

# A SALUTE TO A CUSTOMER



## BITUMINOUS ROADWAYS, INC.

### Inver Grove Heights asphalt contractor goes the extra mile for customers

**P**almer "Pete" Peterson, CEO of Bituminous Roadways, Inc., believes in "planting seeds" whenever his Inver Grove Heights (Minnesota) asphalt and paving company works for a customer. Planting seeds, however, refers not to landscaping, but to Peterson's business philosophy.

"When you work with a customer, always do a little more than the contract," he advised. "That's your seed, because your competitors normally won't do that. They're looking to get the job and get it done at as cheap a price as they can. But if you do a little more, especially with private businesses, that little seed will get you there for the next job."

Bituminous Roadways crews have planted plenty of seeds over the years. Pete Peterson went to work for the company in 1958 after answering an ad posted at the University of Minnesota's student employment office.

"A gentleman named Al Wendel started the company in 1946 as a driveway contracting firm,"

said Peterson. "In 1958 Al was having some health problems and needed help. I answered the ad and became a part-time estimator for Al, who had about eight people working for him doing mostly small commercial work and some driveways."

At that time Bituminous Roadways was operating a one-ton asphalt plant on Longfellow Avenue in Minneapolis. The company's office moved from Snelling Avenue to its current location on Cedar Avenue in south Minneapolis in 1968. "It's a sales office now," noted Pete. "The main office is now out here in Inver Grove Heights at 9050 Jefferson Trail."

#### Third-generation company

Wendel and Peterson hit it off, so in 1963, "I was offered the chance to buy the business," Pete said. "We had about 12 employees and a Barber Green paver. We used to think it was a wonderful stunt if we could pave 500 tons of mix in a day. Now we can, with more sophisticated tools, pave 4,000 tons in a day." Al Wendel died in 1968. Pete Peterson's company grew throughout the 1970s and '80s. His son, Kent, started working for his father in 1980 as a high school sophomore. But his on-the-job experience started even earlier.

"The first time I worked out here I was 11 years old," Kent smiled. "I was brought out to the yard and given a pail full of paint and a paintbrush and was told to paint the dump trucks. So I'd spend all day painting the boxes on the dump trucks."

After receiving his degree from the University of Wyoming in civil engineering and working as a civil engineer for a couple years, Kent Peterson came back to Bituminous Roadways in 1990. "I started as an estimator," he recalled. "I took on more responsibilities as time went on, then we made it official in 1996 with the passing of the gavel at our 50th anniversary celebration. That's when I officially became president."

Kent's involvement in Bituminous Roadways makes the firm a third-generation company in Pete's eyes. "Al



From left, Bituminous Roadways CEO Palmer "Pete" Peterson, Jack Peterson and President Kent Peterson — three generations of the Peterson family.



Operator Jay Wicker uses a Komatsu PC220LC-5 hydraulic excavator for site work at Bituminous Roadways' South Division yard.

treated me just like a son," stated Pete. "I was the surrogate son to this guy, so Kent is really representing a third generation in this business. And that's really something — I read the other day that only 15 percent of companies make it into the third generation."

Other key staff members include Chief Financial Officer Ed Otremba, Vice President Tom Haller, Corporate Secretary John Kittleson and Equipment Manager Ron Nelson. Both Haller and Nelson have been with Bituminous for more than 30 years.

Bituminous Roadways, Inc., is a member of the Associated General Contractors, the National Asphalt Paving Association and the Minnesota Asphalt Paving Association (MAPA). "Our controller belongs to the Construction Financial Management Association," noted Kent. "Our shop superintendent belongs to the Construction Equipment Managers Association, and we belong to a couple of different chambers of commerce."

Pete has been a MAPA director and is a past president of the Minnesota AGC. Kent is currently serving on the MAPA board of directors and is the chair of the bituminous committee for AGC. Both Petersons said they belong to industry organizations because of the training, networking and lobbying resources that such groups provide. "It gives you a single voice with the industry," Pete pointed out. "You don't have to do it yourself. It gives more meat to your industry by having a good, strong trade association."

## 800 jobs a year

Today Bituminous Roadways, Inc., employs approximately 100 people during its peak season,



Crews working on a recent Superpave project on Highway 13 utilized a 25-ton Ingersoll-Rand PT240 rubber-tired roller.

which runs from May 1 to November 30. The firm fields four to five paving crews, some excavating and grading crews and several maintenance crews, including several patching crews, a crack-filling crew and a seal-coat crew. During the winter, staff is cut back to 25, "which is mostly office people," said Kent. "We do snow plowing for several large accounts." Bituminous is a union contractor.

"We do everything from maintaining parking lots, which includes filling small pot holes and cracks and seal coating up to paving interstate highways," Kent stated. "We don't do residential driveways. We do a wide range of job sizes and we do a lot of jobs — about 800 a year. That's one thing that sets us apart from our competitors."

