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TOP CONTRACTORS ■ ENR MIDATLANTIC FIRM OF THE YEAR



Pa. Firm Steeled for Another Downturn

Founded in 1911, Warfel Construction Co.'s strong culture has helped it navigate through economic ups and downs **BY BRUCE BUCKLEY**

FRIENDLY CONFINES

Warfel recently completed the 60,000-sqft multifloor addition to the Barclay Friends Preston Residence, a senior living community in West Chester, Pa.

During its 109-year history, Warfel Construction Co. has weathered some severe construction downturns, including the Great Depression and the Great Recession. As the industry faces the effects of the coronavirus pandemic, Warfel's current president, Matt Hartzler, draws inspiration from the firm's founder, D.S. Warfel, who picked up whatever work he could find during the Depression. "It's a reminder that we need to be opportunistic and flexible," says Hartzler, who started at the firm

25 years ago as a project engineer. "We need to be able to pivot within our organization. We can't be so rigid that we can't flex for what the economy allows or what our clients want us to do."

Lessons learned from the last major downturn helped the East Petersburg, Pa.-based company hone its strategic mission to expand the diversification of its portfolio, deepen its commitment to repeat customers and focus on attracting and retaining employees who could carry the

company into its next century.

In recent years, the results of those efforts boosted financial performance. Since assuming the role of president in 2012, Hartzler and the executive team—led by Ralph Simpson, chief executive—have seen the company’s revenue more than double. During the last three years, in particular, Warfel saw its greatest growth period. It tallied annual revenue of \$130.9 million in 2017, \$191 million in 2018 and \$213 million in 2019, placing it 37th on this year’s ENR MidAtlantic Top Contractors list.

Hartzler recognizes that diversifying the company’s portfolio was a key component in that success. Warfel has a long-established track record of work in the senior living market, which continues to represent about half of its business. Since the 2008 recession, the company has expanded more into health care, education and commercial work. Now, facing a new era of uncertainty caused by the COVID-19 pandemic, Warfel aims to continue applying learned lessons to build toward its future. Based on its recent success and future outlook, ENR MidAtlantic named Warfel Construction Co. its Contractor of the Year. “Part of our strategic plan is to focus on making sure we have the right balance [of business] within our organization,” Hartzler says. “If one or two of those areas are struggling, then we can find opportunities in the other areas.”

CLIENTS FOR LIFE

Critical to the company’s plan is earning repeat business, “whether it’s continuous work or a gap of five to 10 years,” Hartzler says. For example, when Hartzler joined the company in 1995, Warfel was working on a historic renovation of the Fulton Theatre in Lancaster, Pa. Today, Warfel is renovating and expanding the theater again to provide additional housing for actors, improved and expanded rehearsal space, a larger backstage, additional restrooms and event space.

Other long-standing clients include Franklin & Marshall College in Lancaster, where Warfel has worked on a wide range of projects since the 1920s. In more recent years, Warfel has bolstered its expertise in health care through numerous projects for Lancaster General Health, including work for its Neuroscience Institute, Heart Group, Women & Babies Hospital and the Manheim Family Practice.

COMPANY CULTURE

One of Warfel’s largest clients is senior living provider Masonic Villages of Pennsylvania. Over the past few decades, the company has delivered hundreds of millions of dollars in projects for Masonic Villages, ranging from sub-\$1-million work to \$50-million-plus facilities. Ray Tierney, chief operating officer of Masonic Villages of Pennsylvania, says Warfel’s culture is a big reason why Warfel remains one of his organization’s main contractors. Tierney says that regardless of the size of the job, Warfel has shown that it “won’t provide us something that’s less than our high expectations just to hit the price.”

WARFEL’S RECENT REGIONAL PROJECTS INCLUDE:

Barclay Friends Preston Residence West Chester, Pa.

This 60,000-sq-ft multifloor addition is connected to an existing facility with two new corridors straddling the existing mechanical room.

Fulton Theatre Expansion and Renovations Lancaster, Pa.

Work on the 1852 building—scheduled to finish this year—involves replacing a century-old sand-bag rigging that required the temporary removal of the roof for the new mechanical equipment.

101NQ Building Revitalization Lancaster, Pa.

The project transformed a vacant four-story, 198,000-sq-ft windowless structure in the heart of downtown Lancaster.

