



## Leading edge

by Jonathan Sweet

### SawHorse has grown by staying ahead of the trends

Taking calculated risks has been the key to success for Atlanta-based design/ build remodeler SawHorse Inc.

From being early advocates of the design/ build process in the 1980s to adopting green remodeling principles and creating a Zero Punch initiative today, company owners Jerome Quinn and Carl Seville have tried to do the things that most other remodelers aren't.



“We want to be ahead of where the trends are,” says Seville, the company vice president. “By the time other remodelers start doing the things we are, we’ve already set the bar.”

#### Making the jump

The big leap forward for SawHorse came in 1988, when Quinn, now the president, joined the company. Seville, a carpenter by trade, started the company in 1980 with another partner.

“We were a craft-based organization, doing residential remodeling from plans designed by architects for homeowners,” Seville says. “We did well for most of the 1980s, but we had reached a plateau of about \$3 million a year.”

At the same time, Quinn was working as a project manager in industrial automation, running systems and warehouses all over the country, and traveling about 50 weeks out of the year. Then he bought a house in the older part of Atlanta, fixed it up and discovered he enjoyed doing it. So, he started buying distressed properties in the city, fixing them and reselling them.

In 1987, the two future partners met at a conference. Quinn had an interest in remodeling and Seville was impressed by his management background.

“We made a decision to change from an owner-run business to a management-run business,” Seville says. “We started doing design/build work, and made a shift from having employees in-house to using more subcontractors.

“It was a big risk for us, but since then we’ve doubled in value and been pretty consistently profitable.”

Empowering employees is necessary for a company to grow, Quinn says.

“The whole idea about the company is that it is going to be consistent,” he says. “We’re not just dependent on one person, like so many remodeling companies are. The only way a company can grow beyond a certain point is when the owners take a step back.”

The company also decided to pull back from the most expensive jobs and focus on smaller ones as the economy slowed down in the early 1990s.

“That really helped us get through the recession,” Seville says. “In the 1980s, we were doing only large jobs – in the \$300,000 to \$400,000 range. Our average job is now less than \$100,000.”

The company does about 70 jobs a year now, ranging from \$5,000 to \$300,000, but its “bread and butter” jobs are in the \$75,000 to \$150,000 range, Seville says.



“There are a lot of lucrative large jobs out there, but we feel this gives us more flexibility,” Quinn says.

### **Erasing the questions**

From his background in management, Quinn was convinced the key to profitability in remodeling lay in eliminating variables.

The first part of that was the switch to design/build. Instead of being reliant on other company’s plans, the company now would almost exclusively build only those projects it designed. The next step was to sell fixed-price jobs, eliminating all allowances.

“It works very well with people who know what they want,” Quinn says. “And that’s what we look for in a client.”

Where companies lose their profit margin is when the details of a project aren’t clear from the start, he says.

“We look at everything that needs to be addressed before construction starts,” he says. “We get everything done upfront – nail down all the details.”

To make fixed-price jobs work, the remodeler needs to be in control of the process. That means making sure the client makes decisions before work starts and that all of the subcontractors are on the same page as **SawHorse**.

“One of the things people fear is cost overruns, so we can use this as a selling point,” Quinn says. “By having fixed prices we can make the process better for everyone. Most clients are very enthusiastic about it.”

In 2000, the company implemented Zero Punch, an initiative to eliminate punch lists from all of its jobs.



“At the end of projects, you’d always have a punch list,” Quinn says. “Our goal was to eliminate the punch list, to punch as we go. There’s enough tension at the end of the job; why have the client turn into a quality assurance person at the end of the job?”

The goal of Zero Punch is to turn the job over to the client on time with no defects. The company now closes more than half its jobs with no punch list, with the rest being very close.

“We target zero for every job, but we don’t always hit it,” Seville says. “It’s a consistent goal – you have to set goals higher than you can reach.”

When the company doesn’t get Zero Punch, it’s most often because of a defective part that has to be reordered.

“We’re very strict about Zero Punch,” Quinn says. “Even if it’s not our work that causes the problem, we don’t count it as a successful Zero Punch project if there’s anything left to do.”

