10 REMODELING Sales Myths

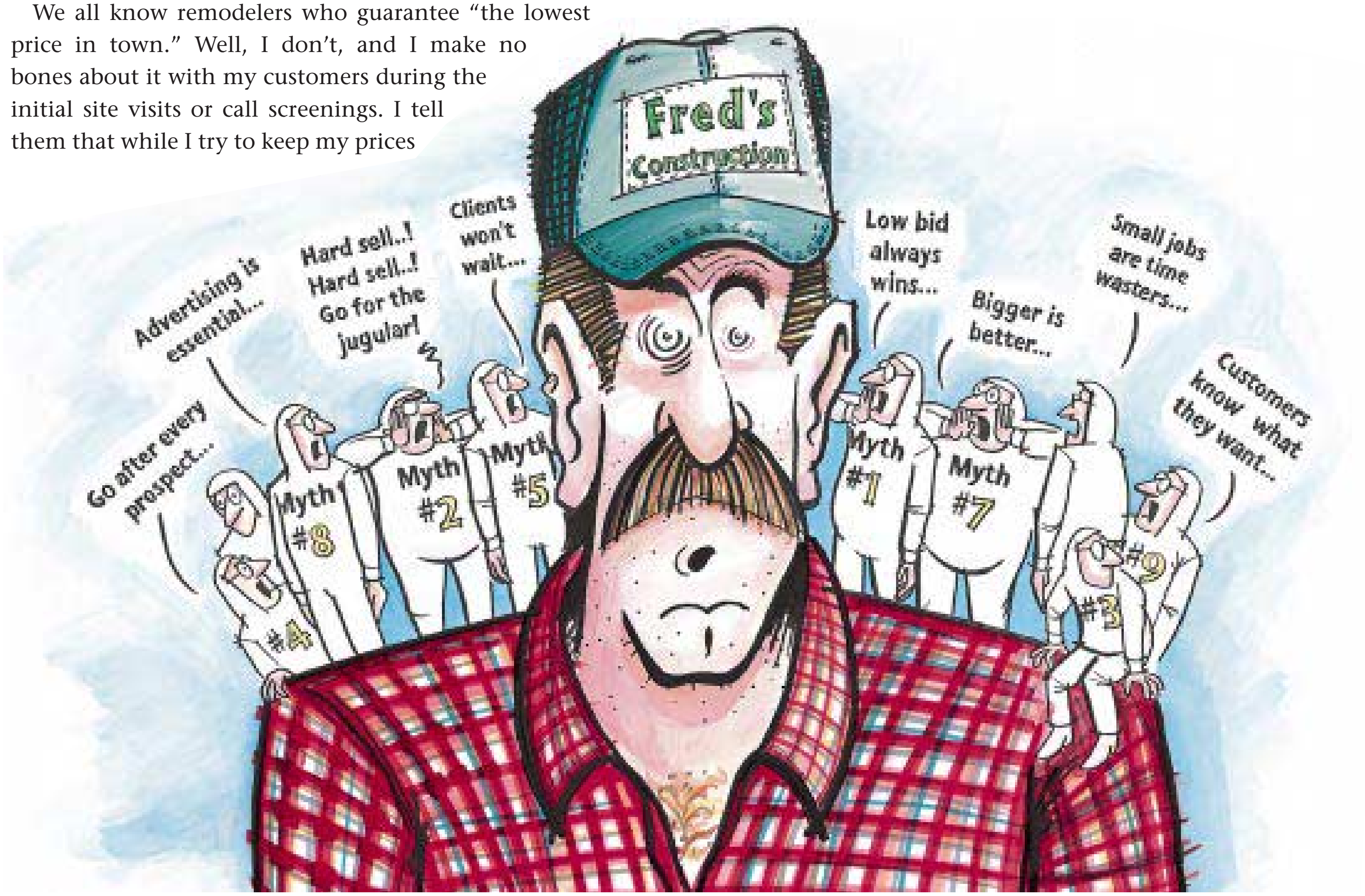
When it comes to sales, it sometimes pays to buck the conventional wisdom

by Rick Stacy

If you hear something for long enough, you start to believe it. But in my experience, some widely accepted beliefs are based more on fiction than fact. At the risk of trampling on a few sacred cows, I've collected ten popular myths about sales and selling that just haven't held true for my business. In each case, I've taken the road less traveled, and it hasn't hurt me one bit. If your current sales techniques buck conventional wisdom, it may help you to know you're not alone.

Myth #1
Low Bid Always Wins

We all know remodelers who guarantee "the lowest price in town." Well, I don't, and I make no bones about it with my customers during the initial site visits or call screenings. I tell them that while I try to keep my prices



reasonable, if they were to go out and get a half-dozen estimates, I'd probably land somewhere in the middle. I then sell them on why going with the low bidder is not always beneficial to them in the long run.

