

Ready For The Next Plateau

In Washington, Max Jensen's Company is Showing a Systems Approach to Each New Challenge

The name change last month is the best indicator.

When Max O. Jensen changed the name of his company December 1 from Pacific Partitions Systems, Inc. to Pacific Construction Systems,

Inc., it spelled a new era for the \$20,000,000-plus Bellevue, Washington, contracting firm.

It meant that Max's diversified company is now ready to accept any work in Section 9—plus exterior

panels. The old name limited people's understanding of what the company can do. The image today is: anything involving exterior or interior systems.

Furthermore, the company moved into its new 14,000 square foot one-story wood frame headquarters building, only a few blocks from the existing facility in Bellevue where Pacific Partitions Systems had made its home for the last 12 years—and where the company's new exterior panels factory has been located.

Idaho born, Max worked in Salt Lake City for 20 years, as a cabinet maker and contractor, before ultimately arriving in Bellevue in January, 1968. His business activities eventually produced Pacific Partitions, a family owned business.

With Max in the business are his wife, the former Lou Brown of Nebraska, who is vice president and secretary and operates Miami Supply Company; a son, Chris, President of Pacific Construction Systems; a daughter, Mrs. Carol Ford, contract manager; a son, Jerry, field manager for the panelization division, a son, Kurt, a taper, and a son, Nathan, a journeyman carpenter. Because the company does considerable work in Alaska, an office is maintained there under the supervision of John Berggren.

DIMENSIONS: More and more, Max, we see wall and ceiling contractors making a serious run for the exterior panel business. Why the sudden surge, the interest in this new type of construction?

JENSEN: It really isn't all that new—and certainly the energy situa-



“We specialize in taking very good care of a select group of general contractors in the commodity area—service—and sell hard on our specialty products.”

tion has accelerated the trend to the panel system.

We have been hanging pre-cast concrete panels and window wall for years. Curtain wall is still viable, but the attention is on the lighter weight panels.

DIMENSIONS: But why, frankly, are so many traditional drywall and plastering contractors jumping in so readily?

JENSEN: It fits our technological area of expertise and this specialty contracting group is moving into entire interior AND exterior systems.



The advantage in panelization is the time and weight factors. If you were to take the cost of doing stick framing, applying stucco on the job and comparing this approach—on a square foot basis—with constructing a panel in the factory, shipping it to the site and attaching it, well, the costs would probably be quite close.

What you save by panelization is less weight support cost in the structure, the time savings of quickly closing in the building, freedom from being constantly at the mercy of the weather—plus the advantage of being able to predict and control your working environment.

DIMENSIONS: Some veteran contractors are a bit hesitant about these new lightweight systems. They claim the testing hasn't been all that valid

and these systems haven't stood the test of time and conditions?

JENSEN: With panelization we can go with just about any final finish . . . brick, tile, stucco, Dryvit. As a matter of fact, our stucco finishes run about 50% of our panel work now.

As for Dryvit, we went with this system because of its experience. The system is German and has stood the test of some 30 years in Europe. That speaks well for its quality and durability.

DIMENSIONS: From the looks of your factory—the jigs, space, overhead crane, inventory—you've made a rather substantial investment already. Is this what's required? It isn't cheap, is it?

JENSEN: No, it isn't cheap by any means and we looked over the future quite carefully before making the commitment. In addition to what you've just mentioned, there's also the cost of maintaining a controlled atmosphere in this region. You can't stack your panels outside as you can in Arizona.

As for the investment vs. the market, it's always a question of which comes first, the chicken or the egg. We did secure jobs prior to setting up shop, but I've taken gambles before.

DIMENSIONS: From a company management standpoint, how have you set it up to keep your controls intact?

JENSEN: The exterior business will be a separate function of the company—in other words, its own profit center. Ron Baker will be our division manager and my son, Jerry, will handle the field production and installation.

The division will have its own direct overhead plus an allocated overhead. We don't want to overburden it; but we expect the division to show its own profit contribution.

DIMENSIONS: Max, there's

another noticeable trend. That's the increasing emphasis that contractors—all contractors—are placing on selling or negotiating jobs rather than strict bidding—



JENSEN: —oh, yes, it's developing more. But remember that you have two products or product approaches and the marketing is different for each.

The specialty products—panels, interior systems, movable partitions—are the ones which must be sold through promotion and marketing. Commodity products—drywall, lathing and plastering—are sold through service.

Both types involve bidding as well as negotiating.

DIMENSIONS: Then low price is still king?

JENSEN: Not quite as much as it has been in the past. You still need to be low but that's not the only criterion. All other things being equal you need to be low. But good service, good working relationships, good reputation—these are items that many customers want . . . and they know the manner in which they want it.

DIMENSIONS: Are you stressing management style, technique?

JENSEN: Perhaps I am. The management, say, of an interior system installation is quite complicated. You help design the interior to provide the wanted functions.

Then you suggest products . . . consult really.

If the customer likes your proposal including the products, the company, and has confidence in your ability to perform then you sign the contract on that basis.

