

RIGRAY!

REMODELERS ARE TEAMING UP TO MAKE IT THROUGH THE DOWNTURN

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# from the Editor

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### MARKET OUTLOOK FOR 2009-10

he Joint Center for Housing Studies at Harvard University released its latest Leading Indicator of Remodeling Activity at

the International Builders' Show in January, and the outlook is not good.

The LIRA points to homeowner improvement spending declining at an annual rate of 12.1 percent by the third quarter of 2009. Although Kermit Baker, Harvard's director of the Remodeling Futures Program of the Joint Center, said we may be nearing the bottom of the decline in remodeling activity, he admits that all bets are off if the national economy doesn't start to recover fairly soon.

If the economy begins to recover sometime in the near future, Baker said it's likely that 2010 will mark the beginning of a rebound in remodeling activity on a national scale.

What that means to you in your local market may be a different story, however. That's one of the reasons we have begun to publish a new monthly department called The Market (see



Michael R. Morris Editor in Chief

Each month we will provide the most up-to-date market intelligence available on a major U.S. metro market.

page 13). Each month we will provide the most up-to-date market intelligence available on a major U.S. metro market. Last month, in honor of President

> Barack Obama's historic inauguration, we debuted The Market in Washington, D.C., which is down but stronger than many. This month, we've moved on to Houston. where the economy is about as robust as it gets compared to most major metros.

With sources such as the National Association of Realtors, U.S. Bureau of Labor Statistics and the U.S. Census Bureau put in perspective by our Market Leaders (one of the Top 5 volume remodelers in that metro) you won't find a better source of market data to help you run your busi-

ness successfully during these difficult times. That is, unless you have a crystal ball. PR

Contact me at michael.morris@ reedbusiness.com or 630/288-8057.

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www.ProRemodeler.com/blogs.

### Our Mission

Professional Remodeler challenges, inspires and engages owners and top executives of established, successful remodeling firms by delivering vital, trusted information.

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# on Leadership

### YOUR RESPONSIBILITY FOR SUCCESS

s I take inventory of my thoughts and emotions as the year starts, they vary widely. One moment I'm excited about the new year, and some moments I'm uncertain. No doubt we are living in unique economic times that create all kinds of unusual challenges and opportunities.

I have shared with many friends and business associates that 2008 had tremendous growth opportunities, with few of these being economic. It is like the old saying, "When life hands you lemons, make lemonade."

And that is the key point: we have to decide to do something. We have to choose to think proactively, take action to make improvements and believe for the best.

To lead effectively, we have to understand it all starts with our thoughts. The question is, are we leading our life with positives or negatives? Through tough times, we can unconsciously and slowly get in the habit of thinking the worst about the prospect of gaining new business or the effectiveness of our own abilities. If left unchecked, it can lead us down a path to true business failure, or worse.

Let me share a model I learned that has helped me have a clearer understanding of the power of our thought:

A thought leads to an action;
An action leads to a habit;
A habit leads to character;
And character leads to our destiny.

We have to take control of our thoughts to have success in business and life. You may know this already. What matters is to understand that as human beings we have a natural tendency to drift from what we know to be true.

In addition, there are many things that can cause us to be deceived and take us off track. The first is our emotions. Have you ever woke in the morning with a feeling that made you think something is wrong? I have, and for no good reason in many cases. The enlightening thing is that almost all of the negative thoughts coming from

these feelings have never come to pass, and most people I talk to have had the same experience.

The challenge and trap is that it takes us down the wrong path, a path of negative and heavy thoughts, many connected to our pride and ego. These thoughts will not produce positive results. Of course at certain times they can wake us up to something that we need to change.

One way I have overcome these negative thoughts is to ask myself, is this a beneficial wakeup call or just one of those fearful thoughts that something is going to go wrong? The majority of the time it is nothing but a negative thought,

and I need to move on to the path of believing and thinking for the best.

For most, having mastery in this area will be the deciding factor between success and failure.

The reality is that our mind helps to create what we focus on. So, we have to choose thoughts that match up with what we want to happen. This sounds simple enough, but it takes making a conscious decision and effort to actually apply it.

Second, we have to understand how choices are made. Some would like to believe that by not choosing they avoid responsibility. But if you are caught up in doom and gloom thinking, thus focusing on yourself and overanalyzing things, you are robbed of time for productive work. Then, let's say because of this you don't follow-up on leads, call past customers for work, or lead with an optimis-

> tic attitude. Even though this was an unconscious choice, you are responsible for the results. Thus, you chose to get poor results because you were caught up in negative thinking and behavior.

For some, the decision to be productive is the difference in being in business or not, and for others it's the difference between surviving or thriving. To win in this battle we need to have faithful and positive thinking friends, business associates, mentors, peer groups and/or a personal coach.

If you slipped into this destructive mood, then simply acknowledge it, forgive yourself, and immediately move out

of it. Then, proactively and consciously decide to believe positive thoughts, and take action that will produce the results you desire. I wish you a successful 2009 filled with positive thoughts for you and your business!

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



Doug Dwyer Contributing Editor

The reality is that our mind helps to create what we focus on. So, we have to choose thoughts that match up with what we want to happen.

>> For more Doug Dwyer on Leadership,
visit www.ProRemodeler.com



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### Entry forms and fees are due June 15, 2009.

You will receive an official project notebook for each project you enter. Official project notebooks must be submitted no later than July 15, 2009. (Note: CotY Award binders will be accepted, as long as Best of the Best Design Award cover sheets, entry forms and project information sheets are inserted)

Winners will be honored at the *Professional Remodeler*Best of the Best Design Awards Celebration at the

October 2009 Remodeling Show™ in Indianapolis, featured in
the December 2009 issue of *Professional Remodeler* magazine and
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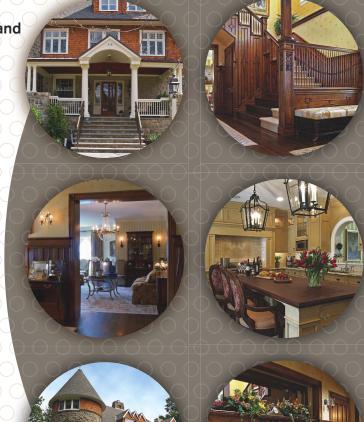
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# on Sales and Marketing

### **KNOW WHAT SELLING MEANS TO YOU**

simply cannot resist black olive and artichoke pizza. I also cannot resist ice cream of any flavor, flannel sheets at 5 a.m. on a frigid winter morning, a good book versus a good walk, and doing just about anything in place of going on a sales call. So this time of year - first quarter goals and resolutions and all - I wrestle with my resolve to be a healthier, more productive, person. None of this is new; I wrangled with the same issues this time last year. But what is new this year is I have George. George is my sales trainer. George and The Sandler Selling System taught me the proper way to set and reach my goals.

In my 30-plus years of life, goal setting and resolutions have fallen into the hokey column. I've arrogantly left them to self-help gurus and those with more serious addictions than mine. I'd dabble in goal setting, making an offhand list the first of the year but always decidedly ended up relying on the "good things happen to good people" theory. Unfortunately this dismissive approach assumed I was a good person and left too much to fate. I couldn't then be too disappointed if I fell off track because I didn't assume any control in the first place. George changed all of that.

Speaking from my converted stance, I graciously acknowledge that there are still those who mentally roll their eyes at the very mention of goal setting. That's perfectly okay. I was there. I was there until one day in class George casually suggested that perhaps I was just fine hanging out in my comfort zone. Me? Comfort zone? No. Doesn't he know that I run a remodeling company? Remodelers and small business owners by their very nature don't live in "comfortable." We are a

breed of explorers, experimenters, risk takers. Fine, our profit sharing has stayed in the same general ballpark for the past few years. I drive the same tiny car. I hate when the phone rings with a prospect at the other end. I'd

rather spend the day working on our new ad campaign then making cold calls to architects. I suppose I could concede that George has a point.

I had an assignment: Dream Collage. Hokey, but very, very powerful. I spent an afternoon tearing pictures out of magazines, sketching images, gathering small but meaningful trinkets from around the house and pasting them to a giant poster board. Over the course of a few hours, I created a visual guide of my dreams. Not a list in a private journal - a huge, colorful, splashy, tangible canvas. The following Tuesday I presented it to my class. I gave words to the images cementing the goals in my mind and publically asked to be held accountable. This collage is in my office. I look at it when I am on the phone with a

prospect. The prospect, unbeknownst to him, is now an ally. If I sell work to this prospect, I am one step closer to achieving my dreams. Conversely, if the prospect isn't a fit, I have the courage to say so sooner. Why waste time on someone who is an impediment to your dreams?

