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JANUARY 2019

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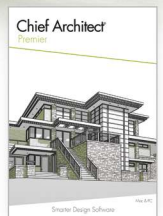
Medium roof shown. Available features and aftermarket equipment shown.

*Class is Full-Size Vans based on Ford segmentation (based on body type, body length, wheelbase and roof height). **Class is Full-Size Vans based on Ford segmentation. †Based on total U.S. reported sales (2017 CY).





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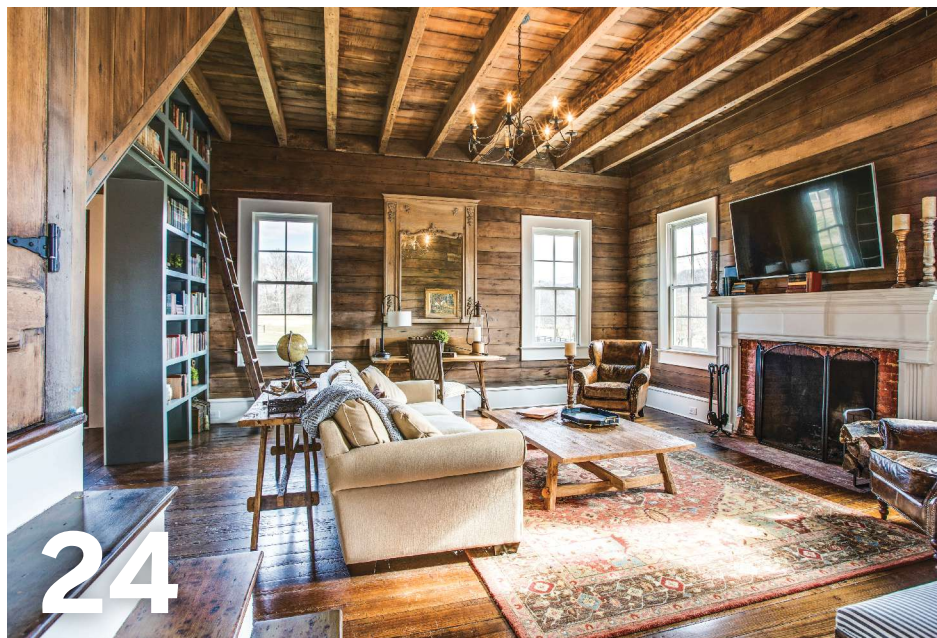


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Scott Wilson Architect LLC reconstructs late-1800s home and adds living space to provide some contemporary convenience for weekend retreats.

(Cover photo: Amber Holder)



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Moving a cramped kitchen from a bottlenecked galley to a wide-open living space gives the client more room to cook, entertain and work on her creations. (Photo: Nat Rea Photography)

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34 Pricing Strategies

Four remodelers discuss how they deal with uncertainty surrounding job costs—specifically rising material prices and the ongoing labor shortage—and still earn an adequate profit on projects.

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Bring Home a Good Year in 2019



Patrick L. O'Toole

NO MATTER WHERE in the U.S. you operate your business, forecasters predict demand for remodeling services will remain strong in 2019. The industry will see between 4 and 6 percent growth this year, depending on whom you ask. This is good news.

That does not mean running a remodeling business will be easy; it never is. In fact, there are signs that imbalances are creeping into the economy. We are 10 years into a growth cycle, and some sectors of the economy (not residential construction) are showing signs of weakness. With each passing year, the risk of a general economic slowdown grows. Very few economists are predicting a recession in 2019. But 2020 is a different story. Many economists say the probability of seeing one 18 to 20 months from now is better than 50 percent.

Here's another worrying factor. Prices for homes have risen, which is good for existing owners; but they've hit a level where home buying is unaffordable for many renters who want to own, particularly younger households. This suggests home price adjustments will follow. The problem is particularly acute in high-priced coastal areas and other hot markets, mostly in the South.

So the question is: How will you make the most of the opportunity that lies ahead this year? Here's why I ask. Some remodelers and home improvement pros seem to have their blinders on. They are putting a lot of money into marketing and paying ever-higher prices for qualified leads. To better understand this phenomenon, I recommend our story on page 44, "Arrest High Marketing Costs: They Are Killing Your Business."

In addition, some remodelers seem to be ignoring to some degree the rising costs for labor and materials, particularly steel and lumber. Some of these costs are associated with ongoing trade disputes where the outcome is not settled. What *is* settled is the rising cost of finding and retaining qualified construction staff. Those costs will likely rise for the foreseeable future. With

higher labor costs in mind Shawn McCadden, in his column this month, suggests a strategy of building your business around jobs that require more materials, which can be marked up, rather than more jobs with more workers. It's certainly an idea worth considering.

Here's another question: What is your process for raising prices? And does this process need revisiting? That is why Kyle Clapham, our senior editor, set out this month to better understand how some of the most experienced and successful remodeling companies in the business raise prices. His special report, "Price Crunch," found on page 34, offers insights from Andy Wells of Normandy Remodeling, Todd Jackson of Jackson Design and Remodeling, Michael Ansel of Otogawa-Anschel Design+Build, and Matt Millsap of Building Company No. 7. It's certainly worth a read.

There are plenty of customers out there waiting for you this year. By keeping a close eye on rising costs and responding with timely adjustments, 2019 may well be your best year in business yet. **QR**

KEEP AN EYE ON RISING COSTS AND MAKE TIMELY ADJUSTMENTS.

Patrick O'Toole

Qualified Remodeler

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Housing Economics

Existing-Home Sales, Prices Trend Up

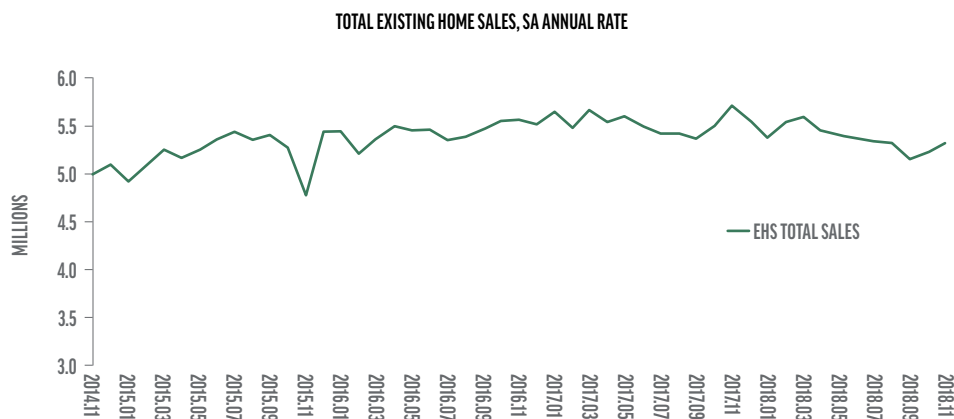
Existing-home sales, a positive indicator of future remodeling activity, increased in November, according to the National Association of Realtors (NAR), marking two consecutive months of increases. Three of four major U.S. regions saw gains in sales activity last month.

Total existing-home sales—completed transactions that include single-family homes, townhomes, condominiums and co-ops—increased 1.9 percent to a seasonally adjusted rate of 5.32 million. Sales are down 7 percent from a year ago (5.72 million in November 2017).

Lawrence Yun, NAR's chief economist, says two consecutive months of increases is a welcome sign for the market. "The market conditions were mixed, with good signs of stabilizing home sales compared to recent months, though down significantly from one year ago. Rising inventory is clearly taming home price appreciation."

The median existing-home price for all housing types in November was \$257,700, up 4.2 percent from November 2017 (\$247,200). November's price increase marks the 81st straight month of year-over-year gains. Housing price gains are fueling confidence in remodeling, but have also created housing affordability issues for younger households seeking to own a home.

Total housing inventory at the end of November decreased to 1.74 million, down from 1.85 million existing homes available for sale in October. This represents an



Source: The National Association of Realtors, 2018

increase from 1.67 million a year ago, however. Unsold inventory is at a 3.9-month supply at the current sales pace, down from 4.3 last month and up from 3.5 months a year ago.

Western Region Declines

November existing-home sales in the Northeast increased 7.2 percent to an annual rate of 740,000, 2.6 percent below a year ago. The median price in the Northeast was \$291,400, which is up 6.5 percent from November 2017.

In the Midwest, existing-home sales rose 5.5 percent from last month to an annual rate of 1.34 million in November, down 4.3 percent from a year ago. The median price in the Midwest was \$199,100, up 2.6 percent from last year.

Existing-home sales in the South grew 2.3 percent to an annual rate of 2.20 million in November, down 5.6 percent from last year. The median price in the South was \$223,600, up 3.2 percent from a year ago.

Existing-home sales in the West declined 6.3 percent to an annual rate of 1.04 million in November, 15.4 percent below a year ago. The median price in the West was \$380,600, up 1.8 percent from November 2017.

"A marked shift is occurring in the West region, with much lower sales and very soft price growth," Yun says. "It is also the West region where consumers have expressed the weakest sentiment about home buying, largely due to lack of affordable housing inventory."

Market Update

BuildFax Housing Health Report reveals declines for first time since 2011

The BuildFax Housing Health Report found that the year-over-year rate of single-family housing authorizations, maintenance and remodeling have all decreased. This is the first time since 2011 that all three categories have

decreased in the same month, pointing to a potential market slowdown on the horizon. The report, covering activity in November 2018, tracks U.S. property condition and history data to deliver macroeconomic as well as more granular trends. It also says eight of the last 10 instances of blanket declines occurred during the recession and its recovery in 2008 and 2009.

"More so now than in years prior, the compounding effects of natural disasters, scarcity in the construction labor market and recent tariffs have impacted housing growth—not to mention systemic factors,

like rising mortgage rates, that influence consumer behavior," says BuildFax COO Jonathan Kanarek. "While it's natural to see some leveling off after steep growth, the next few months will be telling; whether a downturn is on the horizon or the market is simply softening is yet to be seen."

The report also looked at commercial construction, which shows decreases this month that are in line with similar residential declines. However, commercial construction over the last five years has seen steady increases, primarily in construction spend. In fact, BuildFax data suggests there

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are disproportional increases between construction cost and volume, which point to a labor shortage in the market. For more information go to buildfax.com.

Safety

OSHA releases winter weather safety guide for employers

Looking for timely fodder for your next company safety meeting? As outdoor temperatures drop and winter storms approach, employers should take measures to keep their workers safe. OSHA's Winter Weather webpage (osha.gov/dts/weather/winter_weather/) provides information on protecting workers from hazards while working outside during severe cold and snow storms. This guidance includes information on staying safe while clearing snow from rooftops.

Housing Policy

NAHB urges housing finance reform with federal backstop

The National Association of Home Builders (NAHB) commended House Financial Services Committee Chair Jeb Hensarling, R-Texas, for working in a bi-partisan fashion to develop a legislative framework to move housing finance reform forward.

"We support many aspects of the Bipartisan Housing Finance Reform Act of 2018, and are especially pleased that the draft legislation includes an explicit government backstop that assures market participants that the federal government will maintain stability, keep credit flowing and make investors whole in catastrophic circumstances," NAHB CEO Jerry Howard said in testimony before the House Financial Services Committee.

"NAHB believes an explicit federal government guaranty is particularly important to the continued availability of the 30-year fixed-rate mortgage, which has been a staple of the U.S. housing finance system since the 1930s, and we appreciate that the preservation of the 30-year mortgage is emphasized in this draft bill," Howard added.

With Fannie Mae and Freddie Mac languishing in conservatorship for the past decade, NAHB has been a strong proponent of comprehensive housing finance reform.

Association

NARI names David Pekel CEO

The National Association of the Remodeling Industry (NARI) announced late last month its current president, David Pekel, MCR, UDCP, CAPS, was appointed by the board of directors as chief executive officer of NARI, taking on the role full-time. Pekel, a remodeler from Milwaukee, had stepped in on an interim basis earlier this year to fill the CEO role after the departure of former CEO Fred Ulrich.

Robi Kirsic, CKBR, will assume the role of NARI President through April 2019. The President-Elect position will be vacant.

"On behalf of the NARI Board of Directors, I am pleased to announce that David Pekel, MCR, UDCP, CAPS, CCP, has been appointed to the role of Chief Executive Officer of the National Association of the Remodeling Industry," said Board Chairman Tom Miller in an emailed statement. "This marks the beginning of a new phase for NARI as we look to the future for increased member growth, retention and engagement. Thank you for your passion and commitment to NARI."

Trends

Color of the year from siding manufacturer

Royal Building Products says a color named Slatescape is its 2019 Exterior Color Trend of the Year. The company says it is a fresh take on the prominence of gray in exterior color trends in recent years. It is a mid-tone, blue-gray.

"The Slatescape tone is a combination of blue and gray that evokes feelings of calm



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and tranquility,” says Kristine Swint, director, Interactive Strategy and Design at Royal Building Products. “We have seen homeowners gravitating toward deeper blues and grays inspired by nature in recent years.”



Slatescape is the 2019 Exterior Color Trend of the Year.

McBride is also a Top 500 GuildMaster

The October issue of *QR* referenced 29 companies on the 2018 Top 500 list with GuildQuality GuildMaster customer satisfaction designations. In fact, there were 30. McBride Construction should have also been included on that list.

Training

Online door-system installer training program launched

Therma-Tru Corp. has partnered with the OSI brand to create the Certified Door System Installer Training Program to better serve trade professionals by educating them on the best practices for sealing and installing Therma-Tru door systems.

“Our new certification program is designed to help contractors build knowledge, skills and confidence by educating them on the best way to install a Therma-Tru door system,” says Eric Dotson, senior manager, channel enablement for Therma-Tru Corp.

The Therma-Tru Certified Door System Installer Training Program includes step-by-step videos, featuring experts from Therma-Tru and OSI, that guide the user through

new or replacement door system installation. The videos cover a variety of topics including identifying necessary tools, correct removal of an existing door, the best way to seal an opening and install a new door, adding finishing touches and more.

The comprehensive training program also offers an in-depth lesson from OSI on Building Science and Wall Barriers. Program participants will have access to supplemental video content and helpful job aids for quick jobsite reference, including instructions that can be viewed digitally or printed.

“The program enables contractors to complete it on their schedule, from any location,” says Todd Kippel, senior manager, technical sales and customer engagement for Therma-Tru Corp. “It allows us to provide convenient access to training for trade professionals located in rural areas, major cities and everywhere in between.”

To sign up or learn more about the program, visit thermatru.com/getcertified. **QR**

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Find It Online:

The notion that, "Your reputation precedes you," has never seemed more true in this internet-savvy world. With so many homeowners doing research online, it's worth investigating and cultivating your reputation there as well. As Josh Melick, CEO and co-founder of Broadly, points out: "Digital word-of-mouth is trustworthy, authentic and useful ... at least your customers think so." Try to turn any negatives into a positive, and Melick shares his five tips for getting on track with online reviews. Find the full blog post QualifiedRemodeler.com/its-not-too-late-to-charge-of-your-online-reviews/.

Follow

 People are the heart of the remodeling industry, and we here at *Qualified Remodeler* love recognizing the hard work that you, our readers, do day in and out. This is why we like to highlight both people and projects within our Instagram feed—as we do in the magazine. Recent posts have been no exception, as we highlighted the 2018 NAHB Remodeler of the Year, Leo Lantz, CGR, CAPS, GMR, CGP, of Leo Lantz Construction, as well as a thoughtfully handled basement renovation by Krieger + Associates Architects and Orion Builders/Remodelers. Find both those posts and so much more by following @QualifiedRemodeler now!



Photo: Paige Stevens Photography

Sharing

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Kasper Custom Remodeling, LLC posted, "We're honored to be chosen by *Qualified Remodeler* magazine as a 2018 Master Design Award Winner! Congrats to our fellow award winners. QualifiedRemodeler.com/207854/."

Leo Lantz Construction, Inc. posted, "I am deeply humbled and honored to be the recipient of the prestigious 2018 NAHB National Remodeler of the Year award. It is because of my relationship with the NAHB that I have been able to survive the Great Recession, learn business best practices, and network with the BEST in the industry in order to provide exceptional customer service to our clients and to give back to the community in which I live and work."

Tweets

 Follow us on Twitter @QualifiedRemod for the latest news and more around the industry. Keep the retweets, replies and GIFs coming our way—we see and read them all!

Merlot Marketing (@MerlotMarketing) tweeted, "Thank you, @QualifiedRemod, for the beautiful coverage of @WalkerZanger's Byzantium in your November issue! #naturalstone"

NAHB Remodelers (@NAHBRemodelers) tweeted, "Congratulations to @LeoLantz, our 2018 Remodeler of the Year! Check out his feature in @QualifiedRemod! @HBAofRichmond @NAHBhome. QualifiedRemodeler.com/nahb-remodeler-of-the-year-networked-professional/."

Brown Jordan O.K. (@BrownJordanOK) tweeted, "Thinking about 2019 client project goals, yet? Only a small percent of remodelers capitalize on outdoor space #expansions. Our blog shares interesting stats gleaned by @QualifiedRemod which may inspire you to talk w/clients re: expanding their #outdoor spaces. brownjordanoutdoorkitchens.com/blog/demand-for-outdoor-kitchens/."

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3 Reasons Your Marketing Is Bad and What You Can Do About It

by Shawn McCadden, CR, CLC, CAPS

REMODELERS WASTE THE most money at their businesses on marketing. The problem is rampant. And most remodelers have no idea it's happening to them. Marketing is also extremely time-consuming. Many waste a lot of valuable time that would be better spent on other, more valuable profit-generating activities. So just as I have warned in previous articles, after you read this, you should really have no excuse but to recognize what you may be doing wrong. From there, you can make a conscious choice to either change things or keep wasting your money on some aspects of your marketing.

Reason No. 1: Are you shooting arrows without aiming for a target?

Most remodelers spend money on marketing to get leads. This is a good strategy as long as they are *qualified* leads. However, if the leads you get are not for the work types and/or customer personality types you want, or if they are not from prospects who will

TARGET YOUR MARKETING AND MEASURE THE RESULTS.

actually value what you offer at your price, you are wasting your money as well as a lot of your time.

To solve these challenges you must first decide who and what your targets are, as well as where you will limit your services geographically. For example, you might want to only work with people who want and need design assistance. That way, you can focus on design/build and avoid the bidding game, where often the biggest loser wins. Your project targets might be best focused on projects that are material intensive. That way, you are growing your business and volume. Therefore, your

gross profit isn't so dependant on the need for additional field staff. Plus, materials are almost always easier to manage than labor. This could be a big potential strategic advantage in an industry short on available talent. And from a geographic standpoint, if you can keep commuting time down between projects by limiting your service area, you can save lots of time while lowering your job costs and your overhead.

