

Oral History Interview

with

ROBERT L. HEISLER

June 20, 2008  
Lake Almanor, Cal.

By Michael R. Adamson

Adamson: It's June 20<sup>th</sup>, we're in Lake Almanor, and I'm interviewing Bob Heisler.

So let's start with your background as far as university, training, jobs, and how you came to your own business.

Heisler: Basically, my background is I graduated Monrovia High School in southern California. World War II came along, and I spent three and a half years in the combat engineers over in Europe, then came back and went to USC afterwards on the G.I. Bill, and got my mechanical engineering degree.

Following that, I worked for about five years for General Electric Company, and then I quit there and came back to southern California because I eventually wanted to go in business for myself. I started the Key Mechanical Industries, which I was the principal owner and officer of, and we over the years did a lot of work with the Charles Pankow organization and knew Charlie very well.

Adamson: What year did you start your company?

Heisler: Started our company in 1955.

Adamson: When and how did you meet Charlie Pankow?

Heisler: Charlie Pankow came out. He was a graduate of Purdue, and he came out for the Kiewit Company to their Arcadia office, and a friend of our family was one of the chief financial officers for Kiewit and he was very close friends of my folks. When I was over there one day, he told me about Charlie had just come out to Arcadia and was going to head up building construction work, because Kiewit in Arcadia at that time had mostly been doing heavy things like freeways and bridges and things like that.

So I went up to their office, and Gordon Fent, was the name, introduced me to Charlie, and we became very good friends. It sort of ended up we had the same philosophy on the construction industry, that is, that you don't do general bid work; you do design and build work. General bid work, all you're selling is cheap—trying to sell labor cheaper than the next guy. So design and bid work is what we did, and that's what we did in our organization, because we not only had a construction company, but we had an engineering company. My partner [Lee Sandahl] and I are both registered professional engineers, and so we were designing our own projects. So we [Charlie and I] became very good friends because we had the same philosophy on the construction industry.

Adamson: Did you work with Kiewit, then, before?

Heisler: Yes. Several jobs we did with Charlie and the Kiewit organization. One of the major ones was the Air Defense Command Headquarters building in Colorado Springs. That was a project that the General Service Administration put out for bid on just criteria, and as a team we worked together. We took care of the mechanical, and another member of the team took care of the electrical, and Charlie took care of the general contracting. The price was given to Ralph Kiewit, who, of course, was a nephew of the Kiewit organization, but then he bid a rental to the government to build this building. It was two stories at 100,000 square feet of floor with all the special offices for the Air Defense Command Headquarters over there. So we all designed it and put in. That was a very interesting project.

We did a couple other projects. I think the American Cement Building on Wilshire Boulevard in Los Angeles, as I recall, was with the Kiewit organization, too, and there were several smaller projects around L.A.

Adamson: So it was basically because of the work Kiewit was doing that Charlie wanted to start his own company? Otherwise he was happy with the way Kiewit did business?

Heisler: I think Charlie was like I was; always wanted to be his own company eventually. And when he started talking about it, he brought some key people from Kiewit with him. When he started, it was Charlie, of course, and Bob Carlson and Lloyd Loetterle and Ralph Tice. Bob Carlson had been head of construction of the projects he was doing with Kiewit, and Ralph Tice had been one of the better job superintendents, and Lloyd Loetterle had been in the office. Lloyd wasn't around long. In fact, I don't

know, I remember him being there originally, and he left shortly—I don't know where he went. But Bob Carlson and Ralph Tice became owners along with Charlie in the starting of the business.

I was familiar with it because I helped Charlie with the bonding company. Chubb, who he always used—I think they still do—was our bonding company originally. The gentleman in Los Angeles, who had become friend of mine because we'd done our bonding with them, I introduced Charlie to him, and he later became head of Chubb in New York City, which Charlie worked with him for all the bonding they had to do.

I also introduced him to our lawyer, which was Bill Poindexter in Los Angeles, that they used for years. So we sort of worked together as the thing took shape.

Adamson: So Russ Osterman came along when?

Heisler: Russ Osterman came along a few years later. They hired him—oh, gosh, when did Charlie start? About '59 or '60, somewhere around there?

Adamson: '63 is when he incorporated.

Heisler: Incorporated. Russ didn't come along until a couple years after they got started. I don't remember exactly the year. He first was hired, I think he was with Kiewit company, too, to do a project down in San Diego that they had.

Adamson: Since you did work with Kiewit, what was it like working with that company?

Heisler: Oh, very good. They're a fine company.

Adamson: How do you think working with Kiewit for a dozen years shaped Charlie's view on the kind of company he wanted to create?

Heisler: He followed a lot of things that he learned from Kiewit. Just like everything else, you get experience. For instance, the bonding of all of the subs was a thing Kiewit always did, which is good from a liability standpoint. He adopted that the same as Kiewit. Otherwise, you, know, construction is construction. You get experience from going out there and doing the job.

Adamson: What traits made Charlie Pankow a successful businessperson, in your view?

Heisler: In my view, the real success of the Pankow corporations they've set up was Charlie's abilities. He, first of all, did what you should do. He never hired anybody except the best people he could find. Almost all of his primary people that worked for him in handling projects were college graduates, many to start with from Purdue because that was his university. Later University of Washington and Stanford, where Dean [Stephan] came from. He always hired well-qualified, very capable individuals, which when you're design and build you better have.

He also was a very good organizer and was very good at delineating responsibility to the various individuals, and the old saying is, once you give a guy a job, get out of the way, if you have the right guy, and he had very good capability of doing that.

