WHEN A MATCHUP FORMULA PAYS OFF

In Atlanta, GA, contractor Urban Rump carefully selects the jobs that fit his company’s marketing profile—and the results are profitable jobs.

Even if the Atlanta, GA, market were not currently running as hot as a summer Dixie sun, it would still be relatively easy to walk away from some of the existing job opportunities.

That’s the attitude of Urban G. Rump, vice president and general manager of Barnwell Inc. of Georgia, one of the top diversified wall and ceiling contractors in the area. To Rump, whose company specializes in combination or package bidding, the path to profit lies in carefully matching one’s company to the work.

That’s been his formula since taking over the company in 1985, and today Barnwell Inc. of Georgia has lofted itself into the $7.5 million a year class and is still climbing. The company has another operation, Barnwell Inc. of Florida, and its operating procedure is somewhat similar.

For Rump, though, the company’s success has been pegged to fundamental approach to contracting coupled with a carefully developed capability for biting off as big a chunk as possible on the most difficult job available. For the
usual humdrum type of projects—where bidding is wild, numerous and largely unpredictable—it's usually, "no, thanks."

Born in Burlington, IA, Urban Rump is no newcomer to construction. While attending Rockhurst University in Kansas City, MO, he worked summers and part time as a carpenter for Henges Company, a local acoustical and flooring contractor. Ultimately, this activity earned him a carpenter’s card, a job as a field supervisor and the realization that construction offered a worthwhile career.

From Henges, Urban moved to Des Moines as a superintendent for Allied Construction Services. In 1966, he moved to Peoria as the company’s vice president and general manager there. When the opportunity came in 1985 as vice president and general manager for Barnwell’s Atlanta operation, Urban made the move and has been there ever since.

Married to the former Carol Creech, of Indianapolis, Urban is the father of three daughters and a son, Urban, Jr., who is a general superintendent with Barnwell.

A member of the Association of the Wall and Ceiling Industries-International and the Construction Specifications Institute, Barnwell is also a member of the Atlanta Builders Exchange.

With AWCI, Urban is a member of the 3-member team developing the new drywall mechanics training program in cooperation with the Associated Builders and Contractors (ABC).

The company’s diversified construction services include drywall, metal framing, ceilings, access floors, lath and plaster, exterior stucco, exterior insulated systems, fireproofing, and demountables.

DIMENSIONS: The whole approach of Barnwell in Atlanta is to go over the package bid whenever possible, is that correct?

RUMP: Yes, we like combination bidding. It fits in with the way we want to approach the market.

DIMENSIONS: You indicated earlier that you don’t try to get cute about business . . . that you just try to avoid mistakes. Would you mind defining that a bit more?

RUMP: There really isn’t all that much to define. As I said, we just follow good business fundamentals. A company doesn’t have to be cute, just do the job right.

We keep an eye on our market, look for the kind of work that we’re best set up to do and then pursue it diligently. To stay close to the market we maintain regular salesman-engineer calls on building owners and managers, general contractors, architects and developers.

DIMENSIONS: When you refer to salesman-engineer calls, you’re really talking about your estimators making sales calls, aren’t you?

RUMP: Yes, we label the contacts by our estimators as calls for a reason, though. Our estimators sell themselves to the industry and to the trade. The calls they make are really technical or engineering so we refer to it as an engineering call to keep the contacts in the right context. We just don’t regard this ongoing liaison as mere sales calls because we’re often not trying to close a deal or anything. We might just be bringing a project manager up to date on new developments or technology.

DIMENSIONS: How many estimators does Barnwell have?

RUMP: Four, three staff estimators and myself. We try to have our estimators proficient with our general line of construction services while each one specializes in one or two specific areas.

This way, our estimators have the proper diversification to serve the company’s overall goals while being able to offer highly concentrated technical “know how” when the occasion warrants. Such an objective is rather ambitious and it keeps us stepping.

DIMENSIONS: Does that mean an estimator gets assigned to a particular job if it happens to be within his specialty area? What if two similar jobs break simultaneously?

RUMP: I wish we had simultaneous opportunities. From a practical viewpoint, though, it doesn’t offer serious problems. When a special or unique job comes up—and most all of them are unique in some way—we discuss it at one of our regular estimator meetings and then assign that project to the appropriate estimator. That’s the most logical choice given specialty, time available, current work load . . . that sort of thing.

DIMENSIONS: What areas do you specialize in?

RUMP: I specialize in the lath and
plaster and EIF jobs. That’s always been my responsibility from the standpoint of estimating. Of course, I also supervise the activities of the others.

**DIMENSIONS:** Are customer calls conducted on a regular schedule or do they occur on an “as needed” basis?

**RUMP:** The responsibility for establishing and maintaining a good working rapport with our customers is delegated. That means our estimators pretty much have been given the responsibility to open negotiations and develop their own rapport, so to speak.

