

THE WHOLESALE[®]

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• THE WHOLESALE[®] — NOVEMBER 2008

MASTER DISTRIBUTION



United Pipe & Steel Corp.
The Industry Leader in Pipe Products Distribution

United Pipe & Steel

Helping wholesalers weather today's turbulent economic climate

BY MARY JO MARTIN
Editorial director

In just the last six years, United Pipe & Steel Corp. has doubled its business. Serving 22 states in the eastern half of the U.S., United has grown to be one of the nation's leading master distributors of piping products.

The company continues to operate under a very simple and powerful business model that helps its customers in two specific ways:

- Companies that buy smaller quantities of product more frequently increase their cash flow by tying up less cash in inventory at any given time
- Because customers are buying what they need, when they need it, their exposure to price volatility is reduced.

United Pipe now operates four strategically located distribution centers — Franklin, Ind.; Elyria, Ohio; Easton, Pa.; and Ipswich, Mass. — that make daily runs with their own fleet of flat-bed trucks. In 2009, the company anticipates

opening two more distribution centers — one in the greater Chicago area and one in the Carolinas.

“In both of these territories, we have already found significant demand for our services, and have built up sizable customer bases with forward-thinking companies looking for a better return on their inventory investment,” said general manager Greg Leidner.

Founded by David Cohen in 1980, United Pipe got its start servicing New England's plumbing and heating wholesale community with less-than-truckload orders of steel pipe. In the mid 1980s, they added copper tube and PVC pipe to better service their customers' needs.

“We are currently one of the nation's leading distributors of all three of these lines for the plumbing and heating industry,” Leidner noted. “We also service the majority of PVF/industrial wholesalers in the markets we cover. To better service the needs of these wholesalers, we have invested heavily in our inventory of Plain End and Grooved s40 Grade

ERW steel pipe, s80 PVC and s80 CPVC.”

“Of course, through the years, we have also expanded our plastics inventory considerably to include a full line of SDR, S&D, ABS and Flow Guard Gold CPVC. You'll note that all of these items are volatile commodity products and they are costly for our customers to handle — this is why they turn to us.”

One-stop shopping

In recent years, United Pipe has become increasingly involved with the HVAC community, thanks to its expansion into linesets. It has allowed one-stop shopping for HVAC customers who had turned to United Pipe in the past for ACR/Refrigeration coils, SDR 21, s40 PVC and steel pipe, as they can now buy linesets as well.

“It's a nice commodity package that we offer, and with our low minimums for FFA, it's a compelling opportunity for anyone looking to improve their cash flow while lowering their market exposure,” Leidner remarked.

United Pipe provides one-stop shopping for its plumbing and heating wholesalers as well. “Commodity pipe products can account for upwards of 25% to 30% of a customer's overall spending,” Leidner said. “When they can put that material all together on one purchase order, and have the confidence that we will deliver it on time, all on one truck, without damage, and at competitive pricing, it's really a simple decision for them, once they've developed a level of trust in our service model. Typically, they develop this trust very soon after their first or second delivery.”

Currently, United Pipe stocks the following range of products:

- Steel pipe — Domestic & Canadian
- Copper water tube, copper linesets,



Copper tube is just part of United Pipe's range of product that includes steel, PVC, conduit and threaded rod in wide breadths of offerings.

and coated copper coils

- PVC pipe - s40, s80, S&D, SDR, Flowguard Gold CPVC, s80 CPVC, ABS, poly
- PVC conduit, metal conduit
- Strut, threaded rod.

The company's philosophy of diversification is proving extremely helpful in weathering the market fluctuations that can be devastating. “To some extent, it lowers our risk exposure to any one single product category or industry,” Leidner explained. “Seasonally, our diversification helps as well — when the HVAC customers start to slow down, it's typically right when the heating season picks up. Of course, we would all benefit from a more robust construction/building climate, but one advantage of the tough economy is that customers are scrutinizing their finances even more and many are finding that they can free up additional funds and lower their risk profile by buying pipe products through United Pipe & Steel.”

That diversification extends also to its customer base. Among United Pipe's primary customers are wholesalers in each of the following segments:

- Plumbing & heating
- PVF

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United Pipe operates four distribution centers in the upper East Coast and Midwest, making daily runs with their fleet of flat-beds, and has plans to open new distribution centers in the greater Chicago area and the Carolinas in 2009.

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United Pipe thrives in tough times by providing stand-out service to customers

- Industrial
- Waterworks
- Electrical.

Putting customers first

To best serve those customers, United Pipe is passionate about educating its employees. “All new employees go through an intense training curriculum in the product categories we sell, our target customers, industry trends and the competitive environment,” said Leidner. “But they also receive training in the financial benefits of how our business model helps customers. It’s important to us that all of our employees can articulate what we do, how we do it, and most importantly, how customers can improve their bottom line by purchasing their commodity pipe through us.”

Leidner is justifiably proud of the reputation that United Pipe has built in the marketplace.

“Customers tell us that what sets us



United Pipe stocks a full line of domestic and Canadian steel pipe. All its T&C is continuous weld so customers get high-quality pipe that threads easily and smoothly.

apart are:

- Our breadth of product, especially our steel pipe offering. We stock a full line of domestic and Canadian steel. All our T&C is continuous weld, and our customers value the high quality of our steel pipe. Ask anyone what they’d rather thread — an ERW product or a CW product — and you’ll have your answer. Even though the off-shore steel pipe

may be cheaper than what we offer, it’s one of those areas where you get what you pay for.

- Our model of service, service and more service. From the time of initial contact by our sales force, to the quotation process, the delivery, all the way through to our billing department, you’ll find that we out-service the competition every step of the way. Because for us,

it’s all about repeat business — this is not a one-time shot. And it’s important that our customers know how much they matter to United Pipe and Steel, every step of the way.

- Our operations. Our fill rates are second-to-none, helped by strong vendor relations and a dedicated warehouse crew. Also, our drivers (all United Pipe employees) are our face to the customers even more than our salespeople. I can’t even count the number of customers who have called and complimented our drivers on their politeness and help with unloading.”

Leidner noted that especially in today’s volatile economy, the smart buyer is the one who assumes the least amount of risk while maintaining high fill rates. As customers look for ways to improve their inventory turns, they often want to buy smaller loads of product more frequently, rather than a truckload scheduled further apart. United Pipe’s products and services allow its customers to lower their inventory holding cost while reducing their exposure to the dramatic spikes.

“It is for precisely this reason that our business model continues to expand, because we provide wholesalers with just-in-time inventory replenishment on their most volatile, high-cost items,” he said. “I welcome the opportunity to talk more with wholesalers about how we can help support their business.” ■

To learn more, e-mail Greg Leidner at gleidner@united-pipe.com or call him at 800/777-7473.

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