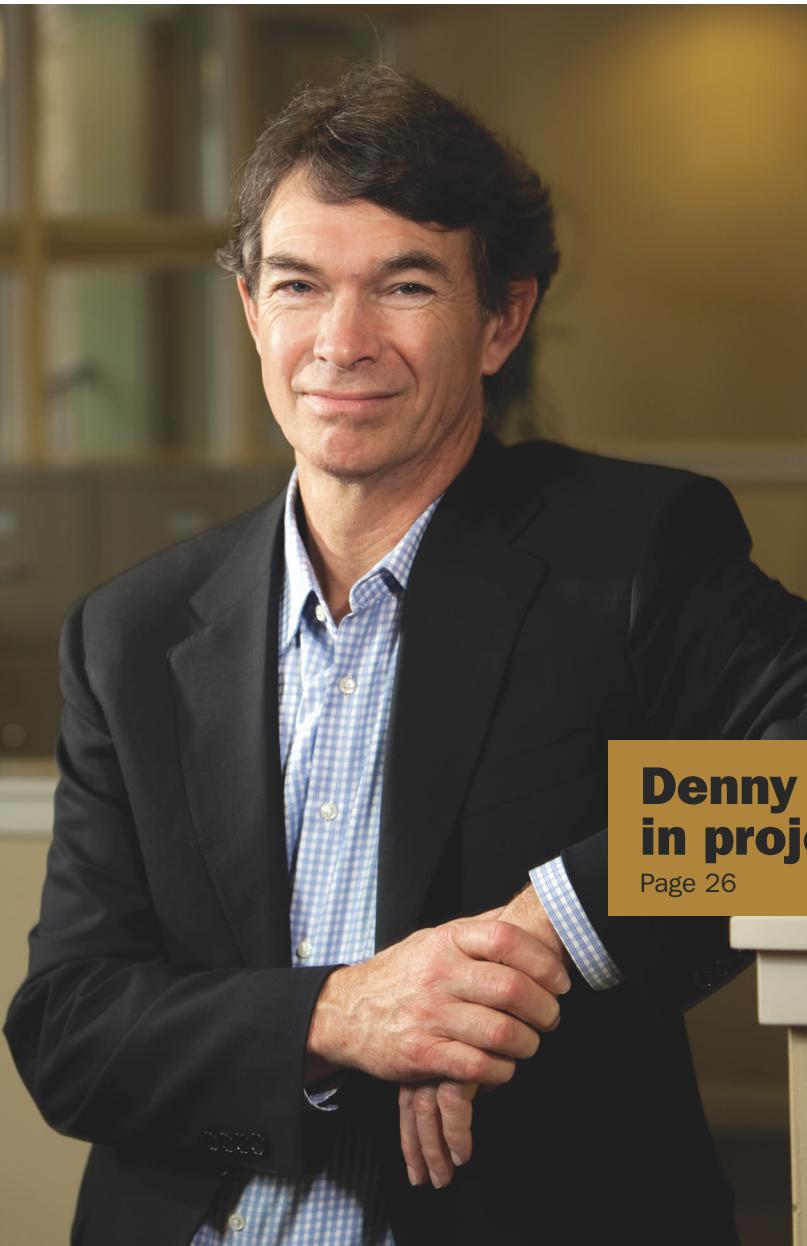


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KEVIN CASEY/GETTY IMAGES

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You can't afford to ignore the new lead paint regulations,



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By **Jonathan Sweet**, Editor in Chief

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EDITORIAL AWARDS

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Karthik Krishnan



The looming lead liability

April 22.

That's the day the new Lead Renovation, Repair and Painting rules become official and the remodeling industry will have to face a significant change to the old way of doing business.

We surveyed remodelers about the new rules in our monthly research, and not surprisingly most have a negative view of the regulations. This is an industry where people do not like to be told what to do.

There will be plenty of remodelers who will opt to ignore the rules. The same guys who aren't bothering to pull permits, pay workers comp and just generally give the industry a black

eye will be there to offer homeowners a cheaper, albeit inferior and less safe, alternative. In fact, 15 percent of respondents to our survey said they don't intend to get certified to work in pre-1978 homes under the new regulations — and 17 percent weren't sure if they would. (You can see the full results of our study on p. 30.)

You probably can't afford to stop working in pre-1978 homes altogether, unless you're in a Sun Belt boom state. I know some remodelers who are seriously considering it. On its face, it seems like a ridiculous idea to cede such a huge part of the market to your competition. After all, NAHB estimates pre-1980 homes make up 61 percent of remodeling projects. In our research, 97 percent of remodelers report doing at least some work in pre-1978 homes. Although it wouldn't work in the Chicago area where I live, I could see someone pulling it off in Las

Vegas or Phoenix.

If you're not lucky enough to be in that situation, there's little choice. The reality is that if you have a real business with real responsibilities, you can't afford to ignore the regulations. The fines are astronomical — currently \$37,500 per day per incident. Replace 10 windows and that's 10 incidents or potentially \$375,000 in fines per day. And don't forget that the states can take over the program as long as their requirements are at least as stringent as the EPA's.

If you have a real business with real responsibilities, you can't afford to ignore the regulations.



That's probably not the biggest danger, though, as significant as it is. The remodelers that really know this subject well are most worried about the potential for lawsuits. Bob Hanbury, president of House of Hanbury Builders in Newington, Conn., has been working on lead paint issues for years

as part of the NAHB's Lead Work Group and says that's the scariest part of the issue.

We've all seen those asbestos and mesothelioma commercials littering the airwaves. It's only a matter of time before an army of lawyers realizes the potential windfall that can come out of lead paint, and you don't want to be on the wrong side of that issue. Following the regulations — and obtaining good liability insurance that includes lead paint coverage — is the best way to make sure your business can survive. If you can't do that, it might be time to think about moving somewhere warmer. •

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New opportunity to showcase energy value in existing homes

The EnergyValue Housing Award (EVHA) has been a long-standing and prestigious award in the new construction industry for the last 15 years. Now, in addition to new homes, the awards program will also provide an opportunity for builders and remodelers to showcase the energy-efficiency upgrades and performance improvements they've built into existing homes.

With nearly 130 million existing homes in the United States, many that are in need of significant improvements to reduce energy consumption, the U.S. Department of Energy, EVHA's primary sponsor, saw a major need to shift some of its focus from new to existing homes. Starting with the 2011 award application cycle, EVHA will have an Existing Homes category. The judging criteria will focus on the same criteria as the EVHA New Home Category: application completeness; energy value; design; construction; marketing and customer relations; and energy program participation. Builders and remodelers can enter single-family homes, multifamily buildings or reconstruction (gut/rehab) projects. The entries will also be grouped according to the project's climate region — hot, moderate, or cold — as the new-home submissions are.

For this competition, eligible entries must be existing homes that have been significantly retrofitted, remodeled or renovated with a specific focus on energy upgrades or improvements. Applications will be required to include details about the home both pre- and post-renovation, including any changes in the structural, mechanical, plumbing or electrical systems.

Pre- and post-renovation test data and inspection reports should be used to back up any claimed improvements in a

For more awards programs, visit www.HousingZone.com

home's performance. Applicants should also discuss strategies behind why the changes were made and the selection process they went through to determine the best options to accomplish their specific energy



MIKE KEMP

efficiency goals while keeping within the clients' budget. Judges will look at overall energy performance improvements in a home, integration of energy considerations into the project's design, product selection and innovations used to accomplish greater energy savings.

Further eligibility requirements include:

- All U.S. home builders/remodelers whose primary occupation is constructing or remodeling homes are eligible for participation. Applicants need not be members of

NAHB or a local home builder association.

- Submitted existing-home projects must have been completed after Jan. 31, 2008, and

before the application was submitted. In addition, the project must include an emphasis on whole-house energy savings.

- Existing home projects with additions of less than 75 percent of the existing building

or dwelling unit's conditioned floor area (as defined in the ICC 700-2008 National Green Building Standard Section 305.1 (2)) are eligible for entry in the Existing Home Award.

- Projects that include additions larger than 75 percent of the existing building or dwelling unit's conditioned floor area will be considered new construction and should be submitted in the appropriate EVHA New Home category.

The 2011 applications for both the new and existing homes categories are now available online; visit www.nahbrc.org/evha/retrofit for more information on this new award category and to download an application. You can also contact Debra Sagan, EVHA project manager at the NAHB Research Center, at 800/638-8556, ext. 6210. Applications for the Existing Homes category must be postmarked by July 30. (New Home category applications must be postmarked by June 30). •

— ANNE HOLTZ, NAHB RESEARCH CENTER



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Reed Construction Media launches the National Housing Quality Executive Council

Reed Construction Media, a division of Reed Business Information that includes *Professional Remodeler*, *Professional Builder* and HousingZone.com, has launched the National Housing Quality Executive Council, a group of 29 remodelers, builders and housing consultants who are fully committed to serving the industry with practical advice concerning all crucial aspects of the home-building and remodeling businesses. (*The full list of council members appears on p. 66.*)

In the coming months, NHQ Executive Council members will deliver their proven, actionable advice through weekly blog posts at HousingZone.com and ongoing participation in articles, industry roundtable discussions, education sessions and conference calls. Their areas of expertise include leadership; strategic planning; performance management; customer satisfaction; human resources; construction quality; trade relationships; business results; sales and marketing; and supply-chain management.

"In this difficult market, there is little room for error for members of the residential construction industry. Only by rigorously applying the foundations of a strong, quality-driven business will our community survive, profit and excel," says Dean Horowitz, general manager of Reed Construction Media. "This new approach to content creation and delivery demonstrates the willingness of this community to participate in the success of its peers."

The majority of NHQ Executive Council members are intimately involved as judges in the prestigious National Housing Quality (NHQ) Awards (operated jointly by Reed Construction Media and the NAHB Research Center) — the industry's sole awards program recognizing excellence in quality management and operations. And many

are past NHQ Award winners, including Bill Saint, president and CFO of Simonini Builders (2010 winner), and Kevin Estes, owner and founder of Estes Builders (2005 and 2007 winner). NHQ Executive Council members will continue to oversee the judging and execution of the NHQ Awards.

"Remodelers today need to know what works in real life, not in theory," says Jonathan Sweet, editor in chief of *Professional Remodeler* and co-editor of HousingZone.com. "Bringing the insight of these industry innovators together with that of our award-winning editorial staff ensures we'll be able to deliver the crucial information that contractors need."

The NHQ Executive Council will serve as the backbone of an enhanced, "community-based" content strategy for the Reed Construction Media residential construction brands, including *Professional Remodeler*, *Professional Builder*, *Custom Builder* and HousingZone.com. The editorial team will connect with subscribers, visitors and attendees through industry roundtables; exclusive research projects; and in-person and online events aimed at delivering proven, actionable solutions for builders and remodelers.

"The NHQ Executive Council brings together many of the industry's best minds when it comes to running a high-quality, profitable home-building business," says David Barista, editor in chief of *Professional Builder* and *Custom Builder* and co-editor of HousingZone.com. "You can consider them among your most trusted advisors."

The National Housing Quality Award is a Malcolm Baldrige-style quality and performance excellence award that Reed Construction Media has produced with the NAHB Research Center since 1992. For more on the program, visit www.HousingZone.com/NHQ. •



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SERVICE

WHEN A DOCTOR PERFORMS SURGERY, is he or she providing a product or a service? When insurance agents help you buy life insurance, are they providing a product or a service? Having been on the consumer side of each of these, I can say they are all providing a service. In each case, I valued good advice, feeling like I made good choices, working with someone I could trust and getting maximum benefit for my investment. I value some pretty basic elements when buying a service: treat me with respect and honesty and do what you say you are going to do.

When I buy a product I can analyze every widget and feature. I can compare and contrast details of my options — not to mention



their prices — through various stores or 24/7 from the comfort of my home via the Web. With a product, I value getting maximum benefit for my investment and getting a product that is most effective for its intended use — good advice and trust aren't as much of a priority.

But providing good service is tricky stuff. How do you build trust with a service? You do what you say you are going to do regardless of how big or small the promise. You have empathy for the client. You recognize that the work starts after the sale. And your report card of good service is how your client FEELS. As Danny Meyer said, good service is hospitality.

So when you renovate a home, are you providing a product or a service? — *from Bruce Case's blog, "Case Studies"*

"When you renovate a home, are you providing a product or a service?" — BRUCE CASE

GREEN

JOHN CONNELL, A LEED-CERTIFIED ARCHITECT WHO IS THE LEAD DESIGNER for



Connor Homes in Middlebury, Vt., spoke plainly during a meeting with me at the International Builders' Show. "We're a nation of shoppers.

... We love green because the cost of energy is so high," Connell said. "I've never had so many [customers] lead with green as a criterion for building a house."

It seems that customers want green as long as they don't have to pay too much for it. If a builder can show there's a direct correlation between energy efficiency and lower utility bills, they're a lot more likely to get the sale. Solar panels and geothermal heating systems are sexier, but the price tag is a turnoff. So while saving the planet is a noble concept, Americans are frankly more concerned about what green design and construction means for their wallets. Is anyone surprised by this?

— *from Staff Writer Susan Bady's blog, "My Two Cents"*

HEALTH CARE

IN CASE YOU MISSED IT, THE U.S. SENATE HATES YOU.



When the Senate passed the health care reform bill just before Christmas, it included an odd provision that singled out the construction industry for more onerous treatment.

Any construction company that employs more than five people would have to provide insurance under the amendment from Sen. Jeff Merkley, D-Ore., but companies in any other industry would only have to provide insurance if they have more than 50 employees.

So I'm not sure if the senator had a remodeling project go bad or what, but whatever his reasons, trade associations including NAHB and NARI have been lobbying Congress to eliminate this from the final bill that's being negotiated right now.

NARI has put together a letter (at www.nari.org) that you can personalize to send to House and Senate leadership and your local representatives and senators. NAHB is also working to get the language removed through its lobbying efforts in the capital.

— *from Editor in Chief Jonathan Sweet's blog, "The Sweet Spot Remodeling Blog"*

LEADERSHIP

IT HAS BEEN MY OBSERVATION THAT THERE ARE TWO TYPES OF LEADERS IN BUSINESS:



short-term strategists and long-term strategists. And this holds true regardless if they are large corporations, distributors or home builders.

Unfortunately over the past 10 to 15 years we have been stuck with the "short-term" business leaders. My definition of a short-term leader is one who only focuses on a three-year plan that, if achieved, means that he or she will get a big bonus and a bigger job. I have also observed that the long-term strategists are those who make decisions and develop strategies that have the long-term success of the company and themselves in mind.

It is my contention that short-term management is the key reason that we have all experienced the bursting of our economic bubble. In fact, these leaders have been so focused on their own personal objectives that they collectively caused the formation of the bubble. Throughout my career I have worked for both types of managers, and I can honestly say that I have had more fun and rewards working for the long-term manager.

— *from Glenn Singer's blog, "Supply Chain Connections"*

CLIENT RELATIONSHIPS

THERE ARE A NUMBER OF SERVICES OUT THERE that serve as clearing houses for consumer complaints — Angie's List being among the most prominent. Needless to say, you don't want your firm to be bad-mouthed on that sort of forum. But what if you had a way of reporting troublesome clients? What if someone stiffed you on a job — would you call them out digitally?

There's a new site that lets you do just that. It's called Business-Beware.biz. The site, which charges a one-time \$5 registration fee, claims this service is particularly keen on getting consumers to settle the dispute with you before you move to a collections agency or small claims. They say: "Try using our site before using a collection agency! Seriously, when customers won't respond to your overdue invoice notice, file a complaint about them on our site and we send a letter to them letting them know that they are on our site. And believe it or not, most send the check within the week!"

It's an interesting idea, but I'm wondering if making a move like this can do your firm more harm than good by airing the proverbial dirty laundry in such an open forum. — *from Product Editor Nick Bajzek's blog, "The Product Guy"*

SOCIAL MEDIA

THE EXPONENTIAL GROWTH OF FACEBOOK

Twitter and online blogs offers undeniable evidence that the world has adopted new means of communication. This phenomena is no flash in the pan; the sooner you adapt to these tools the more likely you are to prosper in your career or business. Unfortunately, many of us don't know where to begin. Here are two books that are good primers for understanding how these tools work and how to utilize them to promote yourself, your company or your product:

"Viral Loop: From Facebook to Twitter, How Today's Smartest Businesses Grow Themselves" by Adam L. Penenberg is a thorough analysis of how networks form and grow, starting with examples from the early Tupperware organization up to Twitter and Facebook.

"Crush It! Why NOW Is The Time To Cash In On Your Passions!" by Gary Vaynerchuk has writing that's a little rough around the edges, but as the author himself puts it, so is he. He does an excellent job explaining how to utilize Web 2.0 tools to promote yourself or your business. I recommend reading this one after "Viral Loop."

