

Learning To Say “No”

by Paul Eldrenkamp

Homeowners love to tell each other horror stories about contractors. Most of these stories are not about dishonesty or gross incompetence — they’re about over-commitment. We contractors just don’t know how to say “No” to people, and it gets us into more trouble than anything else. We say “Yes” to more jobs than we can possibly handle, “Yes” to jobs we’re not the best match for, and “Yes” to clients who should really be in closely-supervised group homes. We say “Yes” because we don’t have any good ways to say “No.”

The Big Six

Actually, I lied a moment ago. Contractors do have a few tried and true methods for saying “No.” Unfortunately, none of them contributes to the success of their business. Here are six of the most popular.

1. Ignore the prospect. That’s right — just don’t return their calls. This approach is very effective, and over time it will reduce the number of calls you’ll get in the first place. If I give your name and number to my friends and you don’t return their calls, I will stop giving out your name. End of problem. Of course, you won’t have anybody to say “Yes” to, either.

2. Ignore the prospect (time-delay option). With this method, you return the call, visit the job, and promise a proposal — *then* you ignore the prospect by never submitting a proposal and never returning subsequent calls. Although the results are the same as in number 1, I don’t recommend this method because it takes more time.

3. Insult the prospect. This method is more aggressive. Like method two, you take the call from the client, but you say, “Job? I don’t need no stinkin’ job. I only took your call because I

thought you were someone who owes me money. Call me back in a year if you still need the work done.”

Although this method actually requires you to speak to the prospect, it works better than most passive methods, because being offensive is a much faster way to communicate “No” than simply ignoring someone. Use this strategy long enough, and you may be able to have the phone disconnected altogether, thereby reducing your overhead.

4. Apologize to the prospect. Again, you take the call, but explain, “I’m terribly sorry, but I can’t even dream of helping you.” If you stopped there, though, you’d merely be using a variation on the “insult” strategy, so lay on a thick coat of pseudo-sympathy by saying, “I don’t know anyone else who could help, either, and I have no idea whatsoever what you should do now.”

Without being offensive, this method sends the clear message that the client is wasting your time and should never call you again. With any luck, word about how you handled the inquiry will get back to the person who referred you in the first place, and in the future that person will think twice about giving your name to anyone who needs work done.

5. Dump the prospect. With this approach, which is preferred in boom times, you return the call, visit the job, promise a proposal, deliver a proposal, and — get this — agree to a start date. Then you change your mind. Realizing you’ve got twice as much work as you can possibly handle, you call the prospect a week before the start date, cleverly making the call at a time when you’re sure you’ll get an answering machine. You leave a message that your whole crew just quit, you got

tuberculosis, and both your grandmothers just died, so you won’t be able to do the job after all.

Although more time-consuming than the two previous methods, dumping the prospect is more effective because it causes the number of calls into your office from prospective clients to drop off even faster — especially once word gets out that you’ve got tuberculosis.

6. Buy out the prospect. When the situation is truly desperate, you can take matters into your own hands and make a courageous business decision. Typically, you’ve agreed to visit and talk with the prospective client, but in the middle of the conversation you suddenly realize that this job is a *dog*. It’s going nowhere, and there’s a good chance it will drag you along with it. Of course, you could have discovered this much earlier and turned the job down then, but you were too busy pursuing one of the previous methods. Now you’re stuck trying to weasel out of the job, but the prospect is not taking “No” for an answer.

Here’s what to do. First, make sure to bring your checkbook to the meeting. Then, when you feel yourself getting sucked into a losing proposition, mentally calculate the costs to you and your company if you take the job. “Let’s see, it will take me 20 hours to estimate, and 20 more hours to revise it down to their budget, mostly by eliminating any profit. And given the way they’re talking about their last experience with a contractor, the punch list is bound to delay final payment for two months. This job is going to cost me \$5,000 out of pocket, easy.” Do this mental calculation while appearing to pay attention. Then, at a break in the conversation, simply offer the prospect 10% of your estimated loss to let you out of it. Say,

"If I write you a check for \$500 right here and now, can I go home and not have any further obligations to you?"

