



small but mighty

Small-business precasters face their share of challenges, but also reap the rewards of being able to turn on a dime and provide personalized customer service.



By Bridget McCrea

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James Gardiner knows the advantages of running a two-person precast concrete firm, like the ability to turn on a dime, offer personalized customer service and get pretty creative when it comes to concrete. But Gardiner, owner of The King's Grant in Easton, Md., is also keenly aware of the downsides of being small: splitting all of the work between just two people and operating with fewer resources and finances than larger counterparts.

"The top make-or-break for our company has been hiring people who are able to do what I do," says Gardiner. "The smaller the company, the greater the demand for an employee who is universal. We don't have a guy just doing welding, for example. We both figure out how to make the design, do the welding, operate the vibration table. The fewer guys you have the more diverse the employees need to be."

And with fewer fingers to point, says Gardiner, the question of accountability tends to fall on the shoulders of the company owner, who usually must absorb any mistakes or problems himself. "The downside to being small is that when things go wrong or you have a problem, it's much harder to take a ripple," says Gardiner, whose company has been producing reproduction stonework floor tile and countertops since May 2001. "It's like a little kid on one of those wake boards: A big wave comes in and just topples him, while a bigger guy can probably withstand it."

Working from a 3,400-square-foot shop, Gardiner and his sole employee, Garry Jones, brought in about \$149,000 in sales last year and are aiming for \$200,000 in 2003. They pride themselves in their ability to ferret out new applications for concrete, such as park benches, tables, countertops and flooring.

Unlike some smaller firms that use technology only on a limited basis, The King's Grant relies on it to help create those alternative precast applications. "We've found micro silica to be a critical ingredient for our floor tiles, which must withstand more than the typical precast product," says Gardiner. "You walk into a home with a rock stuck in your shoe and it's going to drag against the tile. Micro silica does a great job of building up a resistance toward abrasion."

By combining technology with a desire to bring precast concrete above the ground and into people's homes and lives – take The King's Grant stone table that comedian Jerry Seinfeld has in his living room, for example – Gardiner reaps more than his fair share of rewards, particularly when a project goes well. When a customer likes a product, for example, it's Gardiner and Jones who hear about it.

"It makes for more of a team presence in the sense that being small has made us somewhat of an underdog," says

Gardiner. "So while bigger companies may have more backing, clout, people, experience and capital, when you're small like us and you pull something off – or take a job away from a granite guy – it's extremely gratifying."

Two million dollar man

Across the nation, small precasters with fewer than 20 employees are making waves, despite the rash of industry consolidations and the increased competition brought on by recent industry growth. By relying on their ability to provide personalized customer service, make quick decisions and product changes, create small batches of product and operate with less bureaucracy, these entrepreneurs are posting impressive gains in the precast industry.

Take Roger Parshall, for example. When

he opened the doors to Parshall Concrete Products in 1998, his ultimate vision was to reach \$2 million in sales. This year, if he pushes hard enough, he may just reach that goal. With 18 employees, the Mound City, Mo.-based firm sold \$700,000 in precast in 2001 (the company also has a ready-mix operation), and \$1.2 million in 2002. From a 10-acre yard, the company makes curb inlets, storm sewers, junction boxes and manholes for contractors in the Kansas City area.

"When I started this business, I wanted to do \$2 million a year," says Parshall. "Now we're headed in that direction."

Getting there wasn't easy, says Parshall, particularly in the early days when his company was relatively unknown. "At the time, it didn't matter if my bid was low or not. If the contractor hadn't heard of us or didn't know if we could perform, they wouldn't use us," says Parshall. "Getting to the point where we're picked for bids has taken years. In fact, it seems like it was just last year when our name finally got out there as a viable business."

