

INFORMATION FOR EMERGING COMPANIES

STRATEGIES

The thrill of creation

Custom homebuilder prepares to return to core business after rough ride through recession



Kurt D. Lompries, president and owner of Builders West Inc., works on a pool house extension project on Pinehill Lane.

CRAIG H. HARTLEY/HBJ

BY TANYA RUTLEDGE
SPECIAL TO HOUSTON BUSINESS JOURNAL

Kurt Lompries started his luxury homebuilding company, Builders West Inc., in 1982, just before the oil and gas bust caused the local real estate industry to crater.

When the national recession took hold of Houston again a couple years ago, Lompries was grateful for the lessons learned during his rocky start in the industry.

One of those lessons — to think twice before turning down small or compli-

cated jobs — has sustained Builders West through the recent economic downturn.

Although the company didn't build a single house from the ground up last year, Lompries was able to keep revenue in check and avoid laying off any of the company's full-time employees by taking on smaller renovation and home addition projects. He even kept his stable of subcontractors — many of whom have worked for the company since its inception — busy on a regular schedule.

That willingness to take on small jobs

other luxury homebuilders might have turned down was only one of the factors that played into Builders West's stability during the downturn.

Because of its wealthy client base, Builders West also happened into the home maintenance business.

Once the builder finishes a home, the homeowner is typically provided with a maintenance schedule or a reminder list for needed services. Many of Builders

BUILDERS WEST INC.

2010 REVENUE: \$4.3 million
2009 REVENUE: \$10.4 million
TOP EXEC: Kurt Lompries, president
EMPLOYEES: 11
FOUNDED: 1982
BUSINESS: Provides design-build services for custom homes, remodels and add-ons
WEBSITE: builderswest.com

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STRATEGIES

CREATION: Maintenance contracts kept builder staffed-up, profitable through recession

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West's clients hire the company to perform this work for them, whether it is servicing an air-conditioning system, cleaning out gutters or drains, or even changing light bulbs.

This ongoing facet of the business turned out to be an important service for the company last year, representing about 5 percent of total revenue.

The company has keys to the homes of about 100 clients who purchase some form of this maintenance service, Lobpries said.

"Our clients are very busy people, and they like the idea of just calling one person

whenever they need something done in their homes," he said. "This is an unusual service for a homebuilder to offer, but it has really offset the slowdown in the new-construction side of the business for us."

Although Builders West did not start any new-home projects last year — the company typically builds two to three homes per year since its home prices can go as high as \$5 million, not including the lot price, and can take as long as two years to build — Lobpries said the maintenance work and smaller renovation and home add-on projects went "through the roof."

This year, things are turning around as Builders West prepares to begin work on

four new homes that will be constructed from the ground up, representing an increase over the company's prerecession business levels.

The custom homebuilder specializes in tony areas, such as River Oaks, West University, Tanglewood, the Museum District and close-in Memorial, doing design-build projects on lots that are already owned by its clients.

Lobpries expects this surge in new-home construction to bring 2011 revenue up to \$8 million.

He believes that much of this new activity is a result of pent-up demand for new construction.

“

I think we are about to see a 180-degree turnaround in the market.”

KURT LOBPRIES | BUILDERS WEST INC.

“People who have been on the sidelines are seeing that home prices are going back up while interest rates are still low, and they are not wanting to wait any longer,” Lobpries said. “I think we are about to see a 180-degree turnaround in the market.”

And because of Lobpries' strategy to hire strong job candidates when he finds them, Builders West is in a position to quickly ramp back up into new-home construction.

Over the last year and a half, the company added a project manager and an in-house designer, not because of a boom in business but because Lobpries realized he should bring these qualified employees on board while he had the chance.

“We weren't overwhelmed with work by any means, but I believe that when high-quality individuals are available, you better grab them,” he said.

The in-house designer joined the company about a year ago to take Builders West into yet another complementary line of business to homebuilding. In the past, the company outsourced design work to other architects and designers. But when it started taking on smaller remodeling and add-on jobs, Lobpries found it difficult to find architects who were willing to accept smaller tasks. Bringing a full-time person on board to do the work has resulted in yet another source of revenue for the company.

While most custom builders prefer to work on homes from the ground up, Lobpries said even the smaller remodeling jobs that have sustained the company in recent months are relatively large in terms of size. For example, two of the renovation projects the company completed last year came in at more than \$1 million each.

Still, Lobpries said he is looking forward to getting back into the traditional custom homebuilding business this year. After all, the thrill of creating a home from scratch is what drew him into the business in the first place.

Indeed, he knew from a young age that high-end custom homebuilding was his calling, having worked on construction sites since he was in high school.

After graduating from Texas A&M University, Lobpries stayed in the construction business and later moved into the homebuilding and commercial interior construction business before branching out on his own in the design-build industry with Builders West.

Those tough first few years helped form the company's business practices today, he said.

“If there is a particularly bad time to start a business, I probably hit it at the worst possible moment,” Lobpries said. “But it taught me to be wary of what jobs you turn down and to not thumb your nose at any small job. That has been the key to our survival and our success.”

TANYA RUTLEDGE is a Houston-based freelance writer.



