

A Texas - Style Bounce Back

Construction activity seen increasing in Texas despite lingering financial problems and Texas contractors group step up their industry promotion.

For Texans the 1980s were the best of times and they were the worst of times.

Just as the decade was getting underway, Texas' banks and savings and loans would finance anything—and get deeply involved in the project, too. As a result, Texas contractors boasted that they couldn't even spell recession let alone participate in it.

Then the building bubble burst—along with oil, banks, savings and loans . . . and just about every other economic condition that depended on seed money.

Wayne James, CAE, Executive Director of the Texas Lathing and Plastering Contractors Association, can recite line and verse of the tumble of Texas construction fortunes in the last few years. Yes, the 53-year-old veteran association executive will tell you, Texas is coming out of its doldrums—but it still has a long ways to go to absorb' all the overbuild situation.

You can still rent office space in downtown Dallas for as low as \$13 a square foot—and many realtors will match that offer sweetened with generous amounts of rent-free bonus time. Fur-

thermore, such largeness is available throughout Texas.

For James, the current dilemma is something new. Born in the Dallas area and a graduate of Texas Tech University, in Lubbock, TX, he has spent his entire career in the association business. First, he served 21 years with the Texas Tech Ex-Students Association, and then worked for a number of other regional associations before signing on with the Texas lathing and plastering group in 1985.

At that time, the TLPCA was riding—as they say in Texas—“tall in the saddle.” Work was plentiful, the Texas contractors supported their association as well as a promotion bureau staffed by James, two fulltime office people and a pair of technical reps. When he first joined TLPCA, James counted 44 construction cranes in Dallas. Today, there's not a one.

As work and operating funds for the association dried up, the staff slipped to James and a part time employee. The bureau was integrated more closely with the operations of the association, as TLPCA began promoting harder than



ever to get the industry moving again. Still, the TLPCA is a good demonstration of what contractors can do to invigorate a business environment that has fallen on hard times. Slow as business prospects are for many Texas contractors, things are starting to turn

around and these contractors want to see that they are a part of the bounce back.

DIMENSIONS: I see no cranes downtown in Dallas that would indicate any appreciable construction activity. What makes you think the revival is underway?

JAMES: You might not see a lot of physical activity from your viewpoint, but it's here. A number of out of state corporations, stimulated by the economic benefits available now in Texas are moving in.

JC Penny, General Telephone (GTE) and some others are all planning-or have already started building-to transfer their headquarters here. Living is cheaper, salaries are lower, transportation lower—remember that the Dallas-Fort Worth area is a great airline hub—make for an attractive package.

Plus the state is moving on legislation that would maintain the pro-business environment. These things may take a little time but they're all

proof positive that we've bottomed out and are now about to enjoy a revival. It's about time.

DIMENSIONS: What has happened to the contractor's association in that time? You must have taken it hard on the chin?

JAMES: Surprisingly enough, our membership has grown from only 27 members in the face of the decline to a current total of 40. We've concentrated on programs and benefits aimed directly at the membership and contractors have responded very well to the help that the association can give them.

DIMENSIONS: I would imagine that a number of new contractors have arrived on the scene, especially ex-journeymen who have been laid off and have opened up their own shop.

JAMES: Yes, there has been a lot of that. These mechanics need to work and earn money and they certainly have the necessary skills to keep themselves in an earning position.

Of course, in many cases some of these contractors are little more than renters of their skills. They don't pay benefits, workman's compensation, health insurance, social security, and other overhead items. That allows them to bid some awful low numbers—what amounts to hire-for-wages—and this tendency has certainly injured contractors with a higher built-in overhead.

DIMENSIONS: That sounds like there is no licensing law in Texas, right?

JAMES: Right. We have contractors who are working on a licensing law. W.C. Scott, in Houston, has been working with the Houston Drywall Contractors Association . . . sort of doing spade work. But these kinds of efforts take time and money. There's an awful lot of preparatory work that needs to be done.

