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Father, son find success

BUSINESS



ARTHUR D. LAUCK /

Construction company lands on fastest-growing company list

TED GRIGGS 1 COMMENTS
Business writer

By TED GRIGGS

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In every life, there are landmark moments: marriage, birth of a child, first real job.

For Keith Tillage, a story in a magazine also makes the list.

Eleven years ago, Tillage wasa consultant at PricewaterhouseCoopers

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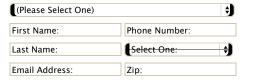
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overseeing SAP business management software installations at major corporations. On a flight from Seattle to Dallas, Tillage was thumbing through a magazine when he saw an article about a Nashville, Tenn., woman who owned a commercial construction company. She had overcome some bad luck to become successful.

While that made a nice story, what really caught Tillage's eye were the numbers that showed the size of the commercial construction market.

"I saw limitless potential and an opportunity to work with one of my favorite people of all time, my dad, and come back and actually grow this business," Tillage said.

Tillage got off the plane, whipped out his cellphone and called his father, who owned a residential construction company in Baton Rouge.

"I said, 'Dad, listen. If you go commercial, I'll come home, and we'll run the business," Tillage said. "He said, 'Well if you come home, I'll go commercial.' And the plan started from there."

The plan, 11 years out, landed Tillage Construction on Inc. magazine's list of the 5,000 fastest-growing companies from 2007-2010 at 1,032. The company's 2010 revenue of \$7.7 million was 294 percent higher than in 2007.

Tillage Construction provides design-build, new construction, renovation and demolition services to the public sector. The company concentrates on work in Louisiana and Mississippi.

Brian Turmail, a spokesman for the Associated General Contractors, said while Tillage's path to commercial construction was a bit unusual, it will probably become less so.

"The nature of being a general contractor is evolving, and certainly, even more so than probably 10 years ago, the ability to use technology and to put in sophisticated business management practices is crucial," Turmail said.

Construction companies essentially have the same labor, equipment and materials costs, Turmail said. What sets one firm apart from another is being more efficient at doing the work; for example, finding a way to build a foundation in five days instead of seven.

Companies are also using "building information modeling" technology and "lean construction" principles, production management techniques designed to increase efficiency, to compete for work, he added.

People with strong technology and business backgrounds are going to see an opportunity in construction and probably have the skill set to take advantage, Turmail said.

Tillage's friends questioned his decision. The economy was booming. Tillage was making "a considerable amount of money" at Pricewaterhouse, one of the Big Six accounting firms, and traveling all over the world.

"They were like, 'Well, Keith, do you think this will work?' And my answer was, 'It has to,'" Tillage said, laughing. "There was no other choice. Simple as that."

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Tillage put together a detailed plan. For example, he bought a fourplex, living in one unit while renting out the others to minimize his living expenses and to generate some income. He bought an office building, which he and his father renovated. Tillage Construction occupied the first floor, with the second floor available for rent.

That's not to say everything went smoothly.

While the company was able to secure contracts the first couple of years, it didn't begin turning a small profit until 2003 and 2004. Tillage supported the company's operations using his savings, and his father concentrated on building cabinets to generate some revenue. But his business plan didn't call for him and his father to forgo a salary for years or for the company's first big break, a 2002 contract valued at \$1 million, to turn into a dispute with the owner that nearly killed Tillage Construction.

Tillage Construction eventually prevailed in court, Tillage said. A settlement agreement prohibits him from discussing the details, but the experience proved invaluable.

"That actually taught us more about the business than anything, not for what went right in it, but for what went wrong," Tillage said.

Tillage said he and his father learned they needed to better define their business strategy and processes before moving forward.

The company shifted its focus from small commercial projects and single-family developments to government projects.

"It gave us the best possible mechanism for return. It gave us the opportunity to grow our bidding and bonding capacities and to actually find out the entire business process," Tillage said.

Turmail said federal construction work, by and large, has been the only growth area for commercial construction during the last three years.

Tillage said the company got its next big break in 2005, just after Hurricane Katrina.

Tillage Construction had gotten a \$100,000 contract from the U.S. Department of Agriculture to install a chain link fence in Houma.

The job wasn't anything extraordinary, Tillage said. The company just did the work as promised, but he did build a rapport with the Agriculture people.

That relationship proved important. In the post-Katrina chaos, Tillage Construction entertained a number of offers for work from major contractors, Tillage said. But the numbers weren't right.

Meanwhile, contractors were flooding the New Orleans area hoping to get work. So Tillage decided to do what everyone else wasn't. He drove 3‰ hours to Stoneville, Miss., and called the USDA official he'd only talked to over the phone and through email. Tillage told the official he was in the area and asked if he could drop by and talk.

"It was a 15-minute meeting, and from that we got a \$500,000 deal that at that point we thought was huge," Tillage said. "That kind of catapulted us to where we are because we built on that relationship."

Tillage used the USDA experience in bidding for work at Barksdale Air Force Base in Bossier City and continued to grow the business, he said.

Tillage Construction's portfolio includes nine Air Force projects valued at more than \$10 million and more than \$3 million worth of work for the USDA.

With those projects under his belt, Tillage can joke that he expected the company to reach its current level five years ago.

"Now, seriously, coming into it, I really had no idea how hard it was. I really didn't. I kind of learned as I went along," Tillage said. "Right now, we're extremely happy for where we are. It's been a lot of hard work. It hasn't been all good times, as you can imagine. But I'm even more excited about where we're headed."

Tillage said he's never second-guessed his decision to leave Pricewaterhouse.

He knew he had made the right decision after losing bids for projects he thought Tillage Construction absolutely had to have. Before the bid awards, Tillage would tell himself, if his company didn't get the project, he would have to find something else to do.

"And when I didn't get it, it would be like, 'Eh, maybe the next one will be the one," Tillage said.

Even after failures, Tillage said he still had the same zeal to get up every day, come in and go to work.

"There's never a boring day. People say that, it's a cliché, but there's never been one," Tillage said.

In five years, Tillage said he expects the company will be doing a mixture of government and private sector work.

"I anticipate pushing revenues far above where they are now. I see us pushing into Texas," Tillage said.

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