

Back in Business

NILES INDUSTRIAL

By Wendi Sawchuk, Associate Editor



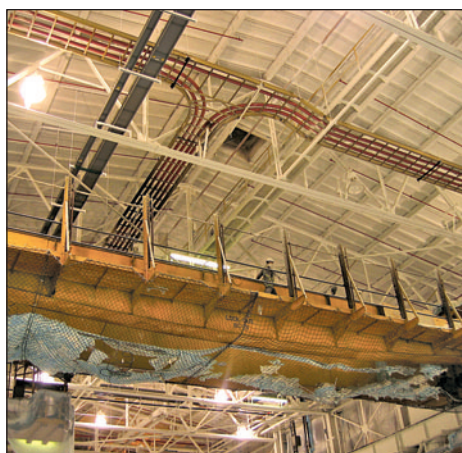
PHOTOS COURTESY OF NILES INDUSTRIAL

Although CAM Member Niles Industrial is a fairly new business, the Niles name has been well established in the construction industry for almost 50 years. Located in Flint, Niles Industrial provides industrial painting and cleaning services, as well as fireproofing, insulation, commercial painting, wallcovering, and many other related services to a wide-range of clients. Over the years, the Niles family has witnessed tremendous success, along with a few low points. However, through it all, the family has managed to remain at the forefront of the industry.

GENESEE PAINTING

The history of Niles Industrial began with Genesee Decorating Company, Flint, which was established by the father and son partnership of Ronald L. Niles and Ronald Dale Niles in 1958. The company started with various small commercial projects for schools, hospitals and department stores. "They named it Genesee Decorating Company because of its location within Genesee County," said Ryan Niles, president (and grandson of R.L. Niles), Niles Industrial. "Back then, they were thinking so vastly as to cover the entire county of Genesee."

In the 1960s, two other sons, Gary Niles and Dan Niles, also joined the company. At that point, the name was changed to Genesee Painting Company, Inc. During that time, the business began to include industrial painting for several automotive plants in Michigan. The third generation of the Niles family joined the company within the past ten



Niles Industrial recently completed a 144,000-square-foot industrial painting project in four days at the General Motors metal fabrication plant in Flint.

years. Throughout the 40 years of business, Genesee Painting expanded so considerably that they were working in 13 states. "By 2000, the company was operating at about \$25 million-per-year in sales," said Niles.

EXTENUATING CIRCUMSTANCES

In 2000, Niles family decided to sell Genesee Painting to Kenny Manta Industrial Services located in Chicago. Like Niles, Kenny Manta was a growing company at the time with seemingly strong financial resources. "They were purchasing several painting companies, as well as industrial cleaning service businesses," said Niles. "Their intention was to have painting companies like ours with established clients (i.e. automotive manufacturers) and cross-sell the cleaning services to those large clients." Under Kenny Manta, Genesee Painting continued to operate from the same Flint office with the core management personnel, including Dan Niles (Ryan Niles' father) and other Niles family members.

Unfortunately, a mismanagement of finances resulted in Kenny Manta filing for bankruptcy in February 2003. As the parent company, the domino effect of the situation eventually made its way to Genesee Painting. "Even though Genesee Painting was prof-

itable every year under Kenny Manta, their downfall took us with them because they were the parent company," said Niles. "They purchased our company, as well as other companies, with outstanding debt. So everything was beyond our control." Obviously, as Kenny Manta gradually went under, financial backing for various Genesee Painting projects was sparse. One of their jobs during that tumultuous two-year period was for an automotive client in 2001. They had to complete a million dollar project in a matter of eight days. "By the end of that job, I had about \$50,000 charged on my personal credit card because every time we tried to purchase materials from suppliers, we were cut off due to Kenny Manta's financial hardships," said Niles. "So, myself, my father, and other employees charged almost everything on our personal credit cards. We had been working with this automotive client for years before Kenny Manta, and we did not want to let our client down because of financial reasons. They were looking to us, as the Niles family, to finish the job right."

