Missouri’s Rich Sundermeyer Runs a Million-Dollar Company Which Handles the Smallest Jobs

Communications is the lifeline of a contracting business—or any other kind of business for that matter.

And Richard L. Sundermeyer, 49-year-old head of Sundermeyer Painting Co., Inc., of Creve Coeur, Missouri, will be first in line to pay respects to the need to get communications flowing on a two-way basis.

As a third-generation painter whose $3 million-a-year company generates some 40% of its gross volume in single house residential and small home repair, Sundermeyer admits he not only needs communications but must constantly be improving on it.

With an annual average of 23-50 commercial jobs and 500-plus house and small repair jobs, controlling the accounts receivable alone is a major task. Furthermore, many of the jobs require only one man on a get-in-and-get-out basis—and most of these jobs must be costed only after a personal visit.

The company, located in a small suburb 6 miles west of St. Louis, averages some 50-80 employees and it’s a company policy to keep the mechanics moving between residential and commercial work.

So far, Rich Sundermeyer has been able to keep a profitable managerial watch over all this activity without the use of a computer, but he now admits that he will probably be enlisting some electronic assistance within the next year. Even with a computer, though, he doesn’t expect his marketing mix or the range of his services offered by his company to change much.

Ever since he took over the family painting business started by his father, Rich has been a practitioner of slow, careful growth. While his range of construction services include just about all wall and ceiling services, it’s still painting and drywall which contribute the bulk of volume and profits.

Born in Florissant, Missouri, son of Anna Brock Sundermeyer, of St. Charles, and the late Harry Sundermeyer, Rich graduated from Riverview Gardens-High School. At age 15 he had begun painting with his father, a journeyman painter, and when his father died in 1947 Rich and his brother, Leonard, also a painter, took over the business. At the time the business consisted primarily of doing work for one builder.

Growing slowly through the years, the company concentrated on painting until the early 60s when a California friend, Ornie McDonald, a taper by trade, convinced Rich of the advantages of adding drywall.

With Ornie on as a new employee, Rich went after the nail-on market and then gradually moved into the
commercial area.
Eventually, McDonald moved on to form his own drywall company, but the parting was amicable and the two have remained friends.

Headquarters for Sundermeyer Painting is a three-acre estate where Rich and his wife, the former Alice Mae Chance, of St. Louis, make their home. The company office is located in a separate building and from there Rich can dispatch his vehicles with their distinctive black lettering on canary yellow.

Rich himself covers the territory in a similarly colored Porsche 914. His son, Richard, II is Vice President and Chief Estimator for the Company. Until recently his daughter, Mrs. Deborah Skiles, had served as secretary, and his wife, Alice, comes in one day a week to do the payroll and the bookkeeping.

A member of AWCI and the Painting and Decorating Contractor’s Association, Rich shares his wife’s enthusiasm for buying and selling antiques, particularly glassware. A hunter and fisherman, he and his wife and, usually, another local couple try to get away each year for a trip to Colorado for deer and elk hunting.

Most of the time, though, is spent in the headquarters where so much of the managerial balancing is necessary for a company deeply involved in the single house and the commercial markets.

**DIMENSIONS:** Rich, to deal directly with consumers as much as you do, you must get into the standard selling operation, don’t you?

SUNDERMEYER: We’re more involved in selling perhaps than a lot of contractors. But we’ve been around awhile; we’ve established a good reputation for quality work... so much of the residential work we get is referred.

Also, we advertise in the yellow pages. For obvious reasons, I wanted the biggest, most impressive ad in the book. We stress our readiness to do patching and small drywall repairs, that sort of thing, whereas many contractors are interested only in new work and big jobs.

**DIMENSIONS:** There is obviously profit in small repair jobs, but is there enough to justify a full-fledged marketing effort?

SUNDERMEYER: I have a million-dollar business that says it is. We believe in the value of the “sell up.” Every house often needs something extra—and the owner knows this. When a mechanic points out this work could be done conveniently and economically, we generally get those extra jobs.

We do something else, too—and customers know it. If a homeowner gets stuck on a do-it-yourself project; if he has completed the carpentry but can’t do the taping we’ll come in and finish up for him on an hourly basis.

**DIMENSIONS:** How do you go about pricing small repair work and still remain competitive?

SUNDERMEYER: Every job is priced to show a profit. You generally have to take a look first on repair jobs. In commercial markets, you work from specifications and prints; in the residential and repair area you work from experience strictly.

