On the wall of Andy Beck's office hangs a framed photograph of the builder as a young man. In the picture he and another carpenter, both in their 20s and with 1970s hair, sit on a curb taking what appears to be a well-earned lunch break. Above their heads floats a cartoon bubble with the words, "How the hell do we do this?" The photo dates from Beck's first project, the remodel of an architect's office. The client later presented the print as a memento, but it was Beck who added the caption, "I wanted to illustrate exactly what we were thinking," he says. "I was very inexperienced. I had all the enthusiasm in the world, but I had to go home every night and literally read up on what I had to do the next day."

A lot can change in 30 years. Beck, now 61, still carries himself like the ski instructor he was when he arrived here in Colorado's Vail Valley in 1970. But his company, like Vail and the other ski-centric valley towns, has developed almost beyond recognition. "There's been a lot of wealth created in this country in a very short time in the last decade," Beck says, "and a lot of those people are looking for second homes." Those with enough wealth can find one here. The views are stunning, the outdoor recreation opportunities are unlimited, and the price for high-end-development lots runs upward from $1 million. Beck is on a short list of potential builders for any top-shelf project in the Valley, so new homes of 10,000 square feet and square-foot costs from $400 to $1,200 have become his meat and potatoes. And because the area
Grand Finale

Typical of Beck Building Company's work in scale and style, this vacation house looks thoroughly at home in the Rockies (above). Inside, a more polished treatment creates something of an East-meets-West fusion (opposite).


job, and punches a code into the main gate’s keypad. “We’re going to drive in about eight miles from Highway 6,” Beck says. The dirt road—an old stagecoach route—winds through high desert sagebrush and aspen groves. Cattle meander across the road, which climbs from an elevation of 6,400 feet above sea level to about 9,000 feet. Views from the building site stretch for miles to the Gore and Sawatch ranges, snow-capped even in mid-September. There isn’t another building in sight.

Despite the fact that the project is nearing completion, pickup line the road to the house. Six porta-potties stand off to one side, and enough racks of potted plants fill the circular driveway to make one wonder if the landscapers left anything at the nursery. The building compound consists of a sprawling ranch-style vacation home and an earth-sheltered guest house. At 26,000 square feet, the complex defies any attempt at brief description, but a few details stand out. The great room is framed with Douglas fir posts and truss members up to 16 inches by 16 inches in section (few or none of which carry any load; hidden steel members do the structural work). The kitchen features a 7-foot-diameter, stone-clad pizza oven, the guts of which weigh 4,700 pounds and had to be lowered into place with a crane before the roof was framed. An indoor playground slide allows children to zoom from the main floor to the lower level. The powder room off the main house’s entry tower contains a pedestal sink of carved onyx.

The main house connects to the guest house via a 60-foot-long vaulted tunnel under the entry courtyard—“engineered to carry a fire truck,” notes Brubaker—complete with cast-iron electric torches hanging from the walls and a hidden doorway to a secret room. The guest house, dubbed the Hobbit Hole, lives up to its name with a round entry doorway, round casement windows, wormholed antique larch flooring from Austria, and cast iron pots hanging on hooks by the stone fireplace.

Despite the medieval-fantasy trappings, though, the Hobbit Hole carries a load of high technology. Under an operable copper-domed observatory roof, a technician is installing an astronomical-research-quality 16-inch-diameter telescope. “Almost all of our customers are colleges and universities,” the technician says. “I can count on one hand the number of individuals who have bought telescopes from us in the last 25 years.” With its computerized control

attracts clients from across the country, Beck’s name gets passed around in the wealthier circles of Chicago, New York, and Boston.

Beck Building Co. maintains three offices, employs between 50 and 60 people, supports a subcontractor community several times larger than that, and generates some $40 million in annual volume. And Beck himself has come close to completing the arc of a successful career. Having started from scratch and built a thriving business, he is now preparing that business to run without him.

