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GOOD TIMES in a Tough Economy



Attentive management and smart diversification provide a recession-proof growth formula for California's Knight's Pumping and Portables

By Mary Shafer

Knight's employee Miguel Fernandez services portable restrooms at a apartment construction site in northwest Bakersfield. (Photos by Alex Hovath)

Knight's Pumping and Portables, a division of Knight's Services Inc. in Bakersfield, Calif., is seeing something fewer small businesses these days can claim: growth. Against the trend of contracting bottom lines, Knight's has created slow but steady expansion of its annual revenues.

Tracey Lince, vice president of business development, keeps a steady thumb on the company's financial pulse while turning a

watchful eye toward market developments. The large operation continues to thrive through a gut-wrenching economic downturn by serving strong customers, using technology to create operating efficiencies, and never losing sight of the fact that in the end, it's all about the customer.

FAMILY ROOTS

Jim Napier, Lince's father, retired from the California Highway Patrol and wanted to keep busy. So in 1982, he bought a used vacuum truck and began servicing residential septic systems. Before too

long, he got calls for portable restrooms, He started with 10 units and the business grew from there to requiring 35 trucks. In 1996, Napier died and his wife, Maureen Napier, took over the business. Their son, Mark Napier, came to work for his mother, and Lince joined the family firm in 2004 as administrative director in the office.

Today, Knight's still offers septic pumping, with a 40/60 split between residential and commercial customers. These are served by

Profile

Knight's Services Inc. Bakersfield, Calif.

Owner: Maureen Napier

Founded: 1982

Employees: 47

Specialties: Portable restrooms, septic tank and grease trap pumping, real estate inspections, temporary site services

Service area: Six counties in the San Joaquin Valley

Affiliations: Portable Sanitation Association International

Web site: www.knightsservices.com



"OUR MOTTO IS 'DEPENDABLE, APPROPRIATE SERVICE.' THAT MEANS WE ONLY GIVE PEOPLE WHAT THEY NEED, NOTHING MORE. APPROPRIATE SERVICE BREEDS TRUST AND CONFIDENCE."

Tracey Lince



The Knight's family includes (from left) Mark Napier, Tracey Napier-Lince and their mother, Maureen Napier. (Photo courtesy Knight's Services Inc.)

Jose Perez, a 10-year employee, empties a septic tank at the Orange Grove RV park in Bakersfield.



Miguel Fernandez cleans and fills a hand-wash station at a construction site. Knight's has more than 500 stations in its inventory.

PolyPortables Inc.; K2, Aspen and Maxim 3000 units from Satellite Industries. There are 30 ADA units from Five Peaks and Synergy World. These are joined by more than 500 PolyPortables TagAlong and SuperTwin hand-wash stations.

Running the routes are 12 trucks built by Glendale Welding, all equipped with 1,000-gallon waste/500-gallon freshwater tanks (aluminum on two, the rest are steel) and Masport pumps. Five GMC 4500 flatbed trucks, carrying 20 units each, are used for pickup and delivery.

TAPPING INTO SITE SERVICES

In the mild climate of the flat San Joaquin Valley, portables business hums along among

residential building construction (10 percent), commercial construction (40 percent) and special events (5 percent). But fully half of this volume serves the region's heavily populated agricultural areas and the booming oil field business.

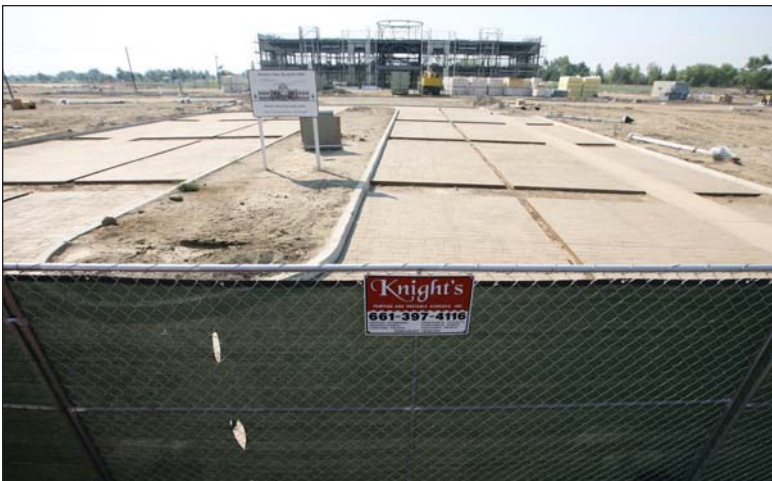
"Oil field units are usually serviced twice a week," says Lince, "but that can be as often as daily." Knight's can have almost 300 units positioned in Chevron's fields alone. Agricultural units get serviced 2-3 times per week.

