



Kevin & Jerry Tell

Out of the Ashes

Early in the last century, a young Austrian couple from brick-laying roots immigrated to Canada in search of work and a new life. Leaving Hamburg, Germany, on April 21, 1903, aboard the S.S. Adria, they arrived in Halifax Harbour on May 4, 1903. Riding the train west, they finally disembarked at Regina, Saskatchewan.

Jacob and Magdalena Tell settled on Toronto Street, and raised a family, including son, Adam, and daughter, Barbara, who had immigrated with them, and Annie, who was born three years later.

Jacob was a drayman, delivering coal with a team of horses and shoveling it down coal chutes into people's basements to fire their furnaces. To supplement his income, he also worked as a teamster for the City of Regina.

His first entrepreneurial venture was fashioning wood forms in his back yard; mixing concrete; and painstakingly constructing concrete blocks one at a time. He sold them out of the back of his coal truck, along with his coal deliveries. He sold the blocks to anyone who would buy them—neighbours, contractors—anyone who was building.

In 1930, Jacob made the first step in mechanizing his block-making process by purchasing a hydraulic

one-block machine, and Cindercrete Products was born. The machine made chimney block, one block at a time. His grandson, Jerry, remembers watching his enterprising grandfather doing this arduous work. “It was a very slow process,” he recalls, “and very hard work.” Needing a place to house the machine and block inventory, Jacob leased Canadian National Railroad (CNR) land for the first Cindercrete plant at Arcola and Atkinson.

Jacob's son, Adam, worked at Imperial Oil by day and managed the Cindercrete books at night and on weekends. It was Jacob and Adam, together, who came up with a brilliant strategy to create the innovative product that would become the foundation of their company identity.¹



Jacob and Magdalena Tell (far left, back and front row) at a wedding in the early 1900s.

One simple idea

Like so many ingenious ideas, it was a simple one.

Cinders are ashes made from crushed “clinkers”—the byproduct of burned coal. Train engineers dumped these cinders onto the ground, sometimes still red-hot, when the trains returned to the rail yard. The Tells knew that the endless piles of cinders produced by the trains were not only useless to CNR, but an actual liability. The enormous piles were waste, took up space and were often dangerous.

Adam and Jacob offered to take the cinder piles off the CNR yardmaster’s hands, at no charge. In making that offer, they acquired free material with which to create a new kind of building block, which they called “cindercrete”—a mixture of cinders and concrete.

The benefits of this product were many—being created, partially, of free material, it decreased the cost of manufacturing; and, having already been burned, the material was fireproof and had sound insulation

properties. But its *main* advantage was that it made a more lightweight block, a distinct plus over building materials available at the time. All of these features made Cindercrete’s blocks unique in the Saskatchewan marketplace. And, since all houses had wood-burning fireplaces at that time, there was a large, and growing, market for chimney block—especially “cindercrete” that was fireproof and lighter (making masons’ lives much easier).

“Cindercrete” was an instant hit with the construction industry in Regina.

Sons and grandsons

Adam Tell and his wife, Kathleen, raised a family of three children—Irene, Bill and Jerry.

In the early 1940s, when CN moved its rail yards to Moose Jaw, Regina cinder supplies began dwindling. Jacob’s grandsons, Jerry and Bill (now teenagers), made round trips to Moose Jaw with a dump truck to load and return the cinders to the plant, where they would be unloaded into bins. Shoveling the cinders was hard work—muscles ached, the boys had to be careful not to be burned, and it was an endlessly repetitive task.

When Bill went into the Navy, Jerry continued working on his own. In the mid-1940s, he remembers a particularly difficult job for which his dad, Adam, hired him and some of his high school buddies. They were to haul concrete blocks to Radville for a theatre building project. The project required between 3,000 and 4,000 blocks. The boys loaded up 60-pound blocks into a trailer that held about 600 to 700 blocks. The trip from Regina to Radville took about two hours, and they could do a trip a day. The job took a week.

“That clinker was sharp...very hard on the hands,” Jerry remembers. “Not much skin left at the end.”

In 1945, following the end of World War II, Bill returned from his Navy stint and set to work, full time, helping his grandfather make chimney blocks.

In 1951, Adam left Imperial Oil and also came to work, full time, for Cindercrete. There were now three generations of Tell men working side by side. This was right around the time that the company took its next major step in mechanization—a step which took them to a whole new level of production capacity.