This could be the best deal you'll ever negotiate for yourself. Not only will you have gotten the prospect to say "Yes," which is one of the main goals of the sales process, but you'll have cut your losses by 90%. Unfortunately, instead of getting fewer calls, once word gets out you'll find that the number of new job inquiries into your office really spikes. As a consolation, you'll be able to brag to your competitors that you're getting ten calls a day.

The Final Four

All of these time-honored techniques are guaranteed to send a clear "No" to the client. (The exception is the "buyout" technique, which to my knowledge has never been tried, although plenty of contractors, myself included, have undertaken jobs for which it would have been the preferred option.) However, all of them will also hasten the demise of your business.

But so will saying "Yes" indiscriminately. Fortunately, there are better ways to respond to people who come to you with their projects.

7. Prequalify the prospect. To use this technique, you must first figure out what sort of jobs you do best, then create a list of five or so "critical success indicators" against which you can measure any call that comes into your office. Some contractors assign rankings to these indicators on a scale from 1-5 or 1-10, but I prefer to use yes or no questions, such as: Single-family home worth \$350,000 to \$750,000? Referred by past client? At least a ten-year commitment to live in the house? Estimated job size between \$25,000 and \$250,000? Still early on in the design process?

I track seven such indicators, and if a prospect answers "Yes" to five of them, I also say "Yes" to exploring the possibility of working with them. If they say "Yes" to fewer indicators, I tactfully turn down the job. I say: "Based on how you describe your project, I'm not sure I'm a good fit. This is not the sort of situation where historically we have been the contractor positioned to provide the best client service. I think the best thing I could do for you right now is to refer you to a friend of mine who has a better track record with this sort of job."

This approach can be very effective, but it takes some work to analyze your company's critical success indicators. More important, if not done well, the prospects may think you're blowing them off. The key is to turn down the work, but leave open the possibility of working with the prospects in the future.

8. Ground-rule "No." The easiest way to say "No" is to turn the tables and let the prospect do the deed. This is another prequalification technique that essentially gives the client permission to say "No" to you. I say something like this: "I can be of service if you say "Yes," because we'll do a good job for you; but I can also be of service if you say "No," because I can give you some advice and refer you elsewhere. I'm interested in a good fit. If my company is not a good fit, the sooner you recognize that and let me know, the better the chance we will stay friends." Then I explain the ground rules — for instance, no competitive bidding, design-build projects only, cost-plus work only, and so on. Also explain your strengths and weaknesses, then sit back and ask them if that sounds like something they can work with.

Of course, you have to have ground

rules in place before you can follow them, and you also need to be flexible with these ground rules when called for. If you've truly given the prospects permission to say "No," they will say "No." If no one ever says "No," then you're not positioning yourself clearly enough and not setting meaningful enough ground rules. On the other hand, if they say "Yes," indicating that they want to do business with you following your ground rules, it will be with a high enough degree of commitment that they're a good client now, not a prospect whom you want just to go away.

9. "No" by default. You can also give the prospect a way to say "No" without having to tell you to your face, which makes some people uncomfortable. If you can't reach agreement quickly (within two hours, I think), then you haven't been as effective as you might be. That's okay, because we're all learning as we go, but you should leave the prospect with some sort of deadline: "If I don't hear from you within two weeks, I'll assume you've concluded we're not a good fit. Please still feel free to give me a call for any advice or feedback you might need down the line."

10. Target marketing. If your marketing is finely tuned to begin with, it will weed out many less-qualified prospects before they ever pick up the phone. You certainly won't have to say "No" to *them*. Experiment with your marketing so it produces not only more leads but more qualified leads. If you measure not only quantity but quality of leads, you'll find yourself saying "No" less often and for all the right reasons.



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