

## MESSAGE FROM THE PRESIDENT

As we enter the last two months of our fiscal year, Alamon continues to work toward meeting its great potential as a company. Though there is vast room for improvement, we are in position to significantly beat our performance of the last two years from both revenue and profit standpoints.

Alamon is seeking to take growth to the next level — moving from a \$16 million company to a \$20 million company. If we can do this while maintaining margins and costs, we have a wonderful future to look forward to.

Alamon has implemented an aggressive marketing plan and behind the scenes is working to craft an acquisition strategy. We are very excited about the CAF money that has been released and the A-CAM funds we hope will be made available soon. These should create a number of



QUALITY, RELIABILITY, PROFESSIONALISM

opportunities for the Network Services division, as well as our OSP and Engineering divisions. We are hoping the additional work will allow for price increases in everyone's bids.

We also see huge opportunities for growth in our Tower division as wireless projects become increasingly crucial to serving the public's need for increased data. Finally, we are especially excited about the growth potential for the Utility Pole Inspection department. With that group's marketing skills and possession of the best inspection tools in the industry, they are poised for massive growth.

The next two months and the 2017 fiscal year should be good for Alamon. Thanks to everyone who has worked hard to help create our success — your efforts are appreciated.

— Brad Cronk

## Safety matters

Alamon values nothing more than the safety of all its employees, and there have been a few incidents recently that demonstrate a need for renewed focus on this topic.

There have been several vehicle accidents, some caused by failure to pay attention. We're responding to this with the creation of a more in-depth safety program for Alamon drivers.

We are also drafting documents that feature the proper procedures drivers should follow in case of accidents. These will be kept in all Alamon vehicles.

Many of our customers require that our



company be rated at a safety grade of 1.0 or below. The EMR (Experience Modification Rate) is used by companies to gauge both past cost of injuries and future chances of risk. This also affects our worker compensation costs.

Alamon has an excellent safety record — maintaining this is one of our highest priorities.

## Alamon earns more high marks for quality

Alamon continues to stand out as one of the highest-quality contractors for our customers due to the outstanding work of our conscientious employees.

With Verizon, for example, we earned a quality score of 99.85 percent for the most recent quarter, making Alamon the number-one quality vendor for Verizon in the country.

There are many more Alamon customers who may not have formal scores, but still rate us as their top contracting company.

This sentiment is also shared by many of our customers' employees who are working in the field with Alamon employees on a daily basis. Keep making them happy.

# Foremen make big difference

Two foremen with the Utility Services department have earned high praise from Operations Coordinator Chad Higbee.

Bryan Carey and David Hill's extensive industry experience adds to Alamon's traditional wood pole inspection programs. Though the department uses non-destructive Resistograph technology in many wood pole inspection contracts, traditional "dig and treat" inspections are still used in various areas of the United States. These are resource-intensive jobs, and Bryan and David have been great additions to Alamon's traditional ground-line inspection crews.

With their help, Chad said, the division has been able to expand market share, winning important projects. "There are no words to convey that value," he said of Bryan and David's contributions.

Bryan, who operates out of Arkansas, brings five years of experience to his work in the industry. David, with a home base in Utah, has been in the industry for four years. They are both fairly new to Alamon — Bryan joined the team a year ago and David signed on last September.

They bring different, but equally important skill sets to their jobs. David is especially talented at promot-



David Hill on a job site



DAVID HILL



BRYAN CAREY

ing Alamon's services.

"He has really been an asset to us in the marketing area," Chad said. I've gone to a few marketing meetings with him, and David steals the show. His knowledge and ability to talk shop and be a nerd about the whole industry are

## EMPLOYEE SPOTLIGHT

second to none."

David's sales acumen was the key to Alamon getting two big contracts in western Colorado for the La Plata Electric Association and the San Miguel Power Association.

"David was the driving force in acquiring both of those," Chad said. "I sat in on those meetings and he completely stole the show. People gravitate toward him, his knowledge base is so wide."

Chad says Bryan's strength is how efficiently and skillfully he manages the job sites.

"Bryan's specific genius lies in field operations," Chad said. "He's very thorough, very creative. He's good at structuring the crews, seeing that production is met, keeping the guys happy, keeping morale and spirits high. He's a good talker and a people person — it's hard not to get along with him."

Both Bryan and David have military backgrounds, which Chad says can be seen in their ability to manage their crews.

"They're up and comers, and they're both going to be fantastic for the business," Chad said.



# ALAMON PROFILE

**A**lamon founder Frank Gebhardt's career in the telephone business started off as one adventure after another.

Even as his company matured and work became a little more routine, Frank still managed to keep things lively.

Even if the people who worked with Frank in the early days were aware of his tendency for creating mischief, they could still fall victim to his good-natured pranks. One example: When Don Dennison, retired Vice President of Alamon, was working on an insulation project in the attic of Alamon's first Montana headquarters, Don had to crawl through a square hole in the ceiling. Frank thought he'd cause a bit of confusion by reducing the size of the hole little by little by adding extra wood to the opening each time Don left the office.

