

MAKE MORE OF YOUR MARKET AREA

by Paul Smith



I've always been impressed by people with amazing survival stories, such as those who had to endure weeks on a lifeboat at sea before being rescued by a passing ship. Or those who had to safely descend Mount Everest on a broken leg without bottled oxygen or drinking water.

I am also impressed with producers and contractors who endured the recent challenging and unpredictable economic times.

The common thread in all of these survival stories is usually the same: People did whatever they could to survive.

If you have a portable crushing and screening system that you sized and purchased based on the needs of your operation five years ago, yet that system meets only 60 percent of today's market demand, then you're probably unable to produce enough material to cover your investment. You're probably also asking yourself some tough questions. Or, perhaps you acquired a tracked screen through a rental contract last year, but this year the screen is sitting idle and you're not sure what to do with it.

If you're facing a similar scenario, ask yourself who could benefit from the capabilities of your plant.

According to United Cos.' Denis Osborn, a 250-mile radius from your operation's base is about the maximum distance from which you can logistically support a portable system. Draw a circle at a 250-mile radius from your home base on a map, and you're bound to create some market opportunities. The idea is to generate a list of prospects to which you can promote your processing services.

For example, mines require someone to maintain their haul roads and process their tailings. Large quarries sometimes contract companies to process their overburden material or to crush specialty products for peripheral projects that might otherwise interrupt their core operation. Limestone operations will usually generate excess fines that can be screened into a variety of agricultural products. Also, sand-and-gravel producers generate excess quantities of pea gravel or coarse sands that they have difficulty selling. These can be re-crushed into man sands or concrete sand.

Industrial producers require specialty sands that must be properly prepared for use in everything from foundries to ceramics to golf courses. They also need someone to help them dispose of their slag and other by-products, which can often be processed and marketed as alternative aggregates or used as construction fill.

Asphalt producers can save thousands of dollars in liquid additives by having someone properly screen their rap into fractions and meter a more precise recipe into their rap bins.

Trucking companies can save thousands of dollars in liquid fuel costs by having someone crush construction demolition on site to reduce the volume – and the number of loads – that go to the landfill.

If you're near a logging community, there are typically ample opportunities to screen green waste to reclaim topsoil, sand, compost, hog fuel, wood chips, peat and more.

If you still can't find additional opportunities to absorb your assets and generate additional revenue, a final option to reduce costs while bolstering profits might be to simply consolidate smaller plants into a single larger system and service multiple facilities. I've worked on several projects in which we helped producers analyze their existing operation, and we've seen some great results.

Step one involves looking at the annual sales of the various products from each facility and then trying to forecast what they are expected to be over the next few years. From there, we input that data into a spreadsheet.

The next step is to perform a flow analysis to develop a system that can meet the production requirements of the business, taking into account downtime to relocate the system between the facilities.

At that point, the strategy is simple: Appoint or hire a portable equipment champion within your organization who can develop or acquire a system for you that can be relocated efficiently and economically. If your strategy is solid, your investment should be quickly redeemed through a leaner workforce, reduced maintenance costs, the sale of excess used equipment, increased

margins, the over-absorption of your overhead expenses, and so forth.

By analyzing what you could be doing, you may find new horizons and have an inspiring story of your own to talk about.