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**ANN ARBOR NEWS**

## **Soybean-based insulation a greener way to stay toasty Ann Arbor entrepreneurs wanted to do more than make money**

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BY MIKE RAMSEY

**News Business Reporter**

When John Cunningham and Andy Lim decided to start their own firm, they'd been working on projects out of the University of Michigan office that sets up business people with new technology from university research.

But it was Cunningham's drafty Old West Side house and a suggestion from his architect friend that led them to their first business: soybean-based foam polyurethane insulation. The pair found a supplier, Arkansas-based BioBased Systems, and created Arbor Insulation this past summer.

The soy-based insulation sprayed into walls and in attics and basements can reduce heating bills by up to 50 percent, according to the firm. And the soy is hypoallergenic, mold resistant and doesn't use fossil fuel as other spray insulation does.

"The reason we got into it is we were looking at the trends in terms of energy costs," Cunningham said. "I have an old house on the west side and it's cold and drafty and the heating bills are really high, and I really felt the personal pain and need around insulation."

The insulation costs about 50 percent more than traditional fiberglass, but given the course of energy prices, the difference could be made up in the matter of a few years, the entrepreneurs say.

"We're talking about \$10 a month on a mortgage bill," Lim said.

Lim, who also has an information technology consulting business, is the primary financier of the venture. He said the insulation business was attractive from a money-making aspect, but also from an environmental stewardship perspective.

"We had this discussion about looking for projects that positively affect the community," he said. "We're in business, obviously, but we want to do more than just make money."

Adam Lacca hired Arbor Insulation to spray their product in a master bedroom and bathroom addition and several other downstairs walls in their remodeled Whitmore Lake home.

"I spoke with a lot of people and a lot of people told me it was a really good way to go because it was a really good sealer," Lacca said. "I realized it was a little bit more expensive, but in the long run, with the way the heating bills were going, it would be worth it."

One drawback to the material is that once it is in the walls, it is more difficult to install new electric lines, Lacca said.

In older homes, the foam can be sprayed in attics and basements, but not down the walls. However, BioBased Systems is working on technology to do a pour-in insulation that would fill that role.

Another client for Arbor Insulation is the Michigan Solar House project, a U-M project known as MiSo and located in Ann Arbor. The insulation properties, combined with the sustainable properties of using soy, made it a good choice for the ultra-efficient house.

Cunningham said the pair spent under \$100,000 to launch the business. He declined to give revenue estimates for the upcoming year. The firm has one full-time employee, the general manager and a part-timer. They have plans to add to the staff as they grow.

He said the company would like to develop some kind of financing ability to make it easier for homeowners and builders to buy the insulation.

New federal and state programs designed to improve energy conservation could help make the insulation more affordable.

Starting Jan. 1, tax credits will be available to builders and homeowners who take steps to make their homes more efficient. And in Michigan, new building standards that require homes to be more heavily insulated could help the company as well. However, those regulations have been held up by a lawsuit filed by home builders. The regulations would bring Michigan in line with 25 other states that have adopted the national standard, Chapter 11 of the International Residential Code.

If the regulations move forward, Cunningham said the spray insulation should make walls

in new homes insulated well enough to allow builders to make exterior walls with 2x4 lumber as opposed to the 2x6 planks that might otherwise be required.

In addition to Arbor Insulation, Lim and Cunningham are partners in Innoventure, a holding company that will help do product development and operate businesses like Arbor Insulation.

Cunningham, a U-M graduate with a joint degree from the Ross School of Business and the School of Natural Resources & Environment, said it is his hope to propagate technology that would dovetail with Arbor Insulation.

"I have a particular interest in finding business opportunities" in areas such as alternative energy and energy conservation, he said.

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