

As Other Small Businesses Fail, Fireside Supply Captures Bigger Market



John Tarquinio (second from left front row) founded Fireside Supply in 1992. With him, from left, are his wife Heidi, their mascot Honey Badger, his son Dominic, stepson Thomas Delude and nephew Clint Thompson. (John Woike, Hartford Courant)

By **Mara Lee**

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HEBRON — When Eleanor Perruccio walked in from snow flurries to the low-ceilinged showroom for Fireside Supply, she was enveloped by warm air.

The room has several of its stoves lit at any given time, including one right in the entryway, and on a recent morning, it was about 72 degrees.

"As soon as I walked in, I knew I was in the right place," she said.

Perruccio, who owns a house in Lebanon, intends to convert half of her house into a rental unit, and she is going from propane heat to a pellet insert in one fireplace and a free-standing pellet stove in the part of the house that will become the tenants' space.

"They're going to be saving money and so am I," she said.

Owner John Tarquinio has a news show with financial tickers going in his upstairs office at all times, with a wary eye on oil prices. Too high and delivering pellets, compressed sawdust bricks and making installation

and maintenance runs eats into profits, even though demand booms. Too low, and, he says, "I become the Maytag repairman."

This week, home heating oil prices in the Hartford area are about \$2.75 per gallon, down a third from this time a year ago. That's still high enough that using a wood stove or pellet stove to reduce how much the furnace runs makes economic sense. According to the U.S. Energy Information Administration, the average house heated with oil spent about \$2,350 last winter.

Tarquinio estimated that maintaining a desired temperature with a pellet stove costs 40 to 50 percent less than using oil heat.

When he started Fireside Supply in 1992, it was a prefabricated fireplace installation service company, "with a pickup truck and one employee," he said. His parents loaned him \$10,000. Tarquinio, who had been working for Lappen's Hearth and Home, found himself out of work when that company failed after 100 years, as a result of that era's housing collapse.

After about five years, he decided to use a converted barn on his parents' property in Hebron to have a retail showroom for wood, natural gas and pellet stoves and fireplace inserts. He hired another Lappen's alumnus.

A few years later, he went into garage door sales and installations, trying to mitigate the intense seasonality of the wood stove business.

The large majority of stove sales and installations come between September and January. "Twelve months of business in five months," Tarquinio said. He employs 19 people, and nearly all of them get overtime during the season.

"I'm glad because they need to make \$40,000 or \$50,000 to buy a house, have a family," he said. "People can't live on \$30,000."

But the flipside of the seasonality is that even with the garage doors, there's not enough work in the spring and summer. Before the recession, he'd layoff some workers and reduce hours for others to four days a week and shoulder the fact that payroll was higher than receipts. Now, workers are scheduled three or four days a week, and allowed to claim partial unemployment benefits through the state's Shared Work program. Five of his workers are seasonal hires, still.

Cutting summer hours more means he has to work seven days a week, even in the slow season, he said, but he's hoping by hiring someone who has experience spreading stove sales into the off season, he can change the pattern.

He estimated that about 20 percent of the year's sales are in garage doors; another 20 percent in pellets and compressed sawdust bricks, and the rest is sales and service of stoves and fireplace inserts. Of those, about 40 percent of customers buy pellet stoves, 35 percent buy wood stoves or inserts and 25 percent buy those with natural gas logs.

One ton of pellets costs \$275 to \$400, depending on whether you buy in the offseason, when there's a discount, and how much factories are struggling to keep up with demand. He said Home Depot sells pellets cheaper, and he suspects it's a loss leader for them. While fuel is his lowest margin product, he can't afford to sell it at cost.

Tarquinio clearly favors pellet stoves, which use a compressed sawdust fuel that looks like rabbit food. He said a wood pile is "this whole big nasty thing with spiders in it and carpenter ants."

But pellet stoves require electricity. Some customers, with the lengthy power outages in recent years, like the idea of a wood stove because all you need is matches.

"We sell peace of mind, we sell comfort," Tarquinio said. "I get 80-year-old people who want to come in here and buy a woodstove." He said those customers will tell him they haven't had one in 20 years, but want one in case something happens.

Pellet stoves send less particulate matter into the air than wood stoves, but Tarquinio said wood stoves have gotten cleaner over the years, and the EPA is developing new rules that will be more strict.

"They keep tightening the belt, and rightfully so," he said.

The Great Recession hit Fireside hard, mostly because the price of oil plummeted from its all-time high down to \$33 a barrel. For most of 2008, he said, the demand for stoves was so high there was no summertime slack. He couldn't even get enough stock from his regular brands and had to expand into some lower-end brands.

Then, in November 2008, the bottom dropped out. Some customers who had put down a deposit and were waiting for installation (it can take four weeks during the high season) called and said: "Know that stove? I don't think I need it anymore."

Tarquinio said for the most part, he didn't allow cancellations after deposits. Even so, he had a severe inventory excess. Thankfully, some of the vendors took back product, he said.

In 2008, the store did \$3 million in business, and even after oil prices' rebound, last year's sales were just half that.

Last year, Tarquinio took out a \$228,518 subsidized loan and received a \$100,000 grant from the state's Small Business Express program, to buy and renovate a second location in Colchester. He said he expanded for several reasons — he wasn't sure if he would be able to stay in the Hebron location after his parents' death, because he didn't know if he could buy out his siblings; he believed he couldn't grow in the amount of space he had in Hebron; and a competitor in Colchester went out of business.

In fact, wood and pellet stove stores in Guilford, Branford, Haddam and Norwich all closed in the last few years. By opening in Colchester, he captures customers he never had before, he said, including those who don't heat with oil or propane. Generally, natural gas customers don't buy supplemental systems because natural gas is so much cheaper than oil heat, but they do buy natural gas log fireplaces. In 2014, he expects to do close to \$3 million in sales because of the expansion.

Growing is important, he said, because his employees — including his son, nephew and wife — need raises, insurance, utility costs and such go up, so his sales have to, too.

And now, he said, "We have to do business to pay the debt down." He has bank debt too, not just the state debt.

"After 30 years of trying to live the American dream and become independently wealthy, I'm independently in debt," he quipped.