In 2000, Knight's realized one of its few competitors held the territory's entire temporary power market. With construction booming round the clock, contractors were asking for ways to light up the night. "We needed to be able to compete," explains Lince. They bought an existing electrical services company and began a calculated service diversification that kept Knight's a formidable competitor. "Customers had begun to ask for certain services, and we wanted to be their one-stop service supplier."

The company added roll-off container rental and transportation, construction and demolition waste removal and recycling, catch basin cleaning and maintenance, transportation and treatment of hazardous and non-hazardous liquid and solid waste, and waste management consulting, among other related services. This expansion also allowed a cushion against dropping demand for portables that Lince and the rest of her management team were certain would come when construction inevitably slowed.

four service trucks, all Freightliners with 3,600-gallon aluminum tanks from Progress Tank and HXL400 pumps from Masport Inc. This original service now only constitutes about 30 percent of gross billings, with another 10 percent coming from ancillary contractor services.

The bulk of the business — about 60 percent — is portable restroom rental and service. Knight's fields more than 3,000 single units. Most are Integra models from



Knight's also supplies fencing for the Castle & Cook office complex in southwest Bakersfield.



“WE WERE TOLD THAT THE MORE TRAILERS YOU HAVE AVAILABLE, THE MORE ORDERS YOU’LL GET, AND IT’S PROVEN TRUE. IT IS PICKING UP. IT HASN’T HAPPENED OVERNIGHT, BUT WE NOW HAVE THEM LISTED ON OUR WEB SITE.”

Tracey Lince

Miguel Fernandez cleans and services portable restrooms at a construction site in northwest Bakersfield. Portable restroom rental and service accounts for about 60 percent of Knight's business.

ROLLING TOWARD PROFITS

By 2007, “We’d gotten a few calls about restroom trailers, but we hadn’t seen one,” Lince says. “So that was our mission when we went to Louisville. Since residential construction had fallen, we hoped to pick up event business.”

At the 2008 Pumper & Cleaner Environmental Expo International, Knight’s management team toured candidates for the company’s first restroom trailer. They settled on a Presidential Series 20-foot model from Advanced Containment Systems Inc.

Almost immediately, the single trailer was rented on a year-long contract for a trucking yard. “So we got two Porta-Lisa solar-powered executive trailers — a 2008 and a 2009 model — from JAG Mobile Solutions. We were surprised at how quickly we rented them out, because we didn’t think they would go over well in this agricultural and oil area,” Lince admits. “We’re not in a big city where they have golf tournaments to support those kinds of needs.”

It wasn’t long before the company got calls from movie studios for trailers to serve shoots spilling over from Los Angeles. “On movie shoots, they like to be able to just pull it

around wherever it’s needed, so the self-contained solar unit made sense.”

The trailers’ success helped Lince’s team go out on a limb with the purchase of the second and third ones. “We were told that the more trailers you have available, the more orders you’ll get, and it’s proven true. It is picking up. It hasn’t happened overnight, but we now have them listed on our Web site.”

This marketing tactic paid off in their tech-savvy region, where many customers use the Web for research. “We actually got a huge order and had to borrow some from a colleague.” She says it has given rise to consideration of yet another trailer purchase.

Knight’s has offered a trailer on a complimentary basis to high-visibility events to introduce the concept and the company. “For the first year, we’re promoting them at a low price, and it’s helped,” Lince says. Knight’s is promoting through wedding coordinators and party rental firms, and is getting ready to create a large postcard to leave with clients.

Knight’s provides all portables for the Bright House performance amphitheater and the outdoor theater at the California State University of Bakersfield. They

serve an annual jazz festival and large religious gatherings there. Lince sees these venues as likely prospects for new trailer contracts.

SAFETY FIRST

Serving boom markets has its downside. For oil field portables, this comes in the form of very strict safety restrictions. Chevron and Knight’s’ other oil company customers all have Injury and Illness Prevention Plans, or IIPPs, that must be followed to the letter. One infraction while on their property gives them the right to cancel any vendor contract.

“We were required to create a book that provides guidelines for our staff,” Lince says. “We have weekly safety meetings here, and at some facilities (such as refineries), only certain employees can go there.” These are staff who’ve been through a day of training and submit to random drug testing. A recent fatal



The Knight’s fleet includes four Freightliner vacuum trucks with 3,600-gallon tanks and 12 service vehicles with 1,000-gallon waste/500-gallon freshwater tanks. Flatbeds are used for hauling restrooms and fencing.

