

Remo

70 **Tough Competition**

Major players have entered the market. What's your game plan?

(Cover photo: ©1998 Dan Redmond)

80 **Sun Spots**

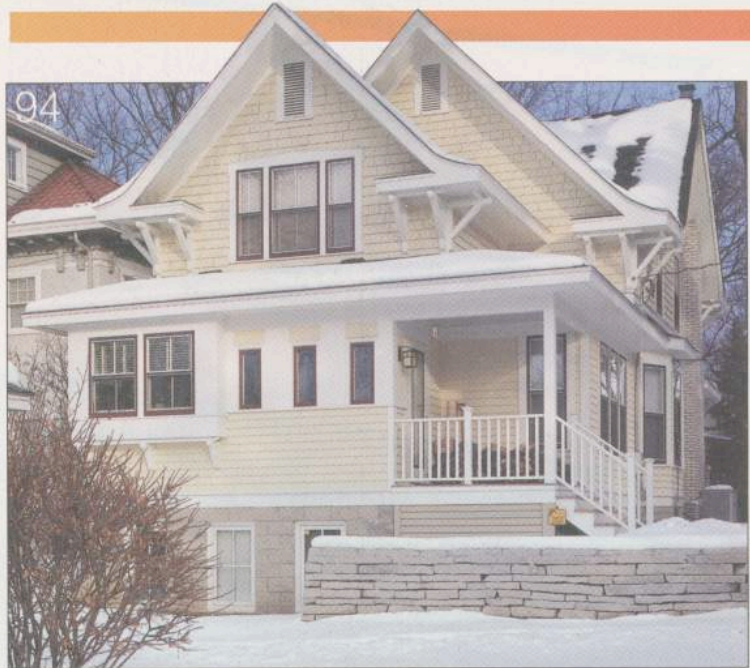
Designing a sunroom for year-round function takes more than replacing walls with windows.

88 **Anatomy: On Target**

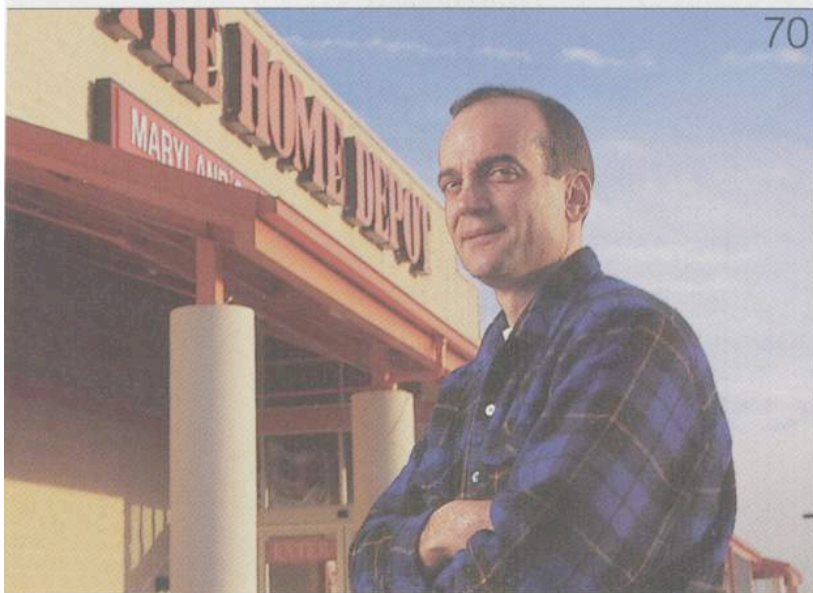
If Larry Heuvelman hits his mark, he will nearly quadruple the size of his company in three years.

94 **Before & After: Reality Check**

A Minneapolis design/build firm realizes remodeling a home for TV isn't as glamorous as it sounds.



deling



- 8 Additions
- 10 Letters
- 138 Events
- 159 Advertisers
- 160 Sounding Board

Your Business

There's no better way to sell your services than to have satisfied customers do it for you (page 22).

- 14 Q&A
- 20 Industry Watch
- 22 Market Smarts
- 26 Selling
- 30 Business Sense
- 34 Computers
- 38 LifeWork

Design

A well-placed niche can add variety, depth, and texture to virtually any room (page 44).

- 40 Drawing Board
- 44 Motif

Currents

A Harvard study examines the increase in home values for every remodeling dollar spent (page 64).

- 54 News
- 64 Remodeling Ups Home Values

On The Job

Hiring smart is the best defense against the labor shortage (page 110).

