

Oral History Interview

with

CONAN CRAKER

March 20, 2009

Duluth, Ga.

By Michael R. Adamson

Adamson: I'll just ask you to summarize your career up to the point where you came in and joined Pankow.

Craker: I worked for Comstock Construction in Traverse City, Michigan, for four years total, and two of those were while I was in college and the last two was as the office manager. I had gotten married in February of 1962, and the winter of '62 and '63 was probably one of the worst winters they ever had in that part of the country, and my wife basically said move or divorce. So my sister and brother-in-law were at that time living in Oakland, California, because he was on the police force out there, and they said, "Come on out." So we went out and we lived with them for a few weeks. My wife said, "You've got to either get a job," which I had been trying to do, "or sign up for unemployment," which I didn't want to do because I didn't believe in it, ["and share expenses with your sister."]

So I went down to the state unemployment office. As soon as I got there, the person that took my information said, "Oh, have I got the job for you." And she called John Stuart, who was with Sollitt Construction Company but kept the books for Charlie

Pankow and Charles Pankow [and] Associate on the MacArthur Broadway job.¹ So I went out to see him, and, man, I was at work the next day.

So I stayed there, stayed with Pankow for the next sixteen years. John Stuart at that point was probably in his early sixties, and for some reason we hit it off very well, and so we used to spend a lot of time together with he and his wife and my wife. So he told me a lot about how Charles Pankow [and] Associate came about and a little bit about Charlie's father and some of the problems that he had encountered at Sollitt Construction Company.

John was at the end of his career, and he wanted to retire somewhere out West, and so this was a stopgap for him. But the reason he took the job was because of Charlie's father, and because of Charlie's father, Pankow was able to form a partnership to take this large job. As you're aware, there was a lot of people that wanted Charlie to go into business for himself, and Charlie, knowing all the ramifications of what it took to be in business, was reluctant to really start it because he wanted to do things in a way that—well, he wanted to be big. I mean, he'd always worked in big arenas, and so he wanted to be big, and it takes money to be big, and you've got to have a banking relationship, you've got to have bonding, you've got to have money, and it's a lot to it. But he had a group of people that were pushing him to start his own company.

You've talked about Alan Murk. I know you've talked to Alan. There was Harold Henderson. Now, Lloyd Loetterle was a person that was involved early, but I

¹ Charlie Pankow's father worked for Chicago-based Ralph Sollitt & Sons Construction. Ralph Shannon Sollitt, one of the sons, established branch office in South Bend, Indiana around 1920. The branch business operation incorporated in Indiana as Sollitt Construction in April 1935. It is no longer in business. The Chicago-based company, founded in 1838, continues doing business to this day as George Sollitt Construction. George was another of the sons of Ralph Sollitt (Charles Roll, *Indiana: One Hundred and Fifty Years of American Development*, vol. 3 [Chicago, 1931]; Sollitt Construction Co. Web site, URL: <http://www.sollitt.com>).

don't know anything about Lloyd, I never met the man, and I think he left very early. And then there was Ralph Tice, Russ Osterman, Bob Carlson, and then people like Anthony Giron—Tony—Jack Grieger, George Hutton, are the only ones that I recall that were really involved at an early time, because the company had actually been on this project, I think for about six months before I came on board.

Adamson: And you came on board as—

Craker: As project accountant to assist John Stuart. Then when that project was winding down, we had bid on a job at Camp Pendleton, and at that point the company was not really pursuing federal work, but this one was intriguing because they knew that there would be a design rebuild incorporated in it because they were building a chapel and some barracks residents, and to make it plans so anybody can bid on it, you had to use it as a poured-in-place project. But this particular project was just ideal for either precast and tilt-up walls. So based on that, Pankow sharpened their pencils and were awarded the job, knowing full well that they would have a chance to redesign, which eventually was done.

Now, this was a Charles Pankow [and] Associate job, too, and Charles Pankow [and] Associate, again, was a partnership because Sollitt put up the money, the interim money, and also was responsible for keeping the job costing and making sure that everything from a financial end was on track. So John Stuart stayed with Associates at that point and moved to—I can't remember. I think he moved to just north of Camp Pendleton in—oh, gosh—

Adamson: Oceanside?

Craker: No. Where's the one where it turns up to go up to—

Adamson: Dana Point?

Craker: No. It's right on the water, but it's where it turns to go inland, to go to Santa Ana and so forth.

Adamson: Newport Beach?

Craker: No.

Adamson: Laguna Beach?

Craker: No. I'm sorry.

Adamson: Where Richard Nixon lived?

Craker: San Clemente?

Adamson: San Clemente.

Craker: Yeah, that's it. So he lived there, and I lived in Vista, which I found a place just on the—it would be the eastern side of Camp Pendleton, about six miles from the job site. It was absolutely beautiful. So we spent the next year and a half there.

Adamson: And at that point, you were still a project accountant?

Craker: I was a project accountant, yes, and I was still working—I thought at this point that I would end up staying with Sollitt Construction Company under John Stuart, I mean, and that's what I had envisioned. But then I found out that any of the employees that were brought on in this partnership were actually going to be with Pankow. So after Camp Pendleton, the first job that came up was at—well, we thought we were going to do a job down just north of San Diego. Where is Torrey Pines?

Adamson: It's technically San Diego, I think between Del Mar and—

Craker: It's a very ritzy place down there.

Adamson: Oh, yes, it's like a nice golf course.

Craker: Yes, but, I mean, right there at the beach, it was—

Adamson: La Jolla?

Craker: La Jolla, and, of course, the Oceanography Institute was right there on the beach, and we were going to build this high-rise apartment building right on the beach. So for the next six weeks, that's where I spent my time, right on the beach, right in God's Country.

Then the project fell through for some reason, and I was told to go to Pasadena as Jim Body's assistant. Jim Body had just been hired about six months before that as the original controller of Charles Pankow. I don't know if you've heard his name or not.

Adamson: Dean Stephan mentioned his name, but no one really talked about him.

Craker: But, anyway, Jim Body was—I really liked the man, and he was very good, and we had a very good relationship and we worked together for the next—well, this was in probably '67 or '68, and I think it was in '74 that he was transferred to Hawaii because Hawaii at that point had started to get a lot of work and they needed financial help [bookkeeping]. So Charlie felt that I was capable to handle the work in Altadena, because he was going to be there, and he wanted somebody capable to go to Hawaii. So Jim went to Hawaii with George Hutton, and I became the controller of Charles Pankow, Inc. in Altadena at this point.

Adamson: Well, I want to step back a couple of questions. This Charles Pankow [and] Associate relationship, how long did that last?

Craker: Two projects—the MacArthur Broadway Center and the Las Flores Area project in Camp Pendleton. After that point, Charlie had established a banking relationship with United [Union] California Bank, and he had established a bonding relationship with Federal Insurance Company.

I think that is probably one of the greatest things that happened to us, when we got involved with Federal Insurance Company [established in 1901; now part of Chubb]. And the way that happened, Charlie had been to a conference in Las Vegas and had met several people, but for some reason he had taken a very big liking to Alex Kerner, who at that time was head of the bonding department for Federal Insurance. And the feeling was mutual, because Alex Kerner liked Charlie’s philosophy and how he planned to build buildings and why he wanted to be a concrete builder, because at this point concrete was really coming into its own as a structural component of more than just a foundation and so forth. I mean, it was being structurally sound, it was being able to make beautiful structures out of it. We were able to get different admixtures of concrete.² Charlie was at the forefront of this and also in the slipform technique, the tilt-up technique that we discussed, and also on-site precasting we really did a lot [early] on.

Anyway, Alex Kerner was very impressed with this far-reaching philosophy of Charlie, and so he said, “Okay, you got your bonding, and this is what I demand of you.” And he laid down a set of parameters, you know, that he wanted Pankow, because of what Charlie said, to do 50 percent of the work, and the other 50 percent would normally be subcontracted out. But he felt that 50 percent was attainable, and Charlie did too, because we would pour the concrete, we would do all the carpentry work and forming and be entirely responsible for the structure, and so that really worked. I mean, at that

² Craker explains: “Admixtures aided concrete to reach structural strength faster.”

point in time, Federal was considered the Cadillac of bonding companies because bonding was going through a very tough period because bonding companies were taking over a lot of work that was going south at this point [that is, many general contractors were going bankrupt].

So, anyway, that's how our bonding relation occurred, and Alex Kerner was as high as you could go, so we never had a problem with getting a bond and getting intent to bond by the company [Federal Insurance] if we needed it for an owner. So that was a very, very important thing to have.

One of the things that happened in our banking relationship—we started out, as I said, with United [Union] California Bank. Well, we were still with the MacArthur Broadway Center, and Charlie had been in negotiations with a developer on another project. And, of course, he knew there was competition, but he felt that we had an inside track, and so he was over in the office of United [Union] California Bank in San Francisco.³ I'm giving you this secondhand because I don't know it verbatim, but basically what happened while he was in there going through getting the interim construction financing all set and everything else, another vice president that had higher status in United [Union] California Bank came busting into the room and said that Pankow's not getting the job, that this gentleman had somebody that he wanted the job to go to, and so consequently, we were out of the job.

So from that point forward, Charlie made it a rule that we were not going to get involved in negotiations with anybody on financing or anything else unless we were dealing with a decision maker, somebody that was going to make it happen. So that's how that part of the story came about.

³ Craker clarifies that it was Union Bank of California.

Adamson: But he stuck with United [Union] California Bank?

Craker: No, we didn't. We went with—I think it was United [Union] Bank of California, and basically it was because he—and I can't remember his name. I mean, I can see his face. But we never had a problem with financing as long as we had that relationship. And then we went with other banks after the gentleman passed away. In fact, when I left, I think we were negotiating with Bank of America, because that was the biggest bank that you could get back then in California.

Adamson: Do you recall what year that Las Vegas conference was where he met Alex Kerner?

Craker: Okay. This had to be—let's see, I went to work in '64. Probably, I'm saying either late '64 or early '65.

Adamson: Oh, that early? Okay.

Craker: Yes, it was very early on, because Charlie had already started his business.

Adamson: Now I'm going to ask you a couple of questions that predate you by a little bit, but you might have insight on some of these things. One, you brought up the interim financing and the relationship with Sollitt, and I know Sollitt was his dad's company.

But when Charlie was starting up the company did—this is kind of a chicken-and-egg question that gets to how the MacArthur Broadway project came about—who was the owner, how did Charlie arrange it, and then did he then go to his father for the partnership, or was it his intention to arrange a partnership regardless of what the first project might be?

Craker: No, they had—I can't tell you who the owner was. I just remember a lot of the people that were there. But the way that thing came about was that the project came first, and I think both Russ and Charlie had worked on that for a long time. Then once the project was getting close and Charlie had made his intentions known to his father, I think his father encouraged him to come up to see the Sollitt people and see if they could reach some kind of an agreement, because Sollitt at that time, in the fifties and sixties, was one of the largest contractors in the country. I don't know if you're aware of that or not, but they built a lot of big things, a lot of the TVA dams, they built Notre Dame Stadium, so they built a lot of things that were pretty big. Then while he was with Kiewit, Kiewit built a lot of the road projects, and I mean they were big. But the [MacArthur Broadway] project came first, the partnership came second, and I know that Sollitt provided the interim financing [and bonding] on that project.

But while this was going on, I know that there were a couple of other jobs that Charlie was able to get on his own in San Francisco. I can't remember what the names of those were, but I know that Harold Henderson was the superintendent on one, and I don't remember exactly what that was, but it was an office building of some sort.

Adamson: You mentioned on the phone that Charlie's father operated or ran the Sollitt firm for some time. Tell me what you know about Charlie's father's career with the Sollitt firm and where he was at the time Charlie was getting started.

Craker: [Charlie's father] was vice president of Sollitt Construction Company. I can't remember what Mr. Sollitt's first name was, but he was handpicked by him to take over the company. Charlie [that is, Mr. Pankow, Sr.] was probably in his late sixties when he left, but what happened is that Mr. Sollitt passed away and the company was turned over to his daughter.⁴ I mean they inherited the business. And his son-in-law, which was an attorney—Charlie wasn't treated very—I mean Mr. Pankow Sr., wasn't treated very well at this juncture.

