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When Times Get Tough, Concrete Keeps Selling For Smith

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In an early scene of "The Graduate" protagonist Ben the new graduate, is counseled by his father's associate to make his future in plastics.

Meeting Rodney Smith and Moffette Tharpe, the young guiding forces behind four interrelated companies located at Midland, one wonders if their fathers' associates might not have urged them into concrete.

Precast concrete is the basis of their business, which today employs more than 100 local persons, as well as hundreds of associates throughout the nation and abroad.

Their companies do business with and in cities along the East Coast, in the Midwest, the Southwest, Canada and Europe.

The Beginning

Smith Cattleguard Co. (SCC), the firm that started it all, was begun here in the 1950s by David Smith, Rodney's father. Smith developed a unique product: the precast concrete cattleguard.

Its low cost, speed of installation, and—most importantly—permanent quality, made it an instant hit with farmers across the country.

Here, at last was a cattleguard that need never be replaced. It did not rot, did not weather, could not wear out.

Rodney joined his father in business, but thought the cattleguard was not enough. (Rodney won last year's Virginia Businessman of the Year award and recently began serving as chairman of the National Precast Concrete Assoc.)

Now SCC has expanded its product line to include the cattleguard, freeze-proof waterers, stock tanks and feed-bunks. In highway products SCC makes the EASI-SET safety barrier and an all-concrete precast utility building for residential and industrial uses.

The products are all around, though you may not recognize them. Nearest (other than the cattleguard itself) is the median barrier that borders the narrowing of Rt. 66 as it terminates at



RODNEY SMITH

Gainesville. The most distant is a barrier erected on a road in Belgium where EASI-SET Industries (ESI), an SCC sister company, has a licensee.

In the beginning, SCC marketed its own products. Then young Smith realized what precasters are just now finding out: production and marketing are distinct, each having its own requirements and methods.

Tharpe Joins Company

At that point, Smith brought in Tharpe, a boyhood friend who had also grown up in this area. Smith's plan: a detailed marketing profile.

Tharpe was then in his 17th year at NASA in Beltsville, Md. Holder of a master's degree in electrical engineering, he was a project manager responsible for the development and launching of various scientific spacecraft.

"I'd always been interested in the McDonald's-type operation, in franchising. Rodney and I started that for the concrete industry," he says.

Tharpe believes EASI-SET Industries, incorporated in August 1978, filled a serious void in precast merchandising by selling licenses for SCC-developed products.

As Tharpe sees it the average precaster is a skilled producer and able technician. But he doesn't know how to sell—either because he hasn't taken the time or trouble to master the art of marketing, or more likely because he isn't interested.

That is the main attraction of ESI, according to Tharpe. "We let the producer keep doing what he's expert at. We do the rest and we both profit, as do the customers."

