The 7-Times Jump at Bradco
Ron Brady and a Talented Construction Management Team Are Making Things Happen in an Exciting Way in San Diego.

With a contracting business you can’t afford to sit still . . . and if you’re going to be successful at it, you’d better be prepared to share with others.

It’s a business philosophy they inherited from their famous father, the late E.F. Brady, and his Texas school teacher mother, Eloise Wallace Brady, now living in Coronado, California.

The only difference was that Ronald and Robert Brady, two of the three Brady brothers, embellished the Brady idea with their own unique blend of daring. With the support and strength of first rate company personnel, the two brothers have helped vault the company higher and mightier than anything their adventuresome father ever thought about.

Matter of fact, the company founded by the father, E.F. Brady Company, Inc., a thriving and diversified construction firm, has been acquired by Bradco International, Ltd., of La Mesa of which Ron and his brother, Robert, are the principal shareholders. Bradco is a holding company for a range of subsidiaries and divisions that account for the firm’s upwards of $70-million annual gross.

The total structure offers a full range of wall and ceiling related construction services plus data processing and, one of the latest ventures, asbestos abatement. Because of their firm belief that no company can afford to rest on past laurels, Bradco executives are constantly on the prowl for further opportunities.

Headquartered in San Diego, Bradco is run from the same La Mesa corporate headquarters complex, a growing series of dark brown and soft tan stuccoed buildings where warehouses and quiet, carpeted California-style offices belie the furious activity that goes on inside. Of the three Brady brothers, Ron, who is Chairman, President and Chief Executive Officer, and his twin brother, Robert, who is Vice-President and Secretary, went for construction careers, while the other brother, Richard, opted for the retail business.

Active in industry affairs, Ron Brady’s abilities have been quickly recognized within AWCI. He served on a number of national committees and at AWCI Committee Week in Puerto Rico was nominated to go into “the chairs” as Secretary of the Association. If elected by the member ballot in February, 1985, he will automatically become President after serving through various executive committee offices—the same top position held by his father in 1978. On July 1st, 1985, he will become Chairman of AWCI’S prestigious and influential Continuing Study Council. And, of course, his father had served on this body also!

Ron and his wife, the former Mary Alice Scapin, are the parents of eight children. They make their home in La Mesa, only a short distance from Ron’s luxuriously appointed office—complete with a massive tropical fish tank, a customized brass bird.

The bust is of the late company founder, E.F. Brady, who pioneered true profit sharing, starting the company on the basis that people should like their jobs and share in success.
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atrium—and a bust of the man whose memory he reveres most, E.F. Brady.
DIMENSIONS: As the saying goes, “you’ve come a long way,” haven’t you?
RON: Right at the outset, let me make something clear. This company has come a long way, “yes.” The clear emphasis is on the company, on “we” not “I”. We wouldn’t have gone anywhere without the contributions of a lot of outstanding men and women in this organization.

No single individual could possibly take credit for what our company has done because our success hinges on the foundation of talented, dedicated people. Whatever we do, we’ll do together . . . as a team . . . because we all want to succeed. If the company succeeds, we all do, too.

And that’s what a successful corporation is all about.

DIMENSIONS: That life-sized bust of your father overlooking your conference table lends a nice touch to your office. He really did put the thing together, didn’t he?
RON: He and my mother did, yes. They started with next to nothing and now we are here, still growing. It’s sort of like that bust. If you’ll look carefully, the bust is actually one-eighth bigger than real life. Sculptors do this deliberately to give a bust a slightly more dramatic appearance.

DIMENSIONS: Ron, there are a lot of reasons advanced for the Bradco success story . . . profit sharing, enlightened management, good response to marketing conditions, good people at all levels, smart diversifying. At the expense of the cart before the horse, let’s start with one aspect: Why Bradco International? The formation was rather abrupt, wasn’t it?

RON: There was no abruptness involved at all. The Bradco formation was not an overnight decision. It was decided that from an organizational and strategic planning standpoint, a holding company is the most efficient structure.

DIMENSIONS: The way I have heard it, another strongly union area has given way to the open shop general contractors, right? General contractors can now avail themselves to open shop sub contractors?
RON: That’s partially right. But there’s a limit. Los Angeles is still mostly union and if San Diego contractors try to get labor unfairly cheap, these craftsmen can go to L.A.—and they should if that’s the case.