Adamson: In what year, roughly, might that have been?

Craker: Oh, this had to be in—this transition was taking place over three or four years, so the transition probably started as early as '65, but by '68 it was gone because Sollitt had one more project that they had up in the Sacramento area and, to my knowledge, that was one of the last projects that they ever did, and Charlie Sr. was not involved in that one.

Adamson: I've heard about how the way his father was treated by Sollitt influenced the way Charlie envisioned his company would operate.

⁴ Ralph Shannon Sollitt had three children with wife, Ellen Anita, daughter of Thomas Bishop of Chicago: Gwen Charlotte (born July 7, 1918); Ralph Bishop (born March 3, 1926), and Gloria Sharillon (born December 30, 1929) (Roll, *Indiana*).

Craker: Yes, it had a lot of bearing on—well, like nepotism. One of the things that was very important to Charlie was that anybody that came on board had the chance to rise to their full potential, and the whole company knew that and, consequently, never had a problem with nepotism. Well, first of all, the only employee that ever—well, one of Charlie's sons, Steve, worked for the company for a while, but that was the only one. Bob Carlson or Ralph Tice or any of the others, none of their children even worked for Pankow. And even on Steve's behalf, Steve was a wonderful person, but, boy, he sure got a rough time from his father, because his father, you know, just wanted everything to be perfect. And so I understand why Charlie was kind of like that.

Adamson: The projects that Kiewit did were mostly bid projects. Do you have any insight as to where Charlie got the approach to do negotiated work and to do it in a design/build sort of way? Is that something he came with immediately to MacArthur Broadway project, or is this something that was developing?

Craker: No, it was developing. Because the first thing that Charlie brought to the table was his expertise in concrete and dealing with developers, because he'd been doing that, as I mentioned, in the Southwest Building Division of Peter Kiewit, which was the stepchild of Peter Kiewit. Now, Peter Kiewit, they were used to moving lots of dirt and just having huge, massive payrolls, and Charlie was taking a few people and doing office buildings and shopping centers and that thing.

During this time, he cultivated, along with Russ and other people, contacts throughout the business world. They didn't lose sight of the contacts or how to deal with these people. They were very good at it. But along the way, they always said, "There's ways that we can do this better."

The design function, to be responsible for design really came about by who has control of the project. Now, the normal control of a project is, first, the architect. You know, they're God when it comes to building a building. And Charlie thought, "You know, that's fine. They can be that way as far as the aesthetics of a building, how it looks, and everything else, but there are things that if we were in control of the building that we could do better." For example, we know what the OSHA regulations are going to be. We know what the CAL-OSHA regulations are going to be. We know what all the regulations that we're going to get from authority people. So if we had control of the design function, we can incorporate these things in.

For example, if you had beams that you had to transfer [haul] poured on our highways, well, the maximum length was sixty feet, so you wanted to make sure that you didn't exceed that. So if you're going to have an architect design a building, you want to make sure that these structural members, especially if they had to [be] precast at some other location, were made and didn't exceed these limits, and also weight limits and all this stuff. So if we had control of that function, we could make sure that we weren't going to get in trouble by authorities coming and putting a stop to what we were doing. And that's one of the reasons it came up.

Second reason was, if we're going to be responsible for the whole project, let's be responsible for the whole thing, because if we're going to be held to errors and omissions

and all this stuff, we would rather have full control of a job rather than someone else. And also we could incorporate—we're not going to be architects ourselves, but when we hired an architect to work for us under Pankow Building Systems, we would give them the criteria, and we would say, "We have envisioned this to be slipform here, tilt-up here, and the owner would like it to look something like this building here," whatever. And when you have control of that, it makes building a building a lot easier in a lot of respects.

But there are also problems that come with it, as you're aware. So some states you'd want to have the liability reduced as much as possible, and that's one of the reasons that we went to Pankow Building Systems, so that we could, in our design/build function, limit the liability as much as possible. So that's one of the reasons for that.

Now, you haven't asked me this yet, but I'm sure that you want to know why we had some of these companies that we did.

Adamson: Right.

Craker: Well, Pankow Building Systems was to limit the liability when we went into that mode of work. Pankow Construction Company came about because many states that we were anticipating working in required you to publish a financial statement. Nobody got the financial statement of Charles Pankow at all. [laughs] So that's why Pankow Construction Company came about, so we could publish that and do work in those various states. It was just if information had to be come out that was sensitive in nature, that was basically the reason we had for that.

Adamson: So what would they actually publish where it was required to give—

Craker: Pankow Construction Company's financial statement.

Adamson: Which was a holding company, a separate entity?

Craker: No, the holding company was Charles Pankow, Inc.

Adamson: Charles Pankow, Inc. was the holding company.

Craker: Was the holding company. So Charles Pankow Associates—now, *and* Associates. The first one was Charles Pankow *and* Associate; that was Charles Pankow and Sollitt. But now Charles Pankow Associates was our Hawaii [entity], and that's why Charles Pankow Associates was set up, was so that we would do business in Hawaii. That was basically—

Adamson: So then Pankow Construction is what sort of entity?

Craker: Well, that's a construction company, I mean just like any other one, but it was just where we had to make known financial information or sensitive information that we didn't want published for everybody's information.

Adamson: So the information that was published was just strictly for the state that you were doing the project in?

Craker: Yes. Nevada was one that you had to publish your financial statement.

Adamson: Is that still a matter of public record or that was just—

Craker: That's a public record.

Adamson: So how does that information differ from the financial position of the overall company? I'm missing that difference.

Craker: Well, I mean, all the statements were what actually the company contributed to the overall health of Charles Pankow, Inc. I mean, Pankow Construction was very successful on its own, so it had its own retained earnings, it had its own net worth, you know, just like a normal statement. It's just that it just pertained to work that was contracted under Pankow Construction alone. Okay? And then when all this stuff, like everything from Pankow Construction and Pankow Building Systems and Charles Pankow Associates at that time were the only companies that we had while I was there would all be consolidated under Charles Pankow, Inc.

The other thing was that our fiscal year-end for Charles Pankow, Inc. was May 31st. But it seems to me that one or two of the other companies had different year-ends,

and again, it was based on what the needs were that we had perceived that were out there that other people wanted information.

Adamson: And for each development project, there was a separate entity as well? For like the Oregon, and I think you mentioned an office building in Spokane and—

Craker: Well, those were projects that were put together by Charles Pankow, usually Russ Osterman and Bob Carlson, of which [they] were principal owners, and then they would take a partner in like from the various—like there was an owner in Spokane and there was an owner in—I mean a partner in Eugene that maybe it was a leasing partner, somebody that was an expert in leasing buildings that would become a partner and so forth. But those were ownership entities rather than construction entities, so then that partnership would end up with a contract with Pankow and whomever, Pankow Building Systems or Pankow Construction, to actually build the project.

Adamson: Those entities, those partnerships, would not be under Charles Pankow, Inc.?

Craker: No. Those are completely separate.

Adamson: Okay. I just wanted to confirm that.

Craker: Now, we did have a few partnerships that did business only with Pankow Companies, and that was like Equipco. I don't know if you're familiar with Equipco.

Equipco was an entity that was set up by Russ and Charlie and Bob primarily to be able to get cash out of the company without selling stock or anything like that. So what we would do is end up buying all of the construction equipment that we needed under Equipco, like cars and compressors. I think we had a dollar limit like of \$2500 or more would be purchased under Equipco, you know, like cranes that we needed, and we always tried to make sure that we had maybe one or two less of everything that we had than we actually needed, because we knew that we could go out on the open market and rent those. But we wanted to make sure that all of our equipment was productive. But that's how Equipco came about.

And then we had Copco, which was Carlson, Osterman, and Pankow, set up for primarily the same thing, and that was our real estate holdings. Like [Copco] own[ed] the building at Lake Avenue, [Altadena], so we, as a construction company, did not want to have that type of an asset on the book anyway, so it was much better for us to have a lease with a Copco, this building, and also it was good for Russ and Charlie and Bob to just get some [extra cash]—and these weren't set up as really moneymakers, although they kind of were, but they were set up to keep, one, our balance sheet clean because, again, I go back to Alex Kerner and Federal, they liked a clean balance sheet. They liked to see cash, they liked to see receivables, but they didn't like to see a lot of assets that you had to depreciate and so forth. So that's why we did that. It was all set up for business reasons, and I thought it worked very well.

Adamson: Who was the lawyer this time?

Craker: Our first team of lawyers that I started to work with was Bohnert, Flowers & McCarthy out of San Francisco. Art Bohnert was the chief lawyer that we worked with, he and Fred Flowers. Art was a wonderful person, and he was good friends with Bill Poindexter, and I don't know how they met or how that relationship—but Poindexter & Doutré was our attorney in Los Angeles. So we did a lot of legal work with both firms.

Adamson: A couple of questions just broadly, but going back to the early days. Can you give me a sense of what Pankow was like as a startup company, in terms of enthusiasm, morale, how it worked, and how everything sort of came together over the first, say, five years? It's a broad-level statement.

Craker: That's a broad-level statement, but it's probably the most unique experience I ever experienced. I mean, everybody was totally focused at what we were doing and how we were doing it and why we were doing it, how we could do it better, and the communication was just—it was just wonderful. I don't know how this came about, but, I mean, in later years when I was there we always called it “the Pankow Way.” You always knew when you were in a group that everybody was on the same page. You were always focused on what we were doing, why we were doing it, and if somebody could do it better, everybody was listening to them. It was great.

Of course, in the first years Charlie was very—how do I want to put this? In our core group, we had a very young group, and it stayed under forty for a long time, usually in the mid-thirties. So when you factored in the average age of all the players, it was kind of a young group. They tried to maintain that posture as much as possible, but always

staying true to the older employees. We had some older employees in the—I don't know if you've heard the name Herb Walker or not.

Adamson: No.

Craker: Herb Walker, I don't know what his education was, but he was an expert on slipforming. When he passed away finally or had to retire, I can't remember which came—if he passed away on the job or not, but [he was] a very hard person to replace because he had been slipforming silos in the Midwest from a very young age, so he was right at the ground floor of the slipform concept. So when Herb talked, we all listened. I mean, it was just fun listening to these people, and he was one of the older gentlemen that was very instrumental in mentoring young people.

Now, Tony Giron was ten years older than me. Bob Carlson was a project manager at Broadway MacArthur, and Tony was the structural superintendent on that particular job. I'll tell you a funny story about Tony. He used to like to get under somebody's skin, because he felt that if he could get under your skin, he had the upper hand. And so back in those days, we didn't have walkie-talkies or cell phones, we just had the radios, so anything that was said on radio anybody could hear. At that time I was responsible for ordering the concrete to be at a specific time, a specific mix, and all this stuff, and he had to habit of saying, well, I was ten minutes late or something.

So this went on for three or four weeks, and I hadn't been there too long, and so I thought, "Hmm. This isn't going to last very long." So I took a hike out to the site and caught Tony by himself, and we kind of had a little face-to-face. I just remember Tony

grabbing a clipboard that had all his notes on it, and he fired them off across the parking deck. But you know, after that day he and I became probably two of the best friends you could possibly have. He was just wonderful, because he was very interested in mathematics and loved to work out what the loads were going to be; [to see] if we could pour the concrete and [if] it was going to hold up the building and if it was going to hold up [to] any traffic that we had to have. So he was very good at that and loved it, and also he became an expert in precasting and setting up the precast yard and how everything was done, like if you were doing beams or you were doing panels, and the connections on all that stuff are so important, because everything has to be tied together with tension bolts or stressing cable, either pulled tension or pre[stressed]—he was very, very good.

Then in later years, he became an expert photographer. In fact, before he had his untimely passage, his wife was telling me that he had built a darkroom at their place out in Albuquerque, New Mexico, and he had lots of pictures published, and he was always doing photographs of the area to take down to the church and so forth. He had them all over. So that and fishing was his hobbies.

But the reason that I brought up my problem with Tony was that Tom Verti had the same problem. This was probably in the early seventies, and we were doing another job at Camp Pendleton. Tony liked to get somebody, and Tom was so upset, and Tom wouldn't say anything to anybody. He was pretty diplomatic. So finally, he told me one day that he was going to leave, and I said, "You can't do that. Just sit down and tell Tony what you think and let it go." Next thing I know, they're the best of buddies. [laughs] But anyway, it was just funny how people work like that.

