

Business

- Posted on: October 6, 2003

Three Under 30

Hold on tight. The next generation of remodelers is smart, business savvy, and fiercely determined to make a blue-collar industry white-collar respectable.

by [Joseph Schuler Jr.](#)

Busting Bias

Shawn Nelson, president New Spaces, Minneapolis

Age: 27

Birthday: Sept. 12, 1975

Achievements: Six years ago, Shawn Nelson joined his parent's company. Father, Doug, is CEO, but he's stepped away from the day-to-day, and mother, Carol, has eased out of accounting. Shawn has absorbed some responsibilities and hired for the rest. Many of Nelson's achievements have helped push the 20-year-old company to \$2.5 million last year and to a 10% increase in gross margins. Besides refining systems (cutting the time it takes to finish a punch list by 75%, for example), Nelson started New Spaces Express, where he uses newly created small-job, on-site estimating and contract-writing systems.

At 26, he was elected chair of the Remodelers Council of the Twin Cities. With NAHB, he has lobbied on Capitol Hill for a health care plan that would give small-business workers coverage equal to those in large companies.

How he got into remodeling: In high school, his dad put him on special projects: financial analysis and market research. From college in Indiana, Nelson would connect by modem to the company's server, permitting long-distance "business apprenticeship."

Why he went into remodeling: "I graduated first in my class with a 3.99 GPA, and my professors felt I could take advantage of any opportunity. In their mind, my chosen path was a waste of talent. But I saw an industry on the path to professionalism. Companies that would succeed would be those led by people with business savvy. ... I wanted to be one of those people."

His best practices: He hired consultants to identify and correct quality issues, leading to refined design-to-production handoffs and rigorous punch list systems.

What he's proud of: Growing margins by financial and process system analysis. "More important than knowledge of business is the ability to translate the tools of business into something understandable to those without a business background."

What's wrong with remodeling: Nelson says teens say, "The media is always trouncing the industry. Why be part of that?" He feels the industry needs to stress training and the fact that even without a degree, you can make a wonderful living.

His biggest mistake: "I started way too much in theory and thought I knew everything. I just had to respect what everyone else knew and to integrate what I knew into that."

Nelson, on Nelson: He's getting an MBA through night classes and plans on attending law school, for "practical reasons." He'd like a Ph.D. in economics, "but that's just a hobby."

Setting a Clear Vision

Dan Hurst, CR, CLC, partner Hurst Construction, Middleburg Heights, Ohio

Age: 27

Birthday: April 26, 1976

Achievements: With his 30-year-old brother, Pat, Dan Hurst built a \$1.2 million remodeling firm in six years, starting as a roofing contractor. He learned quickly that he didn't have all the answers -- and probably never will. He's turned to established systems (Tim Faller's lead carpenter system) and resources (Shawn McCadden's Residential Design/ Build Institute). Hurst's company's open book system lets leads scrutinize job and company profitability. His subcontractor agreements maintain workplace standards while quality control checklists ensure top-notch work.

Credit: Compoa
Dan Hurst

How he got into remodeling: In high school, Hurst installed roofing part-time, then, after some college, he joined his brother at a tool-and-die factory. "Money was good. But we saw these people, they'd been there 30 years. It struck a nerve. We just quit one day." They started roofing for family and friends, and "it snowballed." They worked long and hard, always investing profits in the company.

Why he went into remodeling: "We have a clear vision. We know where we want to end up someday: As one of the best remodeling companies in the area. The only way that's going to happen is if we constantly improve our relationships with our customers."

His best practices: His open book system helps keep pay competitive. "If a lead carpenter is consistently meeting his budget, we can reward him for that and make sure his hourly rate matches his performance." Hurst's "signature required" subcontractor agreements keep subs on the same page, and a checklist allows leads to constantly monitor quality.

What he's proud of: That the recently begun client surveys have helped shape company-client relationships.

What's wrong with remodeling: "The best thing we could do as business owners is to increase professionalism. We do it by uniforms, strict guidelines on what employees can and can't do on the jobsite, how they approach customers and handle jobs. If you take care of employees, they develop your reputation and allow you to continue as a company that lives up to customer expectations."

His biggest mistake: Hiring two lead carpenters who could not do the job. "We went back and tore down what they'd done, rebuilding it to the correct standards. What we learned from that is how to maintain quality -- thoroughly inspecting at every level."

Hurst, on Hurst: "It's complicated, running a business, especially remodeling. You think back and wonder whether it was the right trade to get into. The complexities of bringing all the trades together is especially challenging. And being so young, it's hard to afford 'the school of hard knocks.'"

Raising Standards

Matt Podesta, vice president Podesta Construction, San Francisco

Age: 29

Birthday: Aug. 22, 1974

Achievements: A CPA with a business economics degree, Matt Podesta brings financial/operational/technology-driven vision to a 13-employee company and has spurred a transformation. Co-owner with father, Jerry, 59, and mother, Karol, he'll help take the 16-year-old business to \$2.5 million-plus this year. Through June, he personally sold \$1 million.

How he got into remodeling: He'd seen his father struggle when he switched to remodeling mid-life, and he vowed never to get involved. After college graduation, he worked for KPMG, and audits included major construction companies. He won insight into processes and procedures. Later, working for a fiber equipment manufacturer, he opted for severance when the company relocated. In March 2001, he found himself exactly where he didn't want to be: "helping out" at Podesta Construction. He soon discovered, however, that he was enjoying himself, and that the company was deficient in areas where he could help. "We didn't know what our contract values were for a lot of projects. To me, I couldn't believe that. I tried to create an approach they could manage once I was gone. That just pulled me in deeper and deeper." A three-week vacation in Spain brought his epiphany. "I realized this means something."

Why he went into remodeling: "Owning a business has always been my long-term goal, and the family business provided an immediate vehicle." He's a firm believer in earning his way, so his starting salary was \$25,000. Has he earned a raise since? "Still working on it," he jokes.

His best practices: He led an upgrade from QuickBooks Pro to Master Builder, which required new processes and procedures; developed marketing collateral, including a dramatic Web site; initiated a retirement plan; developed employee forms; and refined other procedures.

What he's proud of: Refined systems, the move to larger projects (\$500,000-plus), the move from bidding to negotiated projects, and company growth. "The most important aspect of successful growth is developing the infrastructure to support it."

What's wrong with remodeling: "This industry has been built by craftspeople who are probably more artists or mechanically inclined than they are businessmen. You're going to find more young people getting involved with a lot of business and technology sense, and knowing the requirements of maintaining a professional organization."

His biggest mistake: Firing a lead carpenter mid-project and not finding an immediate replacement. "We should have frozen the project and explained it to the homeowner. It would have been tough then and there, but it would have alleviated a lot of problems."

Podesta, on Podesta: "My goal is to develop a nationally recognized company," he says. "Is it something I'm working on in two years? No. But it's definitely a long-term goal."