Reason No. 2: Are you too busy or not interested in keeping score?

Imagine an archery contest where no one ever kept score of how many targets were hit. How would you ever know who wins? And without keeping score, how would you know which arrows shoot straight enough to hit your target? Unless you keep score on your marketing, you will never know which arrows to keep and which to replace. After all, isn't the purpose of an archery contest to identify those with the best aim, not the ones who took the most shots?

In my opinion, marketing is simply an expense if you can't or don't measure its effectiveness. However, if you do measure your efforts, it can easily become an investment. This requires you to revise your tactics based on what you learn from analyzing your marketing results. Good measuring and analysis can eventually help reduce your spend on marketing and, at the same time, save many wasted hours trying to sell less than ideal project types to the wrong prospects. In most cases, a simple spreadsheet can keep track of your results, but there are a number of software solutions that offer very nuanced reporting and analysis.

Reason No. 3: Are those you pay to help with marketing taking advantage?

When you shop at a used car lot, your options are limited to what's on the lot at that time. And the salespeople at that location

have no choice but to try to sell you on what they have, which might not be what you actually want or need. I find it to be very sad (and maybe even bordering on theft) that many people who offer marketing services to remodelers often do so without first identifying what that remodeler really wants and/or needs to accomplish. Many smooth talking salespeople have sold remodelers what they have on the lot. They are able to do this because remodelers typically don't have a strategic or measurable marketing plan. However, we can't and should not put all the blame on the smooth talkers. The true responsibility for how such money is invested is up to you.

Take the time to do what I suggest above: Identify the purposes and targets for your marketing before you do it, and be prepared to accurately measure results. Remodelers who have done this are sometimes able to create a *pay or no-pay* service agreement with their marketing providers. With such an agreement, the marketing consultants and service providers are compensated based on the outcomes rather than for their efforts. The risk can be high for the marketer, so therefore assume their pricing may be higher. However, the increased cost will only come if and when you get the results you need. This, in my opinion, is a much better investment than paying them for shooting arrows into the air without any idea of where or if they will ever land. **QR**

McCadden is a speaker, business trainer, columnist and award-winning remodeler with more than 35 years of experience. He can be reached at shawnmccadden.com.

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Reputation in the Balance

By Patrick O'Toole

UBER, THE RIDESHARING company, has a reviews mechanism embedded in its process. The minute you arrive at your destination and exit your car, a message pops up asking for a review of the driver. There's also a spot to report other positive attributes at the click of a button—"good conversation," "entertaining," "good navigator." Lastly, there's a place to leave a comment and send a tip.

Most Uber users take this step seriously. After all, the driver gets the same message to rate you, the passenger. And nobody wants to see their rating suffer. It could mean potentially missing out on future rides when demand is high.

This is reputation management taken to the next level. But we've all experienced similar prompts for other goods and services. We get them from retailers. We get them from the oil-change center. We get them from restaurants. And people are increasingly

expecting to get them from remodelers and home improvement professionals.

Today, there are dozens of reputable online management reputation companies from which to pick. The reasons for hiring them are clear: You can either be proactive and take control of your online ratings and reviews, or you can cast yourself to the whims of past customers or worse—people who have never worked with you, but who are nonetheless posting a negative review.

Companies such as Broadly, Podium, Grade.us and ReviewTrackers offer a host of services, but the main service is to follow up with clients as soon as your company completes a job and to send out invitations for reviews. If a client says yes to having a good experience, then they will be prompted to quantify the number of stars, comments, etc. From there, the good reviews get posted to a number of partner sites like Angie's List,

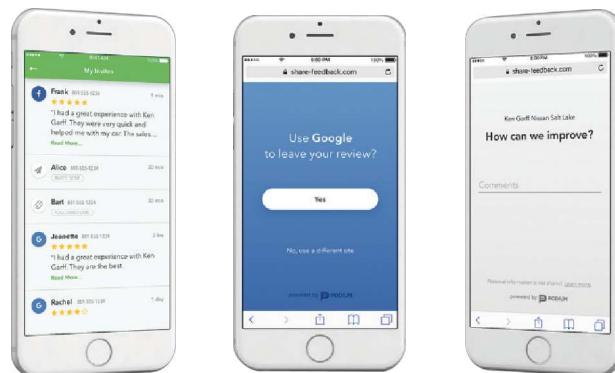
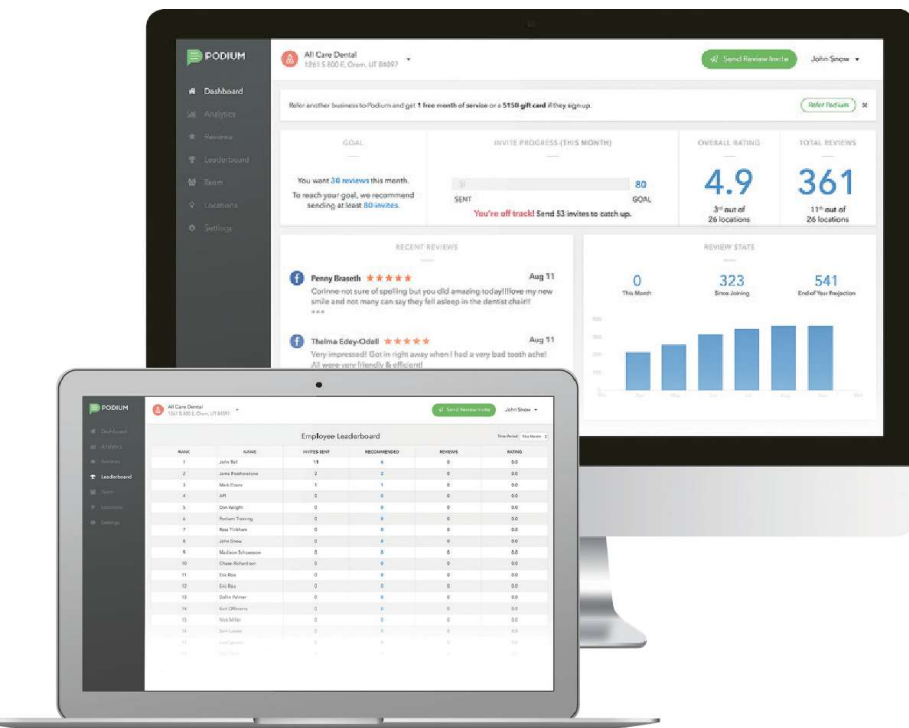
Yelp, City Search and others, says online marketing expert Todd Bairstow, a founder of Keyword Connects.

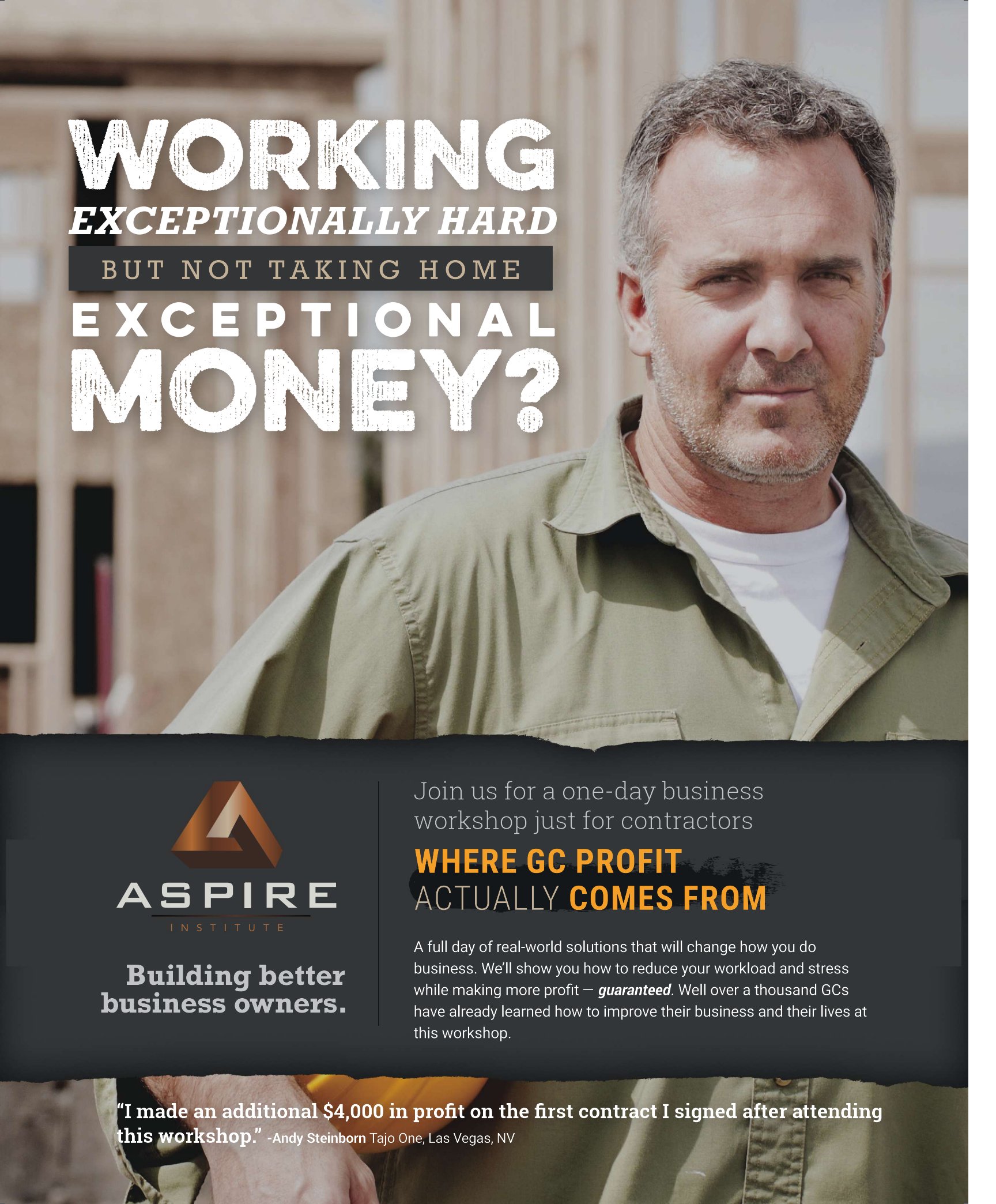
"The first question is: Did you have a good experience with ABC contractor?" Bairstow explains. "And it's worded very specifically like that. And if the answer is 'yes,' then up pops the stars, the categories and 'leave a comment.' And if the answer is 'no' they say, 'We're sorry. Can you tell us the nature of your complaint?' They send negative experiences back to the home improvement company to deal with, but it doesn't see the light of day in the search engines."

Bairstow points out that your clients are still free to go to an online site and post a negative review about your business, but you've got many other positive reviews to balance them out. In general, the impact of reviews on a company is limited, Bairstow notes, because the vast majority of home

Podium | podium.com

Podium is a not only a reputation-management software to post positive reviews. They are also set up to handle all of your interactions with your clients, from text messages to emails. These messages come to your control panel directly from the rating location. Every message comes to one inbox where you can answer questions directly. There is a full-reporting platform with reports on key words that your customers are using to describe your business. In addition, Podium offers a chat service that can be added to your website in order to provide quicker responses to potential customers.





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- ▲ How to get out of the multiple bid wars
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Harry Poehlman
Poehlman Construction
Fort Collins, CO

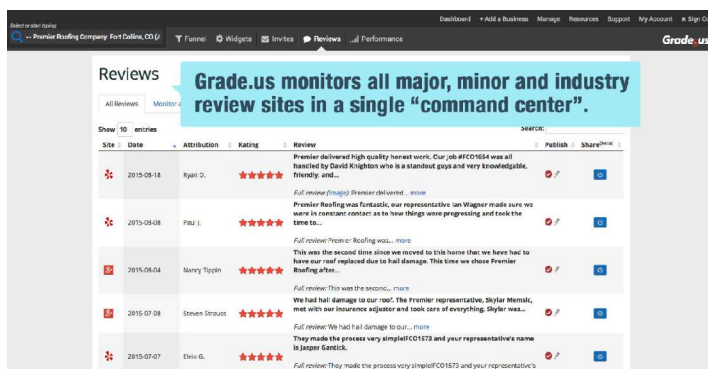
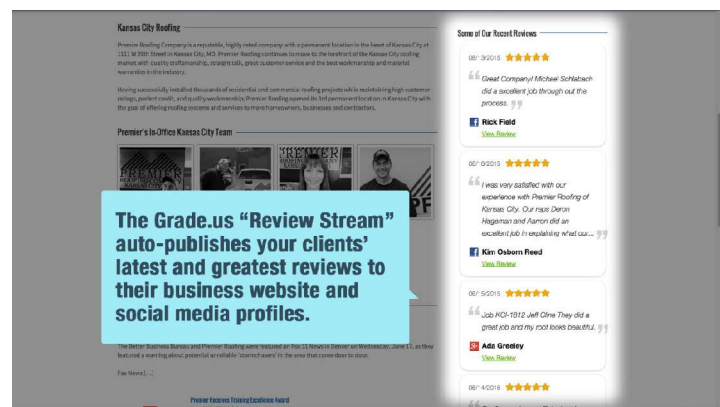
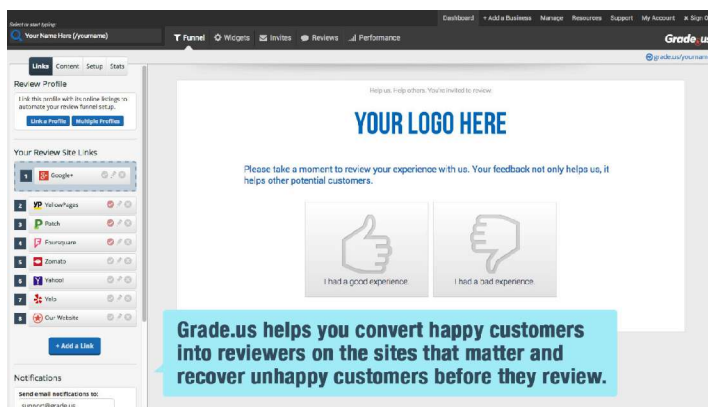
"I learned where my profits were leaking and increased my margin by 10% after applying what I learned in this class."

Allan Proctor
Proctor Construction
Prescott, AZ



We are a well-established educational, coaching and consulting firm focused exclusively on serving Residential General Contractors. Learn more about us at **TheAspireInstitute.com**.





Grade.us | grade.us

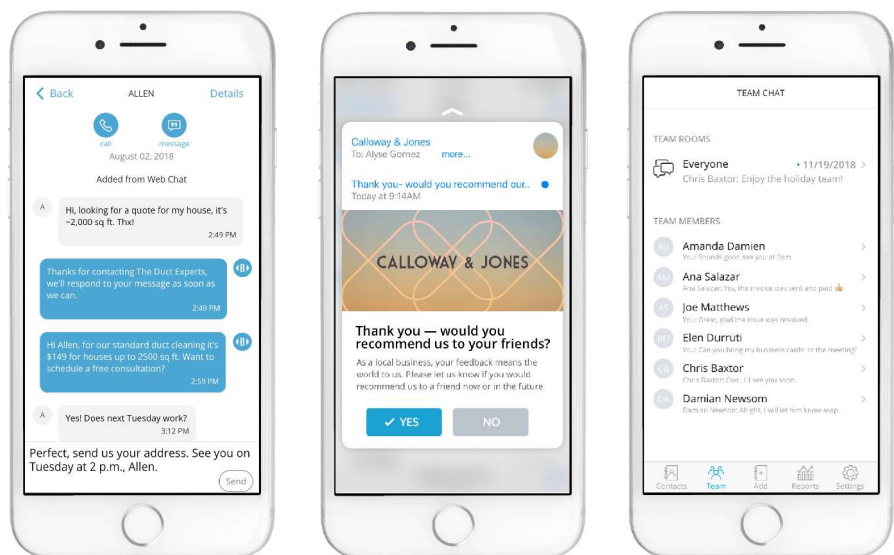
This company also has a range of services and is designed to be seen as 100 percent your own company's service, which is known as white-labeling. All invitations for reviews and all interactions with client and leads, everything is branded the way you want it. You can monitor your review performances. Grade.us can help with inbound organic users to your website by offering tools such as special landing pages, lead-gen forms and prospect reports.

improvement companies —“80 percent”—fall in a range where there are mostly positive reviews with some negative reviews. Only the bottom 5 percent, where there will be more than a dozen negative reviews and very few positive reviews, gets punished by prospective clients.

“When you go and look at the online review world, what you see is a really distributed and diffuse space,” Bairstow explains. “You can have five stars on one site and two stars on another site; a smiley face on one, a frown face on another; and in the search results, there looks like there are a ton of results. But this range of ratings from site to site ultimately makes it difficult to tell whether you are a good or bad company.” **QR**

Here some additional online review and reputation management software products worth investigating:

- BirdEye Reviews, birdeye.com
- Trustpilot, trustpilot.com
- Reputation.com, reputation.com
- ReviewTrackers, reviewtrackers.com



Broadly | broadly.com

Broadly's primary service is a platform for automated reviews, as described by Bairstow above. It is widely used across many small business industries. The second service offered is a web chat platform to engage with customers who find your site. Lastly, Broadly offers a lead-management software platform, so you can screen prospects and communicate with them at each step of your sales and installation process. The services are all available on a mobile app that you can use to chat with customers, manage contact lists and respond to reviews.

The Workforce 'Crisis'

by Dan Taddei, MSed, BCA

IT SEEMS EVERYBODY is talking about trying to find employees. With unemployment below 4 percent, the challenge is not just the trades—it seems to be across all industries. Construction trades compete with all other worthy professions. Even within construction, remodeling competes with many other verticals. To be competitive, remodelers must find ways to attract and keep workers versus another industry or environment.

The situation is compounded as the influx of new, trained employees is far below what is needed to meet demand. This trend began in the 1990s and accelerated in the 2000s, with the emphasis on all students going to college. As curriculums evolved, the loss of shop classes in middle and high schools reduced student awareness of carpentry and perhaps interest in the trades altogether. But the tide seems to be turning.

The Good News

Career and Technical Education (CTE) is making progress within the education community. CTE courses not only create interest in careers but also provide the connection between classroom-only based instruction and real-life applications. Recent studies have found that including just one CTE-related course in the high school curriculum increases graduation rates. Several states require at least one CTE-related course for graduation.

This year, Congress passed and the President signed the Perkins Reauthorization Act, known as Perkins V. Administered by the Department of Education, this act provides the framework by which federal money, a little over \$1 billion, is distributed to states and then to secondary and post-secondary schools to fund CTE programs. One of the key components of this act is the requirement for the inclusion of local industry representatives on the planning process at the school level. There is an opportunity for remodelers to get involved. Let the school system know what you need to support the jobs in your company. The implementation of Perkins V will start in 2019 with full implementation by 2020.

