

SPRING 2009

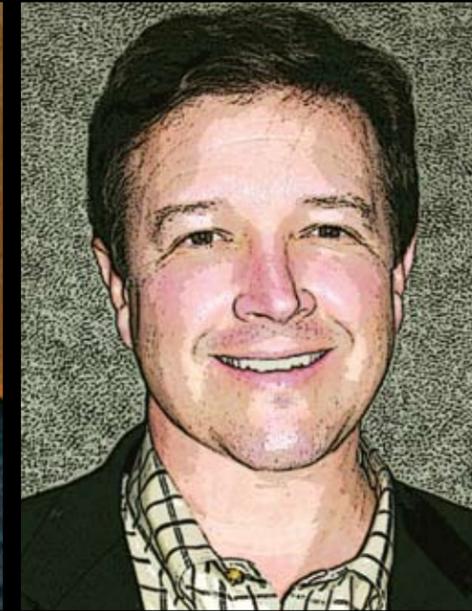
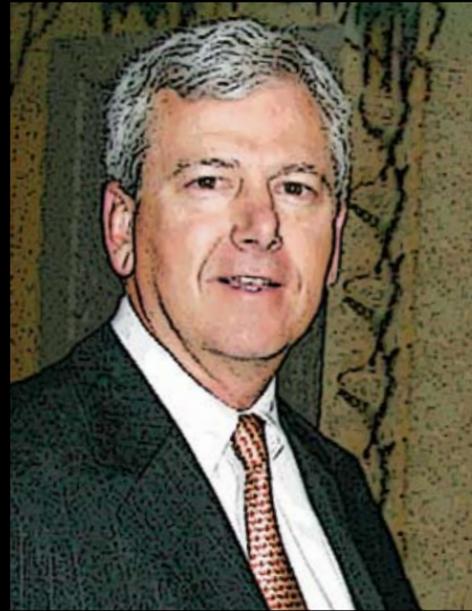
ONEAL NEWS

**SMOOTH
TRANSITION
IN ROUGH TIMES**
FROM ONE PRESIDENT TO ANOTHER

ALSO INSIDE...
WILSON DISTRICT,
BELT BUCKLE AWARDS, AND MORE

At the beginning of this year, Bill Jones and Holman Head both assumed new responsibilities at the company they've devoted themselves to for the past three decades. Bill took on the role of Vice Chairman of O'Neal Industries, the umbrella organization for

all the O'Neal companies. And Holman stepped up to the position of President and CEO of O'Neal Steel. While the re-alignment was thoughtfully and strategically planned well in advance, it nevertheless came at an extremely challenging time in history.



LEADERS IN TRANSITION

It was the best of times, it was the worst of times. So goes the opening line of Charles Dickens' novel *A Tale of Two Cities*. Based on past and present economic conditions, you could apply those same words to the recent shift change in the president's office at O'Neal Steel. When **Bill Jones** was named President in 2000, he inherited an economy that had been booming, then suddenly nosedived, only to come roaring back in an unprecedented way. Then came the fourth-quarter crash of 2008 and the continuing downward spiral. So as **Holman Head** now takes over as President, he's met with the worst economic conditions

since The Great Depression. But, in recent conversations with *O'Neal News*, Bill and Holman both offered reasons for optimism. Of course, neither suggested that economic recovery would be fast or easy. They did, however, point to a number of positive steps that have been taken in recent years to help O'Neal weather the storm, as well as plans that are now being put into action to strengthen the company going forward – all with the full support of Chairman **Craft O'Neal**. Following are excerpts from that conversation, which also addressed the transition of responsibilities from one president to another.

ONN: Bill, how did the timing of this change in presidents come about?

