A bright new tomorrow

Those who recognize changes will have successful decade

Only a few years ago, the future was discussed in terms of the lifestyle we would have enjoyed in the 1980's. Popular notions were that we’d live a life of leisure while machines did our work, space travel would be the vogue, and we’d all live in climatized, sanitary crystal cities powered by limitless energy resources.

Today, as the future and the 80’s have both arrived, the man charged with leading our industry and association into the future has a more realistic viewpoint. Robert F. Watkins, who divided his time and energies between his duties as a successful contractor and president of the Association of the Wall and Ceiling Industries-International, knows the future - and perhaps those future goals are ahead of us.

In a frank discussion with Construction Dimensions, Watkins identified our industry’s needs for energy, manpower, materials and technology. -commodities he views as the genuine challenges before us in the new decade.

In the course of his remarks, we find that our earlier notions have yet to be fulfilled. Machines have not, for instance, replaced the need for qualified skilled labor, although there are some machines who can make our labors easier. As for space travel, we find that although we have placed men on the Moon, we won’t be building the first extra-terrestrial colony (or Earth-bound crystal cities) until we conquer the challenges of energy efficiency here at home:

DIMENSIONS: As we enter the decade of the 80’s, what is the most critical issue facing our industry?

WATKINS: The effects of the energy shortage and the resultant increased cost of fuels. We now live in an era where the federal, state and municipal governments are demanding energy-efficient buildings. This will have a substantial impact on the way buildings are being designed and constructed.

DIMENSIONS: Obviously, this affects contractors within our industry.

WATKINS: High energy efficiency requirements will lead our member contractors into what I believe to be the greatest growth opportunity for our industry in many years: exterior finishing systems. These are high-energy conserving products with ratings sufficient to enable architects to meet energy building requirements.

DIMENSIONS: Is the industry responding to this challenge?

WATKINS: Yes. The leading contractor members of our industry are moving into energy-efficient systems. They are all doing steel framing, and they’re moving rapidly into exterior finishing systems.

DIMENSIONS: Does this trend spell an end to products like Portland Cement?

WATKINS: Absolutely not! With Portland Cement, it is possible to achieve the same effect. The application in this instance would be to take the steel stud wall, heavily insulate it, and apply the gypsum sheathing metal lath and Portland Cement. But you get into the same general area of the future, steel framing in combination with exterior finishing systems or the Portland Cement Systems.

DIMENSIONS: We’re talking largely about new construction, here. What about older, existing construction?

WATKINS: For our share of the building industry, we have an unprecedented growth opportunity in utilizing the exterior finishing systems now on the market. These products can be installed over the existing face of buildings with minimal disruption of normal business operations. They are lightweight and preclude any structural modifications. They can be installed effectively, efficiently and at a greatly reduced cost. The financial pay-out on these systems appears to be a very short period of years, to say nothing of the tax benefits available to the owners.

DIMENSIONS: What kind of interchange, then, is necessary between contractors and architects in order to meet high demands for energy efficiency?

WATKINS: One of the problems contractors will be facing is that we’ll be spending more time in the architect’s office than we would if we continued to do just normal competitive bidding. Due to the unique nature of these new systems, we have to become involved as consultant contractors to the architects on these high energy-saving systems.

DIMENSIONS: Does this mean constant consultations with the architect?

WATKINS: No. The contractor should come on board initially for the planning and then at the end for a detail review. We don’t have to be heavily involved in design; we don’t
have to become structural engineers.

**DIMENSIONS:** Will we see an end to pretty buildings? Is function to replace aesthetics?

**WATKINS:** Certainly not! I think we can combine function and aesthetics. And, I don’t think we’re going to see an end to pretty buildings. The architect can achieve whatever shapes and designs he wants, just as he has in using pre-cast concrete to create an effect. He can achieve the same effect with an exterior wall of steel stud framing with an exterior finish system or conventional Portland Cement finish. He gains a choice of exteriors, but his shaping options basically remain the same.

**DIMENSIONS:** What happens in the area of liability for meeting these energy standards? Does liability fall to the contractor?

**WATKINS:** No. The responsibility for the design emanates from the governmental standards, which places compliance within the province of the architect or engineer.

**DIMENSIONS:** Where does contractor responsibility begin?

**WATKINS:** An exterior wall must meet a certain standard, and when the architect designs a wall, he expects it will meet the standard. When the design doesn’t quite get there and our contractor is asked if this design meets the standard, you get into a question of liability. But it is a question, not a problem, because these standards are provided by the manufacturers, and information on them is readily available in the manufacturers’ product information, and the contractor merely supplies the technical information.

