

all the right moves

ADOLFSON & PETERSON CELEBRATES
75 YEARS OF BUILDING IN THE NORTH-
LAND AND ACROSS THE COUNTRY

BY PATRICK LAPINSKI



PHOTOS PROVIDED BY ADOLFSON & PETERSON

for CEO Jeff Hansen of Adolfson & Peterson Construction, seeing the company's flag waving high above a construction site is a humbling reminder.

"When I walk on a jobsite, I see what these individuals are doing collectively as a team; not just our team, but also subcontractors. I'm humbled by the work that they do – how you go from literally nothing to a finished project," he said. "That humility stems from the fact that I know I probably couldn't do the job they're doing. To see these individuals, dedicated day in and day out, is pretty rewarding, and I'm proud of the work they do for our communities."



What Hansen also likes about going to jobsites and seeing the AP flag is knowing that what's being built on that site will be something permanent – "knowing that when these young superintendents and project managers on the jobsite have grandkids, they'll drive them past these buildings and be able to say, 'I built that,'" he said. "It's really cool to see the pride that our team members take in the jobs they do."



“The several hundred people that work for us and the thousands of subcontractors that work for us – they’re our frontline workers.”

– MIDWEST REGIONAL PRESIDENT BRAD HENDRICKSON

Since AP celebrated its 75th anniversary last year, these team members have a great deal to be proud of, because they’ve built a lot of buildings – here in the Northland and across the country. This company strongly believes in community service, so it’s no surprise that in concert with the anniversary celebration, employees received some paid time off to spend part of a workday contributing their time, talents and treasure to local organizations in their communities.

A HUMBLE FAMILY HISTORY

George Adolfson and Gordon Peterson launched their home construction business in 1946, working from Adolfson’s home in Richfield, Minnesota. Just a year later, they expanded into commercial construction and established a Richfield office. By 1950, commercial jobs were the mainstay of their work, leading

to the incorporation of Adolfson & Peterson Construction in 1953 as well as the election of company officers and a board of directors. In 1979, ownership was consolidated when Gordon Peterson retired and sold his interests in the company to George Adolfson.

Growth remained strong while expansion to new regions helped drive revenues in the decades to come. AP opened its first out-of-state location in 1980, when the Colorado office turned on its lights. Company ownership was passed on to the Adolfson family’s second and third generations in 1998. And within the first decade of the new century, revenue surpassed \$500 million.

By 2012, AP had exceeded the billion-dollar mark for contracts under management and has grown to nearly \$4 billion in 2022. Among many awards and accolades over the years, in 2015, the company was named Contractor of the Year by the Engineering News-Record (ENR), and just last fall, AP jumped up more than 10 spots to be ranked No. 26 on ENR’s “Top 100 Green Contractors” list.

Today, AP is a leading construction management firm and general contractor in the United States. It now has about 700 employees and locations in Arizona (Tempe), Colorado (Aurora, Edwards, Fort Collins), Minnesota (Duluth, Minneapolis), Texas (Austin, Midland, Richardson, San Antonio) and Wyoming (Cheyenne).

AP is clearly making all the right moves to grow business. How do they do it?

DOING ALL THE RIGHT THINGS

According to Hansen, who is based at the Minneapolis office, success and growth start with leadership.

“AP is a family-owned company that now has fifth generation ownership. Over the years, the success and growth of the company came from a very planful and deliberate governance structure. It is professionally managed by an executive team that is accountable to a fiduciary board of directors,” he explained. Hansen noted that the board of directors is made up of eight directors, including five independent, outside



Clyde Iron Works Restaurant - Duluth



Great Lakes Aquarium - Duluth

directors (who are not members of the Adolfsen family) and three family members. All directors can serve three three-year terms.

"In addition to various family members working within the business, family representation at the board level is very important to the culture of AP and the core values upon which the organization was established," said Hansen. "It's done that way intentionally to ensure family interaction and influence with the organization. This governance structure is why we're still in business after 75 years."

The executive team comprises representatives from all the parts of the business, including leadership from the regional offices in Arizona, Colorado, Minnesota and Texas. AP's corporate officers include Hansen, a chief financial officer, a chief human resource officer, legal counsel and chief information officer.



"You can't put a measure on an individual's safety – you just simply can't. So our safety culture is huge."