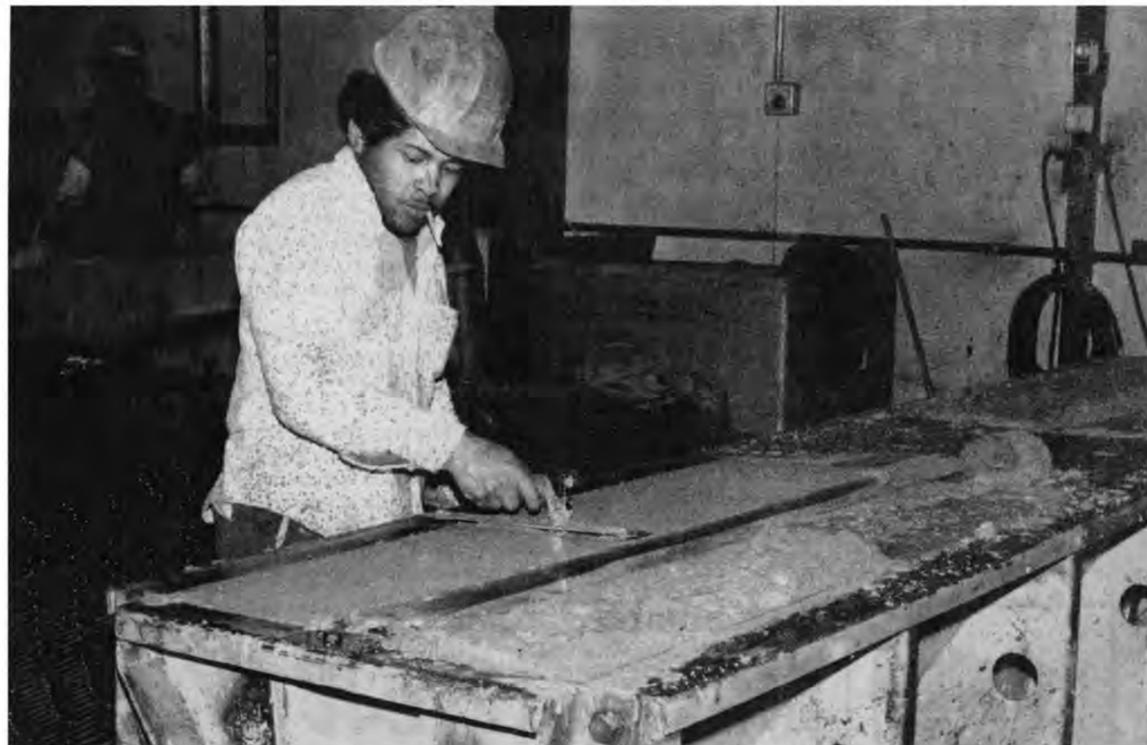
Co-op Advertising

Another advantage of the ESI program is co-op advertising. This means an ad placed in a national farm magazine for, say, a Smith cattleguard, can list a number of licensees. A farmer who sees the ad can contact the company nearest him to get the same product and services available in other parts of the country. The companies listed share the cost of the ad. For the licensee it means national advertising at a fraction of the usual price.

Advertising for the Midland companies and their licensees is handled by Ad Design Ltd., the newest company formed by Tharpe and Smith. It too has expanded.

Established to do in-house advertising and newsletters, it is now picking up other clients in Fauquier County and beyond. Eventually, says Tharpe, Ad Design plans to move to the Manassas area, where it will be more accessible to Washington, D. C.-based firms.

Tharpe's concern for territory is not limited to advertising. The selection of licensees is partly determined by geography. "We always place our licensees far enough apart so they don't compete with one another."



THE FINAL STEP in barrier production is performed by Andrew Washington of Casanova at the Midland plant.

Nevertheless some licensees are near enough to work together to complete large jobs in less time and at a lower cost to the customer.

For example, two 1979 contracts for median barrier construction on the Pennsylvania Turnpike were "co-oped" by two ESI licensees, one in western and one in eastern Pennsylvania.

The careful elimination of potential competition between licensees also makes for voluntary cooperation between them. Most licensees participate in regional trade or farm shows and are likely to display and distribute each other's literature.

For example, a Kentucky farmer was so impressed by the Smith Cattleguard

he saw demonstrated at a show in Georgia by ESI's Georgia licensee that he returned home and ordered one from the Kentucky licensee—whose address he'd gotten at the show.

Smith points to the recent economy as proof that only a diversified company can be relatively recession-proof. When, in a recession, farmers choose to make do one more year with wooden or steel fences and not go to the Smith cattleguard, they will still purchase SCC watering tanks and feeders for their livestock.

Tharpe and Smith have demonstrated diversified thinking and specialization in management. ESI was created to market

the SCC products through licensing. Ad Design was founded to advertise them.

The fourth company, Concrete Safety Systems, was set up to pioneer rentals of concrete barrier for short-term highway production jobs.

"Tharpe's two-year-old ESI has 19 licensees here and abroad, with two of them granted in the first half of this year. The company's 1980 projected income is twice that of last year, with income projected to nearly double again in 1981.

And the recession—has it affected the companies at Midland?

"Sure," says Tharpe, smiling. "We're all working harder."



CAPITAL CONSTRUCTION. Smith Cattleguard's barrier was used for capital improvements in Washington, D.C., in the late 1970s.