

# Dick Kettler

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## Mastering the Test of Time

In 1978, with his graduation from Georgetown Law imminent, Dick Kettler felt that taking the position of Associate Counsel at premier DC real estate firm Wilkes Artis was a natural next step. Beyond the fact that Dick had clerked there while working towards his JD at Georgetown, the Kettler family had been immersed in DC-area real estate since the 1930s, and had resided in the area since the late nineteenth century. Dick's father, Clarence, had been the president and founder of the two-decades old Kettler Brothers building company, a group whose partners and employees spanned the Kettler extended family. Dick graduated in May of 1978, passed the DC bar that summer, and became an associate attorney at Wilkes Artis by Thanksgiving of that year.

Born in 1953 as the first of seven children, the underpinnings of his career path were fixed at an early age. "With all those kids it was kind of a madhouse," Dick remembers. His father's building company was founded only a year before he was born, but he didn't feel that he was necessarily wedded to the business. "There wasn't this sense of sitting down at the family table, or having that father-son thing, to talk about the family business. It didn't happen," he says. Still, Dick paid attention. "As a kid you're always watching your father, and to a boy the father is a big deal. As a kid, he was my hero."

Thus, he always thought he might somehow end up in the building industry, though he doesn't describe himself as a builder. "If you gave me a hammer and nails, it wouldn't be a good situation!" he laughs. "Still, I thought I would get into the building business even though I didn't know when or why or how."

By the start of 1979, the closest that Dick Kettler, associate counsel, had come to working in the home building business himself was a one-off renovation job he executed with friends and

relatives in 1975 between graduating from Brown and starting at Georgetown. Around the same time he had an exploratory conversation with his father in which Clarence strongly encouraged his son to go to graduate school and pledged to support him there. Four years later, there he was, with a JD from Georgetown and a promising position at a DC law firm.

Despite the many merits of this opportunity, Dick actually found himself closer to the business of his father than he had ever been before when his cousin, Kip Forlines, founded Kettler Forlines Homes in 1978. The two then had several long conversations about Dick joining the company. Though he was in the midst of launching his career as a real estate attorney and was very pleased with his new work, which would have him learning alongside several very talented attorneys at the time, Dick can still recall the persistence of that lingering thought that his future lay in homebuilding and developing. Realizing this thought, Kip convinced him to leave his law firm and join Kettler Forlines Homes in



April of 1979.

Kettler Forlines owes much of its current success to its rich and extensive history of integration in the DC metro area. Indeed, about a century earlier, the first generation of Washington DC Kettlers had set up shop in the meat business as one of the most prominent presences in the Washington industry at the time, selling to hundreds of merchants and to numerous area hotels and restaurants. Decades later, on the eve of the Great Depression, the Kettler Brothers left the meat business behind. Dick's grandfather Clifford and his brothers then entered the real estate market with the purchase of first one and then half a dozen apartment buildings in 1930, which they then operated as landlords into the forties. Clarence, Dick's father, also worked there briefly.

A year after Clifford's death, Clarence started the Kettler Brothers building company in 1952.

"It's a rather unique family history in Washington," he says, "with every generation being successful. Typically, in these family case studies, it's seldom that they'll get beyond a couple generations. Things tend to happen and sometimes go to worms." Further, Dick sees particular significance in the fact that there hasn't been one Kettler Brothers company that each generation of Kettlers has inherited. "It's not like we tried to have one business to pass down through a hundred years," he observes. Rather, the Kettlers have experienced a series of successes across several generations. While it's tempting to try to divine an inherited trait or some other kind of success-in-the-blood, Dick is hesitant to find a driving reason behind his family's continuing successes.

"I think that originally, back in the 1880s, my great-grandfather and his family were just middle-class folks trying to survive," he explains. "Then my grandfather took over the meat business when his father died around 1919. It would be easy to say that this was the start of a family dynasty or something like that, but really, when the opportunity to get into real estate came along, it was business acumen and not inheritance that led to more success in our family."

All that Dick will allow is that a deeply ingrained independence and work ethic figures prominently into this success. "My father did see his own father work for himself, and each Kettler generation has had that," he remarks. Dick says that although he never had that close father-son relationship in which Clarence revealed the mysteries of his success, as a son he was always watching his father and taking mental notes. Recounting the story of his family in DC, Dick sees the pattern of entrepreneurship emerging from "some kind of family rule" where each generation pays close attention to the one prior, then sets out to be their own bosses.

"It's like osmosis," Dick muses. "I wasn't always deliberative and purposeful in where I was going to go. I had those skills, but I would go with the flow a bit." Reflecting back on his decision to join Kettler Forlines in its infancy to work for himself and be his own boss, Dick now feels that going with the flow, listening to that "lingering thought", and following his gut has ultimately led him to the best-fitting career he could have hoped

for.