DIMENSIONS: But E.F. Brady Company, Inc. has been a union contractor from its inception—
RON: —and according to its management will continue to be, too. There’ll probably always be an E.F. Brady Company and if a union is around, it will be signatory. The management of E.F. Brady Company, Inc. will probably continue it as a bread and butter business. However, the Bradco structure can accommodate any market change.

DIMENSIONS: Are you one to feel that the death of unionism is slightly premature?
RON: This is just another cycle, brought on by labor and management both. When people forget the lessons of history, they are condemned to repeating them. At one time management took advantage of labor so unions came on to protect rights and rightly so.

Then labor costs became excessive because unions kept demanding “more . . . more.” So now management is climbing back strong. And the only lesson in all this is: if it just runs up cost rather than provide user benefits, it’s no good.

In the foreseeable future, I see labor
and management getting along better, and I don’t necessarily mean we need the union to achieve this. Management will probably have more control because the adversarial role of labor and management is being removed. This will remain beneficial until one side tries to take unfair advantage of the other; then the pendulum starts moving again.

**DIMENSIONS:** Getting away from that end of the business, the Bradco innovation on true profit sharing has long been the model of the entire construction industry. You’ve recently strengthened that, haven’t you?

**RON:** Everything is dynamic, changing . . . and yes, the profit sharing plans have been improved into what I think is absolutely the best. In the beginning the companies made profit sharing contributions. Its only flaw was that we treated it as a gift, that is, we didn’t tell people how much of the profit or how we figured the contributions. Don’t get me wrong, though, it was the best plan even then.

Now, we’ve moved from what you might call a benevolent dictator to earned profit sharing. I feel that people want to know how and what they earn. Consequently, the emphasis now is on what we all collectively made under profit sharing rather than just what the company contributed.

The annual statement is when the employees find out the total and the numbers are reported at their annual profit sharing dinner. It’s a collective thing so there’s integrity and dignity in it. We all work for it and we all share in it—even me.

**DIMENSIONS:** That was the original concept of your father, wasn’t it—give everybody a share of company success? As a matter of fact, he was the first with profit sharing, isn’t that right?

**RON:** Yes, he originated profit sharing in the wall and ceiling industry because he believed in it fully. He knew where company success came from, from the people—all of them—who made it possible.

We have a saying in this organization, “if you don’t like what you see at the bottom, look at the top.” We mean it, this company involves a complete overview. The perspective is essentially the same: if it’s wrong at the bottom, something is amiss at the top.
because we all view company achievement or accomplishment in the same terms.

**DIMENSIONS:** Some of the long-time employees have a rather substantial retirement awaiting them, don’t they?

**RON:** It is not unique for an employee to have benefits with a present value of more than $100,000, which projected to retirement will grow substantially more. There are over 400 employees in the profit sharing plan right now, and with our current average number of employees exceeding 900, the number of participants in profit sharing will grow substantially also. We require only that an employee have 1000 hours with us and he’s in.

When you experience the confidence and pride the employees take in profit sharing plans like this, you wonder why every contractor who can offer profit sharing doesn’t do it. Too many business owners try to keep it all for themselves, and that’s wrong. You can’t possibly be successful until you’re willing to share the fruits of success with others.

You can’t imagine how good our people feel about the company when they know that the profit sharing plan is $5 million, and that if the investment makes 20%-30%, all of those benefits belong to them as employee participants.

**DIMENSIONS:** That’s one thing for a strictly union or open shop company. But what happens when you have both participating? Aren’t there some severe tax and legal difficulties in accommodating both sides?

**RON:** The principal problem is the fact that the IRS and the National Labor Relations Board have differing attitudes on how a company should treat the issue. The NLRB feels that union and open shop should be treated differently to reflect their separateness whereas the IRS exercises the controlled group test of same or similar benefits.

The Bradco companies benefit plans will qualify for IRS approval while still meeting labor requirements.

**DIMENSIONS:** Earlier you alluded to various concepts for management incentives. Were these in addition to the profit sharing plan?

**RON:** We have an extremely sophisticated computer management information system. We have all of our own self-developed software. That means our companies can track any job or craft against the budgeted amount quickly and accurately by trade, by zone.

The idea of performance management is to monitor a manager’s performance against mutually agreed on goals and objectives and reward them accordingly. The managers have a bonus potential equal to 100% of their salary. Their performance is objectively reviewed with them quarterly, although our Management Information System is given to them in total monthly so they know where they are at all times.

Our companies look for productiv-
ity . . . for cost benefits. When it is achieved, it is rewarded. It’s as simple and as profound as that. How in the name of heaven can any manager be held accountable and responsible if he or she isn’t given the authority?

