

## Looking Under The Hood: Joel Shine, CEO, Woodside Homes

By Stephanie Pearson

This is the first in a series of articles "looking under the hood" of home building companies across the United States through the lens of human capital and leadership. Recently, **Stephanie Pearson, Partner with Terra Search Partners** and **Joel Shine, CEO of Woodside Homes**, had a discussion about Woodside Homes' strategies for success. A well-respected leader in the home building industry, Shine responded in his characteristic upbeat style!

By way of background, Shine was tapped by Woodside in 2009 to shepherd the builder through a complicated restructuring. Under Shine's guidance, Woodside has reemerged as one of the top performing private homebuilders - in fact, outperforming the market in many of its communities and operating profitably in all of its divisions. The company has built more than 40,000 new homes and currently operates in Arizona, California, Nevada, Texas, and Utah. Focusing on building innovative single-family and multi-family homes, the company specializes in the entry-level and move-up markets. Not only has Woodside closed thousands of homes, the company has garnered multiple accolades from the press and industry peers. In addition, Woodside was named as one of the top 10 most trusted home builders in the nation by leading research firm Lifestory Research.

**Pearson:** Joel, what brought you into this business? What do you consider the arc of your career that led you into leadership roles within the industry?

**Shine:** Since my dad was a home builder, I grew up in the business, and, like most kids, I did not want anything to do with it once I graduated high school. After college, a friend and I started an apartment company. We acquired enough apartment buildings to necessitate a management company. We couldn't find one that we liked so we even did that ourselves. My dad gave me an office in his headquarters, and started me off in homebuilding. American beauty was primarily a land developer and at that time also building about 400 to 500 homes per year. I started working for him and learned a lot by wearing many hats - I even developed office buildings. Over the years there, I went from very junior roles to president of the company. When I figured it was time for me to move on - and, by the way, I had no particular plan in mind, my brother took my spot.

I ended up at a small investment bank doing land banking deals with institutional money. Next, Henry Cisneros approached me about helping to start an investment fund called CityView. Our clients ranged from some of the top five homebuilders to small operators all across the country. This provided me with a great opportunity to get a good look inside many different companies.

When I left CityView, I was hired as a consultant for a short term assignment by the creditors committee of Woodside Homes. This turned into a full-time commitment as CEO.

**Pearson:** For some people, business is business. Yet, most successful individuals have some mission and passion about the business. Where is your key passion in this business?

**Shine:** So, I have been a land developer, a home builder, an investment banker, and a lender all in residential construction either for sale or apartments. The common thread here is about creating places for people to live. Even today, after 30 years today, I still get a thrill from actually watching new home buyers in our sales offices. They are buying a house because they have had their first child, or they're having mom move in with them, or the kids are grown and they can move to a smaller house, or they can now afford their dream home. It is a wonderful thing. I sometimes say that home building is a noble profession - it provides good things - homes for Americans to live in. After all, it's not producing cigarettes!

**Pearson:** How do you define your company culture?

**Shine:** Defining it is really hard; it's difficult to put that into words. There are many subtleties. Since the culture of a company emanates from its leadership, it is what we do, not what we say.

Basically, it is that we, everyone in the company, do the right things for the right reasons. We do what is right for the owners of the company, for the employees and for the home owners. My mantra is actually, "look public, act private, make money and have fun." Look public means have the governance and financial controls. "Act private" means go above and beyond; no short term, quarter-to-quarter thinking-it is thinking for the long-term. Make Money and Have fun are self-explanatory. Our private equity shareholders want results and the creation of value, ours is an ownership that is aligned with our goals in operations. We all benefit from building the companies value over both the short term and the longer term.

**Pearson:** Your successful implementation of a strategic growth plan for Woodside has had a remarkable impact on revenue, market share and profitability. The plan has included big changes on the product side as well as the capital side that has strengthened the balance sheet. On the human capital side, throughout the Woodside organization - how is the platform and structure different from 10 years ago?

**Shine:** We are decentralized with a centralized strategy. We have a corporate business plan and each division has its own plan. Divisional leadership is key. Things can change very quickly. At Woodside, we are nimble and adaptable. People who are hungry for knowledge can thrive here. There is no need to be a rocket scientist to be a great home builder. What is needed is to be very good at a lot of very different things. Our people in the divisions are the home builders, not me. They are the people who are good at product, construction, land acquisitions, merchandising, sales and more.

The corporate leadership, on the other hand, sets the big picture. It is important that they think differently, out of their comfort zone, and get people to do their best work. I would add that it is important not to have a bunch of fiefdoms - and divisions versus corporate. Nothing is worse than corporate outings to divisions feeling like a visit from the IRS.

**Pearson:** All leaders have a different style and essence. What is your role and how do you define the essence of your leadership?

**Shine:** As a member of YPO for 25 years, I learned a great many things from members who came from different industries. So my style, I suppose, is a result of learning from outside the real estate industry as much as it is the result of my being involved from an early age in the family development and home building business.

Before I accepted the offer to lead Woodside, I consulted a friend who is a turn-around expert. His advice was to figure out very early on who you wanted in the foxhole with you. I had the luxury of a year as the court's advisor to do this. We had the time to be methodical about creating a strategy for the company. Woodside had a lot of very talented people. By the end of the first year, I knew who I could rely on.

I also had to get my head around the corporate culture. It was a good family business but as the company grew, it lacked "big company" financial controls. When I arrived at Woodside, I made it clear that this was to be a "turn-around." and if we were very good we could avoid the company being liquidated, and we did.

I kept most of the people, and brought in some new people I knew very well or who knew the company well. For instance, I brought in Jay Moss, an old friend and former KB Regional President for 25 years, to run marketing and sales. Our CFO, Rick Robideau, had also been a Division President, so he knew operations in a way that many CFO's don't.

We also looked for talent outside home building. Our head of HR comes from Disney and Cessna. Jay and I brought in a sales coach from jewelry sales! I like them to give our business an unbiased, non-home building look - don't do something one way because we have always done it that way.

Today, my job is to make sure we have the right talent, that everyone is motivated and we are all moving in the right direction.

**Pearson:** How do you get everyone working together at Woodside?

**Shine:** All of our leadership works off the same annual business plan. And we talk about it a lot. For example, we have a two-day retreat for senior management, the purpose of which to make sure everyone really understands and has bought into the annual plan. We have brain storming sessions with small groups from different divisions and different practice areas to draw best practices and ideas from as wide an audience as we can. We also have a party at the end to celebrate the top sales people.

For the event, we promise and deliver challenge. We share our operating results with the entire senior management team so that everyone can understand their impact on the company. The accounting department makes a presentation on a key issue. For example, they show analysis of what a one week delay really means in terms of cost with a 2,000-home portfolio. Or, we look at how high customer service ratings translated into referral ratios. It is powerful stuff.

We try to mix and cross pollinate people in the various discussion groups. I want people to get exposed to areas outside their comfort zones. Division presidents will be in groups with administrators and corporate controllers; purchasing agents with sales and marketing. We explore business strategy and culture statements. We want to keep

people involved and for them to know that their opinions matter. I know that some of my team members have turned down offers from competitors. Part of what keeps them here is that they know they matter here.

**Pearson:** What do you aspire to accomplish?

**Shine:** Personally? To break 17 seconds down the Nastar Course at Deer Valley. Professionally? To have Woodside grow and secure an investment-grade rating. To be known for building the best home a person could own. To be a company that attracts smart, talented people at every level.