

MRC – Global Supplier of Choice®

After 91 years in business, MRC Global Inc. has proven that embracing their roots and maintaining the company's founding values of integrity, hard work and customer service are the key elements to longevity and success. Turning a family business into a global powerhouse that continues to embrace the small company ideals of its origins is no small accomplishment. Valve World Americas had the opportunity to speak with Joe Herzog, Senior VP Business Development and Supply Chain Valves, Actuation & Specialty Products and John Carte, VP Supply Chain Management – Valves & Specialty Products, to discuss MRC's company philosophy, whirlwind growth, servicing the shale plays and what plans the company has for the future as the Global Supplier of Choice® in the markets they serve.

By Sarah Bradley and Christian Borrmann



Joe Herzog



John Carte



A history of growth

Founded by brothers-in-law Jerry McJunkin, Bernard Wehrle and George Herscher in Charleston, West Virginia in 1921, McJunkin Supply Company was built on the foundations of dedication, loyalty and customer service. The company soon became a leading supplier of pipes and other products, meeting the field needs of the thriving oil and gas industry. By the

company's second year in business, the one-room operation expanded and sales grew to a million dollars. McJunkin Supply continued to increase its manufacturing activity, expanding existing operations and opening new locations.

With the name change to McJunkin Corporation, the company expanded to 29 branches in 18 states by the end of

the 1960s and continued to grow through the 1980s and 1990s with the major acquisitions of Appalachian Oilfield Supply Company, Grant Supply and Republic Supply of California. McJunkin Corporation continued to solidify its strong presence in the United States through further acquisitions of Joliet Valve and others at the beginning of the new millennium. In 2007, Goldman Sachs acquired a controlling interest in the family-run business, which paved the way for McJunkin Corporation to enter into a "merger of equals" with Red Man Pipe & Supply Company. This included Red Man's interest in Midfield Pipe and Supply in Canada, solidifying their North American presence. The result of the merger was McJunkin Red Man Corporation (MRC), which became the largest distributor of pipe, valve and fitting products to the industrial and energy markets.

"We are a collection of companies, the vast majority of which were family owned, so it was interesting to see how those cultures were similar when we brought them together," said John Carte. "They all had a connected feeling that even if you weren't a member of the family by blood, you certainly still were part of the company family. It was fascinating to hear how the owners and predecessors all had the same passion for their employees and customers."

Over the past few years, MRC's expansion has continued to snowball through both acquisitions and organic growth. In 2009, MRC acquired Transmark Fcx Group, in a move that made the company a global powerhouse in the PVF industry and added operations in Europe, Australia, Asia and the Middle East to their existing distribution network in the United States and Canada. Over the past year the

company has acquired Stainless Pipe and Fittings Australia (MRC SPF) and OneSteel Piping Systems (MRC PSA). These acquisitions, when added to the existing MRC Transmark business, have created the largest, full service distributor of PVF in Australia to the markets they serve.

New developments

So far, 2012 has been a banner year for the company now named MRC Global Inc. In April, MRC was listed on the New York Stock Exchange as a publicly traded company and based on its USD\$4.83 billion in sales in 2011, made its debut on the Fortune magazine's "Fortune 500" list of the largest publicly held companies in America.

Attributing their longevity and success to maintaining the ideals of customer service, reliability and integrity, MRC is striving to provide their customers with the highest level of service. MRC achieves this goal by ensuring that their customers experience the small company values that are the basis of their business, but on a global scale. MRC has been able to bridge the gap between manufacturers and their customers, by developing a broad footprint of regional distribution centers, branches and valve automation centers across the world to meet customer needs.

"We have seven regional distribution centers in North America and 13, soon-to-be 14, valve automation centers where we automate manual valves. We have over 335 local stocking locations within North America alone to help service our customers' needs," said Joe Herzog. "We are a big company with a local flare. We have a corporate organization, but we serve our customers' needs at the local level every day."



MRC's commitment to growing their strategic service network has contributed significantly to their increasing success and is a key feature of their business culture. In order to maintain the strong values instilled in the company's mission from its humble, family-run roots, MRC is continuing to pursue like-minded bolt-on acquisitions and creating new locations to strategically broaden its unique service network.

"We are constantly building out our engineering and field service capabilities to support customers with multiple locations," said Joe. "We can service customers in all industry sectors and all geographies."

