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Industrial

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Mike Burrow
CEO

BIO:
Mr. Burrow worked in the oil and gas and global EPC industries for over forty years. His experience includes almost 40 years in top management positions with P&L responsibility of which 33 years were as the primary or major owner of the entity he managed. Most of his experience was focused on the hydrocarbon processing, petrochemical, pipeline, E&P and related industries. Burrow retired in mid-2007 as President and CEO of ENGlobal Corporation but worked during that time on several consulting assignments advising large institutional investment firms, wealthy individuals and hedge funds regarding investments in the Global Engineering and Construction industry. He went back into business in late 2009 and purchased Demar, Ltd., a Houston based EPC firm in January 2010, which was the foundation for the new Burrow Global. He has since acquired three more firms and grown organically at a rapid enough pace to win the number one spot in the recent Houston Business Journal's Top 100 Fastest Growing companies list.

About Burrow Global, LLC:
Burrow Global, LLC is a full service engineering, procurement, construction, and facility services firm with specialties in process automation, industrial buildings, and plant commissioning and start-up. The company has nine offices located in Texas, Louisiana and Oklahoma servicing customers across the globe. The company has grown from 60 employees in 2010 to over 1100 at peak, a compounded growth rate exceeding 1000%.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Burrow, would you tell us a bit about Burrow Global?
Mr. Burrow: Burrow Global is actually the holding company for 4 subsidiaries and several operating divisions. Basically what we do in all the operating entities are engineering, construction, startup and commissioning, plant operations, and plant services, mostly for industrial clients. We also have one subsidiary that specializes in municipal and governmental work.

CEOCFO: Why do you use the structure of subsidiaries rather than one company with just divisions?
Mr. Burrow: We do different things in those subsidiaries. One does engineering, another construction, another municipal / governmental, so it makes sense to have them as separate entities. Additionally, we use divisions that are under a subsidiary company or our holding company, like for example our "automation group". In that segment we automate plants, like refineries, petrochemical plants, and similar facilities, which makes it a separate business from our multidiscipline groups. .

CEOCFO: What areas are the strongest for you today and where do you see growth?
Mr. Burrow: We see a lot of growth coming up in the industrial side, primarily due to the fracking and horizontal drilling that is changing the landscape of business for our industry and country. The oil and gas industry is broken into three segments "upstream", "midstream", and "downstream". Upstream is oil-field-like work. We are focused mostly in the Eagle Ford Shale play in south Texas for this segment today but we've worked across the US. The midstream segment is primarily pipelines and pipeline facilities. "Downstream" covers the refinery and petrochemical sector which is benefiting tremendously from low natural gas prices. The Downstream sector has numerous mega projects planned including one of the largest industrial projects ever done in the United States. We have seen a lot of growth in all three of these areas. It is kind of a perfect storm for EPC firms right now. Oil field guys are going strong with horizontal drilling and fracking and the acquisition of cheap natural gas from that process is driving the petrochemical industry,

which is returning to the US in droves. These mega trends are creating tremendous opportunities for design and build companies like Burrow Global.

CEOCFO: Are you able to accommodate surges in business? Do you need to ramp up as you anticipate the growth?
Mr. Burrow: Everyone has heard about possible shortages of manpower in 2014 and 2015. So far we have been fairly good at staying ahead of this issue. We do some things to aid our recruiting that are kind of unique. For example, we share 20% of pre-tax profit with our key employees. We also incentive our employees with equity sharing using stock options and similar retention/recruiting tools. We currently have around 65 employees who have stock options. We have been able to recruit using special incentives like that and we offer a unique client/employee oriented culture that is attractive to like- minded individuals. This is my 3rd company startup so we also have a lot of people from our legacy companies who desire to be with the team that we've put together in our new company, which aids our recruiting efforts.

CEOCFO: Did you have that understanding of having employees involved in the profit early on or is that something that you developed or realized over the years?
Mr. Burrow: We had it from very early on. If you go back to one of the companies I founded with other Burrow Global key managers years ago called Petrocon, we shared 25% of pre-tax profits and also used stock options to reward good work. So this philosophy goes back a long way and I have found that by sharing, we all do better.

CEOCFO: Is doing an acquisition typical for you and do you see more in the future?
Mr. Burrow: In my entire career I have done 31 acquisitions, which in 44 years, is an acquisition every 18 months or so. We use acquisitions to enter new geographic areas and to enter new strategic business areas. That has worked well for us. I do not see us doing any acquisitions for the next year, but beyond that, we probably will do some more. We've done 4 acquisitions since 2010, which together accounted for about 235 of our staff. Using this base, we have grown the company to as large as 1100 people although we are down a bit from that peak right now.

CEOCFO: What is the geographic reach of Barrow Global and do you see areas of the world where perhaps you do not have as strong a presence as you would like?
Mr. Burrow: We do normally work globally, but right now we are not reaching globally like we did in the past. In one of the former companies that I participated in starting, we had 6 offices in Saudi Arabia, one in Abu Dhabi and one in Bahrain. We have some international agents in those areas now and we do some work there. However, about 90% of our work is domestic right now because there is such a boom going on in the oil business due to the fracking technology. Our offices currently cover six areas of Texas, Baton Rouge, Louisiana; and Tulsa, Oklahoma. We have nine office locations today with eight of those offering full EPC services.

