FEATURED DISTRIBUTOR

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RISING

BUILDERS WHOLESALE SPRINGS TO LIFE IN THE LONE STAR STATE

t may be true that rust never sleeps, but neither does the entrepreneurial spirit. For every professional who reaches the top of his field and then rests on his accomplishments, there is a Joey Austin and a Brad Doerre, who, upon reaching a peak, look around and ask, "What's next?"

Career contractor Joey Austin had built Austin Windstorm Construction, his residential windstorm specialty contracting business, into one of Houston's biggest players. Texas A&M graduate Brad Doerre had risen through the housing market as a home building superintendent and then as an independent engineering inspector. Doerre had employed Austin's company and inspected his work since the early 2000's.

"I met Brad early on," Austin explains. "LGI Homes was my first contract, and Brad inspected a lot of our work. We became friends, then fishing buddies and we started talking about business. Brad is an entrepreneur, too, so we have a lot in common."

Both Austin and Doerre also happen to be 37 years old, as is Brian Howell, general manager of Builders Wholesale, their now 2-year-old distributorship. (Yes, this actually is a distributor story.)

"Then 2008 came and the housing market crashed," Austin recalls. "It got tough and at one point we came close to cashing it in. For a while it was feast or famine."

His former business partner left and Austin faced the future as a sole proprietor in a limping market. He dug in.

"Through a lot of hustle and grind, my company grew more from 2008 to 2011 than ever before," Austin recalls. "After the crash, purchasing managers were willing to meet with me because they were looking to save every penny. I took advantage of that opportunity, scheduled a lot of meetings and did everything I could to sell my company and myself to those builders."

"I did it. I came out of the backside of the crash with probably 40 or 50 neighborhoods, up from only 15 or 20 before. I did that for a couple of years and got stuck because one man can only accomplish so much. I realized Brad had a lot of connections in the industry and strengths that I didn't. We complemented each other well and we always saw the big picture the same way."

"We have the same overall attitude toward business and customers and doing things CONTINUED ON PAGE 20

Young gun Joey Austin (R) took his windstorm contracting company to the top of the Houston market, then looked around for his next act. He partnered up with construction and inspection pro Brad Doerre (L) to launch Builders Wholesale in 2014. Their company has has doubled in size every year since.



Builders Wholesale's clean-as-a-whistle store and ware-house is nestled right off the I-45 between Houston and Galveston. The store is stocked with top-tier brands and, on the heels of the company's success, it is adding new market segments as it coes

"WE THOUGHT, 'ALL THE BIG DISTRIBUTORS ARE DOING THE INSTALLATION THING SO WHY CANT THE INSTALLER DO THE DIS-TRIBUTOR THING? LET'S OPEN A STORE."

JOEY AUSTIN, PRESIDENT

the right way," Doerre says. "We always try to put our customers first. Also, when Joey decides to do something, he's all in at 100 percent and he's going to be the best. That's part of the success of his company. That goes a long way with the culture of the business. We both have a culture of always improving the machine."

As luck would have it, as Austin faced his inability to grow the company any further as a one-man show, Doerre approached him with an offer to work together.

LET'S OPEN A STORE!

"I approached Joey in 2011," Doerre explains. "I was looking at doing something different. I had a lot of connections and could bring lot of sales to the table."

By this time, Austin's business had its own warehouse and was already buying some product direct from manufacturers. But key vendors balked, not wanting to anger existing distributors in the area.

"We tried to circumvent that for a while but the vendors said, 'If you don't have storefronts, we can't sell to you."

"We had our own warehouse, forklift and pallet racking," Austin notes. "We were ordering 10 or 15 pallets of material each week and were stocking and ordering more clips and straps than the supply house we were buying from. We thought, 'All the big distributors are doing the installation thing so why can't the installer do the distributor thing? Let's open a store."

"Plus, between Austin Windstorm and my friend's business (also a competitor), there weren't many builders to go after, so what's next? We're young. Let's think about opening a supply house because then we could buy from ourselves. We could have a million-dollar account from day one."

