

January 2021

# Metal Market Magazine

**Holman Head  
on his career at  
O'Neal Industries**

**Outlook for  
metals, steel  
and industrial  
minerals in 2021**



# Profile



ON

# Holman Head

## 'ONI is utilizing big data to drive improvements'

Holman Head retired from his role as president and chief operating officer of O'Neal Industries, Inc. at the end of September. He recalls the substantial growth of the business during his 40-year career with the company and discusses likely future trends with Bette Kovach

In reflecting on his 40-year career with O'Neal Industries, Inc. (ONI) of Birmingham, Alabama, Holman Head thought about all the changes that metal service centers faced and his response to them. Considering four decades of profound change in nearly all facets of how a successful business operates – and his many roles in managing that change – Head said, “I feel like Forrest Gump,” the fictional lead in an American movie of the same name about facing – and successfully managing – life’s twists and turns.

“Like Forrest, I too have been in the right place at the right time in many aspects of my life. He embraced hard work and integrity to become successful in many different roles, and I think for the most part, I did too,” said Head. And much of Head’s life and career followed Forrest Gump’s most memorable quote, “Like Momma said, life is like a box of chocolates. You never know what you’re gonna get,” as Head tackled and conquered myriad positions in his years with ONI before he retired on September 30, 2020 as president and chief operating officer.

Those virtues of hard work, integrity and the ability to embrace and master change have been mainstays in the evolution of ONI, which was founded by Kirkman O’Neal in 1921. Centennial plans for 2021 are under way. Today, led by the third generation of the O’Neal family – Craft O’Neal serves as chairman and chief executive officer – ONI is the United States’ largest family-owned network of metals service centers and component and tube manufacturing businesses. The firm employs 2,500 people working in more than 70 locations and creating revenue in 2019 of about US\$2.4 billion.

### ONI’s history

The business that is today’s ONI began operation in Birmingham when Kirkland O’Neal started a steel fabricating business that would later be called O’Neal Steel. The firm quickly became known for its dependability and performance, which became hallmarks of its nearly 100 years. Kirkman O’Neal in a 1926 interview with *The Birmingham News* said, “We turn out each piece of work and each contract the very

best that can be done, and we are determined that it shall be satisfactory.” By the 1930s, O’Neal Steel was the largest metal service center in the Southern United States.

During World War II, the firm was the nation’s largest producer of general-purpose bombs, employing more than 1,300 men and women, who also fabricated other materials for the war effort. The next few years saw the second generation of the O’Neal family enter the business as Emmet O’Neal, Kirkman’s son and former chairman of O’Neal Steel, joined the company in 1946, setting the company on a strategy of geographic growth, and in 1952, the company opened the first satellite district in Jackson, Mississippi. That first satellite location was followed by significant expansion, by both organic growth and acquisitions, with the addition of numerous facilities throughout the South, Midwest and Southwest USA.

Holman Head started his career with O’Neal Steel in 1980, two years after he graduated from Washington and Lee University in Lexington, Virginia. His

**‘The service center industry is still highly fragmented’**

decision to attend the prestigious university was heavily influenced by his mother. “I have frequently done things in my life that were what other people wanted or expected. Many got me out of my comfort zone, but all of them have helped me grow. One of those was going to Washington and Lee. Even though I was disappointed that it was a male-only school at the time, it gave me the focus to concentrate on my studies and not be distracted by girls who we would see only on the weekends from all-girls’ schools in the region,” he quipped.

The skills taught by liberal arts colleges and universities have served Head well. “One of the advantages of a liberal arts education is developing both as an individual and acquiring critical thinking skills. It was a period of tremendous personal growth that has served me well during the course of my career,” Head reflected. Armed with his Bachelor of Arts degree in economics, Head moved to Birmingham, long known as the Pittsburgh of the South, to work in outside sales for Vulcan Materials Corporation, selling aggregate and crushed stone.

## Old pricing methods

Head joined O’Neal Steel in 1980 in inside sales. In that position building off his outside sales experience, Head quickly realized that pricing was not very sophisticated at both the supplier and customer levels. “Back then, steel companies published pricing books, and they were simply based on adding all costs and putting a profit margin on top. No one questioned the price. It wasn’t until after rampant inflation gripped the United States in the very early 1980s followed by a deep recession was the true cost of steel products questioned. The growth of low-cost mini mills in the United States made inefficient costs more apparent,” he said.

