

Executive Suite

Today: Today's Entrepreneur



By Jack Gruber, USA TODAY

Living really green: John Suppes, founder of Clarum Homes, is in a newly built community of Enviro-Homes. The houses use solar power, high-efficiency furnaces, on-demand water heaters, non-toxic paint, landscaping that conserves water and other state-of-the-art features.

Builder was green before it was cool

Clarum's Enviro-Homes built on energy efficiency

By Edward Iwata
USA TODAY

The entrepreneurial spirit and a love of architecture run deep in the blood of John Suppes, 47-year-old founder of Clarum Homes and a leading figure in the energy-saving "green building" movement that has suddenly become fashionable.

Palo Alto, Calif.-based Clarum Homes and Suppes are riding the rising popularity of energy-saving "green" houses. No longer just a fad, green building is steadily gaining favor, as concern grows about global warming.

"I love construction and building," says Suppes, his office shelves stuffed with architectural design books, from *Tuscany Interiors* to *Living With Zen*. "I love getting out there and getting dirty, the rush of seeing a great product get built that people can live in and enjoy."

As a kid, Suppes relished family tales of his great-grandfather and grandfather, who were adventuresome ranchers and wildcat oilmen in Tulsa a century ago.

In his teens, he religiously read *The Wall Street Journal* and shadowed his father, Patrick Suppes, a Stanford philosophy professor emeritus and founder of a thriving computer educational firm called Computer Curriculum.

"He was always asking how the company was organized, how it made a profit," says Patrick Suppes, who later sold his company.

John Suppes also learned from his late mother, Joanne, who studied architecture at Harvard University in the 1950s under Walter Gropius, founder of the influential Bauhaus design movement.

Joanne Suppes often drove her children around the San Francisco Bay Area, explaining how buildings could have been designed more attractively, to catch more light, to blend into the natural surroundings. She would be pleased to see her son's work today.

In the past decade, Clarum and its subsidiary, Byldan Construction, have developed and built more than 30 subdivisions, apartment complexes and affordable housing in Northern California.

Clarum specializes in the "Enviro-Home," a model eco-friendly house with solar power, high-efficiency furnaces, on-demand water heaters, non-toxic paint, landscaping that conserves water and other state-of-the-art features.

Sunny market climate

Environmentally friendly homes will grow from 2% of all homes built in 2005 to about 10%, or \$38 billion, of the new-home market by 2010, according to the National Association of Home Builders and McGraw-Hill Construction.

"We've seen a tremendous degree of acceptance of green building techniques in construction," says Alexandra von Meier, the director of Sonoma State University's Environmental Technology Center.

During a recent interview in his wood-lined office near the Stanford campus, John Suppes leaps from subject to subject. An avid cyclist, surfer and snowboarder, the slim developer boasts megawatts of energy.

Suppes believed in green building long before it became trendy. As a young construction worker, he wondered which building materials and techniques would best help the environment and create high-quality homes.

One simple step: designing homes with sunny southern exposures, to power solar electricity systems. Many architects and developers didn't take this basic step when laying out subdivisions.

Suppes also explored using adobe and straw bales for home building, but found that the most reliable material is timber harvested in an ecologically sound manner.

"I love . . . the rush of seeing a great product get built that people can live in and enjoy."
— John Suppes, Clarum Homes

"I still think the wood frame is the best way to build a house," Suppes says.

Suppes founded Clarum in 1994. It was slow going at first. Home buyers perceived "green housing as big, ugly, geodesic domes," Suppes says. They also placed their highest priorities on location, prices and schools.

But in recent years, green homes have been sought by high-tech professionals, including young families. For these home buyers, energy-saving features are a big plus in choosing a house.

A green home costs \$15,000 to \$20,000 more to build than a typical house, Suppes says. The higher price tag pays for itself over several years through energy savings — lower electricity, heating and water costs — as high as 90%.

Clarum's homes have been showcased by Western lifestyle magazine *Sunset*, and the developer has won awards and praise for its designs from the Energy Department, the Environmental Protection Agency and California Gov. Arnold Schwarzenegger.

