

Bottle return

Cashing in on recycled plastic

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There it was, right before the Baines brothers' eyes: Rot, mould and expensive energy bills, all staples in the houses they were renovating. The houses were stuffed with the ever-present pink, squishy, scratchy fibreglass insulation that has been around since the end of the Second World War, and the aging technology was the culprit for such shortcomings.

However, when Steve Baines, who at 32 is the oldest of the brothers, discovered that soybean oil mixed with recycled plastic bottles makes for an environmentally friendly and effective -- if somewhat strange -- insulating product, he abandoned his construction and renovation company to focus exclusively on keeping houses warm in the winter and cool in the summer.

The result was the founding of Enviro Foam Insulation. No, the Baines brothers are not plugging holes with empty Pepsi bottles and runny oil; they are spraying a foam insulation, made by a company in Montreal, where others are using old-fashioned insulation and sealants.

It sounds awfully dull. But now the Baines brothers of Raymond, Alta., have moved into the franchise business, with designs on going global. Enviro Foam's revenue has rallied to \$2.6-million in 2009 from \$140,000 four years ago. Revenue climbed despite the recession.

"Most people don't even know there's anything other than pink fibreglass," Mr. Baines said. "Most people don't even know what's in their walls."

To combat innocent ignorance, often the fault of builders who do not tell their customers there are other choices, the Baines brothers -- Steve, Mike, Chris, and Matt -- try to educate homeowners, builders, and architects, engineers, and home inspectors at venues including home shows, lunches and presentations.

Their main competitor, though, is not pink insulation, but rather the bells and whistles homeowners fancy when drawing up blueprints. That is because Enviro Foam costs three times conventional insulation.

"When it comes down to crunch time and the customer is deciding, our biggest competitor is actually granite countertops, hardwood floors and jetted tubs," Steve Baines said. "Customers are sitting there saying: 'Do I spend 20 grand on my insulation, or do I spend 20 grand on my granite countertops?'"

"Granite countertops, hardwood floors and jetted tubs are sexy. Insulation goes behind the drywall and you never see it."

While Enviro Foam may not be sexy it does have a green advantage. To begin with, it is made with recycled plastic and soybean oil, and then it reduces a house's greenhouse gas emissions by 50% to 80%. June Cotte and Remi Trudel, researchers at the Richard Ivey School of Business at the University of Western Ontario, found ethics plays a role when consumers are considering the damage to their pocketbooks.

"Consumer are willing to pay substantially more for ethically produced goods," the school said in a press release detailing the researchers' findings. The added expense of sipping fair trade coffee rather than regular brew is an example cited, but environmental concerns could fit neatly into that category.

Even if customers do not give a hoot about ethics and the environment, Enviro Foam can save them money over time, Mr. Baines said. Customers save between 50% and 80% on their utility bills, and the insulation, which

acts as a glue, makes homes 300% stronger, he said. "The product virtually pays for itself," he said.

Mr. Baines lives in a 3,400 square foot, two-storey home insulated with Enviro Foam to the same specs as the company would insulate any home. In the winter, his home heating bill is about \$30 a month. "It doesn't creak, it doesn't squeak, I don't hear any noise from outside, I can't tell if the wind is blowing or if it is raining," he adds.

The Baines' business plan, now settled, was made up on the fly as the company developed over the past four years. When they started the business, Mr. Baines said, they couldn't keep up with demand. People phoned and asked if they could start their own franchise, Mr. Baines said, but he turned them down. At least he did the first four or five callers.

However, Mr. Baines said, it didn't take him long to realize Enviro Foam could be bigger than a family business. In January 2008, Enviro Foam consisted of two outposts in its dealer network. By mid-2009, there were 29 dealers across the country.

The Baines let anyone who had desire, and the money to buy a \$100,000 spray rig, join the dealer network.

Trying to run a dealer network of that size made the brothers realize a franchise system may work better, and let them pick and chose who they wanted and who lined up with their culture. That's when they brought in the former chief operating officer of 1-800-GOT-JUNK? and a franchise lawyer to be their mentors. Twenty of their 29 dealers left as a result of the switch, but Mr. Baines said business continued to increase.

The Baines brothers own the entire company. They are aiming to have 100 franchises across the country by 2012, and then head to the United States. Australia, with its hot climate and engrained franchise culture, will come after that.

Ranging in age from 22 to 32, the brothers occasionally fight in a way other business owners may not. Steve Baines, the founder and chief

executive, who was 18 months away from becoming an optometrist before he started the Baines' original construction and renovation company followed by Enviro Foam, wouldn't have it any other way.

"I don't trust anyone more than I trust my brothers."