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JULY 2008

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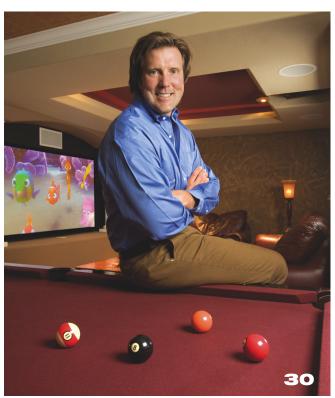


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The Product Guy

Products Editor Nick Bajzek writes about the latest product information on his blog. www.ProRemodeler.com/blogs

Measures of Success

Missed our Market Leaders Webcast? Visit our site to see the archived version and sign up for future Webcasts.

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Remodeling Notes

Senior Editor Jonathan Sweet talks about the latest news in the remodeling industry. www.HousingZone.com/Sweet

Remodelers' Exchange

Read the full transcript or listen to the entire discussion from this month's exchange on taking over botched jobs. Jud Motsenbocker hosts the exchange with participants George "Geep" Moore of Moore-Built Construction & Restoration and Greg Antonioli of Out of the Woods Construction and Cabinetry.

ONLINE POLL

Have you considered opening a second location?

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YOU DON'T EXIST WITHOUT 'E'

an you believe there are still remodelers out there who don't have a company Web site? The cute little girl with the braids at the end of our block with the lemonade stand has a Web site. The 10-year-old boy who cuts

our grass has one. So does the teenage babysitter down the street from us.

They've been in business for about 10 minutes, and they understand the value of having an online presence. Yet there are still remodelers who don't have company Web sites. I know this because I've been doing a seminar titled "Strategic Marketing for Remodelers" in every major U.S. market for three years. In every city I ask the question, "is there anyone out there who doesn't have a Web site?" And in every city, there are always a few hands that go up, usually very slowly and not very high in the air. You can tell by the body language these remodelers know they should have one.

They might as well just go ahead and create one single Web page so they will have a place to post the "Going Out of Business Soon" sign, because that's what will surely happen if they don't start taking this little thing called the Internet seriously.



Michael R. Morris Editor in Chief

"If you don't have a great site, an enhanced site - with pictures and videos and even a blog or two — you're doing your business a disservice."

I'll even go one step further and say that if you don't have a great site, an enhanced site — with pictures and videos and even a blog or two - you're doing your business a disservice.

I asked Steve Gray, whose threeyear-old company is generating a lot of

> business from its E-newsletter and enhanced Web site (see page 24), why he chooses to invest heavily in electronic marketing over traditional methods. His answer should resonate with those of you who haven't put enough of an emphasis on this area of your company's marketing strategy.

"With E-marketing we spend less, we control our message, and we aren't fighting to stand out on a page with other competitors," says Gray of his decision to opt for E-marketing over traditional marketing methods. "Our marketing budget affords us to do more with E-marketing than we would be able to do in print. This trickles down to lower cost per lead and much larger ROI. We track

our results, so we know this works."

Every single day, prospects in your market are out there, clicking away, checking e-mail, buying things and, yes, researching remodeling projects.

If your company doesn't have a Web presence, to that prospect, it's as if you don't exist. PR

>> Contact me at michael.morris@reedbusiness.com or 630/288-8057 Read my blog at www.ProRemodeler.com/blogs

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HOW TO SELL GENERATED LEADS

ost remodelers have worked very hard to build a business based largely on referrals. Why? There are many reasons: (1) It doesn't cost much to get referral business; (2) Most referrals buy; (3) They typically don't shop as much for others bids; (4) They are more willing to accept your price; and (5) It takes less work to close the sale. Who doesn't want more customers like this? So what's the challenge with a 100 percent referral business? Referrals are not a bad thing it's when they become our only lead source that it becomes an issue. And, this is where selling skills come into play.

I have found the professional sales skills and systems needed to sell referrals are low, or non-existent, in the majority of companies.

When sales are slow and you need to generate more media-produced leads, the closing ratio drops tremendously. In some cases it can go from a 90 percent closing ratio (leads to sales) to 10 percent or lower. That hurts because it takes more time, the cost to acquire new sales skyrockets, the attitudes of the team decrease and the general manager/owner's job becomes more difficult.

So what are the solutions?

- 1. Stabilize your business for different growth and economic cycles by having a greater mix of media-generated jobs to referral jobs. If your business is 10 percent media and 90 percent referrals today, look at moving to a 30/70 or 40/60 mix.
- 2. Utilize a proven professional selling system designed for your niche. Some great programs in which you can invest and customize are the SPIN Selling system (Situational, Problem, Imprecation and Need payoff questions) and the Sandler Selling System. There are many other great programs available. Or, you can hire an industry sales trainer to offer training support.

- 3. Invest time in training weekly so you become proficient using the system and get great results consistently.
- 4. Additionally, all the industry consultants I have collaborated with agree you must have a minimum 50-67 percent markup for general contracting and a

100 percent or greater markup for specialty remodeling to have a business versus a job.

The bottom line is it takes systems and sharp skills to sell media-generated leads well and at strong margins.

When I first started in sales 20-plus years ago, my sales manager taught me a simple yet powerful formula for success: Attitude + Activity + Skill = Success in Sales.

ATTITUDE: We have to believe in the product and company we are selling because belief transfers and creates confidence in prospective clients. We also have to be optimistic and upbeat because con-

sumers don't buy from pessimistic and depressed people. We must guard our attitude and belief that our product and service are worth our clients investment.

ACTIVITY: Selling is a numbers game. What are the numbers in your company? I recommend, at a minimum, you analyze leads to qualify leads, qualified leads to proposals/design retainers, and proposals/design retainers to closed jobs. Then you can structure the amount of activity needed to achieve your sales numbers per salesperson.

SKILLS: You will need a system and coach to improve your skill to close a higher percentage of media-generated leads. With time, effort and sacrifice,

you will significantly increase your closing ratio. If you're down at the 10 percent ratio of media leads to sold jobs, then you could double or triple your results.

One of the most beneficial sales skills is to learn how to truly qualify leads.

> This single skill could give you and your sales team a quantum leap. Here are some of the questions you should think about: Is the prospective client truly motivated to buy now? Do they have the money to buy? Can you deliver the type of project they want for the budget they have? Or, can you successfully reframe their expectations given their budget? If so, that will likely lead to a purchase with your company.

This is one of the major differences between a good salesperson and a great salesperson. Qualifying is always a little uncomfortable even for great salespeople, yet it becomes

easier with experience.

In any economy, one commodity we never buy back is our time. When it comes to sales we must maximize its use. Apply discipline and sell skillfully by attracting, qualifying and closing confidently. Remember, the sales success formula is Attitude + Activity

+ Skill! PR

skills to sell

media-generated

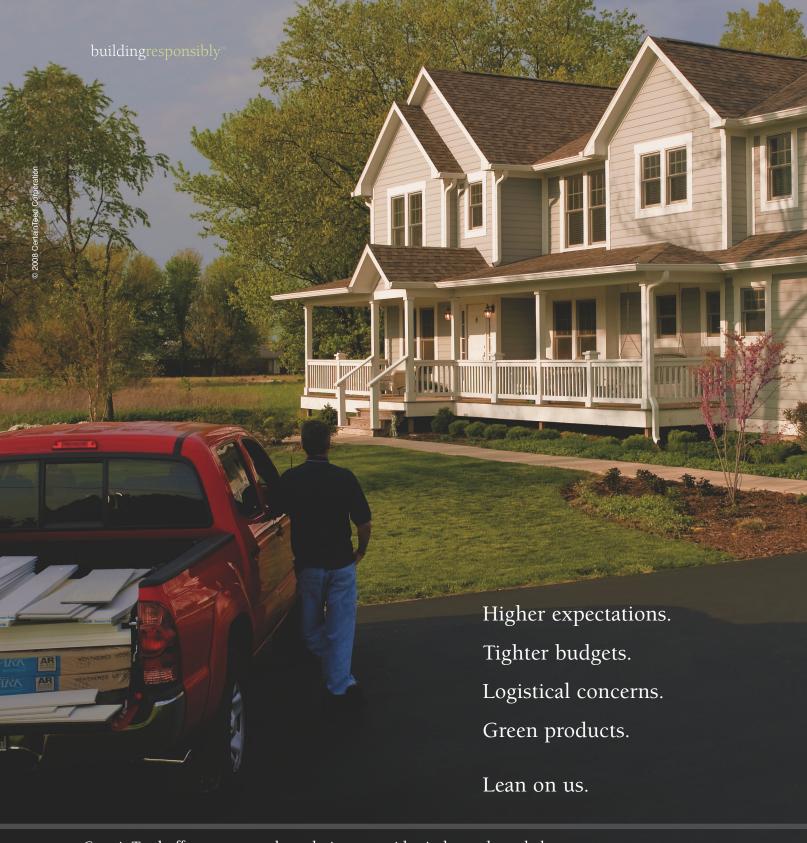
leads well and at

strong margins.

Doug Dwyer is president and chief stewarding officer of DreamMaker Bath & Kitchen by Worldwide, one of the nation's largest remodeling franchises. He can be reached at doug.dwyer@ dwyergroup.com.

Doug Dwyer Contributing Editor The bottom line is it takes systems and sharp

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on Customer Satisfaction

WHAT IS A RAVING FAN?

n my last article, I talked about company culture and how it can make or break client satisfaction. Now I would like to discuss how to create a common language for everyone in your company, so that everyone can understand what "raving fans" are, and how important they are to your business.

Several years back, I had the good fortune of getting an inside view of an amazing commercial construction company in Boston. The folks there opened their doors to my peer group and shared a concept that literally up-ended my belief about client satisfaction and provided me with a new tool to convey our client satisfaction goals to our people.

They asked the question, "On a scale from 1 to 10, how would you rate a project that was on time, on budget and the client was satisfied?" Well, to everyone in our group, that sounded like what we all aspire to — just about everyone gave scores from 8 to 10. So it really turned my head when that same project, for this company, would have rated a 5 or 6. And for this company, that project was, effectively, a failure. Their goal is only 9s and 10s. Nothing else will do.

Moreover, we learned a 9 or a 10 meant something much more than a satisfied client. It meant an apostle, a raving fan, a promoter at every turn. If the team did a project for a client and had not left the client with the burning desire to tell everyone they knew that the company was incredible and to use any other company would be insane, they had failed.

We also learned that for them, failure (or failing to produce a 9/10 client) is not an option, and their refusal to accept failure is central to their identity and their culture. They believe that if they consistently blow their clients away by being committed to exceeding

their client's expectations, then everyday they are securing that company's future. They make bold promises, like aggressive schedules under challenging work environments, and then do whatever it takes to make those promises a reality. Their belief in their ability to

produce 9s and 10s has rewarded them with an incredibly loyal client base that has allowed them to consistently grow. It has also earned margins that are two to three times that of the competition!