The second step of this assignment was to make headings based on the images in the collage and list out the specific actions I must take to pull off my dreams. This is the



Allison P. lantosca Contributing Editor

I'd dabble in goal setting; making an offhand list the first of the year, but always decidedly ended up relying on the "good things happen to good people" theory. **Unfortunately this** dismissive approach assumed I was a good person and left too much to fate.

first list of goals I have ever made that has actually stuck. With the combination of the collage and the list, remarkable things have happened. I have actually met and exceeded many of my goals and have had to rewrite and recollage to update my dreams. I am more purposeful than ever before. And sales have become a lot easier. I have always loosely dreamed of high revenues and good returns, but giving specific and personal meaning to them has put an extra dance in my step. Actually putting my goals and dreams down on paper makes them real: I can't hide from them and I can't leave them to fate. And every other Tuesday in class, George makes certain I stay on track. PR

Allison is a partner at F.H. Perry Builder, a

boutique, residential, general contracting firm serving greater Boston. Allison can be reached at aiantosca@fhperry.com.

>> For more Allison P. lantosca on Sales and Marketing, visit www.ProRemodeler.com

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### HOUSTON MARKET RESISTS NATIONAL TRENDS

By Jonathan Sweet, Senior Editor

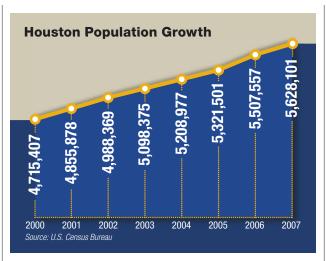
emodelers in
Houston have been
lucky so far to
avoid much of the
downturn that's hit
the rest of the country. But
a recent downturn in existing home sales could mean
trouble is coming.

"Houston's just sitting on the fence right now, deciding whether or not we're going to go down the drain like the rest of the country or keep on trucking," says Michael Strong, president of Brothers Strong in Houston. (For more on Brothers Strong, see the cover story on p. 22)

A lot of what happens in Houston is tied to oil. While the rest of us celebrate when gas prices go down, that's a bad thing in Houston.

When oil prices decline, companies spend less. When oil is high, people spend a lot more freely, says Ben Crawford, president of Crawford Renovation in Houston.

Crawford says his company hasn't seen any slowdown in business. In



The Houston metro area saw the largest population increase in the nation in 2007. Sustained growth over the last decade has helped keep the Houston housing market relatively strong.

fact, he is expecting \$20 million in remodeling and custom homes this year, up from \$17 million in 2008. The company has a \$7 million backlog going into 2009 — \$1.5 million more than Crawford had entering 2008.

Crawford focuses on homes worth more than \$500,000 in the city core. So far, those clients are still remodeling and still making quick decisions.

The company's call volume is about where it was a year ago, but to achieve that, Crawford has increased it's marketing from 4 to 5 percent of it's budget — a six-figure investment.

Brothers Strong is also being proactive in its marketing with a recent mailing emphasizing that the company is "not just about quarter-million, whole-house remodels," but also does smaller projects such as roofing and home energy audits, Strong says.

The 2009 Market Leaders list will appear in the October issue. For more information on the Market Leaders, visit www.proremodeler.com.

### Market Update

Some of the key figures from Houston show a slowing housing market, but one that remains stronger than most other parts of the country.

Metro Area Population:
5,628,101 (19.4 percent increase since 2000)

Change in home values:
Up 5.17 percent since 2007; up 27.1 percent over last five years

**Existing home sales:** November was down 31.7 percent from 2007.

**Median household income:** \$40,285

**Unemployment rate:** 5.5 percent (Up from 4.1 percent in 2007)

Sources: U.S. Bureau of Labor Statistics, U.S. Census Bureau, Houston Association of Realtors, Office of Federal Housing Enterprise Oversight

"Those with money are buying. They're making the decision right there. Those who are on the fringe are out of the market totally."

— Ben Crawford

### **Houston Market Leaders**

	Specialty	Installed volume
Crawford Renovation	Design/build remodeler	\$14,100,000
Amazing Siding Corp.	Exterior remodeler	\$4,500,000
Doing What's Right Construction	Full service remodeler	\$2,900,000
Living Improvements	Full service remodeler	\$2,414,122
Brothers Strong	Full service remodeler	\$1,350,000



# **USING CLIENT FOCUS GROUPS**

### Tap into the insight your customers have about your business

**CLIENTS CAN BE AN IMPORTANT source** of feedback for changing and strengthening your work process, branding and marketing. Our participants share their experiences in regard to client focus groups.

Jud: What made you think you wanted to do a focus group?

Bruce: Actually, it was a recommendation of a marketing consultant we had. She had run them for another outfit she worked with - mostly non-profits, but she made the suggestion, and we decided to go for it.

Jud: Craig, what made you decide you wanted to try this?

Craig: We wanted to deepen our understanding of what is really important to our clients - to make sure it wasn't our assumptions — and wanted to get first hand from them, after they'd gone through the process, what we did well and what we did not so well. so we could improve upon those things.

Jud: Craig, what type of setup did you have? Was it done on the phone, in per-

### This month featuring:

Craig Durosko, Co-owner

Sun Design Remodeling Specialists, Burke, Va. Started in 1988, Sun Design is a design/build firm with more than 50 employees. With about 60 jobs a year, its revenue is approximately \$8.5 million. **Bruce Curtis, Owner** 

Washtenaw Woodwrights, Ann Arbor, Mich. The company is a design/build remodeling firm with a kitchen and bathroom showroom that has been in business for 25 years. The firm has 12 employees and is projecting \$1.6 million this year. son, third party? What happened?

Craig: I'll go over the whole thing. We identified a group of really good key clients that we had who were really good to work with, and we wanted to get in touch with them. We printed a formal invitation, mailed it out to them and followed up with a phone call. We invited them to a local Ruth's Chris Steak House, had them on site at the restaurant for breakfast. It was a 9:30 a.m. to 1:30 p.m. event, and we included breakfast when they got there. We hired a third-party facilitator. We felt we could get more candid feedback if we weren't there. My partner, Bob Gallagher, who is also part owner, and I are so close to the business, we felt like having a third party would help. We kicked off the event and went over why they were there, our core values of the company, our goals and visions for the company, and thanked them for coming. Shortly after that, we left and left the facilitator and the scribe there to run the meeting. We had a followup e-mail and a follow-up meeting with the facilitator and downloaded all of the notes, outcomes, and had a debrief meeting.

Jud: How many people did you have there, Craig?

Craig: We had approximately 10 people. Jud: Bruce, how did you set yours up?

Bruce: Our marketing consultant had run them before. We have a showroom, and we arranged a dinner. We invited six couples and found a time when they could all do it. We had catered food from a nearby caterer. I was present, and our office manager was present, but the marketing consultant facilitator, Tamara, ran the meeting. We didn't say anything; we didn't mingle with the people. We just sat there and shut up! She

CRAIG: "We got a deeper understanding of our clients. We better understood what made them a raving fan and continued to build our support for our business."

asked all the questions and taped the whole thing. Everyone knew that was going on. Our objective was to find out from the customers what they perceived of the company, how they view our core values, what we would be able to do better and that sort of thing. When it was over Tamara went back, transcribed the whole thing and gave

BRUCE: "We got a lot of good feedback about how our jobs run and what people are thinking about our company, which was very useful for us."



us notes of the entire conversation. Also. she gave us quotes based on topics. We were actually able to get very good quotes to use in our marketing materials. It was very informative, and we should probably do another one. The people had fun, and they enjoyed meeting each other.

Jud: Bruce, Craig took a different approach from the standpoint that he didn't stay there, he left. Do you feel like you held people back at all because you were there?

Bruce: It's possible. That's very possible. But, people do open up. One person would say something and someone else would enhance that - they kind of expanded on each other. It was amazing

Jud: Craig, did you make a list of ques-

tions to start with?

Craig: We identified our goals with our facilitator, and she took the route as far as getting different information as far as the construction phase; marketing and branding; what we're doing well; additional suggestions; and things like that. We more or less hired her to facilitate and run it.

Jud: Tell us what your goals were.

Craig: Our goal was to really define our process, from the initial contact to the closeout and warranty of the project. We

wanted to hear from them in their own words what their experience was like. And if there were any areas where they felt we could improve that process, and if there were things they felt we did really well, we wanted to know, to reinforce those areas also.

Jud: Bruce, what were your goals?

**Bruce:** What we started

with was sharpening our marketing message. Also, to gather from them what they thought our strong points were and what we could do to highlight those.

