

WIDE OPEN SPACES

IN ARIZONA, BORDER IS A
NAME WITH NO LIMITS



Border Construction Specialties is a familiar name to contractors in Arizona and it's about to get a lot more familiar nationwide. Tom Leahy, Border's chief operating officer, will become STAFDA's 2016-2017 president. Since 1997, Leahy has helped build — and rebuild — Border through some of the highest and lowest points of its 60-year history. During the recession Leahy and his team navigated a sinking economy and launched several key initiatives that today are making Border a much more versatile and stronger player in its expanding market sphere.

Leahy and Brian Saker, Border's president and CEO, lead two business units — Border Construction Specialties, which serves general and concrete-focused contractors, and Marvel Building and Masonry Supply, which serves residential and commercial hardscape/landscape contractors.

"We have six Border branches and five Marvel stores," begins Leahy. "The Border branches are in Phoenix, Tucson, Flagstaff, Yuma, Las Vegas, Nevada and El Paso, Texas. Four of our Marvel stores are here in Phoenix and one is in Tucson. Marvel was one of our long-time customers and we acquired them in February 2002. Marvel has been in business out here since 1958 and Border has been here since 1955. Culturally, it was a good fit for us."

From a customer standpoint, Border is all about concrete and its line card reflects that emphasis on tools,

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Border Construction Specialties' COO and incoming STAFDA president Tom Leahy (right) and president and CEO Brian Saker (left), lead Border and its sister company, Marvel Building and Masonry Supply. Thanks to several programs they helped create, the companies have emerged from the recession in solid growth mode.

Tom Leahy looks forward to a great year in 2017, both as incoming STAFDA president and as COO of his company, Border Construction Specialties, which has emerged from the recession stronger than ever.