To consistently earn 9s and 10s, they need all their employees on the same page. One of the ways this is accomplished is to create a common language out of the number rating system. During our visit, we could randomly ask any employee to define a 5 or 6, or a 9 or 10. Each and every employee, from production, estimating, accounting and IT got it. And moreover, everyone knew that doing their job well with a laser-like focus supported the mission of the company.

Like the commercial world of construction, our market is filled with well-intended companies that consistently underperform and disappoint their clients. Such low performance leaves you with an ample opportunity to create raving fans.

After you've committed to the concept of "raving fans," you must create that common language for your employees. Clearly 9s and 10s are not the only way to communicate that level

of client nirvana, so please call it whatever you want. Create your own terms and language within your company as long as everyone can get their arms around it. Once people begin to get it, keep going and weave it into the fabric of your company.



Dave Bryan Contributing Editor

Like the commercial world of construction, our market is filled with well-intended companies that consistently underperform and disappoint their clients. Such low performance leaves you with an ample opportunity to create raving fans.

Not wanting to reinvent the wheel (and admittedly, sometimes I lack creativity), we have adopted the 9s and 10s language. We have "910" embroidered on our sportswear. We use it in weekly meetings when we rate the client satisfaction of every project under construction. We talk about it in our monthly companywide meetings to highlight examples of employees going above and beyond to secure the client's delight. I hear it talked about in the hallways of our company. It has become part of our DNA. Like learning any new language, it takes time, but when you master it a whole new world opens up to you.

Next time I will provide you with some tangible examples of a variety of things that can be done to exceed your client's expectations within the project's and the company's budget. PR

Dave Bryan is the president and CEO of Blackdog design/build/remodel in Salem, N.H. He is also a

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facilitator for Remodelers Advantage. Contact Dave at dbryan@blackdogbuilders.com.

>> For more Dave Bryan on Customer
Satisfaction, visit www.ProRemodeler.com

TAKING OVER BOTCHED JOBS

One person's screw-up can make you a 'white knight'

WHAT HAPPENS TO BOTCHED JOBS?

Who comes in to clean up someone else's mistakes? How do you charge for a job that's already been paid for? These are some of the questions that will be answered in today's discussion.

Jud: Greg, do you make a concerted effort to seek out some of these botched jobs, or do they happen to just fall into your lap?

Greg: They fall into our lap. At the very least, I'm consulted on a lot of things. I've become the go-to-guy for advice. Even if they haven't hired us, I have a reputation for being a nice guy. It's our reputation; for value, you've got to call Greg and he'll help you out even if you don't hire him to help you out.

Jud: In the process, Greg, do you do any professional witness work?

Greg: I have, I think, twice.

Jud: Do you prefer not to do that?

Greg: I haven't found it to be a lucrative

This month featuring:

George "Geep" Moore Jr., Owner/President Moore-Built Construction & Restoration, Elm Grove, La.

In business for 25 years, this third-generation contractor focuses on remodeling and property damage repair but mostly construction defect consulting for the courts.

Greg Antonioli, President

Out of the Woods Construction & Cabinetry, Arlington, Mass.

A design/build firm in business for 16 years with five office staff and nine field employees.

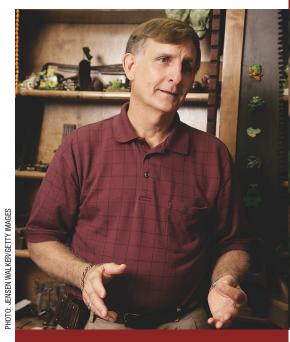
use of my time. I do see it is my duty to the industry.

Jud: Geep, I understand that you're doing more of that court work. Did you start out looking for it?

Geep: No. It came to me because of my background. I'm third-generation. I have a degree in construction engineering, and I have six designations now. I've gotten a history and reputation of being able to fix whatever someone else can screw up. Economically, it might be expensive, but I've yet to fail to go in and figure out what the problem was and how to fix it. In fact, we don't only do that from a construction defect standpoint and testify in court, we actually go in and fix the problems. We have an extremely high success rate with that. I have about three contractors who I work with several times a year. They run into problems and really don't know where to go with them. I go out and charge them a consulting fee, show them where to go with it and how to correct it and move forward with it. I have several others who just call me that are in the home builder association. They just bounce stuff off of me. It's been a great change of pace after running my company for 20 plus years and my dad's company before that. It just works very well with my lifestyle.

Jud: Greg, are there certain elements in this type of work that make some of it easier than others? Are there some that you would even walk away from and wouldn't get involved in?

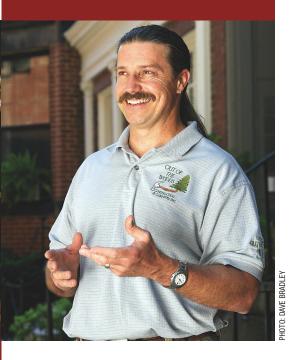
Greg: Absolutely. I'd say with the majority of the ones that come to us, unfortunately, all too often the reason and responsibility for getting into a botched job is not thrown



GEEP: "If you've got a client who is willing to work with you, and they have the finances to fix it, it makes any job go well, because I can fix anyone's screw-up."

on the homeowner's back as much as the contractor's. The homeowners made some bad decisions. They convince themselves that they can do an \$80,000 project for \$40,000. By the time they come to us, they've spent \$30,000 to get \$20,000 worth and the place is half gutted. And, they didn't have the money to begin with to do

GREG: "[Fixing a botched job] can be the greatest testimonial you'll ever generate. You were the 'white knight,' and they should have listened to you to begin with."



the entire project, let alone now having to pay twice to do it. I'd say the majority of the time it's not economically feasible now for our company to get involved in it.

Jud: Geep, how about you? Are there any particular ones that make it easier than others?

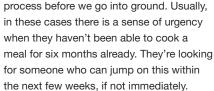
Geep: Every one of these jobs has certain challenges and expectations. I tell my clients right up front that I have a protocol to go through: this is what it will take to fix your project and this is what it will cost. When you sign a contract, you're going to sign a hold-harmless clause. I didn't create this situation. I'm going to do the very best I can do to come in and fix it.

Greg: The one big differentiating factor that I see is there are two types of people coming to us. There are the ones who just

come to us out of the blue. Then there are the ones who may have consulted us but have not hired us. There is a step up in the ones who have consulted us and came back and said, "You were right. We made a mistake, and we now see the value in your system." They're already sold and they're more humble coming forward.

Jud: Greg, do you have a specific contract that you work on in these jobs, or do you just use a normal contract that you have?

Greg: We try as best as possible to inflict our normal system regardless of the situation. We tell the homeowner that the reason they got into this is because you didn't follow our system or whatever. We may tweak certain protocol here or there. I think it is more difficult for a design/build firm to take over a botched job. We're used to a multi-month-long planning



Jud: Geep, have you got a special

have an additional indemnification hold-harmless clause, which will explain what we'll do. These problems were caused by a previous contractor or a previous development within your home. We are going to make an attempt through our process to correct it. We will do everything in our capability to correct your problem. We have to be indemnified and held harmless for any results that we're not able to correct or results from what we do that we have no control over, because we could not change the overall design.

Jud: Greg, can you think of one that was a really good job and made life considerably easier, even though it was botched somewhere along the line? **Greg:** It really boils down to the personality of the client, which it does for every project. If they were sincerely duped and it wasn't their own stubbornness or lack of foresight that got them into the situation to begin with, and they're willing to defer to your judgment, obviously, it can be the greatest testimonial you'll ever generate. You were the "white knight," and they should have listened to you to begin with. I've had three offers, formally, from people who didn't hire us the first time around. They still

offered, in the end, to be on our reference list. Even at the end of the job the client will still thank us for bailing them out, even if "it's still not what I wanted." They still have the means to borrow money or whatever to still achieve their original dream. In one situation, in the end, it was everything they wanted, and they were happy. They ended up getting the house of their



Jud Motsenbocker Contributing Editor

dreams.

Jud: Geep, any good ones you want to tell us about? Any particular ones that went very well and the type you like to see when you walk in the door?

Geep: I like the challenge in what I do as far as going out to look at these problems and trying to figure out how to go about fixing them. I think Greg hit it on the head. It's the client that makes the difference. It doesn't matter how bad it starts. If you've got a client who is willing to work with you and they have the finances to fix it, it makes any job go well, because I can fix anyone's screw-up. I haven't found a screw-up I couldn't fix. The economics of fixing it is the biggest problem. Short of that, the client is what makes all the difference. Almost every time we do these things, our clients think that we walk on water.

>> For the rest of the discussion on this

topic or to listen to the podcast, visit www.ProRemodeler.com/bestpractices

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A growing number of deck failures have emphasized the need to build decks to meet code requirements just like any other structure. To help design structurally safe, code-compliant decks Simpson Strong-Tie introduces our *Deck Framing Connection Guide*. The guide recommends structural connectors and provides best practice guidance based upon specific building codes.

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To request a copy of the Deck Framing Connection Guide call (800) 999-5099 or visit www.strongtie.com/safedeck.

For Free info go to http://pr.ims.ca/5661-9

By Jonathan Sweet Senior Editor

Having fun with open book

lot of companies share financials with their employees, but Blue Canyon Construction decided a few years ago to have some fun with the concept.

The Seattle-based design/ build firm hosts an annual retreat for its employees to review the past year, look toward the future and reward them for their work. The retreat is held at a remote resort location on a Friday and a Saturday.

"The idea is to get the employees feeling involved in the company," says the company's business consultant, Mary Kay Beeby. "We look at where all the money goes and how we can improve from the previous year."

Blue Canyon uses "The Great Game of Business" concept (www.greatgame.com), created by former business



executive Jack Stack, which focuses on making open-book management more appealing to employees by engaging them in entertaining activities.

"It's a great team-building activity, and it's increased the loyalty of the employees," Beeby says. "We get really good ideas and action items out of the retreat every year."

One unique aspect of Blue Canyon's retreat is that spouses are invited along and encouraged to participate in many of the meetings.

"So much of our employees' time is spent at work, we just figured their spouses would be interested," Beeby says. "The feedback we've gotten is that they really appreciate being involved."

Beyond keeping the employees and spouses happy, it's also paid other dividends. With many of the spouses having backgrounds in fields such as banking, technology and government, they've been able to contribute to the discussions.

"They give us a different perspective," Beeby says.
"One of the things we do is give them a problem to solve
— a real problem we have — and they always come up with great ideas."

>> If you have a **Trade Secret** you would like to share, e-mail Senior Editor
Jonathan Sweet at *jonathan*.
sweet@reedbusiness.com.

A focus on ethics

or years, Feldco has put an emphasis on delighting its customers through employee training, quality-control metrics and a focus on ethics.

That approach has paid off for the Chicago exterior contractor, which has received the Torch Award for Marketplace Ethics from its local Better Business Bureau.

"We've always taken pride in our customer delight," says Director of Communications Patti Freko. "This is very important for us because it makes us even more credible to customers."

The award has been a big part of the company's ability to keep business strong in a down market, Freko says.

"People are very receptive to it," she says. "It's been the clincher for some sales, and we've made it an important part of our presentation."