Last May the electrical contractors almost got a licensing requirement through the state legislature but failed on the last vote. It was vigorously opposed by a major contractor group.

DIMENSIONS: Let's focus on the Texas dilemma, if I can call it that. When the slip started, what was the association's initial reaction?

JAMES: Keep in mind now that no one expected the situation to last this long. Many thought it was simply an extension of what was happening elsewhere in the country, a general decline in construction activity.

The banks and savings and loans were bankrolling every project that was imagined. We didn't know the extent of the financial balloon and things were just too good for anyone—not just contractors—to recognize that it was something other than a true boom.

DIMENSIONS: So it was decided to ride it out, just as one does with a normal recessionary period?

JAMES: In a sense, yes. Now, it's a matter of survival.

Contractors are taking a long, hard look at all issues that impact on their business.

We see a number of areas where improvement is needed, workman's compensation laws, for instance. We're moving with other associations on these issues while at the same time TLPCA is establishing its own programs that will help others in the construction industry to work with us.

DIMENSIONS: What's the problem with workman's comp laws?

JAMES: The rates in Texas are con-



siderably higher than in other states. The general attitude is that this rate differential occurs because there is no regulatory limit to awards, that a case can be taken to court for a jury trial

and award... so the trial lawyers seem to be the only big winners.

DIMENSIONS: Yes, that would open the gate to expensive litigation?

JAMES: Workman's comp is only

one issue. Truth is, the whole state is committed to a favorable business environment. We have a normally good business climate. For example, Texas has no corporate or personal income tax. These are big pluses. But we still want to make the business climate even better.

DIMENSIONS: When it became obvious that Texas was in for a long, serious period of depressed business opportunities, how did the attitude change come about in the association?

JAMES: A number of contractors such as President J.D. Cooper and past presidents Mike Boyd, Jim Skipworth, Bill Hubbard and others wanted to strengthen the programming and respond to the condition of the industry . . . rather than wait until things got back to so-called "normal."

These people and others on the Industry Promotion Committee have worked hard to work out some existing problems and also develop a strong promotion program. They faced some truly tough decisions, the first of which was resolving the financing of the Bureau. Now that was truly a tough decision. The Bureau had been financed as a part of collective bargaining agreement and the money had almost dried up because of the lack of work and the open shop movement. For quite sometime the Association had been underwriting about 90 percent of its expenditures. And even the support money from the Association was about exhausted. The venture capitol in Texas had broken up along with the bank and savings and loan problems and everything was feeling the affect.

DIMENSIONS: —and the first decisions, what were they?

JAMES: Well, we looked at our convention and decided that it had to be an income producer. The convention, since Charlie Strawn's retirement in 1979, had never benefitted from someone with professional meeting planning experience, and I could help out there. It now produces positive income because we negotiated better prices on food, drinks, entertainment, education . . . that sort of thing.

At the same time we were improving the cost structure of the convention, we were also greatly increasing the number of educational offerings.

This year we invited the architects from the Austin area to our convention to see the exhibits and learn about new

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technologies and developments in the wall and ceiling industry. In our Association there is still the emphasis on lathing and plastering; we don't have drywall even though most of the members in the Association do drywall work,

DIMENSIONS: Is any change anticipated?

JAMES: Perhaps, in time. Like any organization, we're capable of going through progressions, but there's no talk of such a shift currently.

DIMENSIONS: What are some of the programs that the TLPCA has introduced?

JAMES: One of our best new programs is the sponsorship of an 800 telephone number, operated 24 hours a day.

Any architect or design professional can place a call on this number to obtain technical information. During regular business hours, we answer the telephone and if we can answer the inquiry it's, of course, taken care of immediately.

If the question involves a technical issue then we refer it to one of our members who has indicated he would be available to assist. That member will call the designer back and resolve the issue.

DIMENSIONS: And how do you accommodate inquiries during off-business hours, by an answering machine?

JAMES: That's correct. When either my assistant, Ann Briggs, or I come in the next morning, we check immediately for any evening or morning calls and take care of any calls on the machine.

