



THE ACADEMY OF ELECTRICAL CONTRACTING

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PEER GROUP 2: BUILDING RELATIONSHIPS
TO BUILD THE INDUSTRY

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As in most industries, those of us in the electrical contracting field tend to be proprietary about our business practices. We hold our procedures, processes and financial information close to the vest to avoid giving competitors any sort of upper hand.

So for many, participating in Peer Groups where even the most detailed and confidential of company information is shared willingly and generously might seem counterintuitive. And yet, to date there are five Peer Groups of NECA members including Peer Group 2 (PG2) in which we've participated for the past 15 years.

Though PG2 had its first meeting in the fall of 1996, the idea of the group began earlier that year when most of the current 11 members attended a Future Leaders Conference in Williamsburg, Virginia. A member of the first Peer Group spoke at the conference, explaining in detail the process and benefits of the group. For many of us, it was like a light bulb going off.

With the original Peer Group's membership being limited to firms larger than ours, we knew that we would have to play with the structure of the group to make it suit our businesses which, at the time, were generating annual income in the \$5-15 million range. We did maintain the original group's membership criteria, though: NECA contractors who employed IBEW members and were not in direct competition with one another.

We had our first informal gathering during the 1996 NECA National Conference in Boston, a group of 12 business owners made primarily of Future Leaders attendees with the addition of one or two additional associates. It was important to us from the outset that we keep the group small, eight to 12 members, so that we could build deep and trusting relationships.

Ultimately, it's the relationships that make Peer Groups work. In order to become so intimately involved with one another's businesses, to put the effort into traveling to meet, to be an ongoing resource to one another, there has to be earned trust, the kind of bonding that turns associates into friends and, as it was for us, eventually into an extended family.

Our first official PG2 meeting was in Atlanta in 1996. During that meeting, we began what would be a four-year process of deepening our existing relationships while learning the ins and outs of one another's companies. During these first years, our meetings were structured to address bidding and estimating, accounting, marketing, purchasing and tool management, insurance and safety, financial analysis and long-range planning, personnel motivation and management, claims and change orders, service and T&M work, labor relations and, finally, the procedures by which we would critique one another's businesses.

By the end of the four-year period, we had achieved our initial goal of creating a PG2 binder in which all of the information gathered is compiled. Each of us has a copy, giving us the background we need to help one another with whatever issues might arise, and providing each of us with free-to-use resources for our own businesses.

For example, if one of us needs a stronger, more robust safety manual, we can refer to the PG2 binder and freely utilize information, processes and even text from any of the 11 other companies.

While the simple act of sharing intimate company knowledge can be intimidating enough, the even more unnerving part began in 2001 in Tampa, Florida: critiques.

Let's be clear: no one relishes having their shortcomings brought to light. From the start of developing PG2, though, we knew our ultimate goal was to offer one another the kind of honest, detailed feedback that could help us further develop our companies and achieve new levels of success.

The critique process lasts for an entire day for each company, beginning early in the morning when the PG2 member heading the company to be critiqued divides his or her employees into interview groups, makes initial introductions and leaves for the day.

Getting the principals out of the building is an important step in creating a sense of comfort and safety for the employees. Employees have a unique perspective of the company for which they work, leading to ideas that are often useful but go unspoken due to their understandable fears of upsetting owners.

Once the boss is out of the building, PG2 splits into several smaller groups and takes turns interviewing employee groups, keeping in mind any information we were given prior to the principal's departure. For example, if we're told that particular members of the team tend to drown out others' opinions, we will make a special effort to cultivate the opinions of less outspoken members, even dismissing overbearing employees once their opinions have been heard.

By the end of the day, we've completed a round-robin of interviews in which each employee group has been interviewed by each PG2 group, often with overlapping questions. While this might sound tedious, we have found that employees become more relaxed throughout the day as they become more comfortable with us and our process. We often find that employees who hinted at an opinion

early in the day will willingly give their unbiased perspective by the final interview.

Once the interviews are done, the employees go home and we move into the next phase of the critique. Together, we review our interview notes and compile an extensive and formal report that details our conclusions, particularly about the company's strengths, weaknesses and suggestions for areas of improvement. As a collaborative and detail-rich process, writing this report often takes all night, sometimes lasting into the early hours of the following morning.

Then and only then do we invite the principals of the critiqued company back to hear our report. Many a hard truth has been given at these sessions, things spouses wouldn't dare say to one another, suggestions that no one likes to say and no one likes to hear. We've suggested firing employees or drastic changes in a company's procedures. On more than one occasion, we have even critiqued the principals themselves for non-productive or harmful behaviors.

As we've said, this is not an easy process. In fact, it can be excruciating at times, whether we're being critiqued or doing the critiquing. Still, it's always worthwhile. The critiqued company goes away with a list of ideas to help them reach the next level of success, and the critiquing members return to our companies fired up with new ideas and renewed enthusiasm.

We've now done nearly 20 critiques of one another's companies, three out-of-town trips a year away from our own businesses in order to help one another and in that way help ourselves.

Over the years, the benefits of PG2 have grown beyond the critiques, though, as we've become a sort of board of directors for one another. As a group of people who know one another's businesses and the industry inside and out, we often face similar issues, concerns and problems. As such, it's not uncommon for one of us to pose a question to the group on any given business day only to receive a half-dozen or more suggested solutions within hours.

