

High-rise market spurs 'high-rise' growth

A Portland, OR, company enjoys strong sales, thanks in great measure to its success in the local high-rise condo market.

BY RENEE STERN

portland closet company

The urban living boom that's filled the downtown Portland, OR, skyline with condo towers has helped fuel impressive growth at Portland Closet Co. Work in high-rise residential buildings propelled company growth 30 percent last year, says Mike Ambrose, who owns the company with his brother James and John Grout, the original owner who is now a silent partner. As the company adjusts to that rapid growth and to an emerging slowdown in housing, the brothers expect to see more moderate growth in 2007.

Mike is an advocate of steady, planned expansion, while James, in his brother's words, is the company's "visionary," scouting for new markets to develop. In fact, James' goal is to double the company's business within five years. Providing systems for high-rise buildings is certain to continue providing a strong part of the growth.

Portland's growth boundaries restrict development from outward sprawl, so building upward is the only way to add enough housing to accommodate the expected population growth, James says. Portland Closet has evolved from a division of The Grout Company construction firm, where Mike and James worked. Grout sold the closet company in 1998 to the Ambrose brothers, who outsourced their manufacturing. In 2003 they set up their own production facility nearby.

"That gave us more control" over quality and scheduling, James says.

"That's when we started making money — when we started manufacturing," Mike adds.

Slightly more than half of last year's \$3 million in sales came from jobs in high-rise towers. "We're in the heart of it in the Pearl District and the South Waterfront (two of the



Wallbeds are a popular item, not only in Portland high-rises like this one, but also in the extra bedrooms of suburban homes, according to Portland Closet Co. Co-Owner Mike Ambrose.

city's hot downtown neighborhoods)," Mike says. "We have an agreement of some sort with virtually every condo builder in those two areas."

The company is at the center physically as well, with a leased showroom and office space in a Pearl District building that is one of the city's oldest industrial structures. With a streetcar stop close by and a brew pub and bakery under the same roof, Portland Closet is guaranteed visibility and foot traffic.

The 1,600-square-foot showroom is currently undergoing a remodel to reconfigure the space and update displays. The brothers plan to remove carpeting and paint the underlying concrete floor to create a more streamlined look that complements the building's brick walls.

Competitors' suburban facilities may have more space, but



A job board in the shop serves as a hard-to-miss backup to the schedule that is maintained in the company's computer system.

the Ambrose brothers say that staying central to their main market is worth their downtown location's tighter quarters and the short drive to reach the 9,000-square-foot production shop.

"As a selling tool, because we're right here, we try to have a notebook of floor plans for every building," Mike says. That way, walk-in customers can begin the planning process even before setting up an appointment with a designer.

Starting with realtors

Building relationships with real-estate offices that cater to the high-rise market was key to developing that business, the brothers say. Their first customers served as enthusiastic references, and word-of-mouth helped cement Portland Closet's name with developers, Mike notes.

"It's all about doing a good job for people," he adds.

An early example of the company's commitment to customers came during a job at The Henry, a high-profile Pearl District condo tower that was one of the country's first Gold LEED residential projects. (LEED stands for Leadership in Environmental and Energy Development.) Portland Closet was hired to build and install basic closets as well as upgrades. A company installer punctured a plumbing pipe located in an unexpected position, leading to water damage in the floors below.

"We jumped in and took total responsibility" for repairs before any insurance companies were involved, Mike says. "We never got fully reimbursed for it." But, he adds, "people took notice, and it probably helped our reputation." Among those taking notice was one of the state's biggest commercial builders, a company that has since become a steady customer.

The need to keep up with incoming projects has prevented the brothers and their designers from doing more to prospect for new clients and markets. "We're not big salesmen," James says.

"Working in these two big areas (the Pearl District and South Waterfront) has taken our focus off other areas," Mike adds.



The recent acquisition of a Fraval contour edgebander and a Busellato JET CNC machining center enabled Portland Closet Company to expand its designs, incorporating more curves and radius panels.

Six months ago they added an employee to work exclusively with real estate agents and brokers, visiting them and serving as a liaison. Although Portland is the company's main geographic market, jobs have included homes on the state's Pacific Coast, east to Hood River and north across the Columbia River to Portland's suburbs in Washington state.

The work comes not from marketing efforts outside the area, but mostly from local residents who want new closets for their vacation homes, Mike says. Relationships with a Tacoma, WA, closet company and two others in other parts of Oregon provide a small wholesale business as well.

High-rise challenges

Working in so many high-rise condos sets up logistical challenges, the brothers say. Finding parking and accessing building elevators can eat up a third to half of the time installers put into a job, Mike says. Closet components are packed flat at the shop to simplify loading and moving at the site. But that means all assembly occurs in the customer's unit, James notes.

In some buildings, electrical power may not be hooked up yet, forcing installers to use battery-powered tools to build closets on the walls. In others, installers may not be allowed to make cuts inside, pushing those jobs out onto balconies, in parking garages or even on adjacent sidewalks, he adds. At one job site, the installer had no other recourse but to travel

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back and forth to the shop to finish assembling each piece.

Even without those considerations, construction materials in tower walls can present challenges, especially for wallbed installation. Builders may use two thicknesses of wallboard, metal studs with 2-foot centers or sound-deadening board inside the walls and, “The studs can be elusive,” James says.

Wallbeds are popular items not only for high-rise condos, but also in suburban houses to turn an extra bedroom into multipurpose space, Mike notes.

In most respects, condo customers want the same types of materials and accessories in their closets as their suburban, single-family counterparts, he says. Still, high-rise projects tend to be more design-focused and attract fewer families with children. “Appearance is just as important as function,” Mike says. Specialty materials, such as wenge veneers to match cabinetry, are a frequent request.

Ramping up production

The company is gradually building up its shop capabilities with new equipment, including a Busellato JET CNC machining center and a Fraval contour edgebander, both from Delmac Machinery Group. Those machines have opened up design possibilities with their ability to produce curves and radius panels, James says. Curved edges are now standard on all bottom panels, eliminating corners that can cause snags and bumps during use, he says.

Learning to take maximum advantage of the machines’ features is a continuing process, Mike adds. “We probably use 10 percent (now) of what the router can do.”

Once a job leaves the design phase, production turnaround should take less than three weeks. “Three weeks seems to be the threshold” for customer patience, he says.

An incentive program rewards production employees for improving shop efficiency. James calculates the revenue percentage that goes to shop labor and pays a portion of that as a bonus if employees reduce that figure. Installers are paid on commission.

“They’re almost salesmen,” Mike says. “They’re almost the last contact we have with customers,” so a good or bad impres-

sion lingers.

And impressions matter a lot when it comes to word-of-mouth. “Closets are still the lowest thing on a contractor’s list,” Mike says. “It’s not like a toilet. You can sell a house without a closet, but you can’t sell a house without a toilet.”

At Portland Closet, he adds, “We’re trying hard to change that mind-set.” ■

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