The year 1982 was a major turning point in the US metals industry as companies used a laser focus to identify and reduce costs. A two-year move within O’Neal Steel to its district office in



Memphis, Tennessee put Head back in front of the customers through his role in outside sales, which “really taught me how to listen to and communicate with many different kinds of people. I also learned how to communicate with people in a group and recognize that while everyone was hearing the same thing at the same time, not all people were understanding at the same time. Sometimes the timing of the message is even more important than the content,” he explained.

## Period of rapid change

When Head returned to Birmingham in 1984 to work in marketing, O’Neal Steel was rapidly changing. The company began using telemarketing, implemented Electronic Data Interchange and initiated business development efforts. Product marketing and purchasing groups were more closely aligned to further expedite response to the customer.

But in thinking about the tremendous change in how companies conduct business since the early 1980s, Head quickly points to the evolution and integration of information technology as the most impactful trend that changed both the face of O’Neal Steel and the entire service

**Holman Head with Bob Weidner, president of the Metal Service Center Institute, recognizing Head’s service as Board Chair of the MSCI**

center sector. “When I started, O’Neal Steel had a huge mainframe computer with a room full of tape drives. There were no word processors or personal computers, and fax machines were barely making a mark. As technology advanced, those who understood its power and could invest reaped great benefits from increased productivity, improved asset management and better competitive knowledge.

“Information technology also increased transparency throughout the supply chain, which eliminated waste and forced extreme discipline on operating cost. In 1980, we quoted on the phone using price pages. Today, a significant percentage of O’Neal Steel’s line items go through the ecommerce site PRONTO™. That same system notifies the customers when they are the next delivery stop. ONI is utilizing big data to drive improvements. We’re able to measure and analyze things in ways we’ve never been able to do in the past,” Head explained. And then, linking his retirement decision to the continuing and quickening advances in technology, he quipped, “I’ve realized over the last couple of years that changes in information – and all – technologies are faster than I can

stay abreast. The younger generations who grew up with laptops are better able to see around the corner than those of us who grew up with slide rules.”

### Strategic acquisition

Evolving and leading-edge technology helped O’Neal Steel expand organically in the 1980s and 1990s in the Southeast and then into the Midwest and Southwest USA. But company leadership within O’Neal Steel saw opportunities for strategic acquisitions to expand its products and services for metals consumers. In 1997, the company acquired Metalwest, O’Neal Steel’s first stand-alone subsidiary, followed the next year by the development of a weldment operation in Monterrey, Mexico, now known as O’Neal de México, the first business outside the United States.

In 2004, O’Neal Steel closed on Aerodyne Alloys, the first acquisition into high-value nickel, cobalt and titanium bar products, and the following year Leeco Steel

## ‘The growth of low-cost mini mills in the United States made inefficient costs more apparent’

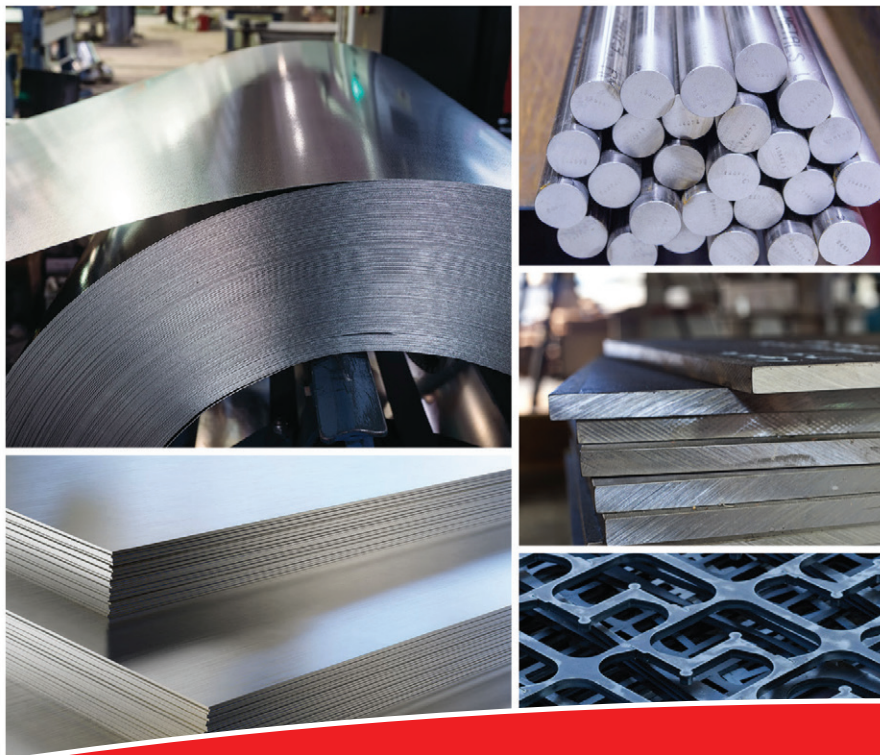
was added to further broaden O’Neal Steel’s range of products, services and geographic reach with specialized grades of high-strength steel and alloy plate serving customers throughout North America. Late in 2005, TW Metals (TW), the largest acquisition in the company’s history, expanded the geographic reach worldwide to Europe and Asia. Additional acquisitions followed with several more global specialty metals companies in 2006 through 2008, including what is now known as United Performance Metals (UPM).

