H & D Electric Inc.

THE FIRST 50 YEARS
This book is dedicated to the founder of **H & D Electric Inc.** — Howard D. Day. His entrepreneurial spirit directly and indirectly created opportunity for thousands of people to improve themselves through careers in the electrical industry. His hard work and success inspired countless others to aspire to further themselves as electricians and electrical contractors. What **H & D Electric** has become over the last 50 years is a result of that inspiration and that spirit.
1958

2008
The Story of 50 Years

As a 9-year-old first baseman wearing a Day Electric Little League jersey, Mark Cooper had dreams of being a baseball champion. The championship dream came to reality two years later when his Lake County team won the District Little League title.

Eighteen years later, though, Mark had different dreams, among them owning a company of his own. As luck would have it, the Day family came back into his life and helped make that dream a reality as well.

When Mark was growing up, Howard Day was a bit of a local celebrity. He had moved from Burbank to Lake County in Northern California shortly after high school, when he saw an advertisement for a job in the electrical field. As his oldest son Jim, remembers it, Howard had to prove his mettle to the prospective employer by rebuilding a generator.
“He got a book and read how to do it. The next day he rebuilt that generator,” recalls Jim. “He had a photographic memory and seemed to be able to do just about anything.”

From the beginning Howard was ambitious. His goal was to build an electrical contracting business successful enough to allow him to retire by age 40. He launched Day Electric in Napa in the late 1940s, and then spun off similar businesses in Marin and in Sacramento. Mark’s dad, Marvin, went to work for his uncle, Howard, when he finished high school. Later, in 1973, he left and started his own company, Marv Cooper Electric, where Mark first learned the trade by working summers and weekends as an apprentice.

Day’s Sacramento company, incorporated in August of 1958, started small. In 1955, Day Electric employees Jack and Dick Headley were sent to Sacramento County when a building boom led to a shortage of electricians. The brothers commuted to the new development, Arlington Heights, from Napa at first, but discovered they liked Sacramento — and also saw the possibility of more and more business coming their way.
So, Howard Day invested $10,000 and launched a separate corporation, much as he had with his company in Marin. This time he made Jack Headley (the older and more experienced of the two brothers) a ten percent partner. The name was to be D & H Electric, but a Los Angeles company already claimed the name, so the initials were reversed. At that point, recalls Dick Headley, the name not only stood for Headley and Day but also for “hurry and do it.”

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At first the Headley brothers worked out of a rented office, but soon moved to a small warehouse in Carmichael. In the early years, Jack recalls that he and Dick would drive around, looking for construction sites and picking up jobs wherever they could. They only had six to eight electricians working for them at any one time.

But, by the early 1960s the company’s reputation for doing good work at a fair price had attracted the attention of a few of the bigger builders in the region. “We began taking on larger jobs, and adding field staff until we had a crew of about 20,” says Jack Headley.
From then on, the company grew along with the Sacramento region.

“Every time we made a move it was into bigger quarters,” recalls Jack. By 1963, H & D Electric Inc. had moved to a 6600 square foot building on Walnut Avenue, almost directly across from today’s location.

Over the next 25 years, Jack Headley managed a company that focused primarily on residential construction and grew to more than $4 million in sales and a full-time staff of 40. Jack says the growth came from doing the basics: “If you do good work, you get more and more opportunities to get work. We just grew by doing good work and building good relationships with builders, suppliers and distributors.”

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During those years, Jack and Dick Headley worked together every day (and, according to Dick, were still friendly enough to play golf every Wednesday). As president, Jack took care of the overall management, including bidding and billing,
while Dick handled all the manpower as general superintendent of construction.

In 1988 Howard Day died, just days before his 70th birthday. Both Jim Day and his brother Duane had companies of their own, so neither one wanted to take over H & D. Jack Headley had no interest either — he was 62 and a few years from retirement.

So Jim Day went looking for someone to manage the company. He talked to his own college-aged son, James, who was studying to be an electrical engineer. James wasn’t interested; he wanted to start something from scratch, on his own. Then Jim called Marv Cooper, whose family had long been close to Jim’s. Marv wasn’t interested but suggested Jim call his son, Mark, who was working for a large electrical contractor in southern California.
At that point Mark had an impressive resume, even though he had graduated just three years earlier from California State University Sacramento with a civil engineering degree. He had spent summers and a year off from school working for a large construction firm, Peter Kiewit, where he managed complex projects such as installing power and control cables on the Alaskan pipeline in Prudhoe Bay.

“What did I do here? This could not have been worse timing.”

The call came on Mark’s 27th birthday, while he sat, frustrated, in Orange County traffic. Over the next weeks Mark considered his options and realized he was ready for a chance to be on his own, and leave southern California. He recalls calling Jim Day and saying: “I can do it if I have an opportunity to eventually buy a controlling interest in the company.”