– DIRECTOR OF OPERATIONS PATRICK SIMS

CONSISTENCY ACROSS ALL MARKETS

The execution of AP's projects is designed to be consistent across all of its markets. The company's clientele includes a broad, diverse array of business, industrial, governmental and civil entities. AP's building portfolio is strong in its multifamily, education, light industrial manufacturing, health care, correctional,

recreation and senior living markets for good reason: being consistent means operating as one unit.

"We operate with the mentality of 'One AP,'" Hansen explained. "One AP means I can literally take an AP team member from any one region, put them in another region, and the only difference is going to be the person's accent."

He added that the other half of the equation is sharing clients across regions. "We work with national clients, and that's also fed into the growth of this organization over the last four to five years, in particular," he said, "because when you think as one, you work as one. You're meeting the client's expectations on a consistent basis."

Holistically, as One AP, each region is led by a regional president who is responsible for all aspects of business performance. Midwest Regional President Brad Hendrickson has more than 30 years of experience in the construction industry. "I can't believe that when I started, we didn't even have cell phones," he laughed. "Today, not having an iPad to take out into the field would be almost criminal – because we're now able to show people, through a model, what we want them to build in this physical space where they're actually building."

An upcoming project in Duluth for AP is the Essentia Health West Medical District parking ramp. Hendrickson says AP will save a lot of time on the

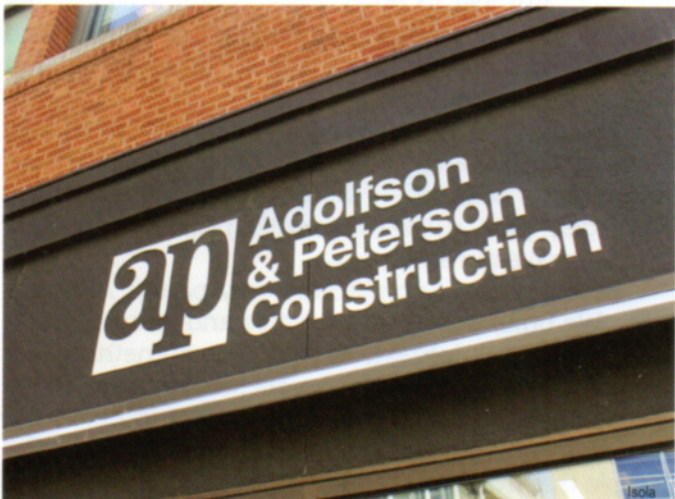


From left: Director of Business Development Katy Slater, Senior Project Manager Brandon Kellermann, Marketing Manager Allie Zeman, Director of Operations Patrick Sims and Senior Superintendent Mike Hartl.

front end by prefabricating forms and also during the actual work phase through the use the virtual modeling.

"People will be able to see the path for mechanical and electrical, the path underground that everything will take, and then we'll back it up with drone footage," Hendrickson explained. "We were able to fly over and get a physical scan of the work. Just think about it: in downtown, where we're building, we're surrounded by three streets and an alley. We've already mapped, in a model, all the utilities that are in those streets. Going into it 20 years ago, we'd have been out there with shovels trying to find the utilities."

Director of Operations Patrick Sims, who is based at the Duluth office, says AP has gained momentum in this area over the past two years. "We're coming up on our fourth year, officially, of the office being open, and we have developed long-term relationships with a couple of different organizations," he said. "They provided us the opportunity to build for them, and then obviously, we're continuing with those relationships."



"We have some significant projects coming up here in the next six to eight months, which is going to be pretty exciting to see – we're going to put some really nice work on the ground here," Sims added. "So we've really picked up the momentum that's given us the opportunity." In addition to the parking ramp at Essentia, AP has been selected to build the Carlton County Government Center and The Lakeview, the 15-story apartment building on the site of the former Voyageur Lakewalk Inn at 333 E. Superior St. in downtown Duluth. Sims is looking forward to the construction season getting into full swing in the coming months.



"With everything positive that's been going on in Duluth, it's been one of those targeted areas of focus for our organization."

– CEO JEFF HANSEN

IMPRESSIVE SAFETY RECORD

It goes without saying that everyone should be grateful for the nation's frontline workers who've kept the country moving ahead, despite the COVID-19 pandemic. And AP is grateful to the construction workers it has employed over the past two years, in particular.

