



SURVIVAL STORIES by Mark Gordon | Managing Editor

Lights On

Neal Nowe stiff-armed a marketing budget for years. Now it's his best salvo in the battle against the recession.

Neal Nowe, who has run a large electrical contracting business for more than 25 years, fully realizes the benefits in maintaining a diversified customer base.

He just can't practice that philosophy right now, consistency of the recession.

In fact, Nowe's customer base at Venice-based NCN Electric is anything but diversified: The school boards in Sarasota and Charlotte counties made up about 75% of the company's \$14.6 million in 2009 revenues. NCN is in the middle of a multi-year contract to implement the wiring and electrical systems at Riverview High School in Sarasota County and Charlotte High School in Charlotte County, a pair of schools undergoing large renovation projects.

On paper, it looked great and made for a record year at NCN, an 82-employee operation that specializes in electrical work for large institutions, such as hospitals, prisons and of course, schools.

"But when those jobs are done," says Nowe, "there's not much left in the fire."

Indeed, Nowe is projecting at least a 15% drop in 2009 revenues, to about \$9 million, as some of the school work winds down this year.

Nowe isn't planning on extinguishing NCN, however, a business he founded in 1981 by working as one-man outfit wiring pools for new homes. Instead, he's taking a combination of survival steps to hang on during the remainder of the downturn.

"Anybody that wants to survive the next few years is going to have to realize that if you can make your overhead you're doing pretty good,"

says Nowe. "There is just not going to be much profit."

More marketing

The survival steps are a combination of cutting back in some areas while increasing spending in other ways. In the cutting back department, Nowe has had to whittle down NCN's employee base from a little more than 100 as of the third quarter in 2008 to its current count of 82.

But on the spending side, Nowe recently completed a \$20,000 marketing makeover of his company. Actually, it was more of a restart of his marketing efforts. "I never did much in the way of marketing," says Nowe. "But when I saw the downturn coming, I realized it would be more important."

Nowe spent four months with Sarasota-based LeBlanc Studios, a business marketing and portrait firm, in improving the company's image with customers. The project included a new Web site, new brochures and an improved logo.

As much as Nowe resisted spending money while he was trying to conserve, the move paid off. He said the marketing materials and Web site were the main reason a national prison-building company in Maryland found out about NCN.

That company chose NCN to be the electrical contractor for a new job in wiring the insides of a prison for violent sexual offenders in Arcadia. It was a \$5 million job that ended earlier this year.

New marketing materials, however, only go so far in a standstill economy, Nowe has

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REVIEW SUMMARY

Businesses: NCN Electric, Venice

Industry: Construction, electrical contracting

Key: Neal seeks to diversify the customer base at his Venice-based electrical contractor firm.



Neal Nowe founded NCN Electric in 1981, initially as a residential electric contractor with a focus on wiring the lighting in pools. The company has since grown into a \$14-million operation that works primarily in the commercial sector.

Victor Griffith, Breathe Easy Mold Remediation, Bradenton: 'I have a lot of rules. If you are particular about your own things, you tend to be particular about other peoples things.'

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something gets dust or debris on it, the employee is required to make it spotless or face a dock in pay.

In addition to customer-focused rules, Griffith has several internal business philosophies he sticks to. Like his other rules, these ideas can also work in just about any business or industry.

For example, Griffith is studious about being organized, the type of organization practiced in books such as the *One Minute Manager*. That means only handling a piece of paper once.

"Organization is the key to making more money," says Griffith. "It takes less time to do a job."

Finally, Griffith doesn't hesitate to spend money on equipment, which he believes gives him an advantage over the competition.

"I buy nice daddy stuff," says Griffith. "I don't buy cheap stuff I know is going to break."

In total, Griffith estimates that he has about \$300,000 worth of equipment at Breathe Easy. That includes having a few \$10,000 infrared thermal imaging cameras, which his crews use to go deep into a home in an effort to find any amount of moisture — the root cause of most mold buildups.

Says Griffith: "It's almost like having an X-ray on the inside of a home."

New invention

The best example of Griffith's expenditure philosophy, however, is the company's FAS-TRAC system, known officially as the Fungal Air Systems-Time Removal

of Airborne Contaminants. The system, which Griffith says he invented but has not trademarked or patented, places hard tarps in a strategic way over homes so that it can create negative air pressure.

That negative air pressure can remove mold-producing spores and replace the entire air composition of the structure. Griffith has spent at least \$200,000 on developing and fine-tuning the system, in addition to hundreds of man-hours in testing and research. The company also keeps a stock of the specialized tarps, an inventory worth about \$70,000.

Since the FAS-TRAC system is so big and costly, it's only used in the toughest mold cases, such as old commercial buildings.

