

transition since 1997." Yet the question still remains, how do you get six people to agree on anything. "We don't agree on everything. There are some things we agree on, that's for certain, the others are worked out," says Randy Cunningham, safety director and resource manager. But Gillenwater will be quick to tell you, "Each owner has his or her own responsibilities. The president will make executive decisions; the chief financial officer will make financial decisions and so on. Our owners have diverse strengths and weaknesses. As a unit, we complement our strengths and support our weaknesses."

Such support from within the owner group and from David himself is key to the continued success of Pray Construction. It is equally important for those businesses wishing to make such a transition while remaining competitive in the market.

To further solidify its dominance in the market, Pray Construction has become a leader in design-build services, which afford customers valuable benefits including: early identification of final costs, superior design in a collaborative process and execution in record time. They influence the actual design of the building, stay active in the process and work hard to communicate with each customer to understand their goals, constraints and concerns. "We become very involved with owner and architect down to the use of certain products such as doors or screws," says Grigsby. "We work for the customer to get them the greatest benefit. This is what sets us apart."

Another competitive advantage of Pray Construction is the new ownership structure itself. As an owner group, they have a great amount of intellectual capital from which to pull—more than 100 years combined experience in construction. All team members assist the design team in choosing the best direction for projects. Their vested interest

in the project and the success of Pray itself are major selling points.

"The market should have great confidence in the new leadership," says David. "Most of the owner team has been with Pray Construction for many years. They believe in and have helped form the culture that has been created. As new owners they are pressing even harder to create a high level of customer satisfaction. We can pretty dependably deliver punch-list free facilities. This transition is a positive step mutually beneficial to the owners and customers."

Ready to Stand on Its Own

The new ownership structure has brought with it a great deal of change. Pray Construction has been able to retain all of the key managers that were brought into the new shareholder group and retention among all employees has improved. The work environment has improved, Ken Cooper, senior project manager states, "There has also been a great deal to learn about owning and running a business. That has been exciting and challenging. The

entire group of shareholders is focused and 100 percent committed to the success of our organization. I truly believe that our customers recognize the strength of our organization and how they benefit from it."

So what makes this ownership structure at Pray Construction work? How can others replicate such a structure? First, it is focused on people, teamwork and communication. Such a structure cannot be successful without a group of highly communicative people. Second, a team must have members with different backgrounds, skills and abilities, so that the team can pool its attributes and maximize its effectiveness. Diverse teams create innovative work, and that is certainly another distinction of Pray Construction. Third, and perhaps most importantly, a team

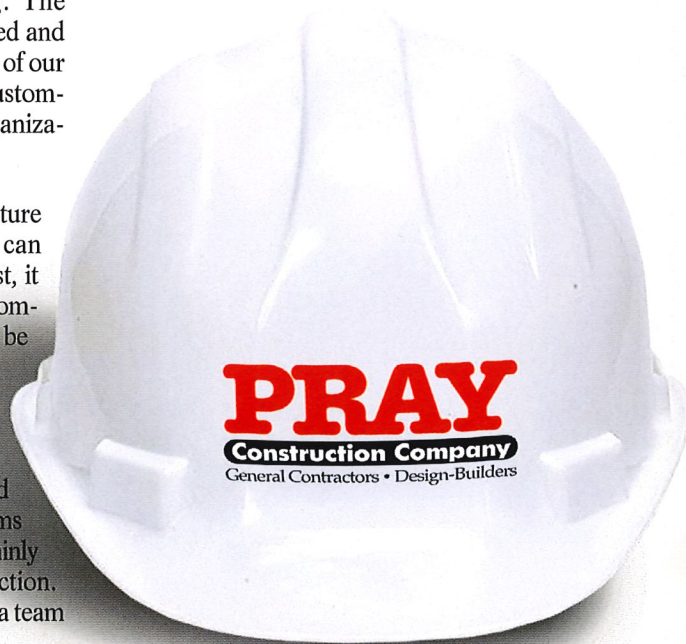
must have a shared sense of mission. (For information regarding the company's mission, visit www.prayconstruction.com.) Perhaps that is the Pray difference and what will make this ownership transition a success.

The Future Is

For David the future holds many new and exciting possibilities and certainly, continued involvement in what he built at Pray Construction. However, that involvement will take the form of a new role. "I may stay involved with Pray Construction at some level. I still have an office there and will be around. On a different track, I have been working with a group of investors developing a condominium hotel at Snowshoe called Soaring Eagle Lodge. That will likely last a few years. I will be involved in real estate and construction in some way. Maybe I will focus on something more important than putting more beans on the table. It is an exploration. I suppose I am taking a leap of faith, but it will be an exciting, intriguing and a very positive thing for me."

