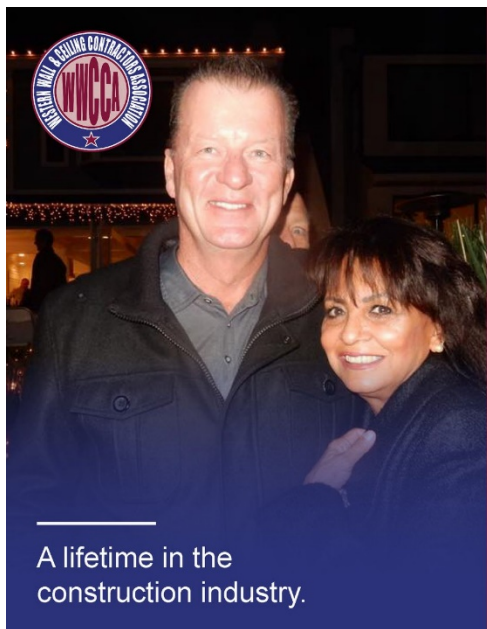


Bob Miller, Versatile Coatings, Inc.



LEGENDS

Where it all began; Bob's grandfather Ross Lee Senior started Ross Lee Plastering in the 1930's. The business then carried to his son, Ross Lee the 2nd in the 50's and 60's. Bob's father married into the Lee family, his mom being Ron Lee 2nd's daughter, and in 1962 Bob Miller was born in Sierra Madre California.

My dad went to work when he was 17 years old as an apprentice plasterer. He had several plastering companies and made it through several recessions. I started working for him in 1978. I was 16 years old and started out as an assistant yard man. I would go to the yard

after school and would beat the cement off mixers and tommy guns, load trucks, basically do whatever, all for \$6.20 / hour, and that was 3 times the minimum wage, so I was stoked. I worked in the summers on jobsites. I even got exposure to actually carrying a hod up a ladder to the mud board on a couple of custom houses, that was hard work. He taught me everything, he brought me along, he was a good man.

I remember the Friday after I graduated high school my dad says, come here and sit down at the kitchen table. So, I sit down, and he goes, what are you gonna do? I told him; I dunno yet. Well, I got a job for you and it's in Boise, Idaho (my dad's shop was union). You can go up there or you can just go. I was on my way to Idaho on Monday. Morrison and Knudsen had an 8 story up there and my dad had the contract for the fireproofing, and so I went and worked on that crew. I learned how to do laundry at the laundromat. All the things I did not know about being on your own, I learned up there, it was a very good experience for me. I learned a lot about fireproofing and just continued on from there. I remember all those people I worked with; they're all gone now.

I drove up to the job in a mini truck, it was in good shape had a good motor. I thought it would be a good idea to trade it straight up for a Chevy blazer lifted up, with Dick Cepek tires and a real tired 327 motor. So, I worked, I saved my money and had a little fun at the bars. Boise State College was right there so there were a lot of people my age.

After the job was over, I was driving home, and I get to a town called Winnemucca. It's a little town with a casino, gas stations, a truck stop really, just south of the Nevada border. I decided I

was going to stop and sleep there. I went into the casino and I played blackjack, and I could not lose. So, I get up the next morning and I get on the road. Then I heard it; pop bam bam bam bam bam, the motor blew. I hitchhiked back to Winnemucca and got a tow truck to bring the Blazer back for repairs. They did not have any rebuilt 327 motors there, so they had to order a motor from Salt Lake City. It was a Target Master 350, and I had to wait a week. Luckily, I had won enough at the casino to cover the cost. I spent a week in that town because of that stupid decision that I made (trading trucks). It's funny, if you just let an 18-year-old go, he is going to learn some things the hard way. I had some pretty good lessons.

I got back in town, in the early 80's and worked on a lot of the malls being built because my dad and Reg Hayward were pretty tight, so he did most of the fireproofing for Reg. There were all kinds of malls being built in that time, the Long Beach Mall, and others. I spent the next 7 years coming up as a hod carrier, a plastering and fireproofing nozzle man, and eventually became a journeyman and of the age to run jobs.

When I was 25, it was pretty slow, these were the late 80's. My dad brought me in to the office and started teaching me how to estimate. Back then you did it with a column pad and a scale tape. All the plans were paper. Estimating was about you and the calculator, you had to do all the math, there was no software, computers did not exist. I learned estimating and I did well at it. The 80's were great, but times were not getting any better and as soon as we crossed that threshold into 90's new construction slowed down big time.

Asbestos abatement had just started at that time, where they would go into a building and they remove everything from a floor. They would demo everything, put it in a baggie basically, scrape all the fireproofing off, test the floor for clean air and then replace the fireproofing. Grace made this product called RETROGUARD that was used mostly, and I saw that as a good market.