Charlie also was an excellent salesman. One of the things that made—if you're a general contractor trying to do major projects and trying to do them on a negotiated basis, which you have to do in design and build, you have to have the ability to meet the right people, because you've got to meet the people that are going to be owning the projects. Charlie was very good at socially meeting the best people and getting acquainted with them and being able to sell them on the idea of working with his company.

Adamson: In the notes that Linda [Kunnath] gave me, she suggested that you introduced Charlie to the Winmar people.

Heisler: Yeah, I did. Winmar was the development arm of Safeco Insurance out of Seattle, and what had happened was we had been doing business for a number of years, before Charlie started, with a gentleman called Dick Brewer. Dick was in charge of construction for May Company, and May Company office out of L.A., out of Wilshire Boulevard, handled all the construction for May Company in the western United States. Dick met Frank Orrico, who was head of the Winmar Company up in Seattle, and they [Winmar] were looking for somebody to step in on the construction, because what they were doing is they were advising clients on what they should develop and doing the leasing. They had a number of projects where they had it all set up and could make a nice leasing fee but couldn't get the proper construction numbers. So they hired Dick.

Frank Orrico met him through May Company people he knew, and they hired Dick to head up the construction part of the Winmar Corporation.

Of course, I'd been doing business with Dick for a long time. We were very good friends, and we did almost all the projects for May Company in and around southern California, mainly like Eastland Shopping Center and some of the other projects they had and the May Company stores. Then he was hired by Winmar.

Then when Frank Orrico came down to interview him, we all had lunch together, and I got acquainted with Frank Orrico at that time, and we started doing projects together. Then when they needed somebody on some of their projects for design and build, I recommended to them—and Charlie had gone in business—that they should meet Charlie Pankow, because he was the type they needed. From there on, it worked out very well with Dick. We did projects all over the country for Winmar.

Adamson: Including the 411 East Wisconsin Building [in Milwaukee]?

Heisler: Oh, that was just one of them.

Adamson: That's the one I've heard repeated.

Heisler: Oh, that was a thirty-two-story building for them. Yes, we did that on a design-and-build basis. But we did [other] projects.

The first one we did with Winmar—when they hired Dick, they wanted some help. They had a contract for the leasing and stuff for a Montgomery Ward store in

Stockton, and they couldn't get any price that made any sense. That's when Dick asked me about it and I suggested he get together with Charlie, and we got together for lunch. And Charlie came up with a design-and-build package that made sense, and we built the store for Winmar up there. It was actually owned by Stone Brothers, but Winmar got the fee then that they wanted for the leasing and handling the project. That was the first project we did for Winmar.

Then we did a lot of them after that; 411 [East Wisconsin] came along quite a bit later. In Louisville, Kentucky, we did a thirty-two-story office building there, and we did the major shopping center of Louisville, still is, Oxmoor Mall. We did work at Capitol Court in Milwaukee, another shopping center, and at Braintree Shopping Center in Boston, and a General Telephone Building in Boston, in Braintree in Boston area, and we did a lot of J.C. Penney department stores around the country.

Before Charlie went in business, we had been doing a lot of business with J.C. Penney, and the main guy in southern California that was handling that later was promoted to handling the whole country for it, and it was moved to the Chicago office. We got Charlie working with him, and he'd call every time he had a problem getting one built right, and so we'd design and build it for him and handle it. Then later, worked through their office in New York. We did a major store for them on Long Island and in Detroit, a number of areas.

Also one of the big projects that we worked together was the Roosevelt Mall on Long Island. That was a big project then. I don't know whether you're familiar with Roosevelt Field, which was originally an airport. I think it was Army or Navy or something. Anyway, it's where Lindbergh took off from when he flew across the



Atlantic, and later a shopping center was built there and it was a one-story older shopping center. They redeveloped into a major two-story beautiful big center, which was a very complicated project because you had to keep the lower story in business while you built the second story, but we had a lot of fun with that one.

But there were many projects we worked on. North Valley Shopping Center in Denver was another Winmar project we did. Frederick & Nelson Department Store up in Portland. Then we did quite a little work in Hawaii. We did a Bishop Estate high-rise building there and several other projects in Hawaii. Then later Charlie developed a branch of his company in Hawaii. But that's just a few of the projects. We worked together all over the country.

Adamson: So once Charlie got his company going, how much of your work was with Pankow, would you say?

Heisler: Oh, probably at one time probably 25, 30 percent, because we had a lot of other customers. We did all the work for Beckman Instruments, and for, as I say, Penney and for Pacific Telephone Company. Well, that's another couple projects we did with Pankow. We did the Pacific Telephone Building at Third and Harrison in San Francisco, which is a six-story building, 50,000 square feet of floor. And the AT&T office building, which was a high-rise building behind it. We also did together the four office buildings for Bill Wilson down in—I'm trying to figure what town that would be, so probably—it was north of Palo Alto. At any rate, some office buildings down there.

But also Pankow did a lot of work that we didn't do with them as they grew, because one thing in mechanical contracting, you've got a lot more labor and stuff to finance, and general contracting, you can do a lot more work with the same amount of capital. But basically, most of the design-and-build projects, we worked with him on.

Adamson: You mentioned AT&T and Pacific Telephone and Telegraph buildings. These were two buildings that Bob Law had mentioned in his innovation history as buildings that incorporated vertical HVAC airshafts in the concrete cores as a Pankow innovation. Can you elaborate on that?

