Preparing a Business For Contingencies

New Mexico’s Jack Carlson Sets His Company’s Goals
On Recession, Succession, and Cost Control

Until Jack Carlson came to Albuquerque, the people of New Mexico had never thought of drywall as a serious threat to the plastering and stucco industry. Instead, they regarded drywallers as “common laborers” and “quick-buck artists”; rarely as contractors.

But, in 1949, Carlson—then a vacationing milk man from Michigan—came to Albuquerque to visit his father. He had only enough money in his pocket for a one-way ticket. To earn some spending money, he decided to hire out as a laborer working for a local wallboard contractor. Since then, New Mexico’s view of drywallers has never quite been the same.

Carlson depicts the new breed of contractor that is rapidly becoming the rule, and not the exception, in the wall and ceiling industry... an aggressive yet highly diversified individual who considers every day of his life and job a challenge.

Born of Swedish parents, Swan and Lucille, in 1930, he grew up in the small town of Muskegon, Michigan, where he and his three brothers and sister spent the early morning hours on the family farm. As the oldest son, his responsibilities were magnified when his father’s health forced him to move to New Mexico. It was at that time that Carlson, who had been working 14 hours a day as a milk man for a local dairy decided to visit his father.

As Carlson drove over that last mountain range in 1949 and looked down at the Albuquerque skyline his first thought was, by his own admission, “I can’t wait to get out of this place”. As a matter of fact, he took a job unloading sheetrock off of boxcars only to make enough money for his return trip.

“When I finally got to Albuquerque, I was flat out broke,” he admits. “I didn’t even have a dime in my pocket for a phone call... so, I got a job hauling drywall.”

After several months of laboring at the loading dock, Carlson made two important decisions that were to affect his entire life. “I decided right then and there that I wanted to be a drywall contractor and that I wanted to stay in Albuquerque”. In order to learn the trade, he struck a deal with the owner: “I told him that I’d work for free, after work, if he’d teach me how to nail and hang the rock”.

By 1950, Carlson was ready to venture out on his own. During his first year in business, working completely alone, he met and married Betty Miles, who at the time was attending a business college in Albuquerque. From that start, the Carlson Drywall Company has grown and prospered into a multi-diversified corporation, with an annual volume of over 5 million dollars and an employment constant of 120 men.

In 1963 the name of the firm was changed to Western Drywall Company. The company’s primary areas of contracting are drywall, lath and plaster, acoustical tile, steel framing, and insulation.

A member of AWCI, Carlson serves as the chairman of the Continuing Study Council and the Council of Regional Vice Presidents. He has been an active 
member since 1978 and resides in Albuquerque with his wife Betty, and their son Steve, and daughter Linda.

DIMENSIONS: After looking through your company brochure, I couldn’t help but notice lath and plaster as one of your contracting fields. Isn’t it unusual for a drywall contractor to go into lath and plaster work?
CARLSON: I started bidding lath and plaster about 3 years ago in order to be able to keep up with my competition.

As lathing and plastering contractors moved into the drywall business, it became obvious that in order to survive, I was going to have to go into the lathing and plastering business. However, I still sub it all out. The important factor is that I have the ability to bid it in a packaged bid arrangement.

DIMENSIONS: As you continue to grow and diversify what precautions and safeguards have you taken against a possible recession in 1980?
CARLSON: The best safeguard against getting caught with an inflated overhead during a recession or slow-down period is to possess a flexible in-office staff. Except for my secretary and bookkeeper, all of my key office personnel could return to work in the field during a drastic change in the economy.

If the country stumbles into a recession, I fully intend for these individuals to split their time between the office and the field.

DIMENSIONS: Is in-field construction experience, therefore, an important hiring consideration?
CARLSON: Most of my permanent office employees are young people who have been hired out of the field. This way, I know I can keep employees keep my during a slow-down period.

I don’t want to duplicate the common mistakes of other contractors who try to maintain their full in-house staff and volume of business by taking on jobs for a cheap price. This is one thing I will never do. The practice is detrimental not only to the contractors who do it, but to the entire industry.

DIMENSIONS: What special form of management control do you utilize to keep abreast of jobs?
CARLSON: First off, you must assume that the most important item on any job is the profit. And in order to arrive at that profit, you must possess the means of getting there.