THEGREENPIECE

Can 'co-opetition' work for you?

or many remodelers, working with their competition goes against their instincts.

But Sage Homebuilders in St. Louis decided that there was so much to learn about green construction that it made more sense to work with other builders and remodelers, a practice principal Jason Stone has dubbed "co-opetition."

Stone says he gets frequent questions about green practices because of his efforts to promote them through his Web site, blog and a monthly green newsletter. Sage, which builds custom homes as well as remodels, uses green practices in every project.

Stone says he'd rather be competing with other educated remodelers than those who might just try to do green without enough knowledge.

"Why not share the information if they ask?" he says. "The last thing we want in this industry is a bunch of people out there selling green and doing a lousy job."

There's plenty of business to go around in the green arena, and more companies promoting it can only help, Stone says.

"If it's really going to take off, we feel like we need to have a lot of builders doing it," he says. "If enough people build green, then the public will recognize it."

The practice has not only helped the Sage team learn more about green practices, it's also helped business by generating referrals from the companies they've shared information with. Despite the downturn in the market, Sage Homebuilders has doubled its sales in the last year.





SETTING SAIL FOR A SECOND LOCATION CAN BE A GREAT WAY TO GROW BUSINESS

Uncharted Waters

18 PROFESSIONAL REMODELER www.ProRemodeler.com July 2008



MAYBE YOUR COMPANY HAS SATURATED the local community. Maybe you want to grab a piece of a lucrative remodeling market. Or maybe you just are looking for an opportunity to grow.

Whatever the reason, many remodelers consider opening a second location at some point. While some fail, many succeed, and with careful planning, a second location can be a great way to increase business, even — maybe especially — in a down market.

TAKING ADVANTAGE OF A DOWNTURN

It may seem counterintuitive to expand in the current market conditions, but it may be the best time. In many markets, employees will be easier to find, property will be cheaper and marketing costs are down.

The Neil Kelly Co., which has had two locations for years in Portland, Ore., has expanded recently into Eugene and Bend, both more than 100 miles away. The Eugene showroom opened three years ago; the Bend location earlier this year.

"Deschutes County (where Bend is located) was one of the fastest growing counties in the country over the last few years," says company President Tom Kelly. "But because of what I just told you it's also been one of the hardest hit markets in the downturn."

That doesn't change the fact that the Bend market will be an important one for the company for years to come, Kelly says. That is why the company had been targeting the market for expansion for years. The key is having realistic expectations.

"The market has great long-term growth prospects but is currently a tough market," he says. "We planned for a tough market, so, so far we're on budget."

Coming into the market as it was slowing was probably easier than trying to start up in a booming market, Kelly says. It's paying off as the company scouts future employees.

"The Bend market was so hot, we probably wouldn't have been able to hire the people we needed," he says. "Now they're looking for work and we're creating relationships. The key to being an effective remodeler is having a great cadre of trade contractors who know you and want to work with you, and I'm not sure we could have gotten that before."

Opening a new location isn't the way to survive a downturn, but it can be an important part of a long-term growth strategy for a solid firm.

"The long-term perspective is much more important than the short-term," Kelly says. "Downturns are an opportunity to grow and expand market share if one is in a strong financial situation."

That sentiment is echoed by Larry Weinberg, CEO of BOWA Builders in McLean, Va., which opened an office about 35 miles away in Middleburg, Va. in late 2005.

"I see this as much easier to do right now than it was three years ago," Weinberg says. "It's a slower ramp-up, but if we can succeed in a slower time, when this turns around we'll be in a great position. The current economy is almost inconsequential."



"We have a lot of good, loyal employees that have the **opportunity** to take more responsibility as we open up new divisions."

Larry Weinberg

To run each of its geographic divisions — whether run out of McLean or the new office in Middleburg — the company has team leaders, often former remodeling company owners themselves. During the best times, they were doing well enough that they weren't interested in coming to work for BOWA.

"This looks a lot more attractive now," Weinberg says. "It's just a lot easier to find good people."

TAKING THE PLUNGE

Opening a new location requires more employees and more capital, so it has to open up enough business to make it worth it.

BOWA has long had separate divisions built around the geography they serve in the Washington, D.C., area. Until they expanded to serve Loudoun and Fauquier counties in Virginia, they'd never needed an office in those new markets.

"When we started talking with the business leaders and the architects that served that area, they let us know pretty early on that people in Middleburg don't like doing business with someone who doesn't have an office there," Weinberg says. "We're swimming upstream when we open up in a new market to begin with, and then when we were told it's going to be even harder if

"Downturns are an opportunity to grow and expand market share if one is in a strong financial situation." – Tom Kelly

you don't have a presence, we decided to go ahead and do it."

Before expanding into an area, BOWA looks at several factors, including real-estate values, age of the homes in the area and incomes. Because the company focuses on high-end renovations, they are particularly interested in the number of homes over \$1 million. The Middleburg area has a lot of older homes and some of the most valuable homes in the D.C. area, which made it worth the expense and effort to open an office there, Weinberg says.

In general, deciding to expand geographically has become a necessity for BOWA if the company wants to continue to grow.

"I don't want to say that we've saturated the Washington, D.C., market, but we've done well," Weinberg says. "The only way to maintain growth is to expand into other markets."

The addition of new divisions also means more career opportunities for employees, which is important in keeping the best and brightest.

LESSON LEARNED

pening a second location doesn't always work out for the best. That was the lesson learned by Washington, D.C.-based Landis Construction.

In 2006, the company opened a second location in Frederick, Md. (about 40 miles north), but quickly found the market wasn't for them and shut the office down after a short time. The biggest mistake, says principal Chris Landis, was that the company didn't research the market enough before expanding out of their base in the district.

Instead, the company had opted to open the location with relatively little planning after a remodeler who had run his own company there had applied for a job with Landis.

"He had his own business there, he'd won a couple of awards and we thought he could cultivate his old clients and generate some business for us up there," Landis says. "It was an opportunity that was presented to us and we thought, 'This will be easy,' but we should really have gone and looked at the marketplace."

Landis found that the market was completely different than what they were used to. Homes aren't worth as much in Frederick, the projects are less complicated and the competition costs a lot less — all factors that worked against Landis.

"I even talked to some of our subs who live up there, and they tell me the reason they come down here is they can earn twice as much," Landis says.

The company made a mistake by counting on the new hire to know the market and be able to generate business on his own.

"I think we were really relying on this individual to know all that stuff and have that expertise, but he was coming to us because his business was failing, and I think that's the key right there," Landis says.

Landis says the company still looks to expand in the future but would need to have a larger, dedicated sales staff, as well as do a much better job of studying the market.

"It was something that just fell in our laps, but just because that happens doesn't mean you can end-run the due-diligence part," he says.

"I see this as much easier to do right now than it was three years ago." - Larry Weinberg

"If you're going to hire and retain the best people, the best people don't want to stagnate," Weinberg says. "We have a lot of good, loyal employees that have the opportunity to take more responsibility as we open up new divisions."

The same factors have driven the growth for the Neil Kelly Co. When choosing where to expand, the decision on the Bend location was similar to those made by BOWA – high household incomes, high home values and an opportunity for growth. Both Bend and Eugene came about through acquisitions of existing small kitchen and bath showrooms. While the Bend market was targeted in Neil Kelly's business plan, the decision to expand into Eugene was more sudden. The owner of a showroom that was selling the company's cabinet line called to tell Neil Kelly he was retiring and ask if he wanted to buy the business. At the time, Kelly said no, but continued to think about it, especially once one of his former employees expressed interest in running that location.

"Expanding into the Eugene market was not something that

was in our plans," Kelly says. "But then we had someone in the company who was interested in going there to be the manager, which was a key for me."

At that point, management was already thinking about opening up in Bend or elsewhere, and this was an opportunity to see if it would work.

"We have two locations in Portland, but that's a different animal than managing a business that's 110 miles away," Kelly says. "It ended up being a fairly reasonable purchase price, and we wanted to see if managing a remote location was something that worked in our business model."

While both the Bend and Eugene locations were somewhat distant, both, particularly Eugene, are within range of the television, radio and newspaper advertising Neil Kelly does.

"We were pleasantly surprised by the level of brand recognition we had," Kelly says. "Previous brand recognition is something I really want to underscore as something a remodeler should consider if they're looking at expanding."

FIVE THINGS TO CONSIDER

avid Meier, founder of The Small Business
Advantage, a business coaching firm, says there
are five things business owners should think about
before opening a second location.

- Can the business run without you? If not, a second location can't be expected to survive because you can't be two places at once.
- 2. Research the new market. Make sure the demand is there for what you have to offer and that people are willing to pay for it.
- **3.** How strong is your current location? Would the new location hurt business at the old location? Do you have enough good employees to manage two shops without hurting the existing one?
- 4. Make sure you have enough money. The new location should be viewed as a second business. It shouldn't count on the existing location to pay its way.
- 5. Are there other growth alternatives? Explore other ways to improve sales/profits at the existing location before going to the expense of opening additional locations.

SAFE HARBOR

Once a new office opens, having the right people in place is probably the most important part of success.

"We have to make sure that it's the BOWA brand," Weinberg says. "People in that division have to be empowered to make their own decisions, but also know to work within the BOWA framework. It's not the kind of thing where you can just hire somebody and send them off and expect them to do it."

That's why BOWA prefers to start a division from within rather than acquire an existing company, although the company has acquired two in the past.

"I would be nervous about taking another company and slapping the BOWA name on it, then crossing my fingers that they're going to be treating customers the way we want them to," Weinberg says. "If we lose money, we can get over it, but damaging our brand can have long-term effects."

Kelly prefers to buy existing businesses instead of start from scratch because of the value of having an existing showroom and client list, but still put previous Portland employees in charge of both the Bend and Eugene showrooms.

"I wouldn't have done this if I didn't have people who wanted to go over there from the company," Kelly says. "I trusted their management abilities as well as trusted them in general." **PR**

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The Value of E-Marketing

HOW REMODELERS ARE MAKING THE MOST OF THEIR ONLINE PRESENCE

Editor's Note: In keeping with the electronic topic of this article, all interviews were conducted via e-mail and all images collected electronically.

By Mike Morris, Editor in Chief

MORE REMODELERS THAN EVER are increasing their online presence and using technology to improve their brand awareness, keep in contact with past clients and reach out to new prospects early on in the buying process.

Through the use of enhanced Web site features, e-newsletters, blogs and more, remodelers are setting a professional tone for their business in innovative ways that can improve the return on investment for their marketing dollar.

"E-marketing is a great investment for remodeling companies because their clients are living in today's technology driven world," said Cindy Shearer, account supervisor at Henke & Associates, a marketing and advertising consultant in Cedarburg, Wis. "The worldwide community uses the viral Web 2.0 as its resource for information, searching and more. Without the use of online resources, a company would be behind the curve. E-marketing actually increases interaction with clients. It all leads to better relationships."

Companies like Henke, which offer complete design and creative marketing development services, are common everywhere in the U.S. nowadays. But it's important to go into the process knowing what your options are for building an online presence and improving brand awareness.