Let me see. You talked about the early years and the way people mesh together. Well, I think Russ hired most of the early engineers and so forth. At the end, Russ was probably one of the people that I respected absolutely the most in that company, and he was one of those guys that never spoke harsh, was always very channeled. But, boy, he could carry a big stick when he wanted to, and never show it. I mean, a lot of people didn't appreciate it because his nickname was the Phantom, because he could be in and out and nobody even realized it but, boy, he certainly—talking about finance, I mean, he loved the present value of stuff. I don't know, if you look at one of those booklets, there is an article in there, "Does It Pencil?"⁵ From the beginning to the end, he always wanted to know that it was going to pencil, and that was from the development, to the design, to everything about it [that] was going to happen.

And he stuck to that, and consequently it caused some little problems in Hawaii when things [didn't pencil]—and that gets back to Charlie, because we're talking about Charlie. Charlie, again, was one of these people that didn't tell people how to do their job. But, boy, people knew that he knew what was going on. And he had one little thing that I always marveled at, was that before he'd make a trip to a project he would always see "Okay, what's going to happen within the next four or five weeks on this job?" So he and Bob Carlson would sit down and then they'd look through the plans and see if there was anything in there that might be out of the ordinary.

For example, if we were doing an office building and somebody was going to have a big suite of things, was there a special bathroom that was going to be installed somewhere for somebody? And if it was, he'd love that, because he'd go in and then

⁵ Charles Pankow, Inc., "Making It 'Pencil,'" *Managers' Offsite Meeting*, agenda and documents, May 1976.

he'd go out to the job site and talk to the superintendent, "What are you going to do? What are your plans? How are you going to do this? Well, what about that bathroom up there?" And 90 percent of the time, the superintendent or whoever was in charge of that project didn't even know it was there. [laughs] It was just amazing how he could do that, and so what it did, it made everybody—they knew that he was going to find something, so they better find it first. Once you had that ingrained in your mind, it helps. And he was never mean about it or anything else, but he would ask it. And, boy, they'd always go through those things and call up people if they knew Charlie was coming to see, "Well, what did he find this time?" or something. It was just amazing how that worked.

Another thing that happened in the early years was a change in the education requirements of people. In the beginning, you could come from the carpenter ranks or wherever, labor ranks or whatever. If you had the skill, you were going to be a Pankow employee. But later on, it was determined that the engineers are where we're really going to get our people from, the engineers and construction management people. I don't know exactly when it was, but it started out you'd hire people with bachelor's degrees, and then it came to the point, early on while I was there, where we started to hire people who had at least a master's or above. Charlie told me this personally, he said that, "You know, I know that we're going to miss a lot of good people because there's a lot of good people out here that can do exactly what we need. But by doing it this way, we'll also get a real gem of a person sometimes, and when we do, we've got them, because that's what we focused on."

As I told you, Russ was responsible for recruiting in the beginning, and then Dean Stephan and Jon Brandin and Brad Inman came on board. I always looked at people that I felt was going to be in the Pankow mold. And it's funny, I picked Dean as the one that was going to end up [at the top], and, sure enough, Dean was ultimately just given more authority, and he assumed it and just went on. I think I told you one of the things I liked about Dean was the way he always wanted to learn a new word everyday. That it still amazing to me, because I tried that and I just never could—

Adamson: Keep it up.

Craker: —keep it up. But he every day came in and he'd want to find a new word that was going to fit [that is, he could use]. Especially if he had a letter to write to a client or an architect or somebody, he wanted to have a word that he knew that they would have to go to a dictionary to look up, and once they did, they would know that that was the only word that would fit in that particular instance. And, by gosh, he was a master at that. So I always appreciated Dean for those kinds of things. And Dean was just willing to help you any way he could, and I think that he was probably one of the best people that came along.

I think I told you about Tom Verti. The thing that I liked about Tom was that, gosh, back in those early days I was—let's see, 1973, he had bought a house out in La Verne and he told me about it, and so I consequently bought one. Actually, it was bought right across the street from him, although it wasn't planned. But one day I asked him if he ever read any books of fiction, because I loved reading, and he said, "You know, I

read everything I can on concrete specs and building specs and everything else, and I just haven't got time. I'd love to do it, but I just can't afford the time." I always respected that commitment to what he was doing, and consequently he became very good at it.

I think the thing that really set Tom apart was we did the USC parking garage in Los Angeles, and that was one of those prestressed—I think it was prestressed concrete, where the ramps were all prestressed before we poured them. And I just remember that Tom was the superintendent. That was the first job he had as a superintendent. He'd always been a project engineer before. One day the USC engineering team said they were coming out. The instructor had called Tom and said that the dean and a few other people were coming out, and they'd like him to give them a tour of what they were going to have. Tom prepared himself, and he was so prepared and so at ease and did such a masterful job of communicating to these people what was happening, why it was happening, what it was going to look like, and the whole thing, that they came back and they, of course, corresponded with both Russ and Charlie, what an amazing feat that they had witnessed, and they just hoped that they could produce some of the people that would be just like that. So I always thought that was a good step in Tom's favor. But Tom had a couple of other things going for him, too. I think I told you about his career at Washington.

Adamson: The football team.

Craker: The football team. That was a shame, and we are facing all that stuff today.

Adamson: Two things on the early years again. You commented on Charlie's insistence on doing concrete buildings. You want to reprise that for me?

Craker: Yes. In the beginning, Charlie, again, with our relationship with Alex Kerner of Federal Insurance and so forth, Charlie's feeling that the only real thing to learn in the construction industry is what we can do with concrete. I mean he really felt that. But the other thing was that most of the buildings at this point had a structural steel frame and then they would be clad with concrete panels. Well, if you do that, the person or contractor that is going to control the speed at which this project is done is the structural steel people. Charlie didn't want that. He wanted to be in control of the project, and the only way you can be in control of the project is be in control of how the thing goes together, in what sequence. In conjunction with that, you had to have subcontractors that were willing to go along with your schedule and so, therefore, we had a lot of subcontractors, like I think it was Key [KMI, Key Mechanical Industries] and a couple of others that we worked with throughout the years, that could maintain our schedule and liked it because the faster we were, the faster they were.⁶ And when you got done, it was done in less time than we had in the contract and, at that point, with interest rates in the seventies at least, that was money. But the reason that we stayed with concrete, to answer your question, was so that we were in control of the construction process.

Adamson: Now, some of the early design/builders, going all the way back to the early twentieth century—I'm thinking of the Austin Company and their Austin Method—put

⁶ For more on the relationship between Pankow and KMI, please consult the oral histories of Bob Heisler and Lee Sandahl, the principals of the firm, in this series.

up industrial buildings, factories, those sorts of things. Is there a reason why Charlie never wanted to get into that area?

Craker: Well, I don't know about factories per se, but I think one of the things you asked me [in the pre-interview phone conversation] is how come we never got involved in hospitals. And I think this probably describes it, because you get involved in hospitals you're working with a hospital board. You're working with people that cannot make up their minds, or, when they do, they want to change it the next day. Charlie wanted to be responsible for changes that had to be made, unless it was an aesthetic change. So that's one of the reasons we didn't do that. Another reason was that the expertise that we had had already been in office buildings and shopping centers and that type of thing, and we didn't seem to have—well, another thing is that most factories and so forth were structural steel start, because they had to be. If you look at their big warehouses with—and so you had the steel element in it, so that was one of the things that kept us away.

Adamson: And public buildings were because of the bid process or other factors?

Craker: Well, the bid process and the way you had to work with them, though. I know that in later years that we had been able to do that. I mean, look at that Transit [Metropolitan Transit Authority] building in downtown L.A. So those problems were worked out.

But in one of these booklets that I had here, there was an article on one of the problems that at the San Francisco General Hospital, I think, and the problems that the

contractor incurred. Of course, they came back and said it was all the contractors' fault. But if you read it, it was everything changes every day, and not just minor changes [but] taking out whole sections and redoing it. Like the radiology lab, because they didn't have the proper requirements in it, so they were told to do it in the beginning, and then they had to come out six weeks later and tear it all out and start over. It's just that kind of things, and that's one of the things that Charlie didn't want to face. So we liked to work with people, at least on the larger buildings, that we knew and had worked for before.

One project that really comes up that did an awful lot for Charles Pankow, Inc. was the Citizens Fidelity Bank Building in Louisville, Kentucky, that we did for Winmar. I don't know if you're familiar with this project at all.

But Ralph Tice, now, that was an interesting story. Did I tell you anything about Ralph Tice, before we go on?

Adamson: Just that he had left and—

Craker: He had left because he had wanted to be a rancher. So he bought a ranch in Colorado, and that's where he was going to raise cattle and horses, and that was going to be his life. He was still a relatively young man. Riding a horse one day, he got thrown and broke his leg so bad that he just couldn't do that anymore. This project came up and we needed a good superintendent, so Charlie and Russ convinced him to come back to work. So Ralph Tice was the project superintendent in Louisville.

One of the things that we had done, because this was kind of a salvage project because it was over-budget and we convinced the owner that we could bring the cost

down if they went with us, but we wanted to have on-site precast, but at this point Winmar felt that they hadn't seen enough of precast work from us to justify doing this job and, besides, from a political view, they felt that there was a good precaster in Louisville, Kentucky, Dolt & Dew, that they would rather have that work go through. So we ended up subcontracting with Dolt & Dew to do the precast work.

Well, I don't know what the causes were, but they went bankrupt. Fortunately, one of the requirements that Pankow always had with subcontractors was have the subcontractors bonded. So the bonding company took over the Dolt & Dew contract, and we convinced the bonding company that we were going to be the cheapest. So we ended up doing the precasting ourselves for that building. It turned out to be great for us, it was great for the bonding company that took over the work, and everybody came out a winner. And from that point on, we never had a problem with selling our expertise as on-site precasters of concrete.

But another thing about that project that is significant is that project started out as a pile-driven—you know, drive the piles, build the foundation on top of that. But because of the closeness to the Mississippi River or whatever, that wasn't justifiable. So once we got started on the project, it became clear that we weren't going to be able to drive piles, so they had to come up with a quick redesign and go to what they called a mat foundation.

Well, our contract stated in it that our payments were due based on the quantities of concrete that were involved in the building, and, of course, as you know, some of the earliest concrete is the cheapest and some of the end concrete is the most expensive. Well, Russ had worked out this payment schedule, and it didn't change. It went from

piles to—I mean the method of payment didn't change when we went from piles to the mat foundation; just the quantity of concrete changed. But as a result of that, we got so much ahead in overbillings that it really helped us later on because it helped in our design/build work, because not only now were we able to save an owner money by getting the job quicker, but we could even save him money if they wanted to have us finance their interim construction loan. So if the construction rate that they were going to have to get, some of those were in the high teens, well, we could come in a couple of points less, give them cheaper [rates than] that in financing, and we do our own interim financing.

So that was very instrumental in how we used money, and it gave us a reason to have high balances of cash on hand to justify to auditors that come in, and they look and see that, "Well, you've got all this cash, you've got to give it out," or whatever. "No, we're not going to do that. We've got to have that for financing." So those were all very positive things and it grew out of a lot that occurred at that particular project.

Adamson: And that was '71, '72?

Craker: Seventy-one, '72.

Adamson: Trying to keep from jumping around here. So pick up on two themes, or continue with two themes. One was just generally how Charlie developed relationships with owners who then got the business. If I have my chronology right, about the time you went to the Camp Pendleton job, or even earlier with MacArthur Broadway, you

mentioned Charlie doing projects in San Francisco. I think there was one, and then there were a couple—well, Alan Murk said up to four in San Jose. The person he mentioned was Derk Hunter, as a friend of Charlie's. I'm just wondering in that case specifically how did Charlie know Derk Hunter, and then how did Charlie generally—

Craker: Okay. Derk Hunter belonged to a leasing company, and when they were putting projects together, some of these projects came back for ownership for, let's see, Pankow and Russ and so forth, because the people that we were doing the work specifically the phone companies, said that it would be much better if we owned the projects rather than they owning the projects. So they would rather have us build the project and lease it back to them rather than build the project, they pay us, and they put it on there, because they could get more money or allowed to bill their customers more money because they didn't have these depreciable assets on their books.