When we obtain a job, it is transferred to a large sheet which we call our cost analysis sheet. On this sheet, there is a line item for every anticipated expense... material purchase; framing, insulation, taping, acoustical, labor, sub-contractors, overhead, etc. These line items are updated weekly.

This way, I can walk a job and gauge the percentage of completion to the percent of budget spent. As a result I know whether or not I am on target or having a problem with the job.

In order for a contractor to maintain his anticipated profit margin, he must be on top of the situation and know whether or not he is ahead or behind on every job during all phases of construction.

DIMENSIONS: This seems a simple form of control. Doesn’t every contractor do this?
CARLSON: You would be surprised to learn how many contractors never know where they stand on a job until its completed.

As soon as we are awarded a bid, we always attempt to project an estimated start date for the contract. Although this date might be changed and modified several times by the building owner or general contractor, we are constantly trying to update and refine the in-house monthly volume charts.

By remaining current to changing conditions, we usually manage to stay ahead of the game and maintain our profit margin.

DIMENSIONS: Attempting to bring a son or daughter into a family business has caused anxious moments for contractors around the world for decades. Jack, what was your solution to this ageless problem?
CARLSON: When my son, Steve, was 13 years old, I put him out in the field sanding gypsum board as a summer job. Truth is, I was always a bit harder on him than I was with the average employee.

He sanded board until he graduated from high school. Then he became a taper and worked at that for about 2 years before moving to a steel stud framing crew. After working on studs for 2 years, I brought him into the office where he began to learn the refinements of plan reading and estimating. Gradually, I eased him into the management of several jobs, and, today, his responsibilities include coordinating all of the crews in Albuquerque.

DIMENSIONS: For a son coming into the business, many wall and ceiling contractors are of the opinion that on-the-job training is secondary when compared to business education... basic knowledge that can only be gained in the college classroom. What is your reaction to this argument?
CARLSON: I feel that the most im-

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important attribute a son coming into a family business must possess is the respect of the people that work for him. In my opinion, coming up the hard way is the only way he will get this.

Bringing someone into the business and making him the boss just because he’s your son does not get the job done. Without employee respect, there is no loyalty, and without employee loyalty, no successful business. Therefore, gaining the loyalty and respect of your employees is paramount in building any business.

Most sons start out at a tremendous disadvantage. People resent them for being the boss’ son. To overcome this resentment, he must first prove himself in the field as a hard worker and an efficient manager. Once he has gained the technical skills, he will begin to earn their loyalty and respect. Only then is he ready to continue his education.

**DIMENSIONS: What direction should his continuing education take?**

**CARLSON:** Attendance at as many technical and education seminars as possible. Remembering, of course, that education is a continuing process and you should not force a son or daughter to take on too much too fast.

After all, it’s taken me the best part of 30 years to learn the little bit I know about the wall and ceiling industry. How can I expect him to learn in six months or 2 years what has taken me close to 30?

The son’s attitude is also important. Young people today cannot be forced into doing something that they just don’t believe in. Construction is not for everyone, and construction parents must realize this.

**DIMENSIONS: Jack, while touring your storage areas, I couldn’t help but notice the extremely large volume of inventory you carry. Do you have a special reason for this?**

**CARLSON:** Up until 3 or 4 years ago there was no need to carry the kind of inventory I stock today. Back then the manufacturers kept the inventories and you ordered materials out of their stock. Not today!

You now order it long before it is manufactured. This added delay has forced me to double my inventory and my lag period on purchase orders averages about one month.

With the current gas shortage, I knew my inventory problems were bound to get worse, so I bought my own semi which runs down to Texas twice a week to pick up extra Gypsumboard.

Keeping an inventory of steel studs was also a problem, until I started carrying longer lengths.

**DIMENSIONS: How did storing only longer lengths of steel studs help correct your inventory problems?**

**CARLSON:** In order to save space and because we are so far away from the manufacturing source, we buy all our studs in twenty, twenty-four, and twenty-seven foot lengths. That way, we can job-cut any size stud we need right in the yard.

Contrary to common belief, this practice minimizes waste and saves time on the job.

Economizing, cutting waste, and streamlining the operation is what I strive to achieve . . . and after what wall and ceiling contractors have been through the past 5 years, I try to view the so-called coming recession as just another, everyday, challenge!