



# EMPLOYEE NEWSLETTER



*Committed to our Customers... Dedicated to Service... Since 1977*

1430 S. 28<sup>th</sup> St, Van Buren, AR 72956 \* frostoil.com \* 479-471-9992 \* 1<sup>st</sup> Qtr. 2014 \* Volume 7 Issue 1

## A Productive & Prosperous 2014

- by Pat Stoner

### INSIDE THIS ISSUE

1

2014

2

A Message from Jeff Frost  
Chevron Seminar  
This Year Follow Through

3

Employee Spotlight  
PMLI Seminar  
Risk Awareness

4

Congratulations  
Upcoming Events

### CONTRIBUTIONS

(made this past quarter)

**The First Tee of Ft. Smith**

**Community Rescue Mission**

**RV Regional Food Bank**

**Next Step Homeless Service**

**Community Services  
Clearinghouse**

**Antioch Youth & Family**

**Golf Tournament Benefitting  
the family of Steve Wright**

**Samaritan Community Center**

With the pages of the calendar now turned to 2014, it's a good time to take a brief look back at the highlights of 2013 as well as make a few observations and comments about the year in front of us.

Generally speaking, 2013 was both a successful, but at the same time, a challenging and sometimes difficult year. From a sales volume standpoint Frost's 2013 total fuel volume was up approximately 8% over 2012, with this increase coming from a substantial boost in diesel gallons and a modest increase in gasoline sales. Lubricant sales volumes in 2013 were essentially flat with 2012, which was still an accomplishment given the fact that a significant part of our lube sales remain concentrated in the sluggish natural gas exploration and production industry. Thanks go out to our sales force for representing our company so well to customers.

On the trucking side, Liberty's operating statistics and efficiency continue to show strength and stability. Comparing 2013 to 2012, gallons hauled increased approximately 6% while total miles driven and total hours worked by Liberty drivers decreased. As a result of this improvement in efficiency, Liberty's average expenses per gallon hauled, per mile driven and per hour worked all decreased significantly in 2013. Liberty continues to be an important part of the overall operating picture at Frost, and we appreciate the hard work and dedication of our Liberty employees.

The majority of the challenging and difficult part of 2013 can largely be summed up with one phrase—DM2. For those of you who don't work directly with our accounting system, DM2 is the name of the new accounting software we converted to in both Frost and Liberty on August 1<sup>st</sup>. Our management team and clerical staff collectively spent literally hundreds of hours in preparation for this project, and in looking back now that it's mostly behind us I think we all agree that we got more than we expected—more expense, more delays and more frustration. Having said that, our companies are truly better off because of this conversion—going forward we will get much better information on a timelier basis with less manual effort than we ever could have hoped for under our old system. A special debt of gratitude is owed by all of us to LaDonna, Melissa and their clerical team in Van Buren; in my 34 years in this business I have been exposed to a handful of software conversions, and I can truly say that no one could have managed this project better than our people. Congratulations on a job very well done.

With that recap of last year, what does next year hold in store for us? None of us have a perfect crystal ball, but here are a few observations that we believe will hold true in 2014 and beyond:

- The wholesale petroleum business will continue to move in the direction it has been trending for some time, namely toward fewer, larger, surviving distributors. As an extremely competitive, low-margin industry, petroleum wholesalers have few choices—
  - Get better (more cost-efficient, more competitive)
  - Get bigger (typically by acquisition, since the "pie" of available business is shrinking)
  - Ignore the trends and try to remain the same, which typically leads to ....
  - Get out, either by selling to a competitor or failing.
- My strong belief is that Frost and Liberty will get better, and that we may get bigger if we find the right opportunity. We will not try to remain the same.

...continued on Page 2

- We will continue to see downward pressure on our profit margins as good distributors get better (lower expenses, better purchasing) and as bad and/or desperate distributors use price as their only way to compete (temporarily).
- We will continue to see one of our historically most important and largest customer bases erode and become smaller over time—small, lower volume convenience stores will likely continue to lose volume, suffer and some will possibly fail in the face of overwhelming competition from the Casey's and Kum & Go's of the world.
- Rising healthcare and health insurance costs will impact all of us; regardless of your political beliefs, I believe it is wishful thinking to believe that the objectives of the Affordable Health Care Act can be achieved without costing some of us, if not all of us, more.

