Oral History Interview

with

THOMAS D. VERTI

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By Michael R. Adamson

Adamson: The questions run basically chronological, but I just have to ask you off the top, to clarify for my point of view, it says you're President of Pankow Operating, and my question is, what is Pankow Operating? How does that fit in the family of Pankow Companies?

Verti: Charles Pankow Builders, which is the prime building company, is a limited partnership. Its general partner is Pankow Operating, Inc., a one percent general partner, so essentially it's a partnership. The officers of the company are a part of the general partnership, the one percent GP, the operating company, so I'm President of the Operating Company, which effectively is the President of Charles Pankow Builders, Ltd., which is one of the three companies that the Pankow Companies has. It's Charles Pankow Builders, Ltd., which is the main large building company. Then there's Special Projects, Ltd., which is the smaller project group. Then there's Mid-State Precast, which is the precast, architectural, structural precast manufacturing company. So those are the three primary companies within the Pankow organization. When Charlie started it, it was one company that did all three of those things, but we have split them up into different entities over time.

Adamson: So this Pankow Operating is a post-reorganization creation or a recent creation?

Verti: No, it happened in 1986 when Charlie and the board of directors elected to, for reasons stemming, I would believe, anywhere from tax reasons to protection of equity, etc., was to create, instead of the corporation—and that was Charles Pankow, Inc. previous to that—in 1986 created a new organizational structure of a limited partnership, and that became Charles Pankow Builders, Ltd. And that was 1986, so it goes back twenty-two years.

Adamson: Thank you. Let's go back to the beginning, then. Linda Kunnath has indicated on the sheet she gave me that Charlie Pankow coached you on a youth sports team. I don't know even know what sport it was.

Verti: Right. It was Little League baseball when I was twelve years old here in Altadena, California.

Adamson: My question then is, was that the beginning of a continuous relationship with Charlie, or did you come back—

Verti: Not necessarily. Chip Pankow, his older son Charles, but his nickname was Chip, and I were the same age, and we played. We had an opportunity, I think for about three

different years in our Little League years, to play together on the same team, and one year his father, Charlie, was the coach, manager or coach of the team.

But Charlie, being a very busy guy in the sixties where he started—he was with Peter Kiewit and then started our company, as you know, in 1963. In '63 I would be twelve years old. I'm sorry—when he coached, I was twelve years old that year, so there wasn't continuous—other than Chip and I were friends and every now and then maybe once or twice a year, we might bump into each other. But I was a twelve-year-old kid, and he was running a division for Peter Kiewit organization, so I was a friend of his son's. So there was no continuous communication or involvement.

His son went to the same university as I did, University of Washington, and both of us were in architecture, but in the building construction major at the University of Washington. So from the time I was twelve till the time I was twenty-two, a senior in college, we'd run into each other, just his son and I. But I had not seen Charlie for years.

Just before I graduated from the University of Washington, I ran into Chip Pankow, and he told me his father had started a construction company called Charles Pankow, Inc., I believe at the time. That was the particular discipline or major that I was involved in, so I wrote a letter to him and said that I'm graduating. Then I interviewed with Bob Carlson, who was his operations manager at the time, and he offered me a job. I didn't take it, because I continued to stay in Seattle for six more months, at which time, I believe it was August of '71, I got a phone call from Bob Carlson, who was the operations manager, and asked if I would consider going to work for—they had an opening in southern California, and I decided that I would take the job. So I left the company I was with, Monroe Construction up in Seattle, and I went to work for the

Charles Pankow, Inc. at the time. I was twenty-two years old or twenty-two, twenty-three years old, and went to work for them at that time. But as far as direct communication or continuous communication, no, there wasn't any.

Adamson: So your choice of college major had—

Verti: No.

Adamson: Charlie had no influence on your choice?

Verti: No, not at all. I was really a personal influence by my father who—he actually had a hobby of art, and architecture was just a love of his. So as a youth, I was interested in buildings and architecture and that sort of thing. So that was the main reason I got into the building industry. It so happened that knowing Chip and that his father had left Peter Kiewit to start our organization, Pankow Companies, in '63, and I graduated in '71, and so the company was eight years old when—it gave me an entrée. Certainly it gave me an entrée in to interview for the company, and I interviewed and they hired me, and that started my career with Pankow.

Adamson: Is building technology administration an aspect of an architecture major?

Verti: Yes.

Adamson: It seems almost tailor-made for Pankow. Can you tell me a little bit more about how that differs?

Verti: Yes and no. Yes and no. I think that the tailor-made individual for Pankow from the inception of the company really was civil engineering. Charlie was a civil engineer. He believed in civil engineering. Structural engineering was the aspect pertaining to buildings, and I say that because he was very engineering-oriented. Charlie was an engineer in thinking and a problem solver, and really led to his interest into setting up his own company, feeling he with a group of people out of the Kiewit organization could find better ways to build, because he had an engineering background.

That's a little bit different than the architectural side, but he felt that the structure was the backbone of the projects, backbone of the buildings, and had one of the major roles in the cost and function of the buildings, and so he was very structural oriented. Myself, I was in the architectural side, but as part of that major they've got basic civil engineering and basic civil and structural engineering background as part of that education in the School of Civil Engineering at the University of Washington. So it was good preparation, but I emphasize the fact that Charlie was an engineering type of individual. He put a lot of stock in the structure and the engineering aspects of projects, more so than the architectural aspects of projects. That was one of his loves, was really the structure of projects. He felt that there were ways that a builder or contractor can improve the performance and efficiency of buildings with the structure.

I wanted to mention something, too. When I went to work for Pankow, that, even though the company, Charles Pankow, Inc. at the time, was only about eight years old,

you know, from their inception, they were fairly well known for its concrete technology, its construction prowess, even in eight years.

So, Charlie, when he started the company, grew very quickly on big projects and was technically advertised in textbooks and articles, and so I was interested in that because I'd gone to work for a company that was a construction manager and we didn't perform our own work. I had the opportunity to go to work for them as a manager without really getting out in the field where the fundamental aspects of the building process is really learned and appreciated. That was a really strong part of Charlie's basic fundamental interest in building, is you've got to learn it from the ground up. So I had the opportunity and I took a pay cut, which is irrelevant to the story. But I took a pay cut to go to work for Pankow because I wanted to get field experience, and with the Pankow organization I had the opportunity to go boots on the ground in the field and more or less learn the industry from the job site as a field engineer, then project engineer, etc., up the Pankow ladder.

Charles Pankow, at that time, even though it was only eight years old, had a great reputation here on the West Coast for its creative abilities in performing innovative concrete construction, even at eight years old. That's when I was first introduced to the company and why I was attracted to them.

Adamson: Did you ever consider becoming an architect?

Verti: No. As it turned out, I was in architecture in the School of Architecture. But a little side story, I was also on a football scholarship from the University of Washington. I

played for the Huskies. When I made the varsity, was my sophomore year. My football practice time was the same time frame as the design labs, the architectural design labs, so there was a conflict. So I either chose architecture or football and my scholarship, and I chose my scholarship. But I stayed in the School of Architecture, and instead of pure architecture, I moved it over to the building construction side, which didn't have the conflict. And my intention was to go back upon graduation, completing my four years of playing football and keeping my architectural options open to take the design courses and become an architect. However, during the course of the next few years, learning the building side of it, I became much more interested in the building side, and so I graduated in that and stayed in the building side instead of the design side.

Adamson: Interesting. You've alluded to your understanding of what the firm had accomplished when you came in. What was your understanding of where it would be going in the next decade when you joined the company?

Verti: Sure. As a twenty-two, twenty-three-year-old, wide-eyed entry-level engineer, I had probably a pretty limited scope in terms of what the potential was for the future and really had to get my boots on the ground and to learn the business from the ground up.

Charles Pankow, Inc. at the time had an excellent reputation, and I had hoped to go to work for a company that I could grow with, and even though Pankow was building big projects, it still was a very, very small company. I was attracted to it because I felt if I worked hard enough in this small company and the company grew, that I would have excellent opportunities. So I was hopeful, of course, but as a twenty-two-, twenty-three-

year-old entry-level engineer learning the construction business, I put a lot of faith in Charlie, in Charlie's company, in Charles Pankow Builders, and the great people that he had that I was exposed to that were my mentors through the years, and just became a good employee. So I just worked hard every day and did my job, learned as much as I could, and obviously put a lot of faith and trust into the people of Charlie's company that I was continually impressed with.

So I certainly couldn't say that I had a vision or outlook of the company that was a horizon much greater than the next week or two weeks at the time. It just turned out to every year we continued to grow in reputation and in knowledge as a company, so it was a great experience and turned out to be a great decision for me.

Adamson: From this short vita I have of you, I'm not sure where you were in 1984, '85, '86, when the reorganization happened, but can you just summarize between the time you joined in '71 to that time: How, in fact, did the firm change in those fifteen years up to the point where the organization occurred?

Verti: Okay. I joined in August of '71, and we had offices at that time, as we do today, in the Bay Area, it was in San Francisco at the time and in Altadena, which was the headquarters, and now we're in Pasadena, and then Honolulu. So in 1971 when I joined the company, we had the three main offices. I'm not exactly sure at this time—and we could check the statistics—the number of employees in 1971 to 1986. I don't have those numbers at the top of my head.

But the company, again, I think one of the unique things about Charlie, when he got the core people out of the Peter Kiewit organization that followed him, immediately they started doing large projects. They didn't start with small projects or simple projects; they jumped right into very significant projects. I would say from '71 to '86 it was a constant growth. I would say in the eighties to '86 was a significant area of growth, just it was a huge building boom in the country. You've heard the statement that in the decade of eighties there were more office building space built in the United States than in all years previous. In other words, for that ten-year period from '80 to '90, there was more building construction of office space than from 1492 to 1979.

So that is a significant—it was being in the right place at the right time. The company grew. We built significant numbers of office buildings during that office building boom. It was a perfect time for a company like Charles Pankow Builders that Charlie's company was unique in that we did design/build. During this increasing of office building market, for example, because of Charlie's innovation and his philosophy of innovation, we had numerous construction techniques that allowed us to negotiate good work and repeat work with clients, successfully build economically for them and build it on time and stay out of litigation.

