

Afternoons Are For Thinking

California Contractor Jimmie Merrell Breaks Down His Workday Along Certain Lines . . . Then Delegates

Jimmie V. Merrell is running things just about the way he wants these days—and it isn't likely that he'll get diverted.

The Irene, Texas, native came up the hard way, the son of Joe Merrell, a drywall contractor in California and Albuquerque, and he learned that you can kid yourself . . . but the bottom line is contractor reality.

As President of Merrell Dry wall, in Santa Ana, Calif., Jimmie watches the profit with greater interest than the volume total and his company operates along strict management lines which allow for "working time" and "thinking time." With an annual volume of \$1,200,000 the Merrell company isn't big, but it is a family business and it does enjoy a reputation as a good tenant contractor.

Jimmie's wife, Janet, is vice president, and his brother, Grady, is chief estimator. Two sons, Gregory, the taping supervisor, and Christopher, a taper, work in the field, and a daughter, Elizabeth, works in the office while pursuing a chemical engineering degree at the University of Southern California.

By 1966, Jimmie was ready to go on his own so he formed Merrell Drywall. The early 70s saw him change over from residential to a commercial/industrial contractor, specializing in tenant work.

A pair of 1972 heart attacks and a cardiac scare in 1977 taught him a severe lesson in stress and overwork. That's why today Merrell Drywall reflects the hard-nosed attitude about conserving your resources while using time judiciously. Not so surprising,



Merrell Drywall today is more profitable than when Jimmie was burning the candle at both ends and in the middle.

DIMENSIONS: Jimmie, you keep using the word "fundamentals." Yet you've done some real imaginative management thinking in setting up your company's operation?

MERRELL: Being imaginative is just using fundamentals in a different way. But everything is fundamental, isn't it? The contractor who gets in

trouble overlooks the simple, fundamental things. He knows better—and he knows he knows better. I never heard of a fundamentally sound contractor going Chapter 11 . . . but I know of a few fancy dans who got to show their bellies.

DIMENSIONS: I suppose, then, that fundamentals includes running "lean and mean," and keeping a close eye on details?

MERRELL: It certainly does. Business isn't all that good right now in Southern California and it'll probably get worse before it gets better.

But I never allowed myself to get fat in good times, so I have less—if any—trimming to do. We can last a long time because I know where my minimum is and I won't exceed it.

DIMENSIONS: But in a business such as tenant work you have to be ready to go at once. You don't have the luxury to lead-lag time, so you probably need to carry some extra overhead load.

MERRELL: I do need to carry an inventory that's probably bigger than a lot of other contractors. But my overhead is fixed: it's a hard, known number—and this allows me to stay on the ready.

DIMENSIONS: Service is a big thing with your type of contractor, right?

MERRELL: Absolutely. My customers don't want—or need—to wait. They want service yesterday or today at the latest and when they call me I like to be in a position where I can say, "I started your job five minutes ago."

You know, you can make a few

Continued on page 16

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**“The customer isn’t looking for a chance to blame anyone:
he’s looking for a good company that is dependable.”**

MERRELL *From page 6*

bucks changing specs. That isn’t tough. But the real money today and tomorrow comes in your reputation and the recognition by yourself and others that your company can perform.

DIMENSIONS: **You are a contractor who has chosen to specialize and have set up just to do that specialty. Have you thought of going the full diversified route?**

MERRELL: No. I’m as big and as diversified as I need to be to do the job well. Anything additional is an expensive luxury.

My company does metal studs, dry-wall, insulation and doors. We’re

good at this, we give good service, and we seek the work—tenant work—that allows us to be price competitive and mechanically outstanding.

DIMENSIONS: **Pick it up and lay it down. Do it, then do it again—only better this time?**

MERRELL: That’s right. But we’re not all that rigid. Sometimes you do things you shouldn’t do because to do them wrong at the right time is the right thing to do?

DIMENSIONS: **An example, please?**

MERRELL: Well, a few months back I bought three truckloads of metal studs—at a bargain price—when there wasn’t a prayer of doing any business with those studs. But I

bought them, sat on them, and when a ripe opportunity came along I used them and made a beautiful profit.

Let’s face it—you have to have some fun in this business.

DIMENSIONS: **How much impact did your heart trouble have on your way—and your company’s way—of doing business? You really had to make some changes, didn’t you?**

MERRELL: My ticker has given me some real problems so I simply took a hard look at myself and made some decisions.

First, I delegate now—and I mean DELEGATE . . . no second guessing and no worrying about whether one of my people will do the job.

Second, I don't WORK afternoons anymore. I'm simply not in this office: I'm home—and, NO, I won't answer the telephone there either. My company staff handles afternoon matters.

