

FIRM PROFILE

D-M PRODUCTS INCORPORATED



D-M Products is a small company that gets big work done. Well known within its niche in the construction industry, D-M Products stays in its own lane, which has been a key to its success and longevity. Dick Macurak, president and second generation to lead D-M Products, says that he has learned from his father and others to work with what the market is giving.

"I think we have always focused on doing the kind of work we want to chase, rather than get over extended so that we can't service our customers," Macurak notes. "We have affiliated with very good companies who can get us products when we need them and we have a good labor force that we can rely on to put this work in correctly and efficiently. We talk about leaving our egos at the door. Even though we've done some incredible projects, we are always focused on the task at hand. My dad always said we'll have some good years and some not so good years, but we have to keep focused on our work."

The company is a glass and glazing specialty contractor that does about 80 percent of its business installing curtain wall. Five to ten percent of D-M's sales are in windows and the balance is related interior construction, like glazed doors, handrails and interior glass. Perhaps the fact that D-M Products is primarily in the curtain wall business, an unusually risky specialty, Macurak tries to learn from the companies that have stumbled over the years.

"I try to look at the bankrupt glass companies. We've worked with companies like Cupples and Flower City, which were probably the two largest in the world and both went bankrupt. I don't know whether it was poor business decisions or egos got the best of them, or if it was a combination of both. We look at those lessons and try to stay lean and even-keeled," he says.

"We try to keep an eye on where our estimated costs are. We try to use history in assembling the labor to see if there are any blips that we can anticipate. Every day is a new story. Just when you think you've seen it all, the phone rings," Macurak laughs. "For years I said our mantra could have been 'what now?'"

Dick Macurak Sr. founded D-M Products Inc. in 1974 after a 20 year career with United Plate Glass. His father had been a mill worker at J & L Steel and expected Macurak Sr. to follow him into the mill. When Macurak Sr. returned from serving in the Korean War, however, he determined that he wasn't going into the mill and began a career that would eventually lead to self-employment. Macurak Sr. had been running United Plate Glass's metals division before founding D-M Products and set up shop in his home to sell and install commercial windows.

The current president graduated from the University of Pittsburgh in 1976 and joined his father. After a year working together, father and son agreed that it would be valuable for Macurak to get experience away from the business. Macurak landed a job with Disco Products, a window manufacturer in Selma, AL. He sold windows throughout the Southeast, eventually working in a territory that encompassed Florida, Georgia, and North and South Carolina. He moved back to join his father at D-M Products in 1981.

"When I got back in the 1980s, we were a distributor for Wausau Metals, which has become Wausau Windows. We represented at them as their dealer for just over 20 years. I used to walk up-and-down Grant Street with corner



D-M Products founder Dick Macurak Sr. (center) is flanked by son Dick Macurak (right) and grandson Mike.

samples," he recalls. "Wausau changed the way they went to market, getting rid of their dealer network to sell with direct sales people. We're still a purchaser of theirs and but we are no longer a distributor."

The change with Wausau was something of a blessing as well, in that D-M Products is no longer responsible for supporting the sales of Wausau's products. In a marketplace that rarely uses a tight single-manufacturer specification, the independence means that D-M Products has more bidding opportunities with access to a wider array of manufacturers.

The way that D-M Products works in the marketplace has changed significantly over the years. Whereas Macurak once spent hours each week calling on architects, he says that because of the availability of information on the Internet, it's unusual to get a call about the products. D-M Products is often called in early by construction managers to help with budgeting for the curtain wall. That gives D-M Products early knowledge of projects that they will ultimately compete to build. The early access gives D-M Products an opportunity to share its expertise and add value to the project. All of those things improve the company's competitive position.

"The markets that we pursue are university, medical and corporate. Those are the three drivers," Macurak says. "At times things can get fairly lean with one or more of them, but fortunately right now we're in a very positive mode, particularly with university and medical work. We go down to West Virginia and go as far as Penn State and Erie. We have put together a good crew down in West Virginia. We stay within a 150-mile radius. We're pretty comfortable in our skin here in Western Pennsylvania."