It was still slow, and I would go to work and my dad would say "one of us had to go". At that time, we were losing money and I did not want my dad to lose money so I started talking to him about starting a non-union shop, he would not agree to it. He finally agreed to an option and made me a deal; I got my license, he loaned me \$70,000, I leased his equipment and an area in his building, and I started my own non-union shop right there. The day my license went active I was already scoring work. The first job I worked on was 3810 Wilshire. I will never forget; it was 4 floors and I was so nervous.

I made a lot of friends in the industry. For the next 5-6 years my business was asbestos abatement resprays, and I did a lot of it. I remember I did all 19 floors of the city hall east in Downtown Los Angeles, most of the Equitable Plaza, a 33-story building.

Then the Northridge earthquake hit, that was a bad earthquake, and this organization called

BOMA designated a geographical area where they had to go in to affected buildings, scrape the connections, and x-ray them to ensure the structural integrity was there. I hired one of the salesmen from one of the abatements companies, bought a bunch of 110-volt equipment and all of a sudden, I had 5 crews going out every night spraying movement connections on buildings in the designated geographical area.

These buildings were still occupied so I had a lot of work going on at night. The work was good, but every morning it seemed there was something wrong. Someone in an office had footprints they did not want, or the guys did not put the furniture back, always something.

It was probably in late 90's when I started working for contractors that were union signatory to the Carpenters but not the Plasterers. At that time, their contract did not require them to be signatory to the plasterers. There were several union guys that were part of the association (WWCCA) and they started to use me which helped a lot, I had a lot of work. At a certain point I had to go to the unions and become signatory in order to work on colleges and public works projects. It was a good decision.

Back then I had the ambition to do more than just fireproofing. That is why I gave my company that name, Versatile Coatings, I did not know what else I was going to do but I knew it was going to be more than just fireproofing. So, I started plastering in the early 2000's and I went through quite a few people. That decision allowed me to provide the outside cladding and interior fireproofing for a drywall contractor that just wanted to do framing and drywall. That business model seemed to work really well. I had customers that just wanted me to do the wet work, period. They would put the lath on the wall and sometimes it was a little squirrely if there is was a problem with design , a lot of finger pointing, but it worked.

In 2006 I started Spectra Wall Systems with my cousin Scott Lee who had worked with Ross Lee Plastering for many years, then with Perlite Plastering. (Perlite had wrapped up and started doing framing and drywall.) Spectra Wall Systems offered full package work, call it a sister company, all under one roof. During those years we were employing over 100 people in the field.

We knew the recession was coming in 2008 and a couple of my estimators took some work way too aggressively. But it was not only that, during that time, under qualified general contractors were being awarded work that could not create a sequence for the trades, for anybody to be able to make money. In addition to all that, we got some really bad work. Deffenbaugh went broke so if you put a claim in, you'd have to finish the job first, then they wouldn't pay you. Long story short, it stretched me out to a point where I had to get black market loans because the banks would not loan any more money. I knew some people that would put a lien on one of my rentals for collateral, I was at the bottom. The bonding company was in my office every week, auditing because they thought they were going to take over my business. I just worked

my way out of it, kept going to work every day. I had to let some really great people go, that was the toughest part. I had to move from the building I am in now to a smaller building and lease this one out.

We have a totally different business model now. We do not do framing and drywall anymore, we just do spray applied fireproofing products, lath, plaster, EIFS and it's just me and 2 other guys in the office and my controller. My overhead is low, I have a yardman out back and I average maybe 25-30 employees and I can play golf in the afternoon sometimes. You are only as good as the people you employ. Those selections are critical. Back then, I thought I had the right people, but I picked wrong and it got me into some trouble. Now I have the right people and low overhead. I also put my wife as the majority percentage owner of Spectra. It is her and Scott Lee. Now it is a minority and women owned enterprise and that gets us into some of the work we would not get normally.

I remember when I was younger I wanted to do package 9 bidding; that's everything, framing, drywall, lath, plaster, fireproofing, and sometimes insulation. As a large union employer, I can remember when payroll was 6 figures. Thank God I am at where I am now. I am really happy, I am not staying up at night worrying. I found my balance; I found my size. I took a swing at it and did not do very well, and I am ok with it.

I have never lived above my means so when you have to survive you can do it. The banking home-lending crises just ruined people with the unqualified loans, and it led to the financial crisis. We could see it coming we just did not know when it was going to hit. That was a long hard period of time. I am glad I had learned how to manage money. I got married in 1993 we lived in a modest little 3-bedroom home. I told her I was building capital and we will not leave until we can walk out and it's a rental and that's what we did. She had to wait a long time, letting me know constantly that she wanted to move. Over the last 31 years that we have been together, she gets it. She is my partner and my best friend; we are a team. Now she is part of the business, signs all the checks, she helps out with clerical and she passed all the contractor license tests. It's been a lot of fun; it's been a journey.