— *from Rodney Hall's blog, "The PeopleZone"*

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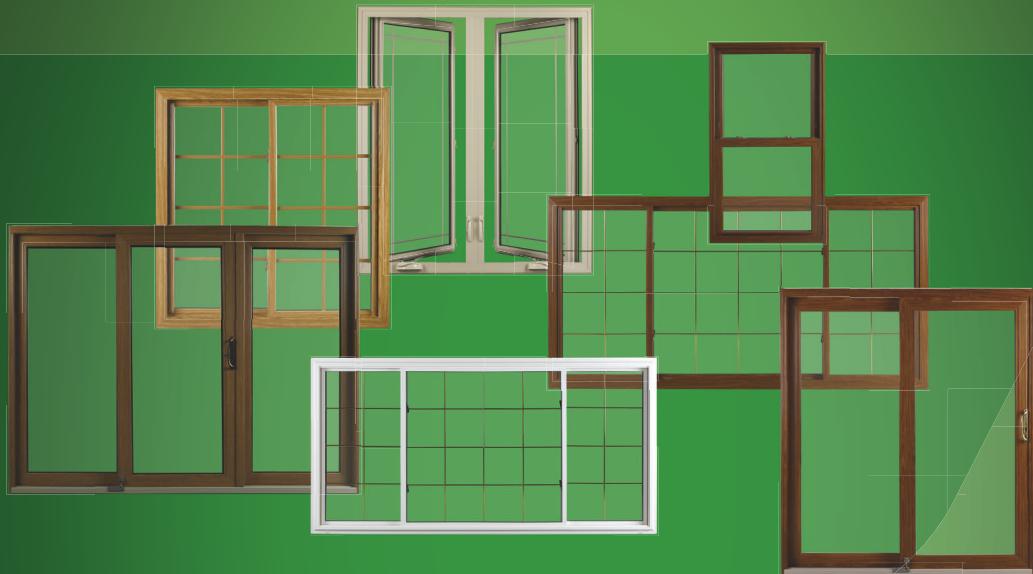
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TIM TEEBKEN

Tax tips for contractors

This should be a year of paying close attention to tax preparation and tax accounting details. Contractors who reduce their liability can protect themselves against increasing taxes and income assessments by the IRS.

For example, Houston CPA Jim Trippon says recent tax laws have increased the fixed asset cost expense up to \$250,000 for construction contractors. Construction contractors can take advantage of this deduction as long as less than \$800,000 of the company's assets is in service within the given year. "Most of the economic stimulus checks have been delivered. However, there are additional funds that may be available. The economic stimulus checks were actually an advance on the 2008 tax liabilities," says Trippon.

Grant Thornton, a distinct legal entity of Grant Thornton International, recently released a set of tax tips for contractors. Todd Taggart, the firm's tax partner and practice leader, advises you to consult your tax adviser before taking any of these steps.

"The complexity of current tax law is such

that many businesses find it difficult to take advantage of deductions and tax credits that Congress and the President have specifically enacted to benefit them," says Taggart. "This list highlights some of the most common of these areas and is intended to alert our clients and prospects and to encourage them to work with their tax adviser to minimize income taxes."

Make the most of your net operating loss deduction.

Recent tax legislation opens up opportunities for taxpayers of all sizes to choose an extended carryback period for net operating losses (NOLs). This provision allows contractors who have NOLs to choose a five-, four- or three-year carryback period (increased from the normal two-year rule) for NOLs incurred in a tax year beginning or ending in 2008 or 2009. Keep in mind, however, that only a single year can qualify for this enhanced carryback period. Taxpayers with NOLs in two or three qualifying years need additional analysis to maximize their cash refunds.

Take a hard look at bonus depreciation

tion deductions. As an incentive for investment in equipment, taxpayers are allowed to deduct half of the cost of 2009 qualifying property in the first year of use and then depreciate the remaining half of the asset over its normal useful life. For five-year equipment (the most common tax life for construction equipment), this allows a deduction of 60 percent of the asset's cost in the first year of its life.

Consider future capital gains and dividend tax rate increases.

Under current law, capital gains and qualified dividends are taxed at a favorable 15 percent federal income tax rate. This preferential treatment is scheduled to expire at the end of 2010 and individuals (absent a law change) will face higher taxes on these items in 2011.

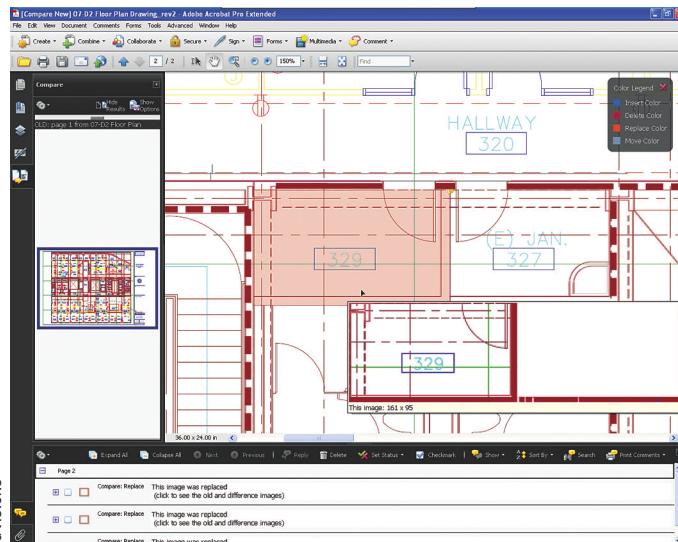
Consider not deferring income. The traditional wisdom of deferring income for tax purposes deserves another look. With many government entities looking for increased tax revenues, new tax policies and rate increases are very possible. •

— NICK BAJZEK, STAFF WRITER

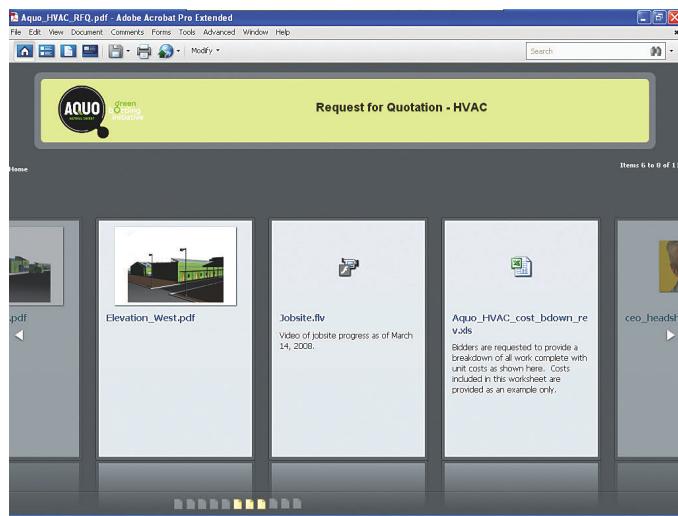
3-D PDFs bring proposals to life

By converting models to three-dimensional PDF files, planning service provider and building information modeling (BIM) consultants CG Visions have enabled their clients to collaborate on designs, mark up digital drawings and make notations on design specifications. These professionals can sign off on final designs and even track approvals from their colleagues.

Cory S. Shively, a partner with CG Visions, notes the benefits of working with PDFs: "You can share a PDF with anyone in the world; you can't name a more prevalent platform. People don't want to have



CG Visions uses Adobe Acrobat 9 Pro Extended to facilitate 3-D design collaboration between design and construction teams.



Engineers, designers and builders can use their own CAD-based programs without worrying about sharing capabilities.

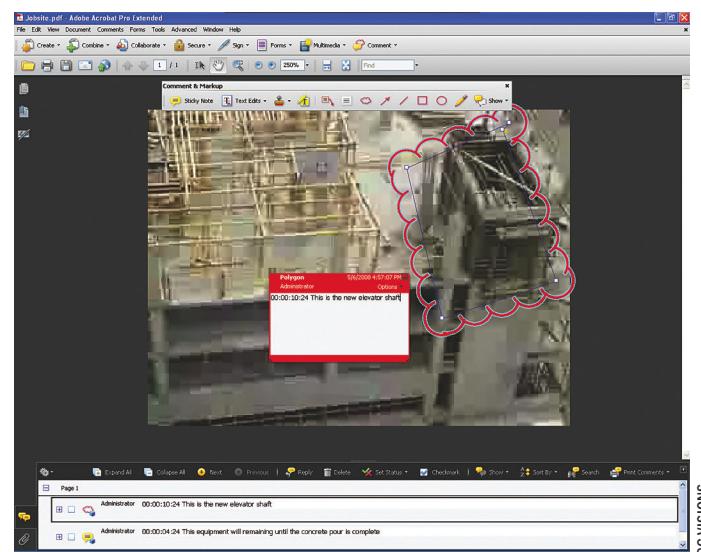
to buy a new software package and get used to a new technology. Using Adobe's Acrobat, which usually comes standard on your PC or Mac, lets homeowners in on the process," he says.

Shively points to the success experienced by a small custom builder he's worked with in the past. "They're moving toward a 14-day build process. What we're running into is there's an engineering firm, a design firm and an architect involved. All of them want to use their own CAD drawings. But if you can utilize a PDF and share it and mark it up, you can dramatically reduce confusion in the chain and cut some of the change orders in the field."

While CG Visions has primarily worked with builders, the technology is just as game-changing on the remodeling side. These 3-D models let customers take a sort of virtual tour from room to room and compare features of different layouts side by side. Ultimately, says Shively, interactive, Web-based sessions with customers can provide virtual, real-time feedback to design staff.

The company says because the homeowners have a vision of the home before construction begins, they are less likely to make changes during the building process, keeping construction and materials costs down and projects on schedule. "It used to be that clients would go out and see their home mid-construction and want to make changes to the layout or materials. These changes increased overall costs and delayed project completion," says Shively. "Since we started using 3-D PDF files, we've helped our clients cut field-change costs by 95 percent and keep to tighter construction schedules." •

— NICK BAJZEK, PRODUCTS EDITOR



These 3-D models let customers take a virtual tour from room to room to compare features and layouts side by side.



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The pros and cons of Net Promoter

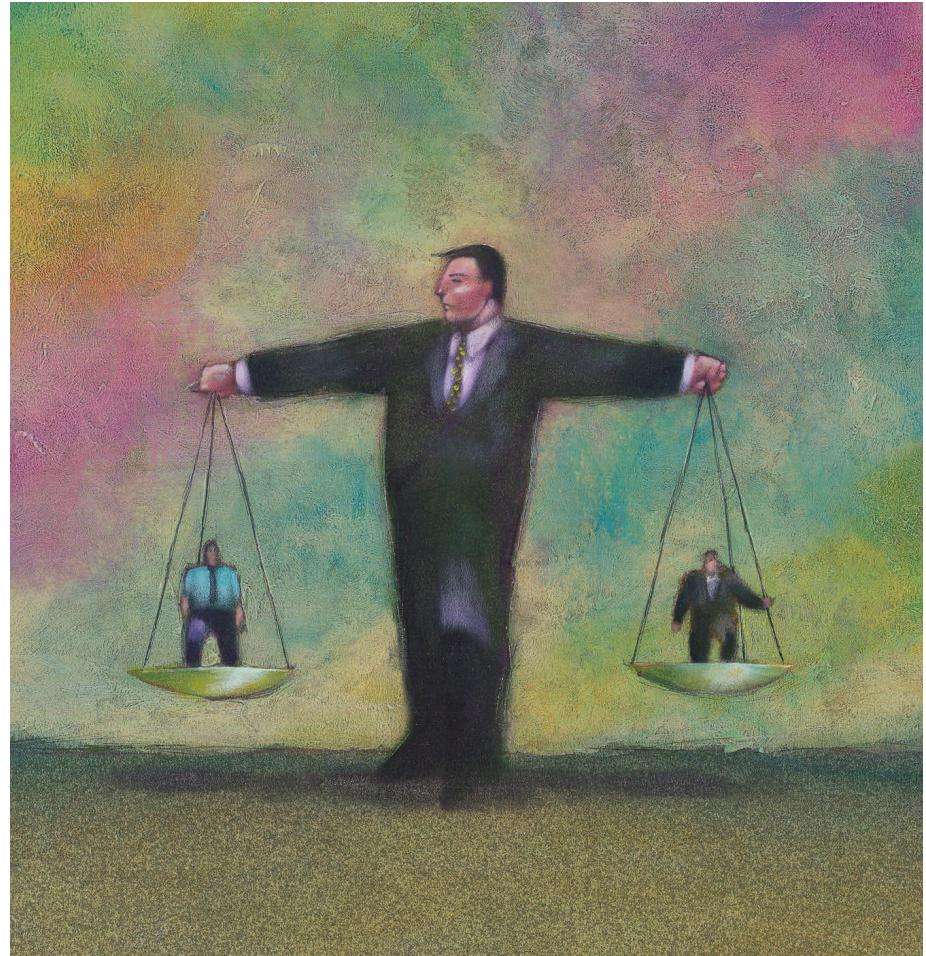
If you're at all interested in marketing, you likely have heard about Net Promoter, the company that uses a score by the same name to calculate a business' customer satisfaction. Compared to the amount of data that comes with typical customer satisfaction analyses, the Net Promoter Score is as straightforward as it gets: your customers rate you on a scale of 1 to 10 on their likeliness to recommend you to a friend or colleague. Customers giving you a 9 or 10 are called promoters, and anyone rating you 6 or below are detractors — the rest are considered neutral. Subtract the detractors from the promoters, and you've got your Net Promoter Score.

It sounds simple, and it is. But is one number from one system good enough to measure customer satisfaction? Here's a roundup of the pros and cons that have industry experts buzzing:

Pro: It's simple. Fans and critics alike praise the benefits of understanding one number that's derived from an easy-to-understand formula. Fred Reichheld, one of the co-founders of the score who made it famous with his book "The Ultimate Question," argues that research among thousands of customers in different industries tied the New Promoter question to the most referrals and repeat purchases — and that the "ultimate question" can be the key metric for measuring success. And for busy executives who often get confused by market researchers' analysis, claims are that it can be a Godsend.

Con: It's too simple. The Net Promoter site will say that measuring one number alone will not lead to success and will supply customers with an operational model, white papers, online forums, Webinars and even conferences to get you to a successful score. But one number isn't enough, critics argue. "It doesn't identify problems; it doesn't offer solutions," says Charlie Scott of Woodland, O'Brien & Scott, a customer satisfaction and management consultancy. "Home building is much more

For more on customer satisfaction, visit
www.HousingZone.com



TIM TEEBKEN

personal and relational, and one number does not capture that."

Pro: It's good for comparison's sake. A clear piece of data to compare against other firms' findings provides a more stable measure over time, Jeffrey Henning writes on software company Vovici's blog.

Con: It's "management by averages."

The Net Promoter Score is a an average, which is a poor way to manage, says Scott. If you have a room of 100 people and one has a problem, would you assume half have that problem, asks Scott? "It's so far away from what's happening at a relational level of a community, the number isn't going to help you understand what's

going on. ... Does the score mean the same thing to salesperson Sally Smith at Happy Acres as it does to Bill Brown somewhere else? No. It's too general."

Pro and Con: It works best for large companies with thousands of customers — but remodelers' businesses aren't that large, Scott says, with a reminder that Net promoter's clients typically handle a large number of transactions.

Pro: It gets people talking about customer satisfaction. "Anything that brings customer satisfaction to the forefront is a good thing, regardless of how ill-conceived the methodology might be," says Scott. "This gets people talking, and dialogue is good." •

— STAFF REPORTS

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More details emerging on Home Star

The Home Star program — otherwise known as “Cash for Caulkers” — looks to be edging closer to reality.

There are multiple proposals in front of Congress, and while the details vary, the basics are relatively similar. The total pool of money for the program looks to be somewhere in the \$6 billion to \$10 billion range for home energy retrofits.

Unlike the existing tax credits passed as part of the stimulus last year, Home Star would provide immediate rebates for homeowners who undertake energy retrofits. The money would be instantly available, addressing one of the key complaints remodelers have about the existing credits.

There are two levels of projects eligible for rebates under the Home Star proposal:

- A Silver Star “prescriptive path” under

which homeowners would be eligible for rebates of between \$1,000 and \$1,500 for each installed project (or \$250 for appliances), capped at 50 percent of the project cost. Installing high-efficiency appliances, upgrading windows and doors, improving insulation and air sealing, along with other various weatherization projects would be eligible up to a lifetime maximum of \$4,000.

- Under the Gold Star “performance path” homeowners would be given incentives to undertake energy audits and make improvements to home energy efficiency, instead of focusing on specific projects. The rebates (also capped at 50 percent of the project price tag) would start at \$4,000 for improvements that reduce home energy use by at least 20 percent. Each additional 5 percent reduction in energy usage would equal another \$1,500

in savings, all the way up to \$12,000. The projects would have to be audited by a third party.

Supporters have gotten behind the proposal, including trade associations, building product manufacturers, environmental groups and even the president and vice president.

NAHB is putting its powerful lobbying weight behind the proposal as well and points to Project ReEnergize, a Minnesota program that provided \$2.5 million in state grants for middle-class homeowners for specific energy-efficiency projects, as a model of how such a program can invigorate spending.

