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CREATING A CULTURE FOR SUCCESS

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A CULTURE OF SUCCESS + OPERATIONS + ISSUES



WOOD PARTNERS HAS STARTED MORE THAN 35,000 DEVELOPMENTS IN ITS 10 YEAR EXISTENCE

Wood Partners: Creating a culture for success

Wood Partners has established a national presence in multi-family development in just 10 short years. Exec finds out how

Written by Kevin Doyle and Produced by Alexander Hortaridis



To simply say that Wood Partners has experienced astounding growth since its founding in 1998 seems to understate the case. Since that time, the company has experienced an annual average growth rate of 10 to 15 percent and now generates US\$900 million in annual revenue. Those are numbers that grab anyone's attention.

Wood Partners is a multi-family developer which is dedicated to "creating distinctive communities of lasting value." To date, the company has started more than 35,000 developments, representing an invest-

ment in excess of US\$4.8 billion.

The company's rapid development and its increasing national presence seems to surprise even members of the management team. "Oh, I think we've clearly exceeded expectations, especially from the standpoint of being the No. 1 multi-family developer in the US. We never thought it would be that fast," says partner Rick Mercer, who holds a BS in Construction from Kansas State University and has been with the company for seven years.

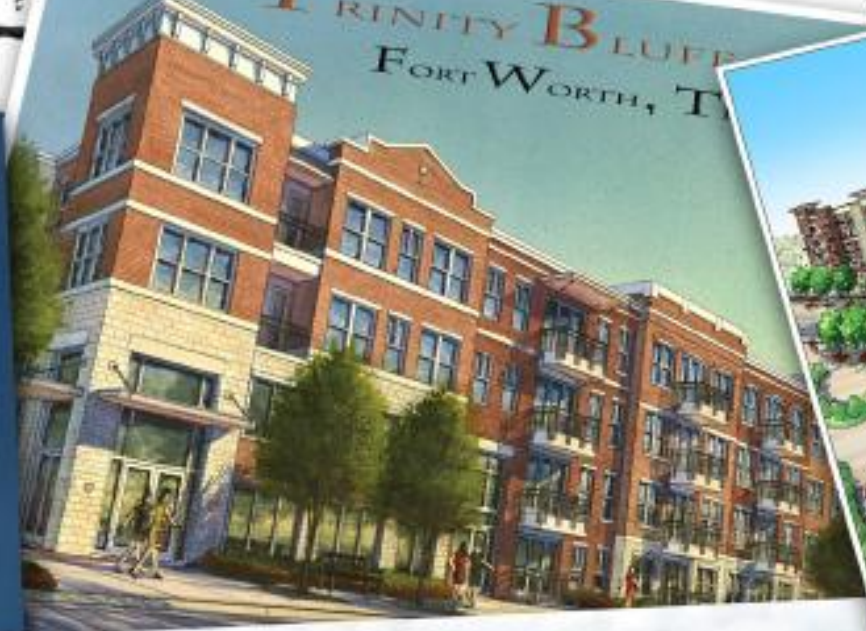
Mercer is the director of design and Construction for the company's west and south divisions. He says





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differentiates us from our competitors.

Womack + Hampton Architects LLC was founded on the premise of combining quality aesthetic design concepts with the technical expertise that make the designs a reality. This philosophy will not be compromised. In our single office environment, teamwork and the sharing of ideas are optimized through constant communication within the office and with our clients. We believe communication is essential to every successful development and we strive to listen and understand our client's needs and requests in order to ensure, within our ability, the production of a successful project. Years of experience has led our office to understand that a complete architectural solution includes a broad range of topics, such as understanding and responding to local market issues, designing within today's budget constraints, and ensuring the long-term product longevity that sets the standards for successful and profitable developments.

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diversification has been crucial to the company's continued growth. "We average about a 20 percent annualized growth in starts and 30 percent growth in revenue. I really like those numbers," Mercer explains. "Real estate goes with the markets and because we've diversified, it has allowed us to have consistent growth."

"For example, four or five years ago, the rent market dried up and we were poised to go into the for sale market. Then, 24 months ago, we felt it was time to get out of the 'for sale' market and we went back to apartments," Mercer says.

Wood Partners has recently added student housing, senior hous-

ing, affordable housing, and both high-rise and mid-rise complexes to its ever-growing portfolio.

"I think the trick to anticipating any kind of market trend," says Mercer, "is staying entrepreneurial and staying involved with the regional company. We give each region and city partner the freedom to execute in that particular market. What works in one market may not work in another. Micro-managing is not what we're about."

