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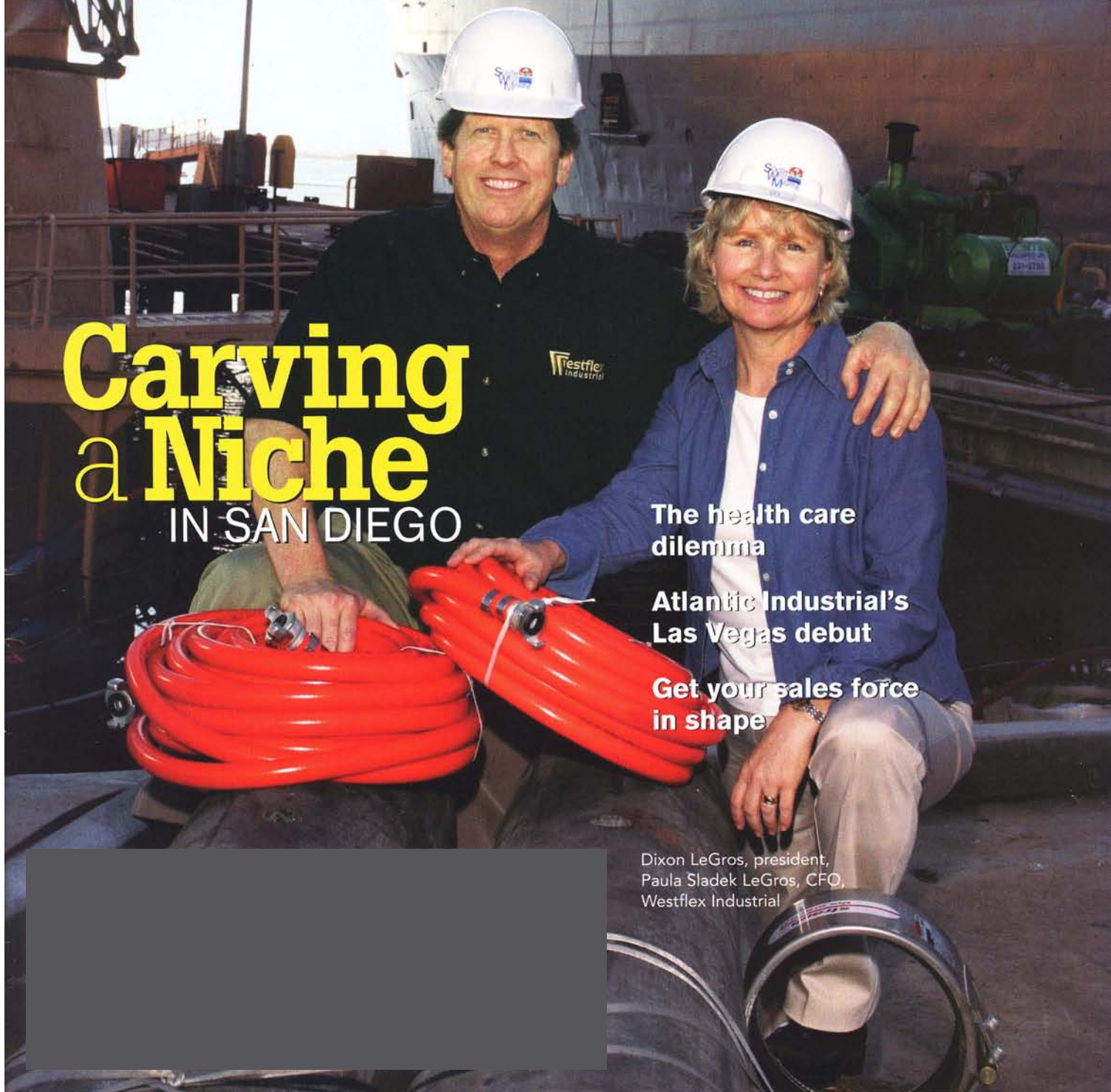
Carving a Niche IN SAN DIEGO

The health care
dilemma

Atlantic Industrial's
Las Vegas debut

Get your sales force
in shape

Dixon LeGros, president,
Paula Sladek LeGros, CFO,
Westflex Industrial





Dixon and Paula LeGros are always on the lookout for ways to grow their small hose and accessories distributorship.

James Amonovity

Expanding HORIZONS

Hose and accessories distributor Westflex Industrial has written a success story in the San Diego market by honing its niche, focusing on service and always being on the lookout for the next great opportunity

By Victoria Fraza Kickham,
Managing Editor

When Dixon LeGros became manager of Western Hose & Supply in 1979, he knew the company had potential. He was working for another hose distributorship at the time, but was approached by the owners of this fledgling company to take over the reins. He was the third manager they'd hired that year, but LeGros looked upon the task as an opportunity to make his mark in the industry and in the San Diego marketplace—an area tied to naval shipyards and known for its abundance of small businesses.

