

# SILICON VALLEY BUSINESS JOURNAL

## California Drywall is becoming an employee-owned company



California Drywall, under new CEO Paul Gutierrez, back row, center, and his leadership team, has moved to employee ownership.

CALIFORNIA DRYWALL

By [J. Jennings Moss](#) and [Troy Wolverton](#) – Silicon Valley Business Journal  
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California Drywall, a 77-year-old construction subcontractor, has moved from being a family-owned business to an employee-owned one.

Since Leonard Eckstrom founded it while working out of a San Jose garage, the San Jose company has been in his family's control, most recently in the hands of his grandson, Steve Eckstrom. But Steve Eckstrom is retiring from the company. As part of that move, he sold his shares to a trust fund California Drywall set up for its newly created Employee Stock Ownership Plan (ESOP), Mike Gutierrez, the company's new chief revenue officer, told the Business Journal.

On Monday, the trust fund distributed all of Eckstrom's former shares to California Drywall's approximately 100 office employees, Gutierrez said.

"This move reaffirms our commitment to the well-being and success of our team, and we firmly believe that by empowering our employees through ownership, we will forge an even stronger and more prosperous future together," Paul Gutierrez, Mike's brother and California Drywall's new CEO, said in a news release.

Mike Gutierrez declined to say how much the trust fund paid Eckstrom for the company.

The contractor distributed shares according to employees' salary. The proportion of Eckstrom's shares they received was equivalent to the proportion of their salary to the company's total office payroll up to a cap of about \$275,000 worth of shares, Mike Gutierrez said. After the distribution, no one employee owns a majority stake in the company, he said.

Employees didn't have to pay anything for the shares nor do they have to pay taxes on them, Gutierrez said. The shares function as a kind of retirement or severance program for long-tenured employees, vesting over a period of six to seven years, he said. If employees leave before their shares vest, the shares are redistributed to those who remain in the company. If employees leave after their shares vest, the company will buy the shares back from them over a period about seven years, he said.

The value of the shares changes with the company's valuation, Gutierrez said. New office employees also get shares under the program.

In addition the new stock-ownership program, the company retains its 401(K) retirement plan, he said.

California Drywall's approximately 600 to 700 unionized employees did not receive shares as part of the ESOP distribution, Gutierrez said. While union members aren't barred from participating in such plans, they typically have to gain access to them through collective bargaining.

The contractor describes itself as the eighth largest wall and ceiling contractor in the country and is the No. 1 such company in California. Among the notable projects it's worked on are the recently completed 200 Park office building in Downtown San Jose, the first building in LinkedIn's new Middlefield Campus in Mountain View and Eataly, the Italian market and food hall in Santa Clara.

Steve Eckstrom represented the third generation of his family to lead California Drywall. He worked for the company as a laborer during high school then later headed it as its principal.

Despite Eckstrom's departure, the rest of the company's leadership team remains in place, although many of their titles have now changed. Eckstrom, who was the last remaining member of his family working at the California Drywall, will remain on its board of directors.

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