The association is also supporting a proposal by Rep. David Reichert, R-Wash., that would extend the existing credits (due to expire at the end of the year) for five more years and increase them from \$1,500 to \$5,000. •

— JONATHAN SWEET, EDITOR IN CHIEF

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Organize teams around profitable projects

As a gawky kid, I barely made it through Pee-Wee soccer, but, if memory serves, typically all 11 players follow the ball around like a swarm of bees on a moving honey pot, each determined to be the one to kick the winning goal. Parents cheer over hot cups of coffee,

comes naturally, what a player is passionate about, what she is predisposed to do. No job description can fully encompass what a player can truly contribute. It is up to the team leader to take the time and perseverance to discover how each player can uniquely inform the team's success.



It is up to the team leader to take the time and perseverance to discover how each player can uniquely inform the team's success.

coaches high five and Norman Rockwell smiles down from heaven.

Eventually, these same players learn about accepting a position of strength, passing the ball to a player poised to score, and doing what's best for the whole team. Unfortunately, star centers and weekend warriors alike who know these truths of teamwork on the field still run businesses a bit like the Pee-Wee league. Teams stumble around in hyperactive herds trying to deliver on customer satisfaction and profitable margins.

It's not that these teams comprise only bad hires — quite the contrary in fact. Successful firms boast rosters full of the shiniest resumes and the most polished professionals. What differentiates uniquely successful teams however is their ability to leverage their exceptional players while holding the team as a whole accountable.

Having hired well, these great teams first capitalize on player strengths — strengths not defined by resume only but by what

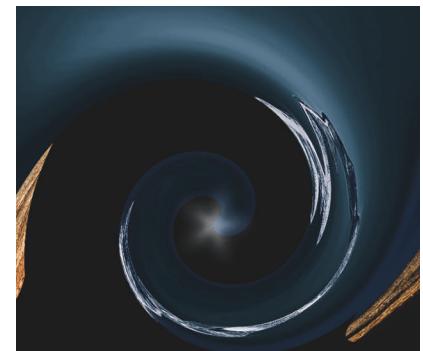
For more by Allison, visit
www.HousingZone.com/PR

At the same time and with a similar perseverance, successful teams determine a shared desired outcome and hold the collective, not the individual, accountable for achieving it. This is what makes the ordinary extraordinary. Teams that concentrate on the whole spend much less time on knee

jerk individual criticism and irrelevant finger pointing. Stuning examples include firefighters at the scene of a five-alarm blaze or a previously cursed

baseball team in game seven of the World Series. In both situations, the collective desired outcome is both much greater than the contribution of any single player, and not achievable without it.

It takes great wisdom and self control to understand that being a strong support piece in a web is just as powerful as kicking in the game winning goal. So try removing the ball from the center of your metaphorical gaggle of Pee Wee kids every now and again and watch the effect on your bottom line. •



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Professional Remodeler

The metrics that matter

There are plenty of numbers available to remodelers in their businesses, but how do you know which ones matter? *Professional Remodeler* talked to remodelers Bill Asdal and Bob Peterson about how they make the most of their data. Highlights of that conversation appear here. To listen to the full discussion, visit www.HousingZone.com/remex.

This month featuring:

Bill Asdal, Owner

Asdal Builders, Chester, N.J.

Asdal is a frequent speaker, writer and instructor for the construction industry. The company built its first custom home in 1978 and since then has built and remodeled hundreds of commercial and residential buildings.



Bob Peterson, President

ABD Design/Build, Fort Collins, Colo.

Peterson and his wife, Rita, started ABD Design/Build in 1990. Peterson was the 2007 NAHB Remodeler of the Year.



MOTSENBOCKER: If I could give you only one number or one piece of information that would tell you the most, what piece of information might that be?

ASDAL: Hands down, without question, the one number you must know is your personal budget, also known as your "burn rate." I would suggest that if you don't know what you're spending, you have no idea of what you have to make. That number is also going to drive the quality and type of life you aspire to. I believe the life that you choose to have should be planned, charted and financed by the companies you own.

MOTSENBOCKER: Bob, how about you?

PETERSON: I can't argue

with Bill. However, I'm going to delve into the company and assume I've got my personal ducks in line, and use the gross profit number. That's what drives me.

MOTSENBOCKER: I asked for one piece of information and you both came up with something different, and they're both great. That's not a problem. Now give me the top numbers that help you to analyze that whole number. Bob, what other numbers? You went from the gross profit, but what else?

PETERSON: Obviously, when I use the gross profit, I have to know what it costs me to open my door every day, which is the overhead that comes out of the gross profit, the expenses that get me to my bottom line.

That is another number that's key to me. Another number obviously on the other side of that is the cost of goods sold. One of the most important numbers that I look at, to be very honest with you, is a billable hours report from my production staff. I need to know how effective they are at keeping their time above the line in the cost of goods sold versus in overhead.

MOTSENBOCKER: Bill, how about you? I'll let you have go at a few more numbers.

ASDAL: Well, I have to go directly to net profit after taxes. Once gross is calculated, you have operating expenses within the budget, and then there's a big impact with the tax man. My second number is going to be net income after taxes. That number has to be greater than your burn rate for the life you choose to have. My suggestion is that that number should be 150 percent of your burn rate. I would suggest that there are two types of income that I look at. There's active income, which is what your remodeling company makes, and there's passive income,

which either comes from assets or from other companies, whether it be real-estate or interest coupons or dividends.

Passive income is a very different animal. I will suggest there should be a proactive plan to cultivate passive income and monitor that just like the active income. You have both of these contributors to that net after tax line, active income and passive income.

MOTSENBOCKER: Bob, why is it you have picked those numbers to manage your business?

PETERSON: When I pick gross profit as my key number, the reason I do that is I know what it takes to open the doors of my office. I know what my overhead is. Gross profit is one number that I can look at as a global number and pulling in what Bill's talking about, pulling in my whole personal and corporate life. I can pull it into ABD and look at the overall company, gross profit and know where I need to be. Or I can know again what my overhead is so I can look at individual microcosms of our different divisions within our company. Being design/build we have design revenue, we have retail revenue, we have new construction revenue and we have remodel revenue. I can look at each item with an allocated G&A expense toward that. It tells me where I'm at any given day.

MOTSENBOCKER: That's good. Bill, do you want to add anything to that comment?

ASDAL: I've heard for 30 years that you need a 67 percent markup to get the 40 percent gross profit; a 40 percent gross profit is a target. My

basic question is, 40 percent of what? You might have a wonderful structural metric that you're making 40 percent on a \$500,000 company, which in that case would be \$200,000. But if you have \$150,000 of overhead, you're left with \$50,000 and after taxes you're left with \$35,000 and you're living the life of someone who would spend \$80,000. So even in a classic scenario with that balance in place you need to go back and make sure the net bottom line really is sufficient to cover the life you choose.

MOTSENBOCKER: *How do you track those numbers? How do they get to you?*

ASDAL: Great question. We certainly keep an accurate, up-to-date current set of books. We use QuickBooks Pro. We have multiple companies we're running. Much like Bob suggested, he's got multiple classes of saleable goods, whether it be design, retail, remodeling or new construction. We're running a couple of rental properties and have some passive income flowing. Each one is a separate set. All of that is merged into a master sheet, which we do in Excel. We export regularly very simple reports that come out. P&L is certainly one we look at all the time. Is the company generating the numbers that it is supposed to? We will compare them. A snapshot of year-over-year for net worth becomes a very interesting one. If your net worth is going down but your income is going up, you've got to dial that back on the spending side because your net worth isn't growing. That's another very interest-

ing metric, the year-over-year total personal assets. The company's core mission, at least remodeling companies as I see them, is that they are ATMs. They are cash machines. They're out there to make money. You start it, you run it so you can make money. Now the question is, what do you do with the money and how do you create a passive income stream, or at least apply some good management skills so that you're generating that income and converting it into net worth?

MOTSENBOCKER: *Bob, how do you track this?*

That tells me eight weeks out where we're going to be cash wise. To follow that up, every other week we have developed a separate report outside of Master Builder called a Job Cost Data Report. My project managers and designers are 100 percent responsible for the numbers in that. It tells all. It projects cost to complete, it projects the gross profit, it projects the schedule. It's a fairly large spreadsheet, but that's a very valuable tool to us. Trust me, none of those people like to come in there in front of the company — this is a company-wide meeting we

biggest fundamental one we're looking at.

MOTSENBOCKER: *Bob, how about you? Do you have a benchmark out there or several that you use?*

PETERSON: We have several that we look at. Obviously, I'm going right back to gross profits. Anytime we fall below 35 percent gross profit on anything here, we start to investigate why. We want to know if that's a manpower situation, if that's a slippage situation. That's probably one of our strongest benchmarks. Another benchmark that I use is that I pull the current

"The very basic benchmark is a business goal to create passive income that exceeds the personal burn rate." — **BILL ASDAL**

PETERSON: About five years ago we converted from QuickBooks Pro to Master Builder. We're using it probably as close to 100 percent as a remodel company can. We track things daily. Master Builder provides me with a daily dashboard that I can look at. If I see anything on that dashboard, I have full access to look into it and look at any backup on that report. I get, as Bill said, a P&L and balance sheet by the 10th of the month following the previous month. That's something we've worked hard to do. I've got that to look at. Two other tools that I use to get to that is every Tuesday morning on my desk is an eight-week cash-flow projection. It's based on our scheduling system that we are very emphatic about following.

have every other week — and let us know that one of their projects is going in the tank.

MOTSENBOCKER: *When you start to evaluate this, do you have a benchmark that you go by?*

ASDAL: Yes, I certainly do. I have several of them. I must admit, in this economic time, we've got some very interesting results that are somewhat unprecedented. The very basic benchmark is a business goal to create passive income that exceeds the personal burn rate. I have indexed that for probably a decade or more and indeed follow up on a regular basis. Looking at that passive income number versus burn rate once indexed I was able to find that we could indeed exceed it. I keep looking at that on a regular basis. It's the

ratio up every other week just to see where we stand from a cash standpoint. We work hard to keep that well above the 1.0 level and have been all year been in the 2.0 level. We feel good about that. That's a benchmark that we as a company — my staff included — look at that.

MOTSENBOCKER: *Give me an example of when you see a certain number you know it's time to make a change and example of what you did.*

ASDAL: I'd like to give you two. The first is directly for the remodeling business. For years and years, we've had a very stable overhead. And when I do more gross sales with that stable overhead, it is a direct correlation to productivity. I can delegate more, I can let guys in the field run subs. We

ran our productivity pretty high without increasing overhead to the point that about 17 percent of our gross sales was our overhead. As our gross sales have collapsed in this economy, all of a sudden with half as much volume we've got an overhead at 35 approaching 40 percent. That tells us a lot of things. No. 1, if you're going to hold productivity stable I've got to cut overhead. Based on heartfelt loyalty and knowing

PETERSON: One of the other tools that we use is that we track our leads very intimately — where they come from, how they get here and what the projects are. I'll use a specific example: In October 2008, in looking at a third-quarter lead report for 2008, I saw a trend of leads decreasing greatly. That was a key turning point for us to evaluate, one, where those leads were coming from, and two, where we were going

of the readers who look at that weekly payroll and either have it or not. Without a forecast mechanism of what it is, also many will reach into their pocket and fund the shortfall from personal assets. I would add a caution and an asterisk to those who are doing that. You can fund a company that is going backward until you go broke. I would say the time a company needs to shut its doors is when it can't pay its

done on that particular client.

PETERSON: We track our time as a staff to 15-minutes. Salespeople hate it; because they're commissioned they feel like they shouldn't be accountable. One of my training goals with a salesperson is to teach them to understand that if you spend 100 hours holding someone's hand to get a \$20,000 project, they did not make any money. Again, I try to teach them to look at this as a business of their own. They need to be efficient in that aspect. We have a full-time estimator. My salespeople do not estimate. They are responsible for working with the estimator to put the project together, but that estimator tracks his time by every 15 minutes as well. We do track that so that we know where we're spending out time.

MOTSENBOCKER: Bill, do you track that time?

ASDAL: I admire those who can. I track it anecdotally. There is a breakline, and I see this as one on the far side of the bridge where to gather that level of data and analyze it for the size and volume we are doing is probably one that I would not specifically invest in. In the field, we track it to the hour what they're doing by the task, but the overhead and breakout in terms of sales is anecdotal only. The time of lead generation has long extended; the time to close has long extended; the hand holding, the investment to get to a close is extended. It's a great point, wonderful piece of data — I'd actually like to have it — but I choose not to invest and track in it. •

"We track our leads very intimately — where they come from, how they get here and what the projects are." — BOB PETERSON

how tight we've been for years, we kind of suck it up a little bit in this economy to keep everybody going, cut margins, cut where we can. Ultimately, many in the industry are faced with some very hard personal decisions about laying people off. Knock on wood, we seem to have flattened out at the bottom of our gross sales. We are sustainable. We are certainly nowhere near the profitability or overhead levels we've been burning, but those were pretty tight to start with. I think that is an actionable number to have, those ratios of gross sales to overhead. When they start getting out of whack that really is the clarion call to either find new sources of top line revenue or you really have to compress sales.

MOTSENBOCKER: Is there any number, especially in this economy, that you've been looking at that said you've got to do something sales-wise or marketing-wise?

to be for projected revenue for 2009. We started working hard as a staff — not just me. My staff was engaged in looking at P&Ls on where we could cut our overhead. We started working on our overhead.

Personnel, as a result of that, we're seven people leaner in 2009. Overhead, we cut about \$250,000 out of that. That really all came from our lead tracking system as a beginning.

MOTSENBOCKER: Bill, anything in particular that you've done that changed the way you were doing business as far as leads are concerned or sales?

ASDAL: Yes, no question about it. It's as simple as cash flow for us. Payroll needs to be met on Friday, and if it's not there, we'd better wake up and wake up plenty soon enough to generate billable times. There have been many

bills without your reaching into your pocket. Cross-pollinating personal expenses and company expenses or other assets back into the company

is very dangerous turf. Then you need to accommodate repayment of

those debts or loans back to the company. Really looking at hard cash and how long it's going to last, where it's going to go and how far you want to carry overhead.

MOTSENBOCKER: Do either one of you or both of you track the hours that are spent on an individual sale? For instance, a program we implemented here was all salespeople — and salespeople are estimators in our case — track their time by the half hour. When we get done with a project, we actually know how much time that salesperson and estimator and the amount of hand holding we've

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Where's the money?

Financing for home remodeling has never been harder to obtain.

Here's what you can do to make it easier for your clients.

By Wendy A. Jordan, Senior Contributing Editor

The well of work has gone dry for many remodelers, but it's overflowing at Riggs Construction & Design. Bill Riggs says his Kirkwood, Mo., company is "extremely busy," largely because Riggs has teamed up with a local bank to help his remodeling clients obtain financing.

In Seattle, Denny Conner refers Conner Remodeling and Design clients to another stable lender nearby that offers an attractive, innovative loan package. "It's a Godsend from my perspective," Conner says.

"Extremely busy" and "Godsend" are words seldom heard these days to describe remodeling business circumstances. Many homeowners are hurting financially and reluctant to launch home improvement projects. Even those who want to remodel and are worthy would-be borrowers are hitting a financial brick wall of strict, conservative loan qualification practices.

Today many lenders, particularly large national companies, are basing loan decisions solely on the numbers. Borrowers must have excellent credit, including a FICO credit score of 660 or above, says Angie Harper of All Star Construction in Houston. Property appraisals tend to be low and few lenders are willing to base loan amounts on a property's post-remodeling value. According to Bruce Christensen of GE Money, which specializes in quick-approval loans of \$25,000 or less,



ROB COLVIN

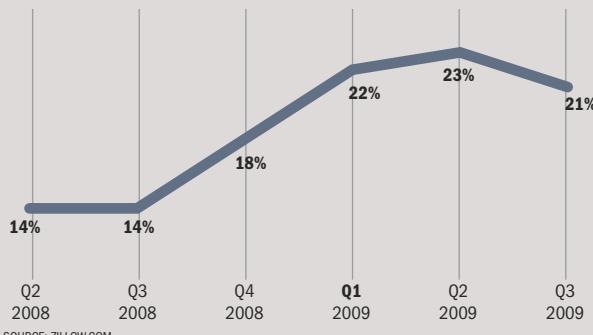
lenders making large remodeling loans that used to advance 110 percent of a home's value now will not lend above 80 percent of that value.

Flexibility and individual consideration have disappeared from the loan approval process at most lending institutions. The loans that do go through often take a longer time — and therefore cost more — to close.

But Riggs, Conner and other enterprising contractors around the country have found ways to overcome these obstacles.

