Not many companies can do it, but Jacobson & Company, Inc. celebrates its Centennial this year, starting from a picture framing company in New York City to one of the country's outstanding acoustical specialists.

100 Years Old— and Still Setting a Fast Pace

New Jersey's Jacobson & Company has survived a century of crises and high flying times, but this year finds the company still leading the pack.

You need to re-do a lot of things—some rather swiftly—when you run a 100-year-old construction company. And given the shortage of companies that have been around that long, there aren't too many role models.

The shortage of companies like his own Jacobson & Company, of 1079 E. Grand St., Elizabeth, NJ, which is celebrating its centennial this year, is one of the reasons that chief executive office John D. Jacobson decided to wrap up the event in special marketing wrappings.

Long an advocate of formal marketing efforts, Jacobson has successfully steered the company started by his great-grandfather in 1889 past some of the shoals that have wrecked many New York metropolitan companies in the last three decades. Then a few years ago, he lifted his attention from the daily battles, mindful of the fact that his family's company would be hitting on the century mark. . .a distinction that few contractors can boast about these days.

After all, Jacobson & Company is the contractor for the famous Trump Tower in New York, the Pompeian Court at the Metropolitan Museum of Art, the interior and exterior plastering for The Trylon and the Perisphere symbols of the 1939 New York World Fair Cuba's Presidential Palace, the San Simeon estate of Randolph Hearst, the 52-story American Express Tower in Manhattan, and the fabulous Rainbow Room of the Rockefeller Center renovation. The list could go on, but there was certainly something to celebrate.

Thus was born a marketing theme, "Jacobson—A Century of Craftsmanship," and Jacobson & Company started letting people in its marketing area know about the kind of company that can keep going for 100 years... through massive depressions, economic ups and downs, a New York City cutting back in the face of bankruptcy.

A regular newsletter started appearing on customer desks. Special marketing brochures with inserts of famous jobs became part of the company's sales kits. Special mailings started popping up—along with advertisements in the construction press.

And all of this flowed from the company's head, the same John Jacobson who had fathered the manual of labor units for the Ceilings and Interior Systems Contractors. Today, Jacobson & Company is the envy of the wall and ceiling industry, honored members of the Association of Wall and Ceiling Industries-International and the Drywall and Interior Systems Contractors Association of New Jersey—and is perched for another round of controlled growth.

Truth is, it's always been that way with Jacobson & Company. . .even when its top executives were facing the best and the worst of times.

Founded prior to 1889 in Manhattan as a picture frame business, the company entered the construction industry formally when the founder, Gustave Jacobson, bought the company from his parents. He turned the modest little business into one of the world's great ornamental and decorative molding producers with customers all over the world.

Scouring Europe for the finest wood sculptors and ornamental plasters, Gustave ultimately published two huge hardcover catalog volumes just to portray the selection of moldings. The work was done with such incredible skill and attention to detail that plaster moldings of wood columns "even confused the woodpeckers."

This business remained strong until the early 1930's when two events near-

ly sent the company into ruin. First came the Great Depression, followed by the Chicago World's Fair which turned the world's designers onto the lean, simple Scandinavian architecture.

"It virtually ruined our business overnight," John Jacobson recounts. "We'd made some adjustment for the depression, but when designers moved away from ornamentation to the simple lines it was the end."

Reacting quickly, Jacobson & Company became a distributor for a new company, Celotex, which owned a patent for perforating acoustical materials. Sound would go into the perforations of the 12x12 and 12x24-inch tiles which would then absorb 70% of the noise. It was great for offices and other noisy building problems-but it had to be sold.

By that time, Victor Jacobson was running the business and he turned Jacobson & Company into one of the East's top sound specialists, both as distributor and installer.

When World War II hit, acoustical materials went on allocation and in order to survive Victor utilized his company's sound and sound baffle experience to build portable engine stands for military aircraft testing. Indeed, the company did so well that it earned the coveted Army/Navy "E" Award.

At war's end, the company returned to acoustical installations, and John, a graduate of Vanderbilt University came on as a salesman. After a short interruption as a U.S. Army Second Lieutenant he returned to the company and began moving up the company after a spell as a "cold turkey" salesman on the streets of New York.

Most of the manual and promotional writing is performed by John. He and his wife, Josephine, write a newspaper column, "The Word Sleuths," for three local newspapers. Not surprisingly, reprints of the columns find their way into the company newsletter.

