

Three New Industry Leaders

AWCI Drew Closer to a True Industry Association When Three Associate Members Were Elected to the Board

(AWCI is moving ever closer to its ideal—an organization that truly represents the full range of occupations, disciplines, and components for the entire wall and ceiling industry.)

The latest step came recently when representatives of three Associate Members were elected to the association's Board of Directors for varying terms. It marked an historical breakthrough for Associate Members and the Industry because heretofore the only professions sitting on the AWCI Board of Directors were contractors.

Thus the Association of the Wall and Ceiling Industries-International became a fully integrated industry organization, representing the interests of both contractors and suppliers and manufacturers. The new board members are Frederick R. Griffin, Jr., Vice President-Sales, Gold Bond Building Products Division, National Gypsum Company, Charlotte, NC; Robert Negwer, President of Negwer Mate-

rials, Inc., St. Louis, MO; and Edward A. Thompson, Manager of Field Sales, Chicago Metallic Corporation, Chicago, IL.

All three men bring to the AWCI Board strong career backgrounds in construction.

Because of their precedent-making involvement with AWCI, Construction Dimensions sought them out for their comments and observations. Each was firm in his feelings that some tough times lie ahead—but the industry can weather whatever the future holds. They've all seen depressed times before.

Fred Griffin has been with the National Gypsum Company for some 33 years serving in a number of sales positions. A native of Somerville, Mass., he began his National Gypsum career as a salesman in the Boston district.

Promoted to vice president of sales in 1979, Fred is a member of the Charlotte Athletic Club, the Carmel Country Club, the National Lumber and Building Material Dealers Association. He and his wife, Priscilla, make their home in Charlotte. He will have a 3-year term on the Board.

Bob Negwer has spent his entire business career in construction. His company, started in 1930, distributes walls and ceiling materials and equipment, specializing in the commercial contracting trades.

In his affiliation with AWCI, Bob has served as chairman of the Distributors and Suppliers Committee. He and his wife, Esther, live in St. Louis. Bob drew a one-year term as an AWCI Board member.

Ed Thompson, with 35 years in the construction industry, started with a general contractor in northwest Indiana and progressed in estimating and sales with acoustical ceiling and residential building contractors. He joined Chicago Metallic 20 years ago.

A carpenter who carried a card at one time and who has a degree from Northwestern University, Ed is a member of the American Subcontractors Association, Chicago chapter, and of CISCA. His wife, Beverly, operates two gift shops in the Chicago area. Ed and Beverly live in nearby Oakland Park. He will have a 2-year term.

Here are their comments about the wall and ceiling industry—and their feelings about the direction that the industry is taking.)

DIMENSIONS: First of all, what are your personal reactions to becoming members of AWCI's Board of Directors? Is this move for the good of the industry more so than merely to allow some form of representation for you?

THOMPSON: It's good for the industry. I don't think you can see it any other way. The amount of support that manufacturers and suppliers give to AWCI is substantial. Now there is a more solid relationship between all components . . . the means to truly communicate.

GRIFFIN: We're all in this industry together and balance between all the sectors is a must. With some of the changes coming to this industry, it's good that we can now sit down together formally and work on a comprehensive approach.

NEGWER: The election of associate members to the board of directors is another indication of the progressiveness of the AWCI organization. This is why AWCI is the leader in the industry and will continue to be so—it makes certain that all segments of the industry are included . . . that we move together.

DIMENSIONS: When you speak of changes coming to this industry, I wonder if you could be more specific. What changes? How extensive are



National Gypsum Company's **Fred Griffin** has long been committed to improving the working relationship between contractors and manufacturers, not only for the benefit it brings to the industry itself but the carry-over benefits to the customers themselves.

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they?—and will these changes mean a different way of commercial life for the wall and ceiling contractor:

THOMPSON: Oh, I don’t think we’re facing anything radical. The current market downturn finds contractors in many areas bidding and negotiating more accurately. Most commercial contractors have been experiencing a tighter market for some time now.



Bob Negwer keeps his family-owned supply business in top efficiency form, but also finds time to donate to the wall and ceiling industry. He served as chairman of the national distributors and suppliers committee, prior to going on the AWCI Board.

NEGWER: These are pretty ominous times for contractors, for those who haven’t fine tuned their companies for maximum efficiency. Consequently, they find that they have to bid below their costs to remain competitive in the marketplace.

Some may not be around at the end of the year because of this.

DIMENSIONS: Does this mean that construction will involve more negotiating . . . more selling activity . . . than in the past? Is bidding los-

ing out as the primary means of obtaining work?

GRIFFIN: I certainly hope not—and I don’t believe bidding is on the way out. From a viewpoint of stability, we’d like to see more public opening of bids, without negotiating. This negotiating is what depresses our industry: the general contractor hammers down the sub who in turn hammers down his supplier.

The general and the owner may feel they’re coming out better—but the profit margins are slimmed excessively for the sub and his suppliers, leaving a much smaller margin. That’s not beneficial to the long-range growth of our industry.

