

Remodeling a Remodeling Company

by Norm Seff

After running a remodeling company for 18 years in the Washington, D.C. area with an in-house crew that ranged from 3 to 12 employees, I swallowed hard and decided to “re-engineer” my company.

I had discovered that as I grew from a one-man shop to one with several employees, it was increasingly difficult to find and keep employees who were not only good craftsmen, but who also had the requisite people skills to get along with other employees and homeowners. Invariably, a good mechanic would stay for a few years, then leave to form his own company, taking with him many of the business and people skills I had taught him.

Cutting Back

From the beginning, I had set ambitious goals for myself and my company. I wanted to educate customers about the remodeling experience, and I wanted to work with them in an environment of trust, integrity, and excellence. At the same time, I wanted to provide a meaningful work experience for my employees. As my projects became bigger, however, and the time required to complete them grew longer, employees started to lose steam after three weeks on a new job, which negatively affected the bottom line. I found meeting and delivering my own expectations to be increasingly more challenging.

About two years ago, I realized that I had established excellent relationships with about 10 small contracting businesses (1 to 5 employees each) — framers, finishers, drywallers, and

others — who were capable of delivering the craftsmanship I was looking for. It became apparent that if I tapped into their resources, I could get them to take responsibility for completing the work within a budget that both my customer and I could live with. I would benefit by not having to deal with many of the day-to-day problems, such as hiring, training, and meeting payroll, that continued to plague me. With this new structure, I realized, I

— someone who can walk homeowners through a remodeling project, assist them in the decision making process, and offer options. Here’s how the process works for me.

After I have qualified the homeowners over the phone, I meet with them on a weekday, usually between 3 p.m. and 5 p.m. I bring with me my “credibility pack,” which contains information about my company, references, project photos, and an article on how to select

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could recapture the spirit of a small remodeling company.

So I shifted focus and cut back. Today, I handle sales, estimating, and project management; I have a part-time bookkeeper, and my wife, Jan, does the design work with Chief Architect. All other work is subbed out. Our annual volume is about \$750,000, on projects that include kitchen and bath remodels, additions, basement conversions, and great rooms. Job sizes range between about \$2,500 and \$220,000.

Sales Consultant

One of my roles is as a sales consultant

a remodeler. I leave this with the homeowners at the conclusion of my visit.

Most important, I bring with me a form that has their name on it, along with some information that I collected during the initial phone conversation about their project. The form also has a series of questions, which the homeowners and I complete together. The questions ask about their lifestyle, what they hope to accomplish with the remodeling project, how many children they have, and so on.

I also have to deal with sticker shock during this first visit, but before I give any ballpark quotes, I tell the home-

owners to add 30% to whatever budget figure they have in mind. This, I explain, is the typical difference between what homeowners think the project will cost and the actual price.

After physically inspecting the home and discussing the remodeling plans, I discuss the pros and cons of three options: hiring an architect, hiring a design/build firm, or acting as their own contractor. I point out that a professional is best suited to oversee their remodeling project. I then explain that design/build will work best for them, because the design and budget can be developed simultaneously, and the design and construction components are handled by the same company.

At this point, I offer some cost guesstimates, and show them a typical design package (construction drawings, detailed specs, costs, and so on). I explain that design fees are quoted at 5% of the estimated project cost, with 2½% due upon signing and the balance waived if the homeowner uses my company for the construction. I usually leave with a signed design contract.

At the next meeting, Jan takes over with the design work. We take dimensions, collect more information about the homeowners' goals, and ask for pictures of projects they like.

When we return, our laptop is loaded with an existing floor plan and as many as four schematics created on Chief

Architect. We bring along a TV converter, which allows everyone to view the proposed floor plans, 3-D views, and walk-throughs on the homeowners' television. This visit is also a time to build our relationship with the homeowner. We bring along a portable printer so that as we exchange design ideas, we can print out the most promising options. We may even do a quick mockup with Chief Architect if the changes aren't too great.

Typically, there is too much information for the homeowners to digest in one visit. But we do come away with a solid sense of what the homeowners want; usually it's a composite of features from several of the schematics.

Project Estimator

While Jan's been working on the design, I've been working on the estimate. I can build my own set of specs from a "library" of specs stored in my word processing program. On jobs under \$20,000, I may do the estimate myself and then look to my subs to complete it for that price. For larger projects — those above \$20,000 — I typically get the subs involved early. If the project is an addition, for example, and I know that the existing shell won't change much, I'll fax an early floor plan to my framer for a quote. As the interior finishes, electrical, plumbing, and other specs firm up, I send off faxes to other subs for quotes. From some subs, such as electricians, I

may ask for a rough quote, which is then punched up as final details emerge.

By the time Jan and I have our third or fourth meeting with the homeowners, which on a \$100,000 job usually takes place three weeks or so after my initial meeting, we have a finished drawing, a full set of specifications, and a quote. All that remains is to put together a schedule, firm up start and completion dates, create a progress payment schedule, and sign the contract.

Project Manager

When the work starts, I slip into my role as project manager. I schedule and coordinate the various subs, making sure that the work proceeds according to plan. I also keep the project on schedule, and make sure costs are within the budget. I meet weekly or biweekly with the homeowners to keep them abreast of progress, sign change orders, and collect payments.

After some trepidation about downsizing my company, I'm glad I did. Plus, I'm able to provide a good product for my customers without a lot of the headaches I had before I got smaller. I'm now able to concentrate on those aspects of the remodeling business that I really enjoy. And that's why I went into business in the first place. 

Norm Seff and his wife, Jan, own Adkim Builders in Baltimore, Md.