

Oral History Interview

with

KIM LUM

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Oakland, Cal.

By Michael R. Adamson

Adamson: When did you first meet Charlie Pankow and what impressed you about him?

Lum: I think the first time I met Charlie had to be probably the spring of 1981 at one of our annual meetings. For many years we had an annual meeting where the whole company would come together to go through two days or a couple days of learning, culture building, camaraderie building, and so I'm sure that's the first time I met him was at one of those.

I guess my initial impression was simply one of awe, as an eighteen—or twenty-two-year-old, going, “Wow, this guy’s name is on the company that I’m working for,” and was probably simply impressed by that fact. Charlie, to me, my initial impressions of him was he was just a very quiet guy. I mean, he would sit in the back of the room at these annual meetings and not offer a lot. The principals or the people who worked for him were the ones that ran these meetings, and he was kind of a mystical figure more than anything else. I was working in Hawaii at the time, and he rarely traveled to Hawaii and even many of the times he did, he wouldn’t show up in the office, so he was just a name. He was a name and kind of a mythical figure.

Adamson: Are these annual meetings not done the same way as they used to be?

Lum: Yeah, we've stopped having them as the company's grown, the expense of getting everybody together every year, so we have different ways of doing it. I think there's some consideration of starting to bring them back, maybe not on an annual basis, but with some frequency. It's also getting harder and harder, when all these people come together, they're all leaving active projects, and so you leave no supervisory staff on the project, and we've got owners today that really don't like that at all. The owners used to be a lot more lenient and more personal back twenty, thirty years ago.

Adamson: I guess you partially answered this question already, but given that you spent much of your career in Hawaii and that you mentioned Charlie not traveling there often, over the course of your career, I guess, then is the supposition correct that you really didn't interact personally with Charlie too much?

Lum: Very, very rarely, very rarely. A little bit more later once I moved up. But even when I moved up here, he would spend time in the office down in Pasadena when he was in Pasadena or Altadena, but rarely visited the offices up here. So once I moved up here in 2001, I would get to see him more frequently, usually at his residence in San Francisco.

Adamson: So what then would you say, summing up, was his influence on your career?

Lum: Charlie personally probably had very little influence on my career. I think his influence, though, was the influence he had obviously on the people that I worked with or for, and what he passed down just through, I guess, the core values of the company that were obvious that they came from Charlie. Those were integrity, always, being very careful about what you promised to do but then do it. But then once you made a promise or once you said you were going to do something, to do it. And doing what was right, not worrying about what it cost, but just making sure you did what was right.

Then there's the whole innovation side of Charlie and always looking for better ways to do things, especially with structure. I mean, those were the things that were obvious values of the company that came straight from Charlie. So I think those are the things, again, because I didn't see him regularly, didn't have lots of interaction with him. It was more what the company was about than Charlie personally.

Adamson: The little résumé you gave me suggests that you initially came to Pankow thinking it would be a summer job, but then you changed your mind. Can you talk about that?

Lum: Well, yeah. I had graduated from Stanford with my bachelor's degree, but was also concurrently enrolled in their master's in construction management program and was planning to go back to finish that after graduating. I went to an interview with Bill Heine, who at the time was the operations manager in Hawaii. I was looking for summer jobs, saw this name on the bulletin board, went in after he had been interviewing all the students who were looking for full-time jobs, and struck up a conversation with him,

asked him if I could come work for the summer. He said, “We don’t usually do that.” This was before people did summer internships. He said, “We don’t usually do that.”

I sent him my résumé and eventually talked him into letting me come for a summer job, went into the office, got on a project on the pre-construction side of a project where Rik Kunnath was actually the superintendent, the Windward Mall project in Kaneohe. We spent most of the summer locked up in what they called an office, but was really a closet, doing earthwork takeoffs. This thing was a thirty-five-acre site and had huge amounts of earthwork cut and fill, and so spent the summer doing all that by hand. This was before computers, and so figuring out the cut and fill by hand.

Right towards the end of the summer, we were mobilizing on site. I got to go out, help set up the trailer, and sitting out in the trailer, job’s about to start, and here I am going to go back to school. So I said, maybe Stanford wouldn’t mind if I waited a year. So I corresponded with Stanford, and they said, “Yeah, no, that’s great. It’s better if you have some experience. That’s good.”

So I put it off for a year, and a year into the project, it was just finishing, and they wanted me to go on to another project, the forty-story high-rise in downtown Honolulu. I said maybe I should put it off another year, because this is too good of an opportunity to pass up. So I think I put it off three times before finally writing to Stanford and saying, “I’m not coming back. This is crazy. I’m learning way—far too much here. I’m sure I’m learning everything here that I’d be learning in school, and nobody seems to care if I have a master’s degree or not, so I’m just going to keep working.” So I just never went back to finish the program.

Adamson: I guess that pretty much explains why you wanted to work for Pankow. What was it about that work that made you decide that you wanted to work for Pankow versus look around for other companies while you were getting—

Lum: Well, one was the obvious, just that the types of projects that I was thrown into were big and were exciting projects. I wasn't even sure, 100 percent sure, what I wanted to do. I'd never really worked in construction before, but I think it was the people and the fact that they gave me as much responsibility as I could take. So I felt like I was advancing and gaining responsibility very quickly and there was never a lack of things to do. I guess I'm the kind of person, once I start to get to know and get comfortable with a group of people, if I'm comfortable there, I'm certainly not looking for anything else. Although I don't think it was until later when I left for a few years that I really grew to appreciate exactly what it is that I now believe sets the company apart.

Adamson: When you started working in Hawaii, what was your understanding of the company overall at that point?

Lum: Very little understanding. I reported to Rik Kunnath, and beyond that, I knew George Hutton was the president and he sat in the big office in the corner, and as long as I didn't get called in there, I wasn't screwing up too bad. I was a very naïve kid coming out of school. I had no idea how the construction business worked and was absorbing, was just having a blast, doing what I was doing. I think one of the things that attracted me to construction or that I liked about the job was being outside and not being stuck

behind a desk. Even though I spent the first three months stuck behind a desk, once the job got going, being outside and being active, part of the job is just being active and out and about, and it was challenging, and there was no reason to look anywhere else. But I didn't understand the business at that point.

Adamson: In talking to Rik, he mentioned that Bill Heine played a role in recruiting him as well. Since you then later worked for the company he started, can you talk a little bit more about Bill and what he did as operations manager in Hawaii?

Lum: Bill came out of the Navy. I think he left as a captain in the Navy and was just a very organized guy. Because Charlie and George were developing a bunch of condominium work in Hawaii, he saw that, "Hey, I need people. I need people." And I think he went out and started actively recruiting people very specifically to come to Hawaii, where in the past—I don't know how they got their people, but it may have been more from the mainland. So Bill's job was to get people.

Then he also was very much a stickler for process, and so he, I believe, wrote the first Pankow Procedures Manual and said, "This is how we go about doing things." He was making an effort to standardize the way we did business from project to project. I'm guessing that some of that came out of his Navy background. So his job was to find the people, get them trained, make sure we were all doing things the same way so that we could move from job to job, work with different people, but still have common process.

Adamson: So you mentioned Windward Mall. So what did you do on that job and what did you learn?