I encourage price-conscious customers to ask questions. "Why are these bidders low? Are they scratching for work, and if so, why? Will they cut corners to make a profit and leave me with structural or aesthetic problems that I'll have to deal with for years to come?" I explain to the customer that I'm a bit of a fanatic about the details and doing a job that is technically correct. A job well done takes a little longer and consequently costs a little more. I cite specific examples that relate to their projects. While discussing a reroof job, for example, I explain how many contractors don't replace deteriorated flashing boots or tuck new shingles under existing chimney and skylight flashing; instead, they shingle right over them and rely on tar to hold the water out.

When I know the customer is getting other bids on a job, I always include with my estimate a flier I put together called "Competitive Bidding — A Win-Win for the Homeowner and Contractor?" This one-page document reviews the merits of negotiating a project within your budget with a reputable contractor, rather than blindly choosing the low bidder.

Myth #2:
Follow Up Estimates and Drive Hard to Close the Sale

I learned early that the hard-sell, "go for the jugular" approach was not for me. Not only was I lousy at it, but even when I was successful I walked away feeling like I'd just conned my grandmother out of a family heirloom.

I prefer the "soft sell." I put all my effort into presenting myself and my company as a competent, quality-oriented, professional organization. This includes sending out a brochure with the estimate that reviews my qualifications, education, and pertinent training, as well as customer references. After dropping that in the mail (I never deliver it in person), that is the last contact I will have with the customer unless he or she calls me. This allows them to mull over my proposal, unpressured and unmolested by any hard-sell antics.

I realize this flies in the face of most conventional sales wisdom, but here's the principle: I'm not simply trying to sell the job, I'm shopping for a quality customer. I'm just not interested in a customer whom I have to pressure into the job. My soft-sell method also screens out, early on, customers who may ultimately present problems, or who simply can't afford to have me do the work. By letting my brochure and my estimate do the work, I end up with a signed contract on more than 75% of the jobs I bid.

Myth #3:
High-End Prices Are for High-End Clients Only

For most customers, bottom line price is not as important as we contractors have been led to believe. When sold properly on a quality job and worry-free service, many customers are willing to pay more. This principle works on the cars they buy, their televisions, and their tools; why not remodeling? The key is to assure them of the fact that you are a top-notch company that will not only provide the best job possible, but the best service and follow-up as well.

Most people have no idea who to call for their remodeling needs and are happy just to find someone they can trust. Most don't even want to take the risk of looking in the Yellow Pages. That's why developing good relationships and a strong referral network are such powerful marketing tools. Many homeowners are willing to pay a premium for a contractor they can trust to make sound decisions about one of their largest financial investments, and who they can count on to relieve them of the anxieties inherent in the remodeling process.

Myth #4:
Go After Every Prospect

Your company may not be right for every customer; conversely, not every customer or job is right for your company. Listen for clues to this during the initial phone call. Is the caller unrealistic about the costs associated with the project she is considering? (A quick ballpark price or range of prices given over the phone can often save you a trip to the house.) Is the caller indecisive or merely throwing out ideas that he or she obviously hasn't given much thought to?

Is the caller a "bottom line only" customer? I once was asked to bid a large kitchen remodeling job by an acquaintance and felt obligated to give her a price even though I knew she was constrained financially. Of the four bids she received, I was second lowest, but I was still $6,000 higher than the low bidder. Later, my friend confided to me what I had already instinctively known; that she had always planned to go with the low bidder even though she knew he wouldn't provide the level of service and craftsmanship that my company would. In this situation, I would have saved myself a lot of time and effort by politely bowing out of the bidding early on.

Myth #5:
Clients Won't Wait

If you're busy, it's probably because you're good, and most customers realize this. If they don't, educate them. If a contractor says he is available to start tomorrow, there may be a good reason he is out of work. On the other hand, I've seen busy contractors make promises they can't keep just to get the job, then hit the customer with a series of delays or, worse still, start the job then pull off for weeks at a time. This kind of behavior makes for a rocky relationship and invites problems.

Give your customers a realistic assessment of your schedule. I let people know early on that I generally have a lead time of two to three months. This also helps screen out homeowners who might end up wasting a lot of my estimating time. When I've sold my company well as a quality, dependable remodeling firm, I've found that customers are willing to delay their project if that's what it takes to get me to do the job. But I make it a point to keep in touch during the interim; clients who are waiting need to know that they are still on my schedule.