Kettler Forlines's first real enterprise was to build 24 townhouses at the Hidden Valley ski resort near Pittsburgh, and this project had already been launched when Dick came on board. Kip Forlines was in Pennsylvania working that project, and Dick assumed the role of drawing business back in the DC area. Initially he was working out of an office that was six by eight feet with one phone. "We weren't starting at a very robust time, and we had to go through these 15% interest rate mortgages," Dick says. "But our family had and continues to maintain relationships in this town, and opportunities presented themselves."

After buying a few lots in Centreville, Virginia and joint venturing their development with another cousin of his, Bob Kettler, Kettler Forlines then quickly moved on more properties in Silver Spring and elsewhere, starting what became a huge ramp-up during the '80s. They built staff and infrastructure and expanded into two offices, then later into their own suite down the street. "I think we doubled our size every year from '79 to '89," Dick recalls.

The relationships that he and his family developed over decades of home-building in the region were instrumental in the success of Kettler Forlines during this time, not merely in terms of business relationships and connections that led to building opportunities, but also friendships with leaders in the industry who were able to mentor Dick and offer guidance to the young building company through various economic conditions. Further, the solid Kettler reputation allowed him to get his foot in the door in the beginning, which allowed Kettler Forlines to establish its own reputation as a dominant force in the making. "My job," Dick says, "was to go around soliciting people and trying to pull it all together. I would find an opportunity, then go around and start asking questions, then put together a picture of what we needed to do and to give it some guidance. Relationships were key in this process."

In 1989, Kettler Forlines hit a peak at 120 employees and revenues near \$50 million. "Life was looking really good," Dick recalls with a grin. However, by the late 1980s the housing market had become overheated, and the lending environment hit to a sudden wall due to the savings and loan crisis and subsequent recession in the early '90s. "In the '80s we were basically banking off of our family's reputation," Dick

explains. "At the start, especially, we didn't have much beyond seed money loaned to us from my father, which we had paid back before 1990." Kettler Forlines had several million in unsecured lines of credit across three banks in Maryland. Able to borrow without mortgages or construction inspections and their associated fees and bureaucratic time-sinks had fueled their initial success, but that period was coming to a close.

"1990 came and all hell broke loose," Dick says. "Until then the banking business had been very much based on relationships. We had phenomenal credit and never should have had it based on what we really started with. But our reputation and our relationships allowed us that initial chance, and then our accomplishments spoke for themselves."

Kettler Forlines "limped along" through the '90s, trying to tread water. They ran a bad project that almost ended the enterprise, but they worked through it. By 1997 into 1998, things picked up again, and Dick describes the ride up from '97 to 2005 and early 2006 as a highly interesting time. "We had extraordinary demand for new homes, and we had to limit new sales in order to keep up with our production schedules," he recalls. "We all worked very hard to keep pace with that demand."

Though the appreciation in housing through 2005 was phenomenal, Kettler Forlines then had a series of "canary in the coal mine" incidents that allowed them to sense that something was coming. As Hurricane Katrina devastated the nation and the impending depression began to rear its head, Dick remembers thinking, "This is going to be a lot worse than people think. We were right there, taking the pulse every day."

Since the onset of the worst American economic downturn since the Great Depression, Kettler Forlines has certainly suffered along with the rest of the nation. Going from 120 employees down to 18 with revenue in 2010 at \$9 million, down from \$50 million in 1989 without adjusting for inflation, things have certainly changed. However, Dick looks forward to the future with several creative ideas to get his company back to a reasonable program. He describes the events in the housing market as an "impressive death spiral.

Prices go down, then there are foreclosures, and appraisals go down in those neighborhoods, and it's very hard to find a bottom." But Kettler Forlines does have something going for them in that they've been through a cyclical crisis before and survived.

"We know how to get through this," Dick states with impressive fortitude. Indeed, Kettler Forlines has built roughly four thousand homes across one hundred communities in four states. They've won 85 major industry awards, and at one point were among the top 400 building companies nationwide. But Kettler Forlines will not be resting on its laurels by any means. "We have to get into the mindset that this is a start-up business," Dick asserts. "Coming in we have a lot of experience, but we're starting in a new market and we have to behave as such."

There may be less land and tougher approval and credit environments, but Dick is still confident. "I'm not merely a builder," he remarks. "I'm an attorney, an entrepreneur, a business manager, a leader—*whatever*." He understands that getting through this era in American history is going to take more than an established and successful home-building company: it's going to take a finely tuned intuition for history and practiced hands. Fortunately for Dick and for Kettler Forlines, they possess both qualities in spades.

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*President and founder of Bernhardt Wealth Management and author of Profiles in Success: Inspiration from Executive Leaders in the Washington D.C. Area, Gordon provides financial planning and wealth management services to affluent individuals, families and business-owners throughout the Washington, DC area. Since establishing his firm in 1994, he and his team have been focused on providing high-quality service and independent financial advice to help clients make informed decisions about their money. For more information, visit [www.BernhardtWealth.com](http://www.BernhardtWealth.com) and [Gordon's Blog](#).*

