
Chapter Twenty Seven

Great Man Bob Clark

From 2001 to 2004 I worked as Director of Corporate Communications for Clayco Construction Company. Bob Clark founded the company in 1984 and is still Chairman and CEO. The following speech is one he has given (in one form or another) several times.

The Wild Ride that is Clayco - Strategic Planning for Fast Growth

I am Bob Clark, founder and CEO of Clayco Construction Company. We are one of the leading design-build firms in America. We are, in sixteen short years, in the unbelievable position to do more than \$500,000,000 in revenue in the coming year. It has been an incredible journey and a wild ride.

We feel, at Clayco, like the hard rock band of our business and while the technology and e-buzz world is used to wild and sometimes sustained growth, the construction business doesn't see it very often. And when the industry does see it, it is usually like the dot.com's-no profit.

At Clayco, we are definitely not doing this as a hobby. We are very motivated by profit. Many things are driven and derived by the circular world of our profit. But it is the strategic planning that causes it all.

I think you have to put everything into perspective, and so I have a little story to help create our perspective.

Tell story here.

(I think Bob tends to plan even the casual "break" from the prepared text with an amusing story – customized for the audience of course.)

I want to give you an idea of what I mean by "wild ride"

(earned revenue slide). What you see here, is since I started the business, the company's actual revenue, hard dollars --- bricks and mortar business, and does not include revenue completed as construction management agreements.

This next slide (percentage growth slide), simply demonstrates that nine of sixteen years, including the projected year 2001, nine years of over 40% growth. No company can grow a business like this without awesome planning and that is really the message for today's speaking engagement. Strategic planning and how it affects your business.

The next slide shows that we are not growing for growth's sake (Gross profit vs. operating expense). We are growing our business profitably, focused on financial strength and reaching the critical mass where our operating expense will plateau and out profitable growth will continue.

(Standard Clayco Slide) Give quick pre-Clayco background of Bob Clark.

Background of how we formed Clayco in 1984. Disenchanted with the existing methodology of delivering construction. Believed there was an opportunity for a new paradigm for the industry. Incredibly focused on diversification from the typical industry to separate our self from the masses. Wanted to grow the business very rapidly.

My original strategic plan, although not formal, evolved from several meetings with key mentor type individuals, such as my dad, Harold Clark (a little background), Ed Calcaterra (at Alberici) and Leonard Terbock (who was the head of the Carpenter's Union).

The original tactic to implement then, very much focused around keeping things simple: Three (3) key components:

1. Hire the best and the brightest. Top candidate for each position. Utilize an open book philosophy with all employees. Treating them as partners in the information, in the profits and create a true vision for rapid growth.
2. Market to the supply community and create true partnerships. Treat the subcontractor and supply relationships

like clients. Build teams, focus on a marketing strategy, use the golden rule, pay our bills on time.

3. If we truly succeed on the first two components we should be able to pick our customers, be selective about where we apply our craft.

Real simple, straight forward, three things: best and brightest, partnership with the supply community and be selective about where we apply our craft.

I do not want to make the early days sound so easy, or in any way simplify the hard work and pain and agony of those first few years. The business was not profitable, it was a struggle and there was not always light at the end of the tunnel

(story about telling Ellen we were broke).

(Story of 1987 introduction to Kevin Eichner that led to a formal strategic planning process.)

Critical points of early strategy was planned, executed, then grew (hire people in front of opportunities).

Recognizing that we are in a risky business and take risks.

Early investment in technology.

Become a leading marketing company. Create name recognition in the industry.

Create a five-year plan. Make the success of the five-year outcome more important than short-term gains.

By 1989, we were passed the crawling stage and barely walking. My dad always said crawl, walk and then run. By 1989, we had met many of the objectives of our early plan, we had met many of the objectives of our early plan, we were slightly profitable, doing some exciting construction projects, although at that point we had never completed a project over \$1,000,000 and first and foremost we had surrounded ourselves with a core of key individuals.

Tell the DCMA story with the Far Side cartoon at the conclusion of this story show the DCMA facility. We were on our way.

(Story about winning a huge project that was really the beginning of several years of double-digit growth for Bob Clark

and Clayco. The morning of the big presentation he opened the newspaper to the comic section and noted a Far Side Cartoon that showed a fat kid at the top of a playground slide. At the bottom of the slide were two spiders with a web. The caption read: “Yeah, but if this works we’ll eat like kings.”

