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Superior Scaffold was at the heart of this building's rebirth and revitalization. The 36,000-square-foot structure received a full renovation that resurrected the building as a premier venue for arts and cultural productions.

Shifting markets

The scaffold industry is just starting to crawl out of the recession though work is nowhere near the levels it was years ago. Bright spots in Canada shine, however, and a fluctuating landscape in imports could change business. Lindsey Anderson reports

Between 2005 and 2008, scaffolders were making money. Whether working in industrial, restoration, commercial installations or sales and rentals, those in the industry likened business to "catching fish in a barrel" - work was easy to come by and there was lots of it.

"2006, 2007 and 2008 were heydays for scaffolding companies," says Marty Coughlin, president of Waco Scaffolding & Equipment. "Everybody was busy."

Across the US, companies experienced revenue that exceeded expectations, saw substantial growth in all sectors and large corporations steamrolled through areas, acquiring smaller businesses at a frenzied pace. Then, like an undetected squall, the nation's economy crumbled, showing little mercy as business across the US slowed to a halt.

"During the recession, we saw a carryover of business from 2008 and 2009 and ended with gross revenues off only slightly from the previous four-year average," says Guy Bianchini, chief executive officer of Pennsylvania-based Superior Scaffold Services, Inc. "In 2010, revenues fell by almost 20 percent, led by a sharp decline in the industrial sector and more modest decline in commercial installations."

As new construction in the commercial market came to a standstill and restoration work - which

has always been a friend to the scaffolding industry - slackened due to developers and building owners holding on to cash tightly rather than invest in their properties, some of the most stable markets stopped running and came to a crawl.

"The consummate effect of the falling economy on Scaffold Resource's revenues was significant to the tune of some 25 percent decline from 2008 to 2009," says Joel Ross, business development manager for Washington D.C.-based Scaffold Resource. "This decline was typical for many subcontractors and general contractors alike."

For most, two years ago signaled the bottom of the fall, with last year being a "little better than [those years]," says Chuck Hutchinson, vice president of sales for manufacturer Haulotte Group/Bil-Jax. "This year is probably 15 to 20 percent better than last year, but in the total scheme of things, we're still way off from 2008 levels, though business appears to be improving very slowly."

At the recent Scaffold Industry Association conference in July, attendees and exhibitors echoed the "we've reached the bottom" sentiment while admittedly keeping their fingers crossed in hopes a double-dip recession does not occur.

"Waco has seen our bid activity go up and

SCAFFOLD MARKET REPORT

our backlog is up substantially over the last year, but as with last year, we're still seeing the same issues out there - the hesitancy to pull the trigger," Coughlin says.

Regional reports

Superior Scaffold Services was founded as Waco Scaffolding of Philadelphia in 1952 by Albert Bianchini. The company was sold and reformed as Superior Scaffold Services in 1992 and major projects have included Independence Hall, the Golden Nugget façade renovation in Atlantic City, The Taj Hotel in New York City and the Children's Hospital in Philadelphia.

Superior Scaffold Services tracks five major sectors of business (industrial, commercial supported scaffolds, commercial suspended scaffolds and counter sales and rental) and according to Bianchini, the biggest change the company has seen in the tri-state area has

The Chinatown Gateway arch in Washington D.C. was restored by Scaffold Resource. The scaffold design incorporated complete overhead protection for the heavily travelled - pedestrian and vehicle - gateway and was installed and dismantled without impairing any traffic patterns.

been the industrial market, which has shrunk by almost 50 percent since the recession.

Despite this, the market for commercial scaffold installation held steady throughout 2009 and 2010 for Superior, mostly due to a significant backlog of projects and stimulus funding of some big government jobs, but "2011 has seen this market decline dramatically," Bianchini says.

"On the other hand, the commercial suspended scaffold sector has continued to not only hold steady, but grow as our customers look to save costs over traditional supported scaffolds," he

Scaffold Resource recently provided scaffolding for the Maryland Capitol.



says. "Counter sales and rental revenues have also remained strong; again, we believe due to an increase in companies looking to provide their own scaffold labor."

For Maryland-based Scaffold Resource, the regional market remains steady though not as robust as it was four to five years ago, Ross says. "The US scaffolding market mirrors the nation's general economy. Cash flow has been a challenge across many industries and in particular, the construction industry, but the D.C. market is one of the most unique markets in the country. It has nearly been recession proof to a great degree in the past. [But] with the meltdown that took place in 2008, scaffolding felt the sting just as new construction did."

