

New and Emerging Business Models and Marketing Strategies in the Remodeling Industry: A Panel Discussion

Remodeling Futures Conference
April 13, 2010

Panel Moderator:

Mark Richardson - Case Design/Remodeling Inc.,
and Joint Center for Housing Studies

Panelists:

Sal Alfano - Remodeling Magazine

Pat O'Toole - Qualified Remodeler Magazine

Vaughn McCourt - Penguin Windows

Paul Eldrenkamp - Byggmeister, Inc

Overview: Examples of New and Emerging Business Models

- Solar-Integrated Roofing, Silver Spring, MD
- Co-Housing Infill Development, Ithaca, NY
- Time-Focused Specialization, Los Angeles, CA

Case Study #1: Maggio Roofing

Scott Siegal, DC-metro area

- **Business opportunity:**

Upsell roofing replacement projects by leveraging Stimulus Bill tax credits for Renewable Energy

- **What It Is:**

Thin-film solar collectors integrated into PVC-type membrane roofing used in low-slope roofing replacement.



Case Study #1: Maggio Roofing

Scott Siegal, DC-metro area

■ Why It Works:

- Grants/rebates make solar system affordable
- Tie-to roof replacement is optimal
- Single-source streamlines permit/admin. process
- One-stop shop for consumers

■ Opportunities:

- Commercial structures
- Innovative financing (PACE, PAYS America)

Case Study #2: New Earth Living

Susan Cosentini, Ithaca, NY

- **Business opportunity:**

Revitalize urban infill, improve lifestyle, save the planet

- **What It Is:**

Development of micro-communities to incorporate sustainable features, including:

- Walkability/Reduced car dependency
- Small, super-insulated, low-maintenance, green buildings
- Shared biomass heating plant
- Water collection/management
- Shared/Edible landscape (shared gardens/root cellar/meals)

Aurora Dwelling Circle



Case Study #2: New Earth Living

Susan Cosentini, Ithaca, NY

■ Why It Works:

- Combines energy-consciousness with sustainable lifestyle
- Public/Private funding sources
- Aligns with local and state government goals/programs
- Builds on work of other “intentional community” organizations
- Social networking fuels interest and recruits partners

■ Opportunities:

- Extend concept to urban blight/distressed properties
- Consulting work with other towns and cities

Case Study #3: One Week Bath

Matt Plaskoff, Los Angeles, CA

- **Business opportunity:**

Achieve consistency in service, profitability, and workflow while satisfying consumer demand for small projects

- **What It Is:**

Bathrooms-only specialty remodeling company using all in-house trades and offering high quality at a competitive price in an impossibly short period of time



Case Study #3: One Week Bath

Matt Plaskoff, Los Angeles, CA

■ Why It Works:

- Sales advantage (one-call close/pricing)
- Efficiency advantage (standardized production)
- Price advantage (increased buying power)
- Scheduling advantage
- Marketing advantage

■ Opportunities:

- Partnerships in other cities
- Transfer model to other project types

Overview: Examples of New and Emerging Business Models and Marketing Strategies

- Recession creating winners and losers in remodeling industry
- Remodelers reaction/response to recession vary:
 - Cut overhead
 - Boost marketing budget and creativity – Web and Web 2.0, green and specialty projects
 - Expanded targets to capture a larger spectrum of jobs and clients
 - Create partnerships/alliances for co-marketing referral network
 - Tighter estimating to ensure competitive pricing
- Three case studies: Web marketing, specialty division, and new approach to DIY-inclined consumers

Case Study No.1: Hansons, Troy, Mich. – Web-based Marketing and Social Networking

- **Hansons, Troy, Mich.**
 - Exterior/Replacement Home Improvement Company
 - Revenues: approximately \$40 million
 - Windows, Roofing, Siding, Gutters
- **Profile**
 - Ready, Aim, Fire type of marketer
 - 10% plus spent on marketing annually

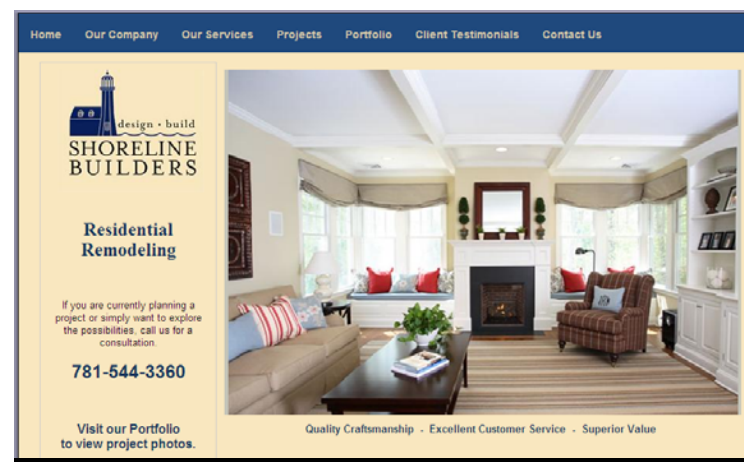


Case Study No.1: Hansons, Troy, Mich. – Web-based Marketing and Social Networking

- Challenge: Traditional lead sources: canvassing, home shows, TV/Radio/Print advertising were not delivering enough leads to satisfy aggressive growth goals.
- Solution: Web site needed a boost. Worked with outside web consulting firm to add video and social networking beginning in 2007.
- Results:
 - Videos resulted in much longer visits
 - Web-based sweepstakes dramatically boosted inquiries
 - MySpace, Facebook, Twitter branding and lead gen activities yielded good results
 - Owner Brian Elias now attributes 1/3 of all business related to Web site
- Lessons learned:
 - Consumers use and are comfortable sharing data on the Web, Investments needed, but results far outweigh costs

Case Study No. 2: Shoreline Builders, Scituate, Mass.– Launch Porch Specialty

- Shoreline Builders, Scituate, Mass.
 - Design/Build Remodeler
 - Revenues: Approximately \$1.5 million on 8 to 10 jobs
- Profile
 - Owner: Jim Wolffer
 - 10 years in business
 - 28 years experience
 - Good reputation and satisfied base of past customers



design and construction of fine outdoor living spaces



New England Porch Company is a division of Shoreline Builders, Inc.

