

THE WHOLESALER®

News of Plumbing • Heating • Cooling • Industrial Piping Distribution

Q&A with Jill Brock Hurd

ALL-TEX PIPE & SUPPLY
Since 1973

BY MORRIS R. BESCHLOSS

PVF and economic analyst

Dallas-based All-Tex Pipe & Supply reflects all the values of an independent, privately held PVF-dedicated distributor.

Founded in 1973 by Jim Brock, a former top executive with American Standard's Amstan Supply Division, All-Tex was committed to pipe-valve-fittings from the start. Supported by his wife Rosie, who handled the finances, Brock built his original customer base on local mechanical contractors whom he had gotten to know while with Amstan.

Two of their original employees, Mike and Sonny Coltharp, continued as mainstays for the company until Sonny retired in 2002. Mike still serves as senior vice president-sales to this day.

Tragically, Jim Brock died only four years after the company was founded, succumbing to terminal cancer. Rosie, who became the chairman and sole owner, rejected the idea of disbanding, and together with Sonny and Mike, put the business on solid footing. She retired in 1998.

Daughter Jill, a Texas Tech graduate, continued studying law at Southern Methodist University until she decided to join the company in 1983. Jill proved her mettle in quick time, attending plumbing classes while learning all phases of the business, including the on-hand knowledge of warehousing.

Her decision to join All-Tex coincided with the Dallas-Fort Worth economic recovery. While greatly expanding the company's customer base, she also strategized its growth, focusing on the accelerating construction climate of the area. She upgraded All-Tex's back office and technology, relocated to a larger property and hired necessary personnel to keep pace with expansion.

Continuing to maintain its product offerings within the PVF context, All-Tex boosted its revenues by acquiring Mesquite-based Utilities Industrial in 1999, which specialized in the high-tech sub-sector, and Fort Worth-based Southwest Pipe in 2000. The latter provided 24,500 square feet of office and warehouse space on four acres, which complemented the Dallas All-Tex warehouse/office complex of 30,000 square feet on three acres. This valued addition also extended All-Tex's marketing reach. The combined inventory base has allowed All-Tex to



expand throughout the North and Central Texas markets.

All-Tex's outstanding list of vendors are reflective of the superb offering that this stellar distributor avails its customers. Among its primary vendors who amply supply \$7 million inventory are Anvil, Charlotte, Conbraco, Merfish, Mueller Streamline, Nibco, Tyler Pipe, Victaulic, Watts, Weldbend and Zurn.

All-Tex is also an active member of Affiliated Distributors' PVF Division, with Jill serving on its executive committee. The company received A-D's Excellence in Marketing award in 2000, Highest Overall Participation award in 2002 and 2003, and Best Annual Planning Process in 2005.

Under the dynamic direction of president/CEO Jill Brock Hurd, and her husband, Executive Vice President/CFO Dale Hurd, All-Tex is positioned for continued growth in the booming Texas market. To give us an up-to-date and incisive analysis of this outstanding PVF specialized distributor, we are privileged to offer this interview with Jill Hurd.

Beschloss: Jill, you and Dale should be congratulated for developing such a significant PVF distribution enterprise from your parents' heroic ground zero start in 1973. Without disclosing your revenues, could you give us an approximate range of annual revenues last year and the total number of employees?

Hurd: We have annual revenues of over \$40 million with 76 employees.

Beschloss: Your ongoing game plan seems to be a project in motion. Operating in one of the nation's most dynamic markets, are you prepared to capitalize on the obvious expansion that your customer base provides?

Hurd: Preparation has been the key factor to our success. We have continuously improved ourselves, our processes and our product offering to be ready for all opportunities. I take great pride in the diverse executive team we have assembled. Mike Coltharp, our senior vice president-sales, has made All-Tex his career for 31 years. Larry Caffey, our vice president-technology and human resources, was our internal bank auditor for several years before joining us 11 years ago. Brian Harrigan, our vice president-purchasing, came to us 10 years ago with a background in logistics. My husband, Dale, joined me six years ago after an 18-year career with Chase in corporate and energy lending.

We have the capacity for growth both corporately and individually, which is very exciting. In fact, we just hired Bob Arison, who was most recently vice president-sales of the Mechanical/ Industrial Division for Anvil International, to spearhead our expansion efforts. Bob brings 24 years of PVF-related sales, marketing and management expertise to us from both the distribution and manufacturing sides.

Beschloss: With pipe-valve-fittings your sole company product category, could you give us an approximate percentage breakdown between the respective market shares of commercial construction, industrial construction, mro and utilities.

Hurd: Nearly 85% of our business comes from the commercial mechanical construction segment, with roughly 8% coming from industrial/facilities applications. Our next biggest sector market is other wholesalers.

Beschloss: Your acquisitions so far seem remarkable, since they were obviously financed through your internal financial strength and borrowing leverage. In light of the large mergers precipitated by such industry giants as Ferguson, McJunkin and Hajoca, your internal expansion and development are very impressive. Are further acquisitions being contemplated?

Hurd: We are going to look at a wide array of opportunities and determine which ones make the most sense to pursue in the near term. We feel with the addition of Bob to our already strong management team, we can significantly accelerate our current double digit growth rates. We're not sure yet what form the growth will take, but given our track record, we're not averse to acquisitions when we find the right fit.