Now, Derk Hunter. So the phone company would—I've got to digress a bit—would maybe take 65 or 70 percent of the building, but you still had money [space], I mean parts of the building that had to be leased to outside clients. So that's how Charlie became involved with some of these leasing people because of either put together by the phone company would say this is the leasing people that we would like you to work with and/or find them by going to meetings. You know, he was always attending engineering meetings or concrete associated meetings or engineering meetings, just so he'd get involved with people, and then you had a network.

Like one of the reasons for having a firm like Bohnert, Flowers & McCarthy in San Francisco, well, they have a lot of clients that are in the construction field or

whatever, so you meet clients that way. And the same thing with Poindexter & Doutré. You meet clients because of mutual clients of them. And as you go on, you just have a network, and, of course, you get clients from subcontractors that you're working with or architects that you're working with. And all these things come together and you go to a lot of dinner meetings and so forth, and if your philosophies coincide with one another, you may end up with a joint venture.

Adamson: I've heard a couple people talk about Winmar—Dean and Alan Murk and others. From your perspective, how did that relationship develop and carry forward from the financial point of view?

Craker: That was a very, very good relationship. In this one, I have to probably give this one to Russ, because a fellow by the name of Dick Brewer was head of the Winmar group and Century City, and he liked Russ because Russ had been a good football player for the University of Michigan, and Dick Brewer had been in a band. I don't know where he went to school, if he went to USC or—anyway, well, here I am a band player. Well, I was on those fields, too. But, anyway, that's how the relationship started, and so they became good friends. And then it was, we start you out small, and we did a couple of projects for them, and it just seemed that whenever anything came up, we were their contractor of choice, and it lasted as long as I was there, and I don't know if it ever ended.

Adamson: I don't know the sequence and financials of year-by-year, but I think Dean said that he thought that until the company started getting bigger at the end of the seventies and eighties, that Winmar basically—I don't know what the percentage of projects that they did, but Winmar basically was the most substantial reason the company survived.

Craker: I'd say 60 percent, at least in the beginning, yes.

Adamson: Now, you mentioned Charlie wanting to do a few big projects a year, or I don't know how you exactly phrased it, but then I don't know how many that means a year. But then Winmar's doing two out of three or three out of five if they're 60 percent. Is that basically how it was going for—

Craker: When I look back at how many projects we ended up with Winmar versus other people, it just seemed that when you got to the end of the year, probably 60 percent of your work, at least in the beginning, was done Winmar projects.

Adamson: I guess to rephrase, that sort of relationship fit within Charlie's idea of doing—given the size of the company, doing a couple substantial projects a year, smaller number of substantial projects rather than a lot of smaller projects, or did I understand what you had said initially?

Craker: No, I said that we did a relatively small number of projects a year, and I don't think that anybody ever came out and said that we're only going to do this many projects, because that was never said. But one of the things that was not going to happen was that we were not going to take something that we could not control and give the quality and the oversight that was needed by the people that had to be involved.

Now, we were going to take projects that maybe didn't need quite the oversight that some projects needed. For example, we did a project in San Francisco called Pacheco Village that didn't turn out very well, but it was something that was taken because it was available, and we wanted to see how something like that would work. We did a couple of design/build—well, I'm not going to say design/build, but we did a couple of parking structures that were done just so that we would get expertise in building parking structures just to increase the scope for our résumés.

But in the beginning, we only had so many superintendents, we only had so many engineers, and it became increasingly important that we expand on these things. And you had to expand by hiring people, getting them trained, making them go out and do the things necessary to be a good project engineer, and then see what their skills were to go on. And as you develop these people, then it was fairly, not easy, but you had a reason to expand the number of projects you would do.

We wanted to make sure that all our people that we had that were capable of doing good work were busy. And, in the beginning, it didn't take all that many projects to do, but as we got bigger and we got more people trained, more people trained in what our philosophy at Pankow was, then the number of projects increased. I don't think we ever felt a project was too big. I mean, if it was going to be concrete, we knew that we

could do it. That was just a knowing thing with Pankow employees, so that was never a thing [problem].

I just remember one project that we bid very early on with the federal government. It was a wind farm in Arizona. And that was a disappointment because we were the low bidder and because the government hadn't worked with us enough and they didn't think we had the expertise to do something like that, so they gave it to one of our competitors out of Texas.

Adamson: Right. You mentioned that was one factor in Charlie's dislike of—

Craker: Well, that was one. Another one was that when you went to the federal government, they put such restrictions on like the type of who could bid on a job and all this stuff, and it was not conducive to doing fast work—just too many restrictions with no gain. But that didn't mean that if the right project came along that we were not going to pursue it, because we would, because it may be that it—in the case of Camp Pendleton, I told you why they pursued that one is because we knew that there would be redesign involved. Once that redesign occurred, we were in total control of the performance of that.

Adamson: You also mentioned that you split the savings with the government.

Craker: Yes.

Adamson: How did that work contractually?

Craker: Okay. The way that was, at the beginning when the contract was made, there was a clause in there that it's possible that this will grow to a redesign to change certain structural components of the building, and if that is the case, then the contractor shall submit a cost reduction savings, and any savings from the original contract to what the revised amount would be will be split 50/50 with the contractor and the government. So that savings probably in today's day wasn't all that great, but it was great enough so that it happened, and it made it very good for both Pankow and for Sollitt Construction, who was our venture partner at that time.

Adamson: You mentioned [on the phone] a couple areas that we could discuss. I want to go back to some of the financial aspects, but I just want to tic these off to make sure we cover them. You stated that or observed that you could tell within five minutes if a new hire was a Pankow person or not. Do you want to elaborate a little bit on that statement?

Craker: Well, basically, my criteria was really kind of simple back then, because if I were talking to somebody, it was I did this or I did that and I can do this and I can do that, or was it we did this and we got together and we determined we could do this, and it was just the approach was, "Am I the responsible party or was it the team?" In the beginning, it was total teamwork at Pankow and you needed all components of that team to work together, but you had to be on the same wavelength so you were always talking about the same things, and then it was amazing how things could get done and with a few people.

It didn't matter if I were talking to somebody in San Francisco or Louisville, Kentucky, I always knew that I was going to get the same result. I mean, if I were talking about the square footage, they were going to come back with a number that I needed. Or if somebody asked me for information and I had to go to wherever to get it, I knew that I was going to get information that I could rely on.

I don't know. I'm sure that you've met people that would have the total concept of what was happening, but they'd always keep little notes in separate booklets away from you so you didn't know, so that they always felt they had the upper hand. Pankow people didn't have that. Their cards were on the table. I don't know to explain it, and I've talked about this with other people, and they all seem to have the same thing. They don't know what it was, but there was something about our relationships that you could tell if somebody was going to fit in or wouldn't fit it, if they were going to take that extra step. I just called it walking that extra mile, but it was whatever that needed to be done or whatever we were doing at the time, and it was just fun.

Adamson: So I guess then some people did get hired that it became evident only after they were hired that they didn't fit in, or they didn't filter through the hiring process but they got hired and then they—

Craker: Well, they got hired, and then it became apparent, and some of it was probably their choice to leave, because they knew that they weren't going to fit in. When you look at it, you have to, "Do I want to be with people like this, or do I want to be an entrepreneur on my own and do my own thing?" And that was the biggest thing. But we

didn't have a whole lot of what, I say, firing. It was, at least not in the early years. We had some, but basically it was attrition of the person itself, if you looked at it. When I looked at it, it just seemed that very few of the people that I thought wouldn't make it ever made it, and the ones that I thought wouldn't make it from the first meeting seemed to be gone in a relatively short period of time.

Adamson: If you flip that over, were there Pankow people who did fit in but then because they wanted to start their own firm did so anyway because that was their long-range goal?

Craker: Yes, and there are circumstances involved, and it leads us to another section I'll go into. But let me give you a case in point. We had two real good people: Dave Boyd and Ross Edwards in the beginning, and we had a developer in San Jose. Let's see. [William Wilson III] was one, and I can't remember what the other one was, but a couple of things happened.

We did several buildings for these people, and we had all the cost on the job site, you know, the subcontract cost. And like Ross Edwards and Dave were responsible ever for doing a lot of the subcontracting and then keeping the costs as they were done in the normal Pankow way. One thing led to another, and pretty soon, I think, Wilson came to Dave and Ross and said, "You know, we can start our own company if we get enough business, and we can build our own stuff." Sure enough, they formed a company called Webcor, and they were. They were very successful, did very well.⁷

⁷ Webcor was founded in 1971 by Wilson with Boyd and Edwards. Wilson approached the latter while they worked on projects associated with the development of the Borel Estate in San Mateo, California. Today

But those two people were very good, and that's one of the reasons that we really tried to keep our costs separated in the field. Now, what I mean by that is if the structural components were done there, and a superintendent was responsible for that, he did it. If there was subcontracting involved, we tried to do that out of the home office, and it wasn't because the superintendents weren't capable, because they were. It was so that you couldn't put the whole big picture together. So separation of cost was one of the reasons.

And also, it meant that what I call the project manager that was working out of the home office had to really be in tune with what was going on with the job. Say that something happened to a superintendent. We always had somebody that could always step in and take over, but the primary reason was so that nobody was able to put the whole package together.

Adamson: I've got it from many people that—my conclusion is basically Charlie was hiring for the long-term and expected people to stick around for a while.

Craker: Yes.

Adamson: It wasn't like one of these Silicon Valley situation where there's spinoffs from within the companies and you actually help people.

Webcor Builders is a general contractor based in San Mateo, with offices in San Francisco, Los Angeles, San Diego, and Hayward, California. It focuses on office and commercial construction. Its Silicon Valley clients have included Adobe, Electronic Arts, Oracle, Palm, Siebel, Sun, and Symantec. (From the Webcor Builders Web site, accessed 9 October 2008. See also the oral histories of Dean Browning [p. 5], Alan Murk [p. 59], and Lee Sandahl [pp. 40–1] in this series.)

Craker: No, that wasn't—

Adamson: Set them free on their way to go set up. You didn't nurture other companies, basically, wasn't something Charlie was interested in.

Craker: No, he was interested, at least while I was there, we wanted to grow the company, be capable of doing a lot more work, and not make it easy for somebody to go out and say, "I can handle the whole thing," but the—does that make sense?

Adamson: Yes.

Craker: Okay.

Adamson: Different industry as well, so it makes sense.

Craker: Right.

Adamson: Now, you've alluded to the type of people Charlie hired. You also mentioned the way in which they were recruited.

Craker: The way they were recruited is that, at least the last few years that I was there, was that first it was Dean [Stephan] and then it was Tom [Verti]. They'd go around to all these colleges during their job fair weeks and interview all these engineering and

construction management graduates. They never hired a lot, but ones that they did, seemed to really work.

Adamson: You've already mentioned with that anecdote Charlie's obsession of dealing with only the people who had the final say.

Craker: Yes.

Adamson: Is there anything you want to add on to that, or does that suffice for that Pankow anecdote?

Craker: Well, I think that was the reason that he always made everybody aware of it, we had to deal with decision-makers, because we had to make decisions quick, and we had to have them well thought out, and the only way you can do that is to deal with another decision-maker. I think you could always go back to what happened. He never brought it up, and I got that [story] from John Stuart, because Charlie, I guess, that was the first time he ever really saw Charlie upset, and he never forgot it. And I know that.

Adamson: You mentioned Pankow Company doing its absolute best when times were the worst.

Craker: Yes. The reason I say that is because we, Pankow, felt that when the times were the worst, there were still projects that were going to be built, so we felt that we had an

edge, because we could control how long the project was going to take, we could get the project to the owner quicker, we could get it to him with less hassles, and the quality would be great. It seemed to bear out, because people would come looking for us during these times rather than going to a bid process or whatever else, because we'd give them the whole package, and then when you took that package down and knock three, four months off that completion schedule, that's all money, especially if you're doing it for people that have already sublet the building ahead of time. It seemed that we always did the best.

