



# DIVERSIFYING

## to Meet **Regional Needs**

By Bridget McCrea

**Precasters survive regional market demands by diversifying product lines.**

**C**oca-Cola acquired a dairy and juice company in 2016, effectively extending the beverage giant's footprint in Africa and its product portfolio as a whole. That same year, General Motors decided to compete with Tesla in a race to introduce the first mass-produced electric vehicle with a range above 200 miles. And food manufacturer Nestle announced that – to address changing consumer preferences – it would add products that don't contain bioengineered ingredients to its U.S. food and beverage portfolio.

What do all of these companies have in common? They're doing what they can to meet the needs of their existing and target customer bases – a

strategy known as diversification. It's a strategy all manufacturers can benefit from, precasters included.

### **YOU DON'T BUY A GUCCI BAG AT WALMART**

Diversification may be achieved in multiple ways. Adding new product lines is the obvious path. In some cases, the process involves product improvement while in others the company develops new marketing activities to promote goods.

At Garden State Precast in Wall Township, N.J., Engineering Manager Paul Heidt said he thinks about product diversification at least two to three times a week. In many cases, those efforts are



driven by the regional needs of the product owners, contractors, architects or engineers that the precaster works with.

“Oftentimes I’ll create project sketches that help customers figure out a different approach or save them money or time,” said Heidt, who recently helped city officials design a precast wall for a failing outdoor swimming pool.

“They asked us for a solution where they can, in just a month, completely put in a new swimming pool wall,” Heidt said. “This is a classic example of a working partnership focused on solving a real need.”

To solve the problem, Garden State Precast plans to manufacture the 200-foot-long wall in separate segments, assemble it on site, put the pool back together, and have it refilled and ready to use within the city’s 30-day time frame.

“Our portion will be installed in two days,” Heidt said.

Garden State Precast has also launched new product lines in response to “continued complaints from land management companies and engineers,” regarding cast-in-place projects that weren’t completed satisfactorily in the field.

“We also sell our expertise, and we open product lines based upon what we’re good at,” Heidt said.

For example, the company started making and has since sold roughly 14,000 linear feet of a drain system that’s rated for use in heavy-duty traffic.

“That product is now being used in loading docks, on sides of roads and in entranceways,” Heidt said.

“That’s just one example of how we respond to what people are asking us for.”

As he surveys the construction industry, Heidt said he couldn’t imagine not taking the time to meet the regional and/or specific needs and requirements of the company’s customers – even in cases where Garden State Precast isn’t currently manufacturing the product or product line in question.

“We have 17 competitors, and if all of us are making the same thing, is anyone making money at it?” Heidt said. “Probably not. If you want to be the supermarket where everyone just comes in and buys the cheapest thing, then that’s fine, but you don’t buy a Gucci bag at Walmart.”

## BEAUTY IS IN THE EYE OF THE BEHOLDER

Recently, Rick Day has been working with more architects, general contractors and masons who, instead of following normal ASTM specifications regarding product strength and dimensions, are putting a bigger emphasis on appearances, finishes and amenities. This trend has pushed Day, president of Advantage Precast, in Keizer, Ore., to think harder about what his firm’s final products look like in addition to how they perform over time.

“Historically, we worked primarily with underground contractors and civil engineers, but that’s changed in recent years,” Day said. “We’re now talking a lot more about appearance and the ‘beauty is in the eye of the beholder’

Advantage Precast manufactured 70 pieces in multiple shapes to create city logos that were placed in precast sidewalk panels.



Photo courtesy of Garden State Precast

issues like sandblasting, colors and terrazzo finishes.”

For a city in Oregon, for example, the precaster just finished manufacturing a city logo in a terrazzo-type finish. Previously, the company manufactured planters for two other cities, both of which wanted custom aggregates and sandblasted, colored finishes.

“We cut our teeth on that project about five years ago in regards to architectural-type products,” Day said.

In another example of Advantage Precast’s ability to modify its existing products to meet a regional customer’s need, the company recently built an above-ground bird sanctuary that now serves as a tower for bird habitats.

