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CULTURE KING

Larry Webb takes Housing Giants
CEO of the Year award.

CEO of the Year
Larry Webb,
John Laing Homes



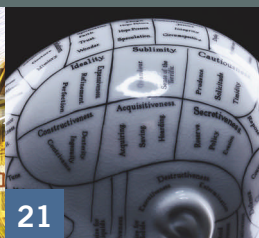


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"I get up and I love being in charge.
I like being the leader. I really do." — Larry Webb

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A strong leader with a commitment to innovation, proven performance and community involvement, Larry Webb is our 2007 CEO of the Year.

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Housing Giants and Professional Builder unveil Blog Zone

We've talked. We're giving you the opportunity to talk back.

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CREATE MOVE-UP MAGIC

Frustrated by tapped-out entry-level buyers, builders try their hand with existing homeowners.

A GOOD RULE OF THUMB during a housing downturn, when you have more entry-level home buyers than luxury home buyers, is to reduce the cost of the house in every way you can. You are generally better off targeting buyers who already own a home.

ENTRY-LEVEL BUYERS ARE TAPPED OUT

Falling interest rates and aggressive lending practices have helped first-time buyers more than any other group. Accordingly, the homeownership rates among younger buyers reached all-time highs in 2005.

Homeownership rates among the under-25 demographic increased from 15 percent in 1994 to 25 percent in 2004. In the same time, the homeownership rate increased from 42 percent to 49 percent among the 25-34 year-old demographic. The impact of these two groups alone accounted for approximately 1.3 million additional owned homes over the last 10 years.

Based on the statistics, we

advocate builders target older buyers.

FUTURE MOVE-UPS AND MOVE-DOWNS

Move-down buyers are a great opportunity for home builders. Census data shows a steady preference for homeownership for the older generations — a rate that even increases past the

age of 65. This becomes particularly important as the first of the baby boomers begin to approach retirement age.

Homeownership rates are highest for the demographic over the age of 55. Approximately 81 percent of households over the age of 65 currently own their home, a rate that has steadily increased over the last 25 years.

Significant home equity means move-up buyers don't have an affordability problem. Although they generally have little urgency to move, they usually have the financial means to do so.

In today's market, building a quality move-up home in a highly desirable area has a much higher chance of success today than building entry-level homes in remote locations.

THE HISTORY OF HOMEOWNERSHIP

As mortgage rates soared to all-time highs in the early '80s, the national homeownership rate dropped. Home ownership slipped out of the reach of many potential

WHY SELL TO EXISTING HOMEOWNERS?

- The current pool of renters is less qualified to buy a home than usual
- Mortgage lending standards are tightening for people who have not saved a down payment
- Homeowners have substantial equity
- Every day, the U.S. sets a new record for the number of people over the age of 50
- Older buyers are in their peak earning years
- Older buyers may be coming into an inheritance
- The resale market was not built with older buyers in mind

buyers, most notably the younger buyers. From the mid-1980s until 1994, this measure remained flat, hovering around 64 percent. However, homeownership from 1995–2004 witnessed tremendous growth, peaking at 69 percent by 2004. While rates increased across all age groups during these 10 years, the younger buyers experienced the greatest acceleration in buying activity.

*John Burns helps many of the largest companies in the industry with strategy and monitoring market conditions. He can be reached at jburns@realestateconsulting.com. **HG***

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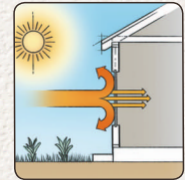


Premium Vinyl Single-Hung Windows with Premium Wood Exterior Patio Door

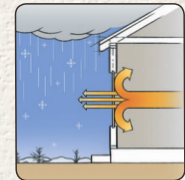


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Estate Series 86 Garage Doors



