A Lifetime Supplying Contractors

In Clearwater, FL, Building Supply Dealer Mike McCain Continues Doing Well What He’s Always Done Best

He’s spent a lifetime in the construction materials business—and he’d have it no other way.

That’s the durable attitude of R. Michael McCain, founder and president of McCain Building Supply, of 145803, U.S. #19 South, Clearwater, FL. From his suite of offices in the office complex in Clearwater, Mike supplies the entire area with “everything it takes to build a wall or ceiling—except ceiling tile.”

For McCain, operating a construction materials business has been a total commitment. Born in Jacksonville, FL, son of John, a retired forester, and Fay Nickens McCain, Mike was raised in Foley, FL, a company-owned saw mill town. The company eventually sold the houses it owned to the resident/employees and moved away.

When Mike’s father started the Florida Forest Products company in Tampa, Mike was an integral part of the operation. Later, John sold the company to Mike and some friends. When that company began drifting back towards strictly lumber, Mike sold out his interests and launched McCain Building Supply, essentially as a gypsum board supplier. The company has been on a steady growth curve since.

Mike is married to Margaret Ann Ballinger, a high school and college friend, and they are the parents of three children, Michael, Kevin and John. A longtime member of AWCI, Mike’s firm also belongs to the Contractors and Builders Association, the Florida Wall and Ceiling Association,

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and the Jacksonville Chamber of Commerce.

He holds a minority interest also in the Suca Pipe Supply Company, an underground pipe supply firm which he and Secedrick McIntyre, former Dallas Cowboy and All-American at Auburn, formed in March, 1985.

DIMENSIONS: Construction is typically an early start type of business. How does that affect your day . . . do you start off early, too?

McCAIN: Oh, yes. I’ll get up around 4 am and then read two or three newspapers. The office here is opened at 7:30 and I don’t stop along the way either. From the time I get in here until I leave around 7:30 pm the phone is ringing off the wall.

DIMENSIONS: You have to have some break in the day, though, don’t you? I mean you don’t go full blast behind the desk all those hours?

McCAIN: I go full blast all day, but I don’t remain chained to this darn desk. At 5:30 pm, for example, I break to meet with a group of contractors and industry people—

DIMENSIONS: — every day? What’s that for, birddogging?

McCAIN: We review what’s new . . . who’s new in the area . . . any new projects coming out. We sometimes have customers in and exchange gossip. It’s good to know who’s doing what—and how financially healthy various parties are. In construction, fortunes change quickly.

Builders often come to me and ask for a rundown on various subcontractors. Despite appearances sometimes, builders want good, quality subs working on their projects.

DIMENSIONS: From what I hear, it takes about $15 and a pickup truck to establish yourself as a drywall contractor—and a lot of builders and general contractors will do business with them. Is that observation essentially true?

McCAIN: Unfortunately, it’s true in many cases. You can have unqualified businesspeople who are hanging wallboard for somebody on Monday and some sleazy builder will go out on a job and tell the guy, “you take over my job and I’ll pay you to do it.” It’s not enough to survive, but the victim doesn’t realize that immediately; he thinks he’s a contractor.

DIMENSIONS: Is there a lot of chum . . . turnover . . . in the ranks of drywall contractors as a result?

McCAIN: If you take a 1970 telephone book on drywall contractors and compare it with the 1985 directory, you won’t be troubled by a lot of duplication. I’d say the attrition rate is about 80%—

DIMENSIONS: — so what’s the answer, Mike? What can you do about it?

McCAIN: —right now there isn’t much of an answer. We’re trying to get a qualifying test through the state legislature, but that’s tough and doubtful because too many people believe it to be restricting the market.

But remember that HVAC, roofers, and general contractors all must pass tests. Why not drywall contractors? If a drywall contractor really knew his business, he wouldn’t have any trouble passing the test.

DIMENSIONS: Qualified or not, they all need to deal with a supplier. What’s the impact on you . . . what do you do with all of these allegedly unqualified contractors? You certainly don’t refuse business, do you?

McCAIN: On nine out of ten, I certainly do refuse their business. They
have no credit, no statement as to financial fitness, no line of credit with a bank or anyone else. I’d be crazy to do business with that kind of customer; it poses a collection problem right off the bat.

**DIMENSIONS:** How about the legitimate drywall contractor? Even the best get into a financial bind now and then, don’t they?

**McCAIN:** Much of it depends on your own feeling about a contractor. When a builder or sub is legitimate and known to me then I’ll ask what their payment policies are going to be. I’ll go so far as to ask the builder to make out the check for the drywall supplies directly to me and that assures us of getting paid at least from the builder. When a subcontractor knows what he’s doing businesswise, he should be able to come up with a financial statement in six months.

**DIMENSIONS:** What’s your mix between subs and builders? I take it you do a lot of direct supply to builders in the area?

**McCAIN:** About three-quarters of our business is with subs and the remainder with builders. So our business is fundamentally with the drywall trade. Keep in mind that some builders around here do their own drywall. They’re legitimate operators, true builders.

**DIMENSIONS:** How does a supply company accommodate the brokers of this world . . . you know, the two-employee and a phone type of general contractor?

**McCAIN:** It depends on who it is and how they operate. There are legitimate brokers, contractor managers so to speak. You really have to be careful about separating the wheat from the chaff in this area because the vast majority are fly-by-night operators and you won’t get paid.

**DIMENSIONS:** What advice, Mike, would you give to a subcontractor who really is getting into a pinch? For example, a general contractor is holding up a big payment or some such difficulty?

