

As Said

by Ed

Ed Berkowitz, Chairman of J.E. Berkowitz, Talks Candidly with USGlass About the Past, Present and Future of Both his Company and the Industry

by Ellen Giard

Ed Berkowitz has lived a life filled with diverse experiences. He served in the Navy, studied law and thought of chemical engineering and medicine. But, the family business pulled him back.

"I was born into this business. My father started this business," says the chairman of J.E. Berkowitz (JEB). "Those are his initials. After WWI when he was discharged ... about 1920 ... he started the company. When I was just a kid I worked there on weekends. After I finished college and law school I came here full-time in 1950."

And while he's never worked for any other company, he has spent his life constantly moving, going and learning—and he shows no signs of slowing.

The company, in fact, recently moved into a brand-new, 200,000-square-foot facility in Pedricktown, N.J., which began operations in mid-February—two months ahead of schedule. Berkowitz is proud of the company, its people and all its accomplishments. But what else gets this guy going? And what's he planning to do with the rest of his life? In late March we met at the new plant in Pedricktown to talk about the company, its growth, life in the glass industry and a whole lot more.

Tell me about your educational background.

I went to Penn [the University of Pennsylvania], started law school at Penn, finished at Temple. I got married and had four kids in between. I majored in economics at Penn. My wife and I met at Penn; we both went there. **Were your plans to one day be an attorney?**

I don't think so. I was all over the line, thinking of chemical engineering, of medicine ... I was out of the service. I had been in the Navy in World War II. I taught electronics, which was a budding industry; there was no television or anything. The Navy had to train all those people. I was grabbing at everything I could lay my hands on and then my advisor one day said, "Hey, do you want to graduate?" I said, "Well, what do you mean?" And he said, "You have to have enough credits in a specific area," and I was all over the line. So I suddenly became pre-law my senior year for lack of better definition. **What were your first career aspirations?**

I wanted to play football. I'm dead

serious. I played for Penn in the pulling guard position. You know, when you're a kid it's nothing but sports. I loved that.

When you finished school did you just come here to work?

Yes. My father needed me. He was getting older, tired, and he was running what I call a virtuoso business where you do everything. It was tough. From then to now, his annual volume we do here by 11 a.m. each day, assuming we mean a 52-week year and an 8-hour day. **Being the boss's kid, was more expected of you?**

No, I drive myself, and my father was bright enough to hand over responsibility. I just sopped it up. He knew that for me to stay here he had to turn over responsibility. I would say I was running this company two or three years out of school.

Are there other members of the family who work here?

I've had all my kids work here in summers ... cutting themselves bleeding ... I had them in my office patching them up. But who was genuinely interested in the business and

being in it and enjoyed the challenge? That was only Arthur (current JEB president and CEO), my second son. My first son had worked in the business in sales in New York, my third son also worked here. He's a professor now. My daughter never worked here.

How did you deal with those non-performers ... the ones cutting themselves?

Well, you wait till they are a little older and they find other careers and that they enjoy. Meanwhile, they travel around the world, they go to camps. I hate to see a kid of mine bleeding.

And your grandchildren?

We've thought about it in a sense of succession who might [come to work here] and it would be unfair to say (I have 9 ½ grandchildren) but there are several who we think are perfectly capable of running this business.

Do they do anything with the company now?

No, they are too young. But, several have the personality and intelligence and every other thing necessary. We've talked about it, but nothing is going to happen for another five or maybe more years.

In working with family, how do you take yourself away from work?

I have been going to school all my life and I still go to school. Tuesdays and Thursdays I have two classes at Penn, 9-10:30 a.m. and 10:30 a.m. to 12 p.m. I've done that for 30 years.

What classes are you taking?

