

CHALLENGING THE INDUSTRY'S BEST

Make the Most of the Energy-Efficient Tax Credits / 16

How Remodelers Can Generate More Referrals / 20

LOOKING FOR OPPORTUNITIES IN A BAD **ECONOMY / 24**

Jason Larson, President of Lars Construction

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table of Contents

MAY 2009

VOLUME 13 NUMBER 5



FEATURES

FEATURE

Rewarding Referrals/20

More than ever, successfully tapping your past clients is the key to success

COVER STORY

Staying Positive/24

Jason Larson is looking at the downturn as an opportunity, not a problem

PROJECT SPOTLIGHT

All Aboard/26

Smart systems keep a high-speed, multi-company project on track

COVER PHOTOGRAPHY BY GARY PAYNE/GETTY IMAGES





table of Contents

MAY 2009

DEPARTMENTS

best practices

Remodelers' Exchange 16

Making the Most of the Stimulus

Trade Secrets 19

Sweeping the Neighborhood

columns

From the Editor	7
On Leadership	9
On Sales and Marketing	11
From NARI	13
The Professional Remodeler	42

the market

New York 15

innovations

The Green Room

Creative Solar Solutions



Product Preview

New Products

Interior Products
Home Theater

Francisco Docad

Exterior Products

Windows and Skylights



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Professional Remodeler Social

Networking

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Remodelers' Exchange

Visit our Web site to listen to the podcast of the full discussion about energy-efficient tax credits and how they can help your business.

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Stimulus Package

Check out our Web site's new Hot Topic, which houses all of our stimulus package coverage in one convenient place.

www.HousingZone.com/stimulus

Best of the Best Design Awards

Submissions for the 2009 Best of Best Design Awards are due June 15. Visit our Web site to download an entry form and see past winners. www.ProRemodeler.com/ designawards



33

36

37

ONLINE POLL

How do you expect the energy-efficient tax credits in the stimulus package to affect your business?

To participate in this month's poll and view the results as they are tabulated, visit www.ProRemodeler.com.

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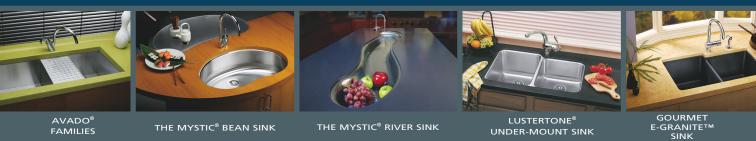


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A REVOLUTIONARY NEW LEADS PROGRAM.

Remodelers only pay when the job is completed.

With the change in the economy, lead generation has become more and more important to contractors all across the country. There are a number of lead services which all have delivered varying degrees of success.

But recently, one of the leaders in the contracting industry has taken a brand new look at lead generating programs.

Contractors.com, a primary source of leads thru HGTV, HGTV.com, and FineLiving.com, has created a program that saves the best contractors time and money and delivers high-quality, high-paying jobs—the kind of jobs that allow these successful companies to thrive during challenging times.

Contractor.com is calling this program the *Free Leads Program*.

Free Leads Program developed from experience.

"We've been in the leads business for a long time, and we know the issues that contractors face with traditional leads generating programs. We also know the troubles that homeowners have – getting too many calls, or being connected with the wrong contractor" explains Kurt Reuss, President of Contractors.com.
"We've taken our experience from the past 11 years and created a program that works better for everyone."

Just like the name suggests, all the leads are free to participating contractors. All the leads are first verified by phone, then sent out to the three category- and territory-exclusive contractors. Only the company that wins the job pays a fee, and only after the job is completed. "We verify all leads before sending them out. Remember,



our success depends on the contractor's success, so if we send out bad leads, we don't get paid – and we risk losing the interest of our members," says Reuss.

Traditional lead services have problems.

"A lot of the leads I get from my current leads-generating company are bad leads. The phone number doesn't work, or the homeowner isn't interested in doing a job. If I try to get a refund, they give me a run around," says Ken Porter, owner of Grey Wolf Remodelling in Los Angeles, CA.

Leads are not well screened. "I've had times when I call the homeowner within minutes of receiving a lead, and they've already hired someone. That doesn't make any sense. So I just paid for a lead that was a waste of my time," said Tom Byrum, owner of Farallon Builders in California.

The new *Free Leads Program* from Contractors.com has addressed these concerns by aligning its success with the contractor's success. Participation is limited to just three contractors in each market, so each of these contractors receives every lead generated in their area.

Better competition!

Because this program is designed for top-quality contractors, members don't have to worry about competing against low-budget competitors. "With traditional lead services, homeowners typically get quotes that can vary drastically in price. This puts the quality contractor, like me, on the defensive, having to justify my higher quote against some truck and ladder guys. But with the *Free Leads Program*, I'm competing on a level playing field with other quality contractors," explains Shane Monday of US Home Improvement Brokers. "It's the higher margin jobs that I want. Plus, I don't have to pay if I don't win the job."

Homeowner guarantee.

One amazing aspect of the program is the guarantee that Contractors.com provides its homeowner customers. The guarantee covers initial deposits, contractor's performance as stated in the contract, and provides homeowners with a lifetime labor warrantee. "This is a tremendous sales tool, because it gives homeowners peace of mind that if something should go wrong they can hold Contractors.com accountable," says Reuss. "That's another

reason why it's so important that we attract the most reputable contractors."

"This is one of the strongest closing tools I've ever encountered," says Monday. "Closing ratios will be significantly higher for contractors in this program than from other lead sources."

Free Leads Program.

- Don't pay for leads. Pay for jobs.
- Compete for the high-margin jobs against other qualified remodelers.
- Every category and territory has exclusivity for three contractors.
- The Free Leads Program comes with the Homeowner guarantee, the easiest way for a contractor to close the most sales.

Free Leads Program Pricing Notes Per specialty \$100 Be one of per Territory three exclusive contractors in a territory. A territory is defined as an area with 100.00 people. \$1,000 Deposit per Because we Territory don't collect money for leads and we guarantee your work for \$50,000 to customers. we require this fully-refundable deposit.

Call today.

With all these benefits going to a small number of contractors, this revolutionary new program will fill up fast. Call 866-241-8865 right away to see if there is still availability in your area and your specialty. Go to www.FreeLeadsForContractors.com to watch a 20 minute video about this exciting new program.

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from the Editor

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THIS DOWNTURN IS DIFFERENT

Paul Deffenbaugh

Editorial Director

There are more

offering diversi-

fied services in

markets than

ever before.

remodelers

his market downturn may be the worst I've seen in remodeling in 30 years. I won't say it takes the crown, though. I know remodel-

ers from New England who saw annual revenues in the early '90s drop from \$2 million to \$300,000.

Why isn't it as bad?

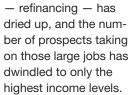
- 1. Homeowners have much more knowledge of quality remodeling service and don't buy only on price. That's not entirely true, but it is a heck of a lot easier to compete against flyby-nighters now than it was then. (Just ask some of the old-timers in your market.)
- 2. More than ever remodeling is about market share. Your

market might plunge, but if you're a larger, more diversified remodeler, you will be able to pick up the slack in other services.

3. There are more remodelers offering diversified services in markets than ever before.

The biggest danger in this tough economic climate is to tightly niched remodelers. If your average job size

was \$300,000 in 2006 and your annual revenue was \$2 million, you are probably seeing some tough times. The fuel that drove that economic pie



If you're in that position, consider this:

- 1. Expand your definition of a qualified lead significantly. Include job size, service request and geographic location.
- 2. Change your business today - not tomorrow. You can do this quickly by partnering with other quality remodelers who complement your service. Or, you can

hire the talent to make it happen now.

This downturn is not just about survival. It's about thriving. There will be companies that thrive. It should be vours. PR

Contact me at paul.deffenbaugh@ reedbusiness.com or 630/288-8190.

