



RAGCO: Successfully Navigating All Obstacles

Somewhere in Louisiana there is an old photograph of the late Mike Halay cutting gaskets out of the trunk of his car. This image may be the first documented indicia of what would eventually swell to become the RAGCO group some years later. Halay, who passed in 2004, is commonly referred to as one of the “godfathers” of this unique group of industrial distributors. He had been employed by Texaco Oil when he took a chance in starting Lake Charles Rubber & Gasket, where he would persistently call on refineries and chemical plants selling industrial rubber products. Hose and fittings were naturally adopted into his offering. To make a memorable first impression, he would take his purchase orders, walk right out to the parking lot, fill the order from the trunk of his car, and walk the merchandise right back for delivery. This type of commitment is what built the first RAGCO store.

By Geoff Long, Founding President, Dreadnought Consultancy

Early in the 1960s, Mike Halay hired Art Schmitt from Goodyear Tire and Rubber to help with Lake Charles Rubber & Gasket, and the company rapidly became the premier industrial rubber supplier in Louisiana. In 1966, Mike and Art pooled their resources with Tennessee native Walter Bates to open Nashville Rubber & Gasket; and then there were two.

In 1969, anticipating continued growth, the three men laid the groundwork for RAGCO as a buying group for their businesses. The future was looking very bright in industrial distribution. They continued to build with entrepreneurs who shared the same passion and work ethic that allowed Halay to succeed in Lake Charles. With the support of the original three,



new talented men began setting up shop in new markets: men like Grover Dunphy, Carlton Marshall, Mike Lane, Lee Carter, and Boyd Parker – just to name a few. Lake Charles sprouted into Shreveport, Industrial, Lufkin, and more. From Nashville came Chattanooga, Big River, Chesapeake Bay, and so on. It was not long before the RAGCO footprint spread through Kentucky, Georgia, Mississippi, Florida, Virginia, North & South Carolina, and beyond. RAGCO locations gained excellent reputations for quality and service. New members would often repeat the process which created a “spoke-web” effect on the map of the United States. The growth was viral. Today, one third of America is served by RAGCO.

A truncation of “Rubber And Gasket Companies,” the RAGCO name has traditionally been exclusive to organic growth, and until recently, all new membership had to generate from existing affiliates.

The group was never discreet with regard to this policy and has been referred to as the “rubber mafia” (sometimes affectionately – sometimes pejoratively). Through the decades, the men and women of RAGCO worked and partied together, fought and debated with each other, shared business and personal experiences, and everything in between. As in any established organization, some rivalries formed that remain today, but far more lifelong friendships have developed between people with genuine affinity for one another.

Though RAGCO primarily functions as a group purchasing organization, due to its unique structure and rich history, it offers members something beyond simple pricing agreements and regularly scheduled meetings. They share a brotherhood that is rooted in a shared recognition of the hard work, creativity, and blessings required for success in this business.

By no means does the RAGCO maxim spare its membership from the complications of business. Members network with one another to share experiences and best practices for confronting the irritations of small business. The list is common and familiar. The group has seen members experience everything from moderate downsizing to the ravages of frivolous asbestos litigation. With somewhere around 1,000 combined years in business, if you can think of a problem, a RAGCO store has probably encountered and surmounted it.

The proliferation of globalization, which has accelerated since the 1990s, has forced small businesses to adapt in ways that likely would never have happened otherwise. Trusted RAGCO suppliers were gobbled up by large corporations, and these transfers often negatively impacted distributors. Local distributors learned to minimize their expectations. The



Hose inspection at Montgomery Rubber & Gasket.



relationships distributors had with their longstanding suppliers were rarely prioritized by new corporate ownership. Inventories were thinned, customer service departments were trimmed, and prices were raised all in the name of trendy corporate doctrine. Being a member of RAGCO has been a major contributor in each store navigating these obstacles. After a particular manufacturer was purchased by a big company, one member commented, "Customer service always knew exactly who I was whenever I called. Then they were bought out, and the new person who answered the phone was a stranger – not nearly as eager to help."

To be fair, some circumstances have settled into favorable relationships. The evolution of Goodyear to Veyance and now ContiTech, though not perfectly seamless from a distributor standpoint, has generally been viewed favorably thanks to new ownership's openness to RAGCO as a whole. The group has begun to take a hardline with suppliers unwilling to do business with every single location, and ContiTech's management demonstrated enthusiasm for dealing with all members. A wise decision. Salesmen working for RAGCO are some of the most tenured, talented, and knowledgeable in the business. It is a good thing to have them pushing your product.