History 421. It's European history, post-WWII. We've got a superb guy, the professor. He's unbelievable. It's a really interesting insight into what was happening and why it was happening. And the second one is political science. Pretty good guy, pro-Palestinian, by the way, from the Middle East, so he

Ed Berkowitz says he was born into the glass industry and today, shown here in the company's Pedricktown plant, is proud of the company and its people.

gets me pretty aggravated. But he's good. I've got two great courses this year. Some years you get lousy ones.

You take classes every semester?

Yes. We have a group of guys who go to these classes. We have lunch together, so it's been really nice. The program ... I had sold [Penn] on the idea to allow alums to come back and audit the classes, with the permission of the professor. And what they did was open it up to everybody. So a couple of my buddies who go with me are from Yale and Cornell. I keep asking them, what are you guys doing over here? So it's open now to anybody 65 and older.

Who are the people who have influenced your life?

My father, obviously. His style, his method, I have absolutely followed that ... absolute integrity, honesty. He was a great mechanic as well. In the industry, there are some very, very bright people ... there are some very, very accomplished people in this industry; it's small, so you know most of them anyway. I have a great respect for some of the people I've run into and dealt with and been on committees with. The other end of that is Arthur. He's the best manager I've ever seen, bar none. His skills are amazing and people respect him. He has absolute integrity and every customer knows that. My great deficiency, I think, is marketing, and he's top-notch in marketing. I think he is the single best manager I've ever seen, and I've seen a lot of them.

What are the difficulties in running a family-owned business?

Just the normal aggravations ... economics ... people don't pay a bill.

What were some of the lessons you learned early on?

A company is people; it's not equip-



ment and it's not a building. As proud as I am of this building and equipment, the company is people. We've always looked for competent and caring people—both, you need both. You can get someone who is super-competent, but doesn't give a damn about you and your customer and that's the wrong person. So we've always focused on finding super-competent people who care. Our people here are our major concern. Look around and you can see. If you look at this building, we went to a huge expense to put in skylights and punched windows; we have 70 punched windows; 18 skylights. Why? Because if you walk into a building of this size, it's usually a dark tomb; it's exactly like a casino where they don't want you looking outside and they want you to focus on what you're doing. I would hate to work in that environment.

One of the biggest obstacles for growth is capital. How did JEB finance its growth through the years?

We did through our earnings. Only recently have we experienced the delight of debt, here in the new plant. We're fairly conservative people and

we were pretty much on a non-borrowing basis the great bulk of the history of the company. This, obviously, is a monumental investment.

What characteristics do you look for in the people you hire?

I think, as I told you, the two key issues for us are competency and caring. You've got to have both and we've met some competent people who don't give a damn and we've also met some caring people who have no skills.

What are some of the bigger mistakes you've made over the years? How did you and your company learn from them?

I'm not sure it's a mistake, but we could have grown by acquiring. We could have been much, much bigger. I'm not sure I consider that a mistake, though. We could have been merged or acquired but were not. That is absolutely not a mistake.

Were you approached before?

Oh sure. When we see how they manage their people and the things they do, it's not for us and we know it. And that's not to say what they are doing is wrong. It's okay for some people but not for

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So Just Who Is "Arthur"?

As was his father, Arthur M. Berkowitz was born into the glass industry. As he was growing up, he did his share of working in local restaurants and shuttling beach chairs in Atlantic City but he knew those jobs were not his future. J.E. Berkowitz (JEB), where he worked during summer vacations since he was 14, was on the long-term plan.



Arthur Berkowitz (left) and his father, Ed.

In 1976 Berkowitz graduated cum laude from Kenyon College with a bachelor of science degree in psychology, and began his full-time career with his family's company as a customer service trainee. In 1986, he took over as president and CEO.

While working in a family business can be challenging at times, Arthur Berkowitz says you just have to "get past the moniker of SOB (son of a boss) and prove to the employees that you are deserving, have earned their respect and have a proven level of competency."

A strong believer in giving back to the industry, he is a former board member of the Glass Association of North America (GANA) and served as the initial chairperson of GANA's IG division when it was formed in 2003. He also is active in his community, serving his synagogue as a board member and treasurer and in his township as a volunteer youth soccer, basketball and baseball coach.