Mechanization key to future

In 1951, Adam, Kathleen, Bill and his wife, Audrey, all flew to Michigan to buy a brand-new Besser block machine. It was the first time any of them had ever been on a plane. The machine cost about \$35,000, and Audrey remembers that transportation costs and duties doubled the investment—a lot of money in the 1950s.

The block machine was just the beginning of what was to be a much bigger investment, and a decision that put Cindercrete in a category many others couldn't afford to enter into in later years.

“The block machine is like the heart in the body,” Kevin Tell (Jacob's great grandson) explains. “You've got to feed it, and it feeds all the other parts of the body. The real issue is that it's very expensive to get into this business because of the immense cost of the entire operation, so we never had to worry too much, later, about competitors coming in.”

The barriers to entry into concrete block making are significant—including the costs of raw material handling to get the products to the machine, racking



Tells in 1941—Adam (back right), brothers, Bill (back left), and a young Jerry (front).

systems, colouring systems, splitting and wrapping systems, curing rooms and systems, moisture systems that pipe steam into the room, electrical set-ups and yard space.

Even the location made it more expensive. “In southern climates, the blocks can be made and stored outside,” Kevin says. “We only needed a building because of weather. Our utility costs to heat that space for the six months of cold weather in Saskatchewan are very high.

“Today, it would cost \$10 million to develop a block plant, and the machine is only \$1 million of that,” he says.

Once they had the block machine, the Tells also started investing in better material handling systems that reduced dust (thereby improving air quality) and equipment that made the work safer and less physically taxing on employees—like “cubing machinery.” Up to



Besser block machine that advanced mechanization at Cindercrete in 1951.

that point, workers had to pull the concrete blocks off an assembly line, by hand, and stack them onto four-by-four pallets—creating the cubes. “Their hands would be bleeding stacking these cubes,” Jerry says.

Even with increased mechanization, the work wasn’t *easy*. But every little bit helped.

The company expanded in 1954, when Bill moved to Saskatoon with his wife, Audrey, to set up and operate a block plant at 605 Avenue P South. As with other Tell wives, Kevin says, Audrey was a very important support to her husband in growing the business—by looking after family matters and maintaining the necessary support.

In the late 1950s, Cindercrete purchased the assets of the bankrupt Westcrete, at Retallack and South Railway, and operated from this location.

In 1958, after growing up in the family business, and with strong urging from his mother, Jerry Tell left the Royal Bank to officially join Cindercrete, full time.

That same year, he married his high school sweetheart, Beryl Anderson, a local gal from Central Collegiate. They began a family that would eventually include three children—Christine, Kevin and Karen.

A year later, in 1959, an era ended when Jacob, the progenitor of the Tell line, died at age 88.

As a multi-generational family company, the value of working with familiar people is central to Cindercrete’s core business strategy. In 1960, Jerry’s brother in law, George Lebell, was hired to sell Cindercrete product to a different market. “Up to that point we’d focused most of our effort locally in the two bigger urban centres, Regina and Saskatoon,” Jerry says. “I gave George a car, and asked him to go make personal contacts with lumber dealers around the province. We’d never done that before. Our sales with regional dealers went way up.”

In 1962, Cindercrete purchased land at Victoria Avenue and Fleet Street and moved all of its Regina operations to this location.

In 1965, Cindercrete ventured into the ready-mix concrete business with the purchase of Bird Building Supplies, at South Railway and Quebec. The Tells operated from that location for a number of years, and then moved to Victoria Avenue East.

When the railroad switched from coal-fired engines to diesel-electric, through the decade of the 1950s², the source of free cinders dried up. Luckily, by then, Cindercrete’s reputation for innovation, high quality and hard work was firmly established. The entire block-making industry across North America was experiencing the same thing and soon developed another method of making cinders—by mining and burning clay to create a lightweight aggregate product.

Kevin Tell reflects, “We knew we needed to embrace that technology to stay in the block business. It was definitely a defining moment.”

Mined from Saskatoon and Regina, the clay was dried in fields in the mild months, then broken up using rototillers and fed into a 100-foot long by 8-foot diameter rotary kiln lined with firebrick. The natural gas kiln was heated to 2,400°F to bake the clay. Production of lightweight aggregate began at the Victoria and Fleet location in 1968.

Four generations of Tells

In 1972, when Adam Tell died at age 75, sons Jerry and Bill inherited the company. Bill had been working in Saskatoon and continued to for some years, but he didn’t have his brother’s passion for it. “Bill was an artist,” Jerry says. “He just wasn’t that interested. Saskatoon was more competitive than Regina and it was very stressful for Bill. He was looking for help with the Saskatoon office.”