For Pray Construction and the new owner group, what they contributed in the past made Pray Construction Company a success, what they do now will ensure its success. "I don't worry about anything that I wouldn't worry about as the leader of the company. There are the usual fears in running a business. You are always looking over your shoulder keeping an eye on the market, the environment and your customers," says David. "But I am not anxious about it at all. I attracted very smart, competent people to the organization, and they are running it now. They will do very well." ■

Photography by Rick Lee.



A Tradition of Excellence Carries Forward

Jim Nester

After dedicating a career to a tradition of building excellence at Pray Construction Company, David Pray, president and chief executive officer of the company, is preparing to complete a transition he has planned for 10 years. This year, Pray Construction will formally evolve from an individually owned company to a professionally managed construction company, owned by six of its top managers.

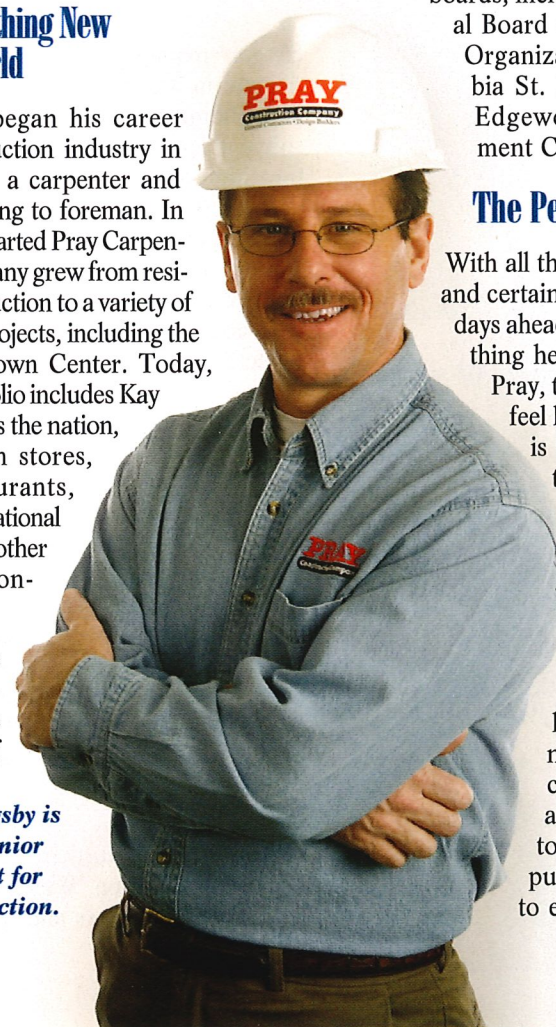
While many are weary of such change and the associated challenges of such a transition, for one of West Virginia's leading design-builders, it is just one more project built—not with bricks and mortar—but upon a strong foundation of leadership, teamwork and strategic planning.

Bring Something New into the World

David Pray began his career in the construction industry in 1973, first as a carpenter and then progressing to foreman. In 1974, David started Pray Carpentry. The company grew from residential construction to a variety of commercial projects, including the Charleston Town Center. Today, the Pray portfolio includes Kay Jewelers across the nation, Ralph Lauren stores, Chili's restaurants, financial, educational and countless other projects nationwide.

During the late 1980s and early 1990s, there was plenty of

Mark O. Grigsby is owner and senior vice president for Pray Construction.



work to go around with new malls and other public facilities being built every day. Pray Construction was in high demand. Mark Grigsby, senior vice president recalls, "As retail declined, we found that simultaneously our work around West Virginia was picking up."

Pray Construction's success as a National Design-Build Contractor in the Eastern United States (with licenses in 24 states) continues through David's vision and the management's professional leadership. The company has consistently enjoyed revenues in excess of \$25 million annually. A recipient of the 1997 West Virginia Entrepreneur of the Year, David has previously served as a director on several boards, including the International Board of Young President's Organization (YPO), Columbia St. Francis Hospital and Edgewood Summit Retirement Community.

The Perspective Changes

With all that success behind him and certainly more coming in the days ahead, why turn over everything he has built? For David Pray, the answer is simple. "I feel like the time is right. It is time to let go and let the organization benefit from new interest, leadership and energy. For 30 years I have been growing and nurturing Pray Construction. We have worked very hard to build an organization that puts the customers' concerns at the forefront and to have a finger on the pulse of each customer to ensure we are meeting

their expectations. As Pray Construction continues to do that, we will rank highly with customers. That will be the measure of success. This transition process has been a long and thoughtful one. We have been building a professional organization for a number of years. I feel good about making this change and creating an opportunity to let the organization continue to prosper. This change is good for the business, our customers and the individuals who contribute to its success," he says.