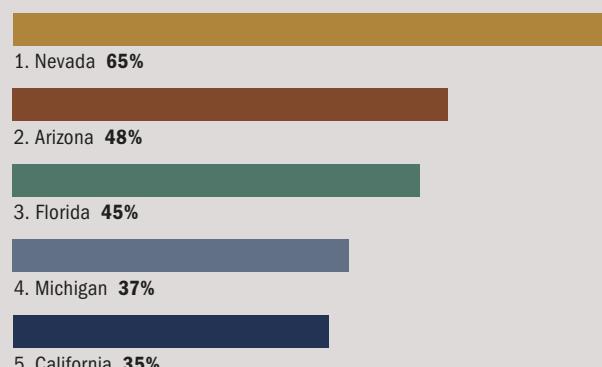
Homeowners continue to sink underwater

Percent of homeowners with mortgages whose balance is greater than home value



SOURCE: ZILLOW.COM

States with highest rates of negative home equity



SOURCE: FIRST AMERICAN CORELOGIC

Near-record levels of homeowners owe more than their homes are worth, making it nearly impossible for them to get home equity financing for remodeling.

Local connections

Riggs has a win-win connection with Eagle Bank and Trust, a healthy local bank. Since Riggs does his business banking at Eagle, he knows the staff and they know him. "The big key is having a relationship with the bank," he says. Eagle is willing to refinance mortgages for Riggs's clients with remodeling costs rolled in. The borrowers' monthly payments can remain the same or even decrease, depending on the loan term.

"People are scared of banks and financing now," says Riggs. "The system that we set up with the bank has made it easy for [qualified] clients; they don't have to do much. A lot of clients ask if we do financing. I say we don't, we're in business to be remodelers." Yet he is able to refer them to loan officers at Eagle who, in a low-pressure way, present the mortgage refinance program. Eagle features Riggs Construction & Design in home remodeling loan ads that run regularly in the local weekly. "We get a lot of calls from that," Riggs says. A sheet in his presentation package points out that it's a good time to borrow because interest rates are low, and it references Eagle's refinance plan.

Conner has a mutually beneficial relationship with a Seattle branch of Washington Federal Savings. The two understand each other's systems and refer clients to each other. Washington Federal offers an all-in-one custom construction/remodel loan that, the lender's brochure says, "wraps construction and permanent financing together" in one package with one closing and one set of fees. Borrowers lock in an interest rate for a 30-year, fixed-rate loan before construction starts. Branch manager Karen Hlinka says, "We

The situation is worst in the former boom Sunbelt states where home prices exploded and the industrial Midwest where the collapse of the auto industry has hurt employment.

manage [loan] projects right out of our branches."

"Washington Federal is about the only bank I know right now that has a customer friendly program like that," says Conner. "They are able to be a little more flexible because they fund their own mortgages and do not package them for resale."

Broker relationships

Remodeling clients still can borrow from national institutions, though it can be trickier to find a good fit with a lender. That's why Mike Daniel of Legacy Design Build Remodeling in Scottsdale, Ariz., introduces his clients to Patrick Gavin, a Certified Mortgage Planner Specialist in Phoenix whom Daniel knows well and trusts. With access to about 60 mortgage companies, including large national lenders, Gavin says he can find the best loan options for each Legacy client. "If there's any possibility of getting the project financed," says Daniel, "[Gavin is] the one who will make it happen for us."

Paul Paniagua of All Pro Builders in Fullerton, Calif., has worked with one mortgage broker for years. Paniagua no longer offers basic financing himself — "I can't chance it," he says — but the broker continues to help All Pro clients get the loans they need. The broker's flyers are in All Pro's presentation packets and Paniagua offers to call the broker on clients' behalf to pass along information about their planned projects.

Paniagua "brokered" another relationship as well. After an online search for new opportunities to make loans available to his clients, he chose a program offered by the local gas company. Essentially a preferred contractor for the utility, Paniagua can have his clients complete a simple application

Where's the money?

online for loans up to \$20,000. The applications are processed within 24 hours.

Making it easy

Metropolitan Washington, D.C., remodeler Chris Landis uses the Landis Construction Corp. Web site to facilitate the loan search process for clients. A financing page on the site features loan calculators plus contact information and hyperlinks for two lenders Landis recommends — a local bank and a Wells Fargo Home Mortgage consultant. Local banks know Landis' business and tend to be "more flexible, more action oriented," he says, and Wells Fargo "has a strong 203k program."

An FHA program, 203k bases loans on the value of the improved home. Robert Cohen, a Wells Fargo mortgage con-

sultant in Washington, D.C., says 203k funds are placed in escrow and issued directly to the contractor as improvements are installed. "Remodelers have to use their line of credit to pay for the work up front," says Cohen, "but they know they are getting their money."

In Houston, Angie Harper eliminates the headache of borrowing by handling the whole loan application procedure for All Star clients. "We know the process, do it a lot and can do it quickly," she says. "We know where we can get things done for the lowest rates and fees."

The sweetest part of All Star's loan application service? "We can use it as a closing point" — a contingency clause in the proposal, says Harper. If All Star finds satisfactory financing for clients, they agree to sign a remodeling contract. •

10 ways to find client financing

1. Network

Team up with lenders you know through builders associations, business groups and even social connections. "We have been providing our clients with referrals for financing for several years based on numerous business and networking relationships," says Geoff Martin of Cedar Mill Group in Webster, N.H.

2. Go local

"For financing, we don't work with a mega-bank," says Dave Dunlap of Consolidated Construction Group in St. Louis. He works with a local bank that is "more willing to look at who the [borrowers] are and their ability to pay" rather than just the numbers.

3. Use effective specialists

Identify and work with loan officers and mortgage consultants who get results. "We try to find a loan officer who is good and use just that person at a bank," says Angie Harper of All Star Construction in Houston.

4. Be part of the appraisal process

Your input can help prevent low appraisals. "We recommend appraisers that are familiar with the quality of the work we do," says Dunlap. All Star makes sure to provide complete remodeling plans for clients to show appraisers. "We like to be at the house with the homeowner when the appraiser comes," adds Harper.

5. Identify several good options

"We work with two local lenders and one national lender," says Martin. "I choose who I think is going to be the best fit" for the client and the project. Using a good mortgage broker is another way to expand your clients' options.

6. Ease the process

Getting a loan can be stressful. Take the burden off your clients, whether by doing the loan application groundwork; listing recommended lenders in leave-behind materials or on your Web site; or explaining the project to loan officers on your clients' behalf.

7. Research financing products

Search the Internet and ask around for loan programs you could use with your clients. Paul Paniagua of All Pro Builders in Fullerton, Calif., checked out several before deciding to become a pre-qualified contractor for a program offered by the local gas company.

8. Pre-approve clients

Ask serious prospects to assemble key credit data early. By reviewing that information you will know right away if a loan is unlikely. If the prospects are strong candidates for financing, they will have done a good share of the loan application homework.

9. Give and take

Making business referrals should be a dynamic, two-way street. Send remodeling clients to your preferred lenders and ask the lenders to send prospects to you.

10. Be prepared for Federal loan programs

203k loans may be the best or only option for some remodeling clients. If your clients need to go this route, help provide the information needed, but make sure you can carry substantial debt without compromising your financial position; you may have to make large outlays before receiving reimbursement.



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Remodelers expect lead paint rules to be major challenge

Survey shows top concerns are competitors who won't follow the rules and increased costs

By Jonathan Sweet, Editor in Chief

In just two months, remodelers will face a major change in the way they have to do business when the Environmental Protection Agency's new Lead Renovation, Repair and Painting rules take effect for homes built prior to 1978. Some have called it the biggest change to hit the remodeling market in decades.

Despite that, our research shows many remodelers are not aware of the coming rule changes, and even among those who are aware, a significant number do not plan to be certified for lead-safe renovations by the April 22 effective date of the regulations, despite the potential of \$37,500-a-day in fines for violations.

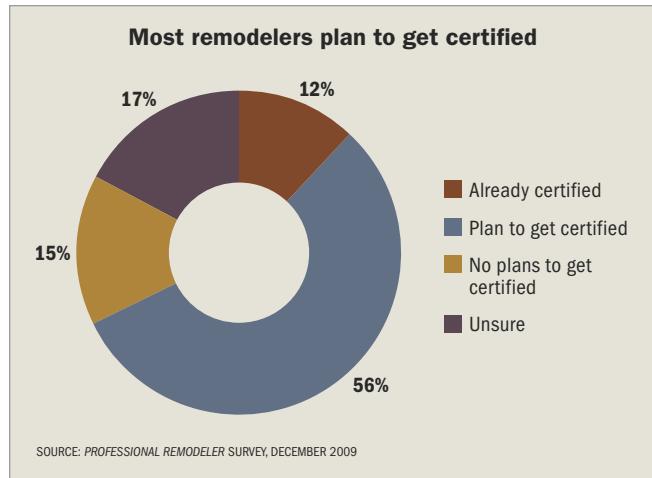
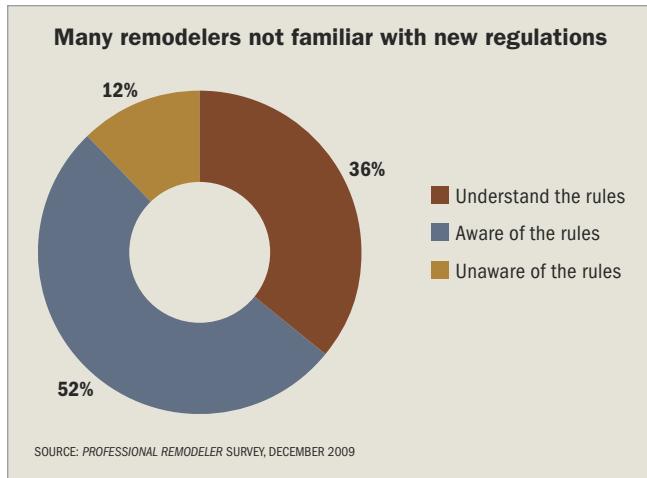
We surveyed our readers and talked to remodelers and

others in the industry about just what all this means for the average firm.

Remodelers are worried that the new regulations will continue to widen the increasing gap between professional firms and the fly-by-night "Chuck in a truck." Just like many small

Methodology

532 remodelers completed the survey via the Internet from Dec. 9 to Dec. 21, 2009. Participants were chosen from a random sample of subscribers to *Professional Remodeler* magazine and *Professional Remodeler* e-newsletters.



Barely a third of remodelers say they understand the new lead paint regulations.

operations that don't get licensed, have liability insurance or follow other legal requirements, the fear is that they won't bother following the regulations.

That was the top threat of the new rules identified by our survey, with 37 percent of remodelers saying it was the biggest challenge to their business and more than half identifying it as one of the top two challenges.

"We suspect that we will see much more of that, much more of people just hiring unlicensed contractors or doing it themselves," says Tom Garcia, CEO of Southern Evergreen, a remodeling and home building company in Summerfield, N.C.

While willful disobedience may be part of the problem, many contractors probably have simply no idea there are new regulations on the way.

"We've been talking about this in the associations for years, but there are a lot of folks out there that don't have the vaguest idea this is coming," says Jon Chandler, CEO of the Oregon Home Builders Association.

The EPA hasn't done nearly a good enough job getting the word out about this, Garcia says.

"We're on top of this thing, but you get down to a painter that's out there driving around in his pickup truck, he may not even know about this," he says. "For some period of time, years probably, we're going to be competing against folks that probably have not even heard of all this."

The numbers bear that out. Only 36 percent of the remodel-

While the majority of remodelers are either certified or plan to be, a significant numbers don't intend to get certification.

ers who responded to our survey knew what the new rules entailed. Another 52 percent had heard about the rules but didn't know any details about them, and 12 percent didn't even know there were new regulations on the way.

Increased project costs

Why this matters, of course, is that it's an additional cost that not everyone will incur. The increased cost of doing business was cited by 21 percent of remodelers as their top concern with the rules.

The big question, then, is how much will compliance actually cost remodelers. The EPA puts the figure at \$35 a job, a number most remodelers consider laughable. Although NAHB hasn't reached an exact dollar figure, the association's members agree it'll be higher than that, says Therese Crahan, executive director of the NAHB Remodelers.

NAHB has been working on this issue for years with the EPA and other groups.

"From a labor cost standpoint, it's easily going to add 20 or 30 percent," Garcia says.

"And that's not just in the field, but also in the office as well because there's so much documentation that needs to occur to be able to prove that the work was done properly in the event of an EPA audit."

Not everyone agrees that project costs will significantly increase under the new regulations.

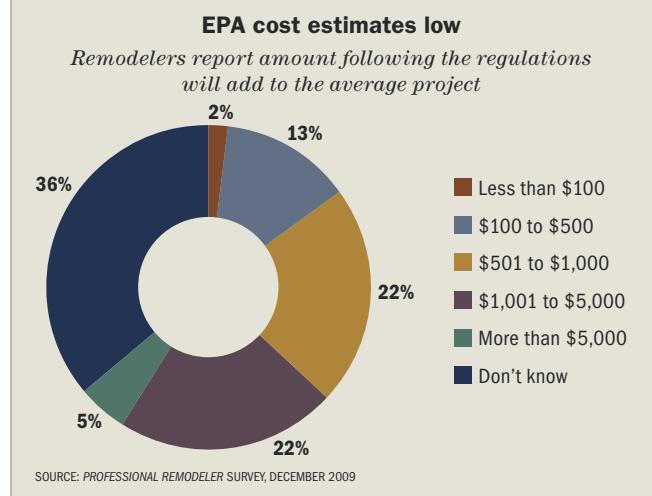
Rich Cowgill, president of Vision Design and Build in Willow

Remodelers expect lead paint rules to be major challenge

Remodelers' top concerns about lead paint rules

In our recent survey, we asked remodelers how they expect the EPA's new Lead Renovation, Repair and Painting rule to affect their business. Reactions were mixed, with some remodelers supporting it, but most expressing concerns about the rules. Here's what they had to say:

- **"Long overdue and we hope everyone learns to protect homeowners and follow the rules."**
- "All regulations put me at a further disadvantage in trying to compete with unlicensed contractors or non-complying businesses."
- **"More money going to this and less to the actual project."**
- "It will be a headache for a while but will eventually become part of doing business."
- **"If this turns out to be rules with no enforcement, it will be a definite drag on my ability to compete with those who ignore the regulations."**
- "These new regs will hopefully level the field and raise customer awareness at least with regard to this aspect of remodeling."
- **"It will make it easier, in an already skittish environment, for customers to say no."**
- "We may avoid pre-1978 homes for remodeling."
- **"I think it will add cost to the project that owners will not be willing to pay for and will also cause our competition to not follow the new rules and underbid our company."**
- "It will add cost and time to projects with little or no real benefit."
- **"Consumers do not want to pay for any removal of hazardous items."**
- "Increased workload with no extra money."
- **"Undoubtedly will lose business."**
- "Good for the large contractor, will help kill the small contractor."
- **"I've mentioned the new regs to some current customers. It's a hands-down 'Don't even think of charging me for that — I'll find someone else.'**
- "Any added government regulations make it harder for good contractors to stay in business."
- **"It will add costs that some owners will not pay and will turn owners off to remodeling."**
- "In the long-term, I don't expect big changes. It will just become another part of doing business."
- **"Another layer of regulation to make it difficult to be productive and make a profit."**
- "There is no question that this will have a very negative effect on the remodeling and renovation business."
- **"I think most (homeowners) will not follow the rules and will find someone to do what they want."**
- "The additional cost will eliminate two-thirds of customers."



Most remodelers expect it to cost them significantly more than the EPA estimate of \$35 a project to follow the new rules.

Springs, Ill., is a trainer with Public Health and Safety, a Chicago-based, EPA-accredited training provider. He has taught more than 100 remodelers so far and says that the additional cost of compliance is the biggest concern they have when they get to class.

"What I'm finding, though, is that for most remodelers, at least the good ones, it's not adding much to the job," he says. "Most guys do put Visqueen down on the floors, put up dust barriers so dust doesn't float down the hallway. It's just the cleaning that gets more involved."