The concept was solid except for one small detail — neither Austin nor Doerre had any retail experience.

As they pondered their next move, fate stepped in again. A fire in an adjacent warehouse space made



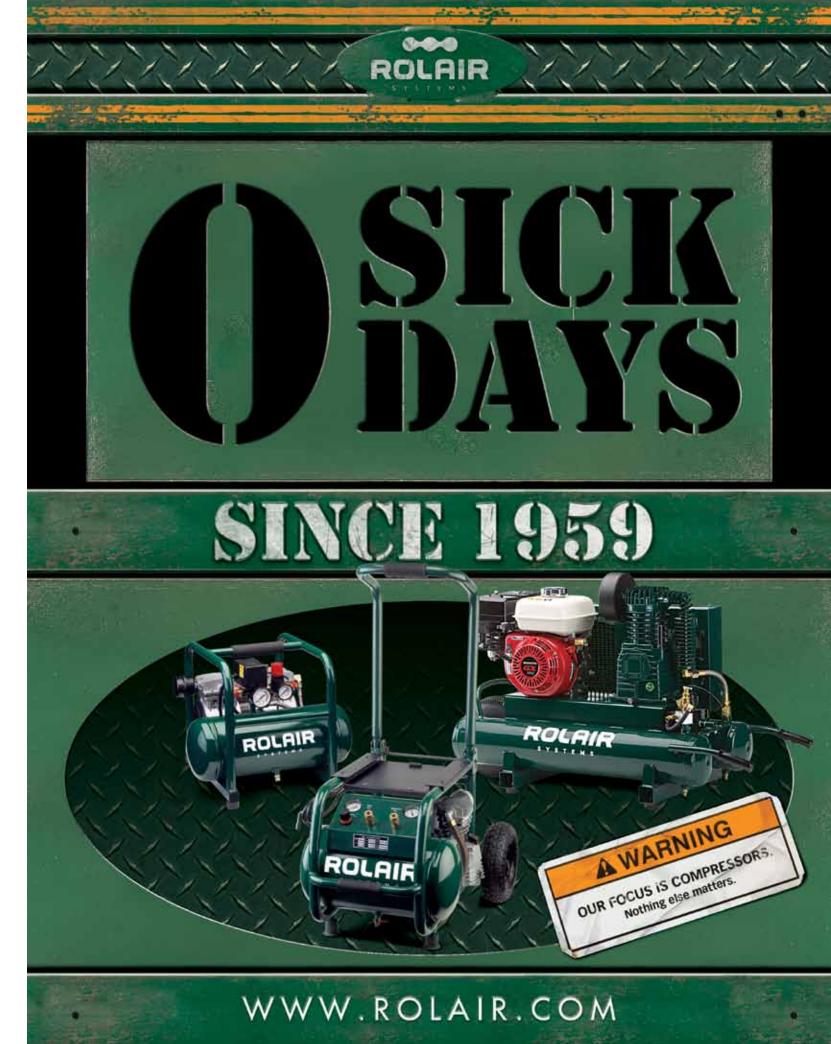
their warehouse uninhabitable and, at the same time, another adjacent property — with an existing storefront — came up for rent.

The owner of all the buildings allowed Austin and his team to move over the weekend so the windstorm business never missed a beat.

"The fire was in November 2013, and we started remodeling this building in January 2014," Doerre clarifies. "That's when we brought in Brian."

Brian Howell had worked for 15 years for one of Austin Windstorm's supply distributors and had sold the company products for years. Austin and Doerre lured him away to help launch the new business.

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"THE NAME 'BUILDERS WHOLESALE' IS VERY BROAD, IT GIVES US ROOM TO GROW AND ADAPT AS A BUSINESS IN TIMES OF CHANGE AND FIND OUR GROOVE, I THINK WE HAVE NOW."

BRAD DOERRE, VICE PRESIDENT

"Brian brought us a wealth of knowledge: contacts, tool repair expertise, product knowledge and he knows how to run a store," Doerre adds. "We've never been in retail. Brian is a key part of the Builders Wholesale business."

