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A FAMILY BUSINESS

O'NEAL INDUSTRIES MAINTAINS ITS TRADITIONS THROUGH GENERATIONS OF GROWTH



service centers

“We turn out each piece of work and each contract the very best it can be done, and we are determined that it shall be satisfactory,” said O’Neal Steel founder Kirkman O’Neal in a 1926 interview with *The Birmingham News*. The company, headquartered in Birmingham, Ala., has seen rapid growth both in its business and its hometown, but it still stays true to Kirkman O’Neal’s vision of quality service. Today, under the O’Neal Industries’ umbrella is a diverse group of companies that make up the largest family-owned metal service center in the United States.

Kirkman O’Neal’s grandson, Craft O’Neal, is the current chairman of O’Neal Industries, and he says it’s difficult to maintain a small family-owned atmosphere as a company grows. However, by focusing on its customers and maintaining its entrepreneurial spirit, high performance expectations, respect for employees and continuous improvement, the company



A FAMILY ATMOSPHERE

has been able to keep “that family feel, that family tradition,” O’Neal says. “We not only have several generations of O’Neals that have worked for the company, but we have several employees that have had children and grandchildren that have worked at O’Neal over the years.”

The strength of the company’s founding principles “drives our decision-making,” says Bill Jones, vice chairman of O’Neal Industries. “The companies we consider for acquisition are judged by our values. First, we look for strategic acquisitions that can fill a long-term plan. We have to be in certain geographies or certain products or certain processes, so we look for that fit. We also look for successful companies that have good



“THE RELATIONSHIP BETWEEN THE O’NEAL COMPANIES IS TRULY ONE OF FAMILY.”

TOM KENNARD, UNITED PERFORMANCE METALS





Solid values and an entrepreneurial spirit are the foundation for **O'Neal Industries'** tradition of customer service

BY LAUREN DUENSING



Certified inspectors at O'Neal Manufacturing Services perform inspections using state-of-the-art equipment, ensuring the products meet customer requirements.

From left to right, O'Neal Industries' executive management includes Craft O'Neal, chairman; Mike Rowland, CFO; Bill Jones, vice chairman; and Holman Head, president and CEO of O'Neal Steel and executive vice president of O'Neal Industries.



A processing crew from United Performance Metals stands in the coil bay of the Hamilton, Ohio, facility.



A TW Metals employee operates an abrasive cutoff saw that processes aluminum extrusions.

management, good people, good reputations and similar values. The acquisitions that have been successful for us are the ones that have fit our values best.”

For one of its companies, TW Metals, O’Neal Industries’ “genuine respect for the employees and concern for their well-being,” has allowed the company “to achieve great things through its employees because they know at every level they are respected and their well-being is being looked after,” says Jack Elrod, president of TW Metals. In addition, he says O’Neal Industries’ support structure in areas such as finance, operations and HR “provides expertise and coaching that allows us to draw on the organization’s vast collective intelligence and experience in all areas. This is a force multiplier for TW and our sister companies.”

An expert focus

The O’Neal family of companies serves a variety of customers in all types of industries. The Industrial Metals Group includes O’Neal Steel, O’Neal Manufacturing Services, Leeco Steel, O’Neal Flat Rolled Metals, Iowa Laser and CHRG Metals; and the High Performance Metals Group encompasses Aerodyne Alloys, TW Metals, Supply Dynamics, United Performance Metals, Stainless Tubular Products, Plus Ten Stainless and Philip Comes.

Prior to the formation of O’Neal Industries as the holding company, “whenever we bought a company, we rolled them into O’Neal Steel,” says Holman Head, president and CEO of O’Neal Steel and executive vice president of O’Neal Industries. “In the late ‘90s when we bought Metalwest, which is a flat-rolled company, we realized the focus of Metalwest being in the flat-rolled business was more important than rolling them into O’Neal Steel. There was little value or leverage in combining those companies. So we went into a diversification of product strategy in the early 2000s. We bought companies and let them run as they were because they had a very clear focus on the products that they sold. That’s led to the structure that we have today.”

In the current model, companies can focus on their areas of expertise, which led to O’Neal Industries combining the efforts



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BILL JONES, O’NEAL INDUSTRIES

of TAD Metals and Metalwest. The combined entity of O’Neal Flat Rolled Metals began operating on Jan. 1, 2012. In addition, another new entity, O’Neal Manufacturing Services (OMS), was spun off

from O’Neal Steel in 2011.