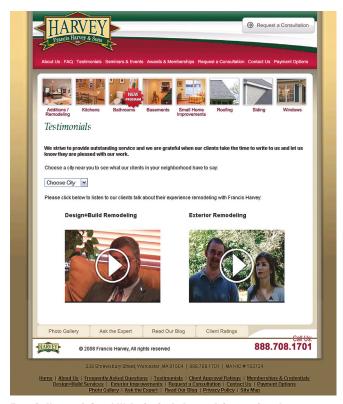
Here are just some of the ways remodelers are optimizing their investment and increasing their marketing reach online.

WEB SITES

It's not enough anymore just to have a functioning Web site. More consumers than ever before are turning to the Internet as they begin the process of researching and making choices about remodeling.

Very often, they start the search for a remodeler by simply typing the words "kitchen remodeling Indianapolis" or a similar phrase into Google, Yahoo or MSN. The results that appear on the left-hand side are ranked in order of relevance using search engine optimization. The higher on the page your ranking, the more likely that consumer will click over to your Web site instead of the competition's. Needless to say, getting ranked high is a priority today, and any E-media marketing consultant can aid in this endeavor.

Francis Harvey & Sons, a residential remodeling firm in Worcester, Mass., recently revamped its Web site to include video. It now hosts videos of testimonials from past clients, case studies of completed projects, its ugly bath contest and more. It provides the type of experience online that helps set Francis



Francis Harvey & Sons' Web site includes such interactive elements as videotaped testimonials from clients.

Harvey & Sons apart from its competition.

"I wanted a site that would offer the level of electronic sophistication that our clients are used to," said Sheila Fitzgerald, marketing director for Francis Harvey. "In our part of Massachusetts, there are a high number of high-tech and bio-tech companies, along with a large concentration of doctors, with the University of Massachusetts Medical School being located in Worcester and all of the major Boston hospitals in our geographic range. All of these clients are very comfortable with the web and use it often."

Fitzgerald used a phone call tracking service to keep track of how many calls were coming in using a dedicated number on the Web site. She found that even though prospects claimed they found Francis Harvey through a friend or an ad, if they called the Internet only phone number, she knew they had checked out their Web site before deciding to schedule an appointment.

"This told me how important it was to have a Web site that was not only visually appealing but provided useful content as well," Fitzgerald said. "Some people say, 'don't have too much up there [on the Web site]; we want them to call us.' But we don't believe that. If you don't have a great site, they may just never call, and you've missed an opportunity. If we position ourselves as the experts and provide information the way these Web-savvy

clients are most comfortable — video testimonials, blogs, etc. — I think they are more likely to call."

Steve Gray Renovations in Indianapolis is a three-year-old company that has made its E-marketing campaign a priority from the start. The site was voted Best Remodeling Web site by the Builders Association of Greater Indianapolis last December, and the team has entered into a partnership with the local NBC affiliate television station to host a related Web site that will link to Gray's site. The partnership has the potential to drive 700,000 visitors per month to Gray's site from the partnered site.

One of the unique features of Gray's site is the Flash Player videos and picture slide shows of current projects as they progress through production. This gives Gray the ability to show the professionalism, construction quality and attention to detail his company offers.

"We realize the importance of giving good, current, information, and we continually update the content and projects on our Web site," said company President Steve Gray. "We use Flash Player video to show what we do and how we do it. This gives us the opportunity to show people, in real time, how projects evolve. We are able to show the quality and craftsmanship that goes into every project we undertake."

BLOGS

Jake Schloegel, owner of Schloegel Design Remodel in Kansas City, began writing a blog for his company Web site five years ago. The strategy was conceived by a consultant who was working on his marketing plan and Web site, and now both he and one of his designers are writing blogs on the site.

"He thought that blogs were the future," Schloegel recalls. "He thought it would help us move up the chain on search engines, create a buzz since we would be the first remodeler in the area with a blog and help establish me as an expert in the field."

The blogs have helped Schloegel maintain the No. 1 position on Google searches for kitchen, bath and addition remodels in the Kansas City area. Schloegel handles his blog in a question-and-answer format, where he answers two to three real questions per week from visitors to his site.

"I do answer all of them, usually within a week," he says. "I have no idea where these people with questions come from. My gut feeling is that vast majority are coming from well outside our market area. I do not do it for any immediate results but rather

Blog: an online diary; a personal chronological log of thoughts published on a Web page; also called Weblog





Jake Schloegel, owner of Schloegel Design Remodel in Kansas City, writes a blog where he answers questions from potential clients.

to position my company and myself as a resource for homeowners who need to ask an expert any question on remodeling."

PODCASTS

Riggs Construction & Design has positioned itself as one of the St. Louis area's premier remodelers based on the branding it does through its Web site. One of the company's missions is to build its brand by becoming an information provider to the public. By educating visitors to its site about the process of remodeling, Riggs not only builds trust with prospects but finds they attend the sales call better understanding what to expect when they do business with Riggs.

"Knowing that a substantial number of our audience is made up of busy people who are on-the-go, we wanted to give those folks a new and entertaining way to receive information," says Amie Riggs Swarts, vice president/sales and marketing manager.

Each of Riggs' podcasts focuses on a specific type of remodeling project, including second-story additions and kitchens.

"In addition, because I personally record each of them, the podcasts themselves begin the process of forming a relationship between the listener and Riggs," Riggs Swarts says.

Though the podcasts themselves are not expected to provide direct sales leads, she says the increased brand awareness and ongoing dialog they create with past clients has resulted in increased repeat and referral business.

E-NEWSLETTERS

Electronic newsletters are slowly but surely taking the place of more costly direct mail campaigns as the best way for remodelers to keep in contact with past clients as well as prospect new ones.

By collecting e-mail addresses of all past clients and buying local lists of demographically appealing prospects, remodelers can avoid the rapidly rising production and postage costs associated with traditional snail-mail marketing efforts.

Steve Gray has found it as a way to optimize the effectiveness of his Web site, driving traffic to the site with video links, a message from the president and more content. The newsletter goes out to roughly 7,500 addresses monthly.

"After receiving such great feedback for our Web site, we decided to implement a monthly newsletter," says Gray. "We wanted a way to stay in front of our clients, provide useful information and show off some of the cool projects that we do."

Bartelt Filo's e-newsetter just won the gold award from the Sales and Marketing Achievement Awards, sponsored by the Metropolitan Builders Association in Wisconsin. The Menomonee Falls, Wis., remodeler has put a lot of resources into its Web site, and like Steve Gray, found that having a strong E-newsletter was the best way to drive people to the site. Bartelt Filo staff collected many e-mail addresses at a local consumer home show to supplement its past client list and those in the "developing project" pipeline, a list of prospects they have talked to that are thinking of doing a project at some future date.

"The e-newsletter is just a better option to keep our potential clients engaged," says Sandy Borkovetz, marketing director for Bartelt Filo. "It will also save a few thousand dollars a year in postage. We currently have almost \$9 million of potential work in our developing pipeline, so it is extremely important not to forget about marketing to them just because your active pipeline looks great. Marketing to that developing pipeline is as important as it is to capture that attention of a new client." PR

For links to the Web sites in this article and other resources on electronic marketing, visit www.housingzone.com/e-marketing.

Podcast: a Web-based audio broadcast via an RSS feed, accessed by subscription over the Internet.



Lead Paint Lowdown

WHAT YOU NEED TO KNOW ABOUT THE NEW FEDERAL RULES

By Jonathan Sweet, Senior Editor

NEW LEAD PAINT REGULATIONS are set to take effect in 2010, and remodelers who work in pre-1978 buildings will face some major changes in the way they remodel some homes and businesses. Professional Remodeler talked to Matt Watkins, an environmental policy analyst with NAHB, about the new rule. The full rule — the lead renovation, repair and painting program rule is available at www.epa.gov/lead.

What facilities and homes will be affected?

It's really targeting housing that is occupied by children under the age of 6 or that has a pregnant woman residing there. To qualify as a child-occupied facility, there has to be a child under 6 years of age, two different days a week, at least three hours, with a combined total for the week of six hours and an annual time frame of 60 hours.

So this could apply to a home where people are simply seeing their grandkids every weekend?

Could be grandparents every weekend, it could be grandparents who are doing day care. For that matter, it could be the next-door neighbor's house, because they're there two or three times a week.

What type of training is this rule going to require for remodelers?

Training is an eight-hour training course. Six hours in the classroom, two hours hands-on. I guess the model that's out there right now is the current EPA/HUD remodeling course for folks that are already doing work in HUD housing. That said, in addition to what's in that curriculum they'll probably add how to use the pre-renovation lead test kit and the post-renovation cleaning verification.

From a contractor standpoint, does it make sense to send their entire crew to get this kind of training?

I think from an economic standpoint, it would be costly to do that. Lead-safe work practices are pretty common steps, so I think just one person being trained in that and training the rest of the staff shouldn't be a problem.

How big an economic impact do you expect this to have on remodelers?

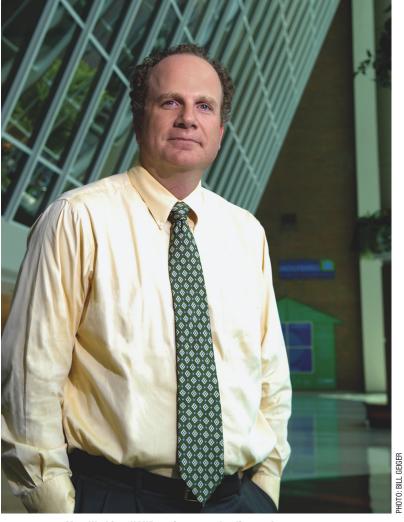
More than \$35 per project. [EPA's estimate of the cost.] I think from talking to some of the remodelers about this, I don't know that we've come up with a quantifiable number, but it's certainly bigger than what has been cited by EPA.

What are the key things remodelers need to be thinking about before they start on a job?

I think initially a remodeler should be thinking, "Should I even bother working in homes that were built prior to 1978?" Then once they've decided, "I think I want to; that's a significant amount of my market," I think they're going to be thinking about insurance. Most liability insurance policies have a toxic materials exclusion, so once lead paint is spoken your policy almost becomes worthless. There really aren't any products out there for a remodeler to get that aren't extremely costly.

Then when they go out, they'll be thinking, "Well, how do I

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Matt Watkins, NAHB environmental policy analyst.

properly estimate a project?" Whether it's replacing windows or doing an addition or gutting a kitchen or bathroom, they're going to have to figure out how to estimate this. This is a new way of doing things. There's going to have to be some education of consumers on why this costs more.

Is NAHB concerned that we're going to see homeowners opt for the untrained contractor or try to undertake it themselves?

That's certainly a huge concern for us, that the economic desire to hire a fly by night or to do it yourself will outweigh the cost of protecting your family. That's the big hole in this whole regulation, that the entire do-it-yourself market has been exempted.

Are there any other parts of the rule that you're concerned about?