One other key provision is the alignment between Perkins V and the Workforce Investment and Opportunity Act (WIOA). The WIOA provides federal money to states for worker retraining. Local Workforce Investment Boards implement these programs, and remodelers can work with these boards to find and train entry-level employees.

What Is the Need?

Today, the most visible need is for entry-level carpenters. However, entry-level plumbers, electricians, drywallers and other supporting trades are also needed. Through NARI's work with SkillsUSA, we have seen entry-level workers in these fields, but not in the quantity needed to address demand and support growth. The NARI Workforce Development Committee is tasked with being future-focused and providing tools to our chapter leaders to assist in the outreach effort at schools and career fairs.

NARI also is working with the Association for Career and Technical Education (ACTE) for support in legislative matters and connections with others working to advance CTE.

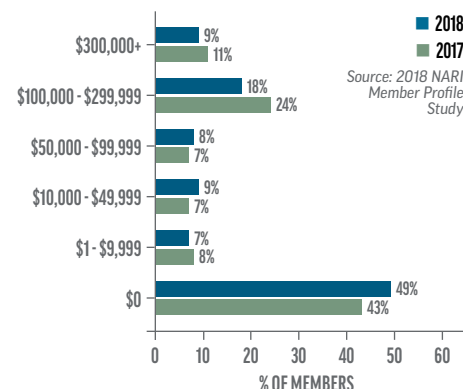
The second area of need is new skills for existing workers. When thinking about professional development, ask yourself the following questions:

- How do you elevate the skills of your lead carpenter or project manager?
- What is the best way to add a new design element to your skillset?
- How do you support your production manager's skill to understand more about how the business operates?

NARI certifications can help, as our eight certifications support career development and growth. NARI University provides webinars that support continuing education for remodelers. Other options for continuing education are available as well.

Regardless of the type of program you choose, it is critical to provide continuing

APPROXIMATE SALES LOST FROM WORKER SHORTAGE



Among those experiencing a labor shortage, 51 percent had some level of sales loss. Some very large losses, 4 percent of those impacted, drive the average even though almost half see no dollar impact.

education to your employees. It will build employee loyalty, retention and create depth in your company. For nonbusiness owner readers, certifications and continuing education build your employability and create advancement opportunities for you.

Be Part of the Solution

So what can you do to help your company? First, get involved with a local school—be it high school or college. Let them know which skills your company needs to support your business. Second, interview continuously. “You never know when you will find that diamond in the rough,” says Robi Kirsic, CKBR, TimeLine Renovations Inc., in New York City and NARI's president.

Chris Peterson, MCR, CLC, Schloegel Design Remodel in Kansas City, Missouri, echoes that sentiment, saying, “I keep a file of prospects that I can call when I need.”

The workforce issue is not going away. Solving it will require work by remodelers, industry associations, schools, and state and local governments. Each has a role but the industry must define their needs locally, and hire and train program graduates. **QR**

UPCOMING TOPICS

FEBRUARY: Technology and Communications
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Applicants for NARI Contractor of the Year and the Chrysalis Awards may submit those materials for the Master Design Awards.



Make a Plan

Whether it's considering an exit strategy or handling the aftermath of a hurricane, Abbott aims to stay a step ahead.

Edited by Kacey Larsen



LARRY ABBOTT, CGR, CAPS, RCS
Abbott Contracting
Houston, Texas
abbottcontracting.com
TITLE: President
YEAR COMPANY FOUNDED: 1986
NUMBER OF EMPLOYEES: 6

When and how did you choose this career?

Just after high school I earned a bachelor's degree in criminal justice, but was not motivated or satisfied with the low pay and conditions of my first job. I set out to travel from New York westward and ended up in Houston. Low on money, a friend's boss asked me if I ever "swung a hammer" and invited me to work with them for the day. I fell in love with creating things from wood using my hands and also making decent money. I noticed how most of the contractors I met or worked for were very unorganized and had poor relationships with their customers. I knew from the basics I learned in college that I could get the job done better and communicate in a more productive, courteous manner with the customers.

I first started on my own as a small residential repair contractor at age 28. Failing to make it on the first two attempts, I regressed back to working as an employee for other local Houston construction companies. The third attempt in 1986 would set me sailing through to the present on a 32-year run.

What is the focus for your business?

For the last four and a half years, I have worked with a business consultant who implemented systems, policies and procedures, which immediately improved my business. To be honest, I am working on my exit strategy, which doesn't actually include complete retirement. I took a three-month growth plan course from Goldman Sachs. They taught me how to work "on my business" as opposed to "in my business," where I wasn't going to be micro-managing everything in person all the time. It is like taking an eagle's view from above and sorting things out to allow yourself some very much earned freedom. Of course, I'm still trying to clone myself in order to accomplish this feat.

What led to your membership with your local NAHB chapter, and what keeps you involved?

Upon visiting the Greater Houston Builders Association for the first time in 2002, I felt an energy and a happiness from those attending the luncheon. Our chapter has over a hundred event opportunities annually to meet amazing people—there is no advertising or marketing better than face-to-face. Being a member the past 14 years has been a successful investment in my business. In this town, the name alone can give you instant credibility. In addition to being on the GHBA Remodelers' Council board for many years, I was honored to serve as the 2018 President of the Remodelers' Council.

What are the greatest opportunities in your remodeling market?

The opportunities are many, especially in Houston and the surrounding areas. There seems to be enough for everybody, but only the strong and organized survive. We find ourselves trying to follow a big part of our clientele into high rises or high-density

living arrangements. This is not something I had strived to do, as we have always been successful and preferred staying "on the ground" working on single-family homes. Once you get your men acclimated to the service elevators and cramped parking spaces, along with expanding the estimating categories to accommodate the time necessary, it's not all that bad. I'd say get used to it if you are going to work inner city.

Did Hurricane Harvey affect your business? Has that changed your approach?

The aftereffects of a hurricane are as much emotional as they are physical. Living in Houston, where we have experienced three catastrophic floods in the past couple years, it has introduced a huge market in the remediation and repair business. We had a couple jobs in progress and several previous customers that flooded. The demand during the aftermath of a natural disaster is overwhelming, to say the least—and you can't help everyone. Having been through this before and usually knowing the storm is coming, we have time to plan some type of strategy. The first few days we are out there, all over an affected area helping at no charge. Then we try to choose a few select homes and write up standard remodeling project contracts, in hopes that between the insurance money and homeowner funds the job can be completed.

Is there anything else you'd like to mention about career accomplishments?

Putting together a good, strong group of individuals in the office and in the field. People who enjoy their job and who are always "engaged" in the mission to serve our customers. Having your financials together is another comfort and necessity, probably at the top of the list. **QR**



Photo: Abbott Contracting

Business for Abbott Contracting has shifted from single-family homes to more high-density projects.

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- Hire the right person, avoid the wrong ones
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Eric Bohner, V.P. of Sales
BathWraps - Roselle, IL

"Our remodeling business had annual sales of under \$9 million when we became clients of Dave Yoho Associates. With their help our sales have soared. We are headed for over \$25 million this year."

Vince Nardo, President
Reborn Cabinets - Anaheim, CA

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Photos: Amber Holder



Labor of Love

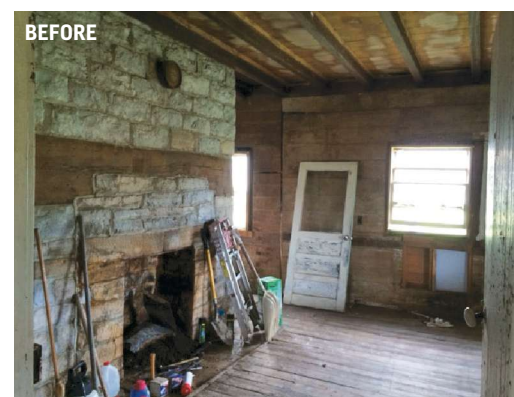
Scott Wilson Architect LLC reconstructs late-1800s home and adds living space to provide contemporary convenience for weekend retreats.

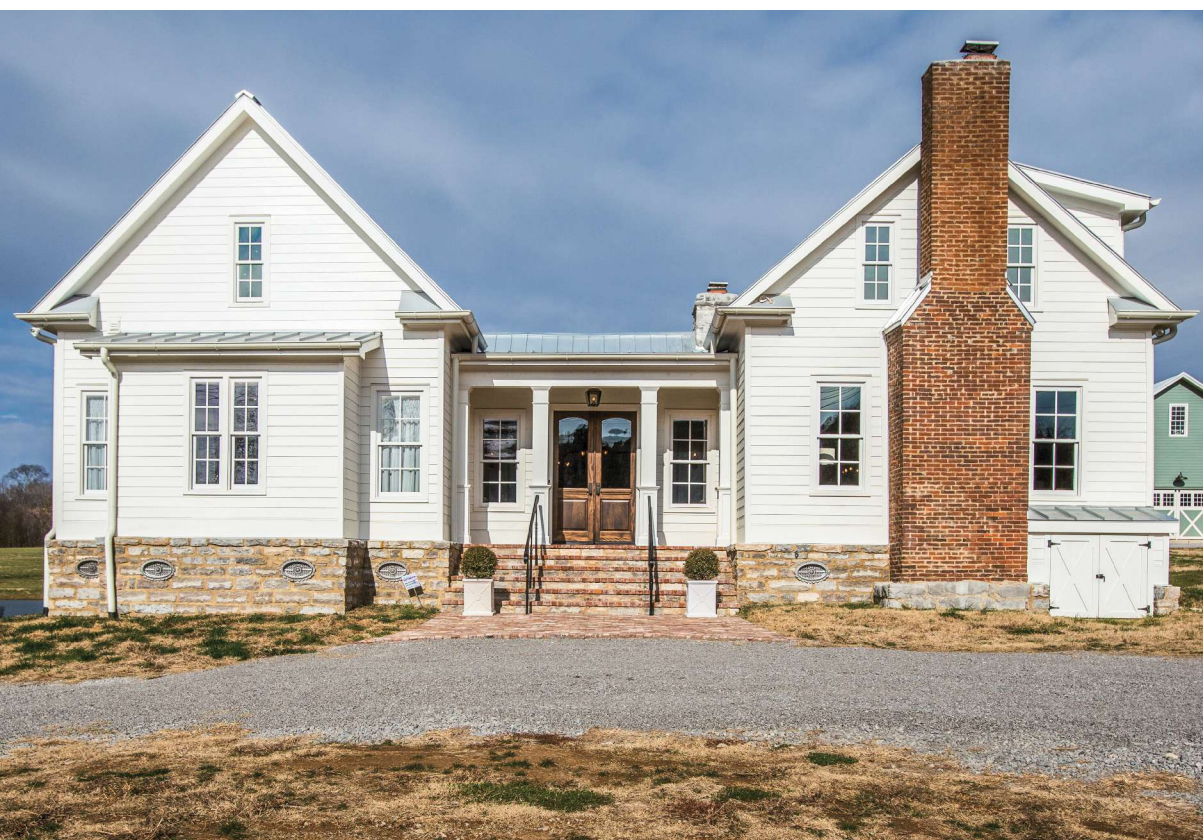
by Kyle Clapham

AFTER buying a large tract of land, previous clients of architect Scott Wilson called him to discuss their newest project. They had purchased 80 acres as an investment and intended to raze the late-1800s residence on the property, along with a few other structures. The longer they looked at the house, however, the more they started to see something in the historic home that beckoned them.

“They called me up and asked me to come out and take a look at it, and see what I thought,” says Wilson, chief manager of Scott Wilson Architect LLC, in Franklin, Tennessee. “[And] I got very excited. There were some really interesting features to this house. The homeowners and I could stand up in the fireplace—and that’s not something we see very often in our part of the country.”

The floors, walls and ceilings of the dilapidated structure all would require extensive restoration, though, and the roof and windows needed to be





MASTER DESIGN AWARDS 2018 HISTORIC RESTORATION SILVER

COMPANY INFORMATION

SCOTT WILSON ARCHITECT LLC
Franklin, Tenn.
scottwilsonarchitect.com
HALLMARK BUILDING GROUP
Franklin, Tenn.
hallmarkbg.com

PROJECT INFORMATION

Name: FARM HOUSE REDO
Location: THOMPSON STATION, TENN.
Square footage before: 1,300
Square footage after: 3,043
Total cost: \$500,000

PRODUCT INFORMATION

Siding: LP SMARTSIDE
Windows: JELD-WEN



replaced. Wilson stood by as the owners debated whether to salvage the house or demolish the entire building. Once they decided to refurbish the home, Wilson began working on a way to balance its original elements with an apposite addition.

Main Objective

Although the clients sought a suitable vacation house, they wanted the dwelling to function like a primary residence. The project started as an investment property, so the idea of eventually selling a lot or the whole area remained in the back of their minds. Incorporating modern amenities such as a laundry room, screened porch and closets would benefit them no matter what happened next.

“The challenge became how do we keep the character and integrity of what’s there—the history of the house—but add on to it and update it in a way that’s sensitive to its history,” says Wilson, who relished the opportunity to restore a truly rare structure. “[It had to] allow us to use it today and not feel like we’re giving up any of the creature comforts we’ve all become accustomed to.”

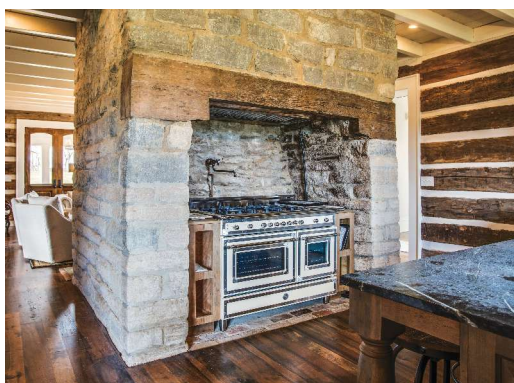
He elected to keep the kitchen in place but overhaul the galley with wider entrances and present-day appliances, including a stove nestled in the original stone fireplace. On the other side of the existing chimney, Wilson retained a small



family room. He figured the dining space, between the kitchen and living room, had been a “dogtrot” that owners enclosed at some point in its evolution.

“One of the typical ways a cabin will develop in the South is somebody will build one log cabin; they start to work the land, and that’s the place where they’ll live. Then they’ll build a second log cabin, and they’ll have a covered roof between the two that will be the ‘dogtrot’ porch or an open area,” Wilson explains. “It’s where the dogs would

A new master suite to the right of the front entrance balances the existing living room and new gathering area.

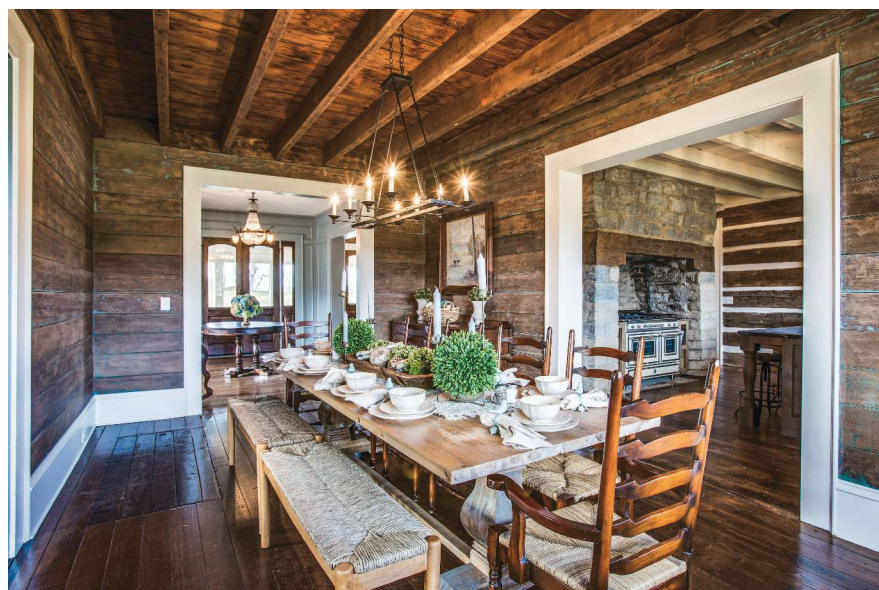


sleep—that's how it got its name. Eventually as they build more, they would enclose that porch area and then do other additions to the house.”

After conserving the core of the home, he created a formal entrance and gathering area that leads visitors straight into the old family room. To balance the new front porch, Wilson added a master suite on the side opposite of the original living room. Now when people pass on the street in front of the house, they can see a recessed entryway between the living room and the new master suite.

Chief Addendum

Because the structure lies outside any historic district, the owners were not required to submit the design plans to a local commission or association for review. They did invite the county historian out to the home, however, to walk him through the building and solicit his perspective. The man, who has a wealth of architectural information, became enamored with the fireplace, Wilson adds.

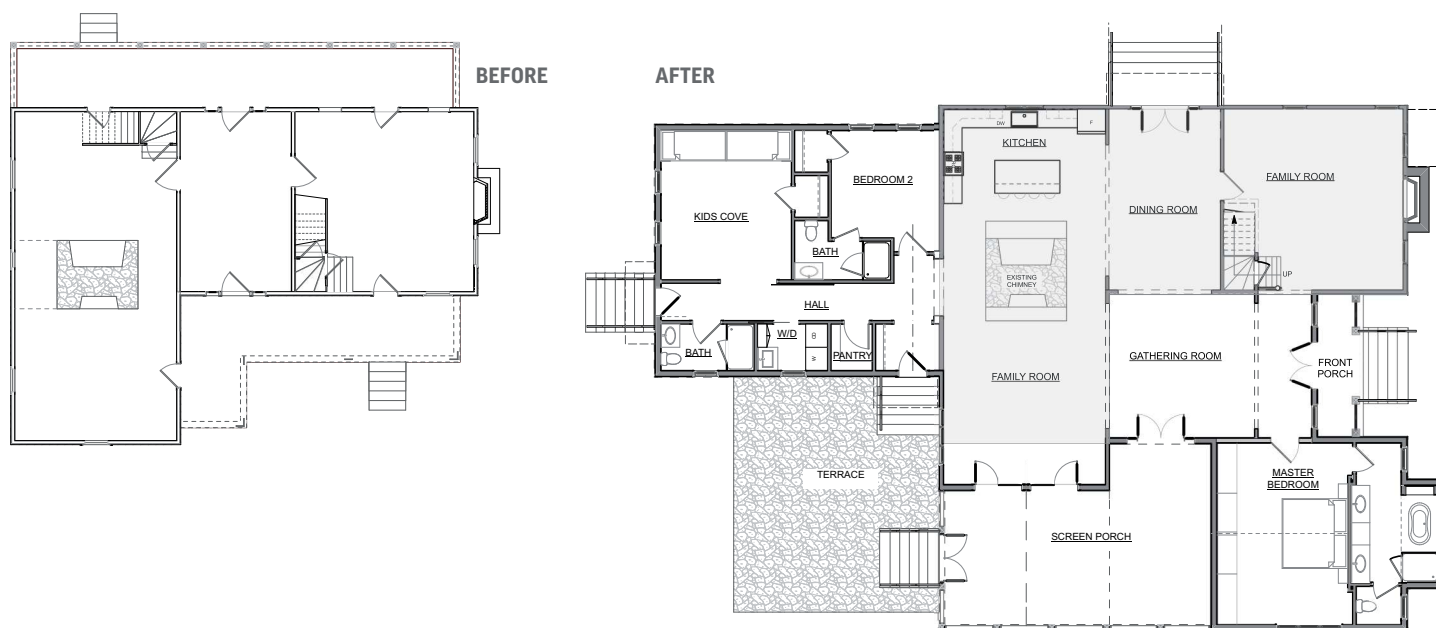


Another unique element proved to be the spiral staircase in the original living room that leads up to a space on the second level. The narrow steps could not be built today using current standards, but workers were able to preserve them successfully. Contractors also removed all the wallpaper applied by a previous owner within the existing family room to expose its authentic wood walls.

