Light Gauge Steel Framing Is the Foundation of Pacific Partition Systems’ Pioneering Work in Alaska and Hawaii

By Michael J. Major

For people in the lower 48 states, even the major cities of Alaska and Hawaii, Anchorage and Honolulu, seem like exotic far off places. But Pacific Partition Systems, Inc. not only is headquartered in these two cities, it also does much of its work in the arctic wilderness of Alaska and the smaller tropical islands of Hawaii.

Contractors in the lower 48 states generally feel they have enough problems, so why would anyone choose to work in these two states so far from the mainland and also from each other? Both states represent significant differences in distances and culture as well as the extremes in climate and geography, which can represent obstacles for the tourist and logistical nightmares for the contractor.

How did the company get into these locales, and what has it done to successfully master the multiple challenges?

To answer at least part of the second question first, a key to the company’s success is its philosophy about light gauge steel framing, which is important for any contractor, but especially so for one in the harsh condition—both environmental and competitive—that Pacific Partition works in.

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“Light gauge steel framing is the backbone of our business,” says President John S. Berggren. “It’s probably attempted by more general contractors and subcontractors. Since steel is taking the place of wood, it is tempting to the wood carpenters, but it’s also inherently related to the drywall hanging process.

“A job is best approached with the mentality that the steel framing finishes the rough part of the job and the drywall hanging a good portion of the finished half. There is that critical juncture in which the steel framing and drywall hanging come together, not only at the same time but also in an integrated fashion.”

Berggren adds that he’s “aware of countless jobs in which the issue is not thought of in this way. For superintendents, the plumbing is the high point of the job, or the electrical, or something else, all essential of course, but unless you achieve the central coordination of the framing and the drywall, you risk fragmented work. You have real quality control problems and end up spending your time going back and doing that rather than moving forward.”

On to Alaska

Berggren’s attention to the essential detail was what got him started in his own business. In 1974, when he was 24, he worked for a contractor in Bellevue, Wash., who sent him to finish a couple of jobs in Alaska and to “just get us out of there without losing any more money.” Berggren recalls, “I got into it all the way up to the neck, stayed with it and managed to pull it together.” He turned a losing situation into a profit for the company and, eventually, was able to fulfill his dream and buy it.

Over the years we’ve had the lion’s share of the big, difficult
and creative projects,” Berggren says. “In addition to quality control, our story is one of adaptability and ingenuity.”

The Alaskan population is only 20 percent of 1 percent of the population of the United States. But while the population is quite small, the state is very large, an area that is roughly the same size as the continental United States.

Moreover, only about half the people live in Anchorage. The rest are spread out. So, over the years the company has extended its projects all the way north from Barrow Point to Sheyma Island out toward the end of the Aleutian Islands close to Siberia and as far south as Sitka.

“The market almost never stays in one place,” says Berggren. “It flows from private to institutional and back, and from town to bush to city. The market has been a moving target.”

The late 1970s saw a big build-up resulting from the oil boom, which fizzled out, so that by 1987 the bottom had fallen out of the Alaskan market.

Searching for new work, Berggren discovered there were a lot of possibilities, especially hotels being built for tourists, in the smaller islands of Hawaii. Adaptability being the name of Berggren’s game, he left a core of people in Alaska and moved the rest to do jobs in Kauai, the big island Hawaii and Maui.

In one sense, this was a big adjustment. But, in another, it was almost routine. “We were very familiar with remote projects,” Berggren says.

The Hawaiian islands and Alaskan bush, though very different in many ways, were similar in that they were outlying regions, a great distance off and required incredible attention to logistical detail. “If you forget something, you can’t just drive down the street to get it,” Berggren says.

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Lead times of eight or more weeks are standard. And, for some locations in Alaska, a barge might arrive once a year. Alaska is almost like an island in that virtually everything has to be shipped by barge. Anything that might be forgotten and has to be sent by plane is exorbitantly expensive.

“You have to figure anything you can imagine needing, from vehicles to Dumpsters to fasteners and straps,” Berggren says. “You can’t forget anything and it has to be loaded in sequence, protected against the elements and able to be readily handled without being torn up. And, of course, you need food, clothing and housing for employees.”