- 104 Q&A
- 106 Trade Secrets
- 110 Hire Learning



110

Products

Remodelers and homeowners have added indoor air quality to their list of demands, and manufacturers have responded (page 124).

- 118 Break Through
- 118 Product News
- 124 HVAC
- 128 Hand Tools
- 132 Just Out
- 146 Sources



You could be a winner—but only if you enter your projects. Check out REMODELING Online's Design section for a link to all the details on the Renaissance '98 design competition.

On Target

Picture an arrow pulled taut against a bowstring, ready to fly. This is what a remodeling company looks like when it's poised for growth. With his fingers squeezed against the string, Larry Heuvelman is gearing up to propel his small 11-year-old design/build firm forward. If his business plan flies as true as that arrow, Lawrence Heuvelman Inc., Antioch, Ill., will grow from an average annual volume of \$325,000 to \$1.2 million in about three years.

With solid operating procedures already in place, Heuvelman is pursuing a full-time salesperson. Later on, he'll hire a top-flight production manager so he can more or less walk away from the business on any given day and have it run itself. Not that he plans to walk away from it anytime soon. His passion for remodeling stems from assessing and serving his clients' needs with careful, creative design and craftsmanship. "I look at every project as being limited by only by our minds and our budget," Heuvelman says of his brainstorming process.

For now, however, he's intentionally reining things in. In 1997, Heuvelman temporarily scaled back his operations by postponing jobs until the spring of 1998. This gave him time to recover from knee surgery (he's a killer volleyball player), to fine-tune software he developed for remodelers (see "Home-grown Software"), and to pull his business plan together. "I'm taking one step back to go forward three," he says.

Heuvelman currently employs one other person—office manager Sandy Remmers. Such slim staffing is by

design. Battening down the hatches last fall involved firing a field employee who fell short of Heuvelman's standards. "He was soliciting my clients on his own," Heuvelman explains. A competing firm wooed his other field staffer away.

Adaptability is an essential trait for any remodeler. In Heuvelman's case, it helped catalyze his business plan. Most remodelers would find it risky to fold their talents and business sense into a knees-tucked position, preparing to spring forward. But Heuvelman is confident the plan will work. "To grow, I've got to take calculated risks," he says. "I get stale when I reach my goals. I have to keep raising them."

THE OFFICE

Ever the optimist, the 33-year-old contractor has a knack for turning sticky situations into good ones. His company got its start after Heuvelman was laid off from a trim crew on Christmas Eve in 1986. He sent out some fliers to introduce himself and lined up a handful of carpentry jobs. As he got more work, he read everything he could find on running a business. The company took off from there.

The lifeblood of Heuvelman's operation is a meticulously detailed office. Like many small remodeling companies, Lawrence Heuvelman Inc. operates from its owner's home. The similarities end with its automation. Heuvelman runs his business on a slew of