To illustrate how far the work itself has evolved, Beck suggests a visit to one of his current projects. Leaving the company’s office in the town of Avon, just east of Vail, Beck points his black BMW wagon toward an exclusive planned community a half-hour’s drive away. A 10,000-acre “heritage ranch” with a working cattle operation and extensive equestrian facilities, the development will top out at only 50 houses. Lots, up to 300 acres in size, range in price from $1.6 million to $2.5 million.

Beck stops at the main gate to pick up company vice president Bryan Brubaker, who is also one of two project managers on this
and photography systems, the unit runs about $150,000.

Equally impressive are the mechanical systems that support the compound. A 1,200-square-foot utility room in the main building houses two gas boilers the size of minivans, with 30-inch-diameter exhaust mufflers. “One’s 4 million BTU, the other is 2.5,” Brubaker says. A geothermal heat pump system serves mostly for air conditioning, although it will keep the house above freezing when it is unoccupied (after all, this is a vacation home). An adjoining room houses perhaps two dozen main electrical panels.

A third room, with its own air conditioning system, holds rack upon rack of A/V equipment and banks of low-voltage lighting panels. The 5-foot-high, 7,000-square-foot crawl space is also crowded with pipes and mechanical equipment. “We’ve got 39 heat pumps around the house,” Brubaker says.

Two 20,000-gallon water tanks ensure sufficient pressure for the sprinkler system and domestic use. A third 10,000-gallon tank offsets evaporation from the outdoor pool. Hydronic radiant heating keeps the 14,000 square feet of sandstone patio and pool deck clear of snow. To reach the remote building site, the company trenched a 2-mile line of 4,000-amp, three-phase power. “We ran about a mile-and-a-half gas line in here,” Brubaker adds. The line is 8 inches in diameter.

Producing a house of this scale, technical complexity, and architectural detail requires a small army of workers—at Christmas time, Brubaker reports, “The owners bought 160 little presents and had them shipped out here”—but only a handful have been Beck employees. The company concentrates its resources at the top, assigning project managers only two or three projects at a time. Most projects get a full-time site superintendent; larger ones might get a foreman as well. This one had two project managers and two superintendents, plus a clerk to surf the paperwork. With the exception of its Customer Care division, which handles warranty work, inspections, and maintenance for previous clients, the company subcontracts virtually all its hands-on labor.

Beck says that one of his company’s greatest resources is its roster of trusted trade contractors, and even the sharpest eye would have a job finding fault with the results. Getting top-quality finish work may be easier with subcontractors than with payroll employees, Beck says, “because you’re not invested in the relationship in the same way.” With subcontractors, the company can present its standards explicitly, up front. On the rare occasion when a subcontractor fails to live up to expectations or bites off more than he can chew, the company can call the bullpen and bring in a reliever.

As that picture on Beck’s office wall attests, though, the system has been some time in the making. When he sat for that portrait, Beck was still relatively new to this valley. Recently returned from an extended combat tour in Vietnam, he had left his native Wisconsin to ski the Rockies, taking carpentry jobs only to fill the warmer months. But construction suited him, and he signed up for an apprenticeship program sponsored by the local carpenter’s union.

After a couple of years on the crew of a good custom builder, he struck out on his own. One of his first hires was another ski
instructor, Frank Payne. It was a good move. Payne has stuck with Beck for 34 years as carpenter, superintendent, project manager, vice president, and now president. In their early years, Beck says, "we tried all kinds of stuff." The custom residential market had not yet taken off, so they took whatever work came their way: a police department remodel, a school water system, residential remodels, and light commercial jobs, "all these fun things that we didn't know how to do, but we'd have to find out."

Even then, though, Beck and Payne had a sense of what they were working toward. "We felt like we were the first work-all-year professional guys," Beck says. "We realized there would be a place for a very organized, professional, full-time company." And after starting out doing everything from foundations to carpentry to roofing to drywall, Beck decided they could serve their clients better by concentrating their efforts higher up on the organizational chart. "We were better at managing that stuff than doing it," he says, "so that's where we put our emphasis."

