

A fast-growing father-son partnership

Keith Tillage wanted to leave the corporate world to become an entrepreneur. He convinced his father, Ken, to shift his business from residential to commercial construction and join him in the new venture. Their risks have paid off.

BY DEANNE STONE

AS A YOUNG MAN IN HIS 20s, Keith Tillage was an entrepreneur in search of a business. Not content with a rising career in corporate America, he wanted to build his own company. He just didn't know what kind of company.

Keith, a software consultant for PricewaterhouseCoopers in the mid-1990s, spent a lot of time flying around the country. On one fateful trip, he read an article in the in-flight magazine about a woman in Tennessee who had rebuilt her commercial construction company with the help of a Small Business Administration program. Two things jumped out at him: the SBA program was specifically for minorities, and the commercial construction market was sizable.

Keith knew he had found the business idea he had been looking for. Although his expertise was in technology, his father, a retired football coach, had turned his cabinet-making hobby into a residential construction business. Keith proposed that his father convert his business to commercial construction and that they go into business together.

In 2000, Keith and his father, Ken Tillage, co-founded Tillage Construction LLC, a minority-owned, full-service construction company headquartered in Baton Rouge, La. With a boost from the SBA program, Keith identified a niche market in Louisiana: federal government contracts with set-asides for minorities. The USDA has been Tillage's biggest client, but the company has also worked on projects for

the U.S. Navy, the Air Force, the Department of Homeland Security, the National Park Service and Baton Rouge Community College. Between 2009 and 2012, Tillage had a growth rate of 424%.

Tillage's rapid growth and reputation for completing jobs on time and on budget have earned the company several prestigious awards and national recognition. This past January, Keith joined a select group of small-business owners invited to the White House to discuss the economy with President Obama and Vice President Biden.

"It's been an amazing journey," says Keith 44. "Getting started was harder than I imagined, and sometimes I wondered whether I was crazy to have left a secure, high-paying job. But my father assured me that I could do it, and that gave me confidence to keep going. My father and I built this business brick by brick, and that feels really good."

Success despite a rocky start

The Tillages began by buying an office building in an underdeveloped business district in Baton Rouge and renovating it themselves. Forgoing salaries and funding expenses from their savings, they scraped by until 2002, when they got a contract valued at \$1 million. But instead of helping to launch their business, the deal almost destroyed their fledgling company when the developer refused to pay for services rendered.

The Tillages fought back and eventually won a small settlement. Looking back,



Keith and Ken are building Tillage Construction with the long-term options of keeping it as a family business or possibly selling it.

Keith says he and his father couldn't have paid for a better introduction to running a commercial construction business. "We came out of it beaten up but not dead," he says, "and a lot smarter. It forced us to understand every nuance of construction law and to put mechanisms in place to make sure we were never in that position again."

Regaining their footing, the Tillages were careful to take on projects they knew the company could handle and deliver on time. As Keith became more familiar with the local market, he spotted an opportunity for a minority-owned construction company to pursue federal jobs in Baton Rouge. The federal government requires that 30% of contracts on federal jobs be awarded to women- or minority-owned businesses. At the time, there wasn't much competition for those contracts. Keith enrolled in the SBA 8 (a) Business Development Program for minorities, which taught him how to develop strategic plans that targeted specific government jobs. Tillage's first contract was a \$70,000 local job for the USDA.

Just as they were successfully finishing the job in 2005, Hurricane Katrina struck. When the recovery work started up, Tillage received calls from several construction companies looking for a minority partner to qualify for government contracts. Keith refused, preferring to take on jobs that would advance his company. Casting about for his next move, he called a federal contracting officer he knew. The officer mentioned that he was working in Stoneville, Miss., that day. Keith told him that he was in the area and asked if he could drop by. In fact, Keith hadn't planned to go there but thought it wouldn't hurt to make the three-and-a-half-hour drive to talk to the officer in person.

The conversation lasted 15 minutes, but the spur-of-the-moment, seven-hour roundtrip yielded an unexpected bonanza. On his way out, Keith stopped in the bathroom. A man dressed in a suit was looking in the mirror and fixing his tie. Keith said, "I don't know where you're going, but you sure look good." With that, the two struck up a conversation. Keith told him about his company and that he had driven to Stoneville looking for work. The man shook his hand and said, "Young man, I think things will work out for you."

On the drive back to Baton Rouge, Keith got a call on his cell phone from the man he had met, who turned out to be the federal contracting director for the entire Southeast region. He asked whether Tillage could handle a \$500,000 local project. "Going from working on a \$70,000 project to a \$500,000 one was a huge leap," says Keith, "but I said we absolutely could do it. What clinched the deal was that we were bonded. Our profit sheet wasn't so strong then, but I had made a point of developing a personal relationship

with our bonding agent, something critical for small businesses and minorities."

"Tillage Construction's story could be a template for companies coming through the Small Business Administration minority program," says Suzette Bather, director of the New York City Minority Business Development Agency. Bather has assisted Tillage in developing its growth strategy. "Keith has an exceptional ability to grasp new information and leverage the resources provided to him," says Bather. "He's quick to recognize opportunities but always talks things over with his father before acting. Keith and Ken make a very strong team because their personalities and talents complement each other so well."

