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## Hagemeyer's new home a 'sign of confidence'

PHOTO/COURTESY HAGEMEYER

*Distributor has turned its finances around, is poised for growth*

By **BOB BOUYEA**  
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The future of Hagemeyer North America was uncertain just a few years ago as the company posted negative returns for 12 consecutive quarters.

But by taking a look at what it was doing and making the necessary changes, Hagemeyer, a distributor of industrial, electrical and safety products based in Charleston, is in the black and is now poised to capture its share of a \$150 billion market.

As part of its growth strategy, the company is relocating and consolidating its corporate headquarters. It currently is occupying five buildings at two North Charleston locations. It will be relocating by spring of 2006 into a 50,000-square-foot facility in West Ashley off Ashley River Road near Interstate 526. It will house roughly 150 of the company's employees.

The company will also continue to operate its warehouse and sales counter facility, which employees around 60 employees, in a separate location. However it has not yet been determined whether that facility will be moved or remain at its current Azalea Drive location, says Andros Neocleous, Hagemeyer North America's chief financial officer.

The move is a long-term commitment to the area. The company signed a 10-year lease on the new facility, which is being built-to-suit by Faison Development of Charlotte.

The decision to relocate is one part of the company's growth strategy.

Being in multiple locations "is far from ideal. The buildings have aged and they don't project the corporate image of the company. We have a lot of customers and vendors visit us and the corporate image is

not (suitable) for these types of encounters," Neocleous says.

Another benefit the company will gain by having employees under one roof is in the symbiotic relationships, Neocleous says.

"A lot of synergy and functionality can be achieved through consolidation," he says.

The company will have the flexibility to add another 10,000 square feet to the building to accommodate its anticipated growth, he says.

That growth will come through the acquisition of other companies.

"We estimate that the available market, those customers who don't buy our products and existing customers who buy only some of our products, to be around \$150 billion," Neocleous says.

The majority of that existing business is being done by small distributors who do a good job of taking care of their clients but don't have the capital to keep up with the customers' needs.

"Our intent is to go through consolidation plans," he says. "Our goal is to be consolidators of the industry . . . We have a big market ahead of us."

But before they could grow, the company had to straighten out the problems that were holding it back.

Hagemeyer came to Charleston in 2000 when it purchased Cameron & Barkley, or CamBar, an industrial products manufacturer founded in 1865. Hagemeyer's strategy was to buy companies with proven track records in their industries. Then grow the companies by cross selling to different industries.

"The strategy was spot on. The problem was we ran into economic headwinds," Neocleous says. Shortly after Hagemeyer bought CamBar and two



*This is one of the current buildings that houses Hagemeyer North America headquarters in North Charleston. The company will be moving into a new facility in the spring of 2006.*

other companies, Tristate Electrical & Electronics and Vallen Corp., the economy slowed.

Plus the company did not anticipate the need to understand the three separate cultures that existed at each of the newly acquired companies.

"We were trying to do too much in too little time. We lost focus on our customers," Neocleous says. They also lost the vision and accountability. "We created an environment not good for our employees moral or for customer service. If you don't have that you are dead in the water, and that's where we found ourselves."

But to effect its turnaround, the company went back to the basics. It shifted its focus back on the customers and giving them what they expect. It focused on its employees and it started self-evaluating everything it does.

And going back to the basics has resulted in five straight quarters of growth and the company returned to the black in 2004.

"This relocation is a sign of confidence. 2003 was a very difficult year for this company," Neocleous says. ■

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