DIMENSIONS: Do you have support materials to supplement this reach

toward the design profession?

JAMES: We have a number of published materials. This includes a booklet that our Industry Promotion Committee developed, called "Your Guide to Quality Lathing and Plastering." We made a general mailing of this booklet throughout Texas to architects, specifiers, building owners . . . that type of audience.

In the folder, we talk about the association and its members, and then deal with such subjects as flexibility of systems, sound, fire, durability, economics, weight. We also list the five major criteria for a quality job.

DIMENSIONS: I notice also an attractive systems manual.

JAMES: That's on lathing and plastering and we're now considering revising this entire manual which has a justifiable reputation as the "bible" of the lathing and plastering industry. We'll be putting it on the computer CAD (computer aided design) program. We believe this will really help push the industry forward.

The status at this time is the search for a qualified programmer to prepare the manual for recording on the floppy disks.

DIMENSIONS: This could represent a rather substantial investment, couldn't it?

JAMES: Yes, and we'll need the support and guidance of our suppliers and manufacturers. Certainly, we intend to ask them to assist us in this and other projects because they will offer significant steps forward in communicating our industry's capabilities.

More and more design firms are making use of computer aided design and by making it possible for our systems to be called upon easily and quickly, TLPCA will do the entire industry an invaluable service.

We're also getting ready to start up a special publication for architects.

DIMENSIONS: Isn't this the program that you're working on with some of the West Coast people? Aren't they doing some inputting?

JAMES: That's correct. I've spent

some time with Bob Drury of the Northwest promotion organization as well as with the Western Conference for Lathing and Plastering. They have a number of specs that we hope to incorporate in our program.

Initially, we expect to place 6 specifications into the publication. From a physical viewpoint, we will be creating a notebook type publication to which can be added new information on a regular basis.

We hope to see this manual recognized as another "bible" of the industry. To make certain we were on the right track, we went out and interviewed architects, asked them what kind of information would be of maximum use and in what format it should be presented.

DIMENSIONS: This is a program that's like some other information services that associations have performed on a national basis, isn't it?

JAMES: Yes, the Brick Institute has something similar and its program has been exceptionally successful. TLPCA

hopes to come up with a superior program.

DIMENSIONS: Is this new manual and the 800 number the extent of your communications program to the design professions or do you expect them to be the keystones in a broader type approach?

JAMES: The 800 number and the manual are certainly the main mechanisms of our program. But we will be offering copies of our new newsletter to the design professions. The newsletter is aimed principally at subjects of interest to designers as well as codes and building officials.

We're also readying an awards program that our contractor members can initiate in behalf of a designer, general contractor, or official who makes a significant contribution to the improved quality of works. What we're out to do here is recognize through a certificate by our industry those individuals and companies who have helped to improve the construction process.

DIMENSIONS: Recession or not, it



sounds as though you have an extensive and integrated program to keep you and the lathing and plastering contractor busy for the next few years.

JAMES: That's what our members wanted to do. As things pick back up these programs will already be in place and they will get better and more responsive to contractor needs and the needs of their customers. That certainly represents a payoff for everyone, especially the end buyer of construction services.

At the same time, we will go on working and coordinating efforts with all the colleges and universities in Texas who have construction programs.

There'll be no let up in our determination to maintain a high level of liaison with local and state officials on the improvement of a climate for construction and business.

We'll keep a stream of information going out with our 800 number and manuals and newsletters.

All in all, I'd say we're planting the programs now that will pay off in the next decade. We're working for a bigger share of the contractor market and our approach is education.

You know, people think in obsolete terms of plaster and cracked stucco, but the industry is much better than that. The technology has improved along with better products and control.

Today we have a window of opportunity to introduce the new aspects of lathing and plastering. Texas' construction recession has definitely bottomed out and we are now on the mend.

With our programs and determination and the readiness of a fundamentally sound economy, the future looks better and improves each day. 