Griffith actually came up with FAS-TRAC while working in another business — termite and pest control. It was there that he discovered a tarp could be used for that purpose. Griffith owned separate pest control companies in Largo and Bradenton for 30 years, businesses he ultimately sold to Terminix.

Owning his own business has long been a way of life for Griffith. He was born on a farm in Indiana working on local corn and tobacco farms on his own.

That's also when Griffith began his entrepreneurial career. He picked up any job he could find, from mowing lawns to cleaning windows.

Breathe Easy is about the 12th business Griffith, 54, has owned. He says he takes the same workaholic approach to it as he has for his other ventures, including starting his day at 4 a.m.

"It's a very rewarding business," says Griffith. "It's really all I want to do."

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learned. Like many others in the construction contracting industry, the biggest challenge facing Nowe right now is finding work.

Nowe is pinning a lot of his hopes on the same school boards the company has been working with the past few years. Two big jobs, at Booker High School in Sarasota and Venice High School in Charlotte County, are expected to come up for bid later this year.

But two lingering issues temper his enthusiasm: First, competition is up significantly during the downturn, as yesterday's mason wants to be today's electrician in the constant struggle to survive. That means Nowe is working against cash-poor companies who will bid low just to get work, an industry-wide situation.

At the same time, school boards are wise to the recession and have been bargain hunting. Nowe expects that even if he wins the bids, his margins will be down.

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Plus, Anderson is finding that in big business and municipal work, the AC system is a recession-resistant machine. "Budgets are down," Anderson says of some of Cortez' potential clients, "but the cold hard reality is that they will have to fix what's broken."

The Anderson family is currently in its third generation of making a good living by fixing what's broken.

A.M. "Mickey" Anderson — Mark Anderson's father and John Anderson's grandfather — is a World War II veteran and retired executive with General Electric, where he worked in research, engineering and manufacturing. Mickey Anderson spent some his retirement pitching his theories on what he considers the problematic US trade deficit, an effort that included sending white papers to a bevy of US congressmen. (See Review, 3/5/04.)

Mark Anderson, like his dad, grew up in corporate America. He worked in management and product development for Kalamazoo, Mich.-based Stryker, a \$6 billion publicly traded company responsible for several breakthroughs in the field of orthopedic implants.

Seeking a more entrepreneurial life, Anderson moved his family from Michigan to the Gulf Coast in the mid 1980s. The family had vacationed in the area for years.

John Anderson, 39, began working for Cortez when he was 16 years old, crawling around attics and doing ductwork.

'Selling service'

One of Cortez' challenges is again something not seen in these parts in 2003: to find and retain a top employee pool, especially in the area of technical repair work. John Anderson says that's key because while air conditioning maintenance is essentially janitorial, the "talent comes in when it's broken."

Indeed, that's when Cortez has to send

a crew to the client. Then the work involves tasks such as fixing boilers or chiller systems, including some machines that weigh 2,000 pounds. Cortez crews will work on just about anything else: AC or heating related, from wall-in freezers to fire alarm testing.

The company also invested in a state-of-the-art customer software system in 2002, a few years after making its strategy shift. Cortez uses a system called FieldCentrix, which came with an initial price tag of \$250,000 and carries \$20,000 in annual upkeep costs.

The system can provide customers instant access to work orders, job status and account information through the Internet, data that hasn't always been readily available in the industry. The system can also provide e-mail updates to the client, says John Anderson, including job completion notices.

The system, while expensive, has more than paid for itself, says Anderson. Even today, the company estimates that FieldCentrix saves \$3.40 an hour off of the company's operating costs.

Anderson and the rest of the employees at Cortez have relied on the combination of employee service and upgrades such as FieldCentrix to carry it through the recession. Now the company hopes to continue relying on that combination as it executes its find-the-pain strategy for the duration of the downturn.

"What we are selling is service, so we are offering to take someone's pain away," Anderson says. "We are going to have to be better at that than the others."



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BY THE NUMBERS

NCN ELECTRIC		
Year	Revenues	% growth
2006	\$8.53 million	
2007	\$11.93 million	40%
2008	\$14.60 million	22%
2009	\$9 million (projected)	

Source: NCN Electric

In addition to scouring for work, one other issue has recently come up for Nowe as he navigates the recession. That is the slowdown of his own workforce as some employees, weary of layoffs, drag out work to make jobs last longer.

Doing that, of course, rids off poorly on NCN and endangers its ability to get more work. While Nowe used to have a supervisor check crews every four hours or less, he now has them check work on a constant rotation.

The extra supervision is a necessary evil, Nowe says, in the fight to survive. "In our business," he adds, "we are selling labor."