



Cambridge-Lee Industries:

Manufacturing Excellence Rooted in Service



Cambridge-Lee's extensive distribution center inventory.

Cambridge-Lee started in Massachusetts as a small distributor that served the plumbing industry. Over the years, it grew into one of the largest international distributors of copper, with sales offices around the world. Its reputation was well-known, and customers swore by their service and enjoyed close relationships with the

sales staff. The company headquarters are now in Reading, PA.



"Welcome."



“I think we have the best fill rates in the industry, based on the comments that we get from the customers. We daily check fill rates to make sure that we’re as full as possible...”

—Ed Kerins, vice president of Sales and Distribution

With such strong roots in the industry, it became attractive to Industrias Unidas S.A. de CV (IUSA), one of Mexico’s largest conglomerates. They purchased Cambridge-Lee in 1993. IUSA has a state-of-the-art copper refinery and tube mill in Pasteje, Mexico.

Three years later, Cambridge-Lee purchased Reading Tube Corp., a major U.S. producer of copper tube. Suddenly, Cambridge-Lee was one of the world’s leaders in the manufacture and distribution of copper tube for water supply, air conditioning, refrigeration and a variety of commercial applications. The company has three divisions: Standard Products, Industrial Metal Products and Commercial Products.

Although it is now a giant in the manufacturing of copper tube, Ed Kerins, the vice president of Sales and Distribution for Cambridge-Lee, says it retains the heart of a service organization. “We still consider service to be our most important thing,” he says. “That’s where we came from, and that’s still what we do.”

Many Cambridge-Lee employees have been with the company since well before IUSA acquired it. Kerins himself has worked there for 34 years, and he has a salesperson who has 41 years of service. That speaks to the long-standing relationships that Cambridge-Lee employees have built with their customers. Kerins lists the three most important attributes that his people bring to the table. “It’s the service, the fill rates and the relationships that our people have with our customers.”

After all, copper tube is not a complicated product, Kerins acknowledges. A plumber who walks into a supply house is not going to necessarily ask for a Cambridge-Lee product. He wants a half-inch copper rod, and that’s what he’ll get. To him, it doesn’t matter if it’s from Cambridge-Lee or another man-

ufacturer. And that’s what makes the manufacturer-wholesaler relationship so important – they want distributors to have Cambridge-Lee top-of-mind when they’re ready to place an order for copper tube.

Cambridge-Lee works closely with its customers to ensure that they get their orders complete and on time. This is especially important at a time when copper sales are declining. A sluggish housing market, rising copper prices worldwide and the popularity of plastic tubing are the major contributors to this downward trend for copper tube. Between 2005 and 2007, the industry shipment of copper tubing declined 40 percent.

“All of the copper mills have been challenged,” Kerins says. “We’re running fewer shifts, lowering production levels and hiring fewer people. The challenge is to keep costs competitive.”

Cambridge-Lee products are produced both in Pasteje, Mexico, and Reading at state-of-the-art tube-production facilities. Having duplicate manufacturing capabilities from casting through finished tube production

provides insurance against unforeseen supply interruptions.

Wholesalers are keeping less inventory of copper tubing, so when they place an order, they usually need it right away. Wholesalers today place smaller and more frequent orders, Kerins says. Despite the challenges that come with filling smaller orders, Cambridge-Lee has utilized SAP software since 1999, integrating into production to help ensure the shipping of balanced loads, which creates greater efficiencies for the company. “It was a major investment by our parent company, and it’s been very helpful to us,” Kerins says of SAP.

“I think we have the best fill rates in the industry, based on the comments that we get from the customers,” Kerins says. “We daily check fill rates to make sure that we’re as full as possible, even with the industry being slow.”

While the cost of copper has become an issue, Kerins says the long-standing relationships that their salespeople have cultivated with customers make this less of a concern. If a wholesaler wants copper tube, they can be certain that Cambridge-Lee will give them the best possible price. “They have faith and trust, knowing that we’ll give them a competitive price,” Kerins says. “There’s the trust that we will keep them competitive and they keep coming back. Some of the salespeople are now selling copper tube to the second generation of customers,” he says.