There's a record-keeping requirement that EPA has put in the

KEY FACTS

- The rule takes affect April 22, 2010.
- The rule applies to projects disturbing more than 6 square feet of painted surface in pre-1978 homes.
- EPA-approved training should be available by April 2009.
- The new consumer pamphlet is now available and must be used beginning in December.
- Violations will carry up to a \$25,000 fine.

rule that records have to be kept for three years after the job has been completed. The EPA has specifically said that the reason for keeping these records is strictly for compliance. It has nothing to do with protecting children, or protecting the population or protecting the next home buyer. It's specifically there to keep the remodeler in check.

I think there are concerns, like I said, about insurance. I think there are concerns about pre-existing lead conditions. The remodeler might come in and do the windows, but there's lead on the base board and lead on the door jambs and those weren't addressed. Will there be a false sense of security on the part of the homeowner, saying, "Well, we had the windows changed out, so the lead's gone?" Those pre-existing conditions have not been affected by the work that's been done by the remodeler, but could they then come back at a later date and say the child has lead poisoning?

Is there anything a remodeler can do to protect themselves in that situation?

Aside from having a proper insurance policy in place, not really. I think in a civil case it would be their job to try to prove this child wasn't lead-poisoned by something they did.

What were some of the major wins for remodelers in the rule?

The biggest concern we avoided was having a third-party clearance test once we were done with the work. That didn't happen in the rule.

The recertification requirement had been every three years and that got changed to every five years. To a certain degree we got some modified grandfathering; if you've already taken a lead course from HUD/EPA, you only have to take a 4-hour refresher to be certified, so for the guys that have already been certified, it's good for them.

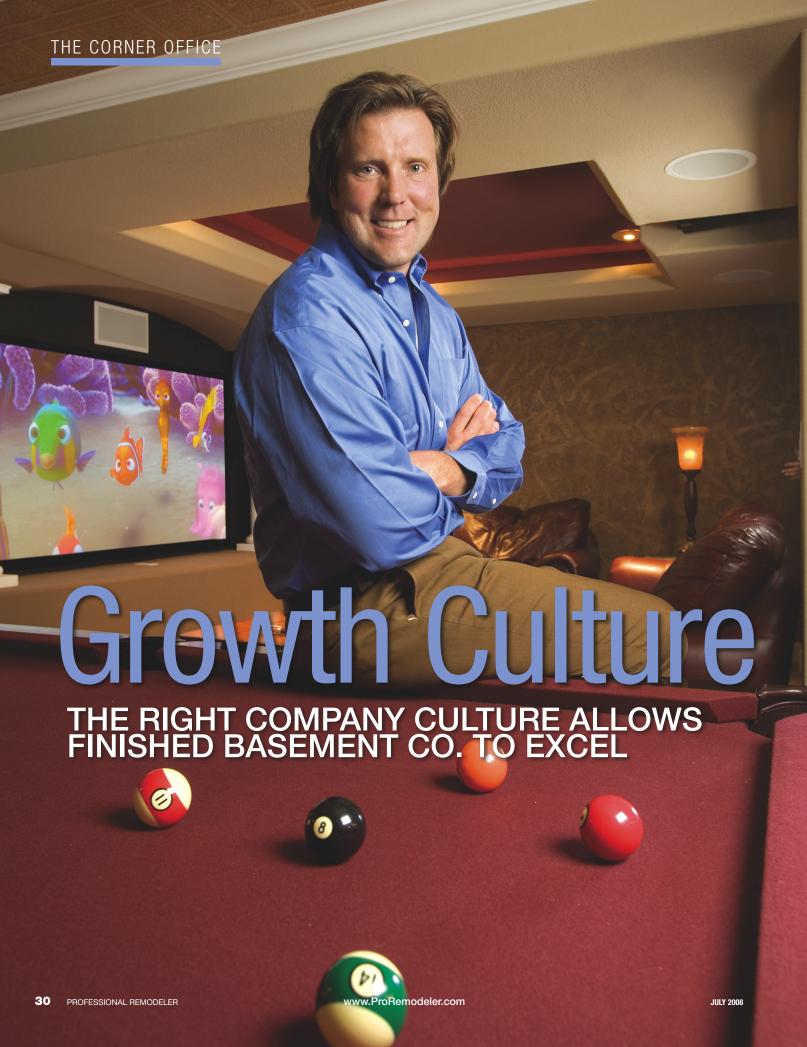
What steps do remodelers have to take after the project?

You implement all of your lead-safe work practices, and at the end of the project, you use a HEPA vac, then wash it down with a wet mop. Once you've done that, starting with window sills, you have to take a wet disposable cloth and wipe down the sill and compare it with a comparison card, and if the dust that's on that sill is less than what's on that comparison card, you're done. If it looks like there's more dust than with the comparison card, vacuum again, wash again and do a wet wipe. If it still looks dirty, you HEPA vac and wash one more time, then do it with a dry cloth, then you're done. Basically, you're going to have to do the cleaning regime a maximum of three times.

Some people are arguing there should be a third-party, post-project testing. Any indication that the rule will be revisited?

This will be the rule for now. I know that health advocates made some squawks when the rule first came out to some of the environmental folks here in town, but since that time we haven't heard anything from them and we've seen nothing anyplace else. **PR**

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By Jonathan Sweet, Senior Editor

WITHOUT THE RIGHT PEOPLE and the right culture, a company can't expect to have long-term success.

That's an idea that took Patrick Condon five years to embrace, but doing so has made Finished Basement Co. a \$12 million a year firm in just more than a decade in business.

"There are really two tales of this company," says Condon, the company's founder and president. "The first is one where I wasn't actively taking responsibility and the second is one of me realizing this is the very foundation of what makes a company successful."

From the time of the company's founding in 1997, Condon focused on growth. With a business model that centered exclusively on finished basements, he knew the company had to quickly become a leader in what he expected — and what turned out to be — a booming field.

"I really felt that we needed to grow fast because there were going to be other people entering the market," he says. "We grew initially faster than what I was capable of managing. So there's no doubt about that. ... the first five years were very painful."

The problem was that the company was trying to grow without a solid base of employees and Condon initially wanted to be at the \$12 million level in only a few years.

"I didn't understand culture and the importance of properly developing a culture, so the culture just sort of happened on its own," he says. "When my emphasis shifted to building a company culture instead of 'We've gotta grow, we've gotta grow,' that's when we really started to grow because I put the attention where it really needed to be."

DEFINING A CULTURE

Condon wanted to create a culture built around collaboration, teamwork and a customer-first mentality. He did that by doing what he likes to call "making the informal formal" — in other words, creating a culture where people buy-in not because they have to but because they want to.

"If you try to mandate culture, it doesn't work," he says. "When it's informal people will accept it, they'll embrace it."

That means making the management team accountable for

Finished Basement Co. founder Patrick Condon didn't really enjoy running his company until he got the culture right.

owning the culture and passing that message to all employees.

"When we did that the whole culture shifted in the company," Condon says. "The difference between coming to work today and when I used to come to work five years ago ... it's 100 times different."

Once the company had started to create a culture, it became obvious that changes had to be made in the company's employees — both existing and new hires.

"A lot of our problems came from poor hiring decisions because we weren't really rigorous in knowing who and what we were hiring," Condon says. "We would sort of hire for skill set and sometimes we'd hire because we needed somebody and there was a warm body. Once we understood the culture, it became so much clearer when we were hiring people if they could potentially be of help."

Once he knew what he wanted the culture to be, he could hire with that in mind. To do that, Condon decided to use the Topgrading philosophy (www.topgrading.com) created by Brad Smart and used by several large companies, including General Electric, Motorola and Microsoft. It's a system that focuses on people, both evaluating current employees and finding new ones.

"The Topgrading interview process really is intense," Condon says. "It took us six months just to get everybody comfortable with it and probably another six months before we became

EXECUTIVE SUMMARY

Finished Basement Co., Denver

President: Patrick Condon

2007 projects: 141

2007 volume: \$12 million

Projected 2008 volume: \$12 million

Employees: 34 Founded: 1997

Biggest challenge: Building and maintaining an excellent

company culture

Web site: www.finishedbasement.com

"A lot of our problems came from poor hiring decisions because we weren't really rigorous in knowing who and what we were hiring."

effective with it."

At the same time, the company started addressing and evaluating its current employees using the Topgrading process.

"It's a very open and rigorous grading system so people know exactly where they stand and what they are accountable for and what they need to do," Condon says.

If employees weren't able — or willing — to meet the standards and adapt to the new culture, they had to be replaced. In some cases, they left on their own, and others were let go. Over the course of two years after implementing Topgrading, the company had almost 100 percent employee turnover.

"Our new philosophies and the old guard weren't connecting," Condon says.

REAPING THE BENEFITS

By getting the right people in place, the company has also been able to create project teams, a part of the new culture's focus on client satisfaction.

Previously, sales staff and designers would come up with the plans, hand them over to production and production would execute them. Now, though, project managers and designers are involved from the beginning and sell, design and build the project together.

"It used to be we would have one in 10 projects go south," Condon says. "Not that we'd lose money, but we'd have some sort of problem and that would just suck the energy out of the company."

Since the implementation of project teams, the company's

A WEEK IN THE LIFE

How Finished Basement Co. President Patrick Condon spends his average week. (Condon also spends about four days a month traveling to conferences and the Minnesota office and two days a month at off-site strategy meetings.)

Sales strategy meetings and training	10 hours
Marketing	5 hours
Work on new initiatives	5 hours
Departmental meetings	8 hours

customer satisfaction scores have jumped, averaging a 9.5 out of 10 across 10 different areas, with an equal increase in referral business.

"Our scores have just gone through the roof, and that's been a big piece of our growth," Condon says. "Every single client is happy at the end of the job, and I couldn't say that before. I don't think we've made every single client a raving fan, but they're happy."

SUCCESS AND A STUMBLE

Condon's long-term vision for the company is to build a national basement finishing company. Along those lines, Finished Basement Co. opened an office in Minnesota's Twin Cities (where Condon attended college) three years ago.

That location has been a great success, something Condon credits to Matt Cook, who runs the Minnesota office and had previously worked in the Denver office.

"I think I got really lucky," Condon says. "He and I really are partners. We're very much on the same page."

On the other hand, the company recently stumbled with a suburban Virginia location, closing it down after about a year in business. It was a strong lesson in the importance of culture, Condon says.

"We hired all new people for that office," he says. "We trained them, but the culture part, I don't know if you can train it. We thought we hired for it, but I think it's something that gets in your blood and takes some time."

The other lesson, Condon says, is that the company won't ever again expand into a "super-hot" market. Although the culture was the most important reason for the location's failure, the company also had trouble finding project managers and trades to install the work.

"Anyone who was worth anything was working for the home builders," he says.

That experience doesn't mean the firm won't continue to expand, but any new offices will be opened with people who have been with the company for a while and with more planning and study of potential markets.

