

Home Depot Enters High-End K&B Remodeling Arena

DIY retailer launches 200-store installed sales chain

Home Depot, the nation's largest do-it-yourself chain, is gearing up for a major push into high-end installed sales. After testing the concept with seven stores in five cities, the company plans to open 200 stand-alone "Expo Design Center" stores nationwide, targeting upscale kitchen and bath remodeling customers. The 80,000-square-foot showrooms will feature dozens of elegant displays and provide full installation services. The

different. Installed sales in the upscale market will be the backbone of the business, and the home-improvement giant is reaching out to contractor organizations, like the National Association of the Remodeling Industry and the Remodelor's Council of the National Association of Home Builders, hoping to persuade skeptical contractors to sign on as installer partners.

Remodelor's Council chairman



Home Depot plans to attract high-end kitchen and bath clients with a chain of 200 Expo Design Centers. The giant DIY retailer hopes to enlist contractors to sign on as installers.

new Expo stores could eventually dominate the kitchen and bath remodeling industry in the same way Home Depot has rapidly grabbed a leading share of DIY sales in many markets.

Construction partner? Although Home Depot does some 20% of its business with pro customers, many contractors find it inconvenient to work with the consumer-oriented mass retailer, which does not offer discounts or special services to contractors. But Expo is designed to be

Doug Sutton, Sr., has been meeting with Expo to present contractor concerns. "It has to be a true partnership," he told *JLC*, "because if it is one-sided it is not going to work." Sutton gives Home Depot credit for good intentions: "Expo people have come to realize that the only way to be successful is to develop relationships with professional remodelers who have good reputations."

Sutton notes that Expo's assets can make it a very strong partner. In addition, *continued on next page*

Minnesota Energy Code to Require Mechanical Ventilation

Starting in July, Minnesota builders will have to install mechanical ventilation to ensure indoor air quality in residential construction. Minnesota will become the second state (after Washington) to make mechanical ventilation mandatory in its energy code. According to a report in *Energy Design Update*, six other states are preparing similar regulations and will be closely monitoring progress in Minnesota.

Under the new guidelines, all ventilation systems must protect against indoor depressurization, which can cause back-drafting in furnaces, boilers, water heaters, and other combustion appliances. That means exhaust-only systems will not meet code, which requires a fan pushing outdoor air into all indoor rooms while not exceeding a 1.5 sone sound rating.

How much the new requirements will add to the cost of a new home depends on the size of the home as well as the type of mechanical system used. A heat recovery ventilator (HRV) system costs between \$1,400 and \$2,000 installed, but is economical to operate because it captures heat from exhausted air. By contrast, a simple make-up air system costs much less initially, but is more expensive in the long run because it exhausts heated air.

Maintenance. Upkeep also affects cost. According to a Canadian study reported on by *Energy Design Update*, poorly maintained and incorrectly adjusted HRVs often fail to meet performance expectations. Common problems are unbalanced supply and exhaust air flows, dirty filters and intakes, and poorly installed flexible ductwork.

Design problems can also hinder performance. HRV systems installed with separate fans and ductwork perform better than more common designs that combine HRVs with forced-hot-air heating systems. Combined systems show improved performance. *continued on page 3*

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tion to providing a huge showroom, good delivery, and competitive prices based on volume buying power, Sutton likes the financial end of the arrangement. "You get your cash right away," he explained, "and you have a steady stream of business without advertising or marketing. You just have to worry about doing the job the right way."

Sutton admits that the devil will be in the details of sharing risk and profit. "What happens if the delivery is wrong? Who pays for your down time when your big box makes a mistake?"

Expo executive Bill Haas makes no apologies for his company's customer orientation. "We pride ourselves on total customer satisfaction. If there is a problem, we fully warranty the installation with that client." This does not mean, however, that Expo will underprice the work. "The market will set the price," said Haas, "and you are not going to find that we are the least expensive."

Haas also talks up the benefits to contractors of working with Expo. "We provide contractors with a full support staff. They don't have to deal with storage, handling, or scheduling deliveries from different showrooms on different trucks. They have no money or funding risks, they do not need advertising, and they have no worries about collecting that last 10% from the client."