Berkowitz lives in Bryn Mawr, Pa., with his wife, Lisa, who is a school teacher. They have three children: Emily, 21, a junior at Goucher College; Julie, 19, a freshman at the University of Michigan; and Jake, 16, a sophomore at Harrington High School.



others. Running a business is the great last monarchy, if you think about it, and I think we would be very uncomfortable if a policy came down that we had to enforce that said get rid of your older people or something like that. It would be too uncomfortable.

Who was the best boss you ever had?

My father. He let me assume as much responsibility as I wanted. That's part of our management style here, too. We have strong people; we want people who assume responsibility. In other words, [we say to them] you're a grown woman, you're a grown man, do the job, make some mistakes, but do the job. And I learned that from him. He was, I think, a master psychologist. [He] knew exactly who wanted responsibility and gave it to them. Then he'd see how they grew in the job. I think that's Arthur's style, too. He has people in a variety of levels and I don't always agree with what they do, but they run their own show. This company is built on some very strong people.

There has been so much consolidation among independent fabricators, are you (and a few other companies) really the last of a breed?

That's a great question. It really is something that, obviously, we [have] thought a huge amount about. Let me give you our conclusion. As far as these great conglomerates, they obviously buy better than we do, clearly. But I think we can so outperform them—even in our existing facility. We dance around them. We do all the tough stuff they just can't take on. In this facility, I think the efficiencies we see here are so overwhelming that this has become an absolute fair fight; the playing field is now level. On any major job there used to be one supplier, which will remain nameless. On the major work in this country there are now two possibilities and they [customers] welcome us, because there was no competition before.

We have here the capacity to do huge work if you think about it ... three tempering lines, three IG lines, four

cutting lines. I think we've positioned ourselves to compete successfully with the biggest, with the known disadvantage on the buy end. The conglomerates, by the way, are based on their buying. In other words, their profit comes from the volume glass rebate, that's their profit. We want to make a profit from operations. We believe that we can give a customer a better product with better service and that's before and after the sale. We think that now, price-wise, we're right smack in the middle. We are the low-cost supplier in the sense of efficiencies, I think, in the country. Are we the best buyer of glass? Of course not. We just don't have that kind of volume.

How do you compete against the mega-companies?

We're simply better. We have caring people that are concerned that we be on time, that it is right the first time and if we stumble we jump right in to correct it. So, how do we compete with them? A really sophisticated buyer understands that it's not the price of the unit at our plant; it's the final cost of the building installed. If you have a supplier who tortures you, sends you part of the second floor with part of the fifth floor, doesn't finish the corners, your cost [as a glazing contractor] when that job is over is horrendous. If he deals with us, [the shipment] peels out of the truck and out of every case in the order that he wants it. So a glazier knows that if he gives us the order, and let's say the prices are about equal, who's your preferred supplier? One of these conglomerates? They'll drive you nuts; they'll never finish a job. With us, if something's wrong, pick up the phone and call Arthur. Tomorrow you've got a truck up in Boston bailing you out. The answer, I believe, is we really are better. Otherwise we would not have reached this point.

How have you grown the company, from doing smaller jobs to positioning yourself to take on some of these major projects?

You grow by performing. Thirty years ago we started IG, a couple of years later tempering. You just grow and develop your skills. You bite off 1,000-foot jobs, then 10,000-foot jobs, then 100,000-foot jobs and you develop project management that permits you to do it. There are skills involved beyond just running down the line. You've got to know how to load a truck so when they take it off it's facing the right direction and it's in the right place on the truck. All of those skills come from having made the mistakes and paying for them. If you're at it long enough and survive, I guess is the word, then you've learned. I don't know that there's really anybody better than us at this game and now, with this facility, there's no job beyond our capability.

