



Deklewa Home

TREATING PEOPLE RIGHT.



John R. Deklewa at Newbury in South Fayette Township.

It's often said of life that what is old is new again. The adage is certainly true in design and construction, and one local builder is making it true of his family business.

John R. Deklewa, founder of Deklewa Home, is the fourth generation involved in running one of Pittsburgh's most respected commercial general contracting businesses. The company, started by his great-grandfather is John Deklewa & Sons. John R. Deklewa moved back to Pittsburgh in 1999 to join the family business after starting his career in Chicago with construction manager McClier Corp. Charged with managing the business development at John Deklewa & Sons, John R. was responsible for seeing the big picture of the market in Western PA and saw opportunities in a different niche than his family's company was pursuing. It was an opportunity that was at the root of the business, however.

One of Deklewa's executives had spent time with another company that had built multi-family complexes with success. After hearing about the market segment, John R. Deklewa began to get more interested and started researching the residential market more closely.

"The market was intriguing and I started making calls on developers who were planning multi-family projects," Deklewa explains. "Pretty soon we were developing opportunities and the opportunities were turning into contracts and customers, and I realized that we had to formulate a whole new business plan to profitably serve the residential market."

John Deklewa & Sons was a union general contractor with a rich resume of work at the universities, hospitals, industrial and waste/water plants. Commercial construction is focused on building a project based upon a set of plans and specifications developed by an architect or engineer. The builder refers to the specs to put the project together. John R. found that the residential market required a very different approach to be successful, one that is built upon the specific needs of the homeowner.

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Rather than trying to adapt the non-residential contracting approach to the residential market, John R. began a new company, Residential Development & Construction (RDC) that would be organized in a way that met the demands of the residential market, with new staff and very different field personnel and subcontractors. Very early in the process, RDC was successful in landing an apartment project in Slippery Rock called The Heights of Slippery Rock.

The project was an \$11.5 million, 100-unit complex aimed at attracting students from the university. While the type of construction was residential in nature, the project developed like a fast-track commercial project.

"[The Heights] was a very good project for us but it was a little like a NASCAR race," laughs John R. "It may have seemed like we were repeating the same thing over and over but if we got a little out of line we could have crashed into the wall."



RDC began to look for opportunities that were similar in scope to a large multi-family project but had more of a single-family approach. It was their good fortune that one of the growth sectors of the residential market in Western PA was the “no-maintenance” community. These projects are composed of attached units of townhomes or clustered homes, which are sold individually and allow for a degree of customization for the owner. Working on these kinds of communities turned out to be the perfect fit.

“I found myself becoming personally very drawn to the way the residential market worked,” remembers John R. “It fits the way I think. I’m a process improvement guy and I love to see a home come together in 90 days. But that requires that we take a Henry Ford approach to a custom home. We have to be prepared to put a home together like it’s an assembly line but at the same time we have to make sure that we take the time to quickly and correctly translate the homeowner’s specific needs into that assembly line process.”

“I am enamored with the concept of sitting down with customers and designing a custom home to their exact demands, and then 120 days later flipping them the keys.”

Deklewa’s explanation oversimplifies his approach to the market. Working out the critical path of a construction project’s progress so that it comes together in an assembly line fashion is difficult to do, especially when the schedule can be easily derailed by a slow response to a customer’s need by a third party involved in the project, like an architect, designer or supplier. John R. realized that being able to be a productive company that responded to customers would mean investing in talent for the critical elements of a new home.

RDC built its own crews of carpenters and established captive subcontractor relationships with important trades like masonry or the concrete foundations. To avoid being left holding the bag, Deklewa brought his electrical subcontractor in house and used the business, known as Alpine Electric, to establish dis-



tributor relationships with lighting manufacturers so that he could respond to the customer. The firm also purchased the distributorship from Excel Kitchen and Bath and opened a new showroom as Premier Home Design Center in Collier Township. In 2008, John R. formed a partnership with architect Jim McMullan to join the family of companies and launch Premier Architecture.

By pulling together teammates whose skills were critical to translating homeowners' requirements quickly into reality, RDC gained control of the process John R. Deklewa felt would make them successful.

"Nothing we're doing is new to the industry. We have tried to borrow from the best of breed nationally – Toll Bros., Pulte or NVR – and cherry pick the things that have worked well for them," John R. explains. "By bringing an architect, a kitchen and bath shop or lighting designer in house we can make changes on the fly and the customer gets what he or she wants without altering the schedule."

Deklewa points to a recent sale in one of the newest communities, Newbury in South Fayette Township. "We had a prospective buyer who was very interested in Newbury but was looking for a couple of minor changes to the plans," he says. "Newbury is a very well thought out, highly designed community that has a number of elevations and floor plans designed by Shapiro & Co. out of Memphis. But this couple wanted a couple of minor changes to a floor plan and a bump out in a couple of places. We were able to make those changes easily and present to the homeowner a truly custom home in a master planned community."

