

THROUGH THICK AND THIN: A DESIGN/BUILD PARTNERSHIP

Devon Hartman and Bill Baldwin are 50-50 partners in Hartman-Baldwin Co., a design/build construction firm in Claremont, Calif. Today their company employs more than a dozen people, and operates out of a building they designed and built to house their offices. But it wasn't always that way. As we talked about making the transition from independent tradesmen to business partners, we learned something about the obstacles a partnership presents and the means Devon and Bill use to overcome them.

JLC: How did your partnership come about?

Devon: About 16 years ago, we ran into each other on a job, and hit it off as friends immediately.

Bill: In the years before we were partners, I worked for Devon or we worked for each other as subcontractors. The turning point was one job in particular, a Victorian restoration that was bigger than either one of us could have taken on alone.

JLC: How much planning went into forming the partnership?

Devon: It actually happened while we were in a trench digging a plumbing line. Somehow the conversation got around to what were we going to do that year, most of which had nothing to do with building. But there was the big Victorian job, so we decided to see what would happen if we committed to working together just for a year.

JLC: Did you bring equal assets to the corporation?

Devon: I don't know. Did we?

Bill: Well, actually, we did. You remember, Devon, I had to buy in for \$3,500. You figured you had \$3,500 in assets in the business, but don't ask me what it was. I didn't have the cash, so it was deducted from what I made. It took me about a year to pay it off.

Devon: I just added it to the net loss that first year. Good-faith overhead.

Bill: I think Devon just needed the \$3,500.

JLC: Who signed the contract on the big Victorian job?

Devon: Well, it was really just a handshake.

Bill: And we both shook.

Devon: I had a license, so in that sense it was Hartman Construction, which until then was literally me. We just decided to get serious and see

if we could figure out what our roles were.

JLC: Did you sit down and say "I'm good at this and you're good at that?"

Bill: In the beginning, when the business was less complex, we both did everything. Roles that are well-defined now were more amorphous then. The company was smaller, and we didn't have to be specific. Pretty quickly, though, Devon started to handle more of the administrative work — he had more background in that — and I handled production.

Devon: We realized that the kind of work we wanted required designing as well as building, so I went to night school to learn architectural drawing. Bill was running the crews, so design and administration was something I covered.

When I realized I was going to have to put down my tool belt, it was a huge step to take. It seems like a very normal thing to happen, but it was also a scary thing, personally. We needed somebody to fill that job, but it was where we had the least experience and knowledge.

best at. So you're always moving toward your weakness and leaving some of your strengths behind. You're always a little bit off-balance.

JLC: Now that you're no longer swinging a hammer, do you perceive the partnership differently?

Bill: Yeah, it's a no-man's land. I do all the estimating, so I end up riding the fence between the design department and the field. It's a challenge to the partnership. If you have just one thing you're supposed to be doing each day, you can be expansive because you're comfortable with that role. But when that position is constantly changing with the business, you don't know what is your territory, what you should expand into, and what the other person's turf is. Finding that common ground and agreeing on it is difficult.

Devon: The reason our relationship has worked is that there's a basic philosophical alignment between us. Our relationship with each other and with our clients is more important than the business. We started building because we loved the work, we

on a more personal level, as well as to map out our short-term and long-term goals, and the general direction of the business.

It's weird, but we actually have to schedule the personal stuff now because we're busier. When the company was smaller and it was just the two of us up in the office, we'd stay up there late at night — neither one of us was married then — and shoot the breeze.

As the business and our personal lives have become more complicated, we've found that it's easy to drift away from that personal, philosophical connection and pay attention only to logistics. That hurts the overall health of the partnership — not the health of the business, necessarily, but of the partnership. It's just like a marriage. You can sit there and talk about your future and who does what around the house, but if you don't have the emotional connection to back it up, something's way out of whack. A partnership has to have both to continue for any length of time.

JLC: What about disagreements?