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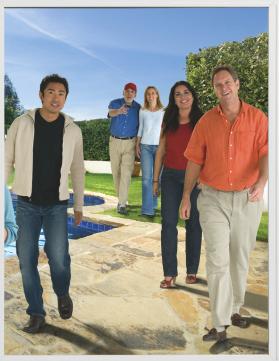
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on Leadership

TAKE A BREAK TO FOCUS ON WHAT'S IMPORTANT

n preparing to write my column this month, I asked myself, what is the most important thing I could share? Then I realized that for most of us, the month of May signals that our children, grandchildren, nephews and nieces are about to be out of school for the summer.

That thought put things into a healthy perspective. As entrepreneurs, most of us have been very focused on making sure our businesses successfully weather the current economic storm. For some, the economy has only been a factor for six or seven months: for others it's been 15 to 18 months: and for a few. it started as early as the middle of 2005, if you can imagine that.

All of the challenges that have come our way can take tremendous effort and time to navigate successfully. This is no news flash, but what it should do is prompt us to ask if we unconsciously have lost sight of other areas of our life: our family, friends or faith. As entrepreneurs, we are leaders who are typically very passionate and committed to our calling or trade. This is a great asset to our companies and teams, yet can blind us because of our drive to succeed.

At DreamMaker Bath & Kitchen, we have a written Code of Values that is the foundation to how we operate and interact with one another, and it serves to keep our company firmly rooted in a positive direction. One specific value that comes to mind is, "We believe in counting our blessings every day in every way." It reminds us to stop and take inventory of what we do have.

This is good to remember while we are living with the reality that most of our companies have changed significantly over the last six to 18 months. This could cause one to feel

less than successful, thus making it easy to focus on what we don't have or have lost

My suggestion is to take a break from your business or job and find a place to relax with a pen and paper.

Make a list of the blessings you have in your life. Writing this list will create balance and a renewed outlook, and it will provide encouragement for what you do have to be thankful for.

When you do this, work hard not to take anything for granted. Let me share a short story to clearly explain what I mean. On a trip to Bangladesh, I visited many foster homes. The children in these homes either had no living parents or only a single parent who was unable to provide for them. The sleeping areas had bunk beds many of the beds had a board with a sheet on it to serve as a mattress. Others had more "luxurious" mattresses that were a pad about half an inch thick.

I'm guessing you are like me - neither of these qualify as a mattress by our standards. Yet that is all they had and it was much better than the alternative.

My intention by sharing this story is not to make any of us feel guilty, but rather to provide contrast. This story points to the blessings of having loving relationships and a safe place to live.

Maybe some of the things on your list of blessings include a committed and loving spouse; precious children, nephews or nieces; parents; a best friend; your church family; a group or association; great employees or coworkers; your faith; a safe and comfortable place you call home; food

to eat (I think most of us have an abundance in this area): a pet: a chance to improve someone else's life and the iov and satisfaction that comes with doing so; or a hobby you get to enjoy. For most, relationships of some type will be at top of this list. One of life's greatest blessings is to have someone you deeply of the blessings care about or who cares you have in your about you. You can't buy genuine and aulife. Writing this

> In these times, it is more important than ever to invest back into these relationships in order to keep them strong and healthy.

My hope is that you are refreshed by investing the time in this simple exercise, and as

nation will build others up. PR

thentic care or love - it is a gift someone else chooses to give.

Doug Dwyer is president and chief

stewarding officer of DreamMaker Bath & Kitchen, one of the nation's largest remodeling franchises. He can be reached at doug.dwyer@dreammakerbk.com.

>> For more Doug Dwyer on Leadership,

visit www.ProRemodeler.com



Contributing Editor

Make a list

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on Sales and Marketing

NEGOTIATING WITH THE SAVVY BUYER

ust the word negotiation conjures up images of long conference room tables, heavy dark suits, furrowed brows, poker faces, a winner and a loser. The loser fails to play the game, is weaker and doesn't want the win badly enough. The winner uses words like weapons and can outwit a bulldog. I'm not usually the winner in these situations. I'm either the super duper compromiser (also known as the loser) or the out and out loser because I can't get the synapses between my brain and my mouth to work quickly enough when the firing squad comes at me with heavy artillery.

A few months back, I met the heavy artillery in person. He actually didn't wear a dark suit — rather a patterned button down shirt and snazzy pants as is the style these days. But his furrowed brow was polished by two years of business school, and his poker face perfected by five years in private equity. In comparison, I was a few threads less than au couture and about seven years behind in Harvard Business School case studies. Yet somehow, I found myself head to head with this savvy homeowner negotiating the contract for the \$2 million-plus renovation he wanted to do on his property in Boston.

In the six weeks, four days and three hours it took for us to come to a signed document, I shaved at least a year off of any required MBA credits. The wounds are freshly healed, and the mistakes still quite obvious to me, but I learned more from this real life experience than any book I have ever read.

First I learned about the savvy buyer — the type who wants to keep you on edge. This buyer pre-negotiates and then negotiates again. He acts rushed. He always wants to sign his legal documents, not yours. He sets someone up between you and him — a lawyer or a professional (the architect in my case) — to act as the good cop or coach to get information

from you, and, usually in dramatic fashion, he takes the deal away at least once.

By the book, my guy used every single one of these moves on me and, in the beginning, had me wishing I were walking on hot coals with bare feet because anything would have been better than sweating it out in a meeting with him. But over time, I started to recognize his patterns. When I planned on his one liners and twisted phrasing or I expected dramatic eye rolling or even some fist pounding, I stayed emo-

tionally uninvolved. Only then could I respond logically to his counter offers and keep straight with my own bottom line.

Second, I learned that negotiations are actually rarely about time. Time was only used as a pressure point to get me to sign sooner than I was ready. My guy noted weekly how critical it was to get the deal done within the next 24 hours, yet when the contract draft was back in his hands, days and weekends would go by with little sense of urgency.

Third, and perhaps most importantly, I learned that a successful negotiation is not a compromise; it is a win for me and a win for him. Throughout the negotiation process with Mr. Business School. I often

wondered if it was worth it. Perhaps you're reading this wondering why I didn't just walk away. Ultimately, I got caught up in the sport of it. I genuinely liked the guy and he maintained a willingness to haggle it out with me.

Allison P lantosca

Allison P. lantosca Contributing Editor

I learned that a successful negotiation is not a compromise; it is a win for me and a win for him. And he wanted me to win. too. It certainly didn't feel like it at the time, but we developed an affinity for one another, and after a while our discussions were less centered around percentages and returns and more centered on items that either one felt were necessary for a good agreement in the end. This is entirely unrelated but I always like the example of two people in the room with an open window; one wants the window open one wants it closed until you find out that

the one who wants it closed is just cold and you are negotiating over the wrong thing. If I offer you a sweater can I keep the window open?

Signing the final document was invigorating. It was a masterpiece. We are in a terrific client relationship that has very clear guidelines. I'm not sure I'm ready to negotiate for world peace, but I do feel well prepared for the next time I bump into snazzy pants with an MBA. **PR**

Allison Perry lantosca 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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THE BUSINESS TO BE HAD

his is a tough time to be a remodeler. Home values have dropped, credit markets are tight, consumers are nervous. You know the story well.

Despite challenging conditions, we focus on the business to be had versus the business lost.

During these hard times, the National Association of the Remodeling Industry is even more focused on capitalizing on its core purpose: to advance and promote the remodeling industry's professionalism, product and vital public purpose.

Our members have told us. "We need leads." Consumers have told us "We need a remodeler whom we can trust."