John's two sons, Tom, 26, and John V., 31, work for the company as estimators and project managers. A daughter, Marie, is the wife of Jafagua Vella, a musical director in the Dominican Republic.

DIMENSIONS: Although the company has surmounted many hurdles in the past 100 years, I should imagine that New York City facing bankruptcy hit you almost as hard as it hit others?

JACOBSON: It did hit us. . . but 'almost as hard' is the proper phrase. We managed to survive.

DIMENSIONS: What were the principle reasons you managed to stay afloat while disaster was all around you?

JACOBSON: When the first signs of trouble became evident, it was apparent that I had to act. The New York City market was deteriorating badly even before the problem became common knowledge so I simply closed down three of our branches and consolidated operations right here in Elizabeth.

This way, we cut our overhead and were almost as lean as we could get. We had a good wholesaling operation and the Elizabeth facility gave us an existing warehouse along with offices, expansion room, reduced duplication—and we owned it outright.

Within months, we watched a $5 million backlog wiped out as the city simply canceled everything on the books.

DIMENSIONS: But you didn't just sit here and take repeated hits, did you?

JACOBSON: Oh, no. I knew I'd gotten good and lean so I knew we could ride out a severe storm. At the same time I got the company moving in promotional selling, you know, going right out after the work. That didn't represent much of a mental obstacle to me; after all, I'd done just that kind of construction selling when I came back from Korea.

DIMENSIONS: But were your employees ready to make the shift from bidding to selling?

JACOBSON: Yes, they understood survival tactics. We had the team and could sell proprietary products, and we bid only on the products we could sell.

It wasn't easy. They were firing architects faster than contractors, yet by

1978 we had a nice backlog and it got better the next year. Of course, we were smaller, but our overhead was way down, too.

DIMENSIONS: Let's talk about a company's defensive mentality. When a contractor cuts back like that doesn't he install a defensive attitude in his company. . . an attitude that is later hard to crack when the turnaround demands it?

JACOBSON: Certainly. It's like an army retreating, and ultimately you need to install a new mindset. Let's face it, in the mid 1970's the New York market was in an absolute shambles.

And I admit that it took us a while to get out of that mental posture. It's hard to get mentally aggressive again but I knew we had to start attacking the market and stop observing just how bad things were.

DIMENSIONS: Along that same line of questioning, would you define yourself as a conservative businessman —or a Patton-type, you know, "to heck with the small town let's get to Paris?"

JACOBSON: There are the Patton-types, to be sure, but I think I'm a very conservative businessman. I think every successful businessman is conservative because we deal in fundamentals. I bought out my partners in 1972 so I could control it.

I simply won't bet this company on one job. I've done that in the past but I don't need that kind of risk anymore.

DIMENSIONS: Yet you took some decidedly radical moves and chances to stay alive?

JACOBSON: Even in retrospect, though, they were conservative moves . . . application of sound fundamentals. Consolidating your position in the face of a period of lower business expectations is conservative. . . not radical

DIMENSIONS: Did your actions to ward off disaster in the 70's represent the biggest changes for Jacobson & Company in the recent past? Have you ever turned your company's direction or profile even more severely?

JACOBSON: I'd made some critical changes even before that.

DIMENSIONS: For example?

JACOBSON: Well, even before I became president in 1970. . . about a decade earlier when I was vice president and branch manager of the Elizabeth office I realized there were no guidelines to provide bidding uniformity.

The company's estimating process was simply archaic and I realized it had to be changed even though I had five salesmen. . . call that "super salesmen" because these fellows were actually that good . . . with decades of experience.

Yet there just wasn't any consistency in their pricing. A salesman could sell a 5,000 square foot job and lose money then turn around on the next job which was identical in price and scope and make a handsome profit. That just didn't make sense to me.

DIMENSIONS: So you started digging into it?

JACOBSON: Yes, I wanted to find out the reason for such disparities. . . such variation in results.

The answers weren't long in coming. I started seeing such things as grid jobs with all kinds of variations and conditions existing. For example, some jobs would have the T bars one and two feet on center and many non-standard conditions.

Yet they were giving the same quotes for jobs although conditions were fully different. The different conditions just weren't codified or organized in any manner. As a result, all of these experienced salesmen were flying by the seats of their pants . . . and they often weren't flying, they were crashing.

DIMENSIONS: What was your response to that?

JACOBSON: That's when I sat down and prepared the company's "Field Perimeter Approach to Estimating." It was a major concept-and it's still in use by our company. The concept was simple: I merely put a manhour or manday production figure on everything we did.

