

Constructing a Business

Kansas City partners build a construction business through hard work and perseverance.

By Kate Leiblsle

Entrepreneurs: John Hart and Hector Luevano

Company Information:

Luevano Hart Construction 6817 Stadium Dr., Ste. 312

Kansas City, MO 64129

Phone: (816) 921-6003

www.luevanohart.com

Type of business:

Mechanical contracting company specializing in commercial/industrial plumbing and pipe fitting services.

Year founded: 2003

Employees: 42

Keys to Success:

“Relationships, relationships, relationships.” Hector Luevano



Twenty-seven. Theodore Geisel, aka “Dr. Seuss”, received 27 rejections from 27 different publishers faced before his first book, “And to Think I Saw it on Mulberry Street,” was finally published.

Hector Luevano and John Hart can relate. Their company, Luevano Hart Construction was once turned down for financing by 17 area banks. But that’s getting ahead of the story of how Luevano Hart was born.

Luevano is a Chicago native. His first exposure to the Kansas City area was spending six months commuting between here and Chicago while working for SG Construction Services. The commute was tedious, so when the project was extended by six months, his family joined him here. Then the project was extended for a year.

Hart, a native of Kansas City, previously had owned his own company, but was currently working for another contractor. The two men knew each other from various projects, but weren’t thinking about a potential partnership; after all, Luevano didn’t think of himself as a permanent Kansas City resident yet – he’d even told his wife he couldn’t ever see moving to Kansas City, after all, “there wasn’t an NHL team here.”

Blind Date

By early 2003, however, the Luevanos were, indeed, residents and acclimating to Kansas City when a mutual friend set up a meeting for Luevano and Hart, thinking they should be in business together. Suffice it to say, the first meeting didn’t produce a “love” connection. It wasn’t that the two didn’t like each other or get along, but they just didn’t find enough common ground to warrant taking a leap into business.

Their mutual friend felt differently and pushed for a second meeting. That time, things were different, Luevano said.

“With his background in commercial construction and Kansas City connections and mine in industrial construction —plus the ties I had with the automotive industry—we decided it could work,” Luevano said.

The two set off to open their doors. It took until September of 2003 for the company to actually get off the ground. Right away, they had someone working at General Motors and Honeywell and booked \$250,000 in business in their first four months. Then, things got tricky.

Struggles Begin

In 2004, the company bid on everything it could find related to its services—from process piping fabrication and installation to design/build. But part of winning bids isn’t just the bottom line, it’s establishing relationships with larger contractors and companies so they will offer the bidding opportunity in the first place. Luevano and Hart brought what they had to those companies, but their scope was limited.

“2004 was a struggle,” Luevano said. “We didn’t have enough on the books and were not making any inroads with the larger area contractors.”

In 2005, the company was back on board with GM; but quickly, GM became more of the company’s overall business than either Luevano or Hart was comfortable with.

“GM was almost 35 percent of our business in 2005,” Luevano said.

That’s when they set a couple of important goals:

1. Being involved in organizations that would put them in front of potential customers, i.e. Kansas City’s major construction companies, such as JE Dunn.
2. Becoming certified as a minority-owned business.

Goal No. 1 was much more easily achieved than goal No. 2 as it turned out.

Getting on Track

In 2006, the company finally found an entrée to JE Dunn when it was accepted into Dunn’s Minority Business Development program. The program put Luevano in touch with not only Dunn, but other companies that might need the company’s services. In 2007, 16 percent of Luevano Hart’s business could be attributed to their participation in the program, he said. The irony is that Luevano had to be encouraged to even apply, because he thought Luevano Hart would not meet the program requirements. Now, he’s on a first name, “how’s-your-family” basis with everyone at Dunn from top to bottom. By participating in the program, Luevano and Hart learned the value of having policies and procedures in place as an emerging company.

The second connection they made that helped put the company on stronger footing was meeting the leadership from Taylor Kelly Construction Co. The two companies started working together on projects at Ameristar Casino and Kauffman Stadium.

Luevano and Hart stress that relationship building isn’t easy, but is more than worth it in the end.

“Even with these contractors, we had no work ‘given’ to us,” Hart said. “We had to compete, to bid their work; had to bond it, etc. But the only way to get that work was the legwork Hector did.”

And legwork played a huge role in the company's certification, as well.

Almost from the start, the company was minority certified by the MidAmerica Minority Business Development Council. But while that opened some doors, the city of Kansas City, Mo., wouldn't accept it. So, Luevano Hart started what became a laborious, process to gain certification there. Through multiple interviews, lasting anywhere from an hour and a half to one especially memorable four-hour session, reams of paperwork, rewriting articles of organization, the duo persevered until finally, after more than a year, the city awarded the certification.

Even with the certification, Luevano and Hart know that work will not just be handed over to the company. They know of others who think that bids will simply be awarded on the basis of certification.

"Certification gets you more opportunities, and can put you on some select lists, but you still have to be competitive," Hart said.

Banking Blues

Still, even with the strategic direction the company embarked on, things weren't moving as well as Luevano and Hart wanted. Their first bank didn't support them in as many ways as they needed to keep growing. Their suppliers extended them credit, which helped tremendously. They found an insurance company that not only filled their insurance needs, but introduced the pair to a company that would bond them. Obtaining surety bonds was another struggle the young company faced in 2004 and 2005.

"We quickly realized we needed a banking relationship to help obtain surety bonds," Hart said.

In 2007, their insurer helped them with the bonding situation, but there was still the matter of finding a bank willing to take a chance and issue the company a line of credit. That's where the 17 rejections come in.

Luevano traveled the area looking for a banking partner. In April 2007, he found one. The company needed to finalize terms, etc., by July, which the bank agreed to—that is until June 12 when it backed out. Customers and other business partners even made calls trying to help.

Finally, through their insurance company, Luevano and Hart found Summit Bank of Kansas City, which could see their potential and in November 2007, the company finalized a line of credit and a Small Business Administration loan.

The banking struggle highlights one of the important things the men have learned in their five years of business: how important a banking relationship is to a small business and the necessity of getting finances in line as soon as possible.

"We had a bank," Luevano said. "We just couldn't get them to say 'yes.'"

The relationship the company has with its pipefitter and plumber union partners has also been a key to success.

"For the kind of work we wanted to market, the unions were key," Hart said. "The unions have been an important partner for us since day one."

Future is Bright

Now that the company has its financial feet under it, Luevano and Hart are looking to the future. They know they need to determine what the future is for the company: Do

they want to expand and become a larger company or are they content with their current size? Do they start up other lines of related business? Do they want to spread their wings to jobs outside of Greater Kansas City?

They've continued looking for educational opportunities, such as being a part of the POWER/Herman A. Johnson Mentorship Program, where Burns & McDonnell is serving as the company's mentor.

Right now, they plan to continue the hard work that brought them to this point. Even with the current economic outlook, things are decidedly busy for their teams.

"Until July, we hadn't really seen a slowdown in terms of bidding opportunities," Hart said. "Kansas City is lucky in that we have not seen a down turn in the construction economy.

"We feel very fortunate – we have a strong backlog of work."