Beck's military experience provided the management model. "I
was in the Green Berets, Special Forces," Beck says. As an officer, Beck led a team of highly trained soldiers with very specialized skills. "Weapons specialists, camo specialists... I realized that these guys knew more than I did, and, while I was in charge, I had to engage their skills. I had to engage them in such a way as to get them to believe in what we were doing."

Beck emerged from the service with a non-dogmatic, collaborative leadership style, "more of a servant-leadership thing," he says. "It was hands-on, but we did executive work. It turns out it was a great translation to working with subcontractors and carpenters. You set high standards, but you let them know your expectations early on."

Subcontracting the field work has allowed the firm to focus on its management systems and build a formidable crew of superintendents and project managers. The latter—16 superintendents and 11 project managers—average more than seven years of tenure. Brubaker, now 48, hired on 25 years ago. The company's other vice president, Kevin O'Donnell, who focuses on marketing and business development as well as project management, has only 12 years under his belt and considers himself "a newbie."

The company has made an art of pairing superintendents and project managers with complementary personalities and skill sets, and it allows on-site management teams a significant degree of autonomy. But it has also achieved something of a group mind-meld, which is reflected in its superintendent field manual. A continuous work in progress, the manual represents the combined knowledge of the entire team.

Hefting the 400-page slab, Payne says, "This is a sequential document, from dirt work to foundation to framing, and so on." Entries range from nuts-and-bolts matters (don't accept spruce-fir framing lumber when the spec calls for Douglas fir) to material-selection advice (no limestone counters in the kitchen) and such arcana as the fact that dogs tend to dislike in-floor radiant heat.

The construction-checklist section runs to 39 pages. At their monthly meetings, the project managers and superintendents continuously update the manual (which Payne has actually copyrighted), sometimes with the help of an outside expert invited to speak on a new product or process.

The company's emphasis on learning and self-examination verges on obsession. Beck contracts with an outside company called Priority Management, which provides a time-management training course. "Everybody in the company goes through that," he says.
"It’s an automatic. When guys have to manage all this construction and do paperwork too, you’ve got to give them tools."

A few years back, Beck sent Brubaker and O’Donnell to Florida for a week-long course of management training. The company produces an “after action report” on every project. “We grade our subcontractors,” Beck says, “we grade ourselves. What worked, what didn’t? It’s layers of always checking in with everybody.” To hone the energy performance of the company’s buildings, the company brought in Minneapolis building science specialist Mark LaLiberte to lecture on the topic. “We invited our local architects, too,” Beck says, “to get them to buy in.”

This self-improvement imperative goes all the way to the top. More than a decade ago, Beck and Payne realized that the company had outgrown the seat-of-the-pants business skills that had served them up to that point. So they sent themselves back to school, taking a series of week-long management classes at the University of Wisconsin. “We’re businessmen in the construction business,” Beck says. “But,” Payne adds, “we weren’t always.” Beck nods. “We had to make that transition in order to survive.” In fact, he says, “We’ve reinvented ourselves several times as we’ve gotten bigger or changed
the kind of work we were doing.”

And Beck has not been shy about enlisting the help of outside consultants. Some 10 years ago, the construction-industry consulting firm FMI conducted a thorough analysis and revision of the company’s systems and procedures.

But the latest reinvention will be the most significant since Beck founded the company, because when this one is complete, Beck will no longer run it. The process began some 15 years ago, when Beck was working on his estate plan. His insurance company referred him to John Brown, a Denver attorney and expert in “exit planning.” Brown said, in effect, “So you expect to die some day. What would you like to do before that happens?” The timing was fortuitous, because a successful exit—that is, one that allows an owner to realize a return on his investment while leaving the business in sound shape—can easily take a decade to plan and execute. The culmination is one of three scenarios: a transfer of ownership to a family member, a sale to an outside party, or a sale to company employees. Each case poses a significant challenge for the business, which must maintain operational momentum, produce a profit for its new owner, and, in effect, fund the founder’s retirement. With that in mind, Beck put his company on a decade-long training regimen aimed at building core staff, clarifying and standardizing management systems, and maximizing profitability.