As big business permeated the hose industry at the distribution level, new competitors created previously unseen pressures on the ratio between quality and price. RAGCO has always had a strong preference for American-Made products, and



Big River Rubber & Gasket, Owensboro, KY.

many members have resisted the dangling carrot of imported goods. Others embraced the change and have become their own brokers for imported hose and coupling products. Some members, like Bluewater Rubber & Gasket, thanks to their overwhelming volume, boasts a line of privately labeled industrial hoses. Each member has had to respond to changes with a strategy that best suits their respective market, but the group provides a powerful benefit. Scotch Phillips, of Laurel Rubber & Gasket, noted, "We always look for how we need to respond to our customers' expectations." He added, "To satisfy the concerns of the market you cannot remain stagnant. As a group we are prioritizing unifying our purchases with vendors that we identify as offering the best value... calculated over multiple criteria."

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So how else does RAGCO intend to meet the challenges it faces in the 21st century? Talent. The group has a clique of second and third generation entrepreneurs, many of whom have grown up in the hose business, eager to experiment with new ideas. "A method can work great for decades," said Scott Wilder of Birmingham Rubber & Gasket, "but a subtle change could make it obsolete without much warning. Our organization must avoid the trap of thinking only in conventional ways. I have a lot of confidence in our openness."

No matter their age, no member of this group has forgotten the significant sacrifices, made by senior members, in building companies that have remained profitable for decades. Running a business has not just been work for them. It has been a passionate endeavor by which they are appropriately gratified. There is an uninterrupted recognition that runs backward in time to the forebearers who built RAGCO's foundation. While the junior members of the organization have the utmost respect for this, they are hungry for the opportunity to attack the market using their own styles. With a virtually endless level of context there is no accounting for why some of the members have managed this with very little conflict, while others have experienced the exit of the next generation out of sheer frustration. People will pursue circumstances that are best for themselves, and their families, but RAGCO is more than just one person or personality.

RAGCO's current President, Steve Maddux Jr. of Tri-City Rubber & Gasket in Johnson City, TN, is part of this successive generation who has jumped into his role with both feet. Until recently, he had mostly left the business of the group to other members. "I started to see the board of directors focusing on real change. I started to see them pushing for things that would create more value for our members, and I was very happy to see that," he continued to regard his reacquired interest. "I think that prior to that there was a different atmosphere in the market. A new set of threats needs to be met with a new set of strategies. I want to contribute to that." Consensus is that he certainly has. 'Junior', as he is known to most, has kept busy expanding and improving vendor relations, creating new marketing tools, enhancing meeting experiences, and much more. Other members admit that it will be a challenge to find someone with the willingness to volunteer the amount of time to the job that Maddux has.

Behind the scenes, RAGCO has a secret weapon in Suzette Danzey, who runs the corporate office in Dalton, GA. The organization hit the jackpot with her. Thanks to Suzette, the corporate operation did not miss a single step when her predecessor retired, and she is universally appreciated by members and suppliers alike.

"We are RAGCO, and we will always be RAGCO."

– Don Garner

The group's most recent meeting included much of the usual elements: engaging discussion about suppliers and competition, roaring laughter from dinner tables, ideas and experiences shared between old friends, etc., but it was also held in tandem with the 40-year anniversary of RAGCO's most easterly member. Chesapeake Bay Rubber & Gasket celebrated four decades of business in 2019 (Owners Chad & Sheila Long also celebrated their 40th wedding anniversary). Like most RAGCO men, Chad does not refer to his success without an overt tip of the hat to his wife. During his speech at the event, Chad expressed his gratitude, "There is no one like Sheila. I am so fortunate to have had her with me all these years." Having served the group in numerous capacities since the late 1970s, Chad continued regarding his relationship with RAGCO, "We are privileged to have had this experience with all of you, and we greatly appreciate your support and friendship." Distinctly, the tone of his voice signaled an unspoken commemoration for those in the RAGCO family who are no longer here.

Although the organization possesses all of the pieces necessary for continued success, the challenge will always be to arrange them in the optimal way. A



Bluewater Rubber & Gasket's "Bulk Master" Suction Hose.

challenge that all of RAGCO, junior and senior, is prepared for. There is a climate of genuine optimism. There is an excitement to overwhelm the market with superior service and an exceptional model of distribution. They have a confidence in each other that is evident when the members communicate. Nashville Rubber & Gasket's Don Garner expressed his attitude unequivocally, "We are RAGCO, and we will always be RAGCO." With such an intriguing history, you will find folks in the hose industry that will say all kinds of things about this group – good, bad, & ugly. None of it will change this fact: if you want to move your product in the market, you need to talk to RAGCO.

For more information please visit ragco.com.

ABOUT THE AUTHOR

Geoff Long is the founding President of Dreadnought Consultancy, a project-focused consulting network that specializes in solutions for industrial distributors and fabricators. Dreadnought offers consulting services, web & marketing design, sales representation, and other proficiencies primarily for manufacturers & distributors of rubber & related products. He lives in Virginia Beach, VA with his wife and his son who loves sharks.