BJ: It was really prompted by the development of O'Neal Industries and the two divisions we refer to as the Industrial Metals Group (IMG) and the High-Performance Metals Group (HPMG). We created that organizational structure last year, after having rapidly grown from two companies (O'Neal Steel and Metalwest) to nine (with the addition of Aerodyne Alloys, Leeco Steel, Supply Dynamics, TAD Metals,

Timberline Steel, TW Metals, and United Performance Metals). Having all the affiliates report to O'Neal Steel had become cumbersome. So putting all the companies under a broader umbrella – and then grouping them according to the type of business they do – made for a more manageable situation. But it also necessitated a re-alignment here in the corporate office. We all believe this is the best way to help each company reach its full potential, which will make O'Neal Industries even stronger as a whole.

There was also another reason for the timing: I have the honor of serving as Chair of the Metals Service Center Institute, our trade association, for the next two years. That's a commitment that we as a company made some time ago. It's a volunteer position, but it requires a substantial amount of time and travel, so it simply would not have been possible for me to maintain my day-to-day responsibilities in the office. As a result, Craft, Holman, and I have been planning the transition for more than a year.

ONN: What will you be doing as Vice Chairman of O'Neal Industries?

BJ: My primary responsibility will be overseeing the IMG companies collectively – helping them do more cooperative planning in areas such as purchasing, product development, and sharing of resources. That will make us more efficient; but we're also going to draw from the strengths of each company to offer the customer the most expertise, products, and services in the industry. There will be occasions when sales reps from different companies will call on customers together to demonstrate how working with O'Neal companies can uniquely benefit their operations and their bottom line. Much of my time will also be focused on identifying and developing opportunities for new business, as well as addressing various corporate issues here at O'Neal Steel.

ONN: Of your many accomplishments in nine years as O'Neal Steel's president, which ones have specifically put the company in a better position to deal with a protracted economic downturn?

BJ: Without a doubt, successfully completing the acquisitions of eight outstanding companies, with the help of CFO **Mary Valenta**, has been a real benefit to the organization. Each acquisition has been very different from the one-dimensional type of purchase that simply gives you more locations. To varying degrees, every company is a different type of business. And that's allowed us to diversify our products and our customer base. We're involved in markets now that

were completely foreign to us 10 years ago (including international sales). And because of our expanded expertise, we're finding new and innovative ways to work with customers that add even more value to their O'Neal relationship.

In addition to the acquisitions, I think our growth in non-ferrous products has been very helpful in developing new business – as has the addition of **John Campo** in the recently created position of Vice President of Sales & Marketing, thanks to his knowledge and experience in a wide variety of industries. Improvements at our districts have made us safer, more efficient, and better equipped to compete. And I'm particularly proud of the fact that, as large as we now are, we've managed to maintain the close relationship with our employees that O'Neal has always been known for. I think that gives us an inner-strength and cohesiveness that are very valuable, especially during times like these.

ONN: Holman, stepping in as president even under the best of circumstances would be daunting to most people. How do you feel the transition has gone so far?

HH: Bill and I actually started working on the transition about a year ago in order to make the change virtually seamless on the first of January. He and I have worked together continuously in various capacities since 1982, so knowing each other so well has been a real advantage in planning and preparation. Dealing with the economic situation, however, is more reactive. We've implemented lots of programs in recent years

that make good business sense, and we're continuing those. But we also have to be able to adapt to conditions as they evolve, so developing new strategies for dealing with a depressed market will be ongoing.

ONN: What's your current plan for dealing with this sagging economy?

HH: Our first priority is to make sure that we stay customer-focused and productive. We're one of very



Bill Jones

Born in Birmingham, Bill received his B.A. from the University of Virginia, majoring in psychology. After working four years for South Central Bell in commercial management, Bill joined O'Neal Steel in 1976. During the next 19 years, he worked in six different areas of the company. He started out in Inside Sales at the Birmingham District, moved to Outside Sales in Tupelo, Mississippi for the Jackson District, became District Manager at O'Neal-Memphis in 1981, and was named Manager of Marketing and Specialty Products in 1987. In 1990, he was promoted to Vice President, Birmingham District, then became the company's Executive Vice President in 1993. In September of 2000, he was named President and Chief Executive Officer of O'Neal Steel. In January of 2009, he became Vice Chairman of O'Neal Industries.

few companies that can offer customers practically everything they want from a single source, so we're already ideally positioned. We have to keep providing customers with quality, reliability, and value-added service. Operationally, we have to strive for even higher levels of efficiency. So the challenge is two-fold: reduce expenses and grow market share at the same time.