Jud: Craig, what did you get out of it when it was done? Did you get to your

Craig: Yes. We got a deeper understanding of our clients. We better understood what made them a raving fan and continued to build our support for our business. We also understood what was working well in our process and identified areas that weren't working very well. Ironically, it was right before the strategic 2009 planning. We were able to take that input to our board of advisors meeting and break it up by departments. We definitely got action items out of this. I felt that, going into next year, we're moving into a stronger-thanever position in market.

Jud: Bruce, how about you? Did you in fact use the parts and pieces?

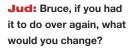
Bruce: Yes. We created some new literature pieces and used the quotes. And we're still using them. We have some of

them posted by our front door. That was the solid piece we were really able to get. We got a lot of good feedback about how our jobs run and what people are thinking about our company, which was very useful for us.

Jud: Bruce, do you feel like you have something you can measure - a result that you can measure from this in any way, shape or form?

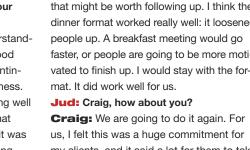
Bruce: I don't have numbers I've applied to it: I can't say such-and-such increased

> by a certain amount or anything like that. In terms of achieving what we wanted and getting good information from our customers, we definitely got that! The one thing about it, though, like Craig, we picked "A+" clients. We didn't pick anyone we had issues with.



Bruce: I have a different marketing consultant. She's actually more professionally experienced in working with businesses. I would mix up the client pool a little bit. Maybe I'd come in and leave in the middle, that might be worth following up. I think the dinner format worked really well: it loosened people up. A breakfast meeting would go faster, or people are going to be more motivated to finish up. I would stay with the for-

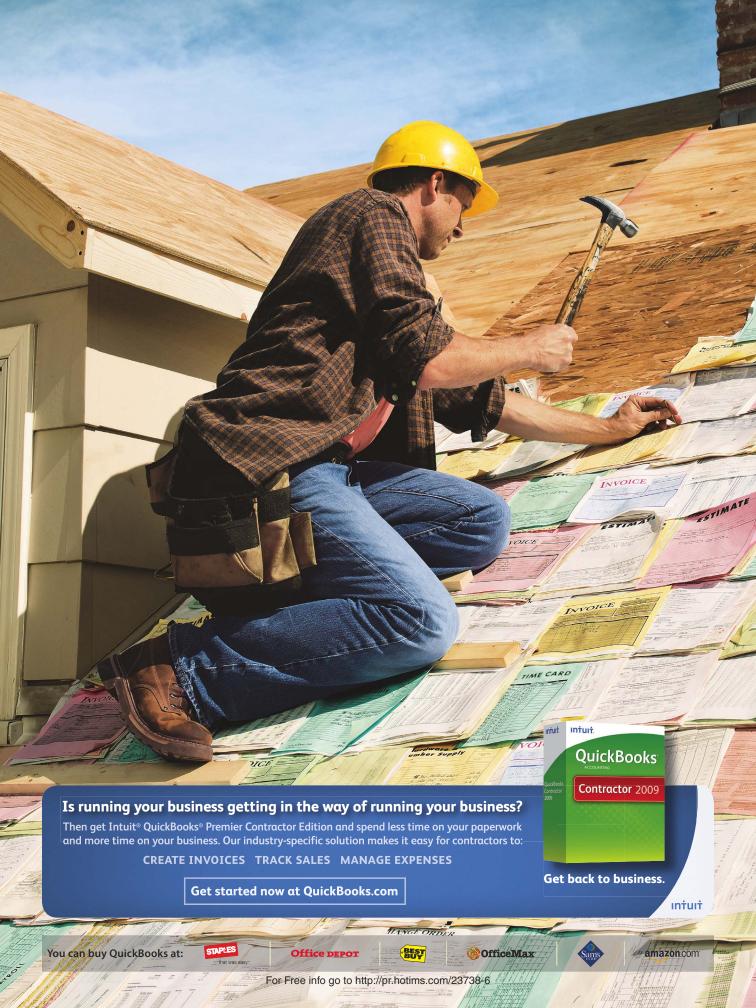
us, I felt this was a huge commitment for my clients, and it said a lot for them to take time out during the day and come, be open and have this dialogue. I'd definitely say one thing I'd do again is make sure that it's prior to our strategic planning for the following year. PR



Jud Motsenbocker

Contributing Editor

topic and more Best Practices, visit www.ProRemodeler.com/bestpractices



By Jonathan Sweet Senior Editor

### Stretching marketing dollars

he fatal mistake a lot of companies make when the market is down is cutting back on marketing.

Elite Remodeling in Frisco, Texas, is instead partnering with other companies to make its marketing dollars go further. The full-service remodeler, located outside Dallas, has embraced co-op marketing for its postcard programs.

Each postcard the company sends out includes not only Elite's traditional marketing message, but also a small section of "Elite Business Partners." These are four other companies that Elite does business with that might be of interest to the firm's clients or potential clients, such as appliance dealers and mortgage providers.

Each of the companies pays 20 percent of the cost of the mailing to be on the postcard. Even if one of the partners drops out, the other companies' share won't increase. In that case, Elite will pick up the additional cost,

says Elite's president, John Todd.

The advantage for Elite is that the company either gets the same amount of marketing for less or increases its marketing without spending

more, Todd says. For the company's partners, it's a chance to be recommended by a trusted source.

The first postcard under the new program went out in December. Elite sends one or two postcards a month to about 150 to 200 people, targeted by geography or demographics. The company also sends out quarterly mailings to a larger group of several hundred past clients.

Elite doesn't ask for any long-term commitment from the marketing partners, taking it month-to-month. The cost is minimal — probably less than \$1,000 if somebody partners for the entire year — but that equals another \$4,000 a year Elite can spend on marketing, Todd says. This means the company can create higher-quality mailings more often without spending more money.

### THE SWEET SPOT BLOG

### ProRemodeler.com/sweet

### A dead-end in sales

It's no secret that foreclosures are making up an increasingly larger portion of home purchases, especially in Southern California. DataQuick reported that home sales were up from a year ago in Southern California for the fifth consecutive month but that 55 percent of sales were foreclosures. But here's the interesting part to me:

"Many first-time home buyers are, understandably, cheering as foreclosures dominate sales, tugging down prices and raising affordability," said John Walsh, DataQuick president. "For home sellers and the industry, though, one concern over foreclosures representing half of all sales is that those transactions simply repay lenders. They don't trigger a move-up purchase."

It's a dead-end for purchases. And that means it's a dead-end for remodelers. The buyers of these foreclosed homes are probably bargain hunters who aren't going to be purchasing remodeling. The real money is in the move-up buyers, and they just aren't there.



>> If you have a **Trade Secret** you would like to share,
e-mail Senior Editor Jonathan

Sweet at *jonathan.sweet@*reedbusiness.com.

### NARI members get the word out

arketing agency Biz-Comm is helping remodelers reach editors and reporters through a new online article database.

The Asheville, N.C., firm, which has many clients in construction and also manages some local NARI chapters, has created a new Web site where remodelers can post articles or story ideas, and journalists can search out information.

The service is currently only available to NARI members, but Biz-Comm owner Patrice Olivier-

Wilson says it could be expanded to other remodelers if there is enough demand.

"We're just trying to get the name out there, trying to get the word out," she says. "Hopefully it will just take on a life of its own and everyone can use it for their benefit."

The idea for the service came from the Washington, D.C., NARI chapter, which Biz-Comm manages. The chapter was looking for a way to reach local news outlets. After that, it was a natural fit to expand it to other NARI chapters, Olivier-Wilson says.

The site launched late last year, so it's difficult to say how successful it will be. The biggest problem so far is that remodelers

aren't really aware of the site, Olivier-Wilson says, something she hopes will change as more NARI chapters get the message to their members.

For more information, visit www.biz-comm.com/NARI.



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# Power Partners

### REMODELERS ARE TEAMING UP TO MAKE IT THROUGH THE DOWNTURN

WITH A MARKET THAT'S WORSE than many remodelers have seen in years — if ever — the easiest thing to do is take a play-it-safe approach and avoid any risks. On the other hand, it can be an opportunity to grab market share by taking smart chances.

Professional Remodeler talked to three groups of remodelers that are partnering to form new business ventures they believe will not only help them get through the downturn but also put them in a better position than the competition when the market recovers. Their stories follow:

By Jonathan Sweet, Senior Editor

**IF A COUPLE OF YEARS AGO** you'd asked Scott Sevon and Mike Nagel if they'd do a project in the city of Chicago, they'd have quickly rejected the idea.