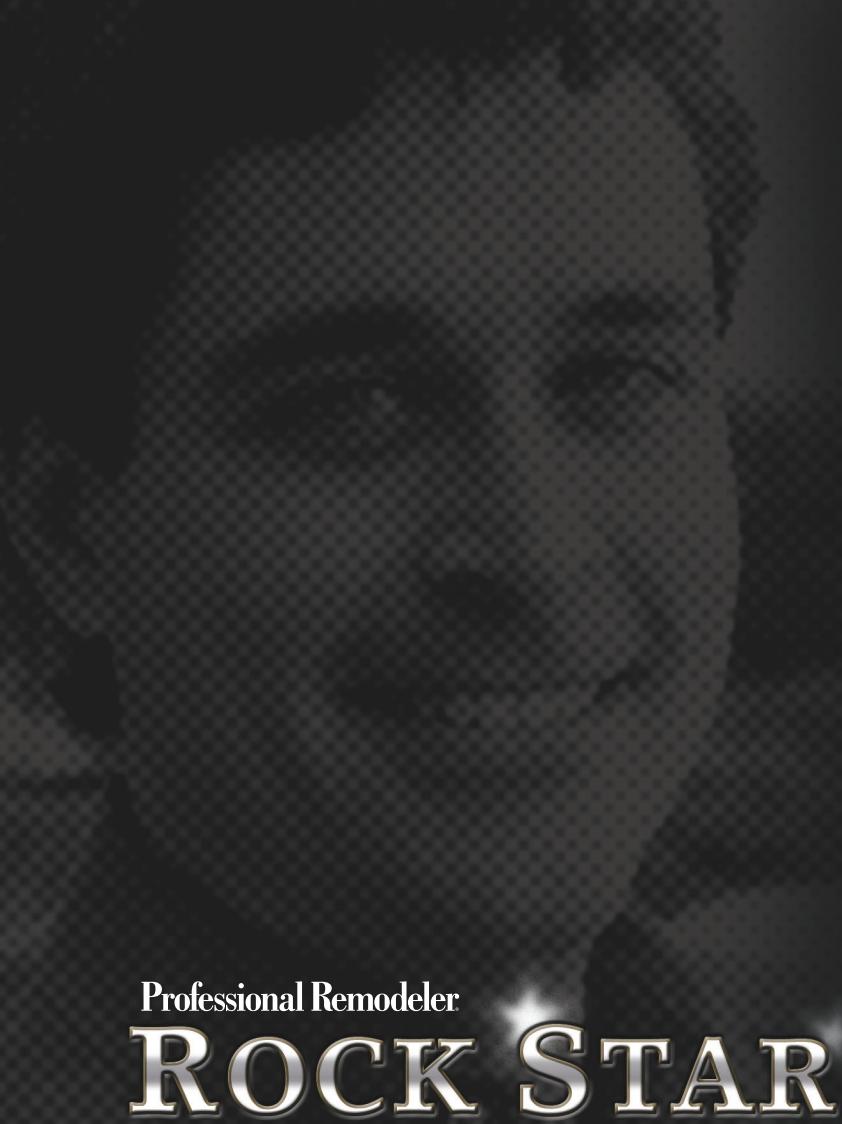
However, most remodelers said it will significantly add to their cost of doing business. Only 2 percent of remodelers in our survey said they expect the regulations to add less than \$100 to the cost of a job — less than the 4 percent who said it would add more than \$5,000 to the average project. Twenty-two percent put the cost at \$500 to \$1,000, and an equal number said it would cost between \$1,000 and \$5,000.

Who's going to pay for it?

If there is a significant additional cost for compliance, as most remodelers believe, the challenge will be convincing homeowners to pay for the work. Many said that that will be a major challenge of the new regulations.

Nearly a quarter of remodelers said none of their clients will pay the additional cost of the work and another 39 percent said less than 25 percent of their clients will bear the expense.

Many remodelers report that their clients know nothing about the new regulations — not surprising, as there has



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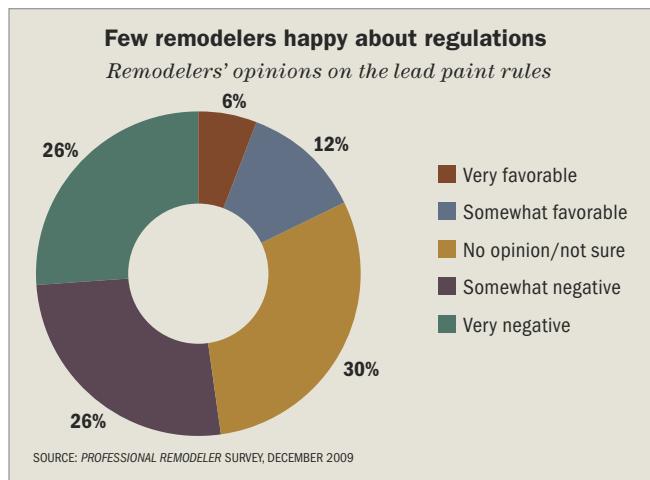
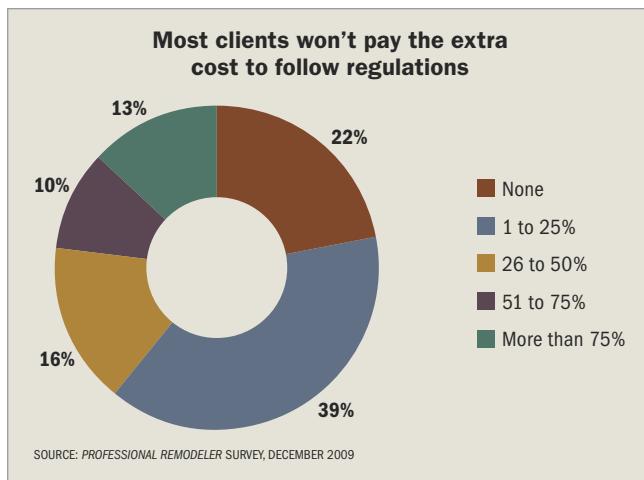
PRESIDENT | CASE DESIGN/REMODELING, INC./CASE HANDYMAN & REMODELING SERVICES, LLC.

Sharing best practices and bringing professionalism to the business of home remodeling is a passion of Bruce's. As a national speaker to the remodeling industry, Bruce covers an array of subjects ranging from tactical (percentage of completion, cash flow and sales/production relations) to strategic (business planning, the future of the remodeling industry). To supplement his master's in business, Bruce contributes to Harvard University's Joint Center for Housing Studies and has obtained certifications in remodeling, green building practices, franchising and in risk management. Case Design began as and remains to this day a residential remodeling firm in the Washington, D.C., metro area. Over the last 10 years, Case has extended its reach across the U.S. Case offers educational opportunities through Case Institute of Remodeling as well as licensing and franchising opportunities through Case Handyman & Remodeling Services. Since its founding in 1961, Case Design/Remodeling has won more than 70 national design, remodeling and business awards; has completed more than 100,000 renovation projects for more than 60,000 clients; and currently has a 93 percent recommendation rate from past clients.

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Remodelers expect lead paint rules to be major challenge



Remodelers say most of their clients will not be willing to pay more for them to follow lead-safe work practices.

been little attention given to educating homeowners about them. While the EPA has promised a consumer education campaign was forthcoming, nothing has happened yet.

"Consumer awareness is probably the biggest lag with this," says Matt Watkins, an environmental policy analyst with NAHB. "Consumers don't know about this. That really falls on the EPA, and we haven't seen anything from them."

The latest word from EPA is that a campaign might be ready to be launched in July — three months after the rules take effect, Watkins says.

"That's really going to be the challenge — figuring out how to sell this to your potential clients," he says.

Most remodelers don't have a favorable opinion of the lead rules, but many are undecided.

Selling the additional cost to homeowners will probably require an emphasis on safety and hoping that they will want to follow the law, Garcia says.

"We're just going to sell it on the safety aspect, telling them, 'It's a requirement by the federal government, and it's designed for the safety of the occupants of the home,'" he says. "And we hope that the prospective client will feel that's important enough to undergo the additional cost, but we can't control that."

Training could be a challenge

On average, completing the necessary training to be certified

What you need to do

Anyone working in pre-1978 homes or other child-occupied facilities will need to follow the EPA's new regulations. Here are the basics:

- Before the project starts, you have to hand out the new EPA lead paint brochure, "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools."

(You should have been doing this since December 2008.)

- Your company must be certified by the EPA to work in homes with lead paint. It costs \$300, and

you can apply on the EPA's Web site at <http://epa.gov/lead/pubs/firmapp.pdf>. There is currently a 90-day wait to get approval back from the EPA.

- At least one person with your firm has to take an EPA-approved eight-hour course in lead-safe renovation practices. A full list of providers is listed at <http://epa.gov/lead/pubs/trainingproviders.htm>.

- For every project in a pre-1978 home, you need to follow the EPA's lead-safe work practices, which include posting warning signs for occupants and proper cleaning and isolation of the work area.

The full regulations are available at www.epa.gov/lead/pubs/renovation.htm.

- You need to keep records for three years that show you followed the regulations, including proof of delivery of the "Renovate Right" pamphlet, documentation of work practices and proof of training and certification.

- States are also allowed to take over administration of the program, as long as their requirements are at least as strict as the EPA's. So far, only Wisconsin has done so, but several other states are in the planning process.



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Remodelers expect lead paint rules to be major challenge

New regulations present challenges

Percent of remodelers that rank the following as one of the top 2 challenges of the rules

1. Competition from contractors that won't follow the rules **59%**
2. Increased cost of doing business **45%**
3. Convincing homeowners of the benefits of the new rules **34%**
4. Keeping the required records **27%**
5. Completing the necessary training by April **19%**
6. Performing post-project testing **16%**

SOURCE: PROFESSIONAL REMODELER SURVEY, DECEMBER 2009

Increased costs of doing business and competition from contractors that won't follow the rules are top concerns.

by April did not rate as a major concern for remodelers, coming in at an average rank of No. 5. However, many of those who have been working on the issue for the last several years see it as a significant challenge.

The EPA has been slow to approve trainers, and while there

Lead paint vs. the stimulus

One area of concern is how the new lead paint regulations could affect the government's efforts to stimulate remodeling and create jobs through tax credits and other rebates such as the proposed Home Star or "Cash for Caulkers" program.

The target homes for both programs are likely to be the same, so the additional credits may not help spur much activity, especially as remodelers struggle to get certified, says Therese Crahan, executive director of the NAHB Remodelers.

Jon Chandler, CEO of the Oregon Home Builders Association, echoes that sentiment.

"That's an interesting little collision that's about to happen," he says. "You've got the president and the agencies looking at shoveling a ton of money into energy efficiency remodels, and it's a funnel that's going to just be too small unless we're going to be doing it illegally."

are more than 100 accredited firms as of this writing, many states, including Arizona, Iowa, Louisiana, Oklahoma and West Virginia, do not have any.

"It's unlikely everyone that needs to can get trained," Watkins says. "We don't see them having the firms necessary in place to train everyone."

NAHB had proposed to the EPA a six- to 12-month delay in enforcement, but that idea was rejected.

That concern prompted the Oregon Home Builders Association to create an online certification program. The online training replaces the classroom component of the EPA-required training and would only need to be supplemented by a 3-hour hands-on course, says Chandler.

"When we looked at the number of contractors that would have to take this class and the length of the curriculum and so on, it just seemed the logical way to do it," he says.

After completing the training, contractors could print out a certificate of completion, take that to an approved, hands-on trainer and complete the training that way. The program was designed for Oregon-based firms but will be open to contractors throughout the country, Chandler says.

(For more information, visit www.oregonhba.com or contact Chandler at jchandler@oregonhba.com.)

"Once they start enforcing, it's going to be a nightmare," Chandler says. "We're working as hard as we can to get people trained, but just logically, there aren't enough hours in the day to get everyone certified."

Part of the issue may be that many remodelers appear to be waiting to get certified. As of late December when our survey was conducted, only 12 percent of remodelers said they had been certified, although another 47 percent said they intended to be certified by April. Still, 15 percent of remodelers said they did not plan to get certified, and 17 percent said they were unsure if they would.

Those who do no work in pre-1978 buildings, not surprisingly, were the most likely not to get the necessary certification, with only 19 percent of them saying they were or planned to be certified. However, 10 percent of remodelers who get more than half their business from pre-1978 homes said they had no plans to get certified.

Cowgill says that although his classes in the Chicago area can accommodate 40 students, so far he has averaged about 12 per session.

"I think a lot of them are choosing not to do it until somebody gets nailed," he says. "The fine is up to \$37,500 per day, but until they see some article in the paper that this guy got nailed for \$50,000, they're not going to take it seriously." •

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After five years of intense involvement in the theater — acting, directing and coaching — Allison redirected her creative interests into her father's custom building company. Over the course of 10 years, she learned all aspects of the business, from client relations to brand development. She has since become one of three managing partners. Allison is proud to have worked with her partners to build and create a model of company leadership that involves joint ownership, collaborative decision making and sustainable business practices. Allison is a past director of the Builders Association of Greater Boston, serving as chair for the Sales and Marketing Council and the Remodelers Council. She has enjoyed writing for and serving on the Editorial Advisory Board of *Professional Remodeler* Magazine, is a newly appointed member of the Women's Network Advisory Board for the Boston Chamber of Commerce and is a past member of the Board of Trustees at Walnut Hill School a local arts high school.

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Broken chain

The building products supply chain is a mess. How can it get better?

By Paul Deffenbaugh, Contributing Editor

Even before the housing market downturn, the building products supply chain was going through a period of what could charitably be called “change.” Uncharitably, it could be called bedlam. Consolidation was rampant. Chief among the players was ProBuild Holdings. Backed by Fidelity Investments, the company acquired more than 500 locations in 40 states, branding a national building product supplier for home builders. Stock Building Supply in Raleigh, N.C., embarked on a similar acquisition spree, although with a strategy focused on a different location profile.

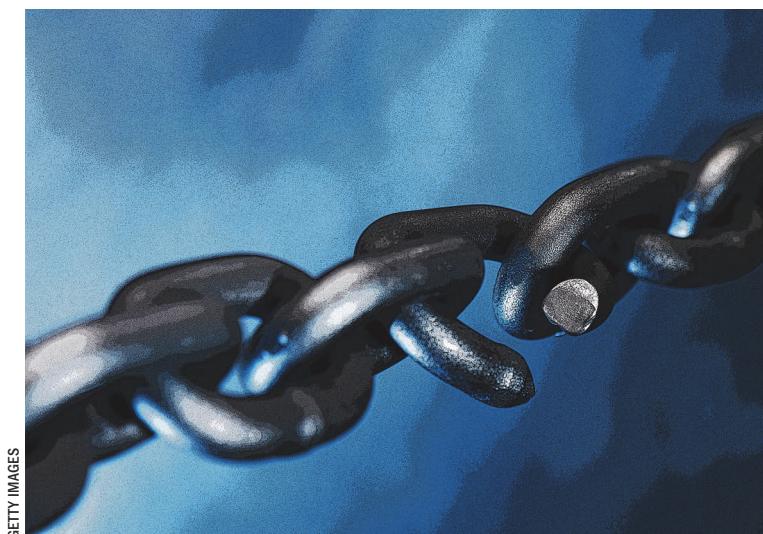
In the West, BMHC Holdings of Boise, Idaho, established its SelectBuild subsidiary (in May 2008 the subsidiary merged with BMC West, BMHC’s other subsidiary). By purchasing local trade contractors, SelectBuild offered bundled product and installation services. Since those heady, dreamy days, much of the supply chain has seen its prospects cut in half or worse. ProBuild’s 2008 revenues were 30 percent of what it achieved in 2007 in spite of growth from continued acquisitions. BMHC filed for Chapter 11 bankruptcy protection in June 2009.

All of this activity was an attempt to overcome the major failing of the entire building products distribution channel: inefficiency. Paul Teicholz, a Stanford University professor, studied the labor productivity of the construction industry. Compared with productivity in 1964, the labor productivity in construction has declined on average .59 percent per year. In contrast, labor productivity in non-farm industries — think manufacturing — has increased 1.77 percent on average per year. Over a 40-year period, that means construction productivity has decreased nearly 25 percent while other industries have seen productivity increase well over 200 percent. The reason? Too many players carry too much inventory to meet uncertain product demand on deadlines that are poorly communicated.

Who's the culprit?

When remodelers and builders try to bring down the cost of construction, they tend to look for breaks from their trade contractors and suppliers. That makes sense in a way. The trades bring the material and labor to the site and are the most likely, it would seem, to get efficiencies.

Ken Pinto disagrees with that assumption. The director of



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supply chain management for Standard Pacific Homes points the finger squarely at builders themselves. They “wanted to simplify things a bit, so instead of collecting take-off information we went to this lump sum environment,” he says. “When we did that, we had no need for a taxonomy to support detailed take-off information. ... I’ve come to find out it’s been one of the most damaging things to our industry.”

How does that affect the building product chain? Let’s turn to Matt Sanders, associate partner at Symbius Corp., a supply chain management consultancy. “Visibility is what creates efficiency,” he says. If a general contractor doesn’t understand how his trade makes a materials list, marks up materials and labor, and makes his profit margins, he can’t see where to get efficiencies and reduced cost. “As builders get more sophisticated about expressing their demand needs ... at the product level, the framer, his distributor, right up the chain can use that information to lean out their own systems and lean out their own inventory and help them manage their own business better,” Sanders says. Without visibility, everyone will continue to pad what they’re doing to make the process work.

Strive to survive

The result of this invisibility is a supply chain in turmoil. As

Broken chain

the housing market deteriorated, the players in that chain scrambled to survive.

Jon Davis grew up in the family lumberyard business his grandfather started in 1935 in Hutchinson, Kan. He's been through the tough times. In the late 1970s, Davis Home Center had three locations, including a truss and wall panel plant and retail home center. When the major employer dropped out and the industry plummeted under the weight of astronomical mortgage rates, Davis had to cut the staff from 77 employees to 19. They went into survival mode, and he and his brother shepherded the company through until they sold to Star Lumber in 1990. Davis then worked for Star for 17 years and now consults for dealers facing the same issues he faced.