THE EMERGENCE OF NILES INDUSTRIAL

In November 2002, just prior to the Kenny Manta bankruptcy, Ryan Niles formed Niles Industrial. This company offered the same services as Genesee Painting, but under a different name. "In my very first month of business, we did about \$800,000 in sales, which was a very positive sign," said Niles. Once Kenny Manta actually filed the bankruptcy paperwork in February 2003, the remaining members of the core management staff of Genesee Painting were able to sever their contracts with Kenny Manta and join Niles Industrial. The success of Niles Industrial in that first month allowed them to purchase all of the former Genesee Painting assets back. "We literally bought back all of our office furniture, computers, and everything that belonged to Genesee Painting," said Niles. "Our foremost concern, however, was to bring back all of our clients." It was through persistence and the established Niles name that they were able to retain almost all of the Genesee Painting clients.

After only one year in business, with Ryan Niles and his father at the helm as co-owners, Niles Industrial sales were at a staggering \$10 million. This allowed the Niles family the ability to also purchase the Genesee Painting name back. "We wanted to make sure that my grandfather's business, that he worked very hard to make successful, was not lost forever," said Niles. In fact, Niles Industrial has



This photo shows one shift of the Niles Industrial team that completed the large GM metal fabrication plant project.

recently reformed Genesee Painting with a minority partner in Flint. Now, not only is Genesee Painting in business again, but it allows the Niles team to bid on various City of Detroit projects that often require minority contracting firms. "It is really going to be a great opportunity for both partners," said Niles.

Despite the negative experience under Kenny Manta, the Niles family was able to turn it into positive knowledge to further Niles Industrial. They capitalized on Kenny Manta's idea of combining industrial painting and cleaning services to provide clients with a two-in-one company. "The industrial cleaning business is hard to get into because it's very capital intensive," said Niles. "The vacuum trucks that are used are very expensive. In order to start an industrial cleaning job, the client would want to see our equipment list, so we had to make sure that we had several trucks already." As a solution, Niles Industrial purchased an industrial cleaning company called Response Maintenance located in Indiana. This allowed Niles Industrial to have all of the necessary cleaning equipment immediately available for any job. "Response Maintenance actually had three years remaining on a five-year contract with U.S. Steel at the time of purchase," said Niles. "Once we met with U.S. Steel and went through the process of purchasing the company, they were so impressed with us that they extended the contract two more years."

Although Niles Industrial manages all of Response's accounting and operations, the main office of Response Maintenance is still located in Indiana. It is owned by Niles Industrial, but functions more as a sister company that offers a completely different service line (industrial cleaning). Since Niles Industrial has taken ownership of Response,

they have negotiated two major contracts. Along with U.S. Steel, they now have a long-term contract with International Steel Group (ISG). ISG and U.S. Steel are the two largest steel producers in the world. "When we bought Response, we went down there and told them that we were hoping to grow it, get new accounts, and travel to various automotive plants for opportunities," said Niles. "Well, it has been less than a year and we have done everything that we had promised. This move has been very beneficial to Niles Industrial because we are doing a lot of painting at the steel mills where we haven't done much in the past. So, we are both bringing each other opportunities."

Over the past two years, Niles Industrial has completed several multi-million dollar large projects. They have gained client trust with their established work history as Genesee Painting. One of the largest and most complex was called "Operation White Out" in the mid-1990s at the General Motors truck plant in Flint. "The Operation White Out project was a \$3 million job and involved approximately 1,300,000 square feet on two floors," said Dan Niles, CEO, Niles Industrial. "We applied 660 barrels (each barrel held 55 gallons of paint) in ten days. The client gave us the job, but we were not the lowest bidder. We were awarded the job because we were the only contractor who said we could complete it in ten days." At press time, Niles Industrial was working on another complex General Motors project at the metal fabrication plant in Flint. It required them to paint approximately 144,000 square feet in four days. "We have the know-how and the resources for those types of large projects with this company because we have done them before as Genesee Painting and it's the same team," said Ryan Niles.

REBUILDING INTO THE FUTURE

The rebuilding process for the Niles family has been steady and successful. Although it is a day-by-day process, the future is definitely looking bright for Niles Industrial. "In the next few years, I see our company growing beyond the size and sales of the former Genesee Painting," said Ryan Niles. "We are just taking baby steps to rebuild everything now and making sure we do it all right. All of our customers are happy to have us back and we are much more efficient today than ever. Everyone says that we are the Genesee Painting of old." ♦