Despite more than 25 years experience running separate remodeling companies in the city's suburbs, the two had long steered clear of the challenges of urban remodeling. That all changed when they were approached last year by Alan Lev, president of Chicago builder Belgravia Group. The three had known each other for years through their membership and leadership in the Home Builders Association of Greater Chicago, the local NAHB chapter.

Lev told Nagel and Sevon that Belgravia was looking for someone to start a remodeling division to meet the needs of the residents of the thousands of homes, townhomes and condos the company has built over the years. After several months of discussion they decided to form a new company, Belgravia Plus, in partnership with Belgravia. Belgravia's experience working in the city made the deal attractive to the two suburban remodelers.

"They've been working in the city for 30 years. They know the city inside and out," Nagel says. "They got our license for us; they're doing all that kind of bureaucratic stuff in the background for us."

Belgravia also offered a stellar reputation; in-house resources such as marketing and legal; and a contact database of nearly 30,000 owners, past owners and leads.

"We saw a lot of benefits from working with them," Sevon says. "They have relationships that open doors all over the city that we probably couldn't open on our own."

#### 'ANYTHING THEY NEED'

The partners' new company offers five services to its clients:

- Assessments: In what is essentially a home check-up, the company sends a licensed inspector to determine the repair needs of the home, looking at items such as fixtures and cabinets.
- Maintenance: Continuing off of the assessments, the company then can produce a maintenance program to address the ongoing needs of the owner. This can include services such as changing light bulbs or maintaining the HVAC system and other mechanicals.



Suburban remodelers Scott Sevon (left) and Mike Nagel had long resisted working in the city of Chicago, but a new partnership with an established developer has made the transition easier.

### BELGRAVIA PLUS, CHICAGO

emodelers Mike Nagel of Remodel One in Roselle, Ill., and Scott and Janice Sevon of Sevvonco in Palatine, Ill., have partnered with developers Alan Lev and Jacob Kaufman of Chicago-based Belgravia Group to form a remodeling and maintenance company in the city.

Nagel and the Sevons have formed an LLC, Men at Work Chicago, which holds the majority stake in Belgravia Plus, and will continue to operate their suburban firms.

# From suburbs to



- Remodeling: This includes anything from a couple of hours of handyman work to whole house/condo remodels.
- Interior design: This can be part of the remodeling process or a stand-alone service.
- Concierge service: Under the concierge umbrella, Belgravia
   Plus will arrange cleaning, manage deliveries and provide myriad other services.

The idea is to be a full-service operation for the busy owners, 80 percent who own multiple residences.

"Anything they need that has to do with their home, we can do that for them," Nagel says.

Since starting up in November, most of the work has been under \$10,000, although the company has discussed some larger remodels with clients. The maintenance packages, which average \$1,500 to \$3,000, have proven to be the most popular thus far.

# the city

"They have relationships that open doors all over the city that we probably couldn't open on our own."

— Scott Sevon

"We didn't think this maintenance and analysis end of the business was going to be as big as it may be turning out to be, because we didn't know that people were on as much of a run as they are today," Sevon says. "We offer that to consumers in the suburban area, but we aren't as deep into it."

While the current economy is probably playing a role in the prevalence of smaller projects, the company has also only targeted the newest residents with its direct marketing efforts so far. Because it is such a large database, the company plans to target the owners in small groups, with the newest ones first. That plan allows Belgravia Plus to get comfortable with smaller services before tackling a lot of large remodeling projects, Sevon says.

"If we had seven kitchens tomorrow, we'd be a little taxed," he says. "We will get a lot of that type of work, especially if it's coupled with a change in attitude and an economic stimulus package."

Even in the current economy, Nagel and Sevon remain convinced the new venture is a smart one.

"It is a little scary," Sevon admits. "We've got personal funds in there, and quite a bit. We know how desperate the industry is right now."

It's tough to look at the costs of starting a new business and not get nervous, they say. For just one example, take the marketing plan, which accounted for a third of the company's budget this year and was more than Remodel One and Sevvonco have spent on marketing in the last five years combined.

If they can make it through this, though, the company will be well-positioned to succeed as the market recovers.

"One of the reasons we decided to do it, even in this economy, is because by the time things turnaround, we're going to be moving along pretty well versus starting something up at that time," Nagel says.

The slow economy has also allowed both Sevon and Nagel to spend more time on the new business than they would have been able to when things were booming.

"If I was as busy as I was a year-and-a-half ago, it would be a lot more difficult," Nagel says. "It's kind of a blessing that we are a little more slow in the suburbs."

**UNTIL RECENT MONTHS** the Houston housing market had resisted the downturn that was hitting the rest of the country with high oil prices and a bustling local economy to keep remodeling and building booming.

Even in a strong market, though, Michael and Tommy Strong of Brothers Strong and Jeff Hunt of Heritage Construction saw value in merging their two Houston design/build firms.

"Those conditions didn't exist down here when we started talking about this," says Michael Strong. "It's only in the last few months that we've felt this whole economic meltdown with these housing issues creeping into the Houston market. We think that makes this make even more sense, but it's really just a secondary benefit."

Hunt and the Strongs found themselves in a situation familiar to many remodelers: Doing a steady \$1 million a year in business, give or take, with satisfied customers and a nice referral base, but limited opportunities for growth.

"The big driver from the Brothers Strong perspective was that we'd found ourselves having plateaued in the marketplace," Michael Strong says. "We'd grown flat. We needed new blood, new perspective."

The idea for the merger came during a Remodelers Advantage meeting last April. During the session, Michael Strong had what he describes as "an epiphany" and drew out a new organizational chart right then and there that incorporated Hunt into the company.

"I passed it to Tommy and he got excited, and we knew this was a great idea," he says.

Hunt immediately came to mind because the three knew and respected each other from years together in the local and national NAHB meetings and other activities.

"We wanted a cultural match, somebody we knew, somebody that shared the same ethics, the same priorities, the same reputation in the marketplace," Michael Strong says.

As soon as the Strongs got back to Houston, they put the new organizational chart up on a whiteboard in their office and invited Hunt to see it.

"I was thrilled; I was excited right away," Hunt says. "Yeah, I wanted to do some due diligence and spend some time thinking about it, but it all made sense."

#### **PUTTING EGOS ASIDE**

22

Although the new company will do business under the Brothers Strong name, it's actually a new limited partnership owned

by the Strongs and Hunt.

The partners decided to use the Brothers Strong name because of its greater name recognition in the Houston marketplace. The company has been around for 18 years compared to Heritage's six years in business.

It was actually Hunt's idea to keep the name. Because of the company's history and Michael Strong's appearances on television and radio shows, Brothers Strong was simply better known, he says.

"If we just put ego aside and forgot what the name of the company was, I knew we could really build some neat things," Hunt says.

Many owners are unwilling to do that, and that's why mergers and partnerships don't succeed, all three say. Both the Strongs and Hunt had to be willing to compromise to make the merger work.

The new partners had weekly meetings starting in May to iron out all the details of the new company. Even when it comes to something as simple as to which forms to use, egos can also play a role.

"You have to put a lot of personal things aside that you may have helped create and realize there's a better way to do

# lerging tor

things," Tommy Strong says. "Half the time our existing organization was doing it better and half the time we realized there were other ways out there to do certain tasks."

### 'A DOMINANT FORCE'

Despite the challenges, Hunt and the Strongs expect several advantages from the new company.

Heritage and the old Brothers Strong both worked in the same area, the northwest side of Houston. The two companies were just about the only "real competition" for each other, Hunt says — that is, professional companies that were delivering high-quality design/build work. By combining forces, the two companies are able to take advantage of the strengths of each of the partners.

"I saw Jeff as being able to fill some of the soft spots in our organization, specifically related to sales and day-to-day man-



# strength

agement, both of which he's very good at," Tommy Strong says.

At the same time, the new company frees Hunt up from the pressures of being the sole decision maker. Heritage was a lean operation where Hunt had to wear most of the hats in the company, from sales to management to production.

"At my company, we had two project managers, two field managers and me," he says. "Production was limited. There was no way to grow that."

In the new Brothers Strong, Tommy Strong will serve as vice president of construction operations and oversee all production. Michael Strong, as president, and Hunt, as vice president of sales and administration, will share responsibility for sales and day-to-day management.

"We're going to benefit from his sales experience and his ability to run a company," Tommy Strong says. "Jeff will benefit from a larger structure and not having to do everything." Brothers Michael (left) and Tommy (center) Strong are merging with Jeff Hunt to form what they believe will be a dominant force in the Houston remodeling market.