**McCAIN:** My advice to that subcontractor is the same that every supplier gives: for heaven’s sake come and tell me—and I’ll do what I can to help. I’ll take action immediately because it’s now my payment problem, too, and we might be able to sit down with the GC and work something out.

We might be the one to file a lien . . . or do whatever it takes to collect. The point is, we’d rather work with our customer and help him to collect because it’s better for us—we get paid, too—and we solidify our business relationship with that sub.

When you’re having a financial problem, that’s no time to clam up with people that you owe money to.

**DIMENSIONS:** What’s the biggest financial complaint you have—as a supplier—against drywall contractors? Where do they go wrong in your opinion?

**McCAIN:** Carelessness has to be the biggest problem. A sub is often so determined to land a job that he gets, well, careless. He should check on how and when he’ll get paid. It’s nice to get the job: it’s even nicer to get paid for your work.

When a sub is bidding a big job, he can always give me a call—or any other supplier for that matter. We can get the background that’s needed . . . an NCAM or Dun & Bradstreet report.

I find that many subcontractors don’t really know how to check accurately—and some don’t want to know because it might jeopardize the job. A few key telephone calls can often save everyone a lot of grief. I recall a recent conversation with a top drywall contractor who was boasting of a super job he’d just landed. I said, “who with?” After I ran a credit check on the GC, I told my friend, “You can do 5¢ of business with him—but not 2¢ with me on the job. They’re bad!”

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I’m in the business of stocking jobs. The drywall contractor is in the business of installing so we’re two different specialties. To buy direct and truly save you need to make a solid investment in capital equipment, establish and maintain volume plus personnel and computer assistance. I just don’t see the average subcontractor doing that.

DIMENSIONS: When it comes to stocking, the practices vary throughout the country, too, don’t they?

McCAIN: That’s right. In Texas, the subcontractor is responsible for getting materials into the building. In Florida, it’s the supplier’s job so the supplier stands for the liability.

For what we as a supplier provide, the couple of percentage points markup is well worth it.

DIMENSIONS: How about the inventory argument? I’ve heard suppliers say they maintain their customers’ inventories. Do you see your role in that light?

McCAIN: Every subcontractor needs a reserve of materials—and we keep an adequate supply in constant readiness. I’ve got three supply yards and we’re as close as a telephone call with a $1 million inventory in gypsum board.

If a sub were to try and duplicate that, he’d have to be ready to stand the 10% annual interest charge because that’s all part of the cost. He’s far better paying a slight percentage—and pocketing the balance.

DIMENSIONS: —so your position is to get in and get out and don’t bother with stocking a lot of materials?

McCAIN: —if you’re a subcontractor it’s the only right way to operate. A sub’s time is money. That’s installation time and the faster he gets the board up and quicker he doesn’t have to pay the 50% labor charge in any job. Let him make his profit on the installation and job management—and get his materials supply at the best overall low cost.

DIMENSIONS: But you need coordination help, too? I mean, the GC and the sub have to work with you to stock efficiently, don’t they?

McCAIN: You need to review every job from an entire system viewpoint. All of us need to GIGO—get in and get out. If I can put in 3 thousand boards on a job in one day, we’ll all make money. But that takes good planning and follow up.

With a good GC that can happen. It’s all labor costs, but we specialize in getting the board into the building as
fast as possible. That has to be consistent with getting it in the building at the rate you want it, in the amounts you want—and the right kind of board every time—

DIMENSIONS: — and the sub’s responsibility?

McCAIN: —the sub’s specialty is planning and getting it hung. Remember, if a sub mis-orders, our trucks are radio controlled and we can handle an emergency in 30 minutes.

DIMENSIONS: Florida is a nice place to live and to retire in. A lot of travelers come here. A traveling contractor is like getting a bar of soap for a Christmas present: it means someone is telling you something. Has the recent upturn in construction eased the situation here?

McCAIN: Traveling contractors in this area have a rough road to travel. We’ve even had experienced Florida contractors come here and get burned bad. When a traveler does show up we try to tell him the local ground rules and he either listens or he doesn’t.

You can’t come into this market and use your experience and assumptions from another marketing area: it just won’t work. When you bid here the numbers better reflect our conditions or else you should face the prospects of a serious loss.

DIMENSIONS: But that’s not true of all out-of-the-area contractors who bid work here?

McCAIN: Oh, no, of course not. E.L. Thompson & Son, out of Atlanta, can come in here, bid a job and made a profit. They know the lay of the land around here and they observe the ground rules. They’re the most successful traveling sub I know. When Eddie Thompson decides to come in here he surveys the market, clears everything with the locals, checks and re-checks his numbers. By the time he’s underway, he’s practically a local sub.

DIMENSIONS: What’s the biggest shift taking place in this market area?

McCAIN: The energy crisis is still having an influence. Costs of power are high as they are everywhere else, so more and more building owners are looking at the new insulated exterior wall systems. We sell a lot of foam board for that, and I believe this product will catch on as its values become better known.

Stucco doesn’t do a thing in the energy area. It’s all appearance—and it’s getting too expensive for such a luxury.

DIMENSIONS: Wrapping things up, you’ve been a member of AWCI for a number of years. What’s been your experience, what’s membership meant to you and to your company?

McCAIN: I think every supplier and contractor in the wall and ceiling industry should be in the association. You’ll only get out of an association what you put into it. Now I realize that’s a cliche, but it’s true and it’s allowed us to contribute to the industry while getting to know the individuals who really are willing to stand up and be counted.

This is a good industry with some mighty fine people. And they’re getting together to make it better. You can’t fight that—or success.