"He was having a real tough time getting up and down, and his pants almost ended up completely rolled up his leg" Frank said, "and Don finally asked his wife 'Am I getting fat? I can't get up in the hole anymore.'"

When it comes to the success of his company, though, Frank's always been all business. He's technically retired, but is still on the Alamon board and drops by often to make sure things are humming along at Kalispell headquarters and to tell a joke or two.

Thankfully, Frank didn't scare off good employees with his sense of humor. Frank found great workers who he treated well, and they treated Alamon customers well in turn. Employees remained loyal to the company because of Frank's philosophy that people he hired should feel appreciated and be paid a decent wage.

Frank, who was born in 1931,



**COMPANY FOUNDER**  
Frank Gebhardt

*'If you go out of your way and do a good job, take special care of the customers, they'll come back to you.'*

developed his work ethic on the family farm in North Dakota. He was lured away from farm life when he ran into an installer for Chicago's Automatic Electric Company, which manufactured step gear, the main technology for routing phone calls in the 1950s.

"I was fascinated when I walked through one of the offices and looked at all the wiring, knowing I would have to learn the color code," Frank said. "I thought to myself I couldn't possibly learn this, but I wanted to try. It was still fascinating to me even as I progressed."

Frank traveled from coast to coast as an installer for Automatic Electric Company. One job in Washington, Iowa, turned out to be an especially memo-

rable one. That was where he met his wife, Peg, who became not only a partner in raising a family of seven children, but also was Alamon's co-founder, bookkeeper, and administrative wizard.

**ALASKA WAS** another important place in the story of Alamon. Frank was working for the Municipal Utilities Co. of Fairbanks in 1964 when a tidal wave tore up the electric and phone systems of the coastal town of Seward. Frank and a friend were asked to assist the city with restoring its cable system. They spent weekends on the job, flying back and forth from Fairbanks to Seward every week, and getting their first taste of contracting.

FRANK AND his son Matt sit among Frank's extensive collection of antique phones at the Kalispell headquarters.

"We worked day and night to get the switches back up," he said.

Another freelance installation job took Frank to Barrow, Alaska, the northernmost town in the United States. The people there — mostly part of an indigenous tribe — had just experienced a successful whale hunt and Frank said the whole village was "really celebrating."

When Frank and friend Wally Kobreek decided to strike out on their own as contractors, they began in Alaska, and later expanded into the lower 48 to be closer to job sites. Wally died in an automobile accident in Minnesota during the early years of their business venture.

**FRANK PROVED** he knew how to take advantage of opportunities early on. Because Canada was ahead of the United States in its telephone technology, Frank seized on the idea of purchasing switches that were no longer needed in Canada, cleaning them up and then selling them to grateful customers in the United States, who knew the refurbished gear would last long enough until the new telecom gear was ready to be put to use.

Frank had worked in the Flathead Valley towns of Columbia Falls and Lakeside in the 1950s. He and Peg thought the area would be an ideal place for their new headquarters, with the mountains and wilderness offering the adventurous atmosphere of Alaska, but the Montana location being closer to customers. They set up the refurbishing site in Alamon's first offices in the northeast of Kalispell.

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# High-profile companies targeted as new customers

Alamon is always in search of new clients and we currently have a number of exciting leads with companies that offer significant potential. We have successfully presented our services to a number of high-profile companies recently. Here are a few examples:

**BNSF** - The railroad is outside of our normal customer base, but it does have a telecom division. There are multiple opportunities for Alamon to grow with this Fortune 500 company. We are now in the process of filling out the onboarding paperwork.

**Verizon Wireless** - We have been pursuing this Fortune 500 company for many years, as it is one of the dominant players in the wireless industry. We have worked on their sites as subcontractors numerous times, but never directly for the company. They are very exclusive about who they choose as their contractors, but we are in the process of completing paperwork to become a direct vendor with them.

**Con Edison** - This New York utility is one

of the nation's largest investor-owned energy companies. We just completed the onboarding process.

**PSE&G** - This multi-billion dollar revenue company in New Jersey is ranked No. 274 on the Fortune 500 list. We are in the midst of finalizing pricing on a job with them.

The following companies are examples of the many new target areas Alamon is pursuing:

**IBM** - This Fortune 500 company offers many projects within our core capabilities. We have had conversations and emails with various employees in the IBM supply chain.

**Windstream** - This \$5 billion dollar digital communications company is having problems with current contractors. Alamon would offer solutions for the company's needs. We are putting a "full-court press" on these guys.

**Federal Government** - We are pursuing contracts with the government, which offers a multitude of contract opportunities, on several fronts.

**Pioneer Telephone Cooperative** - Large cooperative serving more than 150,000 customers in Oklahoma and Kansas. With possible A-CAM money in the pipeline, there is potential for a huge number of drops projects.

**Blackfoot Telephone** - Blackfoot Telephone in Missoula, Montana, is looking at a substantial 10-year project. We are in the running for a large percentage of the work.

