

view from the boardroom

And No Time to Enjoy It | An American in Europe



David Turner

by MarEx Staff

Less than six months ago, David Turner was heading up W&O Supply, the North American marine valve subsidiary of PON Power. But on March 1, 2007, Turner was “kicked upstairs” and headed off to Europe to assume his new job as Director of Business Development of PON’s Power Systems Group. Since then, the former President and CEO of W&O Supply has rarely had a chance to relax. Back in the Netherlands, after a whirlwind 18-day swing through Asia, Turner made time for an interview with *MarEx*.



SecurePlus

During our conversation, Turner told us that he had still another important engagement to attend after our interview: a two-week total immersion in the Dutch language, in which he was not allowed to speak anything but Dutch. So we made the best of his last moments of English-speaking freedom before the big event. PON Power is based in the Netherlands, and Turner has quickly become accustomed to the nuances of living and working in an international environment. Fresh off his two-and-a-half-week trip to China, Taiwan and Korea, we asked him about the cultural differences between being in the United States and his new assignment of globe-trotting. Turner shrugged off the potential barriers that might present a roadblock for another executive or business.

When we asked Turner about being an American in the center of the maritime universe in Europe, he said, “Certainly there are cultural differences, but the marine business has always been a global business and is certainly even more so today. That trend will continue. You now have European shipyards with operations in Asia. But there’s a certain ‘language’ which is spoken within the marine business that makes it a little easier than, say, if you were going into a different kind of enterprise.” For all the talk about the world being “flat,” however, it is still a rarity to see an American expatriate make it in the European maritime game. But Turner brings to the game a work ethic that grew W&O Supply’s revenues by 500 percent during his tenure. You get the distinct feeling,

while talking to him, that this will be more than a passing “curiosity” for his Dutch colleagues.

Mr. Turner Goes to Europe

Turner further insists that the change in cultural environments has been, at least for him, a non-issue. “The marine business has different nomenclature, and it’s still a niche business,” he explains. Turner steered the conversation back to where he wanted it: “My job now as Director of Business Development is to look at a European growth strategy, a U.S. growth strategy and a global growth strategy for PON Power Systems’ marine business.” This is where Turner has found his biggest challenge in the new, high-profile position.

It is a fact that Turner’s job function has changed radically. How he handles these changes will ultimately define the degree to which he can bring further increased success to his employers. Having now had a few months to look back on the line of demarcation between his old job and the new one, he says, “I think the biggest difference – and I was at W&O for 15 years – of the 200 employees there, maybe seven or eight had been there longer than me. And I watched the company grow from \$20 million when I joined to what will probably be \$125 million in revenues this year. And in that regard, I’m referred to by some as ‘the company historian.’ I knew the customers, the products, the stories; and frankly I had

hired most of the employees.”

That comfort zone is no longer present for him, but it has also provided new opportunities to focus more of his time and attention on developing new business.

No longer part of the day-to-day micromanaging that can sometimes happen in an operational role, Turner’s duties now encompass long-range tactical decisions. Turner expands on that change by explaining, “The biggest difference is that I formerly would walk into the office every day knowing virtually every detail of the day-to-day operations. And so it was a very comfortable feeling. Here in the Netherlands, it’s now a strategic role. I don’t get involved in the day-to-day operational business. I don’t even know if the word ‘challenge’ is the right word. It’s just different. It’s about coming from an operational environment where you’ve been making decisions for fifteen years and now having to look out even further in terms of time strategy than I ever did at W&O Supply.” Still, talking to him, you can tell that he relishes the new role, one he views as the next chapter in a very long book and certainly not the end game.

The Way Forward: A Shared Strategy for PON and W&O Supply

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lar and MAK, but W&O Supply as well. The Caterpillar business is primarily centered in Scandinavia, the Netherlands and France. The two groups are married by their marine roots with PON Power dealing with marine engines and W&O’s main focus being marine fittings and valves.