**DIMENSIONS:** What about the probability of improper installation?

**WATKINS:** Our contractors have the same liability they’ve had for years in terms of their workmanship. However, with these new systems of exterior wall construction, you get into a legal liability much longer than the normal one year period. You’re suddenly dealing with a guarantee perhaps as long as three years.

**DIMENSIONS:** So, workmanship becomes paramount to protecting the business?

**WATKINS:** It always has. However, with the exterior systems, if the cause of a failure is workmanship, the costs of remedial work can be unlimited. The risks are greatly increased.

**DIMENSIONS:** How does the contractor protect himself?

**WATKINS:** The contractor is forced to make certain the architectural detailing is correct. If he questions the details, he should go to the architect and say so in writing to put his thoughts on the record. The contractor then should maintain top-flight supervisors backed up with management assistance and control to virtually eliminate the possibility of failures in workmanship.

**DIMENSIONS:** These systems seem to follow a trend of more diversification in the contracting industry. Is package bidding a lasting trend?

**WATKINS:** I feel very strongly this will continue to be the trend. Many firms are moving strongly in that direction. As the newer systems come into use, come off the drawing board and out for bids, the general contractor is becoming very careful about the subcontractor he does business with. A general contractor with limited knowledge of the new systems has a strong tendency to want to do business with an established and reputable subcontractor, not a fly-by-nighter. Obviously, it’s a perfect tie-in for the general to award a contract for exterior systems to the same subcontractor he awards the interiors to. Its probably the best natural package we can offer to our clients.

**DIMENSIONS:** New systems mean new education. How well equipped is the industry to meet these new demands?

**WATKINS:** The tools are there, unquestionably. The manufacturers have done an excellent job of providing performance and design criteria.  

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DIMENSIONS: The question then becomes how to get the contractor to utilize these new tools.

WATKINS: I think one of the key vehicles is through our association. Through AWCI, a member contractor develops a rapport with the manufacturers of the systems. He gains association fellowship with his associate contractors and develops a grasp for the new systems rather quickly. He can share experiences with people who relate to his own business, which gives him a tremendous edge. It eliminates trial-and-error methods of learning the system from job to job.

DIMENSIONS: In essence, you’re saying he gains access to his peers and shortens the timespan for learning the systems?

WATKINS: In the long run, it could take him several years to really learn the systems, and he’d spend a lot of money in the process. He can achieve the same knowledge in a fraction of the time through the association. He can gain from professional seminars, which I think are of prime importance. He gains access to product manufacturers and he can get the technical assistance to allow him to instruct his people and impress them that this is a whole new business.

DIMENSIONS: It is a different industry today. What are the implications of this “whole new business” in the 1980’s?

WATKINS: The business has changed in the past ten years, particularly since the “building bust” of the mid-70’s. It’s been dramatic. It’s becoming more complex. It’s becoming more demanding. The overall quality of the entire business operation must be better than ever before. Primarily, the ones who will survive the 80’s and be successful will be the ones who are wise enough to perceive these changes; and structure their firms accordingly.

DIMENSIONS: What becomes the key to adjusting to these changes in the ‘80’s?

WATKINS: The key becomes doing the things necessary to operate a business successfully. Among these would be strong management programs, seminars and computerization. It has often been said that any company with 25-30 employees should have a computer. As our industry diversifies, the complexity and need for cost controls increase the demand for computerization.

DIMENSIONS: What edge does the computer give the contractor?

WATKINS: A contractor gains the ability to track costs weekly, which gives management the ability to make whatever adjustments are necessary while the job is in progress. This is a vast improvement on being halfway through the job and discovering you have no way to correct the situation.

DIMENSIONS: Is it necessary to know where job costs are every week?

WATKINS: In the majority of non-computer construction situations, the contractor can be several months into a job before he really knows where he is financially. In some cases, the contractor waits almost a full year to have the accountants tally up the score and tell him how he did. The most sophisticated and aggressive members of our industry use the computer to generate proper accounting and a profit and loss statement telling them where they are before the following month is 3/4 completed. They’re able to analyze where the company is overall, as well as where it is on a job-by-job basis. This is where the future is. Due to the complexity of the business and the demand for rapidity in construction, the contractor must know his costs as they are experienced. Finding out on a historic basis is too late.

DIMENSIONS: Is cost accounting the basic function of the computer in the industry?

