



## No need to rely on veteran's program for this charge-ahead company

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BY MEGAN KAMERICK | NMGW STAFF

When the federal government created a set aside program for small businesses owned by service-disabled veterans in 2004, Kirk McWethy saw an opportunity.

So he launched SDV Construction in 2005. McWethy served in the Air Force as a mechanical engineer. A service-related disability affects his shoulder and his hearing.

But he's been so busy that he didn't even use the program until recently.

McWethy invested \$100,000 of his own money to start the firm after managing the local office of Austin Commercial for seven years. The company revenues have jumped from \$8,600 in 2005 to almost \$4 million in 2007 and the number of employees now stands at 8.

SDV will double its space this month when it moves into 3,000 square feet it purchased at 6436 Edith NE. McWethy attributes the company's rapid growth to several factors. Foremost, SDV has a much higher bonding capacity (about \$6 million) than many young firms of its size, he said. This has allowed the firm to take on much bigger jobs. That was possible due to the company's financials.

"It's managed like a big construction company," McWethy said.

McWethy said it is key to have reserves so the company isn't just living off its

GROWTH	
<b>REVENUE</b>	
2005 .....	\$8,600
2006 .....	\$868,911
2007 .....	\$3,990,709
<b>EMPLOYEES</b>	
2005 .....	1
2006 .....	3
2007 .....	8
<b>COMPOSITE GROWTH RATE 3515.41%</b>	

cash flow. He hired an accountant who specializes in construction financials.

In fact, he attributes much of the company's rapid growth to getting good people in place right away. One of the challenges many companies face is finding good employees, but McWethy had long-standing contacts in the industry, so when he launched SDV, a number of qualified people wanted to come on board. He and his top management have all been project managers.

McWethy minimized startup costs by first paying his employees to use their own vehicles, then gradually buying company trucks and equipment. He picked up all the office furniture cheaply when a company went out of business.

SDV happened to launch just before Hurricane Katrina hit the Gulf Coast in 2005 and a friend of McWethy's needed sheetrock installers at the Naval Air Station in New Orleans. The job brought in money while SDV got up and running.

The firm's first big break, however, came when it successfully bid a job with New Mexico State Parks to build a \$600,000 comfort station/bathroom.

"It allowed us to start building our crews," McWethy said.

SDV also built up its crews doing some work for Yearout Mechanical. CEO Kevin Yearout has been a good mentor to the company, McWethy said.

SDV now regularly wins bids for work for the New Mexico State Parks, with about \$1.25 million in jobs for the agency just this year. Another big break came when SDV was selected by Sandia National Laboratories to bid for packages on a project to modernize heating systems. SDV won the biggest bid package the first year and two more this year.

That contract meant a lot more financial certainty for the company, he said.

McWethy also has made a point of spending more money on jobs and taking smaller profits, if necessary to do them right.

The company did work for Dyrone Murphy Architects when the company moved to a new building this year.

"They're good project superintendents," said Jim Houser, principal with the firm. "We were really happy with the work they did. They were very easy to work with."

The company faces rising construction costs. And of course there is the spiraling price of fuel, so McWethy has implemented carpooling for crews going to far-flung jobs. He and his team try to contain costs through aggressive management of change orders. That means catching any potential problems early, before construction starts. They also pre-qualify subcontractors so they don't have to find new subs in the middle of a job.

The rapid growth has been a challenge. As more people came on board, McWethy had to formalize company policies into a manual to ensure safety. The new building cost about \$450,000 and the company is putting in another \$60,000 to \$70,000 in renovations. It's the first time McWethy has taken out any debt — something he avoided for a long time in case of an economic downturn. SDV tends to be somewhat "recession-proof," he said, because of the heavy amount of government work it does, but he also hopes to bring in more private work.

"I don't want all our eggs in one basket," he said.

McWethy keeps employees' skills up to date and is working to get one of them certified in LEED (Leadership in Energy and Environmental Design) construction. After building the business up, his own job is also changing. Now he must move into a business development role to find more private clients, he said.

And the company finally got a job where the federal set-aside helped. It landed a \$500,000 project with U.S. Army Corps of Engineers earlier this year.