Fireproof Coatings, Inc. of Encinitas, Calif (just north of San Diego), first opened its doors in 1991. In its first year of business, the company’s gross sales were $200,000. In 1994, the company hit $1 million. In its sixth year, revenues were at $2 million, in its eighth year, $3 million. The projection for this year is $4.5 million.

“This is a great size for us, and we’ve come very close to stabilizing completely over the past two years,” says President Jim Hagen. “I’ve never wanted to become the largest fireproofing company in the country, only the most profitable.”

The primary key to the company’s success, says Hagen, “is getting repeat business.” To get that repeat business, Hagen maintains a strong core of field workers who are able to keep the jobs on track and a very competent office staff that keeps new jobs coming in and billings going out. There are about 40 personnel in the field and five in the office. To keep good employees, Hagen pays higher field wages than his competitors. Work shirts are provided for all employees, about half of whom are Hispanic. Medical, auto and vacation are paid for key management personnel. “Our typical employee has had about five years of experience, is 30 to 35 years old, married and with two kids,” Hagen says. “We have a very low turnover rate.”

“Employee efficiency is key to getting jobs done right and on time,” Hagen says. “My frequent visits to the jobsites keep employees on their toes, prevents problems from getting out of control and increases customer confidence. Customer satisfaction is a company priority.”
How Jim Hagen, President of Fireproof Coatings, Inc., Has Achieved His Optimum Level of Growth

His crew, and well as Hagen himself stays with a project from start to finish. “No one wants fireproofing work to go on for an extended period of time,” he says. Seeing the job through to the very end means that if he is called back for any reason, he promptly corrects any problem or concern to the customer’s satisfaction.

“The payback for quality service is a good word-of-mouth reputation. In an area like Southern California, word travels quickly. We feel that most customers and contractors like to work with the same people, so we go out of the way to meet appointments on time, make our deadlines and keep year-round employees and equipment—with backup—ready to work every day.”

An important ingredient to all of this is paying attention to detail. “I was in engineering and statistics for my training,” Hagen says. “This type of orientation promotes watching the details. Knowing what I’m doing and taking care of details makes my customers feel comfortable that I’m going to do what I say I’m going to do. This is a real advantage in the construction industry in which there are often more promises than action. A lot of people will try to get the jobs with a lower bid and then cut corners to make money I understand all of the aspects of the fireproofing business, and I know how to estimate jobs. This allows us to do them right and still make a decent profit.”

Because of this intense focus on detail, Hagen wants to neither diversify nor expand.

Staying Put

By Thomas G. Dolan

“My business card reads the same now as when I started,” Hagen says,
“‘Structural Steel Fireproofing Specialists.’ We concentrate on fireproofing only. And because of that, we have a great relationship with our manufacturers.” There are only two major manufacturers of fireproofing products in the country, W.R. Grace and Isolatek, the latter bestowing on Fireproof Coatings, Inc. its Pinnacle Award for the largest volume purchases for six years in a row. “We use all their products, and because we’re not tied to any one manufacturer, we choose whatever works best for the job, at the best cost and quality benefit to the customer.”

By focusing on this one specialty, the same exact procedures take place: estimating, contract review, pre-job planning, ordering of supplies, applying fireproofing, inspection, patching, demobilization and payment. “We do it the same way I set it up 10 years ago,” Hagen says. “If anybody from the outside has a question, anybody on the inside can answer it, and it will be consistent.”

Diversification, Hagen says, would spread both his company and procedures out, and it would make it much harder to stay streamlined and focused on detail. For a similar reason, Hagen says, “The farther we travel, the less control we have over jobs, so we stay in our own area of expertise.”

On the other hand, by remaining in the San Diego area, that in itself is a limiting factor on how much work is available, which is another reason he believes his current size is optimum. “We’ve probably done 20 to 40 jobs each for about five or six of the best general contractors in the area,” Hagen says. “If you get this
type of repeat business, you must be doing something right.”

Hagen adds that fireproofing is subject to all kinds of regulations, both stringent and dynamic, so his ability to stay on top of them is another plus that differentiates him from his competition.

“My observation is that most fireproofing companies get into trouble when they try to diversify, get too far from home, or are unable to stay current with the codes,” Hagen says.

**Specialty Focus**

Hagen’s intense focus on his specialty, plus the personal attention he brings to quality and customer satisfaction, means that about half his work is negotiated; the bidding is primarily in the public sector. But for all his clients, Hagen will help the architect or builder in the planning stages. The result leads, at best, to negotiated work, and if that doesn’t work out, the company at least has an inside knowledge as to what the project is about, so allows Hagen to fine-tune his bid.

For these same reasons Hagen generally is awarded the biggest jobs in the city. But, typically, it’s a mix—from large jobs that might take six months to a year, to small ones that might take only a couple of days. Currently the company is involved in the $1 million-plus San Diego Convention Center job, six-story twin office buildings, a large hotel and large office remodeling, a large casino, another office building of five stories, a four story natural history museum, a six story medical building, two four-story assisted living projects, two schools and a theater. A typical mix will have one to two large jobs, four to five medium jobs in the $100,000 to $200,000 range with 4,000 to 5,000 bags of material, and an additional four to five smaller jobs to fill in the holes.

Another key dynamic to the company’s success, he says, is “We’ve had only minor workman’s compensation claims in 10 years in business. Our rates are as low as they can get.” Hagen adds that he’s had
Hagen, 38, was only 28 when he started his company. It would not be hard to imagine a man of his intensity and focus being a workaholic. And, in fact, the first few was.

“Working 60 to 80 hours a week was no problem,” he says. But, after the first few years, especially as he got his company into shape and he found good people to keep things running, he’s wound down. He now puts in just a 40-hour week, with about 10 hours of those visiting the job-sites. Hagen credits his operations supervisor, Gus Merez, and office manager, Roy Vernor, as being among the key people that have allowed him to wind down.

But in the process of working less, he’s been able to still combine an increased personal life with his business. His long-time companion, Nancy Imbertson, handles most of the business aspects of the firm while Hagen oversees the estimating and fieldwork. The couple’s home is only a mile from the beach, and the office, a half-mile. Hagen plays a lot of golf but also makes it a point to spend a lot of his
He spends a lot of social time with customers, manufacturers and competitors. People do business with other people,” Hagen says. “The more you have in common with you business associates, the better your bond will be, and the better you’ll do in business.”

Hagen builds the same professional/personal bonds in his association work, through organizations such as the Association of the Wall and Ceiling Industries—International and the American Society of Professional Estimators.

Currently his work with AWCI includes heading up the technical committee on sprayed-applied fire-resistant materials, and he helped author the new technical manual for testing and inspecting intumescent fireproofing materials, along with being an active of the lobbying effort to preserve fireproofing, as opposed to sprinkler systems, in building codes.

“You need both,” he says. “Sprinkling is active, and will put out a fire, but fireproofing is thereto maintain the structural integrity of a building.”

Hagen and Imbertson routinely attend AWCI’s annual conventions and the annual fall conference. “Each time we go to the AWCI meetings, we learn a lot, meet with our friends and have a wonderful time,” Hagen says. In other words, another key to Hagen’s success is the way he’s found a way to combine business with pleasure.