

2016 ROCHESTER CHAMBER TOP 100

FROM THE GROUND UP

Hamilton Stern Construction has built its business on a foundation of customer trust

KIMBERLY SIMPSON



Co-owners Justin Hamilton, left, and Christopher Stern are civil engineers who met as students at Rochester Institute of Technology.

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BY ANDREA DECKERT

One of the main reasons behind Hamilton Stern Construction LLC's success is pretty basic. When someone calls about a job, they show up.

"It's amazing. One of the questions we get asked, mostly on the residential side, is, 'Are you actually going to show up tomorrow?'" said Justin Hamilton, who co-owns the Pittsford construction management company with Christopher Stern.

"There's a mentality that contractors are almost setting themselves up to fail and we quickly changed that by doing what we say we'll do."

Customers are responding to that attitude. The business had a 160 percent increase in annual sales in 2015 compared with 2014, and its leaders expect more modest growth—roughly 5 percent—this year.

The spike in work has led to an increase in employment as well. Hamilton Stern has 33 employees, up from 30 in 2015 and 23 in 2014.

Driving that growth has been an increase in larger projects, including renovating two historic buildings in Rochester for the Urban League of Rochester, N.Y. Inc., as well as expansion/renovation projects in Pittsford and Webster for Scott Miller Beauty Salon Inc.

Hamilton Stern is gearing up for projects that include work on DHD Ventures LLC's mixed-use venture at the Terminal Building at 65 W. Broad St. downtown, as well as the new Clover Lanes, which is to be called Radio Social, in the North Winton Village neighborhood.

Hamilton and Stern launched their company in 2010. The two civil engineers had met as students at Rochester Institute of Technology.

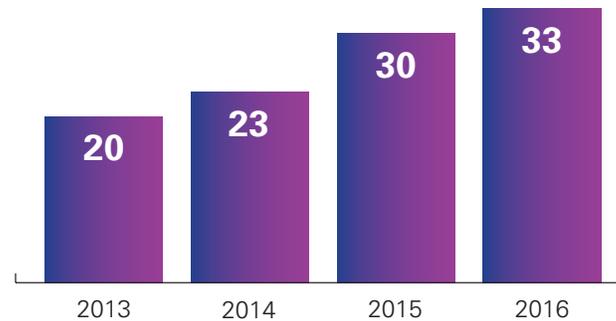
2016 ROCHESTER CHAMBER TOP 100

“When you’re a small firm and you’re just starting out, having people trust that you can do a good job for them is problem number one.”

—Justin Hamilton

#1 HAMILTON STERN CONSTRUCTION LLC

Employees



Full-service construction manager and general contracting firm

2016 Ranking: 1

Founded: 2010

Top executive: Justin Hamilton, Christopher Stern, co-owners

Employees: 33

Headquarters: Pittsford

Website: www.hamiltonstern.com

The company has succeeded because of word-of-mouth marketing, several repeat customers and the chemistry between its co-founders as well as the experience of its leaders and staff, they said.

“Most of our business has been repeat business, and that’s a sign of success for us,” Stern said.

Company leaders recently sat down with the Rochester Business Journal to talk about the company’s beginnings, its growth over time and plans for the future, as well as what it means to make No. 1 on the Rochester Chamber Top 100 list. An edited transcript follows.

BUILDING THE FIRM

ROCHESTER BUSINESS JOURNAL: How did you two get together and eventually form Hamilton Stern?

CHRISTOPHER STERN: We met at Rochester Institute of Technology in 1998 when we were both going through the civil engineering program there. We also played on the basketball team together and we became friends immediately. At some point, we always talked about doing something like this way back then. It was never very real at that point, though.

Over time we went into the construction business. We worked for different firms, both locally in Rochester and along the East Coast, and even in different disciplines.

The program at RIT covered a lot of areas, from engineering to wastewater treatment to construction management, and we both took a liking more toward the construction side.

JUSTIN HAMILTON: I’ve always had a passion for construction. My parents used to take me as a child to job sites and let me watch the machines work.

So we both went out (after college) and took different jobs in different cities, but both eventually came back here to start families.

I came back first, in 2004, and moved into the custom home building arena, which was something I’d always wanted to do. My first project was a 16,000-square-foot renovation of a house with a 6,000-square-foot addition. It was what you’d call baptism by fire.

Then the custom housing market in 2005 to 2006 started to slow down, so my father-in-law, who I was working for at the time, was getting into property development and I began working on that.

I was still in touch with past clients,



“Most of our business has been repeat business and that’s a sign of success for us,” says Christopher Stern, right.