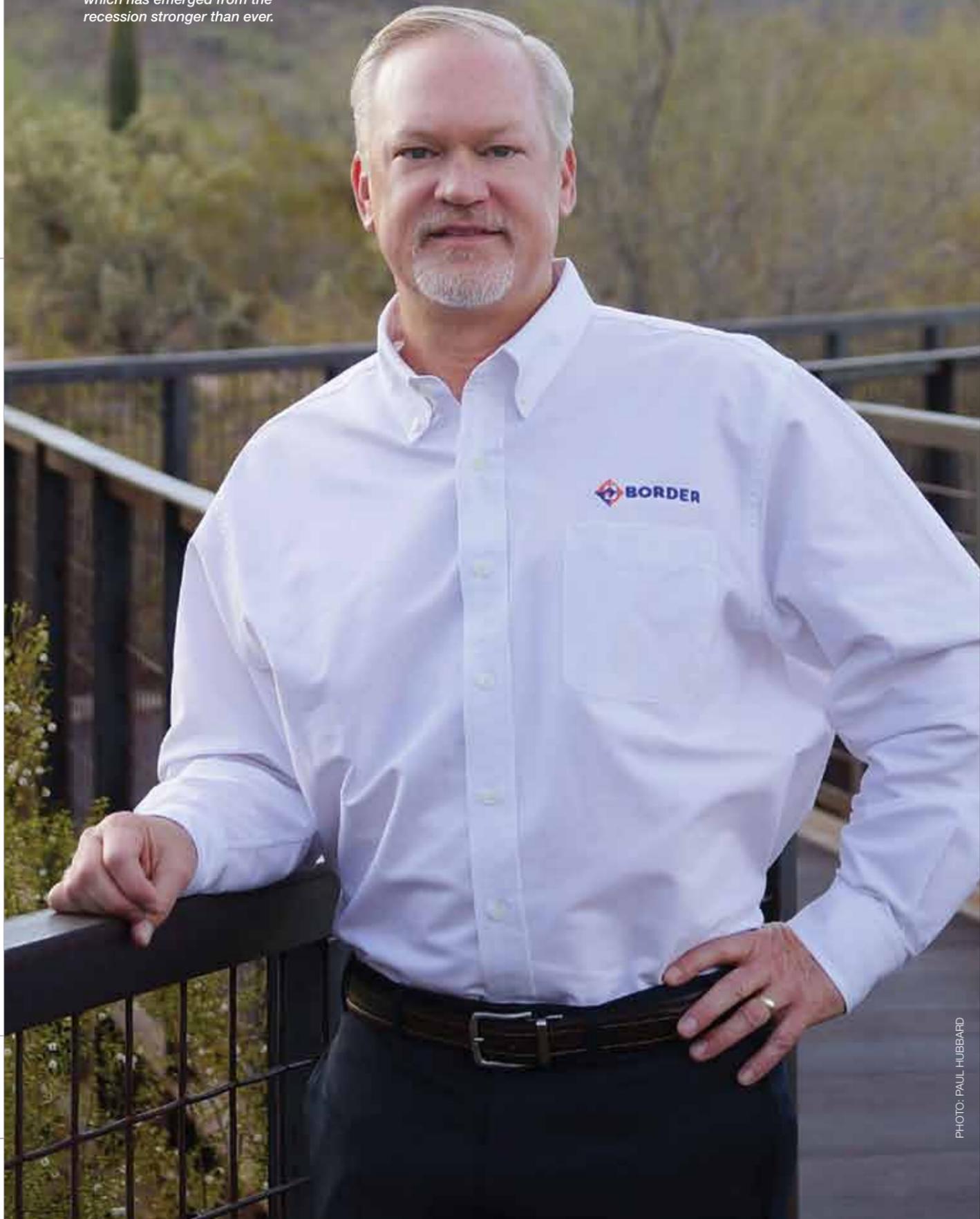


PHOTO: PAUL HUBBARD



Strategic account manager Eric Mazurski (L), government sales coordinator Sheila Neil (C) and inside/government sales rep Richie Hehl (R) lead Border's growing GSA government sales division. To date, they have placed products in all 50 states and with U.S. installations on several continents. Twin wall maps, one of the USA and one of the world, chart their successes.



"TAKING CARE OF THE CUSTOMER AS A WHOLE MEANS HAVING THE BEST PRODUCTS, YES, BUT IT ALSO MEANS DOING A LOT OF TRAINING."

JARED THOMAS, DIRECTOR OF SAFETY STRATEGIC ACCOUNTS, BORDER CONSTRUCTION SPECIALTIES

machinery and supplies for commercial concrete contractors, including concrete mixers, finishing and cutting equipment, curing, sealing and decorative concrete products for commercial and municipal and government customers. Marvel is a back yard designer's toy land with the area's widest selection of stone, tile, brick and outdoor living products from fire pits to outdoor kitchens to die for.

Leahy manages operations, branches and the supply side of the businesses and Saker leads sales and marketing. CFO Shane Dryanski manages finance and human resources. After taking a hit during the recession, the two divisions are firmly back in growth mode and are benefiting from an improving economy and from measures that Border took during the downturn — reallocating employees to explore and create new revenue centers.

Now three of those projects — safety sales and training, government sales and power tool line extensions — are helping Border transform from a concrete accessory supplier into a regional powerhouse on a much broader scale.

"Today we are providing more services, particularly in safety, to support our customers," Saker says. "In this environment, a contractor's safety rating can be a determining factor in winning projects. We are considered an outreach to our clients so they can compete for projects and grow their businesses. We trained over 3,000 people last year in the field, most at no charge."

"We are looking at services that are beyond the normal concept of 'service,' which tends to be having product in stock, will-call and doing deliveries and maybe tool repair," Leahy states. "Everybody does a pretty good job of basic

service anymore, so we are asking how we can add value in ways that are beyond the market's norm with services that are richer, more impactful and more valuable to our customers."

