

'Dump truck on rubber tracks'

Morooka USA's sales soar as it expands its territory



Kenneth Byrd, president of Morooka USA, found that the pace of sales deals is different in Latin America.

Photo by Mark Rhodes

by Joan Tuppence

Morooka USA's go-anywhere, rubber-track vehicles are used in endeavors ranging from gold mining to natural gas exploration. The Japanese-made carriers have the traction to maneuver through rough terrain that would bog down other machines.

"It's a niche product in a niche industry," says Michael Wilkerson, the chief financial officer of the Morooka USA. "We have a great product that is in high demand in the energy sector. We were in the right place at the right time in the right industry."

The Morooka is essentially "a dump truck on rubber tracks," he adds. "The dump bed can be removed and can carry attachments for other applications such as a crane, welding equipment or it can carry people to a job site."

Morooka USA sales rose 319 percent from 2009 through 2012, making it the fastest-growing retail/wholesale company in the Fantastic 50 this year.

The Ashland-based company started in 2005 when it entered into a distribution agreement with the Japanese manufacturer Morooka Co. Ltd. It was first awarded distribution across the eastern U.S.

In 2009 the company persuaded Morooka Co. to give it not only the

entire U.S. territory but also its Canadian territory. Based on its success in those markets, the Japanese company expanded Morooka USA's distribution rights to include Central and South America. "We've gone from handing out cards to people recognizing us as a brand and coming to us because they see what we can do," Wilkerson says.

Sales of the track carriers, which range in price from \$50,000 to \$300,000, have risen each year, from 46 machines in 2006 to 336 last year. "We are on pace to exceed that this year," Wilkerson says. The company's growth has been continuous since 2005. In 2012 it posted a 137 percent increase in revenue over 2011. Last year revenues rose 54 percent over 2012.

When it picked up its Central and South American territory, Morooka USA was fortunate to have an employee who was born in South America, says Kenneth Byrd, president of Morooka USA. That salesman now heads the sales office in Colombia.

Finding dealers in Central and South America was challenging at first. "We started with nothing," Wilkerson says. "We were knocking on the doors of reputable equipment dealers. We kept asking them until we got an answer."

The company landed its first dealer in Mexico in 2011 and had its first sale there in 2012. It followed with sales in Colombia in 2012 and 2013. Its South American territory now includes Chile, Argentina, Peru, Ecuador and Colombia.

Doing business in South and Central America was a learning curve for the company. "From a sales perspective, we've learned that the process is slow, and decisions are made differently in other countries," Byrd says. "There is a great deal of government intervention in infrastructure decisions. By the time the process winds its way from idea to fruition, it can take a long time, months to years."

Most of the dealers the company works with are comfortable doing business with a U.S. firm, Byrd adds. "They do insist upon terms that stretch the imagination sometime. You have to think outside the box to make certain deals work."

Morooka USA is one of three construction-related firms held by Richmond Group. The others are Dominion Equipment Parts and Morooka USA – Rents.

The company's track carriers are used in the energy, oil and gas industries in a variety of applications. They are utilized in projects such as hydraulic fracturing, the process of extracting natural gas from shale rocks. "We are a small player in that huge market," Byrd says of the energy industry. "It's all about being in the right industry."

The company is always finding new applications for its carriers. They were used in a 2008 ash spill in Tennessee, in levy work in New Orleans and in clearing snow from FedEx Field in Landover, Md. "These machines can plow through marshy, swampy land where a dump truck would get stuck," Wilkerson says.

Sales in North America are growing at a faster pace than South and Central America at the moment. Looking to the future, the company hopes to enter new markets. One of the last open territories is Africa. "We are not ready for that yet," Byrd says. "But that's not to say we wouldn't do it." **VB**