“Audubon is putting 70 of these structures up and down the West Coast now,” Day said. “That’s just one example of a brand new concept spun out of an existing product.”

Garden State Precast’s new drain system solution is being used in multiple applications.

## IF YOU’RE NOT GROWING, YOU’RE DYING

Situated in Los Angeles, Armen Alajian knows a thing or two about adapting to his customers’ needs and keeping his company’s products fresh and relevant. Hit hard by the most recent recession, he said ARTO Brick and California Pavers in Gardena, Calif., made the decision to take its existing product mix out to a more diverse, national audience.

“We knew that if we weren’t growing, we were dying, so we made a conscious decision to stay alive by adapting to the market’s wants and needs,” Alajian said.

As part of that commitment, ARTO also expanded geographically.

“We took a product line that was popular in L.A., Texas, and Arizona and threw it against the wall for the entire country and then started to grow by pure muscle, and by being new and available in those national markets,” Alajian said.

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As a result, ARTO Brick went from having just 90 dealers in three states to having 500 nationwide. The precaster also honed its go-to-market strategy by making products that appeal to women. While some basic staples don't change much from year to year, Alajian said the precaster regularly adjusts its decorative products to meet the changing preferences of its female customers. This isn't always an easy task for a firm that serves a national audience.

"What's popular in L.A. isn't always popular in the Midwest," Alajian pointed out.

For example, while Arabesque shapes are still in style in the latter, they are starting to fall out of favor in areas of California. Colors also matter, Alajian said. The phrase "gray is the new white," has now turned into "black is the new white." To adapt, he said ARTO regularly evolves its product offerings.

"It comes in cycles, with most of the design elements being based on trends of the local market," Alajian said. "As precasters, we all need to offer the basics, but we also have to realize that there is a community that needs to produce a certain product, make an item that meets a certain code or that otherwise adapts to the needs of its regional buyers."

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– Armen Alajian, ARTO Brick

## YOU DON'T GET THERE OVERNIGHT

In business since 1906, Wilbert Precast of Spokane, Wash., has taken a slow-but-steady approach to product diversification.

"We're probably one of the best examples of how a mom-and-pop precast manufacturer goes from solely making septic tanks to producing a wide variety of products for a broad range of customers," said Dan Houk, CEO. "But you don't get there overnight."

You do get there by taking steady steps, reinvesting in your company and not being afraid to take a little risk along the way, Houk added.

Wilbert Precast has taken bold steps to ensure that it's always meeting and exceeding customer expectations for new and innovative products. In 1997, for example, a sales rep who had extensive expertise in cast iron manhole sales approached Houk, asking him if Wilbert Precast would be interested in adding that product to its lineup.

"We weren't making manholes at the time," Houk said. "He said, 'If you want to develop a new product line, I'm your guy.'"

Wilbert Precast hired the sales pro and the rest, as they say, is history.

"We bought manhole forming equipment and all of the latest and greatest machinery at the time and then used it – and the expertise of our new sales rep – to start a brand new product line," Houk said.

The precaster took a similar jump when it built a new plant in 2003 and started producing Redi-Rock retaining walls. In this case, the product was introduced to support

Wilbert Precast's light pole bases loaded and strapped for delivery.



Photo courtesy of ARTO Brick

ARTO Brick updates its decorative products regularly to meet changing preferences.

the new plant. Today, Wilbert Precast is one of the largest Redi-Rock manufacturers in the country.

To precasters that may be reluctant to just jump in and start a new product line, introduce a new product or build a new plant, Houk said his best advice is to do your homework first.

"Know what the market is able to absorb, and/or if something about the current provider is lacking," Houk said. "Then, be bold and fearless. For us, it's just been a long trudge of being consistent with what we do and doing it at a very high level." **PI**

*Bridget McCrea is a freelance writer who covers manufacturing, industry and technology. She is a winner of the Florida Magazine Association's Gold Award for best trade-technical feature statewide.*

## RESOURCE:

1 [businessdictionary.com/definition/product-diversification.html](https://businessdictionary.com/definition/product-diversification.html)



Photo courtesy of Wilbert Precast