

SMALL BUSINESS

When the **Schwieters brothers** started in the **home=construction business** about 20 years ago, John's company did the framing and sheathing and Joel's company installed the cabinets, doors and other interior woodwork. **Their related businesses are expected to generate more than \$50 million in revenues this year.**

Brothers build big business from a strong foundation



Dick Youngblood

In 1980 John Schwieters borrowed a couple of circular saws from his parents' farm near Melrose, Minn., and started JL Schwieters Construction to do exterior framing and sheathing for Twin Cities-area home builders.

Schwieters, then 20, employed a rather unusual strategy to drum up business for his little Brooklyn Park company: "I'd drive around looking for foundations with a pile of lumber stacked alongside and stop to ask if they needed someone to do the framing."

It seemed to work. By 1984 his reputation was solid enough to win him a contract to build 40 townhomes in Woodbury for New Horizon Homes, then a big housing developer.

The name of the subcontractor chosen to install the cabinets, doors, stairways and other interior woodwork on the Woodbury project had a familiar ring to it: John's older brother, Joel, then 26, had started Schwieters Finish Carpentry two years earlier and had quickly established a reputation for high-quality work. (A third brother, Leo, helped start the framing business before moving over to work for Joel.)

It was the beginning of a beautiful relationship — not to mention a lucrative one. And the result is a collection of related businesses, owned jointly or individually by John and Joel, that generated \$41.5 million in 1999 revenues and is headed for an estimated \$52 million in 2000.

The foundation of their enterprises, now based in Hugo, Minn., was the home construction business. During the 1980's the Schwieters framed and finished

upwards of 2,400 units for New HOrizon, in addition to thousands more for other developers. By 1990 JL Schwieters had grown to about \$3 million in annual revenues and Schwieters Finish Carpentry was generating another \$1 million.

Whereupon the pace quickened — despite the fact that New Horizon was winding down its construction business.

National firms the key

"That's when the national home developers began moving into the Twin Cities area to take up the slack," Joel said. During the 1990's the Schwieters built more than 13,500 single- and multiple-family units for such national developers as Pulte Corp., D.R. Horton Inc. and Centex Corp., all New York Stock Exchange companies.

The upshot: By the end of 1999, revenues had reached \$10.2 million for John's framing company and \$3.5 million for Joel's finishing business. And with contracts in hand to build 3,000 more homes this year, the Schwieters expect their combined framing and finishing revenues to total \$16.5 million in 2000.

What's the secret? "Continuity," John Schwieters said. "We keep our good people" with a combination of top wages, profit-sharing bonuses and close atten-



Star Tribune photo by Dick Youngblood

Joel, left, and John Schwieters quickly established reputations for high-quality work in the home-construction business.

tion to employee-satisfaction surveys. Between them, the brothers employ more than 180 carpenters, arguably the largest captive carpentry work force in the state.

All this gets translated into "a very professional" organization, said Del Block, a vice president in D.R. Horton's Minnesota division. "We've been working with them for 10 years and we've come to rely heavily on them. They approach their business as a business, not just a job."

Agreed Gary Grant, vice presi-

dent in Pulte's Minnesota operation: "In our group they're recognized as among the very best."

Construction skills aren't the only contributions, said Jeff Juggett, project partner with Dominion Development, a national multi-housing developer. "Their down-home approach to relations with job-site neighbors is another plus," Juggett said. "I've actually seen their field workers go door to door to advise neighbors of any impending noise or other inconvenience. We've avoided grief from neighbors and city officials because of their sensitive approach."

Aggressive diversification

Framing and finishing now account for but on-third of the Schwieters' revenues, although it was their only business until 1995. That's when the brothers embarked on an aggressive diversification, including:

John's 1995 acquisition of Builders Equipment Co., a New Brighton dealer for the Pettibone line of heavy-duty fork-lifts with their telescoping booms. He figured he might as well buy it, seeing as how he was the firm's largest customer for the machines, which can cost between \$65,000 and \$100,000 (he has 30 of them). He's built sales from \$1 million in

1994 to \$4 million in '99 to a projected \$5 million this year.

John and Joel's 1996 formation of SB Commercial to act as general contractor in development of commercial buildings and rental properties. The business grew in three years to 1999 revenues of \$7 million — with \$8.5 million projected for 2000.

John and Joel's decision in 1998 to join another brother, Bob, 48, in buying a Glenwood, Minn., Chevrolet / Oldsmobile dealership. The business produced \$17 million in 1999 sales and appears headed for about \$22 million this year, including the more than 100 vans and pickups supplied to the Schwieters' construction companies.

John's founding early this year of JL Schwieters Manufacturing, a 12,000-square-foot plant in Hugo to produce stairs, headers and window and door framing for the construction business. The inspiration was the shortage of top-flight carpenters in today's tight labor market.

"With computer-controlled equipment, we can increase production of these components and allow expansion of the [framing] business without a significant increase in the number of carpenters," he said. Schwieters expects the newest business to produce about \$500,000 worth of materials this year.

Despite the growth, the brothers have no long-term debt beyond the mortgage on the 30,000-square-foot headquarters recently opened in Jugo. "We've always been profitable," Joel said.

What of the future? John sees a "huge potential" for the manufacturing plant. And both brothers are looking to acquisitions of Twin Cities competitors to provide additional growth. Nevertheless, they have no plans to expand beyond the Twin Cities any time soon.

The reason: Out-of-town business means more travel, and both men have young children. "Our goal is to be home every day by 5 p.m.," John said.

Between them, brothers John and Joel Schwieters control a half-dozen companies, most related to the home construction field. Included on the list:

JL Schwieters Construction, a framing business that John started in 1980 and built to 1999 revenues of \$10.2 million. It subcontracts with some of the major homebuilders in the Twin Cities area.

Schwieters Finish Carpentry, which Joel started in 1982 and grew to 1999 revenues of \$3.5 million. It installs cabinets, doors, stairways and other interior woodwork for area homebuilders.

Builders Equipment Co., a New Brighton heavy-equipment dealer, which John acquired in 1995. The company generated 1999 sales of \$4 million.

SB Commercial, a general

contractor that John and Joel formed in 1996 for developing commercial buildings and rental properties. The firm had 1999 revenues of \$7 million.

Schwieters Chevrolet, a Glenwood, Minn., auto dealership that John and Joel acquired in 1998 with another brother, Bob. The firm had 1999 sales of \$17 million.

JL Schwieters Manufacturing, which John started early in 2000 to produce stairs, headers and window and door framing for the construction business. He expects the business to manufacture about \$500,000 worth of materials this year.