Heisler: Yeah. The specialty that Charlie was involved in in their whole company was concrete. They were specialists in concrete, and on the high-rise buildings, what they did is had a slipform core. Are you familiar with the slipform core?

Adamson: I'm getting more familiar as I talk to more people.

Heisler: They set up a form and then they pour the concrete and gradually jack it up, and the core would consist of where the elevator lobbies are and the lobby of the thing and what other shafts you need and the restrooms and stuff. Then they used pre-stressed beams, primary beams, and then precast panels for the exterior.

Well, one day Charlie and I were talking about his slipform cores, so I mentioned to him that if they were airproof, they weren't leaking any air, we could use them for our return airshafts, and that had never been done before, and usually there was ductwork for

the supply and ductwork for the return [air] that went up. So we worked out a program where we would lay out where we wanted the holes in their precast shaft and get the fire dampers that would go in those holes and work with their job superintendent. As he jacked up this pre-form, they would put them in for us where we wanted [them] to.

So when they got through with this whole precast concrete situation, we had the connections for taking down our supply duct, but then all we had to do on the floors is let the return air go up the shaft. It saves you a considerable amount of money because you didn't have to put in return air ductwork is the main thing. And as I recall, Charlie, I think, patented that, because I think I remember signing the patent papers with him. I assume he went through with it.

Adamson: Using any Pankow project as an illustration, could you describe your company's involvement in the design-build process: where you came in or how it was negotiated or that?

Heisler: One thing you have to remember, if you're going to use design-build, you have to have control of the design, because how can you guarantee a price if you don't control the design? Of course, the problem in the general contracting is if you're just letting the owner hire his own architect and structural engineer, they'll always over-design a project. It's natural if that's all you're doing, why would you not over-design it to be safe? If it's this good, make it a little more, you know.

So, basically, Charlie had to insist, which he always did, that if he was going to guarantee a number, he had control of the architect and engineer. In most cases, he

actually hired them for the owner. Then we worked with Welton Becket, for instance, in L.A., which was a big architectural firm, on a lot of projects, and a number of other architects and engineers. We didn't have that problem, because we had our own engineering firm, so we did our own design. But he would work with the various architects, but they had to work with him because he had to control his prices.

That's how we worked together. The way you design a project, the meetings were generally almost [always] held at the architect's office, because they're all set up for that. It would be the architect, the structural engineer, ourselves, a mechanical engineer, an electrical engineer, and generally a civil engineer, and we'd all work together as a team to come up with the design. Then we'd have to coordinate the plans as we went along so that there were no conflicts, and then when we got the plans finally finished and the owner approved them, then we could build the project.

Adamson: Dean Stephan had mentioned that the Citizens Fidelity Bank Building in Louisville was the first tall office building that Charlie Pankow had done and that was sort of a breakthrough project for the company. Is that something—

Heisler: Yes, that was a Winmar project. It was a thirty-two-story office building downtown Louisville. This is the bank building there. Winmar had gotten involved. They knew someone there that the bank wanted this building. They wanted to take ten floors of it themselves, and they wanted the building built, but they needed somebody to own it and build it for them. So Winmar got involved, and we got together as a team and

designed it and then saw that it was strictly—we're talking about slipform core and precast panels.

Charlie set up a program where he generally could get someplace outside town or somewhere and precast his own panels, which made it easy to handle the cost. I think that was probably one of the first jobs Dean Stephan may have been involved in. I'm not sure. Because Dean originally went from Stanford, as I remember, worked for somebody in San Francisco, and then Charlie hired him.

Adamson: He mentioned Guy F. Atkinson.

Heisler: Yes, Atkinson I think he worked for, and then he went to work for Charlie and he was on that project. The other project about the same time, one of the first ones with Dean was we did Penn-Can Mall in Syracuse, New York. It was a major regional mall, and Dean was on that, along we did all the mechanical on that also. Dean gradually came along to be one of the main guys in the Pankow organization.

Charlie had a very good way. As I say, he hired good men, and generally he would go out and do the sales things and meet people, and then when they had a project, he'd turn it over to a key guy to handle. One of the main guys for a long time was Russ Osterman, and they made a great team. Charlie would go out and—as an example, we did some buildings which they built and owned in that case, two buildings for Pacific Telephone in San Jose. Charlie had met the guy from the telephone company, and they got together, and then he had Russ [Osterman] take over and do the negotiation with them. Ralph Tice was in charge of building the buildings. They were a great

combination, because Charlie was the good salesman and made the contacts, and then Russ would take over working with them and getting the design built.

When Russ retired, in essence, Dean Stephan took over that job and did an excellent job of it, and so it worked very well again. That was sort of Charlie's stock in trade. He turned over to good people to handle, and they'd handle it, which made a good—that a proper organization, because the head of an organization, if they are the nitpicking type and want to micromanage, never really do well. You just can't run an organization that way. He was very good at not micromanaging, giving the project to project people, and if they produced, great. If they didn't produce, I'm sure he got rid of them. [laughs] But that's what you have to do when running a company.

Adamson: You mentioned you did work in Hawaii for Pankow.

Heisler: Oh yes. We did the original building they did, the Bishop Estate office building, and then we did a little shopping center down in Hilo together. Then we did a Winmar project. We did the main Windward Mall shopping center in Kaneohe, on the windward side of Oahu, which is a major large shopping mall there.