2016 ROCHESTER CHAMBER TOP 100

continued to do residential jobs on side. It started off as odds and ends, then it grew to kitchens, bathrooms and larger projects. So in 2009 I started Hamilton Construction Services LLC doing just that. It included some small commercial work, but was mostly residential.

In 2007 when Chris moved back to the Rochester area, we talked about (starting our own business) and probably the best decision we ever made was not doing it because we weren't ready. We didn't have the contacts in the Rochester area for the commercial market that we wanted to get into, and even the architectural contacts that (Chris) made over that time was crucial.

Those three years really helped us develop to what we are today because if we didn't have those three years, I don't know that we'd be sitting here talking to you.

So around April 2010, I got a call from this guy (Stern) on a beach in Hawaii and he says, "Are you ready?" And I say, "Ready for what?" (Hamilton laughs)

We both talked to our (families) about it. We both had good jobs and when we said we were starting our own company, they said it was crazy. Economic times weren't the best, but we put our nose to the grind and went after it.

On the wall (of Hamilton's office) there's a proposal for \$8,000 for a master bath renovation, basically a shower renovation, and we got the job because the other contractor didn't show up. So that job for a couple in the Hamlin area on the lake was our first job.

Chris and I sold the job in shirts and ties and the next day we showed up in demolition clothes and "demoed" the bathroom. And that's kind of been our mentality from day one, to do whatever it takes to be successful, and I think we kid about it now but we still have that same hunger to get things done.

But that job actually opened up another door for us because it was for a designer (Spectrum Design Group) who does a lot of commercial and residential work in town, and they could see that same passion and hard work in us.

Since then we've probably done a dozen or so jobs for them. So that opened up some doors for us. We wouldn't have had that opportunity if we hadn't met the

Spectrum (team) and did that \$8,000 master bath renovation.

STERN: We've been really fortunate in the work that we've done. Essentially, what we tell all the folks that work here is just go do a good job. People have noticed and we've been fortunate. It's a small community—generally everyone we've worked for knows someone else, so we haven't really thought much about "what are we doing"; we just go do it.

It took longer than they said and cost more than they said. (He laughs).

HAMILTON: We try to redefine the word contractor, too, because if you ask someone the definition of what a contractor is, you'd probably get crook, liar, unreliable—and we try to change that.

EARLY CHALLENGES

RBJ: So fighting that public stigma associated with the industry was an early challenge. What other challenges did you face starting out?

HAMILTON: The tough part was getting the opportunity. So when you're a small firm and you're just starting out, having people trust that you can do a good job for them is problem number one. Having the right people in place to do those projects was problem number two.

Chris and I were capable of doing a lot of things. We started with one employee in 2010 and we slowly grew each year, adding a few people every year and we're up to 33 now. So getting the right people in place has been very important and has definitely contributed to our growth. We say we've never hired an actual position, we've hired the people.

STERN: We get a lot of contacts and we meet with people. If we feel they are a good fit, we hire them and find something for them to do.

HAMILTON: We say, "Use your creativity." We know their abilities; we don't have to look over their shoulder. Give them some guidance and give them an idea of what we're looking for and away they go.

As we've grown we've had to add a little bit of structure, and as we've grown we've had to learn some things the hard way. But I think that's the best way to learn because you never let it happen again. But

we all kind of come together and develop this company. It's not just (Stern) and me, it's a group effort.

STERN: I would tell you that one thing we're very good at is surrounding ourselves with people who are smarter than us.

CULTURE IS KEY

RBJ: How would you describe the culture of the company?

STERN: It's basically very talented people allowed to do their job.

HAMILTON: We had our summer party this year. It was outdoors and pouring rain and everyone was worried it wouldn't be fun. One of the guys said it doesn't matter; we're all family here. That's a good way of defining our family here. We all know each other; it does have a family feel to it.

Everyone hired here has sat in one of those chairs (in Hamilton's office), from laborers to vice presidents, and we ask the same questions to them, and you get a feel for if they're the right fit for the company. There have been probably 50 people who've sat in those chairs, and we've only hired 15 or 20 of them.

STERN: We take it seriously. We are both relatively young and we'd love for this to be everybody's last job. Hopefully it's ours. (He laughs).

RBJ: To what do you attribute your growth?

HAMILTON: I think it goes back to doing what we say we're going to do. Our tagline for the company is "small enough to listen, big enough to deliver," and it's proving to people that the tagline is true. Proving we have the ability to do what larger firms do.

In the beginning, we were really small. So we could do things with low overhead, but with the same success as some of the larger firms. We're still on a little bit of an uphill battle as we look at these larger projects to continue to show people we have that ability. We can do what we say we're going to do.

