

F E A T U R E

SUPPLY-SIDE ECONOMICS

*There's a reason our annual ranking of private companies
is stock full of wholesalers and distributors of every stripe.*

By Ana McKenzie



*Charles Lingenfelter is CEO of Industrial
Distribution Group, No. 13 on the N.C. 100.*

As seen in the October 2011 issue of *BUSINESS NORTH CAROLINA* magazine.

Around midnight, the spring sky spawned a twister that tore through Belmont, a small town just across the Catawba River from Charlotte. It ripped an 82,000-square-foot warehouse in half, strewing structural steel and sheets of siding like shrapnel and soaking the ruins in rain. As he surveyed the damage that morning in 2008, CEO Charles Lingenfelter didn't know it would cost \$8 million to rebuild and restock the warehouse beside his company's headquarters. But he knew just how quickly the job could be done.

That's because Industrial Distribution Group Inc.'s business is supplying whatever a customer needs and knowing how to get it where it's needed, when it's needed. A distributor sees a hospital not only as a place doctors treat patients but also as thousands of light bulbs and miles of gauze. A ballpoint pen is not just a writing tool; it's plastic parts and ink shipped from all over the world. As business grows increasingly global, distributors of every stripe have become bigger players, as evidenced by their prevalence on Grant Thornton's North Carolina 100, the annual ranking of private companies based in the state that the accounting firm's Carolinas practice compiles for this magazine. For most of its 27-year history, manufacturers dominated the list. Since the mid-2000s, the wholesale-distribution category has been the largest sector in number of companies and in total revenue.

Though not the largest distributor on the list, IDG is moving up fast, leaping from 22nd last year — its first appearance in the ranking — to 13th this year. Some new contracts could move it into the top 10 by 2013. In March, the company won a bid to supply and manage all indirect material — anything utilized outside the production process — for the North American operations of Ingersoll-Rand PLC, the Dublin-based manufacturing conglomerate whose headquarters on this continent is just up the road in Davidson. There had been more than 2,000 suppliers. Now, there's one. "Everybody was bidding on that deal," Lingenfelter says.

