

Gillespie and Son sees future in precast

The Gillespie family has been making concrete products for four generations

By **RICHARD McNEY**
Editor

CHESTERTOWN — One of Jim Gillespie's biggest pet peeves is when people interchange the terms cement and concrete. Cement is a powdery substance made by calcining lime and clay. Concrete is made by mixing cement with sand, stone and water. He tries to train somebody on the difference every day.

While the difference may not be important to everyone, it is to the Gillespie family, who has been manufacturing concrete products as Gillespie and Son Inc. for four generations. The business was incorporated in 1922 on the Sudlersville farm of George Edward Gillespie. He was a dairy farmer and needed a concrete block milk house, so he purchased a block machine to make the blocks, according to Jim Gillespie, who is the current president of the company. Other local farmers also had a need for blocks so George Edward Gillespie and his son, Victor P. Gillespie, formed Gillespie and Son. The third generation, Ed Gillespie, started with the company as a teenager after World War II. He is still involved with the business today handling collec-

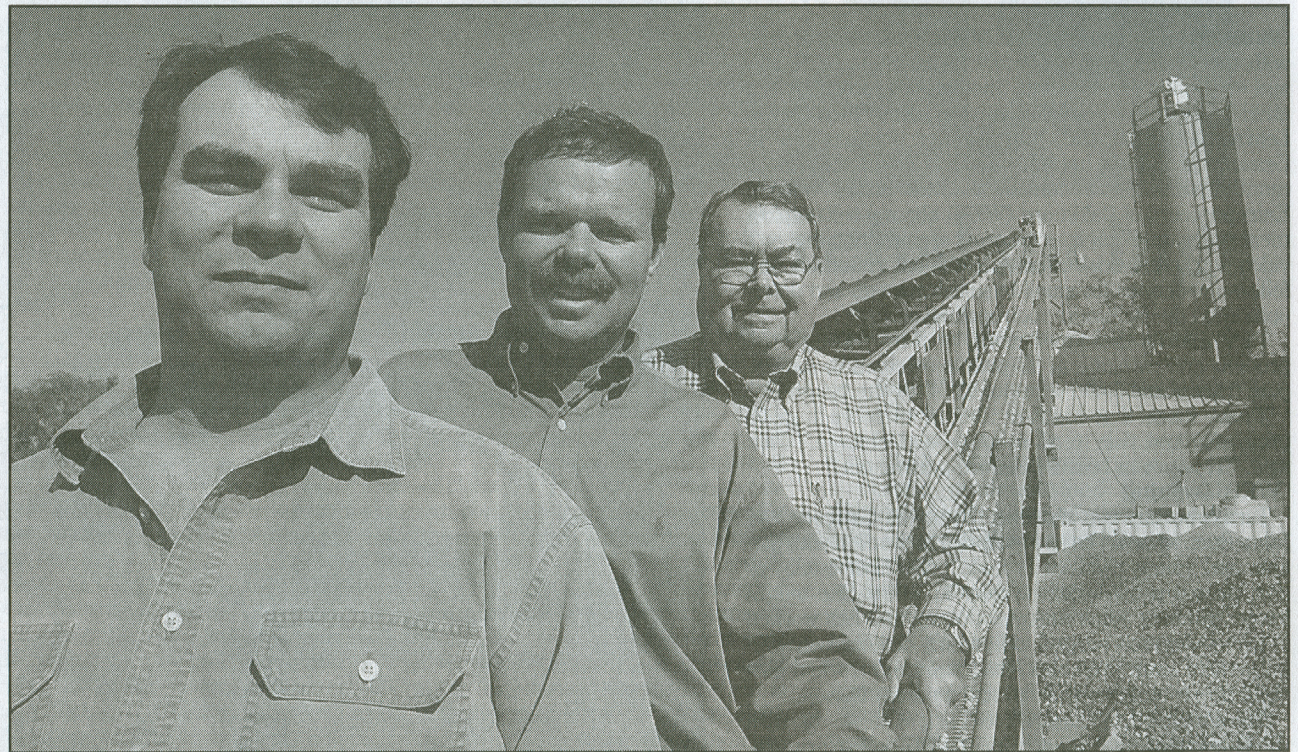


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Gillespie and Son in Chestertown is a family-run business. Pictured from front to back are Vice President Todd Gillespie, President Jim Gillespie and their father, Edward Gillespie. For four generations the Gillespies have been making concrete products.