At home, I'll go over prints where I'm not interrupted. I study them, write memoes to my staff—and think about my business. The trouble work I do in the morning—in the office—but the afternoons are for think work, for management planning and work decisions.

DIMENSIONS: It's been said that 99% of inspiration is plain, old perspiration . . . that you do best when you're prepared. I take it you go along with that philosophy?

MERRELL: What profit-making contractor would disagree? You need to be prepared even on the smallest jobs. You just can afford to be so dependent on your mechanics that they must save you on bad management.

A lot of this talk on poor productivity really boils down to poor, sloppy management. I've never met that many lazy, incompetent mechanics.

DIMENSIONS: Given the need for pre-planning, would you mind going through the Merrell procedure for producing attractive bottom line numbers.

MERRELL: It starts with a careful look at the plans and a determination to communicate properly with your installation crews. That means color coding, writing things down on paper and not relying on memory and "you-should-have-known-better" buck passing.

You want a good, competent hard-nosed leader for your crew who knows what's he's doing but also recognizes that he's pour company public relations man on the job. So even if the general contractor gives you an incompetent to coordinate with, you know your operation is in good hands.

Walk the jobs? Certainly. I write every one—and I write down things I see. I know the average contractor likes writing like he appreciates a visit from the IRS—but writing is a necessary part of the job . . . you can't run jobs out of your head.

You get paid a salary to hang drywall—but you earn a profit by good management and delegation. A contractor working right along with his crew is the best manager. But to



Jimmie reviews the day's outline with office manager. Jimmie is out of the office in the afternoons.

make money you have to know how to get the other fellow to do the job—the first time—the way you would

have done it if you were working with the tools.

DIMENSIONS: You're coming down pretty hard on management?

MERRELL: I mean to come down hard because it's true. Anyone can look at a poorly done job and blame his employees for incompetency . . . shift the buck, lay off the blame . . . do anything but admit that it wasn't managed properly.

The customer isn't looking for blame: he's looking for a good job and a company that is dependable.

DIMENSIONS: By breaking down "working" from "thinking" time you said your business became more profitable. How do you explain that?

MERRELL: Development of my staff has got to be the answer. They developed beautifully because I was

FORCED to allow them to grow.

When I started doing no work in the afternoons, I delegated the authority where it should be—and then I walked away. I didn't divorce myself, but I didn't spend a lot of time doing Monday morning quarterbacking or second guessing.

My people made a few minor mistakes. They learned from these mistakes and right today I'd stack my staff up against the best—and I'd win.

In the mornings, I devote myself to accounts receivables, change orders, screw ups, lost tools, absenteeism, etc. That's also when I say what I want done in the afternoon—then I go home . . . where I belong.

DIMENSIONS: You mentioned change orders. Tenant work gives rise to change. Do they give you any problems?

MERRELL: Changes are always a bit of a problem. But we eliminate much of the trouble by having our own change order forms. We type



Contractor Jimmie Merrell goes over a job plan with chief estimator and brother, Grady Merrell.

them up in the office and send them out like a bill, sometimes with the wording, "This work started on ver-

bal order from _____ without the benefit of a signed change order."

You can say what you like about the

approach to verbal instructions, but you have to formalize things in some manner—and I don't want to lose friends over a change order.

DIMENSIONS: How about collections? Do you handle them yourself or do you delegate that function?

MERRELL: Mac Stokes, AWCI's general counsel, once told me that I shouldn't get into the collection process myself unless I'm really prepared to go to the mat. I've paid attention to Mac.

I have assigned collections to my office manager and estimator. I don't get into the fight myself unless there's an impasse and I have decided the customer pays or else. Also, impasse or not you pay in 60 days or you got me on your case.

DIMENSIONS: And leins? What's your policy on leins?

MERRELL: The drywall contractor usually has a chance to collect before the notice of completion has been filed. So there's some room. But,

generally, you shouldn't lose your lien rights.

Your best bet is a responsible and respectable general contractor who pays his bills. At the same time, you can't pass up every GC who might be a bit chancey. Contracting is a risky business—and if you can't stand the kitchen heat, well—

DIMENSIONS: What's your favorite job, Jimmie?

MERRELL: The job I like best is about \$20,000. The overhead factor gets cleaner; it's easily within the management control span, and you can make profits. If you keep your management eyes open on things, a loss is almost unheard of.

When you as the manager do your job the mechanic is free to do his best job.

In the final analysis, that's what it's all about. Everyone has a job to do and by doing it to the best of your ability you get the job done—to everyone's satisfaction.