NARI is addressing both of these issues head on with a new marketing and lead generation campaign that is in the first stage of a multiyear consumer outreach. The objectives are simple: to communicate to remodel-ready consumers that NARI members are the trusted professional choice committed to delivering quality remodeling projects on time and on budget with a customer-centric approach: and to provide additional search tools to help consumers find NARI remodelers.

This campaign has three components: print and Web ads; online search; and online video. Ad space will be purchased in publications and Web sites the remodel-ready consumer reads and uses. Online search will be enhanced both through purchasing keywords and search engine optimization (SEO).

When a homeowner types in "Knoxville remodeler" into a search engine, the NARI landing page for that market area will be in both the top section marked "Sponsor Links" and at the top of an "organic search" - the nonhighlighted links you see in a search.

Each NARI market landing page will

include a search tool for consumers to find and contact NARI members in that area in a variety of ways, including by industry expertise. This service augments the search functions on the main NARI Web site, giving members a

higher likelihood they will be found by the remodel-ready consumer.

The third component involves online videos that educate consumers about what NARI is, the importance of its Code of Ethics, how to choose the best remodeler for their project and testimonials from NARI members clients. These videos will be available on the new market landing pages; on NARI's main Web site; on chapter Web sites; and on YouTube; and other online video sites. NARI members are encouraged to link to them on their own Web sites, and the videos will be available for members and chapters to use on display at local home shows.

The goal is to have NARI members gain greater market share and position them with greater search prominence for current and future business.

Now it's more important than ever for homeowners to choose a professional remodeling contractor. Members across the country have said that they're losing projects to the neighbor's sister's husband's uncle, who was laid off from his job and is "kind of handy," so he's going to tackle the electrical wiring in the master bedroom or install the new kitchen cabinets or bathroom sink, or

dozens of other jobs that need to be done around the house.

When something goes wrong with those jobs, the people who lose out are the homeowners, who can't recover any losses through an insurance claim

> because the person who did the work (damage) isn't insured - or conversely, the homeowner's insurance won't cover it because the person wasn't properly registered in that county.

> Homeowners from to comply with a Code

Better Homes & Garden's Home Enthusiast Panel (with whom NARI did preliminary research about the campaign) were ecstatic that there was an association that preformed the preliminary checking for them (NARI members must be in business for a year and properly licensed, registered and/or insured for the area in which they work). They appreciated the fact that NARI members are required

of Ethics and that there is a grievance procedure the homeowner can go through if an issue does arise during the remodeling process.

There remains business to be had. and even during the worst of times, we strive to position NARI members as the professional remodelers of choice. PR

Mary Busey Harris

Contributing Editor

The goal is to have NARI members gain greater market share and position them with greater search prominence for current and future business.

> Mary Busey Harris is the executive vice president of the National Association of the Remodeling Industry. She can be reached at info@nari.org. For more on NARI, visit the association's Web site at www.nari.org.

> > 13

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the Market

WALL ST. WEIGHS ON NEW YORK

By Jonathan Sweet, Senior Editor

ith Wall
Street and
the banking industry
getting hit
hard since last fall, even
the normally recessionresistant New York market is feeling pain during
this downturn.

It's not just Manhattan that feels the impact of a downturn in the financial sectior, it's also the areas that surround New York, says Sal Ferro, president and CEO of Alure Home Improvements and our top New York Market Leader.

"We are feeling it firsthand in the areas that we service," Ferro says of his East Meadow, N.Y., company.

Still, Ferro thinks that a recovery in the New York market is not far away. Alure has seen slight increases in business in March and April after bottoming out in December and January.

"It's not going to be an incredible overnight rebound," Ferro says.



The S&P/Case Shiller index shows an accelerating decline in New York prices. The index uses same-home sales to illustrate price changes, with 100 equaling January 2000 prices.

"I feel comfortable that we've hit bottom and we can see the light at the end of the tunnel."

The growth opportunities are in core areas such as kitchens and bathsrooms, which are up about 19 percent for Alure so far this year.

Ferro says that's because homeowners who can't sell their homes are looking to make the improvements that make their homes more useful and enjoyable for them, rather than remodeling with resale in mind as many had in the past.

Market Update

Metro Area Population: 18,815,988

Change in home values: Down 9.5
percent from 2007; up 81.1 percent since 2000
Existing home sales: 2008 sales were down 16.2 percent from 2007
Median household income: \$52,633
Unemployment rate: 8.2 percent (up from 4.7)

8.2 percent (up from 4.7 percent in 2008)

Sources: U.S. Bureau of Labor Statistics, U.S. Census Bureau, S&P/Case-Shiller, New York State Association of Realtors

New York Market Leaders

	Specialty	2007 volume
Alure Home Improvements	Full-service remodeler	\$50,315,608
Home Remodelers Group	Full-service remodeler	\$15,760,920
Karp Associates	Full-service remodeler	\$13,600,000
Remodeling Consultants	Design/build remodeler	\$7,660,000
Jarro Building Industries	Full-service remodeler	\$7,442,071

^{*}The 2009 Market Leaders list will appear in the October issue.

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MAKE THE MOST **OF THE STIMULUS**

How remodelers can benefit from the energy-efficient tax credits

THE TAX CREDITS FOR energy-efficient remodels included in the recent stimulus package are getting a lot of attention. We talked to two remodelers who are using the credits to boost their businesses. To listen to the entire conversation, visit www. ProRemodeler.com.

Tom: Mark, we're talking about how to market the new tax credit plan that has been in place now for several weeks. Give me your thoughts on the president's tax credit plan as you know it.

Mark: I think it's a step in the right direction. I'll make a disclaimer that I don't agree with a lot of stuff that's going on out there. I'll agree with this component of it: What I like about it is there are two standards put into this that are above and beyond Energy Star, meaning that the solar heat coefficient and the U factor of .30, which I think is a step in the right direction for the industry. I think that in the industry as a whole, there's too much variation and a lot of misinformation out there. To put people on a performance field that is level is a good thing. I

This month featuring:

John Sperath, President, Blue Ribbon Residential Construction, Raleigh, N.C.

Blue Ribbon, founded in 1995, is a design/build remodeling firm with four employees and \$1.2 million in 2008 sales.

Mark Tiffee, President, A Cut Above Exteriors & Construction, Portland, Ore.

A Cut Above is an exterior contractor with more than 50 employees and about \$12 million in 2008 sales. Tiffee founded the company 14 years ago.

like that aspect of it. I also like the fact that it's more money. It's enough money to actually get someone to make a decision versus the old tax credit that went away. At the end of 2007 it was only \$500. I think this is enough money to make a difference.

Tom: I'm compelled to ask you this: \$500 in 2007, and now you say it's enough money. What is "enough money?" What is it now? Mark: It's \$1,500 now. In 2008, it was zero. For this year and next year, we know it's going to be \$1,500 total. You can only use that in total; you can't do \$1,500 in 2009 and \$1,500 in 2010. It's \$1,500 total. You've got to spread that between all of the qualifying measures, whether that's windows, insulation, skylights or HVAC. You can only do the \$1,500 once.

Tom: John, let's talk about specific examples, in your case, the overall "big picture" type thing on the way you see the tax breaks from the stimulus package.

John: I agree with Mark. This is a much better program than the one they had in place. And it is probably enough to stimulate decision making. That's the hardest thing for us; getting people to commit to a project. One of the things that we've found here in our area is that there's still a tremendous amount of interest in remodeling, windows, siding and everything else. I've done the same number of appointments that I did in 2008. The hard thing is getting them to commit because of fear. The fear is in losing their jobs or the stock market or whatever it

Tom: [To get the credit,] there is specific documentation, then, that the consumer has to have from the manufacturer, is that correct?



JOHN: "Finding the product can be a challenge. I think it's the manufacturers' playing catch up. I think [the credits| may have caught them by surprise."

John: Yes. They've got to submit that with the credit, I understand. When you request this credit, they have to provide information that says that this particular job met these criteria.