Macurak jokes that D-M Products is like Northwestern Mutual Life Insurance's tag line, that they are the "quiet company" doing

big projects in Western PA. With long-time clients like UPMC, Carnegie Mellon, West Virginia University Healthcare, and Penn State, the list of projects D-M Products has handled the curtain wall for is impressive. A stroll through its offices finds architectural photos of PPG Paints Arena, UPMC East, Childrens Hospital, PSU's Millennium Science Center and Dickinson School of Law, Tower Two-Sixty, Industrial Scientific's new headquarters and the BNYMellon Client Service Center.

Installing curtain wall on monumental buildings involves a lot of risk. D-M Products devotes resources to training and technology to mitigate that risk.



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"We do some fabrication here but much of what we do is fabricated and taken right to the job site," Macurak says. "The units can be as big as 10 feet wide and 20 feet tall. Our workers are geared up now with rigging equipment to handle units that are 3,000 or 4,000 pounds and fly them onto the side of a building. We've become pretty adept at that.

"The curtain wall industry as a whole is one of the riskiest businesses in the construction industry. But our bonding company is happy with us. Our EMR [experience modification rate] is very low. For a small company we have a safety manager who visits all the sites. We've

implemented a lot of safety programming, with equipment and knowledge so that our crews shouldn't be working in an unsafe way."

The safety culture appears to be paying off. D-M Products is within four percentage points of the minimum EMR for a contractor in the curtain wall business. Macurak says that notwithstanding that strong EMR, insuring the business is one of the most difficult aspects of managing the company.

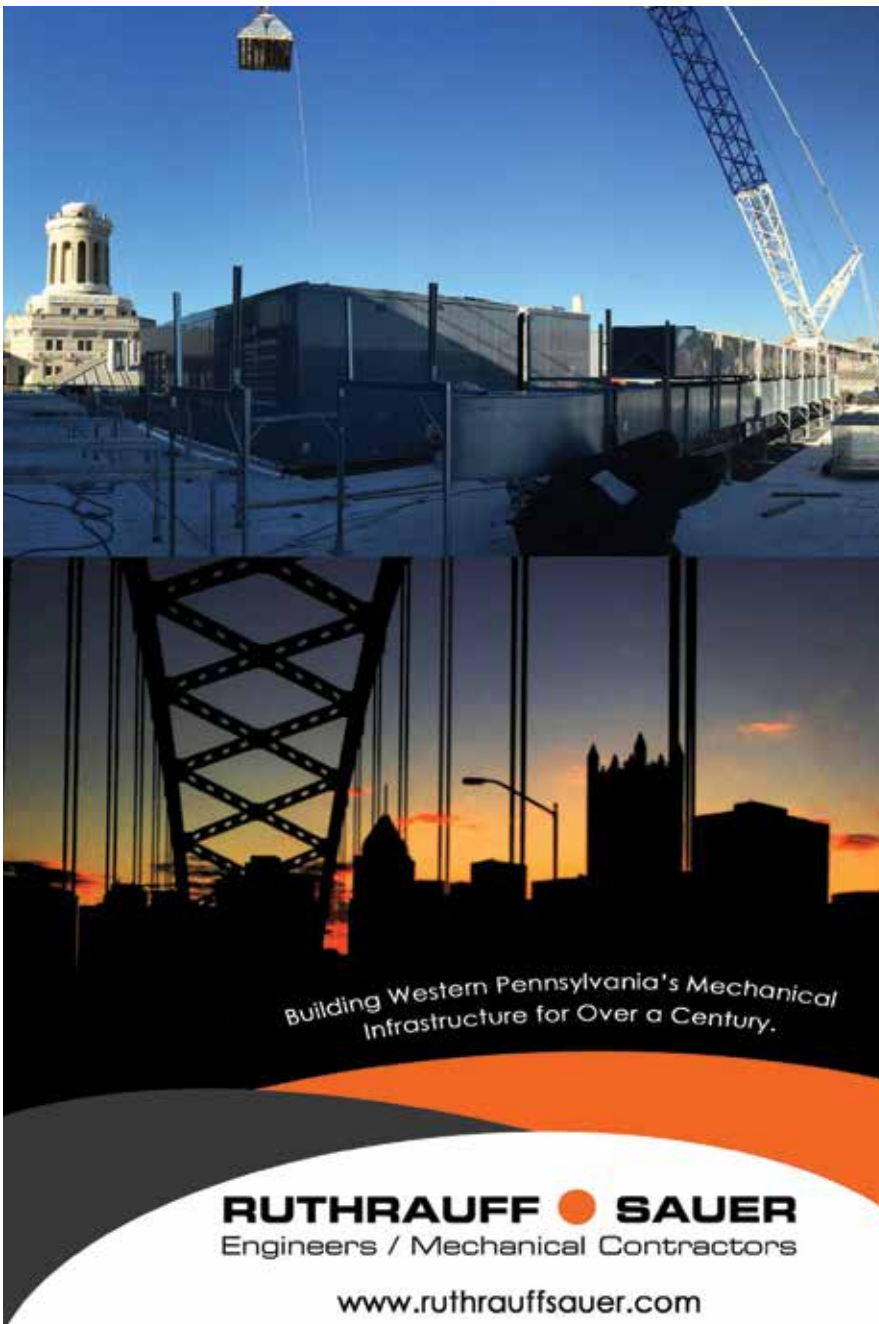
"It's a challenge with insurance because our general liability carrier says even though we've never had an incident, the very fact that we're hanging off the side of a building makes them wonder if they really want to have our business," he explains.