Mark started at H & D in May of 1990. The company had 78 employees and sales of $5.1 million. By October of 1991, the local economy had taken a nosedive: H & D sales were cut in half and the staff was reduced to 12. “I remember thinking: What did I do here? This could not have been worse timing. I bought into a thriving company and now we’re...”
facing this downturn. I guess things will be better next year.” Things didn’t get better — the region continued to struggle and sales stayed level through 1992.

After a few more years of struggle, everything got better in 1995 when the company landed a multi-year contract to wire over 3,000 homes planned for Sun City Roseville, the first Del Webb “active retirement” community built in Northern California. Four years later when Del Webb launched its 6000-home Lincoln Hills development, H & D was named its sole electrical contractor. From 1995 to 2005, H & D enjoyed one success after another and increased sales from $5.4 million to $33 million and grew from 75 employees to 390.

Along the way Mark Cooper and his management team cemented already established relationships and created new ones with a number of builders such as JTS Communities, Beazer Homes, D.R. Horton, A.G. Spanos and Sunseri Construction. The goal has been, says Mark, to “over perform, to do our job so well that these builders can’t
choose anyone else and begin to consider us a part of their business team.”

Those selective, long-term relationships have helped to take some of the uncertainty out of a notoriously volatile business. In the current home construction downturn, H & D sales have dropped from $30 million in 2006 to an estimated $12 million in 2008. Nevertheless, the company held its own in the marketplace, remaining the largest residential contractor in the region.

Today H & D has tightened its belt, ready to wait out this latest downturn, but is also reaching out to develop new markets, such as residential upgrades and regular servicing of local commercial buildings for a large national service company.

Mark Cooper remains confident about the future: “Part of the challenge of being a contractor is dealing with a volatile business. Our job is to manage the ups and downs, to ramp up when business is booming, and to ramp down when it’s not.” Plus, says Mark, the company’s core strength will remain solid for decades ahead: “That strength is the experience, skills and commitment of our employees.”
The H & D Philosophy: ACHIEVING EXCELLENCE

There’s no better example of H & D Electric Inc.’s commitment to excellence than its track record on the Del Webb Sun City “active retirement” communities in Roseville and Lincoln.

Tom Gibson, now head of Hallmark Building and Development in Roseville, was then vice president of construction for Del Webb’s northern California division; he first hired H & D as one of three electrical contractors for the Roseville Del Webb Sun City in 1995. After a year or two, he says, “we switched all of the electrical work to them because of their performance. And, when we moved to Lincoln Hills, we awarded them the contract without competitive bidding because we trusted their work and their quality.”

What does Gibson see as the difference between H & D and other contractors? “First, internally quality was very important to them,” he says: “they watched their own work very carefully. And, second, they were concerned about the whole building process, always helping to figure how to improve it.”

As a result, Del Webb named H & D its trade contractor of the year for three years: 1997, 1999 and 2000. By the time the developments were finished, H & D had wired more than 6600 homes, some of them at the rate of six homes a day, which, notes Mark Cooper, “nobody around here had ever done before.” Mark’s goal was “to do
everything Del Webb asked – and then go on to do other things even before they asked. We wanted to consistently prove that we would always show up with the right products and the right people.”

“Mark is always asking, what do I need to do to be the best?”

“H & D is a top-tier subcontractor, one that we’ve worked with over the years and try to use as often as possible,” says Donny Lieberman, president of Sunseri Construction based in Chico. “Mark and his team pay a lot of attention to detail, to customer service, to going the extra mile. They are constantly looking for solutions, versus creating problems, and they support us professionally, technically and personally.”

Ray Ferrarini, now vice president of operations at Shea Homes, has worked with H & D during the past decade and calls
Mark takes pride in everything his company does. He’s always asking: what do I need to do to be the best?”

Striving to be the best has resulted in a long list of awards for H & D from both its construction partners and from professional associations.

In addition to Del Webb, Christopherson Homes and JTS have recognized H & D with Contractor of the Year awards, as has the Building Industry Association.

National awards include:
- National Association of Home Builders — NHQ Certification
- Independent Electrical Contractors — National Member of the Year, and Excellence in Electrical Construction
- Square D — Contractor of the Year
- Western Electrical Contractors Association — Outstanding Service Award

All these awards and accolades hang in the lobby of H & D’s offices, where employees and visitors are reminded of the company’s continuing commitment to excellence.
Many small companies think of themselves as families, but few have the strong bonds among employees, and between managers and employees that observers see in H & D Electric Inc. Cindy Moreno, director of forward planning for JTS Communities, has worked with H & D teams since 1986, when she joined the company.

“Many of the same employees work for H & D now as did when I first met them in 1986,” says Cindy. “It’s unusual that a company is good enough that people would want to continue their entire career in one place. There’s a huge bond among employees, and a real exchange of respect between Mark Cooper and his employees. Mark really nurtures his people; they don’t just work for their paychecks, they feel like owners.”

