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Highway misfortune alters Methow Valley's landscape

Part one

by Lee Hicks, Publisher, Methow Valley News- 1994-2001

If Jack Wilson were alive today, the legendary packer and rancher might be surprised that his kindness to strangers some 26 years ago has had such a lasting effect on the Methow Valley. Wilson's gesture in helping a stranded Gig Harbor family resulted indirectly in new friendships that would stretch across the Atlantic. And the effects resonate throughout the landscape and economy of the Methow Valley today.

In 1972 the Warder Stoaks family of Gig Harbor decided to visit the Valley over the newly-opened North Cross State highway as some people still call it. Their car ran out of gas and Wilson came to help. The Stoaks were grateful and enjoyed their stay in the Methow Valley at one of Wilson's guest cabins on Early Winters Creek.

The next summer, the Stoaks convinced another couple to join them in a trip on the popular highway to the Valley. Their friends were Erivan and Helga Haub, German nationals and then parents of three pre-teen boys ranging from eight to 12.

"They said, 'He's such a nice fellow. It's so extraordinary and such a beautiful place we have to bring you over there to show you this. And that's how we came here,'" Helga Haub recalled in a September interview.

Through their original visit to Wilson's cabins at Early Winters, the Haubs began an enduring relationship with the Methow Valley in which they have become the largest single private landowner and employer. Today the family owns nearly 3,500 acres in the Valley, about 3,000 acres including the Sunny M Ranch and land on which their showcase 104-room Sun Mountain Lodge sits.

Perhaps more important, the Haubs' respect of their land, their commitment to the Valley's trail system and their intent to continue their investment in Sun Mountain all have an indelible impact on the Valley.

Today the Haubs are one of the wealthiest families in the world with a net worth of about \$5.5 billion according to a recent estimate by Forbes magazine. The fortune evolved from a family business, begun in Mulheim in the 1880s by Erivan's great-grandfather, and today known as Tenglemann Group. The food retailer and distributor now has more than 6,000 stores and sales of nearly \$30 billion according to recent estimates by Forbes.

The family also owns 54 percent of the venerable A&P grocery chain, with about 1,000 stores, the vineyards of the Buena Vista wine brand in the Carneros region of California, a small resort and spa hotel in Bavaria and a 6,000 acre working cattle ranch in the Pinedale area of northwestern Wyoming.

In their first visit, the Haubs, like their friends, were captivated by the Methow Valley, and by Jack Wilson. The colorful rancher introduced them to his skills of the rural West, teaching the family to ride horses, to camp in the backcountry and showing the boys how to shoot and hunt.

The sons have grown into successful careers. Karl-Erivan, the eldest, heads Tenglemann's European operations, Christian, the youngest, is president of A&P and Georg is involved in design and construction.

"We all learned to ride up here. We learned to fish. We learned to build a bonfire and cook the fish, and almost relived our youth (in the German countryside). We've always enjoyed nature...so it meant a lot. And Jack was I guess the best teacher you could have," Helga says.

Those old memories easily trigger another one for Helga.

"And it was through Jack (Wilson) that we met Jack Barron," she explains.

Barron owned the Sunny M Ranch and developed the original Sun Mountain Lodge. In 1987 Erivan Haub purchased the Sun Mountain property for about \$3.2 million at the request of Jack Barron's widow. He quickly moved to improve and expand the lodge, investing by some estimates another \$15 million in the new construction and renovation in just a few years. Today the total investment has surpassed \$30 million, a remarkable sum for the Valley and Okanogan County.

The Haubs reaffirmed their commitment to the Methow Valley and Sun Mountain in an interview during their recent Labor Day visit. Starting next March the lodge will begin an

estimated \$4-5 million expansion and remodeling that could include a spa and wellness center, improved kitchen facilities and conference space. This follows the addition in 1996-97 of 24 rooms in the new Robinson Wing and the completion just this spring of a wine cellar that will eventually house up to 6,000 bottles of carefully picked vintages.

