

CRAIN'S

CHICAGO BUSINESS®

CHICAGOBUSINESS.COM | JUNE 1, 2009



SKENDER CONSTRUCTION CO.

Offshoots generating green

Like much of the industry, Skender Construction is waiting for the financial markets to thaw and construction to rebound. Unlike some rivals, however, business is still heating up for the Palos Hills general contractor.

A diversification push and momentum from existing projects drove Skender's middle-aged growth spurt of 246% over the five years ended in 2008.

Ten years ago, brothers Joseph and Mark Skender decided to focus more heavily on senior housing. In 2005, they branched out again and added an interiors group, followed by a facilities group in late 2007 for educational, religious, recreational and municipal projects.

The strategy paid off last year: Half of Skender's business came from interiors and 15% from facilities, balancing out a decline in senior-housing business.

The new direction is an offshoot of Skender's roots in mixed-use and residential construction, says President Joseph Skender, 51. His father, Joseph Skender Sr., founded the company in 1955; his sons bought it from him in the mid-1990s.

"We have invested in business units that are focused on specific needs of individual markets," the younger Mr. Skender says. "We don't try to be all things to everyone."

Skender has not been immune to the volatile market; residential construction has dropped off, resulting in a slower-than-expected fourth quarter. Still, 2008 revenue grew 8.7% from a year

earlier to \$106.7 million.

The local construction market has become intensely competitive and margins are shrinking, says Tim Penno, executive vice-president of the Lake County Contractors Assn. To survive, other local contractors also are attempting to diversify.

"One of the things that businesses can and will do is find other opportunities to either expand their customer base or their level of expertise," Mr. Penno says.

He says expanding to new markets or industries helps contractors minimize losses and curtail further operational cuts.

Skender has done just that. Last year, it scored its first job outside Illinois: a data center in North Dakota.

This year, the interiors group will complete the new location of Fletcher Jones Mercedes-Benz in Chicago, and the residential construction group recently wrapped up a 140-unit development for Sunrise Senior Living Inc. in Lombard.

But the facilities group hit one out of the park with the \$10.5-million renovation of Elfstrom Stadium in Geneva, home of the Kane County Cougars minor league baseball team. The project added a second level, 16 luxury boxes, two rooftop patio areas and 700 seats to the stadium, which was built in 1991 at a cost of \$5 million.

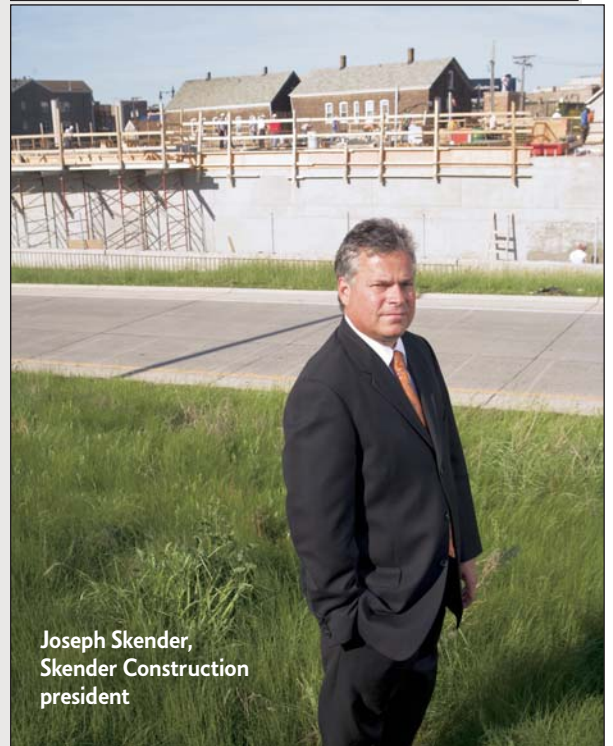
Skender needed to work around the team's schedule, meaning construction had to be completed between September and April, a time that is not construction-friendly.

"Skender would stick to that schedule, even during bad weather," says Bob Quinlan, finance director for the Kane County Forest Preserve District, which owns the stadium. "They were able to get crews out there all winter."

Anna-Louise Jackson



MELISSA PHEE



Joseph Skender,
Skender Construction
president

ERIK UNGER



We're pleased to share good news with our clients and colleagues. As of August 1, Skender Construction is expanding its presence in Chicago by consolidating our existing offices currently located at 205 West Wacker and Palos Hills in the southwest suburbs. Our new expanded location at 200 West Madison will enhance the synergy of our staff while streamlining our corporate services with the ultimate goal of providing our clients efficient resources and ease of accessibility.

The dynamics of being located in Chicago has proven to be an asset of further expanding business opportunities while maintaining and cultivating new relationships with clients, architects and engineers. Having been recognized once in 2007 and again this year on the Crain's Fast Fifty list, solidifies our commitment to continued growth in the construction industry.

200 West Madison, Suite 1300 • Chicago, IL 60606 • Phone: 312.781.0265