But everybody is not IDG, which is not only a distributor but also what industry

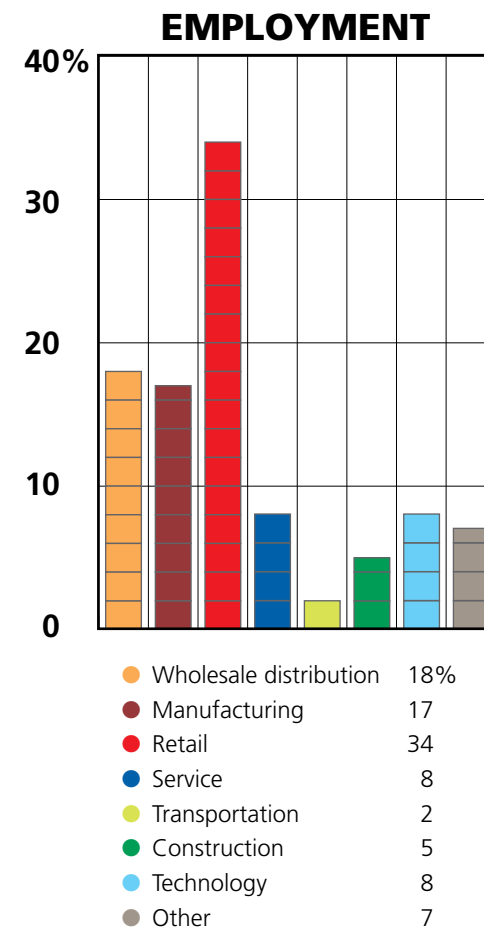
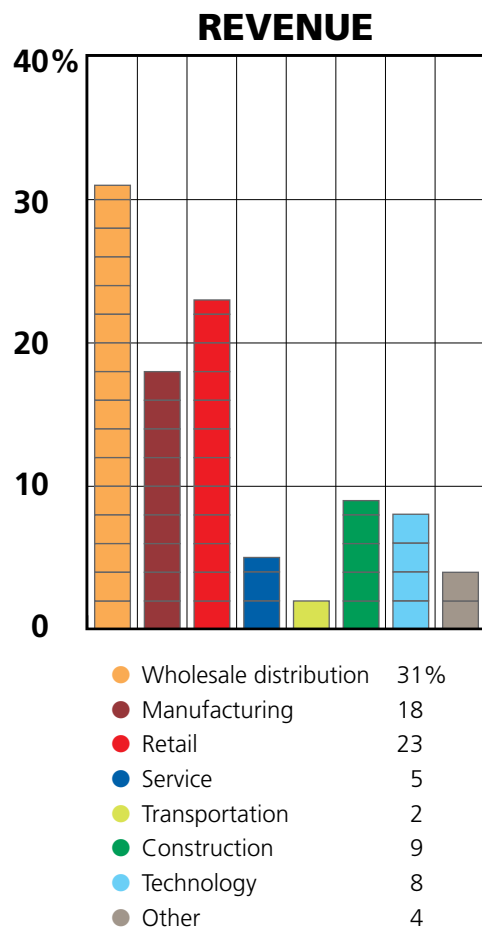
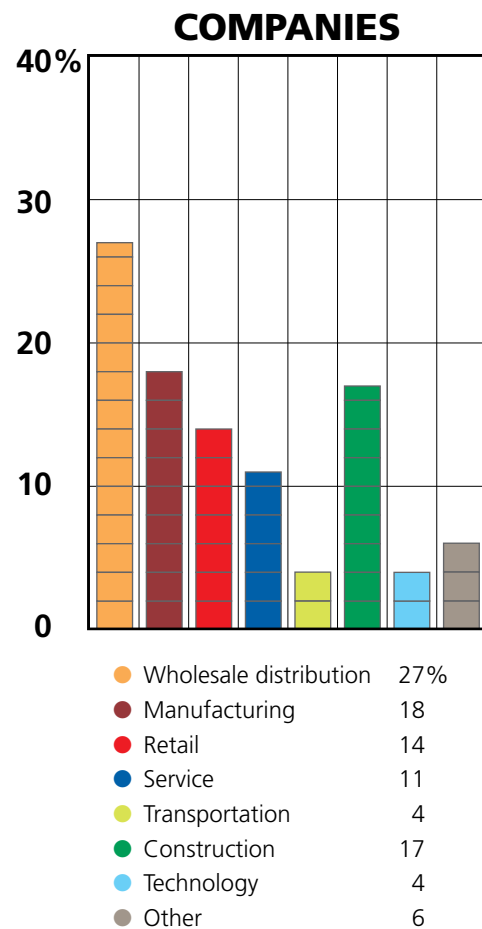
types call a supply-chain manager. IDG will dispatch specialists to a customer's operations to probe everything from the janitor closets and storerooms to warehouses to review what the company uses or might need. They will recommend organizational software programs, new, more-efficient equipment and even look for inconsistencies in vocabulary — maybe a widget in a company's tool room in Fort Worth, Texas, is called something different in Trenton, N.J. — then recommend ways to organize or update inventory. Each customer is given a catalog that resembles in size and heft a metro phone book listing everything IDG has in stock at its 27 locations in 16 states and China. It also will store customers' indirect materials in its own warehouses, distributing them as they're needed. "A lot of companies aren't willing to take inventory and supplies off the books to help with cash flow," says Billy Moore, leader of Grant

Thornton's Carolinas consumer- and industrial-products industry team. "That's unique to IDG."

