

Lessons Learned

Pavement contractor keeps company small

The Southfield owner finds niche in chip seal driveways and changes focus to high-end homes.



Elizabeth Conley / The Detroit News

Nick Talmers, owner of Cranbrook Surfaces Corp., stands on one of his chip seal driveways in Bloomfield Hills. Cranbrook Surfaces did more than 100 paving jobs in 2004, worth about \$1.3 million.

By Eric Pope / Special to The Detroit News

SOUTHFIELD -- Driveway paving contractor Nick Talmers has turned his high school summer job into a long-term business proposition, but he no longer dreams about building a big company.

At 42, Talmers owns Cranbrook Surfaces Corp., which did more than 100 paving jobs worth \$1.3 million in 2004. This year he would like to add \$200,000 to the top line, but he has made a point of not aiming too high.

"The larger you get, the more of a number you become," he said. "Your product becomes more of a commodity."

It wasn't always that way. During the economic boom of the 1990s, Talmers acquired a fleet of six trucks and once paved 8 acres on a single job. But he found those big jobs came with lower profit margins and bigger risks.

"I kept asking myself, 'Where do I belong in this industry?'" Talmers said. "It wasn't in huge paving projects, but in a niche that separates me from the competition."

Talmers has found his niche with chip seal, a driveway treatment popular on the East Coast that combines an asphalt emulsion with high-quality stone pebbles. The gray, textured surface looks appropriate for a European country estate, yet has the durability of modern American pavement.

Talmers has made a point of studying the materials he uses ever since he started his own business soon after graduating from the University of Michigan in 1986. Chip seal has been around for almost 100 years, but now there are different types of polymerized emulsions and higher grades of stone such as granite from Canada.

"I feel like I'm scratching the surface on what I can offer my customers," he said.

Chip seal accounts for around 40 percent of his business and has helped him move away from commercial jobs and increase his exposure to the high-end residential market.

Jim Fogolini, a partner in Ken Kojaian Homes Inc. in Birmingham, prefers working with a smaller company like Cranbrook Surfaces at the high-end homes his company builds. He likes how Talmers works around the builder's schedule and supervises the project himself to make sure his crew doesn't damage expensive landscaping.

According to Fogolini, that flexibility and attention to detail gives Talmers a competitive edge over many large commercial paving companies. "They want to get in and get out. They're not as careful," he said.

Staying small helps Talmers keep his costs down. He doesn't have to tie up money in a fleet of trucks because ongoing relationships with trucking companies enable him to contract for all the trucks and drivers he needs.

He doesn't need any real estate because he rents inexpensive office space from an auto parts company in Southfield and stores his materials with suppliers in Romulus. He hires more than 20 contract workers during the paving season, but keeps his permanent staff down to an assistant and a part-time secretary.

"We minimize capital outlay and keep overhead as low as humanly possible," he said.

Sticking to residential jobs also cuts down on the risk of not being able to collect on a big job after making a major capital outlay for materials and labor.

"You can ruin your whole year on one job," he said. "Most people getting into this business don't realize how much risk you are taking."

Talmers said that having four children under the age of eight provides another motivation for imposing limits on his business activities. Even though he is always on call for his customers, he usually gets home in time for dinner during the busy summer months.

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