"The several hundred employees and thousands of subcontractors that work for us – they're our front-line workers," Hendrickson emphasized. "We haven't had projects shut down because of the pandemic. But we've used the tools we have in our toolbox to keep people safe, keep them working. That's our commitment to them. I have 150 union, carpenters, laborers, cement finishers that work for me who get paid by the hour. If they physically cannot work, that's food off their table. We owe it to them."

However, AP built safety into its culture decades before the pandemic. The company's incident and injury-free culture encourages both collective and individual leadership to keep workplaces safe – to demonstrate a high level of concern and care for fellow workers. This approach has clearly been successful. As AP's website notes, "Low numbers are not the focus – but they are the result. By focusing on the why, rather than the analytics, AP continues to maintain an Experience Modification Rate (EMR) well below the industry standard." In fact, even during periods of strong growth, the company set milestones for safety.

"It's not a successful project, if not everyone on that jobsite goes home to their family every day," said Sims. "You can't put a measure on an individual's safety – you just simply can't. So our safety culture is huge. It's not an on-the-jobsite attitude. It's a life attitude."

WHY DULUTH?

Establishing an office in Duluth in 2018 was a well-thought move for AP, according to Director of Business Development Katy Slater.

"We really vetted out 'Why Duluth?' We looked at other metro areas, including – and not limited to – Rochester and Mankato. We knew we wanted a secondary office to supplement the Minneapolis office, and it was really with due diligence that we thought Duluth was the right fit," Slater explained. "It was a right fit for us project-wise. It was a right fit because we really liked their growth platform and the community. But we picked Duluth over all those



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– DIRECTOR OF BUSINESS DEVELOPMENT KATY SLATER



Grandma's Marathon Corporate Office - Duluth



The Farmstead Senior Living Community - Andover, Minnesota

other secondary metro areas because of the impact we thought we could make in that community."

"We're a national company that executes on a local basis," Hansen added. "We absolutely include Duluth as part of the regional footprint of the Midwest office. With everything positive that's been going on in Duluth, it's been one of those targeted areas of focus for our organization as we look to expand our footprint through satellite offices – and the attractiveness of the marketplace."

Hansen also noted that Duluth has great partners available from a subcontractor perspective. "That really enticed us to be a bigger part of the community," he said, "not just to build, but to plant a flag in the ground, to be an ongoing part of the community and employ team members that live in Duluth to support the business there."

The downtown office currently has about 10 staff members who range from the director of operations and director of business development to a marketing manager, plus superintendents, project managers and several estimators.

Building quality projects is only part of AP's values. "We build trust, communities and people," Slater said, "and that [phrase] is not just something we throw on a business card or a sticker. We believe that if we're going to do a project, we want to better the community – it's going to better our team and the people that live there in the community."

Marketing Manager Allie Zeman likes to think of her job as doing just that: building relationships in the community. "It's not just a one-and-done project, and we're on to the next one," said Zeman. "AP wants to establish those quality relationships, because that is what's made us successful for 75 years. Some of our best clients we've been working with for over 25 years. Over 80 percent of our current business is repeat clients. And we're trying to establish those strong relationships in Duluth, too."

This coming June, look to the finish line of Grandma's Marathon and you'll see the AP logo prominently displayed as a major sponsor. "We help build the community and we support the community," Sims said. "Construction is more than just sticks, bricks and mortar. It's about the clients, the people that build the projects, the relationships that are developed, and the partnerships with trade partners or subcontractors and design professionals. Developing those relationships will hopefully, in turn, give us additional repeat business and repeat clients."

Hansen says that AP will prove its value in Duluth. "You just don't go there and do some work, pack up and leave town. It becomes a real commitment to the community in which we participate," he noted. "That's part of our growth strategy."

Duluth-area projects have included interior renovation of the Grandma's Marathon Corporate Office. In 2020, AP began working on projects with the Wrenshall School District that are part of the district's long-term facilities maintenance plan. They include remodeling and upgrading the existing recreation building and repurposing the pool area to transform it into a gym. Indoor air quality and heating improvements, mechanical and electrical system work, safety/security improvements and deferred maintenance projects are also part of the project work. With



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– MARKETING MANAGER ALLIE ZEMAN

Phases 1 and 2 completed, Phase 3 will involve converting the old recreation building into a career and technical education space.

"It's a very good story of our dedication to relationships and partnerships with our clients – our contractors, architects and engineers," noted Sims, "because Phase 2 went right into Phase 3 with the same subcontractors and design professionals."