Devon: There are lots of ways to fall on your face in this business, and everybody's going to make bad mistakes. But our partnership works for personal reasons more than for financial reasons. When emotional things come up or the business is threatened, it's a reason for us to pull together rather than to pull apart and fight each other.

I think most partnerships fall apart because the partners think that if they can be organized and formal and systematic, they can pull it off just from an economic point of view. But unless there's some trust, the thing's going to blow up.

JLC: Do you think blow-ups happen more in construction partnerships than other businesses?

Bill: No, it's any partnership. If you work for someone and you're unhappy — you have criticisms or emotions you're not bringing forward — you feel powerless. The same is true of someone working under you: they're subject to your tyranny. But when you're a partner, you have the latitude to be reckless.

Devon: People have to be sophisticated on an emotional level.

Bill: The other thing about our business in particular that makes this

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Bill: I eventually had to take off the belt, too. Up until four or five years ago, I was a working foreman, in the field all the time. But when we started to run a couple of crews, the tool belt was more of a symbol than anything else. It didn't need any nails in it.

Devon: It was a very weird transition for everybody. Taking off the tool belt is symbolic for something that happens continually throughout the life of a business. You have to reassess what your roles are, and meet the need that's at hand, not necessarily the one you feel you're

loved the interaction with people. The fact that we can make money doing it seems too good to be true.

JLC: Do you have a system in place to keep tabs on who does what?

Bill: It comes and goes. We have a weekly meeting where we talk about the work coming into the office, what's being designed, and what the schedule is for the design, estimating, and construction. It's a time to talk about the mechanics of the business.

We're trying now to do a second meeting to keep track of each other

A PARTNERSHIP GONE WRONG

About five years ago, I teamed up with a talented, technically astute builder to form a partnership. Although "Roger" and I had only known each other for about a year, I thought his talents could balance my own business management, engineering, and sales skills. I didn't evaluate how our personalities or work styles would mesh. Nor did I give much thought to what my ideal partner should be able to do or, for that matter, if I even needed a partner. I jumped into the arrangement based on gut feelings and the fact that I liked Roger.

Our partnership was a corporation with the stock divided evenly. We had a buy/sell agreement, but we never bothered with a partnership agreement. In retrospect, I don't think it would have made our relationship any better.

Irreconcilable Differences

Roger and I have very different approaches to other people and to life in general. This made the relationship uncomfortable at first and, in the end, unbearable. In Roger's defense, it's not that one approach is right and the other wrong; they are just different. The problems we encountered were not *his* problems, they were *ours*.

Details. Somewhere along the line, Roger became obsessed with detail. He wanted things to be perfect, and he had to check and recheck everything. It is how he works, it is what makes him comfortable, and in many ways, it is what makes him a good builder. But it seemed to me — especially when important decisions had to be made — that Roger occupied himself with minutiae when he needed to look at the big picture instead.

Decisions. I like to make an informed decision and then stick with it, but this was not the case with Roger. After spending hours debating an issue, we would reach a decision only to have Roger second-guess it the next day. Often, after again discussing the pros and cons and reaching another "final" decision, Roger would instigate the same process a third time. As a result, our company became lethargic, ineffective, and overly cautious.

Trust. One of the best parts of being in a partnership is dividing duties so you get to do what you most enjoy and are best at. This also means you must go along with the decisions your partner

makes in the course of fulfilling his role. You might not always agree with those decisions, but a partnership should be founded on mutual trust and a respect for each other's capabilities.

In our partnership, it seemed all of my decisions were subject to review, an inquisition with the assumption of "guilty until proven innocent." I never did anything to warrant this lack of trust: It was just Roger's belief that, given the chance, everyone would take advantage of him, even his partner.

20/20 Hindsight

Hard economic times, as well as problems with the local banks that were beyond our control, put us out of business. Now that it's over we are still very good friends. That may sound odd in light of all we went through, but during our relationship we were always respectful of one another and never had any serious yelling matches. Also, now that we are no longer tied together by business, we can go back to just liking each other.

