

INTERVIEW



Karla Lewis

President and CEO of Reliance, Inc.

Scottsdale, Arizona

Karla Lewis didn't really plan on working in the metals industry. She started her career crunching numbers for the accounting firm Ernst & Young. But once she got into the industry, she never left. Thirty-three years later, she is leading the largest metals service center in North America, having been named president and CEO in 2023. The Scottsdale, Ariz.-based company has expanded significantly through strategic acquisitions, closing four in 2024 alone.

by *Stephanie Ritenbaugh*, Reporter, Steel Market Update

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Reliance expansion has included 76 acquisitions since its 1994 IPO

In 1992, Lewis left Ernst & Young to join Reliance as the company's first controller. When Reliance became a public company in 1994, Lewis designed and implemented the financial controls and reporting to meet SEC and other requirements. Lewis spoke about her career, changes in the metals sector and growth through acquisition.

(This interview has been edited for clarity and space.)

Q: You came into this sector through finance. Can you describe what that transition was like and how you made that shift?

Lewis: I started out working for a public accounting firm in the audit practice, so I had multiple audit clients. I audited Reliance for four years, and got to know the company, and the people. I was on some other metals-related companies as well, and I liked the tangible part of the business. Back in the day, it was very common that auditors wanted to work for their clients.

Reliance was growing, even back then, and they realized they needed to bring in some more resources. I went in as a controller. One of the first things they did was ask me to find a

computer system. We were on the mainframe then, so I evaluated systems. I spent about six months on site at one of our locations, training everyone from our warehouse employees all the way through management, designing the processes, and configuring the software. That, to me, was the best experience I had at Reliance to really understand the business more. And that was my first year here, right? I've been here 33 years now, and that built a good foundation for me.

Most of my career here was in finance. But Reliance was pretty small back then, very lean, and so you kind of touched everything.

I've been involved in all 76 of our acquisitions, so I've gotten to know all those companies as they come on and have been part of continuing to identify how to evolve and grow the company. Then our board wanted me to get some more operational experience, so I started working with some of our Reliance companies more closely from an operational standpoint. I then transitioned into the president and CEO role.

I've been involved with the business for so many years; I don't feel like I was in finance one day, and then I walked through a door into a different role.



Q: What in those early days influenced how you lead today? Is there something that you carry with you that helped color your perspective on how you should lead the company?

Lewis: I think the tone and the culture at Reliance. The boss I had early on in my career - it was a lot about common sense and being fair. Whether that's with your customers, your suppliers, your fellow employees, you take a longer-term view. Maybe on an order you could really maximize your margin, or you're dealing with a supplier, and you can really get them to cut their cost. But is that going to be beneficial for both parties in the long term? Because you both need to stay in business. Just be fair to people. I try to take a balanced view and a fair view on things, and I think that goes into how I approach things.

Q: When you started, you had a role in improving the company's technology. Since then, tech has changed at a fast pace, particularly in recent years. How have you seen the industry evolve?

Lewis: Compared to 33 years ago, it's a lot different today, but I think technology has been really good for our industry. At the same time, we can't lose sight of the human aspect of it - our fellow employees, our customers - we really try to keep that personal touch.

But, certainly, in our value-added processing equipment at Reliance over the last 10 years - we've been the leader in investing in value-added processing equipment allowing us to do more for our customers and provide more value. And a lot of that is from our customers asking us to do that.

I know we're not the only service center going in that direction, but I think we're doing it in a bigger way. With Reliance's vast resources and the number of people we have who have in-house knowledge to help us bring some of that technology to life faster - that's moved our industry forward.

Q: You mentioned the acquisitions and the expansions that the company has undergone. How are you able to grow while still keeping your internal philosophies and strategies in place?

Lewis: A lot of it is about having the right people. When we grow through acquisition, our approach is to buy well-run companies with solid management teams. Respected companies in the industry. When Reliance acquires a company, we understand that they were successful for a reason. They've created their own culture, and we try to let them preserve that culture and continue to do the good things that that they've been doing - and give them resources and some know-how to make them even better.