"If we do that, I have no concerns," Condon says. "That was the biggest thing ... we didn't have the right people and we weren't sophisticated enough to have the training to the point where we could just say, 'Here's the manual and here you go." **PR**

(For more on the challenges of opening new locations, see this month's cover story on p. 18)





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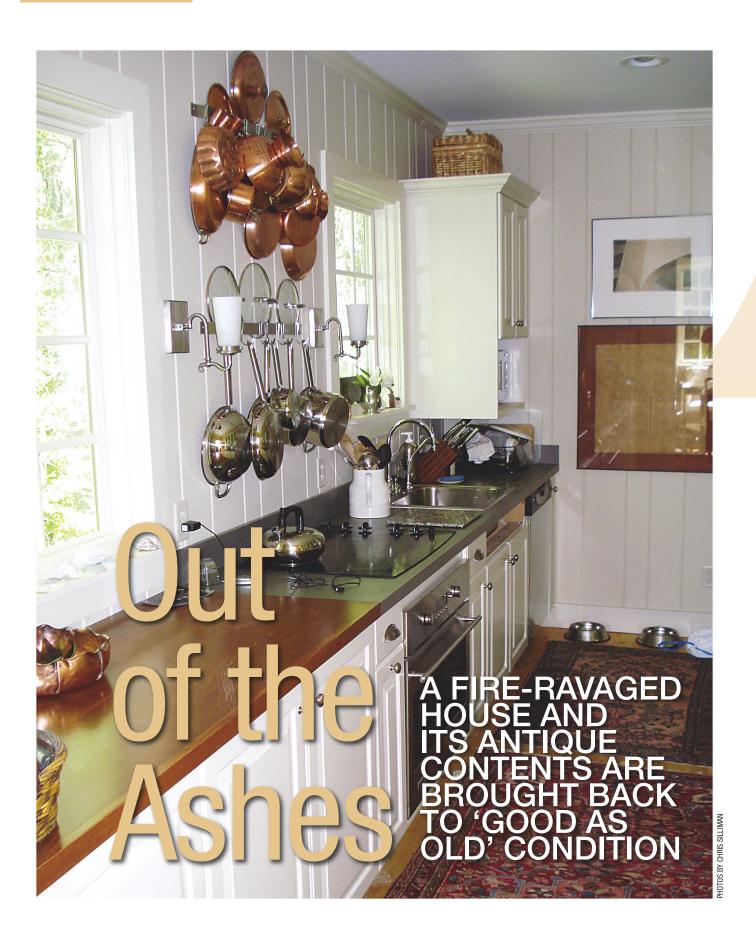
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By Wendy A. Jordan, Senior Contributing Editor

A PHONE CALL ONE FRIDAY EVENING launched First Restoration of Asheville, N.C., on a journey far down the road and decades back in time. The message: an alert that Catherine Benson's distinguished 1935 house had burned. Benson carries Chubb insurance and, as a Disaster Kleenup International (DKI) franchisee, First Restoration of Asheville is a preferred contractor for Chubb. To meet DKI rules, First Restoration had to respond to the call within 30 minutes, and get to the disaster site, 42 miles from the office, within an hour. The pressure continued from that night on, as the Fletcher, N.C., insurance repair company worked to return Benson's one-of-a-kind house and the antiques within to their original vintage appearance. The finished project earned a DKI award for excellence in disaster restoration.

"We drop what we're doing and go" when a call like that comes in, says First Restoration President Chris Silliman. Along with First Restoration Emergency Service Manager Dan Throgmorton and an after-hours, on-call crew, he barreled down the road to the house, in a rural area of Tryon, N.C. They pulled into the driveway just after the firefighters left.

The house was devastated. An electrical fire had started in the sunroom that afternoon. The fire department was eight miles away, and by the time the trucks arrived, much damage had been done. Flames had burned through the sunroom roof. Smoke and soot blackened the 2,700-square-foot house and everything in it. What smoke did not destroy in the basement, fire-quenching water did.

Benson was distraught. Formerly a guesthouse for an estate owned by heirs of the Colgate (Colgate Palmolive) family, her





house had been "improved" in the 1980s by the previous owner — with no permit and without the involvement of a licensed contractor. On the advice of architects, Benson had many structural repairs done after she bought the house in 2000. "We believed everything had been taken care of," she says ruefully. She was even more upset about her beloved English springer spaniel, who died of smoke inhalation in the blaze.

FIRST AID

Silliman first needed to reassure Benson. "I was in a traumatic state," she says, "but Chris made me feel so much better. He told me that this is their company's specialty, what they do best. 'You will have a renovated home,' he said. 'A lot of these things can be repaired."

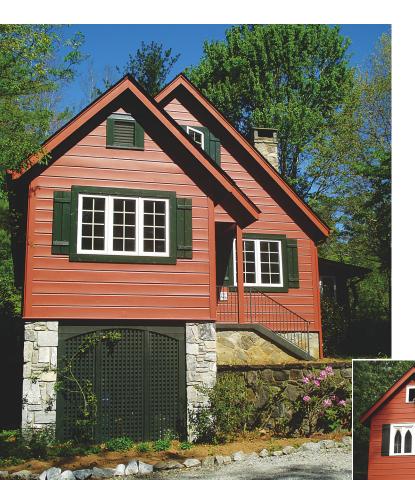
First Restoration's crew got to work immediately. "The firemen had taken out the power, and it was pitch dark when we arrived," recalls Throgmorton. "We set up emergency lighting, got out sawhorses and quite a few sheets of plywood." They also sealed the roof and boarded up windows for security. They toured through the house looking for belongings that appeared salvageable. That night and through the weekend, crews photographed, logged and removed items ranging from crystal to electronics to clothing to old paintings and fine furniture. "The whole house had to be packed out," Throgmorton says. Everything went to the First Restoration warehouse and into an ozone chamber for deodorizing.

On Monday, Silliman met at the house with Jim Ludlow, the area Chubb adjustor. Ludlow wanted the house to be stripped down to the studs. "This house was full of smoke," Ludlow explains. "To get rid of the odor you have to tear everything out. We don't want to do all [the repair] and still have a smoke smell." Silliman agreed with Ludlow, but was worried. "We had no idea what we might find when the skin came off this old house," he says.

To expedite the project, Ludlow told Silliman to use his Chubb estimate rather than spend time working up a First Restoration estimate. Though Silliman prepared an estimate anyway for comparison, Ludlow's plan worked out well. "Chubb goes the extra mile," explains Silliman, "and wants things to be done right." But because the Benson project required treatment of vintage materials, artwork and antiques that would not appear in standard insurance repair estimating software, Silliman arranged "to give Ludlow actual subcontractor and supplier quotes and to review his estimate before we finalized." Ludlow's

PRODUCTS LIST

Appliances: GE Monogram Cabinets: Wood-Mode Door hardware: Baldwin Fire & security alarm: Tyco Heat pump: Trane Paint: Sherwin-Williams Shingles: CertainTeed Windows: Hurd



First Restoration of Asheville replaced the odd-size, metal-frame, single-pane windows with vinyl-clad insulated look-alikes in standard sizes. Custom Dutch lap siding fills the gap in the original window openings.

final estimate was almost the same as Silliman's — \$500 higher. Silliman used DKI's DIAMOND propriety software system to keep Ludlow posted from day one of the job by uploading progress photos, documents and notations.

BEHIND WALLS

Once past the emergency phase, Chubb gave Benson the option of choosing another company to put her house back together. "It was an easy decision for me" to stay with First Restoration, she says. "I was so pleased with Chris and his capability. They were dedicated, thorough and very caring."

As Silliman feared, his crews had discovered structural problems when they stripped out the house. Undersized, rough-sawn timber composed the ceiling of the balloon frame dwelling. Fortunately, "the building department came out, saw we had an old house, and suggested sandwiching the ceiling joists with ¾-inch plywood" to bring them up to code without dismantling this house of cards, says Silliman. It turned out that the house also had to be rewired completely. Chubb covered both extra costs.

Baring the structure revealed that the stairway to the second

floor had no header. "The wall stringer was nailed to the wall with two 2-inch nails," says Silliman. First Restoration dropped down framing, installed a header and built a supporting wall under the stairs; to give the under-stair space practical use, they added a closet.

Before the fire, the house had central heating on the

THE FINANCIALS

o recreate the charm of her old house, homeowner Catherine Benson chose products that closely matched what she had before. In several cases, they exceeded the agreed-upon budget Chubb Insurance established. Nevertheless First Restoration of Asheville readily "bent in her direction," says Silliman, to ensure that Benson and her insurance company were happy. "One

Budget History

Initial estimate	\$262,808
Final estimate	\$262,808
Change orders (additions to framing, rewiring)	\$22,735
Final price of job	\$285,543
Cost to produce	\$213,992
Gross profit	\$71,551
Budgeted gross profit percentage	32%
Actual gross profit percentage	25%

wrong move and an insurance company will hesitate to call you again."

The pricey products, plus retrim-

ming around windows to correct work by the installer (a subcontractor new to Silliman's company), meant the profit was lower than the company wanted; the company hopes for 32 percent gross profit and gets it 85 percent of the time. "In this business, there are aspects that are hugely profitable and others that we break even on. All that balances out at the end of the year."

PROJECT TIMELINE

2006	Stage of Project	
Sept. 15	Demolition complete	
Sept. 27	HVAC rough-in complete	
Oct. 5	Electrical rough-in complete	
Oct. 10	Framing code upgrade	
Oct. 13	Wall and floor insulation complete	
Nov. 13	Blown-in insulation complete	
Nov. 17	Drywall complete	
Dec. 1	Ceramic tile installation complete	
Dec. 7	Hardwood floor installation complete	
Dec. 26	Kitchen cabinets delivered	
Dec. 29	Wall paneling installation complete	
2007	Stage of Project	
Jan. 12	Hardwood floor sanding and finishing complete	
Jan. 15	Kitchen appliances delivered	
Jan. 17	Interior painting complete	
Jan. 31	Exterior painting complete	
Feb. 1	Gutter & downspouts complete	
Feb. 6	Cleaning of structure & return of contents	
Mar. 8	Wallpaper complete	
May 4	Punch list completed; project complete	
2006	Client Payment Schedule	
Oct. 16	\$61,172	
Oct. 25	\$2,015	
Nov. 7	\$51,219	
2007	Client Payment Schedule	
Jan. 9	\$68,699	
Feb. 12	\$51,219	
Mar. 13	\$51,219	

first floor and no air conditioning. First Restoration installed a whole-house heating and air conditioning system that fit within Chubb's replacement price guide.

MATCH MAKING

An interior designer, Benson was determined to bring her house and its contents back to their pre-fire appearance. (She was willing to go with standard rather than antique heart pine flooring, though, and windows that didn't have so many hard-to-clean grids.) First Restoration and Benson did extensive research to find products and finish materials that cloned the originals, from hardware to plumbing fixtures to wallpaper. Custom millwork exactly matches the 1935 tongue and groove paneling. New kitchen cabinet doors and knobs are dead ringers for the old ones. Silliman installed an eight-panel entry door that was simi-



lar but not identical to the original; Benson preferred the old one, so he refinished it and installed it instead.