Tierney likes Warfel’s open approach and honesty. “They are a true partner, and they take responsibility for the good things that happen as well as the bad things that need to be addressed,” he says. Masonic Villages often engages Warfel early in a project to “help with the design in a way that’s efficient, cost effective and collaborative with the architect and us,” Tierney says.

RELYING ON RELATIONSHIPS

That approach is a big reason why Warfel has increasingly gravitated toward delivering projects under the construction manager at-risk method. “Our preferred way is very relational,” Hartzler says, “and typically involves working with the client from inception of their idea, taking them through that process and into construction.”

In keeping with that mission, relationships with architects have also been essential to Warfel’s strategic plan. SFCS Architects has worked with Warfel on senior living projects for more than 25 years.

Tye Campbell, principal with the firm, agrees that many

“We can’t be so rigid that we can’t flex for what the economy allows or what our clients want us to do.”

—Matt Hartzler,
President, Warfel
Construction Co.



SHOWTIME
The Fulton Theatre Expansion and Renovations will transform a city block for use by this Lancaster, Pa., icon, built in 1852 and listed on the National Register of Historic Places.

COTTAGE INDUSTRY

Warfel is expected to complete the \$50-million Presby's Inspired Life Rydal Waters Cottages in 2021. The 33-acre community includes a mix of 84 single and duplex units.



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—Ray Tierney,
Chief Operating
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ON THE WEB

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of their most successful joint projects are ones in which Warfel is involved early. He says part of the reason the two companies work well together is a commitment to fairness. “There are no secrets,” he says. “If you make a mistake, you fess up and you work together to solve it.”

Campbell says Warfel’s culture is a major reason why it recently won an undisclosed contract for a senior living project in Winchester, Va., designed by SFCS.

Warfel’s culture also includes contributing to its community—financially and through volunteer efforts. All of its executives are involved on the boards of nonprofit organizations throughout the region. Employees are encouraged to participate—either on their own or through Warfel-initiated charitable efforts.

Warfel-led examples of giving back include community playground rebuilds, sorting and serving meals at Water Street Mission food bank and Make-A-Wish projects that have involved building a pool deck and sending a young girl to Disney World.

Warfel says that in its hiring, the company places an emphasis on honesty, integrity, initiative, teamwork and accountability. It looks for job candidates who want to spend their careers with the company, says Conlan Swope, vice president of operations.

Like Hartzler, Swope has spent his entire career at Warfel, starting as a project engineer after graduating from Penn State University. Swope says the company places an emphasis on finding recent graduates who match the company’s

values. “Over the past 10 years, we decided that we wanted to hire more based on character,” he says. “We look less at GPA and more at understanding who they are.”

The company’s internship program is a significant source of new hires. Warfel brings in three to six interns annually, providing them hands-on opportunities in preconstruction, project management and project superintendent duties. At the end of the three-month internship, candidates can choose which path they prefer. “That has enabled us over the last 10 years to hire the best available candidates coming out of school, not necessarily from a technical standpoint, but from a core values and character standpoint,” Swope says.

Swope is also an example of Warfel’s willingness to chart a path through the organization for qualified candidates, regardless of age or experience. Swope was named vice president of operations at age 28. “Our president [Hartzler] mentored me, believed in me and invested in me,” he says.

As the company navigates its way through the uncertainty of 2020 and looks beyond, Swope recalls joining the company during the last recession. “I had only been there a few weeks,” he says. “We were called into a back room and I thought that was going to be my last day, but the [firm’s leaders] told us that they believed everyone in that room had the backbone to build [the company] into the future.”

He adds, “Even though they knew there were tough times ahead, they would do everything they could to keep everyone working. They took a risk on me and others. As we deal with this pandemic, I want to serve our employees in that exact way.”

After years of strong growth, Hartzler recognizes that the company will “take a step back in terms of revenue” in 2020. Building on lessons from the past, Warfel aims to find its way forward.

“Things are very cloudy on the horizon, and it’s hard to know what will be coming in the next year with the [presidential] election and the pandemic,” he says. “We are looking at what types of barriers we might have internally and how we can mitigate those. The pace of change is continuing to heat up, so we have to remain flexible.” ■

PHOTO COURTESY OF WARFEL CONSTRUCTION CO.