### BROTHERS STRONG, HOUSTON

eff Hunt of Heritage Construction in Houston and Michael and Tommy Strong of Brothers Strong, also in Houston, are joining together to create MTJ LP dba Brothers Strong, a new remodeling company operating as of Jan. 1. Hunt and Michael Strong each own 37.5 percent of the new partnership; Tommy Strong owns the remaining 25 percent. They'll shut down Heritage and the original Brothers Strong after all work sold by those companies last year is completed.

The biggest benefit, which may become even more important if Houston follows the rest of the country into the housing crisis, is that the new company has more people to help make the important decisions.

"Our working together here ... just raises the level of opportunity out there so much higher," Michael Strong says. "It's just so good not to be alone out there."

**FOR YEARS, DAVE HEANEY** has been specializing in medical office remodels, first through his design/build firm Rockland and more recently through its Healthcare Facilities Solutions subsidiary.

But it wasn't until last year that he decided to take the company national by partnering with other remodelers around the country. That decision was prompted by the realization that in many cases he wasn't physically visiting the site anymore, even for some local jobs.

"Many of our clients were just looking for a feasibility study as they're looking for a new space to rent or purchase, to make sure it would work for their needs," Heaney says. "In many cases, they would just send over the electronic layout of the blank shell or existing offices that needed to be redone, and we never even saw the site."

If that worked locally, why couldn't it work in other markets, Heaney figured. He started doing some light targeted marketing to professional audiences such as plastic surgeons and cardiologists and immediately received responses.

Heaney could only offer design services in those remote markets, not construction. In some cases, that was all clients wanted, but others were also looking for construction services.

"I'm a huge believer in design/build, so I wanted to figure out a way we could offer both services even if we're not physically there," he says.

Through his membership in Remodelers Advantage, Heaney knows hundreds of remodelers across the country. With many of them complaining about the slowing market, he thought the time might be ripe to contact them about performing light commercial work in partnership with him. Shortly before Thanksgiving last year, he sent out e-mails to 200 contractors about the program.

"In the first day I heard back from 25 of them," Heaney says. "The demand was clearly there."

### WIN/WIN

The program is just getting started, but Heaney is already working with companies in North Carolina, Pennsylvania and Virginia on potential projects and talking to more than a dozen other firms. He plans to focus the efforts on large and medium-size cities.

"If we can sync up with people in major markets, it can be a



win/win," he says. "It's better for all parties, including the client because they have a team working together."

HFS benefits because Heaney knows a trusted partner is build-

# Going national



Dave Heaney is looking for remodeler partners to deliver remodeling solutions for medical offices around the country, a niche he thinks can help make it through the slowdown in residential remodeling.

# **HEALTHCARE FACILITIES SOLUTIONS,** WILMINGTON, DEL.

ave Heaney, founder and president of Rockland, is taking its Healthcare Facilities Solutions subsidiary — which focuses on remodeling medical offices — national by partnering with remodelers in other markets to build the projects from his company's designs.

He already has partnerships in the works with three other firms and is talking to more than a dozen others about working together.

ing the company's design. The local remodelers benefit from not having to design a type of project they're unfamiliar with.

"If they can offer a turnkey design/build scenario, that appeals to everybody," Heaney says.

The jobs can come about either through the local remodeler or through Heaney's marketing efforts. HFS advertises nationally in publications targeted to the medical community, which generates some business but can be unpredictable.

"We're going to find opportunities that we can share with these remodelers, and they're also going to have a warm market in their circle of influence locally," he says. "They can find opportunities, and collectively as a team we can find a solution that fits the client's needs."

The financial model varies from

project to project depending on how the work is divided.

"Ideally, we get compensated for design, they get compensated for construction — but we work as a team," Heaney says.

"There is going to be overlap in some cases. We recognize some people have expertise in healthcare and with very little support from us can jump right back into it."

#### THE RIGHT FIT

Heaney says there's no reason the distance should be much of a challenge. He is sure the model can work as long as HFS can find the right companies with which to partner.

"The challenge will be that we are two different companies, but as long as we align ourselves with companies that are philosophically similar, that shouldn't be that big of a challenge," he says.

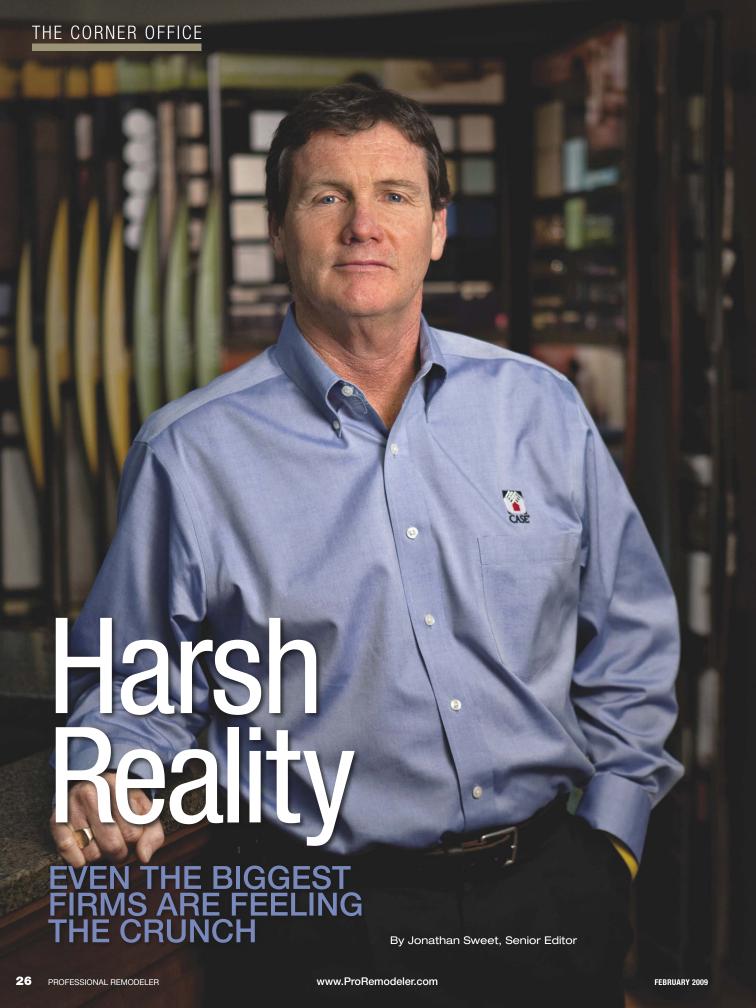
That's why Heaney is taking his time with the new venture. He realizes that a poor execution of an HFS design reflects badly on the company no matter who installs it and could hurt his goal of building a national reputation in the medical community.

"It's just like a design/build project," he says. "We want to make sure we're asking all the questions that need to be asked ahead of time and don't get surprised."

Heaney first focused on remodeling medical facilities because he wanted his company to be good at one thing. The company's years of experience should make it easier to be successful, he says, and gives HFS an advantage over competitors that may offer a variety of services.

"With the modern technology, we've created a very efficient design process," he says. "Because that's all we do, I feel like we can offer a better value because we are so efficient." PR

"I'm a huge believer in design/build, so I wanted to figure out a way we could offer both services even if we're not physically there." — David Heaney



Companies big and small are facing unprecedented challenges in 2009. Professional Remodeler talked to Mark Richardson — author, frequent industry speaker and president of Case Design/Remodeling, one of the largest remodeling firms in the country. To read the complete interview, go to www.ProRemodeler.com. Some highlights:

### You're expecting a drop in business in 2009. How is the economy affecting your business going into this year?

The best way I can describe the environment this year is that it's tough. It's an environment in terms of marketing, in terms of sales, that is tough. Tough does not mean bad. Tough means tough.

### What are you doing to deal with this new reality?

We very much have had to adjust our course. We went into the beginning of our fiscal year, which started in October, expecting a 7 or 8 percent growth for the year. After the perfect storm of October ... the bottom fell out and we just had to go ahead and come up with a Plan B.

That [plan] looked at every aspect of our financial model, including sales and revenue on the production side and all the way through with overhead expenses. We had to scale the company back to act like we were roughly 10 percent, 15 percent smaller. We had budgeted for projects and initiatives for the future that we had to just say, well, let's wait until the storm passes before we make those investments. Then we had to just trim the fat, trim things that don't necessarily affect people on a day-to-day basis to come up with a plan that was essentially much more sensible. Moving forward I'm hoping that we don't have to go much deeper.

### Have you made any changes to your marketing?

In the past, direct marketing would work. Now we're doing a lot more indirect marketing, meaning seminars. We're doing a lot more networking groups. We're focused more heavily on smaller-scale projects. We're pushing people more to the Web now than in the past. We're changing some of our messaging to focus more on low risk and trying to reduce fear more so than "follow the fantasy."

