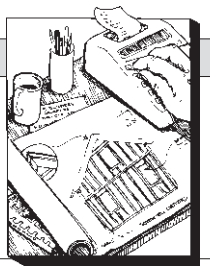
Marketing Without Bidding



by Doug Immel

How would you rather spend your time: bidding on many potential projects, hoping to win a few? Or working in depth with those people who are really interested in having you build or remodel their house?

We prefer the latter and imagine you do too. To attain this goal, we base our marketing plan on the assumption that we are the best choice for only a few people.

This premise goes against the main marketing strategy practiced in the building industry, which boils down to two steps:

- Run a lot of advertising and hope many people will call you.
- When those clients call, do a lot of estimating, make a lot of presentations, and, with luck, close a few deals.

Such an approach may be appropriate for moving products out of a discount retail outlet, but not for building and remodeling custom homes.

Screening Over the Phone

When prospective clients call on the phone, we try to determine as quickly and professionally as possible who the client is, what the project is about, and whether the client is willing to pay up front for a careful design.

We also try to discover what the client knows about us, about construction in general, and how deeply they've thought about their project. Essentially, we try to get to know them as well as possible in about an hour.

For instance, we might tell the client, "We build extremely efficient, passive-solar, custom-designed houses. Is that what you are interested in?"

If they say no, we do everyone a favor and refer them to other builders who may be more suited to their needs.

If we're satisfied that the client wants the kind of house we build or remodel and has realistic expectations, we suggest a 90-minute "blind date" to get to know each other better. The meeting will also give us a chance to discuss the complexities of construction and the value of a team approach.

The Blind Date

The initial meeting can be held either at the client's home or at our showroom. (If you don't have a showroom or a neat, professional office, meet at the client's home.) During the meeting, the same kinds of things we first discussed on the phone are covered with more depth. Another additional requirement, however, is that all the check-writing parties involved must be present. We make it clear before the meeting that if the clients are serious about building, we are happy to offer approximately 90 minutes to two hours of free discussion and project consultation and perhaps a tour of some of our jobs, after which our time is billable.

The goal of this first meeting is to secure a pre-construction design agreement. We describe our design and estimating process and our preferred building systems, stressing the importance of the design process. We also show them our presentation manual, photographs of our work, and detailed drawings of our construction systems.

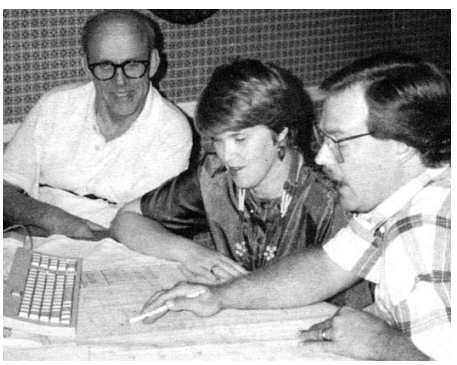
By the end of the meeting, they have received a ballpark figure for the overall cost of their project, with the understanding that we can't give a more accurate estimate until the design is complete. By then, they are acquainted with our approach to designing and building their project. And, we hope, they are spoiled by the thoroughness of our presentation, so that the presentations of other prospective builders will pale in comparison.

If the clients seem serious, we might also tour some recently completed projects. After that, though, we state clearly that our time—whether it be discussing the design, drawing the design, or building the design—is valuable and billable.

Why We Charge For Our Time

Charging for all our time after this initial meeting accomplishes several things.

First, requesting a separate design phase with fee attached forces a commitment. We charge design fees ranging from $1,000 to $8,000 on projects running from $30,000 (remodeling) to $200,000 (remodeling and new homes) and roughly 3% to 8% of estimated finished costs for larger projects. We ask the clients to sign a design agreement and to give us a deposit for the design. The design produces nearly complete conceptual documents—not quite ready for construction, but thorough enough to satisfy our estimating needs and the client's needs for visualization and commitment. This often includes a model.



On a typical "blind date" with prospective clients, Doug Immel will bring plans from other jobs, and a personal computer for fast figuring of cost estimates.

Entering this phase produces a sense of commitment that can separate the serious, compatible clients from the would-be clients. For example, we recently gave a 90-minute meeting and a house tour to a couple who came to us wanting to build "a Cape." They had a rough idea of the number of bedrooms and the amount of public space they wanted, as well as a notion of providing for in-law space, due to the increasing dependence of the husband's parents. The clients liked our interests in co-housing and accessibility, and during the early going it seemed to be a good match.

But as the project fleshed out, it became clear that the clients were set on a final cost that could not cover the design they were discussing. In particular, they could not afford the in-law space. We were chagrined but not surprised when, within a week of our house tour, the clients told us they were signing with a builder who was willing to design up front "for free," assuming their commitment to build with him.

We stressed that the other builder had to absorb the cost of designing somewhere, and that his bid on the job—which he had already given them—was unreliable until the design was complete. They seemed to understand the basic logic of this, but went with him anyway.

At that point, we knew we didn't want to work with the couple. In our view, the moment cost becomes the only criterion for selecting a builder is the time to bail out. The beauty of asking for a design fee is that it forces this issue into the open, saving everyone a lot of aggravation. In this case, it showed that what had seemed a strong attraction was only early infatuation. There was no match, and the sooner we determined that, the better. Not every warm body is a hot client.

Charging for your time does several other things to make your life easier. For starters, you get paid. It also reminds people that you're a professional. Perhaps most important, it shifts the emphasis during the rest of the building process from "What's it going to cost?" to "What will it be like ten years from now to live, love, work, rest, and cook here?"—a much better bottom line to work over.

Clearly it's enjoyable, satisfying, and occasionally even fun to bang small pieces of metal into large pieces of wood in the freezing cold. But building should bring other pleasures as well, such as the satisfaction of working with relative strangers in ventures that produce good works, good feelings, good relationships, good incomes, and better communities.

Clients are people too, and just as we do, they occasionally forget that there's more to life than buying gobs of cheap stuff fast, and that good things take time and contemplation. Sometimes we have to remind them of that, just as we sometimes must remind ourselves that there's more to building than snaring contracts and squooshing boards together. ■

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