Lum: Windward Mall, I was the field engineer so my job was, I did a lot of the layout for the project. Today, the operating engineers technically won't let our guys go out and do layout, work the transit and the levels and do the actual layout, but back when I was an engineer, it was still okay to do that. I had learned surveying in school but got to actually put it to real use and worked with the carpenter foreman to lay the building out, make sure everything was where it was supposed to be, reviewed shop drawings, helped resolve problems as they came up.

We self-performed the concrete work. There was a big, I don't know, thirty-foot-tall retaining wall at the back of the mall that the grades stepped down from—the back of the mall you entered on the second floor, and on the front of the mall you entered on the first floor, and so there was a giant step there. There was a giant retaining wall at the back. So I had to work with the carpenters to design the form so that we could build the wall.

One of the most important lessons I learned on that project was that the best people to learn from were the field guys. One of the things maybe I didn't realize at the time but that I liked about what Pankow did is that we do as much of our own work as we can, specifically related to concrete. So Windward Mall was a structural steel building, which somebody else did the structural steel, but we still poured the footings, poured this big retaining wall. We still had a lot of direct work to do. What that did was force me, as a field engineer, to go out and interact with the carpenters and the laborers and the

mechanical, trades people as we figured out how our work was going to be done and interfaced with the other work, and that taught me first how much information there was to learn about construction, not from books, but from these guys that build the buildings every day.

I think that's one of the things that, again, maybe one of the foundations of the company, that Charlie always had a very high regard for the tradesperson, the carpenter, the laborer, the guy in the field who actually built the job. I have never seen it, but I've been told many times that when he went out, walked onto a job, he would spend most of his time not in the trailer with the superintendent, but walking around talking to the field supes, the foremen, the guys who were building the building. I think he really had a passion for building, and I think that's what I like about Pankow, is we are a builder. We're not just a general contractor who gathers a bunch of other people to go build the building and coordinates them; we actually build part of the building, and I think that that's one of the things that sets us apart.

So early on that first job, that's what I learned. I spent all my time with the general foreman, carpenter foreman, who was this Richard Yamashina, "China," they called him. He was the—what was the [Japanese] American battalion, 442nd [Regimental Combat Team]. You know the 442nd in World War II, that went over and fought in Italy? He was part of that, and he was just a craftsman. This guy was, super, super carpenter, and I learned an incredible amount from him and gained an appreciation for what the trades people knew, how much they knew, and I think carried that forward. Whenever I was on a project, I always was asking questions of them and learned a lot. And I think all our people do, learn a lot about building buildings from those guys.

I don't remember what your initial question was. [laughs]

Adamson: That's okay. That just brings up a remark. As you do different projects in a geographical area, do these field guys show up on different projects? Do you get to know them, or do you see them again?

Lum: Yes. When you're in a region, yes. We try to get them to follow us around. We probably have a higher success level in Los Angeles. We've been able to keep a more consistent flow of direct work, the concrete work itself, where we can always keep them busy.

One of things we're doing now is working very hard to identify and keep a core group of carpenters and laborers in northern California busy no matter what, find some place for these guys to go so that they're there when we need them, and, yes, those are the guys that we rely on. If you need a crew of thirty or forty guys, you need three or four guys who can call ten guys, and that's how you build the crew. So those are some of the key guys. In fact, the meeting that was going on in here, those were some of our key superintendents and field superintendents who are the ones that are in charge of those guys, and they were going through those guys. We're looking at in '09 when things are going to be a little bit slower, and so we're very specifically trying to figure out how are we going to keep these guys busy so that in 2010 when things get busy again, they're there for us.

Adamson: Talk about George Hutton and how he operated and with reference to his style compared to Charlie's and how he managed his office differently than California, if you can.

Lum: Yes. Again, I didn't know how California operated, not never having worked up here. Again, initially George was just this mythical figure. He sat in the corner in a big corner office. What I remember is he had—in fact, I have one now—a button that he could push from his desk, and the door would close. First time I ever sat in his office, he did something under his desk and I hear the door close behind me, and I'm like, "Oh, my god, what's going on here?"

But George turned out to be a great guy. Actually, after working on a couple projects, I came into the office in probably '84 and spent a bunch of time the next three years really working out of the office and, in that time, got to know George a lot better as a person, not just the big boss. He was, once you got to know him, very approachable guy, very friendly guy. By the time I knew him, he was more about business and the deal than he was about the construction side of things.

I got to spend those three years in the office estimating, but also working with George, and George and Charlie, doing pro formas. They were doing a bunch of development at that point. They had just come off of, I don't know, five, six, seven years of developing projects, and then we hit '84, '85, and things really slowed down in Hawaii, and they stopped developing projects, but they were still looking at deals. I was good with a computer. I would set up spreadsheets for them, looking at running pro formas for them as they were evaluating their business deals, as well as doing estimating

and chasing other work, even on some projects that they were looking at in Shanghai. So that was the George I knew. So the George I knew was a developer George, and I saw that. That was school, was exciting. He relied heavily on his superintendents, I think, to be the construction guys. Red Metcalf, I don't know if his name has come up.

Adamson: He's on the list. I haven't talked to him.

Lum: He was *the* superintendent in Hawaii, and had built a number of big buildings for George and Charlie. Red would come in every couple weeks and go into George's office, and the door would close. I don't know what they were talking about in there, but George really relied heavily on those guys to get the jobs built. Didn't visit the jobs all that often, wasn't real and didn't seem real involved, at least from my perspective, in the actual building of the jobs. He relied on his people to do that. He was out trying to make deals, trying to develop buildings, find more stuff for he and Charlie to develop so that we could build them.

I got to know George pretty well. Well, I used to go play racquetball with him a couple of times a week. That was his form of exercise was playing racquetball, and because I was in the office and I was reasonably athletic, I became a good partner for him. So he'd grab me every couple days a week, and we'd go play racquetball at lunch and I got to know him that way. He was a very competitive guy.

But he was a dealmaker. He was a dealmaker. I think, from what I understand, on the mainland at that time, I don't think Charlie was ever the dealmaker. I think a guy named Russ Osterman was up here. He was kind of like George. I'm guessing Charlie—

he knew that was a great way to make money and he loved doing it, but I always got the impression that Charlie would just as soon spend his time out on the jobsites, walking around, talking, and watching the buildings get built.

Adamson: So these development projects in Hawaii that you mentioned that George and Charlie got involved in, was that basically George bringing Charlie along to make it a Pankow project? Did they go in together?

Lum: No, I think they went in together, definitely. I'm sure, while I was still probably in, junior high school, they managed to acquire a number of choice properties in downtown Honolulu and up in Nu'uuanu Valley, and I have no idea what the history was of how they acquired those properties. But then slowly over, I don't know, a ten-year period, took those and developed them as condominiums. I just don't know. They were partners, and I think some of these other guys, Russ Osterman—I don't remember all the names. I'm sure you'll have them. But were partners in these deals. I don't know, they must have probably pooled money and went in and bought the properties. I have no idea if somebody had the majority share, if Charlie did. Most of them were done under some kind of a Pankow entity, though. Then the side benefit was by developing, then the construction company would build them.

