The United States’ more volatile trading partners are more often in the news, but, as points out Al Beingessner, president of Rosmar Drywall & Acoustics Ltd., Ontario, Canada, “Canada’s trade with the United States doubles or triples that of points of connection between wall and ceiling contractors is rapidly increasing.

Since the United States is Canada’s largest trading partner, and Canada is so small compared to the United States—the entire population of Canada is less than that of California, and the entire population of Ontario is less than that of New York City—what happens in the United States always has a direct impact on Canada.

“When the United States sneezes, we get a cold,” Beingessner says. “The United States is generally

Mexico, and far outstrips the U.S. trade with Japan, or, for that matter, any other country”

As always, our quiet northern neighbor tends to get overlooked. Yet in this age of globalization, the economies of these two North American countries are becoming more and more intertwined. This is true of trade in general. But, more particularly, the

BY THOMAS G. DOLAN
credited as being the engine that drives the Canadian economy. Consequently, the recessions in Canada tend to be longer and more severe than those in the United States.

But Canada also benefits from this relationship. Canada has always attracted U.S. businesses, but thanks to the free trade agreements allowing for the easy exchanges of materials and labor, more retail chains and manufacturing facilities are moving into Canada. "Throughout the economy of Canada, you'll find most of the names that Americans are familiar with, like Ford, GM, Wal-Marts, Sprint and so on," Beingessner says.

Since Rosmar specializes in retail work, especially in malls and offices, most of its work is dependent on American businesses moving into the area. But increasingly, Rosmar and other Canadian companies are also crossing the border to do their wall and ceiling work.

"I just got off the phone finalizing a $2 million job with an American client," Beingessner says. "The working environment in the two countries is about the same today. The cross-border technology and building systems are very similar, to the point that the standards in one country are generally accepted in the other."

Beingessner reports that many Canadian general contractors have opened offices in the United States, all the way from Oregon down across to Florida, and these contractors often hire Canadian subcontractors. In fact, Beingess-

ner says many of his competitors have been hired for jobs in places as far away as the Caribbean and Russia. Beingess-

ner says his company is not interested in traveling so far afield, but, over the years, Rosmar's territory has expanded all across Ontario.

The invitations for geographical expansion come from client requests rather than any direct marketing. On the other hand, Rosmar and other Canadian contractors are generally not subjected to competitive incursions from their U.S. counterparts. The reason is, simply, that American contractors generally have a sufficient population base in which to operate, so they don’t have the need to expand to a more sparsely populated area in another country. By the same token, it’s the low population density in most of Canada that impuls
Canadian contractors to extend their geographical range.

“We’ve learned to become mobile, rather than just expecting the work to come from our immediate surroundings,” Beingessner says.

**Partners for Progress**

Rosmar was started 22 years ago by Ross Picken. In 1983, Beingessner and Jerry Wilson started buying Picken out. Picken retired in 1990. In 1991, two more partners, Roger Sellers and Ron Pfeffer bought into the company. Over the years, the company has grown from six employees to its present 60 employees. In 1980, the company did $400,000 a year in sales; today the company does an $8 million annual volume.

The four partners are all hands-on employers, who believe in the work ethic, and so instill that culture in the company. At the same time, the company provides many fishing trips and other getaways, parties and bonuses, “so people can enjoy being together, and not just be working,” Beingessner says. “We’re more like a family than a corporate entity, and many of our employees regard the company as a way of life than as simply a job.”

There have been some ups and downs in the company’s growth, and that, again, is due mainly to Canada’s reliance on the U.S. economy. So when the economy grows cold in Canada, it can get really cold.

There have been two big recessions the company has sustained. The first was in the early 1980s, when the company maintained its $400,000 annual volume but growth was stalled. A much bigger negative impact resulted from the 1991-1996 recession, during which time revenues dropped by half, only to begin recovering once the recession ended. How did Rosmar make it?

“As with any company that wanted to survive, we had to cut way back on expenses and overhead,” Beingessner says. “We basically went from steak to soup, and were ready to stay on that diet for as long as it would take.”

The work varies from something as simple as installing a door frame to a $3 million office complex. The work site can be anywhere from a half a block to 600 miles away. One reason the company has grown is that it has, over the years, increased its offerings from strictly wall and ceiling work to encompass structural and outside finishes work—a complete package. Beingessner says this evolution has been common to Canadian companies, as it has with many American contractors.

When the company first started, it did a lot of its work on public buildings, but now it is more involved in design/build as opposed to simply bid work. Design/build has grown to become an important focus.

“One of the advantages of being involved in the design/build process is that we eliminate a lot of potential problems with architects and general contractors,” Beingessner says. “We do a little more up-front work in the design stage but less managerial work in the actual building. The process also ends up, by and large, being more economical and efficient for the owner.”

Being involved in design/build helps Rosmar differentiate itself from the competition, Beingessner says. There are some competitors who also do design/build, but these constitute a relatively select group.

The reason, Beingessner says, is the amount of expertise required: “All of
the partners come from the construction industry, so we have more than 100 years experience.”

The design/build work doesn’t always result in Rosmar getting the job, but it does greatly increases its chances. Improvements in computer technology also allow the bidding process to be quicker and more flexible, allowing the company to almost double its number of bids. During the recession it took bidding on 12 to 14 jobs to get just one. Now the company gets a job on about one out of every seven bids. The ratio of bid to negotiated work is about 50-50.

**Membership Matters**

Another force that is allowing the wall and ceiling industry to transcend national boundaries is the Association of the Wall and Ceiling Industries-International. “We’ve found that, over the years, our staff and crew, though in a different country, learn from AWCI’s technical shows and library showing new products and new ways of doing things that have helped keep us on the leading edge in our business,” Beingessner says.

The company is also active in the local Interior Systems Contractors Associations, one of AWCI’s chapters.

The local association work includes the development of an estimating school, an apprentice training school and a lobbying force allowing the members to work as a unified group in dealing with the government and unions.

“Members have learned the importance of working together as a group rather than as individuals,” Beingessner says.

Rosmar is a union shop, but the relationship between company and union is an amicable one.

“Over the past decade, union thinking has grown less adversarial and more progressive, so they view their relationship with contractors as a partnership,” Beingessner says. He adds that his access to skilled union labor allows his company to travel easily, bringing about half his crew to the new jobsite and hiring the rest from the local union. The unions also work with the company in cooperative benefit and training programs.

One of the main issues going on in the labor force in Canada is proposed legislation that would allow for nonunion hiring. Here Rosmar takes the union’s side.

“The new legislation would allow companies to hire people at lower wages and with no benefits,” Beingessner says. “We believe people should be paid a reasonable wage for what they do and should not have to barter with their employer for basic benefits.

Another major issue with the government is over taxes, Beingessner says. The whole range of taxes, including employee health, unemployment insurance, pension plans, workman’s compensation, general income tax, and so on, adds up to about 15 percent more for a Canadian as opposed to U.S. company.

Although Canada has a system of contracts comparable to the United States and an advanced legal profession, there is one area in which Canada is lacking that U.S. contractors would certainly envy.

“There is much less litigation here,” Beingessner says. “We still believe in the integrity of the handshake.”