Health problems, including a heart attack, compounded the concerns. “Uncle Bill was lovable and talented, but he wanted out of the business,” Kevin says. So, in the early 1990s, Jerry bought out Bill’s half of the company, and the fourth generation Tell—Kevin—became a partner with his father.

By then, Kevin had spent nearly a decade learning the family business. In 1984, he had graduated from business at the University of Regina. He had been in his third year of engineering studies when he decided to switch to business. “I learned enough to be able to talk with engineers, which was

very helpful in our business, and I learned I did not want to be one.” Against the direction and wishes of his father, but with support of his mother, Kevin transferred from engineering to business administration. “It did create some strain,” Kevin says. “Dad was really disappointed I wasn’t going to be an engineer. But he eventually got over that.”

During summers, while he was in school, Kevin worked at Cindercrete—doing every job related to the operations side of the business. He was a yardman, loader man, cuber, pre-caster, bagger, dispatcher and batch man. Jerry wanted Kevin to understand both the work and the employees; and to gain their respect. “It was harder on me than the other employees,” Kevin recalls. “When your dad is the boss, the expectations on you are greater than others. No favoritism for sure!”

After his spring graduation, Kevin fully intended to spend some time working elsewhere, to develop outside expertise, before coming to work with his father—but fate intervened. Business was booming, and Jerry’s two senior managers were aging. He knew someone needed to learn from them before they retired. “He offered me a position right then,” Kevin says. “He said, ‘You can come in now, or I have to go hire someone and you can come in later.’”

Kevin decided that, since he knew he would end up at Cindercrete, he might as well come on board immediately. “Looking back, it’s probably my only misgiving that I didn’t go *away* to university—because I knew I’d end up living back here. It was my only chance to get experience elsewhere.”

When Kevin arrived and asked his dad what his job description was, Jerry said, “Get involved.”



The first plant to be set up outside Regina was in Saskatoon in 1954.



A young future CEO, Kevin Tell, with father, Jerry, sister, Christine, mother, Beryl, and sister, Karen, in 1972.

Chain of command and generational power changeover issues can cause difficulties in the workplace—one reason many family businesses don't last as family-run beyond the first two generations.³ “It was difficult to do things right when everyone treated me with trepidation,” Kevin says. “Employees didn't know how to deal with me. If they did what I said, would it be in conflict with orders from Dad? I had responsibility, but no authority.”

It was tough, but, as Jerry says, “I knew Kevin needed to learn all the office aspects of the business to be able to rise to a position of corporate leadership.”

Kevin says, “At a certain point, out of frustration, I actually had to make myself general manager—and then Dad said, ‘What took you so long?’ It absolutely floored me. I'd been waiting for his approval and recommendations. A light bulb went on after that: *He expects me to go and make it happen.* It was a huge defining moment in my career and my relationship with him. In hindsight, I see how ingenious it was. The way he knew I was ready was when I finally stopped waiting for him, and just did it.”

Kevin says that's how Jerry manages—he observes people, quietly, for a long time. “Bill McMillan is a great example,” Kevin says. “He was a truck driver for Trimac who delivered to the plant a lot. One day, Dad said to him, ‘Bill, I've been watching you for a long time. I think you have what it takes to help lead this company.’ Now Bill's the district manager in charge of sales and operations—and has been an enormous contributor to the success of Cindercrete.”

Staying close to home

While Kevin was learning the business, Jerry was focused on looking for dynamic growth opportunities. “Dad recognized Saskatoon needed a lift. The lift was going to come from getting into ready-mix concrete.” This became a reality with expansion into the ready-mix concrete business in Saskatoon, in 1985. Cindercrete continued to grow—purchasing the concrete block manufacturing facilities of Redi-Mix Concrete in Regina, in 1988, and the plant assets of Apex Concrete of Saskatoon, a concrete block and lightweight aggregate manufacturer, in 1989.

Since that time, Jerry and Kevin have had numerous opportunities to expand outside the province, but decided against it. “I think we declined mostly because we recognized why we *were* successful,” Kevin says. “We were the biggest locally owned and operated company, of our kind, in the province.”