“With any historic preservation project, that’s always the most important goal: You want to try to repair and restore the existing roof, siding, structure, foundation—things like that—[but] it’s not always possible,” Wilson explains. “Part of the challenge is making those decisions. What things can

[top + left] The kitchen remained in place but now has wider entrances and modern appliances, such as the stove in the existing stone fireplace.

[above] The dining room used to be a ‘dogtrot’ that previous owners had enclosed at some point in the home’s extensive history.



[above] A new master suite provides the owners with their own bathroom, which integrates his and her vanities.

[right] The master bedroom stabilizes the remodeled footprint of the home by offsetting the existing living room.



we save, and what things are just not practical or wise to save? You try to strike that balance.

“You want that original building to read through the addition,” he continues. “You also want the addition to be sensitive and look like it belongs there. Then the challenge becomes: How do you make it look different, yet still complement what they intended to do with the original structure?”

Wilson attached a sizable screened porch to the family room as well as the new gathering area to include some outdoor living space. On the back of the house, he added enough square footage for a bedroom, play area, pantry, laundry room and two full baths. The space upstairs, which offers a lot of character by showing the original roof rafters, became more of a bunk room, Wilson notes.

“By staying within the mass—underneath the roof structure of the original house—we were able to honor the original design and character. That was a real perk to the attic space [as far as] what we could do with it and how it was going to be used,” he says. “We discussed going higher [and] putting dormers on it, but ultimately we [opted] to impact the roofline the least amount possible.”

Key Development

Wilson comes across a historic project from time to time, but few involve buildings as old and as intact as this home. On a recent job, for example, workers removed plaster from the walls only to reveal an extensive termite infestation. They were able to rebuild the house exactly as it had been despite having to tear down the entire structure, which stresses just how special this project turned out.



The addition on the back of the house includes a bedroom as well as a pantry, laundry room, play area and two baths.

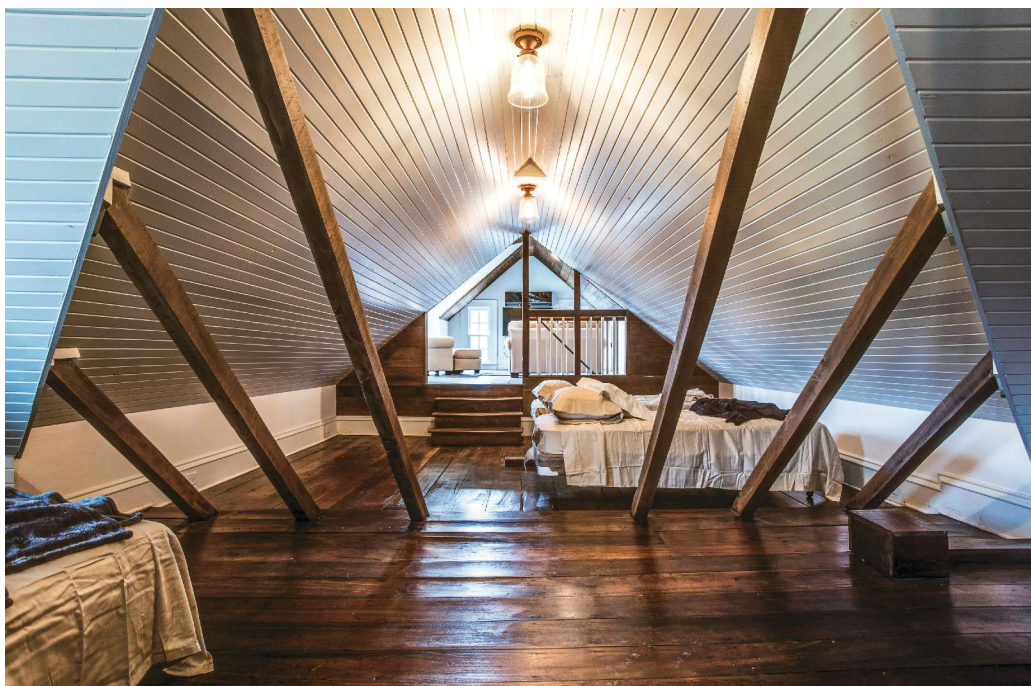
“We might [go] 5 to 10 years between projects before we find something [in which] the original structure is unaltered like this one,” Wilson adds. “Usually, by the time we get to a home that’s this old, it’s been remodeled and altered several times, and the original structure is really hard to uncover and find—if it’s indeed still there. Quite often when we find it, it’s not in [good] shape.”

He and his wife drove by the rural house one weekend afternoon recently and noticed the owners were there, so the Wilsons stopped in to say hello. “We probably spent two hours with them, just walking through everything and hearing them talk to us about how they used each space and how they enjoyed it,” he says. “That particular weekend we stopped by, their [family had a big group of people] staying over there. They were all hanging out, and there was plenty of room for everyone. Everything worked out well for them, and it accommodated them.”

The owners have even leased the home on various weekends through VRBO, a vacation rental site similar to Airbnb. “Obviously, they keep it some weekends for themselves,” Wilson notes. “It’s been so popular [though] that they’ve been having trouble finding weekends that they can get out and use it for themselves. It’s been a hit on many different levels.”

The project also inspired the clients to utilize the property more than they would have otherwise. For example, they cleaned up a pond and transformed an old dairy bar into a picturesque storage building. “And then they started acquiring smaller log cabins that are older, that people are just wanting to dismantle and sell,” Wilson says. “They just completed one of those on the property.

“Because they had so much fun [and] such a good experience with that first building, they’re continuing to add onto the property [with] other structures and develop it even more,” he adds. “It’s turned from an investment into a labor of love.” **QR**



[above] A space on the second floor of the home exposes the original roof rafters and now acts as a bunk room.



[left] The new screened porch joined to the existing family room and new gathering area supplies some outdoor living space.

[below] A terrace connected to the new screened porch gives the owners additional area to enjoy the landscape surrounding the house.





Photos: Nati Rea Photography

Catch the Waves

Moving a cramped kitchen from a bottlenecked galley to a wide-open living space allows the client, an artist, more room to cook, entertain and work on her creations.

by Zac Culbreth, AIA, and Larry Lindner

STUFFED under a dropped ceiling with an oversized soffit that hid sprinkler piping, the narrow, windowless kitchen in artist Deena Schnitman's Boston loft was cramping her style, literally. With a scant 36 inches from counter edge to counter edge, the pass-through space—wedged in like an afterthought between the entryway and the unit's open living area—hardly allowed her room to cook. It also did not afford her enough room to create her high-end, paste-paper designs, for which she needed the kitchen sink. The kitchen build-out was so tight, it was spilling out sloppily into the open part of the loft, marring its expansive volume.

Creating a larger, more usable kitchen was definitely a reconfiguration challenge, one made a little more complicated by the fact that Schnitman said at the first meeting, “Do you see all these angles?



I need some curves. Think Frank Gehry, think Bilbao.”

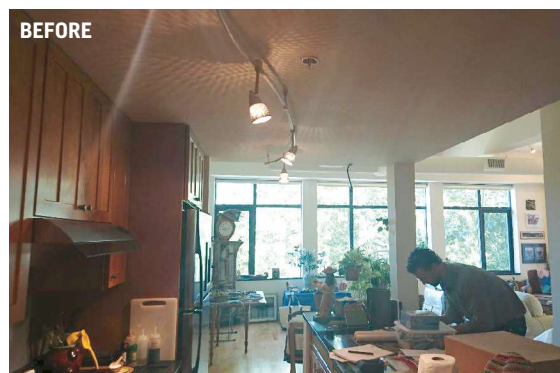
The best place to recreate the kitchen was in the large loft space itself. The outsized industrial windows in that area brought in light from the north—the ideal artist’s light and certainly much better than the artificial light that had been rigged in the old, skinny kitchen cave. It would also give the client the room she needed to cook and entertain, which she does often, thereby taking a page out of the great room tradition to create a space that incorporated the living room, dining area and kitchen.

But we needed to make sure the mass of the new kitchen did not feel so massive that it took over the space. Everything in a loft kitchen becomes a kind of furniture because it’s all out in the open all the time, so it was important to make the cabinetry and appliances not feel too pronounced to overpower the space.

Seeking Curvature

Originally, the client wanted curved cabinetry, but it didn’t fit the budget. She also didn’t want any upper cabinets right in the workspace. “I simply don’t like them and find them very disruptive,” she noted.

We were able to respond to her desire for something expressive, however, by curving the soffits; one of them is required for a sprinkler head location that we couldn’t move, anyway. Ultimately, we used the constraint to create a desired design element. The heft of the curves along the ceiling



MASTER DESIGN AWARDS 2018 KITCHEN \$75,000-\$150,000 | GOLD

COMPANY INFORMATION

ADAMS + BEASLEY ASSOCIATES
Carlisle, Mass.
adamsbeasley.com

PROJECT INFORMATION

Project name: CLEAN CURVES
Project location: BOSTON’S SOWA
ART & DESIGN DISTRICT
Square footage: 630
Project cost: \$120,000

PRODUCT INFORMATION

Appliances:
THERMADOR PURCHASED FROM
YALE APPLIANCES
Plumbing fixtures:
ROHL PURCHASED FROM YALE
APPLIANCES
Sink: YALE CUSTOM
Track lighting: JOHN HEAD
FROM WOLFER’S
Undercabinet lighting:
HÄFELE LOOX

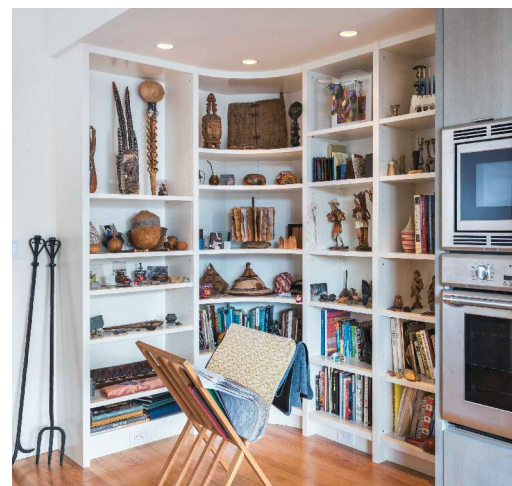
Millwork, including island,
bookshelves: ADAMS + BEASLEY
MILLWORK SHOP
Cabinet hardware: MOCKETT
CONCEALED EDGE PULLS
Stone: DORADO SOAPSTONE
INSTALLED BY ADAMO STONE
FABRICATORS



[left] The plaster “ribbon” soffits add a unique design element while simultaneously minimizing additional wall depth and framing the space.



[middle] A soapstone backsplash and countertop pop against the clean look of the kitchen shelving and rift white oak cabinetry.



[right] An area formerly occupied by the kitchen now serves as a space for custom-built curved bookcases and occasional furniture.

also allows the cabinetry underneath them to look much cleaner, more subdued and more in the background.

In addition, the waved soffits allowed us to hide—or at least minimize—the fact that we were adding depth to the wall to build the cabinets, while at the same time making the refrigerator seem flush and, again, helping the mass of the kitchen feel more unobtrusive. It’s kind of like a Brunelleschi effect, making a secondary surface (the soffits) appear to be the primary one. The soffit curves help hide the chase for the oven hood as well.

The clean look of the new kitchen, achieved with the wavy soffits helping frame the cabinetry and appliances, also becomes a more subdued backdrop to the soapstone backsplash and countertop with their “lightning bolt” veins of white.

No Unused Space

The old kitchen nook became a space for some occasional furniture and curved bookcases we built to presage the large curves in the great room one would see next. We also built a cased opening between the entryway and the old kitchen space so

that when someone comes in, there’s now a sense of arrival and a vestibule—like an anteroom before you enter the living area.

Architecture is very similar to cinema in certain ways, and how you frame the experience of walking through the spaces is key. Each room becomes a different scene in the narrative.

Making the work go all the more smoothly was being able to count on the Adams + Beasley construction crew to execute the details, mocking up the curves and making sure to send photos as soon as they were up, so things could be tweaked before they went too far down the road.

How does Schnitman feel about the transformation of her space in Boston’s funky SoWa Art & Design District, a retrofitted parcel of once-neglected warehouses?

“It is a WOW! kitchen,” she says. “The size of my island now accommodates my paper-making needs. And I recently had a Day of the Dead party for 30 and just moved the island down a bit—it’s on wheels—and there was plenty of room.”

In other words, as they say in cinema, that’s a wrap. **QR**



Zac Culbreth, AIA, graduated from Brown University with degrees in Architectural Studies and Visual Arts and continued his study of architecture at Harvard’s Graduate School of Design. After completing his education, Culbreth led design teams for William Rawn Associates, Michael Van Valkenburgh Associates, and Maryann Thompson Architects, and was instrumental in launching the project-planning wing of Adams + Beasley Associates, a high-end residential construction firm in the Boston area. During his time with Adams + Beasley, Culbreth led the loft renovation featured in this article. He is currently based in the Berkshires as founding principal of Zac Culbreth Architecture, where he continues to pursue his driving goal to create beautiful things.



Larry Lindner has written about home and design for publications including the Washington Post, Los Angeles Times, Boston Globe Sunday Magazine, Design New England, and Green Builder. He particularly enjoys preparing articles and other materials for Adams + Beasley, as that allows him to nosy around some of the most finely executed residential construction projects in and around Boston.

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Price Crunch

Four remodelers discuss how they deal with uncertainty surrounding job costs—specifically rising material prices and the ongoing labor shortage—and still earn an adequate profit on their projects.

by Kyle Clapham



**“WE’LL ADJUST
OUR COST BOOK
QUICKLY AND
APPROPRIATELY IF
WE FIND TRENDS
ARE HAPPENING.”**

Andy Wells

MANY contractors proceed through their careers without ever truly knowing how to estimate the cost of a job and price the project correctly. Whether they fail to grasp the contrast between markup and margin or mistakenly treat job costs as overhead, a continuous oversight can be the eventual undoing of a remodeling business that otherwise seemed prime to dominate the market.

The volatility of prices for construction materials, especially lumber and steel, combined with an ongoing skilled labor shortage has only exacerbated the challenge. Remodelers who form a plan to address rising job expenses promptly can boost their chances of surviving unexpected happenings, and they become more likely to deliver exceptional projects to customers on budget and on time.

Robust Cost Book

Normandy Remodeling had a decent pricing model when Andy Wells started at the design/build company 21 years ago. But the ability to approximate the cost of a job sufficiently has become a never-ending evolution for the Hinsdale, Illinois-based remodeler, where sales designers conduct their own estimating for the projects they sell, says Wells, the owner and president of Normandy.

“We have a pretty robust cost book, [as] we call it, that we use to estimate from. That’s a part of our training early on when anybody gets into that job,” he notes. “When we get notified of price increases happening now or down the road, we try to incorporate those from vendors quickly; so that a project we’re estimating now, if there’s a price increase coming next April, we plan for it.”

If a material price rises before Normandy can encompass the increase, the company just absorbs the difference, Wells says. Many manufacturers will notify him a few months prior to their price hike, so Normandy can integrate the new pricing into its cost book. Cabinetmakers, for example, usually institute a price increase at least once each year—and sometimes more often, Wells adds.

“We don’t have a clause built into our contract to recoup future increases. Because our model of how we go to market, we don’t really have a good way to track and collect that,” Wells explains. “To do that would require some incredible detail—and a different kind of pricing model—where you’d basically give them a list of every single item that goes into their job, which we don’t do.”

Normandy has implemented a minor line item in its projects to account for prospective tariffs on certain products, such as lumber. But the company does not share that information with potential customers because the small fee only aims to cover fluctuating costs internally. If a job does not include material subject to impending tariffs, Normandy still benefits from the slight price jump.

“Our average job is about \$125,000 so any individual item generally isn’t a major component of the cost,” Wells notes. “The biggies are maybe windows and cabinets. Again, those two types of companies—those two vendors—are usually proactive in letting us know when a price increase is going to happen, so we can anticipate that well enough to where it doesn’t become a surprise.”

March 2019 will mark 40 years in business for the company, which has built a dependable group of trade contractors over that time. In the last few

years, however, Normandy had to supplement its current pool of subcontractors with additional partners because of its business growth and the ongoing labor shortage. Some workers have also requested higher compensation rates, Well says.

“We’ll adjust our cost book quickly and appropriately if we find trends are happening,” he adds. “For example, we’re in the suburbs. If we do downtown work, now that everybody is really busy as far as the trades, they’re charging a premium to go downtown. And it’s justified because it’s harder and takes longer to go there, so we have to build that into any Chicago high-rise projects.”

The remodeler provides a detailed scope of work to clients and lays out scenarios in which extra job expenses will be collected. Unforeseen conditions, such as mold growth discovered within a wall cavity, can raise project costs substantially. Normandy also has been toying around with the idea of presenting estimates more transparently without inviting constant negotiation, Well says.

“We don’t have that figured out yet. When people say transparency, you’re kind of likening it to buying a \$50,000 car,” he explains. “You’re not seeing what the spark plugs cost. And it doesn’t really matter; the car is still \$50,000. Negotiating the cost of the spark plugs—it doesn’t matter. We don’t want to get to a point where we’re negotiating individual items just for the sake of it.”