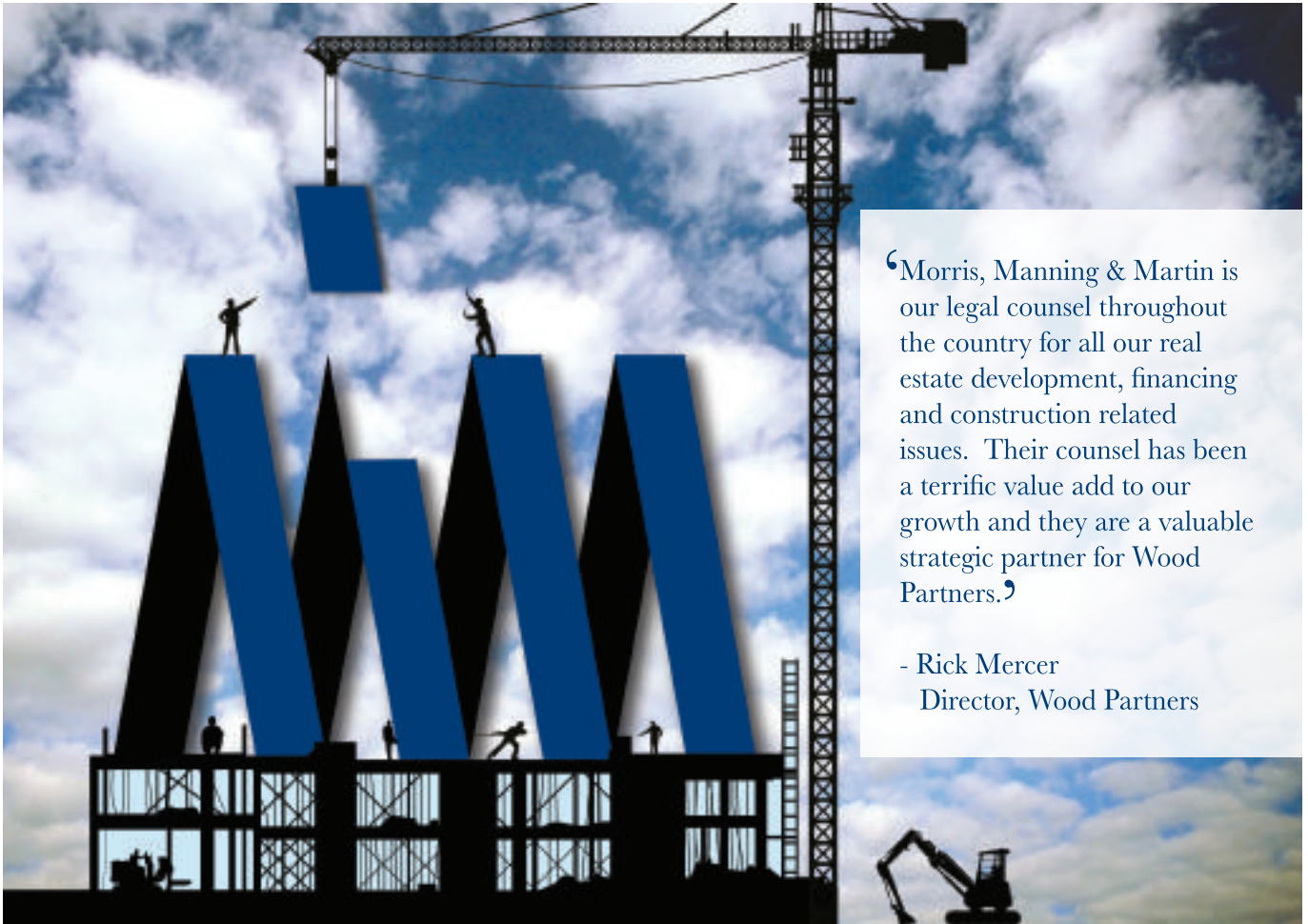
A CULTURE OF SUCCESS

Though Wood Partners may not have started with the stated purpose of being the best at its craft, there is no disputing its current status.



"We have great people doing great projects that deliver great results for our partners. At the end of the day, that's who we are."— Rick Mercer





“Morris, Manning & Martin is our legal counsel throughout the country for all our real estate development, financing and construction related issues. Their counsel has been a terrific value add to our growth and they are a valuable strategic partner for Wood Partners.”

- Rick Mercer
Director, Wood Partners

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Representing commercial real estate developers and investors has been a leading focus at Morris, Manning & Martin for nearly three decades. We have handled every aspect of commercial property, from acquisition, finance and development to ownership, leasing and sale for our clients throughout the country.

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Frank B. Bazzel at fbazzel@mmmlaw.com or **William J. Sheppard** at bsheppard@mmmlaw.com.

Mercer says the company culture promotes success at every level.

"When Leonard Wood, Jerry Durkin and Jim Simpson founded the company, their goal was to be the good guys of the multi-family business. As a company, we're always going to do the right thing. Our success is a by-product of how we do things. We got to where we are today by trying to do things as right as we know how," says Mercer.

