

# Ron Hudson, Superior Wall Systems, Inc.

44 years ago, I had an old pickup truck and 1,500 dollars. You must be ahead of the game to see what is coming, employees expect a vision for the future.



I used to hustle pool until I was 18 years old and learned how to manage my fear of risks.

I got my first side job when I was much younger. I needed to fire tape the ceiling in a nude bar. I was not a taper but it paid \$150 for 2 nights' work, so I would work at 1am in the corner with the mud while the girls were still dancing.

The local sheriff was instrumental on how I ended up in industry 52 years ago. He was an angry dad that told me I had 3 choices. I could go to Vietnam, jail or I could marry his daughter. I was 18 and she was 16. I watched a lot of people, friends come back from Vietnam very broken and never able to recover hardly recognizable.

The marriage thing sounded pretty good, so we got married and I was able to raise my family. My new father-in-law was a superintendent at Roger Hopkins Drywall where I started in 1968. He made sure I got just below the surface and started at the very bottom. He did not know who I was and wanted to test how fast I would take off, but no matter how tough he was I would not give up. I looked like Richard Gere in Officer and a Gentleman, "I got nowhere else to go!" At 18 years old his answer to that was, you can scrap floors, insulate, and do all the stuff that nobody else wants to do. I never said a word.

I ended up going to Hawaii because there was no work here. We spent a good 1.5 year there while the economy recovered. My wife and I were broke. Our apartment was so tiny and infested with termites that you could not see through the screen door. We would get buckets, scrape them in and take them outside, come back and do it over again. Hawaii was very heavily union and there was not a lot of work, but I got jobs because I worked hard. They made it painfully clear I was not wanted here, taking work away from the locals and most people did not talk to me. I had my life threatened many times but did not give up. I ended up doing a tower over in Macaha working on the 26th 27th floor. A Portuguese guy came over and told me get off the scaffold and go find something else to do. "Those are our duct shafts, my brother Dingie and I have a special arrangement." The superintendent gave me this job to do and I would not leave. He said, "You do not understand, we will throw you off the building if u don't get down from the scaffold right now." I told him, "U got to do what u got to do but I need this job." They laughed and laughed so hard. I was young and dumb; they were not kidding. They

thought I was hilarious and crazy. I had to stand my ground and be tested. We became friends. Once that happened everyone else was ok. I ended up moving in with them for 2-3 months after my wife left. She was only 17 and tired of struggling. Nobody bothered me after that. I could walk into any bar, restaurant or nightclub in the town. I became part of the group; we would go boar hunting and throw net together. We would dive down into the water, catch, and clean the fish.

Made a little money by taking it to the market. If we caught a boar, we would feed the whole village. I made a life for myself there, had a girlfriend all I wanted to do is lay on the beach and go with the flow. The surfing was dangerous they were very protective and made sure you did not go in that water.

That was beginning of some life training on survival, on how bad do you want it? I learned a great deal in Hawaii, a lot of lessons. Just the fear of failure was enough to drive me.

I was in a hospital that was half mental ward and half health, there was no division. I ended up next to a very mentally disturbed guy that would walk around at night chanting with no clothes on. It was very surreal. They were going to take my arm off I was pretty badly hurt, and I was in a bad place. I remember seeing a report of a massive earthquake. I realized the next morning it was the 6.5 magnitude 1971 Sylmar quake in my hometown. It shocked me out of it, my daughter was there. The window burst and all the glass went on her but thankfully she was ok. I was broken and lonely and knew then if I cud get out of the hospital with my arm it was time for me to go home.

When I got back from Hawaii, I called Rickert Drywall and they asked me to meet them at a job in Cerritos. When I got there at 7 am it was empty. I could see that someone started hanging draft stop. I put my tools on, got up on a scaffold, measured it, put a small hook in a drywall, pulled it up, nailed it and moved to the next one. I had most of it hung by the time they got there at 8am. They just about lost it and thought I had a screw lose. They did not even know I was hired and could not believe I would just go to work. They called office and ended up getting in trouble for showing up late.

That speaks a great deal of my experience working for Rickert Drywall being 5th standing in line at the bank watching the teller shaking her head that there was no money in the account to get paid. I remember at one time holding 5 checks and not getting paid for weeks.

I started out hanging board on the tracks in the San Fernando Valley and my hanging partner was Doug McCarron. We used to hang leads together and he was as bad ass then as he is now. I could have not weighed 160 lbs. but it did not matter I was turned lose.