The other critical thing that happened in 1989 is that through a strategic planning process, more clearly, more clearly defined what our super ordinate goal would be:

Clayco would aspire to seven basic components:

1. To manage our growth in a way that we would generate not less that \$1,000,000 in profit annually for each year in the period. Aggressively managed growth but retain the very rare sense of ownership and involvement among key people that we now enjoy. Our sense is, that in this period we could grow to \$75,000,000 in revenue and that we would add accordingly to our staff.
2. That we would become known in the industry as the most customer responsive contractor and as the new paradigm of effectiveness in our area and be seen by all who deal with us as, straight, exceptionally fair and worthy of their best effort.
3. That we would develop the flexibility and capability to do virtually any construction project that could come our way and to continue to be selective about where we would apply our craft.
4. That we would build work, which in its self is a source of admiration and pride for its quality and aesthetic appeal even while others remark on how it must have been impossible to build it in the time frame and at the coast of which we built it.
5. To develop an organization in infrastructure which is characterized by intense pride, ambition, professionalism and personal commitment. As seen as the unbeatable opportunity by those who would consider joining us and operates in such

a way that the best among us have no reason to seek greater personal fulfillment elsewhere.

6. To reinvest in tangible ways in the communities which provide the opportunities and from which our wealth and satisfaction is derived.
7. To become less dependent on current income as the source of our growth and net worth financial security.

I want to point out that this super ordinate goal, in keeping with our original strategic plan, was all about diversification. We wanted to be diversified away from our competitors by size, by customer responsiveness, by flexibility in product type, by putting the word design in the design-build process, by speed, by being a true partner in the community and we wanted to diversify the way we created income

(Show the earned revenue slide)

I think it is important and critical that every employee in your company knows what the strategic plan is. If it is at all possible, the best way is to include them in the process, so that they feel they have true ownership and any strategic plan has very specific tasks that have to be completed in order to reach your goals. If that is true, then you can include as many of your employees as possible in these various tasks and action plans. If you have the right team, they want to be a part of it. At Clayco, it never ceases to amaze me the employee involvement in trying to reach our goals.

Another thing that is worthy of talking about, at this point, is surrounding yourself with the right people. I recently saw Dick Vermeil speak and I heard him talk about creating a profile of the type of character you want to surround yourself with.

I think that since we build the St. Louis Rams training facility I will share how I perceived a change in attitude in the Rams' organization that I believe caused them to win the Super Bowl. It was something I was able to notice because I saw many

attributes in our business that were created due to our strategic planning in the early years. That the Rams just did not have when they come to St. Louis.

Tell the story of answering their phones faster, paying their bills faster, etc ...

(Bob lists the eight traits of successful Clayco Employees)

- Courage
- Mentor/Teamwork
- Creative
- Adaptability
- Stamina
- Leadership
- Results
- Sense of Urgency.

Another subject I would like to discuss, is the culture of the business and that although culture is developed truly by the ownership of an organization, the strategic planning process can have a big influence on the culture particularly in that I believe there are corporate cultures and I believe there are people cultures. From the beginning, we have always been an organization of people. You very rarely hear us or see us do anything very corporate, even in terms of our policies and procedures. Our attendance policy is “come to work” and our dress code is “wear clothes.” We do not surround ourselves with a lot of policies and procedures and other types of corporate garbage that can distract away from being an organization of people first. I would always turn down any one customer for any one person in my organization and in my opinion, if I had a person in my organization who I would not take that position with, they should not be in my company.

I think a hard thing about the people side of the business particularly on that has grown as rapidly as we have, is that not everyone grows as rapidly as we have, is not that everyone grows at the same pace the organization grows. It is one of the hard parts of a fast growth company that has to be dealt with and there are two points that I would like to make about this

subject.

1. As long as you are up front and honest with your employees about what your goals are and what your expectations of them are, if they do not grow with the organization, it is not your fault. It does not matter whose it is because I have never let a single person go in my company who is not thriving in an organization somewhere else. There are not a lot of ex-Clayco employees on the streets.
2. Every 8-12 months or so, I shut my lights off in my office and put my feet up on the desk and think through the employee base of the business and if I have a person in my organization, who I wish would quit, or if they came in my office and resigned, that I would be relieved by that fact, that person is not working there the next day. It may sound harsh, but, the fact of the matter is, if you know there is a person in your company who shouldn't be there, everyone else knows it too.

I am going to run out of time, so I want to cover a couple more things that have occurred during our continuous strategic planning process, and I want to also talk about the fact that strategic planning process vs. your original plan has to do with you identifying strengths and weaknesses as you build your company.

Strategic planning is a future state – is continuous.

I want to talk about some remarkable results we have had in the business and particularly our growth and profit as we have grown. The fact that as a direct result of really solid management and following the goal of hiring the best and brightest we have been able to also diversify ourselves by self-performing an enormous amount of the construction work we do. And today we are even self-performing design and engineering.

Our company, as I said earlier, is not just a construction management firm and in the last 10 years every year have worked between 500,000 and 900,000 man-hours in the field.

We have had amazing safety results, again due to an aggressive management attitude. We are leading the industry.