The Cambridge-Lee sales organization is lean, with about 30 people

Cambridge-Lee Industries, LLC, at a Glance	
Vice President (Management Team):	Ed Kerins, vice president of Sales and Distribution Dave Zellers, national sales manager – Plumbing Tube Jim Killilea, national sales manager – Linesets Rick Wiley, southeast regional manager John Melendez, western regional manager
Headquarters:	Reading, PA
Operations:	Reading, PA Pasteje, Mexico
Major Product Lines:	Copper Tube – Linesets, Refrigeration Tube, ACR/OXY Tube, Plumbing Water Tube
Website:	www.camlee.com
Year Founded:	1963



around the country. While Kerins is at the company's headquarters in Reading, his national sales manager is in Boston, and his regional sales managers are in Atlanta and Fullerton, CA.

Because the salespeople and sales reps have been with the company for so long and know the industry so well, they are empowered to make decisions that in another company might have to go through three or four layers of corporate bureaucracy. If there are sticky issues on pricing, a salesperson can make one call to a regional sales manager or the national sales manager. "They can call us and get an answer right away. We may have to say no, but at least our customers get an answer," Kerins says.

In addition to regular visits with customers, Cambridge-Lee maintains an active presence at meetings of wholesale distributor buying groups. The growth of buying groups, particularly on the HVACR side, has become important to the company, and its salespeople work hard to earn the loyalty of its members, Kerins says. "We see our buying group customers regularly, and that works out well." Cambridge-Lee is also a member of HARDI.

The wholesaler distributor market for copper tube is fairly saturated, Kerins notes, so the sales staff does little in the way of prospecting for new customers. The Midwest and the Northeast regions of the country remain strong markets for copper tube, while states like Florida are pretty much entirely plastic. California, which had banned plastic tubes, is "going plastic," accord-



The Spinner Block machine plays an important role in the production process.

ing to Kerins, despite the opposition of the plumbers and pipe-fitters unions.

Cambridge-Lee also maintains a lean and efficient distribution operation, a far cry from the way Cambridge-Lee used to operate. The company once operated 10 warehouses around the country. The acquisition of Reading Tube added nine additional warehouses.

Since then, however, the company has created three large-scale distribution centers strategically located around the country: Reading, PA; Laredo, TX; and Fullerton, CA. "We can reach any part of the country within two days," Kerins notes of the three facilities.

More than 70 percent of new residential construction uses plastic tube for plumbing and other applications, while the commercial industry markets continue to use copper. Kerins expects little change in these numbers. "We're being realistic about the volume." Plumbing continues to be the chief application of copper tube with HVACR systems as the second-largest application, according to the Copper Development Association (CDA), the copper industry's trade group. The fastest-growing use of copper tube is in fire sprinkler systems and fuel gas distribution systems, according to the CDA.

In its marketing and advertising, Cambridge-Lee touts the benefits of

Best Practice

Definition and Example: Commitment to Customer Service.

Significance: Allows our customers to maintain a positive comfort level with Cambridge-Lee, knowing that our commitment to servicing their requirements will be satisfactory.

Benefits: Customers know what to expect when dealing with us, allowing for strong customer relationships that are valuable in our industry.

People involved: Manufacturing, distribution and sales personnel are all actively involved in communicating with each other to support the inventories needed that will meet our customer's requirements.

Other considerations: Our sales team is responsible for maintaining our long-standing relationships and resolving issues with our customers in a timely manner.



MANUFACTURER'S SPOTLIGHT

its service and products. It relies on the CDA (www.copper.org), of which it is a member, to play up the benefits of copper tubes as the most reliable and cost-effective option for plumbing and HVACR systems.

Unsurpassed customer satisfaction has been the goal of Cambridge-Lee since it began as a small wholesale distributor in 1995. Even today as a global manufacturer of copper tubes, service excellence and product quality remain foremost in the minds of its people. As you look at their entire operation – manufacturing, marketing and distribution – Cambridge-Lee is the single source for copper tubing excellence.



Michael Maynard is a business writer in Providence, RI, who writes on issues related to HVACR, construction and architecture. Contact him at michael.maynard@lycos.com.



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