THRIVING IN A BLEAK ECONOMY

D.L. Henrickson Company Is Still Going Strong After More Than 50 Years

“For many years the Pacific Northwest, as opposed to the rest of the country at various times, has maintained a strong economy,” says Steven N. Henricksen, vice president, D.L. Henricksen Company, Inc., Tacoma, Wash. “Unfortunately this area has experienced a real downturn over the past couple of years. Our market is, very depressed.” In addition to the same economic woes the rest of the country has experienced

By Thomas G. Dolan
starting from the stock market downfall and the 9/11 terrorist attacks, Henricksen explains that the large layoffs and closing of plants by the Boeing Company, a major employer in his area, has especially hurt. “A large number of out-of-state companies have located in this area in the past 10 years,” Henricksen says. “The increase in contractors and decrease in work has made this market a very difficult one.”

Yet, Henricksen says, “We continue to be successful.”

How does the company continue to prosper in a down economy?

First, a little history. The current generation’s grandfather, Nels Christian Henricksen, started a company in the early 1900s and became a larger general con-
tractor. His son, Donald L., after working for his father for a time, struck out to form his own plastering company, the current one, in 1948. He ran the company until his death in 1977, and his wife, Jean then took over until the mid-1990s when she passed away. Meanwhile, their son James R. (Rocky) started with the company in 1962 and is now president, and his younger brother, Steve, came on board in 1974, and is vice president.

The company moved into drywall and metal stud framing in the late 1960s, which has become a large portion of the business. But, as says Steve Henricksen, “We’ve retained our plaster orientation and are one of the few companies in the area that still specializes in plastering.”

The high profile the company has in ornamental plastering is a key factor that differentiates the company from its competition and allows it to continue to be successful during down times. In the mid 1970s, the state legislative building in the capital city of Olympia was upgraded to become earthquake safe. “My dad was alive then and did the ornamental plaster on that very large project. My brother and I learned the art of plastering from our dad.” Since then the company has been involved in a number of the high profile plaster renovations, such as both the Pantages and Rialto theaters and the old public library. “We’ll soon be bidding on a large renovation in the state capital on some of the work we did in the 1970s, which is being replaced for mechanical upgrading,” Henricksen says. “We hope to be the successful bidder.”

How to Make a Profit

The three main principles that sustain
the company in tough times are the ones every contractor needs, Henricksen says: “Quality product, good service and competitive pricing.” But what really helps the company in these stressed times is its competitive pricing. It is able to often come in lower than others and still make a profit.

This is due, primarily, Henricksen says, “to our long experience and our careful analysis of costs.” For instance, schools, he says, “are our bread and butter. A lot of contractors struggle with those jobs, but we specialize in the work. We have done them for so long that we have worked with the same architects and know what the clients wants.”

On the other hand, the company also specializes in difficult types of jobs that others don’t want, and do so by charging for all of the costs that others might overlook. On these projects, he says, “Others sometimes think they can come in lower using conventional cost structures, but they lose their shirts and shy away from them in the future.”

One example of this type of difficult
work is the detention center. “These are nasty jobs, whether new or remodeling,” Henricksen says. “There is a lot of concrete, with a lot of small rooms and ceiling work, security plaster, systems. It’s not high production and is very labor intensive.” Hospitals are another example of this type job. “With hospitals there is so much mechanical and fire protection involved,” he says. “But we’ve been around town for so long, we know our production rates and have good job data costing so we know what it takes to do the more difficult work.”

But, even though the company knows what to charge for more difficult jobs, it has always been careful not to overcharge. “I’m proud that we’ve always treated people honestly,” Henricksen says. “There are sometimes opportunities to overcharge somebody, but there’s always the danger that you may get away with it once, but not twice.”

On the other hand, there are some difficult jobs that the company avoids. “We used to do a lot of spray-on fireproofing, and at the time it was pretty lucrative,” Henricksen says. “But over the last 10 years there have been more and more contractors specializing in this area, and they have gotten very efficient at it, so
now it’s not profitable for us and we shy away from it.”

Keeping prices competitive and fair, along with quality work and good service have also been responsible for allowing the company to get about 30 percent of its work through negotiations rather than bidding.

It’s the Little Things

Keeping prices low while maintaining profitability is a challenge. “We’re a very efficiently run company, and really work hard at keeping overhead under control,” Henricksen says. “It’s in the details, in things as small as lubricating wheels on the scaffolding and having good power cords. You start from there and spread out through the entire company. It’s the fine points that can make a huge difference. We discuss things like this in foreman meetings and among the office staff continually.”

One worthwhile expense, Henricksen believes, is in purchasing plenty of labor-saving tools. “Some companies are stingy about providing power tools,” he says. “We feel the opposite. The more equipment on hand, the less someone is running all over looking to borrow a rotomhammer from someone else. Instead of the worker loading each screw on the end of drywall screw guns, the new pneumatic fasteners allow you to put on strip loads, which can result in a big efficiency difference, especially on ceilings.”

The company also erects its own scaffolds. “We prefer stationary scaffolds, especially with doing plaster for exterior work, because the worker goes back and forth over the same wall so many times,” Henricksen says.

Henricksen says the company now has a special focus on ergonomics. But, one of the problems of being an older company is that the awareness of ergonomics is a relatively new phenomenon. The company has prided itself on its skilled loyal work force, many of whom have worked for the company for more than 30 years. But the repetitive motions and heavy lifting resulting in wear and tear muscular and chronic back problems have resulted in claims and an increase in industrial insurance. This has led to the cutting back of some of the labor force with an increased focus on ergonomics for those remaining.

Another anomaly of being in business for so long is that while the company’s reputation has held it in good stead with many old-time customers, at the same time, Henricksen says, many have gone out of business, “and many new potential customers are not aware of us,” Henricksen says. “So we have recently com-
completed a company brochure, which has turned out to be very helpful when we approach new clients.”

Yet being in the same area for so long also has its advantages. The company sticks to about a 100-mile radius, going north through Seattle to Everett and south to Chehalis. “The outside contractors came in about 10 years ago when we were at a pinnacle,” Henricksen says. “A lot of them have found the market not as rosy as they thought it would be, so we’re now hearing rumblings that many are planning to move on. Local contractors are able to operate more efficiently if they’re based only within about an hour’s drive of work.

**Associations Matter**

The company is also a firm believer in association affiliation. “We’ve been a member of the Association of the Wall
and Ceiling Industries—International] since the early 1980s," Henricksen says. "AWCI has been active working on insurance and EIFS issues and is doing good things along those lines. The AWCI is also a good source of technical information; often we find a specialty product specified on a product, and we know that AWCI can help us locate the supplier. AWCI also connects us to our colleagues everywhere."

While Henricksen enjoys being able to talk with other contractors not his direct competitors from across the country, he also enjoys meeting with about 35 of the nearby companies in the Northwest Wall and Ceiling Bureau’s association.
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sen says, for it provides technical information to owners and architects, opening them up to a range of possibilities they might not have considered otherwise.

As for the family outside the association world, Steve and Rocky are both married, with several children, some who are either working for the company or are planning to, to maintain the family business. They all enjoy the many outdoor activities offered by the Pacific Northwest. When asked how the two brothers get along, Henricksen says, “Rocky and I have never exchanged a cross word.” A remarkable high standard for a family business with many high standards.