I think about my dad and his business. For as long as he was in business, he only did fireproofing. He was the specialty guy. They used to apply it by hand until in the 60's when spray on fireproofing was introduced. They would wrap the beams with metal lath and spray with cement or asbestos. Thinking back, he put it up and I was abating it. I have actually worked on jobs where he did the fireproofing originally and I abated his work and put in the replacement fireproofing. We had a great relationship. He was a little hard on me, a sink or swim form of raising. If I went to him with a problem that he knew I could solve, he would just say "sounds like you got a really bad problem". He was an old school guy and did things we could never do now, times were tougher back then, very different.

My dad folded his business up and came to work for me for a while, he had a place down in the desert and he was driving back and forth. He knew I did not need his guidance anymore and finally retired at age 60. He had 17 good years of retirement life in the desert and passed away when he was 77. That was 13 years ago, and I still think of him every day.

I will still take some jobs off when we are busy, but I am starting to lay back off that. Things are changing, in fact the building code has changed 3 times. I have a young man working for me that seems to be able to cover almost everything in the business and he knows the codes. Marty Bowers, he can recite code without even looking, kind of reminds me of myself. Now, if I need to know something, I just walk down the hall and ask him, I don't keep that information in my head like I used to. I still oversee everything, I look at all the billing and change orders and in general, whatever is going on.

It is interesting how I came to hire Marty Bowers. Marty, when he was in high school, was a bag boy at the country club I belonged to. One day we were going on a guy's trip to Hawaii and had the idea to bring him along. We all pitched in and paid for him to go with us. We were playing the plantation course at Kapalua in Maui. One night we were sitting at a big round table playing Texas holdem. Marty grabbed the cards and started dealing like a Vegas dealer. I was watching him, thinking. During that time, I was in a cowboy poker game every Wednesday night and I thought; I'm gonna bring him to have him deal for us, and so I did. Everyone was happy with him, he started to deal every Wednesday while still in college.

Time went on and Marty graduated college with an accounting degree. So, his first job was with an accounting firm, but he didn't really like it. In 2006 he went to work for one of the mortgage brokers who played in my poker game. By then he was a junior member at our club, had a good job, and was dealing our card games. I walked up to him 2007 on driving range and said, "You know Marty, I do not think you are in the right industry. I think the real estate train is about to come off the tracks. If you are ever interested, I would like to show you what I do, show you the software we use, I think you would be really good at it".

He explained that he was good, really liked his job and the firm he worked with had a lot of business. That night as he was dealing the card game and the mortgage broker, he worked for did not show up. Later in the evening as he walked through the door told Marty, "I am really sorry, but we filed for bankruptcy today". Marty looked down, then he looked up at me and I said, "Monday is good Marty" and he has been working for me ever since. He is like a son.

Marty had zero field experience, but asks all the right questions, he sees what is going on, he knows what needs to be done as far as setup and breakdown, where the labor goes and how much is needed. He has seen the operation when it was employing over 100 people and has been there through the bad times where I had to lay people off. I think him seeing all that, will help him going forward. Marty was the best pick I ever made and there has been a lot of people that have influenced him in my office, other than me. Eventually, when time comes, I will

probably sell my company internally and can see myself doing something with him.

My cousin Scott Lee is 67 and has been in industry over 50 years. He is one of the most knowledgeable guys I know when it comes to lathing and waterproofing. He and Marty allow me to be able to step back a bit. I also have a superintendent that has been with me since day 1, he is very loyal.

Now, we have pretty great group of people doing labor for us and we don't put ourselves in the position where we would have to get a lot more people. I just try to stay within my own manageable size. My business model is small, it's approximately 5-6 million a year and if I can do that, I am good. I have a lot of good accounts, repeat customers that are there for me, we are in and out. I am 57 years old I have been doing this a long time. Before COVID my wife and I were just starting to travel and go places. I could leave the offices and know everything is ok. I remember the first day of the COVID shutdown, I had a truck that went into Grace to pick up a load of MK6 fireproofing for us and the plant told them they are shut down completely, classified non-essential.

Phone calls had to be made because contracts had to be performed on essential jobs. Grace was able to open up for business. On the jobsites now there is a COVID protocol which keeps them from shutting down at all. Our crews are not having to work on top of each other. We had special sleeves made that you wear around your neck and you pull up to cover your mouth and nose for protection, everyone uses them.

Currently, I am the Vice President of the Executive Board for the WWCCA and will be President next year. It will be 16 years that I have been on that board and remember when I took Gary Jaacks seat, when he retired. Its invaluable to know your competitors and to know people that may want to do business with you. I got to know Robert Klugh and Dick Martin of Martin Bros. and they are good guys, great people to work with, people with a lot of integrity who have seen it all. If I had not been on the Executive Board, I would not have been on the 73 story Korean airlines project in downtown L.A. That was the highest profile job I have ever sprayed. I have worked on some big jobs but not in the heart of downtown. You do not see a building of that size go up too often.

The statements and information in this article are excerpts from an Off The Wall With Robert Rutherford interview