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OUR FIRST YEARS: THE 60s**



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MEASURED GROWTH: E. R. VINE & SONS, INC.

E. R. VINE

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Every independent marketer must make a basic decision: Should the company diversify its operations or focus on a core business? Success stories abound with either strategy. But if the decision is to diversify, how can a company cope with multiple ventures—and not become managerially overwhelmed, financially undercapitalized, or excessively leveraged?

One answer is illustrated by E. R. Vine & Sons Inc., a 75-year-old petroleum marketer in California's San Joaquin Valley that has been transformed from an agricultural fuel supplier into a multi-faceted energy company. "We're a one-stop shop," acknowledges president Jeff LeBeouf from his office in Ceres, California, just south of Modesto. "That approach makes the most sense for our market—and for the capabilities our company can leverage in this market."

Today Vine's diverse portfolio includes wholesale fuel supply to commercial end users and petroleum dealers, a transport operation and onsite fueling services, a regional network of commercial cardlocks, sales and service of petroleum equipment, environmental testing, branded oils and lubricants, and a chain of company-operated retail locations with proprietary foodservice and branded quick-serve restaurants.

"Out market stretches about 300 miles from Fresno to Redding, with mostly rural areas and small- to medium-sized cities in between," explains LeBeouf. "That means

it's possible—and advantageous—for us to offer a full line of products and services, so that our customers can get all their needs met without going to our competitors."

And the secret to diversifying operations without becoming overwhelmed? "We've grown with our customer base and the



economic base of our market," LeBeouf continues. "When we've expanded our services, the market has been there to support it." With only modest borrowing—not taking on excessive debt, and not strapping the company down with a strictly pay-as-you-go policy—Vine has grown in a way that is both measured and profitable.

A Family Affair

Understanding Vine's measured growth means starting its story at the beginning. Founder Ellis R. Vine launched the

company in 1932 as a Sunland Oil consignee. "Though it was during the Depression," LeBeouf points out, "friends urged him to get into the petroleum business. Agriculture in the San Joaquin Valley was still booming because people had to eat, even in the Depression. And the growers needed fuel to keep going."

Vine began making deliveries in a Model A Ford. But his simple business philosophy of friendliness, integrity, and fairness soon won him a regular clientele.

"His wife Lena had to work extra jobs to help make ends meet, but they succeeded," LeBeouf relates. The Vines made it through depression and war, and by 1945 welcomed their sons Dick and Donald home from military service—and into the family business, along with their wives Mildred and Janice who also worked various jobs in the company.

"Dick and Donald grew the company through the 1950s and 60s," recounts LeBeouf, "and then in the late 60s came the real quantum leap for our business." In 1967 Vine & Sons became the ►

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◀ second Enco distributor in the state of California—and in 1969, Enco became Exxon. “It was a huge jump,” he explains, “to go from being a consignee to a distributor. The difference is that a distributor carries the receivables.”

The leap from consignee to distributor brought with it the potential to diversify. During the 1970s, Dick and Donald launched two affiliate companies, Vine Transportation and Donlee Pump Company. “That was the start of our one-stop marketing strategy,” states LeBeouf. “With Vine Transportation, we could offer customers superior service without having to rely on outside haulers. And with Donlee Pump—which was the first distributor of Convault aboveground storage tanks—we could provide equipment installation and repair.”

As agricultural production in the San Joaquin Valley continued to grow—and

as cities like Fresno, Modesto, Stockton, and Sacramento developed their industrial bases—the Vine companies were well positioned to service both old customers and new. Burgeoning cities and towns also afforded the Vine brothers a chance to supply growing numbers of mom-and-pop retail sites and to acquire their own gas stations and convenience stores.

“With our various companies,” LeBeouf says, “customers could buy their fuel from us and have it delivered, as well as purchase their fuel storage and dispensing equipment, and have that equipment maintained and repaired—all from one source.”

E. R. Vine & Sons reached another turning in 1980 when Dick and Donald—who between them had six daughters—offered positions in the business to three of their sons-in-law. The three men—Jeff LeBeouf, Rich Erickson, and Michael

Keys—all had to “start on the bottom rung,” recalls LeBeouf. “Over time, we worked just about every job in the company!” But their dedication paid off when, in 1990, the men were each awarded an ownership interest.

Today LeBeouf serves as president of E. R. Vine & Sons. In that position he oversees wholesale and retail marketing activities. Keys is president of Vine Transportation and Erickson is president of Donlee Pump Company. In addition, both Keys and Erickson are vice presidents of E. R. Vine. Daughters Risse Keys, CFO, and Patricia Erickson also have active top management roles.