SAFE AND SOUND

Border's safety division is one result. After just four years in the segment, safety generates about 15 percent of company sales. They aim to double that in three years. Jared Thomas, director of safety division strategic account management, is a key member Border's Market Expansion Team, which has grown Border's safety sales by 10 fold in the past four years.

"Taking care of the customer as a whole means having the best products, yes, but it also means doing a lot of training," Thomas says. "We have our own fall protection demonstration trailers that we have been taking to job sites and customer facilities for three years now. And we do ladder training, CPR, AED (automated external defibrillator) and first aid training, respiratory fit testing, confined space, air monitor testing and calibration — all in-house."

Arizona's legendary summer heat means that safety training events are likely to be held at 4:00 or 5:00 a.m. because the mercury can hit 110 by midday. Specially outfitted coal and gas dual-fired barbecue trailers sometimes accompany the safety trailers to training sessions, which contractors naturally love. Burgers and brisket pull them in but knowledge is the main course.

"I think we have the elite safety team in the market because with these products you have to stay up on all

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Border's leadership team, CEO Brian Saker (L), COO Tom Leahy (C) and CFO Shane Dryanski (R) direct the company's 180 employees across two business units and 12 branches in Arizona, Nevada and Texas.



"THERE ARE A NUMBER OF PEOPLE WHO WOULD BE GOOD ACQUISITIONS FOR US . . . AND WE ANTICIPATE SOME ORGANIC GROWTH AS WELL. THE MARKETS ARE IMPROVING AND OUR INITIATIVES ARE PAYING OFF."

BRIAN SAKER, PRESIDENT AND CEO, BORDER CONSTRUCTION SPECIALTIES

the codes and regulations, and we do," Thomas adds. "That said, we carry all of the top brands, and we also private label safety products for major contractors, too — all of their vests, garments and hard hats. We stock products for them so they don't have to wait two or three weeks; they can get their preferred gear — with their own labels on them — the day they request them."

Border also offers customers easy online ordering access through its www.safetystartshere.com portal, which showcases Border's complete range of safety products. In addition, selected customers can use this portal to log in to customized micro-sites that contain all of their specified private label products.

"Those custom sites may contain just the top 50 items that they have told us they want to purchase, such as certain harnesses, SRLs, vests and gloves, so they can order the precise products they require quickly and easily," Thomas explains.

Border applies the 80/20 rule to its safety line card, too.

"We don't carry every brand but we carry at least two of the biggest brand names in every category, such as fall protection, clothing, respirators, general PPE such as eye glasses, gloves, hard hats and tool tethers," Thomas adds.

Border's current safety product offerings and services are already more all-inclusive than many distributors offer, and even include drug and asbestos testing, competent person certification and OSHA 10- and 30-hour training programs. However, in an effort to peer deeper into the

future of service, Border's Market Expansion Team has begun exploring partnerships to offer more advanced services to customers.

GOVERNMENT SALES

During the recession, Border's leaders also decided to assign a few employees to develop a government sales division. Strategic account manager Eric Mazurski and government sales coordinator Sheila Neil lead Border's growing GSA certified sales division.

"When the economy started slipping in 2008, Tom Leahy asked us to look for new opportunities, so we began working on winning some local and state business, which was a different process than working with typical contractors," begins Mazurski. "We built a database of agencies in all 50 states and began submitting bids. At the end of that first year we had done about \$1.5 million in business. Then in October 2009, we were awarded our GSA contract and we had to learn how to do business under those rules."

Today, Mazurski estimates Border's government sales generate significantly improved dollars each year, and says the business has been "a nice little bolt-on for us, especially when the economy was down."

Six years later, the team has sold product to all 50 states and to U.S. installations in Germany, Japan, Afghanistan, Australia and Iraq. Large wall maps dotted with pins highlight their successes and provide visual incentive to add more.

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backlogs of work and we see safety as continuing to grow in every one of our markets. We have added a lot of new products on both the Border and Marvel sides over the past five years and they continue to grow at a fast pace for us. As we look a couple of years out, we can see some geographic growth as well.”

