

Industrial Storage for Machinery, Steel and Heavy Industrial Products



Catherine James
President
Dixie Cullen Interests Inc.

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- Catherine James

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CEOCFO: Ms. James, what is Dixie Cullen?

Ms. James: We are an industrial storage company. We store machinery, steel, heavy industrial product. We also do export packing and containerizing.

CEOCFO: Why are people storing their equipment?

Ms. James: Sometimes they are storing it because they need to get it off their floor to make more room and they do not need it for production, or it is inventory that is slow moving so they do not want it on their floor. We have customers that have bought machinery and they are waiting for the plant to be built. We have companies that bring it in to stage the material here so that they can pull it out as they need it on a construction site. They have bought it and are waiting on an import permit so that they can export. There are thousands of reasons, almost as many as there are companies for doing this.

CEOCFO: Do you have a great deal of space?

Ms. James: Right now, we have 300,000 square feet and we are adding another 80,000 square feet. Business is good right now.

CEOCFO: *What are some of the challenges and nuances? What do you understand about how to store something properly that perhaps others do not?*

Ms. James: The first thing that comes across from what our customers are telling us is that we keep a clean and neat warehouse facility. Everything is organized and tagged. It is so easy for things to get moved around as you are moving out a piece of equipment and you move something else that is beside it, so things get separated. Having it properly tagged and marked so that it can be identified and tied into the paperwork is mandatory. We have one machine in here that is 48 truckloads. It would be really easy to miss one piece when we go to start shipping an order but because we have it inventoried and tagged, every piece, then we can identify if we are missing a piece in and look for it on floor.

CEOCFO: *Are you able to utilize technology to keep track or at the end of the day does somebody physically has to be sure it is where it should be?*

Ms. James: We do keep track of it electronically but we are a little old fashioned that way because we keep it in the Excel spreadsheet. So many of our customers have different types of warehouse management systems and we are having difficulty finding a warehouse management system that will dump into anyone, but yet an Excel spreadsheet can be converted into any of the warehouse management systems. Even though we have our processes in place, we are a little antiquated simply because we deal with so many different types of customers in different countries.

CEOCFO: *Do you store for people worldwide? What is the geographic range?*

Ms. James: We have a regular customer in Italy that ships material into the Houston area to be distributed from a warehouse. They keep an inventory on our floor and sell from our warehouse. Right now we are getting a piece of equipment ready for shipment down to Brazil. The 48 truckload machine that I told you about came in from Hungary and it is the only machine like that in the world and it will be assembled in the Houston area when they finally find where they are going to build their plant. We have customers that have been in Vietnam. We have customers that are in Australia and Singapore. Many of our international customers are one-time customers because they bought a machine here and needed our services. We have other customers who ship in for an entire project. Some are a customer for maybe a year and then we do not hear from them for four or five years and then they are back for the next project.

CEOCFO: *How do you deal with some of the challenges when you are shipping equipment that may be very sensitive?*

Ms. James: There is a lot of sensitive equipment, however much of that comes to me prepackaged. We check to make sure that the packaging is secure that is there and we notify the customer if we feel there is a doubt in the existing packaging. If we have to do the packaging before it goes into the container or crate, we do the cushioning: bubble wrap, shock absorbers, tipsies. We find more of an interest right now and a concern in the climate control. You have to be concerned about moisture that gets into these units because number one, we are on the gulf coast with a humid climate, but also when they put it on the ship, there is humidity.

We are going from north to south in spring, fall or winter; the temperature difference causes humidity on the equipment. Those are things our customers are actually more worried about, the humidity. Right now we have 22,000 square feet of humidity control which is geared towards electronics, motors, electrical control panels and things like that. We are in the process of adding another 24,000 square feet of climate control because it is that much in demand.

CEOCFO: *Do you have the space to add continually?*

Ms. James: Right now in this facility, we are building out within the space that we have. While we are adding climate controlled storage, we are taking away from our regular storage space. It is a trade off but where our customers need me to be. The 80,000 square feet that we are building is about a quarter mile away. We are putting that up on some property that we have and it will have a 100 ton lift capacity in the building. That will be geared towards large equipment coming in.