Again, as I said, we keep a close monitor on all of their activities through regular staff meetings so if someone needs a helping hand or a question answered, any one of us can jump in.

Part of the art of management is knowing the capabilities of your estimators and matching that up with the projects. When a new project or job gets assigned—the bidding, that is—I’m pretty confident I have the best man on it given the circumstances of the moment.

**DIMENSIONS:** Do you publish the results of your meetings or post them?

**RUMP:** No, we’re not that big and our meetings aren’t that far apart. These are update meetings, very important to us, but not requiring a lot of the formalities of larger companies.

The agenda is specific and well understood by everyone. As a weekly sales meeting, we obviously review the contacts and their results along with progress on contracts, the company bidding situation and the jobs we are working on or following up on, the market in broad terms, as well as any other pertinent objectives.

What we’re looking for at these meetings is an understanding of where the market is, where we are in it, and what we can do to maximize our performance. Let’s face it, Atlanta is a large market. You can’t cover it all but you want to target certain accounts or opportunities that are or should be your business.

**DIMENSIONS:** You emphasize that not all opportunities fit your company’s profile. What kind of work does Barnwell seek?

**RUMP:** We’re after the large, technically complex job where the competition is less in numbers but more severe. For that kind of work, you’re competing with contractors who’ve really prequalified themselves. They know how to run a business and have good technical competence. You win or lose this kind of work on brains—not mistakes or sacrifices.

As for the work that doesn’t interest us, that would be retail trade, strip shopping centers, high rise speculative buildings.

**DIMENSIONS:** What, for instance, makes spec work so undesirable?

**RUMP:** It’s the nature of the competitive conditions that exist. Much of this speculative work is short time frame, fast track. Combine this approach with high volume and low profit and it loses its attraction very quickly.

Work like that occupies entirely too much staff to administer the work properly. The result is that you have a difficult time recovering your costs.

**DIMENSIONS:** The administrative load for accelerated work has been mentioned by many wall and ceiling contractors. Would you describe what a sub should look out for and how does this occur?

**RUMP:** There really isn’t all that much to describe. Speculative work usually must go up fast and be rented even faster. Thus you’re on a true critical path where coordination and speed are the two main features. This produces a difficult, compressed time frame which puts your supervision in a highly exposed profile.

The scheduling and coordination just demands too much of your time. You have to stay right on top of work like this and that’s expensive... often very, very difficult to recover.

There’s another problem, too, which is critical but not unique to Atlanta. We have a skilled manpower shortage here and this further compounds the problem. The question becomes: why waste...
valuable and expensive manpower on jobs where profits are minimal.

DIMENSIONS: And so-called “brain work” offers you better profit opportunities while competing against other contractors who know their cost structure?

RUMP: It’s worked out that way so far, yes. With a hot market which places a premium on good mechanics and good management, these large, difficult, complex jobs that require thought and attention offer the best return by far.

By “brain work” I refer to hospitals, computer installations, owner occupied office buildings, EIF projects and difficult renovation work . . .

DIMENSIONS: They would be direct contracts too, right? You aren’t dealing through an intermediary such as a general contractor?

RUMP: We’re not concerned all that much whether we work directly or through an intermediary.

But we do indeed often deal in separate contracts, those that are direct with the owner. The direct contract usually comes when working with companies who are putting up buildings that they will occupy. They usually want it done right and you experience less hassle, payment problems, retentions . . . that sort of thing.

DIMENSIONS: Some subcontractors contend that working with an owner is not always as easy as working with a general contractor or someone who possesses construction knowledge.

RUMP: That’s true in some in-
stances, but it’s not all that difficult either. It’s important to be careful about the owners or developers with whom you do business but there’s obviously a limit to that.

When you get into a situation with a relatively inexperienced customer a little patience can often remove most of the difficulties. I haven’t encountered too many instances where a major corporation places inexperienced construction people in charge of a significant building or expansion project.

In most cases, these customers know what they want and what they’re doing and it doesn’t anymore pay to fall asleep when you’re negotiating with them than it does when dealing with veteran construction people.

**DIMENSIONS:** With the diversification that Barnwell offers, you must find it easy to package bids. Is this what the market is looking for . . . the combination bid?

**RUMP:** In our experience, the answer is, “yes”. Furthermore, we’re trying to expand the ideas as much as we can.

I prefer to call what we do “combination bidding” rather than packaging. Regardless of the label you put on it, though, it’s more attractive to us because it allows room for negotiations — and I think that’s better for everyone involved.

**DIMENSIONS:** What’s the reaction from general contractors? Some subs contend that many GC’s don’t like one sub getting too much of the action, right?

**RUMP:** I personally haven’t encountered that kind of an attitude from GC’s or from owners. They usually like it because it allows them to pinpoint responsibility in a larger contract area thus eliminating a lot of the coordination that would be required if done separately.

