



### PROFILE: KEVIN MCDONALD

Kevin McDonald spent the 1970s as a drug addict, gutter hype and criminal. In 1979 a judge in San Francisco gave him a choice: Prison or a rehab program. He spent 12 years at the Delancey Street Foundation, where he eventually managed the daily operations of a \$1.2 million moving company and supervised 50 to 80 ex-cons, prostitutes and former addicts during their first six months in the program. He left in 1991, spent three years working with former gang members in central Los Angeles, then moved to Greensboro to direct Delancey Street's North Carolina chapter. A few months later he founded TROSA and has been President and CEO ever since. McDonald currently serves on the Board of Directors for City of Medicine, Healthy Carolinians, Health Partners, and Durham Community Penalties. He and his wife have two young children.

## “ONE TRUCK AT A TIME . . .”

When Kevin McDonald started Triangle Residential Options for Substance Abusers (TROSA) in 1994, he had \$18,000 “and 15 hard core street guys, penitentiary guys. I had to figure out some way to make money in order to keep the program going. So we started our first business — peelin’ potatoes!”

That was the beginning . . . but potatoes alone weren't going to keep the TROSA residents fed and housed. McDonald had spent 12 years at Delancey Street Foundation in San Francisco, the nation's leading rehab and job training program for ex-cons, recovering drug addicts and former prostitutes, and he'd spent part of the time running Delancey's moving business.

That experience prompted him to take three steps during the first few months of TROSA's existence that led to the creation of a company that generated less than \$50,000 in its first year but has grown into a \$2.6 million business today. It's the seventh largest moving company in the Research Triangle Park area and last year carried out close to 5,000 moves. It's licensed in 48 states.

### ORIGINS

McDonald's first step was to begin sending his ex-cons and former addicts to North American Van Lines. “We wanted to start a temporary help business in the moving industry,” he says. “There was a tight labor market down here and the big companies were desperate for workers, so we got our guys trained on North American's dime — and then started sending them temporary laborers.”

At the same time, McDonald began to explore the possibility of starting a moving company of his own. “Trouble was, all the existing movers in the area had to vote on you! It would have taken forever!” So McDonald found an attorney who turned up an existing mover who'd gone bankrupt and wanted to sell his license. TROSA bought it for \$10,000 (profits from the temporary labor business helped provide the necessary capital) — and bypassed the approval process.

Finally, he bought a used truck from Ryder. “Bought it, painted it — and made sure it had an automatic transmission, because a lot of the guys didn't know how to drive a stick.”

From that point on, McDonald grew the company “one truck at a time.” The business started in late 1994 and today employs as many as 140 people during the prime moving season. “In the beginning,” he says, “we didn't need highly skilled people to build the business. Each man taught the next man. Plus, it was a cash business.”

More than 250 men and women are currently taking part in TROSA's two-year residential program for drug addicts and alcoholics; most of them choose to do so as an alternative to incarceration. The residents participate in a comprehensive therapeutic program (*please see accompanying story*) and during their stay work in one or more of the many businesses McDonald and his colleagues have launched during the past seven years. They receive free room, board and medical care, plus a modest living allowance, but are not paid salaries. In keeping with TROSA's philosophy of self-help and individual empowerment, residents are responsible for all aspects of the businesses, including job planning and estimates, work scheduling, crew supervision and resource allocation.

Each of the businesses serves double duty as a vocational training school. In addition to the temporary labor force and the moving company, they also include such things as a vehicle repair shop, a construction company, an auto painting and body works company, a lawn and garden service, a quick print and copying business, brick masonry, a catering service, a picture framing company, residential and commercial painting, and its first retail business, a Christmas tree and wreath sales business started in 2000.

### **"I DON'T WANT YOUR MONEY . . . "**

Residential moves were the bread and butter for the moving company during the early years, but it has gradually attracted a corporate business as well and is poised for further expansion. McDonald built the business primarily through personal selling and word of mouth. "We didn't have a very big staff," he says, "just me and two others, and we didn't have much money for advertising. We were just trying to survive as a program. So, I decided to start hitting the pavement and gave a lot of speeches. Went out to the Junior League, the Kiwanis Club, that sort of thing . . . and I found out they were tired of people asking them for a handout. So I told them, 'I don't want your money . . . I want your *business* . . . call us up, let me give you an estimate . . . *use* our services.'"