I'm not bitter about the experience. It was an education, albeit an expensive one. And I still think partnerships are a good way to work. But my ideas about evaluating a potential partner have changed. Next time, I'll ask myself and my partner the following:

- Can each partner live with crucial decisions made by the other? Do we trust each other's judgment and integrity?
- Are our business philosophies compatible? Are our goals the same? How important to each of us are money and the company's reputation?
- Are we strongly committed to this business marriage? Are we ready to take the pledge of "in good times and in bad?"
- Since the main reason to form a partnership in the first place is mutual need, is that need genuine or superficial? Is it long-term or temporary?

I like the energy and excitement that comes with working on a team. If I find someone who meets my criteria, I'd be willing to take the plunge with another partner. Until then, I'll go it alone. ■

Calvin Goldsmith, a civil engineer and a former builder in Harvard, Mass., works as a consultant to builders and developers.

partnership easier, given all the things we've been talking about, is that it's a design/build company. That creates some natural cut-off points, some "baton-passes," as we call it. Devon is with the client from the first phone call until the time construction documents are prepared. After I come in to estimate, there's a pretty formal baton pass from Devon to me, and I'm with the clients from that point to the end of construction. So we're back to two businesses in a sense. If the partnership were just building or just design, I'm guessing it would be more difficult for us to say, "This is my responsibility and that is yours."

JLC: Many builders who make the transition from working in the field to working in the office make it alone. Was it easier as partners?

Devon: Definitely. It was a very natural progression. If you're a one-man outfit, you have to go out and hire a key person. That's where a lot of businesses get stuck. Who can fill that role? Because our talents overlap, we didn't have to go outside of the partnership to find a particular skill.

what the territory is so we can give each other enough room to do his job.

JLC: Where are the major points of overlap?

Bill: Probably the biggest problem we have is when somebody has a new idea that entails a change in company direction or a new concept for the business. Then you're into overlap, because you're extending into the other person's turf. It takes both partners to make those kinds of decisions.

JLC: An example might be the decision to take on a new kind of work?

Bill: Exactly. Or one of us says, "Let's computerize the office" or "Let's use this form from now on." The important thing is how you approach your partner with that kind of information. When someone comes up with a new idea, it implies that the way it's currently being done isn't working right. And if it's part of your turf, it can be threatening. That specific thing is still tricky: trying not to feel threatened or worried that the other guy is acting autonomously or ramrodding something through.



OUR RELATIONSHIP WITH EACH OTHER AND WITH OUR CLIENTS IS MORE IMPORTANT THAN THE BUSINESS

JLC: This partnership is beginning to sound like a fairy tale. You obviously have different styles. Don't you ever second-guess each other?

Bill: I have absolute confidence when a client is in Devon's hands, unlike with anybody else. I think we both feel bulletproof in that respect. In fact, I don't think a partnership can work if, every once in a while, you're not in awe of your partner. For all the times I've said, "That's dumb — why did Devon do that?" there are as many times when I've said, "Wow, Devon has really figured this one out." You've got to feel that the other person is out there knocking them down.

Devon: There are times when one person may think that a particular job could have been approached in another way. But we worked together for a long time in the field, where you learn that if someone screws up, you don't get on him too hard because in two hours you're going to be the one. You come to accept the fact that there are a number of ways to approach something. And if there's a basic trust that the goal is the same for both people, then how you get there is just a matter of personality or fate. Once you know who's responsible for what, how that person gets there is up to him. The hardest thing for us has been defining

Devon: At the same time, it's an atmosphere we nurture all the time. Not the contentiousness, obviously, but in our office, anybody at any time can offer up an idea about a new way of doing things. I almost feel that if there isn't a little chaos every week, something's wrong.

