

Nothing is Business as Usual at Seaman Corporation

PAYCHEX
Business
Series

Coronavirus



Gene Marks

CPA, Columnist, and Host



Richard Seaman

Seaman Corporation

Full transcript

Gene Marks:

Hi, and welcome to the Paychex Business Series podcast. My name is Gene Marks. I'm a certified public accountant and regular business columnist for a bunch of publications that you probably know, like *The Guardian*, *The Hill*, *Forbes*, and *Entrepreneur*. But more importantly, I'm a small business owner. My 10-person company provides financial and technology management services, and I'm always in need of expert advice. That includes real-life advice from real-life business owners like myself on how they're handling the challenges of running their small businesses. And that's what this podcast is all about.

So today I'm speaking to Richard Seaman of Seamen Corporation. Richard, please say hello.

Richard Seaman:

Hello everybody.

Gene Marks:

Richard, thank you so much for joining me on this conversation. We want to talk about how you guys are navigating your way through the pandemic, but before we get there, tell me a little bit about Seamen Corporation. You own it. How big it is? A little bit of history. I'd like to know about what the company does.

Richard Seaman:

Well Seaman Corporation manufacturers industrial fabrics for a wide variety of applications. The business was started by my mother and father 70 years ago with two sewing machines in a basement, sewing lace around baby-doll diapers. So there was certainly a time when we had less than 10 employees in our business. But we've been able to grow through the years. Unfortunately, my father passed away at 55 in 1978, and I've been running the business ever since.

Richard Seaman:

We actually buy yarns. We develop unique weaves with these yarns. We formulate our own vinyl coatings and coat the fabrics for industrial applications, such as truck tarps, architectural structures, environmental containment, fabrics for the military, single-ply roofing products for the construction industry. And I'm always pleased to say that with our manufacturing facilities in Bristol, Tennessee, and in Wooster, Ohio, we actually ship fabric into China rather than import it from China.

Gene Marks:

Whoa, that's an unusual story.

Richard Seaman:

It is. And we have about 400 associates that work for us. So, we have a lot of families that we try to feed through the process of our family business that we have.

Gene Marks:

Sure, okay. So, by the way, you're based yourself in Ohio? Or are you a Tennessee person?

Richard Seaman:

I am in Wooster, Ohio.

Gene Marks:

You're in Ohio.

Richard Seaman:

Which is where our corporate headquarters are, but we manufacture in both our Wooster facility and our Bristol, Tennessee, facility.

Gene Marks:

Got it. Okay. So, everything hits the fan in the middle of March, the coronavirus impacts. You're able to stay in business because you're an essential business, correct?

Richard Seaman:

That's correct.

Gene Marks:

And why is that? You supply essential industries, is that right?

Richard Seaman:

Yeah, well the fabrics we produce go into the products like truck tarps for the transportation industry, fabrics for the military for things like fuel tanks and tents. And you can think about emergency hospitals that have been put up by the National Guard. Single-ply roofing products for the construction industry for hospitals. Our fabrics are specified for roofing of data warehouses, such as Microsoft, Google, Apple. In fact, as I was mentioning about China, we actually are supplying roofing materials for a large Apple facility in China. And we also are a selected product for food processing plants such as Pepsi, Tyson, and then grocery stores such as Publix. So a wide variety.

Gene Marks:

Yeah, no surprise why you would be essential. And that makes complete sense. So okay, here's the best way I can frame this question. We're about five weeks into this right now, because you and I are talking in the third week in April. So explain to us how your business is different today than it was five weeks ago. I mean operationally, what if I walk inside your place? How is the company different five weeks on than it was when this whole thing started out?

Richard Seaman:

Well, it's pretty significantly different. If you come into our office, you'll see it's pretty sparse. Most of our salaried personnel who can work from home, we have set them up so they can work from home. And we use a lot of Zoom conferences there. In our manufacturing plants, you're basically going to see a lot of safety procedures that are there. We take the temperatures of our employees when they come in; we have social distancing. Fortunately, our operations are such that we don't have to have a lot of people all together in close proximity, so we keep them spaced apart. We have hand sanitizer around that can be readily used. In our lunch rooms, we removed tables and chairs so that we have good social distancing in that area.

We really communicate very effectively to our associates, the safety procedures. I would say communication, communication, communication is a big part of it. Right at the outset of this, we said our first concern was the health and safety of each of our associates. Our second concern was to try to provide support for them and their families as public policy was impacting their families. And third was to keep commerce going. Because we want to support our customers, but we want to keep the commerce going so we can maintain our operations and have a strong business when we come out of this.

Gene Marks:

How has been morale in the company?

Richard Seaman:

Morale has been very good, very good. Our associates, fortunately they want to come in and work for us. And I think that's partly because we're a multigenerational family business, and they see the things that we have done to support them. And they want to be sure that we are a viable business and they have jobs when we come out of this. So for the most part, our morale has been excellent with our people. Now, Wooster, Ohio, and Bristol, Tennessee, are not hotspots. So, that's a little different part of it. But they're working according to safety procedures, and they're just as concerned about the safety of all their working associates and the viability of the business on an ongoing basis.

Gene Marks:

How about yourself? You took this over in the 1970s from your parents. So, you're over the age of 50 I'm assuming, as I am, correct?

Richard Seaman:

Yes.

Gene Marks:

So, as we get older, there are many business owners in this country that are over the age of 50. You've been primarily working from home, but how have you been managing the business yourself? Are you going into the company? Are you showing your face there? You're in a higher risk ...