He says the obstacles have been enormous. "Starting from scratch . . . no capital . . . no staff . . . no facility . . . sort of basic, man!" TROSA received an abandoned school building as a donation, but the building didn't have heat or running water and had to be lit with kerosene lamps. There weren't any written procedures or policies for running a rehab center, much less a moving company. "But nothin' surprises me any more," says McDonald. "I've been doin' this sort of thing for 20 years, and I was a street urchin before that. I just know that if you believe in something hard enough and work hard enough at it, it's gonna happen. You just don't quit no matter how hard it looks. You just keep goin' . . ."

McDonald credits much of the success of the moving company to its manager,

## **Kevin McDonald talks about . . .**

- Running a business using ex-cons and recovering drug addicts
- How to talk to the Junior League and the Kiwanis Club
- Transforming himself from a street urchin into a successful entrepreneur
- The challenge of managing growth
- How TROSA does training: One man teaches the next man
- Remembering that the customer is *always* right
- The foolishness of not having a dedicated sales person
- Why it's important not to bite off more than you can chew



TROSA MOVING: General Manager Mike Keene.

Mike Keene, a former heroin addict who arrived at TROSA in 1997 after gaining four years of moving experience at Delancey Street. “Mike *is* the moving company,” says McDonald. “He oversees the moves, trains our men, helps them with their recovery, and puts in 18 hours a day doing it.” McDonald says Keene’s past experience with drugs and his knowledge of how difficult it is for people going through recovery are what make him such a success with his employees. “It helps him relate to the residents and their difficulties,” he says, “and the encouragement and discipline he provides help employees learn to deal with their past and work a job so they don’t return to the streets.”

Today the challenge is managing growth. “We still have 100 per cent turnover in our employees every two years,” he says, “and up until recently we only had three paid staff members.” He started hiring experienced professionals and now has a full-time staff of 15, 12 of whom have criminal records.

## AUDITIONING

The temporary help side of the business also continues to thrive. “The employers love it,” says Mike Crum, TROSA’s Chief Operating Officer. “They get a drug-free workforce with a great work ethic. And in an area with a 1.5 per cent unemployment rate, they’re desperate to find entry level workers. We’re the only people who can pull together 100 men in an evening to help move an office building on a day’s notice.

“Plus,” he says, “our guys are auditioning for a job that will be waiting for them when they finish their time at TROSA.” The corporations “have a chance to look at our guys for ‘x’ months . . . and a lot of them have been able to land good jobs, with benefits. If they’d just gone through the front door putting in a piece of paper, it would have wound up in the round file . . .”

What comes next? McDonald believes the moving company “can get to \$3 to \$5 million over the next five or ten years, maybe quicker.” He’s also hoping to expand TROSA into a four-year ‘college of recovery’ and to help graduates set up micro-enterprises. And he’s hiring a grant writer (90 per cent of all TROSA expenses are covered by profits from the businesses, but there’s still a gap to fill). “I can’t even believe people give you money,” he laughs. “Twenty years ago I just took it!”

## CRITICAL SUCCESS FACTORS

In addition to **looking for a business relationship rather than a handout**, McDonald identifies eight other factors that have been critical to the success of TROSA Moving.

**Basic skills:** “First of all,” he says, “your crews have to be trained. Training, training, training. Everybody is always teaching somebody else. One man teaches the next man.” That becomes especially important because the

company experiences 100 per cent turnover every two years. TROSA holds training classes for movers every Sunday. Each crew that goes on a move has a crew boss that is continually training new members on his team.

**Image:** “Our employees have to act in a professional manner,” says McDonald. “When you’re dealing with recovering addicts, the first thing you have to do is make sure they’re not using drugs. You can’t be la-dee-dah about it. The accountability has to be there. You’ve gotta have discipline, and appearance is really important. Our people are taught to dress, speak and act professionally. Part of our goal is to change people’s perceptions of addicts as street people, and sometimes our people forget that the customer is the person paying the bills. We sort of have to go back to basics. If somebody isn’t performing, if they’re disrespectful to a customer, we’ll have to fire them . . .” Crum says “it’s a double-edged sword at best when potential customers know we’re a drug rehab facility. Customers suddenly start to fear you . . . or, worse yet, they start looking at you as a nonprofit rather than a business.”

