

T.B. Penick & Sons Launches Design-Build Unit to Reduce Inefficiencies, Oversights

Two Brothers Eyeing Ways Next Generation Can Take Over

BY JAIMY LEE

In an industry where budgets are blown and projects are completed months after schedule, it's no surprise that the general contractors who stand out use time and budgets to their advantage.

Take T.B. Penick & Sons, a century-old contractor

based in San Diego. The company recently completed a concrete parking structure at the Naval Medical Center in Balboa Park. The hook? T.B. Penick & Sons finished the project two months in advance and on budget, a practice that fourth-generation principals Tim and Marc Penick are trying to make as common as possible.

In March, the company launched affiliate **Convergent Inc.**, a design-build company licensed in

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Brothers Tim Penick, left, and Marc Penick manage century-old contractor T.B. Penick & Sons.

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both California and Nevada, to meet what Tim and Marc Penick saw was needed in the concrete structural design market, according to company spokesman Robert Blodgett.

The creation of Convergent offers a single-source solution because structural design, engineering and construction are available under Convergent's umbrella and through one point of contact.

It's a trend that Jim Ryan, the executive vice president of Associated General Contractors San Diego, noticed about 20 or 30 years ago.

"Most (general contractors) are moving toward alternative forms of delivery," he said. "Design-build is one. Construction management risk and construction management general contractors are others. At the basic common denominator, the designer, the owner and the contractor all work together from the inception."

Guarantee Bid Price

Tim and Marc Penick guarantee the bid price for every project by cutting schedule-related costs and change-order costs. With this beat-or-meet attitude, the Penicks believe owners can save up to 16 percent in construction costs by using Convergent's one point of contact, therefore reducing the risk of inefficiencies and oversights.

"You fix the budget at the design level," said Marc Penick, the company president. "So you design to that budget."

Since the brothers' great-grandfather founded the company in 1905, it's, again, no surprise that T.B. Penick & Sons boast the reputation that it does in San Diego County.

The mainly commercial contractor has completed more than 3,000 projects ranging from civic buildings to military projects to religious facilities, according to the company Web site. It offers structural concrete, general construction and innovative creative systems, under which the company has a patented product, Lithocrete.

It also has provided concrete work for major local structures like the San Diego Museum of Art at Balboa Park, the Adventure Camps Complex at SeaWorld and



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Tim Penick, left, and Marc Penick have launched Convergent Inc., a business that provides one source for design, engineering and construction of new projects.

the San Diego Convention Center.

The company is slated to double its revenue over a two-year span. In 2005, T.B. Penick & Sons reported \$70 million in revenue; the company is expecting to report revenue of \$131 million for 2007, according to Tim Penick. The company also employs more than 400 people in San

Diego County.

Next Big Step

And Convergent is the next big step for T.B. Penick & Sons as the Penicks have been eyeing the market and thinking up ways to develop the company for the next generation to take over. Tim Penick said

he first noticed the need for design-build in the 1990s and noted that the need is national, not just for the local markets in Southern California.

"It lowers costs, improves quality," said Tim Penick, who serves as the company chief executive officer. "And customers love it."

While working on a subterranean parking structure at the Promenda at Rainbow in Las Vegas, Convergent reported that it saved the owner \$3 million due to local market knowledge and experience of its engineers.

"We guarantee the price," said Tim Penick. "With design-build, it's more effective."

Marc Penick notes how important it is to keep clients satisfied in such a competitive environment. To which, Tim Penick added that more than half of the firm's clients are repeat business.

In March, T.B. Penick & Sons announced that it was awarded the Construction Safety Excellence Award as a Specialty Contractor by the Associated General Contractors of America.

The award required zero work site fatalities and an examination of the contractor's safety program, according to AGC. The company currently has two full-time people dedicated to on-site safety and counts safety as one of its top concerns, adds Marc Penick.

Work Countywide

Although the company is based in the city of San Diego, both principals guess that about 60 percent of T.B. Penick & Sons' business is countywide, but with the addition of its new affiliate the work is being considered across the country.

Both Penicks predict a need for public schools, military facilities and freeway improvements in the next five to 10 years. And while it comes as no surprise that an entity like a school board functions under a tight budget, Convergent's budget guarantees could be a deciding factor in a bid.

"We have the ability to anticipate the market," Tim Penick said. "We can diversify our skills."

The substantial growth that T.B. Penick & Sons has reported is mainly due to the diversity and expertise that it can offer, Blodgett said.