

Smoothing the bumps gets rougher

Inside Tucson Business February 6, 2006



Next time you drive into your doctor's office, grocery store, through a neighborhood where the neighborhood association maintains the roads, as well as many other commercial applications and some public applications, you may be driving on surfaces provided by Sunland Asphalt. Sunland Asphalt's

business doubled in size in the past year due to explosive growth. Although the growth picture is rosy, the industry has acute labor shortages, huge capital equipment and maintenance costs, and depends on materials that rose 25 to 30 percent in cost last year. Doug DeClusin, CEO of Sunland, cites labor shortages as the number one issue and Mike McWenie, V.P., puts rising material costs at the top of the list, but they both agree, theirs is a business with a lot of challenge as well as opportunity.

However much the big trucks take us back to childhood play, running this business successfully given the challenges listed above is not play. We asked the leaders at Sunland to share their best practices. Any firm can adapt useful techniques from these executives in a hard driving, fast changing and highly competitive business:

1. Have clear, stated values
2. Develop a stable workforce
3. Develop systems to maintain quality
4. Focus on our market and on excellence
5. Stay in front of the information curve with customers

The first best practice is to have values so clear your customers can recognize them. "The best way to describe our values," said Dale Ford, V.P. "is with a quote from one of our customers:" "With Sunland you know they'll do what they say they are going to do when they say they'll do it at the price they said." DeClusin, CEO, states it simply: "Do what you say you are going to do."

"Finding a qualified stable workforce is a key element. We've developed and trained people to bring them along, treat them fairly, compensate well and retain them. Much of the workforce has been here over 5 years. Turnover in the industry can run as high as 30%, we run 12% or less", said DeClusin.

"Developing systems so that we can maintain quality from estimating through production and having a procedure to follow, helps everyone stay on target. For

example, the entire development of estimating is based on results. For years we tracked how long it took to do things and developed our own estimating program and standards," said Dale Ford. "We assure quality control with kick-off preconstruction meetings. We also meet with the customer on the job site to make sure the job is completed correctly. Final walk through is done by the production superintendent and we address issues promptly." Sunland surveys each customer after work completion and continuously improves service.

"We focus on where our market is and don't really worry about what everybody else is doing. We stand behind our work dramatically better than anybody else in our industry," said Mike McWenie. "With material cost so high if there is a mistake, a lot of firms don't want to re-do the work – we stand behind our work and we serve our customers," he added. "Our business works best when we are looking out for our customer, proposing the best solutions whether it means a sale that day or not. That is what we strive for," said Ford.

Staying ahead of the curve means being an expert and communicating with customers what they can expect in the future. For example, oil refineries historically dumped asphalt at a loss in Arizona so customers enjoyed low prices. In recent years, refineries found an alternative use and sold liquid asphalt mixed with a little less diesel fuel – bunker fuel - to be burned in ships. This caused liquid asphalt prices to double in two years. "Everybody across the country has seen increases - particularly in Arizona. Because of our extensive experience in this business, we started telling people as soon as we realized prices were going up and advising them to do their work now and to look to alternative systems like some of our rubberized asphalt. Our customers depend on our experience," said McWenie.

Sharon Youngblood is a Certified Management Consultant, Corporate Coach and Speaker. She works with leaders to improve performance and profitability of firms. Contact her at say@youngbloodconsulting.com or (520) 795-7498. Additional articles are available: www.youngbloodconsulting.com