Business

Working the High-Rise Niche

by Jim Kastenholz

Our company has provided remodeling and handyman services to Chicago homeowners for the past 10 years. We started out working in single-family homes, but early on an architect hired us for a large job in a high-rise apartment building. Today, high-rise work accounts for half our volume. We work in downtown Chicago, on jobs ranging from building out a closet to a $650,000 complete renovation.

Once we learned the ropes, the high-rise niche became a profitable source of steady work. The clients are typically high-end; the jobs consist largely of working with finishes. The hours are easy to swallow — most building managers only want contractors on site from 8 a.m. to 4 p.m., Monday through Friday. The competition is predictable: Trades have to show their license to the building manager, which tends to keep pickup truck contractors out of the running. And because the work is inside, we keep busy year round, a big plus in our climate.

If you want to succeed in this niche, you have to scale a few barriers. The first is financial: Most buildings require that you have at least $2 million in general liability insurance, and some look for $5 million or $6 million. And you need the financial strength to carry your payroll and payables for longer periods. We find that customers at this level don't appreciate getting a bill every week or every other week, so we bill monthly.

Once you get past the financial hurdle, staying in the game requires a high level of organization, the right type of people, and a willingness to approach work a bit differently. We lost money on our first high-rise job because we didn't anticipate all the ways that working in these buildings is different.

Issues With the Buildings

One obvious difference is the buildings themselves. Many of the high-rises we work in are of 1920s vintage, with ornate plaster moldings and other fine details. The original walls tend to be gypsum block or clay block with a plaster finish. All of the new framing has to be fire-resistant, which means steel studs.

We also work in newer buildings. These are tall enough to sway in the wind, so we have to compensate for the movement. For instance, we often don't attach crown molding to the ceiling, which leaves it free to move without separating at the seams. We don't attach partitions where they meet the building perimeter, and we use J-bead rather than taped drywall seams at those intersections. We also have to put expansion joints in long runs of drywall, control joints in concrete floors, and crack isolation membranes under ceramic tile. Solid wood floors have to be installed over a floating, acoustic subfloor, which usually consists of two layers of 3/8 plywood with staggered seams over a 1/4-inch layer of cork or other sound-absorbing material.

Trade contractors in the high-rise world work under a unique set of building codes. Plumbing, for example, consists mostly of cast iron and copper pipe — no PVC allowed. Other issues include the need for a "suds zone" so that the soapy discharge from a clothes washer doesn't overflow into a downstairs neighbor's sink.

On the heating and cooling side, most older high-rises have a central steam plant that brings the entire building up to temperature and then cycles off; apartments don't have thermostats. Replacing steam pipes in one apartment means you have to shut the system down, so you probably can't do the work at 8 a.m. during heating season, when the building is heating up. Newer high-rises are different: Most have hot-water or electric heating systems with thermostats in each apartment.

If you're adding air conditioning to a high-rise, the compressor might have to hang off the side of the building 10 floors or more above ground, and you have to consider not just the installation but also service and maintenance accessibility. The hvac contractor, obviously, has to be familiar with these systems.

Getting Organized

The building is just half the equation. What makes or breaks your ability to succeed is planning and organization. How much does it cost when a carpenter forgets

something in his truck? He has to go down the elevator, walk four blocks to the truck and back, ring the bell on the service entrance, and wait to be let back in. The cost of this time can add up.

Material orders have to be planned more carefully, too. You can't have the lumberyard drop a package off the truck in the front yard, and you're not going to fit 16-foot-long boards — or even 4x8 sheets of drywall, in some cases — into a service elevator.

The neighbors are another variable. If the people above or below us have a baby and ask us not to make a lot of noise between 10 a.m. and noon, we try to accommodate them. If we're building steel partition walls, I might tell my crew not to shoot tracks during those hours but to use the time for layout.

Scheduling is critical in a high-rise job. You have to know when each trade will be there and when the job will be ready for the next trade, and you have to make sure everyone shows up and finishes on time. If the job gets behind schedule, you can't work late or on weekends to catch up because of the limits that most building managers put on work hours.

Putting a dumpster next to the building may be out of the question. If the job includes demolition, we try to get a price from a demo sub. If we have to do the demo ourselves, we usually bring a dump truck up to the building once a day. Our workers have to fill up big bins and wheel them to the service elevator, and then from the elevator to the truck, which can be as much as 200 feet away from the building. This time has to be figured into our bid. Some newer buildings let us put a dumpster at the loading dock, but we may end up hauling away the building's trash.

Then, of course, there is parking. On our first few high-rise jobs, I asked my crew to drive to the job on the first day to drop off their tools, and to take public transit after that. That didn't work out, because the guys always want to bring their tools to the job and take them home at the end of the day. Now when I create an estimate, I build in $20 per employee per day for parking.

Dealing With Building Management

In most apartment buildings there is a doorman or receiving-room clerk to deal with. Treating these people right can make life a lot easier. Not doing so can make it miserable. In some buildings the staff expects good treatment — but even if they don't, we always try to do something for them. If they live in the building, we might fix something in their apartment; if they don't, we might give them a tip. In one building, the woman who runs the receiving room at the loading dock lets our guys park all day at the loading dock because she knows she'll get a $20 tip each week, an investment that can save us hundreds of dollars in parking charges.

The Bottom Line

The lessons we've learned from working on high-rises have helped on all of our jobs. For instance, when finishing a basement in a single-family home, we now isolate the tile from the slab, to reduce the chance of cracking. Since my crew has gotten used to using steel studs, we now use them on single-family houses, too, which eliminates worries about rot and termites. All of this is good practice — a point driven home by our high-rise work.

But the biggest benefit has been the planning and estimating skills we've developed. Working on apartment buildings has made us better at thinking through jobs and anticipating costs. This has made our margins more predictable and enhanced our reputation as a well-managed contractor that provides careful workmanship and great service.

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