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PACING THE EXPANSION: Jon Gundersen, left, president, and Tom Sosine, CEO, United Mechanical Inc., have rapidly built up clientele and staff and are now at a stage at which they plan to hold growth to about 20 percent.

Pursuing measured growth

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One of the keys to growing a company is knowing when to tap the brakes.

United Mechanical Inc. in San Jose has been growing rapidly since Chief Executive Officer Tom Sosine and President Jon Gundersen started the company in 2003 with only an assistant and a field mechanic.

The company is involved in several areas. It does design build mechanical contracting, architectural sheet

metal, preventive maintenance, shop fabrication and engineering.

Within a year, the company had 12 employees. The firm now have 22 employees in the office and also hires construction workers as needed, which at this moment brings total employment to 141 people.

United Mechanical moved from 700 square feet to 7,500 and now occupies about 30,000 square feet.

By the end of its first fiscal year the company did \$2.1 million in business. That amount grew to \$6.6 million in

2004 and \$22.2 million last year, according to Mr. Sosine.

He attributes the firm's growth to the relationships that he and Mr. Gundersen established while working for other companies and to hiring qualified people to do the work.

But he concedes that the new venture had to prove itself.

"Some of our biggest [former] customers would not just trust us. We had to prove ourselves to the customers we had dealt with over the years," Mr. Gundersen says.

They did just that, so they landed bigger and bigger jobs.

United Mechanical did the entire HVAC for the office area and clean room facility for the 90,000-square-foot Qualcomm fabrication facility in San Jose. The total contract was worth \$9.5 million.

“It was a very highly technically complex project with an aggressive schedule, and included a Class 10 clean room,” Mr. Sosine says. “They had to have it completed in a short period of time to produce a particular product there. That job turned around in 10 months.”

In another notable project, the company installed the architectural sheet metal on a hanger at the Jet Center. “It is noticeable by anybody driving by. It will appear in several trade magazines,” Mr. Sosine says.

Webcor hired them to do the architectural sheet metal on a 34-story high rise in San Francisco.

Among United Mechanical’s other well-known clients are Cisco, Juniper Networks, Google, Applied Bio, Kaiser Permanente Hospital, UC Santa Cruz and the San Jose Regional Medical Center office building.

United Mechanical’s rapid growth brought several challenges.

Because they were growing so fast they had to change banks several times to keep up with the lines of credit they needed to finance projects, according to Mr. Gundersen.

So they plan to hold growth at about 20 percent.

“We have the capability of doing more work but it is a matter of financing. We’re trying to slow it down,” Mr. Gundersen says.

Exponential growth has also created resource issues such as networking computers and finding room for their employees.

They have bought about 50 vehicles.

Setting up their production shop cost several hundred thousand dollars and then they had to find the right people to run it, according to Mr. Sosine.

“We have to manage the insurance for the company. It’s a big expenditure, with workers’ comp, liability and vehicle insurance,” he says.

On the other hand, growing the company has had its rewards. One is the feeling of accomplishment for the work itself.

“We’ve been doing [this] 20 years in my case and 30 in Tom’s. We love what we do, to see what we [can] build from small jobs to big projects, working for big companies. We’re out there with the big boys and feel like we’ve arrived,” Mr. Gundersen says.

Another reward is the team that the company is forming.

“We’re building a family of employees that we like to work with. One of the challenges is having key people who work together get along. They enjoy working together. That is one of our biggest rewards,” Mr. Sosine says.

Along the way, the two have also learned some valuable lessons.

“Watch your growth in terms of individual projects and quantity of projects. Be careful about the amount of growth,” Mr. Sosine says.

Too much growth can affect a company in other ways.

“We’ve both been involved with companies that grew probably more than they should have. We know that line where there is not a family feeling any more, where customers don’t feel like family,” Mr. Gundersen says.

They’ve also learned that being the boss is a lot different from being an employee. “We had to learn how to do all the different facets that go into owning a business that you don’t necessarily deal with when working for someone else,” Mr. Gundersen says.

The future of the company will be one of controlled growth.

“We’re trying to build the company into something that we both want to manage, not overgrow to where we are not enjoying it any more or not know all the employees,” Mr. Sosine says.

He and Mr. Gundersen offer some advice to other entrepreneurs.

“Create an environment that everybody wants to come to every day,” Mr. Gundersen says.

Mr. Sosine echoes that sentiment.

“Hire people you like to work with because you’re going to be with them 12 hours a day,” he says. And don’t take yourself too seriously.”

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