“OMS focuses on complex manufacturing and high-volume metals processing services for large original equipment manufacturers, as opposed to stock distribution



An O’Neal Flat Rolled Metals employee bands slit coil at its Ogden, Utah, location.

“WE NOT ONLY HAVE SEVERAL GENERATIONS OF O’NEALS THAT HAVE WORKED FOR THE COMPANY, BUT WE HAVE SEVERAL EMPLOYEES THAT HAVE HAD CHILDREN AND GRANDCHILDREN THAT HAVE WORKED AT O’NEAL OVER THE YEARS.”

CRAFT O’NEAL, O’NEAL INDUSTRIES

and noncomplex processing services that are common to O’Neal Steel,” says Steve McCracken, president of O’Neal Manufacturing Services. “OMS was formed to provide better manufacturing focus and greater value for large OEMs who have developed a mature outsourcing strategy,” he continues. “In order to ensure a more narrow and heightened focus and to better capitalize on in-house manufacturing expertise, it made good sense to separate OMS; however, it was also important to bring along the core values that have made O’Neal such a long standing and successful company—like honesty and integrity, respect for employees and a customer-driven approach to the business. Several of the leaders in OMS have worked 25 years or more with O’Neal Steel, much of which was spent developing and nurturing the complex manufacturing business.”

After companies enter into the O’Neal fold, they find a wealth of resources at their disposal and an executive team who encourages growth. “They are very supportive of divisional independence and entrepreneurial spirit,” says Greg Chase, president of Aerodyne Alloys LLC. “We would never have had the growth without the support they have shown us. On an operational level, they are a much bigger company and have many more resources than what we would have independently. We have access to marketing, HR, accounting, risk assessment, safety and fi-

nance.”

It’s important for O’Neal Industries to ensure its operating companies can focus on their products and markets. “O’Neal has encouraged us to continue doing the things we do well,” says Tom Kennard, president of United Performance Metals. “They ask great questions; they learn our business but allow us to do our jobs and maintain the culture that has allowed us to be successful. They continually give us ideas and share best practices with our affiliates as an opportunity for continuous improvement at a pace we’re willing to support.”

The autonomy has been a “large contributor” to Leeco Steel’s growth, says Denton Nordhues, president and CEO. “However, while each affiliate operates independently, we have a strong working relationship among the various companies. We often share best practices and work together where it makes sense to win business and serve it in the most efficient way possible. In many instances, affiliate companies share warehousing facilities while still operating independently and focusing on different product offerings.”

“O’Neal is a company that thinks long-term and is investing with its customers in their future,” says Trevor Stansbury, president of Supply Dynamics, Loveland, Ohio. “This has been particularly important for Supply Dynamics and the sophisticated Web-based metals forecasting and fulfill-



Leeco Steel maintains one of the nation’s largest inventories of carbon, HSLA and alloy plate steel. It has distribution centers in both North and South America.

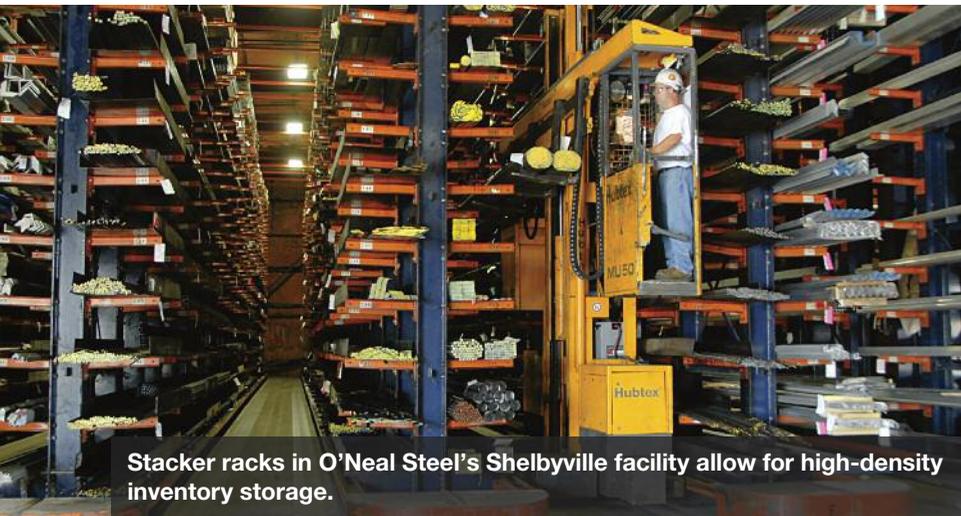
ment solutions we license. Our software essentially translates an original equipment manufacturer production forecast inclusive of parts bought from outside contract manufacturers into a detailed raw material forecast that is shared with distributors and mills in real time. It then enables the consolidated purchasing of raw materials and tracks the timely fulfillment of those orders, ensuring that raw materials are competitively priced and on time.