Like many small precasters, Parshall Concrete Products' technology use doesn't go far beyond e-mail and an office computer. "The only technology that we use is to communicate with the job sites, which are usually 100 or more miles away," says Parshall. "We



At The King's Grant, owner James Gardiner (top-right photo, at right) and his sole employee Garry Jones brought in \$149,000 in sales last year and expect a better return this year for their products: reproduction stonework floor tile and countertops. Courtesy The King's Grant



Leco Industries employees represent a small pool of workers experienced with precast concrete in the Las Cruces, N.M., area. Company president Leo Morrow (right) first looks for workers with potential, then takes new hires through an intensive training process. William C. Helm III



used to have to deliver or snail-mail plans and drawings, so e-mail has made a world of difference for us, even though few of our customers are even using email yet."

Parshall credits his employees with putting his firm so close to its sales, performance

and quality goals. "My guys always go the extra mile to make this stuff work," he explains. "If we have to stay late to get a product done and on the truck for delivery the next morning, they'll stay to do it. I've been very lucky in that regard."

This year, Parshall expects growing pains to hit harder than usual as he strives to reach his \$2 million sales goal. There's nothing smooth about a small-but-growing company, he says, because when sales jump, the need for employees and greater production capacity also spikes, making any sales increase difficult to swallow for a small firm.

"I'm not a big corporation here, I'm just one man trying to make things work," says Parshall. "The growing pains were unbearable last year when our sales nearly doubled, but I kept a handle on things by keeping a close watch on receivables. The \$2 million mark will definitely be pushing it for our size and capacity – it's a pretty high goal."

The Pros and Cons of Being Small

Small-business precasters and manufacturing experts share the following advantages and disadvantages of "being small" in today's ultra-competitive business environment:

PROS:

- Ability to turn on a dime
- Less bureaucracy when it comes to decision making
- Well positioned to provide a high level of customer service and fill customized orders, no matter how small.
- Personal pride in a job well done
- Largely unaffected by industry consolidation

- A lack of resources, backing and funding sources
- Low access to the latest technology, mainly due to financial constraints
- Company owner or president runs the show, and is often strapped for time
- Must stay on top of receivables or risk cash flow problems
- Challenged in finding experienced employees, and strapped for time to train inexperienced workers

CONS:

Another way small precasters have found to grow and expand is through product diversification. Lee Septic Inc. of Aberdeen, Miss., for instance, has used the strategy to expand into new markets. With 12 employees and about \$800,000 in precast sales for 2002, the company manufactures septic tanks, treatment plants, grease interceptors, storm houses and other products for contractors in northern Mississippi.

The company, which also handles special pours of up to 24,000 pounds for individual contractors, recently stumbled onto another niche market that has seen Lee Septic through the recent economic downturn: producing settling tanks for car wash pits.

"We diversified into the commercial side in 2000, particularly in the car wash pit area, where we noticed a lot of demand but no one filling those needs," says Milton Lee, who founded Lee Septic in 1978 and who says more such diversification into the commercial market could be in the cards for his firm, which runs both a hardware and plumbing store. "Diversification is pretty much what saw us through the last few years, and we plan to do more of it."

Nailing down the basics

Ask Leo Morrow, president of Leco Industries in Las Cruces, N.M., what his biggest challenges are as a small precast concrete manufacturer and his answer is twofold: finding competent employees and collecting payment for completed projects. To

stay ahead of the latter, he says keeping on top of collections is critical, particularly for a small company with little or no financial backing.

"It's one of our greatest concerns, and we work through it by being very personal with our customers and explaining to them that we need to get paid by a certain date," says Morrow, who founded the 10-employee firm in 1989. Working from a 4,000-square-foot shop and 700-square-foot office on 3.8 acres, the company brought in about \$900,000 in 2002 by selling manholes, electrical and communication vaults, and septic tanks to customers throughout New Mexico and West Texas.

When it comes to human resources, Morrow says the pool of experienced precast employees is small, particularly in New Mexico, where his firm has very little competition. To fill Leco's ranks, Morrow looks for new hires with potential and then takes them through an intensive, in-house training process.

"We have to explain to them when things are poured upside down and backward and turned over, they come out right," says Morrow. "We just train, train, train because it's the only way we can work around a lack of experienced workers."

To make up for its size, Leco also utilizes technology, particularly on the office and administrative side. In the shop, Morrow says tasks are handled in the traditional "hump and grunt" manner, although the company does use CAD and the Internet to buy supplies and equipment.

