

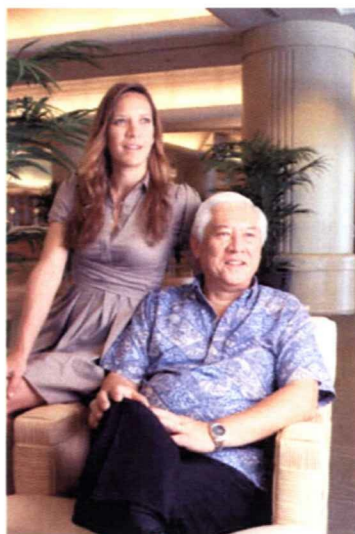
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2008 Movers and Shakers

The standouts of the 2008 Top 250 list.

BY SHARA ENAY AND JASON UBAY

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John Yamamoto, president, and Kimiko Yamamoto, vice president, PEMCO Ltd.

BIGGEST GAIN

241 PEMCO Ltd.
 '06 Gross Sales \$2.8 million
 '07 Gross Sales \$25.3 million
Up 803.6%

Hard Times Not For Everone

At a time when heavy hitters like Aloha Airlines and Molokai Ranch are being forced to close shop, one Hawaii business is going full speed in the opposite direction. Pacific Engineering Management Co. Ltd. (PEMCO), which deals primarily in real estate, construction and engineering management, recorded its highest sales ever in 2007 at \$25.3 million — a whopping 803 percent increase over the previous year's sales of \$2.8 million.

In fact, PEMCO boasts the biggest percentage of year over year sales gains of any Top 250 company, making its debut appearance this year at No. 241. President John Yamamoto sounds more like a Boy Scout than a successful entrepreneur when he reveals his proven business mantra: "Be prepared for anything." How does he practice that? He studies the market and even in downturn, finds opportunity. That's why, while the subprime mortgage crisis put a drag on the national economy, it's actually helped PEMCO.

"In the 25 years [since he started PEMCO], markets have come and gone, so, in order to survive, we had to adjust where we found our work," says Yamamoto, who analyzes economic and business trends to stay ahead of the game. It's that savvy that's allowed Yamamoto to grow his company from a bare-bones staff of five to a 75-member ohana that now extends to California, Georgia, Guam and the Marianas Islands.

In 1984, PEMCO's first year in business, economic activity and development in Hawaii waned as interest rates hovered in the double digits. So, Yamamoto went after government and military contracts, providing mostly project management and general contracting services for the U.S. Navy. A few years later, when Japanese developers swarmed the Hawaii marketplace at the height of the Japanese asset bubble, PEMCO was quick to get a piece of the action, working on projects such as the Ala Moana Hotel, King's Village in Waikiki and the Koolau Golf Course. In the '90s, as more large companies began to outsource jobs to cut costs, PEMCO responded once again by expanding its operations to include facilities maintenance and environmental engineering services.

The company's most lucrative opportunity came in 1996, when it was awarded a U.S. Department of Housing and Urban Development (HUD) fixed-term contract. When a Federal Housing Administration (FHA)-insured home mortgage is foreclosed, HUD becomes the property owner and sells it to recover the loss on the foreclosure claim. That's when PEMCO steps in to manage the sale and find subcontractors to renovate the property and get it into sellable condition.

"We were able to really do exemplary work," says Yamamoto, an engineer by training. "Later, the HUD executives recommended that we go after Mainland projects as well, and we did. So we were able to get the California contract. And subsequently, we were invited to pursue the Georgia contract in 2006. With the Georgia contract, it all of a sudden increased to a huge volume."

Yamamoto says the swell in foreclosures in both Georgia and California is largely responsible for PEMCO's huge jump in sales from 2006 to 2007. But his daughter, Kimiko Yamamoto, who is the vice president of PEMCO, perceives it a different way. "We don't want to see people foreclose. but. in essence. when one family forecloses.

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perceives it a different way. "We don't want to see people foreclose, but, in essence, when one family forecloses, we're able to put another family into their very first home."

Kimiko Yamamoto says technology has allowed PEMCO to better serve its growing number of clients. The company works directly with more than 50 HUD-registered brokers and thousands of real estate agents, who are able to view available properties and obtain detailed information on PEMCO's Web site. Judy Manning, manager at Central Pacific Properties in Honolulu, frequently monitors Hawaii HUD properties. "Buyers are attracted to HUD homes because they're offered at good prices," she says. "A lot of times, we direct clients to PEMCO's site and they can check out properties on their own."

The Yamamotos and Manning expect Hawaii home prices to drop within the next year, and John Yamamoto anticipates economic conditions will probably get worse before they get better. Like a rolling wave from east to west, he says California is seeing a high number of foreclosures, so it's just a matter of time before Hawaii gets hit.