Joe Alley, born and raised in Kentucky, went to work in the coal mines. After a number of years, looking for something better, he moved to Illinois, where a cousin worked for a drywall company. He moved his family of wife and four children into a small home that had a TV-room and kitchenette, bedroom and bathroom. He went to work at the same company with his cousin and learned how to hang drywall from scratch.

After about a dozen years, the family having moved into a much roomier home, Alley started his own business, Alley Drywall, Inc.—out of his basement. The year was 1976. His wife, Patsy, helped out in the office. His daughter Teresa, 18, started as a bookkeeper, and his son, Gary, 16, as a laborer and helping with the quotes. Today Joe, 64, is the company’s chief executive officer. He still comes to work and keeps a hand in the business, but is basically retired. Patsy retired about five years ago. Gary Alley is president, and daughter Teresa Childress is the corporate secretary. The company started as union shop with five union employees, and is still a union shop, with 50 employees. Annual revenues are $50 million.

These few facts tell, in sum, the entire story. This is a family business in which the term “family values” really mean something: hard work, earning your own way, taking responsibility—and add to that, community ser-
vice. The family has been heavily involved in church work. In fact, when their church operated out of an elementary school, Joe Alley and others voluntarily built the Banbury Road Baptist Church, as it exists today.

The sense of family extends to all the people the business is involved with. For instance, in terms of the general contractors the company works with, Childress says, “They are all our friends.” So much so that the company never advertises, and for many years has not had to go out pounding the pavement looking for business. All the business comes through word of mouth.

**How Do They Do It?**

“The only way we differentiate ourselves from others is quality,” Childress says, “and our warranty guarantee for one year. If people scratch the walls moving in, no problem, we’ll fix it for free. The foremen check the work on a daily basis, and this in turn is checked by a supervisor. If any of our contractors have any problems, we go right to them and work the problems out right away. We’re great with one-to-one relationships with our contractors. They know that if they call us to get something done, it will be done.

“We slow down in December and January, but still keep most of our guys working even then, if only on a week-to-week basis. We keep getting the business because the contractors want to stay with us.”

One of the choices the company has made along the way was not to get too big, beyond what it could comfortably handle to maintain its rigorous standards of quality assurance and service. A few years back the company had grown to 100 employees, but has cut back to its current 50.

The intent to please, to treat the contractors as family or friends, is not simply a sentimental or altruistic value. It has a firm business basis as well-by building these relationships through service, the company always gets paid within a reasonable time frame.

“There have been times when we have had to wait for 90 days to get paid,” Childress says. “But we’ve never had to turn a bill over to a collection agency or court.”

Childress adds that they’ve learned not to start a new job with a particular contractor until they’ve been paid for the last one. Since contractors want to work with them, this precaution elicits payment.
The same dynamics work with their suppliers, Childress says. They’re great friends, but a key reason is that the company always pays its bills on time. The suppliers keep the company well supplied, even when materials are hard to come by. “We’ll fax in an order and most of the time it’s shipped off that day or the next,” Childress says.

Not surprisingly, the company treats its employees as an extended family. One way this works, Childress says, “We don’t hire anybody unless that person is well known by and recommended by one of our employees,” Childress says. “This way we know the person is qualified and reliable, and also belongs to the union.”

Childress says the competition has gotten a lot tougher in recent years, one of the reasons being that there are many nonunion companies that can come in cheaper on bids because they don’t pay union wages or the related benefits. On the other hand, Childress adds, this is another factor that keeps their employees loyal.

“If they leave here, they leave behind their pension and insurance,” she says. Consequently, the turnover rate is very low. Some retire, some decide to go into a different line of business, but a fair number—some 10 to 15 over the last several years—go off to form their own wall and ceiling business. “It shows we’ve trained them well,” Childress says.

The company hosts big Christmas parties and summer picnics for their employees, families and friends. They recently rented out an entire amusement park, Magic Waters, for one such event. Joe and Gary Alley love to hunt and fish, and they routinely take groups of their
employees hunting and fishing in Canada for a couple of weeks, two to three times a year.

Specialty Fields

The company started doing only drywall work, and has since grown to doing specialty drywall work—custom octagon, colonial or cathedral ceilings, as well as curved walls. But they’ve also grown into a number of different areas as well, including acoustical ceilings, metal framing, EIFS, carpentry and installing doors and windows. In recent years, the business has seen a shift from 60 percent residential and 40 percent commercial to its current 80 percent commercial and 20 percent residential.

Obviously, Alley Drywall has long since ceased working out of a basement. It is housed in a facility when plenty of warehouse and office space in Oswego, Ill., a small town, but the radius of the firm’s work extends about 45 miles and covers the greater Chicago era.

The only real mistakes the company has made, Childress says, is that in the past “sometimes we misestimated a job, so when it went over budget, our profit was lost.” She adds, however, that this has happened very rarely, and they’ve taken several measures to prevent this from happening again. An officer or manager will go out and hand-measure every job, especially nonstandard aspects. These specifications will go into a computer, which will return the itemized costs. But they are then gone over manually to make sure every aspect of the job has been covered, and that it is all accurate.

Because they strive to make their bids so accurate, based on their carefully analyzed costs, they are not that happy, as many wall and ceiling contractors are, with negotiated work, which makes up about 20 percent of the total, the rest bid. Many contractors like negotiated work since they say it frees them from cutthroat pricing often associated with bidding, giving them a chance to add value for more pay.
Childress acknowledges that this does happen to a certain extent, but adds, “When we bid, we know just what it will cost and what we want for our profit. What negotiation often means is an attempt to bring the price down. It usually means we are close, and they ask if we can do something to bring it down to meet their budget. We usually try to make them happy.”

Family businesses often have a hard time making it from one generation to the next. Statistics show that 80 percent fail to make it to the second generation, and 90 percent fail to make it to the third. When these statistics were mentioned to Childress, she said, they “sounded about right,” from her observations.

One reason she thinks there is often a failure, she says, is “that the first generation takes all of the risk and does all of the hard work and sacrifice, and the second generation just has it handed to them, and they are lackadaisical.” She adds, however, that since she and her brother were present at the start of the company, as teenagers, this hasn’t happened to them. “My dad would get up and go to work at sunrise, and not be home until sunset,” she recalls. “As kids, we didn’t see it as out of the ordinary.” But the sense of hard work and long hours have stayed with them.

Another reason family businesses fail is that the hard-driving patriarch often does not want to give up any of his authority, so his children are often frustrated and felt kept down. But this is not the situation here. Joe, 64, has gradually delegated authority over the years, and is now content to take extensive time off to trav-
The company hosts big Christmas parties and summer picnics for their employees and families. They also rented an entire amusement park for an event. Childress says it’s a luxury they never had when they were younger.

One issue, Childress says, is that when her father made the decisions, he was usually right, and there was no question as to what should be done. Now the two siblings often have to thrash things out. The advantage, however, she says, “is that we both have each other to talk it over with, and point out the other’s mistakes. And we’re in charge of different areas. He runs the jobs and I run the office, so when one of us spots something that needs attending to in his area, that will be brought to the attention of the other, and we’ll work it out.”

The only real downside to being a family business, Childress says is “mat since we see each other all the time at work, it’s nothing special when we see each other after work, and what we tend to talk about is work.”

Childress has two children, and her brother has three. So a third generation may be on the way toward carrying on the family business.

When asked what the second generation is going to be doing different from the first, Childress replies, “Before, there had been continual building, and the work just seemed to come automatically. But now we’re seeing the need to see what we will be doing in March, and allocate our resources accurately. We need to place more emphasis on planning ahead.”