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Reborn Cabinets,
Anaheim, Calif.



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The 2013 Remodeler of the Year embraced smaller jobs in the post-downturn economy to increase revenue and compound growth

By Kyle Clapham, Managing Editor

In 1974, cabinet-maker Vinny Nardo and his wife Brenda sold everything they could not fit inside their green station wagon or the trailer in tow and left New York City. The couple headed west seeking a better place to earn an honest living and raise their sons Vince, 5, and Anthony, 3.

The boys, who slept in bunk beds in the 22-foot trailer, accompanied their parents as they drove across the country. Vinny sought out odd jobs and leveraged his woodworking skills to support the family and continue their journey. The Nardos reached California about six months after departing New York and, confident they had found their new home, Vinny quickly went to work for a cabinet company in Los Angeles.

Refacing, a faster and less expensive way to restore cabinets, became popular on the East Coast around the time Vinny learned the trade. He showed the technique to his new employer in California but failed to make an impression, so he migrated to another company in the area that embraced this “new” method of remodeling. Vinny received a call shortly thereafter from

SUPREMACY

his initial employer, who asked if he would come back and teach refacing. Vinny obliged and the firm enjoyed increasing success as profits grew throughout the 1970s.

In 1983, Vinny decided he would start his own business. He and Brenda founded Reborn Cabinets in Anaheim with nothing but a 1,200-square-foot shop and a \$300 table saw. The company primarily refaced kitchens in those early days, but 30 years later Reborn Cabinets continues to expand its product offerings and market presence with Vince and Anthony at the helm. The firm expects to bring in \$18.2 million on 1,450 jobs in 2013, compared with \$14.3 million on 1,040 projects in 2012, and a long way from the \$8 million the company earned on 491 jobs in 2009 at the bottom of the economic doldrums.

Managing growth

In 1988, Vince left college to work for Reborn and help his father. As the business grew, Vinny and Vince continually added more space to the original shop, and eventually the facility became three different units for a total of 3,000 to 4,000 square feet. In 1989, Reborn opened a new 10,000 square-foot store that included a showroom. When the economy stalled in the early 1990s hit, Reborn expanded its marketing efforts and branched out into commercial work—schools, restaurants, and institutional cabinetry.

Anthony joined the company as sales manager around this time but had no long-term plans to stay at Reborn; he just wanted to earn enough to supplement his income throughout college. After a year and a half, Brenda advised Anthony to choose between law school and the family business. He decided Reborn would be a better pursuit and enrolled in graduate school seeking a master's degree in finance and accounting.

This development had a profound impact on the company. The Nardos started running Reborn through financials as opposed to worrying about how much money they had in the bank and wondering how they could be more profitable. Now, the firm fully understands the importance of its income statement and the cost of each part of the company. "We have a ratio for everything. There's a graph and a chart for every milestone that we have to meet,"

Anthony says. "Once we got the numbers established and we know what we're capable of, the growth is just a matter of increasing the amount of leads and sales."

Reborn began growing again after the hiccup in the 1990s and eventually abandoned all of its commercial activity. In 1996, the firm banked \$1 million in sales and increased that to \$4 million by 2000, when Vince moved from production to sales manager and Anthony became responsible for field supervision. In 2001, Reborn opened its current 40,000 square-foot shop, which includes a 10,000 square-foot showroom.

The company participated in numerous shows and events in the 1980s and 1990s, but the shows were overrun with kitchen remodelers so the firm concentrated on print advertising and referrals. In 2003, Reborn took in more than \$9 million in revenue and, by 2005, the company turned more than \$14 million in sales. Vince became president of the company in 2006, and Anthony became the chief financial officer. In 2007, the economy took another hit and business began to drop almost immediately. Sales plummeted from \$14 million to \$8 million in just two years and, in 2009, the Nardos knew they had to make significant changes considering the company had 160 employees and an enormous facility.

Reborn cut its staff down to about 80 employees in a month. The company eliminated its human resources department and numerous positions—even senior managers—in an attempt to "right size" the firm for the economic climate. Vinny and Brenda took an active role in replacing some of the managers, and Vince sought out consultant Brian Smith of Dave Yoho Associates to analyze the way Reborn handled leads because the consumer profile had changed.

Many customers lacked equity in their homes and were unable to spend a lot of money on remodeling jobs. Reborn now uses key performance indicators in each department to monitor every facet of the company, such as how many dials per hour and how many appointments per day are generated in the call center, and how many leads and appointments per hour the firm's demonstrators garner out in the field.

"When the economy went down and the dust was starting to settle, we realized we weren't making the money we thought we

PHOTO COURTESY OF REBORN CABINETS



Reborn manufactures all of its cabinetry in their 40,000 square-foot facility in Anaheim, which also includes a 10,000 square-foot showroom.

were making,” Vince says. “We had to look at those numbers in order to figure out how we were going to survive on a lower revenue.” The average job went from \$23,000 to \$15,000, according to Vince, so with Smith’s help Reborn changed strategies on gathering leads, generating appointments, and the general sales process to embrace a more structured approach. As a result, the firm converted 11,000 raw leads into 5,200 appointments in 2012 and 12,900 raw leads into 5,700 appointments this year.

Leveraging opportunities

Reborn realized that with the proper processes and procedures in place, the firm just needed to offer more services and products to customers. The size of the job became irrelevant because as long as the company maintained consistent margins, it could turn the same profit on a smaller project than it could on a larger one. Vince says he naturally would rather turn \$30,000 in three days with three one-day bath jobs than \$30,000 from a full remodel that takes three-to-four weeks. Also, the longer the firm is on a job the more of an inconvenience it is for the homeowner, and this emphasis on efficiency gives the customer what they want in a shorter period of time.