So that time from '71 to '86, the company grew significantly, and I believe that by '86, the amount of equity that the company gained was significant, and Charlie wanted to make sure that that was kept and started a new company with a new group of—maybe with an expanded group of managers that would have opportunities and ownership. But I would say that the company grew in project complexity and size from '71 to '86. A significant numbers of those projects were design/build. During that time, too, Hawaii,

there was significant numbers of high-rise condominiums built during that time. There was a growth of population during that time, so Charlie's company was situated at the right place at the right time. I think throughout pretty much our history, our volume was pretty much limited by just the number of people that we had, and we were always very busy. From the first year through last year, we've been profitable every year because of the attitude of Charlie, that he set forward into motion.

I don't know if that answered your question regarding what the—I don't know if you have any more specific questions on what the characteristics of the company were from '71 to '86, if I answered that.

Adamson: I would only follow up in terms of, let's say, formality, procedure, systems within the firm, accounting, project—in that time frame.

Verti: Relative to processes during that time frame, of course, in 1971 when I joined the company, calculators were just coming on board. There were no computers at the time. There were no faxes at the time. In fact, we were making a transition from slide rules to calculators. So when you look at the technology, when we in the industry were building buildings in the sixties and the seventies, without calculators, no computers. You had typewriters and you had adding machines and that sort of thing. So, again, from a technology point of view, again, faxes weren't there. So technology was limited. Certainly communication technology was limited. That changed a lot from the seventies to the eighties, and, of course, the eighties were the age of computerization when the company has started now to establish much more unified processes, and the computer

allowed us to do that, where we would have more company-wide estimating systems, historical cost data, lessons-learned systems. We transition from customized hand-written, you know, almost individualized estimates, to forms and management tools and techniques, to a much more computerized, which allowed us to centralize and unify the type of processes.

So, from an administration and a management point of view, we certainly started to hone some of the administrative and management processes during that time, and we continue to do that. I don't remember exactly when the faxes started hitting. Probably between '70 and '80. I don't know at what point in time the faxes hit the market. That changed a lot in construction where we used to—mail was two or three days each way that we used to write requests for information, RFIs. We would mail it to the architect, the architect would spend a day or so and mail it back. So literally it took about a week to get answers, where, as you know, now with e-mail and scanning sketches and CAD drawings, it's instantaneous information passing back and forth. So certainly through this time period, the whole industry changed and so it changed at Pankow.

Adamson: I have a few questions about your eight years in the field, but just more generally, before we get into the details, in what ways did Charlie encourage or guide or mentor your career?

Verti: Well, I think that there was a special connection to Charlie just because of my connection with him as a youth. I always had a great deal of respect for him as the parent of one of my friends. He was always a bigger-than-life-type of an individual, and he was

that way to everybody, but probably a little bit more so to me just because I had that childhood type of relationship where I knew him and respected him. So, certainly in that regard, but Charlie had a leadership quality of high expectations, and you sensed that from the moment you met him as an entry-level engineer or an owner or an engineer. He just exuded high expectations for himself and for everybody around him. He just was a high-quality guy, one of ethics, one of high standards for himself, one of creativity, and yet he was a quiet, kind of a shy individual, but yet very strong.

He struck you as a very strong person with a great desire to himself, no matter what it was. Whether it was sports—and he loved sports. He loved football. He loved sports, and he loved competition. He loved trying to beat records, whatever they were, whether they were in track or football or a job site in terms of productivity. He was just one that personified high expectations, and so you get that. I got that from him, certainly from the early days. You can say right from the first time I met him, he always had that. He was always on the go. He was always expecting great things from everybody around him, whether it was a Little League team or a design team or construction team or of his people. He expected great things of our people, of his people.

But on the other hand, he also really respected the worker. It became clear when I was out in the field then when he would come out to the job site, when I was a young engineer working for a project superintendent, the superintendents greatly respected Charlie. They feared him in some ways, almost like a general. They feared him, but they respected him. Charlie, you could tell, he respected the foremen, he respected the workers, the tradesmen, and that was a quality that was, I think—it was big because somebody in his position, he always respected the people that were performing the work.

So even though the expectations were there, you always felt that you were appreciated if you performed, and so that kind of exuded his character, his personality, and you just wanted to be a part of his winning team. He kept excellent people around him and I believe somehow he instilled in them great expectations and really established a great deal of loyalty.

When I started going to the annual meetings once a year during the seventies, my first year would have been ’71. In August or September, we had an annual meeting that summer, and the whole company would get together. As an entry-level just joining the company, you could just feel the winning atmosphere of people performing, working together, a team-oriented group of people that felt that they were different than the other contractors because of design/build, of their ability to do a number of these technical construction processes better than anybody else, and they took a lot of pride in that. So I would say that Charlie exuded pride, high expectations, and a team effort, at the same time always respecting the field generals, who were the superintendents. He had a great deal of respect. He felt that how the superintendents would go would be how the company would go, and so he had a great love and respect for those guys that were the leaders of the field organizations.

Those were, I would say, my initial introduction to the company, to the atmosphere, to the culture, but it really permeated through the company. Up until the time that he had passed away, that never changed. And we continue, I think, to keep some of that same culture today, which helps us differentiate ourselves from other companies.

Adamson: I'm assuming very early on you figured that you'd stay within the organization for the long term. At what point did you look to moving to top management and perhaps even president of the company?

Verti: I'm sixty years old. I'm from a generation that were the kids of the greatest generation, right? The baby boomers. I think we had a little different outlook than Generation Y or X currently. I don't think our expectations were as long term. I believe my expectations were, and I believe if you work hard enough and you succeed, you'll do well. You help the company succeed, it will work out well for you. I never really charted my path. I figured if I was a good field engineer, I would become a project engineer soon, which I did almost immediately. If I was a good project engineer, well, then I'd become a project superintendent, which I did. If I was a good project superintendent, I'd get promoted to the next level, which at that time was called project sponsor. And if I did that really well, then something would open up for me.

Generationally, I don't think that we had this instant gratification expectations that some of the young people do today and, again, that's more reflective of the culture of the time. Just as Charlie remembers the Depression, my parents remember the Depression, I knew that things weren't always abundant, so that you knew you had to work hard. Those people coming out of that generation like Charlie, they never forgot that this isn't an entitlement. You have to work hard for success. If we all work hard together, that good things will happen.

And so I think that I was a product of that from my upbringing, and I think the company culture was you work hard, you help the company succeed, and there'll be

plenty of success for you in time. So, personally, that's how I felt. That's how I felt. And I think that in time with a growing company, again it started out—and I don't remember the size of the company at the time. We could check the numbers. But at eight years old, we were just a beginning company. So we started, we grew. As the company grew, we had more opportunities, and I was in the right place at the right time and was able to climb up the corporate ladder and find myself always a little over my head, but there were always people that helped me along to succeed.

But back then, the career development was on-the-job training. Work hard and you'll get promoted. Today we're much more sophisticated. We have much more sophisticated training programs, career development programs. Back when the company was growing, again going through the seventies—the sixties, I wasn't there for the sixties. For Charlie's first eight years or so, I wasn't there, or seven years. So I joined in the seventies, and it was a very optimistic time. In the seventies and eighties, it was a huge growth in the construction industry in the U.S., and we were there and were building too many buildings and had too many building challenges, I think, to worry too much about your own personal career, and you just assumed if everything went well, that things would work out well for you.

I believe I became a stockholder after nine years with the company. I was a project superintendent, so that had to be around 1980 [when] I became a stockholder, and I believe there were nineteen of us at the time when I was asked to buy stock in the company in 1980. I believe it was 1980. And so then I had stock. I was a minor stockholder for the six years when the company reorganized to a partnership.

So I became a project superintendent in probably 1976, project superintendent, and worked as a superintendent on three projects until 1980. I say I got demoted into the office. I got promoted to a project sponsor around 1980, and then around 1985 I was made a vice president, regional manager, so right at the time of the reorganization.

Adamson: You mentioned construction management, and this just brings up a question. While you're in the field, you're probably not aware so much of this, so I'm asking you basically looking back as more of a manager. The journal articles I've read about construction management, in the early seventies it seemed to be the new buzzword or all the rage. My question is, for a design/build company like Pankow, how did construction management sort of muddy the waters?

Verti: Yes, it was a four-letter word. Just kidding there. But the construction management process was, I think, an antithesis of what Charlie's philosophy was. Charlie's philosophy was that you need to find better ways to build, but then take ownership in those solutions and build it with guaranteed bonded contracts, where a construction manager would not have the same responsibility contractually or morally or ethically. So that we look at ourselves and Charlie looked at the company as we were builders, not contractors. Obviously we have contracts, too, so the contracting end of it is certainly there, but we were builders, I think, in a sense as design/builders as someone that took an integral part in the design process, we would take on more of a master builder type of approach, and that's a philosophy. It's a state of mind. And that Charlie

always felt who but the builder should know more about how to build efficiently, how to schedule efficiently.

So, again, through design/build, his burning desire was to find better ways to build, and that meant be there early on in the design phase to work hand in hand with the designers, to be a partner with the designers, and it was ultimately called design/build, but when Charlie started doing it in the sixties, it wasn't, I don't think. Design/build wasn't a buzzword. It wasn't a trademark yet or a trade name. We would take on contracts that we'd have a design contract and a construction contract. Later on, probably in the seventies, it was more or less turnkey, lump-sum design/build contracts where one contract to design and construct.

Now, as it relates to construction management, Charlie always envisioned that we wouldn't need a construction manager, because as the builder, as a master builder type team of Pankow, that we could sit there at the table with the designers, offer design suggestions, cost-savings suggestions, upfront value engineering ideas so that a construction manager—we would do what a good construction manager would do, but we'd also take ownership in those decisions, and we'd back that up with guarantees, bonded lump-sum contracts.

So Charlie's philosophy, which all of us bought into because we felt firsthand that if you're really going to be incentivized to perform, you had to have some stake in the game, you had to have some skin in the game, and as the builder, once you guarantee a number, that means we will have the incentive to get the design and to build it effectively, and it's backed up by a bonded guaranteed contract. So we felt that the construction managers, that whole process was leading the owners down a road that was

not potentially as efficient as the single-source design/build approach. The reason we say that is that a lot of times a lot of the construction managers would pit the contractor against the designers. Their incentives, their financial incentives, is to get more billable hours. So if there are problems, they have no skin in the game, so actually the larger the cost, the bigger incentive they have to stay involved.