Tom: And you're saying that providing this documentation can be a challenge in this particular process?

John: Finding the product can be a

MARK: "Frankly, we've got a lot of competition, especially the high-pressure, fly-by-night companies, who are lying and cheating homeowners, telling them their windows comply."



challenge. I think it's the manufacturers' playing catch up. I think this thing may have caught them by surprise.

Tom: I thought finding the documentation is the problem. After talking to John, maybe finding the product is the problem. One would think there has to be some documentation that would have to go along to the consumer for that consumer to get a tax credit from this renovation project. Is that correct?

Mark: That is correct. Basically, here's where it's at. Bottom line is, you have to have two requirements: You have to have a U factor of .30; you have to have a solar heat gain coefficient of .30. John is very correct in that a lot of manufacturers are scrambling like crazy right now because they don't have windows that meet these

requirements. Frankly, we've got a lot of competition, especially the high-pressure, fly-by-night companies, who are lying and cheating homeowners, telling them their windows comply. There's going to be a lot of problems come tax season next year when people try to get their documents. Not only does it have to comply, the manufacturer has to send a letter to the contractor that says that this is the qualifying product that was installed in Mr. & Mrs. Smith's home.

John: It's funny. Mark, that you talk about

these fly-by-night guys. Two weeks ago, we had a home show here; it's a big event for us. One of the things I typically do is I take off my logo shirt and put a regular shirt on, hide my exhibitor's badge, and just wander and talk to vendors. There were two vendors who were there, unnamed, who I asked questions about this energy tax credit. What

they told me, thinking I was a prospect, was, "Well, our windows don't really meet the requirements, but who's going to check, anyway?" That just blew me away!

Tom: They say that they don't quite do it, but who's going to check? Who is going to check?

Mark: I had this conversation with one of our tax professionals. He said that in some cases, they may not check. If they ever get audited that seems to me where the can of worms is going to be open. I also think that there's going to be some backlash on certain companies like John already alluded to. I know of one national player that is doing exactly what John just mentioned. They're telling people, "Oh, don't worry about it." I think there will be some major problems as soon as someone gets audited or gets in trouble where they can't provide a letter.

Tom: What's the most popular project that would qualify under the stimulus plan? John: The housing inventory in our area is running 20 to 30 years old, sometimes 40, on average. At that point you replace the

HVAC system, maybe the second go around.

You are adding windows. While we're adding windows, let's do the rest of the house. While we're blowing the new insulation in the new addition, why don't we go ahead and enhance the insulation in the attic?

Tom: Mark, what's your most popular project that pertains to the Stimulus Tax Credit and why?

Mark: The bottom line is, it's windows by and large. Our bid volume for windows is staggering compared to siding right now. We've seen our siding business go down

> dramatically where the window business, while it hasn't gone up, at least it's kind of held.

Tom: Mark, what is your most specific and successful marketing tool or technique that you use when marketing energy-saving projects that might qualify for the tax break?

Mark: We've taken a little \$1,500 tax credit logo and

stuck it in virtually everything, whether it be our pages on our Web site or our advertising or direct mail. We put it everywhere. Tom: John, are you using any specific marketing technique to have your consumers aware of the \$1,500 tax credit? John: We have not really pushed it like

Tom Swartz

Contributing Editor

Mark has. In my experience, one-on-one conversations or small group conversations are by and far some of our best resources plus leads and referrals. When this thing first hit, we sent out several broadcast emails to our past clients and past prospects and announced it. We had some activity from that. It was on some of our display boards at our recent home show, which spurred some interest and inquiries about it. In any conversation that I have with anyone who is interested in doing business, it's part of that conversation. PR



17





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By Jonathan Sweet Senior Editor

Sweeping the Neighborhood

Imost every remodeler tries to land more projects from the neighbors of the homes on which they're working.

But Cruickshank Remodeling has come up with a more memorable way to get those potential customers' attention than a simple "Pardon our Dust" letter.

Instead, the Atlanta-based design/build and home repair company has purchased high-quality, corn-bristle brooms and brands each one with a Cruickshank Remodeling decal. Company employees leave those on the doorstep of adjacent houses along with a letter telling them about the company and apologizing for any mess. The envelope reads "A Broom is our Most Important Tool."

The idea was the brainchild of company president and



founder Brad Cruickshank.

"We're trying to convey the message that we're the remodeler who cares and cleans up," Cruickshank says. "My thought is it's a gift that has residual value. It's a whole lot better than another brochure in the mailbox."

Cruickshank has been using

the brooms for about six months and has gotten a positive response out of it. It's just another way the company is trying to be creative in its marketing to capture business in this declining market, Cruickshank says.

Cruickshank Remodeling had also started sending the brooms out to past clients, with a revised message, to drum up repeat and referral business. It's too soon to say if those efforts will be successful, but Cruickshank says he figures it's a good way to stand out from other remodelers.

It's also a good way to get the message out as Cruickshank tries to make sure customers know the company is not just a high-end design/build firm but will also tackle smaller projects, including maintenance and repair services.

THE SWEET SPOT BLOG

ProRemodeler.com/sweet

It's Not About the Planet

A new study from the Shelton Group is more evidence the green consumer movement is shifting from saving the world to saving the wallet.

According to the study, 71 percent of respondents cited saving money as the reason to buy energy-efficient products, compared with 55 percent of those who said they wanted to protect the environment. According to the group, this is a shift from the last two years when protecting the environment was the top reason people said they wanted to go green.

This confirms what I hear when talking with remodelers. Today more than ever you've got to show clients a bottom-line benefit to going green.

It's also similar to the results on another study on the environment, this one from the Pew Center. The study shows that interest in environmental issues has dropped sharply as the economy turned, and history shows that it drops every time there's a recession.

Condensed from a blog post at www.proremodeler.com.



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

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

Filling Time by Giving Back

t's easy to take a "woe is me" approach to business in these days of declining remodeling spending and lighter job schedules.

Roland Younger, president of Living Improvements in Stafford, Texas, decided to take advantage of his company's slow time earlier this year to do some good in his local community.

The biggest project the company undertook was helping to remodel a local church, of which Younger was a member, that needed two new classrooms.

Living Improvements worked as the general contractor for no charge on the five-week-long project. Stafford and his staff produced the plans and schedules; supervised the site; and ordered all the materials. The company donated labor from its employees and also utilized community volunteers. With Living Improvement's contributions, the addition cost

the church less than \$200,000, saving it more than \$150,000 on the project, Younger says.

"It was a way to keep busy and also help out at the same time," Younger says.

Living Improvements also worked on smaller projects in the community. Stafford called on elderly residents in the company's neighborhood to see if they needed help with any projects around their homes.

"If they needed some work done, we sent one of our guys over there to take care of it," Younger says.

The company worked on a number of maintenance projects for the neighbors, providing the work at cost or below cost.

With business now picking up in the Houston area, the charitable projects were a good way to fill a short-term gap in the schedule, Younger says.

Revalding MORE THAN EVER SUCCESSEULY

MORE THAN EVER, SUCCESSFULLY TAPPING YOUR PAST CLIENT BASE IS THE KEY TO SUCCESS

By Jonathan Sweet, Senior Editor

WITH A SPUTTERING ECONOMY AND crashing home prices, it's not an easy time to find new remodeling clients. But it is a good time to take a back-to-basics approach to marketing and work on mining your most lucrative lead source: past clients.

This isn't exactly a cutting edge idea, but it's something many remodelers got lazy about over the last few years as business boomed.

If you've done a good job, past clients offer a wealth of advantages over new clients.

"No. 1 is instant credibility," says Dale Nichols, president of Artisan Remodeling in Granite Bay, Calif. "People know exactly what we're capable of doing."

It's also much less expensive to land new business from old clients than it is to grab new ones, Nichols says.

