



BUILDING ON VALUES

BY GITA SITARAMIAH

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Begun 25 years ago with headquarters in a corner of a bedroom, Flannery Construction has grown into a new \$1.4 million building in St. Paul's Midway area, where workers are creating a system of common concepts such as sustainability and democratic decision-making.

For Gerry Flannery, the toughest test of whether he wanted to be his own boss occurred during the early 1980s when his business was struggling and he received other job offers.

Despite the long hours and difficult business climate at the time, Flannery realized that he liked calling the shots.

"The cliché is you can pick any 16 hours you want to work," he said.

Flannery worked for other builders for several years before he decided in 1980 to get serious and start his own company. That first year, his business made about \$50,000. Since then, Flannery Construction has gone from a corner in his bedroom to a new \$1.4 million building at 1375 St. Anthony Ave. in St. Paul's Midway area.

His business, which now has 105 employees, brought in \$30 million in revenue last year. He also has a succession plan to pass on ownership to two employees when he retires in 10 years, and a companywide values system is being developed.

Flannery construction projects include environment friendly residential and commercial buildings, but the balance between those types of jobs shifts with the times.

"Five years ago, 80 percent was commercial and 20 percent was residential," he said. "Now, it's the opposite."

Flannery has come to expect swings in construction cycles and tries to have a mix of customers so that his business keeps getting jobs when a sector like residential or office space takes a dip.

Most recently, Flannery Construction built the State Street Townhomes, Western Bank and Mai Village restaurant, all in St. Paul. Half of the company's work is with nonprofits, including remodeling affordable housing units.

Flannery was living in a commune in 1974 when he and two friends called themselves "Handy People" and remodeled homes in the first wave of gentrification of St. Paul's Ramsey Hill. Flannery was a self-taught carpenter and cabinetmaker.

After a couple of years, his friends went on to other things, but Flannery kept taking construction jobs. His steady clients helped him to weather the recession years of the early '80s. He says his wife, Jean Henjum, who now works as "lead organizer" at Flannery Construction, gets most of the credit for helping him stay the course in those early days.

"What made us really able to do the business was my wife was working at Macalester College," Flannery said.

He learned the significance of marketing the hard way after one busy period in 1989 when he had contracts going at the Minnesota Judicial Center and the Blake School. Then business slowed, but he had spent so much time on those projects that he hadn't pitched his company for future jobs.

"I never let that happen again," he said. Flannery also tries to have an edge over the competition by being extra responsive to customers. For the past two years, his mother has worked as the company's service and warranty representative. "That's one thing that sets us apart," he said. "We're proactive about getting the warranty work done."

Diversity is another goal of Flannery Construction. Twenty five percent of his field workers are women and minorities, he said.

As his staff has grown, so has the need for more office space.

Fifteen years ago, Flannery Construction moved to 351 E. Kellogg Blvd., where it eventually took up four floors. The space was comfortable, but Flannery wanted a building where staff could share common space for easier communication.

He bought land in the Midway area and got two loans from Western Bank and the U.S. Small Business Administration to construct the building, which the company moved into last month.

Flannery said he used as many recycled materials as possible and energy-efficient features like solar panels for the building. Other unique touches include a 4-foot-high pelican figure perched on top of the building, a gift from his first client.

Ken Hinz, vice president of operations, said the new building gives the company an opportunity to show off green building practices. “We wanted to use the building as a marketing tool,” he said.

Now that the building is done, the company has launched another mission: creating a system of common values to include concepts such as sustainability and democratic decision-making.

“We’re working carefully creating a vision,” said Henjum, who is heading up the effort. The intent is to create a value system that helps shape how day-to-day problems and issues are addressed.

Flannery Construction is also in the midst of another long-term change. Flannery named two of his employees, Kenneth Allen and Joanne Michaud, as his successors five years ago.

“It was basically in our interest having a succession plan, and people feel more secure knowing that if Gerry tips over the business will continue,” Flannery said.

Daughter Jamey wasn’t considered for the succession plan when it was developed because she was in school and not with the company then. She now works as the marketing and warranty representative for the company.

Allen and Michaud are part of the company’s executive team, which includes Gerry Flannery, Henjum and Hinz. Allen started out as an apprentice carpenter and is now a vice president. Michaud began as a bookkeeper and now runs the office. “It’s a huge opportunity,” Michaud said.

Flannery plans to retire in 10 years, knowing that the company is set up to go on without him. “You build something, you want to see it continue,” he said.

He hints strongly that he’s open to Allen and Michaud hiring him to stay on. “I like my job. I like what I do.”

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Gerry Flannery, foreground, president of Flannery Construction in St. Paul, with some company officers including, left to right, Kenneth Allen, vice president and project manager; Joanne Michaud, treasurer; and Jean Henjum, Flannery's wife and the company's "lead organizer."

Executive Summary

Name: Flannery Construction

Location: 1375 St. Anthony Ave., St. Paul

Web site: www.flanneryconstruction.com

Founded: 1980

Founder: Gerry Flannery

Employees: 105

2004 revenue: \$30 million

Competition: Watson-Forsberg; Shah-Lundquist Associates.

Challenge ahead: Running the business efficiently in a slowing market while creating a company-wide vision so employees share a common understanding of the company's values and how they shape decision making day to day.