

## A Cure for Cash Flow

PERMA-LINER EQUIPMENT FUELS RAPID GROWTH IN WASHINGTON CONTRACTOR'S BUSINESS

BY KEN WYSOCKY

**W**hen Nick Patrick formed Trenchless Pipe Repairs LLC in Spanaway, Wash., he relied on a very simple business plan: Invest in new technology. Generate cash flow. Use proceeds to invest in more equipment. Generate more cash. Repeat until fully diversified.

So far, so good for the pipeline-relining company, which now offers three primary services to broad market segments – residential sewer lateral relining and repair, commercial and industrial pipe relining and repair, and municipal sanitary and stormwater sewer relining – using systems made by Perma-Liner Industries LLC.

Patrick estimates he's invested more than \$250,000 in Perma-Liner equipment, including three Perma-Lateral systems for relining 2- to 8-inch residential lateral lines; one sectional point-repair system for rehabbing up to 5 feet of 6- to 24-inch-diameter sewer mainlines; two Perma-Patch systems, one for repairing sections of 4-inch-diameter laterals and another for 6-inch laterals; and a Top Gun F-10 continuous lining system for sanitary and stormwater mainlines (6 to 15 inches in diameter).

Financially, the investments have paid off. Patrick says he made about \$200,000 in gross revenue in 2011, more than doubled that to about \$550,000 in 2012 and expects to generate more than \$1 million in revenue in 2013. Employment increased correspondingly; he now employs eight workers, up from one – himself – two years ago.

"I've been using Perma-Liner technology since 2004 [while working for other companies], so I have the knowledge and experience to get the job done right the first time," Patrick says. "It's very user-friendly technology and the technical support is great. Plus I have

### money machines

<b>OWNER:</b>	<b>Trenchless Pipe Repairs LLC, Spanaway, Wash.</b>
<b>EQUIPMENT:</b>	Various pipe relining/repair systems made by Perma-Liner Industries LLC
<b>FUNCTION:</b>	Relining residential/business laterals, municipal sewer lines and commercial/industrial pipelines
<b>FEATURES:</b>	Maverick hot-water curing technology
<b>COST:</b>	About \$250,000



Trenchless Pipe Repairs Owner Nick Patrick stands beside the Perma-Liner inversion unit on a residential lateral lining job.





From left, Project Manager Mike Wasmund, CIPP tech Thomas Tyron and Nick Patrick feed a liner into a residential sewer lateral.

very experienced employees who have collectively relined more than 50,000 linear feet of pipe in their careers.”

Patrick purposely started out relining residential laterals. He built up business by developing relationships with plumbers who hired him as a relining subcontractor. Why start with residential customers? Three simple words: payment up front.

“Cash flow is extremely important when you’re starting out small with nothing,” he points out. “It’s always a problem if you have a huge capital investment, which I did. Getting paid up front allowed me to pay for things as I went, and expand the business. If I get money up front, I can still make my payments for the

equipment, but also throw additional money into marketing.”

After he established the company’s position in residential-lateral relining, Patrick worked his way into the commercial and industrial markets, where it typically takes 15 to 30 days to get paid. On the other hand, the profit margins are higher, he notes.

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#### Nick Patrick

Later, Patrick started bidding on lucrative municipal projects, which gave him strong, diversified positions in three market sectors. Municipal jobs take a lot longer to complete – sometimes up to three months for a 3,000-linear-foot relining project, for example – but the residential jobs help the company sustain decent cash flow.

Patrick credits Perma-Liner’s Maverick hot-water curing system for greatly improving the productivity and profit margins for pipe relining. He used to use an ambient-cure system, but found the hot-water system faster and less labor intensive.

“With hot-water curing, you spend less time with epoxy and the curing process is faster and requires less labor,” he says. “Ambient curing takes three to five hours, and during that time, your crew sits and waits. Hot-water curing occurs in an hour. And a lot of times, [with ambient curing] you need to have an extra man to wet out the liner so it doesn’t cook out ... you’re on the clock once you mix the epoxies together.

“So the hot-water process is faster and more efficient,” he continues. “With ambient curing, we could do one liner in seven hours. With hot-water curing, you’re done in about two hours, so you can do multiple jobs in a day, with less labor. Over the course of a year, that adds up. With water curing, I control the epoxies, instead of the epoxies controlling me. And less labor requirements give me a competitive edge in bidding.”

Patrick notes that other machines contribute to the company’s success, too: a trailer-mounted water jetter made by Jetters Northwest (a division of Seattle Pump & Equipment) that can clean 2- to 6-inch-diameter lines (12 gpm at 3,000 psi); two Gen-Eye SD pipeline-inspection camera systems, made by General Pipe Cleaners (a division of General Wire Spring Co.); a NaviTrack pipeline locator made by RIDGID; and a lateral-reinstatement cutter made by IMS Robotics GmbH. **C**

#### SHOW US THE MONEY (MACHINE)

Money Machines, a feature in *Cleaner*, reports on innovative work vehicles that help contractors operate more efficiently, satisfy customers and earn more profit. We’d like to know about your Money Machine — be it a service van, camera truck, jetting rig, vacuum unit or any vehicle that really helps drive your business. To nominate your vehicle for a feature in this column, send an email to [editor@cleaner.com](mailto:editor@cleaner.com). Tell us briefly but specifically what features make it a great producer. And send a picture — because appearance counts. We look forward to seeing your Money Machine.



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