

# Grayway

LEAD STORY

# THE CHANGING TIMES

U.S. Manufacturing Remains Strong  
as Gray Celebrates 55 Years

page 2



## WELCOME



Stephen Gray  
Chief Executive Officer

It's hard to believe it's been 55 years since Mother and Dad first opened the doors of Gray Construction in our hometown of Glasgow, Ky. My brothers, sisters and I often reflect on the early days, how the company has evolved and changed, and the people we've met along the way.

As Gray enters our 55th year in business, we are humbled by all those who have worked so hard to make this company what it is today. Yes, the doors bear the Gray family name, but we would never have achieved this level of success without our incredible employees, subcontractors, mentors, and of course, our customers.

In this issue of the GrayWay, we take a brief look back at our first 50 years, and a closer look at the last five... how an improving U.S. economy, a booming energy business, and a rebouncing manufacturing industry have helped Gray grow our business.

Wishing you a safe and prosperous 2015.

*Gray practices methods  
which protect our environment.*



# REFLECTING ON 55 YEARS



## INSIDE THIS ISSUE



### THE CHANGING TIMES

U.S. Manufacturing Remains Strong as Gray Celebrates 55 Years



### REACHING FOR MORE

Gray Welcomes Timberwolff Construction to Gray Brand



### THROUGH THE YEARS

Key Moments That Helped Shape and Grow Gray Construction



### GRAY... WE'RE BUILDING

The GrayWay Has Gone Digital

# THE CHANGING TIMES

U.S. Manufacturing  
Remains Strong as  
Gray Celebrates  
55 Years

Family patriarch and Gray  
co-founder James Norris  
Gray laid the foundation for  
Gray's future success  
in design-build.



# 55

**IT'S BEEN 55 YEARS** since Gray Construction broke ground on its first project in Glasgow, Kentucky. James Norris Gray and his wife, Lois Howard Gray, took a chance and embarked on this new business, unaware of what the future may hold. There was one thing, however, James Norris knew for certain: it was important to choose a business that would always be in demand. Construction, he thought, fit the bill.

In its first decade in business, James Norris—a natural-born salesman—grew the company quickly, putting Gray on the map as a formidable competitor in commercial and industrial construction. But things came to a screeching halt when he lost a short battle with lung cancer in 1972, leaving the future of the company uncertain. Without hesitation, Lois Gray named her 23-year-old son, Howard Gray, president of the company and remained steadfast that she and her six children would continue to pursue the family's American dream by picking up where James Norris left off.



**Phil Seale**  
*executive vice president,  
manufacturing market,  
food and beverage market  
for Gray*

The road was not without some bumps and bruises. But, through it all, Lois Gray and her children stayed the course, giving everything they had to ensure the family business was kept alive.

In 2010, the company published a book chronicling its first fifty years (1960-2010) called *Building on a Legacy: Documenting 50 Years of Gray Construction*. Though just five years have passed, Gray has experienced a significant amount of growth and change in this relatively short period of time, for one very good reason: the resurgence of the U.S. manufacturing industry.

According to Phil Seale, executive vice president of the manufacturing and food and beverage markets for Gray, not only has the volume of manufacturing business changed, the type of projects Gray is building for manufacturers has transformed as well.

“We’re certainly executing a lot more complex projects—larger projects,” Seale said. “These are more sophisticated projects, which require enhanced controls and procedures.”

Seale says the company has seen a rise in business across a variety of manufacturing sectors including food and beverage, automotive, aerospace and metals, among others. He says the company is meeting the needs of its growing customer base by adding resources.

“Construction is still a very competitive business and, even though there’s a lot of work out there, you have to be doing things more efficiently,” he said. “From 2010-2015, we’ve added over 50 percent to our staff, and we’ll add another 30 people this year. The key is finding good people and immersing those new people into the Gray culture.”

In 2012, the company lost its beloved matriarch and long-time chairperson, Lois Howard Gray. Her legacy was one of stoic persistence in the face of

adversity, yet always handling the difficult times with grace and charm. In an obituary at the time of her passing, close friend and renowned Kentucky political commentator, Al Smith, said of Mrs. Gray: “Her lovely smile, her soft speech of welcome to clients from all over the world who attended her Derby parties, then returned to sign a contract, and her steely determination to help her children make good on every promise became the public face of the brand her four sons and their two sisters called ‘the Gray Way’ of doing business.” Mrs. Gray’s legacy lives on in Gray’s corporate culture, and is sure to be carried through for generations to come.

