When the Timing is Right

In construction there are things to be moved, and contractor Jerry Berg moves materials as he moves his company — quickly and efficiently.

Amid his paperwork and rolled up drawings, Minnesota drywall contractor Jerry Berg keeps close tabs on his company's financial health.

**Minnesota’s Jerry Berg Builds a Successful Drywall Company By Keeping an Eye on the Details**

The timing couldn’t have been better.

Just about the time his employers wanted to slow down, Jerome “Jerry” A. Berg wanted to speed up.

That was in 1967—and after he’d bought the drywall end of the business from his general contractor employers, Duane Johnson and Lawrence Peterson, drywall finisher Jerry Berg speeded up even more.

As a result, today the Wayzata, Minnesota contractor has a $1.5 million-a-year drywall operation which functions in all areas of drywall technology except demountables.

He also owns the attractive one-story concrete block headquarters building for his company, rents out space to two other companies, and is a one-third owner in a Minneapolis office/warehouse building.

Born in Audubon, Minnesota, which is in the Detroit Lake section, son of retired farmer Richard J. and Irene Johnson Berg, Jerry moved to the Deep Haven area of the state only two weeks after finishing high school.

It was a move that was to be fortuitous because he was going to work as a drywall finisher for two construction men he had known for years, Duane and Lawrence. The connection worked and worked well. So well, in fact that after 11 years the two partners agreed to sell out to Jerry who took over on the first of January and incorporated the following April as Berg Drywall, Inc.

In the interim and not encum-

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BERG: (Continued from page 9)
bered with a lot of excess managerial overburden, Jerry built a solid business which depends on repeat business—and which held him in good stead during recession years.

These days, with business opportunities returning aplenty, Berg Drywall still operates with its president, Superintendent Jim Rislund, and Office Secretary Betty Ennis. A part time office girl completes the management staff. Some 50 percent of the company's annual gross income is derived from the commercial market and the balance from speculative custom home building of houses in the $70,000 price range.

While the company still claims the major portion of his time, Jerry finds the hours available to hunt, fish and play golf in the 90's. With his wife, the former Kathleen Bergren, of Audubon, their sons, Jeffrey and Robbie, and two daughters, Vicki and Kristi, Jerry also gets away as often as possible to his cottage in the northern part of the state for weekends and some hunting.

A member of iWCC/GDCI and co-chairman of the PublicationsEditorial board, Jerry is also a member of the National Chamber of Commerce, and the Gypsum Drywall Contractors of Minnesota, serving as chairman of the latter organization's promotion fund after having served two years as president of the entire state association.

To Jerry Berg, the future of the construction industry looks bright and his company's prospects even brighter. He works less hours today than he did when he was starting, but he's still good for a long burst of management energy when the occasions arise.

But whether at his company office or in the sprawling two story home on a two-acre site in nearby Orono, Jerry Berg can be depended on to move easily and accurately whether it's a business problem or another question from Construction Dimensions.

DIMENSIONS: Jerry, you started out in the drywall business in 1956—just when things were starting to crack open. What changes have most impressed you about drywall?

BERG: Oh, I'd have to say it's mostly in the different systems, especially in steel framing and the improvements in material quality—and workmanship. Steel studs and load bearing seems to be coming on quite fast now. I've done some 5 jobs just in the recent past.

DIMENSIONS: As a result of a development like this, what are your feelings about so-called single service contractors versus the diversified contractor?

BERG: I think the controversy is overstated. I see a future for the single service contractor. It isn't as great as the future for a full service contractor obviously. The banks want the latter type and so do the general contractors. They want someone to take over the whole interior . . . studs, partitions, framing, doors, trim, insulation, and the ceilings.

DIMENSIONS: It has been said that business success isn't counted on the gross volume line but at the profit line. What are your feelings about that?

BERG: Who in his right mind can argue that point? I don't have a set dollar volume that I try to reach. I don't need it in the drywall business. But I want a certain profit and that's what I reach for.

DIMENSIONS: How about goal setting, Jerry? It's a management principle that the best way to grow and prosper is to plan the work and then work the plan?