Has there ever been a job that you went for that you just knew you were going to get, but then didn't?

Many. We've supplied engineering, all of the mock-ups and for two or three years the job was ours and then we lost it at the end because someone lowers their price. And we look at it and we say, "Does it make sense to take the job?" If not, we walk. If you look at it, with all of your costs all you can hope to do is break even and with any mistake you'll lose money, we say "thank you" and walk away. We've had numerous and huge jobs just that way. ***How have you made sure that your customers always saw you as a viable option?***

It's performance. Nothing you say makes any difference. What did you do? We said we hoped to be in this facility in April operating. The truth of the matter is on February 19, our first trailer loads went out of here. We perform. We make it happen. Anything you say in print or verbally is discounted; it doesn't really matter. Your customer is just as smart as you are.

Unconditionally, they know if you perform. Does that mean we are per-



JEB's new plant is 200,000 square feet and has three IG lines, three tempering lines and one laminating line.

fect? Of course not. We make mistakes. But I'll tell you another one of this company's earmarks, when we stumble, we put more energy into correcting something than doing normal business. When we've stumbled, everybody knows that we've got to jump on this thing and bat it out. That's a performance situation and the customer knows that; they know that unconditionally. So promises spoken or written ... they discount it all and they're right. We've had suppliers promise us something on December 31 and it came in March 1. We remember guys who behave that way and the same applies to us.

What are the other challenges you face as an independent?

Unfair practices by conglomerates, unfair practices by suppliers—if they were to occur. I'm not indicating that they have occurred, but that could make you non-competitive. If we had a wild-cost disadvantage like 50 percent, there's no way to overcome that. But the cost disadvantages we think are well within the range of our efficiencies and it's our judgment that, when all is said and done, we will be the low-cost supplier.

How do you define success?

Personally, family and relationships—that's important. How does an auditor define success? The bottom line. That's never been my big bang. That's a scorecard. Did you do a great job so you made some money that year? That's never been my primary motivation.

From a business standpoint, what measure do you use to feel successful?

Your reputation in the trade defines success. The perfect measure is if you are the preferred supplier, that says a lot. Now you may not get the job because you're too high, but if all things being equal you'd rather use Berkowitz, that's a hell of a recommendation, a compliment. I think in many, many, many of the jobs we bid, all things being equal, we would get it because we're the safe people. I'll tell you a fun story. One time we were not the low bidder. I said to the customer, "Are you sure you want to go with so-and-so? You're going to have a lot of headaches." And he said, "Well, \$20,000 is a lot of aspirin money." I lost the job. You know, you don't get them all.

What advice would you give your customers to help make them more successful?

We try to partner with our customers. We try to help them be better businessmen in the sense that lots of these guys graduated from working with the tools and they are excellent craftsmen. But knowing when to bill, knowing how to bill, and maintaining your cash flow is critical. We often give our customers advice when we see that they could use a project manager or a CFO. I think Arthur has that kind of relationship with most of our customers. They listen very seriously because I think they know we run a very professional show. I take great pride in that we have good

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strong people. When we see somebody trying to run a business beyond their ability, Arthur will have a talk with them and say, "Hey, do you understand this thing can get away from you?" Look, a glazier doing \$3 million a year makes a hell of living. He controls it. He buys everything. He's got his men assigned and it fits like a glove. Then he goes to \$5 million; suddenly he's losing money. And if \$5 million is not the number, maybe it's \$8 million or \$10 million. Arthur will say to him, "Do you understand where this is getting away from you? Your people are ordering wrong sizes. You're getting killed. You really need a project manager full-time on this, instead of yourself, running from job to job to job ..." So how do we help a customers? We partner with them because their financial health gets us paid. If they fail, we're not getting paid.

Some glass companies that have focused more on residential work have made a shift into supplying the commercial industry due to having so much overcapacity as a result of the slow residential segment ...