The company explains its philosophy: "Each member of our team is a valuable resource and adds to the success of our company. By

combining great locations, distinct architecture and responsible planning, we create world-class environments. We approach each project as a unique opportunity to develop a community that enhances its surroundings and the day-to-day life of its residents for years to come."

Mercer says the company is now in the second year of an internal "Good To Great Group" program, designed to focus on ways to improve. The first year was spent on identifying company core values – remaining entrepreneurial, ethics, family environment, and job execu-





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tion. "We nailed them. If you really believe in them, when we put our hands around those and encapsulated them, it wasn't sloganeering," he says.

"A lot of companies say 'our people are our greatest asset' but maybe they aren't going to put down 'family environment' as one of their core values. We're not so much into how you get something done, as

long as you get it done. We have a great environment for people who like to make stuff happen. Policies and procedures do not get in the way; our people are measured on results, not politics," says Mercer.

Employee training regimens are determined regionally and a national training meeting is held each year. The company added Wood University this year, ena-

VALUE LIGHTING

With over 50 years of experience in the lighting industry, the owners of Value Lighting started the company with the following goal: "Be the nation's best possible light fixture supplier to the multi-family housing market." We aim to do this in the following ways: 1.) Provide accurate & cost effective quotations incorporating quality light fixtures from reputable sources. 2.) Ship all light fixtures accurately and in a timely manner. 3.) Provide accurate billing in compliance with all draw dates. Value Lighting is committed to staying at the forefront of the ever-changing style of decorative lighting. We work closely with our suppliers and our customer's design staff to ensure we can recommend and supply the latest fashions. Value Lighting has extensive purchasing power with hundreds of vendors worldwide. Our corporate headquarters in Marietta, GA contains 50,000 square feet of warehouse space that enables us to have your orders ready to ship nationwide, complete and just in time. Value Lighting Inc looks forward to continued success with Wood Partners.





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bling employees to take electives conducted by industry leaders. Another new initiative is leadership training conducted at five national offices based on the Bell Leadership Institute. "We thought we might get 60 people total, but so far we've had 53 in the first two seminars. It's clear that people want training," Mercer says.

Beyond its own high internal standards, the company's consistently superior work has garnered industry-wide recognition.

The company earned The Greater Fort Worth Real Estate Council's Recognition of Excellence Award in October 2006 for its Texas and Pacific Lofts Project. Earlier that year, the Urban Land Institute awarded Wood Partners the 2006 ULI Atlanta Project of Excellence for its TWELVE Atlanta Station Project.

In June 2007, the national real estate publication *Builder Magazine* recognized Wood Partners as the fastest growing private builder in America. Wood Partners is now

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working with Donald Trump and New York-based Dezer Properties on the development plan for Trump Towers Atlanta.

OPERATIONS

Wood Partners began with three locations in Atlanta, Charlotte and Raleigh. The company now has three distinct geographic divisions – east, south and west – and 13 offices across the country that service properties ranging from Washington, DC to Florida, Texas, the southwest and Southern California. Mercer says plans are afoot to make inroads into the northeast market as well.

Wood Partners has an in-house general contractor, enabling the company to oversee development

DESIGN ENVIRONMENTS INC

Founded in 1991, Design Environments Inc is an Atlanta-based nationally recognized interior design and merchandising firm. The award-winning DEI works with builders and developers, bringing a comprehensive knowledge of interior design trends to support its clients' marketing and sales efforts. Its turn-key services include design and CAD professionals working with its experienced warehouse and master technician personnel. Innovative design and impeccable service are the trademarks behind DEI's reputation as the premier interior design firm within the building industry

PACIFIC WALLBOARD COMPANY

Since 1974, Pacific Wallboard Company has built its business on quality and dedication to clients. In that time, PacWall has become the premier multi-family drywall contractor in the western United States. Working with the largest developers and general contractors in the construction industry, the company has completed over 70,000 individual units in California, Oregon, Washington, Arizona, Nevada, Utah, New Mexico and Colorado. Pacific Wallboard's experienced management team, its attention to detail and high quality standards show in every job, and are a testament to the their reputation as THE leader in the multi-family drywall industry.



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projects that range in scope from affordable housing to high-end high rises. The company works with the three major construction partners in its three regions and relies on a product pipeline that allows great diversification.

The company's expansive portfolio includes high rises, garden style apartments, mid-rise/urbanism, adaptive reuse/historical adaptation, high density apartments, workforce housing, student housing and age












restrictive housing. Wood Partners' core team of experts, its strategic national alliances and its use of local contractors all play a role in producing developments that exceed expectations.