Adamson: Right. Fair enough. Talking with Dean Stephan, he suggested that George didn't necessarily approach projects in a strictly design/build basis. Was that perhaps

because they were both the developer and the constructor, or was he perhaps talking about just the way they got done?

Lum: That's probably that's true. I think that in a true design/build, the contractor Charles Pankow—well, at the time, it was Charles Pankow Associates, I think, or Charles Pankow, Inc. There were a couple of iterations before we became CPBL [Charles Pankow Builders Ltd.]. I think that in a typical design/build, the contractor would hold the contracts with the architects and the engineers. In Hawaii, I think those contracts were usually all held by the developing entity, which was some other Pankow entity, and then we would just be the general contractor.

But in reality, what happened was we, as a general contractor, George would look to us to manage all those designers for him, so I think we played the role, but probably didn't strictly take on the same risk or have the same contractual relationship. Again, back then I was still pretty green, pretty wet behind the ears, and I don't think I had a real appreciation for the subtleties of those relationships. All I know is I showed up, and after my first two major projects, I came in the office. They were developing another high-rise condominium building, and my job was to go run the design meetings with the architect, even though I don't think they worked for me as a contractor; they worked for George as the developer. But I was still the one running the meetings and making sure that the coordination was occurring. So, strictly speaking, I think Dean is right. Dean is right. Again, but maybe the subtleties of that were beyond me at that point as to what that meant.

Adamson: Using one or two of your fieldwork experiences, talk about Pankow innovation at the jobsite.

Lum: Well, one of the things, it wasn't necessarily innovative by the time I saw it, but the first Executive Centre, the first high-rise building I got to build had a slipform, or, actually, we slipformed all the vertical elements. And slip form was, I think, very innovative thing that Charlie did. I don't know if people have talked to you about the slipform—

Adamson: Bob Law a bit on the Roosevelt Mall.

Lum: Yes. Basically, what we did was we built a four-and-a-half-foot-tall form on the ground that had all of the walls and columns that formed it four feet tall, and then, I forget how often they were, every four, six feet, there was a steel pipe that we would imbed in the concrete. Off of that steel pipe there was a jack that went over that steel pipe. So you have all these jacks. Every four feet you've got a jack in every column in every wall, and they hooked it up to a compressed air system.

And what you do is you fill the form with concrete, so now you've got four and a half feet of form, and then they start jacking this form up, and the form would go up a half inch a minute, I think it was. It would just very steadily work its way up, and as it went up, you'd fill it up with concrete and you would slip that form for a floor. Then you'd stop and you'd get all the rebar ready for the next floor, and then you'd do the next one. You'd get out several floors ahead, then you'd come behind with the slab forms.

Nobody else was doing that. There were high-rise buildings going up all around us, and Pankow was the only one using this technology, and it was something that Charlie read, George, you know—I think Charlie had probably first experienced it at Kiewit, but that was probably not used for buildings, used for grain silos, things like that, and he adapted it to this, and so it was a very cool, interesting way to watch a building get built. It was different, and it allowed us to build a floor every three days. Every third day we would complete a new structural floor. Everybody around us, if they were lucky, they were getting five days every floor. So that was the thing that everybody talked about—Pankow about—especially in Hawaii now. And we could only do it in Hawaii. They may have slipformed some cores on the mainland, but they couldn't do it as much in California because of the seismic codes. Seismic zone required much more reinforcing, and you just got too much reinforcing in the way of the form going up, and there were too many things had to be done while this form was moving, because as the form is moving, they're tying steel. They're on the form tying steel. It was just too complicated to do buildings that way in California because of the earthquakes.

So it was cool. We get to go to the annual meetings and show off and talk about this stuff, and everybody on the mainland would be, oohing and aahing and saying, “Wow, that's pretty cool.”

Adamson: Then you spent some time, as you mentioned, as an estimator. Both Dean [Stephan] and Bob Law talked about the ways in which estimating developed within Pankow in the seventies and eighties. So my question to you is in what ways did you shape the way estimating is done in the company?

Lum: In what ways did I shape estimating? Well, again, I may have shaped the way estimating was done in Hawaii. If anything, I think what I did was keep them caught up to what was going on on the mainland. I honestly couldn't tell you how much influence I had. I mean, I was doing spreadsheets. We were working with, at that time, Lotus— Lotus 1-2-3 was the early favorite spreadsheet program, and I'm sure I worked with Bob and helped Bob create that thing and shape it, but a lot of it was just keeping up. Again, I was junior. Bob's quite a bit older than I, he's more experienced, and so he was the lead guy, and I would just make sure that we were up to speed with what they were doing. I wouldn't necessarily take credit for shaping the estimating system. I think I might have helped develop it in some ways, but—

Adamson: Well, if I have my timing right, were you doing estimating after the point where Dean charged Bob with—

Lum: When was that?

Adamson: I don't know the exact date, but Dean tells the story about how when he came in the early seventies, there was really no estimating.

Lum: No estimating. Everybody kind of did their own estimating. Right.

Adamson: Then it was up to Bob from the mid-seventies or late seventies on to sort of institutionalize or establish it, and I, you know, think the timing was such that you're part of that institutionalization.

Lum: Right. When I first started in estimating in '84, a guy named Dick Ackerson was the chief estimator in Hawaii, but he reported to George. The companies were very separate between the mainland and Hawaii. Part of it was because George was such a presence in Hawaii. Charlie, I think, relatively speaking, left him alone to do whatever he wanted, and George did things the way he wanted to do

So he had this guy Dick Ackerson, who was his estimator, and then I worked Dick, and I think I helped Dick. I helped keep the computerized—the migration to computerized estimating, I helped Dick keep up with that, because he didn't want to spend time with computers. So I helped maybe take some of the things Bob was doing and make them available to Dick for use. I don't remember, Dick left in '85 or '86, and I think he went up to the mainland for a little while, and then he quit shortly after that.

So what was the question, now? I keep getting sidetracked.

Adamson: The process of establishing estimating procedures within the company happening while you're part of that process.

Lum: Right. Yes. So I probably had more contact with Bob. Once Dick left, I probably had more contact with Bob than Dick ever did. Again, it was two very separate companies. We had our own accounting department. I mean, there was an accounting

staff and a controller in Hawaii when I was there early, before they consolidated it all to northern California. All that happened when the development side of things in Hawaii started to dry up, and I think it was a combination of the economy and George and Charlie just having developed all of the properties that they had acquired. That must have been back in the sixties and seventies. As that happened, as the development side started going down, that's when some of the independents started to go away, I think.

Adamson: You mentioned 1984, 1985, and my next question is construction cycles in Hawaii and how Pankow responded to these booms and busts. When the work slowed down in '84, '85, what did the office do to keep going or stay in business?

Lum: Well, not much, not much. Again, I wasn't in touch with the business of the business model at that time, so to be honest, I'm not sure how we stayed in business, because we weren't doing a lot of work. Charlie and George both—and I don't know if it was through Charlie's influence or if they were both of the like mind—if they didn't like the job, they weren't going to take it. And if they weren't going to make enough money on the job, they weren't going to take it, and it didn't matter whether we needed work or not.