The other thing is that—and I think I mentioned this to you—is that during these bad times, we always would analyze how that was going to affect us for first year, three years, and five years down the road, and what was our workload at this time, and how was things going to happen. I think I mentioned to you the wage and price controls [of the Nixon years], which I found very interesting because of the things that came up in that that I wasn't prepared for. In the wage and price controls, there were certain things that the manufacturer couldn't raise their price on, because [they are simple and the] expertise is there to make it, like vinyl tile and the reinforcing steel, so you've got to stick with [the price] what you're [it] selling now.

So what do the manufacturers do to get by this little thing? Oh, the other thing was commodes. You just don't produce them. I mean, if I can't make any money, why am I going to make it? I'm going to put my money in something I can at least get a return on it. So as a result of that, we looked at what our schedule of work was going to be in these time frames that I mentioned, and we pre-bought, and we were able to do that because we had the cash to do it, or whatever it took to enter into these contracts and

know that our suppliers were going to have this stuff when we needed it. I think I mentioned to you [on the phone] about the barge loads of steel going to Hawaii.

Adamson: Yes. You said three barges of reinforcing steel.

Craker: Yes, I think it was steel.

Adamson: Or something like that.

Craker: You might check the number with Al Fink, would probably know what we had total at that point, but it was substantial amount anyway.

Adamson: So my understanding was price controls were basically '71 to '74.

Craker: Yes, something like that, yes.

Adamson: By thriving when the times were the worst, do you mean relative to your competitions, or do you mean absolutely made more money?

Craker: Made more money.

Adamson: During recessions than—

Craker: We did. We made more money because, one, we were making more money on our money because we were able to get a higher rate of return rather than have it get in commercial paper or in the bank. Two, it seemed that we were never without work during this period, because we had owners coming to us because if we had a reputation, “If you’ve got a project you want to salvage, go to Pankow. They can do it.”

The other thing was that during these periods of time, we took the initiative to find out what the problems were going to be so that we knew what the problems were going to be before the owners or anybody else did. So, I don’t know, it was just seemed odd that way. But if you go back and look, you’ll find that when the times were the worst economy-wise, for Pankow it wasn’t.

Adamson: That’s interesting. The other bullet point I had here was that you mentioned the IBM Tower in Atlanta, the point being Pankow doing things in concrete long before they were adopted cross industry. You mentioned this tower was hailed in 1986 for slipforming the elevator core when Pankow had been slipforming entire buildings for fifteen years or more.

Craker: Yes. That was amazing. The Atlanta IBM Tower downtown, probably while you were still here.

Adamson: Yes, I think it just opened. It was a year old.

Craker: Oh, it had been here? Anyway, all they slipformed was the elevator cores, and I think they were 600-and-some feet, but they had a big front-page article in the *Atlanta Journal* how this type of construction could only be done by about six contractors in the country, and this firm was out of Denver, and, oh, it was—I was reading that, thinking, “My gosh, we were doing that kind of stuff back when I went to work.”

But anyway, with slipforming, Charlie holds the patent for one of the leveling devices used for slipform work, and, gosh, that was used for years. I think I mentioned that we had a fellow by the name of Herb Walker that was an absolute expert in slipforming. It was a very useful method of construction, and they really did well in Hawaii on some of the projects when they did whole buildings.

Adamson: Yes, I think someone mentioned that because of the earthquake regulations, it was harder to get that approved. It was done less in California than in Hawaii because of the earthquake—

Craker: That’s right, yes, and I think that’s correct that while Pankow has since come out with a new method of earthquake-proofing buildings, and it took a while for that to really take hold, but I guess it’s my understanding that it’s really taken hold now.

Adamson: Now, I think I’ve got all together some of the questions that are just financial and accounting oriented, so we can stay on a theme, even though it may be you’ll think I’m jumping around. But, first of all, comment on you mentioned Jim Body, and I think Dean Stephan had mentioned Doug Craker [that is, the interviewee]. Just talk a little bit

about the accounting and finance people and how that was set up and how Hawaii was separate and just how functionally if you look at an org chart, how finance and accounting worked.

Craker: Okay. Now, Jim Body was the original controller for Charles Pankow, and I was sent up as his assistant in 1966, I guess, and he went to Hawaii, I think, in—I don't know, maybe it was '73, something like that. When we went to Hawaii, he went to Hawaii as the controller for Charles Pankow Associates, and I was elevated then to controller at Charles Pankow, Inc., in Altadena.

The way our accounting was set up is that Jim handled all of the work in Hawaii and under Charles Pankow Associates and did the financial statements based on what they did. Then they were sent to Altadena and then we would just consolidate them into our financial statements at month end, in which we had—well, that would make four companies because we had Charles Pankow, Inc., as a holding company, and Charles Pankow Associates, Pankow Construction Company, and Pankow Building Systems, as wholly-owned subsidiaries.

But basically at this point, Charles Pankow Associates during a couple of those years probably did more work than the rest of us at that time. They were very, very busy and doing lots of work. Then I don't remember when Jim Body left, and then they hired Bob Hewitt to take his place in Hawaii, and that had to be, I don't know, '76, '77, something along there.

Anyway, Bob Hewitt was a very smart individual, and what I like about him is he's the one that really got the computer age going for Pankow. We were in the Dark

Ages when it came to computers. One, they were very expensive, and Charlie didn't want that expense for something that he felt that we had been doing a capable job of for so long anyway and got the information he needed. Through Bob Hewitt, they brought the first computer on board in Hawaii, and then we got that up and running, and it was because of him that we ended up getting a computer in Altadena.

The only thing I can say about the computer in Altadena is we were up and running in six weeks, which I thought was extraordinary, and so did everybody else that was involved in that, because the biggest thing was we had to go through writing of our software for the job-costing system. The computer we were using in Altadena was an upgrade from the one that they had in Hawaii, so there were differences involved. But Hawaii had sent over—and I can't remember what his name is—the guy that was instrumental in setting up their system and in ramrodding ours, and it was up and very good.

I guess during this period of time, we had another change, and I want to bring this in because when Jim Body went to Hawaii and I became controller in Altadena, Charlie and Russ had hired a person by the name of Kay Jones, because they felt that we were getting to the point where we needed somebody that was just going to handle the financials, work with the banks and work with getting sources of cash and be more help to both Charlie and Russ and when they traveled, to get numbers quickly and where we were going to get our financing at certain places. So Kay Jones came on as a vice president of finance.

Then Kay was only there about a year, and he was a very capable person, but the problem was during this time is that Darl Williams was available, because he was leaving

Hurdman & Cranston at this point. And so, I don't know, probably personality reasons more than anything else, because in that position, Charlie and Russ needed somebody that they could talk to and know that it wasn't going to—and I'm not saying that Kay did this. It was just that I don't think the personalities meshed totally. So Kay left, and then they brought Darl Williams on in his place, and both Bob and I liked, at this point, Darl Williams. I mean, we'd worked with him for years because he was the head of the audit team that was usually sent down by Hurdman & Cranston. He was the partner in charge of our account. But Darl had one big problem, and I don't know if you're aware of this or not.

Adamson: No. You're the only one who's mentioned his name even before.

Craker: Is that right? Well, that's too bad, because he worshipped the ground that Russ and Charlie walked on. I mean, he wanted to be so much like them that it was just unreal. But Darl was an alcoholic, and it's a shame. Charlie, especially, and Russ, too, liked their after-dinner drinks, and so when they would go out of town, you know, it would happen. When Darl and I would go to lunch, he could have two drinks, and that third one, he'd completely change. I've always felt guilty about this. When we'd go to lunch, I'd make sure that when we sat down, I'd talk to the waitress and say, "The limit is two. No more, no matter what's said."

But it got so bad that Charlie and Russ knew they were going to have to do something, and they gave me my chance to say what was really needed, and I didn't do it, because what I really wanted to say is, "The man needs help. We need to get him in to

dry him out,” but I didn’t do that, and Darl was let go, and I always felt very guilty about that.

Anyway, after that, then because of Bob’s expertise in computers and everything, he became the new VP of finance, and that was fine. I didn’t have any problem with Bob. The only problem that I ever had with Bob is that he was one of these people that said, “I did this,” and, “I did that.”

But anyway, that wasn’t the reason that I left. I left because my wife was raised in Brevard, North Carolina, and her father was a research chemist, and he had been transferred to Puerto Rico during her sophomore year, I think, in high school, and so she finished out her high school years with her grandparents, living with her grandparents [in North Carolina]. Well, her grandparents, at the time that I left in 1980, were very elderly. They were in probably their middle nineties at this point, and she just felt that she was too far away from them, and she wanted to get closer. The other problem is that she was deathly afraid of flying, and that created problems for me, because, you know, I could fly anywhere I wanted to, and we had condos in Hawaii, and we had places that we could go, and she just wouldn’t do that. And times that she did fly, she was so tore up for three or four days that it was just not worth it. Besides, it was a good time.

We were going through the change. The change was that Charlie and Russ were getting out of the day-to-day management and turning that over to Dean and others. So I thought it was a good time for me to leave anyway, and it was 1980, and I had found a—I didn’t get to Brevard, North Carolina. But I had picked a radius of a couple hundred miles, so it would be an easy day’s travel to where her grandparents lived, found a job in Knoxville, Tennessee [with Brownlee Construction], so I took it.

Adamson: Just to pick up on that point of Charlie and Russ leaving the day-to-day operations to others, is that a function of the company growing or other factors?

Craker: No, I think it was a function of the company growing, and by this time, you know, Charlie and Russ were involved in so many joint ventures themselves, they had all this building going on, buildings that they owned going on, like in Spokane and Eugene, Oregon, and, of course, the Pacific Telephone & Telegraph Building in San Jose, the PT&T Building in San Francisco, just lots of things that were going on that were taking too much time from what you were going to have to do with clients and everything else. They just figured that they were still going to be involved, but let's get the moving and shaking done by people that were ready for it.

Adamson: That brings up another point. Even though the development entities were separate from Charles Pankow, Inc., it's my understanding—correct me if I'm wrong—that your department did the accounting for those development entities, or was that handled outside?

Craker: No. Some of that was handled by the joint venture partner that was—like in the case of the San Jose office building, and Spokane and Eugene were done by the leasing part of the entities. But we did some of that, and some of the stuff at the time that I left, we were getting ready to embark on some really big developments, owner developments. One was that condominium in downtown Los Angeles.

Adamson: Probably Wilshire 10?

Craker: Yes. Wilshire.

Adamson: Six-fifty or—

Craker: Whatever that was. Another person from Hawaii, Jon Eicholtz, was very instrumental in bringing that project on board, and he had come on board, at least to the Altadena office, at the time that I had left. I don't know, it was as a vice president, but I don't know if it was in new development or that type of development or what, but I know that all these teams had lots of changes at this point.

Adamson: I'll come back to the financial things. But since you've finished up with your leaving then, just briefly what have you done then? You took the job in Knoxville, and then you stayed there till—

Craker: I stayed there until 1985, and then I came to Atlanta, and I went to work for—in Knoxville, I worked for Brownlee Construction Company, and I liked the job. It was just that after the World's Fair, everything fell apart in Knoxville, Tennessee. I don't know if you're familiar with the story or not.

Adamson: Not the economic local story.

Craker: Oh, man, that was something else. But, anyway, I came to Atlanta and went to work for Thacker organization. It was one of the largest minority-owned construction companies in the country. In fact, the first big project I got involved with was the finalizing of the [contract for the] Strategic Petroleum Reserve [project] in Texas and Louisiana. I just liked Floyd Thacker very, very much, and he liked me. I mean, my wife and myself would go over to his house, and we'd talk business and we'd do all kinds of things, and I'd get him out of trouble, and, you know. It was just a very great relationship. Unfortunately, it didn't last that long, because at the age of—I think he was fifty-three, and I think that was a couple of years after I went there, but he passed away from heart attack.⁸

The business was taken over by his wife [Sandra], and she was a wonderful person, but she always thought that the way you ran a business was, “Okay, I give you this. What are you going to give to me?” Okay? Anyway, it wasn't working too good, and the straw that broke the camel's back was Floyd had promised the mayor of Atlantic City, New Jersey, that we were going to build this new casino, and we were going to have a percentage of minority workers that was far greater than the unions allowed back then.