### THE MANUFACTURING RESURGENCE

The year 2012 bore new opportunity for Gray. The economic recovery and an energy renaissance in the U.S. due to a booming natural gas industry was fueling significant investment by manufacturers—both foreign and domestic—in the Southern part of the U.S., and Gray was eager to win its share of this business. A new office was located in North Carolina to position Gray closer to this important market and grow its business there.



Tripp Eskridge

Tripp Eskridge, managing director for Jones Lang LaSalle (JLL)—a professional services and investment management firm that has worked with Gray to provide site search and selection services—says the South/Southeast regions of the U.S.—from Houston, Texas to the Carolinas—are top choices for a variety of reasons, driven by a “site-selection matrix.”

“We’re talking about the labor cost, energy cost, availability of incentives, land cost, development cost—in all of those areas, the South typically does quite well,” Eskridge said.

He says the most significant among those factors is the quality and viability of the workforce. While this is not a “new” priority for manufacturers, Eskridge says manufacturers’ sensitivities are changing to the type of workforce they want and need.

“What I find is that companies are a lot more analytical about the labor base, how they’re affected by the local competition, and what’s changing in the marketplace,” he said. “They’re very focused on the quality of the workforce. It’s not that they weren’t before, it’s just with more precision now.”



Hal Sirkin

Hal Sirkin, senior partner and managing director at the Boston Consulting Group agrees and says advances in manufacturing are changing what manufacturers look for in its workforce.

“Manufacturing, which has been perceived as mostly a business of brawn, has become a business of brain,” he said. “In essence, your father’s manufacturing facility, which involved people doing a lot of heavy lifting and other hands-on work, is changing to people who are working on computer, programming machines and making sure that the machines are running properly, but not adding much of the labor themselves.”

The U.S. government has not only made note of these changing needs but, in recent years, has begun to roll out a series of “manufacturing hubs,” geared toward helping manufacturers improve the quality of the labor pool in specific geographic regions.

Sirkin likens this effort to the creation of a variety of “Silicon Valleys.”

“It’s basically putting a lot of brainpower together in one place—that tends to work really well,” said Sirkin.

While it’s too soon to tell, Sirkin is optimistic some of these hubs will meet their objective.

“Not all of them will become the caliber of Silicon Valley—there’s always a failure rate, but I think at least some of them will do that,” he said. “Silicon Valley was organic. The manufacturing hubs are more like planting a seed and helping it grow. It’s a different approach, but it will have similar results.”

Sirkin himself has helped springboard the development of a manufacturing-hub-of-sorts in Prince George County, Va., noting a renewed interest by colleges and universities to understand today’s advanced manufacturers and the type of instruction students need to thrive in these careers.

“In Prince George County, we found that professors were teaching with outdated materials—not because they wanted to, but because they didn’t know what the schools wanted,” said Sirkin. “When these professors and employers got together, they started to change what they were doing in terms of workforce development, and they are now able to teach to the machines being used by manufacturers in that area.”



Today’s advanced manufacturers need workers who are skilled in science, technology, engineering and math.

### INTERNATIONAL INVESTMENT IN THE U.S.

For a large part of its 55 years, Gray has been meeting the needs of international manufacturers who have located or expanded in the U.S. Well before other construction companies were even entertaining the idea, Gray won its first project from an international manufacturer—electronics leader, Toshiba—in 1979. A series of projects for Toyota in the ‘80s would solidify Gray’s position in the international market—a position the company still enjoys today.

Over the past five years, investment by international manufacturers in the U.S. has grown significantly. Countries with historically strong economies—like Japan and Germany—are moving products closer to market as energy prices decrease and the availability of natural gas in the U.S. surges.

“The Houston, Texas area is booming with new projects, all oil and gas-related,” said Gray’s Phil Seale. “There are a lot of chemical derivatives from gas, and if you’re a Japanese

company and all of your derivatives are from petroleum, now’s a good time to diversify and change some of your processes, and that’s what they’re doing.”

Sirkin says not only is natural gas helping “run our homes and factories” at a lower cost, he says the U.S. is becoming one of the largest oil producers in the world, something no one would have predicted just a few short years ago.

“The U.S. is now putting out 9 million barrels of oil a day, and it’s still rising,” said Sirkin. “We don’t know how long that will last. On reserve, some say we have anywhere between 50 and 100 years of natural gas. Of course, oil is worth more than natural gas in the equation because it’s easier to ship. But that’s why we’re seeing \$60-a-barrel now, rather than \$110.”

Lower energy prices, Sirkin says, is offsetting some of the costs of doing business in the U.S., making it much more attractive for international manufacturers to locate here. Beyond Japan and Germany, Korea is investing more in the U.S., although slowly

and cautiously. But perhaps the most surprising investment is coming from a part of the world no one would have expected just a few years ago: [China](#).