But they did a lot of other work. They were into a lot of high-rise condominiums and things like that, which we were really not too interested in. We did two of them on Wilshire Boulevard with them, and the reason we didn't like them is they were always very expensive apartments and it seemed like they always had some lawyer buy one, and the next thing you know, he's suing everybody over everything, driving you nuts in the places, so we tried to avoid them as much as possible. But they did a lot of that work.

But we were doing, as I say, other things that we did. That part of it, we really weren't too interested in.

Adamson: Dean Stephan had mentioned that George Hutton in Hawaii did business slightly different in some cases than the strict design-build approach.

Heisler: George was a guy that Charlie put in charge in Hawaii, and George was a real operator. He did a great job. But one thing he did that turned out to be a big thing for him, he sort of made his own decisions at times that—I was flying with Charlie over to Hawaii on a project one time, and he was complaining that George had taken a contract with someone to build, whatever it was, a thirty-story apartment building or something, or an office building, and he'd taken as part of the deal some property right near the Ala Moana Shopping Center there, that they took as collateral to build it. In other words, they took the ownership, but it was worth seven and a half million dollars. And as Charlie said, "Hell, he never even consulted me, and here I am on the hook for seven and a half million dollars."

Well, as it turned out, a number of years later, Charlie sold the property, I've forgotten what, it was like forty million dollars or something, so it turned out to be a hell of a deal, but at the time, when they were not that big, I think that it sort of shook Charlie up. But it worked out.

As I say, George was a good man, but you've got to really remember, he was out there all by himself running this thing, and Charlie would fly out regularly, but things were done a little differently in Hawaii. In Hawaii, you have to learn that you've got to

play along with what they do. For instance, I remember Ralph Tice ran the Campbell Estate building and I was over there one day and we were having lunch. He said, “Well, I learned my lesson.”

I said, “What was that?”

He said, “Well, the cement finisher we had was a local Hawaiian guy, was very good, but the first luau that came along and they had a big party, he didn’t show up for three or four days, and I was going to fire him. And he said—the local architect they were using said, ‘If you fire him, you fire every guy that goes for a luau and doesn’t show up for three days in Hawaii, you’re not going to have anybody working for you very quickly.’” [laughs] So I learned in a hurry you had to go along with this kind of stuff. It’s a different atmosphere over there. But they did a lot of business over there.

Adamson: He’d also mentioned that there were a few what he called captive projects, that Charlie would, I think sometimes George, would actually be the developer of sorts, and a couple in Eugene or Portland or Seattle. I don’t know if you were in on that—

Heisler: George wasn’t involved in Eugene. With Charlie, after their company got in good financial status, starting owning different projects, too, developing and owning. For instance, I mentioned the two buildings in San Jose which they later sold to the Johnson Wax Retirement Group. They also owned a building in Eugene, Oregon, which they sold a few years ago. In fact, we still handle the mechanical on it. The building in Eugene, Oregon, was built by Charlie. He ran into a guy in San Francisco that he knew who had a deal for the building up there, the Key Bank, it was called—still is—building up there,



and they worked together as partners and built it and owned it, and eventually they sold it three or four years ago.

Adamson: So in your long association with the Pankow firm, can you comment on how design-build was refined or how it evolved over time?

Heisler: Well, it evolved because for many years most of the contracting work, especially on the West Coast, was not done by graduate engineers. The architects designed it. The architects controlled it for years. The architects worked with the owner. They controlled it, they put out the plans, they took the bids, and they sort of handled everything for the owners. Most of the contractors at that time came through the trades. They weren't engineers or necessarily college graduates. They were guys, especially in the other trades, mechanical, electrical, and civil stuff.

About right after World War II, everything started to change, and I credit it really to the G.I. Bill. The G.I. Bill suddenly took literally thousands of young men that got out of the service, after we got out of World War II, and allowed us to get a college education. So all of a sudden, United States had all kinds of well-qualified, well-educated young people, which had not been true before. As a matter of fact, if you've ever seen the white paper on the G. I. Bill, it's very interesting. When the government decided they wanted to do the G. I. Bill, that was just before the war was over, the heads of—I've forgotten now—it was Yale and Harvard and all the schools, came down and had a big thing against it. Their whole thing was that for the average person to go to college was ridiculous; only the elite were supposed to go to college and get a degree.

Literally, I'd say the turning point was about 1950 because then we were getting all these people that came out of the service and went on the G. I. Bill, well educated. For instance, in 1955, when we went into business, we were one of the first mechanical contractors in southern California that the ownership were graduate registered engineers. All the rest of them [had been] through the union trades and things like that. And that changed everything, because the other guys didn't have the ability to design it. That's where your design and build really started. It was sort of a fight for a while, because the architects hated it, because they had been in charge. But it's still somewhat that way, but it's accepted now that a certain amount of work is done in design and build and a certain amount is still done where owners want to hire an architect and have him handle it. But we like it that way because it's less competition in the design-and-build field, and literally a good team—for the owner's sake, you've got to say, you've got to have a good team to do design and build, because if you get the wrong team, you can end up with a terrible project.

One thing Charlie did, and we did, too, that really helped is the thing we always told the owners and all our trades, "We'll develop a set of plans, you approve them, we'll give you a fixed price, and there will be no additions unless you change something." There were very few—and I mean to this day I doubt there are very few—design-build contractors that still will do that. And Pankow has always done that and so have we, which really helps sell it to the owner, because then he can finance it and know that he isn't not going to run out of money.

Adamson: Most of the projects or almost all of the projects that Pankow Company did was for private owners. Is that because how hard it was to get the public sector to accept design-build, or is it other factors involved?