As an offset to these mostly worrisome factors, let me leave you with a few of the reasons we can all look forward to 2014 and the years to come with optimism:

- Frost is well positioned to compete, and even thrive, in the difficult environment referenced above—
  - We're a financially strong company, with the resources required to stay successful;
  - The ownership and management of the company is committed to the long-term success of the company and its employees.
- Most importantly, our best and strongest asset is also the one that is most critical to our success, and that is the quality and professionalism of our employees. Top to bottom, we believe that our team is as good as any in this business. It's one thing to have a new, expensive accounting system, and a fleet of the newest trucks available, but without the right employees to operate and make these assets productive we would be helpless, and those assets would be a waste of money. The bottom line is that the success of this company is, and will always be, about the people.

Here's hoping that 2014 is a healthy and happy year for you and your families, and a productive and prosperous year for our company.

## A Message from Jeff Frost

*As you know, my father passed away October 29, 2013 at the age of 77. He purchased a small Gulf Oil distributorship located at 3755 Midland Blvd in Fort Smith on May 21, 1977. At the time of his purchase the company was selling approximately 40,000 gallons of fuel and 500 gallons of lubricants per month, with only 3 employees. Frost Oil, along with Liberty Transport, has now grown to include 58 employees and sells 750,000 gallons of fuel and 90,000 of lubricants on a monthly basis.*

*My father grew Frost Oil on three principles; honesty, hard work and customer service. I know that sounds corny but it is very true. I've had customers tell me that they might not have liked what Jack told them but they always knew where he stood. He would work in the office and make sales calls during the day and if a customer needed fuel that night he would deliver it. I believe his focus on customer service was the main reason for his success. Day or night, weekday or weekend, if the customer needed the product, he made sure it was delivered.*

*Competition and government regulations will only get tougher, but we will be successful if we strive to live by these principles, which my father made the foundation of Frost Oil.*

## This Year, RESOLVE to Follow Through

*In an effort to make this year better than the last, many people make New Year's resolutions. While it's easy to make resolutions, they are often difficult to keep after the first few weeks. A little planning will help you succeed.*

*Start by making a resolution that is significant to you. If spending less time on your phone is important because you want to play with your kids, you're more likely to stick with it than if you decide to lose 10 pounds because everyone else in the office wants to.*

*Next, plan how you will make it happen. For example, if you decide to eat healthier, choose which junk foods you will give up and what you will replace them with.*

*Resolutions are not kept through will-power alone. When it gets tough, you need help. Try writing a reminder, such as a sticky note at your desk. Also, telling a friend who can encourage you will help a lot when it gets harder to stick to your resolution.*

*Finally, don't give up. If you ate a family-sized bag of potato chips by yourself, you haven't ruined your resolution. Just start the next day as if you never faltered, and keep working on it — remember, new habits take time.*

*Courtesy of Regions Insurance*

# Employee Spotlight

Our 1<sup>st</sup> Quarter Employee Spotlight for 2014 features Mike Nix. Mike started with Frost Oil 9 years ago serving as our Customer Maintenance Technician. He is always willing to go the extra mile to get the job done; getting called away to a job on weekends or after hours when he has already made it home, Mike is always dependable and happy to accommodate.

As many of you may already know, Mike has been married to his wonderful wife, Gale for nearly 41 years. His pride and joy is their son Matthew along with his wife Debbie and their five children. He is thankful for his family and his job and he tries to give 110% to his job and at home. In his spare time, Mike enjoys hunting with his brothers and has always been strong in his faith.

*Mike Nix • 9 Years of service*

## PMLI Seminar

In November, Nick Engel and Nikki Harger were fortunate enough to attend the Petroleum Marketers Leadership Institute (PMLI) in Kansas City, MO. Previous Frost Oil graduates include Jeff Frost, David Harger, and Paul Humphries.

It was a jam packed seminar using the Myers Briggs Traits Indicator (MBTI). The MBTI is a tool used to help people become more aware of how they seek, process, and organize information to make decisions and take action. The more aware you are about how you do this and how it may be different from the way others do it, the better you are able to manage yourself and deal with others more effectively.

There are four categories, with each category having two opposite poles. Your values and personality help determine your MBTI out of the possible 16 different traits. Can you determine your MBTI?

- **Where you focus your attention**
  - Extraversion (E) or Introversion (I)
- **The way you take in information**
  - Sensing (S) or Intuition (N)
- **The way you make decisions**
  - Thinking (T) or Feeling (F)
- **How you deal with the outer world**
  - Judging (J) or Perceiving (P)

## Risk Awareness

Please note that our final numbers for 2013 will not be in until the next newsletter but below are the most current numbers for last year. I cannot stress enough how important it is that we work as a team and lower these numbers. If you have any suggestions or ideas to improve our risk losses please come see me or write it down and place it in the suggestion box that is placed above the driver's mailboxes in the break room. Let's challenge ourselves to make 2014 not only a great year but a SAFE year!

- Nikki Harger

### Insurance Risk Loss Chart

Coverage Type	Data	2011	2012	2013
Auto	# of Losses	4	3	4
	Cost	\$360,342	\$24,515	\$2,967
Property	# of Losses	2	2	8
	Cost	\$12,834	\$13,469	\$142,684
Worker's Comp	# of Losses	2	3	3
	Cost	\$81,416	\$740	\$7,151
<b>Total # Losses</b>		<b>8</b>	<b>8</b>	<b>15</b>
<b>Total Cost</b>		<b>\$454,592</b>	<b>\$38,724</b>	<b>\$152,802</b>

If you need an extra employee cardlock for you or a family member, please see Stacey Cooper at the front desk to have your fuel payroll deducted.

## BIRTHDAYS

### January

Nick Engel	1 <sup>st</sup>
Tom Hayes	16 <sup>th</sup>
Chris Fisk	22 <sup>nd</sup>
Kevin Mendenhall	28 <sup>th</sup>

### February

Jerry Shelton	5 <sup>th</sup>
Doug Carroll	7 <sup>th</sup>
Jerry Bryant	14 <sup>th</sup>
John Martius	23 <sup>rd</sup>
Earl Ingram	28 <sup>th</sup>
Rufus Paul	29 <sup>th</sup>

### March

Randy Humble	11 <sup>th</sup>
Bart Stites	15 <sup>th</sup>
Yossi Lockhart	27 <sup>th</sup>
Isabel Everetts	28 <sup>th</sup>

## YEARS OF SERVICE

### January

Charlie Green	6 Years
Bart Stites	4 Years
Jerry Shelton	3 Years
Melissa M <sup>c</sup> Clure	3 Years

### February

Kevin Mendenhall	19 Years
Mike Turner	8 Years
Scott M <sup>c</sup> Kay	4 Years
Earl Ingram	3 Years

### March

Tammie Cobb	11 Years
Mike Nix	9 Years
Alan M <sup>c</sup> Guire	9 Years
Travis Medley	4 Years
Ray Thornburg	2 Years

## Congratulations Mendenhall Family!

Hayden Gates  
Mendenhall

7 lbs 3 oz.  
19 □ inches long

January 14, 2014  
11:15am



## CHARLSTON MUSIC FESTIVAL

Benefit for Arkansas Children's Hospital

### 1<sup>st</sup> Annual Music Festival for the ARKANSAS CHILDREN'S HOSPITAL

at the South Franklin County Fairgrounds

April 15, 2014 3pm □ 11pm

The festival will include food, live music, bounce-a-rounds, and a petting zoo, as well as several raffles.

All of the proceeds from this event will be directly donated to Arkansas Children's Hospital.

### REMINDER

In order to sell vacation days, you will need to submit a request before 3pm on the Tuesday before payroll.

## Upcoming Events

### January

20<sup>th</sup> Martin Luther King Day

### February

TBA Safety Meeting  
14<sup>th</sup> Valentine's Day  
17<sup>th</sup> President's Day

### March

TBA Colonial Open Enrollment  
9<sup>th</sup> Daylight Saving Time starts  
17<sup>th</sup> St. Patrick's Day