Next-Level Service

Developing cost sheets and breaking them down by trade has permitted Jackson Design and Remodeling to close its typical project within 1 percent of the estimate, says Todd Jackson, CEO and president of the San Diego-based company. The remodeler maintains a list of tasks that each subcontractor performs regularly and calculates a fair market price based on its multiple partners.

“From 2007 to 2017 our plumbers charged us the same exact price. And just like everybody else, we experienced a jump,” he explains. “We had some guys jumping a tremendous amount, [and] some guys trying to pull just a little bit [more]. [So] we surveyed all of our plumbers. We came back and looked at an average all the way across for those things that they charge for regularly.”

The company then sent out a pricing list to its plumbing contractors that described how much the business would pay for every item. Jackson admits that a larger volume of work—more than \$21 million in 2017—allows the remodeler to dictate many of its job costs, but not all of its vendors.

“You work in a manner where it’s a sense of fairness for everybody [and] recognize the fact that you need guys to be in business,” he adds. “You also recognize the fact that at the end of the day, our plumbing costs went up about 15 percent all

the way across the board. That seems like a lot for one year, but if you average it over the 10 years that nobody got a raise—it’s actually pretty cheap.”

When framing contractors began submitting exorbitant prices, however, Jackson took a different approach. The company had always received separate bids for labor and lumber, so basically its framers purchased all the lumber, which they said would only get more expensive. He revisited his relationship with the lumberyard and established the remodeler as a large framing contractor.

“We were getting the high end of that pricing,” says Jackson, who found somebody to do lumber takeoffs for \$300 to \$600 depending on the project. “Historically, we’re more of a sub base, and we get lump sum bids. We don’t dive down into the widgets and how many nails. [Now] I get a lumber list, [and] I get a hardware list. Then I give that list—I give the engineered plans, I give the lumber list—to my framing contractors. [And] they have the ability to do a couple of things.”

After reviewing the list, framers can either take on the lumber themselves or purchase it with the account run by Jackson. If they accept the list and buy the wood on their own, the company will pay them 20 percent more than the lumber costs—10 percent for handling, as well as 10 percent for profit. If they choose not to acquire the wood, they collect only 10 percent for handling.

“My lumber has come down 30 [or] 40 percent. I don’t necessarily know that our framers have been trying to cheat us,” Jackson notes. “I think it’s more everybody is so overworked, and what they’re going to do is, if I send out a bid to the lumber company to get bid, they have a guy who gets paid \$50 or \$75 for each job he bids. He burns through those jobs as fast as he possibly can.

“Then he stamps on there, ‘This lumber list could be 20 percent off,’” Jackson continues. “The [framers] add 20 percent, and then they mark it up 20 percent. They’re just adding a buffer on top of a buffer. We actually have framers who say, ‘This is great.’ [And] it saves me thousands throughout the year. Part of it is, ‘How can I give the next-level service to my subcontractors?’”

To reduce slippage even further, the company conducts site visits with its partners before bidding on a project. The collaboration usually takes an extra two or three hours, but each participant can arrive at the most accurate estimate. “The goal on that is if you can look at what the surprises are on the front side, everybody is going to be a little happier [on the back side],” Jackson explains.

The remodeler purchases about \$1.2 million in cabinets per year, but he started forming alliances with vendors when it bought just \$200,000 annually. Now, manufacturers apprise him in advance of a price increase to see whether the company would



“YOU WORK IN A MANNER WHERE IT’S A SENSE OF FAIRNESS FOR EVERYBODY [AND] RECOGNIZE THE FACT THAT YOU NEED GUYS TO BE IN BUSINESS.”

Todd Jackson



“IF YOU WAIT UNTIL THE END [TO COLLECT ON AN EXTENDED SCOPE OF WORK], THAT’S A RECIPE FOR DISASTER.”

Matt Millsap

like to lock in a number of open projects at the lower rate—and delay shipments to the respective jobsites until the products will be installed.

“With our relationship, they allow us to extend it into the past. We just give them a list of names, say these are all coming, and when they’re coming,” Jackson says. “They’ll lock those jobs in at past prices because the jobs are already sold. I think a lot of times, a lot of this stuff is about building relationships with your trade partners, your subcontractors and your [material] vendors.”

The company instituted a commodity clause in its contracts with homeowners and will include a contingency for tariffs shortly. Jackson examines historical material pricing, such as the Random Lengths Lumber Report, for some context. Because the remodeler typically manages larger-scale projects, though, obtaining a building permit can sometimes stretch out to eight months, he notes.

“The challenge is, ‘How do I get a contract signed—and then how do I protect myself on those numbers?’” says Jackson, who guarantees pricing for clients and will absorb up to 5 percent of a future jump in material prices. “My recommendation is if [a remodeler] puts this kind of clause in, I don’t think it’s something that a company wants to go back and utilize on a regular basis.”

Real-Life Pricing

Since founding his own company in 2009, Matt Millsap has consumed myriad books and articles about markup and profit. Four years ago, he switched from a pricing model that relied on lump sum to a cost-plus setup, in which subsequent price increases are collected promptly. Only one prospective client during that time opted for a competitor who offered the more familiar version.

“[With] the lump sum, we had such a long scope narrative; you have to be so precise on how you describe exactly what you’re doing and what exactly is included,” explains Millsap, the owner of Building Company No. 7 in Nashville, Tennessee. “We certainly paid a lot more attention in the past four years. When you do lump sum, I feel like you don’t know what you’re targeting or shooting at.”

Luckily, he adopted the cost-plus model just before material prices began their steady climb, and the growing labor shortage inflated rates for many subcontractors. The company has been able to capture a majority of price discrepancies, as a result, and the new system has eliminated many of the arguments with customers about their finish selections, scope of work and any change orders.

“A client would be like, ‘What do you mean the backsplash wasn’t included? What do you mean you only estimated for \$3,000 in tile labor? How did you not read my mind that I wanted to do a hexagonal or brick-like pattern?’” Millsap says.

“The [price] increases didn’t start hitting us until about two and a half years ago—that’s when they started to make a really big difference.”

Building Company No. 7 administers what Millsap calls a health check with clients every month to ensure price differences can be addressed immediately. If the remodeler notices that a project budget could exceed the estimate by more than 5 percent, an employee will contact the customer directly, and an extended scope of work (ESOW) will be sent via automated software and email.

“We try to head all that off. If you wait until the end, that’s a recipe for disaster and lawsuit,” notes Millsap, who waited until the completion of a project one time and had to fight for payment. “We like to leave on a high note with a client. When you do that kind of stuff, the customer feels that they were lied to; they feel taken advantage of. And at that point you’re kind of backed into a corner.”

The company leans toward the higher end when estimating, instead of giving clients the absolute cheapest price for which their job could be done. That way, the business can likely achieve some savings along the way and pass those benefits on to customers. And if homeowners want to alter a decision, or discover an unforeseen condition like a bad foundation, their budget will not break.

“I tell clients, ‘You’re going to get the guy who’s going to come in way lower than us. At the end of the day, we’ll probably be the same,’” Millsap explains. “Sure enough, I’ll see the same clients who didn’t go with us, and they’ll say, ‘Good to see you. We really wish we would’ve gone with you because we ended up paying what your estimate was, except it was a battle the whole way.’”

In Nashville, a project that took four months four years ago now takes eight months to complete, he adds, as the city tightens inspections in historic areas where the company performs a lot of its work. With new construction decreasing amid an abundance of inventory, however, many trades have to wait a long time for builders to pay them and will commit to home improvement jobs instantly.

“Right now we have a lot of foundation guys and framers calling us for work. And that’s because the new construction market has slowed, and they’re looking for work from us in the remodeling market,” Millsap says. “There were subcontractors who wouldn’t return my call six months ago or a year ago. And now they’re calling me—and texting me—every other day looking for work.”

Transparent Estimate

Michael Anschel has spent the last 24 years thinking about how to estimate the cost of a job and price a project correctly. He started with a 20 percent markup and then realized the difference between markup and margin, so he began applying a 35

percent markup and then raised it to 45 percent after reading a magazine article. *One day*, he thought, *I'll hit the magical 68 markup* [40 percent margin].

"When I was doing that, I was spending a lot of time—after clients would have a change in their scope—trying to shuffle my profit around between different lines," recalls Anschel, the president of Otagawa-Anschel Design+Build in Minneapolis. "I was spending hours and hours reworking my estimates. It affects your sales because you're not able to produce a new estimate or bid quickly."

The company experimented with different pricing models but, for the past five or six years, the business has embraced a zero-markup transparency system. Anschel includes line items for fees associated with project management and project administration, as well as a variable overhead and 18 percent profit; otherwise, the estimate just relays the exact numbers the remodeler collects from subcontractors and material vendors who bid on the project.

"Things became easier to research. Like, [say] part of my job is a furnace replacement," he says. "The local utility—you can get an estimate from them for free. So they know that they can get a new furnace in there for \$8,000. I can't take my bid from the HVAC, which is \$7,000 and turn it into \$13,000 and sell that; it's impossible. We looked into how we could go about removing that."

"It also is [about] money because production and design really don't understand where the profit starts and ends, and how much of that gross markup—which is supposed to cover management—is actually for management, and how much of it is for the company," Anschel adds. "It makes for bad cash-flow analysis, it makes for bad cash management—it makes for bad profit predictions."

As the company has fine-tuned its pricing structure, more employees understand the amount of dollars set aside for management and in-house labor. Managers can then make decisions based on what they notice they have allocated for time and dollars, as well as the resources they used. Instead of being fixed, the markup becomes dynamic and makes the business more competitive.

"Now I know that I can do roof replacement, which is a single-trade job to manage—very little management—at this rate. And I can do a bathroom remodel, which is much more complicated with multiple trades, at a very different rate," Anschel explains. "So it no longer is, 'What is your markup? What is your margin?' It's not static. I think that works if you're a single-trade contractor, and you're doing the same thing all the time, but not for general contractors—that's not what we do."

Clients appreciate the pricing model because, like any other consumer, they seek transparency in the marketplace wherever they can find it, he

notes. "What client wouldn't? If you were going to remodel your own house, would you rather that the remodeler is willing to share all the stuff, or that they are cagey about it?" Anschel asks. "Our clients, if they have a question on price, I can show them what everything costs. That's huge. It builds the trust in a way like nothing else can."

If customers need to scale back their project and reduce the overall price, they can examine the estimate line-by-line with the company and replace expenses—or cut them out altogether. For example, if a client wants stainless steel switch plates as opposed to almond switch plates, the remodeler has the ability to swap out those products without negatively affecting its bottom line or its margins.

"What we're not going to take out is my management fee; you can't take that out," Anschel says. "Just like I can't take the toilet out of the bathroom—you can't take the management out of the project. That's what you're actually paying me to do, is to manage the project. My profit is not negotiable; my overhead isn't [either]. My management fees are not negotiable once I set them."

"A consumer who is going to haggle about price is going to haggle about price regardless," he continues. "The project can require extra steps, clients can change their minds, and I can bill for that as independent lines. I'm never playing catch up. I'm protecting my profit [and] my overhead."

Anschel believes the role of a contractor has always been to figure out how to assemble a project for the customer and execute the job as efficiently as possible. "In other industries, we would be required to be transparent," he adds. "In fact, our job would be to sort through different vendors, get different pricing from different vendors, share them with our clients, and point out the best path—quality, time, whatever—and make decisions based on what the criteria are for the client."

"We're not a retail outlet, we're contractors. Contractors aren't supposed to be marking up their stuff," Anschel continues. "So we have a line item for profit; we have a line item for overhead. We have 13 different fees that we charge, depending on the kind of project and the scope of work—subcontractor management fee, client management fee, inspections. You name it. Those are all costs of goods and services. They are identifiable! There's time associated with this [project]."

Since the company already provides clients with precise bids from trade contractors, Anschel can present an updated estimate when the price of a material increases after 30 days. "The client can't object to it, and we don't have to hide it," he explains. "We can take the supplier's number, we can take that quote that we get and hand it to the client and say, 'Here's the cost difference.'" **QR**



**"YOU CAN'T
TAKE THE
MANAGEMENT OUT
OF THE PROJECT ...
MY MANAGEMENT
FEES ARE NOT
NEGOTIABLE ONCE
I SET THEM."**

Michael Anschel

DECKORATORS' Voyage decking line is new for 2019. It features two colors that reflect the drive toward surfaces that integrate well with darker, richer hardwood flooring indoors. This color is a spicy red called Mesa. Circle 4 on inquiry card

Alt Decking Targets Wood's Market Share

A rising price for wood products may lift all boats in the alternative decking category.

by Patrick O'Toole

BUILDING a deck is not what it used to be. Nor is, for that matter, the entire category of outdoor living—a home improvement trend that has captured the imagination of Americans in all regions, even in the Midwest and Northeast, despite their long winters.

Homeowners today want outdoor spaces to serve many functions: entertainment, dining and family gathering. And with each passing year, homeowners are willing to spend more on elaborate outdoor rooms, including kitchens and living rooms with fireplaces, benches and accent lighting as well as high-quality audio and video systems. But underneath all of it is the once humble deck.

The commonplace rectangular 20- by 30-foot deck is now a much larger and curvilinear space with many design patterns and colors. Decks today both support and accent intricately planned outdoor rooms. Deck board colors, deck patterns, their relationship with indoor flooring, and their fit with natural surroundings all are reasons why

the market for decking material has grown rapidly over the last decade. In January 2019, dozens of composite decking manufacturers offer myriad types and styles of deck boards.

Yet for all of the advancement in materials, colors and performance characteristics, 83 percent of deck boards sold today are wood products. No. 1 is pressure-treated softwood lumber followed by redwood and cedar, but many luxury projects include exotic hardwoods like Brazilian ipe. The remaining 17 percent is a growing category of alternative decking products offering many choices for remodelers, deck builders and their clients.

As remodeling clients invest more in outdoor living spaces, industry data shows they are increasingly opting for higher-performance characteristics of composite decking along with the higher price tag. New composite deck boards have become more beautiful and natural looking. The trade-up calculation comes down to opting for longevity, low maintenance and greater consistency of color, over the unmistakable beauty and appeal of natural wood.

In 2018, something unexpected happened. Due to changes in international trade, the price of softwood lumber spiked. And while lumber prices have come back down to earth, new entry-level composite deck boards are now comparable in price to pressure-treated wood decking material. Will the spring of 2019 be the milestone where alternative decking products break out and begin taking a greater share of market from pressure-treated lumber? Adam Zambanini, Trex president of residential products, certainly thinks so.

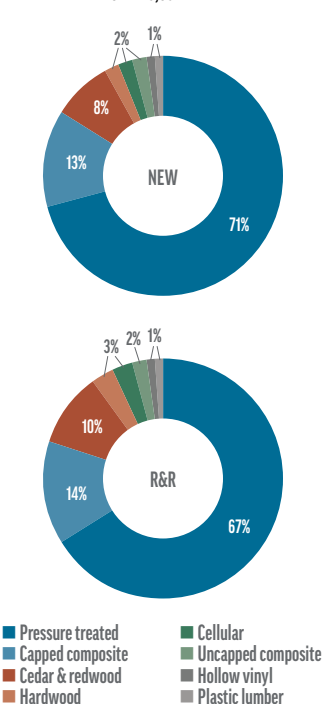
“Our No. 1, 2, 3 and 4 competitors are all wood,” Zambanini says. “Pressure-treated, redwood, cedar and ipe—those are our focus. That has been our focus for the last couple of years. And what we have done is gone after a new and incremental market segment to win over those people who are building wood decks. With only 17 percent of the market being alternative decking, there is a tremendous opportunity for us to grow and take additional share from the low to the high end of the wood segment.”

With that in mind, Trex in December began shipping two new products to be competitive with the wood deck market. Trex Enhance Basics is a monochromatic deck board with three different colors and is priced at \$1.75 per lineal foot. And Trex Enhance Naturals is a streaked product that comes in five colors at \$2.50 per lineal foot. These prices compare favorably to a \$2.27 price per lineal foot of pressure-treated lumber posted online last month at The Home Depot’s website.

“What these new products do for us is open up a segment for us now to compete directly with wood. So when you look at Trex from the low end to the high end, Trex really has the market covered for every single price point that a consumer needs,” Zambanini explains.

Trex is not alone in its bullishness about the growth in alternative decking sales in 2019. Many manufacturers are offering new alternative and composite wood deck products this spring. Others have expanded their distribution of existing product lines to all areas of the country. *Qualified Remodeler* sought input from more than a dozen

PRODUCT SHARE OF DECKING MARKET VOLUME BY CONSTRUCTION TYPE, 2018
TOTAL: 3,032 MMLF



[above] **PRINCIPIA GROUP**, a research firm specializing in building products, shows the deck board share of market (SOM) by category. Alternative decking comprises approximately 17 percent of the overall market currently.

[left] **MOISTURESHIELD** is now part of the Oldcastle company. The product shown is its Vision Composite Decking product that features CoolDeck technology, which uses pigments to ultimately help reduce the temperature of the decking to the touch.

Circle 5 on inquiry card





[above] **DURALIFE** composite decking shown in Ganapa Gray. The project above highlights a number of trends in decking: multilevel, indoor-outdoor confluence and the prevalence of gray tones. DuraLife was purchased by Barrette Outdoor Living, which will give it national distribution. Circle 6 on inquiry card

manufacturers for this article and interviewed AZEK, Deckorators, DuraLife, Fortress Deck, MoistureShield by Oldcastle APG, TAMKO Envision and TimberTech. In addition to Trex's expansion of its product line to all price points in order to better take share from the wood market, there are many new products offering new colors, styles and performance characteristics on a number of important fronts.

Color Trends, Variegated Patterns

New colors and patterns are emerging across the market this year. For years, the goal in many new color offerings from alternative deck manufacturers was to mimic the look of exotic and expensive hardwoods with equally exotic names like ipe, cumaru, massaranduba, tiger wood, garapa, cambara, along with newcomers like heat-treated white ash. And that remains the goal today. These products have the richest colors and the most authentic and luxurious looks, but they are limited in supply and are thus expensive.

According to Chris Camfferman, category marketing director for Deckorators, the company's new launches for 2019 are driven partly to match the look of exotic products, but more precisely the goal is to better pair up colors and patterns in the transition from indoor hardwood floors to outdoor spaces. This is particularly important now that many outdoor living projects feature large moveable window walls that create huge openings, where an indoor floor is directly adjacent to outdoor flooring.



