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Custom Home

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2001

**CUSTOM BUILDER
OF THE YEAR**

**PARTNERSHIPS
THAT WORK**

**GOthic TWIST
IN TENNESSEE**

Best in Class

*Orren Pickell charts
a course to the top.*

BY BRUCE D. SNIDER

CUSTOM HOME's 2001 Custom Builder of the Year has left the building. As you read this, Orren Pickell, founder and president of Orren Pickell Designers & Builders, is most likely

with his wife and children aboard their 54-foot sloop, the *Jessie*, somewhere in the Caribbean. After circumnavigating the Caribbean—counterclockwise, if you must know—they will sail up the East Coast, following the spring to Maine's Penobscot Bay. By journey's end, Pickell will have spent nine months on the water, flying home to work only one week of every four.

With those facts in mind, you might assume that the Bannockburn, Ill., builder is easing into retirement or, at least, pausing for a mid-life reassessment. Nothing could be further from the truth. For each of the past eight years, Pickell has reserved between two and five months to sail with his family. And if it seems he must leave his business on autopilot until his return, that too is an illusion.



ORREN T. PICKELL
PRESIDENT
ORREN PICKELL DESIGNERS
& BUILDERS
BANNOCKBURN, ILL.

Best in Class



To create a brand identity and stake out new territories, Orren Pickell does something few custom builders do: He builds model homes. (Above and opposite) Like all his models, the Organization House explores a specific design theme—in this case, keeping busy family lives in order—but the underlying purpose of every model is the same. “The key to a model house is that people lose a little sleep after they leave one,” Pickell says, “because now they want one.”

While Pickell steers by the stars, Orren Pickell Designers & Builders is running flat out. In the time it takes Pickell to complete his voyage, his company will have designed and built some 30 custom homes worth more than \$35 million—that is, if it merely keeps pace with last year’s \$46 million performance. Projections are for a substantial increase.

Some might say a custom builder who can pull off a trick like that rates more than the Custom Builder of the Year award—he ought to be elected President. But months at sea and millions in volume are just the beginning of the story, because Pickell has achieved this golden moment not at the end of a long career but in his prime. Far from a money factory that exists merely to support its owner’s lifestyle, Pickell Designers & Builders is a company on the rise, building a preeminent brand name in its market, expanding into new territories and services, maintaining a vital and productive company culture, and churning out new ideas with an inventiveness unmatched in the industry.

The company’s territory ranges from Chicago, an hour’s drive south of its headquarters, through the city’s North Shore suburbs to Lake Geneva, Wis., one hour to the north. In these neighborhoods, the lots are large, the houses are expected to make a statement, and the owners—professionals and successful businesspeople—demand a high degree of polish in their builder. Pickell made his name in this competitive market by giving clients the quality product they want and by crafting a process that is more predictable, consistent, and complete than most would dare expect.

New clients who contact Pickell while still in the market for a lot will find the company ready to mount an exhaustive property search and able to broker the purchase. The sales and estimating staff work hand-in-hand with the 17-person architecture department to zero in on a design that

can be built for the owner’s budget. Each final design proposal includes a 3-D computer modeling video and incorporates landscaping as an integral element. The construction crews will not break ground without a complete landscaping plan and a report from a forester on preserving and protecting existing trees.

Once construction begins, the company uses sophisticated project management software to keep the twin rails of budget and schedule running parallel and straight to their destination. Architecture and construction teams maintain an unusual degree of contact and collegial respect. Drawing on cost data from hundreds of past projects, the company’s architects can supply fast and realistic price feedback on any proposed change. To manage client expectations of timely completion, every change order is formulated as a change not only in cost and scope of work but also in schedule.

The company’s substantial size allows for a degree of matchmaking between clients and the staff members who will handle their project. That means clients work with the people who best understand their needs, and employees can play to their own strengths. For smaller builders, Pickell notes, a big part of the job is finding ways to get along with people with whom they just don’t click. “And if you love the business,” he says, “you’d better love the stress that goes with it. Here, you can pass the baton.”