Like most employers in the construction industry Macurak feels the availability of labor will be D-M Products' biggest challenge over the next few years. He says that D-M's estimating team works hard to manage its labor costs, but a shortage of workers will make that more difficult, especially since there is little or no history from which to draw comparisons.

"The challenge is going to be manpower, because workers are scattered between the power plants and the cracker plant. It's our hope that by the time UPMC gets started will be over the hump with the cracker plant," Macurak says.

Macurak says he can understand the allure of working premium hours at a major project, which helps with pensions and annuities for ironworkers. He expects that even workers who suspect they will burn out after a few months will feel that it's worth it to put a few extra dollars in their pockets. Thus far, he says, he hasn't received those kinds of calls from his crews. Two of his workers did take assignments at the Shell project for this winter, having been promised inside work on the loading docks. Macurak laughs at the thought of trying to entice them back.

"So they're going to work into the winter inside while I'm going to call and say I have this great job where you'll be hanging in the air and it's going to be 28 degrees, with ice and snow," he chuckles. "That's not only D-M's dilemma, I think everyone is finding that."





D-M Products fabricated, supplied, and installed the dichroic glass curtain wall at Carnegie Mellon's Scott Hall. Photo by Jeremy Bittermann.


With busy times ahead, Macurak says he has begun thinking and talking about the transition of D-M Products with his son Michael, who joined the family business in 2011. Dick Macurak Sr. still comes into the office at age 87, and Macurak jokes that he fears he has seen a glimpse of his future.

"People keep asking me when I'm going to retire and I ask how the son can retire before the father," he jokes. "We joke internally that we have any interesting retirement plan. We quit paying you but you have to still keep coming in. That's working out well with my dad so I guess I have that in my future. The hope is to take it to the third generation. I think only something like eight percent of companies ever get to a third generation so that would be something I think we would be proud to achieve."

In addition to Dick and Mike Macurak, D-M Products has seven full-time employees in the office. Mike Stroupe is vice president of operations. Tim Mackin is senior project manager. Bill Sharp is project manager. Lisa Sbei is the office manager. Its field crews are comprised of union ironworkers. The crews have varied from as few as two to as many as 130. Macurak believes he will need as many ironworkers as he can get in the next few years.

"We're coming off a big year. We just finished up the Tepper Quad with PJ Dick," he says. "We're sort of in a lull right now but we are gearing up for a big year. UPMC is a good customer of ours and has been for a number of years. When you look at the vision they put forth it's just incredible. It's a lot of glass and we're excited about the opportunity."

D-M Products is investing towards the growth that Macurak sees coming. It is adding 10,000 square feet to its offices, expanding the office slightly and adding capacity to the shop. Macurak says D-M has already bid the Vision and Rehabilitation Hospital at UPMC Mercy and Allegheny Health's new Wexford Hospital. He sees the beginnings of the wave coming and jokes that if it all doesn't go well, he has an alternative plan for the business.

"We have the perfect name. All we have to do is change one letter and we can be D-M Produce. We can be out of here selling bananas!" 

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