

Crain's Detroit Business

Building relationships Monahan family's ties are firm's foundation

BY TIM MORAN

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To view the history of the 75-year-old Monahan Co., you only need to look around town.

Walk the shady streets of the Grosse Pointes, and you're among homes where Edward Monahan got his start as a builder. Attend church in one of the Detroit area's Roman Catholic parishes, and if it's a post-World War II sanctuary, chances are good The Monahan Co. built it. Go to a hospital or medical center, and the Monahans' work is likely to be part of it.

Edward Monahan's legacy includes more than buildings, though. He also left a sound and squabble-free family business that shows continued strength.

The 25-employee company historically has posted gross annual sales of \$15 million to \$25 million and is on track to be near the top of that range this year. Yet the Monahans say they avoid growth that would push them away from the long-term relationships that have been the company's hallmark.

"If we outgrow our personal relationships, we've gone beyond selling our personalized service, and that's what makes this company," said W. Daniel Monahan, project supervisor for The Monahan Co.

Recent projects include the Alexander Hamilton Life Insurance Co. headquarters in Farmington Hills, Detroit's Kresge Eye Institute and The Lofts at Rivertown. Among its current jobs are Walsh College's new Novi campus, a 100,000-square-foot light-industrial building in Sterling Heights and a new dealership for Russ Milne Ford in Mt. Clemens.

In its 75th year, Monahan is also engaged in the gradual transition of leadership from second- to third-generation family members. Most of the business is run by The Monahan Co.,



PHOTO COURTESY OF THE MONAHAN CO.

A MONAHANFUL: From left: Michael P. Monahan, Michael J. Monahan, Joseph A. Monahan, W. Daniel Monahan, Daniel J. Monahan, John F. "Jack" Monahan, Kevin C. Monahan, John E. Monahan, Edward J. "Ted" Monahan and William D. "Bill" Monahan.

the general contracting company, and Monahan Development Corp., which buys and holds land and performs development work. Both are "C" corporations formed relatively recently to take over and expand the original company, Edward V. Monahan Corp., an "S" corporation.

Ten children and grandchildren are involved in management. But increasingly, day-to-day operations are relying on the grandchildren of the founder.

"If you watch the firm, the grandfather . . . really started as a residential contractor," said Curt Hacias, executive director of the Construction Association of Michigan. "Then they broke into light commercial construction. Institutional is probably their niche now."

"I view them today as a general contractor in that particular area, but also as a developer of their own properties."

Hacias has worked closely on the association board of directors with John F. "Jack" Monahan and William Monahan, two of four sons who form the second generation of family man-

agement. In 1963, The Monahan Co. built the former Construction Association headquarters on Jefferson Avenue in Detroit; in 1996 it renovated the current association headquarters in Birmingham.

Monahan's new growth into property development, headed by third-generation leader Michael Monahan, has given the company "another twist and turn in construction life," Hacias said.

"I tease them and ask them if there's anything on Kelly Road that they don't own yet."

In fact, Monahan employees and subcontractors are hard at work on a newly cleared and graded site just across the street from their Eastpointe headquarters, at 21321 Kelly Road. Soon, a 10,000-square-foot kidney dialysis unit for Henry Ford Health System will occupy the property.

Building such health care offices has been a strong part of Monahan's success in the past two decades and helped the company weather Michigan recessions in the early 1980s and the early

1990s. Monahan teams worked on projects for Cottage, Bon Secours, St. John, Hutzel and Oakwood hospitals and on many clinics and medical office buildings.

"In the late '70s, as an outgrowth of hospital work, individual practitioners who needed office space began coming to us," said W. Daniel Monahan. "We started forming partnerships with these doctors to build office buildings."

Before this extensive health care involvement, it was church construction that carried business forward.

"Between 1948 and 1965, we did 185 different buildings for the Archdiocese of Detroit," said William Monahan, president of The Monahan Co.

Among those projects were the Detroit Catholic churches St. Raymond, St. Philomena, St. Philip Neri and St. Jude. The company also built dozens of suburban church buildings, including St. Joan of Arc in St. Clair Shores and First Presbyterian Church of Birmingham. Much of the company's business came through referrals between building committees and even individual pastors.

"We built not just churches but community buildings, rectories, gymnasiums and school buildings," said William Monahan.

But when the Detroit Archdiocese centralized bidding for new church structures, with a decreased emphasis on business relationships, the company began looking for other kinds of work.

"It was good, in a way, that we were pushed to look elsewhere for work," said William Monahan. "It keeps you in the swim."

The Monahan Co. still builds its business through relationships — about 75 percent of its work comes through referrals, the remainder through competitive bidding. Many Monahan "teams" for on-site management have maintained decade-long contacts with repeat customers.

Michael J. Monahan, president of Monahan Development Co., said: "We have a unique mix of personalities, and all of us play different roles. In many cases we've got different talents, and we've either fallen or been drawn into the roles of the company."

The second-generation Monahans include William D., president; John F., retired past president; and Edward J. and Daniel J., both vice presidents.

Besides Michael J., third-generation members, in order of age, are John E. and W. Daniel, both project

managers; Joseph A., project superintendent; Michael P., company controller; and Kevin C., project superintendent.

The company has been active in contracting and building-trade groups. Besides the Construction Association of Michigan directorship, Michael J. Monahan is past president of the Associated General Contractors of America Greater Detroit Chapter Inc.

"It's definitely a company where you don't just go in and ask for 'Mr. Monahan,'" said Hacias of the Construction Association. Although the Detroit area is home to other multigenerational construction companies, he said, the Monahans stand out.

At the Pontiac-based George Auch Co., another family-run general contractor and a key Monahan competitor, President David Hamilton said: "We square up with them on health care (business) to some degree. They're very competitive . . . they're a good company."

Auch, founded in 1908, has two third-generation family members and one from the fourth generation in its leadership. Hamilton said there's pleasure in competition between such companies in the construction business. **CDB**