JOHN W. THOMSON, JR.: Doing It His Way

By developing his own markets, this Miami contractor has managed to avoid the worst of the Florida crises while keeping his company moving.

In Southern Florida, it is not unfashionable for wall and ceiling contractors to ask, “What’s Thomson doing?”

Just as it has been for the past 35 years the target of the inquiry and the answer is: John W. Thomson, Jr., is doing it his way.

Whether it’s holding a sail boat close to the wind or steering his own company, John W. Thomson & Son, Inc., of 2101 SW 32nd St., into new markets, the veteran Miami contractor has always been one worthy of watching.

Long before diversification became the thing to do, John Thomson had launched the company his father started into the movement. First, it was acousticals and then drywall.

While virtually the entire Florida construction industry went on a profit-taking condominium binge, Thomson, who can spot lethal shoals as quickly as anyone, detected impending disaster—and developed a different less speculative category of markets.

During World War II, his company was taken over by the federal government, with John as its chief executive who spent the war engaged in naval and army installations, barracks, hospitals, maintenance structures, hangars and the like. In recognition of its efforts, the company was awarded the Army-Navy “E”.

With the war’s end, he simply converted to a civilian marketing stance and the company has continued to grow ever since. Today, John W. Thomson & Son, Inc., is in the $7,000,000-plus class and offers such diversified services as lathing and plastering, drywall, fireproofing, stucco, and special coatings.

In a state now viewed by many other parts of the country as virtually a construction disaster area, his company, thanks to earlier planning, has work, is looking for new work and is nowhere near the panic conditions that may have invaded the offices of some of his competitors.

Not that it’s business as usual. Under normal conditions, the Thomson company has ranged throughout the Southeast, the Southwest, and all of the Caribbean. With today’s conditions, marketing efforts are contained pretty much to the southern Florida area.

That his predilection for going his own way is valid can be seen in the company’s current work. His firm is now engaged in three hospitals, a state reformatory, and is now preparing to begin a large commercial complex that is expected to run for some three years.

A native of New York State, John has lived in Miami since 1924, just about the time his father started the business as a lathing and plastering and stucco firm in, the residential/commercial/industrial markets. The company survived the depression and John moved into the business with his father in 1934 as an estimator.

He assumed quickly other management functions, and after finishing high school in Miami he studied architecture at Columbia University.

John and his wife, the former Dorothy Robillard, a native of Kankanee, Ill., who like her husband has lived most of her life in south Florida, are the parents of three children: a daughter, Jeanne, of Miami; John III, of Charleston, and Doug, of Hawaii.

A golfer with a medium handicap, John is still an avid sailing enthusiast, having crewed in past years in many sailing and yacht races along the Atlantic Seaboard and South Atlantic. He’s crewed in such notable races as the Newport-to-Bermuda yacht race.

Even though his own business activities keep him busy and traveling, John has still managed to find time to devote to industry affairs, a commitment that earned him iaWCC’s coveted E. F. Venzie Award in 1967. A member of the iaWCC since 1949, he was President of the Association’s forerunner, the Contracting Plasterers’ and Lathers’ International Association, in 1962. And since that year, he has served...
DIMENSIONS: John, just about every conversation about construction manages to include how bad things supposedly are in Florida. Just how bad are they?

THOMSON: Well, conditions are not good, certainly. But then where in the country is the industry in good shape? There’s been some improvement generally but there’s not much work available elsewhere in the country, so the question now for contractors—and not just Florida contractors—is how are you going to get what is available?

DIMENSIONS: But the Florida situation is particularly acute, isn’t it?

THOMSON: The Florida market, as far as condominiums and the like are concerned, is overbuilt. It’ll take time to absorb that situation. When you have some 23,000 condominium apartments available and you’re selling them at the rate of 35 a week, as I read recently, then it’s simply going to take some unusual conditions before things get back to normal.

But this condominium thing didn’t hurt me directly. I was not in the so-called “rat race” condominium and speculative market down here—and that was by design. I was never impressed with that kind of work, and I’ve always gone after the large commercial work, state and government buildings, and special projects.

