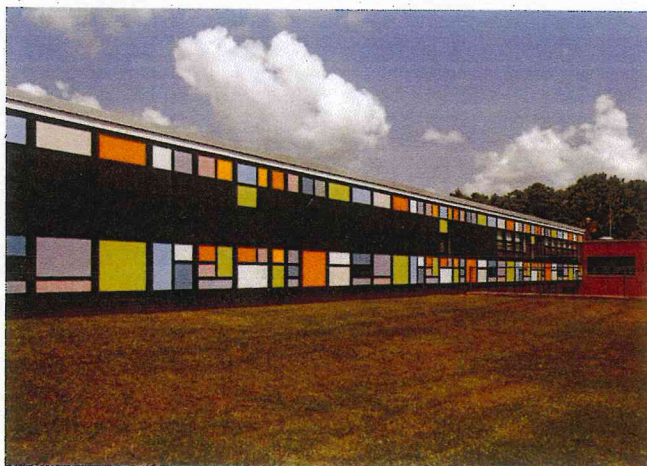


# the eXchange

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## Multiple Masters — Serving disparate markets requires sharp business skills



*Penza+Bailey Architects is one of the BC&E members who serves multiple, disparate markets. A merger enabled the company to expand its work into multiple markets from custom-designed homes to bio tech labs, industrial buildings, retail outlets, commercial properties and K-12 facilities, such as Grove Park Elementary School in Baltimore City (above). Photos courtesy of Penza+Bailey Architects.*

Operations of L&R Floors in Hyattsville revolve around two different business worlds which operate on radically different clocks.

Founded in the mid-1970s to primarily serve commercial and institutional clients, L&R built its reputation and book of business by completing large flooring projects for schools, hotels, government agencies, healthcare centers and other facilities. Around 2001, however, L&R executives spotted a market opportunity and branched into a different niche — multi-family residential.

"In the Baltimore-Washington-Northern Virginia area, there is a huge market for carpeting in apartment turnover work. Replacing carpeting

between tenants is about a \$50-million business annually," said Anthony Crisalli, L&R president.

The expansion was a financial success, providing high-volume, quick-paying jobs in a sector that often remained solid when commercial and institutional markets flailed.

Serving two, distinct markets, however, presented L&R with big challenges. The most palpable was adjusting to the radically different timelines on commercial and residential jobs.

"I might be working on a hotel project for eight months or a year before I ever walk on the site," Crisalli said. "The apartment business is

*Continued on page 3*

### INSIDE THIS EDITION

04 Upcoming Events

06 Industry Spotlight

08 BC&E Foundation

10 Member News

12 What You Missed

14 Meet the BC&E Directors

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of Metropolitan Baltimore Inc.

a very, very different pace. Sixty percent of those jobs are called in after 12 pm for completion the next day."

Crisalli and numerous other BC&E members know that serving multiple market sectors can produce solid financial benefits. However, to succeed in multiple sectors, companies must master a whole new range of business skills from complex inventory management and crew scheduling to sustaining multiple, targeted marketing efforts to fostering more sophisticated business leadership skills.

Jeff Penza knew he wanted to develop "a pipeline of financial diversity" within his architecture firm. Devoted almost exclusively to custom residential and developer projects, Penza Associates Architects needed to break into the institutional market. But Penza's efforts — such as his plan to recruit experienced institutional architects — weren't succeeding. Finally, Penza latched onto the idea of merging with Amos Bailey Arnold + Associates, a local firm specializing in institutional work and trying to break into the residential market.

The merged Penza+Bailey Architects now successfully pursues work in both markets, but it didn't achieve that success without "hitting some bumps in the road," Penza said.

Even though the two firms completed several joint-venture projects before the merger to see how they would work together, the merged company still struggled to make some business practices and computer systems work well together.

"When you are considering a merger, you have to make sure the cultures of the two firms are compatible," he said. "It's easy to think they will be, but until you really, really get into the process, you don't know."

## A company divided

By the time he founded Live Green Landscape Associates in 2008, Michael Martin was already an accomplished veteran of the commercial and residential landscaping markets. Leading a company that would serve those disparate markets, however, was a whole new challenge. Martin addressed it by creating two separate operations within Live Green.

"We are all under one roof, but we do not intermix the people," he said. "We have separate crews, separate trucks, separate management. We run two completely separate organizations that write their own one- and three-year plans, have their own budgets and their own accounting."

That absolute division between commercial and residential is essential, Martin said, to accommodate the sharp differences in working conditions and customer expectations in the two markets.

"Commercial foremen are wired differently. They have to get a job done in an unfriendly environment where they are under pressure, other subs are in their way, the superintendent is yelling at them and the deadline is

unbelievable," he said. "That's far different than driving onto a cul de sac, quietly starting your morning and nicely explaining to Mrs. Jones what you are doing with her lawn and how you are going to minimize impact. Those jobs require completely different kinds of people and you cannot cross pollinate."

## New rules for customer service

At HMS Insurance Associates, Inc., generating high and consistent customer satisfaction across multiple markets presents a different challenge and a significant risk.

Established in the 1940s as a contract surety agency for the construction industry, HMS gradually leveraged its deep knowledge of the industry to serve a widening array of market needs among construction companies.



*While one crew for Live Green Landscape Associates builds dream patios, gardens and outdoor kitchens for Maryland homeowners, the other side of the company tackles large commercial projects, such as the installation of plantings, walkways and a labyrinth at Upper Chesapeake Hospital in Bel Air. Photos courtesy of Live Green Landscape Associates.*

Gradually, HMS began providing its construction company clients with business insurance, risk-management services, medical/dental insurance, life/disability policies, retirement/401k plans and other employee benefits packages. Eventually, HMS began offering all forms of personal insurance, selling mostly to executives within its corporate clients.

"The challenge with having one client and doing all these different things for them is making sure that everybody in our company is giving that client a high level of service at all times," said Gary Berger, company president. "Commercial customers may have an expectation that any phone call from them will be returned within an hour. The personal insurance department may think that returning a call the same day is sufficient. So we have to emphasize to everyone that this client expects this level of service. You don't want to face the situation where you have a client who has a \$500,000 commercial insurance program with you, but you screw up his \$1,500 homeowners policy and you get fired from doing everything." ❧