INLAND EMPIRE

A building yard icon enters the STAFDA channel

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So. California’s “building and boxing” magnate Kenny Thompson (R), and Vice President / General Manager of Thompson Construction Supply Robert Leos (L) are creating a unique business blend of construction supply, manufacturing and building materials distribution.
The question pops up early on . . . why would a successful Southern California building materials distributor — the owner of seventeen plus companies including: trucking, building materials distributor, stucco manufacturing, equipment manufacturing and repair, an equipment finance company and his own boxing team — want to enter the STAFDA market, during a recession no less?

The short answer from Kenny Thompson, founder and sole owner of Thompson Building Materials, Omega Products International, Valori Precast, Western Equipment, TriStar Financial and, for the past five years, Thompson Construction Supply, is as simple as it is deceptive: “Why not?”

The long answer is more involved but at the core of it is an iconic, irreplaceable and probably sleepless Southern California construction legend, Ken Thompson, a man guided by the simple dream of controlling his own destiny, an endless curiosity and not enough hours in the day to do everything he loves doing. And he has been at it since launching his first company in 1962.

Each of Thompson’s businesses fits into the others like a puzzle where the pieces can be assembled any number of ways but the end result is always a perfect sphere. Surveying the Thompson empire, even his boxing team, produces the same sensation that customers feel in one of his building materials yards.

“We want to give the customer one ‘wow’ moment after another,” he says simply.

And he lives up to that promise with aplomb. The massive 32-acre Thompson Building Materials yard in Fontana features stocked koi and turtle ponds, a three-story aviary, “life-sized” cast replicas of ancient Chinese terra cotta soldiers, dog houses and furniture made from recycled scaffolding planks, complete outdoor kitchens all designed on-site by Thompson artisans, an outdoor living store, a design center, a stone and brick yard, wood shop and concrete and precast fabrication facilities.

You can’t buy the live fish, the turtles or the birds, but everything else is for sale, including newly available power tool and accessory lines thanks to the efforts of his newest division, two-year-old Thompson Construction Supply.

**THE SWEET SCIENCE**

Robert Leos, Vice President / General Manager of Thompson Construction Supply (TCS), explains it this way.

“After doing comprehensive market research, we found that contractors who were going to the building supply yards were not necessarily getting their other needs filled at a contractor supply house,” Leos says. “They were going to big box retailers and mom-and-pop shops, but they weren’t necessarily hitting both at the same time.”

“We decided if contractors are not getting all of their needs filled in one place, why not fill that need — especially if they are going to a big box retailer, which they dislike because the staff is not as knowledgeable and the supply offering is not as specific as their needs.”

“So we identified a hole in the market and instead of cannibalizing business from the construction supply industry, we’ve opened this up to a whole new group of
contractors who weren’t previously buying from this type of store.”

“One of the secrets of Mr. Thompson’s success is that he keeps almost everything inside. We simply keep every dollar possible within the company.” — Robert Leos

SQUARING OFF
But what about the heavy-weights of Southern California’s distribution channel? Some succumbed to the recession. Others pulled in the reins. The net result was an opening in the market for a small, agile player with a hybrid approach to selling and a customer base that only partially overlapped with the big boys. And as odd as it might seem, the recession helped.

“When vendors first heard that Mr. Thompson was creating this construction supply division, people asked me why he was doing it at all, especially in a down economy,” Leos says. “But we found it to be very opportune timing. We were a single location in a market that was predominantly covered by one company, and many of those vendors had already been in a long-term relationship with that competitor.”

“But, during the downturn those vendors had seen little or no new business, so they were much more receptive to opening a new vendor relationship because it had been so long since they had seen any new business,” Leos adds. “Had our timing been a bit different, say for example in 2005 and 2006 when vendors were distributing at maximum capacity, there may not have been any room to add on additional business — and those vendors would have been less inclined to tamper with an existing relationship with a dominant player in the market.”

OUTSIDE THE FRAME
Thompson designated part of his existing 70,000 square foot Commercial Door & Frame Division’s facility for the creation of a new, fully stocked, contractor supply super store.