So we didn't see, and I don't think Charlie saw, the link for a construction manager. Charlie's philosophy is, in terms of being a rugged individual, if you're good, offer some problem solving, offer solutions, and then back up those solutions with performance. My long-winded explanation really says, you can summarize it by this construction management approach did not back up any of the services. It is a service that we saw that was an additive without the value to the owner.

So it was in conflict, it very definitely was in conflict, because they were saying, "Don't let these design/builders fool you." It's like the fox watching the henhouse. We're going to be objective. Our profit incentives is to just be an objective peer that will help to act in your service to get the best design, and in theory that sounds really good, but there's a lot more to it than that because a lot of designs are only as good as the builder's ability to build in that fashion. So we saw construction managers as, certainly from our business plan and our business model, they were an obstacle. But just purely as what was good for the industry, we felt that they weren't that good for the industry because they just didn't back up, and they didn't take ownership and they didn't take the full responsibility. It was more of a finger-pointing, and that was always diametrically opposed to Charlie's basic philosophy.

Adamson: Now, is this something you had to educate owners on?

Verti: We continue to do that today, yes. It's a constant struggle. There are good construction managers, and some of them are excellent salesmen. So, yes, you have to educate the owner, and that process continues today. It's a lot of design/build, a lot of working with a negotiated contract, and we always felt we didn't want to get into the hard-bid, design/build/bid-type arena. Charlie's feeling—and we still feel that today—when you start pitting companies against each other, you're not aligning everybody's incentives, and usually the owner would lose in the final analysis. CMs, it just has that potential.

Adamson: Very good. Okay, so now if we look to your time in the field, what would you say you learned most in the field about innovation at the job site?

Verti: Well, I learned that there's a lot of ways to do various things. I've learned, let's say, you have a wall. There's dozens of ways of building that wall, and some innovations are systems. The whole system, the whole structural system, is an innovation. But then there are many innovations, and how do you form that system? And then within the forming systems, micro innovations in terms of details of how to form it or how to erect it. So I learned in the field that there are a number of stages of innovative processes, and when you're in the field as a superintendent or engineer, the basic structure of the building's already out of your control. You can't change that. The designers have already designed it.

So your first impact in the field is how do you do these micro and mini elements of innovation, and, again, it was: you work with the field people. Sometimes it's forming systems. Sometimes it's an erection process or it's a different construction technique. So really as entry-level engineers or when you're in the field building the building that's already been designed, you really limit it to the techniques, the processes. But as we found out, there's a lot of innovation potentially just in communication systems and in management processes, in forming systems, in curing systems, all those elements of the work.

Today, I believe we discovered it's innovative to stay out of litigation, and Charlie always wanted to stay out of litigation. "Litigation" and "taxes" were really bad words to Charlie. He didn't like taxes, and they were four-letter words, and so was litigation. He felt that money should be spent up front, finding better solutions, aligning teams to build together, and then execute the work.

But as a young engineer or even in the field as a superintendent, the atmosphere in the company was "Always think of a better way to do it." Even if we've done something the same way over and over again during the planning processes, is there a better way to do it, a better forming way? Is there a better erection way or just different techniques? So there was always emphasis on innovation and productivity, and everybody bought into that.

Adamson: If we look just at the projects you worked on as engineer and superintendent, do you have a favorite, and why? I think I have an abbreviated list of some of the projects you worked on, but I'm not sure I have the whole list.

Verti: To come up with a favorite, certainly the first major concrete project that I did was a parking structure up in Ventura, and it was a favorite for me because it was the first time to be in the field and do shop drawings. We manufactured some precast concrete elements on site. It was a big deal for me to just experience that responsibility, to be a part of the Pankow team. So you always remember your first project, the first time that you design a form, a precast panel. You design the form, you've never done that before. You design the casting slabs, and then it's formed. It's concreted, it's erected, and it fits, it feels pretty good. So some of those early things that are very basic to the construction process, I considered it an extremely great experience.

Also when you make some of your first mistakes, those are memorable experiences, when maybe you didn't double-check something and you go to erect it and it doesn't fit. That happened on the first job. But just incidentally, it was—I'd mentioned Bob Carlson. He was our operations manager. He came out to the job one time, just at the same time as one of my first and last mistake I made in detailing precast. The piece of precast didn't fit, so the piece of precast was getting lifted from the building onto a truck to be taken off to the dump, and the senior vice president, operations manager drives onto the project. You know, Murphy's law, at that exact same moment.

Again, we take a lot of pride in not making mistakes and being productive. I was a project engineer and, again, I had all this enthusiasm, first building come together, and it was a great experience. At that moment was my lowest experience, because my job, I thought, was certainly in jeopardy when the superintendent goes behind closed doors

with—his name was Ken Fergane, a big guy, about 6'5", about 300 pounds, superintendent. Bob Carlson said, "What happened to that piece of precast?"

"Oh, no, it's just messed up, Bob."

"No, but what happened to it?"

He said, "No, it's just messed up." He used different language, but, "It's just messed up."

He said, "Okay, well, what happened? Why did it happen?"

He says, "It's messed up. I screwed it up. Don't worry about it. That's all I'm going to tell you."

And so I learned that my supervisor basically said he's responsible, the buck stops there, and that was, I think, a very real example of the attitude of the company in terms of just, "We're in this thing together." The superintendent is the guy responsible for the job, and he was going to take the heat and he would share the credit. That was a great experience.

Adamson: Thank you.

Verti: Great experience. And that's instrumental because that was kind of Charlie's attitude. "We're all in this thing together. We're going to work hard together. There's no heroes. We're all working together." But the superintendent is the guy that's responsible to the company, to his workers, to make this thing happen, and because of that, it created such a rugged individual type of team experience, and it was just a great company to be involved in.

That was cool. So I have to say that first job, it wasn't a huge project. It was five hundred cars, but for me, it gave me many additional experiences that stayed with me through my career. The expectations, for example, we make one mistake and I thought my job was in jeopardy. So the expectations were high. I went from there, certainly bigger projects, more complicated projects, but that one was probably my most memorable.

Now, my field experience was on some pretty good-sized projects, but nothing like what was done afterwards. The projects we're doing today, several million square feet, 200- to 300-million-dollar projects, the complexity, the quality nature of some of the projects today just makes some of our early experiences pale in terms of complexity, scale, size. But the company was building a platform, a foundation of performance and teamwork that was, I think, a really good foundation for a lot of the young people.

The projects I was on weren't monumental, but I think I learned the culture of the company, the expectations of the company, whether they were large or small projects. They were important to the client, and that was always important to Charlie. Solve problems; be as productive as you can; be honest; give the owner what is justly due the owner; treat the subs well; treat the workers well; and by working together being smart about it, be profitable. Again, those were the concepts that I learned that continue to today.

Adamson: You've already alluded to moving up in the company. There have been people who have spent their career as project superintendents. How does that sort out? Is it self-selection or are people identified for management?

Verti: Both. Today I'd say we're must more sophisticated in terms of looking at personality profiles and that sort of thing, but through the history of the company it sorted itself out a couple different ways. Number one, I would say that throughout the history of the company, the project superintendents when I joined the company, just using some round numbers, probably 70 percent to 80 percent of the project superintendents came up through the trades. They were carpenters, carpenter foremen, general foremen, and became project superintendents. I would say if you look at a snapshot of time a few years ago, it was 90 percent of the project superintendents came through the construction management or construction engineering or civil engineering education and went out into the field with Pankow as an entry-level field engineer, project engineer, and became a project superintendent.

So I think it was indicative of the sophistication of the industry where it became much more technically oriented. The management is a little more technically oriented, and so the company reflected that. I would say that the bulk of our project superintendents as we look at them today are products of an education, an engineering or construction management education. So what happens is they work their way up from field engineer to project engineer, and if they do those jobs very well, they become project superintendents. There are a number of individuals that really love the project superintendent position as their end-all in terms of their career path. They really love being in the field. I would say that about half of the individuals that get there look at superintendent, project superintendent, as a stepping stone into other management, into project management. So a lot of it depended on the personality of the individual.

Sometimes they matched. In other words, their goals were exactly where we thought their potential was, and then are sometimes when their goal is to go up management, but they may or may not have that potential, that their best role is a project superintendent. If they took on different other positions, they might not do as well. But we've always placed—again, from going back to Charlie, the project superintendent role is kind of our field general. It's really a position that's been put up on a pedestal. Charlie did, and I think we continue to do that, because how our superintendents manage the project is how the company stays in business, how me make money, how we build our reputation, keep our reputation, how we basically educate our younger people. So that role is a very, very important role.

My personal feeling was that being a project superintendent was something that I looked as a stepping stone to do more project management things, but that was just my personality. I enjoyed it. In fact, it was, I would say, one of the most rewarding positions that I've attended and held, and that's why I've constantly said to the young people that I got demoted from the project superintendent ranks to the office. And I'm not kidding. I really feel that we give our superintendents a lot of autonomy, a lot of respect, and a lot of ability to make things happen. When you move up into management, you have more checks and balance, and rightfully so from a business point-of-view. It's not the same autonomous field-general-type position.

So when people go up the ladder and through that ceiling out of superintendent, they'll find that there's less autonomy, less authority, and it's just a little bit different management challenges. But as you climb the ladder, you have less and less technical

aspects of your job, and it's more people aspects of the job. Some people relish in that and some people don't.

But I would say today, though, that in the past, let's go back into the seventies and eighties, it was really more a matter of circumstance whether you would be moved from a superintendent to a project management or a sponsor's role, and if we had more work, we needed to move people up faster. Today we're much more sophisticated from an H.R. point of view and analyzing their personality profiles and analyzing their potentials, a little bit more in a sophisticated and, I think, positive way so that we can give help to those people that maybe need to work on some of the aspects of the position.