It was not always so. Construction vice president Dennis Ward remembers joining the company in 1985 as a framing carpenter. At the time, he says, “Orren was the salesman; he was the superintendent; he had two phones going at a time. He was on the fast track to a heart attack.” After 10 years in the business, Pickell was building a fine product and pleasing his customers but paying the price in stress. Though the company operated out of his basement, and his wife, Tina, ran the office (she





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"There is no brand in custom homes," says Pickell, "and it's the most expensive thing people do." His company is doing its best to remedy that situation by designing homes that reflect the tastes of their owners while bearing the unmistakable imprint of their builder. (Below) Out of respect for their neighborhood context, most designs draw on traditional styles.



(Opposite) Inside, however, Pickell's designers prove equally adept in a more contemporary mode.



ANDY GOODWIN

retired from the business in 1997), he wasn't seeing much of his family. When Ward came on board, Pickell remembers, "I had 11 houses in the field and two people in the office. And I wasn't enjoying it."

Pickell's path to enlightenment in the custom home business began, fittingly enough, with a good deed he did for a former client. The client had made a bundle in the stock market and hired Pickell to build his new house. The two became friends. Then came the stock market crash of 1987. "That morning I got a call," Pickell remembers, "and my friend had lost \$8.3 million." Desperate to raise money, he implored Pickell to buy back the house at a third of its value. Pickell calmly suggested that his friend get a mortgage instead and then offered him a job.

Modesty might prevent the builder from telling this rescue story except that, as he is quick to relate, his friend soon returned the favor—in spades. As the company's first chief financial officer, "He introduced me to a term called 'marketing,'" Pickell says. At his prodding, the company produced its first promotional brochure and began to craft an identity in the marketplace.

Above photo: Pickell (right) credits much of his company's success—and his months-long annual sailing trips—to his Executive Management Group (from left): Tony Perry, Dennis Ward, Wendy Cohen, and George Skweres.

More important, however, the man warned him that work was taking over his life. His message, as Pickell remembers it: "When an airplane's oxygen mask drops, who are you supposed to put it on? Yourself. If you don't take care of yourself and your own inner person, you can't take care of your family." Pickell's greatest strength in the business was his passion for building, but that passion was flagging. His friend—his mentor—offered the cure: "Take off a few hats. And start with the ones you hate."

More than a decade later, Pickell has built that philosophy into the very bones of his company. It is most clearly evident in the weekly meetings of his Executive Management Group, a ruling junta of sorts that includes construction vice president Ward, vice president of sales and marketing Wendy Cohen, vice president of design Tony Perry, and the company's current CFO, George Skweres. Under Pickell's direction,

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Having established its reputation in the northern suburbs of Chicago, Orren Pickell



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Designers & Builders has expanded its territory southward into Chicago's established upscale neighborhoods and northward as far as Lake Geneva, Wis. (Above and opposite) This Lake Geneva home responds to its waterfront site with a cottage-like form and sensitive, naturalistic landscaping. Every Pickell project includes a full landscape plan and a forester's advice on protection and care of the site's existing trees.

the EMG handles both day-to-day management and long-term planning. "They basically act as the president of this company," Pickell says. "And I think a team works better as a president than an individual does."

Building such a team—each member of which, Pickell insists, does a specific job better than he ever could—has freed the boss to do what he does best: envision the big picture, champion his employees' best ideas, and hatch ideas of his own. The view from the crow's nest affords Pickell a clear view of the industry and his company's place in it, and that view has led to a wave of remarkably farsighted initiatives.

Most builders of large custom homes worked their way up in the business, building incrementally bigger projects as they proved themselves to prospective clients. But rather than wait for an invitation to build big, in 1994 Pickell seized the initiative with the first in a series of "concept" houses, which the company opens for public tours. These model homes, each designed around a theme, have been a big hit with the public. The most recent one was the Transition House. Aimed at the empty-nester market, it was open to the public for six weeks, during which time 12,000 visitors lined up for the tour. "We spent \$40,000 parking cars," Pickell says.