The store opened in June 2014. Thanks to the combined efforts of its entire team, sales have doubled every year and are trending even higher as Builders Wholesale enters its third year of business.

WHAT'S IN A NAME

So how did they get a name like Builders Wholesale?

"That's a good question," Austin says. "When we got into this business, we didn't know exactly where we were going to go with selling building products, so we wanted to leave it open.

"A friend of mine has a business that offers products 'wholesale to the public," Austin continues. "He wants his customers to buy into the fact that they are buying at a wholesale price. We wanted to create a 'Builders Wholesale.' We wanted to be able to reach out to builders and contractors and be able to sell whatever we wanted, whatever we could fit into our model."

"The name 'Builders Wholesale' is very broad," Doerre adds. "It doesn't define our business. It gives us room to grow and adapt as a business in times of change and find our groove. I think we have now."

They were in for another surprise when they applied for the rights to the name.

"We have both started several businesses and every time you go look for a name, it's always taken," Doerre adds. "But when we applied for the name with the Texas Secretary of State, we couldn't believe that the name was available."

"It's like it was meant to be," Austin says. "The stars have continually aligned for us."

Though they have been touched by good fortune, it is clear that the Builder's Wholesale team fortifies

Builders Wholesale's core team (L-R): Bob Austin, service tech; Libby Smith, purchasing manager; Cris Austin, accounting; Brad Doerre, vice president: Keith Brooks, service manager, Joey Austin, owner: Brian Howell, general manager; Kevin Smith, counter sales; Arnold Salazar, outside sales.



that luck with lots of hard work and careful, skilled management.

From his focus on the company's line card to his input in selecting the corporate software system and running the store, Brian Howell has had his hand in every aspect of the business since before day one.

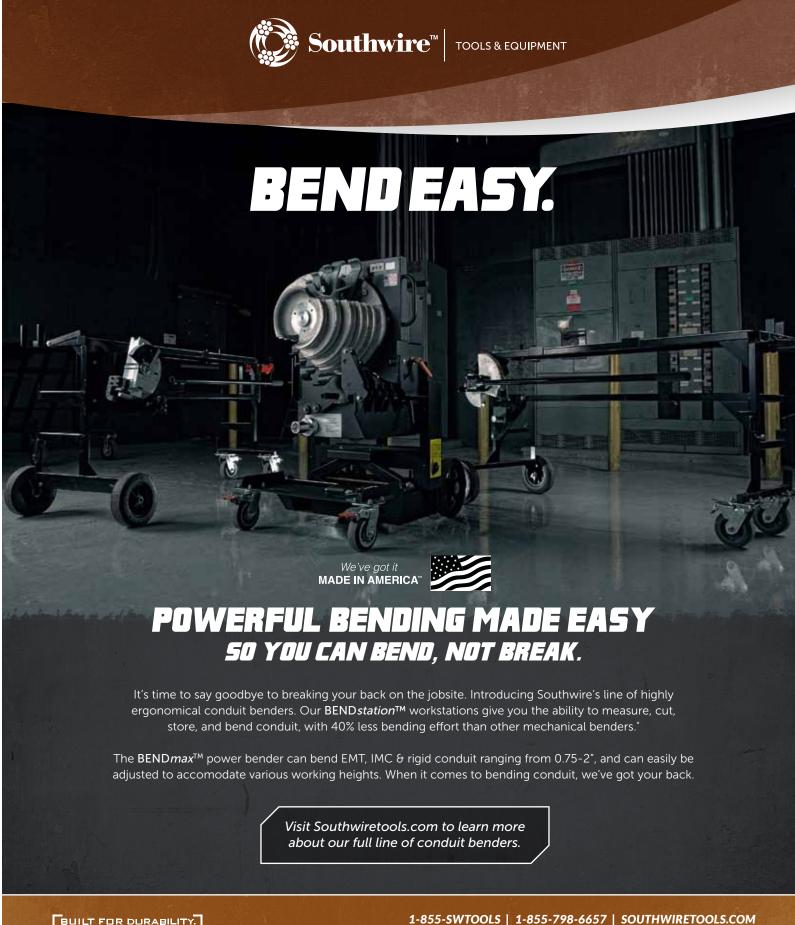
REPAIRS IN PROGRESS

"Brian brought in his brother-inlaw, Adam, who also worked at his former employer," Austin adds. "They launched the tool repair service and then, in another star that just aligned, we found Keith Brooks to be our service manager. Keith is as good as

Tool and compressor repair work also enabled the fledgling Wholesale to earn the right to sell popular lines like Rolair.