Adamson: I've noticed on a couple of people's résumés that if you match up the year, they were actually wearing two hats at once where they'd be a superintendent on the project and then they were a sponsor of another project or a short brief period of time where they had two projects where they had two different roles.

Verti: Yes, it's possible.

Adamson: Then it sorted out. As a field person, you probably didn't have time to do this, but do Pankow people ever visit non-Pankow sites to see what the competition is doing?

Verti: I always did.

Adamson: You always did?

Verti: Yeah. I didn't much as a superintendent, but once I became—because as a superintendent, you're pretty much on the job from five in the morning to, you name it, seven at night, whatever it takes. So you really don't have the luxury. You really need to be there because, as a project superintendent, every minute you're a real field leader.

But as a project manager, when I got into the office as a project sponsor, I was always interested in learning what other companies were doing, so I would drive around often, even on weekends, and stop and walk around project sites. Number one, see who was on site, in other words, what are the key contractors? Are there some subcontractors here that I'm not aware of that are doing these good projects? I'd look at the safety aspect of orderly site. I would try to get together the list of the subcontractors that are doing these projects. I would look at different forming systems that they would be using. I would look at anything from the perimeter fence to shoring and safety netting, everything. I would always just be inquisitive to see what other people are doing and so I would do that, and sometimes at the dismay of my family because we'd stop and look at projects under construction or just walking around, and I'd always be looking at that. So I encourage our young people to do that, and some people do. But as a superintendent when you're in the field, again, from dark-thirty to late in the evening sometimes, day in and day out, you're basically concentrating on what you're doing.

Adamson: Now, this jumps forward to more recent projects when you were not in the field. There's a 1999 article in *Concrete Products* that quoted you extensively on the

design/build process as it applied to the MWD [Metropolitan Water District] building in Los Angeles.[1] I want to ask you about one quote. You put it that, "This methodology, design/build, and the incorporation of concrete structural frame saves in excess of $2 million and two months for the project." This, in a nutshell, sums up what I hear from other people about the two aspects of not only Charlie's approach, design/build and concrete, but Pankow as a company, so I just wanted you to elaborate on that quote in that context.

Verti: Yes, that particular project is a good one to elaborate on because we actually went through a very formalized process to look at other structural options in great detail. Many times through our design/build process, very quickly, on an office building, we would look at two to three different structural systems internally, as far as framing systems and whether the structural steel—if it's a structural steel, would it be a moment frame; would it be a brace frame? A concrete building, would it be a shear wall, a moment frame, some combination of a hybrid system?

So we would look at that internally, and we have cost information internally to try to evaluate that, and it's because of the civil and structural engineering knowledge of the company and some of its people, the importance of keeping the structural engineering aspects, we're able to keep pretty much current with the latest codes. So we can pretty much do meaningful estimates.

Okay, very quickly, the MWD was a significant one because there were a lot of eyes looking at that project. It was built in the nineties when there were only two major office buildings built in Los Angeles, only two, and we built both of them. One was the

[1] Sharon Leiter-Weintraub, "Built to Suit," *Concrete Products* (April 1999).

MTA headquarters and one was the MWD headquarters, Metropolitan Water District headquarters. So two major. Because of the proliferation in the eighties, like I mentioned, there was no new office buildings built in downtown Los Angeles except for those two that we built.

So MWD, there was a lot of interest on this project. It was about 500,000 square feet, twelve-story office building, and we were selected along with Catellus as our partner on the Union Station site to build that project. So as a design/builder, we said, "Why don't we look at a number of different structures?" It worked out to be six different structures. There were three different structural steel approaches and three different concrete approaches. We suggested to them, because they said, "Well, okay, but how do you know which is going to be the best? How do we know you're not going to just be picking the one you like the best so you can make the most money?"

We said, "Good question." What we suggest we do and what we do as design/builders is we can hire a peer review consultant, a peer review structural engineer, to offer those suggestions and review objectively what our figures are and what our approach is.

They said, "We like that idea so much, why don't you get six peer review consultants?"

I said, "No, that's way too voluminous." But they did talk us into—they liked the idea so much of peer review, that we had three peer review structural engineers that they hired, they paid for, to come up with the six different structural solutions, to review those designs and review the costs that we came up with for those six structural solutions.

Typically, when you look at numerous solutions, one or two of them fall out as being more expensive or whatever because of the configuration or the massing or the location, and so we were looking at the six major different solutions. The one that was selected was a combination of cast-in-place moment frame concrete with precast concrete beams and cast-in-place slabs, and it made it through the peer review process as being the best structural and acknowledged as competitive.

When we look at these systems, we look at them holistically, so we not only look at the structure, but we look at the forming systems. We look at where we would have the tower crane. We look at its ability to move people in and out, and so it's a very holistic view. So when you take everything into consideration, it was significantly less expensive and a shorter time frame. Again, that epitomized Charlie's philosophy of finding a better way to do it. Get everybody's heads together. But then once we say we can do it and that's the best solution, well, then as a design/builder guarantee that performance, and that's what we did on that project.

But it was similar to what we've done on dozens and dozens of projects. This happened to be higher profile, and the MWD, I believe, had seven attorneys as part of their review process on most of our design issues. So it was well scrutinized, so it really highlighted a process that was second nature to us but unique in the industry.

Adamson: Well, I jumped forward a few years there. I'll go back to the eighties again, maybe even earlier. I don't know what your exposure in the field was to projects that Charlie and Russ [Osterman] or Charlie and George [Hutton] did as developers, but from this viewpoint looking back, can you talk about that aspect of the business and at what

point and why did the business model change so that there was not a Pankow Development in addition to Pankow?

Verti: Good question. I believe I've covered some of this, and I think that some of my comments that I said earlier really lead to answering this question, and that partially was just the marketplace. During the seventies and eighties, this huge increase in building product, both office building product and luxury condominium projects in Hawaii primarily. That was a huge growth in those markets.

So Charlie, Russ, and George, George Hutton in Hawaii, and Russ Osterman, who was with Charlie from the Peter Kiewit days, was his partner, he was very entrepreneurial and understood the whole development process. And so because of our ability to find better ways to build and our ability to actually deliver what we say we can do because of our concrete innovations and concrete technology, our ability to manufacture precast, architectural structural precast elements on site, in the seventies, a significant amount of office buildings were built in the Bay Area, in San Jose and San Francisco—I don't know if there were a dozen, but there were significant numbers, maybe somewhere between five and eight major, maybe ten, office buildings on the West Coast, that Charlie in working in partnership with other developers, or actually we were the developer, a turnkey for a certain tenant, the phone company, AT&T or PT&T or some of these major businesses that were growing in the seventies or eighties, we would put together the whole team and do a turnkey project. Again, turnkey being the full design/build plus the tenant finish work and everything. We would do a turnkey project for them based on their criteria.

Charlie and George and Russ were instrumental—Charlie and Russ in the Bay Area, and George and Charlie in Hawaii—to develop these type of projects. Now, in San Francisco they were primarily office buildings, and these were major office buildings, 400,000, 500,000 square feet, and they usually had parking structure components. And all these, they were just right in our sweet spot. They were large buildings. They were buildings that we could use slipform techniques, which we'd slipform the cores, and using precast architectural panels, precast panels. We did precast planks and other systems that were customized for each project in the Bay Area and we did it in record times. At that time, time was money, and we were able to deliver these projects to the owners on time, on budget, and for a healthy profit from a developer's point of view and also construction point of view. Again, right place, right time, the market's growing. We had this capability, and people trusted Charlie, which is a huge deal. There was money available to build it.

In Hawaii, high-rise luxury condominiums, there was significant growth in the seventies, eighties, in residential in Honolulu, and we built maybe 10,000 units of high-rise condominiums that we were developers, and, again, we utilized our sweet spot. In Hawaii, they were high-rise, mostly condominiums, some hotels, but mostly condominiums. Our sweet spot there was our ability to use slipform techniques, like grain silos, but we would slipform the columns, slipform the walls and then flying forms for the floor slabs and post-tension the slabs.

Again, Charlie always pushing the limit, always challenging our crews. How fast can you go and how do we improve what we're doing? How do we make it more economical? How can we go faster?

One project, I think it was Pearl One or Pearl Two, a combination of those two projects, both of them were really twenty to thirty stories, a thirty-story building completed in eleven or twelve months. Significant. Owners, at that time they were buyers, so the sooner you can deliver to the market, the sooner you get your revenue. So that was a sweet time in our industry and these projects were in our sweet spot with concrete technology and the confidence that we could do that and backed up through design/build.

Engineering aspects were always important. Again, Charlie, being a structural engineer, he wanted to make sure we're doing things that were structurally sound. Charlie was, I believe, in the early eighties—we can check—he was president of the American Concrete Institute, and so he had around him a great networking of some of the best and brightest concrete people, designers and academics in the country and perhaps the world. That would give him the background and the confidence that we could do some of these things, so that combination of engineering innovation and then development savvy that Russ and George brought to the company, it was a good combination when you consider the market. Again, the market was there and we had the ability to produce, so it was a good time to grow as a company.

Why aren't we doing that today? Well, at that time, too, in San Francisco, a lot of the developments were with partnerships, and so Charlie and Russ would work together with other partners. A lot of them were turnkey. We weren't really considered competition in the area. Again, there was such a proliferation of office space being built. Every office space developer, I think, had significant amount of capability to build what their abilities were or what their goals were.

Now, in Hawaii, I would say that we were considered a competitor by other developers, where George Hutton, working with Charlie, again this entrepreneurial attitude and backed up by confidence that we could perform and build these projects on time and on budget without litigation, of course, being there at the right place at the right time, we built a lot of projects. But we were considered, I believe, to be competitors to the local condominium developers.

So after George left, it was kind of an uphill battle there because we were, again, not building for ourselves. The market had dried up somewhat in terms of us developing other condominiums. I believe our last condominium that we built was about 1992 or 1993, and we are currently building a forty-story condominium called Allure for a Chicago developer named Fifield. But since from 1993 to 2007, we started in December—let's say 2008, there's quite a few years in between, because there wasn't the market.

So now we're starting up and we are considered, have been considered, developers there, so we're working on that marketing and we've, I think, bridged that gap over in Hawaii. We were never really considered competitors here in California because I believe the combination was there was enough office buildings being built and we cornered a small niche of that market. Charlie also had partners that continued to be developers. But it was a great place to be. It gave us quite a bit of captive work that filled in the gaps of other pure general contracting opportunities.