WATKINS: The primary use of the computer by our members is for
payroll. A few use it for some job costing. Our most sophisticated members use a total computer package that enables them to do payroll, job costing, estimating, everything that leads to their capability to effectively manage their businesses. The key to successful use of the computer is in the program capability of the software.

**DIMENSIONS:** Are there good programs currently being adapted to the needs of our specific industry?

**WATKINS:** Yes, there are several. One, which you will learn about through AWCI International is Concord Management Systems, which is part of the Fails group, has a total program which is excellent. It is based on Fails’ 25 years in the industry serving contractors exclusively. The program has been developed by people who thoroughly understand the construction business, and since the various packages all interrelate, a contractor can move from payroll to a total package a step at a time as his business is ready.

**DIMENSIONS:** Isn’t it true, however, that computer systems are only as good as the field reports they’re compiled from?

**WATKINS:** There is no question the reliability of the computer is tied to the accuracy of the field report. That’s why it is so important for the contractor to make the determination and the total commitment to computerization. Then, the contractor will make certain that each of his people are properly trained to understand and utilize what the system can give them.

**DIMENSIONS:** We’ve talked about technology, but obviously the computer won’t replace skilled labor. Isn’t the “human dimension” becoming a critical problem for the industry?

**WATKINS:** In the 80’s—in fact, in this moment today—the shortage of qualified, skilled craftsmen is critical throughout the country. The shortage evolved over the period since the mid-70’s building cutbacks. In this period, very few manpower training or apprenticeship programs were initiated.

**DIMENSIONS:** Yes, but didn’t the industry make a comeback late in the 70’s?

**WATKINS:** Yes. Building picked up again. Before it did, however, a number of skilled mechanics left the industry. Thus, not only were we unable to train a significant new labor force, many qualified people never returned to the industry. The end result is simply stated in what we have experienced for more than a year: critical shortages of skilled labor.

**DIMENSIONS:** Is this to be a long-term shortage?

**WATKINS:** The shortages will be somewhat abated next year, because the economic factors will curtail residential building next year, according to the leading construction economists by as much as 20%. I see this as a short-lived relief. The law of supply and demand says that as the economy strengthens and the short supply of housing is absorbed by growing demand, residential building activity will increase. Then we’ll have the same labor shortage problems.

**DIMENSIONS:** What can be done to correct the problem?

**WATKINS:** The industry, our association and the individual contractor must recognize the problem. The only way to effectively deal with it is to begin today to develop manpower and apprenticeship training programs. The association can be a key to this. It must help us sell the benefits of the industry to young people. There must also be a concerted effort on the part of labor and management to attract young people. It’s the only long-term solution.

**DIMENSIONS:** You’ve been exposed to these young people in programs such as the AWCI Young Executives Convention. Is there enough young talent there to justify investing the effort to attract them?

**WATKINS:** Even now, within our industry, is a substantial number of extremely bright and talented young individuals. They are better educated, on the average, than their predecessors. Their approach to business is markedly different than that of their predecessors. They’re very aggressive people who want the opportunity to move ahead, the authority and responsibility of making decisions and who are willing to accept the consequences of their decisions.

**DIMENSIONS:** How do we draw out these talents and attract new ones?

**WATKINS:** Management has to recognize their ability and bring them
along as quickly as we can. We have
to be willing to give them flexibility
in their authority and their power to
make decisions. We’ve got to train
them to the best of our abilities,
while never losing sight of the fact
the young executives of today are
quick of mind, assertive and want
the opportunity to grow. If we do
not provide it, the average young
executive will leave his firm. or
perhaps, the industry.

**DIMENSIONS:** We’ve discussed
labor shortages, what about the
availability and cost of building sup-
plies in the 80’s?

**WATKINS:** Traditionally, we’ve
reached the point in material short-
ages where the point of balance be-
tween supply and demand began to
shift. As the supplies become more
available, the price usually drops.

However, many of the products we
use in our industry have up to 25% of
their cost tied to the energy to produce
and transport them. As energy costs
rise, so will material costs, although
these rises will depend on how much
building activity exists in the market-
place at the time.

**DIMENSIONS:** Earlier, you
mentioned the role of the associa-
tion in attracting young people to
the industry. How else does AWCI
benefit the industry?

**WATKINS:** As our industry
becomes more complex, contractors
find themselves being exposed to
more and more products that are new
to them. We need a common source
that has ready availability and the
high technical background we can
draw from for these systems. In the
case of older systems, we need a
source for resolving problems. In the
association, we can reach out to per-
sons who not only understand the
problems, but who can share long
years of experience. The association is
the only place I can obtain this level of
assistance.