One of the more pleasant lessons that Atlanta’s Herman Jerome Russell learned enroute to his Building Construction degree at Tuskegee Institute is that you can, indeed, be too successful.

It was a lesson that the 46-year-old iWCC/GDCI contractor and businessman learned sufficiently well that duplications have vaulted him into the forefront of American businessmen, produced a multi-company conglomerate with some $30 million annual sales, made him a quiet, behind-the-throne political power in his native Georgia and forcibly demonstrated that much of the bunk about a shortage of qualified black contractors is just that — bunk.

But 20 years ago, when the young Georgia student was facing off with an Alabama sheriff over such a matter as a license to run a plastering contracting business it was primarily a matter of too much success too quick.

Because his father had put him to work as a plastering apprentice at age 12, Herman was a full fledged journeyman by his teens. And he was an incurable entrepreneur by the time he hit Tuskegee.

That’s why the sideline plastering business he set up with his brother, Roger, also a journeyman plasterer, had every plastering contractor in the area hopping mad. To stop him, they called out the sheriff.

In the confrontation, it took only a few moments of conversation to
realize—even in those days—that not only did the young Georgian have a business brain as clear as an ice cube and as tough as a keg of railroad spikes, he had political acumen as well.

The contractors quickly recognized that the lack of a contractor's license represented, at best, a temporary inconvenience. So, when Herman offered a compromise — going to work for the contractors as a sub — they grabbed up the chance.

It was, as are many business arrangements, orchestrated by Herman Russell, an arrangement where everyone won and no one lost.

Born in Atlanta, son of the late Roger and Maggie Googson, a native of Columbia, S.C., Herman went to work at the age of 12 for his father who started Russell Plastering Company in the early 20s.

From his father, who drummed into his son the workaholic virtues of success, Herman learned how to work harder than others, think tougher, and then bend, twist and contort a dollar until it could do the work of two, preferably in property.

As a sophomore at David T. Howard School, he took $2.50 and bought a slice of property on South Avenue, near his Summerhill Home. Through high school work progressed on a duplex and his first summer's vacation at Tuskegee saw the project completed—and out for 'rental.

Today, Herman is reputed to be the owner or partner in 15 firms, employs some 300-500 people full-time—including three brothers—and owns between 4,000 and 6,000 apartments.


He is also the major stockholder in Citizens Trust Bank (where he is chairman of the board); is a part owner and developer of Shenandoah, Inc., an entire city construction operation; is a member of the Atlanta businessmen syndicate which owns the Atlanta Hawks and Atlanta Flames teams.

He is also a member of the Atlanta Forum, a close-knit group of Atlanta businessmen who, as one Atlanta insider said, is "the one group of people who really—and I mean, really—run this town."

Not surprisingly, Herman prefers a low public profile, allowing his work to speak for him. A measure of his impact can be detected in the fact that he is one of the largest constructors of HUD housing in the southeastern United States.

Herman and his wife, Otellia Hancken Russell, a native of Union Point, Georgia, are the parents of a daughter, Donata, a student at the University of Pennsylvania's Wharton School; two sons, Larry, a high school student, and Michael, an elementary student.

He plays tennis and works, usually, a 7 AM to 8 PM day . . . often to midnight—and always on Saturdays. Occasionally, he puts in a Sunday.

To Herman Russell, success is peace of mind and he's the most peaceful man in Georgia.

When CONSTRUCTION DIMENSIONS caught up with the Georgia dynamo, he had just returned from a public appearance with his good friend, Atlanta Mayor Maynard Jackson, and a dozen telephone problem calls were awaiting his attention. Still, he found time to handle these and to sit down and

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talk about his city, his business, and the future for Herman Russell and others.

DIMENSIONS: Herman, from the press release you just showed me, Mayor Jackson used this occasion to prove that the doomsayers were way off base in predicting that minority participation would be a disaster for this airport project. Contractors are contending that the MBE program can’t be fulfilled because there aren’t enough qualified minority contractors. Do you agree?

RUSSELL: Atlanta has shown the world that you can have joint ventures and minority participation without undue cost and penalties to the owner.

I truly believe that it is a sad day in America when we must say, ‘there aren’t enough qualified minority contractors in the construction industry.’ Even if that were true—and I won’t concede the point—then the shame should be on all of us because we simply didn’t respond to the problem when and in the manner that was necessary.

DIMENSIONS: Let’s assume there are enough qualified minority contractors in the construction industry. What should be the appropriate response, then?

RUSSELL: First of all, the problem—the gut problem, so to speak—is the contractors who simply don’t have the will, the commitment . . . to make joint ventures work. If you really want to do something, you can do it. But you must first have the real commitment.

Most of the criticism that I hear about minority participation is really directed at the desire to walk out the front door and find a perfectly qualified minority contractor waiting to solve your new problem, to go to work with you.

Well, you just can’t do that. They’re out there—but you’ll have to find them.

DIMENSIONS: And if they’re not there—even after a search, understanding that in a fast-breaking job you don’t have all that much time to search?

RUSSELL: A good contractor and smart businessman would go to work on his problem NOW. He’d find a small black contractor and work with him with the idea of developing him, sharing expertise with him, and bring him along so that a good relationship can be developed to everyone’s benefit.

A lot of minority contractors would do better, and they’d do it quicker, if a successful contractor would just lend a helping hand in the areas of management and business development.

