Buying Groups Provide Purchasing Power and More

A Special Report by CryoGas International

Prior to World War II, gases and supplies were sold directly from manufacturers to end-users. Following the war, however, large gas manufacturers tried to alleviate the cost and burden of selling directly to smaller customers, and wanted these customers to buy from warehouses and other suppliers. This allowed the major distributor to cut the cost incurred by servicing smaller accounts and focus on the larger, more profitable ones.

The resulting monopolization of gases and supplies by major manufacturers and distributors forced small companies to compete with the major companies for the same goods and services; the majors, however, could buy larger volumes at a lower cost per good. Facing an uneven playing field, individual operators banded together forming cooperatives and associations, a proven strategy that has been around for hundreds of years in almost every industry. These buying groups allowed the small-to-large distributors to increase their purchasing power against the national distributors for goods and services by buying in volume.

Banding together as one large group or buying allows the individual distributor to take advantage of the volume discounts that national competitors contract for when buying in bulk. These groups also provide other services such as education, references, and networking. Today, many buying groups within the US industrial gas distributor space are flourishing under the cooperative model. These cooperatives, associations, and groups are increasingly important to the marketing and operations of distributors as they set new, more vigorous priorities to improve their operating incomes. As part of CryoGas International’s coverage of continuous improvement initiatives in 2012, we profile some of these groups.

Association of Independent Welding Distributors (AIWD)

The AIWD (Association of Independent Welding Distributors) is made up of small-to-large welding distributors. Members can benefit from new products and services from over 70 vendors. With 131 members, 2300 employees, and 290 branches, the combined sales of all locations register at approximately $800 million.

AIWD is run by three board members from three distinct regions of the US. In the North is Mike Krupnicki of Mahany Welding Supply, Rochester, New York. The South has Danny Hagan of Logan Hagan Welding Supply, Stateboro, Georgia. In the West is Jeff Williams III of Professional Welding Supply, Houston, Texas. And Brent Kortus is the director for AIWD.

The AIWD was formed over 15 years ago and operates with a simple philosophy of helping the Independent Welding Distributor grow and compete by offering competitive programs from the vendors in our industry. Members also appreciate being part of a fraternal network; members of the network help each other with issues such as understanding how to manage their businesses through Best Practices.

The group’s mission is “to integrate the growth of member business with focused vendor relationships,” and AIWD holds an Annual Convention each year to foster this. The Convention brings members and vendors together to build relationships that will help grow the members’ and vendors’ businesses and facilitate an attitude of partnership. The AIWD 2012 Annual Convention will be held November 7–10th in a western location to be announced shortly.

For membership information please contact: Brent Kortus, bkortus@aol.com, 541-826-4025, www.welders.to.

Buying & Information Group (BIG)  
BIG is a unique group dedicated to honing better relationships between end user, distributor, and supplier. Unlike the other associations discussed in this article, BIG does not focus on leverage buying. BIG is a small charter for 15 owner companies, each using regional suppliers. While the group holds 3-4 meetings a year to discuss industry trends or the latest in technology, members don’t find a need for multiple committees and boards. The mission of BIG is dedicated to making better businesses in supply chains—simplifying the supply chain between end user and distributor as well as distributor and supplier. They do this by maintaining lines of communication; where other buying groups collaborate buying power so their vendors compete to give the best price, BIG prefers to work with their vendors as partners in hopes of identifying areas for improvement for building lean, more efficient relationships.

Gases and Welding Distributors Association (GAWDA)  
GAWDA was originally established in 1945 as the National Welding Supply Association (NWSA). The association represents welding/cutting equipment and industrial gas distributors of all sizes as well as several hundred manufacturers, suppliers, and service providers to the gases and welding industry. In 2002 the organization changed its name to Gases and Welding Distributors Association to more accurately reflect its membership.

GAWDA’s mission is “to promote the safe operation and economic vitality of distributors of industrial gases and related welding equipment and supplies.”
Member companies include 500 distributors, manufacturers, and other suppliers. In addition to gaining a competitive advantage from all the services the association provides, GAWDA members have many networking opportunities to improve their business, product, and market platforms. Members have access to seven consultants specializing in safety and compliance. They also have the availability of worldwide educational programs, industry information in a bi-weekly e-newsletter (the GAWDA Connection) as well as a quarterly journal (Welding and Gases Today). The GAWDA website (www.gawda.org) provides a buyers guide, career center, member directory, and more.

For membership information visit www.gawda.org/Join-Us/Member-Benefits/.

**Independent Welding Distributors Cooperative (IWDC)**

In 1948, when the Independent Welding Distributors Association (IWDA) was formed, all but three independent distributors of welding and cutting gases in the western US became members. At that time, the organization held an annual meeting on the Monterey peninsula. Each member was assigned a geographic market; no new member could overlap another’s region without the existing member’s permission. A purchasing committee was eventually appointed to contact manufacturers and negotiate better group pricing for IWDA members. In 1992, the IWDA formed a cooperative and became the IWDC we know today.

As membership grew within the US, Canada, and Mexico, the IWDC was sectioned into five geographical areas, represented by a nine-member Board of Directors, all of whom own distributorships themselves. The board is divided five ways, with each segment representing a region of the US and Canada. In late 2001 IWDC’s Ed Pyle began designing and implementing an all-inclusive bulk gas program to add to its buying portfolio of welding and cutting programs. Today, the IWDC has about 150 members who have a total of about 600 retail store locations. Their mission, as stated on the IWDC website (www.weldmark.com), is “integrating the talents of members and vendors to provide excellence in products and services to customers as the most innovative and preferred channel to the market place.” Frank Kasnick, with extensive industry experience, just reported as the new President and Chief Executive Officer for the group.

**Linde Distributor Association (LDA)**

LDA’s BR-1780 series regulators are specifically designed for final-line pressure regulation for hospital oxygen systems. Equally suitable for variety of gases in medical or industrial applications. Balanced seat design provides constant delivery pressure ranges (5-55psig, 40-110psig, 100-200psig) with varying inlet pressures (up to 400 psig) and wide range of flow demand. Temperature range –40°F to 165°F. Flow rates up to 16,000 SCFH.

**REGO CRYO-FLOW PRODUCTS**

Burlington, NC
Tel: 336-226-3244
CFLO@REGOPRODUCTS.COM
www.regoproducts.com/cryoflow

An Invitation

Send us your news, products, calendar listings, and editorial. And we invite you to advertise your products and services in the leading publication covering the worldwide industrial, medical, and specialty gas markets.

News: cturley@cryogas.com
Products: aaustin@cryogas.com
Events: editors@cryogas.com
Editorial: abaker@cryogas.com
Advertising: jfreitas@cryogas.com
Inquiries: editors@cryogas.com

Print or Digital. Subscribe online at www.cryogas.com/subscribe