“Because this originally was the Commercial Door & Frame facility, we took the approach that since we have customers coming in who install doors, we should also attract the contractors who work along side those installers on the job sites,” Leos says. “Does the door sit on concrete? We want the concrete contractor. Does it attach to a wood frame? We want the wood framers. Metal? Then get the metal, lathe, drywall and plastering contractors.”

The line card came next. Leos and his team brought in roughly 150 new vendors to supplement the existing building materials and in-house masonry, grout and equipment lines offered by Thompson’s various divisions, all of which enthusiastically cross-sell to each other’s customers. Leos’ team took over procurement responsibilities for the new “STAFDA-type” lines and the TCS store became the distribution center for power tools and related accessory items for all of the Thompson Enterprise.

“A lot of building materials distributors utilize master distributors for some products because they don’t do sufficient volumes to buy vendor-direct; they three-step it instead,” Leos explains. “We decided to go vendor-direct. We built those relationships and then set up this facility as a distribution center and warehousing hub for the Thompson Building Materials yards. That also allowed us to purchase larger quantities and pass those savings on to the building material yards and ultimately our customers.”

THE SWEET SPOT
Most importantly, Thompson Construction Supply is the link between Thompson Building Materials yards and “STAFDA-Type” contractors — and in particular, general contractors.

“This store closes the gap so Thompson Building Materials can become a comprehensive start-to-finish supplier for professional contractors,” Leos says. “We were designed to fill in the gaps in the construction time-line, penetrate the construction supply market and enable our building materials side to carry a more...
SITE SUPPLIES

Soon after Thompson Construction Supply opened its doors, Leos and his team launched another division. “We strategized ways to build relationships with the general contractor that we had not been reaching effectively,” Leos explains. “We created a new division called ‘Site Supplies’ to do that,” Leos explains. “We have account managers with over 30 years of experience to reach out to the general contractor and offer a ‘boutique style’ service in setting up their site supply needs. We will drop containers, install fencing, set up temporary power, take care of their storm water runoff compliance (SWPPP) needs and get the site up and running so the first shovel can hit the ground ASAP. Our relationship with that GC is already solidified before construction starts, which paves the way for us to get to the sub-contractors. Our goal is to support everyone on that site.”

“When we first opened back in 1962, we sold plaster and drywall; that was it,” Thompson says. “But in the late 1960’s and early 1970’s we went from one recession into another, and I saw companies that weren’t being hurt as much as we were during the downturns. I realized then the more you can sell to a project, the more profitable you become. So, we started developing after-market products to sell to people who had already built their homes and now needed other products like barbecue islands and hard scape building materials. The masonry lines brought us a new focus, and construction supply is a natural extension of that.”

CONTROLLING THE SOURCE

Today, Thompson Building Materials and Thompson Construction Supply combine to create a full-scope business that handles virtually every building material for every trade — walls in and walls out — including masonry, plaster, drywall, doors and frames and construction supply. Thompson is unique in the construction distribution industry in that it has both supply and manufacturing underpinnings.

“About 30 years ago, we felt we needed to get into stucco products manufacturing so we could control the source, so I created Omega Products International,” Thompson explains. “Its success feeds our other companies, but we only sell our Omega products via building material distributors.”

Lutz Lampartar, Omega Products’ General Manager, oversees the plant’s current production of 1.5 million pounds of stucco and finish products a day. The Corona plant has 150 employees and Omega has similar plants in Colorado, Las Vegas, Sacramento and Bakersfield.
“Omega Products International (OPI) produces all types of cementitious products,” Plant Manager Lutz Lampartar says. “Our own proprietary brands include Omega Stucco and Acrylic Wall Systems, Valentino Venetian Plasters and Siena Tile & Stone Installation Products. OPI also produces and ships products for other manufacturers that actually compete with us here in Southern California. We can mix and package products for them more economically than they could do for themselves, even if they had a plant here; because manufacturing is so expensive in California and the regulations today are so prohibitive,” says Lampartar.