At the same time, it's easier for a remodeler to work with a client she knows because you know all their idiosyncrasies, says Patty McDaniel, president of Boardwalk Builders in Rehoboth Beach, Del.

"We're familiar with the house, we're familiar with the client," she says. "We know what it's going to take to make them happy and we can be more comfortable putting a number together."

The most important part of getting referrals is doing a good job in the first place, but even after that, it's important to reach out to those clients to make sure you stay top-of-mind.

Here's how several remodelers across the country are reaching past clients and rewarding them for their repeat and referral business.

REWARD TESTIMONIALS

Black Diamond Builders e-mailed all of its past clients asking them for testimonials. Anyone who responded got their name entered into a drawing for a dinner for two at a local restaurant.

It offered several benefits for the Lake Forest, Calif.-based firm, according to owner J. M. Steele. Besides giving Black Diamond fodder for its marketing efforts, it also makes sure the company is on the minds of past clients for referral or repeat business. Giving them a chance to relive their successful remodel brings them positive vibes and memories, Steele says.



Referrals

STRETCH THAT REFERRAL REWARD

Lots of companies give out gift cards to thank past customers for referrals, but Thompson Remodeling in Grand Rapids, Mich., wants to make that reward last a little longer.

Instead of giving out a \$50 or \$100 gift card for an expensive dinner some-

where, Thompson spends that money on cards for the local coffee shop. That way, says President Ben Thompson, the client will get multiple uses out of the card and think of Thompson every time they use it.

MAKE THEM PART OF THE TEAM

Like many remodelers, Larry Murr tries to keep in touch with his past clients through things such as Christmas cards and periodic letters. What makes the approach Murr uses for his company, Lawrence Murr Inc., so striking is how honest and open he is with his clients about his company, the market and the current business environment.

Consider the most recent letter from the Jacksonville, Fla., design/build firm: "First of all we are still in business, but business has been very slow," he writes. He goes on to discuss decisions in the company to reduce salaries and cut staff as the company adjusts to the market. He also talks about the challenge the company is facing from new, low-price competition.

Murr has received a positive response to the letter, with many clients calling about jobs and saying they were glad to hear he was still in business. Clients were reassured that the company was taking steps to survive the downturn, Murr says.

But it's not all negative. Murr also uses the letter as an opportunity to keep clients informed about his recent CGP designation from NAHB and the opportunities afforded by the new energy tax credits.

WORK ON THE HONEY-DO LIST

Every homeowner has little projects that need doing, so Synergy Builders decided to capitalize on that by offering handyman services in exchange for referrals.



ing the program to not only past clients but also to any other homeowner the firm has had contact with over the last few years — even those who didn't hire them.

The program not only drives referrals, but often also leads to additional business from the referring clients who may need more work done, says CEO John Habermeier.



SEND THEM SAILING

East Meadow, N.Y., remodeler Alure Home Improvements has a PartnerPoints program that allows clients to earn points toward a Caribbean vacation. Homeowners earn a point for every dollar they spend on remodeling, plus a point for every dollar referred customers spend on their first project with the company.

Clients can also earn additional points by attending events at Alure. With 200,000 points, they get a free trip, this year to Puerto Vallarta, Mexico. So far, the company has already sent 58 couples on vacation. Points never expire, so clients can earn their trip over time even with smaller projects.

DON'T LET THEM FORGET YOUR FACE

Gehman Custom Remodeling uses a variety of methods to get face time with its past clients. The Harleysville, Pa., company calls past clients on the anniversary of their project to arrange a walk-through to make sure there are no warranty issues during the five-year warranty period.

Gehman staff also ask if they can take after-photos of the project as another way to spend some time with the homeowners.

Those photos are then used to produce photo CDs and albums that the homeown-

ers can share with their friends and

co-workers. Hand delivery of the albums also gives him more face time with the clients, says President Dennis Gehman.

These visits result in at least some small additional work for the clients about 25 percent of the time, Gehman says. It also reinforces the idea of the company as one that cares and keeps them in the clients' thoughts when people ask for referrals.

PUBLISH A COFFEE-TABLE BOOK

Quality Design & Construction in Raleigh, N.C., is publishing a high-quality, hardcover, before-and-after photo book of its past projects. The book will also include articles on tips and trends in remodeling.

The full-service remodeling company is going to send out copies to previous clients whose projects appear in the book so they can display them in their homes — and hopefully show them off to potential future clients

The firm is also going to try to drive more vendor referrals as well by customizing versions of the book, says Vice President Peggy Mackowski. For example, the local plumbing supplier will get a version with fancy fixtures on the cover. That way, when customers are visiting these suppliers, they'll get a chance to see the work Quality Design & Construction does, Mackowski says.

GOING DIGITAL

Myers Constructs in Philadelphia is taking full advantage of modern communication to keep in touch with its past clients.

Myers is using LinkedIn and
Twitter to keep in touch with past
clients and asks them to pass
the firm's information to their
friends on the social networking sites, says COO
Diane Menke.

The company sends

monthly e-newsletters, each focused on a single topic to keep it short and sweet. Besides that, employees send occasional "hello" e-mails to check on clients, ask how their pets or kids are doing and generally keep in touch. They also send messages anytime there is press about the firm.

It's all about contacting past clients regularly, Menke says.

COLD, HARD CASH

It may be simple, but you can't argue with the value of money. Atlanta Design & Build has a Referral Rewards program that gives clients up to \$300 when they refer a project. Rewards are given out on a sliding scale of \$100 for projects less than \$20,000; \$200 for projects \$20,000 to \$75,000; and \$300 for the largest projects.



The Marietta, Ga., company is also reaching out to past clients, sending them letters telling them that now is a great time to remodel because suppliers and vendors have reduced costs in the face of declining demand.

LET THEM BRAG

Cipriani Remodeling Solutions recently launched a contest for the best "Before and After" project that encourages past clients to send their friends and families to the company's Web site.

The Woodbury, N.J., company sent out e-mails to each client that contain their before and after photos and asked them to forward those e-mails to everyone they know. Anyone who gets the forwarded e-mail can follow a link in the message that takes them back to the Cipriani Web site to vote for the project as the best "Before and After." The top vote-getter will get \$1,000 from Cipriani and Cipriani is exposed to potentially hundreds of new customers.

It's an extension of a program the company has been doing for years, putting together polished "Before and After" e-mails for all of its clients that they encourage them to share with their friends and families.

KEEP 'EM CHARGED UP

Everybody knows that you're supposed to change the batteries in your smoke detectors when you change your clocks for daylight-saving time.

Renaissance Remodeling wants to make sure its clients don't forget that and don't forget the company, so twice a year the

Boise, Idaho, firm sends out batteries along with an update of what the company is doing.

Prior to starting this three years ago, the company had only completed a handful of projects for past clients, says Principal Chad Vincent. Now, the company gets calls and e-mails from past clients every time the batteries go out and repeat and referral business has drastically increased.

OPEN HOUSE

Advanced Kitchens in Atlanta has staged open houses at past clients' homes where the company invites neighbors to come see the completed work. This gives the company an opportunity to explain how they work and the clients a chance to talk about their positive experience.

In honor of St. Patrick's Day, the company also invited past clients to find the hidden pot of gold on its Web site. That helped increase site traffic as clients searched across multiple pages on the site. Everyone who found it was entered into a drawing for a glass vessel bowl.

Those actions, along with newsletters and other outreach efforts, have helped the company draw 75 percent of its business from repeats so far in 2009, says President Ed Cholfin.

PARTY TIME

Talmadge Construction owners Jeff and Adele Talmadge throw a barbecue every summer at their home for their clients, trade contractors and employees.