Turner himself best explains the synergies between the two businesses, separated for the time being by an ocean, but perhaps very soon to see crossover in each other’s markets: “W&O is, of course, primarily a valve outfit here in the United States. And although the PON Group decided at one point to get away from the valve business, it did decide to hold onto W&O Supply because it had a good growth record and a history of good earnings. In the meantime, PON acquired the Caterpillar Marine engine business and at that point began to look at W&O as not just a valve company but as a marine company – a total engine room package, if you will.” And while Turner declined to describe the relationship as PON’s version of vertical integration – a turnkey business – the company has undeniably taken on more of a marine focus. Turner hinted at more to come, “We’ll look to acquire other marine companies along the way, creating other synergies within the marine business, as appropriate.”

For both PON Power and W&O Supply, Turner is looking to expand in two ways. One is growing the existing businesses with existing products and services. Along with that, he says, “goes servicing our existing customers better.” On that last point, Turner spoke of the unique W&O concept of “Shared Services.” The concept of shared services allows W&O to operate as a seamless distribution company with 13 branches and more than a few subsidiaries. As he further explains, “We have as

many as 25 employees in San Diego to as few as three in Long Beach. But our inventory is a common inventory that every salesman in the company can view ‘real time and live,’ whether it is sitting in Linden, New Jersey or Fort Lauderdale, Florida. That equipment is available to every salesman in the company. So we feel like we’ve developed as seamless and efficient a backroom operation for our branches as possible. As we grow, of course, there’s even more pressure to make sure it’s even more refined – from a logistics and IT standpoint. All of those things, as a distribution company, we live and die by.”

While Turner clearly likes to talk about the synergies between PON Power and its American cousin at W&O Supply, he’s not about to micromanage his old job from the Netherlands. Instead, Turner has left the ball squarely in the court of the man who replaced him. Jack Guidry is the new President and CEO of W&O Supply and has been tasked with shaping a five-year plan for growth, management and improvement of internal and external processes. Guidry, who also joined Turner for our discussions in May, told *MarEx*, “As a distributor, you are only as good as your inventory and how fast you can get that inventory to your customers. So ‘shared services’ means one reporting line for IT, logistics, warehousing and material management. In charge of all of that is John Kilbride, our Vice President of Shared Services. In the past, these functions were more broken up from a reporting line standpoint. Now these somewhat different functions work better, hand-in-hand with each other.”

Guidry defines W&O Supply’s Shared Services Department as the process that combines materials management, information



SPACE Pneumatic Actuator

technology, warehousing and logistics, while enabling the company to improve communication and workflow among these services for its 13 locations across the U.S. In essence, Shared Services is an operations or delivery function from warehouse to the customer. All of that goes to support W&O Supply’s Engineered Products and Automation (EPA) Division. “EPA,” explains Guidry “is a sales function. It’s specific products and disciplines that we sell, and technical expertise that we have. Shared Services is an internal function so that we do perform well externally, while the EPA is an external function that operates as a sales and marketing function.” As W&O grows larger, Guidry made it clear that Shared Services would provide an integral internal control and “quality system,” unifying the local branches to operate as one. And no matter what, there will be a continued focus on supporting EPA through all business lines.

As part of his rapidly developing five-year plan, Guidry defined his biggest challenge as the requirement to identify, attract and retain qualified people to support the firm’s rapid expansion: “We need to focus on training and knowledge within the company to help our own people grow and put them into positions which will in turn help the company to grow.” Unspoken in all of that was the plain truth that all the Shared Services and EPA in the world would go for naught without the right people to implement them. And the degree to which Guidry can construct and implement his five-year plan will quickly define the wisdom of one of David Turner’s first decisions as a PON Holdings executive.

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Growth: How Much, How and Where?

David Turner says flatly, "We'll see tremendous growth in W&O in the next few years." But when asked to define tremendous growth, he declined to be more specific about the five-year plan's goals. He did say that he expected revenues to expand from \$102 million in 2006 to as much as \$130 million this year. That having been said, he didn't appear ready to sit on his hands just because revenues would potentially increase by 27 percent in the coming year. After acquiring AT Controls in December of 2006, Turner says that a Letter of Intent to cement another deal has also been signed. As *MarEx* went to press, that deal hadn't closed, but the two transactions give *MarEx* readers an indication of things to come. And it is hard to imagine the global boom in all things maritime coming to a grinding halt any time soon.

