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NEW MEMBER PROFILE

Getting better in a bad economy

Young Mississippi company flourishes despite downturn. by Darlene Bremer

After working in the electrical distribution industry for 40 years, Lewis Jones Sr. struck out on his own in May 2004 and, along with his son, Lewis Jones Jr., founded Dixie Electrical Supply in Greenwood, Miss. With a plan to sell a full range of electrical products from approximately 25 to 30 manufacturers to the commercial contractor market, the company's first year in business saw sales of \$3.5 million.

With the economy riding high, the Joneses decided to expand. In need of capital, they turned to the former employer of the elder Jones, Bob Merson. Merson has been in the electrical distribution industry for his entire career. He started working for Southern Pipe and Supply in the 1960s, just when the company began selling electrical products. In 1965 Merson purchased the electrical side of the business—Southern Electrical Supply—which had three locations at the time. When Southern Electrical Supply was sold in 1986, it boasted 45 locations across Alabama, Florida, Georgia, Mississippi, Louisiana, and Tennessee.

Merson was very interested in the proposal and, through the Merson Group, provided the funds needed to expand Dixie Electric. The infusion of capital allowed the company to open branches in Oxford, Miss., and Alexandria, La., in 2006 and to increase its 2007 sales to \$14 million. In 2008, the operations of Dixie Electrical Supply in Pensacola were acquired and shortly thereafter, the company became known as Sequel Electrical Supply and its headquarters moved to Meridian. Also that year, the latest computer software and equipment were purchased to modernize and streamline operations; a branch in Cleveland, Miss., was opened; sales reached approximately \$45 million; and Bob Merson became CEO and Lee Moseley joined the company as COO.

The Joneses continue as active participants in the company



Bob Merson (l) and
Lee Moseley

and devote their attention to developing the business in northern Mississippi and Alabama. "While Sequel suffered with the rest of the industry with some decline in sales in 2009, the company remained profitable and opened branches in Tuscaloosa, Ala., and Mobile, Ala., bringing the total number of locations to seven," Moseley said.

When Moseley was approached by Merson to join the company, he readily accepted the offer. Moseley knew what Merson had done with Southern Electric Supply; Moseley began his career with that company in 1994, a few years after its acquisition by Rexel, and moved to the operations side of the business in 2005.

"Merson's business plan for Sequel was well thought out and far ranging. I considered it a great opportunity to help develop a fledgling company into a true competitor in the marketplace," Moseley explained.

Sequel Electrical Supply is unique for its youth and growth in what has been an abysmal economy. Moseley attributes the company's success to its entrepreneurial philosophy.

"We believe in providing our location managers with an entrepreneurial environment in which they are responsible for profitable growth in the markets they serve and for offering excellent service at the lowest cost while maintaining high levels of asset management," Moseley explained.

Since the local manager makes many of the branch's operational decisions based on market conditions, he or she is able to adapt to changing needs faster and more effectively. It's headquarters's responsibility to support local managers with cost-effective staff services and to work closely with them to determine the best practices to employ. "All of our employees have many years of experience in the electrical supply business, and while the industry may be more technologically complex today, it is still based on relationships among personnel, customers, and manufacturers," Moseley added.

Early in 2010, Sequel Electrical Supply opened its eighth location. The company plans to open at least two more branches this year, with sales expected to reach more than \$70 million. The company breaks into new geographic markets partially based on whether the marketplace is underrepresented in terms of stock, and partially on being able to find independent-minded branch managers. "If you develop a corporate culture that rewards personal and professional growth, your company has a better chance of success in any economic climate," Moseley said.

COMING ON BOARD AT NAED

Sequel Electrical Supply joined NAED in 2009 under the NAED/IDEA-4-Me Program. In addition, Merson had been an NAED member since 1968 while with Southern Electrical Supply and had served on the NAED Board and as a regional vice president.

"Both Bob and I believe in sharing best practices and see NAED membership as the best way to participate in more industry activities. It's also an excellent avenue for vendors to get to know the company better, as well as a way for us to get the tools and knowledge we need to be on the forefront of whatever direction the industry takes in the future," Moseley explained. Joining IDEA at the same time under the program was both ideal and

cost-effective, as Sequel Electrical Supply's growth meant it needed to begin streamlining operational processes and improve its EDI capabilities.

Sequel Electrical Supply has already participated in NAED's 2010 *Performance Analysis Report (PAR)*, which provides members with an up-to-date picture of actual operations throughout the industry. "We wanted to participate in *PAR* to get important benchmarks so that we could compare our performance against the rest of the industry and improve operations and sales," said Moseley. The company plans to participate every year.

Some locations have taken advantage of a few of NAED's inside sales and counter training classes, and the company plans to track employee sales training activities in order to reward participation and to ensure that the company knows how well NAED's training opportunities are being utilized throughout the organization.

Sequel Electrical Supply also plans to take full advantage of its membership in NAED and is confident that the training, participating in *PAR* and EPEC, and attending the various regional and national networking opportunities will help the company develop new and long-lasting relationships throughout the supply chain. ■

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AT A GLANCE

Company: Sequel Electrical Supply

Location: Meridian, Miss.

Company leaders: Bob Merson, CEO; Lee Moseley, COO; Lewis Jones Sr., regional manager; Lewis Jones Jr., regional manager; Stephen Tisdale, senior sales manager

No. of employees: 70

Founded: 2004

Customer emphasis: 65% commercial, 20% residential, 10% institutional, 5% other

Products: 80% commercial contractor, 10% industrial, 10% residential

No. of locations: 1 mainhouse, 7 branches

NAED NEWSBRIEFS

NAED.org/tellcongress
NAED encourages members to visit naed.org/tellcongress, our new government affairs website. The site includes tools for NAED members to locate and contact their elected officials. There is also information about government and elections, including voter registration forms for every state. As candidates file for office and votes are cast, the web site will be updated with candidate guides and voting records. Created in conjunction with The Prosperity Project at BIPAC, naed.org/tellcongress is designed to promote good government by helping member companies educate their employees about the people and policies that impact their jobs and the electrical distribution industry.

AdVenture Electrical Marketing Conference
Make plans to attend the 2010 AdVenture Electrical Marketing Conference Aug. 16-18 in Chicago. Attendees can expect a top-notch lineup of speakers, expert panel members, and real-world consultants addressing a wide range of topics. In addition, find out who will be taking home tED magazine's 2010 Best of the Best Marketing Awards during the annual awards luncheon.

Robert Reynolds Named Chair-Elect
NAED has named Robert Reynolds, president, chairman, and CEO of Graybar in St. Louis, as the chair-elect of the NAED Board of Directors, effective in May. As chair-elect, he will prepare to lead the NAED Board of Directors in 2011-2012. At NAED's 2010 National Electrical Leadership Summit in Chicago, Jack Henderson, executive vice president of Hunzicker Brothers in Oklahoma City, took the position of NAED Board chair for the 2010-2011 year.