We were all piece workers and our pay rate was 1 cent and 7/8th so in order to hang scale you had to hang about 60 sheets of 4x12. A crew had to go through a little less than 90 to make scale. We had sheets back then that were 14 feet. There could be 100 houses, and you wanted to make sure to have the entire house to yourself. You went out at night, picked the ones you

liked, hung one board up and put your name next to your house. That is how it was done. On the other hand, when the drywall contractor told you the house paid 60 sheets, you better count them, or they may stock an extra 5-7 sheets and pocket the money. So, you would hang 67 sheets when you were only getting paid for 62. If you missed something you would pay for the pickup. One time I hung a firewall all day, first firewall I ever hung. I drove from San Fernando Valley to almost Oxnard and worked all day to make that \$13. It was 18 feet; they gave you a ladder and a plank and that was it. No scaffolding. I happened to miss one small piece and at the end of the day they back charged me \$13.

There was no safety, 40 feet in the air without a harness, standing on a plank while they handed 1 piece of board to the next guy who handed it up to you and your partner. You would throw it over your head and go. We nailed out a whole theatre that way with 1 plank. If you did not want the job, there was someone else around corner that did.

There were a lot of characters back 50 years ago, everyone was migrating from all over to come out to California. Everybody had a story. I remember vividly in 1968 being on a stack of drywall, we just had the moon launch in July, so we were all talking about that. One of the guys chimed in and said, "I do not think what they did was very smart they should have waited until it was the full moon to have more room to land on." We had contests on who could nail the fastest and how many sheets of drywall could you pick up by yourself. We played cards and had some good times.

The unions were nowhere as sophisticated as they are now, there were pretty week. We were union for the most part and they had piecework rate but did not monitor it. The carpenters have always been pretty good about an equal day's pay for an equal day's work.

When we lost housing, we lost piece work. People stopped learning how to move in an efficient manner and we need to look at their means of method, help them. They want to give it all they got; it is a matter of training. When I was younger and out in the jobsite, I would put their tools on and show them. I was an extremely fast hanger. My best day was 100 sheets of ½ inch 12 in a 12-hour day. I could nail 44 nails per minute on a lead. Pulled a handful of nails out of the pouch and it was very rhythmic. The amount of production we are getting now versus 25 years ago, has gone down to half. There is only so much money to go around until it reaches a point where it makes no more sense to build a building.

Metals studs were coming into the game in the 70ies. There was only a handful of big contractors and a bunch of small ones. The housing market did such a poor job taking care of its people I learned a great deal about how not to treat my employees.

I started Superior Wall Systems when I was 26 in 6/6/1976 as a proprietorship. I had 3 kids and 2 ex-wives by that time. When you are growing from nothing trying to sort it all out working 12-16-hour days and weekends your family will suffer. 3 years later we had Superior Wall Systems Inc. and I was doing a lot of mall stores. I would wait in the parking lot and when saw I the General Contractor with plans I would follow them and ask to take a look at the drywall portion.

I kept doing that and at one time I must have had 20 plus stores going in Brea. It was 7 days a week 12 hours a day. Did not make hardly any money but I started to build momentum. I would always get it done and do what I said I would do, no matter if it was sweeping floors or framing. It did not matter. I moved into my apartment and one room was my office. I was finally able to hire a girl to come in and answer the phone. It was 20,30 years before I made any money. It was a long, long time; we had all these recessions and bad jobs you should not really have been doing. I made a lot of mistakes. I just believe I could do anything if I put my mind to it. I never had the chance to mature into a superintendent's job or work in the capacity as a foreman for a large project. I had absolutely no idea how to work in an office.

My very first job was working for Pacific States Plastering in the Anaheim Mall. I was on my hands and knees building the bottom of a column. A gentleman named Troy Warren walked up and said, "I have been watching you for days, you are a very hard worker. How would you like to build a store for me?" He wanted me to build a House of Fabrics. He gave me the plans and wanted a price. There were 2 demising walls, a stockroom wall and a bathroom. I did not have any money, equipment, or material. I went through the drawer at home and pulled out everything we owed. It added up to \$3,850 and that was my bid. He gave me the job. When I asked him for some money, he told me "Get me an invoice and I will get you a check." I took an 8x12 piece of drywall and I wrote down, Ron Hudson gets \$1,000 for the House of Fabrics in the Anaheim Mall. I wished I could have filmed the look on his face of are you for real? He told me to go to the office in Burbank and give them the invoice. I handed my piece of drywall to the receptionist and could hear everyone laughing in the back. They came out and handed me a check. I had never seen \$1,000 before and thought, I like contracting, this is pretty cool.

