

Education focus keeps audiovisual company in the picture

Targeting a robust new market helped company grow despite recession



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Mark Kalinsky of CCS Presentation Systems Texas: Recognized the huge potential for sales to the educational market.

BY TERESA TALERICO
SPECIAL TO HOUSTON BUSINESS JOURNAL

Mark Kalinsky never imagined that going back to school would help him beat a recession.

Five years ago, his Houston-based audiovisual company, CCS Presentation Systems, was

selling most of its products and services — digital projectors, plasma displays, high-tech boardroom installations, video conferencing cameras — to corporate clients like Baker Hughes Inc. and Texas Industries Inc.

But Kalinsky was observing a new breed of customer — schools. Whether K-12 or

college, educational institutions increasingly wanted the latest audiovisual technology in their classrooms. And CCS was ready to become teacher's pet.

"The writing was on the wall," Kalinsky recalls. "You could see this was going to explode in schools. I said, 'I need to hire (a salesperson)

CCS PRESENTATION SYSTEMS

TYPE OF BUSINESS: Full-service integration, installation and maintenance of audiovisual equipment.

YEAR FOUNDED: 1995

TOP EXECUTIVE: Mark Kalinsky, president

NO. OF EMPLOYEES: 125

WEB SITE: www.ccsprojects.com/TX

REVENUE:

2007: \$36 million

2008: \$45 million

AUDIOVISUAL: Capital infusion from investment partner has helped grow company

who specializes just in schools.' Now we've got, like, nine (of them) all over Texas."

It was a prescient move. In early 2008, as signs of the recession loomed and corporate clients tightened their belts, CCS was already successfully cultivating schools, which had deeper pockets and a hunger for state-of-the-art educational tools. Kalinsky amped up that side of the business.

"I said, 'We have to protect our investment in this market; we have to ... stay strong in education until the market turns around,' " he says. "Since we've made that decision, our business has actually grown in the middle of a recession."

Founded in 1995, Kalinsky's company is one of a group of nine independently owned businesses operating in 12 states under the CCS umbrella. The nine independent owners share values and business ethics and have monthly meetings by video conference and quarterly in-person meetings at which they discuss common goals and objectives and share strategies. The CCS brand name also gives them greater purchasing power, Kalinsky says.

The first independent CCS business was founded in 1991 in Arizona by John Godbout, who encouraged Kalinsky to follow suit. CCS, which originally stood for Commercial Computer Services, is also in California, Colorado, Florida, Iowa, Kansas, Maryland, Massachusetts, Nebraska, Nevada and Virginia.

CCS Texas is based in Houston, with other offices in Austin, Dallas, Hallsville and San Antonio. Kalinsky plans to open a McAllen location in October.

But locating in Texas proved strategic, says Kalinsky, who grew up in Chicago and had worked as a computer salesman in Southern California. As an AV entrepreneur, he chose the Lone Star State to be closer to his wife's family.

"We're really fortunate to be in Texas," he says. "Texas is committed to technology, from a government level down to the schools. The oil industry is (also) very high-tech."

CCS divides its business between corporate and education/government clients. Years ago, education generated just 20 percent of CCS Texas' revenue, Kalinsky says. Today, more than half of the company's business comes from education. Clients include Fort Bend Independent School District, Texas A&M University, Houston Community College, even Oklahoma State University. The company is currently installing AV equipment in 5,600 classrooms at Northside Independent School District in San Antonio.

Popular products include projection systems, interactive whiteboards and a tool Kalinsky has dubbed a "remote control on steroids" — a touch-panel screen that allows users to conduct,

with a tap of their finger, the audiovisual symphony of dimming lights, lowering a ceiling-mounted projector, adjusting the volume and accessing the Internet, among other functions.

"The teachers are driving this," Kalinsky says. "(And) the administrators want this equipment in their classrooms. Even in a recession, schools say, 'We have X amount of money to spend this year.' I'm finding more and more that schools are saying, 'We've got to have this stuff.'"

But it's not enough just to sell the products. Vendors like CCS must prove their financial stability to public institutions embarking on multimillion-dollar projects.

Kalinsky vowed early on to never over-leverage CCS Texas. As a result, he says, his company's solid financials usually catapult it to the head of the class.

"We know that our competition isn't as well capitalized, because they don't qualify for many of the bids we're currently working," he says. "You go into a large public institution like a school district, ... one of the things you have to do is provide a performance bond. If you don't have really super-clean financials and good ratios and all the things that banks look at, you don't qualify for those bonds."

Last year CCS brought a major investor on board — Rock Hill Capital Group LLC. This has strengthened CCS' balance sheet.

"I tell people we bet on jockeys more than we do horses," says Randy Hale, Rock Hill's founder and managing director. "Mark's a great operator, and he's built a great management team that's an excellent platform for growth."

The company's focus on education has helped it thrive in turbulent economic times, Hale says.

"We like the educational space his company is in," Hale says. "We felt it would hold up well during a recession, and that's proven to be the case. He's doing a very nice job of taking market share."

Kalinsky says Rock Hill owns a 60 percent majority interest in CCS.

"It allowed me to take some personal risk out of the business and take some cash out of the business," he says of the partnership with Rock Hill. "It allowed me ... to have a strong investment partner who helped me grow the company. Once you bring in a financial investor, your level of sophistication as a business improves."

CCS has experienced some growing pains, particularly between 1997 and 1998, when revenue shot from \$5 million to \$10 million, courtesy of an increase in demand for "integration." In addition to selling the individual tools used for presentations, meetings and lectures, CCS began designing entire boardrooms and classrooms around those tools.

"We went from selling standalone products to putting it all together in a room," Kalinsky says.

"My business doubled in size exponentially for four years."

The growth overwhelmed the company as it neared \$10 million. Small, but important, details started slipping through the cracks. Calls weren't getting returned promptly. Bills weren't being paid in a timely manner. Kalinsky struggled to handle accounting duties.

So he learned to delegate. He hired an accounting manager, chief financial officer and customer service manager, plus additional salespeople, software programmers and engineers — all of them with ample experience.

"As you grow as an entrepreneur, accustomed to doing everything, you've got to be able to let go," Kalinsky says. "You've got to be able to delegate."

The Houston office also established an on-site authorized service department, which Kalinsky says is unique in the industry.

The company has rolled with the changes in the fast-paced technology industry. It stays on top of new products and adapts quickly. Kalinsky remembers when a client requested something unusual for the mid-1990s — a projector hidden in the ceiling and connected to the boardroom's TV and VCR. Kalinsky didn't bat an eyelash.

"I was like, 'Sure, OK, I can do that,' " he recalls. "And then you figure out how to do it."

The company also streamlined operations, partly by hiring project managers in 2004. If the economic downturn does shrink the number of jobs, at least CCS completes them more efficiently and with less expense, Kalinsky says.

His father would be proud. The late Hershel Kalinsky spent 44 years running an electrical-contracting business.

"My dad inspired me," Mark Kalinsky says. "When you're a little kid and you see your dad and he's the boss, you want to be like (him). A lot of my inspiration came from watching him call his own shots."

When the younger Kalinsky started his own business, his dad wrote him a letter of advice. The framed page still hangs on a wall in Kalinsky's CCS office.

Along with the letter, his father gave him two office tools: A letter opener and a postage scale. Not necessarily high-tech, but still highly useful.

"The (letter) opener is for things coming in: checks," wrote his father, who died in 2006. "The scale is for things going out: bills. If the ins are greater than the outs, you're home free. Love, Dad."

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