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– Mike Burrow

CEOCFO: Do you prefer the United States?
Mr. Burrow: I have spent a lot of time in the Middle East. I have been there many times, and we have completed acquisitions there, but for now at least, it is preferable to work in the US for the reasons already mentioned.

CEOCFO: How do you keep up with changing technologies? What is the key to really knowing where to focus?
Mr. Burrow: We pay a lot of attention to technology in our Automation group because we need to stay pretty close to the "bleeding edge" so we can tell our clients what they need to be doing to plan for the future. In the rest of our company we take a little bit different approach. We wait for the technology to come out and get established before jumping in because being on the "bleeding edge," where you have to beta test new ideas, gets to be expensive. We believe it is better for us and many of our customers to wait until it settles down and then move forward based on established technology.

CEOCFO: Are there types of projects you prefer to have the company work on? Are there areas that you like personally to be involved with?
Mr. Burrow: We do a lot of projects including large and small, but what I like the best is what we call "alliances" with clients and subcontractors. So instead of using let's say 5 or 6 different engineering and construction firms, we encourage our clients to go out for one bid for their normal midsize to small projects then set up an alliance agreement with the best firm to do that kind of work. I like doing those agreements because that process encourages building good relationships with clients, suppliers and subcontractors. It gives us the chance to build, special and hopefully long term relationships that in turn solidifies our backlog of work. It is kind of like buying annuities; in that is does have a cost associated with it in the form of very competitive margins. However, while it is not as profitable as the "one-off" projects or the big projects, it is very steady and predictable work that allows us the chance to better plan for our future growth.

CEOCFO: What has surprised you most since you founded the company in 2009?
Mr. Burrow: My biggest surprise was when we made the number one position in the Houston Business Journal's Top 100 Fastest Growing Companies list. This list covers all types of companies, not just engineering and construction. I think that is the 2nd time I've been in charge of an organization that won the number one position in

this or a similar survey. My first experience had been in 2003. So when we made number one again, that was a real surprise. I was shocked that we actually grew that fast. The second surprise was that possibly as a result of that rapid growth, we out grew some of our accounting systems and experienced some reversals on lump sum projects in one of our construction groups. It appears that some managers in the division did not track the work properly and projected larger margins on jobs than we actually were making. To add insult to injury, the problem was not communicated to Burrow Global, LLC's management and appeared to be purposefully covered up. Consequently, we had to quickly place new management in that part of our company and turn it around financially. I was not planning on either one of those events and both added considerable challenge to our management team. In business, one can never be100% sure it is going to go exactly as you intended. Our great management team rose to the occasion and we are once again moving forward with better systems and controls and growing our company to meet our client's needs. I've learned from such experiences that while business has risks and no system can prevent all such occurrences, it is how you respond to it is that matters in the long run. Our team responded with integrity and decisiveness.

CEOCFO: What is the key to understanding what your customers want and what they should have that they do not realize when they come to you with a project?

Mr. Burrow: That is an interesting question because I try to ask customers what they want before I try to sell them any of our services. To quote from Zig Ziglar, "if you can see Jim Jones through Jim Jones' eyes, you can sell Jim Jones what Jim Jones buys". Thus, I try to spend time with a client and get them to tell us more about their culture and how they think. I even go through a checklist of things to determine their business drivers. In using this method, I actually had a client once tell me that they did not really know what they wanted. What do you do with a client that does not know what he wants? In our case, we placed quality as number one. We have discovered over the years that clients will forget that you had a schedule bust or an overrun, but they will not forget that the work you did was bad. Consequently, quality is a core value of Burrow Global. So we give our clients the best quality, including an excellent safety record. We also try to adapt our culture to theirs. We have a little catchphrase, we like to use, which is that "we would like to be the invisibility people" to our clients. That means if they use us, even though we are a contractor, by working closely with our clients, after a while, they will see us as one of their own.

CEOCFO: What is next for Burrow?

Mr. Burrow: As a result of the problem I told you about, we have turned around the situation and made good progress, and so we are about to get back on the growth curve. We anticipate that in 2014, around January or February we will take off and see some organic growth once again going forward. We are going to do our best to make sure we can recruit the best people and build lasting relationship with clients, employees, suppliers and our community.

CEOCFO: Why pay attention to Burrow Global?

Mr. Burrow: We have a great long term track record and a solid management team with a long successful history. I have had a lot of clients say that they have checked us out in the industry, and typically what I hear from them is that Burrow Global has "character" and "integrity" with a great safety record to boot. A legacy company that our group ran called Petrocon was ranked among the "17 America's Safest Companies" by Occupational Hazards Magazine. We put a lot of emphasis on taking care of our employees and making sure that they can go home each day to be with their families safe and sound. We look at clients as "special" and we strive to hang on to them. We consider it a failure if we lose any of them. This is more than ample reason to pay attention to Burrow Global.

CEOCFO: Final thoughts?

Mr. Burrow: I want to give credit to the quality of the people that we have recruited and the top management team we are blessed with. It does not get any better than them and we all share the same vision for continuous improvement and client satisfaction.

BURROW GLOBAL

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