Adamson: Those projects, in and of themselves, were their own entities separate from the Pankow Building operating company?

Verti: Yes, they were. There were certain partnerships and different entities set up, ownership entities. But the contractor was typically Charles Pankow, Inc. or Charles Pankow Builders, Ltd., but in general I would say that was the case. They were separate entities. The development profits or development organization didn't really mesh into the construction side, other than the opportunities to build them.

Adamson: At the time it happened, what was your understanding of the reorganization and how it would affect you? You mentioned you were a VP regional manager.

Verti: Yes, just became. Well, any reorganization can be spooky. Certainly the rumors and before things happen, before they're formalized, and at that time I was just becoming a regional VP. I was a stockholder, but not part of the general partnership or the key upper management of the company that was formulating and designing this new organization. So at that time, that would have been 1986, so I'd been with the company now fifteen years. Some concern of what might happen. There was thoughts that from 1963 to 1986, those twenty-five years, that the company had amassed a significant amount of equity, and certainly there were rumors floating around within the company. Will Charlie sell the company? He could probably retire and be very comfortable. What will happen? Will he sell the company? Will we disband the company?

All of us, including myself, just said, "Well, knowing what we know about Charlie, this is going to work out." So you have a little bit of blind faith and a little bit of hope and confidence that things are going to work out. As it worked out, I think it was

significantly better than our wildest dreams in terms of the reorganization. Charlie structured it where the future managers and leaders of the company got a much bigger share of the equity than in the original organization, and he took a much smaller proportion, which, who would have guessed? Who would have assumed that's what he would do, and who would do those things? I mean, somebody who certainly felt that this company is very important to him, and the continuation of the company is very important to him, so much so that he would forego a significant amount of potential wealth in order to encourage and maintain and attract future leaders of the company that will be given the opportunity to share in that equity.

So as it shaped up, again, I'm fairly loyal. Again, most of us from our generation, I think it's a little different than today. We didn't question as much, and we were very loyal, but yet we had some concerns as to what was going to happen. What happened, of course, worked out better than any of us could have imagined at the time, where the restructuring gave a lot of us significant wealth opportunities, provided we would continue to grow as a company and perform and make profits.

So the fear of any reorganization or any transition was quickly allayed with the definition of the new company again, primarily, for a number of reasons. Charlie, the new company, the major equity then would be distributed to the stockholders of the old company, and that was contemplated. Tim Murphy and others can give you more of the details, but we thought it could take years, as many as ten years, or maybe more, I can't recall, before there would be enough equity in the new Charles Pankow Builders, Ltd., the new partnership company, to be able to pay off the equity holders of CPI, Charles Pankow, Inc. I believe it was three short years. It was something on that magnitude that

the company from 1986 to, say, 1990, had experienced enough revenue to be able to distribute the equity so that the company itself stood on its own. I believe it was three years, but it might be a number that we could verify, but it was a significantly shorter duration that was contemplated where the new company stood on its own for bonding and for banking and all those things.

So Charlie, by doing this, that was a new beginning and it was a redistributed, a much more sharing of the pie than the original stock was for most of us, and, again, it was much more positive than any of us thought that it would ever happen. So that continued to build loyalty. I mean, the company from '86 to Charlie's passing in 2004, it's almost twenty years, another eighteen years, was significant in terms of loyalty, appreciation, and Charlie's design of this new company really paid off for a lot of us. But we all had to perform and we all had to continue the culture and the expectations. The market was changing, so it gave us different challenges.

Adamson: Could you elaborate on those and how—

Verti: Yes. I mean, after '86 the market was still very good in '86, the Reagan years, you know, was obviously booming. But I think there was a little bit of a bubble that burst with the savings and loan crises and then the first Gulf War. My history would tell me that's '89, '90.

Adamson: The recession.

Verti: Then the recession hit at that time as a result of a number of things. It was a worldwide recession. The Japanese market fell apart, and so that happened, plus the proliferation of the construction managers now. Now the construction managers are really on board because projects were closer scrutinized, I think, by lenders, of course, after the savings and loan crises, so every lender would hire CMs. Every owner would hire CMs. There were CMs on top of CMs. So the concern we had in the seventies about this CM process, construction management process, that it basically multiplied in terms of its impact, but it gave us a real challenge.

It was in the nineties that we—but we continued to grow. We started to become a little more diversified, I believe. In the middle nineties, we created Pankow Special Projects. I'd have to check on the dates, but we created a more diversified small projects company that would in down times do more tenant finish work and smaller projects, and that started up in the Bay Area. Rik Kunnath started it with Wally Naylor, and we now have three or four different offices that have the Special Projects group. So that started to fill in the gaps of the marketplaces of the big projects.

We also set up later in the nineties a precast plant. Those are the three entities now. So instead of Charles Pankow, Inc., Charles Pankow Builders, Ltd., we now have the three companies a little more diversified to go after different markets to respond to the changing in the marketplace, and that helped certainly fill in some of the gaps.

It also helped that the Hawaii market was a little bit countercyclical to the California markets, and so we were able to have some continuity of volume that way. In the eighties, early nineties, when not a lot of new construction was going on, there was a lot of renovation of retail throughout the country. There was all the huge mall

proliferation in the seventies. It started in the sixties where malls just started. That was a new happening in the industry, the big regional malls, so that took place starting in the late sixties and seventies.

We get to the mid-eighties or the late eighties, and they're tired and they needed to be renovated. Since we had built quite a few regional malls, we ended up marketing and being selected on, and we actually had millions and millions of square foot of renovation of regional malls during the late eighties, early nineties. So, again, we capitalized on a market, and we did that all over the country. We did a number of very large, very sophisticated overbuilds of malls. Again, we used our design/build capabilities, our innovative thinking, to look on projects and say, "Why can't we do this," and, "Can we do that," and, "If we do that, we can save this much money and save this much time." So we capitalized on some of our core strengths in concrete technology and we applied it to this retail, which really was structural steel metal decking structural technology. But we just applied some of our innovative thinking and design/build approaches to this, and that kept us very busy during that time period.

Adamson: In the company newsletter, you had a column in fall of 1990 where you attributed the success of the company to, quote, "management innovation, state-of-the-art construction techniques, and strict cost and quality control," unquote, all of which you said were a reflection of the quality of the people in the firm.[2] You also talked about elevating the importance of the recruiting process, and I want you to talk about how you elevated the importance of the recruiting process to keep talented and entry-level engineers.

[2] Thomas D. Verti, "Recruiting for the Future," *CP News* 9 (Fall 1990).

Verti: This is in 1990?

Adamson: Yes, 1990.

Verti: Charlie started recruiting from his alma mater, Purdue University, with some earnest beginning the seventies, because initially the company started as an outgrowth of Peter Kiewit. But we learned, the company learned, Charlie knew, that one of the best ways to grow the company is to hire young people right out of school and let them get on-the-job training. Like I mentioned earlier, it was more simple basic on-the-job training, and at that time it really worked well. Again, we were doing things in design/build. We were doing things on on-site manufacturing and precast and architectural elements. We were doing some fairly technical direct work concrete forming systems, not unique to the industry, but fairly unique where the general contractor would do all this work. In many cases, subcontractors would do a great percentage of this work.

But, again, Charlie thought we wanted to have control, we wanted to lead the process, and so we discovered that going to the universities and hiring entry-level engineers out of some of the key universities, hiring the best and the brightest, we went to Purdue University, Charlie's—that's where he was an alumni, we started there and we expanded it to a number of other schools, Oregon State University, at Stanford, at Berkeley, and Cal Poly-San Luis Obispo and a number of universities where we discovered that in order to continually attract these young people, because the industry

was discovering the same thing that we did, in order for the construction companies to grow at the time, we were limited to expect that all of the managers could come from the field.

Again, some of it was demographics, some of it the sophistication of the construction industry as a whole, and so they discovered, like we did, that we've got to train young people to our culture and that takes time. So you don't grow really fast, but you need a strong kind of a farm club process, and our farm club was through the universities. So in order to do that, you had to establish strong ties to academia, so selecting a handful of universities that had the right academic and work ethic and background of the students, so we established key universities where myself and other individuals became actively involved on their advisory boards. Most of these universities have an industry advisory board. The universities realized they needed to link with the industry in order to make sure that their curriculum was addressing the most current challenges of the industry. So a lot of the universities established in, I would say, in the eighties, and then till today, much more critical liaison with the industries to attract people to grow the university and also to attract contributions and endowments, etc., if they needed a link where the money is, and the money is in the industry.

So what we did was, which we've continued to do today, is get very active in speaking engagements at the universities and promoting some of the things we do is very interesting to the students and to the academics, the concrete technology, the design/build, the project integration, the project management, new project management techniques.

So by us staying on the forefront of our industry and we would share that information and knowledge and at the same time use that as our recruiting tools and establishing a good rapport and a networking with the universities really worked real well, and we started hiring internships, hiring college interns, summer interns and co-ops to really give them a good feel for the company, because there's nothing better than working a couple summers for a company to see what they're made of, and we're very proud of our people and we've very proud of the projects that we work on. So we found that as an excellent recruiting tool. So those are some of the things that we did to improve our recruiting or the attractive nature of our new hiring.

Adamson: Once they're recruited, is training within the company much more formalized, more or less?

Verti: Yes, much more formalized. A number of years ago, probably seven years ago, we started a training group within the company, a committee called the Professional Development Committee, because we recognized that although my generation was content with on-the-job training that the generation of the nineties, once they're graduating and now the millennium, these generations are basically looking for more continuing education, more self-improvement, and they feel the company ought offer that other than just going through the workday.

We have certainly tried to respond to that, and so we've set up a more sophisticated training program, and we're still working on it today because we have hired some H.R. individuals, human resource individuals. This past year we hired an

executive, senior vice president of H.R., that is now setting up a total, a full program, a comprehensive program of evaluating talent in different positions, setting up career education goals for each position of project engineer, field superintendent, etc. They would have certain educational or career development goals to hit before they can be promoted. So we're coming up with an evaluation system and a career development approach for each position to try to help them reach their goals.