Like the inventory in those warehouses, IDG is made up of many parts — 31 companies that were acquired or came together in a giant roll-up of distributors. Originally private, it went public and is private again. After working 15 years for Ingersoll-Rand in a variety of positions, Lingenfelter left the company in 1987 as a vice president of sales and marketing. In 1988, he bought Ensco Supply Co. in Greensboro, which soon merged with Tucker, Ga.-based Boring-Smith Industries Inc. They became Industrial Distribution Group, which acquired Shelby-based Dixie Industrial Supply Co. (in which Lingenfelter was a shareholder). To enlarge the company's footprint even farther, it merged, again, on Sept. 23, 1997, this time with eight other companies across the U.S. The next day, IDG

went public. Making Atlanta headquarters, it sent the companies involved in the roll-up — some retaining their names but operating under the IDG umbrella — hunting for other distributors that offered new customers and lines of business. It acquired 20 within 15 months, eventually dividing the nation into four regions. Lingenfelter ran the Southeast division until he became CEO in 2005. He moved the headquarters to Belmont, near his home in Charlotte. Wanting to concentrate on long-term goals rather than on meeting analysts' estimates, he persuaded his board to take the company private, which it did in August 2008.

Aside from the general benefits of being private, including less oversight, a distributor's business model is inclined to yield unpredictable results, which aren't in line with the consistent revenue stream analysts usually expect from a public company. Fully stocked



Distributors/wholesalers again stack up the most companies and revenue on Grant Thornton's ranking of private companies.



shelves over long periods can lead to poor quarterly statements. “There’s an old term in wholesale distribution called turn and earn,” says Randolph Smith, Charlotte-based national leader of Grant Thornton’s transportation industry team. “You turn inventory as fast as you can, so margins are lower. The faster you turn inventory, the more money you make.”

Employee-safety handouts and calendars are all that decorate the walls of IDG’s headquarters. Carol Marks, vice president for business-management systems, points to one cubicle, then to the next, then to the next, explaining their different purposes. It’s a dizzying maze of padded walls lined with every shade of gray in that spectrum of the corporate rainbow. The flashiest thing on the property is

Lingenfelter’s new orange ’57 Corvette parked out front. The gift to himself is probably deserved. Though sales declined 30% during the recession, the company increased revenue more than 20% in 2010 and should reach “about a half-billion” this year. As a private company it’s not obligated to disclose financials, but things have “significantly improved” since the dark days of 2008, a spokesman says. IDG employed 1,050 at the end of its latest fiscal year, when Grant Thornton cuts off the list, but had 1,118 on the payroll in mid-September. Lingenfelter says it will add 100 over the next year.

Two new contracts — Ingersoll-Rand and one in a new market segment the company declines to discuss — have helped, but this year the company also introduced an “e-catalogue,” which puts all the products housed in its warehouses just a click away. A digital copy of the print catalogue it provides customers, it’s Amazon.com for the industrial world. All this growth begs a question: Can the company afford to remain private and independent? Lingenfelter essentially ignores the inquiry. An acquisition by a bigger company, scared by the competition IDG poses, is a possibility, or it could go public again. Who knows? With two big contracts about to unfold, today, for now, trumps tomorrow. ■

How the list was done

Participation in the annual ranking of private companies is voluntary and has been since the list started in 1984. Grant Thornton LLP compiles it by sending surveys — more than 3,000 this year — to closely held companies based in North Carolina. The contact list is updated annually with the help of the accounting firm’s national research team. Companies are ranked on revenue in the most recent fiscal year. Businesses that aren’t eligible include subsidiaries, nonprofits, financial-service companies, hospitals and companies with publicly traded stock. Foreign ownership is OK as long as at least 50% is in-state; so is ownership by private equity. To be placed on next year’s contact list, call Mar Dee Baker at 704-632-3530 or email nc100@gt.com.

