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Building a Future in Tenant Improvements

by Katy Benson

One of the delights of free enterprise is looking from the vantage point of success back to inauspicious beginnings and tracing the path of surprise turning points. What seems like a main highway to renown might end mid-pass, while the overgrown trails suddenly break into sunny clearings.

Take EWP Construction Inc., a Del Mar-based tenant improvement company. President and founder Marshall Haraden, 30, started out at Arizona State University as a radiology major. When the program lost accreditation in his junior year, he joined his friends in the construction engineering program. They had been commanding job offers and good salaries, but by the time Haraden earned his degree three years later, the country was in a recession. He couldn't get even an interview.

So the young Haraden applied to be a fighter pilot in the Marine Corp, like his father before him. At the last minute the questionable dealings of a former employer prevented his getting a security clearance.

Haraden then landed a job with Frost Construction in Phoenix, where he built 1,000 units in one year. In a 10-month stint in Colorado Springs, he constructed

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another 1,000 units. Back in his native San Diego, he was able to get work with

a contractor in tenant improvement, but after just four months he decided he knew more about the business than his employer did.

With \$90 and a partner who had a contractor's license, he began EWP Construction in 1985. When the partnership hit rocky roads, Haraden got his own license and took over the entire operation—answering phones, bookkeeping, running errands, pitching sales and, of course, building all the store and office interiors.

Did the series of setbacks discourage Haraden? He chooses to see the incidents as part of the process. "You keep thinking, if I can just get to this point—first it's walking, then using the phone to call girls, high school graduation, college graduation, a good job, a house and on up to retirement—I'll have it made. But you never have all the answers."

If he had seen only the clouds, the first year of business would have dispelled them. Imagine his surprise when, anticipating \$250,000 to \$300,000 in volume, he did \$1.2 million.

Now Haraden has a project manager, as well as two superintendents and two office workers. This year, EWP Construction has completed 30 projects. The seven currently in progress keep crews busy in Chula Vista, Mission Valley, Escondido, Santa Ana, Bakersfield and Fresno. In a year, his truck racks up an average of 200 miles per day.

Clients include Waterford/Wedgewood in La Jolla; Esprit, Benetton and Au Coton stores; La Salsa restaurants and Highlander men's clothing stores. According to Haraden, EWP has built more stores in North County Fair, Horton Plaza and Santa Ana Main Place than any other contractor.

"We go anywhere anyone asks us to go where we can make money," he says. "And sometimes we go where we can't make money because the guys want to go

there." Hawaii, or Palm Desert during spring break.

On the other hand, they won't build anything they don't have faith in. Although they generally avoid restaurant interiors because of health code complications, they have worked with La Salsa because "it's the only fast food restaurant I believe in," Haraden says.

Tenant improvement is a specialty area of construction essential to the image of the store. Although Haraden has little to say in the design, he is ultimately responsible for its final form. Everything visible in the store is his concern—flooring, air conditioning, electrical, cabinetry, wall covering, lighting. His work can disguise shoddy construction or design, but must itself be perfect in detail.

Interior styles range from the dark-paneled elegance of Highlander to the pastel luxuriousness of Waterford/Wedgewood to the "mecho-deco" sparseness of Esprit.

Haraden usually finds himself juggling the demands of several bosses: The architect wants to portray certain qualities, the owner wants it done immediately, the mall landlord requires that design criteria be met and the city enforces building codes.

But the breakneck pace of store construction, as opposed to residential remodeling, sometimes works in the contractor's favor. "We can build just about any store in 30 days," says Haraden, but with that amount of time, he can't afford to indulge indecision or mind-changing on the owner's part. "In residential there is much more hand-holding."

Haraden does as much hand-holding as time allows, however.

"PR and service are all you've got in this business," he says. If a potential client is talking to more than one contractor, it pays to make the extra effort to bring samples of laminate and carpeting,

discuss prices and lead the client through the decisions. "You don't treat them like an adopted child, but like one of your own."

At times, such care can backfire. A client may have given the go-ahead for work to start the next day, but when Haraden arrives on site with specially ordered materials ready to go, he discovers the client has hired someone else.

Despite its inherent difficulties, tenant improvement offers an oasis of security in the construction field, Haraden believes.

"Even if building is slow, even if there's a moratorium on building, you still have existing office and retail space," he explains. Nevertheless, construction is rarely considered a cushy setup, with stiff competition, and getting stiffed on payments, two haunting problems. Long hours are a given.

"It's called being scared to death," says Haraden. "I worked 365 days the first year and 360 days the second." He has paid himself just once a year, after all the subcontractors and employees.

"It never gets boring. It just gets too exciting sometimes. It's a stressful business even if you enjoy it," he says.

Haraden has never advertised. Instead, word of mouth within the close-knit retail industry has always brought him the next client. In December, in what is traditionally a slow season, he already had enough work to carry EWP through 1989.

Perhaps one of the lessons along Haraden's long and winding road has been not to take success for granted. His view is that of a wise traveler: "You are constantly, constantly, constantly on the backside of the learning curve," he says. "If you ever think you've got it whipped, you'd better put on your hard hat. You have to use the knowledge you have but realize what you *don't* know would fill volumes."