We’ve always tried to bid our jobs long. It was planned this way, and now this kind of work is carrying me through.

DIMENSIONS: How long do you expect these kinds of conditions to continue?

THOMSON: I’ve seen many ups and downs in the construction business. And the present one is just another. I could see that the Florida market was heading for disaster by overbuilding. When construction is at its peak, that’s when I start looking outside the normal category for other work possibilities.

DIMENSIONS: Just what is your company doing now to find future work possibilities?

THOMSON: You have to make your own opportunities so it all depends on the job itself. We’ve spent a long time developing our market category and now it’s helping us. We’re constantly surveying the architects and general contractors, and we review all of the reports such as Dodge and the Like.

Generally, we’re invited in at the planning stages by many general contractors, architects and owners. We like to think that we negotiate most of our work rather than just bid it competitively. On the average, I’d say we negotiate about a third of our jobs.

DIMENSIONS: Do you personally feel there is a difference between what is called a selling contractor and a bidding contractor?

THOMSON: Absolutely. There’s a great difference. In true competitive bidding, one may be extremely low—based on a lack of information. It’s guesswork, really. Many contractors now feel that the job they’re bidding on may be their last one for awhile and they want to make sure they get it. That tends to destroy the market . . . but that’s competitive bidding.

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It's tougher to land a job by selling your company, its capabilities, its services, and the financial and managerial responsibility to perform.

DIMENSIONS: So you see a combination of fewer work opportunities and hectic bidding driving contractors out of the market?

THOMSON: Yes. But you know, the greatest reason for contractors going out of business—in good times as well as bad—is that contractors seem to be eternal optimists. They go on from job to job, project to project, without ever making an effort to develop financial reserves, surpluses that can be used to carry them over a temporary crisis.

If there’s one thing a contractor should do it’s provide for that reserve. When I went into this business, I was determined to get $10,000 into a reserve fund—now that’s not much by today’s standard but then it amounted to something—and for every ten thousand that my company earned I made certain that at least a thousand went into that emergency fund.

I realize that the tax situation makes this difficult, but I think it just has to be done. When you have reserves you can afford to get out of the market—I don’t mean out of the business—just out of the market for awhile and weather the storm. Without reserves, you’re in immediate trouble when the crunch comes—and it will come.

DIMENSIONS: What other tactics can a contractor follow to weather out a situation such as the industry is now experiencing?

THOMSON: There’s nothing

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**Named President Emeritus**

John W. Thomson, Jr., the subject of this article, last month received the highest honor that the iaWCC can bestow upon one of its members.

At the iaWCC’s 59th Annual Convention in London, England, last month, John was surprised by being named President Emeritus of the iaWCC. It marked only the second time in the six-decade history of the association that an individual was so honored.

More details on this surprise award—as well as other convention reports—will be included in the May edition.
complex about it. You simply have to reduce your overhead, cut anything relating to expenses... surplus office help... yardmen... superintendents... anything that pushes up your fixed expenses.

DIMENSIONS: You were one of the first contractors to diversify. What led you to get your company involved so early?

THOMSON: It’s up to the individual contractor to determine how far he wants to go in this business. But if he’s going to stay alive he’ll increasingly need to be in many different fields. Diversification is the only route to go.

I really don’t see much of a future for a one-service contractor. General contractors today want combination offers because they’d rather deal with one or two subs than deal with 30 or 40 on the job.

DIMENSIONS: You mentioned that you are no longer in acoustical tile. Why did you drop that service?

THOMSON: I still offer it to my customers, but today I sub or joint venture it. I stopped doing it myself because everyone else got into it and the profit went out of it.

That’s what I mean by diversification. No contractor is going to get the profitable items all the time. That’s only common sense. As a diversified contractor, though, you can balance out these variations because the good items will support you on the less profitable ones.

When you’re living on a single item, you hurt badly when the job doesn’t provide a reasonable margin—and you’ve got nothing going for you to offset it.

DIMENSIONS: It’s reasonable to assume then that you were in full favor of iaWCC’s emphasis on diversification when it became policy for the association?