And that was one of the reasons that I eventually left. I mean, the way they managed the challenge of no work in Hawaii was to cut back to a barebones staff. There was a time there in '85, '86 that we had very few people left in Hawaii. Many of them shipped to the mainland to come up here, because this is where work was. And that wasn't an unusual way to run a construction business, I don't think, at that time. People

were either a little more afraid to say, no, they wouldn't move, or simply more flexible. You know, I think as times have changed, it's just very hard to get people to move around, especially more established people. They get families. Many have working spouses that just can't pick up and leave. I think we've become a little more touchy-feely society with our kids, and people don't want to uproot their kids. But back then, hey, you went where the work was. I mean, I'm sure you talked to Dean Browning. He probably told you he moved fourteen times—I don't know how many times he moved in his career. It's hard to get people to do that. We don't do that as much anymore.

But Charlie, that's what they did. They'd uproot everybody and keep a barebones staff behind, waiting for the economy to get better, waiting for new opportunities to develop. One of the problems we had from the time work slowed down even till the time I came back, when the economy was really pretty crappy that whole time, is Charlie's model. They didn't have to take work, and I'm not sure they knew how to go get work if they had to get it. I mean, we just didn't bid work, so we didn't really know how to go about doing that. There's a different mentality to getting work through the bid process than through the negotiated process. And even today, I certainly would say we wouldn't be good at it today. I mean, this is not a knock on them, it just was a reality of the situation. All their work was handed to them, either by themselves as developers in Hawaii or from companies that they had relationships with on the mainland. So when work dried up, we'd look at stuff, we'd turn up our nose, because the developer didn't want to let us make enough money or we didn't like the guy or the guy didn't like George because George was a competitor of his.

One of the problems we had in Hawaii for many years was the fact that we were seen more or as much as a developer as we were a contractor, and other developers didn't want to work with George. I mean, that was their competition. "Why? I don't want to give him any work." So the reaction was to pull everybody out. Again, for a while, there was just a handful of us in the office.

When things were slow in Hawaii, that's when George and Charlie started looking at stuff in Shanghai, and I was running pro formas with them for them in Shanghai. George and Charlie, I don't remember, they were traveling to China every couple months, I think. I mean, they were serious about developing there. They were very serious. I think they came very close to pulling the trigger. The political climate was just a little too unsettled. They were probably ten years ahead of their time, but it was interesting, and at least for a while it was okay. After a while, though, for me, it was like, "I want to build something." I mean, I got a little bit tired of sitting in the office for three years. We were doing some small work. We got some work down at Ala Moana Shopping Center. We got some work over in Kapalua. I really wasn't too cognizant of how we were procuring work. Usually it was through relationships that George or Charlie have.

So they were in a position to be picky. I don't think Charlie had any—I certainly didn't perceive that he had any goals of growing the company into this giant company, so there was no huge demand for consistent volumes of work or growing volumes of work. Hey, when the work came along, they did it, they made a bunch of money, and then were content to cut back when things were slow, let people go, and then I think on a few occasions there were pretty major layoffs in the company.

Adamson: I know you're leaving the company in 1987, but even before you left or since you came back, can you comment on the way the reorganization had an impact on the Hawaii office and how what you just talked about might have changed about getting business and how they coordinated business with the mainland?

Lum: Yeah. When I left, it was because, well, I wanted to stay in Hawaii. I was born and raised there, and I was bound and determined that I was going to make it in Hawaii. Now, today I look back and say, man, that was pretty shortsighted, and I probably cost myself some opportunity. But I recognized in 1987 that the only way I was going to continue to advance in the company was to start getting more construction experience, which meant probably moving to the mainland. And I just didn't want to do that. I didn't want to live in L.A., which was the obvious place to go if you wanted to work, but also if you wanted to get up in the world, you needed to get to know Charlie Pankow.

Bill Heine approached me, and there was this opportunity to start a company in Hawaii, and so I said I would try that out. At that time, George was still running the company. In the intervening years when I was gone, that's when George left. I've heard lots of rumors and partial truths about exactly what went on. But when I came back, there was no more George, and I think that George leaving was the start of the Hawaii operations starting to become more integrated into the company, because there was no longer this dominant figurehead over there who was just going to do whatever he wanted and had enough of Charlie's respect that that was okay.

So when I came back, Dean [Stephan] was the president. Rik [Kunnath] was, I think, probably EVP [executive vice-president]. I think he was the northern California regional manager. Those two guys had brought me back into the fold. Al Fink was the regional manager in Hawaii. I came in as a sponsor and helped run a project. I think Al would have liked to have been George, but he wasn't George. Al's an amazing guy. Don't get me wrong. Have you interviewed Al?

Adamson: No, I haven't. He's on the list.

Lum: He's a very unique guy and a very interesting guy, but not a leader, and I think that Dean and Rik recognized that. So I don't remember exactly the timing, but probably within a year of coming back, they promoted me to be the regional manager and Al stayed on as a—I don't remember what his first position was after I took over. It was either marketing director or project sponsor. And I think from that point forward, we started to integrate, much more heavily integrate Hawaii into the overall operations.

Obviously, I had a long relationship with Rik. He was kind of my mentor when I came back. He was the guy that I would call. I think he was one of the ones that pushed to bring me back in the position I was in, and so as regional manager, I reported more to Rik than to Dean. Thinking back now, I'm not exactly sure why that was, but I think Rik was kind of in charge of Hawaii as well, and so I had most of my interaction with Rik. A lot of interaction with Bob Law. One of the things that I thought once I came back was we really need to take advantage of this relationship or this expertise that we have on the mainland. We need to be more integrated with them, we need to be one company, and so

really started to try to learn a little bit more about how they did things and put those policies, procedures, etc., into play, including estimating.

One of the things that probably influenced that is when I first came back, they were just starting a major renovation project out at Pearlridge Shopping Center, which is out by Pearl Harbor in Honolulu. But the job was being sponsored out of the mainland, because it was a mainland client that we had just finished a mall for in Las Vegas. There was a guy named Brett Partridge was the sponsor. This was before I was regional manager. I was sponsoring the job, but Brett was really the guy that had put this thing together. I guess today we would call him—he was probably the project executive, and I was the project sponsor. So I was heavily influenced by the fact that the job I was running was really being sponsored, had been estimated out of the mainland, and so here I was getting a lot of influence by this guy from the mainland who had come down once a month, but otherwise I was taking care of the job. That probably is what influenced me to say it makes a lot of sense for us to be figuring out how to do this stuff. They've got all these great processes and procedures. We should be taking advantage of that.

Adamson: Let's step back a second to your eight years working with Bill's firm. Talk about how the opportunity came about and what you then did during that period.

Lum: Bill, when he left Hawaii, I think he actually left Hawaii to—I don't know if he ever spent any time in the mainland. I don't know if he spent some time in L.A. I think they offered him. People looked at what Bill was doing in Hawaii, and I think there was a recognition that he was doing a good job of building an organization, and I think there

was a desire for him to move to L.A. to do the same thing there. I don't remember—I'm sure I knew at one point, I don't remember all the reasons, but that wasn't going to work for Bill, and I don't think he really wanted to work right under Charlie's thumb. And some opportunities came up for him in Austin, Texas. I think he got some money, got his hands on some money, and so he said, "I'm going to go to Texas and start my own company." He knew a developer who was about to build a building, had a project to start with right out of the gates.