Premium Vinyl Casement Window



Custom Wood Radius Casement Window



Custom Wood Swinging Patio Doors

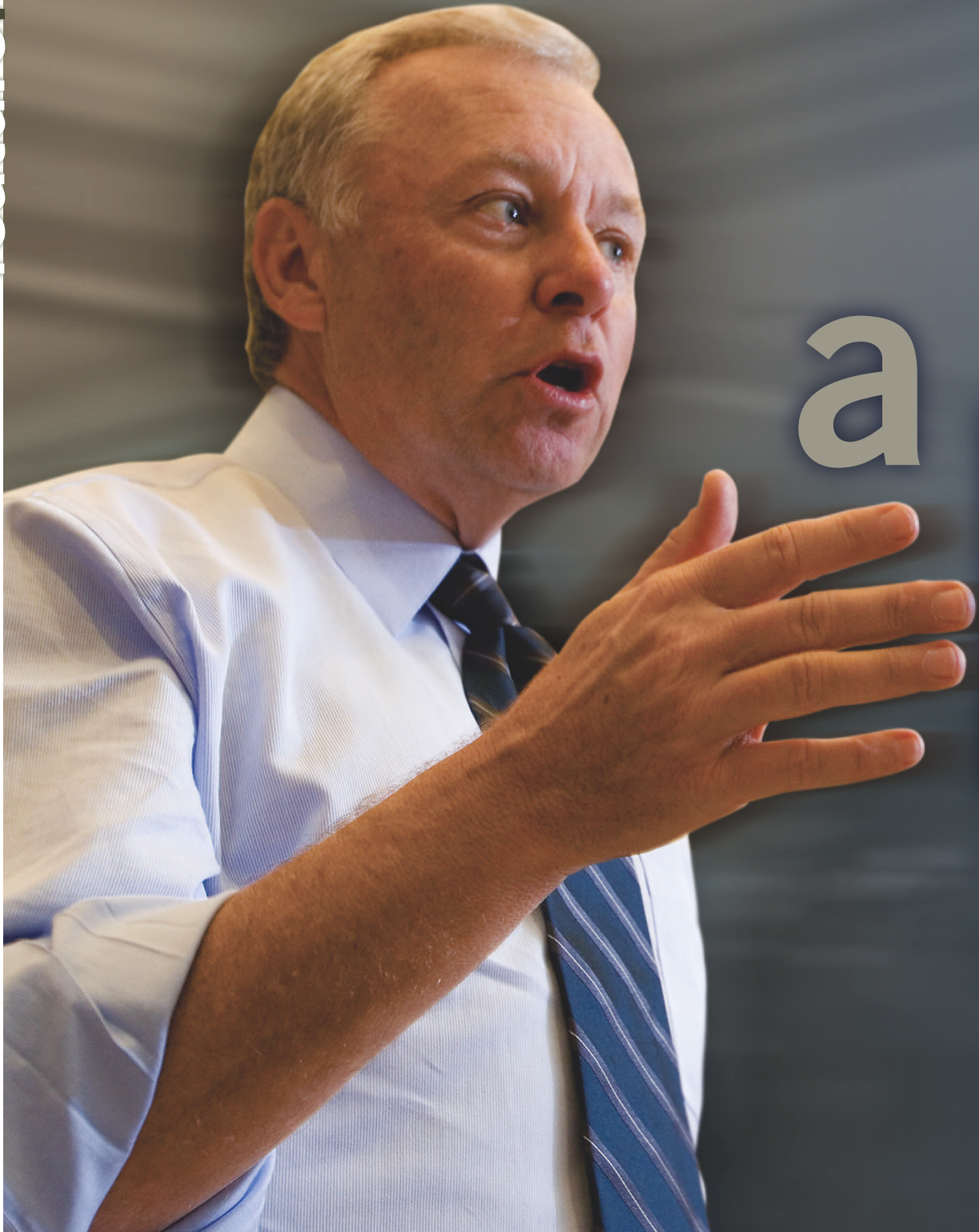


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a

CEO OF THE YEAR

By Paul Deffenbaugh, Editorial Director

steady hand

Calm and consistent guidance during a down market earns
Larry Webb *Housing Giant's* CEO of the Year Award.

Put yourself in Larry Webb's shoes. You're the CEO of the country's second largest private home builder, based in Newport Beach, Calif., at the heart of the Southern California home building market, and you just sold your business at the peak of the market. The housing industry takes what can politely be described as a nose dive, and you have to not only manage the company through those turbulent times but also explain to the new Dubai-based owners why the company is not performing as well as it did when they bought it. They have to wonder, was John Laing Homes a house of cards?



I get up and I love being in charge.

HOW DO YOU GET YOUR COMPANY THROUGH THAT?

Leadership. Innovation. Proven performance. And community involvement. Those are the attributes the editors of *Housing Giants* looked for when we decided to name our first-ever CEO of the Year. Webb excelled in all those characteristics under circumstances that had a kind of brunt brutality about them — a forcefulness of hard choices.

In evaluating the last year, Webb turns to Charles Dickens for the right turn of phrase. “Charles Dickens wrote ‘A Tale of Two Cities,’” he says. “He was writing about the French Revolution, and the first two sentences are, ‘It was the best of times. It was the worst of times.’” Webb looks over the last year and takes pride in what the sale of the company did for the people in the firm. “It was an incredibly good thing for our employees and 41 of our employee owners,” he says.

At the same time, the down market caused real turmoil for all home builders, and John Laing Homes didn’t escape. 2006 closings were 21 percent below the previous year, and revenue dropped 3 percent. Webb adds, “We had reductions in force and went through a whole series of difficult management exercises that made it a difficult year as well.”

PAST IS FUTURE

The most revealing thing about Larry Webb is that he spent 10 years teaching high school history and coaching soccer.

That past is a window into his present.

We often look to teachers and coaches as good examples of leaders, but more often than not we find practitioners in those arenas who exemplify all that is bad about leadership: the screaming,

I like being the leader. I really do.” — Larry Webb

the sarcasm, the favoritism. But Webb has taken the attributes of a great teacher or coach and used them to unending advantage in the business environment. In fact, in many ways, his success at navigating the last year at John Laing Homes is a result of his comfort with being a teacher and coach.

Recently, Webb kicked off a mentoring session part of the company’s Leadership Advantage Program. Through the LAP, John Laing Homes identifies employees with leadership potential and runs them through a one-year program that requires a significant time and effort commitment. Each employee is involved in four one-week sessions throughout the year and required to accomplish other work in between. At the end of the program, John Laing Homes has a new batch of well-trained, company-inspired leaders.

