WHAT’S BLUE AND YELLOW AND RED ALL OVER?

In Minneapolis, Tom Donnelly lets quality work build his company’s reputation—but insists all his employees and equipment look the quality part, too.

“You establish your reputation through hard, quality work and top service,” says Thomas E. Donnelly, head of the Donnelly Stucco Company in Minneapolis, Minnesota. He should know: At the age of eight he had a hawk and trowel placed in his hands; today he is acknowledged by his industry peers as one of the premium residential stucco contractors.

Tom, a Minneapolis native, began his career apprenticed to his grandfather, William J. Donnelly, and to master plasterer Norm Sawyer, who still works for the company. He earned his union card before entering the U.S. Navy Seabees in 1960. After a three-year stretch, which took him to the Aleutians, Midway Island and Coronado, Calif., he returned home and continued working with the tools by day, while estimating jobs at night. In 1967 he married Muriel Ann Nelson of South Dakota. The following year he bought the company from his father, Robert F. Donnelly. Quickly he pushed the company from doing 50 jobs a year to more than 700.

Donnelly Stucco Company has always been a family business. It was founded by Tom’s father, Robert, along with other family members, including Tom’s grandfather, William. Like William, Robert was a master plasterer Tom was the eldest son, and one of ten children: seven boys and three girls. Three of his brothers work for Tom: Richard, a card-carrying plasterer who is field superintendent for the company’s residential stucco division, and Dennis and Mark, both estimator/salesmen.

Today the company’s emphasis remains on residential stucco, but Tom has expanded it to include a commercial division, as well. In addition to his busy family life as the father of five children—three boys and two girls—Tom is active in industry affairs. He has served on AWCI’s Board of Directors, and was chairman of Technical Subcommittee #7-Portland Cement. A member of the American Institute of Constructors and the National Association of Remodeling Industries, he is also president of the local chapter of NARI.

DIMENSIONS: Tom, you started out in residential, then shifted into commercial-industrial work. For the past three years you have been re-emphasizing the residential market. Have you given up the commercial end of your business?

DONNELLY: No, certainly not. The commercial market has changed in recent years, and we’ve simply adjusted the scope of our commercial division. Remember, in the Minneapolis area you’re looking at the most—a seven-month season residually. We run a full-scale construction company, so we need to keep our operation going twelve months a year. Our commercial work allows us to maintain our staff and work force.

DIMENSIONS: Your reputation for specializing in residential stucco is solid. Do you specialize in your commercial work, too?
Our employees are professionals. They know that a sharp looking craftsman at the front door shows the customer that we’re prepared to go that extra mile, that we’re specialists.

DONNELLY: Absolutely. Our greatest asset is specialized work—lathing, ornamental and conventional plastering, Portland Cement stucco, fireproofing, and exterior wall systems. If someone wants firstclass work they know they can call us. In my opinion, we’re head and shoulders above our competitors. We’ve got the talent and know-how to handle virtually anything. Rich Eaton is our chief estimator for the commercial division and he is excellent. He’s been in the business for 25 years and there is no commercial job that he can’t fully comprehend.

DIMENSIONS: Your company’s entire fleet—trucks, mixers, spray machines, rolling equipment, scaffolding—is color coordinated in bright,
Mandarin red with blue emblems and yellow lettering. Those trucks really stand out. But powerful graphics don’t mean all that much in the commercial field, where a lower number has a stronger impact than clean, well-finished equipment, right?

DONNELLY: I’ve never heard my commercial customers complain about having first-class subs—who look it, too—on their job sites. I’ve always been a stickler for neatness, and I don’t mind overhearing a GC commenting to others, “That Donnelly outfit is a class act.”

DIMENSIONS: I would imagine the appearance isn’t one coat thin. Maintenance on your equipment is equally impressive. Is this something that helps in selling used equipment?

DONNELLY: Yes, people know it’s well maintained, in top condition. We have no trouble selling our equipment because buyers know we take care of it.

DIMENSIONS: Back to commercial markets, Tom. Why have you down-graded the commercial end of your business?

DONNELLY: Don’t forget, I grew up in the residential business, and I have a feel for it. I know what it needs and where my contribution can best be made. It was only after I joined AWCI and received encouragement from other contractors that I entered the commercial market.

DIMENSIONS: But you did make a successful transition?