So Bill moved to Texas—I don't know, '83, '84—actually took a number of Pankow people with him, including a couple of guys that I had worked with and had a lot of respect for, and started this company in Texas, but apparently kept his house, didn't sell the house he owned in Hawaii. So periodically he would come back, and he just said, "I always wanted to be able to have a company in Hawaii, too, some day."

So in '87, he approached me. I think things had slowed down in Texas. Things were really slow. He had a couple of key guys. He was looking for things to do with them, and he approached one of them, a guy named Jeff Bardell, about going out to Hawaii and opening an office. Jeff was there for a couple of years in the early eighties, but Bill wanted a local guy to be with him, so they approached me about joining them. Again, so I'm sitting here having not really built anything significant for three years and knowing that if I didn't do this, I was going to end up in L.A. and said, "You know what? Yes. Why not do that."

So Jeff and I started an office in Honolulu, 500-square-foot office. He and I and nothing, no work, nothing. It really started from scratch and was a very interesting experience. We had enough contacts that slowly, eventually, we got our first project at

what was actually the high school that I went to, Punahou High School in Honolulu, and then did a number of projects in a row there, and we built it up to at the time it was probably a 15-million-dollar-a-year company. I would say we were very much like a Special Projects group. The Special Projects group in Hawaii is now that kind of size of group and the types of project.

In fact, the guy who's running the Hawaii Special Projects group now, Mike Betz, we hired Mike from—Jeff was a Pittsburgh graduate, University of Pittsburgh, and so we hired Mike Betz out of Pittsburgh to come work for us in Hawaii with American Constructors. Then when I eventually left, I said, "Mike, here's an opportunity," and we got him to come to Pankow.

So we built it up into a decent-sized company. I think it made me much better at what I do today, because I no longer had Papa George and Charlie sitting over me, and I didn't have to worry about how to run a construction business. All of a sudden, I had to figure out how to run a construction business with no deep pockets. We were okay, but Bill didn't have super deep pockets. We had a bonding capacity from him, and had to go figure out how to go get work and win clients and do jobs and hire people and create systems and all of those things that didn't ever have to think about when I was at Pankow.

It really made me appreciate the advantages of having a deep pocket and of what it took to be able to negotiate work and to get work and the different—we ended up negotiating some work, but we also ended up bidding quite a bit of work, hard-bidding work, and I learned how to hard-bid, which probably 80 percent of the guys at Pankow

have no idea how to do that or what that means, what that really means, especially if you're doing that for a living. So, just learned some incredible, incredible lessons.

The downfall of the company was we were doing pretty well, we built up a pretty good bank account, and then we were invited to go build two projects—well, initially one project and then a second on the island of Lanai. Lanai has a population of, I think, 4,000 permanent residents, but they were building two luxury hotels on the island. The island was owned by the Lanai Company, which is a subsidiary of Castle & Cooke, and so they owned 97 percent of the island. There was an airport. There was a port, and the barge came into the port once a week. Again, the population of 4,000 were either picking pineapples or now working at the hotels. There were no trades people there. So the trades people would ferry over from Maui on Monday morning, and we rented a couple of houses and put them up in the house. Anyway, it was a very difficult place to build, and we didn't quite appreciate just how difficult it was when we went in to do these projects. So we built the two clubhouses for the golf courses over there, and in the process of that, most of the money that we had earned and put aside over the first five years of our existence, we managed to lose on a couple of projects.

Towards the end of the first Lanai job, Jeff Bardell said, "I'm tired of Hawaii." He had had two kids while he was in Hawaii, but all he and his wife's family were back on the East Coast. He said, "I'm outta here. I've got to move back to the East Coast. It's too hard to raise kids in Hawaii with no family and no support system."

So it came down to me. I ran the office for about a year. Bill really wanted to keep it going. He wanted to keep going. He was willing to start over, but I had seen what it took to get us to where we were for five years, how quickly it all went away.

And about that time, Pankow, Al Fink, was knocking on my door, and I think Rik had put them up to it, saying, “Hey, come back. We’d like you to come back. We have some opportunity here.”

I was pretty worn out by then and said, “Yeah, I don’t think I want to go through that all again, start from scratch.” So Bill and I agreed to part on good terms, and that’s when I showed up back at Pankow in ’95, April of ‘95.

Adamson: So, at that point, how had the Hawaii market changed?

Lum: It still wasn’t building really big buildings. The Hawaii market usually went through about a ten-year cycle, but just as we should have been coming back out of the down cycle is when the Japanese economy went to hell, and there was so much money invested in Hawaii by the Japanese that Hawaii essentially went through consecutive down cycles. So it really went almost twenty years between good cycles.

So it still wasn’t great, and there still wasn’t a normal big Pankow work around. Or let’s put it this way. Pankow still wasn’t building too many high-rises. In my absence, they built an arena. They, I think through Rik Kunnath’s efforts, had introduced the concept of design/build to the state of Hawaii, so we built the arena for the University of Hawaii, which was the first design/build project by the state. So they had built that, and they had built the Waikiki Landmark, which was a big condo building. Again, Japanese-backed money built that building. But that was about it, and again, all that work was starting to go away. By the time I came back, we had this project over at Pearlridge, but that was a mainland client. Most of the guys who had built the two bigger

projects there in Hawaii had been pulled back to the mainland, because things were starting to get busy on the mainland. And again, that's what we did back then was we moved the workforce to wherever the work was.

So the economy was okay, but still not great, suffering from the Japanese economic woes and the pullout of their money. Tourism was down, and there was no George developing it. Charlie and George weren't developing, so Pankow was struggling to figure out: How are we going to get work and keep work in Hawaii? How were we going to keep this operation going? I assume Charlie wanted to keep it going, because he never pulled the plug. So I think he wanted to keep things going there. He still owned property there, but it was harder. We were now a contractor instead of a developer and having to figure out how to go get work. The big work, the big projects that Charlie had historically built there, there just weren't very many of them going up.

Adamson: Is this where Special Projects is part of the story?

Lum: Special projects is part of the story, yes. I'm trying to remember if when I first showed up if Rik had already started a Special Projects group. I think he had, and he had a guy, and ex-[Hawaiian] Dredging guy, Arnie LePrade, was running that group. So I think the Special Projects Group had already started, so, yes, I believe it was going.

Adamson: The projects you mentioned here as sponsored are big projects.

Lum: Which ones now are you talking about?

Adamson: When you come back, it says you worked on Pearlridge Center, the Orchid, the Outrigger.

Lum: Pearlridge was big, and then we were out looking for more work, and then that's when we started trying to develop, do more. I mean, one of the market niches that we thought we could succeed in and where there was work was in hotel renovation work. So we started by doing this Orchid at Mauana Lani project, and really that project was brought to us by the mainland. It was with a client out of L.A., someone that Todd Whitlock, our marketing guy in L.A., knew and introduced us, and we kind of went through kind of a dog-and-pony show, were selected, and then went and did this renovation project.

