

Franchising comes to the precast industry

Year-old firm introduces the "MacDonald's" factor

"It's not an idle claim—we have the figures and the licensed producers to show it." Moffette Tharpe, president of Easi-Set Industries, a franchisor of product lines for the precast industry headquartered in Midland, Va., was talking about the benefits, for precast producers, of applying some of the same business principles that made MacDonald's a pioneer in the fast food industry.

"We're a unique company, the first of this kind in our industry," Tharpe said.

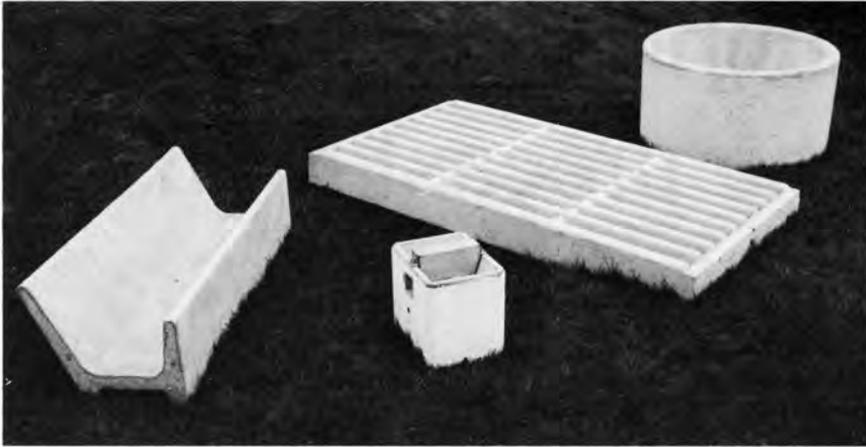
The concept for the company grew out of the experiences of Rodney Smith, president of Smith Cattleguard Co., president-elect of the National Precast Concrete Association, and chairman of the board of Easi-Set Industries. Easi-Set was founded in August, 1978, and now has 14 licensees—12 in the United States, one in Canada, and one in Belgium.

Easi-Set's approach is based on introducing an already developed and marketed product to a company that manufactures concrete products. Add forms for production, training for the personnel, continuing research and development, help in marketing and advertising, and, believe Tharpe and Smith, an opportunity for increased profitability has been created. "Diversification enables a

producer to expand by adding new target markets and makes his company stronger and more resistant to the fluctuations of the economy."

"The ESI program has three main strengths," explains Tharpe. "First, we offer producers standard products—ones that have demonstrated their marketing potential and financial success. Second, we give the producers a proven system for producing and marketing these products. And third, we provide ongoing services to our licensees and we maintain long-term business relationships with them. Many of our licensees are producing more than one of our product lines."

Currently a producer can choose one, two, or more of ESI's product lines. The farm products line features the Smith cattleguard, freeze-proof waterers, stock tanks, and feed bunks. A second line features the Easi-Set safety barrier, with various base designs and a patented connection system. The barrier can be rented as well as sold. (Smith Cattleguard pioneered the rental concept and, according to Smith, it has proven to be extremely profitable.) Finally, ESI offers an all-concrete precast utility building (patent pending), suitable for



Precast concrete products for the farm licensed by ESI include (from left in photo at top) feed bunk, waterer, cattleguard, and stock tank. The middle photo shows the Smith cattleguard, which was among the first products franchised, in service. Bottom photo is the ESI utility building, a low-cost alternative to competitive materials.

industrial and residential markets.

Once the producer selects the product line(s) he wants to carry, product forms are manufactured and shipped; production crews are trained in the licensee's plant; initial promotion activity is planned; and a continuing sales-and-marketing program is developed and implemented. At every stage, ESI's staff makes its consulting services available to the licensees.

An early benefit of the licensing program to the producer is ESI's ability to quickly train production crews. In Florida and Pennsylvania recently, median barrier work had been bid and won on jobs with very tight delivery schedules. Neither plant had made Easi-Set barrier before. It took 10 days in Pennsylvania and five in Florida for ESI to deliver the forms, train the crews, and begin regular production at the rate of hundreds of linear feet of barrier a day.

Staff members also are constantly looking for ways to improve production efficiency and marketing effectiveness. This year alone, four changes were made to the Easi-Set safety barrier. "We intend always to keep our licensees a step ahead of their competition," Tharpe said.



New products also are an ESI goal. Staff of both Smith Cattleguard and ESI, as well as the latter's licensees, develop modifications and, in essence, new products from those already existing. For example, a 100-gallon planter with an aggregate surface and a hot tub were derived from the basic stock tank.

At the moment, ESI licenses only products developed by Smith Cattleguard Co. However, Tharpe has been contacted by a number of

American and foreign firms interested in having ESI make their product lines available for licensing.

"We want to add more products," Tharpe comments, "but they must meet our requirements. This means the products must already be developed, be standardized (as opposed to custom or special), and have demonstrated profitability and marketing success.

"To effectively serve precasters

who want to diversify, we must carry a range of different product lines. Then we can more effectively recommend to a licensee those products that best fit his marketing area, financial strength, and production capability."

Tharpe believes that the licensees themselves are the greatest strength of the ESI program. For example, most of them participate in regional farm or trade shows. They often distribute each other's literature and exchange observations.

Competition among licensees is not a problem, according to Tharpe, because ESI is selective. "We license companies far enough apart so they have separate marketing areas, but close enough for them to help one another."

Pennsylvania, for example, has two ESI licensees—one making safety barrier in the western part of the state and one in the east. In October, these two companies jointly completed fall delivery of their second barrier job for the Pennsylvania Turnpike Authority—both jobs so large and with such tight delivery schedules that neither company could have handled them alone. In other situations it is not unusual for ESI licensees to exchange



Moffette Tharpe, president of ESI, (right) discusses the location and market area of a prospective licensee with Board Chairman Rodney Smith who also is president of Smith Cattleguard Co., Midland, Va.



The ESI safety barrier being installed on a section of the Pennsylvania Turnpike.



Ken Gardner, technical services director, (left) is in charge of training crews for ESI licensees.

forms and associated hardware to enable more efficient production.

Tharpe believes that communication is an essential part of any successful business. ESI communicates regularly with its licensees through a monthly newsletter for each product line. These publications also are sent to trade magazines and member associations.

ESI recently submitted a news release about a Missouri licensee who exhibited the freeze-proof waterer at a farm show and received almost 150 orders there. When industry magazines printed the item, the licensee received additional inquiries and more orders from farmers who did not attend the show, but had read the article.

Another ESI service is regular visits to each licensee. ESI personnel observe plant production, evaluate marketing effectiveness, review product pricing, and exchange new ideas. Often the visits are planned to coincide with product shows or sales calls—especially opportune times for the licensee to receive ESI assistance.

The licensee's advertising schedule also may be discussed during such a visit. "The benefits of the co-op advertising program are especially gratifying," Tharpe feels, "because the savings for our licensees are immediately apparent." He explains that licensees save money because the cost of creating the ads and the cost of the advertising itself are shared by the licensees.

Cost is an important consideration to Tharpe. "There's no doubt that diversification, as we offer it, can benefit any company. We reduce our licensees' costs in time, labor, and dollars, and we offer producers a proven way to make the most of their investment." Tharpe emphasized that the company's biggest problem is selecting the right producers. The 14 licensees mentioned earlier were selected from hundreds of applicants.

With Smith and Tharpe, management of Easi-Set Industries includes Ken Gardner, director of technical services. Gardner heads production, R & D activities and the company's training programs.