It was an effort to develop consistent bidding parameters for all kinds of jobs with varying conditions. Thus, if a room has a particular condition, size, specification, or configuration we had a corresponding formula to accommodate the labor cost of that condition.

DIMENSIONS: In effect, a manual of production units?

JACOBSON: You could call it that, yes. It was a Production Guide with hundreds of production units for every system. We NOW knew how to calculate output per manday and by adding up the mandays, we could figure out any ceiling system we wanted on a square foot basis.

Once we instituted this approach, all the salesmen were operating on the same frequency. We had consistency and we could continually refine our production data with each job.

DIMENSIONS: Did it spread rapidly to the company branches?

JACOBSON: Surprisingly enough it didn't. It worked fine in Elizabeth from 1961 to 1964 but then I was moved to New York and it was necessarily to reinvent the wheel.

But it was different. From having worked there I knew—and then confirmed—that production rates in New York City are much different than in Elizabeth, NJ. Even then there was some resistance to changing old methods—even when it was apparent that those methods weren't working.

But I pushed unit pricing through and within a year the New York office was producing more profit than any other office.

I had two pages of data in Elizabeth. In New York, it grew to more than 100 pages. Remember, in 1964 in New York, it was also hard times for the construction industry.

DIMENSIONS: What were some of the tactics you used to implement the new policy?

JACOBSON: Nothing dramatic. We had meetings twice weekly with the estimators to try and get the new system installed. Every week I'd introduce a new sheet with new figures for the men to use . . . you know, different jobs in different conditions. I'd actually have the estimators figure a job right on the spot to make certain they understood what I was trying to accomplish.

It was hard economic times, as I said, and we all knew that we had to do something to keep working. I told them, "fellows, how can we run a business like this with everyone giving out different numbers . . . all a bunch of guesses?"

It was the old story: we made a profit on one job and lost money on an identical installation. Each salesman was giving out different numbers.

I sold the concept of standardized production numbers to them and assured them that the data was right on target.

After all, now the salesman didn't have to go around selling with the estimate on his conscience: if he used the numbers properly and the job didn't produce a profit he could blame the company's figures.

DIMENSIONS: But if you gave each salesman his own set of confidential production sheets, it wouldn't be too long before your figures would be all over the market area. If a salesman quit, he could take his sheets with him—or have another set copied off?

JACOBSON: That's exactly what

happened and I didn't care. We went ahead anyway and gave each salesman his own production guide. I knew there was no dependable security check against these numbers getting out.

DIMENSIONS: You're saying you didn't care if your company's numbers got into the hands of your competitors?

JACOBSON: That's right. The idea that you can beat a competitor by having his production numbers is a myth. Our biggest competitor is error, both by ourselves and by our competition.

Who wants to bid competitors who make mistakes? If we all had the same production numbers—and generally we all do tend to get the same production rates—then we wouldn't have all these crazy variations in price.

DIMENSIONS: So you'd like to see contractors use the same production data and bid their skills?

JACOBSON: Of course, and so would every other mature contractor who stops to think about it.

You aren't going to get a job because one technician can drill more screws per hour than another. These tradesmen aren't competing with each other: they're trying to do a good job.

The competition is among contractors, among their management skills, their purchasing expertise, their pricing.

Then you have the one element that every contractor understands: who in the name of heavens can figure the unpredictable. Let's face it: one million square feet of ceiling is organized chaos. How do we make a profit when there are so many variables to figure?

I mean how do you figure the fact that a man won't walk up a set of stairs one floor: instead he decides to wait for the elevator. The traditional coffee break is so many minutes yet some men get right back to work and others dawdle. Rain hits four days in a row followed by some incident with another trade that fouls up your timing.

And you want me-in the face of all this unpredictability—to worry about a salesman walking off with one of our company's production guides? I should publish our Production Guide in the *New York Times!*

DIMENSIONS: Many contractors can get downright paranoid about the sanctity of their production figures, though. How many contractors go along with your line of thinking?

JACOBSON: More than you think. I was president of CISCA in 1971 and I sold them on the concept of publishing a unit—or component—estimating manual.

There was some misgivings but in general all the contractors thought it was a good idea. And it was. The CISCA Production Guide, which is really the work of John and James Whittakers, is one of the first such data bases—and it's still in use.

DIMENSIONS: There is some talk around the country that the economy—especially construction—may be coming on toward some lean times. In view of that possibility, what specific steps-beyond consolidating in Elizabeth, did you take to bring your company through the disastrous New York years of the early 70's?

