

NorthJersey.com

Midland Park firm finds going lean leads to revenue rise

Sunday, March 7, 2010

Last updated: Sunday March 7, 2010, 12:41 PM

BY CAROL LAWRENCE

The Record

STAFF WRITER

In December 2007, a Midland Park-based architecture and engineering firm saw its decline in work as a canary in the economy's coal mine, more than a year before the construction industry virtually shut down.

LAN Associates Engineering, Planning, Architecture, Surveying Inc. emerged two years later with its highest revenue to date after taking on smaller jobs, laying off staff, closing a satellite office and cutting expenses that saved the company more than \$200,000.

Last March, when federal stimulus money started to flow into public housing authorities throughout the state — one of LAN's main customer sectors — the retooled company found it was able to do more with less.

"With the bigger projects we've gotten recently, we've managed to get them done without taking on additional staff," said Ronald Panicucci, vice president and treasurer. "Prior to 2009, we didn't have the same efficiency."

Help people in need. 

Donate your car, boat or RV

Call Toll-Free

- Free Towing
- Tax Deductible

1-877-225-9384

advertisement

The indicating factor for LAN was that housing permits — an indicator of development — slowed to a halt at the end of 2007, Panicucci said.

As a result, 2008 looked bleak for the company, which does design work, engineering, construction, site planning and environmental services for mostly school boards, housing authorities and other public agencies.

Big projects were ending, such as the \$33.2 million overhaul of a 26-story senior housing building in Asbury Park. And most funding for new public school construction ceased when the state-run Schools Construction Corp. was dissolved, halting LAN's Jersey City day-care facility job.

"The whole industry itself in terms of property development all follows one another," said Panicucci. At the end of 2008, billings dropped to \$7.75 million from \$8.5 million the previous year, he said.

In response, LAN laid off staff for the first time since it was founded in 1965 — about six junior staff, said Panicucci. The company eliminated unapproved overtime — about 10

Advertisement



\$25 off

Tax Preparation

Simply present this offer to your Jackson Hewitt® tax preparer and **SAVE \$25** on income tax preparation!

EXPIRES 4/30/10. COUPON CODE: **2QELU**

Print Powered By 

NorthJersey.com

percent of payroll — and stopped contributing to employees' 401(k) plans. They've since been reinstated.

"We were always fairly free with overtime," Panicucci said, so they don't need to staff up for projects.

The company also saved upward of \$100,000 in rent and other costs after closing its Vernon satellite office, which did residential site plans. Business fell off because of the real estate slump, Panicucci said.

With a drop in \$100,000-plus projects, LAN shifted its focus to jobs around \$20,000. Staffers were made aware of the new budget constraints and held to a set number of hours.

"They just had to be a lot more conscious of being more efficient in their work," said Panicucci. "It's a lot more difficult to feed the machine with smaller projects" because accounting and administrative work is the same.

Years ago LAN had required clients to pay for small projects or retainers by credit card. That helped it get paid, Panicucci said, as cash flow became a problem for many businesses.

On the administrative side, LAN formed a committee to find ways to cut costs if possible. The result was outsourcing the printing of multiple engineering and site



PROTECT YOUR HOME
FREE \$850 Value!
Home Security System!
1-877-246-7519
 Mon-Fri 9am - 10pm - Sat 9am - 7pm - Sun 11am - 8pm EST

advertisement

plans, saving LAN an estimated \$100,000, Panicucci said.

The cost-cutting and belt-tightening enabled LAN to work more efficiently in 2009 after winning several bids doing energy-efficient upgrades in public housing funded by stimulus money.

Projects ranged between \$50,000 and \$100,000, said Panicucci.

"That probably brought us back to the level we were at before the downturn," he said.

And, in 2009, state funding for public schools returned, restarting the Jersey City day-care center project. LAN also won bids relating to a \$50 million capital-improvement referendum for the Ridgewood school district and a \$20 million referendum for the Cranford public school system.

With its trimmed operations, Panicucci said it is better positioned should state and municipal budget deficits trigger another slump in construction projects.

"The question is how much public spending will be cut with the new regime in Trenton," he said.

Advertisement



PROTECT YOUR HOME
FREE Home Security System!
\$850 Value! Call NOW!
1-877-246-7519
 ADT Security Services

At no cost to you for parts and activation with only a \$99 installation fee and the purchase of alarm monitoring services. Terms & Conditions apply.

Print Powered By  FormatDynamics™

NorthJersey.com

E-mail: lawrenceca@northjersey.com

Let your passion flourish! 

CAREER TRAINING **SPEAK TO AN ADVISOR**

- * Fast, Convenient, and Flexible
- * Get a Job in Culinary, Fashion, Design or Other Hot Fields

9 A.M. - 9 P.M. EST
1-877-688-6858

Changing Lives Through Education Since 1987

advertisement

Advertisement

 **Save \$26 a month and lock in your price for ONE YEAR!**
Switch today! 1-877-866-8603

Print Powered By  FormatDynamics™