“There are a number of good potential acquisitions for us,” Saker adds. “We’ve signaled that our objective is to move into states north and east of us, perhaps by product category like safety, masonry or concrete. And we anticipate some organic growth as well. The markets are improving and our initiatives are paying off.” **cs**

BORDER CONSTRUCTION SPECIALTIES AT A GLANCE

FOUNDED: 1955

OWNERSHIP: Privately held

BUSINESS UNITS: Border Construction Specialties, Marvel Building & Masonry Supply

BRANCHES: 12 total — Border stores: Flagstaff, Phoenix, Tucson and Yuma, Arizona; Las Vegas, Nevada and El Paso, Texas. Marvel stores: Four branches in Phoenix, Tucson and Yuma, Arizona

STAFF: 180

MARKETS: Border: Commercial and residential concrete construction, mining, government and municipalities; Marvel: Residential and commercial stone, brick and tile and masonry supplies



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AFFILIATIONS: STAFDA, Sphere 1

WEBSITES: www.bordercorp.com, www.marvelmasonry.com

learn to buy more efficiently and to take advantage of rebates and promos. We are learning how to play in that sandbox and it is helping us gain market share, too.”

The tool van’s success has been so immediate that Luman has even sold tools off the van at gas stations while fueling up. Border is already laying plans to launch another van, perhaps with larger equipment such as concrete saws, polishers, tampers, power trowels and vibratory plates. Mazurski and Correll see power tools completing a three-legged stool of versatility; concrete accessories, safety products and expertise, and now power tools.

Leahy and Saker don’t just preach a customer-first philosophy, they live it. Both owners answer their own phones and both spend significant amounts of time in the field with customers.

“As we meet with our customers, our employees and our vendors, we are constantly asking them for suggestions and what they would like to see,” Leahy adds. “It’s not just a one-way street with our manufacturers. We’re looking for growth opportunities that match up with their growth objectives, whether that’s product, geography or what have you. We align ourselves with their needs.”

That leadership emphasis on serving both internal and external customers has translated into loyalty, longevity and ingenuity. Border’s tenured staff, many of whom have over 15 years of service (and several with over 20 and 25), continue to be the company’s number one asset.

“Our staff drives a lot of this business,” Leahy adds. “For example, the tool van was an idea that Barry and Eric had. We’re willing to invest in those things. We continue to try new things and many of them work pretty well.”

“I think that is partially born out of relationships that we’ve been building within Sphere 1 and STAFDA,” Saker observes. “Even without their support, we would have created the tool van, but they made it a little easier for us.”

ROOM TO GROW

Although it is ringed on three sides by mountains, the Phoenix metro area has a lot of room to grow, as do businesses in Arizona and the southwest. Border is successfully positioning itself to grow as the economy improves — and to weather future downturns.

“We are definitely in growth mode today,” Leahy says. “Projects we launched when the market was soft have been working out, and as the market continues to improve we expect to gain scale from them and accelerate their growth at a faster clip. Our contractors have better

Border’s brains behind the wildly successful tool van includes Barry Correll (L), Eric Mazurski (C) and Chris Luman (R). Since launching in February of this year, Luman and his van have increased Border’s power tool sales by double digits every month. Luman recently joined Border after serving his country for two tours of duty in Afghanistan.



“BRINGING THE INVENTORY TO THE JOB SITE WAS REALLY THE ONLY WAY WE THOUGHT WE COULD POTENTIALLY DIFFERENTIATE OURSELVES.”

BARRY CORRELL, GENERAL MANAGER, SUPPLY CHAIN, BORDER CONSTRUCTION SPECIALTIES

“When a job goes out to bid, we begin working on numbers and which of our sources are geographically closest to that customer for the best price for the material,” Neil explains. “We put together MSDS sheets so we are sure we are talking about the same product the agency is requesting — or equivalent products when bids allow for substitutions. Sometimes they don’t.”