Lawrence Heuvelman Inc. at a Glance

Founded: 1987

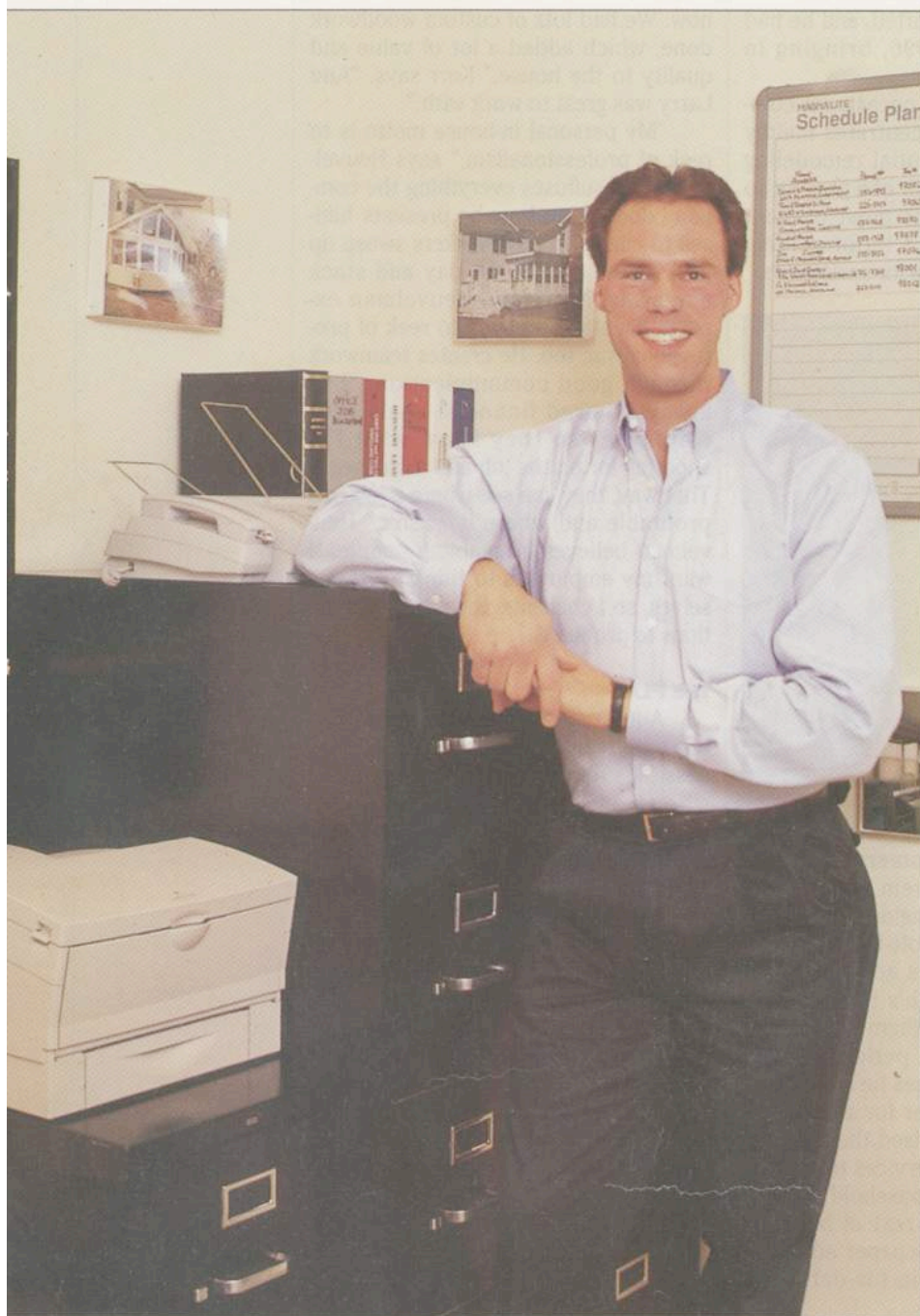
Location: Antioch, Ill.

Average annual volume: \$325,000

Overhead: 31 percent

Corporate structure: C Corp.

Number of employees: Two



Larry Heuvelman's office is as efficient and organized as he is. His computerized database eliminates stray papers—and forgotten details.

lows its detailed procedures. All client information goes into the folder, including estimates, spec sheets, drawings, job timelines, payment schedules, and the contract, of course.

Once the contract is signed, Heuvelman makes up a field folder and follows its list of procedures until the job is complete. Remmers adds permits, material lists, inspection papers, and punch lists to the field file. Like her boss, she wears several hats. In addition to fielding phone calls and files, she pays bills, handles payroll, sends invoices, and logs information into the client database. Lately she's been working with Heuvelman to take over the accounting duties.

"He always makes things easy to learn," Remmers says of her boss. "He's not intimidating." Remmers found the accounting program a bit difficult to learn, but Heuvelman's been patient with her. He knows a good employee when he sees one. "I couldn't run my business without Sandy," he says. Remmers is quick to return the praise: "Larry's so organized that it's easy to work for him." That systematic approach paid off from the beginning.

THE BUSINESS

The first year in business, Heuvelman and one field helper brought in \$34,000. The next year the firm did \$104,000, then \$143,000 in business. Five years after he started, Heuvelman hired another field person and generated \$169,000 in volume. "Getting to \$200,000 was a barrier for a while," says Heuvelman, "but once I broke it, I broke it big." His revenues were \$264,000

Macintosh-based software. It manages his cash-basis accounting system, job costing, field operations, and employee records. He's one of those self-taught computer geniuses who likes to read software manuals late at night and then try out what he's learned.

"While I'm learning how to do one application, I'll find out how to do 10 other things," Heuvelman says. He's so good at tinkering with programs that he can manipulate them to suit his needs. He copyrighted his employee time-card system; it's based on software by HomeTech Information Systems of Bethesda, Md. Experimentation also led him to create a program

that dovetails client, marketing, and subcontractor information into an integrated database. The program produces all sorts of documents, from introduction letters and client contracts to subcontractor agreements and inspection lists.

When a potential client calls, Remmers enters the name and phone number in the database's activity log. Heuvelman then qualifies the prospect over the phone. Afterward, he schedules an appointment at the prospect's home. There, he assesses the client's needs and sketches preliminary plans. Back in the office, he prints a "to do" list on a manila office folder and fol-

PHOTO ©1997 CASS PHOTOGRAPHY

eight years after he started, and he had a banner year in 1996, bringing in \$420,000 in volume.

