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Master Plan

Storage tank sales sizzle
at revamped Quality Steel

Operations Manager Virgil Mullins and President James Tims



Mississippi Master Plan

With sales sizzling, Quality Steel has taken big steps to increase its market share



By Zane Chastain

Publisher

Early last month, temperatures throughout the Southeast, as well as in most other parts of the country, were establishing record highs on an almost daily basis as tropical-like heat and humidity seared the region.

Nowhere were the torrid elements more intense, more debilitating than in the delta of northwestern Mississippi.

Standing outside his company's plant in Cleveland, 110 miles south of Memphis, Quality Steel Corporation President and Chief Executive Officer James I. (Jim) Tims was obviously feeling the effects of the stifling warmth. He wiped several beads of perspiration off his forehead, glanced at a thermometer, noted the late morning reading, and shook his head in somewhat disbelief. It was already 94° Fahrenheit.

Operations Manager Virgil Mullins and President James Tims.

“About the only thing hotter than the temperature,” he declared, walking over to a shady area, “has been industry sales of domestic storage tanks. Like all of the other tank manufacturers, and to our great delight, we’ve been having an excellent year. With luck, this year may wind up being our second best or best year ever. Like the weather, our sales have been sizzling. In both June and July, we set new records.”



General Sales Manager Bob Rhett (left) and General Manager Paul Bobitt.

Sales of its line of 120, 150, 200, 250, 320, 475, 500 and 1,000-gallon ASME pressure vessels have been so good since 1991, the soft-spoken 55-year-old University of Texas law school graduate revealed, that QSC decided three years ago to rebuild and expand its former office and plant complex.

The result of the intense nine-month project, launched in fall 1998 and completed the last week of July, was a near tripling (from 25,000 to 68,000 square feet) of the size of its manufacturing and office facility. The firm, which once catered primarily to independent and small LPG retailers in the 10-state Southeastern region, now has one of the propane industry’s most efficient and modern domestic tank production facilities, employing 100 people.

“Over the past eight years,” Tims added, “we’ve doubled our sales. In several cases, our production of tanks, in various capacities, has increased from 40 to 120 percent. In 1996, to keep up with our growth and that of the propane industry, we developed a long-term master plan. Our goal: to remain competitive, and to increase our market share.”

The plan, implemented under the direction of Operations Manager Virgil Mullins, who was hired in 1994, included the dramatic rebuilding and upgrading of QSC’s cramped 42-year-old plant, virtually from scratch. And, working in tandem with General Manager Paul Bobitt and General Sales Manager Bob Rhett, the West Virginia native also led the redesign of Quality Steel’s manufacturing process, its management policies and sales structure.

Competition has always been keen in the ASME tank industry, as evidenced by the fact that tank prices are basically the same today as they were 11 years ago (see 1988 price list chart pg. 36). Tims says it’s tough and getting tougher.



In the first manufacturing phase at Quality Steel’s plant, sheets of steel, brought in from Alabama mills, are sheared in half to be formed into two tanks. They then are rolled into a steel shell and tacked together.

“Also, since we are now facing now competition from Mexican sources, the only way for us to remain competitive was to become more efficient from a production standpoint. To achieve that goal, we’ve invested over \$3 million in new equipment, systems and space. We’ve also expanded the site of our facility from nine to 20 acres. From a manufacturing point of view, we’ve created a production masterpiece.”

Thanks to its marketing-sales efforts directed by Rhett and backed by a team of 15 outside sale representatives plus an inside sales marketing team, Quality Steel has firmly entrenched itself as the propane industry’s No. 3 ASME tank manufacturer (Trinity Industries of Dallas and American Welding and Tank of Camp Hill, Pennsylvania are the two top tank producers).

Last year, the company grossed \$20 million in sales. Should the economic boom continue into the New Millennium, QSC could surpass that figure this year.

“For years, we were a regional company,” Tims continued. “Most of our tank production was going to dealers here in the Southeast. As everyone knows, the Southeast, because of its massive population growth in the 1980s and 1990s, has become a major market for propane tank manufacturers. But, in 1988

1989 Domestic Propane Gas Tank Prices			
Water Capacity	Weight	Truck load quantity	Truck load price each
120 gal.	360 lbs.	112 tanks	\$268
150 gal.	440 lbs.	98 tanks	\$310
200 gal.	570 lbs.	63 tanks	\$377
250 gal.	670 lbs.	54 tanks	\$415
320 gal.	840 lbs.	45 tanks	\$499
500 gal.	1,180 lbs.	30 tanks	\$695
1,000 gal.	2,359 lbs.	15 tanks	\$1,195

and 1989, as the number of independents began to compact, due to acquisitions, the tank market also began to shrink. Competition for market share accelerated considerably.