DONNELLY: Yes. I find commercial work interesting and challenging. But it requires much more paperwork. There always seems to be some reason why we can’t collect all the money due us: retainages, change orders, extras, deducts . . . I find it more satisfying, more personal, working directly with homeowners. That’s why, three years ago, I decided to concentrate on what I know and do best—the residential market.

DIMENSIONS: Most contractors feel the residential market can’t be penetrated successfully by union contractors.

DONNELLY: We have been successful at it for three generations.

DIMENSIONS: What makes the residential market so different?

DONNELLY: We depend on
customer recommendations. To be successful in the residential market you must satisfy the customer. Some people will choose a contractor from the Yellow Pages, but the majority of our customers are referred by other customers. Of course, many of our residential customers have noticed our trucks around town. That first impression is important, and I want it carried through right to the finish.

DIMENSIONS: Sort of letting them know that the same care will be applied to their property?

DONNELLY: You’d better believe it.

DIMENSIONS: But your employees have to be committed to the same discipline, the readiness to do what’s necessary to “keep up appearances.” How have you gotten their support and cooperation?

DONNELLY: Our employees are professionals. They know that a sharply-looking craftsman at the front door shows the customer that we’re prepared to go that extra mile, that we’re specialists whose work will beautify and enhance the value of their home. Appearance alone can reassure a homeowner that we’ll take care of their property. When our people arrive at a customer’s house and get a smile—even a compliment—it starts the whole job off on a nice note. An impressive appearance helps the customer to perceive that we are a quality firm. We know it. We like it. We are committed to this approach.

DIMENSIONS: But you don’t always deal strictly with the homeowner, do you? I mean on a big exterior retrofit, that homeowner could easily have an architect involved?

DONNELLY: On a retrofit job we generally deal with the homeowner. On a new home, we deal with either the builder, the architect, the architect and owner, or all three.

DIMENSIONS: How do you go about bidding a residential job?

DONNELLY: Well, it’s not bidding as the commercial contractor understands the term. When we get a call we set up an estimating appointment. One of our four estimator/salesmen is assigned to the account and makes an estimating call to find out what the job requirements are.

DIMENSIONS: Is a price given right at that initial estimating appointment?

DONNELLY: It depends on the

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situation. Where the estimator appreciates the full scope of the job he can give a price. Usually, though, we'll look it over in the office.

**DIMENSIONS:** What is it that your estimators emphasize when they are working out a new job?

**DONNELLY:** We want to be certain the job is well organized, coordinated with the customer, and that the phases are properly staged, from scaffolding and prep work all the way through the finish coat.

**DIMENSIONS:** At the rate of some 700 jobs in a seven-month period, you must have some horrendous communications problems. Can you keep this operation in touch with itself?

**DONNELLY:** We have two full-time field superintendents who act as liaisons between the office and the field. They carry two-way portable radios. In addition, we have two-way radios in almost all of our trucks and cars, I feel this is essential. When questions come up on the job, our field people need immediate answers. Whether a question is broadcast to an individual or simply called into the office, one of us invariably has an answer which can be radioed back promptly.

**DIMENSIONS:** About money: How do you handle payments? Do you run into many serious payment problems?

**DONNELLY:** We rarely have trouble collecting in the residential market. We generally collect a down payment when we take the job, and the balance is paid upon completion.

When our employees leave a project, the foreman reviews the entire job with the customer and handles any last minute items. Then our residential field superintendent, Richard Donnelly, will visit the site—with or without the original estimator—and receive the final payment. It’s as smooth as that. We enjoy good, prompt payments on our work because we keep the customers involved throughout.

**DIMENSIONS:** You’re not saying that no customer has ever tried to stiff you, are you—that you’ve never had a sour one?

**DONNELLY:** As I said, rarely. But when we get a tough one we just explain the rules: we made a deal and we lived up to our end. If we’re not paid
as per our agreement we will take assertive action. That generally gets us over the hurdle. I’ve never had to go to court to collect. But we’ve negotiated a few.

**DIMENSIONS:** It sounds as smooth as thin coat. It is all that much sweetness and light?

**DONNELLY:** In the residential market you must baby some people. Service and communication are the keys, and I mean “Service” with a capital “S”. The average commercial contractor, who wants to build with a minimum of fuss, would go nuts in this market. It’s not all sweetness, but if you pay attention to the market’s peculiarities you’ll do well,

**DIMENSIONS:** What about extras? Homeowners must come up with a flood of “I just thought of this” ideas.

**DONNELLY:** No problem, we will accommodate any homeowner with changes within reason. There is always a satisfactory resolution to unforeseen extra’s.