A GC will always want independent, separate bids so he can analyze the costs and bidding of each item but even then we’re usually competitive.

Whenever we can we give a combination price and I’d say 95 percent of our bids and work is represented by that kind of an approach. Really, it’s just less trouble and headache for the GC.

**DIMENSIONS:** What about breaking out the individual prices?

**RUMP:** We’ve been relatively successful in avoiding that kind of thing. Of course, there’s usually a lot of pressure to break out. We resist it but understand that you can’t take an absolute stand: you have to maintain a feel for the competition.

If it’s to your advantage, you break out. In construction, there are few unbreakable rules because it’s a practical, common sense kind of business.

One thing is certain, though: going in on bid day, we won’t break out.

**DIMENSIONS:** What is a sample procedure for any job that Barnwell is interested in pursuing? How do you approach it?

**RUMP:** As I said before, we keep to the fundamentals so you aren’t going to
see any of our approaches coming in from right field.

We keep our ear close to the ground and follow up on any notification we get of a job that might fit our interest pattern. We call the GC, owner, or awarding authority or go to the plan room and review a project.

If we can we talk to the owner. In the beginning, it’s just finding out all you can . . . the size, complexity, our potential share.

Once we get our preliminary information, we talk it over. That’s usually between our chief estimator, Dexter Knight, and myself. We review the job to see how it will fit into our schedule and work pattern.

If we decide to go ahead, we’ll assign it to one of the estimators and he takes it from there . . . securing plans, information, follow ups on addendas, estimating, negotiating . . .

**DIMENSIONS:** For all the importance that your estimating plays in the company’s operations, do you use manual estimating techniques or are you computerized?

**RUMP:** At this point, we are still estimating manually. I have just completed the purchase of the Estimation, Inc. estimating program and we will be converting in the coming months.

I don’t intend to make a radical changeover. Rather, we’ll make the transition carefully into the computerized operation.

**DIMENSIONS:** What prompted you to initiate such an important change?

**RUMP:** The need for budget work. We are constantly being asked to do a lot of budget work. This is a growing demand on many contractors and computerized information will enable us to do more estimating from a budget standpoint.

with a computer you enter your information once and then you can utilize this data in a number of different ways, including budgeting. with a manual system you’re always forced to go back
over your data and manually reassemble the same information into another form that your customers want. This is difficult, prone to error, and time consuming.

A computer, once you’ve entered your information, makes it so quick, easy—and accurate.

**DIMENSIONS:** What’s the plan to transition? Will you do it by specialties, by phases, or as experience allows?

**RUMP:** We have an immediate need in mind. That’s budgeting. As for the rest of the changeover, as we develop expertise we’ll proceed.

It’s in our interest to use it to its fullest extent as soon as possible. Eventually, we hope to shift into a complete computer estimating stance.

As a matter of fact, we’ve just hired an estimating trainee who’s had formal training in computer estimating. Thus, our trainee will be able to help train us.

**DIMENSIONS:** You’ve expressed none of the usual fears that contractors mention when worrying about a shift from manual to computer estimating.

**RUMP:** There’s really no need to be fearful if you make a careful study of your needs before making the move. We looked over our operation very carefully and then reviewed a number of estimator software plans before deciding.

When you look into the subject sufficiently you’ll quickly realize that most of the fears of computerized estimating are groundless.

You’ll never get totally away from the manual or subjective elements of estimating—and computer estimating doesn’t try to divorce that element anyway. Most computer programs are designed to maximize the benefits of experience and knowhow.

**DIMENSIONS:** Then you’re confident that this represents a step forward?

**RUMP:** Oh, I’m convinced of that. I like—and demand—accuracy. We’ll be saving lots of time on post bidding, on developing and providing budget information. With just a few key-punch signals, we can create material stocking sheets for our jobs after they’re attained because the information is already in the computer from the estimating operations.

We’ll have all of this information plus access to other reports that our information can and will provide. We just don’t have to go back and redevelop things.

**DIMENSIONS:** How about CAD? Have you thought of adding that capability, too?

**RUMP:** You mean “computer aided design?” I really think that’s mostly engineering and architecture. Some contractors have it but I personally don’t see much utilization for it with Barnwell.

**DIMENSIONS:** If you had to estimate the portion of your work represented by low bid versus negotiated prices, what would be your answer?

**RUMP:** I’d say our experience is similar to most subcontractors, some 85 percent of our work is new and 15 percent is renovations and/or negotiated.

**DIMENSIONS:** Do you see this changing in the foreseeable future? And will Atlanta continue to glow red hot with building activity?

**RUMP:** I don’t see our mix changing, and I don’t see the Atlanta market cooling down at least for the next year or two.

There’s just too much activity going on here and the backlogs are solid.

I knew this would be a good place to work and live when I came here a few years ago. Nothing has happened since that would change my mind.