The program has been working for seven years and one aspect of it is that senior Laing executives mentor participants. Watching Webb stand in front of that room, calmly speaking without notes but clearly making distinct points, you can see the teacher and coach. You also see from the quick gibes and friendly trash talking that John Laing Homes is a very competitive environment. It is a culture so easily defined that an outsider can put his finger on the crux of the culture after just moments of exposure.

Why is that important? Because after the sale of John Laing Homes to Emaar Properties, Webb’s job became, in part, to maintain the culture of an environment that had delivered significant success over the years. “I have twofold challenges,” he says. “One is to develop a relationship with the new owners so they can trust me that what I’m doing is in the best interest of our new ownership. And then, while at the same time, not changing the values in place that I have.”

Those values, while driven by Webb, are exemplified and brought to life by employees. “I know that

this home building thing is the ultimate team-building deal,” he says. Later, he adds, “I have an overriding belief that it’s all about the people.”

So what are those people like? Webb says they possess these characteristics:

■ Self-aware

BOOK LIST

As part of the Leadership Advantage Program, John Laing Homes provides a recommended reading list for company leaders. The 33 books range from subjects such as process mapping to the history of the Battle of Gettysburg. “I’m not a guy who likes business books too much,” says CEO Larry Webb, “because too many of them sound like ‘The Five P’s of Leadership.’” He does have favorites, though, and is a believer in the Jim Collins books “Built to Last: Successful Habits of Visionary Companies” and “Good to Great: Why Some Companies Make the Leap ... and Others Don’t.”

OTHER BOOKS ON THE LIST:

1. “First, Break All the Rules: What the World’s Greatest Managers Do Differently” by Marcus Buckingham and Curt Coffman
2. “Primal Leadership: Realizing the Power of Emotional Intelligence” by Daniel Goleman, Annie McKee and Richard E. Boyatzis
3. “Getting Things Done” by David Allen
4. “The World is Flat” by Thomas L. Friedman
5. “Decision Traps: The Ten Barriers to Brilliant Decision-Making and How to Overcome Them” by J. Edward Russo and Paul J. H. Schoemaker
6. “Shackleton’s Way: Leadership Lessons from the Great Antarctic Explorer” by Margot Morrell and Stephanie Capparell
7. “The Killer Angels” by Michael Shaara

“I’m really trying to do it in the same way if we



- Passionate about business
- Competitive
- Have a good balance in their lives
- Care about their staff
- Always try to learn or get better

Joan Marcus-Colvin is vice president of sales, marketing and design for the Luxury Division. She provides this insight about Webb and his ability to create a specific culture: “He’s very direct and very fun. He wants us to do our best work. If something doesn’t work, he says, ‘Try something new.’ This is the third down cycle I’ve been through, and there is no place I’d rather be than here.” Marcus-Colvin has thrived in the company culture because it fits her.

That culture is the foundation for the success of John Laing Homes, and Webb — teacher and coach — has a very specific role creating and maintaining the culture. “I get up and I love being in charge. I like being the leader. I really do,” he says.

“My job as leader ... is to make sure the right people are in place and to lay that philosophic foundation — then get out of the way.”

MANAGING THE DOWN MARKET

While everything around John Laing Homes has changed — from the market to the ownership driving it strategically — the most important elements have not altered a bit. “The core values I lead the company by,” says Webb, “have not fluctuated or

BY THE NUMBERS

hadn't been purchased.” — Larry Webb



changed. Laing has this very serious commitment to our employees and our customers. And those are the pillars by which I try to manage.”

This market though can test those pillars. As Wayne Stelmar, CFO for John Laing Homes says, “Virtually every market slowed dramatically. From a people perspective, on part of the 1,000-plus employees working for us at the close of the transaction with Emaar, a number had expected much more explosive growth and a number were unhappy we were not moving forward at the pace originally anticipated.”

Reductions in force since the sale have brought the employee total down to approximately 800. Last year, only about half the employees earned

bonuses, and no one received pay raises, Webb says. In that environment, new threats to the culture pop up. People go into their own silos and stop communicating with other departments; departments tend to point fingers at other departments and toss blame; office staff find more reasons to stay in the office and not go into the field.

Those threats developed and required direct action from leadership. Webb responded in three ways:

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Show Village 2007 Calendar of Events:

Wed., Feb. 7 - Fri., Feb. 9

8:30 am -

Show Village '07 doors open

- Tour Baby Boomer Home by Nationwide Custom Homes
- Tour Echo Boomer and Gen-X Homes by Palm Harbor Homes
- See the Professional Bass Boat sponsored by GE Sealants & Adhesives!
- Pick up your SV07 passport and get it stamped by sponsors to be eligible to win great prizes like a Panasonic plasma TV and more!

4 pm - 6 pm -

Show Village Block Party!
Wednesday - Friday

- Hot music by Albert Cummings
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- Smokin' good BBQ sponsored by Nisus (Wednesday and Friday only)

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