

Preventing Posts From Heaving To the Editor:

There are several concepts in the answer about pergola posts (*On the House*, 2/02) that need some work. First, it is a myth that frost doesn't grip and act on smooth surfaces. When Sonotubes first became popular, this was a common misconception. Every year I replace Sonotube footings that have heaved and turned over. The only way to prevent uplift with Sonotube piers is to add a flared footing at the bottom (below frost) and to add hooked bars from the footing up into the Sonotube form. Without the bars, frost will indeed snap off and lift the pier. Without hooks on the bottom, frost will actually draw the bars right out of the footing — I've seen it more than once.

The second issue is embedding lumber vertically into the pier. What I notice on all of these that I have seen is that the concrete is completely split away from the post after several years of service. I can only surmise that as the treated post shrinks, as it will, a void is left around the post. This fills with water in the winter, which freezes and expands with great enough force to blow the sides off the concrete.

The lesson is, in cold climates, don't use Sonotubes without reinforced footings and don't embed wood posts in concrete.

Clark Agnew, Jr.
Agnew Enterprise Inc.
Orange, Vt.

Slicing the Revenue Pie

To the Editor:

Rick Stacy shows overhead and profit as 15% of the costs (*Strictly Business*, 1/02). Why do many contractors figure overhead and profit as a percentage of the costs when the rest of the world calculates it as a percentage of revenue? I think the

industry would benefit if this were understood, and maybe a few less contractors would go out of business.

The way Rick Stacy has done his calculation, the actual overhead and profit figures are \$302 / 2317, or 13.03% — not 15% — of revenue, if that is what he wanted to achieve. To get a selling price that includes 15% overhead and profit, divide the costs of \$2,015 by 0.85, which equals \$2,370. And 15% of \$2,370 is \$355.50. Rick Stacy was more than \$50 under where he should be. As a percentage of the correct overhead and profit, that's 15%. Do that on big jobs and you lose big.

James Morshead
San Anselmo, Calif.

Raise Overhead to Cover Costs

To the Editor:

When reading Rick Stacy's article on estimating for small remodelers, I was impressed with the approach to a clear and concise estimate. However, when reviewing his numbers, I was shocked at the "bottom line." He shows figures of \$35.00 per hour for himself and \$18.00 per hour for helpers, both reasonable rates. But then he says that he works with an overhead and profit margin of 15% (a 13% gross profit percentage) because he covers overhead time in individual line items. I would suggest that the 15% cannot reasonably cover overhead costs such as taxes, worker's comp and general liability insurance, office supplies, and so forth, let alone planning for the new truck or attending association meetings or educational conferences. If taking home "whatever is left over" is the goal, then I'm sure Rick is accomplishing that, but planning for the rainy day or retirement requires that more be put away. Keep the simple method — that isn't the problem — but raise your overhead

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Letters

to cover *all* costs, to reflect a more professional and long-term approach and to help the industry at the same time.

Paul Morse, CR, President
Morse Construction
via e-mail

Author Rick Stacy, of R.A. Stacy Construction in Bergen, N.Y., responds: Thanks for your letters. You are absolutely correct that 15% is not my true overhead/profit as a percentage of the total estimate. And it is an important distinction to make. Mr. Morshead has pointed out the by-the-book, proper method for calculating overhead and profit. But I will in all likelihood stubbornly continue to use my method because it's simpler and visually more straightforward. I can see exactly what dollar amount I am adding to my actual costs. It's fine as long as I'm aware that it is not yielding a true 15% of the total estimate. Getting back to the premise of my article, I want to keep things simple.

Ultimately, what is important is not the percentage that profit and overhead are of the total estimate, but that the dollar amount figured (whichever method you use) covers your company's overhead and profit needs.

As for Mr. Morse's concern about labor rates: My labor rate of \$33 per hour is based on my desire to earn about \$25 for every hour I work including overhead time. I figure around 75% of my time is spent on the job making money, and 25% on overhead tasks. Dividing \$25 by .75, I came up with around \$33 per hour. Therefore, a full 25% percent of the total \$33 labor rate is for my overhead time.

The \$18-per-hour helper rate is based on me paying my young assistant \$9 per hour. I double my helper's base wage in my estimates. This covers all the costs of having an employee (employer portion of taxes, worker's comp, disability, vacation time, tool allowance, bonuses, time spent on indirect labor, training time, payroll service,

and so forth).

As a small company, I have very low overhead, and, as I explained in the article, a lot of my overhead time (estimating, consulting, running around) is included in the line items of my estimates. The overhead costs to run my business (Schedule C expenses, excluding helper payroll costs) run around 10% of my gross sales. Since my real profit and overhead number, as you pointed out, is around 13%, that leaves about 3% profit. I agree that there's room for improvement. But I do have some redundancy in my overhead labor, some of which is covered in the line items as well as in the \$33 labor rate.

The 15% figure has worked for me. Could it be higher? Certainly. But it's kept my business comfortably afloat for 20 years and provided enough so that my wife can stay home and home school our four kids. I'm always looking for ways to improve my business, but for now, I'm not complaining.

A Disservice?

To the Editor:

I just read the article "Fast, Painless Estimating for Small Remodelers" and could hardly believe what I was reading! I understand that your magazine is a champion of small remodelers, but to suggest and legitimize Mr. Stacy's system of legal pad estimates and "gut feeling" way of doing business is to recommend the type of contractor most large and small contractors cringe at being compared to. I am sure Mr. Stacy is a great guy and a competent craftsman, but using him as an example is, in my opinion, a disservice to your readers.