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Gillespie, formed Gillespie and Son. The third generation, Ed Gillespie, started with the company as a teenager after World War II. He is still involved with the business today handling collections, but he spends most of his time in Florida, Jim said. Today the business is

owned and operated by Jim and his younger brother Todd, who is the company's vice president.

The business no longer manufactures concrete blocks, but still sells them. Today the company employs about 90

people and focuses on two main concrete products: ready-mix concrete and precast concrete products, which they started offering in 1998. The business also sells sand, gravel and interlocking paving stones and has a contractor store which sells all the tools needed to work with concrete.

The business has two sites in the Chestertown Business Park on Dixon Drive, one where ready-mix concrete is made and another where precast concrete products are made. In 2002, seeing the demand for precast concrete products, the business split into two companies. Gillespie and Son makes ready-mix concrete. Gillespie Precast makes the precast products. In 2002 the company purchased the Chestertown Brick property on Morgnec Road and built a new precast production facility.

"Our biggest growth is in our precast because of all the new storm water regulations," Jim said. "We have capitalized greatly on the storm water management industry."

Gillespie Precast manufactures a lot of precast concrete storm water and sewer systems for commercial projects in the Mid-Atlantic region, including northern Virginia, Washington, D.C., all of Maryland and Delaware, and parts of New Jersey and Pennsylvania, Jim said.

Unlike ready-mix, precast products can be shipped any distance. Ready-mix concrete is perishable and can only be delivered about 35 or 40 miles from Gillespie and Son's plant, Jim said. The sales of ready-mix concrete are linked directly to the growth in the local area, he said. Gillespie and Son has no plans to build other ready-mix plants to expand its service area, Jim said.

"If the local area grows, the ready-mix is going to grow with it," he said. "Business is down right now with the building industry down, but we foresee the growth in our precast for the storm water off the charts. We just see a lot of potential growth in the years to come."

The business had some of its best years up until 2007, continually break-

ing sales records, Jim said. The company has averaged 20 percent growth each year over the past five years up until 2007, he said. In 2007 precast sales were flat and ready-mix sales were down 30 percent from the previous year due to a weak local construction market, he said. He expects 2008 to be a challenge too.

"Hopefully things will get turned back around," he said. "We feel very strongly that the Eastern Shore is going to continue to be a very strong market."

Gillespie Precast has been affected less by the weak economy. The company continues to find work in nearby metropolitan areas like Wilmington, Salisbury and Washington, D.C., Jim said.

In 2004 Gillespie Precast expanded its precast operations on Morgnec Road. The company has already outgrown that facility and began the construction of a 25,000-square-foot facility in 2007. The new facility, which has a 25-ton bridge crane and two 10-ton bridge cranes, will allow the company to manufacture larger precast products, Jim said. It should be completed by April.

"We have turned down a lot of work in the last two years because we couldn't handle it," he said.

The new cavernous facility will allow the company to manufacture 35- to 45-ton pieces, by making two pieces and then assembling them, Jim said.

"More and more precast is replacing poured-in-place concrete," he said. "It used to be all cast in place. Now no one wants workers on the job setting up forms and working on site. They don't care how big it is. They say 'You figure out a way to make it' and we pretty much have."

About 80 percent of the company's precast products are made to order, he said. The precast business requires a lot of yard space for storage. Jim explained that many customers do not want delivery until all the pieces of a project are cast, requiring Gillespie

