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How Dave Warren used a disciplined approach to crack the \$300 million mark at Energy Alloys

BY ERIK CASSANO

“Focus on the stuff that really matters.”

It might seem like an obvious statement to you, but Dave Warren says there is more to it than meets the eye.

Warren, the co-founder, president and CEO of Energy Alloys LLC, a company that provides an array of products and services primarily to the oil field industry, says that in the day-to-day multi-tasking a leader has to perform, he or she can easily get bogged down with things that don't ultimately affect the business.

That's why Warren makes a conscious effort to focus everyone at Energy Alloys on the principles that drive the business: customer service, finding new applications for core competencies and creating a culture of teamwork.



“If someone doesn’t understand our vision and values and they’re responsible for bringing in new employees, they’re not going to have the same criteria in evaluating and motivating those candidates because they’re evaluating through a different filter.”

Dave Warren,
co-founder, president and CEO,
Energy Alloys LLC

“We really talk to our team a lot about focusing on what matters to the business and not as much on the things that don’t really affect our ability to service the customer,” Warren says. “In business, there is a tendency to get into processes that spend a lot of time where (the main goal) is to not impact the process in a negative way or to get a quote off a desk without really providing a solution to the customer.”

He says the foundation for a well-focused organization is communication, and it’s even more important as a business grows. If you do not encourage the right mindset when your company is relatively small, it will be exponentially harder to change once your company is a labyrinth of departments and your ability to adapt to serve your customers could be hindered.

“We want to continue to develop and grow the business, and the only way to do that is to listen to our customers and react and respond to the things we hear from them,” he says. “So if there are certain things that come up, if they’re not directed at the customer or at the ability to provide solutions to the customer, they’re probably not as important.”

Using this philosophy, Warren has grown Energy Alloys from a start-up in 1995 with five employees to a \$300 million operation with 350 employees and offices in five countries.

Here’s how Warren identifies and focuses on the tasks that are essential to growing his business.

Deliver what you promise

You never want to put your business in a position where it can’t deliver on the promises you make. Warren says that is the essential reason why the people within a business need to know the company’s capabilities and how management wants them to employ those capabilities to serve customers.

At Energy Alloys, Warren uses the interaction his employees have with customers to paint a picture of how the market is changing. He takes note of the services his customers want from their customers and develops a strategy based on that chain of demand.

“Our service company customers are under more and more pressure from their customers to deliver enhanced technology or service capabilities,” he says. “So we want to continue to develop and grow the business, and the only way to do that is to listen to our customers and react and respond to the things we hear from them that fit our core competencies or skill sets.”

For instance, Warren says that as his customers have grown internationally, they have needed faster supply service for materials and more responsive service. Based on that, he decided to take what Energy Alloys was already providing and build on it.

“Especially internationally, we developed additional internal competencies that let us be more responsive, let us control capacities service to the customer and meet his needs with faster turnaround times and faster delivery,” he says. “So we took something we were already doing and kind of built on that experience.”

Warren says a growing business should always consider new ways to employ core competencies. It is much easier to scale what you know your company already does well. The more prominent risk is branching off into new areas in which your business doesn’t have a background.

He says it can be extremely damaging to a business to take on a challenge it is ill-equipped to face. That’s why, when considering a growth opportunity, Warren says performing an adequate amount of due diligence is essential.

There usually isn’t a definite, across-the-board line between a good risk and a bad risk, but he says that once you gain enough experience with growth opportunities, you start to learn to gauge what is an acceptable level of risk.

“If it’s something we have absolutely no experience with, we’ll certainly take a more rigorous look at it,” Warren says. “If it’s an extension of something we’re already involved in, then we may look at it and ask if this is something we want to continue to develop ... to go to the next stage of that particular product or service. So, for us, the biggest line is that if it’s new, we’re probably going to be a lot more cautious in our evaluation from a risk-return standpoint.”



PHOTO BY CORRIE VANDAMMER, UNIVERSITY OF HOUSTON

The Warren file

When vetting a new opportunity, Warren brings people together from all parts of the company. Anyone who can bring a different perspective to the table is asked to join the conversation.

"We'll look at what we know and what we don't know," Warren says. "Then, we'll kind of scale the opportunity and make a determination at that point if it's something we want to continue to put resources, time and energy into, and see if it makes sense for us or not."

If no one in the company can bring an expert's knowledge to the table, Warren and his managers bring in outside resources and consultants to gain a better understanding of what the growth opportunity would require.

"If they're available, we like to bring in (consultants) to round out the evaluation team," Warren says. "We sit down and say, 'OK, do we have enough of an understanding of what the timeline is, what the resources required would be, what is the risk and return within some relative range?'"

Warren coaches his team to err on the side of caution because he knows his company, like any, can only take on so much work. If your company's capacity is consumed by tasks it cannot efficiently perform, you are wasting time, labor and money.