We're still in the process, but it's come a long way, and we're spending significant—hundreds of thousands of dollars a year in additional education, in-house speakers, some speakers from the outside, targeted, focused education, and it's paying off. It's paying off for all of us.

Adamson: Great. Now, this vita I have of you shows that you've been on a number of boards and committees, and that tells me that you have a firsthand view of the industry and what's going on. So I have a couple questions. One is, how has the environment of doing business changed in the last couple of decades, particularly in California, but if you can speak to Hawaii, too, that would be useful.

Verti: The atmosphere of business has changed significantly. Again, I referred earlier to the fact that there was some unprecedented growth in the seventies and eighties. That's not happening today. There certainly are, every seven to ten years, market fluctuations from boom to bust, and currently we're in a downturn, and that's going to continue to happen.

The industry has changed, let me just say, in a number of these areas. You mentioned one about the introduction and the proliferation of construction managers. I think that that continues to have an impact on the industry. Again, nothing wrong with independent peer consultants that assist owners that might not have the expertise on the design and construction end, because a lot of developers are being leaner than they were in the past, and so they have to go outside for this construction expertise. And if they don't go with design/build where they bring the builder on or design/assist, bring the builder on as a trusted partner, then they go to these construction managers. So that continues to be a challenge.

But I think a greater challenge is today that the entrepreneurial developer that we experienced in the seventies and eighties seemed to be replaced by more Wall-Street-type financial individuals that have less appreciation or knowledge of the industry but significant more knowledge and appreciation of fiduciary or just financial aspects. So as emphasis, it's always been on financial aspects. Projects have to make sense in the pro forma so the developers will have the return on investment that they need or they won't get it financed or the project doesn't pencil, it doesn't make sense to build. That hasn't changed. But the type of individual on the ownership side has changed to more of a Wall Street individual and not a developer individual, and how that impacts us is that the contractor, the builder is looked at more today as a commodity than in the past. The feeling of them is the contractor is just a contractor, and where entrepreneurial developers said, "No, the contractor is a partner. That's the largest line item in the pro forma, and I want to deal with people I can trust." They are different, just like doctors are different. There are surgeons that are good and there are surgeons that are not so good. Some of

them are the bottom half of the class. And same way in builders. There are builders that are in the bottom half of the class and there are builders that are in the top half of performers. So it's not necessarily a commodity, but we're being treated more as a commodity.

Even the designers in the industry today are complaining that they're getting treated more as a commodity where their design expertise is not as appreciated for their quality and capabilities as the cost of their fees. So when the emphasis is on fees versus overall value, you're treated more as a commodity, and that's a real challenge. It's a marketing challenge, it's an awareness challenge, and so that has affected the industry.

I would think that another thing that is affecting the industry today is demographics. The baby boomers are starting to age, starting to retire, starting to die, and so this is affecting more significantly today the field, because the craftsmen of the past—the plumbers, the electricians, the carpenters, cement finishers—that are now getting to be in their late fifties, sixties, they're retiring, and they are not being filled in by the younger people. There's less and less craftsmen, less and less people coming into the industry.

So our ability to perform the work is a significantly greater challenge today than it was twenty years ago, thirty years ago. There was a much broader group of craftsmen. Now, what does that mean? That means it gives a significant burden to training in the field, to management in the field, and those are challenges today that we're working on, but it has had a huge impact on the industry. And certainly the bilingual nature of the industry is changing [it], too. So those are things that are making challenges in the field.

Because there isn't the huge growth in the economy like in the past, we've discovered that we have to really diversify the type of products. We've gotten into hospital healthcare projects; we've gotten into school projects; we've gotten into the smaller projects. So instead of just concentrating on—in the early days of the company, we built high-rise concrete residential projects; we built office buildings and retail and the parking structures that go along with it. We could really concentrate on that. Today we have to be into education, healthcare, obviously residential, commercial, but other forms of our industry, sectors in our industry that we never, never pursued before, and that is because there's really less going to be built in the United States with the demographics that we're facing today.

So those are some of the changes. I don't know if you have any more, if that responded.

Adamson: Just one niche question follow-up. How have urban planning trends such as infill—and you mentioned the way malls have been renovated and even redesigned to fit within urban environments. How have those trends affected the work Pankow has done?

Verti: Yeah, those trends are affecting us. Certainly the cost of fuel is impacting the whole transportation system today. The freeway congestion is impacting today where are you going to build the housing, and that is leading towards this more infill, urban residential package and trends that we have today, and I see that continuing. We see that the cities are going to get more dense, because the transportation systems and the freeway systems, again, are getting more crowded. So those things are happening.

That does impact the type of work that is at our sweet spot. I would say not as sweet as some of the product in the past, but we have spent time innovating, trying to innovate, different type of metal—the panelized steel stud systems on plaster buildings, you know, three-, four-, five-story infill urban projects, what they call podium projects. We have built a number of them: Paseo Colorado in Pasadena, Sunset and Vine in Hollywood, and there's more and more of those projects. Again, it's not our traditional sweet spot, but because it takes some innovation and creativity, we've been able to do some of those projects very economically. That track record, I think, is going to lead to being competitive in that arena that is certainly part of the changing marketplace.

So those things, those are affecting us, and they are becoming more and more important in our business plans. What we want to try to do is apply our overall knowledge, creativity, problem solving, innovative backbone of the company that Charlie instilled in all of us. We still hold on to that as a differentiator, but we need to apply it to different market types or product types and different types of systems, and that's going to be a challenge in the future.

Adamson: What did you do as president of the American Concrete Institute or as your role at the head of top management at Pankow to do as you were quoted as stating in the MWD article, that Pankow was committed to furthering the concrete industry? So my question is, what have you done institutionally through the ACI and what has the company done to do that?

Verti: Well, president of ACI, the ACI commitment: Charlie was president of ACI. I think you interviewed Dean Stephan. He was also president of ACI. So the three of us, it was kind of a remarkable opportunity for three individuals to be president of that organization that writes the codes and the standards for the concrete design and construction industry for probably half of the world, certainly for the United States. So it's kind of a humbling experience to be part of that, and I certainly followed the leadership of Charlie and Dean Stephan and kind of got caught up in their momentum, so it was a great experience.

What I tried to do as president of ACI, I think, was to further what Charlie started, and that is to promote the importance of the practitioner in the concrete industry. Concrete is a very sophisticated industry, the design, the chemical side of it, the biological side of it. The academic side of this material is very sophisticated and not really appreciated. You see commercials where—I saw a Verizon commercial on television. The guy sitting in concrete and it's hardening, and he's standing in there, and he says, "You're in the cement." I mean, that is so uneducated. Concrete is a very sophisticated element of many, many ingredients, and then to be called cement is just an insult.

But anyway, the industry, the concrete industry, which is one of the significant industries of the world, is improving itself significantly by computerization and computer modeling. The materials are really improving for quality, for all kinds of aspects that are going to benefit the civilization, and obviously the big push in sustainability. But as president of ACI, I really try to promote, "Let's try to do things different than what we've always done before. As an industry, let's recognize the practitioner as a partner in the

design and construction." And so I promoted the master builder concept. I promoted the practitioner as an important element in this partnership of academics, design, and construction.

So I used the ACI presidency as kind of a bully pulpit to promote the establishment of the appreciation of the builder as an important element in the design and construction of the completed environment. I also put into motion a Sustainability Board Committee that is looking internationally into taking the lead in how ACI, the American Concrete Industry, can work with the other thirty related associations in concrete, because it is such a huge industry of materials and chemical admixtures and cement products, and like thirty different industries and associates related to concrete that we're all working together now universally in the United States to come up with a green, a more sustainable product, and to address the modern concerns of sustainability. I put that into motion.

I put into motion as president of ACI an appreciation for the—it's kind of an adjunct to what I was involved in in our recruiting here at Pankow, is the importance of the best and the brightest people getting exposed to the concrete industry and to concrete construction, so enhanced the scholarship giving out of American Concrete Institute to colleges and universities for people interested in the construction aspects of concrete.

I have, again, used the ACI as a platform primarily to promote the partnership of academics, the engineering side, and the practitioner or construction side to work together to improve the industry, again, in keeping with Charlie's philosophy of finding better ways to build through knowledge, through innovation, and a team or partnership approach, and I think we're making some headway. The whole industry as a whole are

working closer together today with other engineering associations and other worldwide associations to improve our industry, and I was glad to be a part of that.

I use that, of course, our experience at ACI, to promote our company's technical ability to perform quality concrete construction projects throughout the country. So it was quite an experience to be associated with the type of people that are the industry leaders, so I try to take some of that experience and impart it to our young people as an encouragement to get involved in organizations that they're interested in that's an adjunct to our industry, whether it be design/build industry or a development side or a marketing association, to get involved as a leader in those organizations, and Charlie led the way in that at ACI, and it was a tribute to him that we've continued in that way with Rik Kunnath as the Design/Build Institute and other things.

That's a legacy that Charlie started, and hopefully we can continue that, to continue to be industry leaders to make an impact on the industry, whether it be the codes. We were involved in 318. ACI 318 is a building code, have been involved in that. We currently have a representative of Pankow on the building code. That's pretty rare, where a contractor will be involved in such a high-level influential role in building codes. Because that was Charlie, Charlie taking the engineering aspects of a building and melding it with the practical aspects of our industry, and that's where Charlie really fundamentally took the lead in design/build by saying, "We've got to find better ways to build." It was that simple. "Let's find better ways to build." Melding the engineering and the practical side and now with more sophisticated management sides, it's covering the aspects of the built product that will hopefully help the industry, and by being involved in it will help our company continue to be known for its leadership role.

Adamson: It states here that you were a recipient of the ACI's Roger Corbetta Award for significant innovation in concrete construction. Can you be more specific on what they—

Verti: That was an honor, but over the years, I've been involved with the Pankow Company. By being involved at Pankow, you get involved with innovative things. Sometimes by being involved doesn't mean that I was the innovator. Certainly I have not been as innovative as many of the Pankow people, from our superintendents, our engineers, to the people that preceded me, Dean Stephan and Charlie. But we have this whole atmosphere of innovation.