[right + above] **TREX**, the market leader, recently unveiled its Enhance Basics line of composite decking. With wood prices rising, Basics compares favorably to wood on price and on a number of other performance characteristics. In addition, Trex launched new earth tone colors for its high-end Transcend line. Circle 7 on inquiry card



“We have been looking at the interior of the home and how that translates to the outside as more and more people plan between spaces,” Camfferman says. “There is more coordination between that room that comes off the back of the house, which then ultimately leads onto the deck and on to the patio. It is really something that we try to stay in tune to.”

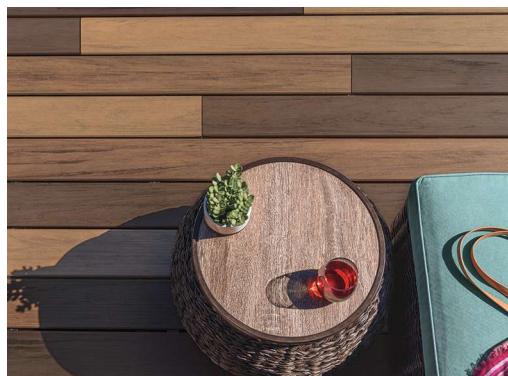
That is why the company is more closely tracking a broader spectrum of color trends, including those that cue designers of interior spaces. A prominent arbiter of those trends is a company called Pantone. “The Pantone View Home and Interiors Guide for 2019 has the colors ranging from rich cappuccino, spicy chili pepper and cayenne as the colors that will be most influencing the colors of the interiors of homes in different ways,” Camfferman adds. “That could be an accent wall, that could be a countertop, or it could be some part of the flooring. So with our decking we try to take that consideration as well.”

To that end, last fall the company launched its Deckorators Voyage line, which will be newly available this spring. The line comes with two colors that match those Pantone trends, Mesa and Costa. They hit the cappuccino and chili pepper spectrum of colors. Mesa is a red-brown that is more widely seen in the western U.S. Costa is a more cappuccino or latte kind of a color also popular out west. Camfferman says these regional color trends are traveling faster in today’s hyper-connected world of Instagram and Pinterest and expects them to be popular everywhere.

Mike Descoteaux, DuraLife’s director of marketing, agrees. The Maine-based producer of composite decking material is traditionally a strong regional player east of the Mississippi, but with its acquisition by Barrette Outdoor Living last July, the company’s distribution channels have vastly increased. Descoteaux says his firm’s top selling boards are in the gray color ranges, a dock color trend that began out east and is now popular everywhere. That being said, the company is expanding its palette of darker colors for some of the same reasons stated by Camfferman. The company offers eight colors and three profiles and encourages its customer to mix and match boards, allowing deck designers the latitude to be more creative in the patterns.

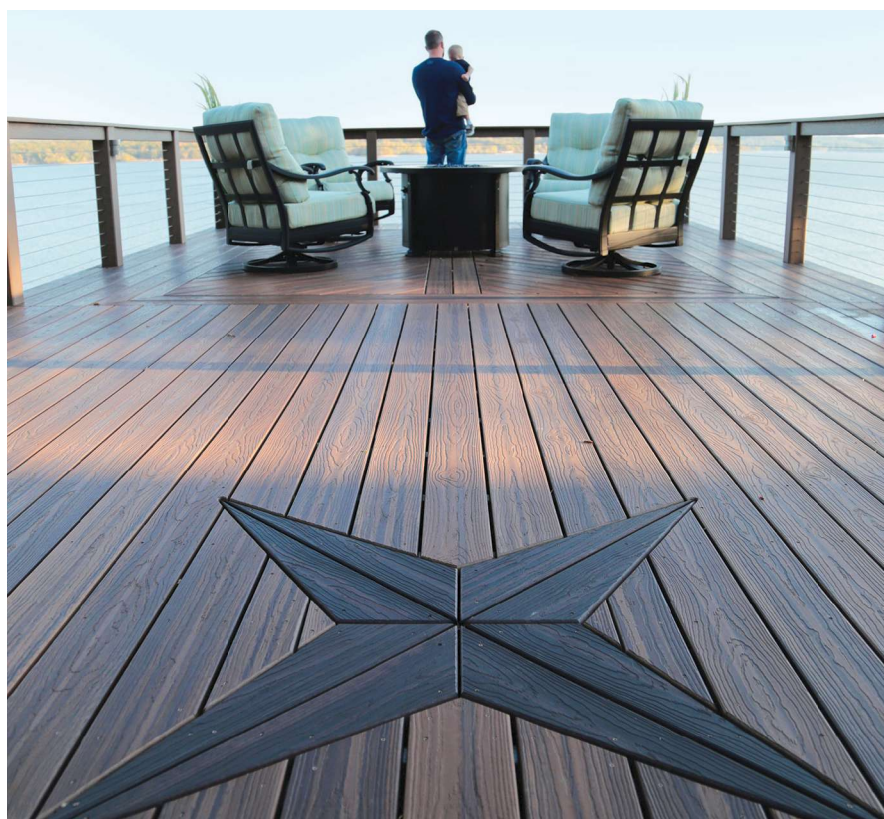
“There are a lot of people installing gray colors. It is the meat of the market,” Descoteaux says. “But the new color introductions tend to match ipe and other hardwoods with red streaks and colors.”

AZEK and its sister brand TimberTech have also recently launched darker and richer colors. Jason Davoll, AZEK’s director of product management, says the company is planning a very big splash at this year’s International Builders’ Show



[above + left] **AZEK AND TIMBERTECH** are brands owned by AZEK Inc. Above is AZEK Porch. At left is AZEK Vintage in a hardwood-like color, Dark Hickory. The trend toward personalization of design is shown at bottom through a mix of Tigerwood and Pecan deck boards.

Circle 8 on inquiry card



[above and left] **TAMKO ENVISION** Distinction line of deck boards is shown in Spiced Teak with a Walnut inlay. Above right is the Shaded Auburn color. At right is the Rustic Walnut board shown in a rooftop application. Circle 9 on inquiry card

(IBS), which he was not able to divulge for this article, but he pointed to the July launch of four colors within its Porch Vintage line: Mahogany, Dark Hickory, Coastline and Weathered Teak. AZEK Inc., is the parent company of both AZEK and TimberTech brands. AZEK is a cellular PVC product line, while TimberTech is a capped composite line of decking products.

“In 2018, we launched six new colors in our Vintage and Legacy lines,” Davoll says. “Vintage is the premium collection under AZEK Deck. Legacy is our premium collection under TimberTech. And we had three and four colors in those collections previously. So with six new colors, we’ve nearly doubled our portfolio in the premium space. All those color additions were really just looking at the kind of styles, designs [and] trends in both the interior world and exterior world. One of the biggest wins with that product line was a new product called Coastline, which looks almost like a piece of weathered ipe. If you look at interior color trends, everything is every possible shade of gray, [so] that kind of fit the bill.”

Joey Peters, marketing manager for Oldcastle, which recently acquired the MoistureShield line of decks, is bullish on a number of new color and finish offerings in its line. It too is holding back on some news for IBS next month in Las Vegas, but he echoed similar directions in color trends. “Deck

builders today are picking up and almost matching the interior hardwoods and bringing it to the outside into a deck setting,” Peters says. “A big differentiator for us is a unique look and feel—kind of moving away from the traditional look and feel of a composite board. It is closer in appearance to a hardwood than we have been able to get to date.”

More Enhancements

From the perspective of Shara Gamble, marketing manager for TAMKO’s Envision line of decking products, today’s palette of colors is more than broad enough to help solve some of the indoor-outdoor transition needs of clients seeking to visually merge indoor and outdoor living spaces. After spending months listening closely to their customers—both deck builders and remodelers—the real need is how best to meet the homeowners’ desired personalized touches for their deck design.

“Their needs are being met with the current color palette. But many of them expressed that they are running into some needs and demands from homeowners for personalization, and to meet the requests for some of the new ways that people are using these outdoor spaces,” Gamble says. “How can I install differently? How can I make things unique? How can I personalize them to this particular client?”

Following this response from its customers, the TAMKO Envision decking division wanted to make sure that all its newly expanded lines were interoperable for the deck builder. They recently came out with its Distinction line, which was extended to the Inspiration line and the Expression line. “It was important to us that a contractor could take an attribute from one of those lines and marry it to another to give a unique look. Those unique looks might be achieved by installing an accent or an inlay, as well as some different methods for installation to make curves. Homeowners want their decks to be new and modern and fresh.”

“[WE ARE] MOVING AWAY FROM THE TRADITIONAL LOOK AND FEEL OF A COMPOSITE BOARD.”

Joey Peters, marketing manager, Oldcastle

If the main area of a deck is one color, the homeowner may want a different color on a different level. “It’s the same as we are seeing with designers of indoor spaces. You want to have an accent to pull in a color and match your personal style,” Gamble explains.

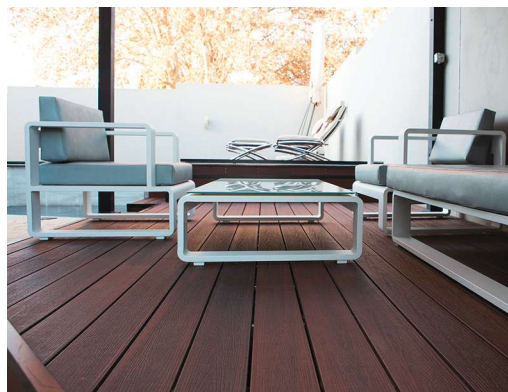
Many companies spoke of the trend toward picture framing of decks, outlining them with a darker accent color. To that end, Deckorators has come out with a 21-foot board expressly for that purpose. The extra foot of length in the board is to account for 45-degree corner cuts that are necessary within the process of picture framing.

The surface temperature and texture of boards is also an important point of reference in today’s expanding offering of deck boards. Deckorators’ Camfferman extolled the no-slip virtues of some of its more deeply embossed products, which have been intentionally designed to alleviate homeowner concerns about slips on wet plastic surfaces.

Matte finishes were cited by many as being another point of differentiation within certain deck designs that might also include glossier finishes.

Two years ago, MoistureShield put a stake in the ground on the issue of hot deck board temperatures—perhaps too hot to step on with bare feet. The company introduced its CoolDeck technology, a formulation that absorbs less heat from the sun.

New applications for decked spaces is also part of the mix. In response to the growth in the number of new decks being built on top of residential buildings in urban areas, Deckorators has



[above and left] **FORTRESS DECK**’s Infinity line of deck boards includes richer colors aimed at ipe and other hardwoods. At left is the color Centurion, and above is Pecanwood Estate. Circle 10 on inquiry card

introduced a new line of boards—2-inch by 2-inch boards—made of composite decking material that are laid upon roofing material to serve as a base for a deck to be built on top. “It is a floating deck,” Camfferman says. “And that is what that application requires in many cases.”

In 2019, new decks will be one of the highest demanded types of remodeling projects. They will be built on rooftops, on hillsides stepping down to patios, and they will be merged and integrated onto the rear interior living rooms of homes more seamlessly than ever before. This will be the result of new darker and richer colors, including dark grays, to better match interior flooring and accents.

But perhaps most importantly, alternative decking material is taking on all categories of wood decking products, hoping to eat away at the massive 83 percent share wood currently enjoys. **QR**

Arrest High Marketing Costs. They Are Killing Your Business

By Dave Yoho, President, Dave Yoho Associates

THE world of marketing for home improvement companies has changed dramatically over the last 10 years. There are many new methods for obtaining leads, processing them and distributing them in an efficient manner to the salesforce. All the while, this is hopefully being done within a system for viewing the metrics, including goals for the number of leads that turn into presentations and the number of presentations that become sales. In addition, these metrics also gauge customer satisfaction (and often dissatisfaction) issues whether sales are made or not.

The High Cost of Doing Business

During 2018, revenues (sales) increased for most companies—in many cases far exceeding their projections. A byproduct of this success has been either a lowering of standards or neglecting the obvious. Costs for lead development have escalated for all forms of leads. Couple this with increased backlogs and the potential for cash-flow problems, all of which has reduced net pretax profit.

Since the average owner of a home improvement company is an entrepreneur, certain important issues regarding the operation of the business may be overlooked or ignored. Some prime examples of this phenomenon are:

- Determining fully loaded marketing costs, which includes all advertising, displays for showrooms or shows, and events.
- Job signs, script creation, and personnel costs for manning showrooms, shows and events. Costs of cell phones and computers for marketing efforts.
- Hiring and training marketing people for “incoming-leads” canvassers, plus managers and transportation related to these tasks.

Calculate the square footage of your showroom versus the total square footage of your office. You can then determine what portion of your costs for rent, light and heat are part of assigned marketing costs.

Once you collect and total all of these, divide the total number of leads (intake) into the total costs. Do the same again for the number of leads that you turn into issued appointments. No matter the size or style of your company, this defines your issued lead costs. More on this shortly; however, once you can clearly define the cost of an individual lead, you will soon see why we categorize the rising cost of lead development as **obscene**.

The True Cost of Your Leads and the Efficiency of Those Who Use Them

When fully loaded marketing costs equal 10 to 20 percent of gross revenue or when sit/presentation rates drop; and gross closings versus leads issued declines; and the **response is to increase prices** to build profitability, it creates a **perfect storm**.

A well-developed plan to deal with these issues is critical. It needs to be consistent with a strategy to make your company stable and capable of weathering unanticipated changes. These changes can come from many sources, such as reduced availability of financing, changes in the economy or unemployment remaining as low as it is. Certainly, the sources you use for lead development and the effective use of leads by salespeople are important elements.

In a survey taken in early 2018, the average cost of an issued lead (that is the fully loaded marketing costs divided by the number of leads issued as appointments) hit an all-time high of over \$375. Actual costs ranged from a **low of \$185** to a **high of \$595 per lead issued**. Some companies only guess at these true costs. Some with an issued lead cost

of \$500 or more take a “so what” attitude because they raised prices and business has been so good, they made money. This is despite the fact that earnings did not equal the degree of risk that goes with higher revenues with a lessened percentage of profit.

Examine This Actual Example

A company has an issued lead cost of \$400 (not uncommon) and issues a salesperson an average of seven leads per week. Do the arithmetic. That’s \$2,800 for those seven leads. In a month, that’s \$11,200. **That’s over \$134,000 annually.** Now examine, how much profitable business that salesperson provides for the company.

Example: $\$400 \times 7 = \$2,800$, \$11,200 per month, over \$134,000 annually

When leads are abundant, issues such as “presentation rate” for the company and the individual salesperson, plus the “close rate” (the number of contracts received measured against the number of leads issued) are overlooked or accepted as revenue increases. In short, actual higher prices are used to offset poor or weak marketing performance.

For the sake of evaluating a salesperson who sold \$1 million dollars (revenue), the \$134,000 sales cost equals 13.4 percent—and that salesperson is paid 10 percent commission. That’s 23.4 percent. Despite the \$1 million in revenue, the salesperson is overpaid.

This example is not uncommon. The problem lies in the planning of the sales program, plus the accurate evaluation of sales performance. Actually, this example means the salesperson earned 10 percent and at the very least, probably should have been paid closer to 8 percent.

Are You Utilizing Efficient Measuring Devices?

Today, lead costs are **obscene** even when revenue return is high. In addition, the cost of hiring, training and maintaining personnel for small business is also dramatically rising.

What is your salesperson’s close rate versus leads issued? Actually, in sales organizations a 28 percent (net) close rate (after rescission and credit turn downs) against leads issued is considered average.

While this is considered equitable in many companies, remember 72 percent of leads issued **are not sold**. And even if a company has some above-average salespeople who close 40 to 45 percent, that leaves 55 percent unsold leads.

How do you handle follow-up or second visits? Hopefully this is done not to simply reduce the price, but attempt to close a contract, which might

have been mishandled—remember this represents 55 to 72 percent of the leads in this example. [For more examples check out our blog, daveyoho.com/wordpress.php.]

Are There Negatives or Cautions in the Rising Economy?

This country’s most recent rising economy coupled with an increase in consumer confidence and disposable income creates a **two-edged sword**. The glow of increased revenue clouds the judgement and reduces the caution necessary in issues such as lack of staffing, mis-hires, and/or mismanaged sales and marketing personnel.

In our most recent survey on hiring sales personnel, we have seen numerous case studies of otherwise successful companies, which create this concern.

Here is a case study: A successful company that sells roofing, windows and re-bath products in a Midwestern market with annual revenues in excess of \$10 million. They employ nine salespeople, plus a sales manager.

They are considered a successful business with high revenues and above-average profitability. Their owner was astonished with the outcome of the audit for hiring, training, managing and turnover (for 12 months). Here is a portion of the actual data from that audit.

Costs for the First 60 Days (A & B) of Sales Training

A. **Basic recruiting costs:** postings, phone interviews, in-person interview, including management’s time,

- Over the course of one year: the average is \$917 for each new sales hire

B. **Training,** (managers, trainers, time), plus two-weeks-in-training salary or advance for trainee

- An average of \$912 per trainee, total cost at 60 days

C. **Total cost of leads issued** 60 days (50 business days) at \$470 each = \$23,500

- Net good business sold was \$131,300 plus commission at 10 percent = \$13,130

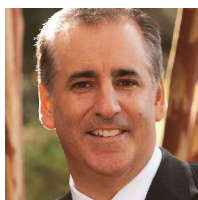
Total costs including A, B & C = \$38,459 versus \$13,130

These costs represent 29.3 percent of revenue at 60 days

In 60 days, the salesperson’s effort was supported by \$23,500 lead costs. So the question remains: What are you doing to arrest the high cost of marketing in your business? **QR**



Founded in 1962, Dave Yoho Associates is the oldest, largest and most successful consulting company representing the remodeling and home improvement industry. The company has a staff of field representatives and account executives who consult for large and small retailers, manufacturers and service providers. For more information visit daveyoho.com or email admin@daveyoho.com.



How the Business Can Run Itself

by Scott Siegal

BEFORE THEY ACTUALLY own a business, people think that the business will someday run itself. They might start out working 50 or 55 hours a week but, as sales grow and people get hired, they'll reduce that and maybe just at some point not come in at all because the business will run itself.

You know the rest. A year or two later, instead of 50 hours, they're putting in 65 or 70. It never seems to change anything. There's always a fire to put out. Eventually, they accept the idea that there's no other way to manage a business.

"YOU NEED TO KNOW YOUR NUMBERS, BECAUSE IT'S HARD TO HOLD ANYONE ACCOUNTABLE IF THEIR RESPONSIBILITIES ARE NOT QUANTIFIED..."

Why do people make this mistake? Because usually the new owner figures he or she has to do everything. They are short-staffed and, when they do hire people, they can't totally rely on them, so he or she ends up stepping in to make decisions or execute them. They can't take vacations, let alone step away, because everything would fall apart in two days.

Start With People

A solid business organization is one that can function whether the owner happens to be on the premises or not. It starts with having the right people in the right positions. Begin by creating job descriptions and performance requirements for each position in your company.

