



Photo courtesy of the Norseman Group

QUICK STORAGE INDUSTRY REBOUNDS FROM BLACK EYE

For an industry supposedly struggling to recover from a troubling black eye given through building collapses, the quick storage warehousing business has still had a remarkable year as Ray Dykes reports...

Despite the international swirl of news around the collapse of three Cover-All Building Systems Inc structures in North America in recent years, which drove a market leader into bankruptcy protection and eventual sale earlier this year, segments of the industry have had record or best years in recent memory. And that's to say nothing of the lingering global recession which doesn't seem to know how to wind up and go away. For many, port business continues to be slow, but military, warehousing, maintenance facilities, and sports uses have more than made up for it. The list of companies doing well is impressive. Market leader, Rubb Building Systems of Sanford, Maine in the US had a solid 2009 that was actually better than its 2008, and 2010 is continuing strongly, says David Nickerson, President, North America. And instead of being crippled by the recession and being forced to lay off staff or close plants, Rubb added to its capacity by tripling its steel fabrication plant in Maine.

One of best

Belgian-owned Universal Fabric Structures, which builds in steel and aluminum, had one of its best years in 2009, boosted by a great year in rentals, and "despite the recession," according to Tom Nesfeder, Sales & Marketing Business Director, in Quakertown, Philadelphia. Apart from ports, which were quiet, other market segments did well thanks to federal stimulus money coming into the business world and strong sales to the military. The company is on track for another good year in 2010 and has been hiring. The Florida-based Big Top Manufacturing had a record year in 2009 and turned a slow start in 2010 into a strong performance by the second half. "We've had 30 years with the same major ownership here in Perry, Florida, and we're in demand all over the world – from Africa to Afghanistan, Hawaii to Canada and everywhere else you can imagine," says Sales Manager G W Pridgeon. The excitement was more muted in Norway, where O B Wiik, which has its Wiik Halls in over 70 countries, had an "OK year," but Export Sales Director, Ole Gregersen, admits: "We are always hoping for a better year." Business has improved in 2010 for the company which counts its main business in

Norway and Sweden. Quick storage buildings were the invention of Sprung Instant Structures, of Calgary, Alberta, Canada in the late 1970s and their membrane structure design has been oft copied to the point that it's likely a multi-billion dollar business worldwide these days. Sprung remains strong in the market with its durable aluminum structures, solid reputation, and prices that it admits are higher than most.

Highest quality

"Ours are the highest quality structures on the market," says Sprung Vice President, Jim Avery. "Buyers need to deal with reputable companies with a solid and reliable product." Still among the market leaders, Sprung has languished in sales of late, but Avery says the company, which also has plants in Salt Lake City and Bahrain, has come up with "unique applications" to make the year work. Part of the battle is restoring consumer confidence in the architectural integrity of the overall quick structure design and to emphasise the continuing integrity of the industry's founding company. "You want to buy a product that works," says Avery. "Unfortunately, we are continually asked, 'Are you the company that did the Dallas Cowboys structure that collapsed?' It's a stigma some in the industry are determined to wipe out. Big Top's Pridgeon was critical of the short cuts some companies have taken in design and structural integrity. "You can only prostitute your product so much ... I feel sorry for the suppliers left with product." Universal Fabric Structure's Nesfeder says the whole industry is under a microscope and a level playing field is emerging where other companies are now achieving the quality and safety levels Universal has had since it opened in 1983. "The market has come up to our level for safety standards and for building codes for snow and wind," he adds. "We have always been a high quality company meeting all wind and unbalanced snow loads in North America." And Rubb's Nickerson is assuring would-be clients that the company's products in the US and Europe are "built rugged and built right."

Collapses

The industry black eye was actually a series of punches to credibility revolving around the collapse of three Cover-All buildings distributed in the US by Summit Structures. High winds and heavy snow were factors, but investigations have shown in the Texas collapse, at least, that engineering and design shortcuts were also taken. The highest profile incident was the May 2, 2009 collapse of the Dallas Cowboys



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National Football League team training facility in Irving, Texas. One staffer was left paraplegic and others were injured, which resulted in a spate of lawsuits against Cover-All and its Pennsylvania-based sales arm, Summit Systems. But, it wasn't the first. In 2003, a Philadelphia Port Authority quick warehouse collapsed under the weight of snow, six weeks after it was erected and just weeks before Cover-All won the deal to build the Cowboy's training facility. And last January, a large fabric and steel dairy barn collapsed at a north Philadelphia fairground – the apparent victim of heavy snow on its steep-sloped roof. There were no injuries in either collapse. However, pressure mounted and Cover-All President & CEO, Nathan Stobbe issued a safety warning for continued use of its Titan product line, which "may not meet the present combined wind and snow load capacity requirements of applicable building codes." The warning included an advisory to vacate the buildings during severe weather. The fallout and resulting loss of business proved too great and Cover-All filed for protection from its creditors and laid off 400 of its 485 employees last April in Saskatoon, Saskatchewan.