Costs and benefits

One happy home buyer: John Hemingway, a retired small businessman. He and his wife, Kelly, bought a new Clarum home in East Palo Alto for \$600,000 in 2003.

Sitting near the water in a gentrified part of town, their two-story, four-bedroom, 2,200-square-foot house is steadily rising in value. The house's solar heating, insulation and energy-saving appliances have saved the Hemingways \$10,000.

"These are stunning homes, and we've grown to love ours," Hemingway says. "Energy-efficient houses are the future."

Clarum executives credit part of the firm's success to a strong, team-oriented philosophy that encourages real collaboration, says Stuart Welte, executive vice president at EID, an architectural design subsidiary of Clarum.

Suppes is a demanding but open-minded taskmaster who often gives freedom to his architects, contractors and marketing people to make major decisions.

"I've been with many companies where the owner runs it like a king and leads with an iron fist," Welte says. "Not John. He sets the goals, hires high-level people, then trusts us to think beyond the box."

Suppes also practices what he preaches. His four-bedroom, Mediterranean-style home in the Los Altos Hills, near Stanford, uses solar heating and on-demand hot water. He tests new products, such as an energy-saving air cooling unit, and gets feedback from his family.

Now that Suppes and others have raised the popularity of green building, what's next for energy-saving homes?

Mass manufacturing should lower costs, Von Meier and Suppes say. Governments may pass more environmental standards for builders, just as the auto industry was required to meet emission standards. Tax credits could encourage solar electricity and other sound energy practices.

A generation from now, Suppes hopes to see all homes in the country "built to the highest standards of energy efficiency."

But green builders must weather the two-year-long housing slump. Clarum, which enjoyed \$75 million in annual revenue during the housing boom of the mid-2000s, saw revenue slashed in half last year, Suppes says.

While some developers and contractors have cut jobs, Clarum has held onto its 40 employees by keeping business costs down and by focusing on apartment rentals, which typically do better than home sales during housing slumps.

Clarum also competes with larger builders such as KB Home and Pardee Homes, which also sell new green homes.

To grow Clarum, Suppes may one day join forces with a big home builder in a partnership. But he has no plans to sell his company or to retire early. His sense of mission — green housing for all — hasn't waned after two decades.

"This is something I plan on doing for the rest of my life," Suppes says. "I just enjoy it too much."

About John Suppes

Founder of Clarum Homes in Palo Alto, Calif.

► **Birthplace:** Stanford Medical Center, Stanford, Calif.

► **Education:** Western State College in Colorado.

► **Family:** Wife, Dee Ann Suppes, a psychotherapist; 22-year-old son, Patrick; 2-year-old daughter, Natasha; 1-year-old son, John.

► **Favorite activities:** Cycling, backpacking, surfing, scuba diving, snowboarding, yoga, meditation, reading.

► **Favorite book:** *Long Walk to Freedom* by Nelson Mandela.

► **Favorite films:** *An Inconvenient Truth* and *Blade Runner*.

► **Favorite cuisine:** Japanese.

► **Favorite vacation spot:** North Shore of Kauai, Hawaii.

► **Volunteer work:** In-patient rehabilitation program at the Veterans Administration Hospital in Menlo Park, Calif.

Home high points

Clarum Homes advertises that its Enviro-Home can save up to 90% in energy consumption. Some of its features:

► **Solar power system.** Instantly converts into electricity, uses no fuel and requires little maintenance.

► **Energy-efficient windows.** Keep home cooler in the summer and warmer in the winter.

► **Tankless water heater.** Heats water only when you use it, without hot water sitting 24 hours a day in large tanks.

► **Non-toxic paint.** Has no solvents and is odorless.

► **Landscaping irrigation products.** Satellite-linked irrigation controller regulates water when needed, and recycling system uses old bath, shower and laundry water to irrigate landscape.

► **Air vacuum system.** Reduces dust and keeps air clean through entire home.

► **Engineered wood.** Man-made wood — made of lumber, wood particles and other waste materials — that lasts longer than regular timber.

► **Radiant roof sheathing.** Reflects sun rays and cools attic by 30 degrees.

Sources: Clarum Homes, USA TODAY research