Then that kind of gave us some momentum to go start talking to other people about that kind of work, and that led to some of this other renovation. Like at Outrigger, we started developing a good relationship with Outrigger, got some work with—started out to be Yarmouth, then Lend Lease, and then Bovis Lend Lease. That was kind of the transition of this company, did a couple of projects over in Kapalua Bay Hotel that was owned by this group.

Again, at that time, well, maybe even to this day, the problem with Hawaii as a place for CPBL to do business is we rely on repeat clients, and Hawaii's not a very big place, and there are only a handful of companies that could qualify as clients that would even think about building the kinds of projects that CPBL likes to build and are big enough to do it on any kind of a repetitive basis. Outrigger was one of them, in fact, so

we developed a relationship with Outrigger, did a couple of small renovations for them, built that into these larger renovations, and then eventually in 2004 built some really big work for them there.

But there were Outrigger and less than ten companies that I think are the kind of companies that Pankow can target to do repeat work for, and a number of them you have to start ticking off all the reasons that we couldn't do work with them. There wasn't a big client base. A lot of the work we did in Hawaii and still do in Hawaii are from mainland clients who are going to go to Hawaii to do a project or two. They know us. They say, "Hey, you have an office in Hawaii. Can you build a project for us?" The big project we're doing in Hawaii right now, the Allure [Waikiki] project, is exactly that.

And that's ultimately one of the reasons that I finally said, again, if I want to advance in this company, I'm going to have to leave Hawaii. I'm never going to turn Hawaii into, I didn't think, a robust, self-sustaining Pankow office, CPBL office, and so I finally conceded that if I wanted to achieve my personal goals in the company, I was going to have to come to the mainland.

Adamson: Before we talk about that period, my next question's come from a 1997 article in *Building Industry*, I believe it was, that Renate [Kofahl] gave me, and it quotes you extensively on design/build and Pankow in Hawaii.¹ So my next questions kind of pull from that. One of the things you said was that one of the things general contractors have to deal with is spending so much time avoiding litigation, and you said that design/build helped to minimize that time and allow you to actually do construction. So can you talk a little bit about how design/build minimizes litigation and the time you spend avoiding it?

¹ "Charles Pankow Builders: Design-Build Revolutionaries?" *Building Industry* (July 1997): 66-7.

Lum: In what we'll call the traditional way of building buildings—non-design/build—the owner holds one contract for the architect and the designers, and one contract with the contractor. By doing that, the law says that the owner is promising the contractor that “I’m going to give you a perfect set of documents to go build a building by.” Well, there never was anything such thing as a perfect set of documents, and today it’s even worse. I mean, the more lawyers you get involved, the more lawyers have become entwined in our society, the less perfect the documents have become. So what happens is in a non-design/build project, there’s two contracts, and the owner is kind of the referee between this party that’s trying to create the documents and document the building and the contractor that’s trying to build the building. There’s two contracts, and that just means potential for conflict is high.

In design/build, the owner holds a single contract with the design/builder, and then the design/builder holds all the design and construction contracts. So the entity that controls the money, he only has one contract. He’s not refereeing with anybody. So, at a very simple level, there’s just going to be less litigation, at least between the owner. Now, we may still fight with now the designers and all our contractors, but that’s a fight with somebody where we have a contract with them. We don’t have a contract with the architect in the normal, so I have really no control over him. Here now at least I’ll have some contract that defines our relationship and who’s supposed to do what. We seem to be able to resolve those in a reasonable way, whereas when the owner’s holding it, the only way to get at each other is through litigation.

So I guess you could almost say with one contract the chances of litigation are less than with two. It's not quite that simple, but there is the fact that there's a cleaner relationship. So that's what design/build—so that's what I meant when I said that.

Adamson: The University of Hawaii Special Events Center was mentioned as a high-profile public-sector design/build project, and you've mentioned it already. In the article, you were quoted as hoping that this high-profile project would get people to recognize design/build as another way of doing construction. So my question is, did it?

Lum: You know, I think it did. I think that after that project, it was successful enough that the state then did its next major project, the Convention Center, which was a couple hundred million, a very large project. It procured it using design/build as well. I was still not at the company at that time. Pankow competed, was one of the finalists, but then didn't get the job. But the job was built and it was, again, I think, by all measures relative to public works projects, was a very successful project. I think people saw that and recognized that design/build will work, there is a place for design/build. In fact, we were able to go out and at least a number of the projects of those hotel renovation projects were done on a design/build basis. I think the only reason people were even willing to listen to the sales pitch was because they had seen these two projects get built.

Adamson: The article also quoted you as saying that Pankow needed to do a better job of, quote, "showing the community what we really do." Broadening out from just that

article, what did you do at the time to promote design/build and what are you still doing today, and how do you measure the results of that effort?

Lum: Well, one of the things that the company did—and I think most of the credit for this needs to go to Rik—was help found the Design/Build Institute of America [DBIA], which is a national organization that promotes design/build. Pankow and four or five other companies founded that organization, and we tried to promote DBIA when I was in Hawaii. We had a couple of events there, programs, to try to get people to come and educate them about design/build. But the best way to do it was to go out and do design/build work, and I think we did that quite successfully on a couple of those Outrigger projects. I mean, the Outrigger Waikoloa and the Outrigger Wailea were both design/build projects with Outrigger. So, promotion of DBIA and doing that work, I think helped promote design/build in Hawaii.

I'm not involved enough there now, today, to know if we made a lasting impression. I'm not exactly sure how people are procuring work out there today. Hawaii was when I was there, and I think continues to be what I would call an architect-dominated market where most owners, they think about a project, they'll pick up the phone and call an architect. The architects have a very strong community there. Again, it's just not a very big place, so there's a few big, very visible architectural firms.

On the mainland, that's not always the case. We'll often get called at the same time, and some owners, especially our past clients, will call us before they call an architect. But, again, there's a lot bigger pool of people to draw from. Hawaii's a very insular place, and so the architects are kind of dominant there, and I think that's one of

the things that made design/build have a hard time taking a hold there. Architects generally resist design/build because it pulls them out of the lead. At least they perceive that on the project. Many of them have a real hard time working for a contractor. So I think that's made it hard. I would say we were not successful in turning Hawaii. Pankow by itself was not successful in turning Hawaii into a design/build market. I think people understand it now, though. Through DBIA and through the national efforts has become well-enough known now that now many of the public agencies use design/build. A lot of the federal government work is done on a design/build basis. So there's still design/build work being done in Hawaii by some of these government agencies. We still do design/build work, it's just not probably at the high a percentage as we did here on the mainland.

On the mainland, we promote design/build much more actively by being active members of the Design/Build Institute of America, DBIA. DBIA has a Western Pacific Region. I'm on the board of the Western Pacific Region, and that's what I do to try to promote design/build.

Adamson: Last question from this article, or sparked by this article, is: The article went on to say that Special Projects Division was a good way to educate the market about design/build. Can you explain why that was so?

Lum: Well, it's because Special Projects just does a lot more projects. They do a lot more smaller projects. There's a lot more opportunity to do work, which means if we both did 50 percent of our work design/build, we might do one design/build project a year

or PSPL [Pankow Special Projects Ltd.] might do ten design/build projects a year just because of the number. So it was a good way to introduce the concept to more people, just because of just the sheer number of projects that they do.

