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Equipped with Creativity

Top Grade Construction, Inc.
Celebrates 20 Years of Success
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Top Grade Construction

www.topgradeconstruction.com

- Annual revenue: \$150 million+
- Headquarters: Livermore, Calif.
- Employees: 300+
- Specialty: General engineering construction

"Because of trust, [clients] turn to us to help them find creative ways to build their projects." —Brian Gates, ENP/COO



Top Grade says it has grown awareness and expanded geographically through customer retention.

Equipped with Creativity

TOP GRADE'S UNIQUE APPROACH TO ITS BUSINESS WILL ENABLE THIS CONTRACTOR TO SUCCEED FOR DECADES TO COME. BY KATHRYN JONES

Contractors rely on a number of items in their toolboxes to build a project effectively, but for Top Grade Construction, the most important tool of all is creativity.

Whether it is providing clients with pre-construction value engineering, offering creative approaches to streamlining their construction schedules or pioneering new ideas to benefit its customer base, the company is a groundbreaker in every sense of the word.

Headquartered in Livermore, Calif., Top Grade Construction specializes in site preparation, earthmoving, excavation, grading, paving, decorative asphalt and more. Its continuous investment in state-of-the-art equipment and technologies, matched with an unrelenting commitment to customer service have played key roles in its success.

This year, Top Grade celebrates a significant company milestone – its 20-year anniversary. "It's a great accomplishment for Top Grade to have started out with a business plan that only expected to achieve \$20 million to \$30 million in annual revenue, in its best years," President and CEO Bill Gates notes. "Now, we're sitting here 20 years later looking back at some amazing accomplishments and milestones."

Rise to the 'Top'

Top Grade Construction has enjoyed steady growth since its 1990 inception, and Gates attributes this growth to a number of factors, starting with the company's decision to diversify its revenue stream and expand geographically.

Initially, Top Grade focused on the commercial sector working for general building contractors almost exclusively in a subcontractor role in northern California's San Francisco Bay Area. It later expanded its scope of work to include residential jobs, thereby establishing a stronger position in the private market. In the early 2000s, Top Grade branched out into public work and expanded into the Central Valley. Now its portfolio spans a gamut of markets and sectors.

Top Grade's capability to self-perform its work and offer turnkey solutions transformed the company from a niche subcontractor into one of California's premier general engineering construction firms. By investing in talented and experienced people, equipment and technology, such as global positioning systems (GPS), the contractor has garnered substantial project experience and opened the doors to many new customer relationships.

An overall emphasis on developing the industry's brightest talent has enabled Top Grade to deliver unparalleled expertise on many complex projects of varying size

throughout the years. These include the \$22 million Inland Empire Energy Center in Riverside, Calif., completed in 2007; the \$144 million Delta Coves residential subdivision in Bethel Island, Calif., completed in 2008; the \$37 million Benicia-Martinez Bridge rehabilitation in Benicia, Calif., completed in 2009; and the \$40 million Bay Meadows Phase II project in San Mateo, Calif., which recently broke ground.

"The most important way we've grown the business since the company's inception is through customer retention," Gates reveals. "We've done a good job of retaining some really solid clients, and that repeat business has been beneficial for the company, as it's taken us into new geographical markets and increased awareness of the Top Grade name."

Customer Service

Top Grade's most prolific growth occurred in recent years due, in part, to a strategic restructuring that allowed the company to capitalize on one of its biggest strengths – customer service. "In the early years, our approach to customer service – and what made us different from other contractors at the time – is we did what we said we were going to do on a project and avoided extending our hand out for reimbursement on every little immaterial owner change," says Executive Vice President and COO Brian

» Top Grade has been self-performing its paving work since 1994.



Positioning for the Future

According to Gates, Top Grade “took a major step out of the norm” when it began a major culture change with the organization in late 2006. “When the executive team was refining our strategic initiatives, we identified professional management as a critical way to evolve our business and embarked on the process to execute it,” he states. “We moved from a very entrepreneurial environment to a more professionally managed business.”

Almost four years into the initiative, the company has really garnered some tangible benefits from its efforts. For instance, executives are seeing increased accountability across the organization through formalized training and goal setting. “We do a much better job of setting goals for the company and cascading those goals down to our employees so that at each and every level, they understand how their goals are aligned with the company’s goals,” Gates says. “We’re also getting much more timely financial information and closing our financial books 10 to 12 days after the month closes – which is best in class compared to our competition.”

The company implemented revenue forecasting and opportunity pipeline management resulting in increased visibility into future business. The execution of more stringent supply agreements with vendors and other money management measures internally has led to an increase in cost control. Also, the company established a compensation matrix to ensure it is paying its employees competitively in the marketplace and evenly across job classifications – all of which enables the organization to focus on long-term growth goals.

“We have shifted our focus now on how to achieve another 20 years of success,” Gates says. “Our formal vision is to be the premier California-based general engineering contractor through vertical integration, superior customer service and the use of innovative technologies. In an industry that doesn’t typically embrace technology, we see it as a competitive advantage, and we will continue to expand new technology adoption across our organization.

“We’ll continue to grow our public works business unit and enhance our capabilities around design/build because we believe the market is heading in that direction,” he continues. “Lastly, you can expect us to enhance our leadership position in customer satisfaction. Customer service is something we really hammer on internally, and we’re going to continue expanding our customer base by providing superior service and end-product quality.” ♦

Gates, who has been the driver behind the company’s restructuring efforts.

“As a result, our customers really trust us, and because of that trust, they turn to us to help them find creative ways to build their projects.” Today, while the same approach and principle applies, the company is becoming even more customer-centric. In the past few years, Top Grade has put considerable effort into better understanding its clients’ businesses.

“We’re trying to understand their focus on the marketplace and how Top Grade can better align ourselves with the direction of their business,” Gates explains.

“We are also becoming educated on how their organization is structured and what their pipeline of opportunities looks like, as well as trying to build relationships at all levels of the organization from executive management to estimators and field managers bidding and building the work – all of which helps us provide even better customer service.”

One example is when the company started seeing that environmentally conscious construction practices were becoming much more prevalent in the industry and that green building was a top priority for its clients. As a result, the company created Green4Site™, a broad-based program of initiatives focused on sustainable construction practices such as purchasing and recycling aggregate base rock and concrete, preventing stormwater pollution, reducing equipment emissions, and conserving water and energy. “We launched that initiative to align our goals and focus with our customers’ objectives,” he says.

In early 2009, Top Grade launched its formal customer satisfaction survey program as a way to benchmark its performance objectives, Gates

Two Decades of Success

Top Grade Construction has celebrated a number of milestones throughout its 20-year history. Some memorable moments include:

- 1990** – Top Grade Construction is founded.
- 1993** – The company hires its 100th employee.
- 1994** – The contractor self-performs its first paving job.
- 1995** – It reaches \$20 million in annual revenues.
- 2000** – Top Grade’s revenue reaches the \$100 million mark.
- 2002** – The company begins investing in GPS technology.
- 2003** – Top Grade establishes its Public Works Division.
- 2004** – The company expands into the central valley.
- 2006** – Top Grade reaches \$176 million in revenues.
- 2007** – The company’s revenues reach \$244 million.
- 2008** – The contractor completes its largest project in company history, the \$140 million Delta Coves in Bethel Island, Calif.
- 2009** – Top Grade launches its Green4Site™ initiative and is awarded the first stimulus project in California, which was highly recognized by Gov. Arnold Schwarzenegger.

says. After the first year, 98 percent of respondents who took the survey anticipated they would utilize Top Grade’s services in the future, and 95 percent revealed they would recommend the company to their colleagues.



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