

RENOVATE FOR ADDED REVENUE

Pool companies say refurbishment jobs can be a plus for profits

BY JIM RAPOSA

The U.S. government continues to report a bag of mixed blessings on new-home starts.

While starts have shown modest upticks across different communities and regions month-over-month, it is mostly a sluggish industry compared with year-to-year. According to the New Residential Construction Report from April, new housing starts trail 2014 numbers.

David Crowe, chief economist for the National Association of Home Builders, outlined the obstacles to more robust housing starts in the March 2015 issue of *Forbes*. Crowe chalked it up to supply-chain issues, including lot and labor shortages along with tight lender underwriting standards.

If you're a pool builder, you know new pool construction is joined at the hip to new housing starts. When the housing market sags, so does your business. And wobbly housing starts and tight cash flow can cause sleepless nights.

Have you considered refurbishing existing pools? This potential gold mine is already in your business. It can be a big

market — and one worthy of your contemplation. Aside from the economy, other reasons to investigate this field include aging pools with varying degrees of deferred maintenance, and the fact that new pool construction permits are harder to obtain thanks to stricter environmental regulations.

Concrete pools have a limited shelf life for a multitude of reasons. Water-retention issues, gunite breakdown, plumbing problems, and obsolescence or even a customer wanting to refresh the look of their pool. The list is long and varied. If you can build 'em, you can fix 'em.

A recent renovation done by Armond Aquatech Pools. The coping, tile and pool interior were all replaced as well as the diving board. A raised hot tub was also added.





A residential pool renovation completed by Colley's Pools.

RENO BASICS

Mike Ciarrochi of suburban Philadelphia-based Armond Aquatech Pools says this area of the pool business can be extremely lucrative. Depending on the scope of the work, a pool renovation job can be anywhere from \$30,000 for a coping-tile interior job to \$100,000 or higher for more involved jobs, Ciarrochi says. "If someone wants to add a hot tub," he says, "a sun shelf or shallow bathing area — or the client wants to add some water features — it's not uncommon to write a six-figure job order."

Before you let your imagination wander, Ciarrochi cautions those thinking of adding refurbishment to their services. This isn't a category for beginners, he says, and offers some tips on pricing — and why price elasticity is critical to success in this field.

"We charge a higher margin on renovation work than on new construction because there are fewer unknown issues in new construction than with a rehab job," Ciarrochi says. "With a new build, you can measure the service run, the gas line; you know where the plumbing is going. I was at a job recently where things looked pretty standard: deck and coping-tile interior. We found the flex pipe had decayed, in part because the homeowner has been putting tablets in their skimmers for over a decade. The pipes were so decrepit, the owner was losing about two inches of water a day! Another key to success is constant communication with your customers, especially when problems are uncovered that force a change in the budget."

Scott Colley of Colley's Pools in New York and



Pennsylvania works in phases so if they're in the first phase of a project and hit a major problem, the client is immediately told of budget ramifications and the company makes a change order. However, "We try to discuss potential issues with a client in advance," Colley says. "We've been at this for over 50 years, and tend to see the same or similar issues on many job sites."

BE THE EXPERT

Colley's knowledge of pool construction in his geographic area — his family business comprises three locations in the Buffalo, N.Y., area, and one in Erie, Pa. — means he can usually raise potential issues with a client when working up a renovation proposal. This is also a time to establish positive emotions with a customer, based on what the finished project will look

like. “My guys have laptops and printers, and they’ll print out the bid at a customer’s home and show them photos of what’s possible,” Colley says.

Ciarrochi also advises being knowledgeable about upsells that are both popular with consumers and help cut operating costs. “Thanks to the Internet, consumers are well educated on today’s technology like chlorine generation or variable-speed pumps,” Ciarrochi says. “Some of the upgrades clients are asking for include color LED lighting, salt water and alternative sanitation systems like ultraviolet light or ecosmart.”

NOT JUST FOR RESIDENTIAL

John Ireland, director of technical services for Myrtha Pools USA of Sarasota, Fla., and senior engineer for A&T Spas, Myrtha’s parent company in Italy, says the recession hit American markets hardest as municipal clients slashed spending. “This is not a \$20,000 fix,” he says. “It’s more like hundreds of thousands of dollars. Many places elected to close their pools rather than spend money on any repairs or routine maintenance.”

Myrtha is a worldwide builder of pools for high-profile competitive swim events like Olympics and has a patented renovation technology called RenovAction. It does not require destructive demolition of the existing pool structure, resulting in considerable savings on pool renovation. The internal surface of the original pool remains and only the accessories on the walls or floor are replaced.

Colley’s and Armond Aquatech target new leads via direct mail and broadcast ads. Mike Mintenko, Myrtha Pools U.S. director of sales, says a good percentage of its business comes from referrals. “We’ve never replaced a pool in any country where we’ve built a pool, ever,” Mintenko. “Our customers refer people to us, and we get referrals from designers.”

No matter if your expertise is commercial or residential, consider diving into pool renovation in your market. Know how pools have been constructed in your area over the last two



Myrtha Pools completed this renovation at the Miami Dade College, Miami, Fla. The construction included two swimming pools in the complex.

to three decades, and familiarize yourself with new technology you can offer clients as part of the project.

“I love pool renovation because as long as there are pools, there will be issues as they age and those pools will need to be renovated,” Ciarrochi says. “I also love it because there are so few competitors.”

He makes a point reminiscent of one repeatedly offered by the late success guru and radio commentator Earl Nightingale. Your fortune in life is likely to be very close to the line of work you’re currently in. It’s worth consideration, isn’t it? ■