Grigsby has had a long history with Pray Construction with years of practical experience in the field and in management. During his tenure as director of operations, Grigsby has managed the operations of almost every project and simultaneously has been groomed to take over the sales, marketing and management of the company. When the ownership transition is complete later this year, Grigsby will assume the role of president. He looks forward to leading Pray Construction's efforts as an owner—along with five of his colleagues.

According to the National Federation of Independent Business (NFIB), employee-owned businesses are gaining in popularity. Companies are discovering the double-dividends of employee-owned businesses and advocates say it is good for the business and the individuals who contribute to its success. Such arrangements can often be an effective way for companies to provide for continuity, obtain low-cost financing or create a potential employee benefit.

"For us it helped stabilize the work force. Anytime you grow a strong organization with employees with such a strong work ethic as those at Pray Construction, you will have people want to start their own business. Through this arrangement, you can provide a potential employee benefit continuity and avoid a great deal of the startup issues," says Grigsby.



Mark O. Grigsby — Owner and Senior Vice President

Mark is a majority owner of Pray Construction, and the company senior vice president and director of operations. Mark is responsible for the overall management of the company and oversees all customer accounts and relationships. Additionally, Mark has hands-on involvement with many major projects.

Lois Gillenwater — Owner and Director of Finance and Accounting

As controller with responsibility for all accounting and financial reporting functions, Lois is responsible for protecting corporate assets through developing and executing risk management plans. Additionally, she leads all human resource issues including training. She is responsible for developing and maintaining an innovative management information system to increase productivity and maintain competitive advantage.



Kenneth W. Cooper — Owner and Senior Project Manager

An owner of the company, Ken is responsible for fulfilling the company mission, "Creating a Tradition of Building Excellence." Ken manages some of the company's largest and most complicated projects, and he has gained an expertise in hospital and medical renovation and construction.

Erich Reggi — Owner and Project Manager

Erich oversees project estimates, workmanship and the profitable and timely completion of individual projects. Areas of oversight include shop drawings and submittal review, subcontract negotiations, material purchases and all other related administrative and financial details. Additionally, he is involved in the management of subcontractors, laborers and resources.



Randall Cunningham — Owner and Resource Manager and Safety Director

As an owner, safety director and resource manager, Randy chairs the safety committee and is responsible for all aspects of site safety, coordinating training for project superintendents and employees. Additionally, he is responsible for the hiring and supervision of superintendents and trade employees. He also oversees the efficient deployment of tools, equipment and materials to the construction projects.

Keith Smith — Owner and Project Manager

Keith is responsible for project estimates, and the profitable and timely completion of individual projects. Areas of oversight include shop drawings and submittal review, subcontract negotiations, material purchases and all other related administrative and financial details.



Suddenly, 30 Years Have Elapsed

For some transitioning to an employee-owned structure, creating an employee stock ownership plan (ESOP) is the preferred method. The typical ESOP functions like a profit-sharing plan with the company creating a trust to which it makes contributions and then allocates to individual employee accounts within the trust. The shares of company stock and other plan assets allocated to employees' accounts vest over time, and the employees receive vested portions of their accounts at termination or retirement. Contributions can be made in either stock or cash.

Discussions of an ownership transition began in 1997 with conversations between David, Grigsby and Lois Gillenwater, director of accounting and finance. Building on his belief that it is the people—not the tools—that make a good project great and given his drive to be unique, it is not surprising that David chose not to follow the norm. Working with Fails Management Institute, a leading consulting firm in the construction industry, David created what can best be described as a modified ESOP. It was not open to all employees. Rather, it was offered to a selected group within the leadership core of Pray Construction, those in whom David had a great deal of trust.

Six key managers were selected to participate in an ownership transition from its founding entrepreneur to a new ownership and leadership group. The ownership transition plan enabled the new owners to acquire the company stock based upon "sweat-equity." Shares were purchased through a defined formula based entirely upon corporate earnings, allowing for favorable tax ramifications to the shareholders.

The Creation Is Self-Sufficient

"It's already working," David remarks. "For Pray Construction and me, this was the right decision. In the past few years there have been a handful of challenges that have taken me away from the business. The structure for my eventual absence from the business was already in place. It was seamless. Most customers did not know I was out. Really, in the past few years I have had involvement in limited projects. The plan has been working very well."

Grigsby explains further, "This wasn't an overnight transition. We have been working together for years and working on this