NORTH CAROLINA'S TOP 100 PRIVATE COMPANIES

'11 rank	'10 rank	Company	Headquarters	CEO	Employees	Business
\$500 MILLION OR MORE IN REVENUE (latest fiscal year)						
1	1	Belk Inc.	Charlotte	Tim Belk	24,000	Owner and operator of department stores
2	2	General Parts International Inc.	Raleigh	O. Temple Sloan III	14,000	Distributor of automotive replacement parts
3	3	SAS Institute Inc.	Cary	James Goodnight	11,200	Software developer
4	4	Baker & Taylor Inc.	Charlotte	Tom Morgan	3,800	Distributor of books and other media
5	5	House of Raeford Farms Inc.	Raeford	Robert C. Johnson	6,500	Poultry processor
6	7	VPS C-Store Holding LLC ¹	Wilmington	Jeff Turpin	3,000	Convenience-store operator
7	6	New NGC Inc. ²	Charlotte	Thomas C. Nelson	2,000	Manufacturer of wallboard products
8	9	Lord Corp.	Cary	Richard McNeel	2,634	Manufacturer of adhesives, coatings and motion controls
9	10	J.T. Davenport & Sons Inc.	Sanford	J.T. Davenport Jr.	308	Convenience-store supplier
10	11	New Breed Logistics Inc.	High Point	Louis DeJoy	7,500	Distribution, logistics and supply-chain consultant
\$250 MILLION TO \$499 MILLION						
11	18	Sampson-Bladen Oil Co.	Clinton	Rogers H. Clark	735	Wholesaler, retailer and transporter of petroleum products
12	17	Renfro Corp.	Mount Airy	Bud Kilby	5,000	Sock maker
13	22	Industrial Distribution Group Inc.	Belmont	Charles A. Lingenfelter	1,050	Supply-chain consultant
14	20	Barnhill Contracting Co.	Tarboro	Robert E. Barnhill Jr.	1,000	General contractor
15	19	S&D Coffee Inc.	Concord	Ron Hinson	900	Manufacturer of coffee and tea
16	28	Guilford Mills Inc.	Wilmington	Shannon White	1,582	Textile maker
17	15	Golden Corral Corp.	Raleigh	Ted Fowler	6,500	Operator of restaurants
18	27	Pharr Yarns LLC	McAdenville	J.M. Carstarphen	1,600	Yarn maker
19	16	Boddie-Noell Enterprises Inc.	Rocky Mount	William L. Boddie	2,706	Restaurant franchisee; real-estate investor and developer
20	13	Rodgers Builders Inc.	Charlotte	Patricia A. Rodgers	289	Construction manager
21	14	Clancy & Theys Construction Co.	Raleigh	Tim Clancy	380	General contractor and construction manager
22	23	AmWINS Group Inc.	Charlotte	M. Steven DeCarlo	1,422	Wholesale insurance distributor
23	29	Southco Distributing Co.	Goldsboro	Sherwin Herring	169	Convenience-store supplier
24	25	Warren Oil Co.	Dunn	W. I. Warren	407	Manufacturer of petroleum products
25	21	Kimley-Horn and Associates Inc.	Cary	Mark Wilson	1,541	Provider of engineering and land-planning services
26	37	Pate-Dawson Co.	Goldsboro	Malcolm R. Sullivan Jr.	423	Restaurant supplier
27	32	Atlantic Corporation of Wilmington Inc.	Wilmington	Russell M. Carter	596	Distributor of industrial-packaging material; paper converter
28	31	Market America Inc.	Greensboro	James Ridinger	700	Product brokerage and Internet marketer
29	34	Gregory Poole Equipment Co.	Raleigh	J. Gregory Poole III	776	Dealer of construction and other equipment
30	36	Transportation Insight LLC	Hickory	D. Paul Thompson	118	Logistics consultant
31	35	BHI Exchange Inc.	Charlotte	Randy Kibler	5,500	Operator and franchiser of Bojangles’ restaurants and other fast-food chains
32	33	M.R. Williams Inc.	Henderson	Lawson Williams	223	Convenience-store supplier

¹ does business as VPS Convenience Store Group and owns Worsley Operating Corp. ² does business as National Gypsum Co.

As seen in the October 2011 issue of BUSINESS NORTH CAROLINA magazine.