Sun Mountain is the Valley's largest private employer with an annual payroll of \$2.5 million benefiting 140 to 180 persons depending on the season. Spinoff employment and wages from the lodge's decade plus expansion and future building plans has ripple effects throughout the area. The lodge also accounts for the largest proportion of the county's lodging tax, which in turn is used to promote tourism. Altogether, Sun Mountain's tax bill to state and county governments is about \$560,000.

But the Haubs investment in Sun Mountain took a while to happen.

It was the Haubs' friendship with Wilson that resulted in their first purchase in the Methow Valley--the ranch owned by local benefactor Kay Wagner up the East Chewuch Road north of Winthrop. Wilson had built the ranch house and told the Haubs it would be for sale after Wagner moved away. The purchase, they remember, was a "tribute" to Wilson who had died in the meantime.

Wilson had also introduced the Haubs to Jack Barron, and the Sun Mountain developer once invited them to view the Methow Valley by air. As they reached cruising altitude in Barron's plane, he shut off an engine, startling the Haubs until they remembered the plane was also propelled by another in the rear.

It was later that Barron would come to the Haubs with bad news regarding his health--and set in motion events that would lead to their purchase of Sun Mountain.

The Haubs were in the Valley this past Labor Day weekend on a visit to meet with Sun Mountain managers and review the new expansion plans for the lodge. These days they spend most of their time in this country at their Wyoming ranch. But it's clear that the Methow Valley remains a cherished place for them.

Next week:

Erivan and Helga Haub recall the decision not to invest in the now-abandoned Early Winters ski area. And Erivan assesses the proposal to build Arrowleaf resort with an 18-hole golf course. The Haubs also comment on economic perils in the former Soviet bloc countries and the world leadership of the United States.

Haub's vision is on a distant business horizon

Billionaire Sun Mountain owner turned down Early Winters investment, stepped up for Sun Mountain

Part two

by Lee Hicks, Publisher, Methow Valley News- 1994-2001

No, it's Georg without an "e."

Erivan Haub is reading the interviewers' scribbled notes, which are upside down and across several feet of a large conference table. As with many corporate chiefs, Haub is constantly observant--surveying his business landscape, from the important little details at a conference table to creating a strategic long-term vision for his companies and investments.

In this case, Haub is recounting his careful analysis in the 1980s of a possible investment in the Early Winters ski area. That was before the German billionaire purchased Sun Mountain Lodge, but many years after he first visited and bought property in the Methow Valley.

Haub is known to analyze thoroughly, but sometimes also act surprisingly fast. He methodically built Tengemann Group of Germany over several post-war decades into one of the world's largest food retailers and distributors. He was quick to move into the changing post-communist landscape of Europe, taking the company into East Germany when the Berlin Wall crumbled.

Today he candidly acknowledges that the payoff of investing in the former Soviet bloc countries will come slowly. But Haub, by most accounts, is both a quick study at business and a man with a distant investment horizon. He's willing to wait, calculate his risks and look to the future.

It's a philosophy that emerged in Haub's business decisions in Methow Valley, manifested as much in an investment he declined as the one for which he is best known.

As sole owner, through family trusts, of Sun Mountain Lodge, the Haub family is sticking to a long-term vision of the AAA Four-Diamond resort. This might be expected, since the roots of his success go back to the 1860s with a grocery business founded in Mulheim, Germany by his great-grandfather.

In a recent interview, Haub and his wife Helga talked about their introduction to the Methow Valley and the personal relationships that would lead to their local investments.

Erivan Haub remembers being approached by the Early Winters development team in the mid-1980s. As a long-time skier, he was interested enough to investigate the proposal.

Haub asked a friend, Georg Thoma, a former Olympic Gold Medal skier, to visit the Methow Valley and assess the potential of Sandy Butte as a ski mountain.

As Haub recalls, "He came back with a report--I did not own Sun Mountain then--that it was wonderful for cross country (skiing). But that it's not great to operate as a downhill ski area. And that we would have to invest too much to make it viable. That's when I made the decision not to go into the venture."