Heisler: No. For instance, when he was with Kiewit, when we did the project at Air Defense Command Headquarters building, that was for the government, although we did it for Ralph Kiewit. But the problem with government work, you've got to be set up for government work. It's a trade all on its own. You've got to be ready for all kinds of ridiculous paperwork. You've got to be ready for slow payment. Most governments are slower than hell in paying. And you're dealing with bureaucracies which will drive you right up the wall. So we never did any government work, only if it was done through some other ones.

For instance, we did the plant out in Palmdale, where all the material was made for the stealth fighter and bomber, and that was a government project, but it was through the Austin Company, which is a separate private firm. We would never have taken it directly for the government, because they would have driven us crazy. Right offhand, I can't think of any government projects that the Pankow organization got involved in. They may have in the—well, now, I shouldn't say that. In the last few years, we've done some work, and they've taken work with the City of Los Angeles, redoing the whole train station and the whole thing down there, so they've done work with the City of Los Angeles, but that's a little different than the federal government. The federal government will drive you nuts.

Adamson: What innovations did your company bring to Pankow projects?

Heisler: Well, I suppose the main innovation—well, one of the innovations was using the slipcore form, but also we were able to give them design-and-build programs that were the right price, too, so we could have the total price to sell the project, which is what you've got to do as a team, because the worst thing you can have is one of the members of the team not playing the game right and trying to get too high a price that doesn't make any sense. So that's what you have to—the Pankow organization had to rely.

In essence, a general contractor is relying on his subcontractors, basically, because they're the ones that are doing most of the—really, if you add it up, a great deal of the work, and you've got to have companies that know what the hell they're doing, or you can get in trouble yourself. But we worked together as a team very well.

The other thing we brought to them is some customers, like Dick Brewer and a few other people we knew, and a design ability that worked very well in coordination with their particular scope of design.

Adamson: Was it the design-build approach that you think drove innovation on the jobsite at Pankow or was it type of project or other factors?

Heisler: I would say the main innovations, of course, Pankow came up with over the years was in the concrete work, and that we weren't involved in. In fact, Dean [Stephan] was paramount in developing a program they use now that really helped him. See, the limitation on concrete for a long time on the West Coast was in earthquake areas. For

instance, Los Angeles had for years you couldn't build over a thirteen-story building, no matter what it was. They [Pankow] developed a form of concrete work that allowed them to build much higher buildings in earthquake areas. That is strictly their own. That was their specialty.

Basically, I would presume, I never asked, I never thought about it, but I would presume the majority of the engineers that he hired were basically structural engineers.

Adamson: So they may well have innovated in the concrete area regardless of the design-build approach or whatever approach they took.

Heisler: Oh yes. Without the design-build approach, you can't do it, because the architect hires his own structural engineers. There are structural engineers that do nothing but structural engineering, and that's who architects hire. Charlie hired some structural engineers, but he hired them and controlled them and said, "Here's what we want to build." As I say, he had to control them, because he's guaranteeing a price.

Adamson: In fact, I'm told his first job, Charlie's first job when he came to California, was for a structural engineer, Barnes?

Heisler: It could have been, yeah.

Adamson: Then he went to Kiewit.

Heisler: Could have been. I think that's right. I'd forgotten about that.

Adamson: Do you have a favorite Pankow project or building?

Heisler: A favorite?

Adamson: Yes, a favorite.

Heisler: I'm trying to think of a favorite. I sort of enjoyed all of them. Probably one of the ones I really enjoyed was the one Dean mentioned, the Citizens building in Louisville, because we had a lot of things going on then. We came up with some various ideas, and working with the bank was interesting because they were using a couple of their floors completely for computerized—they took contracts on a lot of your credit card companies, and all our stuff on credit cards went through their computers. They handled it for them. So we had to do a lot of special design work on it for all these computer floors. But they were a very interesting group to work with.

Later, some of the tenants came in when it was the start of all the stuff you now see in Web sites and all that, they had companies come into there, we worked with as tenants, too. They'd have special design requirements of all this equipment they were going to use. So it was a lot of fun, an interesting job.

Adamson: How has your business changed over the last forty years?

Heisler: Basically, the main interest in my companies is about twelve, fifteen years ago, I decided to, as I worked towards retirement, sell the companies to our principal people. My partner and I, we had a lot of opportunities to sell the whole business, because we had—the Key Company could sell a number of companies. We had our construction company here Key Air Conditioning; our engineering company, KMI Engineers; our low-temperature [company, Key Industrial Co.]—we did freezer plants and stuff like that in southern California; and then Key Mechanical Service Company and did service all over the place. Then we had an office in San Francisco that did construction and design-build, and then we had an office in Seattle that basically specialized in market refrigeration and low-temperature refrigeration work.

So we had key people in charge of them, just like Charlie did in his company. My partner and I decided they're the people that made it for us, they should get the opportunity to buy the company. So we set a program up gradually on each company that over a five-year period they gradually bought us out. We still have one company left, NW Mechanical, and that's where we have operating engineers in central plants that we put in. For instance, the building you mentioned in Eugene, we still operate that plant for them, and several other areas. We still do some consulting engineering work. In fact, we're in the process in several places of reengineering the equipment we put in thirty years ago with more modern, more efficient equipment, so we're still having fun with that.

Adamson: That's great.