Another result of our growth, is the fact that almost every year, from the beginning of time, the quantity of projects that we have completed, even though we have grown and opened offices in other regions around the country, has decreased. In this coming year, in 2001, we will only complete approximately 50 projects in completing \$500,000,000 in revenue and will probably do 6 or 8 less projects in the year 2002.

Geographic Diversity

Another result is that we are having an enormous amount of fun. I talked earlier about winning, and being competitive and working hard, but we are also having a blast.

Our current strategic plan calls for continued growth, bigger and more complex projects, product diversity, minority inclusion, an east coast office and continued leadership in technology.

I would like to close with one other thing that was a part of our original strategic plan, that I think is really key – reinvest in tangible ways in the communities which provide the opportunities and from which our wealth and satisfaction is derived. Community service is not for everyone, but the fact of the matter is the circular world of our profit is that we have been able to accomplish all of our goals because of our profit. I think that every single thing we invest in, bonus wise, community wise, technology wise, they are big expenses, but they come back to you ten-fold and I want to point out in particular that our involvement in the community has had such an incredible impact on our business that it should really become a critical mission of all companies. I know for example that our customers and subcontractor and supply partners appreciate our activism but nobody appreciates it more than our employees.

I now would like to open this up for questions.

In June of 2003, Bob Clark's father passed away. Bob took

a leadership role in creating a funeral that was a tribute to his father. It was touching to be sure.

Harold L Clark eulogy 06-23-2003 by Robert Clark

(2 Corinthians 6) through glory and dishonor, bad report and good report; sorrowful, yet always rejoicing; poor, yet making many rich; having nothing, and yet possessing everything.

Harold Clark from my view,

LIFE to me is about two key ingredients, and one with out the other is nothing.

Dreaming and having a core path to get to a vision on the horizon, is one.

And, willing positive change towards that vision is the other. Dreaming a vision and continuously improving to an objective.

My Dad had awesome capacity for both and more than that could teach others including all of us to do the same.

He taught by example—sometimes bad example--- and mostly good. He was a great leader and he taught directly through stories and ideas and always with vision.

About dreaming, Sir Lawrence of Arabia wrote “All Men Dream; but not equally, Those who dream at night in the dusty recesses of their minds wake up in the day to find that it was in vanity; but the dreamers of the day are dangerous men, for they may act their dream with open eyes, to make them possible.” This my father did...

Harold as a paradox; Life as a paradox---, that none of us are all bad, or all good. It would be a lie, at least from me, and everyone would know I was hiding from the truth if I told you my Dad was this great guy who always lived on the right side of the bible. He was colorful; full of life and life’s experiences. His nickname when he was a young man was Little Dillinger.

And it would also be a lie if I told you that He and I had a perfect un-troubled relationship. And I won’t do that. We struggled for our love for each other. And somehow it made it stronger and worthwhile.

We had so many traits that were the same that it caused us to

go to the extreme. Sometimes we said too much, and sometimes there were long span where we said nothing----- I regret those times.

But like everything in his life and all the things that all of you witnessed. And my favorite theme of Harold Clark's life that is the inspiration for so many of us. Was his ability to overcome obstacles in life and shortcomings of his own? And dream his dream and will himself to the positive possibilities of a full and completely worthy life.

Complicated and yet simple.

He was a poor and troubled child who dropped out of school, -----but became educated.

He conned his way as a young man into gambling, the navy, part time jobs, the bar business, yet--- found his way-- to build two great and prosperous businesses.

He was raised in a difficult time to accept diversity, and I saw concern when I brought a black child into the family. Only to see him completely overcome anything less than total acceptance.

He was a famous wild drinker, an unbelievable and legendary wild and crazy man for many years but quit twenty years ago and overcame alcoholism.

In younger years he was unsettled in his personal life, and yet married for over 48 years.

Harold worked himself into the ground for much of his children's childhoods, but lived to spend lots of time with all of us mentoring us in work and our personal lives and had a particularly great relationship with the grandchildren.

I could go on, but you can see he had gifts. Dreams and will.

Through his good and bad, and sometimes both at the same time he could disarm us and endear us. He could look and be remorseful. He could redeem himself and cause even those of us angry with him the most to redeem him also. He could love with an endless capacity and harbor all of those who needed him without judging.

When I was a kid I saw first hand that he was the essence of

the GO-TO guy. When his friends needed him, were in trouble or needed money, he was whom they called and he would be there night and day with open mind, arms and pockets.

Everyone felt immediately close to him-he could be your best friend if you were 8 or 80, poor or wealthy, simple or intellectual.

Thank you all for coming here and I hope you will think of my father in the upcoming readings and help us celebrate him forever.

I will miss him and like all of us here today loved him in the beginning--- and in the end-- loved him so.