⁸ In 1970 Floyd Thacker launched Thacker Construction in Alton, Illinois. Two years later, he signed up for the U.S. Small Business Administration's 8(a) program, which was designed to help develop minority contractors by facilitating their access to noncompetitive government contracts. He soon relocated the firm to Decatur, Georgia. In eleven years, the company landed 15 8(a) contracts, worth \$93 million. In 1980 it began its largest project under the program: a four-year, \$80 million contract for the U.S. Department of Energy Strategic Petroleum Reserve in New Orleans. When the SBA graduated the company out of the 8(a) program in 1983 because of its success, Thacker turned to the municipal sector, taking advantage of minority set-aside programs to win contracts. He died on May 26, 1987 from complications from diabetes following heart surgery (Adrienne Harris, “Anatomy of a Comeback: Thacker Organization; B.E. 100s Profile: 20 Years of Black Business Leadership,” *Black Enterprise* (June 1992).

Anyway, my brother-in-law was the head of the New Jersey—well, it wasn't HUD, but it was the state agency. He told me, "You can't do that in Atlantic City because the mayor of Atlantic City is going to be indicted for all kinds of things."

Anyway, so I went back, and I told the people, Sandy, and a couple of the other people, that, "We can't go ahead with this project because we're going to be in a world of hurt when the mayor goes down, and it's going to happen." Anyway, they didn't take my advice, so I said, well, I just had to leave, because I knew what was going to happen. Sure enough, it happened, and, anyway, it was a shame, because it was a very interesting time because—I don't know if I mentioned this or not. But it was during this time, I really realized how organized the black population was, and I'm not talking about—I'm talking about using computers and the telephone to keep everybody in tune with their agenda with Washington, D.C., and what was happening in civil rights and everything else. Every day we were talking to somebody different. I think I told you that one of the people that I talked to the most was Mayor [Tom] Bradley of Los Angeles at the time, Representative [John] Dingell [D-Michigan]. We never got involved much with Al Sharpton or—

Adamson: You mean Charlie Rangel? John Dingell was the—

Craker: No, John Dingell was from Michigan. Yes, that was the one. Not Rangel, no. The one from Louisiana.

Adamson: Oh, yes, I was thinking of that New York guy. Yes. I thought you were talking about the members, African American members in Congress.

Craker: Yes. That's what was I was talking about, but it was Dingell from Michigan. But that wasn't the ones that were the real pushers. That was the Black Caucus in Washington, D.C.

Adamson: This was while you were with Thacker?

Craker: Thacker, and this is back in the eighties.

Adamson: In the eighties, okay.

Craker: They were so organized, I mean, they would call up and say, "Floyd, you're going to give money to this. You're going to vote this way, and you have got these people that's on your list. You've got to call them, tell them, or whatever you're going to do, meet with them so that they do the same thing. And that's the way it's going to be."

Adamson: And that's how they were getting the work, the construction companies, through these political connections?

Craker: Well, you had political, but I'm talking about the—

Adamson: Oh, you're talking about just—

Craker: I'm talking about the agenda that far, far went beyond the construction end, because where you were getting the work in the construction end is, well, like the city of Atlanta, you know, you had to have so many blacks, and if you were a black contractor, you had a pretty good edge of getting work. So when Floyd was alive, there was no end to what we could have been involved in. In fact, I was on the verge of going back to Pankow and trying to get them involved in some of the things that I knew that were coming up. But when Floyd passed away, there was just absolutely no reason to do that.

Adamson: So after you left Thacker, you did—

Craker: Well, I went to a telephone engineering company, but that wasn't my cup of tea, and so then I went with Aviation Constructors. At Aviation Constructors, that was an interesting ownership problem, but I went as the controller for Aviation Constructors, which was a wholly-owned subsidiary of Cleveland Construction Organization, who was one of the largest electrical contractors in the country. But Aviation Constructors, within the—was a partnership between—let's see. Who was in this? Anyway, the president of Aviation Constructors [Terry Stratton] had a company that went sour in Chicago, and so he was the president of Aviation Constructors because he could get all this aviation work, and he had a partnership within our company with Cleveland, that he would get so much of the—like 50 percent of the profits of the company before they finalized the year end,

and all this stuff. But it made a very difficult time for me of keeping everybody abreast and who wanted secrets and who didn't.

But on the other hand, we did a lot of big work. I mean, we did Concourse E out here at the airport. We did the whole new Cincinnati airport job, I mean, everything that was redone out there. We did Concourse C, I think it was, at O'Hare. We did the remodeling of all of the stuff at Houston airport. We did the whole new airport at Daytona Beach. I mean, we were doing. Gosh, I think, alone we were doing almost a hundred million a year for Delta at ridiculously low fees. I mean, it was just terrible. We were responsible for all the construction and just not making much money at the end, because Delta was facing their first hardships at this time.

Then in 1996, I had a heart problem, and I ended up with having my aorta valve replaced. The problem was it took me two or—well, it took me almost four years before they found out exactly what my psychological problems were as a result of this and getting the proper medication. They put me on every kind of medicine you can imagine, from Prozac to Nardil to all kinds of stuff, and every time they'd put me on one, I'd get the side effects. So that was the last job, and I enjoyed that one very much.

[break]

Adamson: I'm still on the theme of accounting and finance. You kind of chuckled when I mentioned that Alan Murk had suggested that Charlie Pankow never took a project for less than 15 percent profit margin.

Craker: Well, the reason I chuckled—

Adamson: You say that while that might be an admirable goal, that many of the projects didn't quite make it to 15 percent. So my question is, basically, what criteria did Charlie use to decide whether or not to take a project financially, from a financial point of view?

Craker: Well, first of all, can we make a profit? Second of all, a lot of the projects that we entered into were for fee, cost plus a fee, and those fees ranged usually between 6 and 8 percent. In fact, the highest fee that we ever got as just a fee job was on the San Jose Plaza, and that was with in-house owners, and that was 11 percent.

Adamson: This 15 percent seems to be almost quote, unquote, "urban legend." Other people have heard it mentioned, too, and I don't know if they chuckled as well, but for some reason—

Craker: Really, it was awfully—unfortunately, that wasn't the case. But, fortunately, our fees, in retrospect, profits were very good.

Adamson: Absolutely speaking or relative to other companies?

Craker: Relative to other companies and absolutely speaking. I mean, I think if you go back and look at the history of Pankow, it was a profitable organization, and it was profitable because it was managed properly, and it just—

Adamson: I don't know the numbers, but Alan Murk, also, he mentioned that that first project in Hawaii that George Hutton was sent to did not make money.

Craker: No, it did not.

Adamson: I was wondering why that was.

Craker: Well, I think the biggest reason was that we had contracted for something that wasn't what we had anticipated. I think that everybody felt that the location of that Campbell Estates Building we built was not going to be affected by a water table.

Adamson: By a water table?

Craker: Yes. And it was. That was number one. Number two, I think there was not the quality of labor that we had come to rely on, and I think this is one of the—we're talking about Campbell Estates. But, secondly, it was our first involvement in Hawaii, and Charlie did not want it to fail, even though it was going to lose money. So we sent George the best backup in the world. Bob Carlson went over there, Ralph Tice went over there, Tony Giron went over there: All of the top people in the company went over there and every one of them went over there with one purpose and that was to make that project the best it can and support George all they could. Every one of them tried to bolster George because he felt he was letting the company down and all this stuff,

because it wasn't doing as well as it should. But I think if you go back and look and talk to people, you'll find that that may be a lost job, but, in retrospect, because of the way it was handled in the learning process and what happened from that point on, it became a big success story for several years. And that was George's first job on his own, and so it was tough for him. But out of it came something far greater than profit. And we didn't lose a lot of money, but we lost enough money so that it was a loss.

Adamson: The function of the building was to do what? What kind of building was it?

Craker: I think it was an office building. I'm not sure. I don't think it was anything spectacular. That's one of the problems you get if you're not intimately acquainted with—the problem you can run into—the site. And there may have been some other problems too that I wasn't aware of, but those are the ones that I know happened and what was done to solve the problems. It wasn't the idea "You're going to get rid of George." It was "We're going to send our best people, because cutting a loss is just as great as making a profit."

So that's why a lot of times if a project wasn't doing good, you sent your best people there if they needed help, and it may seem like it's a demotion for the person that's going there, but it's done because there are two sides to profitability. One is to minimize your losses and the other is to maximize your profit.

Adamson: It sounds like all if those guys went out there to work on the project, that was good organizationally as well, too.

Craker: Yes, it was.

Adamson: I've talked to others about starting different offices. I know Tom Verti went down to San Diego for a little while, but that Hawaii was the only regional office that really stuck.

Craker: Yes.

Adamson: Two sides to that. One is how hard it is to start a new office somewhere where you don't have the local expertise, or the ramp-up costs. And on the other hand is what George was able to accomplish in a way.

Craker: But it was getting there. First of all, in the beginning it was tough, and then it was great. So he faced all the emotions over there. Well, even in San Francisco, we never did as much in San Francisco as we possibly could have, but I think that the people on the mainland had an unfair—well, I hate to say unfair. But Charlie and Russ were so powerful within people's focus that it was hard for anybody to go in and work on their behalf. If developers knew Charlie and Russ, they wanted to work with Charlie and Russ. It was just so it was kind of hard to really set—

Adamson: Set up someone else?

Craker: Yes. And I don't know why. I always wondered why Tom never made a go of it in San Diego, because I thought that would have been a great location, but it didn't work.

Adamson: The other thing you mentioned in the financial area, and you mentioned using the money off the Citizens Fidelity Bank project to basically loan the owner some money for interim financing, but you also mentioned [on the phone] making money off the float in the commercial paper market.

Craker: Yes. Here we had all our excess cash plus we liked to pay our subcontractors timely. So what we did, as soon as we got paid by the owners, we processed our check. We didn't play the float from owners and waiting to pay their subcontracts, because we wanted to keep all our subcontractors happy. But a lot of these projects were cross country or in other states, and we had it calculated out how long it took to clear from state by state, by city by city, and we did a lot of research on that, just by checking. It got so that one year I know that we made almost as much on the float financing as we did from our construction operation.

Adamson: That's an amazing observation.

Craker: But, I mean, you just don't have those kind of rates today, and I hope we never do, because that was—

Adamson: My recollection of that is people I knew who worked full-time while they went to college borrowed their student loan money at seven percent and put it in the bank at, whatever, 19 percent, and they just kept working, didn't even use the money for their college expenses.

You were talking about the computers in the seventies and the accounting, brought to mind Bob Law talking about estimating. I'm just wondering, on the front end of these projects, what support did you provide from the accounting department to the people who would estimate jobs?

Craker: Well, first of all, our cost reports were pretty accurate, even when they were handwritten, but that was for a reason. Charlie and Russ would call me up and say, "I need the cost of the suspended slabs for, say, the San Jose Plaza building," and they might be in Miami, Florida. Then they'd want to know the rates for carpenters and cement finishers were, for example. So I'd have all that stuff, I'd give it to them, and I'd have to do the calculations. Then Russ would say, "Well, give me the present value between when that job was done and today," based at whatever the rate of inflation had been in the last five years. Anyway, I'd work those numbers up in maybe an hour or so, because I didn't have much time, and Charlie and Russ had enough confidence that they'd sit there and take a napkin and write a prospective owner out a fixed price for building the San Jose Plaza building in Miami, Florida. Well, I mean, it made you feel good, but by the same token, the reason that those numbers were good is because the people involved in getting them, and I'm talking about the people at the jobsite, because I

talked about sharing of information. The biggest thing was, we were talking the same game.

Now, if I called up and asked Dean Stephan, for example, if he was out doing an engineer's job, I'd say, "How many square feet have you got in sidewalks on a site?" well, he'd come back and he'd give me the square footage of the site, and he would tell me what the various phases were going to cost per square foot.

Well, I never really appreciated all that kind of stuff until I went to work for other contractors. I remember when I first got to Knoxville, Tennessee, and were doing this big school up at Hawkins County, Tennessee, and we had 50,000 in there for sidewalks. So I said, "Jody," who was the owner's son, I said, "what's the square footage of sidewalks that we are actually going to put in?" Because I was going to check it with what I knew to be the cost per square foot to do this. "We had \$50,000 in there, and that's plenty to do the work." But if I had asked that to any Pankow employee, "What do you need? I've got it. We'll get it. When do I have to have it?" And by gosh, they'd give it.