The company's early foray into concept houses built the credibility it needed to leapfrog into the neighborhoods it now calls home. "It propelled us into that \$1 million-plus market," says sales and marketing vice president Cohen. Subsequent efforts—including the Organization House and the Entertainment House—built the company's name recognition and allowed Pickell's architects to explore design themes that have since become staples of their work. And when the company targets a new neighborhood for expansion, a concept house makes a most impressive calling card.

As the company's emphasis on

design has increased, so has concern about staffing a growing architectural department. When he began some years ago to recruit at nearby universities, Pickell was appalled at the lack of training architecture students received in residential design. In response, the company urged its local home builders association to sponsor a residential design competition, open to students at two University of Illinois campuses. "Because we put a lot of money on the table, we were able to get it written into the curriculum," says architecture vice president Perry. Now area graduate architects have a heightened awareness not only of residential design but also of a particular design/build company where they might like to practice it.

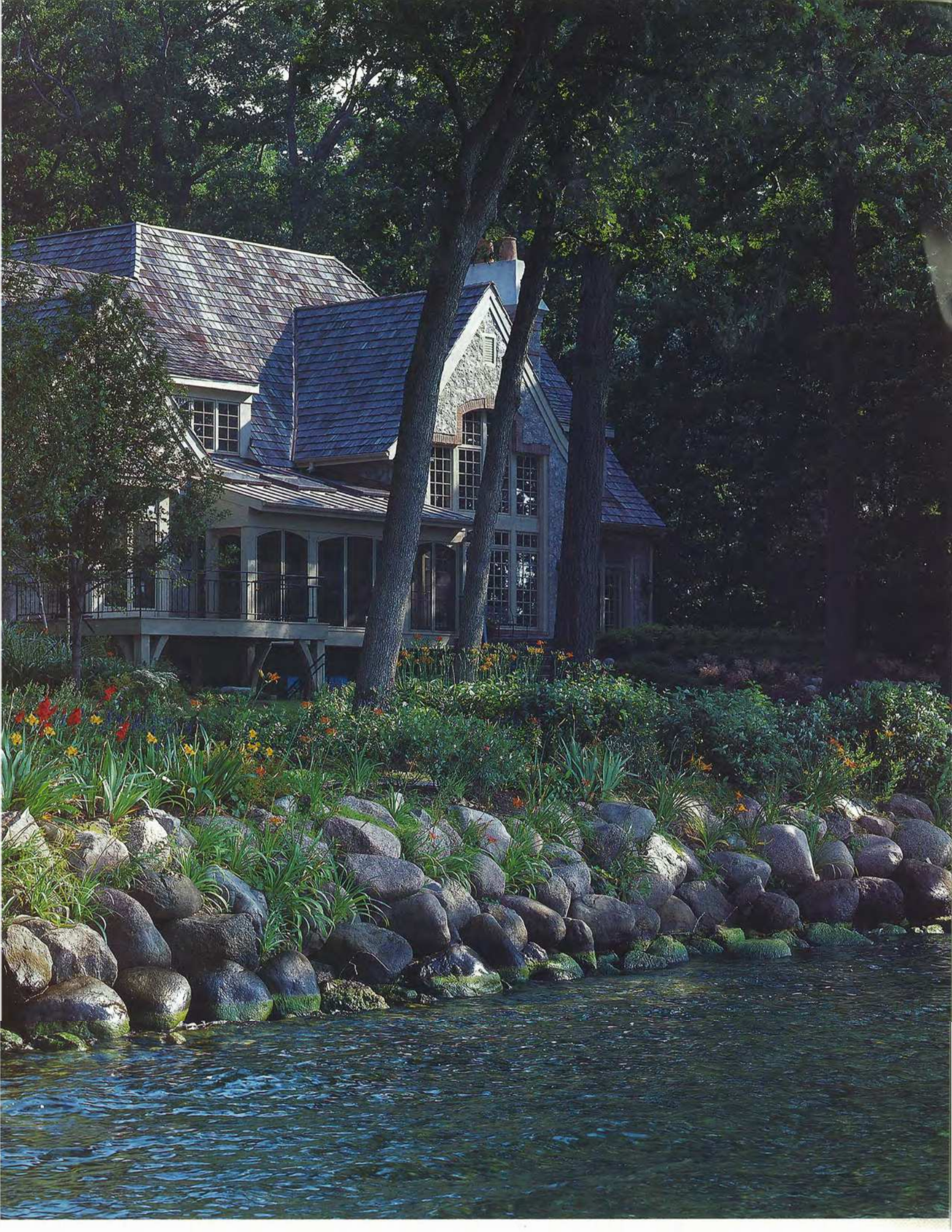
Like most designers, Pickell's architects use photographs of past projects to help clients communicate their likes and dislikes. But leafing through binders of photographs is a tediously low-tech experience. Pickell has streamlined the process by scanning photos into a computer system, cross-referenced and searchable by room and by feature. "We have probably 4,000 photos in the database," says Pickell.

