

THE ACADEMY OF ELECTRICAL CONTRACTING

**Paper Presented by
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NECA: AN APPRECIATION

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ENTER NECA

Since affiliating with NECA in 1965 I have experienced many opportunities for both personal and career growth: personal growth through broadening of my horizons by interfacing with many wonderful people who have become good friends over the years and career growth by participating in many, many training opportunities offered by NECA. First, I would like to provide a brief description of my early years and training that influenced the development of my career.

PERSONAL BACKGROUND

When you are the oldest of a large family you learn to shoulder responsibility at a very young age. I was born just prior to the beginning of the "Great Depression," the eldest of 10 boys and two girls with less than 18 years age difference between my youngest brother and myself. I learned at a very young age to care for and entertain my younger siblings. At six years of age I started my "apprenticeship" helping my father in his home auto repair business. My family purchased some acreage when I was 10 years old. The place had no buildings, and was land locked with no access roads or even a well. It was then that I began an "apprenticeship" in carpentry, excavating (literally ditch digging), and road building which lasted for many years. At the same time, I was introduced to yet another career, that of farming, by tilling our own land and working as an itinerant day worker on summer haying and threshing crews for local farmers. At fourteen, I was offered a job after school and Saturdays at a general store where I worked as stock boy, clerk, gas station attendant, meat cutter, and short order cook and waiter. The store closed at 9 p.m., and after clean up I would walk or ride a bicycle home just over two miles. This was during World War II with stringent gasoline rationing. Even though I got home rather late sometimes, I was still required to get up on time to help with morning chores of attending livestock before school.

At school I majored in math and science, which I liked, and which came naturally and easily. Other than one semester of typing, I took no business or accounting classes. I completed my formal school career, graduating from high school fourth in my class, just three weeks after my 17th birthday. My responsibilities were such that there was little time for extra-curricular activities and, as a result, I became a very intense and introverted person. At the same time, I developed confidence in my academic and mechanical abilities. I developed a strong desire to serve and a keen sensitivity to the needs and feelings of others, often neglecting my own needs.

After graduation from high school in 1945, college seemed impossible financially. I enrolled in Coyne Electrical School, a trade school in Chicago. I obtained a job as an auto mechanic in a high-tech – for those days – auto service center the day after I started school. I worked from 8 p.m. until midnight weekdays, and all day Saturdays. While the schedule was quite hectic, I enjoyed the work and continued working there full time for about a year after graduating from Coyne.

I finally returned to my hometown, Flint, Michigan, with the promise of employment from a NECA contractor. This was an important learning experience, and circumstances were such that during the first few months I was able to learn, first hand, all facets of the business. Later, with a young family, I found employment in a small shop that offered an opportunity to observe and acquire management responsibilities including job management, purchasing, estimating, and even complete management during a six-week period when my employer was traveling in Europe. It was here that I gained further knowledge of the workings of NECA, and had my introduction to the NECA Manual of Labor Units.

Seven years later, I decided to start my own company in 1956. I worked non-signatory for a few years, and the company grew quite rapidly until it became difficult to maintain qualified tradesmen. Early in the 1960s I signed a labor agreement, and was shortly thereafter asked to join NECA. I joined in 1965, and about a year later was elected by my Division as a Director in the Michigan Chapter, an honor I enjoyed for most of the next 30 years. In my service there as President and Governor, I enjoyed close contact and interaction with NECA on the national as well as the chapter level.

NECA TRAINING PROGRAMS

Since I had no college – or even high school – business training, I immediately availed myself of the many training opportunities offered by NECA. For many years I might have been considered a professional student!

To begin with, I had no accounting background or experience. The Michigan Chapter Manager at the time promoted the NECA *One-Write Accounting System*, so it was a natural. Within a year it was all installed and I had received valuable training by a Chapter staff person. We are still using it, although in a somewhat modified and computerized form, nearly 35 years later. We also continue to use the NECA *Chart of Accounts* to

make financial comparisons. It has proved to be an invaluable management tool. You can't guide a ship if you don't know where it is going, and you can't manage a job unless you have accurate current job status data.

Then there was estimating. I had only limited contact and experience with estimating, and that passed on in bits and pieces by former employers. The extended NECA *Estimating Course* was just what I needed. The principles learned there are also still in use today. The take-off method has been greatly simplified through the use of "assembly" estimating made possible by the advent of computers, but the organization of the estimate and the principles remain much the same.

While the *Estimating Course* was most valuable in organizing thought and take-off procedures, it left some gaps in understanding the full impact of the NECA *Manual of Labor Units*. To assist in this area, I found the *Labor Cost Data Workshop* very enlightening. Learning just how the labor units are arrived at, and all the factors involved greatly enhanced the value of the *Estimating Course*.