"I'm appalled at how many dealers have seen their volume drop by 60–80 percent but haven't dropped a location, haven't adjusted payroll," Davis says. He suggests a couple of survival strategies for dealers. First, pro dealers should take the skill sets they have in selling to home builders, then identify other customers. "Suppliers can't afford to pass up anything," he says. "But they can't abandon their core."

"What I say to my dealer is: You've had it so good for so long that you haven't identified the customer's needs and marketed aggressively. Even mediocre guys were doing well because of so much business. ... In many cases, pro suppliers and large home builders don't know what to do to adapt."

Commercial construction clients are an obvious diversification strategy that meets the needs of the market, but Davis suggests another business as a good example: replacement windows. Instead of just selling windows to builders and remodelers, he argues that now is the time for dealers to offer installed services to consumers as well. Traditionally, dealers have shied away from such a tack because they feared alienating their core customers.

As we work through this downturn, contractors will find the nature of the relationship with their dealers is changing and will have to become more of a partnership because the dealer is working to survive as well. Cutting each other's throats over costs is the equivalent of mutual assured destruction — the old Cold War strategy to prevent nuclear holocaust.

The new role of partnerships is extolled by Greg Brooks, president of The Building Supply Channel in Albany, Ind. His company offers market research, training and consulting for the construction supply industry. Brooks has also been a student of the industry for more than 40 years. He argues that the lumber dealers who are surviving are the ones who didn't

necessarily jump on the production builder bandwagon and tend to be in smaller markets. The smaller markets forced them to be more diversified.

What you won't find as a survival strategy from pro dealers is diversification into new product lines. On this, Brooks, Davis and Sanders agree. For a lumber and materials dealer who may have a truss plant or wall panel shop, it would require too much capital to suddenly offer roofing, windows or drywall if those products are not already part of the enterprise. The capital isn't available and the risk is too high.

New tech

With all this turmoil and inefficiency in the supply chain, what is most surprising may be how little technology is used to make it more efficient. One of the few players in this space, and perhaps the most successful, is Hyphen Solutions. The software company offers packages that facilitate communication along the chain.

Ken Pinto of Standard Pacific has done a test case in Tampa, Fla., with Kwikset, the door hardware manufacturer. His complaint is the builders only talk with trades. And trades only talk with suppliers. And suppliers only talk with manufacturers. Using Hyphen Solutions software has opened up the communication so everyone sees the same information at the same time. He explains: "When we build a house in Tampa, about a week before the foundation trenches, Kwikset knows what kind of locks are going to go on that house, and what date they're going to be needed."

This gives Kwikset a 90- to 100-day window into demand for their products from Standard Pacific. In fact, Kwikset wrote an interface that connects Hyphen Solutions SupplyPro with their manufacturing software. The enterprise, though, rests on the ability of Standard Pacific to have a detailed understanding of its product demand, capture that understanding in its purchase orders and communicate it to the entire chain.

The result is that while builders may be the root of the problem, as Pinto suggests, they are also the root of the solution. In the end, when manufacturers and suppliers such as Kwikset and its distribution channel know exactly how many and when its products will be used, the supply chain can deliver more efficiently and take significant cost out of the system.

Until that day, the supply chain will continue to be in turmoil and builders will continue be frustrated by cost control. •

A version of this article originally appeared in our sister publication Professional Builder.



Professional Remodeler
ROCK STAR

Denis Leonard

PRESIDENT | BUSINESS EXCELLENCE CONSULTING

Denis Leonard brings to Business Excellence Consulting degrees in construction engineering and education in addition to a master's and doctorate in quality management. Denis is a fellow of the UK's Chartered Quality Institute and is a senior member of the American Society for Quality with whom he is a Certified Manager of Quality and Organizational Excellence, auditor and Six Sigma Black Belt. An ASQ Feigenbaum Medalist, he has won several international awards for research publications. He has been a judge and examiner for the Wisconsin Forward Award, Baldrige National Quality Award Board of Examiners, International Team Excellence Competition and the National Housing Quality Award. A former professor of quality at the University of Wisconsin, he has experience in management, engineering, training, auditing and consulting with expertise in strategic and operational quality improvement initiatives. He developed and implemented integrated quality, environmental and safety management systems at Veridian Homes in Madison, Wis., earning them the National Housing Quality Award, Energy Value Housing Award, Innovative Housing Technology Award, NAHB Safety Award for Excellence and *Professional Builder* magazine's Builder of the Year. In 2007, Denis won Big Builder magazine's APEX Award for his work in quality management.

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ROCK STAR

Stephen C. Moore

SENIOR PARTNER | BSB DESIGN

Steve joined BSB as marketing director during the depths of the recession of 1991 and helped grow BSB into one the nation's few truly national residential design firms in the country, now with six offices nationwide. With an architecture degree from University of Virginia, Moore has spent the past 32 years in the housing industry, serving as a staff member of NAHB, a construction superintendent, a home builder production manager and architectural firm manager. As an industry volunteer, Moore has held chair positions on NAHB committees for Design, Multifamily Pillars and the Sales and Marketing Council in addition to positions with the AIA, Multi-Housing World and ULI. He is a frequent speaker at national and regional building industry conventions, seminars and management conferences, speaking on design trends, innovation and construction efficiencies. While as an NAHB staff member, Steve was contributing author for the NAHB publication "Higher Density Housing: Planning Design Marketing" and founded the Best in American Living Awards (BALA), now co-sponsored with *Professional Builder* magazine. In January 2009, Steve was elected to the inaugural class of the BALA Hall of Fame.

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Forecast: Modest recovery for 2010

Remodeling market should start to come back this year

By Jonathan Sweet, Editor in Chief

The good news: the recession appears to be over. The bad news: the recovery isn't going to be great. That seems to be the consensus of most economists as we head into 2010 — the worst is over, and we'll start seeing modest recoveries in the housing and remodeling markets this year.

"It was the worst downturn since the Great Depression, but it does appear to be over," says David Crowe, NAHB's chief economist. "It won't be a strong recovery, but there are some positives for housing."

The fourth-quarter ended up being better than many economists expected, with gross domestic product growing at a 5.7 percent clip in the last three months of 2009. Still, a sluggish job market has many pessimistic about a long-term recovery, especially in housing. (Residential investment did slow from 18.9 percent growth in the third quarter to 5.7 percent in the fourth, probably due to the impact of the new home buyer tax credit.)

"A recovery in the employment market is the key," Crowe says. "We need to see continued employment growth, and it's going to be at least several months before we see that happen."

NAHB is forecasting unemployment to go below 10 percent in the second quarter of this year and below 9 percent in 2011. Those high rates will continue to put pressure on the housing market, says David Berson, chief economist of mortgage insurer The PMI Group.

"The job market is going to look a lot like it did last time — a jobless recovery," Berson says. "That will hold down the strength we see in housing."

Remodeling recovery

The Joint Center for Housing Studies of Harvard University estimates that the overall residential remodeling market was \$246 billion in 2009 — down almost 25 percent from the

2007 market peak of \$320 billion. That's still better than the new construction downturn and has lead to the long-predicted surpassing of that market sector by remodeling.

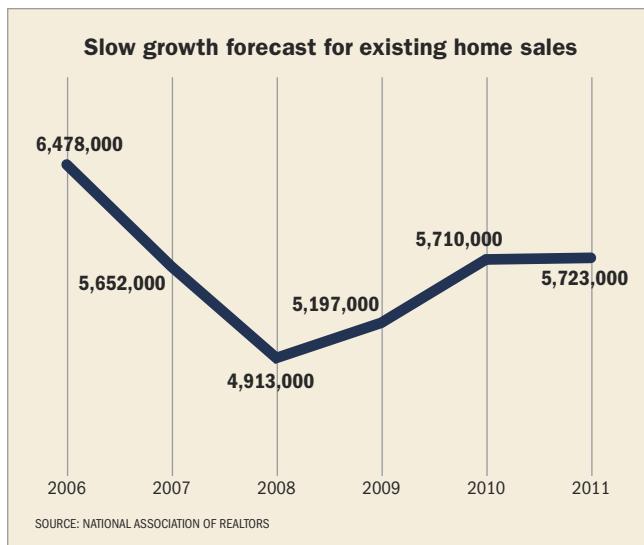
"At this point, remodeling is larger than new construction," says Kermit Baker, director of the Remodeling Futures Program at the JCHS.

Both NAHB and Harvard are predicting remodeling will start a nascent recovery in the second quarter. The overall remodeling market can be difficult to measure and forecast now because of the Census Bureau's elimination of the C-50 survey and other indices that tracked remodeling activity. Only improvements to owner-occupied homes can be tracked with



ROB COLVIN

Forecast: Modest recovery for 2010



NAHB and Harvard research shows new buyers of existing homes spend the most on remodeling, so growth in those sales are a positive sign for the industry.

any accuracy, but that measure leaves out maintenance and repair, as well as work on rental properties.

That portion of the market fell to an estimated \$110 billion for 2009, down from its 2007 peak of nearly \$150 billion. Harvard's quarterly Leading Indicator of Remodeling Activity measures remodeling on a rolling four-quarter basis (see graph). The LIRA is predicting a drop to a \$103 billion rate

this quarter before starting to rise next quarter, although it would still be below the 2009 second quarter rate. If that plays out, it'd be the first quarter-to-quarter improvement since the second quarter of 2007.

"We're seeing more interest in discretionary spending," Baker says. "This quarter will be the cyclical low, and if you project ahead we could be in positive year-over-year territory by the fourth quarter."

NAHB is estimating improvements in owner-occupied homes to reach \$115 billion by the end of 2012, says Paul Emrath, NAHB's vice president of survey and housing policy research.

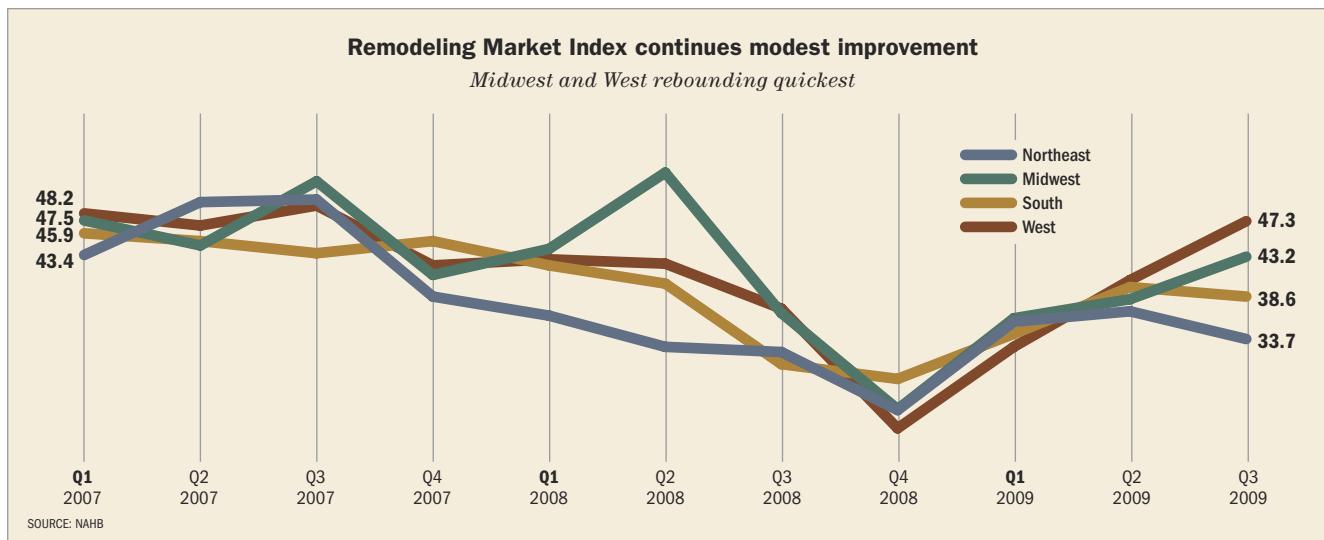
Opportunities and challenges

There are several positive signs that point toward an upswing in remodeling and housing, including tax credits for home buyers and energy-efficient remodels.

"Sales of existing homes are on the rise, and home price declines are moderating in most markets across the country," Baker says.

Analysis of Census Bureau numbers show clear patterns of higher spending on remodeling by recent buyers. The average homeowner spends \$2,413 a year on remodeling, compared with \$4,275 for buyers of new homes and \$4,642 for buyers of existing homes, Emrath says.

"When you have a government policy that stimulates selling



Remodelers in all regions of the country continue to be pessimistic about a recovery (any index below 50 indicates a declining market), but those in the West and Midwest see the best opportunity for a rebound.



Professional Remodeler

ROCK STAR

Peter Feinmann

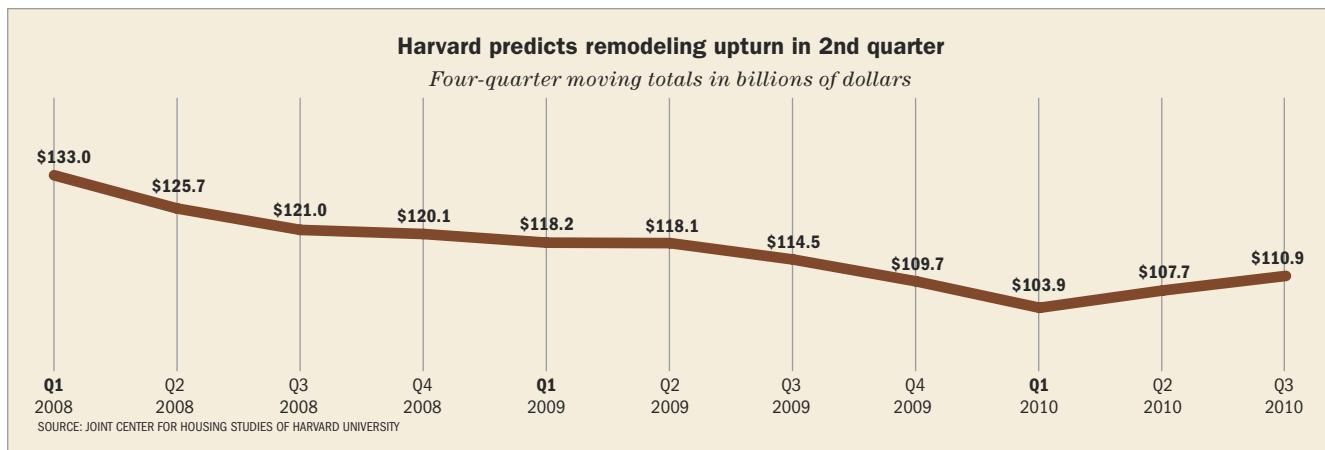
PRESIDENT | FEINMANN, INC.

Feinmann started his firm in 1987 from his home. Recognized as NARI's "Contractor of the Year" consistently, Peter has been a regular speaker for NARI, JLC, Build Boston and at the Remodelers Show. Feinmann received a Certificate in Carpentry from the North Bennet Street School in Boston where he continues to be involved in their Board of Advisors. In 1991, Peter received his CR designation through NARI. He is the recipient of an number of industry awards, and his company has been recognized by *Professional Remodeler* magazine as one of the 101 Best Companies To Work For and was named the 2008 Remodeler of the Year by the Builder's Association of Greater Boston. Peter was also noted as the Distinguished Alumni by the North Bennet Street School in 2008. Specializing in the design and construction of high-quality residential kitchens; bathrooms; additions; and whole-house and exterior renovations, Feinmann is a leader among a new generation of design/build contracting firms that revolutionized the industry for both contractors and consumers alike. Thoughtful management practices, honest communication, a team approach to every project and Peter's emphasis on client satisfaction are why Feinmann continues to be one of the most highly-regarded design/build firms in the industry today.

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Forecast: Modest recovery for 2010



If Harvard's projections of a recovery in the second quarter of this year are correct, it would be the first time remodeling activity has increased since early 2007.

homes, you get some extra remodeling activity," he says.

NAHB estimates that the new home buyer tax credit resulted in \$123.8 million in remodeling last year.

While mortgage rates will probably rise this year, the historically low levels combined with low home prices and the extension of the home buyer tax credit should continue to drive sales, Crowe says.

Increased demand for energy efficiency retrofits and other green remodeling is also putting positive pressure on the market. The existing tax credits have already helped and proposed increases in those credits or the approval of Home Star or a similar program could have an even larger impact, Emrath says.

According to NAHB research, 30 percent of remodelers have seen increased demand for energy efficiency remodels, and 5 percent of remodeling jobs last year were driven by the tax credits.

There are also some significant challenges to the recovery. Financing still remains difficult for many home buyers and homeowners to obtain. "The lack of financing will be a significant retardant on a housing recovery," Crowe says. (For more on how remodelers are obtaining financing, be sure to read our cover story on p. 26.)