So when I was vice president and regional manager, when I was a project sponsor, when I was a superintendent, got involved in a lot of projects that some people say you couldn't do, and we figured out as a team how we're going to do it, how we're going to accomplish it. Some of it involved some pretty sophisticated architectural structural precasting and how we put some of these projects together. And overbuilding, we built a number of malls where we would come back in an existing mall and build another level over one- or two-story mall and keeping them in operation while we're building a million feet over them. Those are very sophisticated things, things that some people don't have the stomach for, that Charlie always felt if you had an engineering approach and a practical approach to it, go for it if you have the people that can execute it, and we do. So by being involved with Pankow and being in a leadership role in Pankow, they considered those qualifications for me to be awarded of that. I look at that as an award to Pankow.

Adamson: I don't know if you have any metrics or numbers on the increase in the use of concrete in the industry over time, but I can look that up. But my question is, what changes have taken place in how concrete has been used in the last, say, couple decades, three decades?

Verti: Sure. Well, higher-strength concrete is being used today. What does that mean? That means buildings are more stable. Building elements can be smaller. For example, large columns in walls, a lot of developers and lot of owners, it really starts impacting space, and so by the sophistication of concrete admixtures and just through technology and computerization and perfecting of materials and admixtures and other elements of concrete design.

So we have higher-strength concrete, concrete that is more durable, just in the material itself, it's more durable and stronger, and it's probably in many cases more flexible in design, because we worked with the precast hybrid moment resistant frame. I don't know if anybody else discussed that with you, but Dean Stephan certainly championed that, along with Charlie, and got it through the code, got it through ACI 318 where there was a complete different approach to the design of high-rise structural buildings in precast concrete. It accommodates movement, and instead of destroying itself by absorbing energy at its connections, it basically will move and flex and then return back to the original condition. That was a monumental change in design, and we have a number of high-rise buildings. Unfortunately, the only way they'll be tested is a significant seismic event, but all testing shows that this is a huge improvement in the

ductility or its ability to move with the seismic event and then return back undamaged back to its original condition. So that is significant, and, again, the Pankow organization played a major role there, certainly spurred on by Charlie, and Dean was instrumental in that, and I was on the periphery but certainly involved, and other people, Joe Sanders and other people in the company.

One of the things that the industry, I think, has improved, I would say the materials are better, more controls. Again, by computerization we're able to have better quality control of the products. I think we have a more educated concrete industry in terms of cement finishers and laborers. Again, these are very basic fundamental things. ACI has been instrumental in setting up certification programs throughout the country and throughout the world that is educating and then testing people that are trained in the proper handling of cements and concretes so that the completed product is a much higher quality.

When we have disasters here, it's typically not because of the quality of the concrete, because it's getting much, much better, and that has a lot to do with the sophistication of the industry. It's a better educated industry. I think that the concrete industry is leaning towards a more global sustainability than ever before, and that's a significant challenge for concrete, and we're just scratching the surface now. But there are some companies, some innovators, looking at making cement now from the ocean water, through different processes. So there is some thinking out of the boxes going on today, some sophisticated scientists and academics now that are thinking out of the box out of necessity to come up with better products and more green products that will

improve the environment and improve our industry. So it's an exciting time to move from this point on. I think we're just barely scratching the surface in that regard.

Adamson: Just an organizational question. When was the decision made to establish Mid-State as a subsidiary, bring it outside of the—and why was that taken?

Verti: We'd have to fill in the gap on that date, and I can get you that date. I just can't recall the exact date. But I do remember some of the discussions with Charlie leading up to that. That was probably in the late nineties. Charlie asked me, actually, one time, he says, "We need to buy some property and we need to set up a precast plant where we could be more sophisticated, have continuous precast manufacturing processes."

See, what we had done previous to that from 1963 when Charlie started the company and up until the late nineties when Charlie was thinking about this, we were setting up manufacturing facilities on site or on an adjacent site to the project. So actually, part of our innovative group, we came up with portable precast, prestress beam beds that we made in sections that we would haul on the roads and we set them up on sites and we manufactured them. We basically figure out how to take some of these sophisticated plants and make them mobile so we can set them up on a job site, manufacture and cast three, four thousand precast elements. Then after the job was over, we'd move it someplace else.

Charlie was saying for continuity, for quality, for all the reasons it makes sense, maybe what we do let's find a place halfway between San Francisco and Los Angeles. He gave me the chore, "Can you talk to somebody about finding a place?"

So I contacted a friend of his named Pete Hawkins, who is in the cement industry, Calaveras Cement [Lehigh Southwest Cement, as of February 2002], he was a peer of Charlie, a friend of him for many years. So I talked to him and literally within days from talking to Pete Hawkins, he says, "You know, we sell our cement to an entity up in Corcoran, California," so-and-so ready-mix. "They own some property adjacent to their ready-mix plant that is not being utilized. Would you be interested to take a look at it?"

So I went up there and took a look at it, told Charlie about it, and I was thinking we were looking at maybe ten to fifteen acres or whatever. But anyway, there was twenty-seven acres up there in Corcoran in the Central Valley, and so I was pleased that I was able to give Charlie an option. But I had no idea that he was going to take us up on it. He goes up there and looks at it, and he said, "Let's buy it." We worked out a deal, and we bought the land and started putting together the capital improvements to create a precast plant.

I think at that time it was his idea or Dean [Stephan's] or Rik Kunnath's. I don't remember whose. "Let's call It Mid-State," because it's in the middle of the state. Mid-State Precast. "And let's make it a subsidiary of Charles Pankow Builders, Ltd. or of the Pankow Companies. Let's make it separate, because this is a subcontracting entity that can go out of business." These precast manufacturers go in and out of business because of lack of continuity in work. So it's kind of like restaurants. Some of them succeed and some of them don't. Precast concrete industry, there are a lot of people who go into that business, and with the cycles of the market, they can't sustain itself. It needs a heavy capital improvement.

So we had enough work going on and profitable enough to front the capital to basically put together a very sophisticated precast manufacturing plant at that place, and I think we occupy twenty-seven acres. Year in, year after year, we continue to improve the site. The original intent by Charlie, he says, along with this precast hybrid moment frame innovation that we champion—we certainly can't say we did it, but Pankow championed that through academics, working with universities, working with NIST, the testing national laboratories, in getting it through the building codes, Charlie figured that there would be a lot of this application, "So we've got to be ready." And I think he's right. There's a lot of interest, but there's got to be a market building office buildings and hotels and things.

So we initially, in 2000 and 2005, I think in those first five years, that plant was very busy doing Pankow work. We were building a lot of projects like this. But it became clear to us that we couldn't keep that plant profitable and sustain a continual flow of precast product unless we were selling it to other contractors and other builders. So Charlie's original concept was, "Let's just do it for ourselves." But over time—and Rik Kunnath, who's, I think, the chairman of that group, we've really made it much more self-sufficient entity that is a subsidiary of ours, and we certainly hire them to do our precast, but not universally. We'll hire other companies, too, when they're too busy. But I think we started out where Mid-State Precast, 100 percent of their business was for Pankow. Now it's probably 20 to 30 percent of their business, which is great because they do a great job, and it gives us the ability to still market Pankow, because it is a Pankow entity and it's a Pankow creation, and our Pankow people are coordinating it, and yet it's a self-sufficient entity that sells it to contractors. So, you know, there's no

competition and there's no fear of it being a conflict there, and yet we can market it as, "Look. We can precast it ourselves if need be. If that's the right solution, we could precast it. If it's not, we'll find another solution." In other words, it's not proprietary. So we utilize it as one of the tools in the Pankow toolbox.

So that took place, I believe, in the late nineties, and certainly in hiring some industry experienced precast individuals, it has become a very sophisticated precast company. I think Charlie would be very proud of what we're doing there, the quality of it. I think we did four different arenas in this past couple years.

Adamson: A couple weeks ago, Dick Walterhouse took me through a video that is basically a training video, a series of videos that periodically is shown to more recently hired engineers, he said, to introduce them to the culture.

Verti: Is that our culture video?

Adamson: Culture video, yeah. In that video, you talk briefly. They quoted you talking about, quote, "a culture of respect" at Pankow. I'm wondering if you can elaborate on the culture of respect that you—

Verti: I don't remember the exact context, but I certainly believe strongly and deeply that Charlie has always had a great deal of respect for the worker, and I think that permeated into the respect that our project superintendents have for the workers, the people that we

depend on to every day come to work through cold and rain and whatever, snow, whatever, to build these buildings. So there's a great deal of respect there.

We've been very fortunate to hire out of excellent universities where people have excellent work ethics, and we've seemed to somehow attract people that just have outstanding character and ethical backgrounds. So it seems a natural that respect for one another just continues as what we expect. It's just natural within the organization. But it's a respect.

One of the things that engineers do is respect the physical elements. See, I think as an engineer you end up respecting a lot of things just by our education. We respect the relationships of materials. We respect the relationships of the partnership needed to design these projects, you know, the architects and engineers and the owner and ourselves. There's a great deal of respect that comes before the team, and then with the team, along with innovation and commitment to performance comes—good things happen after that, and that's been really the company.

But I think it really goes back to Charlie respecting the professionalism of the architects and engineers, respecting the owner's goals on projects, and just day to day just people respecting each other, working together, nobody looking for the pat on the back or the credit. But I told that original story, and I think that we can probably have dozens of examples of people who are experiencing it daily, where people respect each other and work hard together and have a great deal of satisfaction in this very, very challenging industry.

So it always has been that way. There's a great deal of respect, and I don't think Charlie ever says, "I want you guys to respect each other." It was one of those things that

he lived it. He lived it and everybody else was attracted to him because of that, and that's stayed, I think, an element of the culture of the company, in my opinion.

Adamson: There was an article on the fortieth anniversary of Pankow, quoting you as saying that Charlie organized the firm so that it would continue after he was gone, and I'm wondering if you were referring specifically to the reorganization, or were there other things that Charlie did to meet that?[3]

Verti: Is that on our fortieth? At our fortieth, that would have been 2003, Charlie was just about eighty years old at the time. We probably figured he might not be around for our fiftieth, and so we took the opportunity at the time that we would create this culture video, again wanted to make sure that we had Charlie on that video. Unfortunately, we didn't get him as much on the video as possible, and we didn't realize that we were so close to losing him. We didn't realize. Obviously, you don't know.

