

# Evolving Market Requires Adjusting Business Practices to Excel

*Michigan marketer finds opportunity even when the economy gets tough.*

Even though the housing market in the state of Michigan is at its lowest point in nearly two decades, the state still ranks No. 1 in overall propane consumption in the U.S. according to Propane Education & Research Council data. While this slowdown in new and existing home sales may be a source of frustration for some propane marketers, Excel Propane's Wayne Kohley sees at it as an opportunity.

"I feel that even with the current economic slowdown Michigan is currently experiencing, it's a good market overall," said Kohley, president of the Fruitport-based company. "Propane sales in most states have been stagnant recently because of warmer winters and more energy-efficient appliances. As a propane marketer, if you have the same customer base you did 20 years ago, then you are going to be selling fewer gallons than you did 20 years ago. That's almost a certainty. However, I still feel that Michigan is a good market and a good state to do business in."

Differentiating itself from competitors, both other propane marketers and electric utilities, is how Excel Propane stands out.

To help meet its customer service goals, Excel created a customer promise that states, "We'll be there when you need us." When customers call, they receive prompt attention to their needs. Also, if a call comes in after business hours, the customer will still get a timely response. In other words, Kohley never wants his customers to feel like the company is on call only during business hours.

In addition to its promise of timely, around-the-clock account management, Excel also offers its customers

an array of other services.

"We constantly strive to mold Excel Propane into the kind of company that customers want to do business with," said Kohley. "We offer our customers benefits that they either should want, will want, or our competitor doesn't offer. What more can we do for our customer that we don't already do?"

Over the years, this expanded range of service options has grown to include underground tank installation; a price-cap program, which has been offered since 1997 and expanded to provide 12-month price protection; wireless tank monitoring; and a budget payment option that automatically debits a customer's savings or checking account.

"That's how we differentiate our-



elves," said Kohley. "We try to come up with benefits that make it easier for our customers to do business with us, along with taking the price volatility out of the propane for them."

## Properly Equipped

To keep its promise to customers, a company needs to have equipment that works and is reliable, especially in Michigan's harsh winters. In addition, to be successful, the company must be efficient, all of which prompted Excel Propane to undertake a two-decades-plus series of equipment and supply upgrades and additions. Starting with three 1,000-gal. tanks at the Fruitport

location in 1980, Excel currently has a 30,000-gal. tank at Fruitport, four 30,000-gal. tanks in Fremont, two 30,000-gal. tanks in Hart, and a 30,000-gal. tank in Newaygo. The company also has a rolling fleet of 10 bobtail trucks, none older than 1999 models.

"Our trucks need to be dependable, our computer systems need to be dependable, and our pumping systems need to be dependable," said Kohley. "For example, on our bobtails, since day one—the first bobtail we bought back in 1982—had a Blackmer pump on it, and every one since has had one too. We've had good service from the pumps and they've performed well for us."

Having reliable equipment also helps ensure on-time deliveries, a must for customer satisfaction. In making crucial equipment decisions, Kohley turns to those who know best: his suppliers and distributors.

"I lean heavily on the expertise of my truck supplier and equipment distributor for my bobtails and bulk plants. They see many more trucks and operations than I do," said Kohley.

The choice of pump can be one of the most critical decisions for a propane marketer. If one of its pumps goes down,

it could affect Excel Propane's ability to be there when its customers need them.

"In our market, what's recommended and used heavily for pumps on bobtails and at the bulk plants are the Blackmer pumps. We've had good luck with them. During our busy winter months we just don't have pump problems, so there's been no reason for us to look at other pumps to see if we'd get better service or performance because we're very happy with Blackmer," said Kohley.

Excel Propane is equipped with 2- and 3-in. LGLD sliding vane pumps at its bulk plants, 3-in. TLGLF sliding

vane pumps on its bobtails, and 1½-in. LGL pumps for bottle filling. Kohley has found that using two pumps at the bulk plants for loading bobtails has significantly cut down the time it takes to load a bobtail between deliveries.