High unemployment combined with lower home prices also mean foreclosures are likely to increase — leading to lower prices and even more foreclosures.

Many bank-owned homes are still being kept off the market by servicers, and what those owners decided to do with them will play a key role in the direction of the market and recovery, Berson says.

"We don't think they'll dump new foreclosures on the market, which means it will be longer before we see a recovery in

home prices," he says. "We expect it to be three years before we get back to normal growth, but that's probably better than getting everything dumped on the market right now."

PMI is predicting more declines in home prices in the short term, as the government extracts itself from the mortgage market, Berson says.

Those lower home prices will probably continue to make many homeowners reluctant to remodel, Emrath says.

"Home prices are now back in line with income," he says. "Now we're facing a psychological problem. If you think the prices of homes are going down in general, you're going to be reluctant to remodel."

The new lead paint regulations on pre-1978 homes could also throw a wrench into any remodeling recovery. According to NAHB, 69 percent of remodeling is done on homes built before 1980, and many have questioned whether owners of those homes will be willing to pay the additional costs required to follow the new rules.

"The cost of compliance could discourage homeowners from hiring professional homeowners," Emrath says. "Our surveys show this is a major concern." (For more on the lead paint regulations, read our exclusive research on p. 30.)

Finally, remodelers are facing even more competition for the smaller market that is out there. In a recent *Professional Remodeler* survey, 40 percent of remodelers reported an increase in competitors, with former home builders being the largest group coming into the market. And late last year, when NAHB surveyed its builder members, 66 percent of them reported they either had added residential remodeling to their business in 2009 or planned to in 2010 and more than 20 percent said the same of commercial remodeling. •



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A successful family transition

Extensive planning helps the leaders of Westhill Design/Build pass control of the firm from one generation to the next

By Lisa Skolnik, Contributing Editor

When Charles “Charlie” Russell founded Westhill Design/Build in 1974 just outside Seattle, he specifically chose a name for his new company that was snappy and succinct. “I wanted something that would be easy to remember,” says Russell. The moniker marked his new firm’s first project, which was on the west hill of another Seattle suburb.

Today, Westhill is “so synonymous with remodeling in Seattle that I’ve never been able to change it, even though I’ve considered it,” he says. These reflective moments started after his son, also named Charles and known as “Chuck,” joined the firm in 1989 at age 22. That’s because the firm began to expand in a meaningful way only after father and son joined forces, bought out the elder Russell’s partner in 1994 and deliberately “decided to grow it,” explains the younger Russell, who also acquired 25 percent of the business at that time.

And in the past five years, those reflective moments have intensified as both Russells have faced succession planning along with the usual concerns of running a remodeling business. This particular issue became most salient as the company grew to its 2008 pinnacle of \$11 million in revenues and 50 employees.

Succeeding at succession

Like most family members who work together, the team has its ups and downs. “Sometimes we found it very challenging to draw the line between family and business, especially since we are polar opposites,” says Charlie, who characterizes himself as “more impulsive and forward-charging” than his “laid-back, unflappable” son.

They had hired a business coach almost three years earlier to deal with all aspects of their business, and the coach also hap-

pened to have a specialty in succession planning. With his help, they worked on smart internal structuring to give each Russell his own domain. This led them to divide the top responsibilities between father and son and lay out a succession plan, which has become more meticulously detailed over time.

At first, a large part of the plan was simply to empower Chuck. “When I was in the office, everything ran through me,” says Charlie. Their solution got Charlie out of the office for long stretches of time and raised their profile. “I became more active in the National Association of Home Builders (NAHB) at both a local and national level,” explains Charlie. “It forced me to get out of the office and allowed my son to grow into his job.”

Two years ago, Charlie became CEO, Chuck assumed the role of general manager and the two men began to share the president’s position. About that same time, they brought a business advisor onboard to fine-tune their relationship glitches.

Executive summary

Westhill Design/Build, Woodinville, Wash.

Ranked No. 3 in Seattle on the 2009 Market Leaders list

Chairman: Charles Russell

President and General Manager: Chuck Russell

Specialty: Remodeling, repair, design/build

2008 volume: \$11 million, 153 completed projects

2009 volume: \$5 million, 259 completed projects

Founded: 1974

Biggest challenge: Implementing a new marketing plan to increase sales.

Website: www.westhillinc.com



KEVIN CASEY/GETTY IMAGES

Charlie Russell (right) and his son Chuck structured their business so each has his own responsibilities. A business adviser helped fix relationship glitches.

ing markets who meet regularly to share knowledge that can improve their performance and profits. Through this program, they met the business coach who started them down the road to succession planning as well as advised them on all aspects of their operations, from personnel issues to marketing campaigns. "It's been our best innovation in the past five years," says Chuck.

Broadening horizons

As Westhill grew, the Russells added other service-oriented divisions where there was need, and last year had five: custom home building, remodeling, design (complete with a licensed architect and interior designer), small jobs and handyman. New for 2010 is an insurance mitigation and reconstruction division, complete with software that will communicate directly with insurance companies. It came to be because "we had so much demand to do it from past clients but could never get to it until things slowed down," admits Chuck.

In this recession, the strategy has proved its merit. "Over the last 15 years, our business was 60 to 70 percent remodeling and 30 to 40 percent custom building, but last year we did zero custom homes and handyman came in second," says Chuck.

However, even their economical handyman service has been compromised by the recession. Competitors doing jobs at cost and unemployed carpenters trying to subsist are cutting into sales in this division. Their solution has been to focus on the value of using a company that is established and can stand behind their work.

New school marketing for an old school biz

"We've always spent so much money on marketing, and our efforts have been so successful, that our peers used to tell us we were crazy," laughs Charlie. In prior years, Westhill has had the enviable task of "having to turn away work," he admits. And with the 20/20 vision of hindsight, he believes "those campaigns are the reason we're even around today."

In the beginning, their efforts were old school. Now, Westhill is in the midst of interviewing marketing firms who can help them mount an integrated campaign that will utilize social media. With their marketing budget set at its pre-recession high, both men are confident that increases in lead generation and their closing rate are forthcoming. •

market LEADERS

Professional Remodeler

"[They] had carried over and affected our decisions and operations, even though we didn't realize it," says Charlie. The moves were great for business, and by the beginning of 2008, the staff topped 50 and revenues hit \$11 million.

Responsive measures

That changed the following year when the economy tanked and customers curtailed spending. Westhill was forced to lay off half its staff as revenues fell to \$5 million at the end of 2009. "We're back to our 2002 levels, but in this market that's not bad. The only reason we were able to do even this amount (in sales) is because of what we invested in marketing this past decade," notes Charlie.

But father and son have big plans to bounce back, which is their second greatest challenge right now. "Our new company slogan for 2010 is 'Think 10.' It stands for \$10 million (in sales) a year for 10 years," says Charlie. "I know we won't reach it in 2010, but we'll be well above it in 2011 or 12," he says.

Sticking with what works

The Russells believe good relationships start at home and, says Chuck, they have actively promoted and developed a family culture and team building. A close-knit, six-person executive management team runs the company. "It was extremely hard for us to let anyone go, and we plan on rehiring as many as possible when business improves," says Chuck.

The Russells have also participated in an NAHB Remodeler 20 group, which has paired them with peers in non-compet-

Preacher of Sustainability

Architect Edward Mazria's passion for eco-friendly design started with architecture, and he wants everyone — remodelers included — on board

By Pat Curry, Contributing Editor

Author of what's known as the bible of solar design, "The Passive Solar Energy Book," internationally known architect Edward Mazria today devotes his time to preaching the gospel of sustainable design. The founder of Architecture 2030 talked to *Professional Remodeler* about the 2030 Challenge and the opportunities for remodelers as the government offers more incentives to homeowners for reducing energy consumption.

Q: You've been involved with green building design for more than 35 years. What are some of the most significant changes you've seen, particularly as they relate to design, materials and building codes?

A: In the late '60s, '70s and early '80s, because of the first energy crisis, we had an interest in developing buildings and systems that interacted with the natural environment to reduce energy consumption. You had a tremendous amount of research, development, simulation — all sorts of activity. It was very exciting, almost like exploring a new frontier. When energy prices dropped through the floor in the mid-80s, the government cut and disbanded most of that research and the country went back to business as usual. Now, you have some real issues that aren't likely to go away. We're seeing a resurgence of interest, with new product development, design development and new technologies being looked at and tried. We have the

Department of Energy and labs with a lot more money and a mandate to reduce consumption, especially of foreign sources; a mandate from the EPA to regulate greenhouse gas emissions; and international cooperation between countries.

Q: Give *Professional Remodeler* readers a good working definition of the 2030 Challenge.

A: The 2030 Challenge was issued in 2006. It basically called for a 50 percent reduction in the energy consumption of the average for a building type in an area. Beginning this year, we'd like to see a 60 percent reduction, all the way to 2030, when we're calling for new buildings and major renovations to move to carbon neutral.

We want building design to be as energy-efficient as possible. We can reduce energy consumption from 70 to 80 percent purely from design strategies. If you were going to do a major overhaul and gut a building, then we would say you have a great opportunity to implement conservation strategies to reduce your consumption by 50 percent.

When you're doing a new building or major renovation, it's relatively inexpensive because you could get huge reductions from just design strategies like shading windows in the summer, and appropriate use of materials and equipment.

Q: Do you think the goals of the 2030 Challenge are attainable in that time frame?



JAMEY STILLINGS

A: I don't see any physical or structural impediments. We have the technology to do carbon-neutral construction. Given that we have 20 years to get there, what you think about are the costs, and costs come down as they move into the marketplace.

Q: The impact of the existing housing stock on energy consumption can't be overstated. What role do you see remodelers playing in achieving the goals of Architecture 2030?

A: It's huge. The issues we're going through on a local and global scale — neither the economy nor climate change — can't be solved unless the building sector plays a leading role. They have a huge opportunity to shape the course of history and that's incredibly exciting. We see all sorts of innovation that makes this the most exciting of times. It puts people working in remodeling in a very special position of affecting change. Don't shy away from change, but embrace it. That's where the opportunity is.

Q: Let's talk about those opportunities.

A: Today, if we look at incentives, most of the incentives are for renovation rather than new construction. There are tax credits for all sorts of things, from efficient windows to insulation. There are credits for solar hot water heating, photovoltaics; there's an awful lot at this particular point in time for renova-

tion. That's expected to increase dramatically in the next few months. ... Looking at the federal government, what we see being advocated is up to 50 percent tax credit on certain renovation and efficient products that you use in a renovation or remodel, from washing machines to windows and doors and insulation and high-efficiency boilers, hot water heaters, that kind of thing.

There are a lot of things being talked about to generate jobs. We're seeing this huge stock of housing that could be more efficient and trying to incentivize construction jobs, which is the hardest-hit industry. We have 1.8 million construction workers out of a job, and those are the ones we know about. If you look at our housing stock, there's a huge opportunity to put them back to work.

Q: If remodelers want to zero in on systems and components that will have the biggest impact to reduce their clients' energy consumption, where should they put their efforts?

A: First, look at design issues. Those are the easiest to accomplish. For example, if you have unshaded west glass and you're in a warm climate, your air conditioning bills will be huge. A simple awning, for example, could reduce energy costs and create more comfortable conditions inside the building. The second place to focus is cost trade-offs. Costs change daily for different products. Look at where the tax credits are and install more efficient equipment and products. You might look at better insulation, glazing with certain shading coefficient, low-e coatings that have high heat retention, and look at windows with thermal break, for instance.

Q: Educationally, what do remodelers need to be learning right now as it relates to sustainable building practices?

A: I think there's a slight misconception where the training emphasis needs to happen. If electricians are given drawings, they follow the drawings. Plumbers follow drawings, mechanical installers follow mechanical drawings. The folks we need to train are the designers, the auditors, the inspectors — that is where the training needs to be rather than someone who installs a roof.

For remodelers, they need to be learning about the fundamentals of energy consumption, passive heating and cooling systems, natural ventilation systems, window location, shading, materials — even color has a huge impact. They also need to understand the current pricing and what incentives are out there. •

Stat Sheet

The need-to-know on the latest products to hit the remodeling industry

By **Nick Bajzek**,
Products Editor



American Standard H2Option Dual-Flush Toilet
Features: Dual flush; air in the chambers pushes the ongoing coming water forcefully into the bowl
Configuration: Two-piece, Right Height Elongated, elongated and round front
Colors: White, bone and linen
MSRP: \$349 to \$562
For more info, go to HousingZone.com/PRinfo **and enter # 251**
www.americanstandard.com



CertainTeed Cedar Impressions Naturals
Applications: Siding
Profile: Double 7" Straight Edge Perfection Shingles
Features: Reinforcing ribs on nail slots and lock tabs for improved strength
Other: Molded Perimeter Lock holds panels in place
For more info, go to HousingZone.com/PRinfo **and enter # 252**
www.certainteed.com



AGC Glass Company Comfort E-PS Low-E Glass
Applications: Residential, light commercial
Zones: Northern U.S., Canada
SHGC: 0.73
Other: Made of pyrolytic (hard-coat) glass
For more info, go to HousingZone.com/PRinfo **and enter # 253**
www.comforteps.com



West Chester Holdings
Lunar Foam Nitrile Palm Dip Gloves
Applications: Grip for wet or oily materials
Sizes: XS to XXL
Features: Nylon shell dipped over finger areas
Colors: White or salt and pepper
For more info, go to HousingZone.com/PRinfo **and enter # 254**
www.west-chester.net



Wilsonart Girona Series
Application: Countertops
Sizes: Standard laminate designs are available in 4' by 8' and 5' by 12' sheets
Samples: sizes 2" by 3" and 3" by 5" are free (\$1 charge for oversized 8" by 10")
Looks like: Marble/travertine stone
For more info, go to HousingZone.com/PRinfo **and enter # 255**
www.wilsonart.com



MAPEI Americas/Polyglass Mapegaard 2
Applications: Crack isolation membrane
Attributes: 40-mil crack isolation; has sound-deadening properties of a 90-mil sheet
Green: LEED points, low VOC
Other: Rigid construction with a split-back release liner
For more info, go to HousingZone.com/PRinfo **and enter # 256**
www.mapei.com



Meyda Custom Lighting St. Lawrence Inverted Pendant
Size: 31"
Accessories: Round Faux Caramel Alabaster shade
Hardware: Hand-finished bronze finish
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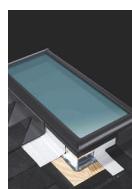
Mullican FSC-PURE
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www.chooseamount.com



Skil 18 Volt Lithium Ion 2-Piece Drill/Driver and 5 3/8" SKILSAW Combo Kit
Features: Can cut 50 2 by 4s on a single charge
Additional features: Anti-snag lower guard; spindle lock for quick blade changes
MSRP: \$199
For more info, go to HousingZone.com/PRinfo **and enter # 261**
www.skil.com



Velux No Leak Skylight
Features: Third layer of LoE3 glass
Installation: Pre-mounted brackets, pre-painted frames and sashes
Other: Lower roof profile; new curve design; gray color
Warranty: 10-year installation warranty
For more info, go to HousingZone.com/PRinfo **and enter # 262**
www.veluxusa.com



Hafele America Co. Bee Slide C4500
Applications: Full-extension, telescoping side-mounted slide
Installation: Face frame hole, 32 mm hole pattern
Capacity: 100 pounds
Lengths: from 12" up to 24"
For more info, go to HousingZone.com/PRinfo **and enter # 263**
www.hafele.com/us



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Keith Robinson

PRESIDENT | EXTRAORDINARY TALENT CONSULTING

Keith Robinson is a human resources executive and consultant with more than 24 years of global and domestic business experience. Currently he serves in a dual role as the director of leadership development for Northern Illinois University and as president and CEO of Extraordinary Talent Consulting, a human resources consulting firm focused on delivering human resource solutions to a wide range of businesses. Throughout his career he has helped leaders drive results in their business by providing human capital solutions, coaching and facilitation to a variety of executives and managers. Keith has provided them with valuable counsel in the areas of business and human capital strategies, leadership and personal development. One of his primary areas of strength has been his ability to translate complex business strategies and organizational objectives into pragmatic tactical solutions that get results. Keith's areas of expertise and experience have included: business strategy; organizational design; management and leadership development; team building; and facilitation.