When you've got that kind of trust with somebody, you got that information back because you got to put it with what he gives you, he gives you, put it all together, and give it to Russ and Charlie so that they've got it and they can do that. That was our system. Then when we got the computer, it just made it easier because you could break it down further and then you can always ask more "what if" questions.

Adamson: Right. You mentioned, in these minutes you showed me, rewriting arbitration clauses in construction contracts at this 1976 managers' meeting to limit legal exposure

on projects. So I'm just asking you to review the environment, the legal environment, at the time that led to this review of the construction contracts and what was achieved by making the changes that you alluded to.

Craker: Okay. Bill Poindexter had written Russ a memo, I think, discussing a project that happened in Santa Ana, California, where some woman was granted like \$10 million—a piece of concrete fell and hit the woman. I don't know if it killed her or just maimed her, but a jury trial went to that kind of money. So that was one set of circumstances, but that doesn't fit the arbitration.

Then we have the problem, what would an arbitration really fit? A subcontractor coming in? Well, in some of these jurisdictions a jury trial is very dangerous because they're going to go to the people that's got the deepest pockets. So Charlie was always afraid of that, and there were a couple of instances that occurred that could have been very costly for us. So he felt that a judge on his own or an arbitration panel would be much better for us, especially with the different risks we were now taking with design/build and everything else. So we made it a policy to get an arbitration clause in everything that we did, so that we would bypass the jury system which was giving out unjust, we felt, verdicts. Does that make sense?

Adamson: Yes. One of the things you also mentioned [by phone], I missed this going first time around. Topics of areas you can discuss, you mentioned simply dealing with banks. I'm just wondering if there was anything else you wanted to say about dealing with banks that you haven't said already.

Craker: No. The only thing, we just had to deal with people who could make decisions, and we had to always ensure that we met their requirements and did what extra steps if they needed it, we'd do that, because we never knew when we might need some help ourselves.

Adamson: When we went through the list of people who started early on, you had mentioned that some of these guys, Lloyd Loetterle and others, left short-term, some left in the medium term. You mentioned how some of the goals and philosophies of some of these guys who went with Charlie [at the beginning] differed from Charlie, and that was one of the reasons why some of these people may have left, particularly out of this first group. So I'm wondering if you can now elaborate on these differences in goals and philosophies that some of these people might have had once the company got started.

Craker: Well, one of the things that I know that Charlie was interested is making concrete a better product for building and what we could do with it. He was always looking at what concrete could do and what we could do to make it better so in the long run it was going to be better for us as a builder. When [with] some of these people that were hired was, "Well, concrete is just something that we can use steel for or we can use lumber for. Why can't we do this kind of job? Why can't we do this? Because what we're in it for is the money." Charlie was in it not only for the money but for making something better, and also making it better for us in the long run. His view was always looking down the road and not immediate.

Some of these people in the beginning were looking, “I just want to go in and I want to make my money, and I want to get out,” you know. And then the other thing was—and I think you alluded to this—Charlie was also from—I don’t know if this was from Russ [Osterman] or his dad, but even though you’re going to go in and you’re going to have other ownership in the company, you got to maintain at 51 percent control, and that is so that if conflicts do arise, it all goes back, and the buck stops here.

Adamson: Right. Some people wanted a little bit more democracy?

Craker: A little more democracy, yes. So you had the problem with democracy, you had the problem with quick return on your investment, and type of work that you were going to do.

Like I said, I don’t know what happened to Lloyd Loetterle. I know that he was probably the first one to leave. I do know that Ralph Tice decided that he wanted to be a farmer. That’s all he wanted to be, and he tried it and came back. Now, Alan never changed. I mean, everybody had respect for Alan Murk. I mean, he was the ideal superintendent. And he knew how to talk to Charlie and Russ and they never flustered him.

We talked about Tony [Giron]. Tony wasn’t an engineer, but he liked the engineering aspect of construction. Jack Grieger: Jack was a good concrete man and a good superintendent. I’m just not that familiar with too much of his work, because most of the time while I was there, he was not the project head. He was always in a subordinate role.

Who else did we have?

Adamson: Bob Carlson.

Craker: Oh, Bob Carlson. I keep forgetting Bob. Bob was the project manager on the MacArthur Broadway job when I started, and he also was the project manager at Camp Pendleton, and in addition to that, he was the operations manager for Pankow. I don't know what all the ramifications were, but I know that he left, too, at one point. But when he left, he was the only one that was able to retain his ownership in some of these other little partnerships, like the Equipco, Copco, and some of these, San Jose Plaza, and some of these other buildings. So I guess that he and Charlie may have had a little difference of opinion on something, and I've never known what that was. Bob was going to tell me one time, but never did.

I told you that Russ wanted the company to start. He wanted to be a success. He knew his construction law. He knew finance. If you look in here [points to 1976 Managers' Offsite Meeting binder on table], you'll find an article on—there's a Project Pencil, and I'm talking about right from the get-go. So if it penciled, and he knew it penciled, there was no stopping him because he could make it work, and he was great at that.

Those were the only ones that I knew that I feel in the inner core of what happened when they first started the company. Of course, then you had George Hutton, which you know about. I can't remember the other engineers that we would have had at that time. We also had opened a San Francisco office, and we had Don Kimball, and I

think it was Bill Carpenter that was the other man. Bill Carpenter, I knew, left early on, and I just look at that, and when I saw William Carpenter, he may have gone as the superintendent of that company. I don't know.

Then in later years, Brad Inman came on board and also George Roberts came on board. Now, George Roberts, I think I told you, was a brother of the Roberts that was a member of the Bohnert, Flowers & McCarthy team [Ralston Roberts]. George did several projects out of San Francisco, and he finally left, too.

But one of the things that also made Pankow very, very good, and this comes from observations of other companies after I left, and that is how Pankow was able to work with the unions, because the first thing that you were taught at Pankow is the union personnel work for the unions. Pankow employees work for us. So it was up to the project superintendent to use the labor supplied by the unions. You may go through 1500 people before you got a crew that would work with the unions, using the people that they send out, but you couldn't let personalities get involved. It had to be on how well they knew their job and if they could do it.

Now, there were a few union employees that we kept. One was Ray Meyers, who was a labor superintendent. I think Herb Walker, when I told you about the slipforms, was in the carpenters union, that were actually Pankow employees. And we had a concrete superintendent that we picked up in Camp Pendleton when I was first down there, and I can't remember what his name was, but he stayed with Pankow for a long time. And those were the only union people that I knew that we really had in our organization that were truly Pankow people.

But what I'm getting at is, the way that we were able to work with the unions, like we would have a different crew for doing the forming and the pouring of the foundation walls versus finish walls. You'd have a different person putting up forms for the foundation versus making forms for the beams and the columns that were going to go up. By using the union as a tool, you got the right people on this thing, and, yes, you lost a lot of good people, but when that project was done, once the columns were all done, you let these people go, and there was never any question about it. They knew their job was done. By working that way, the cost of these buildings was remarkably cheap because you had total expertise working once the whole crew was put together.

And the reason I bring that up is when I got back to Tennessee and went to work for a non-union environment, you get jack-of-all-trades, but masters of none. So more was put on the supervision rather than on the workpeople themselves, a whole different philosophy of the way you approach the job.

When I look at everything, except for having to use a steelworker to install a window instead of a carpenter, those were the only areas that I ever saw a problem where a union could cause problems for us. So you may have paid five times as much for a union employee, but when you put everything together and the way things went together and the quality and the speed and everything else, I always felt it was just as cheap using union work as it was non-union work. My proof in that was looking at the unit prices of things after—

Adamson: —all was said and done.

Craker: Yes. I didn't appreciate that when we were involved in it, because I was young and hadn't experienced the other side. But after experiencing the other side, it just made a whole lot more sense, and I just have to give whoever instilled that into the workforce, that it really made a difference.

Adamson: People talk about design/build and they talk about concrete and doing projects and executing the projects, but did Charlie ever step above all that as sort of a CEO and articulate a sort of strategic direction for the company, or was it just sort of a project-by-project approach without really—Charlie knew what he was capable of doing, and he was selling work, and that's just accumulated over the years that way. Or, especially starting out, did he have a goal in mind for the company and how to get there?

Craker: I can't answer that one. I just remember talking to Jim Body about that, because he had asked Charlie that very same question, and he said he asked him, "If you had known the company was going to be this big this fast, would you have still have done it, or what would you have done different?"

And Charlie said, "You know, the real problem with getting this big is knowing how many people rely on this company now, as compared to when we started out."

Adamson: And this would have been roughly what year you're talking about?

Craker: I'm talking about the early seventies. I mean, you know, this is just a ten-year period, and the growth of the company in that ten years and what it did and what he was

talking about, when it started out, I've only got—there's only Russ. But now not only have we got these people, we've got all these subsidiary people. I think when I left, we had probably, of just Pankow employees, over a hundred, and it was growing bigger and bigger every year because we were getting more engineers and people on board as permanent employees.

Adamson: Well, if you look at the present going back, in 1984 , '85, '86, the whole reorganization was aimed at perpetuating the company beyond Charlie.

Craker: Right.

Adamson: Was he already thinking in those terms while you were there?

Craker: Yes, and I think what he was thinking about when he went into the mode of turning the project over, he was still young enough, he could step in if he had to, but "Let's find out what we've got, because everybody's telling me that we've got all this expertise. Let's see if we've got it." I think that was one of the reasons.

And the other reason, as I told you, was the fact that he was getting more involved in some of these offsite joint ventures that was taking time, and, as you know, to run a company like that, you've got a lot of employee problems. Not problems, but people that you have to communicate with, and you've got lots of owners and everything else. If you can turn that over to somebody else that can handle it as good or better than I can, do it.

So in that respect, I always thought that he was a good delegator. I thought that Russ was a good delegator. I thought that some of the others weren't quite as good as that. Dean was a good delegator. I never worked with Tom, so I don't know. Never worked with Mr. Kunnath, so I don't know. But I did work with Bob Law and Dean Browning, and they all had that Pankow—hey, I don't know how to express it, but I keep coming back to that, because I'd never sensed it before. The closest thing I've come to sensing it is a friend of mine that just before I went to work for Aviation Constructors, he went to work for Zep Manufacturing down here in Atlanta. I wished you could have seen it—it was a chemical manufacturing company—when he went aboard and what it looked like last year when he retired. The whole reason for that was that when he went aboard, there was a group of people where Zep had kind of reorganized within themselves and put certain people in charge of things, and the whole concept of everything changed. They had that same type of feeling that we had. So I was kind of very pleased at that, because I could watch an organization that was doing what Pankow had already done, and it was just kind of fun to watch that. And that's the only other time that I've seen it.

I've also seen it going the other way, because in two years since, it's just not the same. I hate to say it, but they've got fifteen accountants for everybody that's producing work, and they got analyses from up side one side and down the other, but they're not making any money. [laughs]

Adamson: I can appreciate that.

Craker: I shouldn't say that in that regard, because it's not the [outside] accountants that caused any—they never caused a problem at Pankow other than Charlie always felt that they stepped on people's toes in compensation and that kind of stuff. One of the places where it hurt some of the Pankow employees—and I think I mentioned this [on the phone]—was in the realm of profit-sharing, because if he had a salary and 15 percent of that salary was more than he could legally contribute to the profit-sharing trust, we'd bump the profit-sharing trust back so it was the same percentage.

Adamson: Right. Right. I think, changing tact a little bit here, you mentioned [on the phone], there's a larger point here, but the anecdote about the first Christmas party during which one of the wives asked Charlie why her husband wasn't making as much money as someone else. And the solution was to not invite the wives so that the question wouldn't come up again.

Craker: Yes. So I said the Christmas party, but I don't know if they had kind of an annual meeting at this point, because we did have Christmas parties where wives were invited, but it was only a once-a-year thing, rather than if you had a managers' meeting or you had an annual meeting where you discussed projects and the wives were invited to those. That was the reason.

The one that I always thought was the funniest is when we went to Louisville, Kentucky, and got acquainted with country ham.