Heuvelman does occasional commercial jobs but concentrates mainly on full-service residential remodeling for an average net profit of 6 percent to 8 percent. He designs most of what he builds, sometimes tapping local architect Arif McAlpine for assistance.

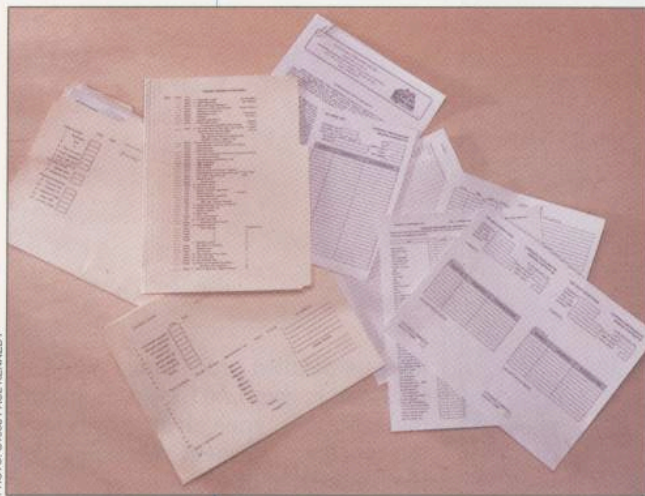


PHOTO ©1998 PAUL KENNEDY

Heuvelman keeps track of each piece of paperwork with a detailed filing system. Manila folders printed with "to do" lists provide him with an at-a-glance status of each project.

Typical clients are youngish double-income baby boomers with children. This gives them the buying power for projects ranging from \$3,500 decks to \$100,000 whole-house remodels. Repeat customers account for 35 percent of Heuvelman's business. He keeps in touch with them by sending Christmas cards and periodic letters mentioning show homes he's done and his popular Carpenter for a Day program. Heuvelman devised the program to donate his firm's services to charity; it also makes him a household name in the community. The rest of his business comes from newspaper ads, marketing to prospects in his database, and referrals.

Customers laud his work. Long-term client Al DeCarlo of Grayslake, Ill., considers himself finicky. His 3,700-square-foot home contains lots of custom built-ins that Heuvelman made himself. "I call him 'the doctor,'" DeCarlo says of the remodeler, "because he's like a fine surgeon with wood." Bobby Kerr recalls that Heuvelman sketched plans with her and her husband for five hours at their first meeting. Remodeling two-thirds of the Kerr's Antioch, Ill., home involved swapping the kitchen from one end of the house to the other. All first-floor living spaces shifted, too, and Heuvelman renovated the master bedroom.

"The space is very useable space

now. We had lots of custom woodwork done, which added a lot of value and quality to the house," Kerr says. "And Larry was great to work with."

"My personal in-house motto is to reek of professionalism," says Heuvelman. This suffuses everything the company does, from how he presents himself to clients to how workers sweep up jobs at the end of the day and stack materials. Naturally, Heuvelman expects his staff and subs to reek of professionalism, too. He creates teamwork through good communication. "I've always shared financial goals with employees so they know what I'm shooting for on the job and at year-end. That way, they can see where a job was profitable and where it wasn't." Heuvelman believes in enabling people. "I want my employees to think for themselves, so I challenge them to find solutions to problems."

THE PLAN

Autonomy is good for employees but rough on the owner of a small business. "It's hard to keep volume growing when you do most of it yourself," Heuvelman says. That's why he's courting a salesperson he met three years ago through one of his subs. Heuvelman wants to bring the new hire on board in early summer.

"Right now he doesn't know remodeling too well, but he knows sales and he knows how to be personable with people," Heuvelman says of the candidate. "His interests are genuine."

That personal approach marries well with Heuvelman's soft-sell philosophy. "I don't try to sell someone on a

Homegrown Software

Most remodelers scrap software that doesn't meet their needs. Not Larry Heuvelman. He made an inadequate database program jump through hoops by expanding its data fields. After customizing the software with FileMaker by FileMaker Inc., he devised an industry-specific database that brings up client, trade, and marketing information at the click of a mouse button. "I was using MacNail software by Turtle Creek, and it didn't have enough fields for me," Heuvelman says. Now there are more than 500.

The database is the brains of his business. The client portion contains every detail about every client, including referral and employer information, the secretary's name, kids' and pets' names, and other easy-to-forget items. A daily activity log tracks every letter, fax, and Christmas card sent, as well as every meeting and phone call Heuvelman has had with his clients.

patio door in a wall because it will bring me another \$1,500. I want to sell them on what's really going to work on that wall. If it's no windows at all and they just want wallpaper to keep things private, that's fine with me." Thus, the new salesperson will help him qualify leads and assess client's needs. "I can sell and produce \$400,000 by myself," Heuvelman says. I would expect a salesperson to do \$350,000 to \$400,000, and then increase from there."

