Martin Connor

Building Lasting Success

"It's a long life," Marty Connor starts to explain when asked what advice he would give to young people today. "You're only going to be able to show that you're unique over an extended period of time." The message of sustainable growth as the path to success is a relevant one, both within his role as the CFO of Toll Brothers, Inc, as well as being reflective of his own personal approach to business that has made him successful.

Homes are never built overnight. A solid foundation needs to be laid before the rest of the house can be built; a metaphor that isn't lost on Marty. In his case, the foundation is an uncompromising work ethic. Marty's career reflects the approach he brings to his role at Toll Brothers; quality above all else, patience, and humility. Starting work at age 12 as a paper boy in Avalon, NJ, Marty explains that it was not about making money, rather it was simply what was expected of him by his parents. To this day, he credits them proudly with instilling a work ethic, and an appreciation for the rewards of a hard day's work. Standing out in front of the bakery and church to sell papers after finishing biking around the island, Marty's only reprieve came in the form of Avalon's lack of hills.

Once he was old enough to drive, Marty went to work in a seafood warehouse and out on the docks of Cape May. Laughing, Marty explains the tradeoffs of such demanding work, "I was in the best shape of my life but I didn't smell too good!" One of the positives, however, was a deep understanding and appreciation for the hard work put in at every level of an organization; from manual labor to financial analysis, "everyone is working as hard as you, just a little differently."

There was, however, another lesson yet to come. Marty's toughest lesson would come in and after college. Remembering the adjustment from high school to college, Marty remarks that he looked around and realized "I'm not as smart as I used to be." Originally going to college to become an aeronautical engineer, Marty explains he had difficulty grasping some of the concept and visualizing the engineering forces at work. So he moved into business, focusing on accounting. His reasons for this decision were not random; he did not know yet what he wanted to do in the professional world, and recognized accounting as a sound platform from which he could figure out his plan moving forward. If one has a business background, he explains, it's easier to then look for the business that is most personally appealing.

The converse question becomes how appealing a young graduate is to a business, as Marty relates with the story of his post-college years. When he went into public accounting, he was one of fifty young graduates hired. He leans back as he reflects that there were seven other firms that also hired fifty graduates. And, he explains, that was only big firms, and only in Philadelphia. All eight firms interviewed him; when you add that up, he explains, you begin to realize why. They were looking for the same person—eight times fifty. And despite knowing he was and is unique, Marty explains he realized the entire candidate pool went to similar schools, received similar grades, and took similar courses. It was a moment of recognition for Marty. A man who picks his words deliberately, Marty explains his epiphany for the sake of other young graduates. “Unless you have a unique situation, and a truly unique set of skills, you’re going to march along with the army for a while.”

Thus, Marty marched through the doors and into Ernst & Young following his graduation from Notre Dame. The most frustrating (and amusing) experience following his entry into the professional workforce was perhaps also one of the more profound lessons of his life. Marty explains that he went to work for Ernst & Young, knowing very little about the specific tasks of the job. He recalls that after 11 months, he felt he understood infinitely more than when he began. Approaching his first anniversary on the job, he was given a raise. It was, however, rather modest. Slightly confused, Marty spoke with his management, saying; “you paid me that much when I didn't know what I was doing, and now that I know what I'm doing you're paying me just a little more. That just doesn't make any sense!” The response he got was one that left an impact: “Well,” explained management, “Be grateful we didn't ask for any of that first year compensation back.”

This lesson was and is perhaps Marty’s principal driving factor: that nothing happens overnight. Of course loyalty and investment between a company and an employee can be increasingly difficult in today’s atmosphere. Marty explains that employees looking for quick-hit improvements often jump from job to job. This behavior creates some challenges. How can a business be expected to invest in its employees if they do not invest in it? Of course the same can be said of companies, including Toll, who have struggled through the recent downturn and laid off significant portions of their workforce. “The 75% decline in our revenues from the unprecedented downturn in the housing industry was very painful,” Marty explains. “We let go a large number of great employees. We’ve done our best to maintain contact with them and as growth emerges, they are the first people we call. We’ve hired hundreds of them back over the last year or so.”

It should be noted that Toll enjoys a remarkable consistency with its senior management, who average more than 20 years tenure with the Company. Through 2010, Toll’s top three executives had worked together for over thirty years. This continuity of management has served the company well through this downturn, as well as previous cycles. Thanks in large part to his predecessor, Joel Rassman, Toll is in an excellent financial position. It was in fact Joel who had handpicked Marty to become the CFO, itself a story that speaks to the special nature of Toll Brothers.

While at Ernst & Young, Marty had worked his way up to being a Partner — in fact Toll Brothers was his client. Real estate had become his specialty following his involvement in the initial public offering of Liberty Property Trust in 1993-94. About 3 years ago, Mr. Rassman was diagnosed with leukemia and called Marty to ask if he would like to come on board. For two years, Marty worked across the desk from Mr. Rassman until Mr. Rassman’s passing in September of 2010. Mr. Rassman remarked in 2007, before his diagnosis, that Toll Brothers was not afraid to hire smart people, who brought with them “fresh ideas and skill sets that allowed the company to look at the world in a different fashion.” He went on to add that, "because we're an industry that basically follows the same path, in terms of management styles, the management style that we've adopted is significantly different."

Marty echoes and builds upon Mr. Rassman's sentiments, explaining that the combination of Doug Yearley stepping into the role of CEO and Marty's move into the CFO position was one that was carefully orchestrated. In light of the corporate memory, it was recognized that they would bring a fresh perspective, while upholding the Toll Brothers commitment to stable, trusted leadership. In the end, Marty reflects that in an industry that had been hit hard(est) by the recession, the changes are bringing renewed energy to the organization. Clearly, there were big shoes to fill, and when asked if he carried the "no days off" attitude of his youth into his new position, Marty chuckles before showing a different side to his personality.

He explains that when he was 12, the work was about extra candy bars, not necessity. With a wonderful family (and the pictures to prove it), Marty now finds that obligations at home demand a different attention, and yet also produce a different feeling of success. Balance is vital. Most recently, his oldest son has allowed for some personal reflection.

In August of 2010, Marty dropped off his son to begin college. One of the college staff members explained to parents that they should not be overly concerned about what topics their children study or a lack of focus regarding their futures post-graduation. "About half the jobs in the country today didn't exist 10 years ago," explained the staff member.

"And when you think about it, you realize he's right." Marty says, continuing to reflect that "the expectation, if we give it to our kids, that at 22 they should figure out what it is that they want to be…you want to be adaptive, that's what you want to be."

It is clear that Mr. Rassman could not have picked a better successor, and as time rolls on, Toll Brothers continues to be strong. Growing out of every downturn, Marty is confident that pent-up demand will soon coincide with consumer confidence; and the high quality product produced by Toll will help to sell itself.

It's been a long, sustained climb to the top for Toll. In a distinctive niche of the market, Toll's results can be attributed to its commitment to quality and the philosophy of its management. Since selling their first home in 1967, Bob and Bruce Toll have built Toll Brothers to be America's largest luxury home builder. Marty's parting words leave little doubt as to the driving factor behind his, and Toll Brothers', continual (and sustainable) success. "You work hard, good things are going to happen. Or to put it another way, bad things won't."

For additional information about this profile and case study, please contact:

Scott Shuster, PHR
Shuster Staffing, Inc.
610-664-6605
Scott@Shusterstaffing.com
www.ShusterStaffing.com

Shuster staffing Inc.

ELR Executive Leaders Radio
910 Harvest Drive, Suite 200
Blue Bell, PA 19422
610-941-2489
www.ExecutiveLeadersRadio.com