TAKING IT TO THE STREETS

Another recent project is taking Border’s message literally to the streets. Designed in part by supply chain general manager Barry Correll, Border’s new power tool van is a rolling tool store.

“When we put this program together, we were trying to figure out a way to differentiate ourselves from the power tool players in the market, because we weren’t very well known in these categories with these 10 vendors,” Correll explains. “Bringing the inventory to the job site was really the only way we thought we could differentiate ourselves.”

“Between consumables and power tools, we’ve got about \$30,000 of inventory in the tool van, and every tool is saleable and/or in demo condition,” he continues. “If they want to test Milwaukee versus Bosch versus DeWalt, they can use all of them at the same time to do whatever they want. We aren’t pigeon holed into brand preference, one versus the other. We’re going to let the contractor make the decision on what is best for them, with Chris’s assistance.”

The van’s driver is outside sales rep Chris Luman, who joined Border in early 2015 after serving two tours

in Afghanistan. Luman and his Ford Transit tool van have been on the road just since April of this year.

“I visit job sites, warehouses, trailers and pop-up offices and my initiative is mainly to promote our major tool lines, which we have recently expanded,” Luman says. “I focus on 10 lines in the van; DeWalt, Bosch, Milwaukee, Proto, Diablo, Hitachi, Husqvarna, Multiquip, Oztec and Wacker Neuson.”

Border tracks the sales of the brands and products on the truck to determine the program’s ROI and see what contractors want. After launching the program in February, sales of products on the van increased by 20 percent by April (compared to in-store sales the same time period last year). They rose again by 35 percent in May. The tool van is also increasing contractor awareness of Border’s growing breadth and depth in power tools, which the company has been consciously expanding.

Employees are utilizing Sphere 1 University online courses and vendor-supported training to become tool experts as Border focuses on the new technologies companies are bringing to the field to better serve the trades.

“We’ve always had power tools, but about four years ago we really started amping up our inventory,” Correll interjects. “For a time we were a DeWalt-only house, then Bosch, then Milwaukee, but we realized every customer is different. Now we can supply them whatever they prefer.”

“We decided to learn how to buy power tools right,” Mazurski adds. “STAFDA and Sphere 1 have helped us



A MARVEL IN STONE

Acquired by Border in 2002, Marvel (pronounced “MarVEL”) Building and Masonry Supply has been serving the metro Phoenix and Arizona hardscape market since before it was even called hardscape — 1958 to be exact.

In part because their customers and business model is so distinct from the Border model, Marvel’s four Phoenix stores are freestanding businesses. The exception is Tucson, where the Marvel branch is co-located with the Border store, for now.

Tim Barber, Marvel’s general manager, is enjoying his division’s brisk sales and is exploring opportunities for more branches.

“We are looking to expand Marvel into other Arizona markets such as Flagstaff and even up in Las Vegas,” Barber says.

“THE MAIN THING IN OUR BUSINESS IS HAVING THE PRODUCT AVAILABLE. SECONDLY, WE TRY TO OFFER A VERY DIVERSE RANGE OF PRODUCT LINES . . .”

**TIM BARBER, GENERAL MANAGER,
MARVEL BUILDING & MASONRY SUPPLY**

Because Marvel’s primary customers are residential and commercial hardscapers and stonemasons, having inventory on hand is critical. Marvel does heavy volumes in imported travertine, domestically produced brick and stone veneer and even in reclaimed Chicago paving brick, which is popular with many Phoenix homeowners.

“The main thing in our business is having the product available,” Barber says. “Secondly, we try to offer a very diverse range of product lines that allow us to stay on the cutting edge of the newest and greatest materials, colors and designs. Customers are constantly looking for new trends that can give their backyards a designer feel, so we work with architects and designers to get our products specified for their designs.”