Finding and retaining good employees

Tracey Lince says that, unlike many service businesses, Knight's Services Inc. doesn't grapple with the problem of getting and keeping quality workers.

"We've been pretty lucky getting good help," she says. "We got our current crew through a temporary agency. We hired them as temps to try them out, then kept or let them go according to their performance."

Lince paid attention to the books during the early stages of working with the temporary agency, and realized that testing, then hiring workers through the 90-day probationary period with the agency was costing the company a lot of money. So Knight's tried out the workers as long as they needed to test compatibility and skill levels, then hired them. This saves agency fees and helps bolster a strong benefits program, which includes 50 percent paid medical, a 401(k) year-end match and paid vacations.

Once they have employees, Knight's tends to keep them. "We haven't had trouble hanging on to good people. Our business consists of a lot of prevailing wage jobs," Lince says, explaining that any job worked on or for a public-funded project in California is highly paid at a state-set level. This situation evolved from a huge increase in school building that's been under way for several years.

Any vendor supplying these sites is affected by the prevailing wage requirement. A state certified payroll program requires reports proving payment of prevailing wages. "Many contractors don't even want to deal with the paperwork, but in a market like this, you can't afford to be that picky," Lince says. "We pretty much don't turn any work away."



Knight's office staff includes (from left) Tracey Lince, Diana Anaya, David Delgado, Sharon Connelly, Heather Waugh, Hilda Robles and Mark Napier. (Photo courtesy Knight's Services Inc.)

for the entire year if there are any injuries.

ROUTE EFFICIENCY

Fuel prices have been a challenge in the not-too-distant past. "We're trying to be more efficient with our routing, being tough on overtime, and making sure to deliver and pick up units along a pumping route. If customers are willing to wait so we can schedule this way, we give them a price break so we can all save some money."

To aid in implementing such efficiencies, Knight's depends on the TAC (Total Activity Control) Mobile software package from Clear Computing Inc. for customer management, routing and billing. Sales data gets trans-

ferred at month's end to a Solomon accounting package (now called Microsoft Dynamics SL) for payables and general ledger entries.

"We meet with our financial advisor to go over month-end numbers, upcoming jobs, forecasting for sales projections, general and administrative overhead, and the cost of goods sold," Lince says. "We've been doing this for a year now, using the reports generated by our accounting package. It's a lot of work to prepare, but we were nervous about the way the economy was going, and wanted to arm ourselves with as much information as we could get. We're doing everything we can to see things before they happen. This way, you can do layoffs ahead of time if necessary, and stay out in front of things."

APPROPRIATE SERVICE

Lince admits that forecasts and numbers are still estimates, and that nothing is carved in stone. "I don't know if anybody really knows what's going to happen. I don't think (the construction economy) will ever be booming like it was, but I think it'll come back. Until then, we'll continue our focus on the oil and construction markets as a foundation, and building the special events on top of that. You have to be conservative and do things on a small scale to start with."

In the back of her mind as she plans for the future, Lince says, is "the whole green movement. It's going to make a difference in waste and how it's processed. That's something to watch, because we'll all be affected."

Meanwhile, Lince realizes success is about people and relationships. Though large, Knight's' service area still has a small-town mentality in that people try to support local businesses, and she stresses this angle in her sales pitch.

"Our motto is 'dependable, appropriate service.' That means we only give people what they need, nothing more. Appropriate service breeds trust and confidence." ■

MORE INFO:

Advanced Containment Systems Inc.
800/927-2271
www.acsi-us.com

Clear Computing
888/332-5327
www.clearcomputing.com

Glendale Welding
623/937-7414
www.glendalewelding.com

JAG Mobile Solutions Inc.
800/815-2557
www.jagmobilesolutions.com

Masport Inc.
800/228-4510
www.masportpump.com

PolyPortables Inc.
800/241-7951
www.polyportables.com

Progress Tank
888/543-2121
www.progresstank.com

Satellite Industries Inc.
800/883-1123
www.satelliteindustries.com

accident by another vendor causes this situation to be watched very closely.

Operations manager David Delgado also serves as Knight's safety officer. Each week, he covers a different topic with employees, such as safe lifting techniques, use of personal protective gear, or recent events. If there has been an on-the-job injury, he goes over it to discuss how it can be prevented in the future.

Knight's has dealt with a high incidence of such injuries due to lack of attention on the part of employees, something Lince calls "one of our biggest challenges. Even a finger slammed in a door is still a workers' compensation issue. Or stepping out of a truck into a pothole and twisting an ankle. It's really just a matter of staying alert, and we knew we had to encourage that attitude." So the firm offers a quarterly safety bonus, which is taken away