In fact, H & D employees are owners. Profit-sharing has been a hallmark of the company since its beginning: Howard Day believed in it as a shared foundation of a healthy company. Mark Cooper has built on that foundation, even though the practice still isn’t common in the building industry. “Mark has always been very forward thinking in terms of employee benefits,” says long-time outside accountant Don Pfluger. “H & D employee benefits far exceed those of other similar employers’ plans.”
Long-time employee Ileen Guttman (informally know as the “mother” of H & D) talks about the company as her “home away from home.” She says she was impressed from day 1, when Jack Headley hired her as a part-time bookkeeper. Today she manages the administrative side of H & D. In her 25 years at the company, Ileen says she’s been impressed with the total honesty of management and their “huge effort to work with employees to create a favorable environment for them.”

“Mark’s philosophy is to build strong relationships with a core group of builders.”

That environment includes not only a generous 401K profit sharing plan, but also health insurance for employees and all their dependents, paid vacations for field employees, and employee events such as an annual family picnic — as well as celebrations and awards for years of service and good safety practices.
In addition, H & D strongly encourages employees to upgrade their skills and took a leadership position in developing the WECA three-year residential apprentice program, the only merit shop residential training program approved by the State of California. Today H & D is 100 percent compliant with California’s state certification requirement.

Focus on people extends beyond the boundaries of H & D. Mark’s philosophy is to build strong relationships with a core group of builders, getting to know them and their businesses intimately, rather than spreading the company’s efforts among a larger customer base. “I want H & D to take care of long-term clients, to build our business along with theirs,” he says.

Rich Coyle, former vice president of building science in the Sacramento Division of D.R. Horton, is a client who can testify to the personal involvement of H & D in their clients’ businesses. Over the last nine years, says Coyle, H & D has wired every one of his company’s northern California houses, totaling over 4500 homes.
In recent years, energy efficiency has been a major selling point in Horton homes and, says Coyle, “Mark and Rick Cooper have been especially helpful in working with us as partners to figure out highly energy-efficient lighting — not only on the installation side but also on the supply side to get us the manufacturers and packages we need.”

“I want to treat employees the way I would want them to treat me.”

Rick, Mark’s younger brother, joined H & D in 1993 and has evolved into the company’s computer guru, chief estimator and CAD engineer.

For Mark Cooper, management boils down to common sense and the Golden Rule: “I want to run the kind of company where I would love to work, and I want to treat employees and business partners the way I would want them to treat me. If you do that, and think that way, it normally makes decisions much easier to make.”

Children of employees submit Christmas drawings, with one chosen to be the company’s annual holiday greeting card.
Employees with a decade or more at H & D are (front) Henry Roedell (19 years) and John Boles (13); (middle) Jack Headley (25), David Halliburton (21), Brent Roloff (12), Harrell Van Horn (13), Jarrett Dennison (11), Steve Langley (17); (back) Don Surritt (25), Mark Cooper (18), Nate Gilbert (12). Not pictured are Chip Bell (13), Rob Gramm (13) and Dave Dansky (11).

Administrative staff include Jeannie Lewis (13 years), Tammy Swanson (6), front; Kristin Strand (4), Dan Delgado(8), Judith McCrickard (4), middle; Larry Langlois (4) and Hans Orban (24), back.
The H & D Philosophy: BUILDING COMMUNITY

From its beginnings H & D Electric Inc. has contributed to the communities where it works, as well as to its own professional community. Notable examples were “House in a Day” programs sponsored by the Rotary Club — in 1984 in Fair Oaks, in 1987 in Woodland — where contractors helped to build small homes whose sales proceeds went to support Rotary programs.

Then president Jack Headley also recalls donating labor and materials to an expansion of today’s Sacramento Children’s Home, supporting the Sacramento area Special Olympics, and stopping by any number of local Little League parks to make sure they had electricity for night games.

But, nothing approached the challenges faced by H & D when it teamed with John Laing Homes, in July 2005, in ABC’s Extreme Makeover: Home Edition program. For each episode, a team of designers, contractors and workers has just days to complete a home that would normally require months to either retrofit or demolish and rebuild.

In this case, the family chosen had its own special challenges: Susan Tom is a single mother with seven special needs adopted children, including two girls born without legs. Their original home had six small bedrooms and no bathrooms that were wheelchair accessible.
During a blistering hot spell, the Toms were treated to a week in Disney World while construction crews worked nonstop to level the old house and build a new, custom home that was large, open, bright and fully accessible to every one in the family. Many of the teams worked a full shift, or even two, with few breaks for rest or meals. H & D general superintendent Jack R. Headley was one of them: he worked 57 hours with only short naps to keep him going.