“Before we were acquired six years ago, we offered our software solutions to companies that were predominantly aerospace



The structural tube bay at O’Neal Steel’s Birmingham location ships and receives material 24 hours a day.





Stacker racks in O'Neal Steel's Shelbyville facility allow for high-density inventory storage.



TW Metals stocks and processes a wide variety of extruded aluminum tubing.

related," he continues. "Today, more than half our customers are in non-aerospace segments like heavy industry, automotive, appliance, medical, nuclear, and oil and gas. There is a lot of synergy between Supply Dynamics and our sister companies."

Working together

The company's culture of respect and common goals facilitates "information sharing throughout our organization, and that's very beneficial for both the customer and for us," O'Neal says.

"ONI has created a portfolio of companies that are encouraged and well-positioned to collaborate on products, markets from both an end user and geographical standpoint, at all levels of the organization," adds Ron Sardaro, president of O'Neal Flat-Rolled Metals.

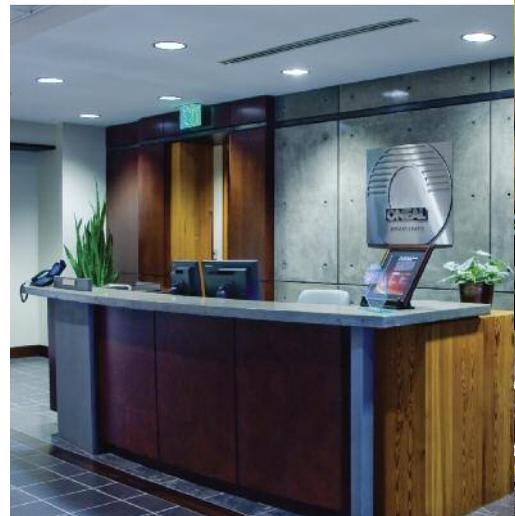
Companies within the O'Neal family are friendly and collaborative, Stansbury says. "Trust is such an essential ingredient in a company as large and diverse as O'Neal, and it's something that this company tries very hard to cultivate—not just with customers but in and among business units, as well."

Because O'Neal Industries is privately owned, if companies want to share operating expertise or work together, "there's not a lot of red tape to go through," says Shirley Fagan, director of communications for O'Neal Industries. "We can make decisions on how to give our customers the best service and the best products they can get," she notes. "While some of our companies' products are very specialized, at the end of the day, we're still selling a commodity product, so we have to look beyond just the products that we're selling and do our best to offer a total package so that a metals user would choose one of our companies."

The relationships among companies is "O'Neal's real competitive advantage," says Elrod. "Each company has a set of core competencies that is complementary to each other and when going to customers, allows the whole to be stronger than the sum of its parts. We work together at all levels to meet the customer's varying needs.

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TREVOR STANSBURY, SUPPLY DYNAMICS



O'Neal Industries is headquartered in Birmingham, Ala. The holding company moved its current location in 2011.

Each discipline within the various organizations meets with their counterparts on a regular basis to maximize each other's strengths and create synergies to continuously improve. We benchmark against each other, share successes and learn from each other through regular dialogue."

Ultimately, everyone in the company is focused on a long-term strategy, not a temporary change for next month or next quarter. "We can take a much longer view on investments, projects and initiatives than companies that have to please analysts every quarter. It's who we are and how we operate," Jones says.

"The relationship between the O'Neal companies is truly one of family," says Kennard. "We are a group of companies with closely related individual goals that work toward the success of the whole. This has created an atmosphere of sharing and camaraderie with the affiliates. One thing is clear: When ONI buys companies, they are looking for leadership that fits the family values and culture. With this comes a leadership that continually works for the good of the whole, and while we all strive to beat the others' metrics, not one of us would put the company ahead of making ONI successful." ■

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