

## Not Enough Markup

### To the Editor:

Over the years, I have read your magazine with interest and anticipation. Normally, your publication is interesting, informative, and probably the best technical magazine in our industry today.

However, the article by Sal Alfano, "The Importance of Overhead and Profit," (December 1986) is grossly misleading and totally irresponsible.

Any remodeling contractor who uses less than a 1.50 markup is simply headed for failure. The lower the markup, the sooner they will go broke.

I would refer your readers to the book *Professional Remodeling Management* (Home-Tech Publications, Inc., 5161 River Road, Bethesda, MD 20816). In the first 32 pages, the subject of cost, overhead, and profit is covered completely and accurately.

If your readers are at all interested in their businesses, and will invest the effort and the time to compare the article by Mr. Alfano and the Home-Tech book, the difference and the right approach will become very apparent.

**Michael Stone  
Neil Kelly Co., Inc.  
Portland, Ore.**

### Sal Alfano replies:

*It is impossible to address a complex topic like overhead and profit as fully in 1,200 words as it is in 12,000. By deliberately avoiding technical jargon like "markup" and "gross-profit margin," I may have confused readers who, like Mr. Stone, are accustomed to these terms and familiar with their meaning. But my intention was to simplify the topic for the novice by presenting it in plain language.*

*Mr. Stone's recommendation of the Home-Tech book is a good one. But one of my chief objectives in the article was to steer builders away from pat formulas, such as a 1.50 markup, providing them instead with the means to figure out what numbers make sense for their particular business. In my corner of the world, for example, a 50 percent markup is too high to remain competitive.*

## Comparing Fuel Costs

### To the Editor:

*New England Builder* has always been a quality journal, with the January 1987 issue being no exception.

Alex Wilson's article, "Comparing Energy Costs," is one of the better versions I have seen of the equivalent-fuel-cost method. However, as with other versions of this method, a trade-off was made for simplicity by assuming heating efficiency. This common trade-off does not allow a builder or home owner to compare equipment of different efficiencies.

Our publication **FACTS 161** *Selecting a New Heating System* uses another common version of the equivalent-fuel-cost method. I think your readers will find this version of interest, since equipment of different heating efficiencies can be compared.

**John W. Gird  
Agricultural Eng. Specialist  
Cooperative Extension Service  
University of Maryland  
College Park, Md.**

# Letters

## Addresses, Please

### To the Editor:

I'd like more information on two items in the August 1986 issue of *NEB*.

Patrick Galvin speaks of Defiance's "Power Module." Perhaps you could send me information about sources.

Jon Eakes's intriguing article on silicone-controlled rectifiers would also have been more complete if information on manufacturers and sources of supply had been included. Could you help by sending me more information?

Many thanks for your help.

**M. Felix Marti  
Marti Construction  
Monroe, Ore.**

*The Defiance Power Module is a refrigerator in which the refrigeration unit mounts separately above the food compartment. Reportedly, this makes it easy to service, eliminates the drip tray and, since it's in two pieces, makes it easier to move into a house. Contact Defiance International, Ltd., 87-71 Lefferts Blvd., Richmond Hill, NY 11418, 800/223-3900.*

*The silicone-controlled rectifier is available in a duct heater (for air-to-air*

## High-Tech Trauma

*Having sung the praises, and pointed out some of the problems (NEB, December 1986) of ultra-high-efficiency heating equipment, we've gotten flak from both supporters and detractors of the systems.*

*We appreciate how difficult it is to introduce new technology to the construction market, even without having to fend off potshots from the trade press. It's especially painful when the technology serves not only the consumer (through lower fuel bills) but also the country (by making better use of fuels). Worse than the sniping by the press, however, is the fact that some HVAC contractors aren't just refusing to promote the new units, they're also refusing to sell or install them. As UHE technology becomes the industry standard, though, HVAC contractors are inevitably going to find themselves caught between the producers and consumers of the new technology if they want to stay in the business.*

*What follows are the thoughts of one HVAC contractor who doesn't mind making his feelings—and experiences—known.*

*by John R. Ubinger*

**R**eferences to "horse and buggy" contractors who fail to actively promote high-efficiency furnaces do not recognize the fact that many contractors have experienced an epidemic of failures with some units.

After spending a lifetime building a business devoted to honest and reliable service and the installation of dependable products, we are now faced with angry, disappointed, and disillusioned customers.

Being open-minded and progressive, many other dealers and I thought we were providing a service for our customers when we began to promote the new, ultra-high-efficiency heating equipment that became available in 1982.

Some of the initial, isolated problems were thought to be typical of a new product. Time, however, has proved that the complexity of the units has resulted in multiple failures that show

no signs of abating. The cost of repairs to most of these furnaces will exceed the fuel they save.

I believe that the complexity of the equipment precludes the possibility of long-term, trouble-free operation. If any one of a dozen or more functions fails to take place, a "lockout" will result. In some cases a safety control fails, and what we have come to refer to as a meltdown occurs. In this case, the interior of the furnace burns up, requiring wholesale replacement of parts and wiring, or the installation of a completely new furnace. (The manufacturer recognizes the potential for liability claims, I believe, and has been bearing the change-out cost if the consumer signs a release.)

One of the earlier installations was done in my own home. In this way, I could monitor the unit's operation, and provide a showcase job to show to customers. It didn't quite work out as planned.

Many of the controls have been

*heat exchangers) from P.M. Wright Co., 1300 Jules Poitras, Montreal, Quebec, Canada H4N 1X8, 514/337-3331.—Ed.*

## Paint's Perm Tested

### To the Editor:

In response to the letter to *NEB* ("Vapor Barrier Paints Rated," February 1987), I have enclosed a copy of test results that were done by Dow Chemical Company. Dow tested several different formulations for Insul-Aid. As you can see, the perm rating fell in the range of 0.3 to 0.5. Although Dow is not an independent testing company, the tests were done outside our company.

**Bernice Bolek  
Manager, Public Relations  
The Glidden Company  
Cleveland, Ohio**

### Water Vapor Transmission Rates— Insul-Aid Vapor-Barrier Paint, May 11, 1978

*Calculated from testing results obtained by Dow Chemical Co. (Conditions: 75°F and 50 percent relative humidity, dry-cup method)*

Paint	Substrate	Perms 2 coats 3-3.5 mils	Perms 1 coat* 1.73 mils
Insul-Aid Untinted	Bond Paper	0.19	0.4
Insul-Aid tint added 8 oz./gal.	Bond Paper	0.24	0.5

\*calculated

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replaced, some of them many times. A list of common failures would include almost all the parts, with electric ignitors near the top of the list. Additionally, the equipment is so sensitive that it is intolerant of incoming gas pressures that are as little as 10 percent above or below the optimum.

Not only are many otherwise-productive service hours spent keeping the units running, but the paperwork on returned parts eats up a serviceman's available time. The comments from owners of these units who would welcome a chance to reverse their decision, convinces me that my opinions are justified.

In spite of our making the factory-recommended updates and control replacements, "no heat" calls come in at an alarming rate. The time spent keeping a furnace running—that never should have left the research laboratory—can be tolerated. But the loss of community esteem and customer respect cannot.

We dealers have borne the justifiable anger of home owners who never know if they are coming home to a cold house. It's time to put the blame on the manufacturers who pushed equipment onto the market to reap profits from a suddenly energy-conscious public. We are willing to accept responsibility for errors of application or installation. But we didn't design or build these units.

Is there a solution to the problem? We hope so, and that ours are not voices crying in the wilderness. ■

*John R. Ubinger is a principal of Admiral Heating and Cooling Co. of Pittsburgh, Pa.*