Bill: But it's easier to encourage employees to bring up new ideas because there's no power threat there. With employees, you can be the benevolent king. But that's not true with partners on equal footing. Depending on what the idea is and how emotionally connected to it you are, the wrong approach can threaten the fiber of the partnership. If Devon's swamped with work, and I walk in with a new idea and just say, "I've looked at this and this is the new way we're going to do change orders," he's going to look up at me like he wishes he had a flame thrower.

JLC: Was there ever a time during the partnership when one of you felt it was still mostly the other guy's business?

Devon: In the beginning, it was difficult because Bill came into a company that was already there. So he was always having to stand up for his territory, and I had to allow territory to be carved out. We both have pretty strong personalities, so it was delicate. I think Bill had a harder time



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because he had to suffer people saying, "Oh, you work for Devon."

JLC: *When did you overcome that?*

Bill: It was a long process. Devon had more of a legitimate business than I did, and he was older and more established. But I wasn't exactly passive — I was carving as hard as I could, pushing to be perceived as an equal. I had to call attention to it so we could deal with it.

Devon: The ongoing commitment to bring this stuff out is a key to any relationship. It takes hours and days and weeks of talking and talking, about everything.

JLC: *But that doesn't necessarily mean that you agree right down the line.*

Devon: With us it's a difference in style. There are many points of agreement, but we express ourselves differently. Our personal styles diverge, but we've been able to use our differences to our advantage. We try to educate clients about what they will experience throughout the process. We tell them about the baton pass, for example, so when it actually happens, it's less of a shock.

Bill: We actually work well together with clients. There's less time for that now, but our clients can still see that we're both committed to making sure they have a good project.

JLC: *Do you miss working together the way you used to?*

Devon: You know, as Bill was talking just now, I was thinking, "Boy, I really miss that." We used to go to people's houses together, brainstorm ideas, figure out the design, and talk about the numbers together. It was a great time. We had a lot of fun.

Bill: But we're also in a new phase right now where we're starting to reap the benefits of growth. It was awkward while we were integrating a new design department head, but now it's exciting around here because we're settled in. Each time we take a new step, though, it's uncomfortable for awhile, and we wonder what we might be sacrificing.

JLC: *Do you back up each other's work?*

Devon: It's important as a part of the big picture. For example, when I discuss something with Frank, who heads the design department, I rarely analyze it inch by inch. I'm thinking about whether he remembered to

include a particular item or system that the client requested.

The closest we get to making a detailed check is at the meeting we have after Bill finishes the estimate for a job. Everybody comes to that meeting with a different agenda: Bill has very specific numbers, Frank is thinking about how well the numbers represent the state of the drawings, and I'm thinking about how to present those numbers to the client, what they include, and how we can cut them if we need to. But I'm not ever checking to see if Bill's lumber quantities are right.

Bill: We do sometimes question the other person's process, though. We all cross-check to see if the package is complete.

JLC: *Earlier in the partnership, when it was just the two of you, did you rely on each other more?*

Devon: Yes, we did. We would go over every item in every estimate together. Now we're trying to introduce systems that will keep us from stepping on each other's toes, and help us learn more about what each of us is good at and what other people expect from us.

Bill: With all the trials and tribulations it takes to make a partnership work, the benefit is not only in sharing a certain amount of the burden: It's all these things we've been talking about. The emotional stuff and the good communication directly affect the other people in the company and our clients.

Devon: In the beginning, we both knew what the problems were because we were working in the same room together. Now it happens mostly at meetings. We still rely on each other, but through different means.

JLC: *People who have had a bad experience say that they never imagined at the start how nasty it would be when the partnership went sour. Does that worry you?*

Bill: Not me. I just don't think it would be messy. Over the years, we've both had our backs against the wall in different ways, and if there was some spiteful aspect of our personalities, I think we would have seen it by now.

Devon: You end up knowing what a person is. The tight situations we've been in have given us both a chance to be unfair or unjust, and we haven't been. ■