

Professional Remodeler®

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DECEMBER 2011

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REMODELER of the YEAR

Stephen Klein and
Anthony Home
Improvements
adapt to a
changing market

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Editorial

By Jonathan Sweet, Editor in Chief

Don't be afraid to innovate

This month we named our Remodeler of the Year — Anthony Home Improvements in Elkins Park, Pa.

We chose the company for a number of reasons (and you can read more about Anthony starting on p. 18), but reason No. 1A is the company's ability to adapt to a changing climate, something many firms have struggled to do.

That willingness to constantly change goes back to company CEO and second-generation owner Stephen Klein, who you could safely call a serial entrepreneur. He's not been afraid to take chances, to try new things to help his company not just survive but thrive in this downturn.

Anthony Home Improvements has added lead paint training, universal design bathrooms, a new business aimed at raising the professionalism of the industry and more.

The natural inclination in any downturn is to entrench and try to wait it out. Companies try to do business as usual and refuse to recognize that the climate has changed. That is how once great companies fall by the wayside.

(Our industry adviser Mark Richardson talks about this subject in his ongoing video series, "Change or Become Irrelevant," that you can find on HousingZone.com.)

On the other hand, some of the most successful companies in the world have been started during economic downturns. General Electric, IBM, Microsoft, Disney and Apple (to name just a few) were all started during recessions or depressions.

In our industry, companies have used previous recessions to grab market share. Case Design/Remodeling (another former Remodeler of the Year), for example, has come out of every previous downturn with a bigger share of the lucrative Washington, D.C., remodeling market.

Even for established firms, it can be a time to reinvent yourself. You can make an argument that the Apple we know today actually started in the early 2000s recession when the idea for the iPod came about.

And Apple is a great model for how companies

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can innovate even without being first. Whatever you think of Steve Jobs, Apple under his direction was a master of making things just work better.

There are very few categories where Apple was first, but the company created a better experience for the user. Remember the HanGo Personal Jukebox or the Diamond Rio? They both were on the market years before the iPod. The iPhone came to the game after other smartphones. There were tablet computers well before the iPad, but it wasn't until the experience was made pleasant that we saw the current explosion in the technology.

Maybe in your market it's a turnkey approach to energy audits. Maybe it's a process for remodeling kitchens and bathrooms that simplifies product choices. Whether it's something new or just something better, you have to keep moving and never sit still. •

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Read my blog at
www.HousingZone.com

CHANGE AGENT

*Adaptability and a willingness to find a market make
Anthony Home Improvements the Remodeler of the Year*

By Jonathan Sweet, Editor in Chief

In its half-century in business, Anthony Home Improvements has had many identities from a plumbing business that grew into five states to a long history of working as a partner with major retailers from Sears to Home Depot.

Add in businesses that focus on lead paint training, aging-in-place bath remodels and raising the professionalism of the industry, and it's clear that second-generation CEO Stephen Klein, CAPS — and his parents before him — isn't satisfied with running the average remodeling firm.

It's that ability and willingness to constantly change and recognize an evolving market that makes Anthony Home Improvements stand out as the Professional Remodeler Remodeler of the Year.

Getting the lead out

In the last five years, Anthony Home Improvements has expanded from its core business installing kitchens and bathrooms for Home Depot under the Housecrafters name to add their own bathroom division and provide lead paint training.

The biggest impact has come from Kachina Lead Paint Solutions, a company Klein founded in 2006 to train remodelers to comply with the EPA's Lead Repair and Renovation Program regulations.

Last year, the company trained more than 40,000 people in almost

every state in the country, making Kachina one of the largest lead trainers in the United States. Numbers are down this year, but the company continues to be profitable through selling lead paint pamphlets, equipment and other supplies.

Kachina is just one example of Klein seeing a coming trend and grabbing on to it, says vice president of marketing Paul Toub, who has known him since 1976, working for the company in the 1970s and returning for a second stint in 2001.

"Stephen saw something and he embraced it," Toub says. "We were trying to spread the word early on and for a couple of years the phones didn't ring, then last year we had what we still refer to as the 'lead paint tsunami.'"

The company also recently signed a deal with software company improveit360 to have Kachina's intellectual property and forms integrated into their software so contractors will be able to automate their paperwork.