Kent explained that Bituminous Roadways' competition may do the same dollar volume in only 50 jobs a year. "Our average job size is just a lot smaller," he observed. "But we like to do a lot of jobs. A big part of our maintenance program is marketing. We feel as long as we take care of our customers, fulfilling all their asphalt needs, not just the larger jobs, then we have a shot at everything."



Tom Haller, vice president of Bituminous Roadways' North Division. Haller has been with the company 32 years, starting as a laborer. He has been vice president for over 10 years.

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# Business grows on customer service

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**Ed Otremba, treasurer of Bituminous Roadways.**

"Plus, we like to spread it out so we don't have all our eggs in one basket," Kent continued. "We don't commit all of our resources to one job and have our success dependent on how successful that one job is. So our marketing plan is to do a lot of jobs and maintain our profitability."

"One thing I've always said to the guys is we want to take the work, whether it's one square foot or one square mile," Pete added. "That's the range Bituminous Roadways will work. I've always felt that if you'll do the maintenance and everything that a company needs as far as their asphalt program, they'll remember you when they have bigger projects. So whether they have a little hole to patch or it's two square blocks of parking lot, you want to make sure that you take care of that little hole — because they'll remember you."

## Three plants

In addition to handling a large volume of jobs, Bituminous Roadways is also extraordinary in the Twin Cities because the contractor operates its own asphalt plants. "All of our asphalt needs come from our own plants, and we have our own labs, so we can maintain the quality of our mix," stated Kent. "We take responsibility for our materials and our work, so that's why we think we have more to offer our customers, because we do have that control."

Bituminous operates three plants. "Our Minneapolis plant has been there since the beginning," Kent explained. That plant services Bituminous' longtime inner-city customers, which include institutional, hospital, industrial and commercial clients.

## Productive equipment key

The Petersons consider their paving and plant equipment the business' key components. "In the 1970s we used to advertise on a radio station called WPBC, and our commercial spiels always ended with the phrase, 'the company with the equipment,'" said Pete, adding that he still encounters customers who remember Bituminous from those old commercials.

"Because they are key, we try not to skimp on pavers or the plants," Kent commented. "If it's time to replace a paver, we want a pretty updated one, and we usually buy new. We want to stick with pavers we know we can depend on, and it comes down to only a few. Blaw-Knox is one of them."

Bituminous Roadways purchased its first Blaw-Knox paver from Road Machinery & Supplies Co. in 1979. Today the company's paver fleet numbers seven Blaw-Knox pavers, including a new Blaw-Knox

5510 rubber-track paver, a 1987 PF500 and two 400s from RMS. Bituminous also owns several Ingersoll-Rand rollers (DD24s and a high-frequency DD70), a Komatsu PC200 excavator and a Komatsu wheel loader, also from RMS. RMS sales representative Phil Major services the account.

"We think the rubber-track gives us the best of both worlds," said Kent Peterson of his company's newest Blaw-Knox paver, the 5510. "It gives us speed, but it also gives us traction when we're working on looser gravel in parking lots. The last two pavers we've bought have had rubber tracks.

"We don't have any hesitation buying Blaw-Knox," Kent continued. "We know it's a quality piece of equipment, and the pricing was there from RMS, so that made it a good value to us."

Equipment Manager Ron Nelson rated the reliability of his company's Blaw-Knox pavers as "really good," and said the same of parts availability from RMS. Because Bituminous has its own staff of mechanics, Nelson noted he doesn't use RMS' service department a great deal. "But when I do, they're very helpful," he said.

Pete Peterson began dealing with RMS when the dealer's representatives started calling on him. "I was impressed by their people," stated Pete. "I had a chance to meet with Mike Sill (RMS president and CEO), and he was a person with a good reputation. We started small with them, and through the years I've watched them grow. We're impressed by how they've treated their customers, and they've been successful because of it."