However, some people with knowledge of the discussions say Haub implied he might invest if the group obtained necessary permits. Without directly answering a question to that effect, Haub says, "I was basically sure they would not get that permit."

"Because, as someone interested in the environment from childhood, I knew what type of impact that would have on the mountain. And let's face it, it's not such a great mountain."

There are many who might disagree with Haub's assessment of Sandy Butte's skiing potential, including some ex-Aspen Skiing company officials. But few would take issue with his business foresight in not investing in Early Winters.

Haub is cautious and somewhat circumspect in discussing the fortunes of Arrowleaf resort, the much smaller successor to Early Winters. Downhill skiing is no longer a consideration at Arrowleaf.

Asked if he has personally had any discussions with Arrowleaf principals, Haub said, "No they have not approached us."

He is quick to observe that he does not consider Arrowleaf a competitor to Sun Mountain, "but something that would add to the whole Valley's interest."

Haub believes the Arrowleaf golf course, "would be a tremendous investment for a relatively short time (to play during the year). "But we would love to see them build a golf course as planned, because ultimately it would be attractive for the Valley.."

Haub's comments regarding Arrowleaf were echoed by John Barline, a Tacoma attorney who is president of the Sun Mountain board of directors--and who negotiated the purchase for the Haub family.

"We are boosters of theirs. We're really positive about what they're doing and wish them all the success in the world. When we're overbooked we immediately send people up there," Barline noted.

The Haubs purchase of Sun Mountain Lodge and subsequent investment of tens of millions came after the death of their friend, Sun Mountain founder and owner Jack Barron.

As a memorial of sorts to their earliest Methow Valley friend, packer Jack Wilson, the Haubs had bought the former Wagner ranch on the East Chewuch Road. It had been built for Winthrop benefactor Kay Wagner by Wilson, and the Haub purchased it in Wilson's memory.

In the 1980s, Jack Barron, whom the Haubs had met through Wilson, asked them to buy Sun Mountain. Barron said he was terminally ill with liver cancer.

"Jack approached me and said, 'I have to tell you, I'm quite sick and I won't be around much longer.'" --which you couldn't see at all," Erivan recalls. "We both (he and Helga) thought, 'that can't be true. He will be around for many more years.'"

But Barron, "passed away very fast," Erivan remembers. Barron's widow, Carole, "approached us again and asked, 'what shall I do with this place?' So Helga and I agreed. We said 'OK.'

"I thought this place was so unique and special that I didn't want to see it disappear or run down."

That decision in 1987 has influenced the past decade of growth in the Methow Valley and the Haubs respect for their land will likely affect the Valley's future land use patterns for many years to come.

Today, as Sun Mountain moves into yet another expansion phase with a new wellness center and spa, the Haubs express great confidence in their management team.

"It's a great team," Erivan emphasizes. It's not only that you have one manager you have a whole team of managers able to work together and respect each other. And really work at managing."

The Haubs also have property in Gig Harbor, which was their first home in the United States, and in downtown Tacoma. There are no immediate plans for the Gig Harbor waterfront property. But in downtown Tacoma the Haubs are working their way through possible development of a downtown office tower and retail center.

The family also owns the Murnau, a small resort hotel and spa in Bavaria which was purchased in a similar situation to the Sun Mountain investment. Tenglemann Group had held board meetings there for many years and purchased the hotel after the owner became ill and died.

"It's an absolutely parallel situation to Sun Mountain," Erivan observes. But he says the family has no immediate plans to expand their investment in resort properties.

The Haubs Northwest connection was rooted in childhood and renewed by Cold War

Part three

by Lee Hicks, Publisher, Methow Valley News- 1994-2001

Erivan and Helga Haub first came to the Methow Valley in 1973. But their affinity for the forests and mountains of the Northwest is rooted in childhood memories of their native Germany. And the Haubs had already formed a bond with Washington State long before their first visit to the Methow Valley and their purchase of Sun Mountain Lodge.