"We see great opportunities in offshore oil and gas, as well as in Europe, the Middle East and even Asia," says Turner. He adds, "That could entail opening new W&O offices there or acquiring local outfits. We'll look at all possibilities." And Jack Guidry was particularly effusive about expanding further into the automation business in a new facility in Houston where, very soon, the development of the "W&O Automation Services" division will be kicked off. Beyond this, he says, "A real opportunity exists in the waste water business, where we've had some success in the past, and hope to ramp up efforts there again."

W&O Supply's Hat Trick: Three New Innovative Products

At the end of the day, a distributor is only as good as the products it has to sell. Asked to hang his hat on just one of these products, Turner instead chose three:

"Secure Plus" Valve Assembly: Recently,

W&O Supply has reached out to its attorneys in an effort to secure a patent for the "Secure Plus" valve system assembly. The valve is an adaptable and intrinsically safe unit that can be used in a variety of industrial applications.

The AT "Tri-AC Zero Emissions Ball Valve": This unit prevents any sort of leakage and is becoming more and more important for barge

operators and other similar marine operators. This product has a stem extension which has been patented.

RISE (cable penetration product for fire and watertight bulkheads): Manufactured in Holland – a non-traditional product, a way to

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RISE Installation



seal bulkheads and deck openings for cable and pipe installations. It reduces installation and engineering time. The product has been described as a "win" for the shipyard installing it because of reduced installation time / man hours, as well as the ship because it's easy to modify in the aftermarket and add cables. But the primary function of the product is safety – in terms of both watertight integrity and fire prevention.

"All three products answer the needs of

the oil and gas industry, upstream and downstream. We listened to what the customers had to say and acted accordingly," says Turner. Perhaps more importantly – and not coincidentally – all three products address the key concern of the maritime world today: safety.

Going Global

The guy who led W&O Supply through a good portion of its halcyon years has moved across the pond. By all outward appearances,

he has left the company that experienced such explosive growth under his leadership in good hands. Nevertheless, you get the feeling he'd like to bring W&O Supply along for the ride. It's probably not a good idea to bet against it.

MarEx

W&O Supply is the nation's largest distributor of pipe, valves and fittings to the marine industry. The company also provides valve automation services to its customers through its Engineered Products and Automated Services Division. W&O Supply services all segments of the marine industry, including commercial shipping, the U.S. Navy, Military Sealift Command, MARAD, USCG, cruise lines, barge owners, offshore oil and natural gas rigs, and shipyards that build and repair vessels of all sizes. The company represents the most recognizable brands and carries more products at more locations than any other marine products distributor in the United States. It provides convenient access to complete valve automation networked systems that are assembled, tested, delivered and ready to install in ships or offshore platforms being built or repaired. W&O Supply began supplying piping products to ships and shipyards in Jacksonville, Florida in the mid-1970s. Since that time, the company has grown to thirteen branch offices in the United States as well as one location in Antwerp, Belgium. W&O Supply is a wholly owned subsidiary of PON Holdings B.V. of the Netherlands. As members of the PON Holdings Group, PON Power, W&O Supply and their sister companies throughout Europe, the Middle East and Asia focus on servicing the global maritime industry and its needs for piping-related products, marine engines and power system solutions. Reach W&O Supply at www.wosupply.com.

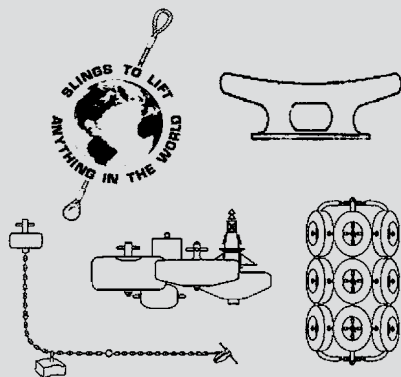


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