

ENTREPRENEURS by Francis X. Gilpin | Associate Editor

Bright Future

Two solar energy equipment distributors have survived lean times. They hope their resilience will be rewarded.

Solar Direct Inc. co-owner Kirk Maust remembers the days when it wasn't so easy selling Floridians on alternative energy.

During the second half of the 1980s, the Bradenton company sold most of its solar power products via demonstra-

tions in the homes of potential customers. "People still weren't knocking on our door to buy these things," Maust says. "You had to find a creative way to get in their door and then beat them up over the head."

"Otherwise known as consumer educa-

tion," Lisa Thorell, Solar Direct's public relations adviser, wryly interjects.

Maust and his business partner, Dale Gulden, have since put away the blunt objects. Three dollar-a-gallon gasoline and escalating electric bills are threatening to turn America green.

Maust and Gulden always thought they were in the right place - the Sunshine State - to sell solar-powered hot water heaters, lightning and electrical systems. Finally, in 2006, it may also be the right time for two experienced hands in the solar business to help Florida take advantage of its nickname.

"It's becoming commonplace now for people to believe that the energy crisis is a real thing," Gulden says. "It's not just a blip on the radar screen. It's something we're going to have to live with."

President Bush signed a federal energy bill last year that created new tax benefits for Americans who install energy-saving devices at their homes or businesses. Even the Florida Legislature has gotten into the act. State lawmakers passed a bill last month that adds more financial sweeteners for building owners who buy solar or other renewable technologies. That legislation awaits the signature of Gov. Jeb Bush.

"We're hoping all of these new incentives in Florida and the newfound consciousness bring about further action," says Gulden. "This is where we live with our own families and we would like to see Florida be a leading state in all of it."

Lost ground

Florida builders have spurned alternative energy solutions. One prominent Bradenton real estate developer even barred homeowners in one of his subdivisions from setting up photovoltaic panels on their houses, apparently fearful the sight of the contraptions would drive down the prices at which he could sell the rest of his inventory.

"I hate to see the ground that we've lost in the 27 years that I've been in the business. What we could have done," Gulden says. "All of this growth taking place and basically not even considering any of these things."

But Gulden doesn't dwell on the past.

INCENTIVES

OUR ENERGY FUTURE

Solar hot water heaters have paid for themselves, through lower electric or natural gas bills, since Dale Gulden got into the alternative energy business more than 25 years ago, he says.

But new federal and state tax incentives make other solar products almost as good a deal, says Gulden, co-owner of Bradenton-based Solar Direct.

Gulden cites a typical residential installation on Long Island, where New York offers one of the best financial incentives in the country.

A state-of-the-art system providing electricity, hot water and lighting from the sun would cost about \$42,900. The homeowner is eligible for a \$22,400 rebate from the local power authority, a \$3,750 state tax credit, and a \$2,000 federal tax credit. The homeowner's net cost: \$14,750.

Alt-energy legislation signed by President George W. Bush last summer also could be a big help to the owners of businesses that use lots of hot water, such as health clubs and nursing homes. Federal 30% solar credits are capped at \$2,000 for homeowners, but the dollar-for-dollar reduction on a corporate income tax return has no ceiling.

Lisa Thorell, a spokeswoman for Solar Direct, says the private sector will find answers to the new energy crisis before government. Venture capitalists have millions of dollars to invest in alt-energy startups, she says.

"Just like in American history, our free market tends to save us," Thorell says. "Where somebody can make money, we don't need laws to make the market. Companies and entrepre-



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He projects Solar Direct will more than quadruple its 2005 sales of \$2.2 million by 2009. Solar Direct has ditched the in-person sales pitches. The company now sells about 70% of its solar equipment to homeowners and contractors over its own Web site.

The two owners of Solar Direct are both transplants from the Northeast.

Gulden came to Florida to be a rock concert promoter in the 1970s. When that didn't pan out, he answered a newspaper advertisement for a solar equipment salesman. "I always thought I was someone who could sell something successfully," Gulden says. "But I always liked to go home at night thinking that whatever it was I sold did the customer some good."

Maust graduated from Penn State University with an engineering specialization in solar technology. But he says he didn't get into alternative energy to save the world. "I didn't care about the environment," he says, smiling.

The son of an electrician, Maust came to Florida in the early 1980s to escape the Pittsburgh winters. He took over the nascent solar division of an air conditioning contractor and did well enough that the boss gave him half of the solar business.

Maust met Gulden at trade shows. They decided to go into business together in 1984, just as federal alternative-energy tax credits from the presidential administration of Jimmy Carter were expiring.

Without an energy crisis like now or in the 1970s, Gulden says, "the solar hot water heating business just died."

Saved by the Web

Gulden looks back on the resulting shakeout as not all bad. "There were a lot of people in the business then that, according to us, probably shouldn't have been in the business and weren't so well intentioned," he says. "In that respect, it kind of cleaned out the riff-raff."

The survivors got by hawking solar heaters for swimming pools that could extend backyard summers a few extra months.

During the lean years, Maust and Gulden hired themselves out to analyze "sick buildings" and recommend how owners could improve air ventilation so workers would stop coughing and sneezing.

The other salvation of what became Solar Direct was the Internet. By the middle of the 1990s, Maust and Gulden were placing ads on the Internet that had revived sales of their hot water heaters. They eventually shifted from telemarketing and the early Internet ads to an e-commerce "super mall," managed by their own staff.

In 2001, Solar Direct sold \$1.2 million worth of solar gear. They blame a sales dip in 2002 and 2003 on anxiety over the 2001 terrorist attacks. But they more than doubled 2003 sales to \$2.3 million in 2004. They expect 2006 revenue to come in around \$3.5 million.

Only about 50% of their products are sold to Floridians. While studying shipping costs recently, Maust noticed: "Ev-



When Solar Direct Inc.'s Kirk Maust, left, and Dale Gulden, right, switched to e-commerce, solar equipment contractors and consumers found them. "There's a lot more of these people than we realized," says Gulden. Mark Wemple

ery other order is going into California."

Although the direct-to-consumer approach makes Solar Direct's prices quite competitive for Florida homeowners, some of Solar Direct's best customers are California installation contractors. Gulden says the Golden State contractors mark up his equipment charges as much as threefold for home installations on the West Coast.

Gulden thinks Florida, which is the fifth-highest energy user per capita in the nation, is ripe for solar in this new era of huge energy bills.

Maust and Gulden are talking to investors about growth capital that will help them meet their 2009 sales target. It would be great, they say, if Florida turns into the natural market for solar power that they always thought it could be.

Yet, if Solar Direct ends up selling more solar equipment outside of his home state, Gulden says his company will do quite well. He intends to let investors know that, too. "I hope we're not viewed as being reliant on Florida," he says.

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