Initially, he'll invest a lot of time in training the salesperson, but Heuvelman knows the outlay will pay off in increased profitability and breathing room. When production starts up again in the spring, he won't work from a void; Heuvelman's already presold about \$250,000 worth of work for 1998.

He'll then pursue the third leg of his plan—shoring up the production department. Right now, he'll continue in the role of field supervisor while he looks for two lead carpenters who can run their own crews. Eventually he'll groom one of them to be production manager. Heuvelman's seeking someone like himself. "One of the best lead carpenters I ever had was someone who formerly had his own business. He knew the responsibilities of what he had to do; he knew how to wear all the hats. I need someone who is willing to take on responsibility and who encourages it in the crew."

The new production manager won't have to wear multiple hats. Heuvelman knows from experience how hard that can be. He's streamlining the process so that person will only head up one department. The firm's

organized office and project files will make the hand-off easy.

And if the plan goes belly up? Heuvelman's already thought of that. "I'm working on the assumption that the plan won't happen so that I'm prepared. I'm actively working on my sales. I'm looking at a couple of pretty good-sized jobs." Architect McAlpine feeds him bids, too.

Finding the production manager may take a long time, but Heuvelman isn't too worried. "That has to happen," he says firmly. "But that's been one of my least concerns, perhaps foolishly. I'll put an ad in the paper, or maybe I'll train someone new. I've gotten some great people from the local trade school."

Heuvelman's unflappability stems from concentrating on the additional staffing his business plan outlines. "For me, it isn't so much the time frame as it is the people," Heuvelman explains. "I want to be at \$1.2 million in three years, but it may take me longer to get there. That's OK. I want to be sure I'm working with the right people." Even if the salesperson comes on board, Heuvelman will continue to do sales. "It wouldn't be right to send a new person to a past client," he says. "Also, I don't want to put too much pressure on the new salesperson."

"I don't get scared in business because I'm pretty conservative," he continues. When Heuvelman first started his firm, he had an opportunity to build

STAY TUNED

If Heuvelman gets his wish (and his salesperson), he will bring in \$450,000 in volume one year from now and \$800,000 the next year. REMODELING will track his company's progress in quarterly updates.

a new \$400,000 house. "I walked away because I knew I'd be in over my head. I didn't have the relationships with my subs that I have now. I wouldn't walk away from a project like that now."

Snaring such a large project would help grease the plan's wheels. Remodeler Tom Kearin turns a cautious eye toward Heuvelman's business plan. "It's feasible, but

it's hard to have the systems without the work," he says. The head of Kearin Builders in Highland Park, Ill., brings in \$1.2 million a year—the volume Heuvelman's shooting for—by specializing in historic restoration. The two friends are also business associates; Heuvelman does computer consulting work for Kearin's firm. "I think he can pull the plan off," Kearin says. "Larry's extremely motivated."

That's why Heuvelman constantly streamlines his business as he readies it for growth. He just bought a new color printer and CAD software. Next on his wish list is a laptop. He'll load his database onto the computer and bring it to clients' homes. "I'll sketch plans, draw up a contract, and sell right on site," he says. The customized database will help him and the salesperson sell more work, too.

"Once we get all our systems and staffing in place, we'll have the ability to handle larger-volume work," he says. When that happens, Heuvelman will only wear a general manager's hat. And he'll be one happy archer. ■

The subcontractor database is searchable by trade, supplier, and product. Clicking on the report menu brings up an electronic tickler window that prompts him on whom to call when, where, and why. He doesn't even have to dial the phone; office manager Sandy Remmers enters phone numbers from incoming calls into the database. Heuvelman merely clicks a button that dials the modem.

The database also helps him do marketing. When he's working on a new client's home, Heuvelman downloads the neighbors' names and addresses from a phone book CD into the database and generates personalized introduction letters. He also sends prospects information about his company and letters from delighted customers. "This way, they can read about me without getting hit over the head," says Heuvelman. Later, he follows up with phone calls to gauge their interest.

Heuvelman's teaming up with a software developer to market the program to remodelers this spring. Meanwhile, good friend and fellow remodeler Tom Kearin of Kearin Builders helps him troubleshoot the software to work out any bugs. "It's already changed my life," says Kearin. "It makes it so easy to access information."



PHOTO: ©1997 CASS PHOTOGRAPHY