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RESIDENTIAL REAL ESTATE

LARGEST HOUSTON-AREA REMODELING COMPANIES

(Ranked by 2009 Revenue from Remodeling)

Rank	Name of Company Address Telephone Web Site	2009 Revenue from Remodeling/ 2009 Total Revenue	Percentage of Business Residential Commercial	Number of Projects Completed in 2009	Price Range of Projects	Remodeling Services Offered	Company Specialties	Year Founded Headquarters	Top Local Executive
1	Builders West Inc. 8905 Friendship, Houston 77080 713-465-2233 www.builderswest.com	\$8,821,611 \$10,309,438	100% 0%	10	\$34,000 - \$3,500,000	renovations, add-ons, whole home remodels for single family residential, high-rise remodels	all types of high quality custom resi- dential construction, new and reno- vations	1982 Houston	Kurt Lobpries president and owner
2	Lone Star Building & Construction Services 2410 Quenby, Suite 200, Houston 77005 713-522-7111 www.lonestarbuilding.com	\$2,500,000 \$2,500,000	90% 10%	28	\$100,000	full-service, design/build	general contractor specializing in design/build remodeling	1978 Houston	Louis Ball
3	Greymark Construction Co. 2211 Norfolk, Suite 626, Houston 77098 713-722-7226 www.greymarkconstruction.com	\$2,147,376 \$2,147,376	100% 0%	47	\$2,000 - \$800,000	design/build, additions, kitchens, bathrooms, whole house remodel	design/build	1995 Houston	Leslie S. King, president
4	LBJ Construction LP	\$2,000,000	60%						
5									
6									
7	Hann Builders 13003 Southwest Freeway, Suite 120, Stafford 77477 281-980-0800 www.hannbuilt.com	\$1,750,000 DND	40% DND	6	\$25,000 - \$1,000,000	full remodeling and renovation, design/build firm including kitchens and master baths, summer kitchens, outdoor living and additions	renovating and building custom homes	1993 Houston	Stephen K. Hann, president
8	ARI Construction 402 E. Commerce Ave., Webster 77598 281-557-7848 www.ariconstruction.com	\$1,300,000 \$6,000,000	60% 40%	60	\$5,000 - \$750,000	whole house renovations, room ad- ditions, kitchen and bath remodels, commercial build-outs, new con- struction	custom cabinet and millwork special- ist, architectural and interior design, showroom, design center, insurance restoration	1996 Webster	Michael Muller president and owner
9	Artisan Brothers LLP 104 Industrial Blvd., Suite 204, Sugar Land 77478 281-313-7283 www.artisanbrothers.com	\$1,200,000 \$1,200,000	100% 0%	4	\$200,000	whole house remodel, kitchen remodel, bathroom remodel	design/build	2003 Sugar Land	Paul H. Newell III
10	Journey Construction 9230 Keough, Suite 600, Houston 77040 713-466-1780 www.txjourney.com	\$960,000 \$950,000	80% 20%	22	\$25,000	full service, all phases	custom homes and remodeling	1997 Houston	Bill Neighbors owner
11	Gryphon Builders 4125 Hollister, Suite B, Houston 77080 713-939-8005 www.gryphonbuilder.com	\$800,000 \$1,700,000	80% 20%	8	DND	design/build, remodel	full-service design, consulting and remodeling	1999 Houston	Allen W. Griffin president
12	Advanced Construction Inc. 16217 Lewis St., Houston 77040 713-466-3662 www.houstonbuildershub.com	\$797,000 \$797,000	100% 0%	7	\$100,000	major remodeling projects, whole house renovations, living and family room additions, garage apartments, master bedroom and bath additions, attic conversions, kitchens, fire recon- struction	custom homes, major remodeling, design/build services and fire recon- struction	1986 Houston	Clint Childress, president
13	Sage Built Homes LLC 2855 Mangum, Suite 412, Houston 77092 713-493-0110 www.sagebuilt.com	\$700,000 DND	100% 0%	12	\$300,000	additions, kitchen, bathroom, outdoor living spaces, energy efficiency upgrade	custom work	2005 Houston	Scott Sage, president
14	LandRich Construction 1110 N. Post Oak Road, Suite 170, Houston 77057 713-682-5707 www.therichlandcompanies.com	\$600,000 \$750,000	0% 100%	18	\$20,000 - \$70,000	responsible for upkeep and main- tenance of a 30-property portfolio; complete redevelopment, remodeling, build out and enhancements, struc- tural improvements, roof and interior/ exterior electrical and lighting	tenant improvements on commercial real estate properties	2008 Houston	Jason Tidwell, president
15	Sandcastle Homes Inc. 1405 Durham, Houston 77007 713-864-9190 www.sandcastlehouston.com	\$209,589 \$12,000,000	100% 0%	6	\$5,000 - \$70,000	complete remodels, including kitch- ens, bathrooms, room additions, structural, mechanical, electrical and plumbing	new homes inside or near Loop 610	1995 Houston	Mike Salomon president
16	Three W Services 6713 Barney Road, Houston 77092 713-460-0072 www.3wpaint.com	\$200,000 \$200,000	40% 60%	45	\$500 - \$30,000	interior painting, exterior painting, wall covering, specialty coatings, pres- sure washing, parking lot stripping, carpentry	residential, restaurant, retail, indus- trial, commercial, apartments, condos and hotels, maintenance, painting services	2005 Houston	William W. Woods Jr.

DND=Did not disclose this information.

N/A=Not available or not applicable.

When firms are tied by revenue from remodeling, the secondary criteria total revenue.

Source: Questionnaires.
Senior Researcher: Nicole Ferweda.
List Researcher: Diana McKinney.