First Restoration used 16 specialty subcontractors to bring Benson's home back to as-was condition. One subcontractor ice-blasted the sunroom fireplace to remove the char. A furniture restorer returned her antique pieces, most notably a centuries-



Specialists reclaimed Catherine Benson's antique French cabinet, resurfacing the marble top, cleaning the wood and polishing the gold inlay.

An art restorer cleaned Benson's paintings and their frames.

COMPANY SNAPSHOT

First Restoration Services of Asheville

Owners: Chris & Shelley Silliman

Location: Fletcher, N.C. **2007 volume:** \$2,016,545

Projected 2008 volume: \$2,225,000 **Web site:** www.firstrestorationwnc.com

Biggest challenge of this project: Remodeling a 1935

house the way it was using 2007 products

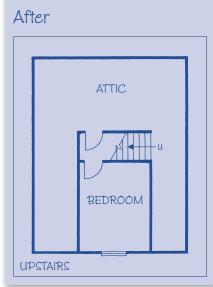
old gold inlay French sideboard, to pre-fire grandeur. An art restorer cleaned her paintings and frames, and made her silver service shine again. Specialists reclaimed books, prints, and heirloom architectural drawings.

"So many things are repairable if they know what they are doing," Benson now attests. With a safer, sounder but familiar-looking house and a new English springer spaniel at her feet, Benson feels completely at home. Says Benson: "I ended up with a better house." **PR**

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Originally a small guesthouse, the 1935 structure features main floor living with extra, finished space in the basement and on the second floor.



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HISTORIC RENOVATION

REMODELER AND ARCHITECT: Design Construction Concepts, Northbrook, Ill. PROJECT LOCATION: Chicago

AGE OF HOME: 110 years old

SCOPE OF WORK: Gutting the first two levels to update living space.

PRODUCTS LIST

Cabinets: Custom Countertops: Granite Faucets & fixtures: Chicago Faucet, Kohler, Toto Lighting fixtures: Juno Insulation: Owens Corning Kitchen appliances: Bosch, Sub-Zero, Wolf Locksets: Baldwin Paints & stains: Benjamin Moore Sinks: Blanco Millwork & molding: Custom

Sensitive design and solid project management skills from the start give this urban challenge a beautiful finish

By Ann Matesi, Senior Contributing Editor

IT TOOK A LOT TO MODERNIZE THE

living and entertaining areas in this centuryold Chicago rowhouse says architect and remodeler Michael Menn. The project, whose goal was to improve form and function, required not only the design and The new, more spacious kitchen features abundant counter and cabinet space as well as an island with seating to encourage family gathering. The home's footprint narrows at the rear, creating a natural lightwell that ensures a bright setting for anyone working at the sink.



The design details throughout the four-story home's lower two floors were carefully selected and crafted to recapture the charm of a 100-year-old home.

construction know-how to work within a historical context, but also a subtle and necessary measure of diplomacy to keep things on schedule and everyone happy.

"This project presented us with some interesting challenges on a number of levels," says Menn, a principal with Northbrook, Ill.-based design/build firm Design Construction Concepts, which was responsible for the historically sensitive restoration of this downtown residence (it's also a 2007



Best of the Best Design Awards winner).

Challenges included working in a very constricted, highly regulated urban environment where parking for construction and delivery vehicles was virtually non-existent (see sidebar at ProRemodeler.com); modernizing and adding volume to living areas within a space-constrained, 15-foot-wide interior footprint; and minimizing disruption for homeowners who opted to stay in the home during remodeling.

Demolition Derby

The four-story home's first and second floors were completely gutted and reconfigured so they would better suit the lifestyle of the empty-nester owners, who have adult children who often stay for extended visits. Floors, walls, ceilings, stairways, plumbing, mechanical and wiring infrastructure were all removed and replaced.

The amount of demolition took Menn and his team by surprise.

Improvements included creating a more dramatic entry; a new, high-tech media center; and a more functional utility room on the street level. Upstairs, an out-of-date and underutilized butler's pantry was replaced with an expanded, gourmet kitchen that now doubles as a family gathering center. DCC





added storage to both floors and actually reduced their space requirements. Special care was taken so that all of the modern systems would remain behind the scenes once the renovation was complete.

The rear stairway to the upper floors was also eliminated, and this, combined with the other design changes, increased living space for the homeowners by 35 percent.

Original Charm Restored

All traces of non-authentic trim and moldings that had been added to the home during previous attempts to remodel its interior were removed. They were replaced with historic details selected to complement the

solutions

original style of the home including molding, doors, stairway balusters, radiator covers and the fireplace surround.

"The house actually had very little plaster crown molding so we added that, doing our best to replicate the period details that you would typically find in a home of this style and era," says Menn. "No detail was too small."

In-Residence Residents

Because the homeowners chose to stay home during renovations, the crew had to take special consideration to maintain a livable space. "With the main entrance to the house on the street level that we were working on, the reality was that the owners were constantly walking through a construction site whenever they left their home or returned to it," says Menn. "And because we were working with the lathe and plaster construction of a 100-year-old residence, things got very, very messy. Although we had warned our clients about the dust—it was everywhere—there was even more than we had anticipated. One solution, we found, was to send in cleaning crews periodically to help to keep it under control."

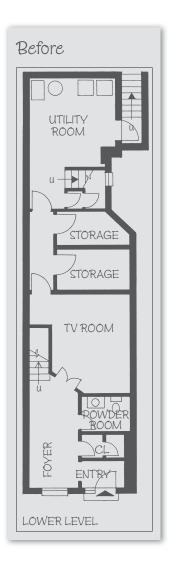
"Tensions did run high periodically, but we worked hard to stick to the original construction schedule we had agreed on with the clients, in order to make it as easy as possible on them," says the remodeler. "It also helped that they took several extended vacations during the project."

Room for Upgrades

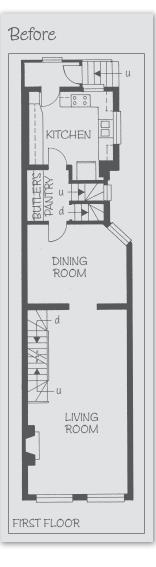
The remodeling company also installed new insulation and a new roof for the home. A fourth-floor kitchenette is planned for the future to make it easier for the family when they entertain on the top-floor roof deck.

Ultimately, the home's original antique charm was restored while its owners now enjoy a more functional and modern organization for their living space, says Menn. "They were very pleased with the end result." **PR**

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By Rebecca Bryant Contributing Editor

GREEN TERMINOLOGY 101

Don't let the plethora of new terms overwhelm you

here are a lot of terms and phrases that get thrown around when it comes to green remodeling and building. Not understanding the basic concepts can make it difficult to follow the discussion. Here are a few of the common words and ideas you should understand:

GREEN is a buzz word, no doubt about it. But underneath the warp of marketing, there is meaning that endures — and matures. Initially, green building meant "less taxing on Earth's resources." Today, it's about state-of-the-art construction or best practices; installing particleboard cabinets that off gas is not state-of-the-art or green. Plunking solar panels on a roof, while failing to orient for passive heat gain, misses the green mark of excellence.

Many building products and furnishings release or **OFF-GAS** chemicals. Volatile organic compounds (VOCs) become gaseous under atmospheric conditions. Despite their bad rap, not all VOCs are hazardous to health. Meanwhile, other chemicals, such as formaldehyde, methyl chloride, and chlorinated organic compounds, are not technically VOCs but still have potentially serious health consequences.

CERTIFICATION is an independent, third-party process for establishing the greenness of projects (NAHB's National Green Building Standard), of professionals (NARI's Green Certified Professional, NAHB's Certified Green Professional), of products (EPA's Energy Star), and of product source (Forest Stewardship Council).

EMBODIED ENERGY refers to the upfront or fixed energy cost of building a house as opposed to the energy cost of operating it. For example, a home built of adobe bricks made on-site and fired in the sun has a very low embodied energy cost. Calculating embodied energy is a tough task. The process begins by estimating the energy used in mining, harvesting, and transporting raw materials; manufacturing a product; and shipping it to market. The end point disappears on the horizon. It includes the energy cost of getting the product to a construction site; moving laborers to and from the site, operating machinery and tools on site; plus a pro-rata percentage of all the energy invested in manufacturing the equipment used in each step of the process.

The energy intensity of a material or product is highly correlated to its **CARBON FOOTPRINT**. That's because burning fuel to operate electrical plants and to power machinery and transportation generates gases that cause a warming or greenhouse

effect. Today, carbon dioxide stands as the proxy for all greenhouses gases. The smaller the carbon footprint of a person or building, the lower the impact on climate change. In theory, one can take actions to neutralize a carbon footprint. By fully offsetting a carbon footprint, a person or project becomes CARBON-NEUTRAL.

ZERO ENERGY means that a building exports as much or more energy via grid-connected photovoltaic or wind systems than it takes in gas and electricity to operate it. (Embodied energy is not factored into the equation.) Conservation through passive design and a tight building envelope are the cornerstones of a zero-energy home.

Conventional and solar heating systems are called **ACTIVE** because they use mechanical, moving parts to collect heat from air, the ground or a fluid and convert it into a desirable thermostat setting. A conventional HVAC system represents a modest amount of embodied energy but uses a lot of energy in the operating mode. An active solar heating system has a higher quotient of embodied energy but requires less operating energy.

PASSIVE SOLAR is a completely different building construct based on adapting the building to the climate through thoughtful design. Houses capture solar heat in winter through proper orientation but bar it in summer with deep eaves. Natural lighting

>> If you have ideas or comments, e-mail michael.morris@reedbusiness.com



replaces light fixtures. Tight building envelopes minimize the need for supplemental heating and cooling. If well-designed, a passive home will have less embodied energy than a conventional house with minimal energy use for climate control. (There are also passive solar hot water systems.)

LIFE CYCLE COSTING is an engineering practice of estimating the total financial cost of constructing, operating and maintaining a building over its life cycle. In short, durable buildings that minimize energy and water use will achieve a better LCC than others. Direct costs are relatively straightfoward. The problem is identifying and quantifying indirect costs (e.g. the impact of a reflective building on it's urban environment) and benefits (e.g. higher employee productivity due to natural lighting).

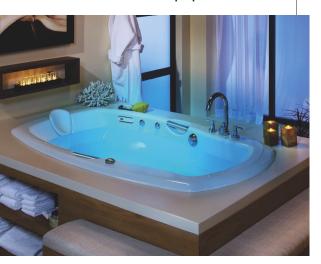
A LIFE CYCLE ASSESSMENT quantifies the environmental, rather than financial, impact of a material, product or building. The scope of an assessment is CRADLE-TO-GRAVE or CRADLE-TO-CRADLE, if components are reusable or recyclable. The goal is to, first, identify all the energy, water and materials that flow in and out of each lifecycle stage and, second, to assess the impact of those flows on humans, other species and our shared habitat.

NEW PRODUCTS

PEARL BATHS

Sporting an ergonomically designed backrest to recline in comfort and a cushioned alcove to support the head, Pearl Baths' new Release bathtub series is designed for just that—a release. Optional air or water jets can be ordered, and for those clients who like aromatherapy, there's the Aromascents Therapy dispenser.