Sitting in a small conference room at his office in National City, Calif., LeGros recalls the early days, when his first task was to find the right place for his desk at Western Hose & Supply's original headquarters, just a few miles from its current location. The company had just two employees that year—LeGros and a jack-of-all-trades, whose prime responsibility was the warehouse. Once the desk was situated, the next task was for the two of them to travel to Phoenix for some meetings. Upon their return three days later, LeGros

COMPANY SNAPSHOT

Westflex Industrial

President: Dixon LeGros

Headquarters: National City, Calif.

Founded: 1979

2004 Sales: \$6.6 million

Employees: 25

Primary Products: Hose, gaskets and accessories

Territory: San Diego area

Web site: www.westflex.com

remembers that neither he nor his colleague had any messages. If there was any doubt before, there was certainty at this point: this venture would be a challenge.

Things have changed considerably for Western Hose & Supply, now known as Westflex Industrial. There's no shortage of customers these days, and the company has grown from a supplier of hose only to one focused on hose, gaskets, pipe clamps and couplings, as well as a number of value-added services that go along with them. In addition, employees number 25 today, and annual sales are more than \$6 million.

From day one, LeGros says he knew the company would have to expand its horizons to succeed, and he has not abandoned that philosophy. Whether it's special gasket-cutting equipment, a line of hard-to-find couplings sourced from overseas, or a new product area such as hydraulics, this small company is always on the lookout for something new that will add value to its offering and provide customers with better solutions.

"If you had just one product, I felt you were vulnerable," says LeGros, explaining the Westflex "expansion" philosophy. "We keep trying to invest in the business."

From products to solutions

Twenty years after taking the helm at Western Hose & Supply, LeGros took another big leap: he changed the company's name to Westflex Industrial. As he and his wife, company CFO Paula Sladek LeGros, explain, this name better reflects their mission to be "the flexible solutions company." That motto appears on their business cards, and is central to the LeGros' business philosophy.

"Problem solving—that's what we do," says LeGros, pointing to the items beyond industrial hose that the company offers, such as fire hose, concrete hose, gaskets, pipe clamps and couplings. Those products are complemented by services such as

kitting, on-site inspection, product assembly, gasket design, and others.

"We've tried to instill in employees...that every time there's a problem, it represents an opportunity," LeGros adds.

And that extends beyond the tactical, adds Paula LeGros. Westflex looks at every opportunity to "touch" the customer as an opportunity to provide good service and potentially solve a problem—even if it has to do with billing or credit and collections. Every interaction with a customer is viewed, in some way, as a sales call.

"Superior customer service—it's on everyone's job description," says Paula LeGros.

PASSING THE TORCH TO THE NEXT GENERATION

DIXON AND PAULA LEGROS have put their heart and soul into their family business, Westflex Industrial, headquartered just outside San Diego. Though they'll be running the hose and accessories distributorship as president and chief financial officer, respectively, for a quite a few more years, they often think about the future and the roles their sons may play in the business. It's a situation common to many family-owned companies.

Elliot LeGros, 20, and his brother Patrick, 19, work part-time at Westflex Industrial while studying full time at San Diego State University. And they've both expressed interest in joining the family firm full time someday. Though they agree the company represents a good opportunity for their children, Dixon and Paula don't want them to rush into any decisions just yet.

"You want what's best for them," says Paula. "And you also want them to find their own way."

Like many small-business owners, Dixon and Paula would like their sons to gain experience working somewhere else before settling down at Westflex. Gaining an outside perspective, they say, is valuable for the kids as well as the company.

"It's up to them," says Dixon. "Who knows what's really going to be their love and their passion? This is a good opportunity, but it has to be right."

John Moran, purchasing manager, new construction for National Steel and Shipbuilding Co., agrees with that assessment, calling Westflex "a valued partner." NASSCO, as its known, is a General Dynamics company and has been a Westflex customer for more than 25 years. Moran has worked with Westflex for the last six of those years, buying gaskets, couplings, and various assemblies for use in building commercial and government ships. Moran says he appreciates Westflex's efforts to sell solutions aimed at reducing overall costs.

"They employ a philosophy of value-added selling, seeking to sell complete solutions," says Moran, adding that as a result, "We're able to develop lower total-cost solutions."

Moran points to a few examples: Westflex developed a fire hose cabinet assembly and hydraulic hose assemblies that have shortened installation times and reduced the number of parts to be managed by NASSCO; they've also provided in-yard and on-board services during schedule-sensitive times under minimal supervision; and they've cut and delivered gaskets in as little as one working day to support NASSCO's schedules.