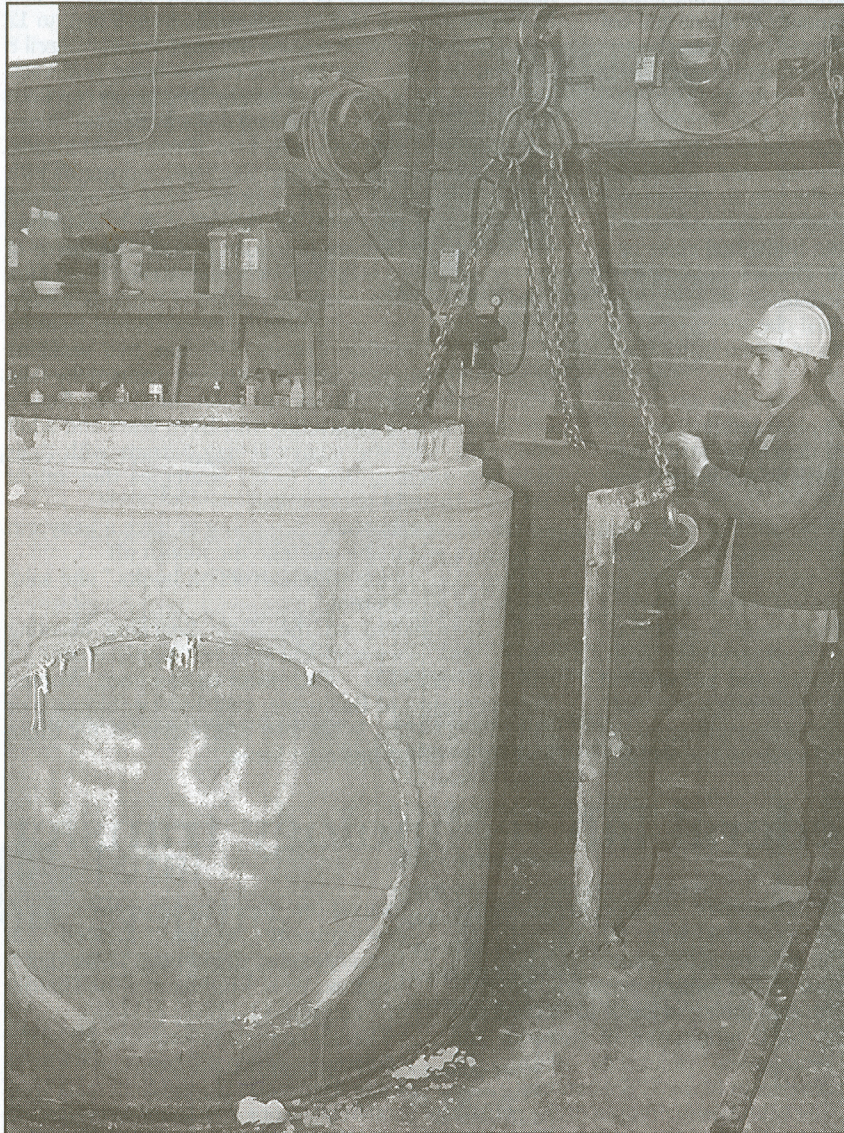


PHOTO BY RICHARD McNEY

Gillespie Precast employee Guillermo E. Ortiz removes a mold from a concrete pipe.

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Precast to store pieces on the yard until an entire project is ready to ship. Currently the business is working on a project that has 57 pieces, each of which will take up an entire flatbed trailer to ship, he said.

The rising cost of land has also increased the demand for precast storm water systems, he said.

"You used to build a shopping center and you would build a (sediment) pond and all the water would run into the pond," Jim said. "Now land is so expensive, especially if you get in the city, they don't build ponds anymore for storm water. What they do is build these storm water infiltration systems underground."

Finding good employees is the company's biggest challenge, but a challenge that the business has overcome, he said. He credits much of Gillespie Precast's success to Jim Talbott, who is vice president and general manager of that side of the business.

"I honor my employees even more than I honor my customers," Jim said. "It is all about having the right people."

Several employees have been with the business for more than 20 years and truck driver Johnny Harris has been with the company for 45 years. About 35 percent of the company's employees are Hispanic (about 90 percent of the labor force), Jim said. He said he has difficulty finding bilingual managers.

"By being around for how long we have been I have always felt like we have had a good reputation," he said. "People want to work here. We have a great advantage over our competition. We have more dedicated employees because we treat them like family."

Jim believes the business has set itself up for continued growth with precast and ready-mix concrete.

"We are always looking for new avenues and new directions," he said. "For the most part we like to stick with what we know, which is concrete."

Gillespie and Son recently was awarded the Large Business of the Year Award by the Kent County Chamber of Commerce. Jim said it was an honor.

The fifth generation of the Gillespie family is already working with the business during the summers. Jim has a 19-year-old and 17-year-old son and Todd has three younger kids.

"We have a lot of interest in passing the business on to our kids," Jim said.

For information on Gillespie and Son and Gillespie Precast, visit www.gillespieandson.com or call 410-778-0900.