“The reason we have the two 3-in. pumps at the Fremont location is because we found that having two pumps decreased bobtail-loading time by about 50%. Instead of 20 to 25 minutes to load a bobtail, you’re talking 10 to 15 minutes. In the wintertime, that reduction in time can be very helpful,” said Kohley.

### **Business Roots**

Excel Propane has been doing business in the Michigan market since 1950. Kohley started in the propane business in 1976, delivering 100-lb cylinders for a small 300-account Skelgas cylinder franchise that his father purchased.

“Skelgas used to be very popular and have 100-lb cylinder franchises all around. At that point, I was working half a day with propane and the other half in my father’s Culligan water franchise,” said Kohley. “Then in 1980, another small 100-lb cylinder franchise, based in Fruitport, became available and was purchased. That second purchase made propane a full-time job for me, along with three other employees.”

Over the next 27 years, Kohley has grown Excel Propane into a highly successful, full-service propane marketer that services customers throughout Western Michigan, including Kent, Mecosta, Montcalm, Muskegon, Oceana, Newaygo, Ottawa, and Mason counties. Today, the company employs 19 people. In addition to its headquarters in Fruitport, it opened a second location in Fremont in 1994, a third in Hart in 2000 and, in 2004, a satellite office in Newaygo, all in Western

Michigan.

“The main market we serve is the residential home heating market,” said Kohley. “That, by far, is the bread and butter of our business, and of most propane marketers. The home heating market comprises 90% of our business. We also service some agricultural and commercial/industrial customers, but the residential [sector] has the most growth opportunity in the future.”

Kohley has little idle time. A firm believer of continuing his education and networking, he is active in both the National Propane Gas Association (NPGA) and the Michigan Propane Gas Association. Kohley currently serves as an NPGA director at-large and is a member of its Marketers Management Forum, which he says provides a huge benefit to marketers “by helping improve the way we operate our business.” At the state level, he is first vice president. —Ann Rey

## ***Trucking News...***

### **Officials Across Nation Busy Signing HOS Exemptions**

Propane marketers in a spate of states stretching from Arizona eastward to Pennsylvania and New York had been granted hours-of-service (HOS) exemptions as of press time due to entrenched cold air and heavy snow. A number of exemptions were announced previously (*BPN*, February, p. 9).

The New York Propane Gas Association reported it had received a waiver through Feb. 14 and that a further extension seemed imminent as a weather emergency had been declared in the central and western areas of the state.

A strike against the Canadian National Railroad was creating problems in Northeastern states by mid-February and putting pressure on transport drivers.

Across the Midwest and East Coast, HOS exemptions were announced by a number of states—Minnesota, Ohio, Illinois, Virginia, West Virginia, Pennsylvania, Delaware, and Maryland—because of continued bad weather.

The Missouri Department of Transportation for the fourth time during this winter exempted commercial motor vehicles and drivers engaged in interstate or intrastate transport of heating fuel in support of emergency relief efforts from Feb. 5 to Feb. 14.

On Dec. 30, 2006, New Mexico Gov. Bill Richardson signed an executive order suspending HOS requirements for the delivery of essential goods and services and utilities, covering several counties, which was to

remain in effect until rescinded by the governor.

Several other states, including California, Arizona, Texas, and Indiana, had already put in place a second HOS exemption or were expected to announce it as of press time.

### **PERC OKs Study of Propane to Replace Gasoline for Fleets**

In early February, the Propane Education & Research Council (PERC) met via an hour-long conference call to announce a research grant to analyze propane’s potential to replace gasoline in various fleet vehicles. The council also received an update on the 2007 consumer education and advertising plan, as well as approved funding to support the Find a Propane Retailer program.

A presidential grant has been awarded to Energy and Environmental Analysis Inc., an ICF International company, to analyze propane’s potential to displace conventional fuels in the fleet markets, with a focus on light- and medium-duty trucks. The research project is in response to President Bush’s call in his State of the Union address to reduce gasoline consumption by 20% over the next 10 years.

“This is a dynamic time in the energy business, and propane has a significant role to play in the President’s call to reduce dependence on gasoline,” said PERC President and CEO Roy Willis. “The results of the research will be shared with government agencies to help them develop strategies toward this goal.”