MRC's broad product offering has also been an important factor in their success as a distributor in the industry. The wide range of products, customers procure more than 150,000 SKUs, customers are able to purchase from the distributor's local

MRC also demonstrates its commitment to providing their customer with the highest level of service through their dedication to product quality. The company relies on a stringent quality program. Product testing, supplier registration and multiple on-site manufacturer inspections are just some of the steps a supplier is required to take in order to be included on MRC's Approved Manufacture List. MRC locations also participate in regular second-party audits and annual ISO internal audits at certified locations. This dedication to quality processes allows MRC's customers to feel confident about the products they purchase.

"Our ability to test valves provides additional confidence to our customers. We can say that 'we are bringing in a certain percentage of our valves and re-testing them to industry standards, and then adding additional tests on your behalf,'" said John. "Customers can witness the testing or we can do it and report results to them. It's something we are being asked to do more and more often and I think it's important, because it is a valuable service that we can offer our customers."

The shale gas boom

MRC credits the increased drilling activity in the North American shale plays and the resulting pipeline infrastructure build out as well as the new U.S. pipeline integrity regulations as being largely responsible for the growth they have experienced in the midstream sector. In response, MRC is taking steps to meet the specific needs of the ever-growing North American shale oil and gas plays.



locations has continued to expand as the company acquired other distributors. It also allows MRC to fill customer project and MRO demands quickly.

"We have a very broad product offering that can service a lot of different industries. We are strong in downstream, upstream and midstream," explained Joe. "A significant portion of our business, about 24%, is valve and valve automation products. We are the leading supplier of those products in North America."

"We operate in a global economy, so sourcing is more important than ever before," said John. "We are currently sourcing from over 35 countries. Not only are we a global distributor, we are a global buyer."

"Servicing the shale plays has become a bigger and bigger part of our business and I think part of the challenge, and where we excel, is in our ability to react quickly with an expansion of an existing branch or opening of a new one," said Joe. "Recently we have set up three regional shale distribution centers to support this activity: Horseheads, NY supporting the Marcellus and part of the Utica shale play, Cheyenne, Wyoming supporting the Niobrara and the Bakken and San Antonio, Texas supporting the Eagle Ford, in addition to more than 335 other North American service locations."

One of MRC's strengths is its ability to be flexible when it comes to the constantly moving drilling locations in many North American shale plays.



"The drilling locations change frequently; our customers will come in and drill an area then move 5 miles away or 20 miles away, so we have to be adaptable," Joe said. "By supporting our many branches with even larger, regional distribution centers that operate around the clock, we are able to quickly provide the products and services our customers need where they need it," said Joe. "That is our strength as a supplier. Customers have easy access to an inventory with an extensive depth and breadth of product offering."

With the increase in production from the shale plays, MRC is ensuring that they are able to provide their customers with not only the high level of service they have come to expect and receive from the company, but also the specialized equipment and materials required for this unconventional production method.

"The complexities our customers are facing during unconventional drilling have changed their requirements as it relates to their valve and piping needs," explained John. "They are seeing higher pressures and more corrosive fluids. These conditions change from location to location even

within the same shale region. So, they are learning as they go and we have to adapt to their changing requirements. We do this by listening to our customers and maintaining a wide variety of quality products near their operations."

The road ahead

While MRC foresees significant growth in the industry and within their company, they also believe that the future of the valve industry as a whole is very positive. With the growth in the shale plays resulting in low natural gas pricing, the chemical industry can expect dramatic growth in the coming years and MRC is ready to service this growth as well.

"Our customers have expressed a need for product standardization and a smaller vendor base. MRC, with our manufacturer relationships, large service location footprint, valve automation and modification capabilities, quality processes and instrumentation and specialty products capabilities will continue to serve as the bridge between end users and high quality valve manufacturers," Joe concluded. "We think we have a very bright future."

MRC at a glance

Company Name:	MRC Global Inc.
President, CEO and Chairman:	Andrew Lane
Number of Employees:	4,500+
Locations:	Over 410 service locations (250 branch, service & distribution centers, and 160+ pipe yards in 18 Countries)
Products & Services:	Pipe, Valves, Fittings and related products and services
Industry Markets:	Energy and Industrial markets
Turnover:	\$4.83 billion in 2011