'11 rank	'10 rank	Company	Headquarters	CEO	Employees	Business
\$150 MILLION TO \$249 MILLION						
33	24	SteelFab Inc.	Charlotte	Ronald G. Sherrill	628	Steel fabricator
34	48	Snider Tire Inc.	Greensboro	John Snider	850	Tire manufacturer and service provider
35	41	Carolina Tractor & Equipment Co.	Charlotte	Ed Weisiger Jr.	575	Distributor of construction and industrial equipment
36	39	BJT Inc. ³	Raleigh	William Kennedy	633	Wine and beer distributor
37	43	Europa Sports Products Inc.	Charlotte	Eric Hillman	365	Distributor of nutritional supplements
38	44	Carolina Wholesale Group Inc.	Charlotte	Larry L. Huneycutt	210	Distributor of office supplies
39	46	Epes Carriers Inc.	Greensboro	Al Bodford	1,246	Freight hauler
40	42	Captive-Aire Systems Inc.	Raleigh	Robert L. Luddy	635	Manufacturer of kitchen-ventilation equipment
41	45	Crowder Construction Co.	Charlotte	Otis A. Crowder	690	General contractor
42	40	T.A. Loving Co.	Goldsboro	Sam Hunter	280	General contractor
43	54	Sports Endeavors Inc.	Hillsborough	Mike Moylan	310	Catalog and Internet retailer of sporting goods
44	49	Cummins Atlantic LLC	Charlotte	Michael F. Grace	377	Distributor of engines and generators
45	50	ECMD Inc.	North Wilkesboro	J. Allen Dyer	525	Maker of building products

\$100 MILLION TO \$149 MILLION						
46	58	Tencarva Machinery Co.	Greensboro	Rod Lee	295	Distributor of liquid- and air-handling equipment
47	52	Coastal Wholesale Inc.	Kinston	Merle Edwards	130	Convenience-store supplier
48	65	Colony Tire Corp.	Edenton	Charles A. Creighton	480	Tire distributor
49	47	Salem Holding Co.	Winston-Salem	Thomas L. Teague	729	Provider of transportation and truck-leasing services
50	73	Campbell Oil Co.	Elizabethtown	Dallas M. Campbell	170	Distributor of petroleum products; operator of convenience stores
51	56	Acme-McCrary Corp.	Asheboro	W. H. Redding Jr.	1,200	Apparel manufacturer
52	53	New Apple Inc. ⁴	Raleigh	Michael D. Olander	3,763	Restaurant franchisee
53	57	Geneva LLC	Greensboro	Philip D. Fowler III	425	Distributor of engines and generators
54	59	Baker Roofing Co.	Raleigh	John Matthews	700	Roofing contractor
55	55	Precision Walls Inc.	Cary	Brian Allen	923	Building contractor
56	70	Camco Manufacturing Inc.	Greensboro	Donald R. Caine	270	Manufacturer of automotive accessories and hardware
57	—	JF Acquisition LLC ⁵	Raleigh	Sterling R. Baker II	262	General contractor
58	67	Radiator Specialty Co.	Indian Trail	John Huber	214	Manufacturer of automotive chemicals and parts
59	76	Eden Oil Co.	Reidsville	Reid Teague	19	Distributor of petroleum products
60	64	Tar Heel Capital Corp. No. 2	Boone	Jim Furman Sr.	2,500	Wendy's franchisee
61	79	Blythe Development Co.	Charlotte	L. Jack Blythe	450	General contractor
62	71	Electrical Equipment Co.	Raleigh	T. Jackson Lawson	246	Distributor of electrical equipment
63	68	Carolina Handling LLC	Charlotte	Thomas B. Hilton	355	Distributor of material-handling equipment