That was something I learned early on. You can't build a business without the right people in the right positions.

But the right people are only half the equation. You also need the right systems and processes. The two work in tandem. I lost some really good people because I didn't have those systems and processes.

Good people want to work for a good organization with defined systems and processes. If you're talented, creative, energetic and have a great work ethic, why would you work for a mediocre organization?

It's hard to get them, especially in today's job market, unless you can sell them on the vision of where you see your company going. If you're a \$6 million dollar company, do you have a plan for growing to \$10 million?

You also have to show them that they can grow with the company—that there's a career process in place. It isn't enough to say: "Hey, want a job here? We do great work." Everyone says that. You need to create a clear vision of the future for them.

Accountability Is Key

The other thing that matters is accountability. Yes, you need the right people and the right managers, but they also require a clear direction along with specific targets and goals to reach.

If you want to hold them accountable, you have to tell them what they're required to do. Which is why you need to know your numbers, because it's hard to hold anyone accountable if their responsibilities are not quantified or made clear in some other way.

Say you hire someone to be the sales manager. You could say: "You're the sales manager, manage the salespeople."

What do you think will happen?

What if, instead, you lay out the specific metrics that you wish to see changed and by when? "This is the volume I want to see us reach. This is the conversion of appointments to sales we need to hit this year. Our average sale needs to go from X to Y."

Here's your direction, these are the parameters, and I don't care how you do it.

Same thing with production. Lay out in clear language what a good job looks like and make that the non-negotiable company standard. If you want to hold people accountable, you have to have a standard by which to hold them accountable.

All About Freedom

When energetic, motivated people know where they're going, you don't need to stand over them and micromanage. You just need to check in to make sure things are on course, and it's the course you've set.

If you want this to happen, but it somehow never seems to, the biggest obstacle in your way might be your own need to control everything. That springs from the feeling that whatever someone at your company is doing, you could do it better. Maybe you could, but that's beside the point. You hired them to do it. And if you want to be sure they're doing it the way it needs to be done, then train them to do it that way. If I have a salesman who's not closing correctly, but he does every other part of the job well, maybe he just needs some sales training? You learn by practicing. It's the same thing with managers. Managers aren't born; they're trained. When people are trained to do something, you're in a position to hold them accountable for implementing it.

When the company is well-organized and when people know what they need to know to take it where you're aiming to get it, you can come in 20 hours, or 10 hours, or not at all. Or you can come in and do something that gives you enjoyment. Like to sell? Do that. Freedom doesn't always equate to not working. It's the ability to do what you want to do when you want to do it. **QR**

Scott Siegal is owner of Maggio Roofing in Washington, D.C., and also owns the Certified Contractors Network. You can learn more about CCN by going to the website contractors.net.

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Products



Two sizes of smooth panel introduced

ROYAL BUILDING PRODUCTS launches its Select Cellular Composite Siding in 5- and 7-in. smooth panels. Featuring an interlocking joint system, the composite siding snaps together to make seams virtually disappear, plus courses maintain structural integrity under even the harshest weather conditions. Because of its cellular technology, the siding will not rot, crack or peel while delivering a wood look. Its Kynar Aquatec coating resists chipping, cracking and flaking as well as repels water, dust, mold and mildew. **Find Royal Building Products during IBS at Booth N913.**

Circle 11 on inquiry card



Black, clear interior finish options

Offering more customization options, **INTEGRITY WINDOWS AND DOORS** adds Designer Black and Clear interior finishes for its Wood-Ultrex windows and doors to meet a variety of design styles. Designer Black delivers a bold look that further frames a view and pairs well with the Matte Black hardware introduction. The Clear interior finish lets the wood shine through while keeping it preserved. These new finishes and hardware are available on all Wood-Ultrex windows, swinging doors and the Sliding French Door. **Find Integrity Windows and Doors during IBS at Booth C3819.**

Circle 12 on inquiry card

Next generation of flashing accessory

BENJAMIN OBDYKE continues to evolve its offerings with a new iteration of a long-time product, the HydroFlash GP. A polypropylene film facer provides tear and abrasion resistance to ensure installed flashing won't be compromised when setting windows and other penetrations. The facer's thickness presents additional stability, so the product does not roll when working with long runs. Available in 2 1/2-, 4-, 6- or 9-in. widths, the self-adhered flashing accessory has a plastic split release liner to further quick, easy installation. **Find Benjamin Obdyke during IBS at Booth C7250.**

Circle 13 on inquiry card



Cladding result of labor shortage

Qora Cladding, crafted by **ARCITELL**, aims to streamline the installation process while replicating traditional brick, stone and wood siding. A joint effort between Belcap, Inc. and Accell Industries, the fiber-reinforced polymer panels can be installed over standard structural panels and housewrap. While its rigid foam core provides thermal breaks and insulation properties, the 2- by 4-ft. panels weigh less than 3 lb. per square foot. The siding is available in Texas, Tennessee, Alabama, Georgia, North Carolina and South Carolina.

Find Arcitell during IBS at Booth P4.

Circle 14 on inquiry card



Wood-inspired, digitally printed siding

DIAMOND KOTE BUILDING PRODUCTS creates its natural wood inspired collection, RigidStack siding, by digitally printing each traditional woodgrain design using high-definition ink then clear coating it for durability. The siding includes a 30-year no-fade and 5/50-year siding warranty. Created by re-manufacturing LP SmartSide into a hidden fastener system, the siding is designed with a spline to stack and lock together, thus providing strength against high winds, faster installation and straighter looking walls.

Find Diamond Kote Building Products during IBS at Booth N545.

Circle 15 on inquiry card



Flashing, stretch-tape size additions

HUBER ENGINEERED WOODS introduces six additional ZIP System stretch and flashing tapes, bringing the company's totals to five stretch tape options and five flashing (straight) tapes. While developing these new widths and lengths, the formula of all ZIP System flashing tapes has been enhanced as well. The flashing tapes can be applied between 0 F and 120 F; tapes 6 in. or wider feature a split-liner for ease of application; and they are backed by 180-day exposure guarantee and a 30-year limited warranty.

Find Huber Engineered Woods during IBS at Booth C5348.

Circle 16 on inquiry card

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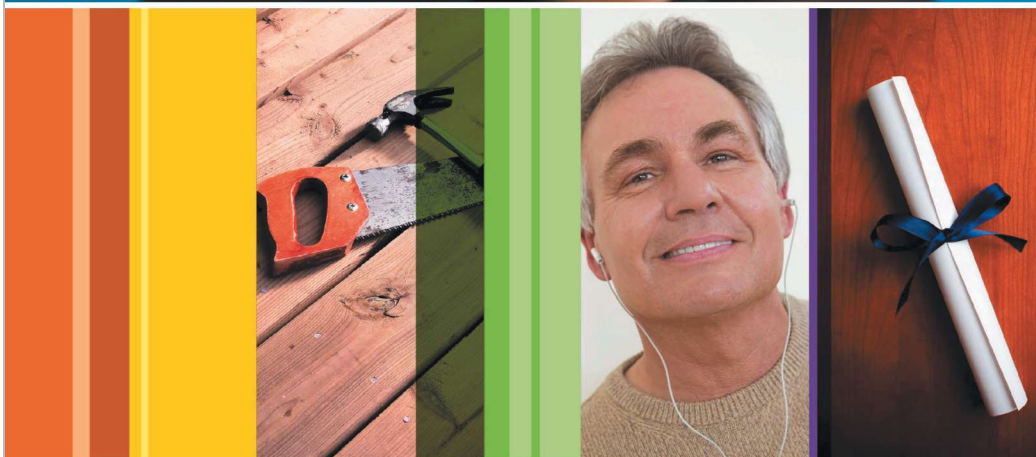
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KEYNOTE SPEAKER



SCOTT HESS, Chief Marketing Officer, Spark Foundry, Chicago, IL

Scott Hess is one of the leading experts on American youth, particularly the Millennial generation. Hess will present new information on how the largest living generation affects your business, and how to capitalize on their market power.

HOME IMPROVEMENT PRO SPEAKERS



MARK CURRY, President
Your Remodeling Guys,
York, Pa.



BRAD HILLIER, CEO
Re-Bath, Tempe, Ariz.
#2 National on 2018
Top 500



MICHAEL STRMAC, Co-Founder
Universal Windows Direct
Oakwood Village, Ohio
#11 on 2018 Top 500



GARY DELIA, CEO/President
Home Performance Alliance
St. Petersburg, Fla.



NATHAN RICHMOND, VP
Mad City Windows & Baths,
Madison, Wis.
#30 on 2018 Top 500



ROONE UNGER, Owner
EXOATIONS,
Cumming, Ga.
#102 on 2018 Top 500



LARRY GREEN, CEO
System Pavers,
Santa Ana, Calif.
#8 on 2018 Top 500



NICK RICHMOND, President
Matrix Basement Systems
Arlington Heights, Ill.
#74 on 2018 Top 500



HEATHER HEYDET,
Marketing Director
EXOATIONS, Cumming, Ga.
#102 on 2018 Top 500



ADAM SHAMPAINE, CEO
Homefix Custom
Remodeling, Baltimore
#18 on 2018 Top 500

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What's New

Find these products at the NAHB International Builders' Show



Functional yet stylish wood wall planks

ENKOR INTERIOR ACCENTS combines the beauty of reclaimed wood planks and everyday functionality with the introduction of its Barnwood Collection. Made from real wood but engineered to be more durable, the wall planks are more consistent in shape and size than real barn wood plus washable and touch-friendly. A soft backing on the wall planks offers protection against the wall and increases sound insulation. Select from three color options for residential or commercial spaces: Classic Country, Urban Cowboy and Mountain Music. **Find Enkor Interior Accents during IBS at Booth N545.**
Circle 17 on inquiry card



Upgrades for aluminum-clad wood window series

A redesigned casement operating style for the **PLY GEM MIRA** aluminum-clad wood windows provides improved performance, design and functionality. In addition to thermal design enhancements—a standard 3/4-in. thick glass and triple-pane insulated glass unit—the redesign offers four additional glass package options and an improved sash cladding, presenting a more historic look while adding strength. New hardware makes the windows easier to operate and lock. The aluminum-clad wood windows are available throughout the East and Midwest, east of the Rocky Mountains. **Find Ply Gem during IBS at Booth P8.**
Circle 18 on inquiry card

Three models of bath fan

The Pro Series bath fans from **FANTECH** are Energy Star-, HVI- and Title 24-certified and include a three-year warranty. While standardly low profile with a backdraft damper included, options are available to add a humidity sensor, lighted grille and ceiling radiation damper. Select from three models: the Pro 80, delivering 80 cfm at 1.2 sones; the Pro 100, delivering 100 cfm at 2.0 sones; and the Pro 150, delivering 150 cfm at 0.5 sones. Each uses a 4-in. oval duct connection.

Find Fantech during IBS at Booth N739.

Circle 19 on inquiry card



Limited-edition range for anniversary celebration

KITCHENAID recognizes its 100-year celebration of making with limited edition products across its countertop and major appliances. One such offering is the Limited Edition 36-in. 6-Burner Dual Fuel Freestanding Commercial-Style Range in the heritage-inspired Misty Blue color—a soft blue with a hint of green that is reminiscent of one of the company's first Stand Mixer colors. Featuring a gas cooktop with Even-Heat True Convection Oven, the commercial-style range delivers bake, roast and broil settings plus two Ultra Power Dual-Flame Burners. **Find KitchenAid during IBS at Booth PB1.**

Circle 20 on inquiry card

External recirculation pump unit

NORITZ AMERICA brings the time-, water- and energy-saving benefits of a previously integrated-only circulator (available in the NRCP line of condensing water heaters) into an add-on component for 26 additional Noritz residential models. The RPK-EXT External Pump Kit delivers hot water within seconds and sends water sitting in the hot water line back to a tankless water heater for reheating and recirculation. While eliminating the hot water wait, the included RC-9018M Commercial Remote Control can customize run times to match hot-water usage needs.

Find Noritz America during IBS at Booth N1477.

Circle 21 on inquiry card





Energy Star-rated condensing furnace

BOSCH THERMOTECHNOLOGY introduces its first condensing furnace, the BGH96 Series. Its three-way multipoise design allows flexibility in multiple types of installations. Its fully insulated cabinet minimizes indoor noise levels, while a two-stage gas valve switches between high- and low-fire settings for added comfort. The Energy Star-rated furnace can be integrated with the company's Inverter Ducted Split Outdoor Unit and Cased Coils for an efficient dual heating and cooling system.

Find Bosch Thermotechnology during IBS at Booth C4238.

Circle 22 on inquiry card



Coating needs less labor for uniform finish

SHERWIN-WILLIAMS Supreme High Build Interior Latex achieves consistent performance with optimal productivity. Reducing application fatigue while delivering a smooth, uniform finish, the builder-grade paint offers higher levels of washability, scrubbability and hide. In a flat sheen, the interior paint diminishes minor flaws; eggshell and semi-gloss sheens are also available. It provides a higher transfer efficiency with the ability to build up to 8 to 10 mils wet in a spray coat. The builder-grade interior coating will be available in spring 2019.

Find Sherwin-Williams during IBS at Booth C6337.

Circle 24 on inquiry card

Wood exterior door tackles water infiltration

Because of how wood doors react to water, **MASONITE** factory-seals its AquaSeal Exterior Wood Door. Extensive engineering studies led the company to develop AquaSeal technology—which keeps water out of the wood—and upgrade its components to ensure longevity. The company now offers wood, fiberglass and steel exterior doors—each in a wide variety of door styles, species and glass options. A five-year warranty covers the wood entry door that can be made better with selection of the company's Torrefied species of wood.

Find Masonite during IBS at Booth C5207.

Circle 23 on inquiry card



Coordinating crystal hardware

NOSTALGIC HARDWARE expands its offerings to include cabinet hardware that coordinates with some of its door hardware lines, starting with crystal. Its Crystal Vintage Knobs are crafted from crystal and paired with solid forged brass backplates with configurations for locking and nonlocking use. Featuring raised embellishments, door knobs come in three variations: Crystal Victorian, Crystal Egg & Dart and Crystal Meadows. The Crystal Cabinet Hardware pairs crystal with solid forged brass ferrules. Handle pulls, cup pulls and cabinet knobs are available in a variety of finishes, sizes and styles.

Find Nostalgic Hardware during IBS at Booth SU3033.

Circle 25 on inquiry card



Sill, hardware door enhancements

WEATHER SHIELD WINDOWS & DOORS continues to enhance its Bi-Fold Door with an intermediate sill option and innovative locking hardware. The 1 1/4-in. sill integrates easily with finished flooring for a seamless transition. A combination of aluminum and fiberglass components, the low-profile sill delivers improved thermal efficiency and water management capabilities that channel water out of the sill, away from the door. To maintain the door's streamlined look, the company partners with HOPPE North America to design hardware that offers intuitive operation.

Find Weather Shield Windows & Doors during IBS at Booth C3842.

Circle 26 on inquiry card

Kitchen & Bath

Find these products at the Kitchen & Bath Industry Show



Hardware collection introductions, expansions

BELWITH-KEELER expresses leading kitchen trends with the introduction of several collections, plus the addition of appliance pulls, to many of its core lines. Balancing simplicity and flair, the Brownstone Collection (left) delivers a refined twist of traditional. Cullet features shattered shapes scattered in an imperfect pattern, while Fuse (right) harmonizes metal and wood in clean lines. The Veer Collection, with faceted shapes and simple forms, presents a modern style and flair. In addition, the appliance pull additions (center) provide complete hardware suites for popular collections. **Find Belwith-Keeler during KBIS at Booth N2171.**

Circle 27 on inquiry card



Protection for laminate surfaces

ARAUCO has introduced InCopper antimicrobial technology as an enhancement to its Prism TFL line. InCopper is an antimicrobial agent that protects a laminate surface against bacteria, mold, fungi and other microbes that can stain the panel or cause odor. InCopper protection will be standard in all Prism exclusive designs and an option for nonexclusives. The laminates with InCopper protection fit interior applications with high-traffic or increased humidity exposure. Hardwoods Specialty Products and Rugby Architectural Building Products are showcasing and distributing the laminate. **Find ARAUCO during KBIS at Booth SL4116.**

Circle 29 on inquiry card



Customize undercounter units

TRUE RESIDENTIAL debuts its undercounter units in the Build Your True program. Previously only available for full-size units, the assortment of indoor/outdoor undercounter units now offered with custom finishes and hardware includes a Freezer, Refrigerator, Refrigerator Drawers, Wine Cabinet, Beverage Center and Beverage Dispenser. A total of 36 unique color combinations can be applied through the program, such as Gloss Black, Cobalt, Matte White and Stainless Steel finishes, as well as stainless steel, pewter, gold, copper, brass and chrome hardware.

Find True Residential during KBIS at Booth N2053.

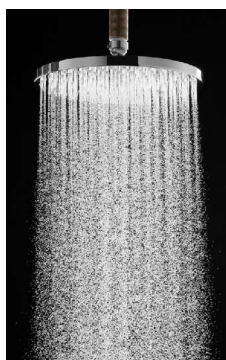
Circle 28 on inquiry card

Shower spray technology supports efficiency

HANSGROHE develops its PowderRain spray technology, available in a range of overhead and hand-held showers, to produce sumptuous yet efficient micro-fine droplets. Because the technology incorporates several fine openings (instead of one spray outlet per nozzle), it reduces splashing and includes pleasant acoustics. Products available include the Raindance S 240 with PowderRain Showerhead, delivering 2.5 gpm; the Raindance S 180 with PowderRain Showerhead, delivering 1.75 or 2.0 gpm; and the Raindance Select S 120 with PowderRain Handshower, in 1.75-, 2.0- and 2.5-gpm versions.

Find Hansgrohe during KBIS at Booth N3263.