I called up a friend of mine because I knew he had a bunch of metals studs in his back yard. I told him I would trade him the TV set I found in a parking lot of the apartment building I was working on. His truck shows up with odd shapes and sizes of every stud imaginable. I did not have any scaffold, so I cautiously borrowed some from W.F. Hayward who was working on the mall as well.

I told this one kid, "I will give you 10% of the company if you come over and work for me." He said, "What company? Just pay me instead". There were giant ducts running along the walls, they have not cut them down yet. He cut a big enough hole that I could hand the boards to him so he can put them up. We jerry-rigged every piece of metal we had and hung the demising wall. I called Adam Trucking and Supply and had them deliver wall for the second piece of \$1,000 drywall invoice. There was a little bit less laughter at the office this time. Because I handed Adam Trucking the money, I was credit worthy, so they set me up with an account. I thought if I ever saw \$1,000, I would retire to Europe and life in a villa.

I did not have a chance to finish high school, I was a father. I did know how to grow into an office environment where I learned the proper techniques. Nobody trained me to estimate or manage a project. My mom would do my books and cook and clean for me for \$35/week. That was my overhead. I remember all the mornings I would wake up sometimes at 4.30 am and I would snap out of it immediately when I answered the phone "Superior Wall Systems: like I was waiting for that phone call. When we finally reached the point that we moved into an office in

Brea we had the punch dial phones that had the hold buttons . My daughter, Linette who was a young teen wanted to work in my office. One day I asked her to hold my calls. I was on the phone behind closed doors and started to wonder why all the 6 lights were lit up. I walked out and saw her on the phone hitting each button "Hold please" "hold please" going back to #1 after she finished with the last. It was a lifetime of that and still is. I vividly remember coming into work later in the morning to estimate after I drove to Ventura and helped the guys hang out a hospital. It went on for months on end and got very tiring.

There was no growth and I knew that if we did not start taking on some larger projects, I was never going to work my way out of the small stuff. The biggest job we took at that time was for Bircher Construction. A very good friend of mine helped us get the second phase at the Spectrum Mall for 2.5 million and we made good money. As we grew and our relationship with the bank grew as well, and they kept bumping me up and we had some working capital. It slowly became more retained earnings rather than borrowing. Finally, the scale started to tip and it was time to step up or get out of the way.

After our Brea office we were in Anaheim for a while and had a bigger warehouse. We build a kitchen for my dad; he was doing catering for my clients. He was such a kind loving guy with a huge physical force. People loved walking in the morning, he would have their lunch ready. If it were a special occasion, he had he would make a special dinner for their family. He did not have any money, people just loved him it was very impressive. It was good to be raised that way it gave me a great deal of my foundation and heart, the ability to see things from both sides.

I was not going to attract the type of people I wanted to unless I unless I build a company that looked like it had potential. We went to a whole new level and built our current offices in Fullerton, almost the death of me. My accountant was upset with me because it cost me all my liquidity and I spent every dime I had and was going to make for a long time. The bank was nice enough not to cut my credit line, but they would not increase it.

As we grew larger, we had to use more than one company in the sandbox, but it did not take away from the great 20-year history of Westside Building Material and all the other people Jimmie, Dick Martin, Bob Heimerl, Dick Peckham . We have always been friends and they stood behind us. For example, when steel increased by 300%, I have to give Westside a great deal of credit because they went back to manufacturer and asked them to guarantee the price a little longer, so we made it out alive. Dick had also loaned me money a couple of times and both times I paid it back with interest.

I was away in Mt. Everest as a part of a small group of skydivers over 30k feet. It took 3 weeks and I had no idea the world was coming undone. I figured we had lots of backlogged work and it is never going to end. When I got back by 2009 all our work had dried up, we were building nothing. In 2010 we took 3 LAUSD jobs and that was almost the final nail in the coffin. I was not being isolated; it went bad for everyone.

I fought my way out and these were not the only hard times but definitely the most painful. My mom was dying, my father just passed away, the company was struggling trying to survive the school projects, I ripped my shoulder and lost use of my arm for 8 months and my wife divorced me because the money ran out. I was living in Laguna Beach at the point to build a vegetable garden on the side of the house and go fishing every night to catch dinner. The bottom fell out. The State was suing me for 33 million from that failed insurance program that I had nothing to do with. The IRS was auditing me for 8 months and it ended as a no change audit. We did pay too much a few years back and we fought to get 600k from 1.5 million but they did not want to give all of it. We were on the rocks.

