

# Leadership Changes; Philosophy Doesn't

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ADA — Erhardt Construction celebrated 44 years in business November 2006, a milestone that also marked the retirement of founder Larry Erhardt Sr.

The Ada-based general contracting and construction management firm is linked to some of the most distinctive buildings gracing the Grand Rapids skyline, including the Amway Grand Plaza Hotel tower, the Plaza Towers renovation, Van Andel Arena, Van Andel Institute and DeVos Place convention center.

Erhardt had worked five years for a Detroit construction company when he moved his young family to Grand Rapids in 1959. He worked for a Grand Rapids-area construction firm for three years before striking out on his own in 1962. He was the sole employee, and he started the company out of an office in his home, which by that time was teeming with five children.

Erhardt Construction Co. took on industrial and commercial building projects and doubled its volume in each of the first four years, Erhardt recalled. Since his background was in civil engineering, he contracted for a number of municipal water supply and waste water treatment projects, as well as concrete work. The company has done quite a bit of work for schools and colleges, too, such as Calvin, Hope, Grand Rapids Community and Aquinas colleges. Today, its work includes major urban projects, commercial, municipal, medical and research facilities, parking structures, assisted living and senior housing, and houses of worship.

Over the first 25 years, the business grew slowly and steadily, but when Larry's son Joe Erhardt joined the company in 1981 as a project engineer, the growth curve gradually steepened, Larry said. Joe was no stranger to construction sites; he had worked summers for the company while in high school and college, and over the past 26 years he has worked in all areas of construction and management within the firm.

Joe, however, doesn't take personal credit for spurring the company's growth: "I think just adding me to the mix of people we already had here helped us to grow quicker," he said. He does admit that he "dragged the company into the computer age," which improved operational efficiency, as well as consistency across projects. He was appointed vice president in 1984 and was promoted to president in 1989.

In the latter half of the 1970s, Erhardt Construction won contracts that included the Grand Rapids Waste Water Treatment Plant, the renovation of Butterworth Hospital and construction of the Calder Plaza building. A succession of high profile projects followed between 1982 and 2005.

As Larry recalled, the Amway Grand Plaza was built with a concrete frame, which required some expertise in post-tension masonry that nobody in town had back then. At the time, Joe was earning his bachelor's degree in civil engineering at Michigan Technological University, so he took a course in post-tension masonry and passed the knowledge on to the Erhardt team.

"A milestone for us was when we were selected to do the Amway Grand Plaza Hotel," the senior Erhardt recalled. "That put us on the map in the sense that the



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Larry, left, and Joe Erhardt

building was for a quality client, it was the tallest building in town, and was one of the largest construction contracts at the time. It was a very significant project that led to doing other work for Amway."

The Van Andel Institute was an interesting project, too, he said, because it was the first time Erhardt Construction had worked with a world-renowned architect.

Over the years, Larry noted, the company has gained the experience and capabilities to build complex projects in busy, high-traffic urban settings, often on postage-stamp-size lots. Throughout the company's history, it has tackled a diverse mix of projects of all sizes, Joe added.

"Even when we were doing a job like the convention center or the institute, it was probably never more than a third to one-half of the volume we were doing in those years," Joe said. "The other projects are generally more low profile so people just don't hear about them."

In 2006, the company did about \$50 million in construction in West Michigan. Erhardt Construction has teamed with national firms several times on large projects, and their joint ventures over the past five years have had a dollar value of about \$80 million a year on average, Joe noted.

Both father and son enjoy the construction business immensely for the simple reason that every week, month and year, they can see what the firm accomplished.

"I like to see us make something out of nothing," Larry said. "Out of lines and drawings on pieces of paper, we make something tangible that you can see, feel, touch and live in. I get satisfaction every time I drive by one of our buildings."

Erhardt Construction tends to bid on projects that are within an hour's drive of Grand Rapids, which allows for more control and a shorter commute for employees and subcontractors working at project sites, Larry said.

The Erhardts attribute much of the company's success to the relationships its team has built over the years. Nearly 75 percent of its business comes from repeat clients. They also attribute its success to their team.

"We attract a lot of good people because we believe in doing things the right way and we believe in giving the clients what they pay for," Joe commented. "So a lot of our employees feel good about working at a place where they can do their best."

Joe said his dad is the "entrepreneurial, hands-on" type and that his legacy was starting a business from nothing and devel-

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oping a company that has great core values and an exceptional reputation in the marketplace. Joe's contribution over the last decade has been developing a leadership team to guide the company's growth, Larry said.

"I spent my time trying to build the business, and what Joe has done is taken us to a different level," Larry said.

The management team implemented "lean" construction principles in 2005, methods that provide better project management, cost savings to clients, and shorter project durations, according to the company.

"What lean brings in is a win-win-win," Joe said. "It's a different way of managing projects and managing your self-performed work. The client wins because most of our work is negotiated and we're reducing costs and shortening the time duration. For our subcontractors, we already have documented proof from subs that have worked on our lean jobs that they're more productive and efficient."

From a project standpoint, lean construction means reliable workflow, Joe explained. It means that when the excavator says he'll be ready for the concrete guy on Wednesday, he's ready for him on Wednesday, so there's no wasted time.

"Lean principles develop more teamwork on the job," he said. "The people who are doing the work are in the best position to make promises, deliver on their

promises and spot ways to eliminate waste. We've been working extremely hard with our lean coalition internally here to learn about lean and get lean at every level of the company."

Erhardt Construction has always prided itself on scheduling, and communication is the key, Larry observed. It has to be communicated to the client, subcontractors, the architect and engineer that certain things have to be done at a certain time. The company also empowers employees; if they come up with an idea to save time, energy or money, they're encouraged to come forward with it, he said.

"We've gone a step further in extracting commitments weekly from the subcontractor's foreman and crew in the field what they're going to do each week, and we monitor that. It does shorten time schedules."

There's more competition today than in the earlier years of the business, Larry reflected. Grand Rapids is an attractive market, and the larger projects attract bids from construction companies outside the area, so the workload for local companies has contracted somewhat.

"We've been blessed in our market area with a very strong group of entrepreneurial people that have been successful and give back by growing and promoting the community," Larry said. "The financial success and spirit of philanthropy in our area has spawned so much more activity than in other parts of the state." ■



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