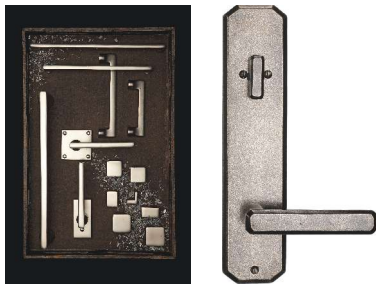
Circle 30 on inquiry card



Hyper-realistic sintered stone surface designs

NEOLITH BY THESIZE announces four color introductions for its 2019 catalogue. New York-New York (right) pays homage to the city's skyscrapers and iconic avenues with gray tones blending matte and shine. The Mar del Plata décor (left) features wavy, iridescent quartz banding against a bold gray backdrop. Mont Blanc combines a rich white background with deep black, oxide and ochre veining. An evolution of the Steel Collection, Sofia Cuprum provides a dark, sober surface with metallic effects for a worn-in yet striking touch and feel. **Find Neolith during KBIS at Booth SL432.**

Circle 31 on inquiry card



Hardware collection features distressing

The Urban Suite collection of architectural hardware from **ASHLEY NORTON** introduces a modern, clean design aesthetic with a hint of distressing. Available elements include interior handlesets, entry handlesets, cabinet pull handles, cabinet knobs, door and appliance pulls, outlet covers, bath hardware and more. Crafted using art-grade bronze, each piece is offered in five slightly distressed patinas: Dark Bronze, White Bronze, Light Bronze, White Medium Bronze and Matte Black. The White Medium Bronze patina is a new finish designed for a naturally aging transitional look. **Find Ashley Norton during KBIS at Booth SL247.**

Circle 32 on inquiry card



Kitchen cabinet pull-out organizers

HARDWARE RESOURCES' stylish kitchen cabinet organizers have matching design details, soft curves, plus a choice of polished chrome or black nickel finishes. For base cabinets, the Pot & Lid Organizer Pullout (shown) keeps pots and pans accessible with adjustable hooks to keep items from banging together and integrated lid storage. The Base Filler Pullout is designed with three shelves, 6-way adjustable door-mounting brackets and soft-closing slides. Bottom- or side-mount the Pullout Basket and Pilaster System for face frame or frameless applications. **Find Hardware Resources during KBIS at Booth N2763.**

Circle 35 on inquiry card

Pro-style appliance suite in black stainless steel

THOR KITCHEN's pro-style Black Stainless Steel Kitchen Suite includes a two-year warranty and practical price tag. The 30-in. Free-Standing Professional Gas Range (shown) features a convection oven, four burners and blue porcelain oven interior. With an anti-fingerprint finish, the 30-in. Professional Series Under Cabinet Range Hood delivers three-speed fan touch control. A 36-in. 4-Door French Door Freestanding Refrigerator has two freezer drawers, full-width chiller drawer and Twin Cooling system. Lastly, the 24-in. Dishwasher utilizes a "Smart Wash" system and multiple filter system to save water and energy.

Find Thor Kitchen during KBIS at Booth SL4411.

Circle 33 on inquiry card



Program for wall-mounted vanities

WELLBORN CABINET answers the continued popularity of wall-mounted cabinetry with its Wall Mounted Vanity program available in Aspire Cabinetry, a full-access frameless line of cabinetry. In addition to broadening a space, a wall-mounted vanity can allow customization in terms of countertop height and comfortability. The program offers floating vanities in over 40 door profiles, featuring Door Style Selections of Wood; Decorative Laminated Veneer in Textured or Smooth Melamine; and solid high-gloss, matte and designer colors. **Find Wellborn Cabinets during KBIS at Booth N2463.**

Circle 34 on inquiry card

Translucent qualities found in laminates

A popular offering for more than 50 years, **FORMICA** launches two additions to its Onyx designs, Ice Onyx and Gray Onyx, that take advantage of technological advancements to capture the translucent qualities of stone in light and dark formats. Ice Onyx (bottom) features a creamy white background offset with a radiant white crystalline structure. Meanwhile, the Gray Onyx pattern (top) has a soft gray background with clouds of creamy white and a subtle blue-gray crystalline structure. **Find Formica during KBIS at Booth SL1413.**

Circle 36 on inquiry card



Tools



Pneumatic-nailer line additions

Part of the lineup of **RIDGID** pneumatic tools, the 15ga 2 1/2 Angled Finish Nailer (R250AFF) and 16ga 2 1/2 Straight Finish Nailer (R250SFF) deliver consistent results with each trigger-pull. Clean Drive technology in both nailers means a small nose for visibility, no MDF blowouts or driver blade slip, and the capability to drive flush at angles. The angled finish nailer's "Toe-Nailing" Claw reduces slipping during angled nailing. Each nailer features a tool-free selectable trigger for quick change between contact and sequential firing modes.

Circle 37 on inquiry card



Miter saw utilizes worm-drive technology

SKILSAW applies its heritage of incorporating Worm Drive technology into circular saws now to miter saws with the announcement of its 12-inch Worm Drive Dual Bevel Sliding Miter Saw. Ideal for cutting crown moulding and trim, the saw features an LED shadow light to aid with cutline alignment; adjustable 0- and 45-degree bevel stops for quick, accurate cuts; and dual bevel cutting capacity for left and right cuts, delivering greater flexibility and cut control. A 15-amp Dual-Field motor ensures the tool remains cool.

Circle 38 on inquiry card



Versatile jobsite vacuum

MILWAUKEE TOOL introduces cordless performance, versatility and portability to the jobsite cleanup category with its M18 FUEL 3-in-1 Backpack Vacuum. A removable harness with an integrated hook allows a user to wear, hang or carry the vacuum when tackling spot, area or final cleanups. In addition to operating at 76 dBA, the jobsite vacuum combines the power of a POWERSTATE brushless motor and a M18 REDLITHIUM HD9.0 battery for heightened suction power. It comes as a standalone item (0885-20) or in a kit (0885-21HD).

Circle 40 on inquiry card

Extension-cord protection for jobsites

TWIST AND SEAL Maxx - Heavy Duty Extension Cord Protection is built to withstand the toughest of conditions while protecting 10- to 16-gauge grounded connections. Constructed from heavy-duty commercial-grade plastic, its sealing system automatically adjusts to various diameter cords to keep cord connections dry in any weather on any jobsite. An integrated cord strain relief system keeps connections tight and prevents cord damage. The U.S.-made product comes in packs of two, three, four, five and 10, and includes a five-year warranty.

Circle 39 on inquiry card



Digital level accurate within ± 0.2 degree

The AccuMASTER 10-in. Digital Level from **CALCULATED INDUSTRIES** accurately shows plumb, level and every angle in between via its digital display. Designed with a milled aluminum frame and magnets on the bottom rail, its digital display inverts when using the level upside down and can be "locked" to hold readings. While still including a bubble vial to help with visualizing level measurements, the LED display shows an arrow, indicating if a surface should move up or down to achieve a desired level.

Find Calculated Industries during IBS at Booth SU928.

Circle 41 on inquiry card

Decorative Stone



Three profiles for veneer

Versetta Stone by **BORAL** comes in three profiles that mimic the beauty and texture of stone masonry: LedgeStone (shown), Tight-Cut and Carved Block profiles. LedgeStone delivers a traditional dry-stack look, while Tight-Cut offers the look of cut-and-fitted stone. Carved Block provides a larger, contemporary look reminiscent of split-face stone. The stone veneer panels install with screws or nails, are wind-resistant up to 110 mph, include a built-in rainscreen and deliver a Class A fire-resistance rating.

Find Boral during IBS at Booth C4519.
Circle 42 on inquiry card



Veneer offers modern take on barn wood

The Barn Wood profile by **ENVIRONMENTAL STONeworks** infuses new life into an old story. Showcasing wood-carved profiles molded from antebellum tobacco barns in Virginia, the stone veneer comes in three colors: Beaver Dam, Seven Pines and Baton Rouge (shown). Delivering a rustic feel with contemporary charm, the wood-look stone veneer is available in four lengths of 6, 12, 24 and 36 in. Other recent introductions from the company include Ripiano for the look of ledgeStone, and Grezzo, a contemporary universal stone.

Find Environmental StoneWorks during IBS at Booth C2241

Circle 43 on inquiry card

Large format, modern veneer offering

CULTURED STONE brings European luxe to modern design with its Cast-Fit manufactured stone veneer. While available in a muted color palette—French Gray and Parchment—interest is added with subtle shifts between light and dark tones. The profile has a clean, smooth surface and a large format, making it a fit for contemporary designs in residential and commercial spaces. For use in interior or exterior applications, the stone veneer meets GreenGuard indoor air-quality standards and includes a 50-year limited warranty.

Find Cultured Stone during IBS at Booth C4519.

Circle 44 on inquiry card



Color introductions for two profiles

CLIPSTONE expands its offerings with two color introductions for its ProStack and LedgeStone profiles. Osceola (shown) delivers a clear, arctic white with a hint of blue, while Teton Grey provides a universal, cool-toned color to match most exterior or interior colors. Using embedded mounting clips, install the mortarless stone veneer simply using a screw. Each stone features a built-in drainage plane and flanges to ensure rows appear stacked properly. Accessories, like a Universal Trim Piece and Starter Strips, are available. **Find ClipStone during IBS at Booth C2241.**

Circle 45 on inquiry card

Cladding comprised of interlocking panels

GLEN-GERY's StoneFit Wall System combines its StoneFit stone cladding with DryFit Technology features for a tongue-and-groove system that interlocks each stone piece without the use of mortar. The interlocking panels eliminate wall vibration, enable pattern variability and include a 50-year product warranty. Panels are mechanically secured with metal attachment brackets and provide a complete water management system. Three colors within one profile are available: Maple Ridge Tightstack, Glacier Frost Tightstack and Country Wine Tightstack.

Circle 46 on inquiry card



Authentic stone look in three lengths

A complement to contemporary architectural and design styles, the LedgeCut33 stone profile from **ELDORADO STONE** is designed for dry-stack installation while being easy to handle, cut and install. The number 33 represents the decorative stone's 3-in. height and three different length options: 12, 18 and 24 in. Individual pieces deliver a natural, authentic appearance, and the profile includes flat pieces and 90-degree corner pieces. Five colors are available: Ocean Floor, Beach Pebble, Golden Oak, Sage and Birch.

Find Eldorado Stone during IBS at Booth C4519.

Circle 47 on inquiry card

Remodelers' Choice

Reader interest is high for closed-cell spray foam insulation and the introduction of an impact-resistant option for glass walls and windows.

The following product received the most reader inquiries from the October issue of *Qualified Remodeler*:

DEMILEC

Leveraging an ultra-low global-warming potential blowing agent, Heatlok HFO High Lift from Demilec combines an R-value of 7.5 with a 6.5-inch lift to achieve R-49 in a single pass. In compliance with the Montreal Protocol designed to lower the use of global-warming potential gases, the closed-cell spray foam insulation utilizes Honeywell's Solstice Liquid Blowing Agent technology. The two-component polyurethane foam system offers superior yield, sprayability, adhesion and reduced gun-clogging.

Closed-cell spray foam insulation provides an air and vapor barrier and water resistance. Heatlok HFO High Lift can be used to spray to International Residential Code ceiling insulation code in quick order, and its low VOC emissions meet requirements for school and healthcare facilities as well. Note that Demilec approves only those who go through its training and are Demilec Authorized Contractors to apply its spray polyurethane foam insulation products. When installed by certified contractors, the company offers its Heatlok HFO Lift with a limited lifetime warranty.

Find Demilec during IBS at Booth P14. For more information, visit demilec.com/products/closed-cell/heatlok-hfo-high-lift.aspx or circle 48 on inquiry card.



The following product received the most pageviews in the past month on QualifiedRemodeler.com:

WESTERN WINDOW SYSTEMS

A natural evolution of Western Window Systems' performance line, its Series 7000 family of glass walls and windows adds an impact-resistant option. Drawing on PGT Innovations' expertise in hurricane-prone environments, the energy-smart aluminum glass walls and windows with impact resistance are designed primarily for cold-weather regions along the East Coast. This performance addition delivers contemporary design aesthetics—products feature thin profiles and large expanses of glass—while addressing energy efficiency and tough building codes. Products available with impact resistance from the Series 7000 family will include the Series 7600 Multi-Slide Door, Series 7630 Window Wall, Series 7660 Awning Window, Series 7670 Casement Window, Series 7675 Fixed Window and Series 7680 Hopper Window. These aluminum door systems and windows are offered in a range of sizes and configurations through Western Window Systems' custom channel.

Find Western Window Systems during IBS at Booth P6.

For more information, visit westernwindowssystems.com or circle 49 on inquiry card.

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Show that you care and respect your customers by safeguarding their toilet. They will be impressed by your professionalism. Toilet Armor is a premier choice among professional contractors because of its quality materials and affordable price.

Toilet Armor patent is pending

FOR MORE INFO CIRCLE 58

UPCOMING EVENTS

Feb. 6-7

Accelerate LIVE! 2019, Sunny Isles, Fla.

gFour Marketing Group
acceleratelive2019.com

Feb. 11-13

International Roofing Expo, Nashville

Informa Exhibitions
theroofingexpo.com

Feb. 19-21

International Builders Show 2019

Las Vegas

National Association of Home Builders
buildersshow.com

Feb. 19-21

Kitchen & Bath Industry Show

Las Vegas

National Kitchen & Bath Association and
Emerald Expositions, LLC
kbis.com

Feb. 28-March 2

DOMOTEX USA, Atlanta

Deutsche Messe/Hannover Fairs USA
domotexusa.com

March 13-16

Hearth, Patio & Barbecue Expo 2019

Dallas

Hearth, Patio & Barbecue Association
hpbexpo.com

March 13-15

Top 500 Live, Las Vegas

Qualified Remodeler
qrtop500live.com

March 28-30

JLC Live New England, Providence, R.I.

Informa Exhibitions
ne.jlclive.com

April 3-4

NRCA Roofing Day in D.C.

Washington, D.C.

National Roofing Contractors Association
nrca.net/roofingday

April 9-12

Coverings 2019, Orlando

Ceramics of Italy, CTDA, NTCA, TCNA,
Tile of Spain
coverings.com

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FOR MORE INFO CIRCLE 59

FOR MORE INFO CIRCLE 60

FOR MORE INFO CIRCLE 61

Internal Development

No. 110 Jericho Home Improvements depends on employees rather than subcontractors to perform work on the jobsite.

by Kyle Clapham

JOHN BARTROM HAS spent the majority of his life in the home improvement industry. At the age of 20, he sold basement remodeling jobs in northeast Indiana. A few years later he became regional manager for Pacesetter, a \$300 million corporation at the time. In 2003, a bathroom remodeler in Kansas City, Kansas, recruited Bartrom to serve as vice president of sales and expand operations nationally.

The company opened new offices in Minneapolis, Denver and Dallas before selling the business to The Home Depot in 2006. Bartrom stayed on as national sales manager for the retailer and helped boost revenues in its remodeling division up to

“IN THE LONG RUN, THOSE THINGS END UP PAYING FOR THEMSELVES.”

John Bartrom, CEO

nearly \$100 million. A new chief officer, though, came in and cut that program to put more focus on the stores—so Bartrom founded Jericho Home Improvements.

“I definitely saw the potential for bathroom remodeling, especially understanding complications [with] a bathroom [project],” he says. “You see a lot of large window and siding companies; but when it comes to detailed interior remodels that have a lot of moving pieces and parts and systems, it can become very complex. I really saw a huge opportunity [in] understanding how to integrate those processes and create opportunities with the right process to scale and grow that type of business.”

Jericho billed about \$1.5 million in its first year and, within 10 or 11 months, launched a kitchen division. The following year, when the company topped \$3 million in revenue, Jericho started to manufacture its own granite countertops. Business surpassed \$6 million in the third year and then fell just short of \$9 million the next year. In 2013, the company added a cabinet-refinishing division.

“In a home, there are usually multiple bathrooms, so there’s a bigger market for that in terms of contracts. In terms of revenue, kitchens bring more revenue because they’re more expensive to remodel,” Bartrom explains. “What we’re noticing in the Kansas City market is there’s a large demand for bathroom remodeling—and for a contractor that can come in from start to finish, not use subcontractors, have their own employees, and deliver quality and value to the customer.”

Bartrom and co-owner Dave Cummings decided to forgo subcontractors from the beginning and instead rely on in-house labor. Jericho employs multiple project managers and hires only master craftsmen, or workers with at least 10 years of experience who have completed no fewer than 500 projects. The company vets prospective employees through background checks and drug screening.

“There are just so many moving pieces with a kitchen or with a bathroom when you’re having to hire a plumber, an electrician, a tile guy, a demo guy and a granite company,” Bartrom says. “It becomes cost prohibitive and, from a time standpoint, it can really draw out a project. That was our plan from the start: to hire great people, keep it in house, not use subcontractors and squash that profit pyramid built up by using subcontractors—and give that value back to the customer.”

The industrywide labor shortage has made hiring more burdensome for Jericho,



JOHN BARTROM, CEO

COMPANY: Jericho Home Improvements

LOCATION: Kansas City, Kan.

DESCRIPTION: Kitchen & bath specialist

TOP 500: No. 110

REMODELING SALES: \$13.2 million

which employs almost 100 people. “We’ve made it the No. 1 priority throughout the entire year,” Bartrom adds. “In the past, there might have been three or four times of the year that we were hiring, and we’d put out ads. We’d fill that position and then we’d pull off. We wouldn’t look for anybody [else].

“What we’re doing now, almost no matter if we need someone or not, [is] we’re just constantly looking,” he continues. “We’ve done radio advertising for master installers. It’s very expensive, but it’s been somewhat effective. [And] if one of our installers recommends somebody [who makes it] through the process and does get hired, we give them a bonus for that person coming on board.”

The company remains on track to hit its revenue goal of \$14.5 million for 2018, although a snow storm in early December delayed some leads. An emphasis in the new year will be on increasing the efficiency of internal processes, such as a custom payroll system being developed that can pull metrics from CRM software automatically and reduce the hours spent calculating paychecks by 75 percent.

“Of course, there’s a lot of cost that goes into building those things,” Bartrom notes. “But in the long run, those things end up paying for themselves.” **QR**

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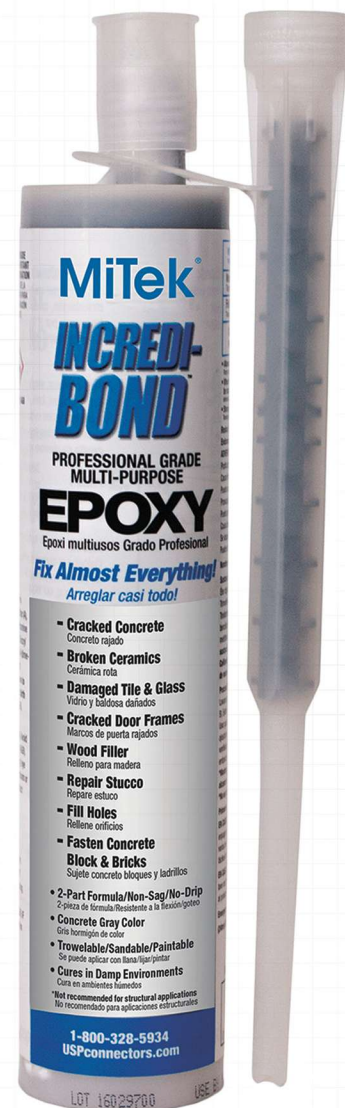
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