2010 was one of those years that if you could make it out of you would be fine. And I did.

A couple of guys came into my office one day in 2011, while I was still stitching up my wounds. They asked what I knew about the panel business and rolled out a 24-month prospectus with all these great ideas about how big it could be. I had no money but when they came back again, they tailored down the idea and I felt bad, they had also lost everything. I did not know who they were, but I liked the aspect of the market with the senior living. I told them I would kick in 120k but they needed to get a contract, so they sold the Marriott Hotel in Anaheim. We started our journey and rented 130k square foot factory. They told me they had all the equipment and all I needed to do is sit back and watch. None of the equipment worked. Employees that were supposed to be highly trained technical people did not have a clue what they were doing. The gentlemen that were supposed to be the expert in panelization had never done a panel job. The general contractor on the hotel had pretty high expectations because in order to get this contract he had been sold a pretty picture; it was anything but that. Halfway through the job we were out of money. The guys were out bidding more work and signing up contract in my name. Talk about dark days. I did not know anything about the panel business. Here is another lesson, I was not in my core competence. I thought it was drywall and metal studs, how bad can it be? All these panels were showing up wrong in the field, it drove Rod nearly crazy. We had never been screamed at like that by a general contractor before. Now I was \$700k in the hole.

We had only 1 good job between all the sour ones, the Marriot Hotel in Newport Beach. I was gone for 2 weeks and called up to see how things were going. My VP said, fine, but it did not sound very positive. At the end of the conversation, he told me he was leaving in 1 hour. He quit. They were setting me up. They raised my price on Phase II of the job and went into business for themselves to come in with a lower price. That was the job that was going to pull me out but instead everything was imploding.

There is a commonality with all the entrepreneur's ability to accept risk and manage it internally. If u want success at the very least get as close as you can to it by doing the work. We are all at risk. Some knucklehead estimator slips a couple of bids out there and you will not know for a year that you are about to get hit in the face with a bowling ball. You must build up your piggy bank pretty deep now days so when things go bad you can hold on.

I started out with nothing and no mentor to tell me what not to do. It was all trial by fire. I did not know anything, and I did not even know what I did not know. The deeper I got the more I wanted it and the more people relied on me. I remember I slept in my car and in my van a lot. Any place I could get cover while I was working. You do not mind being uncomfortable when you are young. Even though I did not finish high school I was still someone that would lead the class in jumping jacks if asked. I had no problems to be chosen to do something and did not have a challenge leading. However, it was obvious I did not know what I was doing. Some will use that as a foundation of how they are going to take advantage of you, and some will take pride in knowing they helped you evolve into something very special. My slate is clean.

Everyone must live with their own choices. I am the guy with the Rolls and 100-foot yacht vacationing all over the world. I am the guy that gets to hand out money to his employees and tell them how much he cares about them. I am the guy they can walk into a room with his chest out and his chin up and say "Hey, you could trust me." Which one would you rather be? Someone once said they took a client to Hawaii, then I realized there was no client. I am not here to play mommy. Do your job, do it right and we will all benefit from the results. One of the things that came out of all that and is working very well, was the idea that we no longer allow our guys to go lunch, vacation or golf with supplier. There is a girl in accounting that works just as hard as they do and just because they are able to be in better contact it should not give them more benefits. It must be a very level playing field in every sense. We have a very fluid industry and there is a lot of money involved. I would rather take less but do things the right way then the other was around.

My greatest victories that I look back on with most proud were the hardest times. The ones we took our beating, worked our way out, looked around to see who was left alive and had enough to start over. In most every recession when you are a small company you have not built up your liquidity, retained earnings or enough backlog and foresight to be ahead of the market. You work from job to job like paycheck to paycheck. There have been times when I sold everything, I owned to make sure the employees and suppliers got paid. I am really proud that in our 44 years in business the only lien that was filed against me was in the first 6 months on a McDonald Douglas job. No matter if I got paid or had to beg borrow or steal.