The picture database is a slick bit of work, but Pickell quickly moves on to other topics, because this is only the most modest of his efforts to bring the custom home business up to date (see "Selection Solution" last page). The company's next concept house, the Renaissance House, he explains, will play heavily on the technology theme. On-site cameras will continuously monitor the progress of construction, feeding images to a dedicated Web site that will also offer viewers an interactive 3-D tour. The house itself will feature Web-enabled functions—HVAC, motorized window shades, kitchen appliances, security system—that can be monitored and controlled from any Internet-connected computer anywhere in the world.

"I think that in the next five years

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In its many projects for owners with grown children, the company takes the traditional empty-nester program to a higher level. (Above and opposite) Pickell's "jewel-box approach" combines high-finish living and entertaining spaces for the owners with guest rooms and play areas to lure their children and grandchildren back to the nest. Such a house is about more than function, Pickell says. "It's also so people can feel proud of what they've accomplished in life."

technology is going to change the industry," says Pickell, who has already employed computing power to make his operation as systematic and transparent as possible. Using sophisticated Primavera project management software, the company tracks every project through more than 300 discrete operations. Key steps trigger reports—some 50 per week, company-wide—to appropriate team members. Everyone involved in a project knows where it stands at any moment and what is expected of him or her.

The program also delivers progress reports to CFO Skweres, so he can continuously update revenue projections—"You can't run a business with \$5 million of overhead unless you know when your revenue is coming in," Pickell says—and the computerized project schedules that rule company life also include draw dates. "So now we have a relatively accurate cash-flow model for running a \$50 million business. Pretty cool."

Perhaps cooler still is the work being performed by Pickell's senior project analyst, Casey Reyes, who is linking the Primavera project management database and the company's Timberline specifications database with Lotus Notes. When his work is done, Lotus Notes will deliver an individualized daily action list to every staff member involved in a project. Items on the list will be hyperlinked to the appropriate sequence of operations in Primavera and to the client's project specifications in Timberline. "The aim," Reyes says, "is to ensure that not only do people know exactly when to do a specific task but that they also know how to do it and what we're contractually obligated to do."

All of this high tech facilitates a client experience that is distinctly high touch. Pinpoint control over scheduling, for example allows salespeople and architects to manage the selections process in a way that keeps client spirits high. "There is a lot of

work for them to do," says design vice president Perry, who stages selections "so they don't get hit all at once." Perry is fond of reminding clients, "If you're not having fun, you've got to let us know, because this is supposed to be fun."

And fun, Perry notes, is not a trivial consideration in projects that can linger in the design phase for six to 10 months or longer. Most Pickell clients, he says, are driven by desire rather than necessity. "It's an entertainment process. They don't need that house." And until a construction agreement is signed, a bored or frustrated client can always drop out. "You've got to sell all that time." Since the company began tracking fallout rate (the percentage of clients who see a design presentation but fail to sign a construction agreement), the figure has fallen from 20 percent to 5 percent.