Adamson: Now we can move to your moving to the mainland. What does the regional manager do generally within Pankow, and using your case as an example of what happens under that title?

Lum: I think the regional manager varies from person to person, but in my case I think I organize the region, I organize the efforts of the region. I do the planning for the region. I try to project where the markets are going to be, what markets we're going to chase, what people we need to do that, and then go out and secure the work.

In my case, my project executives, in my opinion, are both a little bit stronger than I am in pure business development and in developing relationships, in persistently following up that work, as well as the two project executives are kind of marketing the sector-focused. So I try to get those guys in a position where they can go out, really try to chase the work, identify the work, and I feel like my job is to make sure that we have the resources they need to respond to those opportunities, and then once we get them, that we have the processes and people in place to build the buildings.

So I kind of feel like I'm the ringmaster, the coach. But part of that is maybe a self-perception that I don't consider myself a salesman, and I think some of the guys I have working for me are better salesmen, so I let them do the selling, and I try to make

sure that we can support that effort. So as they bring in the opportunities, we can respond to them and win.

Other regional managers, though, may be much more sales oriented and leave the organizational side to the people under them, but either way, the regional manager needs to be the leader, needs to decide how are we going to take the people that we've got and utilize all their skills. I mean, I think of myself as the coach, the manager. I look at all the people I've got, the skills that we have, and how can we best arrange it to be successful in identifying work, pursuing it, getting it, and executing it. So I think that's what the regional manager's job is.

Adamson: Just a couple questions on a couple of the projects on the list Renate sent me. What did you do in connection with the Paramount?

Lum: Very little. Very little. That project was built on relationships that were in L.A. I don't know. By the time I came up here, the job was—I think it was already starting. It was just starting. The contract was in place. All of that had been done by southern California. So that job was in downtown San Francisco, and I would visit it every once in a while, but really had very little to do with it. It was really run out of southern California. We would occasionally try to help them find people. That was a very difficult time in finding people, just because everything was so busy. That was at the height of the dot.com boom and there were just no bodies to be had, and we had four or five other major projects going on in the Bay Area at the time. So I was told, "You don't

have to worry about that,” and I said, “I’m not going to worry about it, then. I’ve got more than enough stuff to deal with on these other jobs.”

Adamson: You also stated in the other résumé Renate sent me that the San Mateo Public Library was a project signaling the start of the expansion of Pankow into the institutional sector.

Lum: Right.

Adamson: How did this come about, and why had not Pankow become involved in this area before?

Lum: Pankow wasn’t involved in it before because until—I don’t know when the laws started to change in California, but certainly through the eighties and into the nineties, the traditional method of the public sector, institutional sector, procuring work was hard-bid, finish the drawings, put it out, and most of that had to do with the perception that for the public to get the best price and for the process to be the most fair, you had to complete the drawings and put them out to bid. That would make sure that the public was getting the best deal, and so the laws were written that way. The law said this is how you have to go out getting work, to avoid favoritism, cronyism, people just getting work because they were the mayor’s brother-in-law.

The problem is, that led to a lot of projects that went over budget, finished late, ended in lawsuits. The typical result of trying to build something in the public sector was

getting worse and worse and worse, and it was just not good. The public sector started to recognize, “We’ve got to find other ways to do this. We would like other ways.” So the public sector started to shift in looking for better ways, in their minds, to build projects, sometimes working within existing rules and other times lobbying to get the rules changed.

So there started to be a shift in the way you could build public work. Pankow, meanwhile, as I said, I think I said earlier, Pankow, Charlie’s methodology of running the business was take what jobs he liked where he thought he was making enough money and forget the rest of them. “I don’t care. I don’t need them. I don’t need them, so if things get slow, we’ll cut back and we’ll slow down.” So Pankow’s history of volume had quite a few swings, and it really followed the economy, because we did commercial work. We did commercial work because you could negotiate it and Charlie could develop relationships with people and had people that after he did one great job for them, would just keep handing him work. Well, that would come when it came. It wasn’t necessarily steady.

I don’t know, I guess I would say it was Rik was probably the biggest influence to stepping back and saying, “You know, is this really what we want to do?” Up until 1986, Charlie and some stockholders owned the company. In 1986 or sometime prior to 1986, Charlie decided, said, “I’m not going to be around forever.” I assume—I never had this discussion with him—I assume he said, “I want there to be a Pankow long after I’m gone. I want there to be a legacy company for me,” and so he started to divest himself of the company.

Slowly from 1986 until the time he died, he started basically giving the company to the employees, and I assume that somewhere in that process Rik recognized that, “Well, is this the model that we want moving forward—that we’re just going to suffer with the economy, and we’re going to swing, and we’re never going to grow? We’re always just going to be this niche contractor?” He and I talked about the fact that, “Well, whenever Charlie finally relinquishes control of the company to us, I’m not sure that’s what we’re going to want.” If it was all going to go to Rik and he was going to collect all the money and sit back and not worry about anybody else, that would be fine. But that wasn’t going to happen. In an employee-owned company, I think there’s a lot less tolerance for these huge swings. Right? Eventually you’ve got a certain number of these partners, and you’re not going to fire partners.

So there was a recognition that “We’ve got to do something about that.” It started with the recognition that maybe we ought to be willing to go do other kinds of work. After the dot.com bust, things got very slow. We had six office buildings on the drawing boards in 2001 looking like we’re just going to be great for the next ten years. Dot.com bust, vacant office space everywhere. Every one of those projects went away, and we’re sitting there with no work, and it’s all because we were so focused on a single market.

So Rik lives in San Mateo, has relationships there, knew of these projects coming up, and we talked about pursuing that kind of work. I don’t think Charlie was very happy about it. Charlie, that was not his idea of what we ought to be doing, but Rik did whatever he had to do. Well, Rik said he almost lost his job over it. We went and pursued the work, and we got it and we built it.

Adamson: That was the police station?

Lum: No, that was the library. The library went well enough that—I don't know if we finished the library or it was almost finished when they said, "Okay, now we're going to build our police station, and Pankow, why don't you propose?"

Again, what we're starting to see is that relations in public works, relationships matters just as much as it does in private works, because the entities, the people who are in these municipalities or whatever, government entities, are just trying to find the best way to do their jobs. And they recognize that this hard-bid, all it does is align them in lawsuits and projects that are way over budget and way late. They want to find a better way to do it, and the City of San Mateo wanted to find a better way, and within their rules decided, "We can do this." They essentially picked us for the police station, even though we had never built a police station before, had very little public works experience except for the library.

They set up a process that allowed them to pick us to build the library, the police station as well, and so it was an example of how relationships do matter. We did it. We built the library for them. We did a good job. They were very happy, and they found a way to give us the next project, the next major project. So, I think by then, by the time we got the police station, we maybe now had started this idea of actually having a group of people that pursued work in the public sector, the institutional sector, was becoming more of an actual focus, more of a business strategy. The library was part survival because we had no work, part, ah, "Maybe we should try this out and see what happens and see if this is going to work for us."

Adamson: So legal environment can change from city to city down the peninsula and around the Bay?

Lum: It can.

