

# United Central Industrial Supply Company

## 40 Years and Evolving

by Debra McCown

In 2014, United Central Industrial Supply will mark its 40th anniversary. As the biggest supplier to North America's mining industry, the company remains committed to its core mission, said President Henry Looney: growth, adaptation and unparalleled customer service.

"We've evolved and changed with the industry since our humble beginnings in 1974," Looney said. "To our customers, we're a partner as well as a supplier, and we remain committed to having the right solutions to help them succeed, even in a changing market."

Looney (below) said these solutions include constant improvements in efficiency, expansion of facilities, tailoring of inventories to meet specific markets, and regular introduction of new products, equipment and people to meet ever-changing demands. "We create value for customers," he said. "We support their operations in a timely and efficient manner. We're there with them daily, working with our manufacturing partners to lower their overall costs. We bring that, and more, to the table."



United Central was started in 1974 as division of United Coal Company. Over the years that followed, it grew with the creation of comprehensive supply programs and the purchase of other companies. It became an independent company in 1999 and, as the coal industry grew in the 2000's, United Central grew with it.

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Today, United Central continues to expand. Though it provides the benefits and mobility of a large organization, Looney said, it keeps the personal connections of a local supplier. After four decades of this approach, he said, United Central employs second- and even third-generation employees – and maintains a local staff at each of its 25 North American locations with a deep understanding of their region and industry. "Many have been raised in and around the coal industry, providing them with a lifelong perspective on the importance of their work," Looney said. "When you've spent a lifetime in the industry, you know how important each component is."

Some of the company's major vendors have also been doing business with United Central since the beginning. More than 2,000 vendors rely on United Central to service its customers with more than 70,000 distinct products in its general inventory, a list that spans consumables to production-related equipment, said Chris McClendon (right), vice president of materials management. With more than 600,000 square feet of warehouse space and a delivery fleet of more than 250 vehicles, he said, United Central is always ready to instantly respond to customer needs.

"The bottom line is service, and a just-in-time approach to support our customers with the daily materials they need," McClendon said. "When we examine our distribution model, we're constantly looking at the best amount and positioning of resources. We invest in equipment where we need to, whether that means improving support services, computer system upgrades, or branch



expansions. Whatever we need to do to support our customers, we're implementing it on a daily basis."

He said the company strives to live by its motto: "The Right Products. At the Right Place. With the Right Support."

In addition to the customer service model on which United Central is built, the company continues to expand by branching out into related industries and bringing in new products with potential mining applications. In 2012, United Central merged with GHX Industrial, a Houston-based supply company that primarily serves the natural gas and oil industries. Together, United Central and GHX are now under the umbrella of The United Distribution Group, which has 70 locations and is headed by Darrell Cole who now serves in both the roles of President & CEO of UDG as well as CEO of United Central.

Looney said the merger has expanded United Central's access to certain product groups and diversified its customer base. He said the company, which has historically grown through acquisitions, is continuing to look at opportunities to acquire companies that fit its strategic growth plan; he believes there remains significant room for expansion within United Central's North American footprint.

In addition to growing through acquisitions and new branches – like the new facility that just opened in the Powder River Basin – United Central will continue to leverage its resources and relationships with its vendors to develop new product offerings, he said, whether they are improvements upon existing products or state-of-the-art technologies with new applications in mining.

"One of the things that we have recognized from the mines is the need for us to source new products for them, and it's all about market demand and trying to create efficiencies," said Carl Mallory (right), Director of Marketing. "At the end of the day, one of our jobs as a mine supply company is to offer new products that are being developed and make them available to our customers. We're putting a fair amount of focus on that now, and the market seems to be responding very well."



Looney said United Central also plans to continue expansion of its service and repair business with a comprehensive "cradle-to-cradle" approach that sees the customer through the entire life of a product – and, with the work of a product management

team – helps to extend that product's life cycle. "If you can extend the useful life of a product," he said, "ultimately this will reduce our customers' costs."

While United Central's focus remains on coal, he said, the company is also diversifying to supply other mining concerns; though this makes up less than 10 percent of United Central's business, it's a growing segment.

After nearly 40 years in the mining supply business, said Looney, United Central is still committed as a long-term supplier that will stay with the industry through its ups and downs. Despite current industry challenges in the U.S., he said, coal will remain not only a significant part of the power generating fleet here but a critical resource as the rest of the world builds infrastructure and industry, striving to meet the needs of a global population that seeks to improve its quality of life.

"We think the coal industry is going to continue to change, and we believe that as those changes occur, our customers' needs will require us to adapt with them," Looney said. "As our customers expand and their footprint gets larger, the fact that we're able to standardize programs for them across all of their mining operations is a definite advantage to us and to them. They have a supplier that they can depend on to obtain quick resolution to issues as they arise."

Mallory said United Central's history, size and depth of resources allow the company to rapidly react to customers' needs as it continues to evolve.

"That's the reason United Central has been around so long: Our customers trust us to do what we say we're going to do, and we have a substantial history of fulfilling that, so I think that helps the customer have confidence in our ability to deliver," he said. "Over the course of this 40-year period of time, United Central has always been in a position to adapt to the needs of our customers, and that is what we continue to do today."

After 40 years providing important support to an ever-changing business, Looney said United Central is ready for the next 40.

"We have seen a number of cycles within the business," Looney said. "We will continue to work for our customers to create value for them through the focused effort of our UC team and their experience, our supplier partners, and the ability to invest in the resources required to meet customers' needs. Change will always be with us, and we will face these changes and build a better company through it. We are looking forward to the next 40 years."