DIMENSIONS: There is now the problem of so-called “front” organizations. In your opinion is this a serious problem and what can be done to more properly fulfill the ambitions of the MBE program?

RUSSELL: I suppose there are
“front” type operations. And this is sad because it doesn’t have to be. In support of my earlier statement that there are enough qualified minority contractors to do all the work, I think the entire MBE program can be improved by one simple expedient: break down the projects into more manageable sixes.

Just as an example, there is discussion to divide the Northeast Corridor Project into $100 million contract segments along with a big announcement of minority participation.

There aren’t all that many contractors who can crack a $100 contract in the first place, and there aren’t any black contractors with that kind of bonding capacity.

DIMENSIONS: So the big packaging concept is defeating the goal?
RUSSELL: Certainly, how could it be any other way? Government support is vital to the success of black business because there must be a commitment to the development of sound management techniques and systems within black business to survive.

In breaking down these projects into small segments black contractors will be able to develop and demonstrate a good track record, build their bonding capacity, and show a history of successful completions.

That’s what is needed; it’s what is intended— but the big contract is an obstacle. Get the projects into more manageable proportions and the absence of qualified minority contractors, so-called “front” arrangements . . . all these difficulties will evaporate.

DIMENSIONS: We’re at the beginning of this program, relatively speaking. Where are the major interfaces where white and black contractors can best help each other?
RUSSELL: The black contractor’s major challenge isn’t a great deal different from any other contractor’s, really. He has great technical abilities, but lacks managerial skills, financial resources. he needs support in contract negotiations where the profits are truly made or lost.

DIMENSIONS: Herman, you obviously must have a lot of requests to joint venture. What is it that you look for in a partner?
RUSSELL: I’ve had many offers, but I’m also very, very selective about who I do business with. I think the first element is stability of the proposed partner and then is he qualified to do the work.

From my own viewpoint, I want to know what I can gain from the venture . . . will I be training people, will I be improving my organization, will I expand our technical capabilities, that sort of thing . . . and, of course, I want to know what I can contribute to the project.

Finally, what about the profit? I always like to consider that item.

DIMENSIONS: You have been speaking here of management techniques and systems. Do you really see much change in these techniques in the near future?
RUSSELL: Oh, I think we’re in the midst of major changes right now and they will continue. We’re experiencing more construction management type projects. Fast tracking, PERT, and related advanced management techniques are coming into play with increasing speed.

DIMENSIONS: What is prompting so much change so fast?
RUSSELL: Delivering the best job for the least cost will always be the major factor. With inflation being what it is today the emphasis on change is even greater.

I feel strongly that any contractor today must steep himself in these new techniques if he wants to survive, or if he wants the big job. These are the methods that will provide an owner with the best, most economical package for his dollar.

Today, more than ever, all pieces of a project must fit together in the
right manner at the right time and in the right place. With money costing what it is, a contractor simply must apply advance planning and strict controls.

You have to know where you’re at on any project and then where you’re going next.

**DIMENSIONS:** Job control is vital in inflationary times. But current inflation with its problems of unpredictability in material prices, etc. How does a contractor handle this?

**RUSSELL:** On material cost hikes, where you haven’t allowed enough for inflation, you do the traditional thing—you eat it.

What I’m saying is that you simply must allow for inflation.

You hope . . . and try . . . to bring in the job earlier. Even here, though, you’re limited often by the time sequence of other trades.

**DIMENSIONS:** In general and in national terms where do you see the construction market going in, say, the next five years?

**RUSSELL:** I think it has to be the major rehabilitation of practically all of the country’s cities. The fuel problem has accelerated the movement back into the city. Furthermore, the federal government is committed to saving cities.

I have just returned from the U.S.S.R. as part of a technical exchange program to provide assistance to the Soviets with their home building program.

**DIMENSIONS:** World War II left them in rather bad shape in housing, didn’t it?

**RUSSELL:** Yes, Moscow was virtually wiped out, you know, and now they must produce massive housing . . . just to stay even.

**DIMENSIONS:** Are they using American construction techniques?

**RUSSELL:** They’re trying to do that and hoping to improve. That’s why I was over there.

The U.S.S.R. is so far behind in fundamental living conditions that they must expand tremendously. But I’m not so certain how it will work out. The Soviets are marvelous monument builders, but when it comes to building living quarters something goes very seriously wrong. But that’ll change, too.

**DIMENSIONS:** Speaking of change, what changes do you feel have been most significant in the last decade?

**RUSSELL:** It would have to be the different types of material. In place of drywall and wet wall, we have lost about half of our market to technology.

**DIMENSIONS:** For example?

**RUSSELL:** You just have to look at the amount of imitation marble, simulated brick finishes, vinyl, other plastic applications, as well as the various composites used to simulate wood, brick, etc.

**DIMENSIONS:** You have a reputation for being a “selling-type” contractor. That is, you go out and pursue work. Do you make any distinction between a selling contractor and a bidding contractor?

**RUSSELL:** We hustle for every job we can get. If I have that kind of reputation, then I’m proud of it because there is a difference. More and more jobs today are being negotiated—and that’s selling.

The contractor who insists on bidding only depends on the market to make his volume. This can sometimes be a rather undependable way of doing things.

**DIMENSIONS:** Even with selling, though, there is no removing the risk, is there?

**RUSSELL:** No — and that’s the joy of it. No one ever said that anything worthwhile would come easy.