Isn't that expected? What did you think they would do? We had the great brains to get out of residential about six years ago. So we missed the boom. Our timing was superb. The guys had a good run there and now they are hurting. We've always focused on architectural, meaning the bigger, heavier stuff.

And we had some lousy years. There were about three in a row ... 1999, 2000, 2001. It really didn't come back until 2005. But you've got to prepare for the lean years and when the good years come, you've got to be conservative with them.

I don't think Arthur has any intention of going into residential. It's not our strength. Our strength is big stuff, heavy stuff, complicated stuff. Belting out single, half-inch units, single-single annealed—that's a sweatshop kind of thing and if that's your focus, so be it. We have chosen not to go that way. Look, the

equipment you see out here is for big, heavy stuff. We have machines, those three lines out there, that are so dumb they don't know the difference between a 10-footer and 40-footer. We prefer to run 40-footers, that's our big advantage. The machine does it at the same rate it does a 10-footer. Residential is more like 5 square feet. We're just not the best supplier there. We tell our customers, "Honestly, you shouldn't buy that from us because there are better people at it."

We had a residential line. We went through a cycle of it for close to five years and we realized that it's a different mindset, it's different kind of people that you're using, and it's something that we're not really the best at. We want to focus where we're really good and I think that's where we are today. This building has been designed precisely for this kind of work. I think residential would be an abomination here. Why do you need 24-foot ceilings? This size would kill you. That's not where we belong. We got out in time to avoid the boom. It's just like the stock market—you seem to avoid the highs and sell only at the lows. I think we accomplished it with residential.

Speaking of the new plant, what led to the decision to build?

We had run out space. We had no ground left in Westville [, N.J.]. It's built out to the curbs there. There's just not another square foot to build on.

Any sleepless nights?

Every night! Are you kidding me? Yes, of course—including last night. Sure, you think about it and it really is a major decision for a company our size. We invested \$25 million here. Sometimes I get up and I say, "What the hell did you do?" Arthur and I joke sometimes. He says, "Stop! Stop!" It's a little late. So sure, it gives you a great deal of pause, absolutely. Is it a high risk? I don't think so. We hopefully know what we're doing.

What about lean manufacturing, Sixth Sigma and just-in-time pro-

duction? Have you explored those avenues?

Sure we have, of course. We've read all the literature and our engineers have looked at it. We have chosen not to go that route. Take just-in-time. If, for some reason, that truck is delayed in the snow and ice, your customer is sitting on a jobsite, with a hoist and eight glaziers and you're not going to be there. So just-in-time just does not work for us. The risks are too great for us and our customers. Therefore, when you walk through here and see this kind of inventory and you wonder, "what are they doing?" the answer is it's redundancy and back up. If you do this lean manufacturing and you do this just-in-time, it's pretty nifty when everything goes well. But sometimes you get in a bad batch of glass. It goes down the washer and someone says, "Hey, the coating is no good." What do you do? We've thought about it a great deal. We're looking for efficiencies in other directions like equipment that's four times more productive. That's the way we attack it. Rather than having a minimal amount of glass sitting here, we go the opposite direction. We have weeks' worth of glass sitting here so that if the weather is bad, etc., [we can quickly fill the job]. Does it work for everyone? Probably not. This chews up a fair amount of capital, too.

Do you think the increasing importation of glass from overseas, particularly China, is affecting you?

Yes. Where a job has sufficient lead time, it's going to be tough ... they are tough. The largest condo in the city [The Ritz in Philadelphia] is going all Chinese. [It's] not only the glass, but the metal, the unitizing, it's a major piece of work. But, let's see how they perform. It's exactly what we said earlier. Right now the numbers seem untouchable. I mean they are so damn cheap. They are running a buck an hour labor cost and you've got \$30 an hour costs here. Now, if they don't perform, if stuff doesn't get on the water

in time, if it gets held up in the port and that condo doesn't get completed, wow! And it's not just happening in the glass industry. It's everywhere.

