on how to up-sell green products.

The goal for Riley Sales was to create a win for all parties — Riley Sales would achieve higher sales and profits, the contractor would make a higher margin, and the consumer enjoyed a healthier, more cost efficient environment. The Riley sales team was also able to leverage the early adopters to expand its customer base — they provided references that encouraged further growth.

- **Spread the word** — Riley Sales demonstrated its commitment to the green market through the use of different media outlets. They advertised on local radio, attended regional trade shows, and became active participants in many local organizations. A dedicated website was devoted to promoting their green position. In ad-

dition, marketing collateral and training material were developed for use in each of the branch locations.

The Riley Green Team spent time with leading manufacturers including Florida Heat Pump, Viessmann and Frigidaire to help them improve the energy efficiency of their lines. By working closely with these manufacturers Riley was able to enhance their expertise and position in the market.

- **Be green inside and out** — To be successful in the market, the Riley Green Team placed a priority on supporting green initiatives both internally and externally.

According to Mike Riley, "You can't just talk the talk; you have to walk the walk."

This total commitment to being a green business included recycling materials from paper to metal, using green cleaning supplies and making sure the equipment that operated their building (lights, thermostats and boilers) were energy efficient. They also moved their fleet to fuel efficient vehicles.

The paper challenge

An important initiative for Riley was going paperless. The company encouraged employees to print less and look for ways to automate processes. A specific area of opportunity was the paper-intensive bill delivery process. "One of the key areas of success for the Riley Green Team was moving our billing to an out-source provider with expertise in driving more electronic billing," said Ott. "We're now sending almost half of our invoices electronically."

Besides the savings from purchasing less paper, e-billing is much more cost effective and efficient than mailing invoices and statements. Mike Riley added, "Electronic billing was a big win. We were able to significantly reduce our bill delivery costs while supporting our green positioning. Further, our customers who started using e-billing actually thanked us for getting them their bills faster."

Measuring success

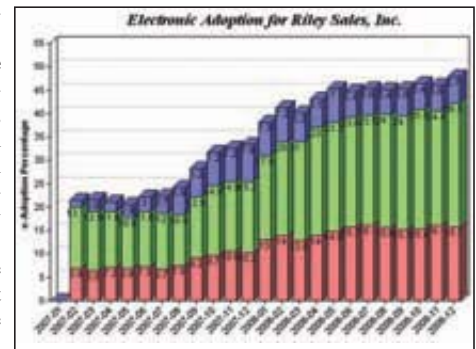
For Riley Sales, going green has been an unqualified success. "Our green product line has contributed to our success despite the challenges we face in today's economic climate,"

said Mike Riley.

Riley Sales suggests several benchmarks for measuring a distributor's green success:

- Percent of customers who have adopted green products
- Percent of sales coming from a green product line
- Profit contribution of green products.

In today's tough economy, Riley Sales is seeing more contractors than ever recognize the importance of understanding new technologies and how to sell them. They are working



Riley Sales is serious about its commitment to electronic commerce, as this graph shows with a two-fold increase during 2007 through 2008.

closely with these contractors to help them up-sell environmentally friendly products.

Riley believes they are well positioned to capture an increasing share of the growth in the green market. They continue to place a priority on positioning their green programs to benefit all constituents including manufacturers, distributors, contractors and end users. "Making sure our programs will provide tangible benefits throughout the value chain will be a key to our ongoing success in driving adoption," said Debbie Riley.

Riley Sales also believes the new administration will accelerate adoption of environmental products. They have already made a commitment to update federal buildings to improve efficiency as well as tax incentives on high efficiency HVAC comfort products. Riley Sales expects initiatives that support green programs to become more prevalent in the future.

Another priority for Riley Sales is to continue to go "paperless" through growth in electronic billing, and begin to allow their customers to pay them online. They plan to work closely with their billing partner Billtrust to drive adoption in this area. Riley Sales' green theme for 2009 is *Get in the Game*. Their goal is to work closer with their customers than ever to help them succeed both economically and environmentally. ■

For more information, visit www.billtrust.com.