

JB Henderson and the Go-Round with the Bear

A New Mexico contractor stays profitable during the recession.

By Stephen Grieco

SOMETIMES YOU EAT THE BEAR and sometimes it eats you.

Finding ways to stay ahead of that bear is high priority for JB Henderson Construction Company (JBH), a signatory contractor based in Albuquerque, N.M.

"JBH is professional, committed, flexible, and conscientious," says Hoffman Construction Company project manager Greg Johnston. "But mostly they are tough." JBH is a key subcontractor for Hoffman, a general contractor.

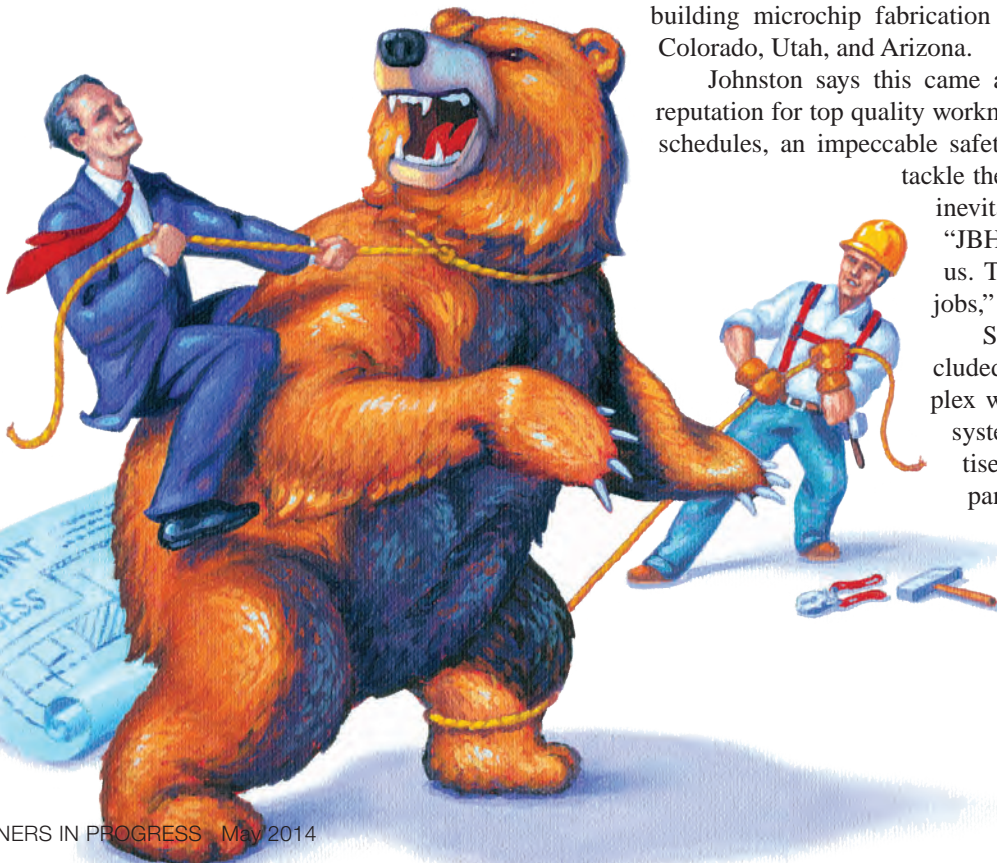
In the extremely demanding markets where JBH operates, being tough is a necessity.

Few things illustrate this more than JBH's status as a preferred contractor working with Hoffman on clean room environments for a Fortune 500 semiconductor giant building microchip fabrication facilities in New Mexico, Colorado, Utah, and Arizona.

Johnston says this came about because JBH built a reputation for top quality workmanship, meeting aggressive schedules, an impeccable safety record, and an ability to tackle the challenging situations that inevitably arise at any work site. "JBH always comes through for us. They're not scared of tough jobs," he adds.

Some of those jobs have included high purity piping, complex waste systems, specialty gas systems and other niche expertise areas that make the company attractive to customers in the microelectronics, nuclear, and other high-tech industries.

Just this past year, the company finished a \$13 million project at Los Alamos National Laboratory's Radiologi-



cal Laboratory Utility Office Building. The building achieved both the Leadership in Energy and Environmental Design (LEED) status and LEED Gold certification from the U.S. Green Building Council.

At Sandia National Laboratories, JBH was the mechanical sub-contractor helping to build a unique system to test the use of molten salt as a source of alternative energy. The company's fabrication and installation work included the fabrication of several unique components and specialty HVAC equipment.

This Molten Salt Test Loop project won the *Engineering News-Record's* Best of 2012 project award for the southwest region along with the Associated General Contractors-NM Building Branch's Top Specialty Project award for 2013.

ENR also named JBH the Top Specialty Contractor for the region in 2012—celebrating the company's industry advancement, community involvement, and revenue growth that included a 63 percent increase in mechanical revenue from 2010 to 2011.

Richard Espinosa, business representative for SMART local 49 in Albuquerque, NM, said labor is proud to partner with JBH and help the company continue its success well into the future.

"JBH is a highly sought after company among our members," he adds. "The relationship between labor and management is outstanding, and the company really seems to care for its employees. They always go the extra mile for safety."

According to Espinosa, JBH invests a lot of money in employees, allowing them to qualify for various federal and corporate clearances. These clearances and related certifications bring mutual benefits for JBH, clients, and SMART members who can extend their careers and take advantage of more work opportunities.