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The latest self-leveling cement flooring compound from Uzin is the NC 160. Made for thicknesses up to ¾-inch, the high-strength formula makes it a smart choice for smoothing and leveling prior to bonding wood flooring. The NC 160 is chromate-free and emits very few VOCs during its rapid setting time.

For FREE information, visit http://pr.ims.ca/5661-126

SYMMONS

Inspired by the Japanese verb meaning to become, to be, or to grow, comes Symmons new Naru waterfall faucet and accompanying suite of accessories. The suite includes a wide-spread lavatory faucet with waterfall flow; a Roman tub faucet with hand spray; and tub and shower trim pieces.









ZEPHYR

Billed as the ultimate in clean, minimalist design, Zephyr's new Horizon range hood features a low profile, wall-mounted construction and a compact, powerful motor that can circulate air at 1,000 cubic feet per minute. A nice feature is the black, white or red glass that can be etched for customization.



RHEEM

Drawing air for the combustion process from outside, Rheem's new 7.4 gallon-per-minute direct vent tankless gas water heater features a "film wrap overheat limiter," which instantly detects unsafe temperatures and shuts down the unit. The EZ-link cable can connect two tankless units to operate as one.

For FREE information, visit http://pr.ims.ca/5661-129



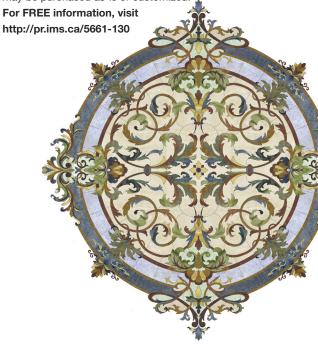
SCOTSMAN

One of the most convenient ice machines available for the home is Scotsman's Brilliance Residential Ice machine. It can produce up to 50 pounds of ice per day yet uses less than half the energy and ½ the water of the company's previous model. An electronic control panel lets users know how much ice has been made and if maintenance is needed.

For FREE information, visit http://pr.ims.ca/5661-131

CREATIVE EDGE

If your clients are after a dramatic floor medallion, point them in the Aalto Collection's direction. The medallions are created using Creative Edge's waterjet cutting technology. Designed by artist Harri Aalto, each piece incorporates vibrant colors and exotic stones. The medallions are made for flooring and wall placement in residences and other settings and may be purchased as-is or customized.



INTERMATIC

You can offer better energy management to your homeowners with InTouch's CA8900 Wireless Thermostat. Made by Intermatic, the unit has a two-stage heat pump and two-stage cooling capabilities. Users can choose from Fahrenheit or Celsius temperature readings and can calibrate the output to their desire.



Product Preview

NEW PRODUCTS

JBL

Life's a party, and your homeowners need music. They will get the same sound quality enjoyed by JBL's home listeners out of these Northridge N24AWII all-weather loudspeakers. The speakers come in a compact, wall-mounted and weatherproof design. These systems are perfect for porches, patios or pool decks. For FREE information, visit http://pr.ims.ca/5661-133



innovations



Users can control up to 15 scenes for a room or area and can manipulate up to 11 whole-house scenes with Pass & Seymour's Lightsense radio-frequency and matching hard-wired devices. A neat feature is the occupancy emulator option, which records normal light usage throughout the home and replicates it when the owners are away.

For FREE information, visit http://pr.ims.ca/5661-134





DORNBRACHT

Two new models to Dornbracht's faucet line are the Tara Ultra single-lever faucet and Tara Ultra single-hole faucet. It's a breeze to fit large pots and pans with the Ultra models, for extremely tall, slim spouts. The single-lever faucet has a pivoting spout and an integrated rinsing spray with aerator and jet functions.

Interior Products

BUSINESS SOLUTIONS

ON CENTER

On Center Software's Quick Bid 4.8 has a slew of improvements. Using the new Material eQuote feature, users can send and receive multiple requests for proposals to vendors and then automatically populate bids after choosing the best quote. The Bid Send feature securely shares your password-protected electronic bid information with multiple estimators

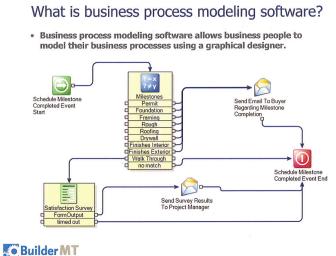
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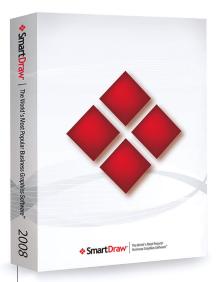


BUILDERMT

The latest innovation from BuilderMT is the Business Process Management software. The software provides a platform for studying operating costs allowing businesses to continually refine and remove costs from each process—which should be on every builder's mind these days.

For FREE information, visit http://pr.ims.ca/5661-137





SMARTDRAW

If you're tired of running PowerPoint but still want a simple system to create sophisticated-looking graphics, look no further than SmartDraw's 2008 edition. The software is designed with simplicity in mind, as it has plenty of templates to toy with and plenty of automated help features. It also has 17 categories of charts, including maps and other graphics.

For FREE information, visit http://pr.ims.ca/5661-138



SOFTPLAN

A new set of selection capabilities and easy pasting from Microsoft Word and Excel are just a few of the new bells and whistles on SoftPlan Systems' Version 14. On the design side, 3-D capabilities now include the addition of the artistic rendering modes and textured real-time renderings that contain multiple light sources and shadows for a better image.

DECKING & PATIO



CORRECT BUILDING PRODUCTS

CorrectPorch is a high performance, low maintenance, tongue-and-groove outdoor floor board for new or existing porches. Made by Correct Building Products, the boards are fabricated from an environmentally sustainable 60/40 recycled hardwood and polypropylene mix that resists sagging and will qualify for LEED points from the U.S. Green Building Council.

For FREE information, visit http://pr.ims.ca/5661-140



EAST TEAK FINE HARDWOODS

The latest teak and ipe decking tiles from East Teak Fine Hardwoods feature natural weather- and insect-resistance. Teak's natural oils repel water and fungus, making these tiles ideal for outdoor settings. The teak tiles are available in both straight and diagonal patterns and measure roughly 20 inches by 20 inches. Ipe offerings have an olive-brown color, are naturally fire resistant and are made in a straight pattern with non-slip grooves. For FREE information, visit http://pr.ims.ca/5661-142



FIBERTECH

Using a new technology that blends post-consumer cardboard and plastic, FiberTech's TimberWolf wood-plastic composite fencing components include 6-foot dog-eared pickets, posts and backer rails. According to the company, these components provide unlimited design flexibility and enable fences to be built in a variety of styles.

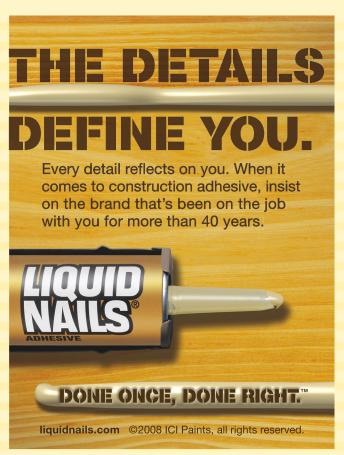
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ROYAL OUTDOOR PRODUCTS

Crafted from durable, 100 percent virgin vinyl, the Deck Lok system requires no staining, painting or sealing. Made from virgin vinyl stock, the Royal Outdoor Products system is built with a proprietary connection system and requires virtually no maintenance (homeowners can spray it down with a hose to remove most of the mess). The wood-grain look provides a non-slip surface for added piece of mind.

Product Showcase



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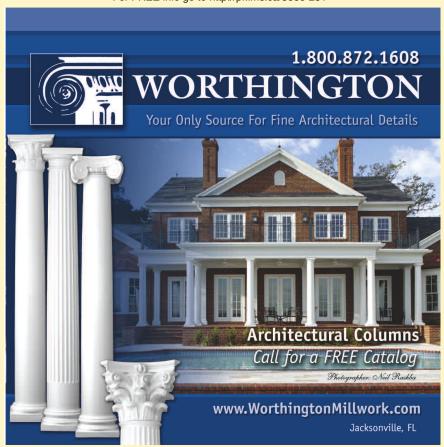


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the Board Room

BUILDING A STRONG FOUNDATION

have a quote pinned on the wall next to my desk that I refer to frequently to keep myself grounded. It is from John Ortberg, senior pastor of the Menlo Presbyterian

Church, who says: "It is in the storm that the soundness of the house is revealed. A foundation is not a glamorous thing. No one visits a house and says, 'What a great foundation you have here.' No one even knows until the storm."

The business of remodeling is full of storms: not enough work, too much work, too many employees, not enough employees, tight cash flow, hard to please clients, etc. As Roseanne Roseannadanna's grandmother said: "It's always something." What foundation have you built to keep you steady during these stormy times? Where do you turn to relieve the stress that builds up from running your business? How do you get recharged?

Recently I asked this same question to a group of remodelers that I have the highest respect for both from a personal level as well as a business one. There were a lot of interesting responses, but most of them could be summarized into three separate categories: God, family and physical activity. I wasn't sure where to put "singing in the shower."

As I see it, there are four areas in our life that we must constantly balance that are essential to personal

growth: spiritual, emotional, mental and physical. When we allow one of these to become our main focus, the other areas suffer and we begin to wobble. It is much like the business diagram of a remodeling firm, showing

a three-legged stool (administration, production, sales); when one area overpowers the other, your business suffers.

A strong faith can provide you with much comfort and insight, as well as keep you focused on what is really important in this life. But all of your beliefs serve no good if you are unable to put them into practice. Being emotionally strong can be an outgrowth of your faith, as a strong belief in a higher power takes out of play those issues over which you have no control. You learn to focus on the things you can control, knowing that the rest will fall into place.

ful tool. Keeping up with the latest best practices for your business and

Knowledge is a power-

developing a business plan that outlines where you are, where you are going and how you are going to

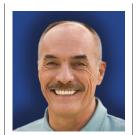
get there will help you keep this third area of your life in balance. "Mentally strong, physically fit" - the Boy Scouts have been teaching that for years. It goes without saying that these latter two go hand in hand:

> keeping physically fit helps us to avoid those moments of self pity, and feeling better can only help us make better decisions.

If you haven't done it lately, I would urge you to take some time to reflect on what is really important to you and what makes up the foundation upon which your business is built. You can count on the storms coming. But by building a great foundation in your personal life, you can count on weathering those storms and becoming stronger and better for the experience. And that will surely show in your professional life. PR

Larry Murr is the owner of Jacksonville, Fla.-based Lawrence Murr Remodeling, a full-service design/ build contracting firm

specializing in residential remodeling. Larry can be reached at Larry@lawrencemurrinc.com.



By Larry Murr Advisory Board Columnist

As I see it, there are four areas in our life that we must constantly balance that are essential to personal growth: spiritual, emotional, mental and physical.

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