\$60 MILLION TO \$99 MILLION						
64	69	Security Forces Inc.	Charlotte	Lawrence J. O'Brien Jr.	3,400	Security contractor
65	74	Hampton Capital Partners LLC ⁶	Aberdeen	Phillip Essig	520	Carpet manufacturer
66	85	Oliver Oil Co.	Lumberton	Christopher L. Oliver	75	Distributor of petroleum products; operator of convenience stores
67	86	Peak 10 Inc.	Charlotte	Dave Jones	250	Data-center operator
68	75	BestSweet Inc.	Mooresville	Richard Zulman	274	Manufacturer of candy, cough drops and dietary supplements
69	—	Best Services Group Inc.	Kernersville	Dave Reich Jr.	409	Trucking-services provider
70	92	R.N. Rouse & Co.	Goldsboro	Steve Sefton	95	General contractor
71	—	Southern Industrial Constructors Inc.	Raleigh	John G. Wilson	866	Industrial-construction contractor
72	—	S&Me Inc.	Raleigh	Randall Neuhaus	938	Engineering consulting firm
73	—	Parata Systems LLC	Durham	Tom Rhoads	365	Pharmacy-equipment manufacturer

³ does business as Mutual Distributing Co. ⁴ does business as Applebee's Neighborhood Grill & Bar ⁵ does business as Jones & Frank ⁶ does business as Gulistan Carpet

'11 rank	'10 rank	Company	Headquarters	CEO	Employees	Business
74	63	Samet Corp.	Greensboro	Arthur Samet	120	General contractor and developer
75	72	DuBose Steel Inc. of N.C.	Roseboro	Tom Harrington	177	Steel distributor
76	82	Morrisette Paper Co.	Browns Summit	Bill Morrisette	185	Distributor of paper and other products
77	87	Mid-State Petroleum Inc. ⁷	High Point	J. Nelson Perez	59	Distributor of petroleum products; operator of convenience stores
78	—	Doe & Ingalls Management LLC	Durham	John Hollenbach	84	Chemical distributor and supply-chain services provider
79	77	Bandwith.com Inc.	Cary	David Morken	170	Provider of Internet, phone and data services
80	83	Replacements Ltd.	Greensboro	Bob Page	458	Retailer of dishes and other tableware
81	81	Measurement Inc.	Durham	Henry H. Scherich	390	Education-testing contractor
82	80	STI Holdings Inc. ⁸	Charlotte	Wayne B. Smith Jr.	230	Distributor of landscaping equipment
83	51	Edifice Inc.	Charlotte	N. Eric Laster	55	General contractor
84	—	Environmental Air Systems Inc.	Greensboro	James R. Bullock Jr.	800	Mechanical contractor
85	—	Clarkston-Potomac Group Inc.	Durham	Thomas W. Finegan	265	Management and technology consulting firm
86	93	Hickory Construction Co.	Hickory	C. Mark Baucom	75	General contractor

\$30 MILLION TO \$59 MILLION						
87	89	Pine Hall Brick Co.	Winston-Salem	W. Fletcher Steele	283	Brick maker
88	—	DuBose Strapping Inc.	Clinton	Charles H. DuBose Jr.	105	Manufacturer and distributor of steel products
89	88	Carotek Inc.	Matthews	Addison Bell	140	Distributor of industrial equipment
90	—	Broad River Furniture Inc. ⁹	Charlotte	Jonathan Ishee	210	Licensee of Ashley Furniture
91	90	Epic Games Inc.	Cary	Tim Sweeney	161	Video-game developer
92	91	McGee Brothers Co.	Monroe	Sam McGee	440	Masonry subcontractor
93	97	Epes Logistics Services Inc.	Greensboro	Jason Bodford	50	Logistics consultant
94	94	Pyramid Services Inc.	Asheboro	Laura Wilson	430	Government contractor
95	98	CPI Security Systems Inc.	Charlotte	Kenneth J. Gill	297	Security-system monitor
96	—	The Systems Depot Inc.	Hickory	Wade Moose	96	Wholesale-electronics distributor
97	—	Systel Business Equipment Co.	Fayetteville	Keith Allison	250	Independent electronics dealer
98	—	Alliance of Professionals & Consultants Inc.	Raleigh	Roy Roberts	646	Information-technology consultant
99	100	APEX Analytix Holding Corp.	Greensboro	Steve Yurko	234	Software developer
100	99	Myers & Chapman Inc.	Charlotte	Bob Webb	35	General contractor

⁷ does business as The Pop Shoppe ⁸ does business as Smith Turf & Irrigation and STI Turf Care Equipment ⁹ does business as Ashley Furniture HomeStore

COMPANY INDEX (company name / rank)

Contact GT-Carolinas@us.gt.com to participate next year.