Adamson: That's right.

Craker: And so he thought it would be a treat, you know. This is a different area of the country, and what they really like down there, and he'd had country ham prepared that was very, very good. So it cost a whole lot more, because in the previous years we had been giving out a Swift premium ham to everybody, and everybody liked them. So we got the country hams. I don't know if you've ever seen a country ham. It's got this green mold on it, and it's kind of not very appetizing to look at. But what you have to do is cut all that away, and then you have to cook it special, and there were instructions of how to prepare the ham and everything else. But a lot of people never got by that. They saw that green mold, and in the trash it went. So some of the wives were pretty outspoken, and they went to Charlie and told him it was the worst thing they'd ever seen. And Charlie took all that criticism very nicely, very gentlemanly about it.

So the next year, he had been to England, and he fixed everybody. He bought, I think it was Yorkshire pudding. I don't know why Yorkshire pudding, but it was—I sure didn't like it. He didn't like it. But that's what he gave out for the next three or four years, and it was done for one reason, that he knew that nobody would complain and nobody would like it. [laughs] So he had a way of getting even without creating a fuss about it.

Adamson: Mentioning going to England brings up one other—the 3800 Washington building, house, where he housed the art collection, was that acquired while you were—

Craker: No, that was afterwards.

Adamson: That was afterwards. Because I'm told that was a separate entity as well.

Craker: Right.

Adamson: And that when Charlie stayed there, he would bill the company rather than—because until then he was staying in hotels or apartments, and that became its own cost center, as it were. Was Charlie collecting art before?

Craker: Yes. He had started his art collections. Gosh. I remember one of the first ones was right after the first annual meeting held in Juarez, Mexico, he bought all this Mexican art. Then he went to—I don't know if it was China or where he went, and he bought all this Oriental art. Then he just got on it, and I don't know all the particulars. This is something that came from Russ and the article I read in *Look* magazine. I think it was in *Look* magazine, how not to get involved in art.

Adamson: Oh, that was *Forbes*.⁹

Craker: *Forbes* magazine. Maybe it was *Forbes*.

Adamson: Yes.

⁹ Christie Brown, "The War between the Collectors," *Forbes*, 26 August 1991, 126–7.

Craker: So that's all I really know about Charlie's art, except that he did get involved in that very much.

Adamson: Before 1980, he was just putting it in his house?

Craker: In his house, yes. Well, house and office.

Adamson: I have a couple of wrapping-up questions to ask you about Charlie, but I'm just wondering if I've missed any of the topics that you had brought up and maybe you have notes on that you want to—

Craker: We talked about Winmar. We talked about the companies. We talked about nepotism in the family. Best when times were bad. We talked about federal projects. We talked about employee recruitment, profit-sharing and contributions. Now, one other thing we didn't talk about was—

Adamson: On the profit-sharing contributions, do you know when he set that up and when that became—

Craker: Yes, that started—had to be 1966, something like that. It was pretty early on.

We didn't talk about employee ownership. We had Charlie, Russ, and Bob, and, of course, Ralph Tice had been an owner, and Harold Henderson, Lloyd Loetterle had been owners. Jack Grieger and Tony had been owners. But in 1973, I think, they opened

up ownership for the rest of the—well, not the rest of the people, but at least the management people. I know the new owners that came on, like Ralph Van Cleave, Dean Stephan, myself, and there were three or four more I know that came on board at that point.

Adamson: You bought units or something?

Craker: Shares. And the way we bought the shares was at last fiscal-year-end price. What was nice about it is not only did you buy the shares, but you were given a five-year note to pay it off at very nominal interest.

Adamson: Then when you left the company, you sell them back?

Craker: Yes. What you sold back was if you hadn't paid for it all, which I hadn't at that point, I think you split the percentage you had paid for, and then take it from there. So that was very lucrative while I was there, and it even got more lucrative as the years went on.

Adamson: My understanding is the reorganization, one of the goals of that was to actually looking ahead to this second generation, or forward, to make sure that they ended up with more of the company.

Craker: Participants.

Adamson: More participants coming out of the reorganization than going into it.

Craker: Yes. That's what I understand. Yes, they opened it up to a lot more people, because I remember—I can't remember the last time I was at the office, but Joy Haystead was still working for the company, and she said that she was now able to participate in ownership of the company, and that was a very good program.

We talked about the separation of cost, you know, the direct work from the subcontract work and why that was done.

One thing that we probably didn't talk about that I had in here was our subcontractors that we used over and over was both a curse and salvation. The reason for that was, why, I always considered it a curse is if we were doing good work, it was hard for us to get other people, especially in the same area, to bid because they knew that we always gave our work to Key and certain subcontractors. But by the same token, by using these subcontractors over and over, you knew exactly how they were going to perform, what they were going to do, and so they worked hand-in-glove with us, and that's why we used them over and over and over. They had the same philosophy we had, get in there, get the work done, get it done right, and get out.

We talked about Bohnert, Flowers & McCarthy. Now, when we first started, our accountants was L. H. Penney, who became Hurdman & Cranston, who became I don't know who in the end, and I don't know who their accountant is now. Is it Arthur Andersen?

Adamson: I don't know who their accountant—all I know is there was someone I knew who came from Main Hurdman, and they got bought by Peat Marwick, so he was a Peat Marwick partner when I knew him.

Craker: Okay, it's Peat Marwick now.

Adamson: I don't know who's there now.

Craker: I knew they went to Hurdman Cranston, and then it went to Main Hurdman and Cranston, and just amazing how that works.

Adamson: I don't know who their accountants are now.

Craker: We talked about federal involvement. But that's one of the things, talking about federal involvement, and just outside authorities that affect construction in general, is that that's one of the things that we did research very, very stringently, is how certain building codes and everything was going to affect us.

In fact, the other thing was that—I can't remember exactly what ANSI [American National Standards Institute] stands for, but it was the codes that were established, and I know Ralph Tice was a member of that for a long time, because we felt that was very important to have a say in what was set up as codes in our work and to make sure that nothing just out of this world would be involved.

So we took an active role in that, and, of course, we took an active role in production of concrete. I can't remember—I know Charlie was president of the American Concrete Institute in 1980, and I had that magazine here and I've looked all over. I know it's somewhere, but I couldn't find it. But through the years, Pankow has been very involved in that. I know that Dean was president at one time and so was Tom Verti.

Adamson: Right.

Craker: Now, this is going to perpetuate that same type of thing, right, this Foundation?

Adamson: Right. They fund concrete. Then there's the Design/Build Institute of America, which Pankow played a role in developing as well.

Okay. I have some just legacy questions about Charlie. One is actually going back to the beginning. Do you recall your first meeting with Charlie Pankow and what your first impressions of him were?

Craker: My first meeting with Charlie Pankow was, I think I'd probably been on the job two weeks, and he just came in, sat down, introduced himself, and asked me what I had been doing before and where I was from. We had a very good conversation, and he seemed to like what he heard, and the next thing I know, I'm driving him to the airport. [laughs] I didn't see him again for another month, I guess, because he was involved in other things.

Adamson: Now, it's my understanding that during that time, and I'm not sure who all drove up from southern California on a weekly basis, I forget who drove, but Charlie, I'm told, didn't drive, right, but he rode up with—was it Bob Carlson, other people would come up on Monday and leave on a—

Craker: Friday.

Adamson: —Friday.

Craker: That would be Bob Carlson used to do that, yes. But usually we took PSA because those flights were so cheap.

Adamson: Yes, and for some reason Charlie would drive because—

Craker: Okay. Well, I forget. We're going back, because when PSA was good is when they went to the jets, because prior to that, they had the prop planes, and those weren't quite as fast and a little bit noisy for Charlie.

Adamson: It's just an aside.

Craker: But I was surprised, Charlie would drive, but he didn't like to drive. So somebody always took him to the airport. He had a car and he'd drive it from the office

to the house, but if he was going somewhere, well, one of the reasons, he didn't like to leave his car parked at the airport. So he'd rather have somebody pick him up and take him.

Adamson: He must have figured that eventually there would be a lot of work in southern California. It just struck me that if you look at the early projects, they're all in the Bay Area or Stockton, and for a period of time, I'm just wondering why he didn't move up there.

Craker: Well, basically, he did. I mean, if you look at some of the motel bills that we had in the beginning, he was spending more time in San Francisco than he was in Los Angeles.

Adamson: I guess he did have a family and other considerations.

Craker: But we had a hard time breaking into the Los Angeles market for some reason, and I don't know why that is. Winmar didn't do much in the L.A. area, so that was out. But then all of a sudden it started, and then once the first project came, it seemed they came in bunches.

Adamson: What traits do you think made Charlie Pankow a successful businessperson, not just a builder, but generally good at business?

Craker: We used to discuss this among ourselves, and we all came to the same conclusions, that he could have been successful at anything he wanted to be. If he wanted to be a lawyer, if he wanted to be a construction person, didn't matter. When you were in his presence and talking to him, you knew that you were talking to someone that was very capable, knew what he was about, and he could make you feel comfortable all at the same time. There were also sometimes when he could make you uncomfortable with just a look or with just one little word. But most of the time, it was you always felt comfortable around him.

The other thing was that—and I think this is probably one of the things that may have caused problems with some of the other people versus Charlie, and that is that when Charlie was with somebody, it was like he was the only person in the world. I think sometimes they might say something that was maybe derogatory about somebody else to make [themselves] feel better, and Charlie would have a way of taking that derogatory statement and maybe embellishing it a little bit and go back to the other person, and I think he enjoyed that little bit of friction that he was causing. But I don't think he really realized he was doing it. And I may be wrong about that.

Then some of the things that happened were just because he was Charlie, and I don't know how to say that. But I think the one that made me the saddest is when I found out that he and Russ had gotten into a legal dispute. But I talked to Russ about that, and Russ said, "That's Charlie being Charlie, and I'm going to win anyway, but he's got to be Charlie." So Russ had the right attitude, but it shouldn't have happened in the first place, and that's what I always was a little bit upset about.

I know that happened with some of the other people, and I don't know if it was it happened because he knew he could, or if it was just a quirk. But I think probably one of the best things that happened is when he stepped aside and let the other people kind of take over, because you didn't have that—well, I don't think you had that same type of reaction between the other players. You may have had it Charlie himself or Russ. But no, not Russ. I don't recall anybody that really had a reaction to Russ. I mean, gosh sakes, I still can't understand how that guy did so much but yet people would think he did so little. You know, I told you that his nickname was the Phantom, and he did have a habit of coming and going that he was there one minute and gone the next, so he got that nickname rightly. But when I look at some of the things that he did and was responsible for, I have nothing but the utmost admiration for him. I don't know.

Then we go back to that thing called teamwork again, because you know that if you really needed something, all you'd say is, "Russ, can you help me on this," and, bingo, "What is it you need?" You could do that with anybody. You could call up Brad [Inman] in San Francisco. "Brad, I need this."

"When do you need it? I'll have it for you."

It didn't matter. Unfortunately, I didn't have that same rapport with Hawaii, but there was no need to because Hawaii was being handled by competent people over there.

Adamson: I think you basically have spoken to this, but if you just would want to summarize. What did you like best about working at Pankow?

Craker: Everything. I'll tell you. I can sum up the way I felt about Pankow, and this is the way I truly felt, is I felt I was the luckiest person on the face of the earth. I don't remember where it was, but I had all these people were there, and I just looked at every one of them, and I thought, you know, how could anybody be more blessed than to have all that expertise right there, and you knew that if you needed anything, anything, that you could ask and you would get it. I don't know. I'm sure that other people felt the same way.

Adamson: That's great that you felt that.

Craker: Well, I mean, for example, something that I sure didn't expect. Did you know that Charlie paid for my move back to Tennessee?

Adamson: No.

Craker: "What do you need? Have you made moving arrangements?" And I told him, I told him. I don't know. I just felt very honored that I was able to work for a company that like. Russ used to come back here quite often. You know, they bought a parcel of property not a mile and a half from here as the crow flies, and it takes probably two miles to get there down the road and around.

Adamson: Well, I think we can leave it at that.

Craker: Okay.

Adamson: Thank you very much for your time.

Craker: I appreciate it.

[End of interview]