Heisler: But the guys that took over the companies are all doing very well. For instance, our service company in southern California, between them and their company up in Seattle, who has offices now in Seattle, Portland, and Livermore [California], they do [most of] the construction service work for Target stores all up and down the coast, and they've done very well with that. In fact, I was talking to a guy this morning, one of our guys in southern California, just an oddity, with the price of copper nowadays, Target's got them going out and having to put up new drain spouts, believe it or not, on buildings, because they're made of copper, and the people are coming along and stealing them. So they came up with a program—that isn't something we normally do, but we drew up sheet-metal shops, so we're doing it for them. But we paint the copper white so people don't know it's copper, because they're stealing drain spouts all over the place. Copper has gone crazy in price.

Adamson: It's amazing. Maybe if you can go decade by decade and keep it simple, how, from your point of view, did the Pankow Company change from 1960s till today?

Heisler: Well, basically, up until a few years ago, they stayed on the same concept all the way through and basically doing design-build work. As they got bigger and bigger, of course, they had to start expanding into doing—and we did too—you went into some work that you didn't design, and then in that case, what we do is—and I do, too, is you do it on the basis that it's a very selective customer, a customer that knows that they want to get people that know what they're doing and you can work with them.



For instance, the example in our business, for years we have done most of the work for the Pacific Telephone Company, especially down in southern California, and that's on a bid basis because they do their own design. But they're very, very—their bids, they'll take maybe two or three bids from a selective list they have, and if you can get on that list, which is hard to do, and you ever do a job wrong, you'll never get on the list again. So they make sure that they have people who are qualified, and so your competition are qualified people, and so you do a certain amount of that work, too.

They've had to gradually, as they've grown, do the same thing in certain stuff, but they're talking about major large projects. For instance, stuff that they've been doing for the City of Los Angeles there at the Union Station stuff has been negotiated, but it's been a little different. It isn't like the Winmar project where you did everything they ever had. So to grow, you have to gradually get into some other kinds of projects, too. But still, design and build is the favorite, and I'm sure that's still their favorite, too, because that's the ones we do with them. That's about all I know on that.

[break]

Adamson: We'll resume with you looking at the innovation history and commenting on it, and then I have some closing broader questions.

Heisler: You were saying something about projects.

Adamson: Yes.

Heisler: I was trying to think of some of the projects we did. I think we covered most of them. Well, we did a number of buildings along Wilshire Boulevard, office buildings. We did an office building in Omaha, Nebraska, too.

Adamson: Isn't that the home of Kiewit?

Heisler: Yeah, it is the home of Kiewit, but it wasn't for Kiewit.

Adamson: In these cases, were you often knocking down a building to build a new one or were these new sites?

Heisler: No, not really. They were almost all new projects. I can't think of any where they had to take an old building out and put a new one in, because Winmar wasn't in that. As an example, what Winmar did—and that's why they liked having our construction group to work with them—they would do such things as when we did the high-rise building in Louisville, the Citizens Building, one of the people on the board of directors was a gentleman named Tommy Bullitt, and Tommy's family owned a great deal of land in Louisville, and it was original land grant from England. They were that far back in history, and they owned this whole area just on the edge of town. They were so closely tied still, I guess, with their relatives originally from England, but this was a land grant that had to be a long time ago, but they'd been there for years.<sup>1</sup>

---

<sup>1</sup> Oxmoor Farm was a two-thousand-acre estate. Thomas Walker Bullitt inherited it in 1957. It had been in his family since the original owner, Col. William Christian, had deeded it to his son-in-law, Alexander

During World War II, Tommy went over and immediately joined the British Army because I guess they felt obligated. When we got in the war and Eisenhower came over there and just started, he became the officer that was the liaison between the British Army and the American Army in England. Quite a guy, great guy.

So any rate, he got talking to Winmar about what he should do with this land he had, because they were building the building for the bank downtown. It ended up that we built this major shopping center for him [Oxmoor Center, completed in 1971], and that's what Winmar would do, just start with they'd say, "Well, let's look at the land, see whether you should build office buildings, shopping center, residential apartments, or what." That was one of their specialties, and they recommended, since there wasn't a really major first-class shopping center in Louisville at the time, that that's what they should build.<sup>2</sup>

So Winmar went together with them. They provided the land and they owned 50 percent of it. Winmar provided the construction, design, and financing and owned 50 percent of it. That's how that thing got going. Then they brought us in as a team to build it. In fact, we still have operating engineers operating central plant back there.

Adamson: Just before we break, you sparked another question. Logistically and scheduling-wise, when would you typically come into the project and what was the duration of your involvement?

---

Scott Bullitt, as a wedding gift in 1786. The Oxmoor name by which the estate was known as early as 1785 was taken from *The Life and Opinions of Tristram Shandy, Gentleman*, the classic novel by Laurence Sterne. Thomas Walker Bullitt died in 1991. He and his wife deeded the house and seventy-nine acres of land to the Filson Historical Society, leaving 439 acres of farmland for redevelopment ( John E. Kleber, ed., *The Encyclopedia of Louisville*, vol. 2000–2001 [Lexington: University of Kentucky Press, 2001], 682).

<sup>2</sup> Oxmoor Center was constructed on 34 acres of the Oxmoor Farm estate.

Heisler: Basically, in most of projects, especially the Winmar projects, right from the outset, because I was a very good friend both of Dick Brewer and Frank Orrico, who was president of the outfit up in Seattle, because we had the operation up in Seattle and knew him up there, too. Generally, when the contact was made, the first meetings where we'd start talking about doing the project, I was generally involved, along with either Russ Osterman or Charlie.