**Southern California Edison** - The Utility inspection division has been working on a relationship with SCE, a potentially huge customer, for almost a year now. This one firm presently has over 250 contractors from several companies performing inspection work for them. If we could secure only a small percentage of this work, it could produce amazing revenues.

This list of possible clients is just the tip of the iceberg. There are still many other companies we are actively pursuing and expect to work with in the future.

## ALAMON PROFILE (continued)

"We had an excellent opportunity to do some good and make a few bucks at it," he said.

He said they never had a switch returned out of all that were shipped throughout the country. From the beginning, Frank made it a priority to take care of customers.

"The biggest thing is, if you're putting something new in, doing a good job and getting along with them, they'll want to keep asking you back to help with the switch because they don't know the switch themselves. If you go out of your way and do a good job, take special care of the customers, they'll come back to you. That's always been our emphasis."

Frank has also taken good care of his employees. During the early days — when meeting payroll was sometimes difficult — he would use 80 acres he owned east of Kalispell as collateral to secure the funds from a bank for payroll. He also demonstrated his commitment to the employees when, rather than selling Alamon to an outside interest, he turned it into an ESOP company, giving the employees ownership and incentive to stay focused on the Alamon mission.

**THOUGH ALAMON** has about 150 employees currently, at one point there were about 450 workers on board. A big part of Alamon's

growth was linked to a relationship with the multinational telecommunications giant Nortel.

"We were one of few main vendors who did contracting work for Nortel. Because of the quality of people we provided, they kept calling us more than anyone else," Frank said.

Nortel also developed close ties with Alamon through the Alamon Training Center. The center, opened from 1979 to 2002, trained telecommunications technicians. Nortel knew that once someone went through the Alamon program they would have the necessary skills to be solid workers and hired a bunch of training-center graduates. Some of the trainees stayed on with Alamon, but since technicians paid for the courses, Alamon was ahead either way.

Nortel, which at one time in its history employed almost 100,000 people, was a casualty of the telecom bubble of the late 1990s as well as a number of other factors. The company filed for bankruptcy in 2009, but it had ceased to be a source of steady work for Alamon long before then.

Frank had the vision in the early 2000s to come up with alternatives for Alamon, opening a wireless division, pole inspection department and engineering department. It was common practice for Frank to stay ahead of the curve.

For example, Frank and Peg's innovative phone sales plan was one small way they kept Alamon viable in its early years. There was a time when telephones couldn't be sold in retail stores as they are now, and the Gebhardts created a switch system in which people could call each phone within their phone store for a test drive. They had a corner on the Flathead Valley phone sales market until the FCC changed its policy and phones could be sold anywhere.

Though Frank has always looked to the future, he honors the past with his stash of classic telephone equipment housed at company headquarters in Kalispell. His love of the older technology is evident as he shows off the museum-quality collection, which includes an 1896 pay phone that accepted silver dollars and 50 cent pieces, a double-walled oak phone booth, and a set of working switches that demonstrate the original step system of relaying calls.

Besides family and work, golf has been another of Frank's passions. He invented his own putter, and in another of his signature pranks, he once brought in a doctor's note that said golf was prescribed for his health.

Frank wants all involved with Alamon to know that although he is no longer involved in the day-to-day operations, the company and its people will always hold a special spot in his heart.

## Committee keeps eye on the future

A diverse group of employees meet once a month to cover a variety of issues important to the future of Alamon. Topics discussed in the meetings include potential acquisition targets and strategies, market niches, where we should devote our resources, and thriving areas of the economy that might hold new clients for Alamon.

The world of communications is ever-changing, and Alamon is motivated to stay in step with technology. We want to ensure that we are not only surviving, but flourishing in the decades to come.

## Do your part for financial health

Being part of an ESOP company like Alamon is a privilege and offers great benefits, but only if everyone takes their roles as a company owner seriously. As company owners practice fiscal responsibility, so should ESOP members. This doesn't mean we have to go with the cheapest option on purchases and other expenses, but we should always search for the best deal for the quality we need. From gas fill-ups to buying materials to hotel stays, even small purchases add up. So spend a little time looking for the best deal instead of just taking the easiest option.

A company owner wants all customers to be happy, so we should strive to provide the best quality product and customer service experience possible. Our customer-service efforts will increase company profits, leading to a rise in Alamon's share prices.

To see how your efforts are paying off, be sure to log in to ESOP Connections to receive the latest information about your part in the company.

### ALAMON ESOP CONNECTIONS

Sign in to see your account balance, estimate the future of your ESOP plan, look at plan documents, and much more.

[www.esopconnection.com/alamon/](http://www.esopconnection.com/alamon/)

# BLOG BONUS

While you're at work, always keep Alamon's monthly blog contest in the back of your mind. You might come across a blog idea that could earn you \$100. Any subject that offers a new or interesting look at Alamon's work or employees is eligible for consideration. Take a look at the news section of the Alamon website for past blog posts.

The blog helps acquaint new and existing customers with the many facets of Alamon and adds fresh material to our website. It also helps promote Alamon's presence on the other social media platforms that make up part of our marketing strategy.

Please submit blog ideas to your supervisors.