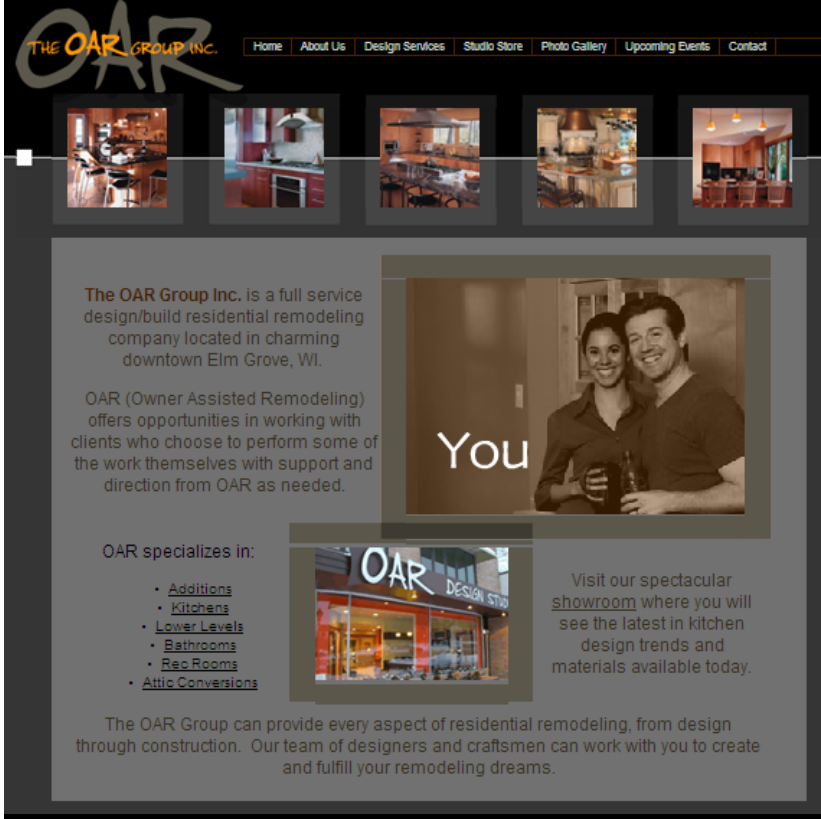


Case Study No. 2: Shoreline Builders, Scituate, Mass.– Launch Porch Specialty

- Challenge: In 2005 company had 10 employees on \$2.5 million in revenue, as downturn began leads dropped, backlog decreased, some jobs evaporated.
- Solution: Create a new division offering custom porches and three-season room additions.
- Results: New England Porch Co. launched as division of Shoreline Builders.
 - More customers to upsell bigger jobs later
 - Faster, more profitable jobs
 - Scope of work needs less supervision
 - Specialty solution trips a trigger for those with specific need
 - Forecasting \$800,000 in new business over next 18 months
- Lessons learned: Specialty offerings like porches fill market need and appeal to more incremental, post-recession mindset

Case Study No. 3: The OAR Group Inc., Elm Grove, Wis. – Owner-Assisted Remodeling

- The OAR Group Inc.
Elm Grove, Wis.
 - Design/Build Remodeler
 - Revenues: Approximately \$1.7 million on 35 jobs
- Profile
 - Owners: Kevin Anundson, CR and Jeff Auberger
 - 4 years in business as OAR
 - Both owners with 20-plus years experience
 - Good systems and processes



The screenshot shows the website for The OAR Group Inc. The header features the company logo and a navigation menu with links for Home, About Us, Design Services, Studio Store, Photo Gallery, Upcoming Events, and Contact. Below the navigation is a row of five small images showing various interior remodeling projects. The main content area includes a paragraph describing the company as a full-service design/build residential remodeling company in Elm Grove, WI. It also features a section titled 'You' with a photo of a smiling couple, a list of services (Additions, Kitchens, Lower Levels, Bathrooms, Rec Rooms, Attic Conversions), and a photo of the OAR Design Studio storefront. A final paragraph states that the company provides every aspect of residential remodeling, from design through construction.



Case Study No. 3: The OAR Group Inc., Elm Grove, Wis. – Owner-Assisted Remodeling

- Challenge: How to attract customers who are handy and inclined to do the work on their own.
- Solution: Create a process where owners can pick from a menu of about 60 tasks they would like to tackle. Homeowner takes over that responsibility. OAR is up-to-date on pay when owner takes over their phase(s).
- Results:
 - Grew business, even through recession in 2008 and 2009
 - Attracted many clients who would have otherwise not engaged
 - Not competing against other remodelers in most cases
 - Strong systems and processes help avoid slippage in margins and schedules
- Lessons learned: Large, relatively untapped potential group of clients are willing to get on board with pro remodeling via a team approach.

Vaughn McCourt: Penguin Windows

- Background: Company history and evolution;
- Business problem/opportunity encountered;
- Development and implementation of strategy;
- Challenges encountered;
- Results;
- Lessons learned/future plans;

Paul Eldrenkamp: Byggmeister

- Background: Company history and evolution;
- Business problem/opportunity encountered;
- Development and implementation of strategy;
- Challenges encountered;
- Results;
- Lessons learned/future plans;