Adamson: When would your people actually come on the project physically to put in the systems—

Heisler: Remember, when you start a project, the general contractor has to organize it and then the first people on the job, besides the general contractor, has to do the excavation, and then the plumber has to put any underground in, and then you go from there. As most projects, as with slipform, especially high-rise office buildings, as the slipform goes up a couple floors, behind they're putting in the beams and starting with the panels. So as they'd go up, we'd be a few floors behind, coming up and putting in all the piping and ductwork and stuff they had planned. So it was generally when they started. Well, we were in it right to start with, doing design.

[Begin File 2]

Heisler: That's true, I remember now. When Winmar got involved with—the reason that the Citizens Building [Bank] couldn't build their own building was because the price was ridiculous that they had. Where he says there is Pankow was able to save money at today's dollars, \$12.2 million, that's correct. That's when Winmar got involved with the bank and said, "Well, we'll get our team in there," and we came up with a price that they could afford to build the building.

The other thing that is very true in here, he [Pankow] did build a lot of parking structures. He was very good at that. But all these innovations are great. One other thing I noticed in here—where is it? Under San Jose Plaza, that was the name of it, those two buildings there, [reading from "Pankow Innovation History," a document prepared by Bob Law] "when vertical HVAC shafts are incorporated into a building's concrete core," well, it was innovation, but it was Charlie and I. [laughs] That was the only thing in this whole thing I'm really involved in, because I wasn't involved in any of the innovations on concrete. That's a very good summary.

Adamson: Yeah, it was a good starting point.

Heisler: Did they ever give you a picture of that thing they developed, with a picture of all of the buildings they'd done all over the place?

Adamson: Yes, I saw it actually in the office in Pasadena when I interviewed Bob Law.

Heisler: Yes, they really did tremendous innovations in concrete work. Basically, when Charlie started in, his specialty, as I say, was concrete work, and that's what they really stayed with the whole time. They may have done some steel buildings, but I never heard of them if they did. Because he could always come in, and especially coming as a team, and we could come in with a much better price by building a concrete building than the steel buildings that they had designed already in most cases.

Adamson: So in these more recent—they call them adaptive reuse or tenant improvement projects, would you be involved with Pankow on those projects as well?

Heisler: Oh yes. I had our guy down in southern California, because I haven't been down there handling much of it now. These are the Pankow projects in the last few years we've been involved in, as an example.

Adamson: Okay. Well, this will be useful. Changing course, I'm told, and Rick Pankow has confirmed, that many of the company's Christmas parties and social events were held at the Pankow house.

Heisler: That's right.

Adamson: And that many of Charlie's associates were invited to attend these. I was wondering if you were in attendance.

Heisler: I attended all of them. I think I was involved with Charlie when he bought the house. That house he bought had been the original home of J.C. Penney on the West Coast.

Adamson: Oh, the actual J.C. Penney.

Heisler: They put it up for sale, but it was on the basis that you didn't really change the concept of the place. You could improve it and all that, and you didn't tear down and build another one. You had to keep the basic structure and stuff. I remember going over with Charlie when he was about to buy it, and we went over and looked at it because he wanted to know—because it wasn't air conditioned. Then he bought the thing, and we air conditioned the house for him.

He always had great parties there. I think I attended damn near all of them when I was living down there. He had great Christmas parties, and that was typical of Charlie. He was a social animal. He enjoyed having those parties, and so did Doris. So that was great.

Adamson: So a lot of the subcontractors as yourself were—

Heisler: There weren't a lot of subcontractors. Mainly the people he would invite were his own people, key people, customers. By subcontractors, you might call it that, but the architect people he was working with, the structural engineer people he worked with, and a few of us in the—I, at most of the parties, never saw a lot of what you'd call

subcontractors that did the work. They were more the design-type people they were hiring.

Adamson: I just noticed—

[Begin File 3]

Adamson: So Pankow had different offices and different people in different offices. When you did work with Pankow, did you work with different people or was it primarily people in southern California?

Heisler: No, we worked with George Hutton over in Hawaii. We worked with Rik Kunnath in San Francisco. Those were the two main offices besides L.A.

Adamson: Did your actual work on Pankow projects change over time, or did you pretty much do the same thing on a typical office building? Did that work expand?

Heisler: Basically, the main work we'd do with Pankow, and of course that he did, was high-rise office buildings and shopping malls, things of that sort. We did a lot of work in industrial plants, but Charlie wasn't into that.



Adamson: The broader way of looking at understanding Charlie Pankow, and, by extension, his firm's contributions to the building industry, what would you have to say are their most important contributions to the industry in general?

Heisler: Well, of course, all the things that you had on that list in concrete work, that was quite a contribution. They sort of revolutionized the approach to the concrete structures over the years. They also, as I say, were right at the start and forefront of design-build approach to construction industry.

Adamson: Would you say they were pretty much the first design-build firm, or were they adapting what some other people did?

Heisler: That's pretty hard to say, because I don't know all the firms. [laughs]

Adamson: When Charlie Pankow was at Kiewit on buildings, was his approach more or less design-build?

Heisler: When he came out to Frank Kiewit in Arcadia, that's what they brought him there for was to get into the construction industry for buildings and, of course, as I say, that was the concept that was used. But I'm not sure what Kiewit out of Omaha did.

Mostly, I remember one of the things at that time, in the East, people used to work with people they'd worked with for centuries, practically. You did business with so-and-

so because his dad did business with your dad, and this type of thing. Things are awfully hard to break into. It wasn't wide open like it was in the West.

The other thing that was always bad in the East, and to some extent still is, is there's so much basically graft in the construction industry, especially with building inspectors and types like that.