Contractors weigh in. Contractors we spoke with who do business with the Expo test stores say the company delivers on its promises. Richard Cruz of New Life Construction in San Diego, Calif., has been working with the local Expo store for several years. "It's a good commercial account," he says. "It fills in the void and keeps the guys busy."

Cruz says his company retains a lot of control. "Expo gets us in before



Expo's huge showrooms and volume pricing will make it hard for small K&B shops to compete. But some contractors who have had to compete with test stores say Expo is too big for many customers and lacks individualized service.

they sell anything. We get a program price for cabinets, but we do a custom bid for framing and rough-in. I schedule the job, I manage the electrical and plumbing subs, and I charge for that in my bid. The customer has two people holding their hand: me and the Expo project manager."

In the event of a callback, says Cruz, he is responsible for the workmanship, while Expo stands behind the products. When it comes to finding fault, Cruz says Expo has been reasonable. As an example, Cruz mentioned a recent job where a properly installed floor cracked. "It was a manufacturer problem," Cruz explained, "so we popped up some tiles and showed the Expo people, and they paid for us to go back in."

Cruz also gets paid for fixing the mistakes of other installers. "We have gone in and fixed work that was done five years ago. To me, that is a stand-up company."


Expo shies away from structural work, notes Cruz. "If a customer needs a full-blown kitchen addition, that's where Expo steps out. Then we use other suppliers, wholesale houses, and so on. But we still shop at Expo — you

can't beat their pricing on cabinets."

Competing with Expo. While contractors who specialize in additions won't have to compete with Expo, specialty K&B shops will have to go head to head with the mega-stores. But we spoke with owners of smaller companies who don't seem to be intimidated. Lea Infranca, who runs Master Bath & Kitchen Plus in Mineola, N.Y., just a few miles from a busy Long Island Expo store, takes a practical view. "We get their overflow," she says. "Customers go there to look, then they come to us. Expo is too big for some customers. With us you get individualized service. And often our prices are better."

Carl Hyman, owner of Alure Home Improvements in East Meadow, N.Y., isn't worried either. "I am almost in the parking lot of a Home Depot and two miles by road from the Expo," he says. "If I had my choice of being next to Home Depot or not, I'd stay here. To my knowledge, I have not lost a job to Expo."

But Hyman has no interest in helping Expo with installations. "Why would I? You could make your day's pay as an installer, but it won't cover my overhead and profit." In almost the same breath, however, Hyman told *JLC* that he's cutting a deal with Lowe's to install siding, windows, and roofing in New Jersey. "The trend is, people want a brand name, the safety and security of a large company," he explained. "There are going to be more bigger guys, and the smaller guys are going to work for the big guys."

Hyman warns small contractors looking to hook up with big chains to watch their timing. "It's like musical chairs. When the music's playing, you see plenty of chairs. But when it stops, you may have no place to sit." 

Ted Cushman is a freelance photojournalist and frequent contributor to the *Journal of Light Construction*.

New Sub-Compact Fluorescents



Compact fluorescent lamps (CFLs) have become commonplace during the past few years because of their energy efficiency and long lifespan. Unfortunately, the bulbs are often too long to fit in many fixtures.

Now a new class of 4¹/₂- to 5¹/₂-inch-long "sub-compact" fluorescents has hit the market and can be used in most applications designed for regular incandescent bulbs (except those with dimming switches). Under a new introductory program sponsored by the Department of Energy and the Pacific Northwest National Laboratory, four companies are offering sub-CFLs at discount prices (\$6 - \$10 for most models) in minimum orders of six to ten lamps. Contractors may save additional money by combining this introductory offer with one of the many rebate programs offered by local utility companies.

For more information, contact:

Duro-Test Lighting, 9 Law Dr., Fairfield, NJ 07004; 800/289-3876.

Sunpark Electronics Corp., 1815 West 205th St., Suite 104, Torrance, CA 90501; 888/478-6775; www.sunpkco.com.