**DIMENSIONS:** What about warranties? This would be an extremely important item to a homeowner.

**DONNELLY:** We warrant our residential stucco work for 25 years. Recalls occur so seldom we don’t worry about it. When the job’s done right to begin with there’s no need to go back.

**DIMENSIONS:** In addition to traditional products, you’ve recently introduced the Dryvit system into the residential market. How was that done, and has it been successful?

**DONNELLY:** Yes, we’ve worked out a new program to introduce Dryvit into the residential market. Dryvit provides that extra design freedom that was so difficult and expensive to provide with metal lath and stucco. If a homebuyer wants a unique configuration or design motif we can custom build it out of EPS boards and finish it with an attractive, stucco-like material of 100 percent acrylic. We can even mix traditional stucco and Dryvit on the same job. I believe this combination of design flexibility and energy efficiency will attract customers.

**DIMENSIONS:** What kind of houses are we talking about for this kind of retrofit? This isn’t the average small-dollar residential job, is it?

**DONNELLY:** We’re talking about custom homes—not tract houses—in the $200,000-plus range to make the installation economical. We hope to be able to make Dryvit affordable to any price range as our production volume increases.

**DIMENSIONS:** What were your initial steps in setting up this new product line? Your knowledge of stuc-
co must have been helpful, but you
needed to develop so much additional
capability in your design and ap-
plicator staff. How did you go about
it?

DONNELLY: Before we made the
actual move we made several trips to
Atlanta, Georgia to study what a
friend of mine, Mitch Evans of the
Evans Plastering Company, is doing.
Mitch was already successfully using
Dryvit on custom homes. He has a
beautiful operation and has really
helped us.

Then we brought one of Evan’s top
people to Minneapolis to help train our
applicators. Mel Roots, of the Inter-
national Plasterers, personally came to
Minneapolis and assisted with training
our people.

DIMENSIONS: How are you pro-
moting this new service?

DONNELLY: We have been visiting
architects, builders, and developers to
introduce them to the system. We have
literature and a slide presentation to
familiarize them with the design
capabilities. Lynda LeClaire, our
estimator/salesperson for residential
Dryvit, is available to answer ques-
tions, do pricing, and to help plan the
work.

DIMENSIONS: Do you take the
customary samples along on your sales
calls?

DONNELLY: Absolutely. We show
them in detail what our new product
can do for them and for their clients.

DIMENSIONS: Now that you have
your new program in place and ready
for a launch, what do you see for
the residential market this year in
Minneapolis?

DONNELLY: Now that we’ve com-
pleted a number of residential Dryvit
jobs I feel we’ve progressed through
the expected learning curve. We’re
showing a profit on each job so we feel
we have the formula down. We’re
ready to launch the all-out effort.

DIMENSIONS: I take it that the
learning curve involved getting spe-
cialty crews working as a unit?

DONNELLY: It involved the whole
process, field and office. We converted
some of our top plasterers to Dryvit,
plus we hired some good young peo-
ple and trained them in the system.

DIMENSIONS: Have you been able
to maintain the all-union profile?

DONNELLY: I’ve always been a
union contractor, and I have absolutely
no reason to change.

DIMENSIONS: As a wrap-up,
Tom: Your reputation in plaster and
stucco repair work was such that you
were selected to take a crew and
materials to Russia, where you retrofit
ted the U.S. Consulate in Leningrad,
right?

DONNELLY: That’s right. We sent
a crew of nine men to Leningrad, and
with them we sent all the things need-
ed to do the job. The Russians were
kind enough to supply us with 1) air,
2) water, and 3) a forklift.

DIMENSIONS: What did the job
entail?

DONNELLY: Patching existing flat
stucco work, repairing and remodeling
cornice and ornamental work and
recoating entire exterior facade with
thoro coat.

DIMENSIONS: Did your work
habits, techniques, product use and
that sort of thing differ much from
soviet technology? Were they in-
terested in your crew as workers?

DONNELLY: They were very in-
terested in how we were doing things.
One thing is certain: they saw a first-
class retrofit job being done by highly
skilled American craftsmen.

Last year I went back to Leningrad
with the AWCI Continuing Study
Council and noticed that all of Len-
ingrad is now under retrofit.

DIMENSIONS: Do you think you
started something?

DONNELLY: I hope so; it is as in-
credibly beautiful city. I’d like to think
we helped to make it more beautiful.
That’s what our business is all about.