With the combination of the information gathered from these two sessions and application of the residential section of the manual, I was able to build a computer spreadsheet of unit prices for residential estimating. It consists of a list of 50 or 60 unit assembly prices of the most commonly requested residential items. The system contains input of about 120 of the most common residential material items, and labor factors for four different installation scenarios per item. By updating the material prices periodically and plugging in current labor rates, labor burden factors, insurance rates, taxes, and desired overhead and profit levels, I am able to print out a summary for these fifty or sixty items showing the material cost and the total selling price for all these items for four different degrees of difficulty. We then put it in an acetate folder, and our residential technicians become on-the-job sales estimators for residential service and retrofit work. This one item coupled with competent technicians is probably the greatest single factor contributing to the success and profitability of our residential service department. The non-union competition will not allow us the luxury of sending out a separate estimator on small projects. Not only that, but with the technician doing the estimating, he develops ownership in the project, and is more likely to complete it in the time he chose. He has a plan in his mind when he starts to do the work, and his professional image in the eyes of the customer is greatly enhanced. We have been using this tool now for over 15 years. It works, and everyone wins! I could not

have put it together without understanding labor cost data, the Manual of Labor Units, and estimating procedures.

Another factor very necessary to staying in business with some degree of success is understanding costs. NECA's *Overhead Recovery Workshop* is an excellent program for assistance in this area. I found it very interesting and informative in allocating various types of costs.

While gaining in knowledge and understanding of all this technical material, I still felt lacking in the area of interpersonal skills. So in 1968 I enrolled in the NECA *Sales Institute* in Minneapolis, Minnesota, taught by Bob Baldus and Jerry Joseph. It was a wonderful experience and probably was a turning point in my career and my emotional development that allowed me to gain social confidence and expand my horizons. It changed my whole perspective on selling. With the knowledge and confidence the training provided, I developed a love for selling and now consider it one of my strong points – not the super persuasive hard sell tactics which I considered to be necessary to selling, and detested, but the soft-sell problem solving that leads to win/win negotiations. I liked it so much that I went again, this time to Cherry Hill, Pennsylvania, under Bill Rivers and Lenny Greene. Again it was a very rewarding experience, and served to hone my ability and love for selling. I even attended a third session, plus multiple sessions of Lew Tagliaferre's presentations, especially his *Golden Nuggets of Marketing*. Another excellent program!

These early sessions not only changed my personal emotional attitude, but also did much to change the direction of my business career. Early on, my enthusiasm for the bidding market began to wane. I had proved to myself and others that I could be successful at it. Anyone who is willing to invest the effort can do it. While I didn't like losing, I didn't derive much pleasure in beating my friends, either. The competitors that I had to beat were also my friends. I especially did not enjoy winning when the margins were so tight that there was no room for error. It seemed so pointless to me. First you scramble to get your bid together – along with ten or twelve of your friends equally or better equipped; apply short mark-ups for overhead, which you had learned from the *Overhead Recovery* studies were not realistic; then if successful, scrambling for the duration of the project to get the right people, the right materials, and the right equipment all at the right places at the right times to perform within budget. When the project is complete, you start all over again, continuing to apply unrealistic mark-ups so that your efforts

will not be completely in vain, and hoping maybe you can find a shortcut. I came to the conclusion that I was just not that much smarter than my competitors.

But we did grow and expand because we thought that was the only way to stay in business. I again relied on NECA training for assistance. I attended the *Operating Guides* and the *Financial Statements Analysis Workshops* to sharpen financial management skills. Through my attendance at these seminars I became interested in the *Financial Performance Reports* and the *Officer Compensation Reports*. I still look forward to these reports and work the comparison sheets. When it was apparent that I needed more management help I attended the *Management Selection* and the *Organizing Management Workshops*.

During the mid 1970s I decided to start participating in the *Executive Study Programs*. These very intense week long programs were excellent. I attended in Palm Springs, CA, Innisbrook and Ft Lauderdale in Florida, and San Diego, CA. These were all first class, professional programs. I remember the intensity of these ESP sessions. The leaders had the ability to completely extract you from your office and daily routine, so that when I returned home, I felt like a stranger in my home town. I learned much from them, and I also developed many lifelong friendships there. I was again very indebted to NECA.

Something else began to occur in the late 1970s that was also a factor in changing the direction of my career. I was Chairman of my local Division when a new business agent whom I had never met was elected. He perceived me to be "the enemy," and made my life miserable for a number of years. In 1980, we had a 9½ week strike. When the strike was settled, everyone was to return to his previous place of employment; however, he saw fit to re-assign two of my key people. After numerous other infractions of the agreement and eventually of the law, I was forced to file a federal lawsuit for a Taft-Hartley violation. After about two years of litigation, we agreed to a cash settlement out of court. The labor attorney fees were horrendous, and the settlement recommended by counsel was less than those fees.

NECA was there in many ways with support during those very difficult times. Just prior to the strike, NECA led a very helpful strike preparation seminar. We were briefed on everything from orderly shut down, to procedures to protect property and equipment, to communicating with customer, banker, bonding and insurance agents and general contractors. NECA staff personnel, both state and national, were very active and helpful during negotiations. My local Division was

also very gracious in underwriting the difference between the settlement of the lawsuit and the attorney fees, since they recognized the problem as an industry, not a personal, problem.