PG2 has also assisted us all with succession planning and transitions. Since the start of PG2, every member company has gone through some sort of leadership change. By inviting our successors into the group, sometimes years before they take the reins, we not only help prepare them for the challenges they'll face, we also ensure that they begin their leadership tenure with the same resources we have gained from participating in PG2. In this way, we help reduce the learning curve for new leadership and allow for greater continuity within the company during times of transition.

As with most things in PG2, any help we provide to successors is returned to us ten-fold as the new members bring fresh ideas, encourage the group to readdress old ideas, and propose topics that help us stay as up-to-date as possible.

In these 15 years together, our group has lost only one of the original member companies; the 11 remaining companies have now been a team for many years, supporting one another through successes and challenges. We have grown as companies, making the earnings range much wider than the initial \$5-15 million criteria with which we began.

Not only that, but our original non-compete criteria became obsolete as we built trust and began inviting one another into joint ventures

and other mutually-beneficial business arrangements.

These changes haven't impacted our overall dynamic, though. Whether each individual PG2 company grew a little or a lot since 1996, our businesses have all become more sophisticated as we work to stay abreast of the latest innovations in our field and business practices. Because of this, and particularly because of the trust we have worked so hard to build, we are able to cross any divides we encounter in order to continue on as an extended family of electrical contractors.

At the end of the day, the most important part of Peer Groups is trust built upon honesty and each member's unwavering commitment to the group. In PG2, the level of commitment is such that it was 2002, six years from the founding of the group, before a single member had to miss a meeting.

Of course, just showing up isn't really enough. To be a part of any Peer Group, concerted effort has to be put into relationship- and trust-building. This not only means attending every meeting, it also means continuity in participation.

For example, early in our group's history, we had companies with multiple partners who would take turns attending PG2 meetings. We discovered, though, that without the continuity of one predictable partner, it was more difficult to build trust and stay on the same page. While we have always welcomed additional members of any of the PG2 companies to attend the meetings, we needed the stability of the same face meeting after meeting to achieve our goals as a group.

Perhaps one of the more difficult challenges in being a part of a Peer Group is the commitment to full disclosure. Members can

hold back neither the less proud moments of their own businesses nor less-than-favorable feedback about one another's businesses. If one of us had a bad financial year or two, those numbers need to be on the table with the numbers from more liquid years. If a member is making a costly or even thoughtless error in a facet of their business, we can't sweep it under the rug to avoid upsetting them. All information has to be shared openly and honestly for the group to function.

Admittedly, Peer Groups are not for everyone. But if you are a person who can work collaboratively, who is eager to learn more about your company in order to grow it sustainably and healthfully, who can appreciate the personal gains that can be cultivated by giving freely of yourself, then Peer Groups are likely for you.

We would like to recognize other Academy members that are part of PG2: Jim Peterson of Colorado Springs, Colorado, and Emeritus members Ken Robinson of Tampa, Florida, and Bill Dale of Cheyenne, Wyoming. We would also like to acknowledge our extended family of PG2 member companies: Chewning & Wilmer, Inc. of Richmond, Virginia; Nelson Electric Co. of Cedar Rapids, Iowa; Frost Electric Co., Inc. of Aurora, Illinois; Speelman Electric, Inc. of Tallmadge, Ohio; Progressive Electric, Inc. of Charleston, West Virginia; Valley Electric Co. of Everett, Washington; Berwick Electric Co. of Colorado Springs, Colorado; W.G. Dale Electric Co. of Cheyenne, Wyoming; Yellowstone Electric Co. of Billings, Montana; Applied Control Technology of Texarkana, Arkansas; United Electric Co. of Marietta, Georgia; and MJM Electric of Tampa, Florida. Finally, we would like to thank Greg Beck, a member of PG1 whose mentorship was instrumental in the foundation of our group.

John J. Negro is the president of Nelson Electric. Since joining NECA in 1979, he has served on a number of local, state, regional and national committees within the organization. In 1997, he was elected governor of the Iowa Chapter. He served as a panel member on the Council of Industrial Relations in the 2004-2005 term and in 2006 was elected as vice president of NECA District 7, which includes Iowa, Minnesota, Missouri, Nebraska, North Dakota and South Dakota. He has been involved in a variety of other committees and task forces including the Workforce Development Committee, the National Joint Apprenticeship and Training Committee, the NECA Governance Task Force, the Labor-Relations Task Force, and the Financial Future Task Force. Additionally, he has been honored with awards including the Iowa Chapter's Industrial Leadership Award, the District 7 Industrial Leadership Award, NECA's national Coggeshall and Comstock awards.

Craig Martin is the co-owner of Frost Electric Co., Inc. and Governor of the Northeastern Illinois NECA Chapter. Craig began his career with a warehouse/delivery position at Frost Electric, a company founded by his grandfather in 1922. He and his brother Keith purchased the company from their father in 1988 making them third generation contractors. Craig became involved with NECA in the 1980s, and has served the chapter as Treasurer and President. He has served on the local Trust Funds Committee for over 25 years as well as the Negotiations and Labor Management Committees. He represented his District on the Government Affairs Committee and currently sits on the Management Development Committee.

Bill Powell joined Chewning & Wilmer, Inc. in 1976 as a fourth year apprentice. Between that time and his retirement in 2009, he spent nine years as the company's vice-president, six years as its president, and another nine as its CEO. A long-time NECA member active in the Atlantic Coast Chapter, he served on the Board of Directors, Negotiation Committees, Labor Relations Committee, LLMCC, and as Governor. He served on the National Marketing for two years and was inducted into the Academy of Electrical Contracting in 2009.