Richard Seaman:

That's an excellent question, Gene, because there's an unusual dynamic that's going on. About five years ago, I retired as CEO, having been CEO for nearly 40 years. And we had a person who had worked for us for a number of years assume the CEO position, who was a nonfamily member. I've been chairman of the board and obviously overseeing the business, but trying to stay out of the way of leadership.

However, last summer our CEO indicated he's going to be retiring at the end of this year. And so we had to go into a search process for another CEO, which has had me a bit more involved in the business. From a timing perspective, that search process culminated in early March, just when all the pandemic and shutdown were going on. And our new CEO started last Wednesday, so we've had a transition in the CEO process.

Richard Seaman:

So I have gone into the office, but not on a daily basis. I go in and coordinate a lot of the activity, and I certainly have this oversight and the onboarding of the new CEO and trying to coordinate that effort. So for me, it's, again, practicing social distancing, being aware of the safety issues. It's hard for me to recognize or acknowledge the fact that I'm in a vulnerable group. I mean, to me a vulnerable group would be my parents, but I guess it's you and me now.

Gene Marks:

Right, I feel the same way. Yeah, it's kind of tough. You certainly don't feel that old, and you're in good health and you're thinking, "I don't feel vulnerable," but it's just what the demographics say.

Richard Seaman:

Right. You just don't want to get it. You don't want to catch it.

Gene Marks:

You just don't, obviously. Yeah, it would be bad. So you mentioned before about communication. So what have you been doing to communicate to your workforce about what's going on? Tell us a little bit about that?

Richard Seaman:

Well, we have a very robust HR function in our business. It's one of the things I started shortly after my father passed away. So we have an HR department that has close contact with all of our associates. We also have a committee of associates called Connect and Grow where they are communicating, and we have the communication infrastructure that can go out. We can send information to all of our associates on a daily basis. What we tried to do when this first came out was to try to understand what public policy was: What is this? How is public policy going to affect us?

Gene Marks:

By the way, when you figure that out, please let me know okay? [crosstalk 00:09:36].

Richard Seaman:

Yeah, well as near as we can sort through it now. We're fortunate. We have Governor DeWine here in the state of Ohio, and I don't know if you've heard, but he's been very, very aggressive and has been certainly identified as one of the leading governors in this. And he has a 2 o'clock news conference every day. Members of this Connect and Grow team listen to that news conference to try and understand what's the latest impact and then get that information out both to our associates, but then let them know what does that mean to how we're operating our facilities and what we're going to be asking of them to help us in this operation of our facilities.

Gene Marks:

Makes a lot of sense. And you've probably never been through something like this in your lifetime. I'm curious, it's a different kind of experience. What have been some of your takeaways over the past five weeks? What have you learned? And more importantly, what do you think that you'll use some of these lessons for in the future?

Richard Seaman:

Well, I've done some reflecting on this, and I've actually written an op-ed about these kinds of situations. And it seems like every 10 years we have something unknown that's going to hit us. So, in the seventies we had the oil crisis; we had the 18% interest rates. Then we had 9-11. And then in 2008, we had the financial crisis. So there's always something unknown that's coming down. I think one thing I've learned is that if you're a business organization that plans to be in business for the long term, not just for short-term profitability and not just for a short-term exit strategy, that you put into place those kinds of things that will help you survive things such as this pandemic.

It's certainly an unknown. We're hoping our innovation processes and the medical community will be able to get a grasp on this. We also know, just as in the 2008 financial crisis, that when we come out of this, we're going to look differently than when we came in. There's never going to be another "normal," it's going to be a new normal. What can we learn from that? How can we be more efficient in our business processes, and what innovation opportunities are there for us in this new normal that's going to be out there?

So we're pretty upbeat about it. Again, we're fortunate that we haven't had any cases yet that have affected our organization, and we hope that we won't. But we have emergency procedures in place to deal with that. So I think it's just another one of those every-decade tsunamis that hits us that we have to just find a way to navigate our way through.

Gene Marks:

Yeah Richard, you hit it right on the head. It's funny that, you're right, every decade something like this happens. And every decade, whenever it happens, the story is always no one saw this coming, it's unknown, and right, 9-11, the banking crisis in 2009, the coronavirus pandemic. And so your insights are really valuable. If you look at that history, there's likely going to be something else like this that will be "unknown"—didn't see that one coming—and it could very well happen in another 10 years. And you have to prepare your business for that. And you have to learn from these experiences and make sure you've got plenty of cash on hand and be willing to change.

Richard Seaman:

Well, I think debt is a very, very significant part of this. I mean, companies that are overly leveraged are the kinds of companies that don't survive these every-decade events that we have. But when you recognize that something like this might come down the pipe, what you want to do is just have a war chest available so that you have an ability to withstand it. You have to be able to withstand it financially, but then you have to be thinking strategically about what does it mean to your business and what are you going to look like when you come out of it? And how do you take advantage of that? How do you adjust to it and take advantage of it?

Gene Marks:

That's great. Cash is king. Richard, thank you so much. This is a great conversation. Your advice is extremely welcome and extremely valuable. It's Richard Seaman who is the former CEO, current chairman of the board at Seaman Corporation. For more information everyone about what we discussed today and other coronavirus questions and topics, please visit the Paychex COVID-19 Help Center. The address is paychex.com/coronavirus-resources. Thanks everyone for listening. Thanks, Richard, for joining me as well as for some great conversation.



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