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Greg Sorrentino describes how this struggling construction company got back on its feet and jumped ahead of the competition. Michael Sharkey reports.

Ideal Contracting

Movin' on Up



It took Greg Sorrentino months to decide whether or not to accept the job as VP and GM of Detroit, Michigan's Ideal Contracting, the industrial design-build arm of \$170 million Ideal Group. The opportunity to take the reigns of a business thrilled him. Ideal's

poor reputation, lack of a business plan, and significant budget deficit didn't.

In the end, Sorrentino couldn't pass up the chance to put his knowledge of the industry and years of experience to the test. "A lot of people

thought I was crazy," Sorrentino said. "I had a great job, and I was very happy. But I always wondered if I could build a company from the ground up, and that was basically the opportunity I was given at Ideal."

It was 2001, and Ideal was coming off a year in which it lost more than \$600,000. Sorrentino immediately let go of seven of the company's nine employees, including the president. He put together a set of standards for new hires and crafted a business plan that focused on going after small industrial projects and quick response industrial jobs. The goal, he said, was to get the business to \$25 million in revenue by 2006.

Five years later, thanks to an aggressive restructuring, a rejuvenated culture, and innovative lean construction techniques, Ideal has moved up the ladder to become the 12th largest contractor in Michigan, generating nearly \$100 million in revenue. And according to Sorrentino, the company has the potential to reach the \$200 million mark within the next few years.

"If we stay at \$100 million or go back down to \$50 million, I'd still be happy," he said. "What's important is that we've created a business that provides people with meaningful jobs and careers. We have happy and motivated employees, and in turn, we have satisfied customers. We're doing what's right for our people and our customers—that's what's important. The rest will take care of itself."

Big break

The big break came just six months into Sorrentino's tenure when he put in Ideal's bid on a long-term contract with General Motors. With the successful bid, Ideal was guaranteed \$4 million worth of GM projects per year. But the reformed Ideal team proved its mettle early on, and ended up earning more than \$18 million worth of GM projects in the first year of the contract.

On its first major project with GM, a 400,000-square-foot office building, Ideal completed work nearly three months ahead of schedule. The key, Sorrentino said, was working smarter by taking a lean construction approach, starting with the design process. Ideal looked for any areas in which it could eliminate waste and create

value-engineered savings. The company worked closely with GM, its architects, and subcontractors to meet their exact specifications for the project and remove any potential problems in the planning stages.

"On any job, change orders typically account for 10% to 15% of the work," Sorrentino said. "Those changes take time and money. By giving the customer what they want the first time, we're able to avoid those expenses. We've worked hard at that, and on all of our major projects with GM, we've had zero change orders."

Once Ideal established itself with GM, the number of jobs with the Detroit automaker started to add up. Since 2001, Ideal has won more than \$100 million worth of projects with GM, helping the slumping construction company re-establish its reputation and win new customers.

Virtual world

In 2004, Ideal took its lean construction process to the next level. Through a partnership with Ghafari, a leading Dearborn, Michigan architectural firm, Ideal adapted an innovative 3D modeling system.

While 3D modeling is nothing new to the building and design industry, Ideal and Ghafari adapted a product that not only allows users to design the core walls, windows, and doors of a building, they can also input its entire infrastructure, including electrical lines, HVAC pipes and ducts, water lines, trusses, and beams.

In the traditional 2D world, engineers hope that when these lines intersect on paper, they don't intersect in real life—a problem that requires a significant investment of time and money to fix. The Ideal/Ghafari system takes all of the guesswork out of the equation. The technology alerts users with an advanced collision detection system, allowing engineers to make modifications well before a job ever begins.

Because the 3D model is so precise, builders and subcontractors can also pre-fabricate all of their parts, eliminating on-site fabrication and trim work. The result is a cleaner, safer job that requires fewer workers. And when all of the benefits of the system and lean construction process





are added up, customers see substantial cost and time savings.

According to Sorrentino, on four major projects with GM since the 3D system was introduced, Ideal has saved the auto manufacturer more than \$28 million in construction costs and roughly 116 weeks in project time.

"Every project we've worked on for GM, we've managed to complete it ahead of schedule," Sorrentino said. "And on every new project they give us, they shorten the schedule. That just means we have to work harder to be more efficient and eliminate waste."

Working smarter

Ideal Contracting's exemplary work on the General Motors projects has resulted in the company being named GM's Supplier of the Year four years running. Frank Venegas, Jr., chairman and CEO of the Ideal Group, said the recognition doesn't mean his company will be resting on its laurels anytime soon.

"The Supplier of the Year Award inspires us to work smarter and look for value in whatever we do. This honor requires a commitment to go beyond today's accomplishments. It is absolutely critical that Ideal remain focused on staying ahead and being the best. Ideal's continued emphasis on technology, performance, and our customers' priorities will be what counts for our families, our companies, our communities, and our industry." ■

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