Next Stop: Hawaii

When the smaller island boom settled, the work shifted to the mainland and Berggren, to remain competitive, needed to set up an office in downtown Honolulu. There he met another challenge.

“Alaska is made up primarily of transients from the lower 48 states,” he explains. “But the residents of Hawaii, except for tourists, tend to have been there for a long time and don’t readily open their arms to outsiders. One of our primary focuses when we worked there was to clearly establish that we were a permanent presence there and intended to do good work, as opposed to just doing a few quick jobs and moving out.”

Berggren won the respect of the local population and completed a number of important jobs, including the First Hawaiian Bank, Harbor Court, Aloha Tower marketplace, Nieman Marcus and the Hawaiian Convention Center.

The shift toward Honolulu started about 1990, but, after a few years, a new problem developed, an unlikely one on the surface—too much business. One of Berggren’s main competitors pulled out and there were many opportunities. Too many Here, the tight controls he established to keep things efficient, despite great distance, began to break down.

“First comes the management strain, disjointed scheduling problems and
loss of product, and then the quality problems,” Berggren says.

The solution was to pull the reins back in by cutting overhead and manpower (except for the core work force). He also pulled back from the $20 million to $25 million a year back to a more comfortable $10 million to $15 million range. (That volume number has since been increased.)

One of the advantages of having two such disparate markets such an Alaska and Hawaii is that their respective ups and downs can balance each other out. This happened to an extent, but, as the

reclaimed quality control, which allows him to compete effectively in these harsh natural and competitive environments.

Quality Control

“One thing we do that I don’t think many other contractors do is have somebody not directly involved in the job come in for objective quality control,” Berggren says.

In one case, it might be a tool supply manager, and in another it might be a safety manager. While those actually involved in the job have their standards, they also have the imperative of finishing

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1990s progressed, both flattened out. Alaska has been the more active of the two, thanks to several big jobs all in the $8 million to $10 million range, such as the Elmandorf Composite Medical Facility, the Alyeska Prince Hotel and Alaska Native Medical Center.

Although more is going on in Alaska at the moment, both markets are down. Adaptable as always, Berggren is looking at possibilities in Guam and the island Sakhalin north of Japan. But he has no real plans to expand yet. Even though the markets are down and the competition fierce, he has enough work lined up for a year or so and feels confident with his leaner organization and
the job. The third party has the duty of simply making sure things go right.

“Largely speaking, we do a lot of layout checking,” Berggren says. “We look for out-of-plumb work or out-of-square framing. But if you have a good layout and your plumb and joints are pulled tight and the job is kept clean, you’re on your way.

During the early 1990s, when the company took on too much work, safety problems increased. Part of the tightening of controls met the increase of safety measures.

“We spent hours and hours with our insurance company going over workers’ camp claims and looking for ways to reduce those claims,” Berggren says.

The result was savings of several hundred thousand dollars. One thing Berggren noted is that there seemed to be a relationship between increased injuries and employees about to be laid off. This is another reason he has shifted back to a smaller work force he keeps employed all year round, avoiding taking on too many jobs at once, which necessitates routine rounds of hiring and firing.

“One of our biggest strengths is being able to spot problems as they appear on the horizon. We don’t just cry wolf but to visualize a solution,” Berggren says. “I know from experience that a $1 problem will always turn into a $3 to $4 problem if it’s not dealt with early. We find that early warnings and being proactive in areas such as design efficiency end up saving the owners, the general contractors and ourselves money.”

One of the controls that has been especially conducive to his overall success, Berggren says, is over financial decisions. He attributes much of what he has learned regarding sound fiscal policy to the seminars and other offerings he has received from his long professional association with The Association of the Wall and Ceiling Industries—International.

“AWCI has been a great help to us in our on-time job costing and very accurate and conservative financial accounting. Berggren says. “Without having the numbers to show us just were we would lose money or we could make money, we never would have been able to be as flexible and adaptive as has been necessary to be successful in these very difficult markets.”

About the Author
Michael J. Major of Anacortes, Wash., is a free-lance writer for the construction industry.