After growing into many separate and unique companies, in 2008 the shareholders formed the parent company, ONI, to better manage the growth of the business and to provide some corporate support functions for the subsidiary companies, such as mergers and acquisitions, financial reporting, legal, corporate compliance and tax services. However, each ONI company continues to manage its own core

functions such as sales, operations and purchasing. Under the ONI umbrella, subsequent acquisitions included Stainless Tubular Products through its TW affiliate in 2008, and Plus Ten Stainless through the UPM affiliate in the same year.

### Head advances

As the company grew, so did Head’s responsibilities, advancing through vice president of purchasing and product development, senior vice president of the southern region, and then president and chief executive officer of O’Neal Steel. As his role and view grew, he saw value for his company and for its customers through the creation of O’Neal Manufacturing Services, which offers multi-stage processing capabilities, providing OEMs a reliable resource for large-scale and labor-intensive jobs that require specialized facilities and a high degree of manufacturing expertise and efficiency. ▶



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We commend Holman Head on his many years of service and congratulate O’Neal Industries on reaching this impressive milestone!

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“We created O’Neal Manufacturing Services as a way to capture work for OEMs that they had previously outsourced. We had the capital to invest in highly specialized equipment and were able to generate enough business to operate three shifts a day seven days a week, whereby the OEMs may only need to run their machines for one shift a week. The OEMs avoided the cost of the specialized machinery, and we were able to efficiently provide them with value-added services. In addition, we had businesses with similar equipment and were able to shift the volume between businesses when needed,” Head explained.

Craft O’Neal, chairman and chief executive officer of ONI and grandson of company founder Kirkman, pointed to the creation of O’Neal Manufacturing Services as Head’s single greatest contribution to the company. “A growing number of customers had come to rely on O’Neal Steel to provide all of their value-added processing including fabricated metal components and welded assemblies. Growing that business while maintaining focus on distribution and early stage processing with the resources was becoming extremely difficult. Holman recognized under those conditions that neither distribution nor manufacturing could reach its full potential, thus he and his team created O’Neal Manufacturing Services as a new entity. This allowed O’Neal Steel to return to being a highly successful full-line metals distributor and processor and O’Neal Manufacturing to become the leading supplier of fabricated metal components and welded assemblies.”

Additional acquisitions have included Vulcanium Metals in 2013, which includes a stocking facility in Belfast, Northern Ireland, which along with Aerodyne Alloy and Plus Ten are part of ONI’s UPM affiliate as a global distributor of high-performance specialty metals. In 2018, additional purchases were both the British firm of Locate Supplies Ltd, made



**Holman Head with his wife Margaret at an MSCI event**

**‘Sometimes the timing of the message is even more important than the content’**

by the ONI affiliate TW Metals, and G&L Tube of Cookeville, Tennessee, whose products are used by top-level OEM and Tier 1 customers for heating elements, vehicle fuel systems, HVAC and other heat- and corrosion-resistant applications.

## Sector trends

ONI’s steady stream of acquisitions was part of a broad metals industry trend that intensified during the past decade in which many firms looked to enter new markets with new or expanded product ranges and frequently in different geographic regions. In data provided by Headwall Partners LLC, Greenwich, Connecticut, there was a steady increase in the number of metals industry mergers and acquisitions between 2015 and 2018. Many metals industry executives anticipate further growth through mergers and acquisitions following the recent slow-down in transactions resulting from the global Covid-19 pandemic.

Another factor supporting consolidation in the distribution side of the metals industry has been fueled by the steady decline over 40 years in producers owning distributors. Head recalled that “in the 1980s, many mills owned service centers. Our customers wanted to buy stock material and process it all the way through a finished product. Today, I don’t believe any domestic mills are truly in the distribution business, and they do see value in the service centers, which are in their top two customer segments. Producers want to focus on making the material and not distributing it. Our OEM customers want to assemble parts, focusing on engineering and design. The gap between the two creates a great market for service centers. Economic conditions impact integration over time. However, with consolidation in the producing mill industry and consolidation of OEMs, this is less impactful today.”