“There are companies that want the stamp on their products to be made or assembled in America, from Chinese components,” said Seale. “There are four or five big Chinese projects out there right now, and that’s expected to grow. They’re bringing their product closer to market, and like the fact that their product can be assembled in America and meet that quality expectation. I think there is a strategic move by China to try and diversify and invest in more countries.”

The bottom line, Sirkin says, is with an ever-improving economy and a booming energy industry, the U.S. will continue to be an attractive place to make products.

“For the time being, there’s a very strong tailwind from the U.S., both in job creation—the shift back to ‘made in the USA,’—and the much lower natural gas cost in the U.S., which provides a big boom to the U.S. economy,” he said. “We just had a revision in the GDP—it’s now 5 percent—and that’s another quarter in a row of high jobs numbers relative to what we had been seeing. We’re no longer losing

jobs, and unemployment is at 5.8 at this point in time.”

As Gray celebrates 55 years, the company intends to continue to meet the growing and changing needs of manufacturers locating or expanding in the U.S., both foreign and domestic.

“There is no question that without a vibrant manufacturing industry in the U.S., our business would look vastly different,” said Seale. “We look forward to creating even more great projects for our customers in the years to come.”

*A digital version of Gray’s 50-year history book is available for download to iPad from the Gray Construction app in the App Store.*

An improving economy and booming energy market are again making the U.S. a prime destination for manufacturers, both foreign and domestic.



# REACHING FOR MORE

Gray Welcomes  
Timberwolff  
Construction to  
Gray Brand



**Bob Moore**  
president, West Regional Office

When Gray’s [Bob Moore](#)—president of the West regional office—learned that the owners of long-time competitor [Timberwolff Construction, Inc.](#) were considering a succession plan, he immediately expressed interest. After all, the two companies had a lot in common: a mutual respect for one another, similar corporate values and service offerings, a commitment to quality craftsmanship and on-time delivery, and even some shared customers. Gray was also looking for an opportunity to grow in the retail market, and this [acquisition](#) just made sense.

“Overall, Timberwolff fits in with our strategy of bringing on businesses that are complimentary to our existing markets and services, and, in doing so, in a way that we could grow faster, and we could acquire people and customers that we might not have before,” said Moore. “The cultural fit with Gray and Timberwolff is like a hand in glove.”



**Mike Wolff**  
president,  
Timberwolff  
Construction

According to Moore, Timberwolff brings a great depth of expertise in serving the specialty retail market, or stores that lease space from retail centers like malls and shopping centers.

“There are some nuances to building those relationships—to give that specialty retail customer a repeat experience and be able to execute quickly on projects that often have very short schedules,” he said. “And contractors who have the knowledge of a retailer’s program and how to make that program consistent from store to store are quite valuable.”

Moore says with the rise of online shopping, the retail experience is changing, and with it, retail store design and construction.

“Online sales are driving an increase in retail sales, but there’s actually a shift going on right now,” Moore began. “The typical retail shopper—women, who make more than 80 percent of all retail purchases in the United States—want a brick-and-mortar shopping experience. She wants the ability to shop online, but in a retail store. This means that she is on her smartphone, or her tablet, and she’s able to interact with products in the store.”

But, what does this mean for brick-and-mortar stores? Moore says there is a new concept called “[Web-rooming](#)”—retail showrooms that are connected to large distribution warehouses, where shoppers can touch and feel merchandise and take home their purchases same-day.

*“When shoppers hit the button on their smartphones to make a purchase, they want their purchase in their hands in real-time, and that’s what these ‘Web-rooming’ concepts will be able to do,” he said. “This is good for retail contractors because it changes what stores and retail centers are about, which leads to more construction and a lot of opportunities.”*

# THROUGH THE YEARS

Key Moments  
That Helped  
Shape and Grow  
Gray Construction

From Gray's humble beginnings as a small-town Kentucky contractor, to one of the nation's leading design-build contractors, there have been several key moments in the company's history that have defined its success today. Here is a glimpse of these moments over 55 years of Gray.



'60

## The Story Begins

Gray Construction is founded by James Norris and Lois Howard Gray in Glasgow, Ky.



'72

## The Loss of a Builder

Gray builds auto parts plant for Eaton Corporation, solidifying Gray as a player in Kentucky's construction industry. The company loses founder and president, James Norris Gray to lung cancer. Eldest son Howard Gray is named president at the age of 23.

'76

## The First GrayWay Is Published

Well before it was common, Gray was keeping its name in front of customers and prospects on a regular basis with a regular newsletter, the GrayWay.