Espinosa and Johnston attribute JBH's success and culture of integrating teamwork to Mark G. Henderson, the company's CEO. For more than two decades, Henderson has led JBH with a focus on the core values of honesty, integrity, safety, and quality. "It starts at the top," Johnston says. "It's how Mark has run the business forever."

A family business

Jack B. Henderson founded the company in 1959 to provide general contracting services. JBH added a mechanical division in 1967, and Jack's son Mark started working there soon after. He joined local 412

for plumbing and piping as an apprentice and later earned his New Mexico State Plumbing and Gas piping license.

Mark took over as president and CEO in 1990. He combined his practical experience with an ambitious corporate vision and effective leadership strategies to build JBH into one of the top general and mechanical contractors in the region.

In 1993, Mark oversaw the addition of a pipe fabrication facility to manufacture black iron, stainless steel and other materials. Next, he built an in-house Class 100 clean room facility to keep up with the needs of the microelectronics industry. A few years later, Mark was sending a team of JBH employees to Costa Rica to perform work for a long-time semiconductor client building a new factory.

Under Mark's direction, JBH grew from about 40 employees to nearly 400 and opened branch offices in New Mexico, Colorado, and Arizona. Gross revenue increased from about \$4 million to as much as \$100 million.

Currently, the company provides architectural, mechanical, pipe and sheet metal fabrication, design-assist, and design-build services to customers. JBH performs up to 85 percent of its contracts with in-house personnel.

Getting there has required significantly expanding the company's capabilities, clientele, and geographic reach...without stepping into a bear trap. "We measure the size and duration of the work, and determine if the competitive environment is one that we can survive in," Mark says.

"We have the ability and appetite to do what it takes to meet customers' demands, but we have to be able to establish our culture of safety, quality, and profitability," he adds. Otherwise, even in the best economic times, JBH could a tasty snack instead of staying in the hunt.

Built to perform

To better serve so many big customers, JBH changed the way it conducts business—structuring its operations to meet strict qualification criteria and improve performance. For instance, the company has a separate safety department with 11 employees and a dedicated quality department with four staff.

"As you can imagine, the risks involved on a nuclear project are quite different than those of the typical construction project—failures can lead to

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catastrophic consequences,” says JBH’s Vice President for Corporate Support, Maria Guy.

That’s why Los Alamos National Labs won’t accept a safety professional shared across other departments for most projects. JBH’s other clients are similarly demanding. A semiconductor client requires one safety professional on site for every 25 workers.

Its quality department allows JBH can take on NQA (nuclear quality assurance) projects, most of which are ASME (American Society of Mechanical Engineers) and ASTM (American Society for Testing and Materials) code driven.

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“Not only is the traceability of the material important, but the fabrication of the end product is documented throughout the process to ensure we are meeting industry standards, this may involve non-destructive testing, inspections and proper handling and storage of materials and fabrications just to name a few,” Guy says.

Even the way JBH receives shipped material is thoroughly documented and procedures are strictly enforced. “The entire process is fairly rigorous and requires highly qualified and certified individuals from auditors, inspectors, and welders to forklift operators,” Guy adds.

It all adds up to a lot of training and safety implications for JBH’s staff. “Unions are the most effective partners for JB Henderson and our customers,” says JBH President John Stroud. (Mark Henderson continues to serve as CEO.)

JBH employs 25 members from SMART local 49. The local works with JBH and its clients to provide members with project-specific training covering subjects like clean room processes and how to work with uncommon materials like corrosion-resistant fiberglass reinforced plastic (FRP) piping.

Leish Weger, JBH’s HVAC estimator, has experienced the benefits of an effective labor-management partnership—receiving respirator training, confined space training, and site-specific training for different workplaces. “It’s made me more qualified

for other positions,” explains Weger, who is the third generation in her family to choose a career in the sheet metal industry.

With so much specialization in personnel and operations, JBH doesn’t bid on jobs in residential and some commercial markets. “We can’t be all things to all people,” Guy says. “Meeting the needs of core clients requires a big internal structure. That fixed overhead means we can’t compete for smaller jobs.”

However, meeting those needs has worked well. More than 91 percent of JBH’s 2011 revenue came from repeat customers. “We understand what we’re good at and sticking with it,” Stroud says. He advises that success comes from understanding customers’ businesses and their needs.

Preparing for the future

JBH isn’t betting its entire future on existing clients. Even when JBH lost the anchor customer for its Colorado branch, the contractor was able to keep its office open for three years by working at places like the U.S. Air Force Academy and Fort Carson.

“Opportunities were pretty limited,” Mark Henderson recalls, “but we were able to get enough work to meet profit goals at that time.”

Company strategy is to not be dependent economic conditions. “We try not to demobilize during slow periods, rather to keep a presence in the market and prepare for the next wave,” he adds.

While, JBH did eventually close the Colorado office, the company is preparing for a new wave of projects in the nuclear industry—building uranium mill/mining facilities. “The nuclear world is expanding. It’s an emerging market,” Henderson says.

“We’re monitoring developments, conducting research, and making preliminary preparations to be ready for when the opportunities arise. It’s the next frontier and we’re looking to expand capability in that market. It’s what we already do, but on steroids,” he adds.

Another way JBH leadership is looking to the future—and beating the bear—is implementation of an Employee Stock Ownership Program. “It allows us to ensure that the company can continue serving government, high tech, industrial and commercial clients throughout the Southwest, for a long time to come,” Stroud concludes. ■

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