"They are persistent, responsive and effective in their support of NASSCO's evolving needs for quicker, better and more cost-effective fluid handling solutions," adds Moran. "Overall, they've been

great...They're a valued partner."

Westflex is so valued, in fact, that it was named NASSCO's 2002 Small Business of the Year.

Niche players

Serving customers such as NASSCO is a big part of Westflex's job, as San Diego is a marine community, home to naval and commercial shipyards and other seagoing business opportunities. The ship repair industry alone is a \$300 million business, says LeGros, so his company has

worked hard to cultivate relationships with those customers. LeGros is a past vice president and current board member of San Diego's Ship Repair Assn., which includes the likes of Northrop Grumman and General Dynamics. Westflex also serves small manufacturers in the region, and its territory extends from the San Diego coastline in the west, to the desert in the east, as far south as Mexico, and 100 miles north to Los Angeles.

Still, San Diego's limited industry base is a large part of the reason LeGros and his company are so focused on continually expanding its product and service offering. In the mid-1990s, for instance, Westflex began importing a special line of couplings from Switzerland that it now sells to customers nationwide. And just a few years

ago, the distributor invested in a high-tech gasket-cutting machine, imported from Norway, to step up its business in that area. Today, the LeGros' son Patrick uses a CAD program to custom-design gaskets, which are then cut on the Norwegian machine. Patrick, 19, and his brother Elliot, 20, are part-time employees at Westflex and full-time students at San Diego State University.

The next potential expansion area is hydraulics, says LeGros, noting that the company's five-year plan calls for the addition of more products and services.

The forward-thinking nature of this small company has its roots in the early days, when the firm was selling what LeGros calls "secondary" hose lines. He and his colleagues knew they'd have to work hard and "make some noise" in the marketplace to attract the high-quality lines needed to build a stronger company.

They began by focusing on service and networking in the local business community. They also joined NAHAD—The Assn. for Hose & Accessories Distribution in 1989. NAHAD is an international trade

group representing manufacturers and distributors of hose and related products, and the LeGros' say they've gotten much out of their membership—not the least of which is the chance to build relationships with the industry's most important players.

A focus on value

A turning point came in 1990 when Westflex landed the Goodyear hose line. This opened the door to new business opportunities and fit well with Westflex Industrial's "value" approach to doing business. As LeGros explains, Westflex is not the lowest-price provider in the marketplace. As a small distributor, you can't be, he says, noting that there is a benefit to the service and value his company provides. Obtaining a reputable brand like Goodyear helped prove that to customers.

Jack Romain, west region sales manager for Goodyear, remembers that turning point, too. Romain has worked with Westflex since 1990, and recalls that he was just as happy to have landed a solid distributor in the San Diego market.

"It was a mutual coming together of our companies," says Romain, who was Goodyear's marketing manager for hose products at the time. "We felt that they were the best distributor in San Diego for industrial hose, and we feel very strongly that we have the most complete line of hose in the marketplace, so it was a natural fit for both of us."

Another reason for that natural fit is the focus on relationships that is central to both businesses.

"We're very strong on building relationships with our distributors, and that goes a step further when the distributor builds the relationship with the customer—and that's a distinguishing factor in why Westflex does as well they do," Romain says.

Brad McDonald, sales manager for ZSi, a manufacturer of cushioned pipe clamps, agrees. McDonald has worked with Westflex since 1999, supplying the distributorship with ZSi's line of clamping systems, which are used for anti-vibration on pipe, tubing and hose. McDonald recalls a time when a Westflex customer was having a problem with a ZSi part at an out-of-state location. He remembers that LeGros was on the first flight out to the customer to help solve the problem himself.

"They're everything you want a distributor to be, both from a customer standpoint and a manufacturer standpoint," McDonald says. "If the customer shows a need, they find a way to [solve the problem] that makes it beneficial to the customer and to themselves.

"I cover the whole country and they're one of my favorite places to call on, because of my relationship with Dixon [LeGros]. I know they are going to give me their best and most honest effort."

Dixon and Paula LeGros say they have no plans to leave the business any time soon, so they'll be around to build on what they've already accomplished. They bought out their partners in 2003 and now own 100 percent of the company, and their sons have expressed an interest in running it someday. But no matter what the future holds, this small distributorship is proud of its accomplishments to date and looks forward to even better times ahead.

"Selling hose—there's a little bit of an art to it. You've got to be smart and listen and have good customer service skills," says Dixon LeGros, adding that Westflex tries not to lose sight of those objectives. "And we've done pretty well to get to \$6.6 million in this territory." ■