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From the Dallas Business Journal:

<http://www.bizjournals.com/dallas/news/2016/09/14/fort-worth-energy-firms-strategyshrink-to-survive.html>

Fort Worth energy firm's strategy: Shrink to survive, reject capital to thrive

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Sep 14, 2016, 2:51pm CDT

In Bosque Systems' first seven years of business, life was good. The firm grew 70 percent annually, had 500 employees and reached \$125 million in revenue. All while taking no outside capital.

Then oil prices dropped. And kept on dropping.

"So we shrank as a company," said CEO Clane LaCrosse. "We became lean and mean."

Bosque Systems — a firm founded in 2007 which handles the fluids involved in fracking — contracted to about 250 employees, LaCrosse said. They were, and still are, the market leader. Now, they're starting to see their persistence pay off as competitors are stagnate or folding while they are growing again.

Bosque Systems has grown about 30 percent in the past three months. The firm came in at about \$85 million in 2015 revenue and LaCrosse said the growth of his company largely depends on how much the oil market rebounds. Several banks have said they expect the price of oil to go up in the next few years.

"Over the next two to three years we expect to see the price of oil increase," LaCrosse said. "So I would expect to go back into growth mode. I wouldn't be surprised if we see 30 to 40 percent growth over the next couple years."

To talk more about how he got into the oil and gas business and what he learned during that tough time, LaCrosse sat down with the Dallas Business Journal:

What does Bosque Systems do? Primarily we handle the liquid fluids for the oil field. So we deal with the water, by-products, fluids, anything that has to do with the fracking in oil and gas development in the U.S.

Why is it beneficial for a company to utilize you and not just do the process themselves? We're more than just a solutions provider. We actually ensure quality in that solution. We really focus on something that's very finite. And that's the (answer to the questions), 'What they do with the fluids and do they have the proper chemistry during the fracking process?' And then, 'What do they do after that?' It's a skill that most of those operators don't necessarily have internally.



JAKE DEAN

Clane LaCrosse, CEO of Bosque Systems

How did you come up with the idea for this company? It's just traditional business, right? You see an opportunity. There was a shift in the industry and I took that and said, 'What's different?' and took those pieces and broke them down into a business plan. And we found this is the point of innovation for oil and gas development nine years ago.

Were you having thoughts about getting out of the industry when you had to shrink? No, not at all. We were the market leader. It was never about getting out of the industry, it was about, 'How do we react in a different environment?' That's the thing, in any environment whether it's a growth environment or a contracting environment, you have to be willing to take action. And I think people get paralyzed and don't take action. They wait 30, 60, 90 days to see what's going to happen. And when you see something and you know it and your intuition says, 'This is what it is,' you have to take action. And that started 24 months ago. We found metrics that could define our business in a better way.

Why haven't you taken outside capital? Our ability to react has everything to do with our independence. Between myself and the board, we can make a decision in a matter of minutes. Whether it's a large capital project or a change in the market, we can react to it on an hourly basis and not have to wait for a month, two months, three months for outside capital or outside influences to influence the business.

CLANE LACROSSE

CEO of Bosque Systems

Education: Undergraduate degree at the University of Oklahoma, where he played football, and MBA with a finance concentration from SMU.

Hobbies: Spending time on his ranch with his family and horses.

Favorite item on desk: "It's probably my desk. It's made from the drill pipe of the first well we ever drilled."

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