---

*“When you’re dealing with recovering addicts, the first thing you have to do is make sure they’re not using drugs. You can’t be la-dee-dah about it. The accountability has to be there. You’ve gotta have discipline, and appearance is really important. Our people are taught to dress, speak and act professionally.”*

---

**Customer relations:** “And we will never forget that our customers are the ones who keep us in business,” adds McDonald, “so you have to treat ‘em right. They are *always* right. If we do something wrong, we respond immediately and take care of the problem. That’s just *so* important . . . but people forget that. When customers appreciate what you’ve done, it’s the best form of advertising you can get. It’s like buying cars: You go back to somebody you’re comfortable with.” The company does very little paid advertising.

**Work ethic:** McDonald believes his company’s competitive edge is “our work ethic. One of the things we hear over and over again is how polite our men are. We get the job done. We’re not the cheapest in town, but we’ve built a big following from word of mouth.” And, according to a recent survey, it turns out most customers have no idea the people doing the moving are former addicts and ex-cons.

**Seasonality:** “Here in North Carolina,” says McDonald, “we live for certain months in the summer and hibernate like a bear in the winter, so we’re always trying to cover ourselves with other businesses during the winter, just like most moving companies.”

**Dedicated sales people:** “Not having a dedicated sales person was the biggest mistake we made,” says McDonald. “Anybody who wants to do this should definitely hire a person with some experience in the field. It’s hard to break into the market. There are a lot of big corporations here in the Research Triangle Park, and we’ve made some inroads, but we’re still not in there the way we should be.” McDonald “put over 30,000 miles on my car the first year. I spoke to anyone who would listen to me about TROSA and what we do. The most important thing I needed to do was to establish our reputation in the community.” But that was when the program only had 35 residents. Today it has more than 285 and McDonald doesn’t have as much time to speak at public events.

**Careful growth:** McDonald also believes “you have to be careful not to grow too fast. You can only be as big as the number of people in your program. We’ve got nearly 300 now. But we still have to watch which jobs to bid

on and always be honest with ourselves rather than building up a reputation for biting off more than we can chew.” He says the company has grown so quickly that “the infrastructure hasn’t been able to keep up, so I had to slow down. Now we are hiring more people and building and improving our program and business. For survival. And now that we have some professional staff on board we’re starting to move to another level. But you have to be willing to pay for it. It’s a real learning process as we bring in professional staff to integrate with us. If this were a government agency, the state would have 150 people working in a place like this! But we don’t need anywhere near that many. We just have to build up a permanent staff of middle managers, an institutional memory.”

**Resilience:** Only 33 per cent of the men and women who enter TROSA’s residential program finish the entire two years (although McDonald proudly points out that only 35 per cent of the freshmen who enter the University of North Carolina ever graduate). Not every resident is ready for the long-term, two year commitment. “You just have to roll with the ones who quit,” he says. “You have to remember that no one person is too important . . . and just go find somebody to replace him. The biggest thing is that you have to believe in the people you’re wantin’ to help. They can feel it, they can feel that you believe in them, and they’ll work hard to change.”

## FINAL WORDS OF ADVICE

McDonald admits it would also have been nice to have more capital, “but I never went to school and I didn’t know what I needed. A bunch of MBAs from around here came in and told me I shouldn’t have been able to do what we did – but I didn’t know that!” I followed my gut and used my experience to do it and it works. We’re doing it and will be here for a long time.”

What keeps McDonald, Crum and the other TROSA people going are a set of core values. “We will never forget what we’re about,” says McDonald. “We’re training men and women in order to give them a work ethic so they can go on with their lives, get jobs in the community and overcome their addiction. Many people talk about a double bottom line . . . balancing your program and your business. Well, it all comes down to the people. We’re not gonna sacrifice that, ever.”

## THE TROSA MODEL

Founded in 1994, Triangle Residential Options for Substance Abusers (TROSA) is now the largest therapeutic community for substance abusers in the state of North Carolina.

More than 280 residents currently participate in a highly structured self-help program that lasts for two years. Most are between the ages of 31 and 50 and many come to TROSA as an alternative to incarceration. Ninety per cent have a criminal record, 71 per cent are African American, and 85 per cent are male. Forty-five per cent have not yet completed high school or acquired a General Equivalency Diploma (GED).