Under the leadership of the third generation, by the mid 1990s Vine became an Exxon Lubricants Master Distributor—a title that less than 55 distributors held title to. Since LeBeouf, Erickson and Keys took over the reins, “We’ve pursued a strategy of growth, always investigating opportunities for growth whether through acquisitions or developing ways to build our customer base as a full-line marketer.

One-Stop Shopping

Vine has definitely succeeded in becoming a full-line marketer. Fuel products include 76 and Valero branded gasoline, diesel, and racing fuels. Diesel customers can purchase both dyed and clear diesels, ultra-low sulfur diesel, soy-based biodiesel, fuel treatments, and biocides. Customers needing automotive service products can buy brake and carburetor cleaners, brake fluids, coolants, and filters. ▶



Patricia Erickson and Risse Keys.

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◀ Industrial customers depend on Vine as a source for solvents, alcohols, glycols, fuel stabilizers, and algaecides. And lubricant and oil products—from Exxon, Mobil, Service Pro, and Camco—include engine oils, greases, and lubes for nearly every application: hydraulic, compressor, gear, industrial, commercial, aviation, marine, railroad, and even food grade and kosher lubricants.

Delivery options available from Vine Companies—either on a routed, call-in, or 24-hour emergency basis—include bobtail or tank wagon delivery, truck and trailer hauling, and onsite fleet fueling. And Vine's 24-hour cardlock locations are affiliated with the Commercial Fueling Network (CFN). Meanwhile, Donlee Pump Company can install and repair all petroleum equipment—including meters, pumps, dispenser, hoses, nozzles, tank sticks and charts, barrel dollies, kamlocks, valves, and fittings.

On the retail side the company's c-stores, located in the greater Modesto market, do business as the Vineyard Stores. All sites sell "76" branded fuel from ConocoPhillips, and all feature Quizno's quick-serve

restaurants. Yet Vineyard Stores have established their own brand identity with ample 3,000-square-foot freestanding buildings and proprietary foodservice featuring deli sandwiches, Mexican foods, and "Chester Fried" chicken.

Vine's diverse operations are a good fit for a family business that enjoys the services of three talented sons-in-law. "We each have our own sphere of responsibilities," says LeBeouf, "which is a healthy dynamic. And it's also an advantage, because to run a diverse company you need enough competent people—and not just one person—to do it."

LeBeouf says his 27-year relationship with Erickson and Keys has worked well due to a few simple principles. "We each attend to our company responsibilities. But when it comes to decisions that affect overall direction and policy, we manage by roundtable decision always including department heads," he explains. "And we all have a strong work ethic so that everyone knows we're all pulling together, equally, to the best of our abilities."

Regular communication is another key that keeps the family's business running

at high efficiency. "As owners, we have monthly financial meetings," notes LeBeouf, "and then an annual fiscal meeting at the end of our fiscal year." Finally, he adds, the three brothers-in-law have decided to "treat ourselves like any other employee, so that we never lose sight of what it feels to be an employee of our company."

The ability to work alongside and foster a family environment has helped the Vine companies recruit and retain stellar employees," notes LeBeouf.

Future Considerations

Though the sons-in-law all have children of their own, they have agreed on ground rules for admitting a fourth generation to the business. "We're encouraging our kids to finish school and then go and work somewhere else first," LeBeouf explains. "Then, if they decide later to join our business, it's a conscious career decision. And they can bring to our company new knowledge and experiences they've learned elsewhere."

Learning from others has been important to LeBeouf since Vine & Sons joined ▶



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◀ SIGMA in 2003. "The issues that face our industry are extremely complex, especially in California," he relates. "We've got complicated environmental compliance issues, as well as supply issues and extreme price swings. The high-level networking with other marketers, plus all the professional education and legislative information, which we get from SIGMA is invaluable for staying on top of the industry. It's the one organization we get the most value from."

Another relationship which is important to the Vine companies, continues LeBeouf, "is with our bankers. That's always important—and maybe even more so in the future. With gas at \$3 a gallon, a lot of smaller companies have a hard

time financing inventory and carrying their accounts receivable. So we're considering possibilities for strategic acquisitions."

Any acquisitions, however, will conform to the Vine companies' historic philosophy of opportunistic but measured growth. "We're going to grow," states

LeBeouf, "but it's going to be controlled. We're open and we're looking for acquisitions—but only if they add to our bottom line." **ign**



Clockwise from left: Richard Erickson, Jeff LeBeouf, Mike Keys, Risse Keys, Patti Erickson