He adds, “Neither Dad nor I wanted to travel all the time, which would've been required. Family was, and is, important to both of us, and growing a business outside your familiar area is not only very risky, but difficult to manage with constant travel. We've instead been able to continue to invest in our

existing operations, better positioning our company to respond to Saskatchewan's economic upswing." Oddly enough, some of the negative perceptions of Saskatchewan, held by outside business, gave Cindercrete some of their best opportunities for success. "Saskatchewan, at that time, wasn't a place outside companies wanted to come in and set up," Kevin says. "It was less desirable—we were isolated, we lacked population, and let's face it, we didn't have a very business-friendly government for a long time. It just wasn't that attractive to outside competitors."

Kevin says they learned to eke out a living in Saskatchewan without it being a "boom" province. They did it by diversifying and creating partnerships and joint ventures.

New directions and strategic partnerships

Introductions of alternative building systems like steel devastated the North American block-making industry in the 1970s-'80s. The declining block market left manufacturers with unused capacity in their plants. Luckily, a new market for concrete blocks and products evolved through the landscaping business. Companies like Cindercrete could now use their machines to make paving stone, retaining walls, and a multitude of other related products, revitalizing the block industry. So, at the beginning of a new decade, Cindercrete made yet another significant strategic, and ultimately very successful, decision.

In 1990, Cindercrete partnered with Target Products, a large family-owned company out of British Columbia, and in 1992, the Saskatoon plant began producing dry mix products, including "shotcrete" (a spray-able "liquid concrete" used as



Using decorative brick for commercial and personal landscaping 'saved' the concrete block business in the 1970s-80s.

lining to stabilize mine walls), supplying products and equipment to mining companies like Cameco and Cogema. This included building a state-of-the-art concrete plant at the Cluff Lake mine. When Cogema closed Cluff Lake, the plant was moved to Cameco's Rabbit Lake mine, where it continues to operate.

"We recognized we didn't have all the expertise," Kevin says. "We needed to search for those who had the knowledge. We still do. Things happen in a month in the industry that we don't experience in 10 years—simply because of the difference in volume we do compared to companies in much bigger markets. We've done that [found expertise] very successfully with the Target partnership."

Centralizing production was a key next step. In 1990, they dismantled block-making operations in Regina and moved all operations to one "superplant" in Saskatoon. The overall expense of setting up,

maintaining, and modernizing various systems in two places had become too high, but the family lived in Regina, so the decision to move their entire production to a city in which they didn't live was a big one.

By the 1990s, Cindercrete was diversified, well positioned, had a growing workforce (many of whom were immigrants from the Tells' native Austria, and Russia), and was engaged in strategic partnerships.

What came next was so outside anything that their forefathers had ever envisioned, that it surprised everyone: Real estate development.

From concrete to real estate

"It really turned around Saskatoon and moved us up a notch when we started selling property," Kevin says.

Determining the need for the whole Cindercrete operation in Regina to be relocated, made the land acquired in the 1960s a liability. And, to make matters worse, real estate projects were not looked on favourably at the time by the chartered banks—part of the after-shock of the 1992 Olympia & York bankruptcy, the largest in history to that point, which caused a worldwide banking crisis.⁴

"We again realized we needed different expertise to stay in business," Kevin says. Setting two major goals (stabilizing financing and improving the entire employee health/welfare and profit sharing plan with management) led Cindercrete to re-hire former Saskatoon branch manager, Kevin Reese, as a chartered accountant, in 1995. "We needed his kind of expertise in-house," Kevin Tell says. "His financial knowledge helped us find a new bank partner; develop a whole new level of accounting, cost controls, and computerization; and learn the real

estate development game. It was a lot of change in a short time—but things moved positively in leaps and bounds at that point."

With their block making "superplant" in Saskatoon, Cindercrete made a few more moves. In 1992, their head office moved to its present location on Highway #1, east of Regina, and its Trans-Mix Division to 10th Avenue and Reynolds Street in Regina. They then serviced and sold about 17.4 acres of land to Price Club Canada Real Estate Inc. (now Costco).

"We were really forced into the real estate business with the relocation of our Regina operations," Kevin says. "We decided to orchestrate our departure rather than have it dictated to us."

The land left behind became a non-conforming land use. "With underground gas and oil tanks, this property had little marketability as raw land, but we embraced the development challenge," Kevin says. The high cost of reclamation meant that, as it was, Cindercrete "...couldn't give it away". By turning it into development property, they sold a portion for some \$22 million. Along with the commercial Costco property development, the residential and commercial River Bend project kick-started Regina's east side commercial boom that continues today.

