

Interview: Gustavo Hermida – President, CIC Construction Group – Puerto Rico



13.08.2015

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CIC Construction Group is the largest general contractor for the pharmaceutical industry in Puerto Rico today. Gustavo Hermida, the company's founder and president, traces the evolution of CIC over the decades and highlights some of the ongoing construction projects currently underway in Puerto Rico.

You founded CIC and the company has evolved into one of the most competitive contractors in Puerto Rico today. How did it all begin?

CIC started as Caribbean Industrial Construction Company, Inc. in 1983. Our main focus was to provide excellent services as a general contractor for the pharmaceutical, manufacturing and chemical industry, where we grew our business substantially. As a company we developed a continued trust through our clients and made sure that our people understood our vision, which is to create an inspiring, first class construction company that delivers excellence beyond expectations. In the initial years, we only concentrated on manufacturing sectors; however, to develop and continue growing we had to diversify our sectors. Most of our prospect clients saw our name and assumed the company was only an industrial contractor. We moved into other sectors like commercial, energy, healthcare, hospitality, institutional, housing, warehouse and distribution. We changed the name of the company to CIC Construction Group, while never forgetting the service we provide to the pharmaceutical industry.

Where does CIC stand today?

We are currently the largest construction company in Puerto Rico specializing in the pharmaceutical, biotechnology, manufacturing and medical devices industry, and as a general contractor in Puerto Rico we are the third largest. Our reputation has become one of our most important assets. This reputation was and continuous to be founded on the integrity of our employees. 2006 was our biggest year with \$106 million in revenue and 1450 employees. At that time, we were participating in the construction of three biotech pharmaceutical plants in Puerto Rico. Today we only have 500 employees and with revenue between \$70 and \$80 million. Considering the economy of Puerto Rico,

this is still quite respectable. Pharmaceutical companies are losing patents, so they have to engage with service companies that can provide excellent service at the best price. They need to be competitive, as do we. We decided to push ourselves ahead of other companies and establish our own crew of well-trained people by ensuring the best service at the best cost for the owner. Our employees have been working with the company for an average of 16 years, including laborers, carpenters and masons. It has been very rare for a construction to maintain that; the turnover of employees in the construction industry is quite high. We have to manage since our reputation is so good and people trust us, we have many repeat clients to whom we provide services and help to manage to maintain that personnel working constantly. Furthermore, as the life science industry is spread across Puerto Rico, which means we have to work all over the island.

Has the decline in revenue and personnel since 2006 been a consequence of the phase-out of Section 936?

Our business has been affected not only by 936 but also the competition that the pharmaceutical industry is experiencing worldwide. There is lots of consolidation due to patent losses. That has been the toughest part; we used to have 30 clients at any time, but the merger and acquisitions have reduced this number substantially.

What are some of your current projects?

At present, we are working in the following projects, Galeria Urbana, Plaza del Mar, BMS, Romark Laboratories, Eli Lilly, Bayer, Monsanto, Amgen, Janssen Ortho, Pfizer, Abbie, Bacardi Plant, Warner Chilcott and Econo Warehouse and Distribution Center. To maintain volume, we have to work in all the sectors. Half of our current volume is with pharmaceutical companies, and the rest is with others.

Puerto Rico could become more interesting as a medical hub for the region. Does that open new opportunities for new hospitals or research centers being built through CIC?

Certainly; that will require building and improving existing hospitals' infrastructure, research centers, laboratories and specialized hotels. CIC has the experience and knowledge to provide the construction services needed to build these new facilities.

What has been the secret of success in building the reputation that you have today?

It all comes down to working hard and ensuring that whatever we do is done with excellent quality, safety, performance and with cost-competitiveness. The key elements for a new project are concentration on providing excellence services. Our goal is to provide those qualities that exceed expectations.

We are differentiated from other contractors in Puerto Rico by the quality of the work we produce, our safety record, our proven performance. CIC has grown directly as a result. We have been awarded many safety awards through PRMA and the General Contractors Association of Puerto Rico, among others. CIC has reached its goal of zero accidents in a year.

What is the importance of CIC within the Puerto Rican life sciences ecosystem?

As a general contractor, CIC provides the infrastructure for the life science sectors in the construction industry. Life science companies need the infrastructure built so they may produce their pharmaceuticals, biotechnology or medical devices products. As a service provider of infrastructure, it is critical to gain the confidence of the industry, ensuring that you are the one that can provide the quality, performance and safety that they are looking for, at the best competitive price.

Do your employees need to be well-grounded in the life sciences?

Yes, in fact we are constantly providing training to our personnel. Our safety director makes sure they have the equipment and guidance needed to work in a safe environment. Pharmaceutical companies look very closely at how you perform on safety. That is a key element in the construction area.

Looking beyond the present, what does the future hold for CIC?

We are looking at a very good future of growth, especially in this shrinking economic environment. Between 2014 and 2015 we increased revenue by ten percent. We are steadily growing and we look to the future to make sure we continue growing. We are planning to expand outside Puerto Rico, particularly the mainland US, which is a major point for us right now. We are in the process of obtaining the license to operate in North Carolina, and we are planning to open an office there early in 2016. To continue growing we must look outside Puerto Rico.

You founded this company, and you have seen CIC grow over the decades. What kind of legacy do you want to leave behind?

I want to see CIC continue growing for many years, and the company's vision is maintained throughout that time and that our mission continues to be an endless endeavor to win the trust of our clients. CIC is a big family and all of its employees are considered as family. To make sure they continue growing with all 500 families continually being supported by the company, we have to leave that legacy. They will continue what we have built, and will never forget the vision and mission of CIC. Compared to other construction companies, our turnover is very low. We need to maintain that, otherwise you lose the experience that you have taught them and you have to start training people again for new pharmaceutical projects. New people must understand our philosophy and vision.

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