ONN: Talk about some of the ways to reduce expenses.

HH: I've always been an advocate of Lean manufacturing principles. Even in the best of times, eliminating waste and errors in the job place just makes sense. Anything you can do to be better organized and get more done in less time – while maintaining quality and safety – is generally a good thing. So you'll see as much or more emphasis on Lean at all of our district operations. The Birmingham District's report under "District News" in this issue is a good example of positive steps being taken to work smarter.

Concurrent with Lean programs, keeping safety as everyone's top priority will also boost productivity. We strive for zero accidents and injuries, first and foremost, because we care about each other. But, from a business point of view, lost-time accidents reduce our ability to get work done. We've introduced a steady stream of enhancements to O'Neal's safety program in the last several years, and I expect that to continue.

ONN: How do you grow market share when there's less business to go around?

HH: It's all about being aggressive. One of the things we're now doing is filling idle capacity with project work since many customers have reduced the size of their workforce. They can outsource work to O'Neal and increase their own production without increasing costs. By performing well and providing great value, we hope to turn many of those short-term projects into long-term accounts.

Seeking out customers in targeted industries who can benefit from an IMG or HPMG relationship also has tremendous potential. The combined expertise, products, services, and locations of several O'Neal companies working together for a customer with a variety of needs is very attractive and marketable. I should also add that there are some corporate programs, even in the face of

recession, that will remain sacred – such as O'Neal's sales and leadership training. Developing people to help them be the best they can be is always a worthwhile investment. Having the best people goes a long way toward increasing business.

ONN: Are there operational changes in the works?

HH: We've been moving toward more regionalization in the last few years. Instead of every district having the same products, equipment, and capabilities, we should find ways to support each other, share resources, reduce costs, and provide better value to customers. Obviously, that type of arrangement requires planning, communication, and cooperation. But I think we're motivated to make it work, and will be looking for opportunities.

We've also created a Leadership Team at O'Neal Steel that helps us flatten the management structure and make quicker decisions. The team is made up of our regional vice presidents and functional department heads. We're meeting monthly to review performance and prioritize initiatives. With this group, we have all the people – and diverse perspectives – needed to make most any decision.

ONN: How does it feel to be President and CEO of the company you've been with for nearly 30 years?

HH: I'm honored and humbled. I've learned a lot from the leaders I've worked for: **Jack Blackwell**, **Jim Wall**, **Max DeJonge**, **Bill Jones**, and most of all **Emmet O'Neal**. The O'Neal family has done a wonderful job of creating and sustaining a culture that is truly unique. When we say that this is a family-owned company, what we really mean is that it *is* a family. ☺



Holman Head

Originally from Montgomery, Alabama, Holman is a graduate of Washington & Lee University with a B.A. in economics. He began his career at Vulcan Materials Corporation, where he worked for two years in Outside Sales. He joined O'Neal Steel in 1980 in Inside Sales for the Birmingham District, then moved to Outside Sales at O'Neal-Memphis. In 1984, he returned to Birmingham to work in O'Neal's Marketing Department. Then in 1990, he was named Director of the Specialty Products Department. In 1994, Holman became District Manager of the Birmingham District, and the next year was promoted to Vice President of Purchasing and Product Development. In 2003, he was named Senior Vice President for the Southern Region, then Executive Vice President and Chief Operating Officer in 2006. In January of 2009, he became President and Chief Executive Officer of O'Neal Steel.