It's a chance to reward everyone for their business and good work during the year and for the clients to get back in touch with project managers they have bonded with during their remodel, says Adele Talmadge. The clients like to brag to each other about their project; how much they loved working with the company's architects and field staff; and how well it went,



>> Visit www.proremodeler.com for an online-exclusive look at how Tenhulzen Remodeling is using its past clients to shape its entire marketing strategy.



Few areas have been hit as hard by the downturn as San Diego. Yet Jason Larson, president of Lars Construction, has managed to continue growing his business. Senior Editor Jonathan Sweet talked to Larson about how he's keeping focused on the opportunities of the current market. To read our complete interview, go to www.ProRemodeler.com. Some highlights:

One thing that really strikes me is you have such a positive attitude about this. Why is that important?

You really have two ways of looking at this. You can be a doom-and-gloomer and think woe is me. I don't think that gets you anywhere. It's not going to fill your day. One of the things I do, and I teach my kids this, is to start your day with a smile. It sets the tone for the entire day.

It's no different at my company. It makes the day go by so much better. It makes life so much more enjoyable. It's infectious to all the people you come around. It's really proven in my life that it attracts the good people that you want to keep in your life — tradesmen you really enjoy working with, good employees, clients. That's going to create that environment that attracts the kind of people you want to get in your world.

There are so many opportunities if you really stop and look around. I'm getting more commitment and service from my employees because the people that are still working on the team — instead of being complacent — they are happy that they even have a job and they are very grateful that they are a part of the team moving forward.

We're getting more service from tradespeople than we have for 18 years. We used to [feel like] we worked for the trades — we have to keep these guys happy so they will give us good service and good pricing. Now it's kind of flipped around. We don't take them for granted, but these trades know that if we have this long list of work coming down the pike, we'll take care of them — they'll be a part of this thing.

You've gotten very involved in social media, using Linkedln and Twitter. What are you hoping to get out of using it?

You know, I don't know at this point because it's so new to me. I just know that if you're not embracing this technology it's a mistake. I feel like we have to embrace this and start moving in this direction and see how it works.

I can learn from other people all over the country, get feed-back, get support. That will change the way we do business. Just today I must have received 20 e-mails from other remodelers from LinkedIn and Twitter. We've only scratched the surface on this technology, but this will be the wave of the future. If

Jason Larson is getting his company through the downturn by focusing on the opportunities it presents. I'm not embracing this and moving us toward this, I think it's irresponsible as the owner of the company.

Do you think this will drive new business?

This is something that is so deep, so sophisticated that you just can't expect that overnight. That will come. If we can get a customer to contact us because of where we are, where we're visible on the Internet, that's a great thing.

This is the way we live, the way we do business, the way people contact us. I just heard a statistic that 32 hours a week is the average people spend on the computer. Sixteen hours a week is the average they spend watching TV. That's amazing.

So where are your marketing dollars best spent? If more people are spending time looking at their computer screen, shouldn't you be moving in that direction? That's why I think the whole social networking thing is just sort of about getting your name out there. It's an easy way to do it.

Even if I did not get a single client out of all my time spent on Twitter and other sites, but just talked to people and they could help me and I could help them, that's a great thing, too.

How is the current economy affecting your business?

Unfortunately, it's very difficult for banks to lend money right now, so that makes it difficult for people to do some of these bigger projects. We're definitely down from where we were last year, but I think the product we're delivering is far superior to what we ever have delivered.

There is interest there. Our calls have never been better. We'd normally get 40 to 60 appointments a month; we're running 80 a month now, which is just phenomenal. People are still skittish out there, but there are a lot of people out there who love their homes and want to remodel.

Has this changed the way you handle the sales process?

What it's made us focus on as a team is that the business we're in is a people business. It's all about building relationships and building trust in these relationships. It takes time. You need to build relationships that allow people to understand the value you're bringing to the table.

I've told my designers, who are my sales team, that with some jobs you're going to go out there and spend a couple days out there, getting to know what their wants and needs are, to see how our company is going to fit in this transaction. **PR**



SMART SYSTEMS KEEP A HIGH-SPEED, MULTI-COMPANY PROJECT ON TRACK

By Wendy A. Jordan, Senior Contributing Editor

DAN AND BARBARA STRAUSS HAVE great things to say about their Victorian house in suburban Connecticut and also about the process of remodeling it top to bottom. "It was a very, very good experience," Dan says, and remarkably smooth-going despite a super-tight schedule, a major change of scope midstream, and a merging of trade contractors hired by two different companies.

THREE COOKS

Because he had earned their admiration designing their condo interior a few years before, the Strausses readily hired Michael Brinckerhoff of Brinckerhoff Interiors in Westbrook, Conn., to help select a house when they decided to move. He advised

them to snap up a century-old Victorian in the town where Barbara grew up. "It's walking distance to everything," says Dan, and the Strausses saw the potential to keep the charm of the old house while updating it to fit their needs. Brinckerhoff gave them a \$250,000 design plan before they even bought the house, encompassing a new kitchen, well-appointed bathrooms, a remodeled master bedroom and conversion of a second-floor bedroom to Dan's home office.

The Strausses bought the house in February 2008, planning to move in late May. Brinckerhoff hired flooring, tile and electrical contractors and a carpenter to install the kitchen cabinets. Removal of cabinets and fixtures began in March.

But the job abruptly changed course that month when one of



the Strausses' adult sons took a look at the unfinished attic. He urged them to finish it as guest quarters for children and grandchildren, expanding the living area from 2,000 to almost 3,000 square feet. The Strausses decided to do so, and also decided to strip off the vinyl siding, exposing the vintage wood exterior. Instantly the remodel became a major construction project at more than double the price and requiring many more weeks of work.

Brinckerhoff would prepare a design, but needed a good construction team to make sure the design would work structurally and to build the project. He recommended Hudson Valley Preservation Corp. Brinckerhoff had worked with the Sherman, Conn., company, which has substantial experience remodeling

dormitory-style room for the grandchildren, a semi-private section for their parents and a spacious bathroom. On the exterior, the company removed the vinyl siding, exposing century-old wood siding. New

AFTER PHOTOS BY KEN GABRIELSEN/GETTY IMAGE

"We made the decision not to go out to other companies," says Dan. "We told HVP our parameters and budget and they

FAIL-SAFE COMMUNICATIONS

Ordinarily the design/build firm handles everything from design and product purchasing to hiring all subcontractors and building the job. From a control and project coordination standpoint, "It's best if it is all under our management and control," says HVP partner and client liaison Laura Lurcott. Coming into the Strauss project midstream, the company faced a project "with three cooks" — Strauss, Brinckerhoff and HVP — says HVP partner and production manager Dave Seegers. Project management could be tricky. Brinckerhoff has great design ideas, but had to accomodate the hard realities of construction, says Lurcott. Likewise, working with pre-selected trade contractors and suppliers complicated HVP's authority

PRODUCTS LIST

ered lumber: Georgia Pacific Epoxy: Abatron Heat pump, condenser: Lennox Insulation: ne Interior trim: Windsor One Paint: Benjamin Moore Shingles: CertainTeed Storm/screen ors: Vintage Doors Windows: Integrity

PROJECT TIMELINE

2008	Stage of Project
April 4	Initial meeting
April 11	Design agreement signed
May 8	Existing-conditions presentation meeting
May 22	Deconstruction agreement signed
June 12	Design presentation
June 24	Pre-construction meeting
July 11	Construction agreement signed
July 25	Rough plumbing and electrical began
Aug. 8	Framing completed
Aug. 22	Window installation, insulation complete
Aug. 27	Drywall hung
Sept. 5	Tile, interior paint and trim started
Sept. 19	Plumbing and electrical fixtures, stairs completed
Oct. 3	Carpet installed; exterior restoration completed
Oct. 17	Exterior paint completed, gutters and leaders
	installed; homeowners move in
Nov. 1	Project completion

to control the project. Add to the mix a high-velocity schedule — their old condo sold quickly so the Strausses needed to get into the house fast — and HVP saw the makings of a volcanic experience.