Do you think the United States can still compete against the Chinese?

The construction industry is really a last-minute game, for the most part, and the Chinese companies really cannot react in time. From the moment [customers know the size of glass they need] they want glass and there's no way in the world that that can happen [with the Chinese]. They

need a month to fabricate. They need a month on the water. They just can't deliver and I think that gives us a little umbrella. The other thing is much of what we supply is bulky, heavy, cheap,

so that the freight costs (ocean and inland) is another umbrella that gives us some shield. That's not the case in every industry. Consumer goods, which are very high-value, lightweight, small, [the Chinese] are unstoppable there.

But you've also done some jobs where you've fabricated float products from Chinese companies.

Usually, what you're talking about is having one lite of heavily fabricated glass, lots of labor and lead time. If you don't have the lead time, you're dead. You just can't depend on these people to bring anything in in less than a month and actually it's way longer than that. Now, with this laminating facility, we'll depend on them less and less. We'll say to our customer, "Look if we bring it in from China, you can save a buck. If we make it here you got a sure thing. It's right here. Do you want to buy this insurance for a buck?" Let them make the decision. If the customer says, "No, we're pressing the numbers," all right, you know where [the glass] is coming from. (*Editor's note: Berkowitz is refer-*

ring to importing the top lite used on an IGU.) That's your choice, but know there are risks involved and the customer has to make an informed choice. Sophisticated people can make these kinds of calls and the customer, with all the information in front of him, should make that call. If he says, "Buy it in China," that's his call. We would recommend that he let us make it here, but our costs are different. It's a call that the construction manager should make. We'll go either way.

"We're looking for efficiencies in other directions like equipment that's four times more productive. That's the way we attack it—rather than having a minimal amount of glass sitting here we go the opposite direction. We have weeks' worth of glass sitting here ..."

Do you have plans to retire?

Today! As soon as you finish torturing me.

Actually, I have an invention I'm working on. [When I retire] I will put some time into that. I have a system to take single-glazed windows, and supposedly in the United States there's something like 2 billion square feet of them—office buildings, hospitals, airports—and they are huge energy hogs. They are terrible. Heating or air conditioning will leak out of them at a wild rate so I have a patent on a unit that goes inside of it [and] saves well over 50 percent of the energy that's lost. And you can do it without tearing out the window and without the tenant leaving. I'm going to have fun promoting it. We've done lab testing and, to give you an idea of how good it is, on a zero-degree day outside, where the outside lite is zero, the inside lite is 54. It makes the perimeter of the building comfortable and the last 4 or 5 feet of the building useable and the same thing occurs in the summer when it's

120 outside this thing is way down in the 80s. It's kind of a fun thing. It's a complete factory manufactured IGU, but it's a system for installing it. So, the tenant leaves at 5 p.m. comes in at 8 a.m. the next day and it's in. The existing lite stays. Ours goes in back of it. What it is, it becomes a triple and that's why it's so efficient. When you think about it, if the outside lite is zero, the second lite's got to be 27 and the inside of the third lite is 54. It's an enormous energy saver and it would be fun to promote. So I'm going

to play with that when I get kicked out of here.

So are you glad that you ended up in this industry?

Give me the alternative.

Are you glad you're not an attorney?

Yes! I can answer

that one. I heard a good lecture last night at Penn Law School. The chief justice of the Israeli Supreme Court spoke. Some of it's fun. It's intellectual. But in general, why do I want to work all day on other people's problems? I've got enough of my own.

What do you like to do when you're not working?

Grandkids. We're going to Israel on Sunday to see my friend—the Mayor of Jerusalem. His name is Meir Berkowitz. He lives in Jerusalem, so we call him the mayor of Jerusalem. He's 3 ½—a tough kid. So, yes, we spend a lot of time with the grandkids.

Thank you very much for your time.

Thank you. ■

the author



Ellen Giard is the editor of USGlass magazine.