A family of employees

Just as when Jerry Tell watched his grandfather, Jacob, making concrete blocks from hand-made wooden forms in his back yard on Toronto Street in the 1930s—it is *family* that anchors the identity and culture of Cindercrete today. Today, though, family means more than just those with the last name of "Tell".

Generations of other families can say their fathers worked at Cindercrete. Remember George Lebell? His son, Russ, is now Cindercrete's Southern Saskatchewan sales representative. He's been with the company for more than 20 years.

"When you hire family, there's a level of trust," Kevin says. "We have a distinct advantage over the big companies we compete with because of this difference. The employees are the measure of your business. We understand that, and we've tried to create a great place to work—a place where people are looked after—because we need those people to be happy and stay with us."

In the mid 1990s, Cindercrete implemented a health and welfare plan, a pension for all employees, and a profit sharing plan for management.

Even with union contracts, Kevin says, as a family-owned and run company, they still have an advantage over larger unionized environments. "As our business has grown—pretty much tripled—since I started, our work force has grown to 75 employees, depending on the season," Kevin says. "We are unionized, but we maintain that our contracts allow us a competitive advantage in our markets due to our emphasis on flexibility to allow us to serve our customers better. Also, for our management, this is a great company to work for; not just because of competitive benefits, but flexibility and freedom that bigger companies can't offer."

The Cindercrete family also includes the business relationships they've nurtured over time. "We built personal relationships with the contractors," Jerry says. "They'd come in for coffee and smokes, and take a look at the jobs we were working on. It



A modern Cindercrete plant opened in 1964 on Highway #1 just east of Regina.

developed a camaraderie they didn't always experience with other manufacturers."

One of those long time business relationships, enjoyed by Kevin now, is with the vice president of cement sales & marketing for Lehigh-Hanson Cement—one of Cindercrete's major suppliers. He is Shawn McMillan and is the son of Cindercrete's long-time employee, Bill McMillan—the man that Kevin's father kept an eye on for years before hiring him away from another firm and, eventually, promoting him to district manager for sales and operations.

Shawn says, "I've known Kevin and Jerry for 30 years, I actually used to work for them alongside Kevin in their Regina block operation in the late '70s, when we were going through university. We have had a unique relationship, as my father is part of their management team."

Being at another firm has given Shawn the ability to see Cindercrete from a distance as well, and he comments on the impact the company has had in the industry, and on the province. "Cindercrete is a long term quality business that has been a part of the

growth in Saskatchewan for many decades,” he says. “The unique position that construction material suppliers have is that they can drive down the street and look at buildings they’ve built. These projects are vast and many are high profile within the centres of Saskatchewan. Cindercrete has played a significant role and has built [its] reputation on providing quality products and services for the construction industry.”

“Owning a company in a community where we grew up and continue to live gives us the distinct advantage of knowing everyone in our industry with ongoing investment here in this province,” says Kevin. “The flexibility of decision-making also allows us to keep a step ahead of our competitors who are affected by other regional and national factors.”

The company has faced many challenges over its 75-year history. There have been many periods of tough markets and lean times for various product lines. Even the “Saskaboom” of recent years has created industry down sides. “The cost of labour alone has doubled in the last five years,” Kevin says.

One of Cindercrete’s current challenges is, paradoxically, that they’re *too* busy; and, of course, there’s always the future to be concerned with. “So many questions,” Kevin says. “Where are the markets going? Do we invest in higher capacity? Globalization has created a new competitiveness in our industry—companies are getting bought up all the time. One minute you’ve got a customer base, the next you don’t. And, we’re experiencing a dwindling amount of customers because of buying groups like big box stores.”

Lessons learned

So what have the Tells learned? It’s a long list that includes the importance of centralization and diversification, how joint ventures can help long-term profitability and viability, to be cautious about expansion, and to stay with what (and where and who) you know.

Here’s a Tell business primer:

- Buying out competitors can be a success strategy;
- Look after the business first, and it will look after its shareholders;
- Nurture your bankers (or your source of credit) especially during the good times;
- Invest in your people, they are the measure of your business, and your image—choose them wisely and treat them well;
- Having ethics and morals does have a place in business;
- Check your ego at the door each and every day;
- Have a good product line—the best you can make, and promote it properly;
- It’s ok to like your assets a lot, but don’t ever fall in love with them!
- And never, ever, say “always” or “never”.

When called on to self-identify success traits, father and son both consider thoughtfully. “We have all had the ability to see potential in our key employees and allow them to realize it,” Kevin says finally. “I think we’ve been willing to take calculated chances, and to see the big picture. We’ve had strong faith.”