Erivan Haub, now 65, came to the United States in the early 1950s as an exchange student. In 1953 as a young man in his 20s he was on ski trip to Sun Valley when he met Warder and Annelise Stoaks, a Tacoma couple 20 years his senior. Annelise was Danish and spoke some German. The Stoaks invited Erivan to visit.

The young heir to a family grocery chain had gone on the work for Jewel Tea in Chicago and the Alpha Beta company in the Los Angeles area to gain experience in American food retailing practices.

The year following his introduction to the Stoaks, Erivan and his mother took a tour of the US and Canada to survey potential investments. They visited the Stoaks in Gig Harbor. When Erivan and Helga, were married in 1958, the Stoaks were there as their close American friends.

That friendship was solidified two years later when Helga came to Tacoma General Hospital for the birth of their first son, Karl-Erivan. Their other sons, George and Christian were also born in 1962 and 1964 at Tacoma General, making all three men US and German citizens.

By then the Haubs had purchased a waterfront home on Hale Passage near Gig Harbor. They would later buy nearly 300 feet of Gig Harbor waterfront land and downtown commercial property in Tacoma. There are no immediate plans in Gig Harbor, but Erivan is hoping to build a high rise office building and retail center in Tacoma.

The circumstances by which Erivan and Helga began their affiliation with the Northwest were greatly influenced by the Cold War and threat of Soviet aggression and communism in Europe. Berlin was divided, and the Soviet Union was moving against eastern European countries.

"Don't forget it was the height of the Cold War," Helga notes. "We had a little place on the sound (in Gig Harbor) and spent our summers there. At that time our families said, 'What do you want on the other side of the moon?' That's how they considered Washington State..my goodness now everybody knows about it. In those years, you (European visitors) would go to Florida, or you would go to New York..like Long Island."

Erivan and Helga just celebrated their 40th anniversary. Their marital partnership extends to business, and in conversation they appear to have such mutual respect that one can finish the other's sentence with no offense taken by the one who originated the thought.

The Haubs' have an obviously strong grasp of current events and a gift for political analysis. Now in their 60s, they are German nationals who have seen firsthand the forces of war and dictatorship during their lifetime. Erivan's father took his family to the German countryside as the iron rule of Nazi Germany brought devastation to the country's cities.

The Haubs appreciate the place of nature and a rural lifestyle they remember from their early years. Erivan's mother was active in environmental issues for the United Nations, a fact noted in a plaque at Sun Mountain Lodge.

In a recent interview, they talked of the jolting transformation of the former Soviet Union and eastern Europe from totalitarian states to fledgling but struggling free market economies. By some estimates, there are 20,000 nuclear weapons in Russia and other former Soviet bloc countries--a frightening situation when a country has weapons to sell and desperately needs a currency because its own is nearly worthless.

"I'm afraid, almost positive, that Russia will revert back to a military dictatorship," Erivan believes. In the former Soviet Union and its now-defunct satellite dictatorships, including East Germany, employment opportunities are scarce for the young. And there are few role models in their elders, who have depended on a state-controlled economic system for so long.

"Essentially, the conversion from a communist to a capitalist or free market system cannot be achieved neither in East Germany, least within Russia in 10, 20 or 30 years..at least a generation," Haub observes.

On the question of leadership by heads of state, Erivan believes, "there are no leaders in the world anymore, except for only in China, the only country I consider having a capable leadership," as the country moves toward a stronger, free-market system.

The Haubs are known to be strong supporters of the United States. He took out full page ads in major newspapers to support the 1991 U.S. military action to stop the Iraqi invasion of Kuwait. Today, the Haubs say the U. S. cannot allow terrorism to undermine our world position.

"Let's face it. The American government and the American people cannot let his happen...because Americans have done no harm. They have helped worldwide over and over and over again. And they are still being treated badly.." in Erivan's words.

"If you don't demonstrate power anymore, then pretty soon you've lost the situation. If you have power, you must sustain it..," Helga adds.

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