THOMSON: One of the best things iaWCC could have done was to promote contractors into these other lines by becoming a diversified association. Generally, lathing and plastering contractors have earned a justifiable reputation as good businessmen, sound in financing, and more knowledgeable in construction applications than some other specialty contractors. By diversifying into these other items, he’s carried these business practices with him and consequently has proven to general contractors and owners that he’s more capable of handling these and other items in construction.

DIMENSIONS: With a full range of services available from your company, you must involve yourself in package bidding?

THOMSON: Sure. It’s the only way to go.

DIMENSIONS: How do you handle the rather ticklish problem of breaking out your prices?

THOMSON: I would rather not, but sometimes you must. Even on a breakout, though, I’ll maintain the package concept. That is, if I submit a 5-item package, I might reduce it to a 3-item package. But I won’t break out a single item.

DIMENSIONS: Have you lost any jobs for refusing?

THOMSON: Certainly. But I still won’t break out a single item in a package bid.

DIMENSIONS: Once your company has landed a contract, what procedures do you employ to assure that the job will come in as expected?

THOMSON: It starts with the estimating. All estimates and computations are double checked—by someone not in the estimating department. Everyone is using these calculators now and mistakes can happen. We caught one here recently where the estimator should have multiplied by .0025 and he’d multiplied by .025—a little $25,000 error.

Once we get the job, a complete review between the estimating department and the field superintendent is held. Then superintendents and foremen are required to send in detailed field reports weekly. Our break-off period is Tuesday night and this gives the bookkeeping department three days to compile

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payrolls and prepare the weekly progress report.

By 4:30 PM on every Friday, I know precisely the position of any job we’re doing relative to job costs and progress. We accomplish this with a purchase order system for materials and complete breakdowns on labor. I suppose we’re a bit different from many contractors in that we use a purchase order system and materials are immediately priced and put into our reports so we can compare actual against projected.

DIMENSIONS: And what’s the procedure when a job starts to go sour?

THOMSON: Well, if it’s faulty materials or productivity, I visit the job and see what we can do about it. If it’s an estimating error, of course, you just try and get through as best you can.

DIMENSIONS: Has the computer or data processing been of any assistance to your company?

THOMSON: I’ve tried introducing computers into our operation—and always with failure. As a matter of fact, I honestly don’t think that for all practical purposes the computer has all that much benefit to contractors. There’s the exception, of course, but a simple peg board accounting system such as we use now is adequate for the needs of almost all contractors.

In my most recent experience with computers, I never spent such a horrible two years as I did trying to get my payroll out of the thing. The time spent preparing the data, the many changes, different journeyman rates, etc., and the time spent checking and correcting printout errors is now spent directly and productively in our peg board or one-write system.

We’ve had 512 men on payroll and we had no trouble whatsoever with our peg board system. I couldn’t say that for a computer.

DIMENSIONS: You have been a Longtime member of the iaWCC. What advantages do you see for a contractor to join an association?

THOMSON: I’m rather emphatic on this subject. The finest thing that can happen to a contractor is to be a member of the national association that represents his type of contracting. And if a contractor has something to contribute to his industry there’s no better opportunity to express himself—and get something done about it.

I’ve never attended an iaWCC convention where I felt that I hadn’t come away with information that was of more value to me than the entire cost of attending. The information, knowledge, and friendships that I’ve gained from other contractors would pay all my association dues and fees for many, many years.

DIMENSIONS: Predictions about the future of construction range from the pessimistic to the sublime. Where do you see the industry going in, say, the next three to five years?
THOMSON: Well, honestly, I don’t think we’ve really bottomed out yet. Oh, I think there will be work in 1976—not a great deal of it—but I tend to think that 1977 might be the bottoming out year in the construction industry.

But then, as I said before, you really have to develop your own opportunities. In the recent past, when the boom was on, just about anyone who knew anything about construction could make money. The work was there and so were the profits.

Now, though, contractors will have to show their true stuff. You’ll see much more traveling, I think. I know many contractors dislike to travel, almost as much as local contractors like to see travelers come in, but they’re doing it now in large numbers in many sections of the country.

And they’ll continue to do it to survive. That’s the first objective, isn’t it?