### What are some of the words of advice you're sharing with other remodelers as you speak around the country?

A theme that I've been out talking about is it's survival of the fittest. Three themes within that are really critical.

First you've got to have the right mindset. Henry Ford said,

Case Design/Remodeling is making tough choices to make it through the industry downturn.

"If you believe you can or can't, you're right," and I really, really live and breathe that notion. I cannot tolerate a mindset or an attitude with people who believe they can't achieve it. The mindset also includes work ethic. You've got to work harder than ever. We're meeting more clients on weekends than ever. That's a different mindset, and that's OK.

The second is that the fundamental business needs to be fit. [my book, "How Fit is Your Business?: A Complete Checkup and Prescription for Better Business Health"] is all about being fit, and it draws the parallel between personal health and fitness and financial health and business.

It's no different than if you want to climb Mount Everest. You've got to be in great shape. What I am saying is that it's tough out there. You and your business have got to be fit.

Third is you've got to change. There are many out there who are fit and have the right mindset, but they're just stubborn, and they won't change, and I think they'll crash and burn and fail as a result.

### What are some of the things that need to happen before we'll see a turnaround?

I'd like to think that we'll see some uptick in the stock market. I'd like to think there would be something out there that would cause some positive feeling. I'd like to think that the new president getting in place, whether it's real or Memorex, at least it's a feeling of hope. It'd be nice if Obama was doing something or announced he was doing something. Part of it's getting him in place and part of it's doing something.

Consumer confidence is probably the biggest indicator of home remodeling. All the things that affect consumer confidence will affect remodeling. I think job watching, watching unemployment and the job situation is a factor. **PR** 

### **EXECUTIVE SUMMARY**

Case Design/Remodeling, Bethesda, Md.

**CEO:** Fred Case

**President:** Mark Richardson

2008 volume: \$85 million

Projected 2009 volume: \$75 million

Employees: 240 locally with an additional 250

across the country

Founded: 1961

Web site: www.casedesign.com



### BARE SPACE IN AN OLD COMMERCIAL BUILDING BECOMES A STANDOUT CENTER-CITY HOME

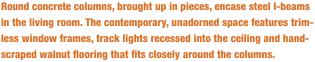
By Wendy A. Jordan, Senior Contributing Editor

ST. PETERSBURG, FLA., IS HUMMING with activity thanks to major revitalization, and longtime residents Dar Webb and Clint Page wanted to move downtown. They found just the spot: a historic 1928-vintage Snell Arcade. The Mediterranean rococo building had a lot to offer — central location, historical character and unfinished condo space that Webb and Page could build out to suit their sophisticated, minimalist vision. For Strobel Design Build in St. Petersburg, those assets presented both opportunities and challenges.

### **DESIGN EVOLUTION**

Webb and Page first purchased space in a new downtown building and hired local architect Tim Clemmons to design a condo. Their concept: a living area and master bedroom section and another section for the office and guest suite. Meanwhile, the developer who'd bought the nine-story Snell Arcade, planning to convert the upper floors to residential condos, commissioned Clemmons to design a model unit. On a whim he e-mailed the plan to Webb and Page, who bought a





2,839-square-foot space on the second floor.

It was another two years before construction started on the condo. Changing the building from commercial to mixed-use accounted for much of the delay.

While the team waited for the building to be brought up to code, they redesigned the unit every few months. The open, main area smoothly blends kitchen, dining and living space. A four-sided divider incorporating the powder room, the laundry and a bench for the dressing area separates the main living space from the master suite. The large, two-person office and a guest suite occupy the other end of the condo. The long entry hall doubles as a library for Page's extensive book collection. A terrace offers outdoor access. Environmentally friendly components and smart house controls meet the clients' preference for green, high-tech living.

Webb and Page wanted Strobel to build the project. But in some ways the project represented uncharted territory for Strobel. "We





The hall running from the entry to the living area functions as a library, with a 26-foot-long, floor-to-ceiling mahogany bookcase.

do very little work on tall buildings," he says, and "working in an urban environment is unusual for us." Nevertheless, the project appealed to him. A rapport among him, the client and the architect helped. "We all felt we were jumping into this with our eyes open."

### JUMPING IN

It was clear that building access would be limited. The Snell Arcade is downtown by a post office. The team couldn't park in the alley because they would block the mail trucks. The best they could do was squeeze a Dumpster into the alley.

All nearby parking spaces are metered. To avoid tickets, project manager Andy Reitwiesner, CLC, CKBR, bought weekly park-

#### PRODUCTS LIST

Bathroom fittings: Grohe, Toto Countertops: Richlite Dishwasher drawer: Fisher & Paykel Hardware: Omnia HVAC equipment: Trane Insulation: Icynene Kitchen fittings: Elkay, Franke Lighting: Orco Oven and range: GE Refrigerator: Sub-Zero Windows: Hurd

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Visit marvincasement.com or call 1-800-241-9450 for a free Ultimate Casement Collection brochure.







As compact, efficient and sleek as a boat, the kitchen includes a curved island, appliance drawers, cabinets with pop-up doors, and frosted glass clerestory windows that admit light without absorbing storage space.

ing permits for the crew.

Reitwiesner introduced himself to residents before the job started, and during production, he'd put a note on the elevator before materials were coming in, letting tenants know when the elevator would be in use. He'd clear out the elevator for a tenant when needed.

Not everything fit in the elevator. The tall bookcases rode on top of the elevator cab. Cranes hoisted the kitchen island, hardwood flooring, decking material and the clients' piano to the roof of the adjacent two-story wing.

Though most of the old building is solid concrete, the clients' unit occupies a wood and steel section. "During construction we unearthed termite problems that were worse than we expected," says Strobel. Crews replaced the termitedamaged framing, re-planed the ceiling to level uneven sections, and repaired several roof leaks. None of this work was a total surprise. Strobel says he was shocked, though, to discover that a roof leak over the nearly completed master

### THE FINANCIALS

on Stobel typically uses fixed-price contracts but did the Webb/Page project on a cost/plus basis. "We reserve cost/plus for large, difficult jobs, work on historic buildings, and jobs that are not completely scoped," he says.

He applied a 25 percent markup to the cost of materials and trade contractors and billed for in-house labor at a fixed, burdened rate. "Our trades worked on bids," he adds.

In select instances Strobel did not charge the clients for the crew's labor. That reduced gross profit to 23.7 percent.

Every two weeks, the clients

Dauget Instory	
Initial estimate:	\$725,000
Additions to scope:	\$297,345
(Finish materials not in plans)	
Final price of job:	\$1,022,345
Cost to produce:	\$780,303
Gross profit:	\$242,042
Budgeted gross profit %	25%

23.7%

Rudget History

Actual gross profit %

received a report showing supplier and contractor bills plus Strobel labor hours and markup. "The frequency of billing is important to us for cash flow on a big job," says Strobel. It helps the clients too, he says, because "they are able to keep up" without having invoices mount.

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bathroom was caused by termites. "They had eaten up through a layer of modified bitumen under the roof. The team had to tear out the whole ceiling and redo it.

Strobel installed double walls for soundproofing in the mixeduse building. Double layers of plywood plus tight seals keep odors from the pizza restaurant below from drifting into the condo.

Because the Snell building is designated as historic, exterior changes need to be approved by the local historic preservation review board. Webb and Page considered replacing the 1970s front windows but opted to postpone the change. "It would have established a standard that we'd have to negotiate for the whole building," says Clemmons.

They did install new windows in the rear. The hurricaneresistant units are standard products that nicely match 1920s windows. Reitwiesner cut through the building's 18-inch-thick walls to fit the openings to the windows.

#### PUSHING THE ENVELOPE

To prepare the low adjacent roof to support a terrace, Strobel



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### **COMPANY SNAPSHOT**

**Strobel Design Build** 

Owner: Don Strobel, CR, GCP, CKBR

Location: St. Petersburg, Florida

2008 volume: \$1.6 million

Projected 2009 volume: \$1.5 million
Web site: www.strobeldesignbuild.com

Biggest challenge: Building a terrace over a 1920s roof.

had to reinforce it with a steel superstructure. The demanding job required crawling through rotten roof timber to find the original steel beams and posts, then place the new beams over those posts. To bring in the new beams, the crew had to cut into the roof of the restaurant below, hoist up the beams, then rebuild the roof.

The finished terrace, resting on a new platform welded above the old roof, features ipe decking and fencing. A stucco wall blocks views and much of the sound of a cooling tower. Bamboo plants form a green privacy wall.

