

DAMAGE CONTROL

By Wendy Jordan

David Leff had a problem. One of his clients purchased a sink online for him to install and the unit arrived cracked in a cardboard box. Three reorders later, Leff finally taught the Web retailer how to pack the sink to prevent damage—hardly worth the \$50 that the homeowner saved buying it online.

This wasn't an isolated incident. "With no exceptions, there have been problems, at least minor and in some cases major ones," says Leff, who is president of Leff Construction Design/Build, in Sebastopol, Calif.

Horror stories swirl around the issue of homeowners buying products, usually at a "bargain" price, and asking their contractors to install them. Remodelers vary in their level of tolerance for the practice. But many are taking steps to protect both their clients and their companies.

Problem Product

Contractors recognize that some name-brand retail or builder-grade products seen in home center stores and online often are lower in quality than look-alike counterparts available to the trades. Retail plumbing fittings may not be solid brass, for instance, and ceramic tile may be inconsistent in dimensions and depth. Low cost usually represents a sacrifice in quality for off-brand products too.

Most homeowners don't know any of this and will often purchase products that are less reliable, less durable, and in other ways problematic.

The risk is compounded when homeowners shop online. They don't know the quality of the products shown or the specifications required for their needs. In addition, they usually aren't informed about ordering installation parts, such as plumbing traps, and they don't know which pieces to order anyway.

"We've had plenty of instances where wrong, broken, or incomplete components are provided," says Kevin Anundson, co-owner of Renovations Group, in Elm Grove, Wis. "We scramble to compensate [for these problems], primarily to keep things on schedule."

Usually the root of the problem is the online source. Unauthorized third-party sellers, operating independently of manufacturers

and authorized distributors, provide little-to-no product knowledge, ordering guidance, or technical support. They just sell products—sometimes in a manner that enables them to charge prices below the established Minimum Advertised Price that conforms to contractors' wholesale prices.

In addition, online sellers may display a product photo next to a SKU that is not for that product. Sometimes, there's a model number that almost matches the one they want.

In other instances, homeowners just don't listen, or they forget. Ann Walters, co-owner of NuStone Transformations, a kitchen and bath remodeler in Jackson, Wis., recalls a client who wanted to replace a cabinet vanity in a tight bathroom. Walters told her to be sure to order a product no deeper than 21 inches, to avoid interfering with a doorway. The client ordered a 24-inch-deep vanity and called in shock when it arrived. When Walters reminded her about the 21-inch maximum, she remembered—too late to realize any savings on the purchase. It's a vicious world for contractors who contend with this issue, Walters says.

Shipping & Installation Setbacks

Mirrors come cracked, cabinets dented. Replacements for damaged pieces may not quite match the earlier shipment in color.

One of Anundson's customers ordered a porcelain sink with a 12-week lead time only to have it arrive in 80 pieces and wreak havoc on the production schedule. "This translated into the loss of another contract," he says, "because the homeowners down the street thought we took too long to do their neighbor's project."

Shipments may arrive late, and when they do come the products are often far from ready to use. In addition to missing or incorrect parts, crews have arrived at a home ready to install cabinets only to find unassembled pieces stacked in boxes.

All these hitches put remodelers in a bind. They want satisfied clients, but they must contend with subpar products, hours of time spent resolving problems, costly scheduling disruptions, extensions to accommodate delays, and often, despite the remodelers' best efforts, disgruntled homeowners.



A lot can go wrong when clients buy products online for remodelers to install



Gehman Design Remodeling includes this document as part of the initial project contract. It clearly states the clients' responsibilities when they supply their own remodeling materials.

For a PDF, go to proremodeler.com and type "Client-Supplied Materials" in the search bar

CLIENT-SUPPLIED MATERIALS

As a professional remodeling contractor, _____ (CONTRACTOR) accepts full responsibility for all materials and labor that we supply. CONTRACTOR cannot do this for materials that you (CLIENTS) choose to supply.

In order to eliminate any potential misunderstandings, please be aware of the following obligations CLIENTS assume when CLIENTS choose to have us work with CLIENTS-supplied materials.

1. As the supplier of materials, CLIENTS must assume full responsibility and liability for ordering correctly and on time, and for receiving and inspecting all materials. At the job site, CLIENTS will also be responsible for moving the materials to the room in which they are to be installed.
2. In the event of missing or damaged parts, the wrong material being ordered or delivered, or any other problem concerning CLIENTS-supplied materials and products, CLIENTS must assume full responsibility and liability for returning and exchanging them, as well as negotiating the terms of resolution with the seller.
3. As the supplier of materials, CLIENTS must assume full responsibility and liability for assuring that the products meet all applicable codes and ordinances.
4. As the supplier of materials, CLIENTS must assume full responsibility and liability for assuring that all materials, including all "rough-in" items placed inside of walls in the early stages of the job, will be present at the job site and in good working order prior to the start of the project.
5. CLIENTS must understand that missing or broken pieces or wrong materials may alter CONTRACTOR's work schedule and may result in additional time charges to CLIENTS at regular hourly rates.
6. As the supplier of materials, CLIENTS must assume full responsibility

and liability for all guarantees and warranties pertaining to these materials. CLIENTS shall hold the CONTRACTOR harmless for any product or systems malfunctions related to defective products/materials provided by the CLIENTS.