Acme-McCrary Corp.	51	Clarkston-Potomac Group Inc.	85	House of Raeford Farms Inc.	5	Renfro Corp.	12
Alliance of Professionals & Consultants Inc.	98	Coastal Wholesale Inc.	47	Industrial Distribution Group Inc.	13	Replacements Ltd.	80
AmWINS Group Inc.	22	Colony Tire Corp.	48	JF Acquisition LLC	57	R.N. Rouse & Co.	70
APEX Analytix Holding Corp.	99	CPI Security Systems Inc.	95	J.T. Davenport & Sons Inc.	9	Rodgers Builders Inc.	20
Atlantic Corporation of Wilmington Inc.	27	Crowder Construction Co.	41	Kimley-Horn and Associates Inc.	25	Salem Holding Co.	49
Baker Roofing Co.	54	Cummins Atlantic LLC	44	Lord Corp.	8	Samet Corp.	74
Baker & Taylor Inc.	4	Doe & Ingalls Management LLC	78	Market America Inc.	28	Sampson-Bladen Oil Co.	11
Bandwith.com Inc.	79	DuBose Steel Inc. of N.C.	75	McGee Brothers Co.	92	SAS Institute Inc.	3
Barnhill Contracting Co.	14	DuBose Strapping Inc.	88	Measurement Inc.	81	S&D Coffee Inc.	15
Belk Inc.	1	ECMD Inc.	45	Mid-State Petroleum Inc.	77	Security Forces Inc.	64
Best Services Group Inc.	69	Eden Oil Co.	59	Morrisette Paper Co.	76	S&Me Inc.	72
BestSweet Inc.	68	Edifice Inc.	83	M.R. Williams Inc.	32	Snider Tire Inc.	34
BHI Exchange Inc.	31	Electrical Equipment Co.	62	Myers & Chapman Inc.	100	Southco Distributing Co.	23
BJT Inc.	36	Environmental Air Systems Inc.	84	New Apple Inc.	52	Southern Industrial Constructors Inc.	71
Blythe Development Co.	61	Epes Carriers Inc.	39	New Breed Logistics Inc.	10	Sports Endeavors Inc.	43
Boddie-Noell Enterprises Inc.	19	Epes Logistics Services Inc.	93	New NGC Inc.	7	SteelFab Inc.	33
Broad River Furniture Inc.	90	Epic Games Inc.	91	Oliver Oil Co.	66	STI Holdings Inc.	82
Camco Manufacturing Inc.	56	Europa Sports Products Inc.	37	Parata Systems LLC	73	Systel Business Equipment Co.	97
Campbell Oil Co.	50	General Parts International Inc.	2	Pate-Dawson Co.	26	T.A. Loving Co.	42
Captive-Aire Systems Inc.	40	Geneva LLC	53	Peak 10 Inc.	67	Tar Heel Capital Corp. No. 2	60
Carolina Handling LLC	63	Golden Corral Corp.	17	Pharr Yarns LLC	18	Tencarva Machinery Co.	46
Carolina Tractor & Equipment Co.	35	Gregory Poole Equipment Co.	29	Pine Hall Brick Co.	87	The Systems Depot Inc.	96
Carolina Wholesale Group Inc.	38	Guilford Mills Inc.	16	Precision Walls Inc.	55	Transportation Insight LLC	30
Carotek Inc.	89	Hampton Capital Partners LLC	65	Pyramid Services Inc.	94	VPS C-Store Holding LLC	6
Clancy & Theys Construction Co.	21	Hickory Construction Co.	86	Radiator Specialty Co.	58	Warren Oil Co.	24