Working together

Ken, 71, was in his late 50s when Keith proposed that they go into business together. At the time, he was running a one-man residential construction business. "My days of growing a business were behind me," says Ken. "My idea was not to work harder, but to work less. With Keith coming in, he could do the research, bid on contracts and do most of the work of building the business."

While the new business was more complex and required his learning about the government bidding process, the basics were familiar enough for Ken to transition easily from residential to commercial construction. He is responsible for supervising sites and managing local jobs, but his most important function is acting as a sounding board for Keith. The two meet once or twice a week to review everything that's happening and to discuss any problems. "I'm all about action and getting things done," says Keith. "My father is a calm personality, very smart, a thinker. He's a great grounding force for me."

Keith and Ken are equal partners in the business, and both have the title of owner. The two have an easy working

relationship based on mutual respect. On occasions when they disagree, Keith says they work out their differences from a business perspective and without dissension. "Lots of conflicts in family businesses come from the older generation wanting to keep doing things their way and not being open to the ideas of the younger generation," Keith says. "It helped that I didn't enter a successful business that my father had established. The beautiful part of our journey is that we built the business together, and I wouldn't have wanted it any other way."

Keith was an only child, and his father began training him to be an independent problem solver as a young boy. Keith recalls being upset because his car had broken down when he was a teenager. He called his father, and his father asked, "So, what have you done about it?"



Keith Tillage and his father, Ken, at Keith's high school graduation.



Ken Tillage was in his late 50s when Keith proposed that they go into business together. Their shared experience of building the business has increased their appreciation for each other's talents.

"That was my father's way of saying that he expected me to look for solutions on my own," says Keith. "If afterwards I still couldn't resolve the problem, then I could come to him. I am using the same approach in raising my six-year-old son, Cameron, and he already grasps the concept of trying to work things out for himself."

Keith credits the SBA minorities program for its role in the launch of Tillage Construction, but he is also proud of what he and his father have accomplished. Contrary to what many people think, companies that qualify for minority set-asides do not automatically get the jobs. "You can't sit back and wait for the phone to ring," says Keith. "You've got to work aggressively to make it happen. Who you know is important, and so is who knows you. We have done a good job of sitting down with people in the business to give them a feel for who we are and what we do."

Last year Tillage opened a regional office in Dallas, increasing its full-time staff to 26. Keith and Ken have built

a strong team of employees they rely on to handle the day-to-day work of the company, freeing Keith to think strategically about where Tillage goes next. "I used to make lists of things to do," says Keith. "Now I make lists of things *not* to do. My job is to go out and catch the fish, and my father and our staff facilitate things so that I can keep fishing."

Strategic thinking

When Keith opened the Dallas office, people asked why he would do that when Tillage was doing so well in Baton Rouge. Now he is working on developing contacts with big firms headquartered in New York to be part of deals at a higher level, and people are still asking him why a Louisiana company is talking to people in New York. "We were the first minority company in Louisiana to jump into federal contracts," says Keith. "Now others have moved in, so we have to start diversifying. What I understand about



Renovation work in progress at the Madison Preparatory Academy in Baton Rouge, La.

businesses is that if you're not adapting you're a dinosaur, and we all know what happened to them."

As a beneficiary of the SBA program for minorities, Keith understands the difficulties minority-owned businesses face in qualifying for federal contracts. He has headed up a diversity initiative to encourage the expansion of local minority-owned businesses in the construction field and mentors small businesses whenever he has the time. "It's difficult to work on government contracts with small businesses because they don't know all of the processes required, and it takes time to teach them," says Keith. "There's a big difference between being able to do the work and knowing how to run a business." Keith tries to hire minority subcontractors, but only if they are the best companies he can find.

Suzette Bather, who has followed Tillage's progress since its inception, sees a bright future for the company. "Although operating in Baton Rouge, Keith understood early on the importance of building partnerships with companies outside of his immediate region," she says. "Now he is building the company's capacity to take on larger projects. Keith has the initiative and the agility to take Tillage to a higher level. I no longer consider Tillage a small, regional business. I see it as a national company."

Tillage Construction is organized as an LLC and has no official board. From the start, however, it has enlisted people in the construction business or with knowledge of business development to join its unofficial advisory board.

Keith and Ken have not done any formal succession

planning. Rather, they are building the business with the long-term options of keeping it as a family business or possibly selling it. Ken's dream was to have a family business and hire talented family members to work together. Some family members have worked in the business at various times, but so far only Ken's nephew, Michael Tillage, 37, who works in the human resources department, has met the company's high standards. Keith is only in his mid-40s and his children are very young. "If they choose to work in the business," he says, "that would be great; if not, the business will be a means for them to do whatever they want in their lives."

Father and son have always had a close relationship, but the experience of building the business together has increased their appreciation for each other's talents and made their achievements all the more meaningful. "This is my time to work, and I love what I do," says Keith. "My father is enjoying the spoils of our success without having to work too hard

at this stage of his life, and I love that, too. I couldn't be in a better situation."

Ken, too is elated by the business's success. "We've accomplished more than I ever imagined, but there are still places we want to go," says Ken. "I'd love for us to become the biggest construction company in America." Hearing his father's comment, Keith laughs. "Are we going to be the biggest in the country? Probably not. But are we going to keep shooting for it? Absolutely." FB

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