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Karla Lewis and Michael Cowden onstage at SMU Steel Summit 2024.

We also focus on diversification of products, markets and geographies - although primarily North America, and I think we'll stick to that. Diversification helps us, especially as a public company. It helps us mitigate more volatility than if you were more concentrated in a certain end market or product.

It's also about keeping that entrepreneurial spirit alive at the local level. We want good decision makers there, because being close to our customers, putting the decision making there, is what allows us to be most successful and is most beneficial for our customers. How do you leverage your size and your scale while still preserving your ability with your employees, your customers, and your communities? I think we've done a pretty good job with that.

Q: What role do you see Reliance playing in driving the broader supply chain?

Lewis: One of the things that Reliance has done through growth-by-acquisition is consolidating a bit of the metal service center space. But even with 76 acquisitions and the size of Reliance today, we're still only about 15% of the service center market. There are still a lot of companies out there.

One of the things we can do for the industry is be a leader from a safety standpoint. That is our number one value. When it comes to safety, we don't care about competition. We want our

whole industry to be safer, and there's a lot of effort going on with other companies as well.

From a supply chain standpoint, Reliance has such vast capabilities with all the different value-added processing that we do. Not every one of our service centers do the same things or carry the same products, so they're kind of specialty service centers. But we have these capabilities. We can be local. I think with some of the things that have happened, people are looking for more localized supply chains now, and so at Reliance we're trying to have our various companies work together to provide broader solutions to our customers. That's what we can do. We've got the footprint to be able to service customers where they want to be serviced. We've got the access to the metal and the processing capabilities.

We also have the balance sheet at Reliance that when a customer comes to us and says, "Could you invest in a piece of equipment to do this for me?" We were able to do that. Not all companies are able to. And we can do it quickly. That's been an advantage for us in multiple situations.

Also, while we sell to large OEMs, we still have a focus on a lot of smaller customers. We're \$15 billion in sales, but our average order size is about \$3,000 in order. For 40% of those orders, the customer calls us today, and we deliver it tomorrow. Not a lot of com-

panies are able to do that, right? So, we really respect what all of our people working at our service centers are able to do out there.

Q: Over the last several years, we've seen a lot of economic shifts. We've seen the Great Recession, the pandemic, we're seeing tariffs play out right now. What do you make of the industry's response and how do you see that shaping the industry moving forward? Do you see companies taking more protective measures to insulate themselves against broader changes?

Lewis: I think there are many different aspects to that question.

From an individual service center company in some ways, we sometimes see some people who just don't want to deal with it anymore. They've had enough, which creates more acquisition opportunities for us. The pandemic was hard on a lot of people, especially family-run businesses.

It takes time, but we are seeing our customers get busier, because people are bringing production of parts back to the U.S. that they had shifted offshore in recent years. It will make North American manufacturing activities stronger. I think there is more of that to come, which is good for all of us, as long as we can find people willing to work in those jobs. That will mean more local supply chains.

People have also become generally more adaptable, because we've had to manage through things we never imagined happening. It's kind of like people asking what's the next Black Swan event. Who knows, but there will be one, and we'll manage through it the same way that we have in the past.

I think that attitude has people paying more attention. And, in our industry, you really have to manage your inventory well. Some people are managing their inventory differently, whereas in the past, they would make big buys and hold a lot of inventory for long periods of time. I don't think they're doing that as much, and that's actually a positive for Reliance as business model.

Q: What advice do you have for those in the service center sector right now to navigate the industry?

Lewis: Something that we've talked about at Reliance for many years is to just listen to your customers. Don't run your business based on the headlines that you might read. Listen to your customers, listen to your employees, and run your business based on that. In the service center world, our business, for decades, is reacting to changes in price - metal prices go up and down, demand changes, cyclical markets. We manage through volatility. We just have to understand, there is volatility - that's part of our lives. ■

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