Some company employees were initially skeptical the program could work.

“We had to convince people we could do it,” Quinn says. “The general feeling was ‘That’s part of construction.’”

Just like eliminating allowances, getting rid of punch lists is an effort to control the process and address problems early on.

“It changes the whole approach of the company,” Quinn says. “You can’t have Zero Punch with sloppy drawings or incomplete estimates. From sales to production, everybody has to be on the same page to make it work.”

Again, the program has been very popular with clients.

“Everybody hears the horror stories about the things that don’t get done, or the punch list the remodeler never came back to finish,” Quinn says. “Clients want someone they can trust.”

### **In the green**

The latest innovation for **SawHorse** is working in green construction. The company is one of the founders of the EarthCraft House program, an Atlanta-based program that started with homebuilders and expanded to remodeling in 2001.

“We see it as the next step in remodeling,” Seville says. “I liken it to design/build. When design/build started, there weren’t a lot of people doing it, but now it’s the standard in remodeling. Green is where people are going to be, but it’s probably going to take five or 10 years to really take hold.”

Seville first got started with green construction when he worked as a consultant for Southface Energy Institute, a nonprofit alternative energy program, on a project for the 1996 Atlanta Olympics. When the EarthCraft new construction program started, he knew he wanted to try to move it into the remodeling arena.

“I always felt I wanted to do more green renovation, but it’s not easy stuff to get your hands around,” he says. “There are very complex issues involved. We’re still experimenting and learning.”

So far, there is not a lot of consumer demand for green remodeling, but there will be more as people become more educated about the program, Seville says.

“It takes several years for a program to get known in the community,” he says. “We used to have to educate people about design/build, and now people are calling us looking for design/build services. It just takes advocates to push it forward and make it happen.”

The majority of clients have some interest in green remodeling, and about one-third of clients get involved with green aspects to their remodel, Seville says.

“At the first meeting, we introduce it as a possibility,” Quinn says. “We have to educate them as to what its going to take.”

For large additions, the additional cost is relatively modest, Seville says. It is more expensive to try to retrofit the existing building, but even that cost can usually be offset by lower energy bills over the long term. The company recently added 1,200 sq. ft. to an 80-year-old home, and retrofitted the existing house, resulting in lower heating bills than the original home had.

While the program was originally devised with energy efficiency in mind, the biggest demand from clients has been the indoor air quality portion of the program.

“That’s really been the thing most clients are looking for,” Quinn says. “There’s been a degradation of air quality, and it can have a detrimental effect on health. People give lip service to energy efficiency, but healthy air is something that affects them personally.”

### **Landing the job**

Like most design/build companies, Saw Horse lands a lot of work from referrals and repeat customers, with more than half of its jobs coming from them.

“We’re the most established brand in the Atlanta area,” Quinn says. “We have a reputation and history of quality work, so clients feel more comfortable with us. We’re going to be here to stand behind our work.”

The company also avoids the high-pressure sales tactics that many consumers fear from remodelers.

“We’re always looking for the best solution for the client, not what serves us best,” Seville says. “We want to make sure they make the best decision for them, even if that means losing a sale. In the end, they remember that.”

For example, one potential client was thinking of remodeling his house. After hearing him talk about his problem, Quinn told him it sounded like what he really needed to do was rearrange his furniture. He did, and it solved his problem. Later, when he had a remodeling project he remembered that and hired [SawHorse](#).

The company does a small amount of print advertising in neighborhood newspapers, but the most effective marketing has been its sponsorship of National Public Radio programs.

“It’s absolutely our demographics – upper income, city residents,” Seville says.

While the market has slowed down, the company is still expecting a solid year, down slightly from last year.

“Clearly, it’s not the ’90s anymore,” Quinn says. “It’s an uncertain time and people are deferring some decisions. Things have picked up lately, but consumers are still very shaky.”

As the corporate headquarters of Delta Air Lines and other large companies, the Atlanta area has also seen its share of layoffs.

“We still have a strong housing market,” Quinn says. “People continue to move into the area and that keeps the market going