After 30 years, Radford twins still in charge at survey firm they started

Profile

DOUBLE VISION

HARD WORK, WELL COMPENSATED: Twins John, left, and Steve Radford are proud of the family business they jointly founded. Radford Surveys and Consulting, a unit of Aon Corp., is a compensation data service company that boasts clients like Microsoft, Oracle and Genentech.

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Founding a family business and keeping it growing for 30 years is enough of a challenge, but imagine doing it with your identical twin.

John and Steve Radford have done just that with their compensation firm, Radford Surveys and Consulting, a business unit of Aon Corp. Radford’s clients include Microsoft Corp., Oracle Corp., Intel Corp. and Genentech Corp.; and is widely viewed as a top compensation data service for its high tech niche.

Employing 75 professionals on the survey/management side and 25 compensation consultants located throughout the states, the Radford brothers are proud of the company’s reputation and the extensive database they have accumulated over three decades.

“Radford has been the life blood of tech company compensation professionals for years,” says Jeanne Palmer, President of Palmer Advantage Inc., an HR firm in San Jose. “I don’t know of a high tech or biotech firm, large or small, that doesn’t rely on their data.”

Self-assured John Radford, the older by four minutes, says he’s the natural leader, and fields most question. There’s a good-humored repartee between the two and they both chuckle when John refers to his brother Steve as “the skinny one.”

It was Steve Radford who saw the burning need for reliable compensation data in the semi-conductor industry when he was working as a compensation analyst at Fluor Corp. in Irvine in the early 70’s.

“ Heck, no one was doing it!” Steve Radford says, remembering their modest beginning in a Menlo Park cottage when he and John, who had just finished business school at Stanford, seized the business opportunity and ran with it. They were both 25, and John’s earlier unpleasant experience in a partnership cemented his resolve to work with someone he trusted implicitly.

“Sometimes negatives can turn into positives,” Steve Radford adds, smiling at his brother.

This camaraderie and entrepreneurial spirit was evident when the boys were only eight years old. Although their parents were professionals (accountant and teacher) they describe growing up poor in Southern California in rural Somis. To make extra cash, they went door-to-door selling mistletoe at Christmas, raised scrappy chickens and sold them to their neighbors.

Twenty years later, that door-to-door approach was effective in getting Radford off the ground. The brothers found that HR people wouldn’t come to them, but were willing to listen as they made their pitch. In 1977, they produced their first Benchmark Survey comprising 39 companies, which they assembled the old-fashioned way using paper, scissors, and tape.

Radford databases now include compensation data on 2 million employees in 58 countries around the world, and feature specialties such as biotech and global life sciences surveys. The Radford Network, a client-only portal, offers proprietary compensation information and resources to their 7,000 registered users for an annual participation fee of from $10,000 to $25,000. They also offer consultant services and seminars (including Web casts) on business trends.

Yet progress wasn’t smooth over the
years, and the Radfords learned some important lessons along the way. John Radford admits they had to listen to some hard feedback from their customers at times and be more responsive to their needs, especially in the timeliness of their survey releases. In addition, the tech bust was a difficult period when they lost about 490 clients from bankruptcies, mergers and consolidations.

In 2006, Radford was acquired by Alexander & Alexandar Inc., and later sold to Aon, but neither brother harbors regret. Their clients’ smiles imply they negotiated a generous package, as you might expect from compensation experts. Later in 2006, John Radford took a senior director position at Aon. He returned to the family business in 2003 to form the strategic steering committee.

Today’s strategic game plan large close tabs on the competition (Pearl Meyer, Watson Wyatt, Hewitt and Towers Perrin) but the Radfords claim their competitive advantage comes from a superior service and concentrating exclusively on the high tech/ info-tech sectors.

“They’re the red hot industries,” says Steve Radford. “Everyone wants into this business.”

Linda Ammon, a senior VP, joined Radford from competitor R&I Consultants (later In

formation is validated and instruction is given on interpreting the data, says HR

professional Jeannie Palmer. She considers some computing surveys less reliable. “It’s garbage in, garbage out,” she says.

Ellen Swartout of Adobe Systems says he uses the company as a primary resource because it delivers data based on well established job matching methodologies and relevant jobs. “Radford uses the same benchmark jobs globally which allows a company to have a consistent approach in survey matching,” she says.

VP of compensation and HR operations at Oracle, Susan Charley says Radford is the only survey her company participates in for high tech compensation. She notes that the ability to access a large customer base of data online makes it more efficient for her staff.

Since 2006, Radford has collected information on stock option compensation as well as base salaries. In the last two years, the brothers have seen the trend away from stock options to full value shares (restricted stocks) due to the change in spending rates.

Steve Radford says that average base salaries have been trending up at around 4 percent to 4.5 percent annually since 2003. He sees many companies that have met their target growth paying 100 percent cash incentives to employees, and more investors resisting equity distribution.

“Silicon Valley was an egalitarian culture, but it’s becoming less egalitarian in the last two years,” says John Radford. “Companies are forced to pick and choose who participates in stock at the lower levels.”

The trends are well placed to comment on global trends and expect Silicon Valley to retain its position at the center of the tech world indefinitely. “They emphasize, however, that companies must compete effectively in the global arena and maintain access to global talent. ‘Their role, as they see it, is crucial to companies’ global strategies and bottom line, by filling the need for country specific compensation plans.”

In the last five years, (uninduced) revenue at Radford has been growing by between 10 percent and 15 percent, and John Radford is particularly bullish about the future, aiming to double or even triple this growth rate by remaining innovative and responsive to client demand for more detailed compensation information.

“Their has been a dramatic transformation in the rules and increased focus on executive compensation,” says Steve Radford, referring to Sarbanes-Oxley and new FASB requirements. “Companies are relying more on outside objective guidance, like ours. It’s never been more complex.”

In their own words

On the main influences on their business lives:

Steve: Fear of failure. Growing up with depression era parents was a big influence.

John: We grew up poor and had to work all through high school and college. We developed a strong work ethic.

Advice for compensation negotiations:

John: The best you can ask is to be treated fairly and consistently with other employees. Know the going rates, and ask if there is a formal cash or equity row. With unemployment at around 4.5 percent in Silicon Valley, it’s getting more competitive. People should understand their worth.

What are the advantages and disadvantages of working with your twin brother?:

John: Advantages — close communication and trust are important. We’ve built a family-friendly culture. It’s a lot of fun.

Steve: Disadvantages — now employees can’t tell us apart. I’ve been called John three times in my whole life.