Myth #6:
Small Jobs Are Time Wasters

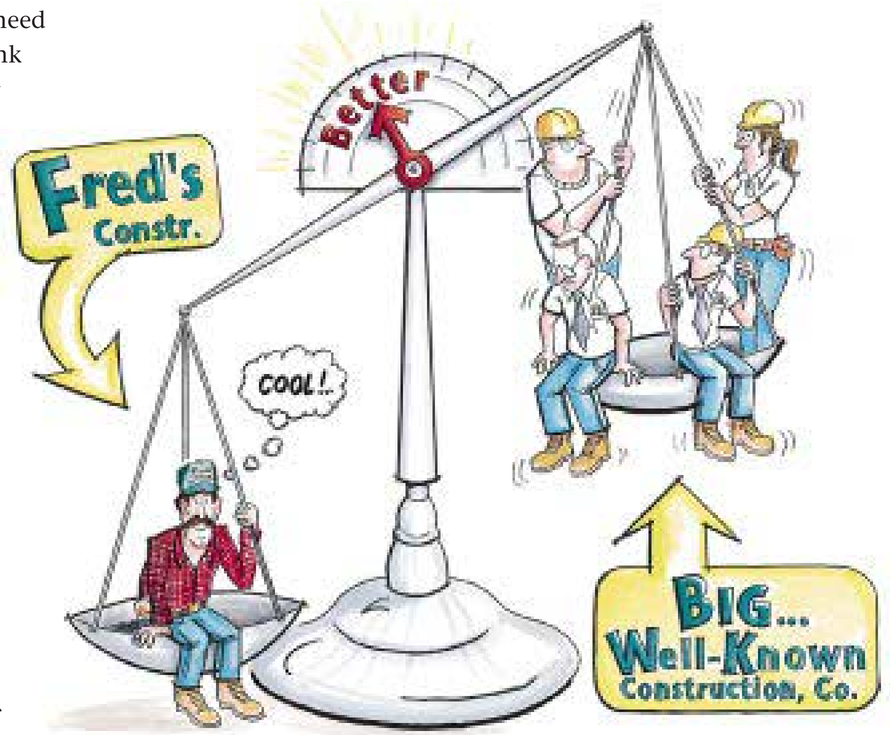
Doing low-profit, nuisance jobs is part of the service aspect of the remodeling business. Be there for these jobs and you will be the first one your customers think of when a larger remodeling need arises. Your willingness to change that sink trap or clean out those gutters presents your company as a one-stop remodeling service. Why should they even think about looking anywhere else?

I charge as adequately as I can for handyman jobs, but if I don't roll in the dough, I look at it as a marketing cost. By presenting myself as a one-stop contractor/advisor for my customers, I've nurtured a strong loyalty that will keep them coming back. This approach has nearly eliminated my need to actively advertise to stay busy. I have some customers who call me once every five years and others who call several times a year, for projects of all sizes. My aim is to have them call my company, and only my company, every time they have a remodeling need, no matter how big or small.

Myth #7:
Bigger is Better

Some homeowners believe that a bigger company with a well-known name will produce a better job. This is not necessarily so; in fact, often the opposite is true. As a smaller organization, I sell the benefits of hiring my company over a larger one. This isn't as difficult as it may first appear, since there are many advantages. I first assure the client that I or an experienced employee will be doing the work, not a subcontractor. I also explain that, because my company is small, my employees and I have to be well versed in all aspects of remodeling, so we are equipped to deal with a variety of problems that arise during a project. For instance, while installing siding, we may notice roof flashing that needs attention or is absent where it abuts our work. We would remedy the problem before continuing; a larger company would probably sub the siding work to someone who might inadvertently bury the problem, causing potential leaks down the road.

I also explain to clients that I am an experienced remodeling mechanic first and foremost, not a salesman. In a larger company, the person who sells the job rarely, if ever, shows his or her face once the project is underway. My clients deal with me and me alone from start to finish, drastically diminishing the possibility of miscommunication and other problems inherent in a larger company. I also do very little subcontracting and this is to the customer's advantage, since there won't be any strangers showing up on the job. When I do draw on help in areas where I feel that I do not have adequate expertise (such as special electrical or