"Joey gave me the keys to the car in terms of picking the products to bring in to sell in the store," Howell

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explains. "For example, Rolair is the market leader in compressors in this area, so it was important for us to be able to get them. We also sell and service Jenny. They are our bestselling compressor lines."

EXPANDING THE CORE

Howell relies on his experience and customer requests to source and stock lines for the store.

"With certain tools, our customers prefer certain brands and models. In circular saws, we sell one particular Makita saw 10-to-1 over any other. In nailers, one Hitachi framing gun outsells all the others."

But stocking variety is also important, especially in fasteners.

"A lot of our contractors are very price-driven," he says. "Prices have

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LIBBY SMITH, PURCHASING MANAGER

been hammered so low that you have to be very competitive to stay in the market. We have to carry a large variety of vendors to make sure we're getting the best deals for our customers."

As a contractor himself, Joey Austin looks at tools from the contractor's perspective, and wants his store to reflect their needs.

"We want to be more of a pro shop, not a Lowe's or Home Depot," he says. "We've worked with these tools and Brian sold these tools for years, and we know what's good and what's going to last. We hand-selected the best of the best. The tools we sell aren't the most expensive or the cheapest they are the toughest tools you can get."

ADAPTING TO GROWTH

"Right now we are adapting to our growth and to the market," Howell continues. "We are researching new lines to add to our arsenal so we can be a one-stop-shop for our customers."

Brad Doerre looks at Builders



If that sales counter looks like it isn't going anywhere, t's because it's not. Built of framing materials and windstorm products that the company sells, the counter has become an icon for the company and a standing sales tool for Builders Wholesale.

Wholesale's growing range of products one market segment at a time.

"Every time we take on a new market segment, we bring in the inventory to service that customer," Doerre explains. "If we're selling to framers, we're going to bring in the tools and nails the framer wants. The same goes for cornice, roofers and concrete guys. We're trying to grow CONTINUED ON PAGE 26

BUILDERS WHOLESALE AT A GLANCE

FOUNDED: 2014

OWNERSHIP: Privately held

HEADQUARTERS: Dickinson, Texas

FACILITY: Showroom: 2,000 square feet: Warehouse: 10,000 square feet; Yard: 10,000 square feet

STAFF: 12

MARKETS: Commercial and residential construction, framing, concrete and decorative concrete



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"RIGHT NOW WE ARE ADAPTING TO OUR GROWTH AND TO THE MARKET. WE ARE RESEARCHING NEW LINES TO ADD TO OUR ARSENAL SO WE CAN BE A ONE-STOP-SHOP FOR OUR CUSTOMERS."

BRIAN HOWELL, GENERAL MANAGER

strategically, one market segment at a time."

The company has recently added rebar fabrication and forming lumber to meet customer demand. Other areas for future growth include safety and PPE, decorative concrete products, concrete finishing equipment and equipment rental.

Builder's Wholesale also just hired its first dedicated outside salesperson. They lured Arnold Salazar away from a wholesale distributor, and his industry experience enabled him to "hit the ground driving." Salazar is also bilingual, which is helpful with the store's many Hispanic customers, both on and off the job site.

THAT SALES COUNTER

The store's centerpiece is the custom-built sales counter. Made of building materials and bristling with windstorm clip and strap products that Builders Wholesale just happens to sell, the counter could withstand a Category 5 hurricane.

Joey Austin designed the counter, and says it has already paid for itself many times over in impulse sales of clips, straps and related products.