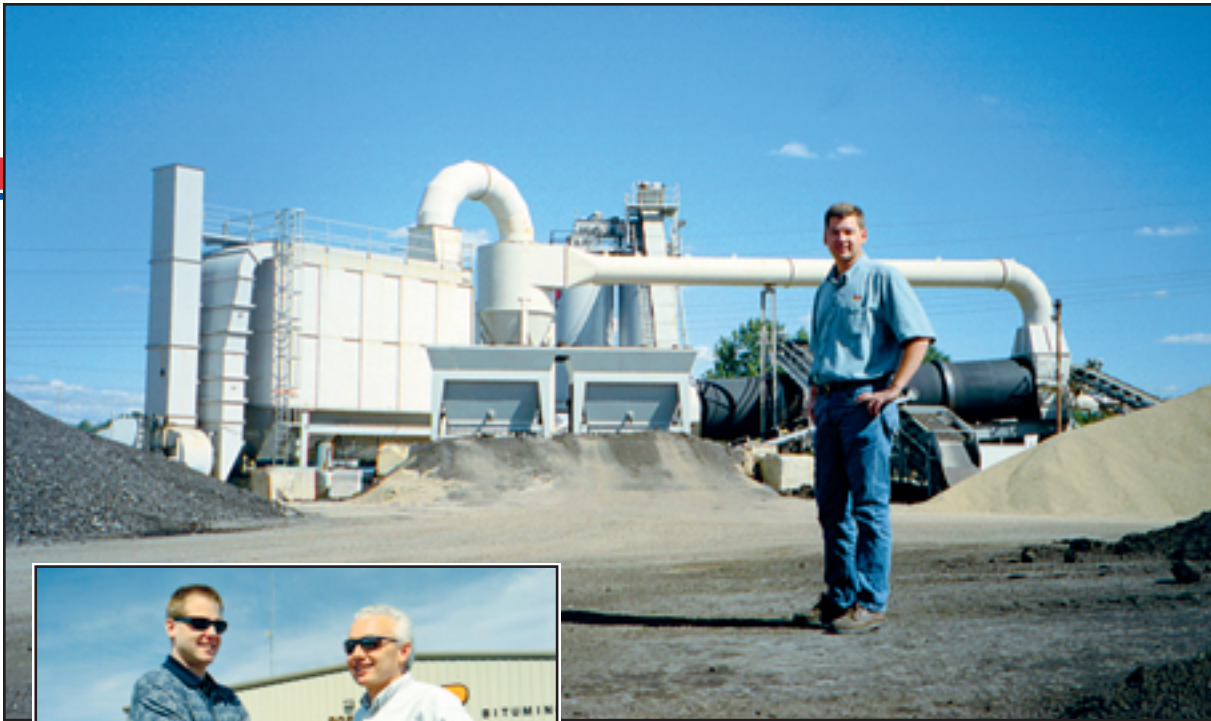
## Repeat business key to success

Bituminous Roadways, Inc., has also been successful because of the way it treats its customers. That reputation for fairness and quality has paid off in repeat business. "We send out a card after we get the job done, asking the customers questions," explained Pete. "One of the questions is, 'Were we the lowest bidder?' It's surprising how many times that card will come back and say no. What happened is that we weren't the low bidder, but we were within a reasonable price range, so that customer would rather have us work for him than take the low bidder who he's not as sure of."

"The cards also ask 'What did we do that you liked?'" added Kent. "And a lot of times the customer's response was 'You did what you said you'd do.' Maybe they don't get that from everybody. We're there when we say we're going to be there,



**Tom Picek, superintendent.**



**John Kittleson,**  
Bituminous  
Roadways South  
Division manager  
and estimator,  
stands in front of  
one of three asphalt  
plants serving  
southern Twin Cities  
and surrounding  
communities.



**Phil Major of RMS (right) with Kent Peterson,**  
president of Bituminous Roadways.

and we keep them informed, so the customer is happy getting what he was promised."

In addition to treating customers well, the Petersons credit hard work and great employees for their company's success over the years. "One guy many years ago asked me if I wasn't scared to tell my competitors about what we do, because we sit in these trade organizations and talk about marketing and other things," said Pete. "I said no, there's no real secret to this business. You have to get up early in the morning and go to bed late. Then you'll be successful."

## Cautious growth

As Kent Peterson looks toward the future of his company, he foresees cautious growth. "We've always taken steps toward growth but never extended ourselves so that we've gotten out of control," he said. "We've taken cautious steps toward growth and we'll continue doing that."

"Now we have three locations," continued Kent. "Maybe within five years we'll add another location to serve another part of the metro area. We'll always be looking for a little bit of growth."

Kent sees securing aggregate reserves as another vital part of Bituminous Roadway's future. "We have to really concentrate on where our aggregates are



Bituminous  
Roadways owns  
seven Blaw-Knox  
pavers, including  
this 5510 rubber-  
track paver, the most  
recent addition to  
the company's paver  
fleet.

"We don't have any  
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Kent Peterson.

going to come from," he stated. "We've acquired some property in Inver Grove Heights, but we need to work hard at the southwest area to serve that asphalt plant down there. That's a key component for every producer: pinning down aggregate reserves."

Pete Peterson still holds the title of chief executive officer, but he recently resigned from the company payroll. That makes room for the next generation of Petersons to move into Bituminous Roadways. Kent wouldn't mind if his six-year-old son, Jack, would make the operation a fourth-generation business.

"It was a great opportunity for me, and it has created a pretty strong relationship with my dad to be able to work with him," said Kent. "We don't only have family ties, we have also been able to spend a lot of time together because of work. I think that was a good part of my life, and I would like to be able to offer that to Jack, too."



**Ron Nelson,**  
equipment manager.