Going forward, Morrow is planning for growth and expansion based on the demand he's seen for precast products in his area. He also doesn't see his status as a small-business owner changing anytime soon. "There will always be small precasters, because without them you wouldn't have any big precasters," says Morrow. "Everyone has to start somewhere."

Making it work

Sometimes, being a successful, small-business precaster means finding a niche that no one else wants to service. That's exactly what Bennie L. Payne, president of Lifetime Products Inc. in Chicago, did

Lee Septic Inc. has expanded into new markets through product diversification.

Besides building precast concrete products such as septic tanks, grease interceptors and car wash pits, the company also has a hardware and plumbing store.

Courtesy Lee Septic Inc.



when he bought an existing precast firm out of bankruptcy in 2000. Soon after reopening its doors, Payne found a niche in serving smaller customers that his larger competitors couldn't be bothered with.

"Many times, large precasters don't want to deal with the small distributors or small suppliers of a product – the guys who want one or two manhole structures," says Payne. "That has put us in a very good position and given us an advantage because we can and will fill those smaller orders and sell to them direct as a manufacturer."

Payne, whose two daughters and wife help him run the 20-employee company, says Lifetime Products specializes in catch basins, offset columns, spacers and risers for contractors and government entities in the

Chicago area. Working from a 20,000-square-foot facility that has "reached capacity," the company fills a need that manufacturing experts say is just perfect for a smaller manufacturer.

"Small precasters can take on smaller,

customized products while the larger manufacturer is more interested in the repetitive type of projects," says Boris Humberg, project manager with the Florida Manufacturing Extension Partnership, which helps small manufacturing companies streamline their processes, make productivity gains and increase profits.

"They're also more agile when it comes to meeting market demand. As market trends change, it's the smaller manufacturers that are more adept at meeting that demand, based on their size and agility."

But where small precasters like Payne run into stumbling blocks is financing, upgrading equipment and purchasing technology – three areas where most say they could use a little help right now.

"Technology would be extremely helpful if I could afford some," says Payne, who recently turned down an opportunity to supply manhole structures to a local automotive plant because he didn't have the manpower or resources to fulfill the contract and still keep customer service levels high. "It would have put too much of a strain on us and stretched us too thin."

Whether striving to grow or content with their stature, small-business precasters tread a balance between challenges and rewards. Whatever their place in the world, they fill a critical void in the precast concrete industry. ■

Bennie Payne, president of Lifetime Products Inc. in Chicago, built up his company to 20 employees with the help of his wife and two daughters and by manufacturing precast products that larger companies won't touch. Courtesy Lifetime Products Inc.



26 MC When You're Small, It's All About Customer Service

It doesn't matter what time of day or night it is – when Roger Parshall, president of Parshall Concrete Products in Mound City, Mo., gets the call, he and his workers jump into action. That, says Parshall, is his small precast concrete firm's advantage in the marketplace.

"When the customer needs something on a fast turnaround, we're always there for them," says Parshall. "If someone calls early in the morning, we can get the required product into the plant, build it that day and have it on the job within a few days."

When asked if Parshall Concrete's small size plays a role in that ability to quickly switch gears, Parshall says, "You bet it does." In fact, he calls it one of the primary drivers of his firm's success.

"The fact that they're dealing directly with me – the decision maker – rather than with a sales manager or a handful of production workers makes all the difference," says Parshall. "I know what's going on around

here, and if necessary, I can push things around to make it work."

That dedication transcends to the production floor, where larger precasters tend to set a schedule and stick with it, whereas Parshall frequently makes adjustments, even if it means working on a different production schedule every day. "Things change out there in the market, and we understand that," he adds.

"We do have a schedule, but it varies from day to day."

Customer service is also No. 1 at Lee Septic Inc. in Aberdeen, Miss., where Milton Lee, president, says a personal touch is what keeps his contractor-customers coming back for more.

"Around here, the customer is always right, even if they're wrong," says Lee. "Our goal is to always

deal with customers on a very personal level, and you can only do that when you're small."