That's our approach. We do little straight bidding in the AGC sense anymore. We specialize in taking very good care of a select group of general contractors in the commodity area—service, and price—and then sell hard on our specialty products.

DIMENSIONS: Does your company have fulltime salespeople?

JENSEN: Like almost all other specialty contractors, we have a number of people capable of and who do sell for our company.

Still, we have one only fulltime outside salesman who is identified as such. His efforts and activities are directed to selling interior systems.

DIMENSIONS: With all the diversification, the trend to entire construction systems, management styles, marketing, and the rest, are you pessimistic about the future for one-service small contractors?

JENSEN: I really don't think the one-service contractor is in as much trouble as a lot of others feel he is.

The best management in the world is the owner who's out there seeing that the board is being hung . . . keeping track of his own work and running his own bookkeeping, installation and management. You can have all the sophisticated equipment in the world and it won't touch a good technician who knows what he's doing.

The key, of course, is good service. Given that, the one-service contractor can be around for a long time. As I see it, though, the danger for the good technician is when he must—because of growth—step back and become a manager, a delegater. If he wants to grow in business and dollar volume he must grow managerially too. Not all contractors appreciate that.

DIMENSIONS: You mean the business of managing information?

JENSEN: Certainly that. Production is what we all need; information by itself doesn't produce anything.

Sometimes I shudder a little when

I see the figures. Once some 60% of our working population was engaged in producing something tangible.

Today, approximately 40% are doing production work. When Social Security was established one of every three persons was doing production work; today that ratio is 1 to 16. Is it

any wonder social programs are in trouble?

DIMENSIONS: Speaking of changes, what do you see as the most significant change in the wall and ceiling industry for the past, say, fifteen years?

JENSEN: It would have to be im-

provement in the quality of contractors, based on the industry's recognition of them as vital, fundamental parts of the building team. Many wall and ceiling contractors routinely hire more craftsmen than the general contractor.

Once, it was every drywall contractor's dream to mature into a general contractor. I'm not certain that dream is valid anymore. Now there is sufficient challenge within our own specialty contracting field to challenge anyone. It's truly exciting to be a wall and ceiling contractor.

DIMENSIONS: —and products?

JENSEN: I don't see anything radical on the horizon. With inflation, continuing high interest rates, more and more people moving out of productive work into service or information industries, you'll probably continue to see growing emphasis on systems that provide faster, lighter, more economical construction.

Anything that can be better controlled—such as panelization—and minimizes the difficulty of weather

and on-site obstacles. Life cycle costing is growing as more and more owners and developers are starting to think like contractors—they don't like surprises.

DIMENSIONS: How do you avoid surprises? In other words, what is your secret for controlling costs, time frames, and the like?

JENSEN: To me, there's no secret about it. You just don't keep secrets because that's foolish. Simply stated, to manage and control a job you assign hours and materials in a logical schedule.

Then you tell every last man involved precisely what your plan is.

DIMENSIONS: Without exception?

JENSEN: Yes, without one, single exception every person involved in the plan should know what's expected. How in the name of heaven can an individual or team do a good job if they don't even know what it is that's expected of them?

That information, under the best of circumstances, should be provided daily and, at an absolute minimum, weekly with data broken down into the smallest practical unit. The more information an individual has the better. By the way, that information is a two-way street—out and back in an understandable form.

DIMENSIONS: But there's a limit in the amount of information, isn't there?

JENSEN: Just as there is a limit in everything. You don't, of course, inundate a workforce with information. I'm speaking of a comfortable level of information . . . down to a "need to know" basis.

DIMENSIONS: You seem to have a positive attitude about the people in your company.

JENSEN: I'm glad it's so noticeable. In all truth, a company really is its people—no more, no less. I know that's a cliché but it is true. The newest apprentice we take on soon knows this company's operating philosophy.

That's why we have so many long-service employees—and why each of our division managers started his career with the company.

DIMENSIONS: Max, a moment ago when we were speaking of controls you mentioned a tight control on change orders. How did that work?

JENSEN: You're probably referring to our work authorization pads.

DIMENSIONS: Yes. You issued a certain number?

JENSEN: That's right. Each foreman when he begins a job is given a work authorization pad with forms numbered 1 thru 10—and the forms are checked out to that man. If one is miswritten or something, rather than destroy it the foreman voids it and turns it back into the office. This way we can keep a control on every change order.

Contractors live and die on how they process changes. If you add work you simply must have a process to obtain payment. An accountant can easily approve a progress payment—but not a soffit that wasn't shown in the original prints.

That's why written work authorizations are so vital. There are times when it's prudent not to write a work authorization—but they're mighty few.

DIMENSIONS: Inflation, union vs.



non-union, high interest rates—yet you still see a bright future in construction?

JENSEN: Absolutely. We've taken



Max Jensen goes over day's work schedule with company foreman.

our own look at the future and it looks bright. We're investing in it—the same as many other wall and ceiling contractors.