Bob Weidner, president of the Metal Service Center Institute,

agrees with Head’s assessment of the key forces that have shaped today’s service center structure. “Macro forces over the past several decades have dramatically changed producers and service centers, including industry consolidation, changing demographics, increased use of technology, globalization and government oversight. Also, there has been a significant adverse impact on service center shipments since China’s admittance into the World Trade Organization. Successful companies, however, have been able to innovate their processes, products and services as they’ve been doing for over a century. Business leaders like Holman always find a path forward for their team, their shareholders, their customers and the communities in which they do business.”

## More to be done

But as much as the industry has advanced through consolidation and innovation, there is more to be done in Head’s view. “Despite tremendous consolidation over the last 40 years, the service center industry is still highly fragmented. It is increasingly difficult to get an adequate return on invested capital. There has always been a debate as to the value the service center provides in the metals supply chain. In the 1980s, the story was cost of possession. Then came value-added processing. I believe the trend of improvements in information technology will continue with the impact of big data and artificial intelligence. The trend in less vertical integration will continue. The service centers that win in the future are those that can provide value to both our customers and suppliers. That value will come from continually harnessing changing technologies. Though technology provides for less interpersonal interaction, I do believe that people find a way to do business with people they want to do business with. Those relationships help sell and communicate the value provided.”

Head’s personality, which Craft O’Neal described as a “balance of a strong business acumen and a ▶



CELEBRATING OUR PAST

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FORGING OUR FUTURE

The O'Neal Family of Companies is celebrating an important milestone in 2021 - 100 years in the metals industry, guided by three generations of O'Neal leadership.

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To honor and commemorate this achievement, we would like to recognize and thank those whose contributions have made O'Neal's success possible. We thank our employees who have dedicated years of service and carried out our founding principles of integrity and commitment to excellence. We also thank our customers who we are fortunate to serve each and every day.

Our centennial is not only a celebration of the past, but a celebration of what the future holds, as our family of companies, employees, and customers continues to grow for years to come.



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“jovial, fun-loving spirit,” transferred well in his service with professional organizations and community groups. He served as chairman of the board of directors for the Metal Service Center Institute, the role which Head described as “improving the profitability of its members without affecting competition.” After listing the benefits of trade association memberships, his tone shifted when discussing the challenges. “Increasing diversity in the metals industry is something that members can do something about. The industry is still largely White and male, and it’s easy to say that other folks are not interested in our businesses. But have we really been proactive with diversifying our workforces, and can we help each other within the industry to become more diverse? This is a great opportunity to learn the business from each other’s perspective.”

In describing Head’s leadership of the trade organization he manages, Weidner, the president

of the Metal Service Center Institute, said that Head’s service to the association “was marked in decades, not in years, culminating in his role as chair. Among the many attributes he has which make him an effective leader, the one that stands out is empathy. His ability to sense how someone is feeling helps draw out the best in others.”

### Personal future plans

Head’s empathy has served both ONI and him well. ONI is an active corporate citizen in the communities in which it operates, and Head’s skills and personality are a good fit for volunteer leadership positions. He currently serves on the board of directors of the United Way of Central Alabama, which supports organizations that improve the regional quality of life, and is the past board chairman of the Birmingham chapter of the Juvenile Diabetes Research Foundation.

In retirement, Head plans to do

exactly what he wants and not what others expect him to do. Yes, he is planning to enjoy some of the traditional retirement activities such as working on his impressive golf game, traveling, taking classes at the University of Alabama at Birmingham and becoming a better guitarist. The genteel southerner also plans to spend more time with his wife Margaret, granddaughter of ONI’s founder Kirkman O’Neal, and their daughter Olivia. But Head’s empathy is also helping him make plans to somehow, somehow address two significant societal issues in today’s America – improving economic opportunity and social equality. “For 35 years, I drove through a distressed neighborhood on my way to work and felt that people’s lives would be improved with economic opportunities made possible through more education and training. I know I am going to do what I want to do – and can do – with a passion and where I can make a difference,” he said.

## TW Metals is Celebrating ONI’s 100 Years

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We congratulate Holman Head for his achievement and celebrate O’Neal Industries’ 100 years of dedicated service to the metals industry.



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