Mark Labourdette
via e-mail

Others May Disagree

To the Editor:

I ordered your magazine from a coupon mailing. The free issue

Letters

(1/02) didn't inspire me to leap on the bandwagon, and when the bill arrived a couple of weeks later, I told my wife to cancel. She mentioned the fact that I had picked up on an idea from *Strictly Business* ("Fast, Painless Estimating for Small Remodelers" by Rick Stacy). That one idea saved me from undercharging by about \$100. We decided that was plenty to warrant a year or two of subscriptions. When the February issue arrived, it was perused from an entirely new light. I ordered a second pocket-hole jig to keep in the work tool truck, got a creative idea from *Computer Solutions*, and forgave myself for taking a two-week vacation last summer (*Strictly Business*, "Beating Remodeler's Stress"). Also, it looks like most of your advertisers have websites and e-mail addresses. Having gone online just a year and a half ago has saved me around \$4,000 in material and tool costs already. Thank you for offering such a diverse and useful magazine.

Frank J. Costin
The Gillette Handyman
via e-mail

Bottom of the List

To the Editor:

Mr. McCadden's article ("Calculating Labor Costs," 2/02) was accurate but depressing; it should help me explain to relatives why I'm going back to school for my engineering degree. I sure would like to see some data on how many non-union contractors bill out at \$40 per hour.

I live in a rural area in Michigan with many upper-middle-class vacation homes, where a majority of the year-round population lives at or just above the poverty line. If a carpenter or contractor charges over \$25 per hour in my area, their phone won't ring.

Mr. McCadden's total overhead for a lead carpenter is close to mine.

Unfortunately, my billable hours are less because I am a one-man operation. In the end I make around \$10 per hour. This wage wouldn't bother me if other area professionals charged according to the area's income level. Auto mechanics, electricians, dentists, doctors, and plumbers, however, bill out close to what they would get in the city.

The carpenters that are employed by local contractors have never heard of paid vacation, sick days or holidays, or most of the other overhead costs Mr. McCadden listed. Once I suggested to a local contractor that he offer his employees a tool allowance, and his response was, "If they want to work, they'll buy their own tools." And we wonder why a career in construction ranks at the bottom of the list.

John P. McCallum
MBG Contracting
Caseville, Mich.

Andersen Windows Revisited

To the Editor:

As a painting contractor, I was shocked that you only mentioned that the Andersen casement windows needed to have the nails set on them, without mentioning the reason for Andersen's "soft-nailing" technique ("Shopping for Clad-Wood Casement Windows," 10/01). Last year, I painted a sunroom addition that contained 11 pairs of these windows. Each window should have four trim pieces that are soft-nailed. To properly seal the wood surfaces on these casement windows, those pieces need to be removed first and painted separately, particularly the pieces that hide the locking levers and the crank/hinge hardware. To see whether this was properly done on a previously painted window, you can remove the screen, open the window 90 degrees, and then lean over the sill and look at the area directly outside the crank. That

area should be primed and painted or stained and sealed to properly protect the wood from moisture.

To quickly paint those 88 pieces, I cleaned the floor well, laid them out on some long wood scraps, then sprayed them with an airless sprayer — one coat of primer, one finish coat, both sides of each piece. (I prefer to do this near the floor to reduce airborne overspray.) If done carefully, one may not even have to remove the pneumatic nails in the pieces and can put them back in the windows using the same nail holes. Set the nails, spackle the holes, then either touch-up or brush on a final coat, depending on how well the sprayed finish coat covered.

Jason Roehl
Mulberry, Ind.

Wrong End of the Hammer

To the Editor:

This letter concerns the ongoing Andersen casement window "controversy" (*Letters*, 2/02). I routinely install and trim out Andersen windows in the course of my business. As it says in the instructions, the stops are left loose, or soft-nailed, so you can set the stops after the window is installed. This allows for minor racking during installation.

It takes five minutes to set the proud nails and finish off the rest of the stop. Please stop printing letters sent in by "contractors" who wouldn't know which end of a hammer to hold!

Paul Zvirblis
Avalon Home Improvement
Elyria, Ohio

Consider Vinyl

To the Editor:

I read with interest Jon Vara's article "Garage Door Options" in your January 2002 issue. While Mr. Vara outlined current and emerging trends in the industry as a whole, I was disappointed by the passing

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reference to vinyl doors as a logical alternative to steel.

With several color and glass options, graining on the raised panels that more closely resembles natural wood, internal reinforcements, and a patented process that binds the polyurethane foam core to the infrastructure and creates R-10 to R-14 insulation levels, Premium Garage Door Company's doors look and perform better than steel. Regarding Mr. Vara's quote that the doors are "enormously expensive," the 1³/₈-inch door compares favorably in price to steel counterparts, and unlike steel doors, all Premium 1³/₈-inch and 2-inch models come with a limited lifetime warranty that includes denting and rusting.

Malcolm Winspear

Premium Garage Door Company

Mysterious HRVs

To the Editor:

The article "Installing a Heat-Recovery Ventilator" (1/02) is interesting, but the drawing labeled "Types of HRV Cores" on page 56 is mysterious. The core with air flows crossing at right angles is named "Counterflow," and the core with air flows passing parallel is named "Crossflow." Is it possible that these have been labeled backwards, or are the names intentionally counterintuitive?

Wayne Richard
via e-mail

Counterintuitive they ain't; our mistake.

—The Editors

KEEP 'EM COMING!

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