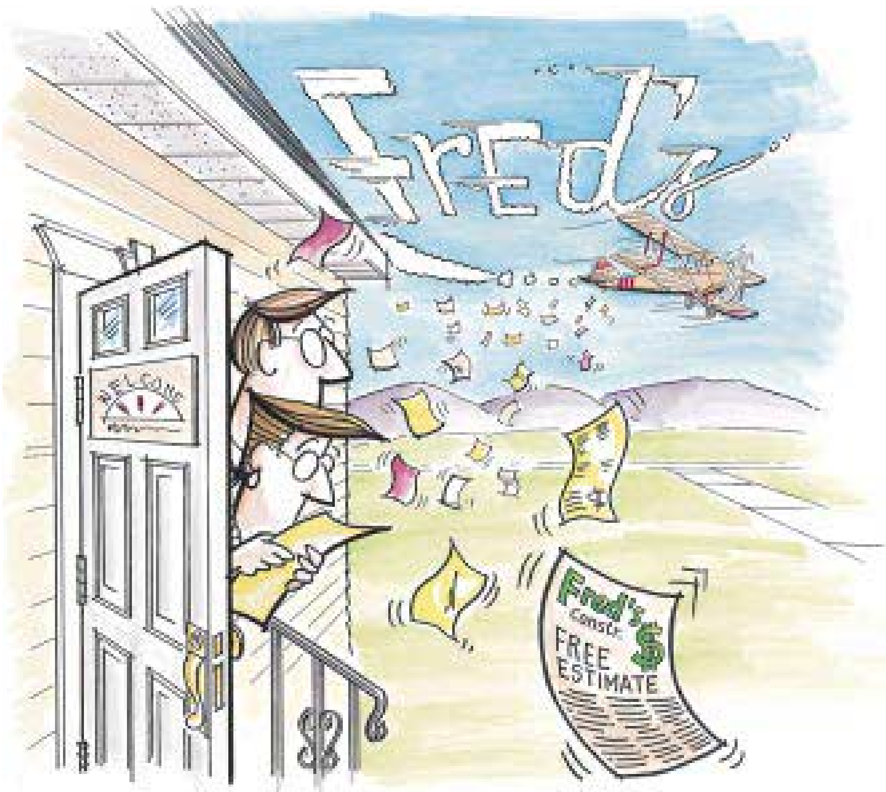


heating concerns), I explain to my clients that I work closely with the sub and demand the quality of performance my company is known for.

Myth #8
Advertising Is Essential

After five years in business I stopped advertising, and I haven't missed spending the extra money or extra time on sales calls one bit. All my work comes from repeat customers and direct referrals, and I make sure my clients are aware of this. In addition to sending a company brochure with my estimates to new clients, I provide a full page of names and telephone numbers for current clients, along with descriptions of the projects I did for them. I make it a point to encourage prospective customers to drive by my jobs or to call the homeowners (be sure to clear this first with the clients on your referral list). Many of my clients have told me that the brochure and references were the main reason they chose my company over another one, even contractors who bid the job lower.

My goal has always been to minimize my marketing time and maximize my direct labor time as a mechanic. The key to eliminating advertising is to cultivate your past clients. Send occasional fliers or holiday cards, or spend some time giving advice on home maintenance projects they are doing themselves. These efforts pay much better dividends than expensive advertising costs.



Myth #9
Customers Know What They Want

It's important to listen carefully to prospective clients when they describe their ideas for a project, but there's a time and place for putting in your two cents. Often, their ideas are too grandiose for their budget or are just plain impractical, and your job is to reel them back tactfully to reality. Sometimes, homeowners have not considered other options available to meet their needs: "Before going to the expense of building this addition, Mr. and Mrs. Jones, have you considered remodeling this existing space or finishing off part of the basement?" At other times, they need to be talked out of a job: "If it were my house, I would try to get three or four more years out of that roof before I replaced it." Offering less expensive alternatives may mean less work for you, but your honesty about what really needs to be done gives you credibility and develops trust. Your prospective clients will realize that you are looking out for their real needs.

Myth #10
Don't Talk About the Competition

On occasion, you'll lose a customer to a competitor. I once gave a price on a large roofing tear-off to customers for whom I had done previous work. At the time, I thought they would be calling me to set up a start date, but one month later I saw a local competitor's sign in their front yard. Living in a small town, I am bound to run into these customers at some point and when I do, I don't hesitate to ask them how the work is going. I usually ease the awkwardness with a comment like, "I'm glad you were able to find someone who could get to the work sooner than I was able to." I ask if they are happy with the quality of work and the company, explaining that I am always looking for someone to refer work to when I'm too busy.

This approach lets the customer know I am not bitter, even though it always smarts a bit to lose a job from a regular. But my seemingly casual inquiry often opens the floodgates to any problems they may be having. When this happens, I'm always careful not to deride the other contractor, but I use the opportunity to point out details of how I would have approached the problems, or I offer advice on other things they should watch out for. These are excellent soft-sell opportunities and you may find yourself, as I often have, doing their next remodeling project. More than once a customer has told me: "I wish I had chosen you to do the work, even though your bid was higher."

__Rick Stacy__ is a builder and remodeler in Bergen, N.Y.