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Oliveri / Tasman Sinkware
882U Super Basin Single Sink / 220-0 Mega Basin Single Sink
Features: European-style integrated drain boards
Optional: AC73 drain board fits w/Oliveri's 800 series
Drain board: Sloped for quick drainage
Finish: Soft satin
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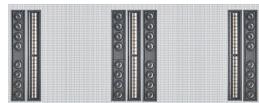
Platinum Tools
All-In-One Modular Plug Crimp Tool (P/N: 12503)
Applications: Stripping cables, A/V, voice, data
Features: Steel frame, PVC handles, rust-resistant black oxide finish
Other: Terminates most plugs and strips a broad range of cables
MSRP: \$29.95
For more info, go to HousingZone.com/PRinfo and enter # 265
www.platinumtools.com



Royal Adhesives and Sealants
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Green: 10 grams/liter VOC content; qualifies for LEED points
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www.royaladhesives.com



Hilti
Circular Saw Blades
Applications: Framing; finishing; wet or pressure-treated lumber; and general purpose
Features: All blades feature the company's ultra-thin kerf design; laser-fused carbide teeth; 5/8" arbor with diamond knockout
For more info, go to HousingZone.com/PRinfo and enter # 267
www.us.hilti.com



Wisdom Audio
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www.wisdomaudio.com



Nora Lighting
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www.noralighting.com



Wedi
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Features: Four-sided slope of 1/4" foot, available in 3' by 5' and 4' by 6'
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Other: Meets ADA requirements
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www.wedicorp.com



ThermoSoft
ThermoFloor
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Certification: Energy Star
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www.thermosoft.com



Lincoln Wood Products
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www.lincolnwindows.com



Milwaukee
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Bevel: 45-degree capacity
Dimensions: 10 1/2" length at 7.75 pounds
Other: Tool-free shoe bevel allows for quick and accurate shoe adjustment
For more info, go to HousingZone.com/PRinfo and enter # 273
www.milwaukeetool.com



Bosch Power Tools & Accessories
RN175 Roofing Nailer
Features: Canister improves reload speed and eliminates the hassles associated with fumbling fastener coils on the rooftop
Functionality: Drives wire collated 0.12 nails from 3/4 to 1 3/4" in length and has an operating range of 60 - 120 psi
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www.boschusa.com



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The new integrated air-source HP-50 Heat Pump Water Heater from Rheem Water
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www.rheemhphw.com



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David Johnston

PRESIDENT | WHAT'S WORKING

David Johnston has been at the center of the green building movement for more than three decades. In the 1970s and '80s, Johnston established himself as a leader in passive solar design and construction. In 1980, Johnston founded the Passive Solar Industries Council and consulted with the U.S. Department of Energy. His award-winning Lightworks Construction for 10 years led the Washington, D.C., market in solar design and construction. In the early '90s, Johnston founded his international green building consulting and training firm, What's Working. Johnston's innovative theories about how to catalyze the transformation of the building industry became the blueprints for the Denver Built Green and California Build It Green programs. Particularly adept at generating green building guidelines, Johnston's work has guided master planned communities in Denver; Boulder, Colo.; Sacramento, Calif.; San Diego; Phoenix; and Durango, Colo. An authoritative source for green building education, Johnston

has trained thousands of builders and industry professionals. Johnston has written three books: "Building Green in a Black and White World" (2000), "Green Remodeling: Changing the World One Room at a Time" (2004) and "Green from the Ground Up" (2008), which is a Taunton Press' best-seller since its release. His new book, "Zero Energy Homes" is in production.

Johnston's Awards include: Boulder Green Building Guild Lifetime Achievement Award (2009); International SAM/SPG European Sustainability Pioneer Award (2007); Nautilus Book Award (2005); Interiors and Sources Magazine Environmental Hero Award (2005); AIA Colorado Contribution to Built Environment (2004); Sustainable Buildings Industry Council Sustainable Community Development Award (2004); and Marquis Who's Who in the World (1991, 92, 99).

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Decking

In some cases, the market for decking materials has declined by half or more. Meanwhile, cPVC decking and fencing sales have seen a significant uptick since 2004

Decking markets hit hard in 2009

By **Nick Bajzek**
Products Editor

Though 2009 was a down year for most decking material manufacturers, some market segments, particularly cPVC boards, fared better than others. Still, top manufacturers are expecting more industry consolidations.

According to Exton, Pa.-based Principia Partners, the North American decking and railing market has declined from

\$4.6 billion in 2006

to \$2.8 billion in 2009, with the wood plastic composite

segment declining from \$1.5 billion in sales to \$630 million in that three-year time frame. Wood sales have fallen from \$3.1 billion in 2005 to \$1.6 billion, while cellular vinyl decking and fencing sales have increased from \$5 million in 2004 to over \$95 million in 2009, according to the firm's latest market report.

Brent Gwatney, vice president of sales and marketing for MoistureShield, expects 2010 to be as tight as 2009. "It's becoming a more price-conscious market. People might want a composite deck, but they want to hold onto their money as well. And we've

seen that across the market in all building products," Gwatney says. He also predicts some market consolidation. "There are a lot of smaller composite board manufacturers. They're making a living at it, so they're doing something right. But I do expect some won't live through 2010."

"I actually thought we would've seen more consolidation," remarks Kevin Bren-

nan, senior sales vice president for TimberTech. "Some players were bought out; others were resurrected. But it's still the Top 5 guys that represent something like 80 to 85 percent of the business. So the smaller guys will be battling it out," says Brennan, adding, "A lot of them have the right idea. Some have a better regional fit. Others are tied to a company that produces a full portfolio of building products."

Searl Lamaster Howe Architects' Principal Pam Lamaster-Millett, AIA, says, "We recently have had one client ask for PVC, another is using composite, and another wanted ipe, all for different reasons. From my experience, the benefit of wood is that

Follow Nick on his blog,
The Product Guy, at
www.HousingZone.com



LOWRY DECKS

"We recently have had one client ask for PVC, another is using composite and another wanted ipe, all for different reasons," says Pam Lamaster-Millett, AIA.

If it isn't wood ...

- Purchase your materials from a reputable dealer or home improvement center that will be there to back up the products they sell. Be sure to understand the warranty periods and conditions.
- Consider a matching railing kit from the manufacturer.
- The directions may say "No pre-drilling is required," but our sources recommend installers pre-drill the holes with a drill/countersink bit.
- Correct curvatures as you install the boards. Everyone's method is different, but snapping chalk lines and tack nails to the deck joist along the chalk lines between the planks will help you keep the spacing correct.
- Always leave $\frac{3}{16}$ inch between composite deck boards to allow for drainage.



AZEK

A number of manufacturers have begun offering cPVC choices at comparable or slightly higher prices than composite boards.

carpenters know how to work with it, and they can make it do almost anything you want.

"The PVC has also come out with structural components for use in framing the deck, something composites have not been able to do. We used the PVC in a high humidity area because nothing will grow in it. So if you want a sustainable solution, it probably isn't going to fit."

Terry Hillery, president of The Hillery Holding Co., also reports an uptick of cPVC use.

"Wood is the least expensive

to construct, but the stains often last a couple of years and then the buyer or homeowner comes back to you to fix it, or they think that you just didn't do it right," he says, adding that since wood is a natural product, it will always encounter issues with splitting and expansion/contraction. Hillery also says that many of his clients just are not fans of the green hue of pressure-treated lumber.

Lamaster-Millet says specifying which products to use is tricky. "I don't know if supply

Upcoming National Deck Safety Month

May is National Deck Safety Month. According to the North American Deck and Railing Association (NADRA), between 2000 and 2008 there were at least 30 deaths reported as a direct result of deck collapses. More than 75 percent of people on a deck when it collapses are injured or killed. With 40 million decks in the United States that are more than 20 years old, the NADRA says it's important to check decks.

NADRA says some older decks may only have deck-to-house attachments using only nails and other glaring faults. Though NADRA recommends ASHI-certified home inspectors, a knowledgeable deck builder can remedy a deck up to state code, licensing and insurance requirements.

NADRA released a four-page deck evaluation checklist for contractors rehabbing or installing a new deck. Questions include:

1. Is the ledger attached to an acceptable wood rim joist?
2. What is the foundation type? Post size?
3. What is the post-to-concrete connection?
4. What is the post-to-beam connection? Has the connection been bent or modified?
5. Regarding the joist: does the hanger have double-shear nailing? Are the correct nails installed in the hangers?
6. What supports the stairs? Rise/run?
7. On composite decks, if it is a hidden fastener system, what lateral support has been provided?
8. Are all fasteners properly seated and flush with the connection?
9. Are all connector holes properly filled?

Find the deck evaluation form at www.nadra.org/education.html.

is driving by the fact that deck building and design is still a very DIY market, but I have found many manufacturers unable or unwilling to provide us with samples of their product. We rely heavily on local suppliers and retailers, so I find myself writing specs with 'or equal' a lot."

Hillery says his company is in the process of installing a 635-square-foot roof deck in Boston. All of the decking will be PVC from the Passport line from Gossen Mouldings (the company also uses Azek).

"PVC is generally 15-20 percent more than wood and about the same as composite. So, on the 635 square-foot deck, that's about \$500 extra for a deck that could last 40-50 years," he says.

"Composite is not bad, but we have experienced staining issues. A couple of years back we had a black trash bag that sat on the decking for a couple of weeks and stained the deck," Hillery observes. In another instance, he says, the deck faded from UV exposure in areas that there was not furniture." •



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William Asdal

ASDAL BUILDERS, LLC

Asdal is a frequent speaker on building and remodeling issues. He has dedicated much of his time to industry research and the creation of better builder relationships that enhance supply chain successes. He has completed a number of industry research projects, including advocacy of the Rehab Code, energy efficiency in existing homes, new product testing, systems design and a number of demonstration projects for national trade press. Asdal co-authored "The Paper Trail: Systems and Forms for Professional Remodelers" and recently published "Defensive Estimating: Protecting your Profits." His accomplishments include: being a past officer of the Energy and Environmental Building Association; chairman of the Industry Committee of the Partnership for Advancing Technology Housing; chairman of the Foundation for Housing; treasurer of Efficiency First; president of the Community Builders Association of New Jersey; NAHB Remodelers' Council's Remodeler of the Year; chairman of the NAHB Remodelers Council; NAHB's Green Building Conference Green Remodeler of the Year; NAHB Remodeling Hall of Fame Inductee; Board Member of American Community Bank; and National Green Building Award winner.

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Doors

Experts report tall doors as well as pocket and folding doors are quite popular but still tricky to install

A lot of might for the door height

By Nick Bajzek
Products Editor

Pocket doors and large-span openings have regained some of their popularity. However, when it comes to remodeling, installers must be flexible with the Victorian-era design and configuration to make the system work.

Installation times for pocket and accordion doors have slashed thanks to improvements in hardware from the manufacturing side. Previous hardware systems frequently jammed or caused the doors to derail, but new roller parts and tracks allow smooth and quiet opening and closing.

Bruce Woolf, principal of Quaker Road Associates, says his clients love pocket doors and are willing to pay the extra cost for them. "We use only solid core doors, either solid wood or solid core such as Masonite's solid core door."

Woolf installs 1 3/4-inch doors but will use 1 5/8-inch doors where appropriate. "Exterior accordion doors like NanaWall are very popular — but very pricey. Clients love them but have to have the deep pocket

Quick Door Hanger:

Contractors can cut the time that it takes to hang a door with new hardware products. One in particular is the Quick Door Hanger, made by Grand Rapids, Mich.-based Express Products (bottom right). In this case, the trimmer first screws six brackets onto the outside of the door jamb. The trimmer draws a vertical plumb line on the drywall about 1/2 inch from the rough opening on the hinge side of the door. Finally, the trimmer installs the door and screws the brackets into the roughed-in opening using the vertical plumb line as a guide to keep the installation true.

book," he adds.

Fred Cann is founder and co-partner of www.bidformaterials.com, a site that allows contractors to post their materials lists and lets building product suppliers use the site as a lead generation tool. "Primarily pocket doors have always been



JOHNSON HARDWARE

This Johnson Hardware pocket door system (above), like newer pocket doors, has a proprietary hardware system to make installations easier and operation smoother.



EXPRESS PRODUCTS

Installers screw the brackets into the Quick Door Hanger's roughed-in opening using the vertical plumb line as a guide.

A lot of might for the door height

How to fix fiberglass doors

Step 1 Put on safety glasses and a respirator and grind the damage smooth using a dye grinder. Grind away any broken or damaged fiberglass until only solid, intact fiberglass is left. Gradually taper any edges on the damage.

Step 2 Clean the area with a clean rag and acetone, removing any dust or other residue that may be on the repair surface.

Step 3 Put on rubber gloves and mix the fiberglass filler with the catalyst in a small bucket, following the recommendations on the containers. Use a stir

stick to thoroughly work the catalyst into the filler. When the putty is one consistent color it's ready to apply.

Step 4 Apply the filler to the damage using a putty knife. Smooth the filler out with the putty knife so it's level with the surrounding fiberglass. Let the filler harden.

Step 5 Put on the respirator and sand the filler down with a palm sander and 200 grit sandpaper. Sand the filler until it's flat and smooth and completely blends in with the surrounding fiberglass.

Things You'll Need:

Respirator
Safety glasses
Dye grinder
Rags
Acetone
Fiberglass filler
Catalyst
Rubber gloves
Small bucket
Stir stick
Palm sander
200-grit sandpaper

if you're installing a 32-inch door, the rough opening will be 65 inches wide.

Pocket door hardware manufacturer Johnson Hardware says pocket door kits are usually designed to accommodate 1 3/8-inch thick hollow core doors weighing less than 75 pounds. However, any kind of door can be mounted on the proper pocket door hardware. Some hardware kits will support doors that weigh well over 150 pounds.

"There is no such thing as an easy pocket door. It's as helpful as a friendly dentist during a root canal," says Chris Smith of Angel City Builders. "Installing a door is rarely easy."

But, says Smith, years of experience do add up to reducing the amount of time it takes to install. "You still have to pay attention to the opening and verify that it is square and plumb. And always double check the jamb thickness," he advises.

Some municipalities permit requirements also make door installations even more difficult, says Smith. "In Los Angeles, for example, most clients think it's no big deal to make a window wider or put a new opening in. But a permit is required and usually a review by a structural engineer," says Smith, adding that the cost can exceed several thousand dollars quickly. •

an option we try to sell," he says. "The trend is 8-foot doors over 6-foot, 8-inch doors. We're building homes with larger ceilings, so homeowners have compensated."

Some contractors counter that the doors can still be troublesome to install, despite

the improvements in hardware.

According to home improvement expert Danny Lipford, many contractors find that the rough opening will seem gigantic at first. Installers shouldn't forget that they are actually framing for the width of two doors because fram-

ing needs to accommodate the door for both the open and closed positions. Lipford recommends framers should make the opening according to the width the manufacturer of your pocket door kit suggests. This is usually twice the width of your door, plus an inch. So,

"As far as exterior doors, mahogany or teak Craftsman style at 8-foot tall or better have been a big hit. Something you can stain or varnish lets them have options down the road. If you price it out these days, many fiberglass door prices have come down and are comparable to higher-end steel or wood doors."

— FRED CANN, WWW.BIDFORMATERIALS.COM

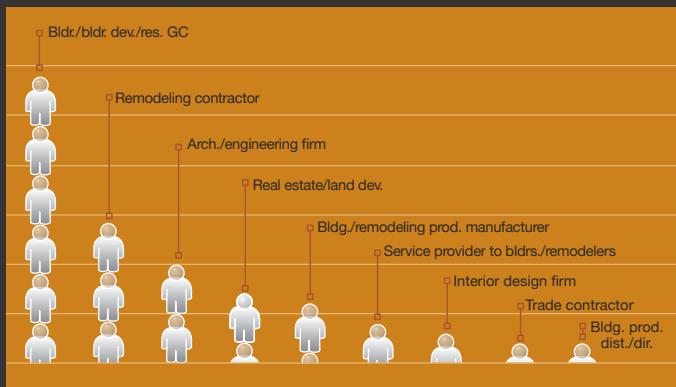


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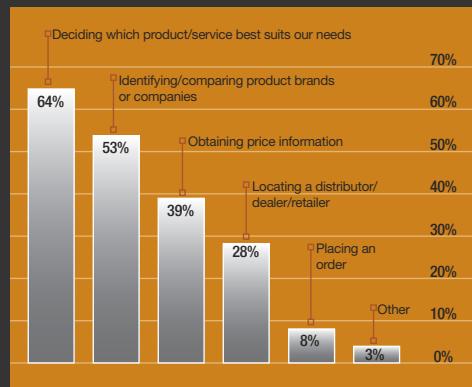
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Source: HousingZone Visitor Research Study, October 2008



► WHY THEY ARE VISITING?

- Industry news/key issues
- Design ideas/concepts
- Products
- Best practices/case studies
- Economic outlook & insights
- Research
- Online Education
- Projects & industry developments
- Peer opinions & experiences
- Industry event information
- Subscription services: magazine & enewsleters
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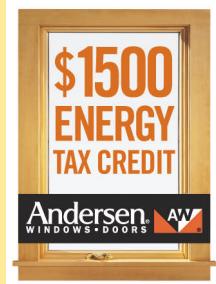


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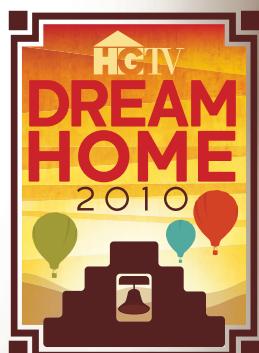
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