As RDC's business grew they began to land more projects that were hybrids of the multi-family and single-family attached product mix. They built the 35 single-family units at the massive Providence Point community in Scott Township, as well as a similar component of a major expansion of the Sherwood Oaks community in Cranberry Township. As the housing market cooled off in the later part of the last decade, RDC began to explore opportunities in communities that had experienced hiccups with their original developers.

During the past two years, the company has committed to taking over the later phases of two upscale communities in southern Butler County. In Cranberry Township, the Foxmoor neighborhood has been experiencing rejuvenation in the duplex and townhome sections that RDC is building and in Adams Township, the company is building the duplexes in the last phase of Adams Crossing.



These projects were a further step away from the original multi-family concept that John R. Deklewa intended to pursue. His experiences and his natural inclinations made for a smooth transition into the single-family detached home segment of new construction. And it created the impetus behind creating a new brand for their business, one which reflects the company’s growing reputation as a custom home builder: Deklewa Home.

Deklewa Home is meant to evoke the qualities that the company holds dear and the qualities that buyers of upscale homes are now expecting. John R. explains that the Deklewa Home brand also reflects an evolution in their processes and their expectations about who is buying their homes.

“There are definitely builders out there that we didn’t want to emulate,” he says. “Rather than focus on the most square footage for the dollar, we chose to focus on adding value to the home through design that was high quality and highly energy effi-

cient. We learned to focus on elements of the design that were especially important to the head of the household – the woman.”

As they have moved into the single family home segment, Deklewa Home has gravitated towards developments that share its values. Pittsburgh has come to the party a bit late as far as traditional neighborhood development is concerned but several significant projects have gotten underway in the past year or so, and Deklewa Home has been part of two of the most groundbreaking. Since early 2009 Deklewa has been building homes in Park Place in Cranberry Township and has just started work on the first home in Newbury in South Fayette Township.

“Both those neighborhoods have been designed the way we like to build homes,” says John R. “The communities have been meticulously master planned and the neighborhoods are very family friendly. The houses are of traditional architecture and great space planning has gone into the design.”

Homes built in those neighborhoods, in particular in Newbury, are also being built with an eye towards exceptional energy efficiency and sustainability. Those keynotes of the development resonate with Deklewa Home, which has worked at being a step ahead of the market in energy performance. All Deklewa Homes are EnergyStar rated, but the design Deklewa uses goes beyond that standard. EnergyStar endeavors to raise the standards of construction by requiring that the rated home be 15% more efficient than code requires, which means its rating is 85. John R. Deklewa believes that the builder has to go beyond EnergyStar's standards.



"Our corporate mandate is a 70 rating, which is 15 points better than EnergyStar," he says. "Anymore you can reach EnergyStar by moving the ductwork to the interior walls and using a good HVAC system and windows." Deklewa Home reserves the building's exterior walls for insulation, windows and doors as well but then beefs up the insulation, using one inch sprayed-on foam insulation with batt insulation. "When the spray foam cures it's like concrete was poured on the whole exterior. We try to create a home that is so tight that warm air can't escape and cold air can't penetrate."

Deklewa also asks his managers and designers to approach problem solving with an eye towards cutting edge solutions and isn't afraid to invest in technology. "We're small enough and flexible enough that if one of my people reads about a tankless water heater that someone's using in Irvine, California we can research it, work directly with the manufacturer to get good pricing and offer it to buyers in the Pittsburgh market. A solution like that saves homeowners energy and gives them an extra closet to boot."

Getting home buyers into their new energy efficient home is also a high priority to Deklewa. All Deklewa Home superintendents have laptops and wireless cards at their job sites. The company has invested in a software tool called AppRight that allows for online scheduling and document control. The software is updated by Deklewa Home superintendents daily at 9:30 AM and when the site shuts down subcontractors and suppliers know in real time how their schedules are impacted. The program allows Deklewa to keep subs moving as the job proceeds and gets the buyer into the home on schedule.

In addition to the projects at Adams Crossing, Newbury, Foxmoor and Park Place, Deklewa Home is also building carriage

homes in Peters Township at the Brookview neighborhood off Valleybrook Road, and has begun its first urban housing project for East Liberty Development Inc. The company has averaged between 30 and 35 homes per year and is looking to remain at a size that doesn't compromise its ability to deliver.

The conservative approach is appreciated by the firm's financial partner, Northwest Savings Bank. "We enjoy dealing with RDC. They are a relationship driven company that focuses on their customers," notes Thomas R. Ziack, Senior Divisional Vice President for Commercial Lending for Northwest in Cranberry. "They build a high-quality product at a fair price and have a highly regarded reputation for treating people right. They are well positioned for the future."

"We're being very cautious when it comes to growth strategies," says John R. "I'm very happy in the communities we're in and the next few years will be spent filling those neighborhoods. Our only growth model is for expansion of our program for building on your own lot, but I see that as staying at around 12 custom homes on private lots in a year."

Bringing his part of the family business back to its custom-home roots in the midst of a housing bust has made for a stressful few years, but John R. likes where the process has taken him.

"I certainly would have preferred to have started down this path when the housing market was in a happier state than it has been," he laughs. "But I like how Deklewa Home is positioned right now. We're in some great communities and I like the prospects for the future." **NH**