Through Kachina, Klein and the company became involved with LeadSafeAmerica.org, a nonprofit that they've helped fund dedicated to assisting parents of children who have been lead poisoned.

"When Stephen believe in something, he's willing to put money on the table," Toub says. "It's certainly profits we're looking for, but Stephen also wants to give back. He wants to do good."



“I think it’s very dangerous to sit still and think everything is going to stay the same.”

— STEPHEN KLEIN

Survival through evolution

Stephen Klein has been around the home improvement business since he used to help out his father Irving, a plumber, as a child. He’s seen plenty of ups and downs in that time, but one thing he’s learned during more than 50 years in remodeling is that you can never be satisfied with the status quo.

“Everybody wants to take the safe road,” Klein says. “Especially in today’s world, as dangerous as someone might think it is to expand into areas outside their comfort zone, I think it’s very dangerous to sit still and think everything is going to stay the same.”

Klein says his father, who passed away in 2001, was much more conservative than him. (He still recalls the time his father yelled at him for spending \$500 on a website in the mid-1990s. “He said I was just pissing money away. He was right at the time.”)

Still, Irving was never afraid to try branch out the business, either.

“He was always looking for different deals and I think that entrepreneurial bug got to me,” Klein says. “He used to always say we’re businessmen that happen to be in the trade, not tradesmen that happen to be in business.”

From its founding in 1954, the company went through several incarnations from plumber to bathroom remodeler to a failed partnership in 1969 that left Irving Klein to essentially start over in 1970. That was when Stephen — then a student at Drexel

University — came into the business full-time, along with his brother. Within eight years, the family had built what was then Anthony, The Family Plumber into a company with 130 employees and 77 trucks in five states.

By the early 1980s, Anthony had teamed-up with Sears, delivering plumbing and other home improvement services through the retail giant. The partnership was an immediate success, with Anthony eventually growing to be one of the company's largest service providers — a development that turned out to be a mixed blessing as the Sears business dominated Anthony Home Improvements' output.

In November 2001, Anthony Home Improvements received a customer service award from Sears — along with the news that Sears was changing its business model and the work that had been such a big part of the company was going away.

Toub, who had just returned to the company, remembers thinking that his job might not be around much longer. Instead, Klein came to him and said, "Let's put our heads together and figure out who's going to replace the Sears business."

Throughout the transition, Klein's positive attitude kept the employees' spirits up, Toub says.

Eventually, after discussions with several other national and regional chains, Anthony signed on with Home Depot. Several former Sears employees had moved over to the home improvement retailer, and their knowledge of the work Anthony had done at Sears helped the company land the contract for three stores in the Philadelphia area.

"We showed them the success of what we could do and it grew," Klein says. "It went from us begging for more stores to them coming to me asking us to take over more stores."

Today, Anthony Home Improvements/Housecrafters installs for 59 Home Depot stores in Pennsylvania, New Jersey and Delaware. That relationship has its challenges, but it has also been incredibly beneficial for the company.

"The benefit is they give you volume," says production manager John Sammartino, who joined the company nine years ago when the Home Depot relationship began. "They keep you steady throughout the years."

The disadvantage, both Klein and Sammartino say, is that the company (like most retailers) has a lot of turnover, so expectations and relationships are constantly changing.

"Politics is a critical part of managing that relationship," Klein says. "It's a luxury we can't afford to lose our temper."

Home Depot — once seen by many as the biggest threat to remodelers — has greatly improved how they manage their home improvement projects over the last decade, demanding increased professionalism

ANTHONY HOME IMPROVEMENTS

Elkins Park, Pa.

CEO: Stephen Klein, CAPS

2010 installed volume: \$5,000,000 (labor only)

Projected 2011 installed volume: \$5,500,000 (labor only)

Employees: 29

Founded: 1954

www.anthonymhomeimprovements.com

and quality. That has made Anthony a better company, Klein says.

Anthony Home Improvements is constantly audited for paperwork compliance and for permits. They can be mystery-shopped and Home Depot can listen to their phone calls at any time.

"It's not easy to be chosen as a service provider for them anymore," Klein says. "They're looking for the best."