The explosion never happened. One reason was HVP's fail-safe communications system. HVP staff met frequently with Brinckerhoff to keep everyone informed, get questions answered and head off potential problems without having to involve the client. On a weekly basis, the company met with both Strauss and Brinckerhoff. When everyone was on hand, the meetings were face to face. About half the time, however,

HVP met with far-flung participants using a Web site that coordinates conferences featuring interactive visuals such as CAD drawings. The group was able to consider design options and make decisions — such as the design of the windows at the new staircase landing — even when the Strausses were out of town.

"E-folders" on the HVP Web site formed the backbone of the communication system. The clients had a secure folder containing contract documents, meeting agendas, progress photos, drawings and payment schedules. The clients could access information when it was convenient for them so they could stay up to speed on the project, says Lurcott. Trade contractors had folders too, containing current construction plans, pertinent client questions and work add-ons. Some contractors uploaded their proposals for ready access by the HVP team.

"We've been using e-folders for about five years," Lurcott says. "I can't imagine doing business without them."

DUE DILIGENCE

Despite coming into a project already under way, HVP introduced controls via specialized agreements. The Strausses and Brinckerhoff had planned to update the house without major demolition or reconstruction. HVP wanted to take a behind-the-walls look, though, and asked the Strausses to sign a deconstruction agreement.

"We've found that doing these agreements during the design phase is very beneficial, especially if there are hidden conditions," says HVP managing partner Mason Lord. The Strauss house had been divided at one point into two residences, and opening the walls revealed abandoned pipes, a stairway and other obstructions. In its original construction estimate, HVP incorporated working around these discoveries; there are no hidden condition clauses in the company's construction contracts

A second agreement focused on the exterior restoration, including painstakingly removing the vinyl siding; grinding off old paint to expose the century-old wood; analyzing exposed clues so reproduction trim and window ledges could be fabricated; and construction of a deck like one that once wrapped around the house.

"They did due diligence," says Strauss. "When they got started they knew what they were doing."

THE FINANCIALS

udson Valley Preservation
Corp. does only fixedprice work. With cost plus,
"It's easy for projects to
get out of control," says co-owner
Laura Lurcott. "We like to do our
homework to minimize surprises for
everybody." HVP won't even offer a
ballpark estimate for an additional
work order until it checks access, code
requirements, scheduling and other
issues, says co-owner Dave Seegers.

Budget History		
Initial HVP estimate	\$298,000	
Add-ons (exterior work, interior deconst	\$51,910 truction)	
Final estimate	\$349,910	
Change orders \$5,130 (window hoods and additional window)		
Credits \$6,800 (kitchen door not replaced; allowance underage on flooring and plumbing fixtures)		
Final price	\$348,240	
Separate Brinkerhoff portion	\$250,000	



The kitchen is no bigger but functions much better with an efficient layout, a professional-grade range and a large refrigerator. White-painted wooden cabinets and a farm sink lend vintage character.

HVP and Brinckerhoff collaborated on a design to swap the narrow attic stairs for a broad, bright, open stairway using space that had been a small bedroom. To support a third-floor living area, HVP reinforced the entire attic floor system with wood I-joists and dimensional sawn lumber. A steel diaphragm stabilizes the raised roof and gable wall. HVP lead larpenter Scott McLean suggested using horizontal rather than vertical steel members to save installation time; the structural engineer approved the idea.

HVP also replaced windows; installed new plumbing, electrical, hot water radiator heat and central air; applied interior trim; and painted the house. In conjunction with Brinckerhoff, they completed the kitchen and bathrooms, installed a ventless fire-

COMPANY SNAPSHOT

Hudson Valley Preservation Corp.

Owners: Mason Lord, Dave Seegers, Laura Lurcott

Location: Sherman, Conn.

2008 sales volume: \$1.7 million

Projected 2009 volume: \$1.2 million

Web site: www.hvpcorp.com

Biggest challenge of this project: Design and complete

the large project in six months

place in the living room and built it out to look like a traditional fireplace.

Though the Strausses wanted to make the house energy efficient, HVP advised against insulating all the walls. "It would have been too invasive," says Lord. Instead, HVP added cross strapping in the roof structure to make room for Icynene and high-R-rated foam insulation, creating "a warm, R-36 cap on top of the house," Lord says.

THE FINAL PUSH

Design was finalized in June but, the Strausses wanted to move into the house in October. HVP knew the construction could not be completed that quickly, but agreed to aim for Thanksgiving.

"It was a fast-moving job, chaotic at times," with multiple trades working simultaneously, but not contentious," says Lord. Brinckerhoff's flooring contractor put in late nights and worked weekends to meet the compressed schedule. HVP lead contractor McLean assisted the trades — helping with plumbing demolition, for instance — to keep things moving and ease tension

McLean's scheduling finesse and communications skill saw the project peacefully through the last, hair-raising two weeks when as many as seven trade contractors were working around each other on a given day.

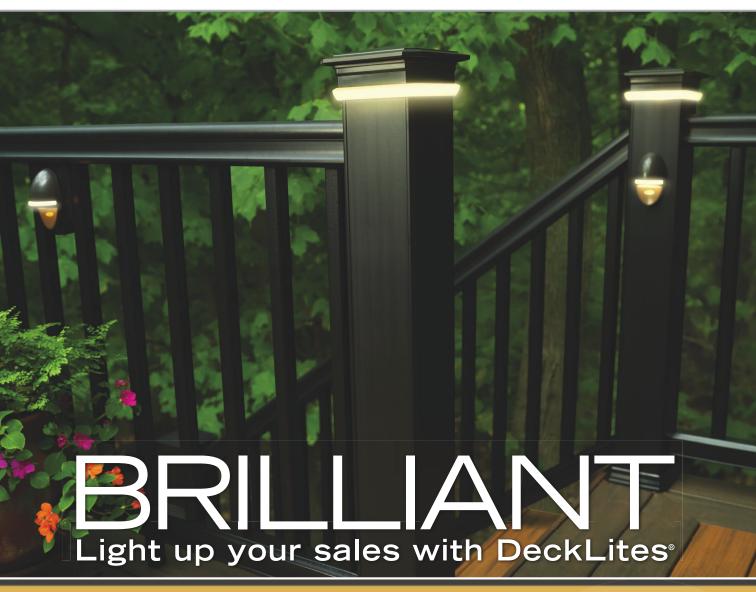
The final push was a juggling act, says Seegers. McLean posted the schedule and daily tasks on a job site whiteboard the trades checked every day so they could prepare to work around each other. He coordinated the schedules of Brinckerhoff's subcontractors with those of the HVP-hired trades. Despite the stress, he says it was "a lot of fun to restore the old home, and I felt lucky being able to present options to the structural engineer."

The Stausses felt lucky too. Lucky to have had such a successful team.

"They all worked very well together," Strauss says. PR

29





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By Nick Bajzek Products Editor

LET THE SUN SHINE

Remodeler Millard Blakely dishes to *Professional Remodeler* on taking a rather unique approach to adopting solar technology and other eco-friendly building alternatives.

illard Blakely, owner of remodeling firm Wreck-Creations has extensive experience in green remodeling and used it in a whole-systems approach to the remodeling work done on his home near Lexington, Ky.

"We want to grow old here. We are making provisions for wheelchair and walker access and aging-in-place. We also wanted our remodel to be environmentally friendly from demolition to completion," Blakely says about the project.

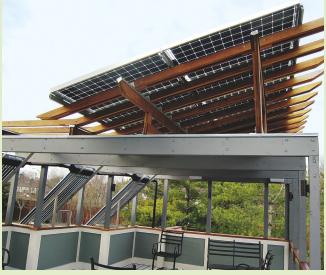
He and his firm insisted on incorporating products that were ecofriendly, recycled or recyclable. That included replacing the fixtures with low-flow models, installing dualflush toilets and using Energy Star washing machines.

