

California CEO

Building a Private Company — RANKING 22

June 2002

A construction services firm bucks the trend of how to do business, and has happy employees because of it.

DPR Construction Inc. is "growing the old fashioned way," says Peter Nosler, CEO and one of three co-founders of the Redwood City-based commercial contractor.

But don't think that DPR is old fashioned. Since the day it was founded 12 years ago, the contracting firm has been challenging traditional business practices. The company - which is named after the first initials of co-founders Doug Woods, Peter Nosler, and Ron Davidowski - is known for being entrepreneurial. Plus, everyone's on a first-name basis, and the open-office organization lacks hierarchy.

"People here have roles and responsibilities rather than titles," says Woods, explaining that although he serves as president and Nosler as CEO, the two share responsibilities with Secretary/Treasurer Davidowski and three other members of the management team.

Nosler says the genesis for that approach came from the partners' previous work experiences. He says they all worked at companies where there was limited access to senior level people and decisions were typically influenced by the bottom-line.

"We wanted to create a completely different type of company," Nosler says.

The result is impressive for the construction services firm.

Founded as an employee-owned business in 1990, DPR began its first year with a total of 11 people on staff. All 11 still work for the company, along with about 2,200 other employees.

And, much like its hundreds of technically challenging projects, DPR has been building on the fast track. It operates 18 offices nationwide and in Singapore, earning the company a revenue of more than \$1.8 billion in 2001 and \$1.9 billion in 2000, ranking it as the 22nd largest private company on California CEO's Private 250.

DPR, however, does not measure success solely by numbers.

"Success is creating value for our employees and customers," says Nosler, adding that it seems like very little measuring is done at companies outside of financial growth. "We encourage participation and leadership at every level and really do believe in knowing how we're doing by continuously measuring ourselves to develop new ideas and drive improvement."

A premium on people

"I think DPR has put into place everything that it needs, and more, to be a solid public company but offers the flexibility and benefits of being privately held," says Mike Humphrey, a project manager with DPR. He joined the company 10 years ago, fresh out of college, and is a member of DPR's Young Leadership Group. "My opinion matters at DPR. What I do on the job has a direct impact on the company's value, and the company values me for it."

This is intentional, says Nosler, who adds that one of the most important lessons he's ever learned is to treat people as friends and expect the same in return. Before starting DPR, Nosler worked for another firm where a senior manager almost was fired for taking a group of young managers to the beach for the weekend. The senior manager was reprimanded and told, "How can you supervise folks you have become friends with."

"That is definitely not the culture of DPR," Nosler says.

He points out that several employees have gone from pounding nails on a construction site to become integral in the management team.

"This represents success, as one underlying concept from the very beginning was to build an entrepreneurial organization, where people can continuously grow," Nosler says.

DPR's culture includes four core values: integrity, uniqueness, enjoyment, and ever-forward vision. According to Woods, these values were part of DPR's early "genetic coding" and continue to drive the company today.

"Our goal is to constantly look at what's best for the company, focusing on our vision, customers, and employees," says Woods. "This would be difficult to do if we were a public company that had to answer to non-employee shareholders and the quarterly financial pressures of meeting the expectations of analysts and Wall Street."

Rather, DPR concentrates on meeting customers' expectations and developing new opportunities for employees, says George Pfeffer, regional manager of DPR's Redwood City office. For example, DPR made a tough decision two years ago when the company decided to break up its Redwood City headquarters and open smaller offices in Pleasanton and San Jose.

Pfeffer says that it was done to better serve customers in the various regions, to lessen employee commutes, and because DPR had employees who wanted more leadership responsibility.

Another way that DPR bucks the trend is by providing open-book financials. It is unusual for a privately held company to list all financial details, from the revenue generated by each regional office to monies used to pay bonuses and stock dividends to capital expenditures and profit margins. But this is exactly how DPR operates.

"The amount of information we share with everyone is extremely unique," says Cari Williams, a company stockholder and member of DPR's regional leadership team in San Diego. Williams joined DPR eight years ago from a publicly traded company. After 12 years at that previous job, Williams thought that changes within a company took a long time. Her DPR years have altered that perception.

"My eight years at DPR have gone by in a blink of an eye, filled with change and growth," Williams says. "It's the true essence of entrepreneurship."