Negotiating is not an unmixed blessing, by any means.

THOMPSON: You’ll still have a healthy bidding market. There are too many advantages although reputable, established wall and ceiling contractors have customer firms with whom they have a working relationship that is suitable for a negotiating advantage.

The market is down now: that’s the reality. It will be coming back, I expect, after the turn of the year when we’ll have the tax cut, the added governmental increases in funding to retirees. Over the next year and a half, a lot of money market funds will be maturing and looking for investment opportunities.

GRIFFIN: The recession may be bottoming out, but I feel the turnaround may be contingent on whatever success Reagan has with his program. Total support is necessary to bring so many economic ills back in line—

NEGWER: —and that involves some delays. Contractors are indeed tied in with the general economy and productivity—certainly in construction—hasn’t kept pace with the world. We’re starting to remedy this—but it takes time.



In his 35 years in the construction industry, Chicago Metallic’s **Ed Thompson** has been a card-carrying carpenter with general contractor, residential builder, and acoustical contractor experience. His sales career with Chicago Metallic began 20 years ago.

All industries, not just construction and automotive, need to become more productive. Still, I see the turn coming in the first or second quarter of next year.

DIMENSIONS: How about inflation? There is considerable talk to the effect that the inflation is heading for higher levels, that this critical factor hasn’t been whipped?

NEGWER: That may be true . . . that it hasn’t been brought under control . . . and this is the one element that has me somewhat pessimistic about 1982 and, possibly, a full return for construction activity.

GRIFFIN: You know, when you read and if you accept current economic projections, there is strong feeling that the construction industry may be in for some more difficult times for the balance of the 80’s. That’s not encouraging—and we can see areas where a definite slowdown is developing. *Continued*

“If the interest rates persist at high-or higher-levels more of the construction will be in rehabbing . . . paid for out of cash flow rather than the funding type of arrangement.”

DIMENSIONS: Examples, please?

GRIFFIN: Florida is slowing down dramatically. This is one area which is usually the last to turn down and first to bounce back. But Florida is slowing down right now.

NEGWER: We have some luck in the construction market in St. Louis. There are a fair amount of large projects underway now with some equally big projects coming out of the ground. Planning is going ahead so there should be a minimal lag period later on—providing we can get turned around nationally in the next six months.

THOMPSON: No one doubts that construction and the interest rate have a tight relationship. I'm looking for

interest rates to come down a couple of points by year's end.

DIMENSIONS: If not?

THOMPSON: If the interest rates persist at high—or higher—levels more of the construction will be in rehabbing . . . paid out of cash flow rather than the funding type of arrangement. That kind of financing puts the emphasis on rehabilitation.

DIMENSIONS: Well, then, we see depressed construction conditions until well into 1982—and perhaps longer—with interest rates moving a little bit but nothing dramatic. That's not an optimistic projection by any means, but does it represents your thinking?

GRIFFIN: Based on current economic indicators, I don't think any of us really see anything that would point in any other direction.

DIMENSIONS: All right, what would you advise as a reasonably sound course of action for contractors right now? How should they cope with the current and projected situation?

GRIFFIN: No different than on the manufacturing side—by evaluating productivity, overhead and implementing positive objectives. For all of us it means longer hours and more days in the week.

THOMPSON: Yes, conserving cash flow is the key these days. It's a good time to reduce inventory levels, especially in a metropolitan center

where there is little need to warehouse raw materials.

By allowing the distributor to perform the warehouse function, a contractor can strengthen his cash flow, cut his overhead costs—and still cover the distribution function.

NEGWER: The protective attitude is in the owner's chair these days. And the contractor who spent time developing sound customer relations . . . improving his reputation . . . when times were good will be collecting his bonus for that activity.

DIMENSIONS: Is that another way of saying "taking advantage of your advantage?" . . . get one up on your competitors?

NEGWER: It's tough to be a profitable contractor in today's market and profit comes from innovation.

In addition to getting the gold plating off his company, a contractor simply must develop a more innovative approach to his markets, offering what his competition can't . . . or at least has a tough time in matching.

GRIFFIN: It is absolutely necessary these days to get one up on and stay ahead of your competitor. Open and fair competition has been and always will be, a vital element of our free enterprise system.

THOMPSON: And whether bidding or negotiating, a contractor should give pause to think about any contract he gets involved in.

DIMENSIONS: Summarizing everything we've said here? What would you see as the last word?

GRIFFIN: The professional contractor will survive the current situation. People with knowhow usually do while the others fall by the wayside. This recession is survivable for many, but not so for others.

NEGWER: As I said, it's tough to be a good, profitable construction company. It may be a bit tougher these days, but it's still a matter of accommodating yourself to conditions and then innovating.

THOMPSON: Your more established construction companies have been in this kind of recession many times before. Some of the things they're encountering are new: many are not. The good ones will survive and prosper.

That's the nature of construction. it's a risk taking business—and that hasn't changed one iota.