**DIMENSIONS:** For some 600 jobs—and perhaps twice or three times as many billings—per year, you must have some unique collection problems. How do you manage this aspect of your business?

SUNDERMEYER: Well, in repair work we collect immediately when the job is done.

In the commercial end of it you have to be a bit more careful, and the best collection policy starts with the contract itself. That means I read every contract offered me very carefully so I can avoid situations I don’t want to be confronted with later.

**DIMENSIONS:** You pencil out clauses in preferred contracts?

SUNDERMEYER: I certainly do; I’d estimate I scratch out about one-third of the clauses in the GC’s contract. I always tell them why and ask them to initial the changes and return the forms so there won’t be any questions later.

**DIMENSIONS:** What clauses do you find usually unacceptable?

SUNDERMEYER: I’m watchful for payment clauses where payment to me is contingent upon the owner paying the GC. We simply won’t accept that because we can perform our work perfectly and still get held up on payment because of the GC’s difficulty in some other unrelated area.

We also watch carefully for language on liquidated damages. We want a schedule so we can determine if we can live with it. After a certain date, prices on labor and material can change and we want to be covered.

Then there’s hold harmless clauses. We want no part of the broad form where we’re responsible for our own mistakes—plus someone else’s. Continued on next page
DIMENSIONS: What about clean up and back charges?
SUNDERMEYER: Clean up in this part of the country warrants careful attention because you need a laborer and a Teamster on the truck and it would be cost prohibitive to do your own clean up. For this reason, it's generally negotiated.

DIMENSIONS: Rich, do you use a standard subcontractor form or one of your own as a counter?
SUNDERMEYER: I more or less have made up my own form, using what I think are the best clauses and language available.

A residential builder will usually accept my contract, and I get my own used perhaps one-third of the time in commercial work. In the latter case, it's mostly a matter of re-working contract language until we're both satisfied.

DIMENSIONS: Given a contract acceptable to you, what are your guidelines for collecting?
SUNDERMEYER: After 30 days, we'll begin with follow-up calls. If there's a problem we'll correct it, and if not, we begin to turn up the pressure. At 60 days, the account is red flagged, and at 90 days we put a mechanic's lien on it.

This sounds like a hard pattern and I don't mean it that way. In collections, you have to use common sense; you can't cut off your nose to spite your face.

DIMENSIONS: How do you get a handle on, that is, control all these jobs? How do you know a job is on its way to profits?
SUNDERMEYER: It's not all that difficult. Every job goes by a number and all material is charged to the job, together with hours worked. The time cards give us reliable information on how long certain tasks take and our numbers and estimates are constantly being refined.

The foreman on the job keeps a daily log on materials and hours and these records, along with the time cards), are used for billing and control.

DIMENSIONS: As a contractor involved in modernization and remodeling, where do you see this market going in the next few years?
SUNDERMEYER: I think it will be increasing rapidly. We should see—as a result of the fuel problem—more urban development with much of this work in retrofit and remodeling.

With fuel problems, people will want to live closer to work and this should dampen demand for subdivisions that are 30 miles out of town—and that's about all that's left in many urban areas.

There are fewer starts in the St. Louis area right now, but I don't see any substitute for drywall. Work may slow a little but I don't feel it will be enough to hurt anyone.

DIMENSIONS: Some wall and ceiling contractors venture a guess that solar energy holds a market for them. Do you agree?
SUNDERMEYER: My concern is with more efficient walls. The plumbing, piping, etc. make it appear that solar installation may fall more into the mechanical trades.

But it does involve walls so we'll probably be involved in it somehow—certainly in residential.

DIMENSIONS: You often speak of the importance of communications. Is this, to you, a device for leadership?
SUNDERMEYER: Communications is the biggest challenge in the construction industry—or any other industry for that matter. I want my employees to know what I want or how can they ever achieve our goals. People, in my opinion, have to want something.

Giving people a worthwhile goal, a sense of accomplishment, of completion, of fulfillment in what they do, why, that's what leadership and motivation is all about. And that is just good, solid communications.

DIMENSIONS: How have you structured your management team to achieve the best control and communications?
SUNDERMEYER: We have Steve Mills as our General Painting Supervisor and Paul Huskey as OUI Drywall Supervisor. Each foreman has a team of up to a maximum of 12 people, depending on the size of the job.

My job is over-all management, new work and customer public relations. When there is time, I make it a point to visit jobs because it's important that employees see me on the site looking things over, keeping in touch and showing interest.

In this manner, too, I can communicate our goal of good, quality work. And that is just about the most important part of construction.