

For Roden Iron's boss, less work brings better results

Kelly Roden owns Roden Iron Inc., a steel erector company in Milaca, with her husband, Brian. Roden Iron was an Upsize Growth Challenge winner in 2008. Upsize Editor Beth Ewen called Roden in early 2011 for an update; an edited version of the conversation follows.

"IN 2008 we were growing fast, probably too fast. We got too big and we had way too much work. We were just so young in business that we didn't know enough in terms of managing the job sites and bidding properly and getting the whole back office together. It was very overwhelming.

If I hadn't been involved with the Upsize Growth Challenge, I don't think we would still be in business. The finance people told me we've got to think about the cash flow. And even the construction cycle; I didn't know the effects of having to wait so long to get paid.

I've learned how to be a lot more firm with the general contractors, in terms of saying: This is our contract, and our contract says I have to be paid within 10 days of when you get paid by the owner. Getting all the ducks in a row has really helped.

Our revenue is down about 40 percent from the last time we talked, but I'm OK with that. We're at a level right now where we want to stay about where we are. We're about \$1 million in annual revenue right now. It is a more manageable level, if

Brian and I want to keep managing the company with just ourselves.

When Brian is either on the jobs or hauling equipment or following up with jobs, he can't be out there monitoring the jobs. When you're so big you can't watch those jobs so closely.

In 2009 we were still getting some of that residual income in, because we were still finishing all of the 2008 jobs. 2009 was when we started to see a difference in the economy. 2010 was when we did a SuperWalmart, so we had some nice jobs and they were all profitable, but there wasn't so much work coming in.

Our safety stayed good so we were able to go back to our insurance companies and say, here's our safety record for the last four years. So we were able to negotiate better workers comp and general liability policies. Because there wasn't a lot of bidding, it also gave me time to go research every welding supplier online and locally to get the best price I could get for welding supplies. That really built up our relationships locally, like with our hardware store where

we get our shop supplies. They've given us discounts now to stay with them.

We were renting a lot of boom lifts and scissor lifts. It's good for safety, because as long as guys are on those lifts it helps our safety because they're not up on the iron. We picked up seven pieces of equipment at auctions or on eBay over the last year or two, and they're good pieces. We financed this with cash. Our rental costs went down to zero through 2010. So now that it's 2011 we're really excited not to have those costs.

The smaller boom lifts are \$1,500 a month; the larger ones are \$2,500 a month. It makes us more competitive because when we're deciding what to bid on a job, or deciding how to schedule a job, we can be flexible.

The job outlook for 2011 looks very good. There's a lot of public works jobs out there that require union workers. And being union, we're used to bidding on those, and we're already used to paying the wages required. We're also WBE-certified now (woman-owned enterprise) and that helps because some jobs stipulate a certain percentage for that.

For the city of Minneapolis we did an emergency operations training facility. We've done some really cool jobs. The jobs are on the bid boards, or the general contractors will invite us. We've been really working on



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— KELLY RODEN, Roden Iron Inc.

building our relationships up with some of the larger companies, like Kraus-Anderson. Because of that the other general contractors will say, they must be reputable.

Any time that I see a job that's out there that Brian and I want to bid on, I always e-mail or fax the project manager to say I want to bid. Then I get a private invite. I'm not afraid now; if I get a bid, I'll ask the questions of the project manager. I feel more comfortable.

Many times in the past I felt embarrassed to ask. But the more questions you ask, it helps with your credibility because you're not afraid to clarify. I've learned that the project managers are such generalists, that they have to know about electrical, and carpentry, and soil corrections and concrete. They have to go ask their engineers to answer my questions about steel erection.

We did have an estimator here for a while and he taught me a lot. But being last year that we had just those four jobs, I spent a lot of time in the field. It's so different looking at it on paper, than if you're out in the field. It's the going out there and seeing

how big and how massive that steel beam is, or that piece of equipment is, that has helped me.

We're at the North Hennepin Community College job site now, working on an addition, and it's the best job we've ever had. It's been a really good learning experience. And Brian and I working together, this is the first time we've worked together like this and it helps us really understand the whole process. That's been the key job since that Walmart last year, to get us going in 2011. It's given us some cash reserves, where some of our competitors don't have any work right now.

Both of our lines of credit, the banks have halted both of those and have changed them to a commercial loan and we've been paying it down. They were about \$10,000 each. My goal for 2011 is to pay that debt down. When I'm looking at 2010, our largest expenses were fuel; and our payroll and payroll taxes, workers comp, the union dues; and then after that is interest on all of our equipment that we had on our vehicles and the loans and the lines of credit. It just seems that you're not getting

anything out of the interest payments. I think the big bulk of it will be paid down in 2011.

If we had \$1 million worth of profitable work this year, that would be good. We don't want to take jobs just to have work. I have had the time to learn QuickBooks really well, and I'm using it to process payroll, plus combining that now with my job costing. We're stronger in bidding our jobs more accurately and monitoring the jobs' progress on a daily basis. And we're doing better at building relationships with those reputable general contractors.

From now on when somebody gives me advice, I'll get more information and learn more about what they're saying. When somebody gives you advice you need to take it seriously and follow up with it, if you don't understand.

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