Rebirth

But, from the demise of Cover-All comes new opportunity for another Canadian company, the Norseman Group, which has acquired the assets of the ill-fated firm and is hoping

to help the product line stage a rebirth in the market, with a sharper focus on ports around the world. Norseman is a temporary structure manufacturer in its own right and according to its Vice President of Marketing, Mark Mascotto, it sees the Cover-All bankruptcy "as an ideal opportunity for us to implement our growth strategy at an accelerated rate." Through a new company, Norseman Structures Inc, it has bought the Cover-All physical assets, including trucks, manufacturing equipment, inventory and the Saskatoon plant. "We have very strong brand awareness and we have bought some hard assets we are going to use to leverage and grow our business," says Mascotto. First order of the day will be a re-engineering of some of Cover-All's structure designs, which it has had reviewed by a panel of international engineering firms. "With far more due diligence, our products will be much better engineered than the others," adds Mascotto. Norseman has made its name in the oil sands and other similar businesses such as natural gas and forestry with its own brand of temporary structures. Once it reintroduces the re-engineered former Cover-All designs it plans to broaden its focus and venture into ports and other areas. "There's a lot of pent up demand out there while we're taking our time doing our due diligence, but once on line we are expecting a lot of work in the 4th Quarter." Norseman is expecting 2010 to be a record year as was 2009. "Things will

get nothing but better now," adds Mascotto.

Watching closely

Most other manufacturers of quick storage structures have never experienced a building collapse and are still smarting at the beating the industry's image has suffered. They admit they're watching the Norseman progress closely in the hope that their company instead can fill the void left by Cover-All, a major international player with over 30,000 structures in place around the world. Universal Fabric Structures has taken advantage of the demise of Cover-All by snapping up some of its distributors as it creates its own North American dealer network for the first time. "There are a lot of former Cover-All distributors now doing our product as we reach out to new areas," says Nesfeder. Many in the industry expect tougher industry building codes and energy regulations to be developed, particularly in the US, along with greater demand for heated or insulated structures rather than single-skin buildings in future. But, even with a tougher code regime, temporary structures are filling an important market niche, especially in a recession when capital projects such as permanent warehouses are harder to fund or justify.

Warning

A word of warning comes from Rubb's Nickerson, who says he's not convinced the recession will ever end in the US "unless our policymakers in Washington figure out that the private sector doesn't react well to the uncertainty created by new laws and regulations and with all the unknowns related to what tax policy is going to be and so on." He recognises that as projects have been deferred during these times of economic uncertainty, there is pent up demand that will be released eventually. "We are hopeful that the key thing is to get through the tough times and be in a position to prosper when the economy improves." Strong military sales have been a boon to Rubb during the troubled times with 20 structures ordered or sent recently to Afghanistan from its US and Norwegian facilities. Business in the core sales countries of the US, UK and Norway has been solid, says Nickerson, and some encouraging results have been recorded in Eastern Europe and Poland in particular, "where we are establishing a stronger presence in sales and manufacturing."

Ports slow

For most, faced with declining bulk movements and a container industry that is just starting to recover from a serious economic beating,

port business is slow for quick storage structures worldwide.

Nesfeder of Universal Fabric Structures says imports are down, which has created more vacant storage at ports. "Once the economy kicks back in, they will likely use quick storage structures." In Norway, Rubb Building Systems supplied an NV-type building measuring 20m x 39m for CCB Coast Base at Agotnes, near Bergen. Along with another of similar size, the structure has been rented out and will be used in the North Sea oil business from the harbour. As well, Rubb recently also placed a small structure for Metro Port in Long Beach, one that could be relocated by crane around its site. The 30 ft x 30ft structure was designed and manufactured with multiple custom openings to allow the use of a specialized conveyor system to load bulk material. And also in North America, Sprung has made its mark in California in recent years at a full service auto processing centre at Port Hueneme, a US Naval facility, by supplying six pre-fabricated structures used for vehicle preparation, repairs, paint and body shop and parts storage. Sprung was selected because its structures provide an "immediate, reliable, cost effective and flexible solution for automotive vehicle processing," according to Michael "Song" Wynn, Senior Vice President of Global Auto Processing Services Inc.

Natural disasters

Floods, earthquakes, fires and hurricanes have also proven to be a valuable niche for quick storage structures in recent years. O B Wiik sent up to 60 temporary structures for Haiti – now the company's



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biggest export destination – following the January 2010 earthquake and Gregersen says Wiik has received an email request for 20 structures for the August 2010 flooding catastrophe in Pakistan. Relief organisations like the portability of the galvanized steel framed, PVC coated polyester fabric temporary structures, which can be used as temporary hospitals and basic medical clinics, or for relief supply storage. Most quick storage structures can be moved easily by crane, or on wheels, or by disassembly for relocation. Strong winds can play havoc with such structures, but Gregersen says standard model Wiik Halls can stand winds up to 144 kilometers an hour, and can be made even stronger to meet client specifications.

Innovations

Wiik has engineers updating its buildings "every day," says Gregersen, and he admits "it's a tough business if you don't follow the rules." For Big Top, innovation and improvements have come in its product range through the greater provision of heated or air conditioned buildings, or more environmentally-controlled insulated shelters. "Some 10 years ago, we did very little of that," says Sales Manager Pridgeon. 