But the accomplishment of the fortieth year, I believe I wanted to make the point that it was always Charlie's goal. The way he set up the company was that it would continue. I mean, Charlie and the company are synonymous, you know. That's who Charlie was, the company. The company was him. I don't know really what the proper word was, but really when you think of Charlie and you think of the company, it's really kind of synonymous. It was a big part of his life. There was a breath of Charlie in the whole company in the atmosphere.

[3] Actually, the quote may be found in an article that appeared a year later, soon after the death of Charlie Pankow. See, Kevin Felt, "Altadena, Calif., Construction Company Keeps Building Despite Death of Founder," *San Gabriel Valley Tribune*, 5 May 2004.

But Charlie wanted this special company of special people to continue beyond his mortality, and I think that that's where I was referring to, that we reorganized one time, and the concerns that people had that we would disband or fold or sell the company, it didn't happen. So a much stronger company, much broader-based management company came out of it. Then when we knew at that time at our fortieth anniversary that Charlie might not be here for the fiftieth or who knows when, wanted to give the confidence that we all in upper management and I think all of us in management of the company respect Charlie's goals that we want to keep this company going. We still have that same spirit.

You couldn't get closer to this company than Charlie was. I mean, it was everything to him. Certainly to us it means a lot to us, and we would want to keep that legacy going, the spirit of Charlie and innovation and finding better ways to build and performance and respect, all those things we talked about. We want to keep that going.

So at the fortieth anniversary, again, we're thinking there's going to be another crossroads coming, and there was, within a year or so. What was going to happen? We didn't know what was going to happen. We didn't know he was going to pass away. We didn't know at that time how we were going to move forward, but I think given the very basic fundamental commitment to keeping the company going along the same basic culture and philosophy was important to those of us that had the blessing and the opportunity to be a part of the reorganization. We certainly kept that commitment, Dick Walterhouse and Rik Kunnath, Kim Petersen, Kim Lum, myself, and Joe Sanders, the six partners. That was fundamental to us, and that was never in question.

Adamson: I don't know if I put this in quotes or I pulled this from Dean or somebody else, but as someone who was a general partner, talk about Charlie, and the quote is, "pulling the strings behind the scenes to a certain extent until the day he died."

Verti: Yeah, oh, no question about it. This was Charlie's company. [laughs]

Adamson: Right.

Verti: Even though maybe you could say for twenty years he wasn't involved in the day to day, but he knew what was going on, and he did pull the strings. He had veto authority. As I look at it, he had veto authority over anything and everything at any time. This was Charlie's company, and all of us felt privileged to be a part of it, to play a major role in it, but it was his company, and he was a very strong guy. He was a very strong guy. But we also had the confidence in him that when he would shake things up that, you know what? Charlie's been right most of the time. So he did pull the strings, and there were times he pulled strings that some people maybe regretted or didn't understand, but in most cases Charlie pulled the right ones, and he had great intuition and great intuition into the industry and to what was going on outside of our company.

It would always strike me, I was always impressed, when he was into the latter years that he was involved, he was eighty years old, we'd sit down and go over a project, and his insight into the project and aspects of the planning and the systems, he would ask us—this was uncanny, and I think Dean would confirm this. You'd sit down, and in a half an hour he'd see things that nobody who had—our preconstruction team, our

estimators, our project managers, we'd all be thinking we really had this job figured out, and in a few minutes he would ask us questions that would humble all of us in terms of, "Jeez, we didn't think of that," or, "Wow. That's amazing." So he really had an uncanny insight into buildings and projects and owners, contracts, various things. Up until he lost his health, he was pulling the strings and he was capable of doing it.

Adamson: So were there any challenges in the succession when he actually did pass, or was it pretty much planned for, foreseeing how the transition would take place?

Verti: No, I would say that the last year was one of—I'm sure most people in the company didn't have insight into it, but Charlie was struggling. I think Charlie started realizing that he was mortal and he might not be here forever, and I think that was a difficult thing for him, because, again, he cared so much for the company. He wanted it to succeed.

So there were some real challenges for all of us. All of us top managers of the company, we certainly were close to him, and the people I'm sure you've interviewed gave you some insight into that. But I think that there was always behind the back of our heads that because we'd gone through that other transition, the other formation of the new organization, I think somehow, some way, it's kind of like a championship team, no matter what the adversity is, no matter what the setbacks are, I think we all believed that if we hang together, that no matter what took place that we'd come out of it okay. In some ways we believed we could come out of it even stronger, and that's what took place. I mean, we didn't expect him to die when he did. We certainly were aware of his

frailty and his illness and that was a potential, but he didn't expect it. He didn't expect it. I met with him a few days before he passed away up in San Francisco. I know he was talking about what we were going to do, and I was trying to convince him to "Just relax. Get healthy. Don't worry. You prepared us a lot better than you can imagine. Just worry about getting well." But the company was everything to him, but it did present challenges.

But I think the positive side was that Dick Walterhouse and Rik Kunnath and myself and the other three general partners—Joe Sanders, Kim Petersen and Kim Lum—I'm sure that that group was discussed by Charlie, by all of us. It was kind of became evident that we were the guys that need to move this thing along. I would say that just as Charlie's unselfishness at the time he reorganized the company where he took on a significantly smaller piece of the pie when we started CPBL, I think that that same sort of attitude permeated the group of six people because, again, we now were the architects of what was going to take place. I think that we kept that sort of approach and, I think, expanded the fact that we wanted to make sure that moving forward, that the partners are going to have a bigger piece of the pie than in the past.

So that the pieces that we were taking or assuming as we were formulating this were going to be in the spirit of what Charlie had in mind, and we wanted to take it to the next level as a demonstration to the people that this is the company that needs to go on, needs to go forward, go forward beyond Charlie and beyond the six of us. I think we did that, and I think that that was the right thing to do and it's worked out pretty well. Our retention has been good, and we've continued to, I think, pick it up and move forward where Charlie would be really proud of what we're doing.

Adamson: We're coming up on short of time here. If the company went away, what would Charlie be best known for? What has he left to the industry that is beyond the company?

Verti: Beyond the company? That's a difficult question, because I mean, Charlie was the company and the company was Charlie. I think that's a very strong element. But I think that the industry has been improved in a number of ways. Charlie started the local chapter of the American Concrete Institute. He was one of the key guys, and there's local chapters. There's like 15,000 members of local chapters throughout the country, and he was one of the instigators.

Charlie left an indelible mark on the industry where the practitioner, the contractor, the builder should play a major role in the whole design process. I think that his impact without the company is still there. I mean, the Design/Build Institute, where Rik Kunnath had a significant role, but that Charlie, his culture and his creation created the atmosphere that I believe was—even though you go look in history, Charlie wasn't one of the founding fathers, Pankow was, our company was, of the Design/Build Institute.

But I think what he left with us is just the spirit of finding better ways to build, like single-source contracting. The contractor should be the one that takes the role and the responsibility for design and construction. So I think he's impacted the industry there. Just concrete technology, just innovative ways to build things, so all that, the industry is improved because of some of his—and he was always saying, "How can we

do it better? How can we do it faster? How can we do it safer?" He was always that way. In one way it was very difficult because you could never, never really satisfy that expectation, and so there was always a better way to do it, and I think that ever escalating, increasing the bar that he did for us in a microcosm, also I think benefited the industry.

Adamson: Do you have a final anecdote that you can tell that sums up what kind of person Charlie was?

Verti: No. I would just say that he always raised the bar, and it would be frustrating except by virtue of being around his people, the people he associated with, the people that were key to this company, the founding fathers. By being around those people, it was second nature to take on challenges that other people wouldn't do. So the bar was always raised, but you felt that it was a compliment to you and all of us that we could do it, and he always left us with that, the high expectation but also with the confidence whether it was said or unsaid that you can do it.

Adamson: Tim Murphy's talked about Charlie getting into some non–construction industry businesses. Would you say those traits, those expectations, that approach is what made him a successful businessman?

Verti: Absolutely. I would think so. In anything he did, he was always expecting the best of anyone around you, whether it be an attorney or a designer or a fellow builder.

His expectations were significant, so I think that permeated everything he did. I would have to believe that.

Adamson: I also know from several people that he knew when to cut his losses or to walk away from a project. Was there anything that he walked away from that was—I wouldn't call it a failure, but in this non-business, did he ever try something that he just recognized he wasn't good at, or a business venture that didn't materialize as he had planned?

Verti: I certainly can remember numerous aspects of getting involved on certain projects where we would be pretty far along, we'd be selected, we'd be integrated in the design and preconstruction and negotiating the contract, and during that process of negotiating the contract, Charlie would have an insight, "We don't want to do this job. These guys are crooks." Or just using a phrase, "These people don't have the integrity that we really deserve. We have high expectations for other people we work with to have integrity. If they don't have integrity, no contract means anything."

So there were a number of projects that affected me significantly, some that I worked on for a long time and brought them to close to fruition, where basically we walked away from them because we couldn't satisfy some of the basic terms of the contract, and he was right, because in every condition—I can think of several. Numerous, more than several, I mean, numerous times where he basically said, "On principle, nope, we're not going to do this job. I don't trust these guys." Sometimes they were early in the process, but sometimes they were pretty far down the road where we'd

shake hands and say, "We're not the right guys for you." And in each case, he was absolutely right. His intuition was right. These people didn't have the integrity.

So one of the hallmarks we had was doing work with good people that had integrity. All these projects have challenges, but if you're dealing with good people with integrity, you're going to resolve them. Consequently, we were profitable, we stayed in business, we didn't have a catastrophic issue where you're dealing with these type of things.

Now, as far as where he walked away from opportunities that could have turned out better, I can't think of anything. I'm sure there were. There's got to be something in his career and in the history, but I can more recall and appreciate those things that his intuition basically we decided to forego contracts, projects, revenue, for principle, and they were in every case the right decision.

Adamson: I think we can leave it there. I thank you for your time. This has been fascinating.

Verti: Okay. You're welcome.

[End of interview]