Adamson: You have to be aware of that sort of at that level?

Lum: Charter cities, right. There's two kinds of cities. I don't know what you'd call the first one, an incorporated city, and then there's what they call a charter city. Don't ask me to explain the legal differences, but a charter city has a lot more flexibility in what it does. It basically can write its own rules, and so if you can get to the people who are writing the rules and tell them, "This is how you should write them," they have a lot of flexibility in the way they go about procuring their work.

You're seeing more and more of them look for ways to do it on a not a strictly hard-bid way of doing business. Many of them still end up back at the public contract code, the state's public contract code for procuring work. So now what we're doing, I mean one of the things DBIA is doing is working with others to influence the legislature in how they allow work to be procured. In this decade, the legislature has written laws that now allow the use of design/build in various situations. Again, that's helping to encourage cities, some of these cities, to be a little more creative in the way that they go about procuring their work. The key was that people saw that, "The old way's broken. The old way is not working well anymore, so we've got to go find a better way to do

this.” Design/build happened to be an alternative that people took, and then there’s some others as well.

Adamson: Were the rules changed in Hawaii to allow the Events Center and the Convention—

Lum: I think those were done on special—I don’t think the overall laws were changed. I think they issued special specific laws or whatever they—I’m not a legislative guy. Whatever they had to do to say, “You can do this project this way.” They passed individual laws that said, “It’s okay to do this this way.” I don’t think they’ve passed sweeping legislation to allow the use of design/build in Hawaii.

Adamson: This is a question I ask of everybody to get their take. There was an article in 2003 in the *Los Angeles Business Journal* that stated that Pankow Builders, quote, “offered small company intimacy and large company capacity.”² So how did Charlie and others in the company shape the firm’s culture and develop its capabilities to reflect this quote?

Lum: Read the quote one more time.

Adamson: “Pankow offers small company intimacy and large company capacity.” So I’m asking about the role of Charlie and anyone else in sort of getting to that point.

² “Charles Pankow Builders Ltd.: Celebrating 40 Years of Building Excellence,” *Los Angeles Business Journal*, 29 September 2003, S7.

Lum: Well, you know what I think? I think one of the things that allowed that is that Charlie always kept more cash in the company than your normal construction company would keep. What that allowed was Pankow to go build bigger projects than maybe the size of the company from an employee standpoint might otherwise suggest. And it continues to this day. We as a company compete with firms that are, ten, twenty times bigger than us, just from a volume standpoint on the same kinds of project. I guess since Charlie started—I don't know when he started building big projects, maybe they were the developments in Hawaii, nobody has ever thought twice about it, the fact that we build these high-rise buildings. Charlie was into concrete, and concrete's usually used on bigger building types, so we've always built big projects, never thought twice about it, always did whatever it took to build those big projects. We were able to do it for many years, I think, without the big overhead. We never had legal counsel. We never had H.R. We never had a Safety Department. Everything was done out at the job.

Charlie set up his projects to be like little companies in themselves, lots of autonomy, the superintendents were strong, strong leaders, had lots of autonomy, kind of ran things however they wanted to run them, and Charlie allowed that. There was not a lot of standardization from project to project, and their people did things their own way, but Charlie maybe created enough entrepreneurialship, whatever, allowed it to where it was very successful for him.

So I think what that quote is saying, is that we build big projects, but we're not a big company. So when you as a client come in to talk to somebody, it's going to be me and our chief estimator sitting at the table. I mean, it's not like you've got to go through

layers of bureaucracy to get to us or even to Tom Verti or even to Rik Kunnath. So I think that's where the intimacy comes from.

We are now starting to grow, so that's slowly changing because I think just the environment that we're building in today, basic to where we just can't do business with general counsel now. We've got a general counsel, sits in Pasadena. The future of construction is people and who you have and how good they are and how well you train them, and that's why we need H.R. now. But we're still doing the same thing. We're still out building projects that are otherwise being built by companies that are at least twice as big as us and sometimes twenty times bigger than us.

Adamson: Good. Fair. Good, good answer. What has changed the most about Pankow Builders since you hired on?

Lum: Changed the most? Boy, there's a lot of different ways to answer that question. I would say we're one company today, where, when I joined Pankow, we were at least two different companies, if not three. I don't really know what the distinction between northern and southern California was when I was in Hawaii, when I was a young guy in Hawaii, but I know that Hawaii and the mainland was two separate companies. I mean, they were one company, but we operated like two different companies. Like I said, we had a whole accounting department and staff in one, that just dealt with Hawaii, and so that would be one of the things.

When I started with the company, we were a developer. At least in Hawaii we were equally developer as builder. We are now just builders. We don't develop any

more, and that's changed things a lot. When you're a developer, you run in different circles, and maybe that helps you in other ways get some work and hurts you in others. But it also creates a steady source of work, and so I think that's very different. That's very different.

Obviously, we're employee-owned. It's not just Charlie. When I started with the company, it was Charlie, and so I think being employee-owned has forced us to want to be less volatile, which is forcing us to be a little more—I want to say thoughtful, which is not to imply that Charlie wasn't thoughtful about what he did, but we have to plan more. I mean, we can't be as from the hip as Charlie could afford to be. Where at the end of the day, Charlie had all the money he needed. Whether he had two employees in the company or three hundred employees in the company, it never really affected him. So he could be very reactive. He could change directions on a dime. We can't do that anymore. We've got too many people depending on us for their retirement and futures and they all have a lot of skin in the game, so we just can't do that. We can't do that anymore, so I think we're a lot more strategic today in our approach than I think Charlie—and inclusive in that strategy. For all I know, Charlie was very strategic, but it was just him, and whatever he devised was what was going to happen.

Adamson: Last question: How will the firm or what is the firm doing to sustain the kind of company that Charlie had created after all of you who knew him are gone?

Lum: I think what will keep the core values of what we think Charlie believed in going is to continue being a builder, and that means figuring out how to continue self-performing

work, and it's getting harder and harder. But to figure how do we not turn into brokers, not turn into a company that just hires subcontractors to do the work, because we still run today—a young engineer today still comes into the company and immediately goes to the field, I mean if we have our way, immediately goes to the field, starts working with the foreman, just like I did, starts drawing how we're going to build the building. They do the same things that I did, which is learn to build the building from the perspective of the guy with his boots on the ground in the field, getting dirty, ordering concrete, resolving problems.

A lot of construction companies you go to, that's not what they do. That's not what they do. They start their career at a desk, looking at papers, pushing papers into the right piles. And I really believe that having that builder mentality, thinking about building concrete, thinking about buildings, better ways to do concrete, the involvement that our people have in ACI, American Concrete Institute, that is what's going to keep Charlie's kind of legacy going. That and promoting innovation, always trying to get people to think of better ways to do things.

So I think that's the key to keeping that legacy going, because I think of the young guys today that we're hiring right out of school, that are two or three years out of school, they never knew Charlie, and yet I think they're learning how we think buildings ought to be built or the process that ought to be used to get a building in place. So I think that as long as we keep that going, that's what will keep Charlie's legacy and the core values of the company pointed in the same direction.

Adamson: Okay. Very good. I thank you for your time.

Lum: Okay. That was hard.

[End of interview]