Lights of America, Distribution Center, 40 Washington St., Suite 3000, Westborough, MA 01581; 800/876-0660; www.lightsofamerica.com.

Link USA International, Inc., 252 West 38th St., 12th Floor, New York, NY 10018; 212/719-1930; linkusa.bola.net.

Doing More With Less Is the Key to Green Buildings

It's not easy being green, but the building community must learn to do more with less. That was the consensus of panelists at a meeting sponsored by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE). According to session moderator Theresa Coady, an architect, buildings consume 25% of the world's wood, 16% of the water, 40% of the energy, and 40% of other raw materials.

Panelists urged builders to consult ASHRAE's Green Building Assessment Tool to determine which building materials are green, and to orient buildings properly on site to take advantage of solar heating. Decreasing the amount of energy the building will use when it's occupied is especially important, since it far outstrips the energy used to build it.

To find out more about the Green Building Assessment Tool, call ASHRAE at 404/636-8400.

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mance, however, when installed completely along return air plenums instead of bridging the return and supply plenums.

Bob Reichert of Research Products Corp., an HRV manufacturer, confirmed the Canadian study conclusions that proper balancing and maintenance of HRVs are essential to proper operation. But he warned against running kitchen and bathroom exhaust vents into HRV systems, because of the adverse effects of excessive moisture and cooking grease. In those areas, the company recommends using independently-ducted exhaust-only fans in conjunction with fresh air provided through an HRV system.



Heat recovery ventilation systems are likely to become much more common as energy codes in states like Minnesota adopt indoor air quality regulations that require mechanical ventilation.

NAIL GUN SAFETY

HEADS-UP ON



A 21-year-old construction worker had a 3¹/₄-inch nail removed from his head after a freak accident on a Stanley, Wis., job site last July. Travis Bogumill was walking by a ladder as a co-worker climbed down with a nail gun in his hand. The gun hit Bogumill's head and fired a nail directly into his skull. "It was the worst pain I've ever felt in my life," Bogumill recalls.

Medical personnel at Stanley's Victory Medical Center initially doubted Bogumill's story when he arrived at the ER because the nail head wasn't visible until they X-rayed his head. The nail, which could have been fatal had it severed blood vessels, was surgically removed, leaving a long scar.

Doctors say that Bogumill is very lucky, and shouldn't have been able to walk or talk after the accident. Instead, his only problem is doing math. A civil engineering student in Chippewa Valley Technical College, Bogumill used to be able to multiply two-digit numbers in his head, but no more. Bogumill hopes it's only a temporary obstacle, and is working hard at rehabilitation.

Photo Credit: Jeff Thompson/Eau Claire Leader-Telegram

EIFS Group Softens Stance On Drainage

Reacting to litigation over moisture intrusion problems that have plagued barrier-type synthetic stucco systems, the EIFS Industry Members Association (EIMA) Board of Directors recently issued a policy statement recommending drainable EIFS for one- and two-family residential construction. These "water-managed" EIFS systems incorporate secondary drainage planes and weather barriers designed to channel intrusive water safely out of the walls. The new EIMA position recognizes "...the potential for water entry into the wall assembly through the possible failure of non-EIFS components and construction practices..."

Senergy, a major manufacturer of both barrier- and drainage-type EIFS, withdrew its membership from EIMA in September of 1998, over the organization's failure to ban barrier-type EIFS from residential projects (*Notebook*, 2/99). Kent Stumpe, spokesperson for Senergy, says that EIMA "still hasn't gone far enough," because it merely "recommends" drainage-type EIFS. This leaves the door open to contractors who want to upgrade barrier-type systems with flashing or caulking procedures alone. Stumpe said Senergy considers EIMA's policy change to be "too little, too late," noting that the company will "wait and see" before it considers rejoining EIMA.

EIMA defends its policy as reflecting the diverse building environments found around the country. Bernie Allmayer, a public relations representative for EIMA,



EIMA now recommends drainable EIFS for residential construction. Senergy, the company that resigned from EIMA over the organization's failure to ban barrier-type systems, and that specifies its drainable Senturion EIFS (shown here) for all residential projects, calls the policy change "too little, too late."

points out that "EIMA does not support banning barrier systems because moisture intrusion is not a problem in drier regions of the country, such as the Southwest." Even where moisture intrusion concerns are more important, such as in areas prone to wind-driven rain, Allmayer claims that drainage systems do not necessarily solve the problem.