There ultimately were two results from the strike and the lawsuit. The first was that the business agent ultimately was removed from office by the International Office of the IBEW. The second was that I determined that I would never again be so dependent on labor. I would enter markets less labor intensive, finding a way to be profitable with perhaps five people rather than having to work 25 or more for the same bottom line.

We were always interested in new and specialized markets, which have always challenged me personally. In this type of business – if you are early in the market – you can enjoy a profitable, less labor intensive business. You have the opportunity to price your products and services on the basis of value received, rather than a price obtained by minimally marking up your cost. You can become a problem solver to your customer who will become extremely loyal to you. You have the chance to justify your costs on the basis of convenience, efficiency of operation, safety, productivity, value or cost avoidance. But you have to be there early, because it only takes a few years – or sometimes only months – until your competitors are all in the game, and you're right back in the price squeeze.

So where did I look for new market ideas? NECA, naturally. Where did I look for training? Again, NECA. There was a considerable period of time in this area when natural gas was not available for new or expanding construction. I found NECA's *Certified Electric Comfort Course* very enlightening, and along with some factory training and my NECA sales training, I was able to capitalize on this market for quite some time with very little local competition. Some national specialty firms were out there, but they couldn't be everywhere. I have a notebook filled with All Electric Building Awards offered by the local utility company for design and installation of totally electric buildings, including homes, office buildings, and churches. Although natural gas is again readily available in this area, I believe that, all costs considered, electric comfort heating is still a viable alternative.

Next came the oil embargo and soaring energy costs in the late 1970s. A whole new industry based around energy conservation evolved in a very short time. The "bibles" hadn't been written yet, but it didn't take long for NECA to get in there with the *Total Energy Management Manual*. NECA quickly became a recognized leader by government and industry at a time when the federal government's frantic and simplistic

answer was to remove half of your lighting lamps, as if light was a luxury that we could do without, or we had been over-designing our lighting systems for all these years. I again looked to NECA as a resource for how to begin, using the *TEM Manual* and the *Electrical Design Library* monologues. That along with some factory training in specific equipment armed me for that market. It was a natural for me having specialized in earlier days in temperature and combustion controls. I also carry a State Mechanical Contractors' license. While I still engage in some of that market, it has lost much of its luster due to moderating energy costs and the competition from several areas catching up. More and more of the work is now being specified by designers and the techniques have been so simplified that everybody does it, and again at minimal profitability. I even developed an Energy Supply Contract in which I would contract to supply all the energy for a viable customers operation at a rate somewhat less than presently being paid, make the necessary improvements to the facility at my expense and pay all energy supply costs for a specified time period (usually three to five years). At the end of the contract period I would abandon my interest and the customer would again start paying his energy bills to the utility, but continuing at the greatly reduced rate. It was primarily designed for schools or other quasi-governmental entities who were very inefficient energy users, and could get funds for utility bills but not for capital improvements. It had to be a very stable entity that I could be reasonably sure would remain in business for the contract duration. Otherwise I would have no way to recover costs of the improvements. Through my past case histories, I was able to convince my banker to extend a separate line of credit with which to finance the improvements. After all, it was in a period of double digit interest rates. I did sell some to businesses, but that was very risky. They had a buy-out rights clause, and none of them lasted full term. Some were bought out very early, one even before completion of the improvements. But they were a great "closer." It wasn't too long before the federal government started giving energy grants to schools, which opened it up to big national specialists with staffs, expertise and clout enough to bring home the

grants which about killed that aspect of the market – another example of how quickly markets and opportunities can change. That area of endeavor was probably the most rewarding of my career, not only in profitability, but also in personal satisfaction. Maybe they go hand in hand.

There are plenty of new opportunities left for the alert entrepreneur. Many of these markets will last for years, but they will become less and less profitable and rewarding. If you are still young and aggressive, now is the time to prepare yourself. I realize that by the time we are inducted into this prestigious group, it might be a little too late. We tend to lose our drive and excitement.

So what has NECA meant to me? It has meant a way of life! An opportunity! Many true friends! A career filled with satisfaction! Excitement! I haven't even mentioned the opportunity to participate in the bargaining process and in local as well as national apprenticeship training and journeyman development.

I have from time to time been honored for service to our industry. Membership in this Academy ranks near the top. Another such occasion was recently in honor of my retirement from three years as President and ten years as Governor. I deeply appreciate this recognition, but I can honestly say that that I have taken far more than I could ever give. It would be impossible to put a price tag on the value of the training I have received – often at reduced or no cost.

By the time we reach the age most of us attain when we are privileged to join this body, we're about ready to slow down just a tad. I know I am. But the opportunities for the young at heart are nearly boundless. We have so much to offer.

Keep up the good work NECA.

Clarence J. "Clare" Visser of Clare Electric Company, Inc. in Flint, MI, first became affiliated with NECA in 1965 and has served the Michigan Chapter for more than 33 years. He was the Chapter President for 3 years and the Chapter Governor for 10 years. He is the recipient of the 1998 District IV Electrical Industry Award.