BERG: Yes, I suppose that's true. I certainly have a goal, but I don't have it chipped out in marble or cement either. Always, the answer is found at the profit line.

DIMENSIONS: Doing the work is one thing. Collecting the money for
your work is another. How do you handle the latter?

BERG: I always take care of collections myself. In bad economic times, the collection problem is worse — and that’s when you should pay very careful attention to it. Money is a product, a commodity really, and it’s natural for a person or company to try and hang onto it.

But on 80% of my tough collections, I got the money by just hanging in there persistently and trying to work it out. I’d much rather do this than approach a collection problem with lawyers. Once you get lawyers into the act, both sides freeze up and it becomes a siege situation with no maneuvering room left.

DIMENSIONS: What do you feel is the best way to manage accounts receivable?

BERG: Weed out the bad actors and try to avoid ones you think will go sour. Over the years, I’ve weeded out the troublemakers and I honestly don’t have all that much difficulty now.

The recession removed a lot of the bad pays, but I still move very carefully when the situation calls for dealing with a customer with whom I haven’t done business before.

DIMENSIONS: From your comments, it appears that you have a heavy repeat business. Is this mostly bid or negotiated work?

BERG: Most of my work is repeat. The only jobs I do bid are to those people I’ve done business with before.

I don’t like the tight, competitive rockbottom bid situation because, to me, knockdown competitive bidding and quality work simply aren’t compatible.

DIMENSIONS: There are a number of wall and ceiling contractors who wouldn’t agree with that last statement. They bid and they feel they do quality work.

BERG: I don’t care what anyone says. You can bid and still do quality work. But from my experience all this talk of quality in workmanship in a tightly bid situation is just that: talk.
BERG: (Continued from page 31) Not really. As for shortages, it isn’t just drywall, but insulation concrete, steel shortages that are coming down the line.

And as long as certain segments can hit you with a “price on date of delivery” and another segment has to struggle by hoping that it doesn’t get hit too hard when there’s no relief in sight, you’ll have pricing problems.

DIMENSIONS: You mentioned that you were not involved in de-mountables. How about the open office trend? Do you see wall and ceiling contractors becoming involved there?

BERG: I think they should be involved. This trend may be on the rise because there are some great tax, benefits involved. Also, you can take your furniture with you when you move. In fact, I’m looking into it myself. It’s not all that competitive . . . there are only a few in it around here.

DIMENSIONS: There are two things I noticed rather quickly: first, a rather lean staff, and second, radios in your car and the office here?

BERG: Well, first, I don’t want 10-15 office people getting in each other’s way. The staff I have right now will get us through any good times and bad times as well. I’ve seen some good businesses go down the drain because of the overhead crunch—and it isn’t going to happen here.

DIMENSIONS: . . . and the radios?

BERG: I think every contracting firm should be set up with radios. This is a service business and people don’t want to wait. When they call in here they want an answer, like right now. With our radio system we can give them prompt response.

There are other advantages, too. If field people need something they can call in, get a secretary, and have the stuff sent out promptly. Sometimes you even have a truck nearby for quick pickups. Radios pay for themselves quickly.

DIMENSIONS: Do you see the energy problem and the increased emphasis on insulation affecting your business?

BERG: Oh, sure. We’re now putting on more and thicker foam than ever before. We use batts and blankets for sound, and we do our own work. We’re not going beyond foam board at this time and I, frankly, don’t have any firm plans to get into insulation beyond that . . . as a specialty or added service, I mean.

DIMENSIONS: Certainly, the shifting emphasis is promoting the idea of life cycle costs, isn’t it?

BERG: That’s right. The original cost is no longer the most important factor. Buildings — and homes — are now being built to last longer and to use fuels more efficiently. Now, it’s not only how much it cost to put a structure up, but how much it costs to operate it over a certain time period.

DIMENSIONS: Earlier you mentioned that you had expansion goals but they weren’t necessarily in drywall. Are you looking at retirement plans?

BERG: I’m frankly looking to pull out early, maybe in 10 years or so. But I’ll never retire completely so that I’ll be doing nothing. I’m too active for that, but I do have other interests and ambitions and I intend to pursue them at the proper time and in the proper way.