The one thing they did in the West that really made the construction industry, they learned from the East. For instance, I had a friend when I was president of the National Contractors Association, who was a contractor in Chicago. He told me that when they got a job, the first thing they did, the guy showed up who was going to be their building inspector in Chicago. And I said, "What for?"

He said, "So he'd get his payment."

I said, "What payment?"

He said there were certain things on the job that depending how many, you paid him a hundred dollars each. He said it amounted to ten or fifteen thousand or more, depends the size of the project.

I said, "You mean you had to give him a check?"

He said, "No, no, cash. You had to give him cash."

I said, "What if you didn't?"

He said, "I'll guarantee you it'd cost you more than that before it's through."

But what I didn't understand was, they never changed building inspectors. They'd assign you one to it, and that was done that way in the East, because it had been done that way for years. In the West, they knew better. Out here, they change inspectors about every month or so. So there's none of that goes on. I never heard of paying an

inspector on the West Coast. Back East, that came in all the time. In fact, in a number of projects, for example, in the J.C. Penney store we did with Pankow in Long Island, the reason Penney hired us is because of all the payoffs that went back there between the union and the building inspectors and stuff. We came in and refused to pay any of them. And what usually happens, if it's only one project like that, is you get away with it because they don't want to stir anything up and they know you aren't going to be there after that project. So it really was to our advantage. But that's what revolutionized really the design-and-build and building programs in the West. For a long time the standard saying in the other towns we'd go to is, "We don't give a damn how they do it in Los Angeles," because we could go into most towns and do better than they could because of all the old history and they were not up to date on building programs.

Adamson: In reading articles about Pankow projects, some of which were written by Pankow employees, I draw the conclusion that many of the innovations they had, in concrete especially, were a result of practical solutions to particular job sites.

Heisler: Yeah. True.

Adamson: Did they fund or do research in the concrete outside of the actual building construction—

Heisler: Oh yes. Charlie was and now and then Dean was. They were head of the Concrete Institute. They were always in that, which is the thing for concrete, just like in

our business it's the ASHRA is head for mechanical. But that's where all the research is done, and they contribute a lot of time, effort and money to that.

Adamson: Do you think anything came out of the pure research that they used on a project?

Heisler: Well, you saw all those things that were listed there that had come about.

Adamson: Most of that was out of someone doing the research?

Heisler: Well, someone had to come up with it, yeah.

Adamson: Yes, I was just trying to delineate on-the-job, practical solutions versus the laboratory research approach where you pull something off the shelf.

Heisler: Anything like that is a combination.

Adamson: Sure.

Heisler: You study all the time all the latest engineering in your particular trade, engineering magazines, bulletins you get, and you learn a lot from manufacturers; they come in. And then you have to figure out how to adapt all the things you hear, plus ideas of your own to a particular project.

Adamson: I think I asked this question a couple minutes ago, but I'll re-ask it. If you sum up Charlie Pankow's professional legacy, how would you do so, more broadly than just the design-build?

Heisler: He's contributed a tremendous amount to the use of concrete in building construction, probably has been one of the main pioneers, not only he, but his whole organization, I'm talking about, and has helped pretty much revolutionize the use of concrete for structures that wasn't done before. That's one of the things. If you're talking about in total to the industry, I'd say that would be the main thing I could think of.

Adamson: The final question I have is, as far as you mentioned before that he hired the best people, people that could work independently and succeed. How else did Charlie Pankow spread his culture throughout the company so that everybody did things the Pankow way? And now that he's gone, how do you think that's perpetuated?

Heisler: Yeah, I think it's perpetuated, mainly because a lot of those people are still there. But just in summary, I'd say the reason Charlie was so successful is, as I said earlier, he always hired the best people and he gave them a job and let them do it. And that's the secret of good management. On top of that, he was, in essence, a tremendous salesman, and he went out and made all kinds of social contacts and stuff that got them great amount of work. But once he'd sold the thing, he'd assign somebody to it and, as I say, give them a job and let them do it. He was a good organizer. And one other thing,

people were very loyal to Charlie and for that reason. And also, I have no idea, because I don't know what he paid people, but for what I've seen, he always made sure they were well compensated for their efforts, and his people were very loyal to him.

Another thing about Charlie I always liked, if you were a friend of Charlie's—and I can judge that from myself, we've been friends for so long—Charlie was extremely loyal to you. He wasn't one of these people that at the turn of hat, if there was a better deal somewhere, would stab you in the back. He was very loyal to you, and I'm sure that's the way he must have treated most people who worked for him, which if you look at the people that worked for him, they were long-term employees. There were not a lot of turnovers, which is usually the indication of a well-run company by management. He was very good at that.

Adamson: So the people who left were mostly people who didn't fit in or didn't keep up?

Heisler: Well, you always get a certain amount that don't fit in, and if they don't, they leave anyway. But the majority of Charlie's people were very loyal to him, and he was loyal to them, and they did a tremendous job.

Adamson: Did anyone leave to start their own company?

Heisler: Yeah, a couple times I can think of, but that's normal. You're always going to have that, of course, and if they did, it's probably because they got damned good training

where they were leaving from, so it helped them. But you can never criticize somebody for wanting to start their own company.

Adamson: Right. That's all the questions I have. If you have anything else you want to say?

Heisler: No.

Adamson: Other than that, I thank you for your time.

Heisler: Charlie was a great friend and I considered it a great pleasure to work with him over the years. We were also close personal friends, so I have a lot of respect for Charlie.

Adamson: Thank you.

[End of interview]