EIMA emphasizes that designers and builders need to choose the appropriate EIFS product for the site they are building on. EIMA also advocates programs that educate builders and EIFS contractors on proper flashing and installation procedures, stressing that excessive moisture needs to be kept out of exterior walls, no matter how they are sheathed and sided.

OFFCUTS

A roof tile shortage in south Florida is causing delays, according to a *Miami Herald* story. The largest tile producer, California-based Monier Lifetile, has fallen three months behind on orders and faces antitrust charges that its joint ownership structure threatens to reduce competition and raise prices.

Free Web pages for builders is part of a program being offered by Countrywide Home Loans, Inc. (www.countrywide.com), the largest independent national mortgage lender. The "Builder's Advantage" program also features inclusion in Countrywide's Builder Directory, links to a builder's existing Internet site, and access to additional construction-related information. Countrywide claims that its Web site received more than 6 million visits during the last quarter of 1998, averaging 5½ minutes per visit.

1998 was a good year by most counts. HUD statistics show that housing starts were the highest in 11 years at 1,615,600. HUD also estimates that 870,000 homes were sold at a median price (in October) of \$150,000.

1999 won't measure up if single-family new construction falls by 5.5%, as predicted by McGraw-Hill's *F.W. Dodge 1999 Construction Forecast*. Offset by an anticipated 6.8% rise in multi-family construction, Dodge predicts a 3.8% slowdown overall in residential construction during 1999.

Remodeling is on the rise. The National Association of the Remodeling Industry predicts a \$5 billion dollar expansion in national remodeling work, for a whopping total of \$135 billion.

TAX TALK

Pros & Cons of Employee Leasing?

BY MILTON ZALL

For some companies, leasing employees can save money, reduce risks, and improve efficiency. It can also help the company focus on its core business and attract a better workforce. However, leasing employees also has its limitations and risks.

When your business becomes a client of an employee-leasing company, you retain the power to hire and fire, and you still control day-to-day on-site supervision. But the leasing company becomes the employer of record, and is responsible for payroll administration, taxes and withholding, workers compensation, unemployment insurance, medical benefits, and related government mandated regulatory compliance and reporting.

Cost savings. The major advantage of employee leasing is lower costs. Many leasing companies charge less to do payroll than a payroll service. A leasing company can also provide workers comp insurance at savings of between 20% and 40%. And because a leasing company can pool employees from several clients, they can

negotiate discounts from benefit providers. By using a leasing company, you may be able to offer benefits that you can't otherwise afford, which in turn may help you compete for the high-caliber employees that larger employers attract.

Differences. Although the leasing company has absolute control over payroll and other administrative tasks, you are also at risk in some key areas, such as employee disputes. The day-to-day supervision — including hiring, firing, and performance evaluation — rests with your managers and supervisors, so make sure they understand their responsibilities.

Bottom line. Employee leasing is a shared employer arrangement that gives you a "partner," so make sure a competent attorney reviews your employee-leasing contract. If you can't afford the attorney's fees, don't lease employees.

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CALLBACK



DeWalt Recalls Screwguns and Framing Saws

DeWalt Industrial Tool Company has recalled 660,000 screwguns that may have a wiring design problem that can cause users to be shocked. Produced under DeWalt, Grabber, and Black & Decker brand names, the recalled screwguns are stamped with date codes from 9601 to 9833 and were sold between November 1996, and September 1998; date codes ending with "R" have already been repaired.

A faulty blade guard has prompted a recall of 25,000 7¼-inch DW378G framing saws. Saws with date stamps from 9813F to 9820F are affected.

DeWalt and Black & Decker service centers will repair both tools at no charge. For more information, call 888/302-7703 or 888/839-3559, or navigate your Web browser to www.dewalt.com/pressroom/index.html