'79

## Gray Enters the International Market

Gray lands its first project for an international manufacturer, Japanese electronics manufacturer, Toshiba, launching the company into a key market that would become a specialty for Gray.

'80

## On the Brink of Insolvency

Problem-stricken projects left Gray headed toward financial disaster, but with guidance from Lois Gray and construction entrepreneur Gabe Alberici, the company rebounded and entered an era of growth and prosperity.

'83

## Gray Expands to Lexington

A period of significant growth required Gray to expand its reach, and a new office was opened in Lexington, Ky., which would later become the company's headquarters.



'86

## Toyota Springboards Gray into New Era

Gray wins a portion of the Toyota Motor Manufacturing plant in Georgetown, Ky., leading to several more projects for Toyota, and putting Gray on the map for automotive manufacturing plant construction.

'88

## Gray Goes International

Gray opens an office in Tokyo, Japan to better understand and anticipate the needs of Japanese customers.

'93

## Jim Gray Co-Found Design-Build Institute of America

Jim Gray co-founds the Design-Build Institute of America, whose mission is to have an organization of national stature that would sell the advantages of design-build and establish it as a desirable delivery method.

'95

## Mega Project Earns Gray Mega Kudos

Gray wins both an ABC Excellence in Construction Award and a National Tilt-Up Achievement Award for a Spiegel/Eddie Bauer project that involved the largest concrete pour in history.



'97

## A New Home

Gray opened the doors to its new home in the renovated Wolf Wile Department Store in the heart of downtown Lexington.

'99

## Gray Acquires Woodford Steel

In order to meet the needs of its loyal customer base in Kentucky and surrounding states, Gray acquired Woodford Steel, renaming it WS Construction to reflect Gray's broad scope of engineering, architecture and construction services.

'01

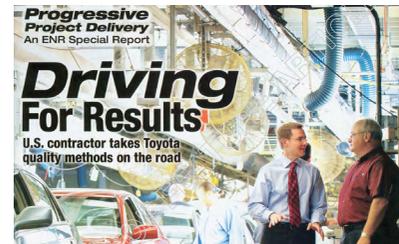
## Gray Expands West, Acquires I.C.E. Builders

Gray acquires California-based I.C.E. Builders, positioning it as one of the leaders in retail and hospitality construction in the nation.

'02

## Gray Heads South

Gray opened an office in Birmingham, Alabama to pursue a rich and growing automotive and Korean manufacturing market in the region.



'07

## ENR Features Gray on Cover

After nearly 50 years in the construction industry, Gray is featured, for the first time, on the cover of Engineering News-Record (ENR) with a story focused on Gray's 20-year relationship with Toyota.

'08

## Gray Chairman Honored with "Howard's Team"

In honor of long-time president Howard Gray and his battle with multiple sclerosis, "Howard's Team" is formed; this team has raised over \$675,000 to benefit MS research.

'10

## Gray Emerges Strong from the Recession

Gray not only persevered but walked away from the U.S. recession winning projects with Austal, Caterpillar, Michelin, Siemens and Whirlpool, positioning the company well for the manufacturing resurgence that would soon follow.

'11

## Employees Offered Ownership in the Company

Gray announces it is now 20% employee-owned through its employee stock ownership plan (ESOP).



'12

## Matriarch Lois Howard Gray Passes

Family matriarch, Gray co-founder, and long-time company chairperson, Lois Gray, passes away at the age of 91.

Gray opens an office in North Carolina to better serve customers in the South Atlantic region.

'14

## Gray Earns AGC's "Best of the Best" Grand Safety Award

Gray receives the industry's highest national safety honor from the Associated General Contractors of America (AGC), the leading association for the construction industry in the U.S.



## Gray Welcomes Timberwolff Construction

To further expand its resources on the West Coast, Gray acquires Timberwolff Construction, Inc., an Upland, Calif. construction firm specializing in the retail construction industry.



# THE GRAYWAY HAS GONE DIGITAL!

Gray is proud to announce our award-winning publication, the GrayWay, is now available to view on iPads. The digital GrayWay is an interactive, expanded version of our print publication, with more content, videos and links that tell even more of the story. Simply search for Gray Construction in the App Store and install the Gray app on any iPad device. Once downloaded, the digital version of the GrayWay appears in the Newsstand where it is stored. By selecting the GrayWay icon, users will be directed to the main landing page with the option to download the current issue, as well as previous issues of the GrayWay. For more information, contact Erica Bordes at [ebordes@gray.com](mailto:ebordes@gray.com).



10 Quality Street  
Lexington, KY 40507-1450, USA  
T 859.281.5000

Alabama, California, Kentucky,  
North Carolina and Tokyo, Japan

[www.gray.com](http://www.gray.com)