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Rachel Construction defies slowdown in sector

by Dan Emerson Special to Finance & Commerce



Don Rachel, who grew up in the Buffalo-Maple Lake area, has "worked in construction all my life." (Staff photo: Bill Klotz)

While small contractors have been among the businesses hardest-hit by the recent recession, St. Michael, Minn.-based Rachel Construction has fared better than most. The firm has grown steadily, achieving revenue of \$15.3 million and \$26.4 million in 2007 and 2008, respectively, a growth rate of 333 percent.

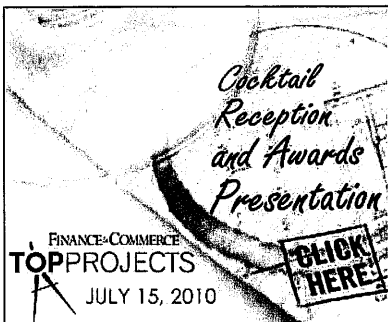
Those numbers are particularly impressive considering that the firm is a relative fledgling, launched in 2006 by CEO Don Rachel and three other industry veterans.

The 48-employee firm specializes in demolition, earthwork, environmental remediation and underground utilities.

As underlying reasons for the firm's growth, Rachel credits "the quality of our people, and the creativity and innovation we bring to the industry. To get the work, it's not just a matter of figuring out how cheaply you can get projects done, but how creative and innovative you can be."

Among other things, the firm requires its project managers and estimators to have a minimum of three years of field experience before they work in the office, so they understand what happens in the field.

Rachel, who grew up in the Buffalo-Maple Lake area, has "worked in construction all my life. My dad had bulldozers and backhoes, and I started working for him once I was old enough to run a machine." Rachel worked his way through college at the University of Minnesota-Morris, where he was an All-American college wrestler, while earning a degree in business administration and economics.



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Rachel has also been a leader in industry trade groups. Next year, he will become president of the National Demolition Association, a two-year term. In addition, he has served several years on the board of the Associated General Contractors of Minnesota, where he became chair and was a member of the executive board.

In 2000, he won the Minnesota Associated General Contractors' Skill Responsibility and Integrity Award, an honor typically given to older, industry veterans.

"I've been fortunate to be able to give back to the industry," Rachel noted. "We also see a lot of value in representing the industry at the national level; it helps us

understand in advance the impact when new rules are implemented in areas like safety and environmental issues.

"At the national level, we have negotiated with the Environmental Protection Agency and Occupational Safety and Health Administration and testified at hearings. There's also a lot of learning and sharing of information with other people from around the country who are in the same business, in areas like employee retention and labor negotiations. When you're with a small firm like ours, you wear a lot of hats."

Rachel said one of the other challenges in running a successful firm is "finding the best talent in the industry, from backhoe operators to estimators, taking care of them and retaining them. We've been fairly fortunate over the years. We've done a lot of recruiting at colleges to find the top talents in the engineering and construction management world, and tried to mentor them so they learn to do things the right way."

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The key, he says, is "respecting people and their needs, and providing for them."

Rachel believes his experience as a high school and college wrestler has helped him succeed as an entrepreneur.

"Wrestling is a tough sport that requires dedication and is self-driven. If you get beat on the mat, you can't point fingers at anyone else. It puts a lot of responsibility on the individual."

In recruiting prospective employees, "we try to find people who have been competitive at the collegiate level because I think it gives them the 'will to win' we need in our industry. There are several colleges in this area that have good construction engineering and construction management programs; so we try and stay in touch with the supervisors of those colleges' departments."

While the construction industry isn't exactly on fire, Rachel anticipates more success in coming months: "We started the year with a bang, and we've got a lot of work lined up for our crews."

"We're a small company with an entrepreneurial philosophy. If you're an estimator, we might ask you to help out with project management. We might ask a backhoe operator to do some shoveling and laboring when needed," Rachel said.

"It's a matter of doing whatever it takes to get the job done at the end of the day."

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