When you first start a business your fist collection of employees isn't quite the top of the class. You are taking what you can get. I was trying to be as much of a force as I needed to be to get the job done. There were a lot of seasoned carpenters looking at me like they were going to eat me for lunch. I have spent a lot of years of gaining people's respect. Learning how to reflect what you expect. I also have had experience with someone stealing me blind. That is when you look very deeply at yourself to figure out why it continues to happen? Maybe you are not acting like the leader you are supposed to be. Maybe you are not projecting the leadership you are supposed to project. I trusted people too much and thought they would all act the same way if found a wallet on sidewalk. Open to see who's it is and return it. But there are people who would open it to take the money and drop the valet. It does not make you a bad person because you lost your valet. It all just makes you who you are. You have to know how much people are taking advantage of you, but still follow you heart. I have learned to be much more

guarded but not enough that is it impenetrable. You still have to trust people and vice versa.

The people that we have at Superior today whether the acoustical or the panel company are magnificent. They are such a great group because they get the chance to spread their wings and jump in try new things. There are always new challenges and I prefer to be there because I love the excitement of watching them grow and have opportunity to express their own talents.

I have a gentleman that is one of the finest that I have ever had the opportunity to work with. He started at \$15/hour in a factory. He is a full-blown architect now and has traveled and built panels all over the world. He saw our panel operation and realized we had no clue what we were doing but he knew that if we can get it right there may be some opportunity there. Before long he was running the place. It is such a complex business with so much equipment, knowledge, and commitment of how to build a model. We overcame that and delivered 4-5000 panels at 24,000 lbs. where they all fit within and 1/8 of an inch. Our failure rate is not even 1%. And we will do probably to \$100 million this year companywide.

If I would do anything to stop contracting, I would develop a curriculum for college kids to do 1–2-day seminars on not only how to be an entrepreneur but how business really works. We have experiences and it is our duty to try to help the younger generation understand what they are getting into. You can be the sharpest tool in the shed and the smartest student, but you have to overcome your ego. If you do not have good people skills and cannot get people to follow you it's impossible to gain their support. Be aware of how you behave and the message you are sending about yourself. Give them some ideas on how to start small, be patient and persevere. You must believe in yourself so others will believe in you as well. Teach them how to be a leader of a business where employees join together for a single goal. There is also a lot of risk involved and you need to learn how to manage the fear of it. Most guys don't want to give up the control and depend on everyone else around them. You must put your faith in your workers, suppliers, architects, general contractors, owners, and the economy. You will have to put everything you own and ever going to own into it. If it fails there is a chance the roof over your head, the college fund, the cars are all gone, and you have no place to go. Some may say wow, I want to do that, most won't, and I don't blame them. I would shake their hand and say, "I wish you nothing but the best. "

Another lesson I would like to bring to light is the importance of responsibility as a leader. We had a very unfortunate accident at the company Christmas party. About 300 guys showed up and we had only 3 cases of beer but there was more brought on property and there was some drinking that went on prior as well. One of our guys hit an 80-year-old man when he left and pulled around corner. It is very tragic. The young man will go to jail and his life will change forever. The older gentlemen were not able to say goodbye to his loved ones. Please do not assume everyone is ok and help save lives by having your employees blow into a breathalyzer when they leave.

I will be 70 years old on February 24th, 2020. I go in the gym most every day and with the way medical science is now days I will probably have a pretty high-level energy for quite some time.



I have a wonderful wife and marriage and a very loving family. We do a lot of different family activities and I don't see myself slowing down. I will know the right thing to do when it is time to do it. As long as I stay relevant and I can lead effectively there is no time limit on my career.

It took a long time to get here but there is nothing like going home and telling your family about all the projects you have been a part of. There is such a permanence to it, in 50 years your buildings will still be there. And the time goes a lot faster than you think.

My daughter was pregnant with my little granddaughter when I jumped out of the airplane over Mt Everest. The first thing I said when parachute opened up was " I just want u to know we have not met yet but I will always be the for you." She is now 10 years old and when we show her the video the impact of me thinking about her before she was even born is huge.

I have 9 grandchildren. A few generations from now I will have a legacy. If they want to manage the company and they have the ability to do an ESOP it's on the table. If not, I would at the very least arrange for a sale and a slow transition to maintain jobs and welcome a new face to come into office each day to ask how everyone is doing.

If my guys in the field are watching this video, I would tell them how proud I am of them. That they can be proud as well of the Company they work for because it is founded on such great principles. We produce an incredible product and care a great deal about our clients.

It has been a fascinating life. For me It is not a job, I love what I do, and I do not regret any of it.