Jerry adds, “You have to be sold on your product so you can make a guarantee and stand behind it.”

What's next?

Kevin reflects on the future—focusing on the idea that there has to be a certain amount of flexibility of thinking as times, markets and consumers continue to demand change. “Sometimes, a family business can be many businesses over time. We have continued to grow certain businesses, but there’s no guarantee we’ll continue to do that. Sometimes, keeping the family business *strong* means changing what it is,” he says.

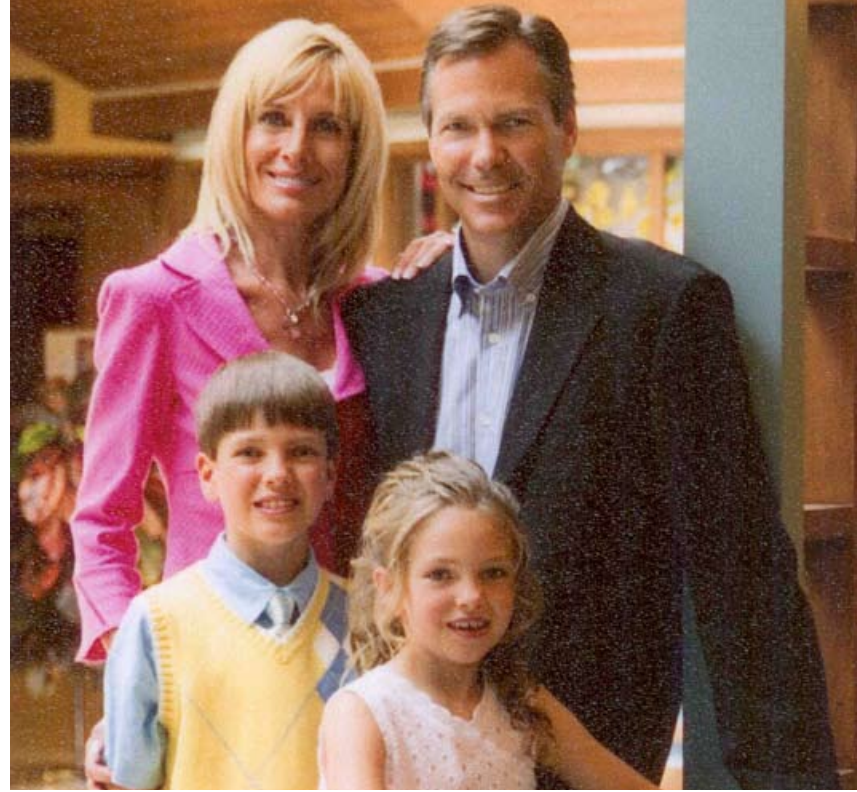
“Our current business is concrete and real estate— but it may not be in the future. Or it might be. We’ll never actually know until we get there. And, at some point, my day will be done and I’ll pass the torch hopefully to my family; and the sky’s the limit for them.”

He goes on to talk about the life span of assets. “There are times when certain assets outlive their usefulness for a family. As the managing partner, right now, I’m open to all of that because I owe it to the family and my employees to keep our family business (as I envision it) strong and thriving. It doesn’t mean holding on to assets until they burn and die.”

Yet another of the challenges for keeping any company strong and current.

“Thinking about what else we can do is the biggest challenge, and opportunity. World markets, changing technology—things are changing in crazy ways these days. It will be our kids’ challenge to decide.”

Yet, Kevin is also very respectful of what, and who, has gone before. “I don’t want to make too many changes while my dad’s still here. You want to act respectfully. I recognize my dad as the true entrepreneur here. He’s a builder. No matter what, he’s always



Kevin’s family represents the fifth generation to potentially carry on the Cindercrete business. From l to r: STILL TO COME.

ready to move on to the next challenge,” Kevin says. “In fact, at times, it’s been *me* holding things back!”

At the end of the day, Kevin adds, if you surround yourself with good people, believe in your people and let them “do their thing”—there’s no challenge that can’t be met. “We have the best people,” he says. “There’s nothing we can’t do.”

Only time will tell if there is to be a fifth-generation Tell running Cindercrete, but even if that doesn’t happen, Jacob Tell’s legacy will have outlived most others on the list of Canadian family-owned and run businesses. From a man building bricks, one at a time, in a back yard to a thriving business in concrete and real estate—the Tells have made it through the tough times and now, as Kevin says, “The sky’s the limit.”