"We always joke that if another hurricane hits, we are all going to hide under that counter," says Libby Smith, Joey Austin's sister and the company purchasing manager.

Joey Austin enticed Smith away from a career in the oil industry with the promise of never-ending fun courting vendors, sourcing products, invoicing, installing an NCR Coun-

terpoint software system, managing inventory and working the counter.

She had her work cut out for her.

"In the beginning, people didn't have much faith in what we could do," Smith says. "I had to approach a lot of vendors, but now vendors are approaching me. It's great."

Smith is also working with Howell and Brooks on the service center.

"We are going to be an authorized service center for a slew of generators, compressors, nail guns and accessories. I've been ordering parts galore because we're repairing a lot more small equipment than we used to. And we have not advertised our repair service at all. It's all being driven by our customers because they can't get that kind of service anywhere else in this area."

BUILDING A BUC-EE'S

Sometimes inspiration can only be found in Texas. When Joey Austin talks about future stores and his vision for Builders Wholesale, he talks about — wait for it — gas stations.

"You're probably not familiar with Buc-ee's," he says. "Buc-ee's builds gas stations the size of a Wal-Mart.

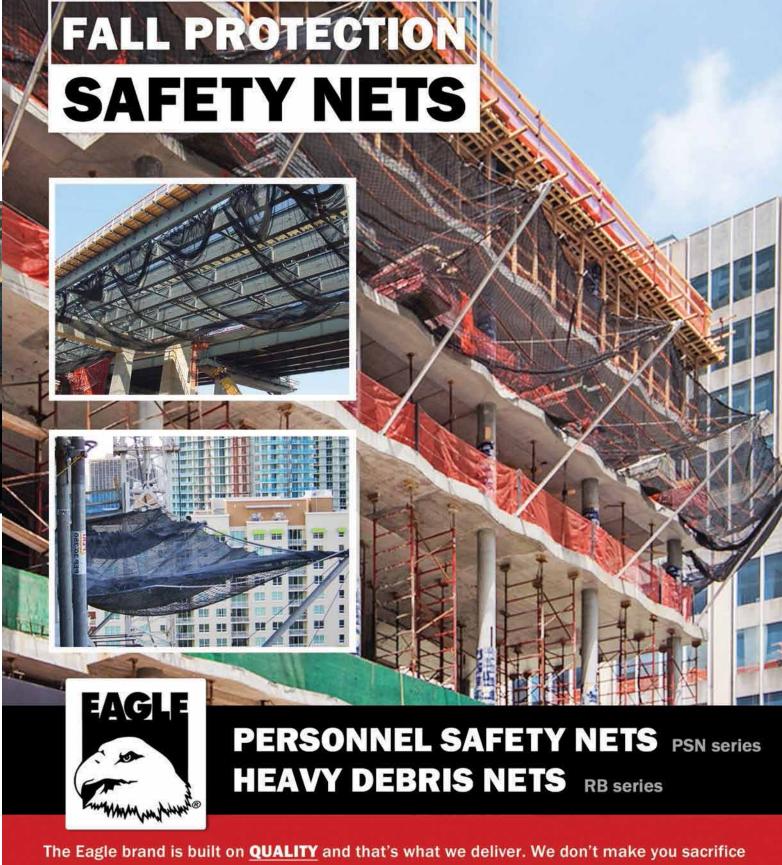


Their business model is clean, organized, professional and highquality. It's like no gas station you've ever seen — they'll have 150 gas pumps and 1,000 cars in the parking lot. It's amazing. Buc-ee's just does everything right."

"We want to be the Buc-ee's of contractor/builder supply houses. We want to have the best product, the cleanest store, the best variety, the best service, all of the above. That's the future."

"Joey always tells me, "The older guys started their companies 20 and 30 years ago, so they're about to retire. It's our turn," Doerre says. "We're feeling that moment."

"It's the natural progression," Austin says. "It's our turn. I truly believe that, God willing, in 20 or 30 years from now we'll have several stores and be those old guys." cs



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