Whether you’re dealing with a manager or a mechanic you must make a determination if you want to pay for hours worked or for work that gets done. In the latter case you pay a person for skill, work ethics, and personal dedication to the task; in the former case, you just might pay $12 an hour and get $8 worth of benefit—

DIMENSIONS: He’s ready to go, yet he has neither the right materials nor the right amount. Other trades have messed up the coordination . . . it’s not always the hourly guy, is it?

RON: There’s perspective involved. Yes, some poor management is often involved. But, for the most part, the percentages in benefit between union and open shop construction will shift until labor and management come to grips with the issues emphasized by The Business Roundtable.

DIMENSIONS: So what’s your personal answer, Ron? I mean, what is—in quotes—the “Bradco System?”

RON: That’s easy. The three-word answer is, “goals, feedback and reward.” You just try to answer the question of what it is that makes someone want to work.

Look at the sport of bowling as an example. In this game you know your own score. You’re motivated to do better . . . to beat your own score . . . and it’s fun. So many times in working you don’t have a scoreboard. Most of the time the participants don’t even know what’s expected of them, what the final or even the short term goals are—and how they are measuring up.

Why should work be fun under these circumstances?

DIMENSIONS: That can be a pretty difficult task, establishing a recognizable goal for every employee?

RON: It isn’t if you want to do it badly enough—and our companies want to do it. The companies get input from their personnel to support their data base, and they combine this information with their systems to get it down in simple form for every person, every day, on every job—and the job is stated in unit measure.

Graphs are made up rather than tabular reports because of the ease in interpreting the information. They’re put on gang boxes where employees can see they’re beating the budget. Some of our companies have prize catalogues and the points earned can be translated into meaningful rewards.

From the most prestigious award—the “Golden Hardhat” award to “San Diego Best,” “Budget Beaters,” and profit sharing and bonuses, our companies make certain their people are treated right—and help them do the job they said they’d do.

DIMENSIONS: There is a saying
among the Japanese that a company moves as a group, that if one individual sticks out . . . or attempts to outshine others . . . then that person is like a nail and should be hammered back down to the common level. What's your comment on that attitude?

RON: I've heard of that concept—and I disagree with the Japanese. It's not capitalist to do that. If a guy sticks out around here, there is a manager for tomorrow. We grow our own managers here and all the employees know that our companies give their people the chance to grow into managers—work smarter, not harder? Is that it?

DIMENSIONS: —work smarter, not harder? Is that it?

RON: Absolutely. You know, you look at this business and how and why it's grown and you begin to see why the construction industry's leaders of tomorrow will be more educated and professional in their approach. Any successful business needs three things: production, quality and safety. We've always stressed that. That's the reason why my father instituted profit sharing—to get people to work smarter and better, not just harder.

When a manager emphasizes only one element, say production, by asking employees to carry more board . . . hammer more nails . . . put up more plaster . . . he's appealing for people to work with their hands.

Our companies would rather accomplish all three elements by bringing the head into use. You get a person's head going in the right direction and his or her hands will follow—and work can become just as enjoyable for people as bowling.

DIMENSIONS: I don't know too many people who equate their “Thank God It's Friday” attitude with bowling? One is occupation, the other is recreation?

RON: Come on, now, a lot of people like what they do for a living. When you're doing what you're good at . . . when you enjoy what you're doing . . . and when results bear a relationship to your own contribution . . . then you've arrived at a level of achievement. Like I say, when the mind is going in the right direction, the body follows.

In the final analysis, this company will grow because of all the people working toward achieving common goals—or it will fail because of it. Maybe it's old fashioned, but each of us depends on the success of the other person—each of us has a balance of authority and responsibilities—all of our companies obey this dictum.

DIMENSIONS: Judging from the number of people who showed up this year for the profit sharing dinner, Bradco has come pretty close to that desirable ambition?

RON: In June, our profit sharing dinner had more than 700 people. Now that's a pretty substantial dinner-dance event. They were a lot of proud, happy people when the results of the plan were announced.

What a lot of people don't know is that earlier that same day we held a President's Breakfast for our Managers and their wives on the site of the huge Horton Plaza that the E.F. Brady Company, Inc. is helping build in San Diego. It was there that we unveiled the bust of my father and the Bradco insignia.

We've come a long way—and we're ready for bigger and better things.

And it all comes from a readiness to help people develop to their fullest potential—and to share. That's not a complex management system at all, is it?