Unfortunately for Blakely and his team, they were frantically getting ready for a model home tour at the same time. In the rush, Blakely was averaging about 30 people a day working on the house, so he had to squeeze a yearlong project into eight months.

Blakely says it's been quite a journey researching, understanding and locating green products.

Most notable are the photovoltaic panels and solar hot water collector tubes mounted in a rather unconventional place: on the deck.

"The deck atop the workshop is a work of art on its own. It not only serves as an entertainment hub for family and friends but as a foundation for a beautiful redwood trellis which support the evacuated tube





Blakely and his team turned ho-hum solar collectors into a key part of the design. The panels create a visual break and can be seen from the nearby highway.

solar hot water collectors and photovoltaic modules," says Blakely, adding, "At the top of the collector today [a cloudy 57-degree day] it's 151 degrees in the tubes. After the two exchange processes it's 124

degrees at the bottom of the tank." Blakely and his team approached the solar collectors as part of the home's overall design and didn't just tack them onto the roof as an afterthought. He also wanted them to be a visual break from the neighbor's yard.

"We've been very pleased with the aesthetics of the deck. My solar guy loves it," Blakely says.

The house is in a cul-de-sac and faces a highway, so the panels are visible to passersby.

"It shows that the panels don't have to be on the roof," Blakely says. Not that putting it on the roof is wrong or incorrect, he notes, but fairly often the installation situation is less than ideal.

"Depending on the roof pitch, the clients and the aesthetics of the house, you're making a [design] compromise. There are lots of ways to incorporate solar. That's the fun part of it," he says.

The home now uses 20 percent less energy since Blakely started tracking it. Even though the home has added bells and whistles — including a "man room" and a whole house audio system — the home only uses 300 watts in standby mode. It can generate up to 2,280 watts of electricity, and Blakely says he's seen the meter run backwards on several occasions. He receives credit toward the electric bill for any electricity he generates back to the grid. PR

>> If you have ideas or comments, e-mail Nick Bajzek at nicholas.bajzek@reedbusiness.com.

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33

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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

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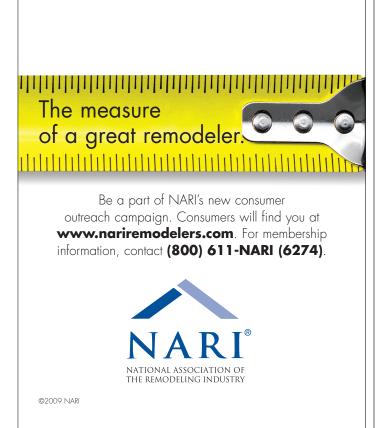
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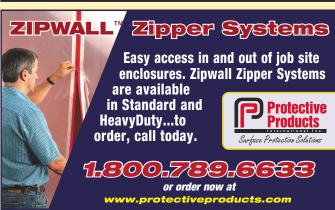


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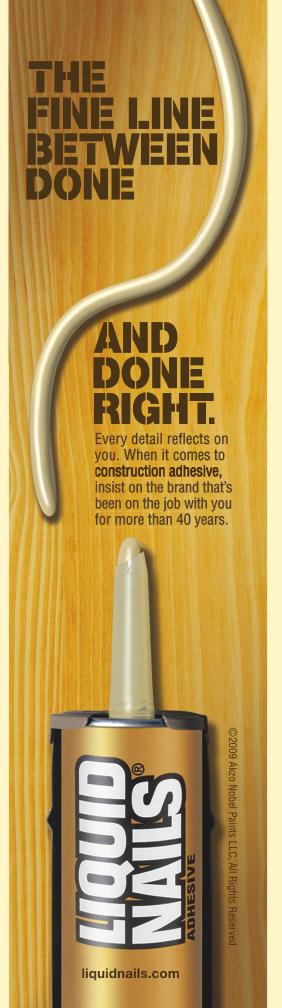


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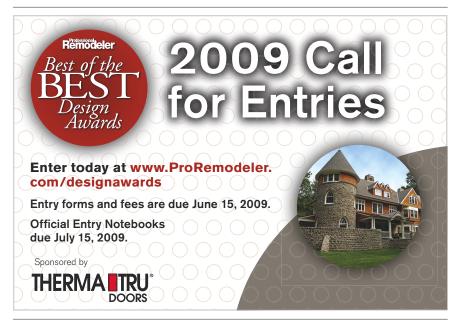
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CREATE YOUR OWN HAPPY ENDING

nce upon a time ...
Joe grew up holding the toolbox for his father — he could do anything with wood and had a passion for turning homeowner's dreams into magic. After years of watching others reap the rewards of his hard work, Joe started his own remodeling business. Joe was a free man — free to set his own hours, free to choose his path each day and free to align his business and personal goals.

Joe works from dawn to dusk as he lives the American dream. Joe has grown his business to a team of four (three carpenters and one person to help out part time in the office) based solely on past clients and referrals. As a reward for all those long hours, Joe got himself a Ford F-250 Super Duty extended cab with leather seats, six wheels and 12 speakers. The adrenaline of owning his own business fuels his pride. Clients rave about his craftsmanship and about his handson service. And to top it off, Joe's bank account seems to grow on its own. Life couldn't be better.

Two months later, the economy has gotten tougher, clients are more hesitant to proceed and Joe's bank account is shrinking. Thankfully he has four large jobs to come and when these proceed, Joe will be back on track.

Joe is struggling to make payroll. Only one of the four jobs he was counting on in the last two months went to contract. Joe went back to the clients that didn't proceed and offered them each a 30 percent discount. He needs the cash to make payroll; to pay bills from subs and suppliers on jobs he finished last month and to keep his team busy. Thankfully two clients agreed to proceed.

Joe's team is busy, and Joe is work-

ing harder and faster than ever. But Joe still can't make payroll; bills from suppliers and subs are piling up (they're calling him every other day looking for payment); the phone company is threatening to shut him off; and

his wife is upset that Joe hasn't brought any money home for the last two months.

Joe is confused. He works hard. He grew a large remodeling business from the ground up. His clients love him. His employees love him. But he can't pay the bills, much less himself. His marriage is strained, he is getting a sharp pain in his chest and he can't sleep.

This "fairy tale" is all too real. Many of us get into the remodeling industry for all the right reasons and then forget how to keep our business healthy.

What should Joe have done?

In hindsight, Joe made a number of decisions that decided his destiny. While he built the top line sales of his business, Joe didn't charge enough to cover his costs. As a result, Joe was forced to further cut his prices to keep his team. And without shedding overhead — cutting payroll, selling his pick-up, etc. — Joe was trapped in a corner.

So how can Joe get out of the corner — or how could he even have avoided it in the first place?

Step one: Create a simple business plan. There are three key variables: sales, gross profit percentage and overhead. Pick two to start, then back

into the third variable depending on how much net profit you need to make.

Step two: Establish two bank accounts. Cash you collect from jobs under construction goes into one bank

account and is used to pay bills and payroll from that job. When the job is closed and all bills and payroll are paid in full, any excess cash goes into the second bank account — this is your cash. Cash in the first bank account is not yours — it is cash to build the project.

Step three: Track the numbers going forward. How are sales, gross profit percent and overhead doing versus the plan? How is the cash balance in bank account No. 2?

What inspired me to enter this business will be only one key element that sustains me and my business. The discipline

to balance a love for the craft, a commitment to my team and to my clients and a mind for business — that is what will sustain me and my business. **PR**

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

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Many of us get into the remodeling industry for all the right reasons and then forget how to keep our business healthy.

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Ken Porter

Grey Wolf, Bay Area, CA.



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