The primary goal of any exit plan is to build and preserve the value of the company. In custom building, a business with relatively few fixed assets, that value lies in people. Preparing for a successful transition, therefore, entails finding the right people and binding them to the company.

“As much as 15 years ago,” Beck says, “the question was, how are you going to compensate key individuals beyond their salary?” He began by making Payne a minority owner and offering a generous deferred compensation plan to his other key people, giving them a financial stake in the company’s success. He worked at standardizing the company’s systems and documenting its procedures, in effect downloading the management software from his own head and publishing it for the team that would take over for him. At this point in the evolution of a company, Beck says, the owner’s focus “goes from being entrepreneurial to being organizational.” Whatever role the owner has played, “You have to define that, share it, and assign it. As soon as you have a process in place, you’ve got to paper it.”

“The 20 Club involvement has kind of forced that too,” says Beck, who has participated in the NAHB peer-advisor program.

This rustic, Western-style home draws 75 percent of its heat from a geothermal system. Its six cedar-trunk columns were sourced as standing trees, excavated, and delivered to the site with root balls intact (opposite and above).

Architect: RMT Architects; Photos: Ron Ruscio.
since 1997. Made up of builders who run similar businesses in non-competing markets, Beck’s 20 Club acts as an informal heard of directors, meeting periodically to comb through his operation, offer advice, and hold him accountable for acting on his stated intentions. This kind of scrutiny, Beck says, demands that club members standardize their financials and produce hard numbers for quantities that might otherwise exist only as gut feelings: “Working capital ratios, that kind of thing.” Managing projects that run to eight figures imposes another layer of financial discipline. “Surety bonding takes a very critical eye at how you run your company from a financial standpoint,” Beck says.

Customers at this level tend to know their way around a balance sheet, too. “Almost all of our work is negotiated,” Beck says. And when he opens his books for a client, he expects a very close reading, even when the project is a mountain-fantasy ski house. “Just because it’s fun and it looks like a whim, it doesn’t mean they aren’t interested in financial management.”

After a decade of this intensive grooming, Beck Building Co. is truly a thing to behold. “We’re not the only good builder in the Valley,” Payne says, “but when we start talking about process, I absolutely think we’re head and shoulders above any builders in the Valley, if not in the state of Colorado, maybe beyond.” The prestige architects who refer their clients to Beck agree. Put simply, this is a company that knows what it’s doing; not only in the sense of competence, but also in the sense of self-awareness. In preparing for his own departure, Beck has coached his team to an impressive level of organizational fitness.

Looked at another way, though, the process has been like fattening a handsome Thanksgiving turkey: The ultimate point of the exercise is to remove its head. “Deciding to exit, that’s the toughest thing,” Beck says. Starting and running a business can be an all-consuming proposition. Free time is always just over the horizon, and the horizon never gets any closer.

“Your family suffers, and your marriage suffers too,” Beck says. But even with the prospect of a comfortable retirement within reach, the tug of responsibility, the excitement of risk-taking, the thrill of accomplishment, the feeling of being indispensable all bind the entrepreneur to his role. “That’s a hard elixir to rid yourself of,” he says, and time does not make quitting any easier. “So you just decide, ‘This is what I’m going to do.’ And that’s a deep breath.”

When Beck finally took that deep breath, five years ago, he felt a surprising sense of liberation. “Once you’ve got to the decision that you’re going to leave, then you can just go and work really hard at it,” he says. Beck’s two grown children work in other fields, and selling outright seemed precipitous, so he set the wheels in motion for an eventual sale to his top managers. “We went through a strategic development process, trying to figure out what we’re going to be post Andy’s involvement,” Beck says. “So when we push away from the dock, everything is shipshape.” The resulting strategic plan gave the company a new vision statement, defined its guiding principles, identified its core competencies, clarified its primary processes, combed out some kinks in the organizational chart, and sharpened its job descriptions.

