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Online presence

InSite Interactive founder **Adrienne Cornelsen** was an early pioneer in the field of Web-based marketing. She says the industry lets her combine her two loves: creative design and technology.

ENTERPRISE ZONE
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TOP NEWS

in Metroplex business

Mileage police

Dallas startup
CompanyMileage.com is rolling out technology that tracks whether people are fudging on their mileage expense reports. **P3**

Pizza Inn's rebound

The 50-year-old pizza chain is recovering from its mid-life crisis with a new image and a focus on operational basics. **P3**

AT&T calls on Richardson

AT&T Inc. is close to signing a deal to lease 60,000 square feet in Richardson for a new call center. **P3**

Lone Star adds fund

A Dallas private-equity firm has closed on \$64 million in

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Menlo boosts space, jobs

Freight-forwarder says 100 new workers on tap for Coppell

BY BILL HETHCOCK | STAFF WRITER

A third-party logistics provider has leased 155,000 square feet in Duke Realty Corp.'s Freeport North Industrial Park as part of an expansion projected to create about 100 jobs in Coppell.

Menlo Worldwide Logistics has relocated its existing distribution operation with 40 employees to the 228,000-square-foot Freeport VI building at 601 S. Royal Lane in Coppell. The company, which moved in early August, previously leased about 80,000 square feet in the Park West Business Center southwest of Airline Drive and Belt Line Road in Coppell.

San Mateo, Calif.-based Menlo will operate the Freeport facility as a multiclient logistics and distribution center, providing warehousing, transportation, logistics and supply chain management services. The company serves clients in the automotive, chemical, consumer products, technology and industrial manufacturing sectors.

The new facility will allocate about 70,000 square feet to supporting new clients.



THORNTON

MENLO, P50

Interstate energized for new office hunt

BY MARGARET ALLEN | STAFF WRITER

Dallas-based Interstate Battery System of America Inc. has outgrown its corporate office space on Interstate 635 and plans to look for a new home. It also plans to hire 50 more employees in the next 12 months.

Powering a large chunk of the company's growth is the American obsession with electronic devices, which ultimately need a replacement battery, said Interstate Batteries President and CEO Carlos Sepulveda.

"Batteries may not be glamorous, but batter-



SEPULVEDA

INTERSTATE, P50

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FROM THE FRONT

INTERSTATE: Recession-resilient co. in growth mode as franchises flourish

FROM PAGE 1

ies are one of the more recession-resilient products," Sepulveda said. "We power the things that people already have investments in."

The average household has about 21 battery-operated devices, according to Interstate.

Analysts predict the retail battery market will continue its expansion, according to Interstate Batteries, which says the category has been growing 8% annually and is expected to hit \$50 billion by 2010.

The 56-year-old company distributes batteries of every kind, from those that deliver juice to cars, trucks, boats, cordless power tools, phones and small appliances to those that serve as backup for medical, avionic and cell tower uses.

Privately held Interstate had revenue of \$1.5 billion for fiscal year 2008, which ended in April. That represented double-digit growth over fiscal year 2007, when revenue was \$1 billion.

"That is a huge jump," Sepulveda said. He predicts annual revenue will be between \$1.5 billion and \$1.7 billion for fiscal 2009.

Interstate's labor force grew 11% from 1,275 employees in fiscal 2007 to 1,415 in fiscal 2008. The company will add 50 more employees over the next 12 months across four business segments. About half those will be in Dallas, Sepulveda said.

Sepulveda said adequate space for the growing company is becoming an issue. Interstate currently has 100,000 square feet of office space on several floors in the Park Central VIII tower, which fronts Interstate 635 just west of U.S. 75, making it one of the major tenants there.

Within nine to 15 months, Sepulveda said, the company's executives must find more

space. Sepulveda said Interstate will consider all relevant options in the quadrant between downtown Dallas, the North Dallas Tollway, North Central Expressway and President George Bush Turnpike.

Interstate Batteries is looking for about 130,000 square feet, said Interstate's broker John Amend, president of The Amend Group.

"My instructions are to look very heavily downtown," Amend said, noting the availability of light rail mass transit and ample high-quality office space. "The values are really there south of Ross (Avenue)."

Battery store success

The company has four divisions, the oldest and largest of which supplies automotive replacement batteries through 300 distributors supplying more than 200,000 dealers nationwide and in Canada.

As the company's "legacy" business, the automotive replacement division of Interstate Batteries sold 15.4 million batteries in fiscal year 2008, up 5% from fiscal year 2007, Sepulveda said.

But the company's fastest growing segment is its franchising division, which has grown more than 100% over the past two years, according to the company.

Interstate Batteries has 108 Interstate All Battery Center retail locations scattered throughout the United States, Canada and Puerto Rico.

The stores boast that customers can find any battery they want, given the availability of 14,000 SKUs, or stock-keeping units. The centers also can get special-order custom batteries.

"Really, I think this is our secret sauce," Sepulveda said. "We've accumulated the schematics for over 100,000 batteries no longer made. I use this service a lot."

The Interstate Batteries franchise and de-

velopment division first launched in 2000. Seven more stores will be added in the next 30 days, he said. The business recently passed the \$100 million revenue mark.

Interstate Batteries franchise and development President Mickey Elam has said the franchise is popular because the stores fill the country's growing need for specialty batteries and power solutions.

In March, the *Franchise Business Review* ranked Interstate All Battery Center No. 20 on its Top 50 in the midsize class out of 3,500 franchise concepts it reviewed.

Interstate Batteries perfected the centers concept by starting 14 company-owned stores first.

Interstate Batteries' other divisions include power care, which designs, installs and maintains batteries for industrial applications, such as for cellular towers, oil refineries, networking stations, avionics and medical uses. The company jumped into the business in 2002, and it's now recording revenue of \$25 million, logging 11% growth in fiscal 2008 alone, Sepulveda said.

A fourth division removes lead from old batteries and sells it back to smelters. It is also seeing a substantial increase in business due to increases in commodity prices. About 50% of a battery's weight is lead, which has steadily risen in value from \$40 per hundred pounds to a high of \$165 per hundred pounds at one point.

With the company anticipating its growth will continue, it's looking to future trends and their impact, including the advent of hybrid vehicles and the electric batteries that will be used to power cars. Likewise, any further downturn in the economy is also a factor. The company will have to manage increases in commodity prices and the other challenges that brings.

Still, the company says it's seeing great success at this point in history.



SEPULVEDA

COURTESY PHOTO

JUICED UP

NAME: Interstate Battery System of America Inc.
BUSINESS: Battery distributor
HEADQUARTERS: 12770 Merit Drive, Ste. 400, Dallas 75251
OWNERSHIP: Private
TOP EXECUTIVE: Carlos Sepulveda, president, CEO
EMPLOYEES: 1,415
ANNUAL REVENUE: \$1.5 billion (fiscal 2008)
PHONE: 972-991-1444
WEB: www.interstatebatteries.com

"We're at an all-time high," Sepulveda said, "with the number of people our products have touched."

mallen@bizjournals.com | 214-706-7119