Since 1889 it's been a family business and CEO John Jacobson flanked by the succeeding generation, his two sons, John (left) and Tom, both of whom are project managers for the company.

JACOBSON: Well, we had our production guides in place so we knew we weren't going to be coming up with as many bad or loss producing jobs.

Better management controls and the feedback on our production rates helped us gain a better prediction ability on work in progress. In the early 70's, too, we had a huge backlog but it wasn't good work and we were choking a bit on it.

Gradually this bad work was unable to accommodate the overhead so we installed controls on what jobs we'd bid and accept. For example, any job over "X" amount of dollars was subject to a 33 point checklist.

We tightened up on our purchasing, took advantage of sales and discounts available.

DIMENSIONS: Then you didn't unload any of the work?

JACOBSON: No, we just worked extra hard to balance off this backlog work with good, profitable work while putting in tough controls over the way we progressed on existing work. We tried to remove mistakes—and succeeded.

On a million dollar job, it's indefensible not to know precisely where you are at any given time. The difference between a good year and a bad year, profitwise, is the removal of a few bad jobs. You can overcome a small job that goes bad, but a big job can bring you down: the error is so much greater.

Before we sign a contract these days, we get eight signatures on the approval sheet for that job. We just don't want—can't afford is a better expression—mistakes.

DIMENSIONS: Are you describing a check off or an accountability list?

JACOBSON: Good question. It's really both. As I said we want to catch errors or miscalculations. And when your name is down there on that job approval sheet, well, people are more circumspect when they affix their signature to things.

It's accountability all the way because each specialist is by signature responsible for his own specialty. It's really all discipline, isn't it?

DIMENSIONS: Discipline is a good word. With that element in place a company can go after just about any job with a good prospect of showing a profit, right?

JACOBSON: Yes, after you've been through the hard times—and survived as we have—you see that discipline has a lot to do with it.

We're relaxed in this company but the discipline is built into our system. We've done some very large jobs and a lot was at risk, but we never felt it was a gamble. Just a business risk that would turn our way if we paid heed to business principles.

Today, we have a high expectation of a profit on any job we take.

And that, in the final analysis, is what it's all about . . . showing a profit on the job. You keep a company alive doing that and that helps everybody . . . employees, customers, the public.

DIMENSIONS: Let me ask just a few more questions. What is the Jacobson sequence—or as close to a sequence as you can manage—on obtaining and setting up for a typical job?

JACOBSON: Well, the procedure we like to follow, understanding that we don't have the luxury of enjoying this sequence every time, is roughly this:

We make an account assignment, that is, inform a project manager that he is being assigned the job of bringing in an account.

Now that could be a target account—one with whom we have no previous relationship or knowledge—or it could be an account that has just been formed for some construction purpose or project. It could be an account that popped up in the Dodge reports or the construction press.

From that point on, we track the account and our project manager's progress. On any job it is his sole responsibility to prepare the estimate, negotiate with officers of the account and follow through. If he gets the job, of course, he will be project manager until it is completed.

DIMENSIONS: And if the project manager gets tied up on something else? What happens then?

JACOBSON: We're prepared for the eventuality although we admit to weaknesses in our system . . . especially if we're busy as you mentioned.

It's a matter of backing up then. If an estimator is busy with a couple of projects then he's out of the market because of time pressures. In a case like that we give him assistance so he can maintain his accounts properly.

Customers don't want to hear that their contact man is too busy on someone else's project to talk or work with them. You go to a lot of effort to establish that rapport and you don't want to blow it away by being shortsighted. That's the reason we use the account approach in assignments rather than, say, do it geographically. People do business with people.

DIMENSIONS: And, finally, I would assume that the centennial observation of your company offers a splendid opportunity to make new friends and sell the old ones?

JACOBSON: Absolutely. I think it's a shame for any company to allow an event like this to go unmarked whether it be the hundreds, fiftieth or twenty-fifth.

As I mentioned earlier, a few years ago, I realized that I had a unique opportunity. That is, we would hit our 100th anniversary, and not many construction companies can make that claim.

Two years ago, we started marketing our forthcoming centennial observation and we've been selling it ever since. This year, we're ready to capitalize on all of this effort.

This was a particularly useful marketing concept because as a company we deal with friends. We treat our customers as friends which creates a very nice relationship. And friends like to know that they've been dealing with a firm that has a long record of high performance. Confidence in one's subcontractors is extremely important to most contractors. Jacobson has been through it all and has survived. In construction that means something.