“Plus, our manufacturers like Oldcastle and Belgard work with builders to get products specified into their homes, too,” adds Jim Carr, branch manager of Marvel’s Bell Road store in north Phoenix. “Most of the major home builders are here in Phoenix: Centex, Shea, Lennar, Ryland and D.R. Horton.”



Marvel general manager Tim Barber (L) and north Phoenix branch manager Jim Carr are enjoying hot business and hectic lives now that Arizona’s residential market is back in full swing. Marvel is one of the largest residential stone dealers in the West.

The Marvel business complements Border’s more commercially-focused concrete accessory business and the products shared by both contractor groups enable Border and Marvel to buy some lines — such as masonry hand tools and sealants — more effectively.

“When we acquired Marvel, we had actually been selling products to them, so being able to work with those crossover vendors for both businesses helped us grow with those lines,” adds Tom Leahy, Border’s COO.

Together, Border and Marvel complement each other beautifully. As a hardscape-focused business, Marvel also carries lines that would not fit into Border’s line card. Some of these Marvel “exclusives” include outdoor lighting, fire pit products, swimming pool drains and RV gates. **CS**



Marvel is more than a “brick and mortar” store; it also sells pool drainage systems, fire pits, RV gates, decorative concrete chemicals, grills and entire outdoor kitchens so customers can create the desert oasis of their dreams. Naturally, Marvel also works with the region’s major homebuilders and residential architects, too.

TOM LEAHY, 2016-2017 STAFDA PRESIDENT



Incoming 2016-2017 STAFDA president Tom Leahy is chief operating officer of Border Construction Specialties, based in Phoenix. His company has two business units, one servicing traditional construction contractors with concrete-focused lines, and another that serves hardscape industry professionals with brick, stone, tile and related products. Combined, the companies have 12 branches in Arizona’s major markets, as well as Las Vegas, Nevada and El Paso, Texas.

A firm believer in training, education and professional development, one of Leahy’s main goals as he enters his year of STAFDA presidency is to be an advocate for the many training and development tools STAFDA offers its membership.

“Most members are aware of some of the resources STAFDA offers, but not enough members utilize all the resources that they should,” he says. “Since we are getting ready for the annual convention, that’s a great place to start. It has really valuable business workshops, tech consultants, a general session with great guest speakers, associate meetings and hospitality events, and obviously the trade show itself is a terrific opportunity to see new products and build relationships.”

Leahy also points out STAFDA’s online education programs, webinars, annual Congressional Fly-in and the University of Innovative Distribution as exceptional member resources. On the national stage, STAFDA also advocates for its members in the National Association of Manufacturers Economic Plan and the Small Business Legislation Council.

Key to Leahy’s business philosophy and his company’s success is his belief in leadership and in building the industry’s next generation of leaders. As any distributor

“STAFDA HAS A LOT OF RESOURCES TO HELP DISTRIBUTORS TRAIN AND DEVELOP THEIR CURRENT AND FUTURE LEADERS, BUT THEY CAN BE BETTER UTILIZED.”

TOM LEAHY, 2017 STAFDA PRESIDENT

or contractor will tell you, finding good employees is more difficult than ever and with the boomer generation beginning to retire en masse, the scarcity of qualified employees will only get worse.

“If I had an overarching platform for my year as STAFDA president, it would be to raise leadership,” he says. “I think we’re all expected, or should expect ourselves to raise the levels of leadership in our homes, our communities and our businesses. We have to train, coach, develop, enhance and augment the young folks in our industry so that there is a path for them and our businesses to continue to grow.

“I don’t think that young people are getting out of college and immediately thinking, ‘Hey, I’m going to go work for a distributor.’ We have to cultivate that leadership in them by spending time with them and helping them understand our industry and our business. STAFDA has a lot of resources to help distributors train and develop their current and future leaders, but they can be better utilized. We can change that and our industry will be stronger for it.” **CS**

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