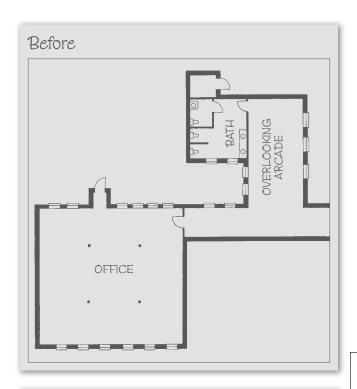
The clients' preference for unadorned lines enabled Strobel's team and the cabinetmaker to demonstrate their skills. Reitwiesner installed the flooring without shoe mold and the doors and windows without casings. The drywall contractor perfected exposed wall edges. Cabinet maker Michael Bright of Bright Wood Works designed and made the 26-foot-long

### **PROJECT TIMELINE**

2006	Stage of Project
Sept. 1	Initial meeting with clients and architect
Oct. 15	Begin construction
Dec. 16	Begin installing HVAC system
2007	Stage of Project
Mar. 15	Rough-in inspections
Mar. 24	Begin drywall
May 6	Plywood subfloor completed
June 6	Crane lifts steel for terrace deck
June 26	Crane lifts kitchen cabinets, ipe decking;
	walnut flooring installed
July 5	Granite counters and tile installed in bathrooms
July 25	Kitchen cabinets installed
Aug. 9	Smarthouse equipment installed
Aug. 30	Terrace irrigation and planting completed
Oct. 30	Painting completed
Nov. 27	Final inspections completed
Dec. 3	Substantial completion

Biweekly time and materials payments

Payment Schedule



After

BATH

BEDROOM

BATH

DINING

ROOM

BATH

MASTER

BEDROOM

BATH

MASTER

BEDROOM

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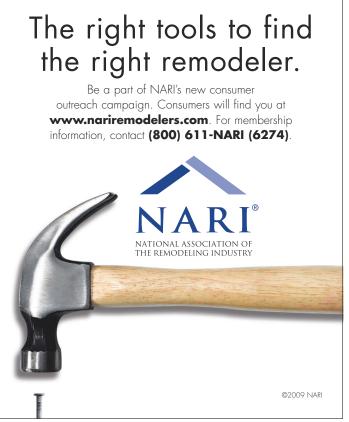
The original space configuration meshed with the clients' request for a two-part plan composed of a master suite and open living area at one end and an office-guest area at the other.

mahogany bookcase, engineering it to support a heavy load with as few structural components as possible and using no moldings to conceal edges.

With flush cabinetry and Bright's custom designed island, the kitchen looks sleek and simple but is fully equipped with storage, appliance drawers and a computer. Composite paper countertops; low-VOC, medium-density fiberboard cabinets; and low-VOC paints add style and a green element. In the office, a server rack consolidates controls for the condo's high-tech equipment.

Reitwiesner placed ¾-inch, fire-treated plywood panels behind walls as backing for Webb to hang her art collection. Prominently displayed on the wall as art pieces are the well-used tops of two of Reitwiesner's sawhorses. Reclaimed from a season of hard work, they look as proud and beautiful as the condo itself. **PR** 

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### **GOLD AWARD BATH OVER \$50,000**

**REMODELER AND ARCHITECT:** Carnemark Systems + Design

**PROJECT LOCATION:** Washington, D.C. **AGE OF HOME:** Approximately 35 years SCOPE OF WORK: Redesign bathroom layout to

incorporate better flow, two-person whirlpool tub and steam shower with bench seat.

### Creating a spa-like master bathroom can be a challenge when dealing with limited space

By Michael R. Morris Editor in Chief

TEN YEARS AGO, the average master bathroom remodel was relatively uncomplicated.

Typically more functional than luxurious, the master bathroom design required only enough space to include a sink with a vanity, a tub/shower combo and a toilet. Homeowners' increasing desire for luxury amenities, however, has turned the master bathroom remodel into one of the more challenging jobs for designers in recent years.

Walk-in steam showers, dual vanities, whirlpool tubs and private toilet areas are just some of the many features that have

Carnemark Systems + Design balanced this customer's desire for privacy with an equal desire for an open layout in the master bathroom. Carnemark located the shower in the middle of the room and used a frosted glass strip down the middle to hide the toilet.

# Trends in Master Bathroom Design

- 1. Bigger is better. Ample space for each area has become the norm.
- 2. Spa-like amenities. Think steam showers with multiple body sprays, mood lighting, whirlpool tubs, heated flooring and towel warmers.
- 3. Dual sinks and vanities. These allow two people to get ready for work at the same time.
- 4. Walk-in showers. Sometimes they open to the room and can include bench seating, shelves and other niches built right into the shower.
- 5. Secluded toilets. Often achieved by building either a short wall or a room within a room.
- 6. Wall-mount faucets. Free up counter space and add a spa-like look and feel.

become commonplace in master bathroom design, which has made the designer's job much more difficult, especially when they have to fit the client's entire wish list into the room's original footprint.

This master bathroom remodel, by Carnemark Systems + Design in Bethesda, Md., was just such a project. Part of a wholehouse remodel, the owners wanted the master bathroom to include a two-person whirlpool tub, steam shower with bench, toilet area, double vanity and expanded closet.

"We sort of thought of it like a puzzle," says owner and designer Jonas Carnemark. "When you moved one thing, other things had to move as we went around the room."

Carnemark likes to begin the process of drawing a room layout by visualizing a photograph of the remodeled space.

"For me, the most important piece is the flow," says Carnemark. "Not just physical flow, but visual flow — how the eye works its way around the room. I usually think about the flow first and then look at what types of

### **PRODUCTS LIST**

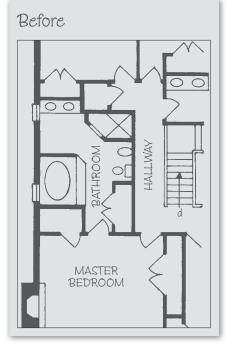
Vanity: Custom Ceramic tile: Oceanside, Provenza, Floor Gres Faucets: Vola Plumbing fixtures: Kohler, Toto, Grohe Light fixtures: Halo, Lightolier Locksets: Schlage Paint: Benjamin Moore Sink: Hastings finishes are pleasing to the palate."

This customer wanted both privacy and an open flow to the room, so Carnemark was faced with an even bigger challenge. He decided to locate the steam shower in the middle of the room and enclose it in glass with a frosted strip down the middle to add visual privacy to the toilet area while still allowing for open sight lines.

Oversized gray floor tiles in this confined space help create a monolithic feel, says Carnemark, especially when balanced by the mosaic tile shower bench and column. The column became a visual focal point but began as a functional necessity because it hides the shower's plumbing, which was purposely moved away from the exterior wall to avoid pipes freezing in winter.

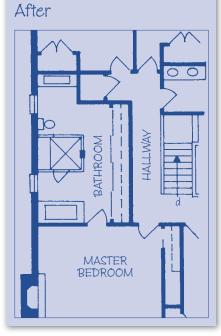
"In a small space like that, every inch is important," says Carnemark. "By creating that little tower, the sort of 'shower tower,' we were able to avoid furring out the masonry wall with a thick, insulated wall. It's three inches, but that's the difference between making it work and not." **PR** 

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The mosaic tiled "shower tower" was a solution for moving the plumbing off the exterior wall to avoid frozen pipes in winter.



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# **Product Trends**

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## **WATER-POWERED GREEN**

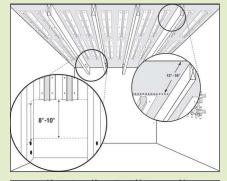
Green Remodeler Sylvain Côté from the firm Absolute Green Homes in South Salem, N.Y., is an NAHB, Certified Green Professional and avid installer of hydronic heating systems

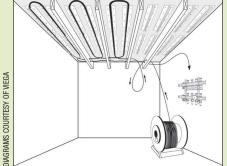
ôté heads a firm which handles a variety of projects that include additions and new green homes. But Absolute Green Homes specializes in high-end interior remodeling, such as kitchens, bathrooms, and basements as well as custom built-ins, bars. wine cellars and even furniture. When it comes to planning and executing these jobs, Côté recommends hydronic systems on most flooring situations. "Overall it can be cheaper to heat the whole house using hydronic heat than your electric-forced heat systems. We love it, and our customers love it. You can keep the thermostat down a few more degrees and still not feel any colder," he says. It's very critical to note, says Côté, that proper insulation is required to really pull the job off well. "We use lots of spray foam insulation," he admits.

The main advantage of hydronic systems, according to manufacturers, is that rather than blow heated air through the room, heat is emitted from surfaces that are constantly in contact with the heat source. Also, says Côté, because the air doesn't become overheated when generated hydronically, maintaining humidity at a comfortable level is easy. Simply put, a more efficient system results in lower running costs.