"With every company, there is a limitation as to the amount of capacity, energy and resources," he says. "To divert or distract that capacity into an area that is new or developmental, you really have to be rigorous and disciplined in making sure that you don't go down rabbit trails, that you don't chase things that have a limited chance of success.

"Companies can only focus on a limited number of things at a time, so it's very critical that you not try to focus on too many things and end up diluting your resource pool, and end up with less-than-adequate results in all areas."

Adapt your vision

Forming a vision for a company isn't terribly difficult, at least in concept. You decide where you want to take your company in the coming months and years, then you put it in writing and distribute it throughout your company.

But turning that vision into something that lives in the minds of your employees can be considerably harder.

At Energy Alloys, Warren has stood by the same vision the company has had for its 13-year existence — a vision centered

Born: Lake Charles, La.

Education: Finance degree, Louisiana State University; attended business school at the University of Houston

History: As a founding member of Energy Alloys, Warren has been the company's president since its inception in 1995.

What is the best business lesson you've learned?

Business changes. Right now, we're in a very robust environment, and 10 years ago, we weren't. Customers' needs change. The capabilities of the company change. You have to be flexible and open and have an environment that lets you understand where changes are, what the needs are that are a result of those changes, and understand how to change the organization to meet them.

What traits or skills are essential for a business leader?

You have to have a willingness, or more than that, an appetite for change. If you're uncomfortable in an environment where things are always changing, where there is a multitude of issues to focus on, it could be really tough. There has to be a strong vision of where the company needs to go, and not only that, but structurally the things that need to be in place to get there. There has to be a consistent values system in place that people can count on, that they can see every day. People are always looking to a leader for that direction and validation, and the security of knowing that the things that were there yesterday are going to be there tomorrow.

What is your definition of success?

For our company, it's continuing to grow, to be entrepreneurial and to provide solutions for the customer and opportunities for the people who work here. The best way to provide that opportunity for the people that work at Energy Alloys is for us to continue to do those other things and look for new ways to meet those customers' needs. As long as we continue to provide that opportunity, we'll have a successful business.



on smart growth, customer relationships and a strong company culture. But just because the basic pillars of a vision stay solid, it doesn't mean that you never have to adapt areas of it to changing conditions.

He says it's especially true when you broach new markets.

"The basic premises stay where they are with regard to our values, the way we want to build relationships, the kind of work environment we want to have," he says. "But in each market you are involved in,

your customers because of their particular challenges, you have to be adaptable within each environment."

Warren says the leader of the business unit is the most important bridge between the company and the market. In each of Energy Alloys' markets, Warren seeks out strong leaders who understand the industry and the markets they will be serving. If he can promote someone from within who understands how Energy Alloys does business, it's a plus.

But he says the common denominator has to be a willingness to adapt the company vision to the needs of the market.

"Some of the areas we do business are more open to rapid change," Warren says. "Some of them are in early stages of their development, so some of their needs are different, and they might not be totally sure of what the needs of their customers are. So there has to be a willingness to adapt the approach and, at the same time, keep those fundamental things fundamental."

Warren says each customer need creates a void, and that void will be filled — either by your company or by another.

"Every customer need that's not being met creates a void that will be filled, especially going into new areas," he says. "It's not that you need to understand everything from Day One, but what you want to do is at least put enough of a compelling solution proposition in front of a customer that you start building the relationship and continue to understand those

needs and ways to fill those needs."

Warren says an ability to adapt stems from companywide stability, which goes back to having a consistent, disciplined approach rooted in growing with a purpose, then getting everyone involved in forming and refining that approach.

To accomplish that, he says there is no substitute for consistent communication around your core principles.

"We have to have a consistent, cohesive voice," Warren says. "We want to have the same kinds of conversations with all of our stakeholders regardless of customers, suppliers or co-workers, whether we're in Canada or Dubai.

"What we try to have is regular conversations among our leadership team. Then that team is encouraged to have regular conversations with their teams. We bring in the leadership team on a fairly regular basis to have discussions that are not only around issues but to revalidate who we are and what we are and what we are going to be. We're establishing corporate goals that

cascade down through the organization."

Through those conversations, Warren asks everyone in the organization, from the top managers to the workers on the operational floor, to identify how his or her job contributes to driving the business forward. Energy Alloys has a numbers-based incentive program that rewards people who contribute to advancing the company's vision and goals.

In the end, Warren says that if someone within your company is not helping move your company forward in the right direction, that person isn't helping at all.

"If someone doesn't understand our vision and values and they're responsible for bringing in new employees, they're not going to have the same criteria in evaluating and motivating those candidates because they're evaluating through a different filter," he says.

"It's critical that a company as a whole understands those fundamental things and speaks with one voice when it comes to developing the business."

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