GROWTH MOMENTUM

RBJ: How do you plan to keep the momentum going?

HAMILTON: Continue to hire the right people, there's no question about

2016 ROCHESTER CHAMBER TOP 100

it. Every year the projects that we look at have gotten larger in size and volume, and that helps because you are able to manage one of two projects compared to five or six smaller projects. You can put one person with that job and it's easier.

STERN: Putting the drywall on the walls and paint on the walls, that's the easy part. What's trickier is sitting down with someone and figuring out how we can complete a project while allowing them to operate their own business smoothly. I think we have a good ability to come up with a plan.

Every client that we work for has different needs, and building a building is typically pretty low on that list. I mean that's a given, you have to build a building—managing all the other stuff that comes along with it is the harder part.

RBJ: Was there a certain time, or project, that meant things at the firm had clicked?

HAMILTON: Not really. Mostly we're happy we are getting the opportunity to look at more projects, which means the word is out. It's the fact that there are more projects rolling into the office daily,

which I think is a telltale sign that we're succeeding and we have our name out there.

STERN: If opportunities continue to grow, we know we're doing something right. If the phone stops ringing, then we know we're in trouble.

HAMILTON: We're not afraid to roll up our sleeves and get our hands dirty still if we have to. It's still a go-getter attitude, and we'll do whatever it takes to make a project successful.

RBJ: You have said a challenge has been finding skilled workers. Is that still the case today?

HAMILTON: In years past, it has been a challenge. But with the team we have today, we have a ton of talent within this company, both with their hands and their minds. I think in the past we've had trouble. We're not posting, using recruiters. We find people through other people. So we know they're vested. That's been a help.

We have an aging workforce. The past two years we've picked up some young guys in the field and in the office. Some of our superintendents, who manage day-to-

day aspects of the projects, they're in their 50s and 60s, so we're looking for younger people all the time to add to our workforce and bring up through the ranks.

I tell people who come in that my ideal employee is someone who starts pushing a broom and ends his career here as a superintendent or project manager at the office. Some of the most successful people we've met in this industry have been brought up the same way.

STERN: It takes time. The most successful people we've seen in this industry have seen it all. We try to encourage that; just have some patience.

RBJ: What's your favorite part of the job?

STERN: The fact that every day is different. One of the things with a civil engineering degree is you can go into construction or be in the engineering business. Design engineering, in particular, is a lot of calculations and sitting behind a desk all day long, and that's just not us.

Some days we're here working on estimating and proposals, some days we're out in the field, some days we're driving around looking at different projects or

FILE PHOTO BY KIMBERLY SIMPSON



Two years ago, Hamilton Stern employed 23 people. Since then, employment has increased more than 40 percent to 33.

"I would tell you that one thing we're very good at is surrounding ourselves with people who are smarter than us."

—Christopher Stern

meeting with clients. So every day is different. For me, that's very enjoyable.

HAMILTON: I agree. I also like the creativeness that we're allowed in this business. You can create something from nothing. The renovations are fun because you're taking something that is outdated and creating something modern.

STERN: And there's something tangible when we're done; something you can show people. You can point and say, look we did that.

2016 ROCHESTER CHAMBER TOP 100

HAMILTON: We like to be challenged as well. I think our guys like to be challenged. We don't typically have the easy projects. The challenge of figuring out how we're going to make this work and to do it, that's very rewarding.

Being No. 1

RBJ: What does it mean to be on the top of the Rochester Chamber Top 100 list?

HAMILTON: It shows the hard work—we've ground our knuckles for seven years (laughs)—it's paid off. We're proud of the team because without them we're not on this list. It's just (Stern) and I who started this, but it's the team that got us here. If it

were just the two of us today, I don't know that we'd be on this list. We surrounded ourselves with the right people and that's why we're on the list. And we're proud of it and humbled.

STERN: The challenge moving forward will be to maintain it. It's sort of easy to go from nothing to something, or maybe not (easy), but easier than staying something. Now we have to maintain it.

We would be surprised if we continued to be on the list. We're in a good spot now, where we've grown rapidly, maybe a little faster than we expected, but there's a sweet spot for the size of projects we do and the customers we work for. And we

maintain a smaller group—he and I are still connected to each project—and you get to a point where you're too large for that and that's not who we want to be.

Generally speaking, (being at the top of the list) also speaks to the community in general. To have a construction company as No. 1, it tells me that regardless of what you hear, there's a lot going on (in terms of development).

People are doing things—buying, selling and renovating and improving things—right here in Rochester. So for a construction company to be leading in growth, that says a lot for the community.

adeckert@rbj.net / 585-546-8303