Still, the investment required to bring clients to that point is considerable. It troubled Pickell to see clients disappear at the end of a project, knowing that even the most devoted of them would not become repeat customers for at least a number of years. To increase the frequency with which his company "touches" its customers, in 1997 Pickell launched a remodeling division and a separate department devoted to maintenance and repair.

"I know how the high-end are thinking; they want their life in order," he says. Accordingly, one of the maintenance services he offers customers is a periodic punch list on their existing house. The equivalent of the maintenance contracts customers buy for their cars, the service guarantees that their house will always be in top condition and relieves them of the burden of managing the process themselves.

For the company's remodeling department, too, service is the key element. Not every client can discern quality construction, Pickell says, "but everyone can read their watch, and everyone knows when their coffee cup hasn't been filled." To sepa-

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Selection Solution

Orren Pickell Designers & Builders has spent years honing and polishing its highly professional design and construction process.

There's just one problem, says Orren Pickell. "At the center of the whole game is an unprofessional client." The rub often comes in product selection, where client indecision and crossed signals can hold an entire project hostage. To address this problem, for both his company and other builders, Pickell and partner Ronald Pink have founded a new company, Solutions On-Site, whose Web-based service promises to do for product selection what Cars.com did for buying a used car. ■ For each active project, builders who subscribe to the service will upload floor plans, a selection schedule, and a list of product options. Clients will log on (either through a link on the builder's Web site or via password at the Solutions site) to an individually tailored page dedicated to their project. There they'll find the full rundown of selections, each mapped to the location on their plans where the product will go. They can then "shop" the options, which will include photo, description, and price (including builder markup). ■ The system will prompt clients with reminders of selections that are currently due, maintain a log of prior selections, and instantaneously update the product allowance budget with each selection. Builders will be able to track product selections, selection schedules, and product allowance budgets in real time for all of their active projects. ■ Compared with most builders' approach to product selection—turning clients loose to visit suppliers all over town—the system should save clients time, mileage, and frustration. More important, it offers builders control over an aspect of the business that often slips from their grasp. "Clients will keep looking until they've felt they've seen enough," Pickell says, even if that mangles the schedule. Solutions On-Site will allow builders to feed clients as much product information as they need, along with automatic reminders of selections about to come due. "This is a better way to manage that process and move people through the store." —B.D.S.

rate his company from the multitude of competitors in the remodeling business, Pickell targeted speed, promising, "We're going to be 40 percent faster than anyone else." To accomplish that goal, the company relies on a combination of common-sense planning—"We won't do a job until certain parts are in hand," Pickell says—and inspired innovation. From the latter category comes the company's method for laying out kitchen cabinets. Using a continuous-feed 36-inch-bed printer, the design department generates a full-scale cabinet layout for each wall of the kitchen. "Instead of a super going in and snapping a kitchen layout," Pickell says, "you just go in and tape it down. We've done a kitchen in three days, start to finish."

After just three years, Pickell's remodeling department contributes \$5 million to the company's volume. CabinetWerks, a retail cabinet dealer the company spun off from its old in-house custom cabinet shop less than two years ago, adds another \$5 million. For the past five years, total volume has grown by an average of 18 percent a year.

It is this growth that provides the outward measure of Orren Pickell's success, that allows him to put a pin in the map and say, "Let's build here," that affords him the freedom to sail away when he likes. But, as unlikely as it seems, growth has never been Pickell's primary goal. Rather, it is the by-product of the way he has done business since his old mentor advised him to take off some hats. He has hired the best people he could find and come up with ways for them to do their best work. The way he sees it, the equation is simple: "You create an environment where people can meet their goals, and those who do cause the business to grow. It's a natural process. The real goal is to make this a great place to work." ■