



MONTHLY

News and Views from the Connecticut Association of Home Inspectors, Inc.

August 2005

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A Professional Home Inspection Business

By John F. Koch III

As I write this letter, I'm approaching my 8th anniversary in the Home Inspection business and I am approaching my 3000th inspection. I really enjoy my work and hope to continue in the business. I've become a competent inspector and I believe I provide a good service to all of my clients. I remember when I first looked into the business, I was going to association meetings and admiring the experienced inspectors and wondering if I could ever get to know as much as they did. I know enough now to say that I don't know it all. In getting to this point, I've done a lot of studying and attended a lot of technical seminars. But some of the best education comes from dinner at the meetings and the time spent trading stories with other inspectors in the bar or the hallways at breaks.

I think though, as a group, many of us are weak on training on the operation of a Home Inspection business. We don't get CEU's for our Connecticut license or ASHI MRC's for business training courses, so we don't do them. Most of us have become technically proficient but some of us are not proficient businessmen. As always, there are a few exceptions. I know a few of the owners of larger multi-inspector firms and they always seem to have a better aptitude for the business end of our work. There are also a few guys that have had other successful businesses and have switched over to the Home Inspection business. Occasionally, I get to have dinner with one of these guys and try to "absorb" as much as I can. It's always helpful, but the bottom line is that whether or not you want to admit it, many of us need some help with our businesses. In fact, I believe the industry, or at least the businesses in the area, need some education to actually meet or exceed its business goals.

For instance, in the time that I've been in the business, the price of real estate has more than doubled in my area, but my base inspection fee has only risen about 12%. If you think about it, the realtor commissions, which are based on the selling price of the home, have doubled. So, their pay doubled in 8 years, mine went up only 12%. That's a loss when you factor in inflation at 3% per year. That stinks. We're both still doing the same amount of work as 8 years ago. How many of you know how the increase in gas prices has affected your costs? Have you raised your fees to compensate for this or are you just reducing your profit?

So why didn't I raise my fees faster? Competition! But it's not competition from other *professionals*. It's competition from the new dynamic created by an increased interest in the business over the past few years, the new Home Inspector "mills" in the state and probably by the licensing law. There are lots of new inspectors starting up. Their strategy for getting a market share in the business is to reduce prices to attract business. In the new dynamic, a licensed inspector is a licensed inspector. Whether he's done one more inspection than the minimum to get his license or 10,000

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Meeting Dates

August *Vacation month -
No Meeting or
Seminars*

Sept 28 *Electrical - Tim
Mikloiche, Electrical
Training Services,
LLC*

Oct 26 *Heating - John Doht,
Rhem Heaing*

**Holiday Inn
201 Washington Ave
North Haven
(203) 239-6700**

President's Corner

Dwight Uffer

To all of you who missed our July open forum meeting, you missed a great meeting in which all of the participants spoke their minds and offered assistance to some of our newer members. The meeting was conducted in an orderly manner and such topics of E&O insurance, competitive pricing and inspection reporting were all discussed in length. I believe that all of the participants would join me in stating that these are valuable sessions in which information is shared between those veteran inspectors and those new to the industry. I hope that the next administration will continue to have one or two of these sessions during the year to open up lines of communication between the membership.

I would also like to thank Bob Dattilo, who has resigned from the CAHI Board of Directors, for his time and devotion to CAHI over the past 10 years that he has served on the board. Bob has spent numerous hours on developing the web site, library and as both past president and vice president of the organization. We wish Bob our sincere gratitude for his contributions to our organization and look forward to seeing him at the monthly meetings.

In closing, I would like to wish all of our members a great summer season and look forward to seeing all of you on the fourth Wednesday of September as there will be no August meeting.

August is Vacation Month

No scheduled meeting.

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inspections. In most cases the consumer doesn't know the difference until it's too late.

In my way of thinking a *professional* Home Inspection business is not just an inspector that has become technically proficient and charges for his time. It is a business that will be around for the long haul. All while compensating the owner for his and his employees' work and for the risk involved in being in business. This should include compensation for ongoing training, vacations, holidays, business insurance, health insurance, disability insurance, a retirement plan and profit...yes, profit above and beyond "take home pay". How many of us can plan a two-week vacation and expect to have business when we return? How many will earn while on vacation? How many have cash plans to survive seasonal downturns in business?

There's an interesting spreadsheet I purchased, available at www.hanntech.com called The Cost Of Business, An Inspectors Guide To Pricing For Success. It has a spreadsheet that you can fill in all of your business' information and determine what your base inspection fee should be to meet all of your goals. I think it was worth the money. It indicated that my fees

were too low to meet all of my goals. But it's either increase my fees or lower my goals!

I know that at our association meetings, where most of us get our technical education, we cannot discuss pricing, etc., but I believe that we should begin to get some education on the costs associated with operating a *professional* Home Inspection Business.

I think this would benefit our industry, individual inspectors and ultimately the consumer that would have a selection of Home Inspection *professionals*.

Is there any interest in this type of training?

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REWARD
\$25.00



**GUEST SPEAKER
OR
NEWSLETTER ARTICLE**

CAHI will pay \$25.00 to any member who provides us with a guest speaker for one of our monthly meetings or for any article that is submitted and used in the monthly newsletter.

Your guest speaker's name and contact number should be given to Woody Dawson (203) 272-7400 or Barry Small (860) 655-6383 (barrysmall@yahoo.com).

Articles must be e-mailed to Rich Kobylenski (rkoblenski023@earthlink.net) and should be a PDF or Word document. Articles should pertain to our industry.

We will review articles for content and reserve the right to edit, use and/or refuse them.

Contact Us

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Executive Board

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CT Home Inspection Licensing Board

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The Licensing Board meetings are held at 9:30 am, Department of Consumer Protection, Room 117, 165 Capitol Avenue, Hartford.

The public is always welcome.

E-mail Bernie Caliendo for the latest meeting schedule at bsurehomeinspect@juno.com