Residents receive vocational training, take a variety of educational courses, work on their interpersonal skills and learn how to re-enter the community. By the end of 2000, more than 150 people had completed the two-year program and joined the full-time work force at an average hourly wage of \$9.25.

Educational courses for residents without a high school diploma include literacy and GED classes taught by the

Durham Literacy Council. All residents participate in word processing and spreadsheet classes at an on-site computer lab. Daily motivational and educational seminars are part of the routine, and there are several special interest and vocational classes, including creative writing, photography, charcoal drawing, commercial driving, brick masonry and basic auto mechanics. TROSA residents are also encouraged to volunteer and participate in community activities, and many of them play on TROSA’s basketball and softball teams and sing in a choir that performs at local festivals and private weddings.

During their final three months in the program, residents begin participating in personal finance, job readiness and relapse prevention classes and receive help in their search for permanent employment either within TROSA (staff-in-training) or with an outside company. Graduates of the program receive a car (donated to TROSA and rehabbed by TROSA mechanics) and can live at minimal cost for at least a year in one of the organization’s 20 after-care residences (more than 60 are currently doing so). All graduates also have the option of attending bi-monthly support groups.

# TROSA Moving

## TYPE OF BUSINESS:

**Interstate/intrastate moving company**

Residential and commercial moves; contract labor for other moving and moving-related companies

**Mission:** To provide quality, cost-effective moving and contract labor services while teaching TROSA residents transferable skills that can be used in the labor force after graduation; the goals are to enhance job skills (e.g., commercial driver's licensing, specific moving and customer service skills), to help formerly unemployed people develop a work ethic, and to empower the residents

**Year founded:** 1994

**Structure:** A vocational training program/business operated internally by a nonprofit

**Headquarters city:** Durham, North Carolina

**Geographic market:** Continental United States

## CURRENT FINANCIAL PERFORMANCE

(fiscal year ending June 30, 2000)

Annual sales: \$1,608,000

\* Net profit: \$1,097,470 (68 per cent)

\* TROSA employees receive free room, board and medical care plus a modest living allowance . . . they are not paid salaries

## SOCIAL RETURN ON INVESTMENT

Number of employees  
(depending upon the season): 30 to 140

Number of full-time employees  
(seasonal average): 52

Number of full-time employees  
drawn from "at risk" populations: 52

Number of part-time employees  
(seasonal average): 30

Number of part-time employees  
drawn from "at risk" populations: 30

Percentage of graduates hired by moving  
companies or other companies desiring  
commercially licensed drivers: 38 per cent

## INITIAL INVESTMENT

Planning time required before operations began:  
Eight months

Dollars required before operations began: \$19,000

Sources of planning dollars:  
Profits from other entrepreneurial ventures

Time until the business generated positive cash flow:  
Four to five months

Additional working capital required  
before generating positive cash flow: \$10,000

Sources of working capital:  
Profits from other entrepreneurial ventures

Time required to recover planning dollars  
and working capital: Within first year

## PARENT ORGANIZATION

**Triangle Residential Options for Substance Abusers, Inc. (founded 1994)**

**Mission:** To change lives and increase law-abiding behavior by providing a self-supporting, two-year, residential, self-help community that serves offenders and substance abusers at no cost to the individuals

**Programs:** In addition to the moving company, TROSA operates 12 other businesses that double as vocational training schools; more than 280 people are in residence at any given time; also provides education, peer counseling and mentoring, and leadership training

**After-care:** Fifty-six graduates are currently living in TROSA housing and 70 are actively involved in the TROSA after-care program (consisting of low cost sober housing, bi-monthly group meetings, car repairs for the cost of parts and an on-site after-care coordinator)

Annual operating budget: \$5,900,000

Number of employees (FTE): 298

Number of people (unduplicated)  
served each year: 400

## SENIOR MANAGEMENT TEAM

President and Chief Executive Officer: Kevin McDonald

Chief Operating Officer: Mike Crum

Chief Financial Officer: Tara C. Anderson

General Manager, Moving: Mike Keene

Director, Men's and Women's Programs: Jesse Battle

Director of Internal Development: Wendy Brown

## Contact information

Kevin McDonald or Mike Keene  
1820 James Street  
Durham, North Carolina 27701

Telephone: 919-419-1059

FAX: 919-490-1930

E-mail address: [trosamoving@juno.com](mailto:trosamoving@juno.com)

Web site address: n/a