Scaffold Resource was founded in 1998 by Charles Weiss and Jeffrey Bellfield who together had more than 30 years of experience in the scaffolding and shoring markets. The partners primary marketing strategy, according to Ross, was to pursue projects that required 'outside of the box' ingenuity. "Its forte developed in taking on the challenges that many of its competitors avoided," he says. "It was a risky style."

The D.C. area has fared well from the stimulus package, which according to Ross, has kept many companies propped up during these market conditions. "Many government agencies received influxes of cash through the stimulus programs that was funneled into Capitol projects," he says. Many of these projects were in the high six-figures for the scaffolding scope. This created some aggressive competition."

The company's biggest projects have included work on the West Hudson Bridge, the Jefferson



and Lincoln Memorials and the Bureau of Engraving and Printing and they are currently at work on a number of projects in the D.C. area, most of them of the restoration variety. Even though they felt the shockwaves of the recession, Scaffold Resource's revenues doubled from 2009 with Ross reporting they reached \$10.3 million in 2010. "We are projected to do \$14 million this year," he says.

"Though our primary focus is the mid-Atlantic region, we monitor opportunities across the country recognizing that we possess an experience that brings value to projects which require innovation and ingenuity," Ross says. "We have been successful in Florida, New York State, Pennsylvania and have provided straight rental and purchase arrangements for projects in other areas of the country and overseas."

They're not the only ones scouring the country for work. Another company looking to reach outside its regional footprint is Waco Scaffolding & Equipment. Waco was established in 1945 as a supplier of scaffolding and accessories to Minnesota's post-World War II contractors and was originally known as Wilson and Albrecht Co. Wilson and Albrecht changed the company's name to Waco in 1952. Fast forward to the present day and Coughlin says that small footprint the company used to serve has vastly expanded.

"People are traveling outside their own patch," Coughlin says. "There's just more competition out there."

Coughlin says back in 2007/2008, when a salesman did a job walk, there might be three or four competitors walking with him. Now, there

are anywhere from eight to 10 competitors and they come in from all corners of the US.

Waco has long been involved in shoring erection work on the West Coast and now Coughlin says they are looking to bring that to the East. The company plans to offer its shoring erection services on the East Coast through their dealers, who often call Waco asking for labor services. Waco works with its dealers to provide them with professional manpower and the dealers supply the equipment. "It works out very well," Coughlin says.

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Marty Coughlin, president of Waco Scaffolding & Equipment.

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"In the old day, it used to be a 100 to 150-mile radius was as far out as we'd go," he notes. "Now, if a plane lands there, we'll go there for scaffold erection."

For Waco, Coughlin says an intensely wet Spring with resulting flooding caused a lot of jobs to get shelved due to ground work being put off. "But some of these jobs are starting to kick off now," he says. "Things we thought were dead in the water - all of a sudden, they kicked off, which was an unexpected pleasure."

Rental inventory

One of the few US scaffold manufacturers, Haulotte Group's Bil-Jax (located in Archbold, OH), says growth in the rental industry is imperative to support additional purchases of inventory. "We need a strong residential and commercial construction market which does not exist today," Chuck Hutchinson says. "In [Ohio] we're seeing little residential activity, but certainly not enough to absorb all the inventory that's sitting there ready to go to work - and that's the problem manufacturers have."

What has helped Bil-Jax, however, is the industrial market, which Hutchinson says has been "good" for the company.

"[But] we need growth in the rental business to really support additional purchases of inventory," he says. "Until we see that, the manufacturers are going to struggle."

Hutchinson says there is sufficient demand for rental inventory to allow rental companies enough business to be profitable but that there's not enough work for the companies to expand their scaffold fleets. "They have plenty of inventory already sitting on the ground to handle the rental activity they have today," he says.

For Bil-Jax, there are a few bright spots along the Gulf Coast oil corridor in Texas and

Louisiana, and the company is currently busy with a big project in its own home state with BP, who is modernizing and upgrading one of their refineries.

But the most work taking place across North America isn't even in the US right now. It's north of the Nation. It's in Canada.

