

A Sip of the South

BY CHIP DRAGO

Mineola Water: It's "a sip of the South," bottled at its source in southwest Alabama and destined for grocery store shelves throughout the nation, according to its founder, David Forbes.

"I want to see Mineola in San Francisco," says Forbes, 50, who now serves as Mineola's chief operations officer and head of distribution. "I want to see Mineola in L.A., in Albuquerque, in Santa Fe, in Boise, in Minneapolis. And when you open that bottle, notice that the label says 'bottled at the source in Chrysler, Ala.' One thing we are is pro-Alabama. We don't apologize. We are loyal Alabamians."

The story of Mineola Water began in the early 1990s when David Forbes was working for a heating and air conditioning company that tapped into geothermal wells.

"We had this one particular aquifer that we hit [in the Chrysler area in south Monroe County]," Forbes says. (When a water-bearing rock readily transmits water to wells and springs, it is called an aquifer. Wells can be drilled into the aquifers and water can be pumped out.)

"The amount of water was huge," he says. "The actual water table we hit was so clean and the sand was very white. The size of the aquifer prevented efforts to discover geothermal wells at the site, so Forbes and a company geologist simply "tagged and logged" the aquifer's location.

Knowledge of the deep aquifer of plentiful and pure water remained in the back of Forbes' mind until about five years ago when he was diagnosed with type two diabetes.

"Of course, one of the main things you have to do (as a diabetic) is drink a tremendous amount of water," he explains. "Well, I'm traveling all over the U.S. on business and I'm drinking all the different waters and [learning] how they taste, what they cost and reading the labels."

Forbes learned that the water was costing up to \$10 a gallon and sometimes the source was municipal water.

"I was spending \$8 and \$9 a day on water and I'm thinking there has got to be a cheaper way than that," he said.

He told his wife Sylvia – "our best salesperson" – that there had to be a place in the U.S. market for deep aquifer water and he knew just the place to find it.



PHOTOS BY JAMES THOMPSON



Aided by a former mentor, ex-Auburn University professor Charles Peterson — “probably one of the foremost authorities on water in the Southeast,” says Forbes — they researched the aquifer and were delighted with their findings and sample results.

Forbes went to see his CPA, Allen Shelton, now Mineola’s president.

“One day he [Forbes] comes into my office and says, ‘I want to do a water company,’” recalls Shelton. “David has always been very creative and he had a vision. I said fine. I thought water was water was water.

He said, ‘you’ll find out different.’ I found out different.”

Because the aquifer runs through the pure white sand, they knew the water would not have to be filtered. It is 99.6 percent pure and the other .4 percent is trace minerals that dissolve and give Mineola Water its “unique taste,” says Forbes.

Still, there is more to the beverage industry in the U.S. than merely having a good product, as Forbes, Shelton and Mineola’s investors learned not long after first bottling the water in 2003. Mineola’s partnership founded in the process of becoming educated.

Using some of Shelton’s contacts, Forbes and others were able to buy out the “opposition” partners.

“They [the disgruntled partners] did not appreciate what David

brought to the table,” says Shelton during an interview at Mineola’s corporate headquarters in Foley, Ala.

With the new team in place by October 2003, Mineola Water regained traction and was in full production and distribution by March 2004.

“Allen is being a little humble,” Forbes interjects. “He had the insight to realize this thing could — in two years — turn into a \$100 million business. A lot of water companies in the U.S. are just plastic and caps. They don’t care what’s going into the bottle. Allen allowed me to continue

with the concept that there is a difference in water.”

“Allen and I have one goal,” Forbes says. “Within the next 10 or 15 years, we’d like to see Mineola number three in the beverage industry for water. And I think we can do it. You can taste the difference. We hear it so much, we can get blasé, but I still get excited.”

One fan is The Most Rev. Oscar Lipscomb, archbishop for the Catholic Diocese of Mobile.

“I’m a devotee (of Mineola Water),” says Bishop Lipscomb. “I only discovered it myself about six weeks ago. We used to go to Hot Springs [Ark.] and I always came back with a trunk full of Happy Hills water. I never came back without a supply. It was delicious and so is Mineola Water. Now I’ve always been happy with Mobile water out of the hydrant, but Mineola is better. I use it to make tea in my room in the mornings. I use it to take my medicines in the evenings. And sometimes in-between, I drink it just for the fun of it. It’s very tasty chilled and you don’t need to put anything in it. No lemon. If I had a choice between hydrant water or any other bottled water, I would pick the Mineola. The taste of water, its intangibles are hard to describe. But taste Mineola and those intangibles come through loud and clear.”

