



The Roofer's Son

Ken Hendricks dropped out of high school to work for his dad. How, then, did he become a billionaire?

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Getting Even

As a roofing contractor, Ken Hendricks was fed up with the lousy service he was getting at home-building supply centers. But he didn't get mad—he started his own company. Talk about getting even.

Today, 25 years later, Hendricks is CEO, chairman and sole owner of ABC Supply, the nation's largest wholesale distributor of roofing, siding, windows and gutters. With \$3 billion in sales last year, the company operates 350 stores in 45 states and the District of Columbia. Not all that long ago, Hendricks was making \$10,000 a year at two full-time jobs.

He built the business on old-fashioned family values. The son of a roofer, Hendricks grew up in Janesville, Wisconsin, just north of Beloit, where the company is based. "My dad was a hardworking, honest person," says Hendricks, now 66. "He'd go to work at six in the morning, carrying a bag lunch, and work until six at night. He worked every Saturday and took one week off a year to visit his brother in Oklahoma."

But in a town where the social divide between the country-club set and blue-collar workers was indelible, he says, "my father didn't get any respect because of what he did." When Hendricks dropped out of high school to work with his dad, he saw that attitude was extended to contractors by the business owners who sold them building materials.

"They didn't understand the business at all," says Hendricks. "They were interested in one thing: selling something. Whether it worked or not, they didn't care." Hendricks took that lesson to heart, determined to put the customer first.

After 20 years of running his own roofing business, he had the finances and experience to make a move when he heard of three supply centers that were for sale. It was 1982, the middle of a recession, and the best loan Hendricks could secure came with a 22 percent interest rate. Worse, all the centers were losing money. Nonetheless, he and his wife, Diane, took the plunge, and ABC Supply was born. His goal was simple: "I wanted to change the roofing industry."

In four years, the company acquired or opened nearly 50 stores and racked up \$183 million in sales. Hendricks revels in turning around an unprofitable business without changing managers, employees or customers. "One thing we've done differently from most companies is to always keep the people in place."

Taking Care of Your Employees

And for good reason. "It's a fact that employees have a lot to offer. When I buy a business—and this is a business that might be failing—I talk to the forklift operator or the warehouse guy, and I'll say, 'If you were running this business, what would you do?' And he tells me 95 percent of what has to be changed for that business to be successful."

Hendricks is always looking for ways to reward his people. For example, he says, "we give 53 percent of the profits back to the employees in the form of bonuses when they do a good job."

Many organizations claim their employees are like family, but Hendricks means it: His wife and five of their seven children hold key positions. All started at the bottom and worked their way up. One son, Kevin, followed in his father's footsteps by skipping college



Illustrated by Zed

The customer, not money, should be the motivator in any business venture.

and going into the roofing business. His “graduation” present was \$100, a nail bag and a roofing hammer. Kevin started as a gofer and learned the business so well, he turned a money-losing store into the company’s biggest profit center.

Although Hendricks made No. 107 on the 2006 *Forbes* list of the 400 richest Americans, he doesn’t see a need for chauffeurs (he drives a Jeep), entourages and other trappings of wealth. After all, he says, “we all put our pants on the same way.”

What’s more important to him is loving his work and doing a good job. “Don’t let money be the motivator,” he advises anyone starting a business. Instead, he says, “understand what the customer needs and how you, as a business owner, can help him improve his company. When you help your customer grow, you grow. Very few businesses understand that. They try to extract as much money from their customers as they can. But if that hurts their customers’ business, the customer goes broke, so who wins? Nobody.”

Getting Ahead with Ken Hendricks

What’s the most overrated secret to success?

Intelligence. Success is about how you take care of your employees and customers, and how sincere you are about that. You don’t have to be smart to treat people well. Swallow the ego and hire somebody who’s good at what you don’t have the knowledge to do.

What’s the most overlooked secret to success?

Having a calculated vision. Let’s say you go into a store and say, “Boy, this would be a great place if ...” That’s the vision, okay? Then do your homework to make sure your vision makes sense.

Do you still ask your employees what’s working and what isn’t?

All the time.

What’s the most important thing you’ve learned in business?

That people have the right to fail. Otherwise, they stop thinking, and then you need more management to manage them because you have to think for them. But if they figure out why they failed, and if they correct it, then the failure has real value.

What are you looking for in a potential hire?

Energy. And if somebody says to me, “I just want a chance.”

You dropped out of high school. Any regrets?

What do you think!?! Actually, I do need to address this. We’re in trouble with our education system. That’s because a family today is considered a failure unless their kid goes to college. But not every kid has the aptitude to go to college. We need more service- and tradespeople—electricians, plumbers. There’s nothing in school anymore that trains you for a job. When I dropped out of 11th grade, I could build a house with my own hands. I knew what I wanted to do.

What are the rules you live by?

One, have the patience to train others to do your job so you can build your business. Two, take care of your customer. Three, reward people. Four, look ahead at the big picture, not just the job in front of you.

If you had to choose between good luck and good instincts, which would it be?

That's tough. Even with the best instincts, you need luck. And to live on luck alone—well, luck always runs out. Go to Vegas and you'll find that out. Combined, though, good luck and good instincts are powerful.

Maria Bartiromo is host and managing editor of the syndicated program *The Wall Street Journal Report*, as well as host of CNBC's *Closing Bell*.