CEOCFO: *How do people find you?*

Ms. James: Believe it or not, most of our work comes from customer referrals. Our customers bring us customers; our competitors bring us customers, the trucking companies bring us customers. We do not have a sales staff here.

CEOCFO: *The company was recognized by the Houston Business Journey Fast 100. Why the growth?*

Ms. James: The growth is something that we work towards and I think it's probably because we give quality service and pay attention to our customers and what they want and need, we also pay attention to what is going on in the industry. We stay abreast of what is going on. We watch the trends and see the big projects coming up. Knowing that big projects are coming up, we know that we are talking new equipment, which means more concern for the climate controlled on the electronics. That is what has fueled our growth in addition that we are here in Houston and the Houston port itself had a thousand more ships this year already than what they had last year and that helps the fuel.

CEOCFO: *Are there regulatory issues? How do you stay ahead?*

Ms. James: Yes, we need to stay up to date. For instance with our ISPM 15 certification. At first it was just that there could be no bark on the lumber then all of a sudden there is no wane on there for certain counties. The wane cannot be any more than credit card size if you are going to Australia. It gets interesting and it is subscribing to the agencies that oversee it, attending industry functions, learning what is going on. Luckily, Harris County has been a very big proponent of international trade and they have an event every year and bring in quality speakers. It is making myself available, listening and making the connections so that when we do have a question where we are servicing a new country, we call and get the answers from the people that know.

CEOCFO: *What has surprised you as Dixie Cullen has grown and evolved as a company?*

Ms. James: What surprised me was that companies I am dealing with now, ten years ago would not give us the time of day. I think part of that now is that I have proven myself. They know that we know what we are talking about. I think we have made an impression on people. We do what we say we are going to do.

CEOCFO: *What might be different a year or two down the road?*

Ms. James: A year or two down the road, I see us expanding more into more square footage. I am hoping to have rail siding service added by that point in time so that we can continue to service the heavier loads at our new facility with the 100 ton lift capacity, and just keep moving forward, focusing more on the project cargo that our customers are having come in. We see that there is a lot going on right now. There is a lot of planned expansions going on in the area, so I can see a lot of new equipment coming in and needing to be staged for construction.

CEOCFO: *Is it easy to find personnel for the company?*

Ms. James: No.

CEOCFO: *How do you find personnel?*

Ms. James: Much of it comes by referral from people that we currently have working here that will bring in and suggest that we hire. Part of the problem we are having is that because we adhere to CTPAT regulations here at our facility and we are also in the process of becoming an FTZ (Foreign Trade Zone) area that we have to do the background scans on everyone and the drug testing. It is amazing how many people cannot pass those strict background checks.

CEOCFO: *Would you tell us what those two things mean?*

Ms. James: The foreign trade zone is allowing our customers to bring equipment into the United States and leave it here in our warehouse and not pay import duties on it until the time they are getting ready to pull it out and send it to the job site. That saves them tax dollars because sometimes this delay could be a year or two from the time the equipment comes in before it gets to the job site. The CTPAT is to counter terrorism. That was established after 911. That means that we have to prove that everyone that works for us, because we handle international trade, are not involved in drugs, not on the black list, have not had any felonies, and has no more than three misdemeanors in five years. Basically unless they decide they are going to be good when they are in kindergarten. They do not realize that if they are in trouble in high school and it stays with them.

CEOCFO: *Is security an issue or is everything so big and heavy that there is not much chance that people are going to try to steal anything?*

Ms. James: Stealing is just not a problem, I am more concerned about vandalism, because that is where they can do damage here. We have an upgraded security system. We have dogs on site at night. We also have CTV cameras and a fire system here.

CEOCFO: *Why choose Dixie Cullen?*

Ms. James: I believe that Dixie Cullen will provide you the best service possible and you can consider us an extension of your own business.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine