

HOUSTON BUSINESS JOURNAL

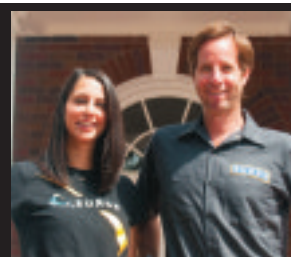
Strictly Houston. Strictly Business.

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The Money Journal
Making capital gains
 A comprehensive road map through Houston's funding maze
 SECTION 2



British invasion

Scottish oilfield services company sets up incubator, plans expansion in Katy

BY MOLLY RYAN
 HOUSTON BUSINESS JOURNAL

Starting up Hampco Services Inc., the Houston branch of a Scotland-based oilfield service firm, wasn't easy for Andy Grieve. But more than 10 years after establishing a local presence, Grieve, president and owner of Hampco Services and its holding company, has found a way to turn a profit from his rough-and-tumble business experience.



Grieve

While Hampco is ready to start construction in early 2013 on a 40,000-square-foot full-service facility on 11 acres of land in Katy, Grieve also has plans to establish a kind of small business incubator, dubbed the G-Tech Centre, aimed at helping other U.K. oilfield service companies get a foothold in Houston and bringing more skilled jobs to the region.

The \$6 million project, expected to open by the end of next year, will house a light-manufacturing facility, assembly space and a service center and employ 30 people. Grieve is also in final negotiations with an unidentified U.K.-based oil and gas product manu-

SEE INCUBATOR, PAGE 54

Booze boom?

Now that two more Houston-area distilleries are serving up locally produced spirits, it may be only a matter of time before more entrepreneurs take their shot at the market

BY SHAINA ZUCKER
 HOUSTON BUSINESS JOURNAL

The Austin area may have pioneered Texas' foray into the distillery industry with deep-rooted companies like Tito's Handmade Vodka and Treaty Oak Distillery, but Houston could see an explosion of new entrants courting liquor consumers within the next few years, local industry leaders say.

There are now three distilleries in the Houston area — including two that entered the market this year — and they expect more to bubble up to the surface.

Ali Ansari, owner and founder of Dash Vodka Distillery in Brookshire, said it takes plenty of time and capital to start a distillery from the ground up. Although Ansari's company just went into production in March and only began selling its product in Spec's Wines, Spirits & Finer Foods outlets in July, the business has been in the works for the past four years.

Ansari sold his share of stone and tile business Byzantine Industries LLC, and used that money as the initial capital for Dash in 2008. He did not disclose the investment amount.

Ansari started construction on his 10,000-

SEE BOOZE, PAGE 53

Ali Ansari, founder and CEO of Dash Vodka, the first vodka distilled in Houston.

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Workplace wonders

78 companies made the cut for HBJ's annual awards

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BKD energy practice sees growth from private equity-backed clients



MONEY MAKERS
COLLIN EATON

Oct. 1 — Accounting firm BKD LLP's Houston-based energy practice has lately

seen the largest growth in its business from private equity-backed companies, says Blake Randolph, the firm's energy industry leader. "Most of the growth and the biggest opportunities we're seeing are from private equity," Randolph told me Monday morning, adding that private equity firms have been acquiring more exploration and production, oilfield services, midstream and power companies in recent months. "They're bringing a lot of capital to the industry, and they want a lot more sophisticated services. They're going to want more audits, acquisition work and reporting," Randolph said. "They want to get the company all shined up so in six or seven years they can sell it to somebody else." The Springfield, Miss.-based accounting firm formally started up its energy practice around 2008, but it now has about 70 full-time employees working in Texas, Oklahoma and a few other ...

ENG gets two more weeks for financial turnaround



DRILLING DOWN
DEON DAUGHERTY

Oct. 1 — ENGglobal Corp. (Nasdaq: ENG) has reached a forbearance

agreement with its lender, which will give the Houston-based engineering services company two more weeks to develop a turnaround plan. As part of the agreement, the company has hired a consultant and is working to develop a plan to restore its compliance with its credit facility. This will extend the forbearance agreement through Oct. 31. By the middle of the workday on Monday, ENG stock was trading close to its 12-month low, sitting at 56 cents per share. I talked with Matt Tucker, an analyst with Keybank Capital Markets in New York City, about whether a forbearance of this sort is a precursor to the company filing for bankruptcy. He said it's not necessarily the case. The fact the agreement just adds a couple of weeks to turn things around seems like a short period of time to fix things, but, he said, ENG has had problems for a while. The company's leadership has had years to ...

Medical tourism in Houston likely won't be hurt by ACA, expert says



BIZBLOG
BAYAN RAJI

Oct. 3 — One of the hot health care topics circulating the Web today concerns

potential changes to the international tourism industry if the Affordable Care Act is implemented. The online conversation pointed me to a story in *Global Post* about the fear that exists abroad if all Americans actually end up insured. It seems most of those fears are unfounded, if for no other reason than because the U.S. is headed toward a shortage of doctors and the price of across-the-border medical care is still likely to be less expensive than in this country. However, it got me wondering whether we might expect to see fewer international medical tourists in our country. If more Americans will be covered, but fewer doctors will be available to see and treat them, will we lose medical tourists? Vivian Ho, professor in the economics department at Rice University and a professor in the department of medicine at Baylor College of Medicine, says no. "I don't think it will ...

BOOZE: Texas distilleries team up, form statewide lobbying group

FROM PAGE 1

square-foot facility on one acre of land in Brookshire in February 2010, which took more than two years to complete.

"The idea of vodka came about when I was looking to start a new business venture," he said. "You need to have something unique that would differentiate yourself from other distillers in the market. I had an old family recipe from my native Persia and some ideas on how to make it work on a small and large scale."

PERMIT LAWS

Dash Vodka uses raisins and wheat in its recipe and is distilled seven times, finished with purified mineral water and filtered through coconut shells.

There are currently no distilleries inside Houston's city limits because of strict permit laws. But Ryan Baird of Yellow Rose Whiskey Distillery LLC, based just south of Magnolia, said his fledgling company has plans to move inside the city — if and when they can find a place.

"We're shopping around to find a home for our distillery to expand," he said.

Houston is on track to model cities such as Austin and Dallas, where the distilling industry has more players, Baird said. In Texas, there are 19 that are producing, and 33 in total that are licensed.

"It's unique there's not more distilleries in Houston right now, I don't know why and I'm not sure if anyone knows for sure," he said. "We've heard rumors of possible distilleries coming on line. You could have, say, 10 people wanting to start one and maybe only one will actually go through with it."

Yellow Rose, which was licensed in February and began selling its liquor through Spec's

in August, uses smaller oak barrels to age its signature product, Outlaw Bourbon, at a faster rate to boost production. Baird and his partners raised \$92,000 to get the business up and running.

JOINING FORCES

To try to foster overall industry growth rather than focus on the competitive nature of the business, 16 Texas-based distilleries that make everything from rum to blue agave, whiskey and vodka recently joined to create the Texas Distilled Spirits Association.

The group is still in its infancy, but its purpose is to create an industry association that can speak on behalf of the small companies and help with overall marketing efforts.

Kelly Railean, master distiller and president of San Leon-based Railean's Rum, sits on the board.

"People already know about Texas wines, but we want people to know about the spirits of Texas," she said. "It's all about educating consumers and working with bars and restaurants to help promote the Texas handcrafted products we make."

Railean, whose distillery is in Galveston County, said it's likely more liquor producers will eventually come to the Houston-area, but current state liquor laws may dissuade some people from going into the business.

One of the biggest challenges she and many distilleries in Texas face is the fact that distillers are prohibited from selling directly to consumers or retailers.

It takes plenty of time — and patience — to work through the system, as Dash Vodka's Ansari found out these past four years in getting his distillery set up. Railean's Rum eventually pushed through the red tape and is now sold in several Texas markets through

DASH VODKA DISTILLERY

HQ: Brookshire
REVENUE: Did not disclose
TOP EXEC: Ali Ansari, CEO
OWNERSHIP: Privately held
EMPLOYEES: 2 full time, 3 part time
FOUNDED: 2008
INDUSTRY: Alcohol producing
WEB: dashvodka.com

NUMBER OF DISTILLERIES IN TEXAS

YEAR	TOTAL	PRODUCING
2008	8	6
2009	12	8
2010	18	10
2011	25	13
2012	33	19

SOURCE: Texas Alcoholic Beverage Commission

Houston-based distributor Spec's, as well as other states such as California and Arkansas.

Adds Yellow Rose's Baird. "It takes a long time, a lot of money and a deep understanding of the laws that affect it."

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