“In time, the handwriting appeared on the wall. It became obvious to us in the mid-1980s that we had two choices. One, we sell this company and get out of the business. Or, two, if we stayed in business, we go into a more aggressive mode.

“We had to become much more efficient, modernize and

To stay competitive, we invested over \$3 million in new equipment, systems and space. The result: a 25% improvement in productivity.

increase the capacity of our plant, and augment the scope of both our sales and our marketing efforts, which we’ve done. We expanded our sales coverage and now cover two-thirds of the country, from the East Coast to the Rocky Mountains. In 1994 and 1995, we began reinventing ourselves.”

One of the most significant changes Quality Steel made, was in its sales focus. Company representatives began to target specific markets such as larger companies.

For years, Quality Steel has been a hidden jewel, known only by Southeast propane retailers. To enhance its image and become better known on a national basis, QSC had to change, internally and externally, the way it had historically done business. It decided to raise the bar by offering customers a number of value-added items such as: an improved product, a written five-year warranty, and a \$1,000 discount if the company fails to deliver a load of tanks within a specified time. Orders are taken on a product availability, first-come, first-served basis. By doing those things, QSC is forcing its competitors to do a better job, Tims said.

Every week, members of the management team (including Tims), call several accounts to see if they are pleased with QSC’s service and product.

“As part of our Quality Assurance Program, we talk to the branch manager at the site, getting feedback from them to be certain we are meeting their expectations.”

Prior to shipment of a load, every order is confirmed for mix (tank sizes), number of tanks to be delivered, colors (white, alum, buff, green, etc.), delivery site, etc. Customers also are contacted to confirm delivery date.

To get product to its customers, QSC owns and operates a fleet of 14 big Kenworth and Mack tractors, each powered by a 475-hp Caterpillar engine utilizing a 10-speed transmission. All of the transports are equipped with an unloading crane and each of its 32 air-ride trailers has a special storage cabinet in which tank domes are packed separately to prevent paint chipping. The company has an in-house truck-trailer maintenance shop.

Quality Steel was founded by Tims’ father, Lowry, who was once the chief LP-gas inspector for the state of



Newly designed production line has enabled Quality Steel to keep up with growing demand for ASME domestic tanks and improve plant productivity by 25 percent.



Once sheet steel is rolled into a cylinder, veteran welders at Quality Steel’s plant weld-tack seams together.



Once assembled and sanded by a shot blast machine, tanks are pre-heated to 120 degrees and funneled through a computerized paint kiln, touched up by a painter and taken down a 125-foot conveyor line to cool.

Mississippi and one of the original pioneers of the propane retail business in the Magnolia State.

In 1946, after World War II ended, Lowry Tims resigned his position to go into the retail gas business. He borrowed money, bought a double-barrel transport, and began selling to residential customers throughout this part of northwest and central Mississippi. Prospering from the economic boom of the mid and late 1940s, the company thrived.

In the 1980s, the Lowry Tims Company had five outlets.



QSC owns and operates a fleet of 14 Kenworth and Mack tractors and 32 air-ride trailers that haul tanks. Domes of tanks are packed separately to prevent paint chipping.

Several years ago, those were sold to Dowdle Butane Gas Company of Columbus and Scott Petroleum of Itta Bena.

“While in the retail business, however, my father teamed up with Tom Cadenhead and W. O. (Bull) Johnson in 1957 and founded Quality Steel. At the time, there were over 50 companies manufacturing tanks. But, thanks to his leadership, we survived and have established a market presence.

“With our new master plan in place, we plan to be around for many more years. So, keep an eye on Quality Steel.” □



QUALITY STEEL CORPORATION
Because Quality Steel Means Quality Tanks

Quality Steel Corporation

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Date founded: 1957 **Owner:** James I. Tims

Management: James I. Tims, president and ceo; Virgil Mullins, operations manager; Paul Bobitt, general manager; Bob Rhett, general sales manager.

Operations: Louis Radicioni, plant manager; James McClure, transportation manager; George Barefoot, customer service manager; Hilton Higginbotham, maintenance supervisor; Tina Wells, office manager.



After being hydrostatic tested, x-rayed, cleaned, painted and dried, tanks then cool off as they continue down the plant assembly line to be shipped or stored in inventory.

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