Among his many other duties of supervising mixing, packaging and shipping operations and the plant’s on-site three laboratories, Lampartar’s team also builds the outdoor rings, lighting and seating for twice-yearly boxing extravaganzas that Omega hosts in its shipping and receiving yard (as seen on ESPN’s Friday Night Fights).

**PIGGYBACK PRODUCTS**

Thompson next began looking at the equipment contractors used to apply stucco and other cementitious products, and so he launched Western Equipment Company to manufacture plaster pumps. All made in the USA, OPI and Western Equipment Manufacturing are a mere block away from each other and just across the freeway from Thompson Construction Supply in Corona, CA.

“Western Equipment began manufacturing plaster pumps, concrete mixers, fireproofing pumps, and more. Then, when truck-attached ‘piggyback’ forklifts became popular and we saw what great products they were and added them to our line of equipment manufacturing,” Thompson continues. “Darren Dyck, our Vice President and General Manager at Western Equipment, designed the Prowler forklift from the ground up. We think it’s the best piggyback forklift on the market. It has all hydraulic operation, which makes it much more reliable and user-friendly than competing rack and pinion machinery.”

Western Equipment is also where Thompson’s entire fleet of delivery trucks, including his trucking company (Bengal Trucking) vehicles, are serviced. By design, manufacturing and maintenance are kept in-house. This is another key to the Thompson formula, do it yourself, lower your overhead and keep the cash.

**ALL IN**

“One of the secrets of Mr. Thompson’s success is that he keeps almost everything inside,” Leos explains. “Our company fleet is one of the largest in Southern California. We could have contracted out our truck maintenance, but Mr. Thompson created his own service facility and services his own trucks. Everything gets internalized — our shipping, our importing and exporting. Virtually all of the products we manufacture, from stuccos and finishes, to precast concrete products, and even barbecue islands, we retain all of the manufacturing in-house. We simply keep every dollar possible within the company.”

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**THOMPSON FAMILY OF COMPANIES**

- Thompson Building Materials
- Thompson Construction Supply
- Western Equipment
- Omega Products International
- Valori Precast
- Silverado Building Materials & Nursery
- Thompson Door & Frame
- Thompson Design Centers
- TriStar Leasing
- tanjung Omega (import/export)
- Thompson Site Supply Division
- Thompson Storm-Water Management Group
- Bengal Trucking and Stocking, Inc.

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THE PURSE
The final piece of the equation is the money itself.

“Each new pump or forklift we sell costs between $35,000 to more than $40,000,” Thompson says. “And we sell a tremendous amount of scaffolding too, and when you add it up, that’s a few hundred thousand dollars per purchase. So we set up our own leasing company, TriStar Leasing, and we do all the financing for our customers. We’ll finance their scaffolding, plaster machines, forklifts — and we’ll even sell them the truck. We handle a lot of pre-owned equipment, too.”

IN THE MIST OF THE RECOVERY
Now that the market is recovering, many contractors find themselves in the same boat, big on ideas but short on cash and manpower. “When a market collapses and then comes back, three things are in short supply — labor, money and material,” Thompson says. “We can take care of two of those, the material and the money. And contractors appreciate that. We help them with their step up to do the size jobs they couldn’t do without additional financing and equipment . . . That’s what we do.”

THE FUTURE
Where does Ken Thompson see Thompson Construction Supply going next?

“There’s no limit. There’s a need for this type of business all over the country, so we’ll continue to grow,” says Kenny. “But first we have to make sure we maximize our footprint here in Southern California and refine our businesses to the point where we are comfortable making the same move to Northern California, Nevada, or wherever we want to take it. I don’t see any end to it.”

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Twice a year, Thompson Boxing Promotions host a match on site at the Omega Product’s plant in Corona, California. Broadcasts by ESPN Friday Night Fights, more than 1,500 boxing fans, including Thompson V.I.P. customers, flock to each event to see world-class professional boxers in this unique outdoor setting. This is a distributor-customer relationship tool like no other. Other Thompson Boxing Promotion matches are held the other months at other location in Southern California. Get your tickets at www.thompsonboxing.com

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