To adjust to their own changing roles, the management team began work on “personal development plans,” which address the relationship of each manager to his position. “Where are you now?” Beck explains. “Where do you want to go? What are your skills now, and what are you going to need?” Ultimately,
the company will develop such a plan for every employee.

With the imperative to support a new generation of leadership while, in effect, pensioning off the founder, Beck says, “We realized we would have to have a certain number of dollars to carry the freight.” But, he adds, “We’ve always been in a kind of controlled growth mode.” The company plans on taking a larger share of the Vail Valley market and continuing its expansion into new markets via its satellite offices in Steamboat and Denver (see “Mile High Challenge,” page 14).

The financial aspect of the transition is relatively straightforward. Beck has made a specified amount of company stock available for sale to his top managers via a process that is linked with the company’s compensation plan. The latter has three components: a straight profit-sharing plan for rank-and-file employees, an incentive bonus based on project profit for superintendents and project managers, and a bonus based on company-wide profit for top managers. Members of the management group can use their bonuses and/or other funds to buy stock in the company. Beck has also financed part of the sale, so some of the managers will be using their bonuses to pay off a note. For the foreseeable future, Beck will remain the majority stockholder, a position that will provide retirement income, in the form of dividends, and give him the last word on any difference of opinion with the new management. In time, however, he expects to cede direct control, “so that my role becomes more of a CEO, and later more of a board position.” Toward that end, and in characteristically methodical fashion, Beck has already transferred most of his day-to-day responsibilities to Payne. “Frank and I had an organized sequence of how we would hand off the work,” he says. They made a chart of duties—sales, finance, management of hard assets, even calculating bonuses—each of which would be turned over in the course of a year. “Sometimes we would do more than one a year.” Planning ahead and proceeding by stages in this way, Beck says, “kind of lets everything mature.”

That includes the founder’s attitude toward his impending
Grand Finale

With decades of experience and success in its Vail, Colo., market, Beck Building Co. approached expanding into Denver, 100 miles to the east, with justifiable confidence. “We thought we’d go down there and kick ass,” says Andy Beck. The Denver market kicked back, though, and Beck and his team got more than they bargained for, in both challenges and lessons learned. The company’s first project in the Denver area, a high-profile house by San Antonio, Texas, architects Lake|Flato, gave a taste of what was to come. The highest hurdle was finding subcontractors able to deliver the quality required and willing to accept the company’s accountability standards. “We had a lot of subs just send the plans back,” says vice president Kevin O’Donnell, who ended up calling in subs from Vail and Aspen. For its next two Denver projects, the company made a concerted effort to use only Denver subs. “We put a pretty good team together,” O’Donnell says. “We fired one guy, the heating guy.” Soon after, though, work heated up in the mountains, and the company shifted some of its resources back to Vail, assuming it could sell Denver jobs from a distance. Wrong. “We lost our momentum,” O’Donnell says. “When you’ve got work going on in-market, that’s the time to make the move.” Rather than fold their tent, though, Beck and his people took their knocks and came back smarter. Beck bought a small office building in the Denver suburb of Golden, Colo., and put O’Donnell in charge of building the company’s presence there. A couple of key hires added valuable local connections, a hot-shot marketer provided cocktail-circuit access to the right clientele, and some demographic research helped narrow the target market. “Even though Denver is a much bigger place,” O’Donnell says, “for what we are doing it’s a much smaller market. If you look at the demographic map, the dollar signs start to show up on the south end, and the next cluster is around Boulder.” Finding its kind of clients in the new market, the company also found its bearings. There have been more lessons along the way, but the Denver office is doing well enough that O’Donnell is down to two days a week there. And the effort is fulfilling its goal of adding to the bottom line. “Our original vision was that we might do one or two projects down here, and that’s grown a bit,” Beck says. “We’re doing four,” one of which is a 16,000-square-foot residence. The company got some dirt thrown in its face along the way, but that can be a good thing, Beck says. It gave his younger managers a taste of what it is like to struggle, and it reminded everyone involved that there is always something more to learn. “In a way it reinvigorated us as a company.”—B.D.S.

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