Learning the hard lesson

The Home Depot relationship has been very rewarding for Anthony, but the earlier Sears experience also has taught Klein that the company can't put all its eggs in one basket.

That's why the company has continued to look for new opportunities, whether it be lead paint training through Kachina or aging in place remodeling through Anthony Home Improvements new DBA, 1 Call Bath Solutions.

That part of the business is an attempt to not only drive business that is separate from Home Depot, but also meet the growing demand for aging-in-place remodeling. Klein has been interested in the specialty since watching the mobility issues his parents had in their final years. He earned his CAPS from NAHB, which only further convinced him of the need.

The aging baby boomer market makes it a natural area for expansion, Toub says.

"We will grow that business because it's a need and somebody's got to service it," he says.

A potential partnership with another organization ("a household name," Klein says) should also help grow the business quickly.

Anthony Home Improvements CEO Stephen Klein (seated), with (left to right) vice president of marketing Paul Toub, sales manager Mike Pelone, controller Colleen O'Hanlon and production manager John Sammartino



"It's certainly profits we're looking for, but [Klein] also wants to give back. He wants to do good."

— PAUL TOUB

THE ANTHONY HOME IMPROVEMENTS FAMILY

There are a number of companies that are either part of or related to Anthony Home Improvements. Here's a quick guide.

Anthony Home Improvements

The original parent company was founded as Anthony, The Family Plumber (chosen for prominent Yellow Page placement) 56 years ago by Irving Klein and is now run by CEO Stephen Klein and his three sons.

Housecrafters

Founded in 2003, Housecrafters is a DBA of Anthony Home Improvements that performs the company's work installing kitchens and bathrooms for 59 Home Depot stores in Pennsylvania, New Jersey and Delaware. www.Housecrafters.biz

1 Call Bath Solutions

Recognizing the need for universal design and aging-in-place bathrooms, Klein founded 1 Call Bath Solutions (another DBA of Anthony Home Improvements) last year to serve that growing market. www.1CallBathSolutions.com

Kachina Lead Paint Solutions

Klein founded Kachina, a sister company of Anthony Home Improvements, in 2006 to meet the need for training, supplies and equipment to help remodelers comply with the EPA's Lead Repair and Renovation Program rules. Last year, the company trained 40,000 contractors across the country. www.KachinaLeadPaintSolutions.com

House Age Check

An offshoot of Kachina, HAC is an online database where remodelers or others can submit an address of a home to find out what year it was built to help determine if they need to follow LRRP guidelines. www.HouseAgeCheck.com

National Association of Professionally Accredited Contractors

NAPAC is a trade organization founded this year. Members are able to buy legal contracts and other materials to make sure they keep their business operating within the law. www.napac.net

Most recently, Klein launched the National Association of Professionally Accredited Contractors this year. Contractors who join NAPAC are able to buy legal contracts and other materials to make sure they keep their business operating within the law. The legal services are provided by D.S. Berenson, Klein's attorney and friend.

"We were looking around and knew their had to be a way to get out to home improvement contractors in America and teach them to be better contractors," Klein says. "We weren't satisfied with what was out there."

The group has an advisory board made up of several well-known remodelers, consultants and service providers in the industry, including Jack Zurlini, the former Washington state assistant attorney general — now in private practice — who filed the legal actions that caused several large window companies to close their doors.

"NAPAC is all about how do we elevate this industry," Klein says.

A family company

In the end, any company's success comes down to its employees. Anthony Home Improvements' employees say the company's family focus is what makes it such a good company for which to work.

"People say the grass is always greener on the other side," says controller Colleen O'Hanlon, a 21-year employee. "I feel like I'm on the green grass."

That attitude starts with Klein, says sales manager Mike Pelone.

"He's the one everyday who's really fostering that family attitude," Pelone says. "I believe that really shows in our work back to the customers."

Klein is always looking for the next opportunity, O'Hanlon says.

"His brain is constantly working," she says. "He's always thinking about new avenues we can go down — what can we do as a company to not just grow financially, but also to help other people."

Because everyone trusts Klein to make the right decisions for the company and the employees, they haven't worried when bumps have come along the way over the years.

"We obviously got hit a few years ago with everything that was changing," O'Hanlon says. "I think it says a lot that nobody jumped ship. Everybody stuck it out." •