Reborn’s current business strategy always comes back to the focus on numbers established under Anthony’s supervision and strengthened after the most recent economic downturn. At that time they were doing many things in-house they traditionally would

contract out. The firm found hiring outside contractors often ensures a better job because these people are often one step away from the owner of their company and take more pride in their work. “You need a gigantic infrastructure to manage your skills and manage each area,” Anthony says. “And we weren’t prepared to do that. We didn’t do it well.” In the end, the economic downturn turned out to be a seminal moment for the company. “In hindsight it was the best thing that ever happened to us because I think we emerged a much better, stronger, smarter company,” Anthony adds.

The company’s work is divided into five divisions. About 25 percent of Reborn’s business deals with full remodels for kitchens and baths—the firm moves walls and guts the area but does not do room additions. At least 50 percent of the revenue comes from refacing, the company’s “bread and butter” and the driver of its refined business strategy. The firm builds all of the cabinetry in its Anaheim facility, where it also makes and applies a catalyzed conversion varnish finish, a considerable difference from competitors. Local manufacturers in California typically do not offer this kind of finish because of the equipment required and the environmental protections against applying it in the field, Vince says.

Reborn uses an automated finishing line to mix the chemicals and apply the varnish. Everything is hands free—the computer senses the cabinet door and sprays it. Some companies try to finish cabinets inside the house after the refacing is done, Vince says. “When we go into a home and people see the quality of our finish compared to our competitors, that gives us a significant advantage,” he adds.

Around 25 percent of Reborn’s business comes from the company’s bath remodeling division, which uses an acrylic product from Liner’s Direct. Reborn started that partnership last year after the firm concluded it would be another great way to offer a quality product to customers. These installations typically take only one day.

The idea to link up with Liner’s Direct derived from Vince and



Reborn's 10,000 square-foot showroom in Anaheim features full kitchen and bath displays, which help customers envision how the company's products would look in their own home. The firm plans to open four or five new showrooms in L.A. in 2014.

Anthony's undertaking of a dealer program in 2011. "We knew from doing kitchen refacing for 30 years that we had our systems down very well," Vince says. Reborn launched Vianvi Signature Cabinet Refacing, which teaches participating dealers the company's refacing process, how to sell and market the product, and how to measure and install it. The program has dealers in many states and is consistently seeing growth, Vince adds.

Assisting customers

The same efficiency and professionalism that make the dealer program successful are evident in how the company handles customers. In a typical remodeling company, subcontractors have a lot of involvement with the client, Vince says. They call the customer to coordinate when they are coming and ask the customer questions about the project. When the head contractor sets up jobs for subcontractors, he has to go around and ask when each sub can work at a specific house. Everyone has varying schedules, which is why a project can take three or four months.

In order to be a partner of Reborn, a subcontractor must give the company a set number of slots in which its employees can be scheduled to work. This allows Reborn to keep a tighter schedule because the firm does not have to call each sub every time and can manage all scheduling through its offices. The company's call center also handles coordination with customers, and all installation schedules are posted online so that subs and customers can see them at any time. The call center contacts the subs to remind them of their commitments, confirms the time they are going to go to the house, and then calls customers every day before the sub will be in the home to inform them what time the sub will be coming.

This customer-centric attitude is also evident in company's seminars, which seek to address the misinformation and confusion consumers receive from the ever-growing number of contractors. Reborn hosts

"Learn From the Pros" workshops on the weekend every six weeks; the first seminar attracted 30 people, the second one drew 60, and now the company brings in 120 to 160 people consistently.

The seminar is an all-day event that starts at 10 a.m. and lasts until 2:30 or 3 p.m. Vince does three or four presentations on different topics with the help of the company's senior management team. Reborn invites vendors into the showroom, holds raffles, incorporates live cooking demonstrations from appliance companies, and provides lunch and snacks to attendees. The goal is not to sell Reborn, but about 50 percent of the people who come and are looking to have a remodel done hire Reborn after what they heard at the seminar, Anthony says.

Looking ahead

Reborn Cabinets projects \$30 million on 2,800 jobs for 2014, a nearly 65 percent jump in revenue from 2013. The big challenge moving forward is making sure the company's automated systems can handle the increased volume. Vince says he wants to run business in a way that they only have to look at exceptions because everything else should be automatic and consistent. Each system the company creates is written down, documented, and stored so that it can easily be reproduced and replicated.

The other big challenge is finding qualified employees as volume increases. The company trains candidates in-house and is willing to retrain them if they do not understand the techniques right away. Reborn tests prospective employees right off the bat to identify their strengths and weaknesses. The company specifically needs more project team leads and installers, but many installers went back to work for home builders as the housing market showed signs of life again; in fact the firm needs 10 installers right now, Anthony says.

Reborn plans to move into the San Diego market in January and



Vince (left) became president of Reborn Cabinets in 2006, the same year Anthony (right) began serving as chief financial officer.

will also open four or five new showrooms in L.A. next year. The company's current showroom brings in about 27 percent of revenue, according to Vince, and is successful because it shows full kitchen and bath displays, not just partial sections of cabinets. Each kitchen display has a refrigerator, stove, dishwasher, and sink, and each bathroom display has a vanity, shower, and toilet.

"In order to do that we had to be able to show our products in a real-world environment and not just have cabinets stacked up against a wall," Vince says. Reborn is also looking into manufacturing its own granite because the company does many jobs that call for granite countertops.

As for Vinny and Brenda, they act as board members of the company these days. Despite all of them being strong personalities, the Nardos know their roles in the business and never fight or argue in front of staff.

"When [our parents] moved out of New York they had nothing," Vince adds. "Today, they have eight grandkids and created a legacy that has touched thousands of families. To be able to say that is a huge accomplishment of my dad and mom's vision of a company that is truly a family-run business." PR

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