Beschloss: Since you have gained a justifiable reputation as an aggressive marketer, how big of an external sales force covers your market areas?

Hurd: We are proud that we have been able to attract such a highly experienced, knowledgeable sales force both inside and out. Our seven outside salesmen, who we call account managers, have 210 cumulative years in the industry, 125 with All-Tex or a company All-Tex acquired. We have 15 inside salespeople with 295 collective years in the industry, 128 with All-Tex. Our customer base of medium to large mechanical contractors depends heavily on their knowledge, which is the basis for developing continuous and deep relationships.

Beschloss: With the national plumbing-heating-cooling-piping industry experiencing a shift from residential construction to commercial and industrial projects, is this change being manifested in your areas of operation?

Hurd: Having never focused on the residential sector, it presents no change for us. We have always been “hedgehogs” focused on the commercial, mechanical PVF markets. This laser-type focus enables us to have the depth of inventory and expertise of knowledge that our customers depend on daily. It has given us our niche. Fortunately for us, it looks like it is this segment’s turn to lead the way after residential has led the way for so many years.

Beschloss: With mechanization, automation and upgrading becoming an ever-important factor in valving, and the use of actuators and operators more prevalent, are you getting involved in these higher valve technology applications?

Hurd: With industrial plants, mros and oems being such a small portion of our customer base, this hasn’t been a prevalent issue. When we acquired Southwest Pipe & Supply in 2000, they were a valve actuation center for several lines. We found it did not fit well with our “hedgehog” approach and disbanded that effort. Our employees involved in actuation went to work for a specialty house in town and now we source it from them when our customers need it. It has been a win-win for everyone.

Beschloss: With the national plumbing-heating-cooling-piping industry experiencing a shift from residential construction to commercial and industrial projects, is this change being manifested in your areas of operation?

Hurd: Having never focused on the residential sector, it presents no change for us. We have always been “hedgehogs” focused on the commercial, mechanical PVF markets. This laser-type focus enables us to have the depth of inventory and expertise of knowledge that our customers depend on daily. It has given us our niche. Fortunately for us, it looks like it is this segment’s turn to lead the way after residential has led the way for so many years.

Beschloss: With mechanization, automation and upgrading becoming an ever-important factor in valving, and the use of actuators and operators more prevalent, are you getting involved in these higher valve technology applications?

Hurd: With industrial plants, mros and oems being such a small portion of our customer base, this hasn’t been a prevalent issue. When we acquired Southwest Pipe & Supply in 2000, they were a valve actuation center for several lines. We found it did not fit well with our “hedgehog” approach and disbanded that effort. Our employees involved in actuation went to work for a specialty house in town and now we source it from them when our customers need it. It has been a win-win for everyone.

Beschloss: As a highly-regarded member of Affiliated Distributors, has this association been greatly beneficial to your business growth?

Hurd: We consider our joining a-d in 1999 as a milestone in our history. With such a talented group of people on our team at All-Tex, we must constantly find ways to challenge them and expose them to the “best.” A-d gives us that venue. Having received some awards through A-D gives everyone at All-Tex a great sense of pride. It reaffirms that we have “raised the bar” and met it!

Beschloss: You seem to have been able to avoid the floodtide of absorption by PVF distribution giants. Would you be prone to such a transaction if the offer were attractive enough?

Hurd: I guess in this world you learn to never say never, but that is not our game plan. We believe we have an excellent model to offer the mechanical and industrial marketplace, and we're looking to make a bigger impact by replicating that model elsewhere. We also think All-Tex, with its distinctive culture and management team, will be a strategic alternative for owners of similar businesses who are looking for an exit strategy apart from selling to one of the giants.

Beschloss: Your involvement in asa, its ipd, as well as a-d, indicate your strong commitment to overall industry participation. As a privately owned family business, has this active participation with fellow distributors proven beneficial to your overall objectives?

Hurd: As I stated earlier about A-D, we as entrepreneurs must continuously reinvent and improve ourselves — you can't do that sitting in your office. These associations introduce us to many new ideas and afford us the opportunity to learn from the best. The same is true with our local industry associations. We are active in all of them to support our customers and help develop ourselves. We also strive to give back to an industry that has blessed us considerably.

Beschloss: Are there other family members coming into All-Tex to carry on the outstanding achievements of its 33-year history?

Hurd: We only have one daughter who is going into her freshman year in high school in the fall. At this point in her life she is not overly keen on the PVF business! However, I must admit that I wasn't too keen on it myself as a teenager! We're still on the under side of 50, with lots of energy for

the business, so we think we have a few years to sort all of that out.

Beschloss: What end-use industries are generating the greatest impact on the growth of the central and north Texas area in which you operate?

Hurd: Over 80% of our volume comes from mechanical contractors, with less than 10% coming from industrial and facilities work. The mechanicals are participating in the construction of hospitals, schools, office buildings, hotels and high rise condominiums. As you are aware, the most recent building movement is for "mixed-use facilities" where retail, office, hotel and residential are being constructed in one building. The DFW Airport expansion was significant in the 2003-2005 time horizon, and the new TI plant and affiliated construction was significant in 2005/early 2006. Within the next six months, the new Cowboys stadium and an adjacent mixed-use development are expected to provide significant opportunities for us. There are a lot of cranes in the sky — and we love it!

ALL-TEX **PIPE & SUPPLY**
Since 1973