Up North

"Canada in general is doing much better than the US, in all market segments," Hutchinson says. "I just got back from spending a week up there and I can tell you, they're busy."

Whereas the US tanked when the market went bust, Canada didn't sink quite as far and the country bounced back quickly. The Canadian market is smaller than the US market, but from West to East, the country is full of work. "There's good frame and brace business up there, good systems business, obviously the oil sands area out in Fort McMurray is going very well," Hutchinson says. "There's a lot of business out there."

Alberta's oil sands, which Fort McMurray is a part of, take up roughly 55,000 square miles and contain what sources say is about 1.7 trillion barrels of oil, of which 170 billion are commercial exploitable using technology today. According to news reports, of the 9 million barrels of crude oil the US imports per day, 2 million come from Canada. Alberta oil sands yield 1.5 million barrels per day, which is looking to be bumped to 3.5 million barrels per day by 2025.

"The Fort McMurray project up in Canada is consuming a lot of product and has a lot of growth," Hutchinson says.

Changes in pricing

On top of the slowed-down US market, steel and aluminum prices went up over the last year by about 15 percent, but have finally stabilized.



"Steel producers have done a pretty good job at taking capacity out of the market so that they can get price increases to stick even though demand is still relatively weak," Hutchinson says.

In response to the increase in prices of materials, Bil-Jax raised its prices back in May. "We had an increase in prices of roughly, depending on the items, 15 percent, but some 2 percent," Hutchinson says.

Across the board, steel and aluminum prices have affected scaffold pricing, and constant fluctuation in prices has made business a day-by-day operation without a long-term outlook, according to Waco's Coughlin.

"Years ago, you used to get a price list from a steel company and you could rely on that for three months, six months, sometimes up to a year," he says. "Now it's almost spot buys. Anytime you're going to buy in a large volume, you have to call and get the current prices. They say, 'You want to buy aluminum tomorrow? Then call me tomorrow and I'll give you the price.'

"It's a tough way to do business, but everybody else is in the same boat."

With higher prices for materials, overseas manufacturers, specifically the Chinese, see a weakness in the market and an advantage they can offer in pricing.

"The cost of producing a frame here and the cost of importing a frame were getting pretty close to each other [a few months back]," Hutchinson says. "Now, with this latest increase, I've seen a little bit of widening again of pricing. I expect it to get back to where it was - being relatively close together - between 5 and 8 percent."

According to Hutchinson, the Chinese government has taken away some of the export rebates they offered companies and are instead

Superior Scaffold Services recently aided in the refurbishment of Independence Hall in Philadelphia.





Guy Bianchini, chief executive officer of Superior Scaffold Services, Inc.

have the growth in their economies like the Chinese have."

The next year

Coughlin feels optimistic for the remainder of this year, saying it should finish better than 2010 and that next year, there will be an uptick. "But the big elephant in the room is the government budgeting process," he says. More cash flow is necessary for work to continue.

Stu Cohen, territory manager of North America with Instant UpRight, says the market will go in the right direction, but it will take some time. "The private sector has to get better," he says. "It's never been this slow, nobody has been this slow in the last 30 years, it has to go up, and it will, but it's going to be gradual."

For Superior Scaffold Services, they see the industrial sector continuing to be off through the rest of 2011, but an anticipated rise will occur due to a backlog of maintenance work. "The majority of the slowdown is attributed to oil and energy companies downsizing," CEO Bianchini says. In the company's territory, Sunoco laid off thousands of workers in 2009 and closed one of the three major local refineries, while Valero closed its Delaware City operation in 2009, as well.

"The commercial sector is hopefully nearing a bottom, adjusting to a lack of stimulus-funded projects," Bianchini says. "2011 has been our weakest year for commercial sales in over a decade. There are signs that project backlogs are beginning to build, but that effect may not be significant until summer of 2012 at the earliest."

Despite the still-depressed housing market directly having an impact on the infrastructure market, schools and hospitals are going up; a slight bright spot for scaffolders.

"People still get sick," Coughlin says. **ALH**



A Waco Scaffolding & Equipment job at a church in Westerville, OH.

encouraging companies to produce products for the country's own consumption rather than exporting.

"Long term, we expect to see less and less product coming out of China and more product from developing countries like India, Malaysia and Vietnam," Hutchinson says. "They don't

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