Côté and Absolute Green Homes use hydronic products from Viega. "We use Viega's Climate Trak panels. We go through that 5/16-inch PEX tubing system. It's not like a pour method."

These are panels that we use under wood floors. If they want to use tiles, we'll just do a mud job over the plywood as opposed to the staple-up," he says. With the Climate Trak, tracks (which are made in 4- or 8-foot lengths) and tubing are installed separately, so there is no struggle with the tubing while the fastening is taking place. Holes are predrilled, and snap-in grooves maximize contact between the aluminum and the PEX tubing for





Climate Trak plates fit under the floor between floor joists in this installation to securely grip Viega's Pextron tubing without the need for messy glues or sealants

an efficient heat transfer.

The firm handles a healthy amount of staple-up flooring jobs or running tubes below the upstairs floor. Retrofitting a hydronic system on a second floor in particular (such as under the bathroom tiles or on the wood flooring in the hall) can be the exact opposite of fun. After all, you're probably not going to be able to get at the second-floor joists from below — unless you're fond of tearing apart the entire house — so the tubing must go in from above.

This, unfortunately, can add ½ inch to 1¼ inches to the floor grade. But Côté and his crews are masters at the technique. Just about any flooring will do when it comes to this



Climate Trak grips the company's tubing to prevent air gaps or loss of direct contact between the tubing and the snap channel.

method. Obviously your homeowners will feel it a bit quicker if you put in linoleum, but good, old-fashioned hardwoods such as oak or maple work well so long as the planks are narrow. This helps to prevent any problems from natural expansion and contraction. Even carpeting will work, so long as the work doesn't exceed R-3.

Both installation methods provide Côté and his firm with a valuable revenue stream. "Sometimes you have to remove some Sheetrock or whatever. When we happen to be refinishing a basement I'll ask a homeowner if they'd like some heat on the upstairs floors too," explains Côté. "I say, for a few thousand more, I can do upstairs. And a lot of times they say 'Really?,' and then I tell them about a staple-up system." PR

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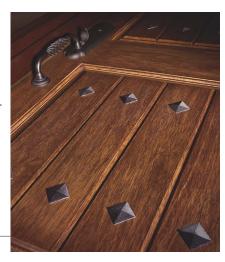
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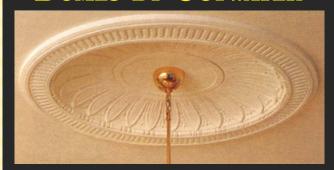
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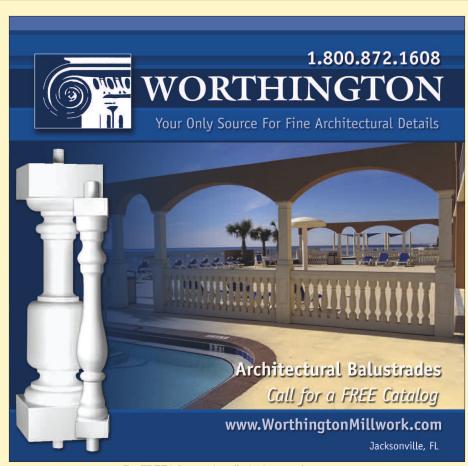
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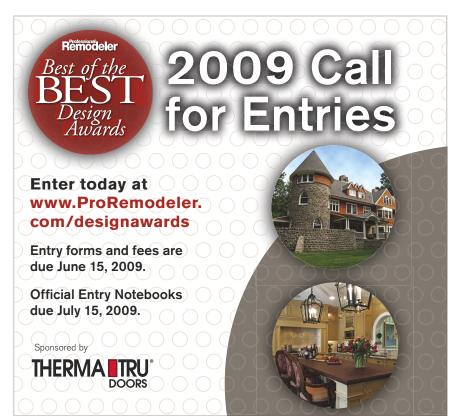




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Professional Remodeler (ISSN 1521-9135) (GST #123397457) Vol. 13, No. 2 is published monthly by Reed Business Information, 8878 S. Barrons Blvd., Highlands Ranch, CO 80129-2345. Reed Business Information, a division of Reed Elsevier, is located at 360 Park Avenue South, New York, NY 10010. Tad Smith, CEO; John Poulin, Chief Financial Officer; Jeff Greisch, President, Chicago Division; Circulation records are maintained at Reed Business Information, 8878 S. Barrons Blvd., Highlands Ranch, CO 80129-2345. Phone 303/470-4445. Periodicals Postage Paid at Littleton, CO 80126 and at additional mailing offices. POSTMASTER: Send address changes to Professional Remodeler, P.O. Box 7500, Highlands Ranch, CO 80163-7500. Rates for nonqualified subscriptions: U.S.A., \$89.99 1-year; Canada, \$109.99 1-year; Foreign surface, \$149.99 1-year. Single copies are available for \$10 US and \$15 foreign. Please address all subscription mail to Professional Remodeler, 8778 S. Barrons Blvd., Highlands Ranch, CO 80129-2345. Professional Remodeler is a registered trademark of Reed Elsevier Properties Inc., used under license. Printed in U.S.A. Reed Business Information does not assume and hereby disclaims any liability to any person for any loss or damage caused by errors or omissions in the material contained herein, regardless of whether such errors result from negligence, accident or any other cause whatsoever.

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## the Professional Remodeler

## 4 STEPS TO BECOME "CASH-SMART"

le all know we are in a challenging economy.
But how long will it last?
How much cash do we need to squirrel away to get through it? My suggestion is to save as much as possible without sacrificing the long term vision or mission of your business. To be "cash smart," start with these four steps: figure out how much cash you need, know how much you have, collect as much of it as possible and spend it prudently. Sounds simple but I can assure you that it is not easy.

Cash outflows for a typical remodeling business include payroll, job cost payables (subcontractors and suppliers) and overhead. Use these cash outflows to determine how much cash you need. First, figure out how much cash your business spends on a weekly basis. We alternate payroll and payable weeks and find that payroll weeks are heavier cash weeks. Second, know which of your cash outflows are variable and which are fixed because you'll have to be ready to cover fixed outflows regardless of the size of your business (i.e. rent, interest expense, etc.). The good news is that most of your cash outflows are likely relatively variable - you have the ability to reduce or increase them as your business changes (i.e. payroll, subcontractors, suppliers, etc.). Third, use this historical information combined with your forward-looking business plan to develop weekly cash collection projections for the business as well as for each of your team members. If the weekly cash collection projection is not realistic, revisit your forward-looking business plan and adjust your variable expenses in the plan as well as in real life until the projections are realistic.

Knowing how much cash you have sounds easy — just look at your bank statement. Wrong. Most of us get paid

before we experience the costs to execute the contract. As a result, our bank account typically overstates how much cash we truly have, and understanding this distinction is critical to survival. Start with the cash you

have (in the bank, in your jeans, etc.) and subtract unpaid bills from subcontractors and suppliers for work they have done. Also subtract "overbillings" on your percentage of completion report (also known as the work in progress or WIP report). Overbillings is cash a client has paid you but which you have not yet earned. For instance, when you sell a project, you might get a 15 percent deposit (say it's \$15,000), but in truth you do not "earn" that cash until you have completed 15 percent of the project. As a result, that deposit represents overbillings of \$15,000. It's cash that is not truly yours but that is in your bank account.

Collecting cash is a team sport. When the project is initially put together, the draw schedule should relate to the timing of outgoing cash on the project, and each draw should be due "upon start of..." When the project is underway, give clients advanced warning of upcoming draws so that you can collect payments timely. Finally, everyone on your team should know how much they need to collect every week in addition to the overall business need. If you do this, it will give you a way to motivate, to monitor and to support your team as

effectively as possible.

Now that you know how much cash you need, how much cash you have and you have collected as much of it as possible, hold on to it as best you can. Evaluate every dollar going out

> and make sure it is adding value to your business. If it isn't, cut it if it is, don't cut it. Just be sure to judge "value" from short, middle and long-term perspectives. Try to avoid cutting so close to the bone that you jeopardize long term ventures. The bad news is that you likely have to sell and produce \$2.50 for every \$1 you spend in overhead. The good news is that for every \$1 you cut in overhead, you can afford to sell and produce \$2.50 less.

> In 2009 cash is king. Sounds cold next to family, friends, faith, health, hunting, fishing and our craft — but without cash all of these other, more soulful elements suffer. Embrace cash because you owe it to yourself, to

your family, to your team, to your clients and to your business. **PR** 

Give your input and continue the dialogue on Bruce's blog at www. housingzone.com/brucecase.

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Bruce Case Contributing Editor

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