7. CLIENTS must understand that the above conditions do not encompass all possible circumstances that could delay work or result in additional job cost stemming from CLIENTS-supplied materials.
8. If CLIENTS prefer to have CONTRACTOR accept full responsibility for the materials on their project, CONTRACTOR will be happy to provide any and all items necessary to complete the project. CLIENTS must understand that some special-order items may have a longer delivery time. In order to be able to complete CLIENTS' project in a timely manner, CONTRACTOR will not start CLIENTS' project until all special-order items have been received and inspected for correct size, style, and damage. This means that CLIENTS' originally scheduled start date may be postponed until the items are received.
9. CLIENTS will be invoiced by CONTRACTOR for additional work required (at our regular hourly rate) if the terms outlined above are not adhered to by the CLIENTS.

I/we, as the CLIENTS, have read, understand, and agree to the above terms and conditions for the materials listed below that I/we, as the CLIENTS, will supply for the project.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Date: _____

CLIENT/ Property Owner: _____

(signature)

(print or type name)

CLIENT/Co-property Owner: _____

(signature)

(print or type name)

Just Say No

To prevent all these issues, many remodelers just say no to client-purchased products. "We explain that we have long-established relationships with vendors who give us discounted pricing because of our loyalty," says Peggy Mackowski, vice president of Quality Design & Construction, in Raleigh, N.C. "We pass these prices directly along to our clients."

Recently Leff closed the door on customer shopping as well. "I explain the issues with ordering and shipping [to clients]," he says, "and we're not getting any arguments [against the new policy]."

Others have a slightly different approach. Remodeler Christopher Wright discourages clients from purchasing any products on their own, and will not work with an item unless he's familiar with the source and can vouch for its quality or manufacturer warranty. Like many remodelers, Wright will not warranty products that his company didn't purchase. "We build overall profit and warranty into the price," says Wright, president of Indianapolis-based WrightWorks.

To accommodate some clients' budget restrictions, however, he will suggest good, lower-price products that he can order through his own trusted suppliers.

One effective option for remodelers is a respectful, but direct, discussion with homeowners about the risks of buying their own products and the benefits of letting their contractor make the purchase. In fact, such conversations often generate more business.

Manufacturers Support the Effort

"We like people to hesitate before buying our products from unauthorized sellers," says Jim Shelton, director of sales and marketing for Panasonic Eco Solutions North America.

In fact, Panasonic is currently working with Google to keep unauthorized third-party sellers from using its company trademarks and images. Officials are also mystery shopping to track down distributors who are selling its products to third-party sellers. In April Panasonic Eco

Solutions will begin listing authorized Panasonic Internet sellers on its own website. And the company will begin "badging," meaning that when a computer mouse pointer hovers over a Panasonic product photo on an authorized seller's website, the user will see that the seller is authorized. Photos on the websites of unauthorized sellers will not have this feature.

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The strongest protection for contractors is a written agreement signed by the clients. This can alert homeowners to the array of problems that may result when they supply products.

Put It in Writing

The strongest protection for contractors is a written agreement signed by the clients.

NuStone clients often ask Walters to measure their kitchens—at no charge—for cabinetry, countertops, backsplashes, and flooring they plan to buy on their own. She will do the measuring and recommend accessories such as cabinet pull-outs, but only after the clients sign an agreement to pay NuStone a \$250 consultation and measuring fee; the fee is credited should the homeowners decide to sign a project contract with the company. In return, Walters stands behind her field measurements and detailed specifications.

While Anundson accommodates homeowners who are determined to buy products and arrange their own labor, he drafts an agree-

ment specifically listing all the products and labor that will be his company's responsibility. He also clearly spells out that "whatever is not specifically included is not our responsibility."

For his part, Gehman uses a legal document (see page 32) designed to alert clients to the array of problems that may result when they supply products, and also to protect his company in such circumstances. The document states the responsibilities, liabilities, and potential costs clients take on when they provide products. Clients are then asked to list all products they will provide and to agree that the stated policies will apply to these products. It works like a charm, according to Gehman. PR

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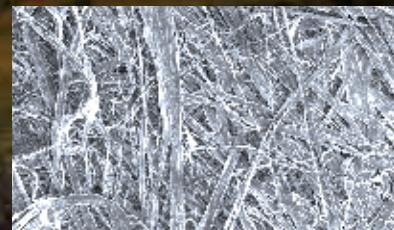
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