The trick for Mineola’s management is getting enough people to taste the water and judge for themselves.

Marketing, gaining market share, is “brutal,” Forbes allows.

According to Forbes, one company wanted \$500,000 to put Mineola Water on 1,300 store shelves.

“We need to get with some straight-forward distributors that want to see Alabama products get bigger



President Allen Shelton (left) and founder David Forbes supply more than 500 stores in four states with their product.

and more diverse,” Forbes says. “One thing we are not going to do is bribe our way into a market.”

“Slotting fees,” Shelton says with a sigh. “Once you’re on that drug, you’re on it forever. We looked at the amount of money we would have to pay for slotting fees and we decided to go out and buy trucks instead. We tell people if you can’t find Mineola Water, go [to store managers] and ask for it.”

“What’s happened, just through Allen, his expertise and his knowledge of how to structure and grow a company, is that we got the time we needed to systematically reach consumers and create consumer demand,” says Forbes. “Everybody gives me a lot of credit, but I know without Allen’s expertise we could not excel.”

For Mineola Water to realize the potential that Forbes and Shelton envision, independent distributors are crucial.

“I want to see Mineola go nationwide and I think we have the quality of water from a chemical standpoint that’s second to none,” says Forbes. “I know we have the best analysis in the region.”

“One of the things that’s very important to us is qualified distributors,” Shelton adds. “That’s what we need.”

“Coke and Budweiser have distributors all around,” Forbes says. “We’re looking for people who know the business or want to put their money

behind the business. This is a product you’ll never have to apologize for. The quality is at the very top. We believe you will be able to make a very good living distributing our water and ancillary products that we’ll be bringing out. That will help us get nationwide.”

At present, more than 500 stores carry Mineola Water in Alabama, Mississippi, Georgia and Florida.

Within the next months, Mineola plans to move into e-commerce where customers can shop online. Office and home delivery of four-gallon containers with cooler dispenser rentals are also a piece of the Mineola marketing plan.

The increase in hurricane activity along the U.S. Gulf Coast has boosted Mineola Water’s profile throughout the region and led to Mineola’s most successful marketing program, “Source 1”, in which qualified stores are guaranteed a water supply in the aftermath of a hurricane.

“We put a tremendous amount of thought in how to facilitate the Source 1 program,” Forbes says. “It’s been one of the best marketing programs. After Hurricane Ivan in 2004, this company just took off.” The company has at least two important traits that appeal to customers in the coastal areas of the Southeast, he says. “We are natural and we are here in emergencies. There will be a water problem across the Gulf for several years now.”

“There are a lot of contaminated sources,” Shelton adds. “We can’t get contaminated because we’re deep-sealed and protected.”

Through the Source 1 program, Mineola is prepared to ship 500,000 gallons of water when a storm threatens. And stores can charge only \$1 a gallon tops.

“We don’t price gouge and you can’t price gouge,” Shelton explains.

Mineola’s management hopes that a post-Katrina re-evaluation of the federal government’s response to emergencies may lead to a greater role for the company in such disasters along the Gulf Coast. According to Forbes, Mineola can produce and supply water to the hurricane-wracked Gulf Coast much more efficiently and economically than under the plan in place following Hurricane Katrina.

The plant can produce up to 50,000 gallons a day of finished product and the power system is redundant so it will not miss a beat if hurricane-spawned tornadoes knock out electrical power. Expansion plans call for a second 40,000-square-foot building in the near future once the Hurricane Katrina-induced construction crisis lessens. And after that, a 100,000-square-foot addition is planned.

The next and key step in Mineola’s expansion plans is establishing partnerships with independent distributors throughout the U.S., says Forbes. But even if those distributorships don’t pan out, Mineola will pursue another strategy to market nationally.

“We want to work with independent distributors,” says Forbes. “But Mineola is coming to the nearest grocery store of your choice whether they [independent distributors] are going to do it or we’re going to do it. It may take us a lot longer if we do it, but it’s coming.” ■