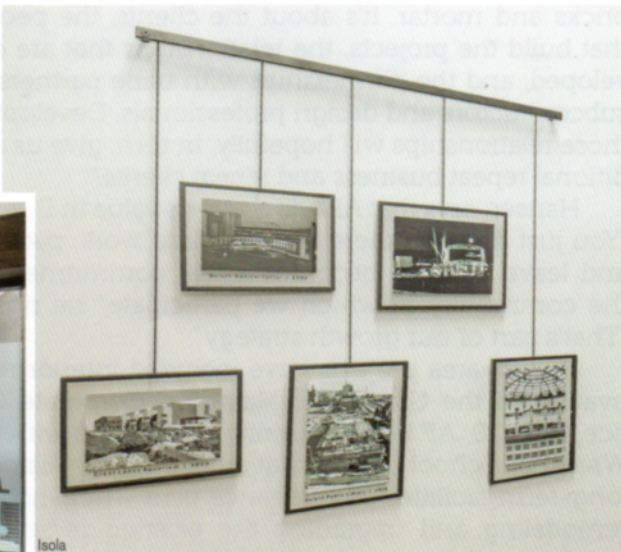
He said that AP has just wrapped up another project in Duluth at the Clyde Iron Works Restaurant. "We did one project for him [owner Alex Giuliani], and



Masonic Heritage Center - Bloomington, Minnesota



Senior Project Manager Brandon Kellermann and Marketing Manager Allie Zeman review a design layout.



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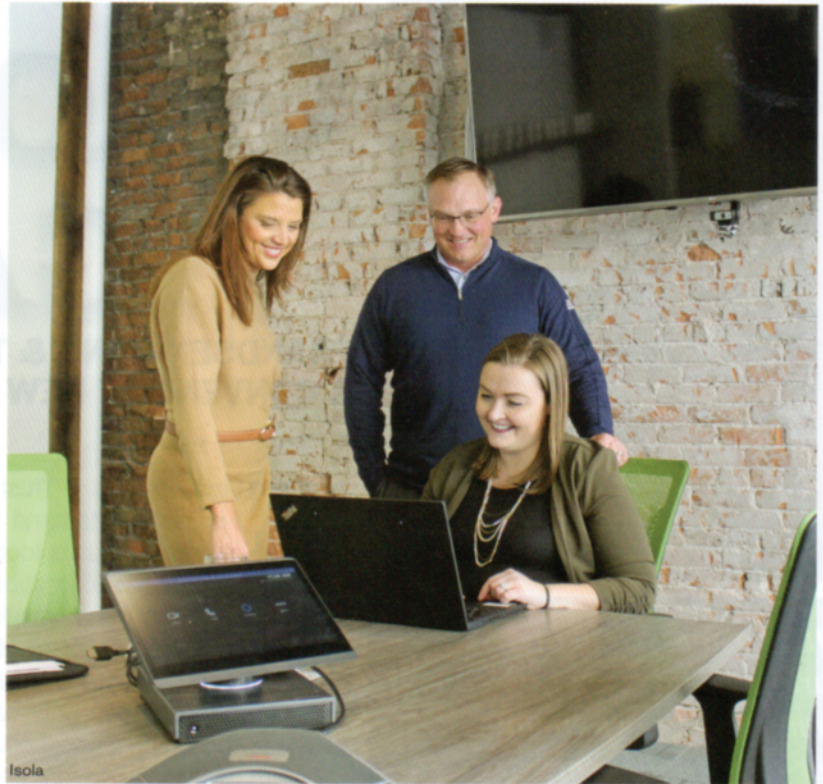
we're continuing to work for him right now on another renovation project," said Sims. "He's continued to add some work to our scope. It's another great example of relationship-based work that just continues to move on." This client relationship also serves as another example of AP supporting the community. On May 5, AP will host its Inaugural Charity Bean Bag Tournament at Clyde Iron Works, with proceeds benefiting the Northern Lights Foundation.

PRIDE IN ITS PEOPLE

"I am most proud of the people who make this organization what it is today," Hansen said. "What they do leaves such a lasting impression in terms of what that building means to the owner.

"They're valued team members to us, because you've got 700 people swimming in the same direction," he added. "That makes for a pretty powerful and highly engaged organization." 

Patrick Lapinski is a freelance writer who grew up in Superior.



From left: Director of Business Development Katy Slater, Director of Operations Patrick Sims and Marketing Manager Allie Zeman review project plans.

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