"We provide the expertise to get the pieces and parts. The local guys do the work and run down the permits," Mercer explains. Furthermore, the Wood Partners website states, "Our construction company enjoys a reputation for fair

MIDSOUTH STEEL INC


The success of Midsouth Steel Inc (MSI) can be attributed to relationships based on broad product and service offerings, communication and accountability. MSI's Clients consist of general contractors, developers, owners, architects, engineers, real estate investment trusts, and property management companies. MSI provides steel products and services to satisfy a wide variety of projects, including multi-family, retail, multi-use commercial, warehouse and distribution centers, as well as other industrial and commercial facilities. By offering integrated steel products and services from a single source, Midsouth responds more efficiently to the design and construction challenges associated with large, complex or "fast track" construction projects.



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dealing, high quality, and on-time and on-budget projects.”

In order to remain nimble and entrepreneurial and avoid becoming overly corporate as it continues to grow, the company re-evaluates how it is doing business on a monthly basis. “We have a culture of freedom, within limits. Still, if we add a process or form, we’ll take one away,” Mercer says.

Wood Partners has recently formed a partnership with CB Richard Ellis Investors, a company which had global real estate investments but lacked a multi-family presence.

“About a year and a half ago they began looking for suitable firms. After a period of due dili-



A MULTI-FAMILY DEVELOPMENT WITH A POOL AND GAZEBO

gence and meetings, they chose us. We met through interaction on a project we were both involved with," Mercer says.

"It's a wonderful thing to have happen. It's an addition of another new partner to our way of doing business. We're used to taking on people who are like-minded, so this is a very natural thing for us. Our interests and our cultures are completely aligned," he says.

Wood Partners promises distinctive developments: "A brand name developed to meet the special needs of each location ... Each location will be aimed at a specific target market with location, architecture, amenities and floor plans to meet our future residents' needs." The company allows its work to speak for itself and relies heavily on its reputation and the resulting business opportunities generated by word of mouth.

IRONHORSE CONTRACTING INC

Ironhorse Contracting Inc is a full service asphalt and earthwork company based in Mesa, Arizona. Ironhorse Contracting has been in business over 15 years and has completed hundreds of projects in the Metro-Phoenix area. With an emphasis on quality and dedication to good customer relations, Ironhorse Contracting is able to meet and exceed the demands of the dynamic Phoenix construction market.





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“Reputation is everything, and we have a reputation for great results and for being as sophisticated as the deal or partnership requires. That makes us very easy to work with,” Mercer explains.

BEST FOOT FORWARD

Wood Partners prides itself on being a best practice company. “Each region gets a lot of latitude. If someone has a success or a failure in another market, we put that out to everyone. We have a fairly robust intranet to help somebody see those best practices,” Mercer says.

The company has also taken a unique approach to addressing National Green Building Standards and LEED certification. A grassroots team, made up of what Mercer laughingly refers to as “cement heads and crunchies,” has been together for a year and meets every two weeks to discuss a myriad of approaches and options.

“Once they (the “crunchies”)



MILLER MECHANICAL CONTRACTORS & ENGINEERS LLC

Miller Mechanical Contractors & Engineers LLC specializes in providing water, waste and gas systems solutions for multifamily and mixed-use new construction projects, ranging from slab-on-grade and elevated structural concrete with wood framing, to multiple systems of high-rise concrete construction. We started in 1950 with single family homes but today the company spans a much broader area of expertise including student housing, apartment, condominium, high rise, parking decks, motels/hotels and mixed-use markets. We have expanded to a much broader area spanning from the Eastern Seaboard. The bottom line for Miller Mechanical’s customers is that projects are consistently completed on time and within budget.





WOOD PARTNERS IS A LEADER IN ITS FIELD

showed they were ready to work and not just throw around initiatives, the construction guys really bought into it. We're in the process of figuring out standards. We're not aware of anyone who is approaching wood building from a green point of view and I'm just so proud of these volunteers and what they're doing," Mercer says.

Mercer acknowledges the economic downturn has resulted in a slowdown in project starts. "We've always tried to stay lean and mean, so we hope that minimizes the impact. If a downturn lasted for years, then it would change the whole industry. Still, we feel like we're doing better

than our competitors," he says.

Ultimately, the company's success is clearly driven by its people and the relationships they have forged.

"We have great people doing great projects that deliver great results for our partners. At the end of the day, that's who we are and a lot of people want to work with us. We believe in repeat business with all of our teams; it's a significant piece to our growth. It's so much easier growing with people you know and doing business with people you know. We have hundreds of people who work outside the company who feel like they work for us," Mercer says. ■



COMPANY AT A GLANCE

Company Name: Wood Partners

Established: 1998

Facilities: 13 offices in three geographic regions across the country

Employees: 300

Annual Revenue: US\$900 million

Wood Partners was named the top multi-family developer in the United States in 2005

www.woodpartners.com



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