Ray Ferrarini, then general superintendent and vice president of operations for John Laing Homes, calls the Extreme Makeover “a once in a lifetime experience.” One of his fondest memories, he says, was watching the H & D crew, better known as the “Ropers” “walking down the street with their tools, looking like they were Wild West cowboys, coming in to save the town.”

“All the effort was worth it once we saw the looks on the faces of the Tom family.”

Even Mark Cooper was, he says, “blown away by the performance of our team. I always knew they were talented but I never knew just how talented.” All H & D employees volunteered their time; while H & D and other suppliers provided materials, tools, vehicles, sleep accommodations, and food. All the effort was worth it, adds Mark, “once we saw the looks on the faces of the Tom family when they arrived to see their new home.”
The H & D sense of community extends to professional associations as well. When Jack Headley headed the company, he served in a number of industry leadership positions, acting as president of the Sacramento Valley Chapter of the National Electrical Contractors Association and serving on its board for several years.

Mark Cooper, in turn, has served as vice president and president of the Western Electrical Contractors Association and was a founding member of CALPASC, the California Professional Association of Specialty Contractors.

Mark’s passion has been, and continues to be, workforce development. He served as vice chairman of WECA’s apprenticeship training committee and chair of the Building Industry Association workforce development committee. He was also instrumental in developing the state’s apprentice program, acting as co-chair of the California Apprenticeship Councils’ Electrical Industry Training Committee.

To recognize his contributions to the industry, WECA honored Mark with its Man of the Year award in 2003.

As part of his commitment to the building industry Mark has been very active in the political scene. This has included testifying on behalf of WECA during legislative hearings in both the state assembly and the state senate judiciary committee. In 1999 he was appointed by the director of industrial relations to the panel that developed legislation requiring Certification of all electricians in California. In 2005 he worked actively with both CBIA and CalPASC committees that helped create the law governing construction defect legislation.

“I think I’ve been to lunch and dinner with Arnold Schwarzenegger five or maybe six times. It amazes me each time we talk how aware of the issues he is. He consistently reminds us
his father was a block mason and he was, also, when he first arrived in Los Angeles in the 1970’s. Because of this, he respects our construction industry and the struggles we have as employees and workers in this industry.”

“If you don’t get involved in the rule-making process, somebody else is making the rules that you will have to live by.”

For several years H & D employees traveled by the busload to participate in the annual Homebuilders Day sponsored by the California Building Industry Association at the State Capitol, an opportunity for members of the homebuilding industry to meet and talk with legislators.

“A big part of what I do is political,” says Mark, “because if you don’t get involved in the rule-making process, somebody else is making the rules that you will have to live by. Not all lawmakers are business friendly and most do not support the free market that the large majority of construction employees choose to work by. It takes time, effort, and being active at both the state and national capitols to help educate lawmakers on these issues.”
Mark Cooper likes thinking about H & D Electric Inc. as a small ship, one that can steer into a harbor and make it through a storm — such as the current economic downturn which he predicts could last through the end of the decade. He is wary of growth that comes from mandated sales goals that require expansion either geographically or beyond the company’s group of core builders.

“I believe that one of the reasons we’ve been successful is that we’ve never set sales goals, never said we’ve got to increase sales this year by 10 percent over last year,” says Mark. “If you set sales goals, you tend to spread your efforts among more builders. Instead, I feel we need to do the available work from our group of select builders just as well as we possibly can — so when the next project comes along they can’t logically choose anyone else.”

As a result of that philosophy, the company has both tightened its belt and focused on new markets in order to ride out the current regional economic downturn. In fact, H & D was looking into markets of the future as early as 2001 when it was asked by Kensington Homes to act as electrical contractor for that year’s Sunset Magazine “Idea House.” The 5,100 square foot home in El Dorado Hills was built to have the rustic feeling of a lodge but provide the latest in home products and ideas including “smart home” state-of-the-art automation.
Nearly all parts of H & D’s business were involved: the residential division worked with the architect and builder to assure that the home had the most efficient layout of its electrical system; the lighting group worked with designers to select and provide the specialty and effect lighting; and the structured wiring group designed and provided the latest wiring, cameras and televisions to automate the home.

“The key to the future is no single product or market strategy but a commitment to the long-term stability of the company and its employees.”

Today most of H & D’s projects are design-build; that is, the company works directly with builders and their architects to design electrical plans that are the highest quality yet most economical to install. That trend will continue, says Mark Cooper, as will a greater emphasis on energy efficiency, which H & D will continue to focus on in its lighting plans.

The key to the future, says Mark, is no single product or strategy but a commitment to the long-term stability of the company and its employees. “Too many companies, especially public ones, are focused on the next quarterly report. We’ve always been willing to accept short-term costs for long-term benefit — for example, investing in our people by investing in profit sharing. That’s our winning formula, for now and for the future.”