

# Meeting Change Head-On

## Stay on top of market conditions and consumer trends

by Diana Hanson

In any business, managing change is the key to staying profitable. This article looks at two deck companies in two different parts of the country that are proactively taking on change. In the first example, a Maryland company is prompted by the downturn in new-home construction to target a new market. The second example is my own company, which is expanding in response to opportunities in a growing local economy in Idaho (**Figure 1**).

### From New Construction to Remodeling

A deck builder with 20 years under his belt, Ray Steward owns RWSDecks in Towson, Md., and currently runs

three crews. For 15 years or so he had been doing production work for builders in tract-home developments.

With the slowdown in the housing market, however, Steward recognized that the steady stream of business from new-home construction was drying up. He took a close look at the economy, the industry, and what was going on locally — and decided to reorient his business to go after the remodeling side of deck building. “There is a benefit to be had in a down economy in that people are investing in the homes they have, instead of buying new ones,” says Steward. “But when the majority of your work has been focused in the opposite direction, there is a huge challenge to turn your business emphasis.”

Moving a deck-building business

out of the new-housing market into remodeling is a substantial undertaking. Though you are still building decks, you now have to sell to homeowners instead of developers — a very different type of client. Builders tend to be more oriented to the bottom line, whereas homeowners are more concerned with new materials and matching the deck design to the house. The two differ in their approach to materials too: Builders want consistency and simplicity, but homeowners bring a variety of desires to the table, depending in part on what they’ve seen in magazines and on television.

### Office Help

Because all these adjustments add up to more work — with the same number of hours in a day — Steward hired an office manager to handle some of the day-to-day functions. He explains, “Hiring an office manager is one of the things that I knew I would have to do in order to make this change. The demands on me in all areas, including sales, planning, deck design, and proposals, increased dramatically.”

Delegating, which required trusting an employee with details he had dealt with for 20 years, wasn’t easy: It meant going against a self-described “type-A” personality. Also, the immediate effect of creating a position is more — not less — work. In addition to hiring and training the employee,



**Figure 1.** It wasn't long ago that an outdoor kitchen meant having a gas grill. The trend toward outdoor living provided the author's deck business with an entirely new and profitable sales avenue.

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there's a trial-and-error process of learning what you can let go of and what you need to keep your hands on.

"Hiring an office manager for my company will ultimately have the desired effect of reducing the number of hours I invest in the business," Steward says. "However, there is a learning curve involved in making this new position productive, and in getting the new employee up to speed and acclimated to our work environment."

The timing of a business change can be as important as the change itself. Slower months might be the best time to add a position like an office manager, even though your revenues are probably down. Planning ahead and putting money aside when revenues are up can help with the transition.

This lesson has broader implications as well. The day may come when you want to sell your business; the goal is to make it run without you. To do this, you will need to let go, after putting in place the people and business principles that will ensure the business's continued success.

### Marketing and Advertising

Along with hiring an office manager, Steward created a new marketing

plan. Because business-to-business and business-to-consumer marketing have almost nothing in common, Steward archived his files on marketing to new-home builders and renovated his approach to fit the needs of his new direction.

Previously, Steward had kept signs on his vehicles to a minimum, to avoid sending a message that might be interpreted as "Come steal my tools." But to increase his visibility to homeowners, he had his three work vans painted to advertise his company and services. He says, "I spent about \$1,800 each on those vans. I hired a graphic artist to lay out a plan for my vans — I didn't simply get them lettered. They are now rolling billboards for my company."

Steward also plants a sign in the front yard of a client's home during construction. He reports the response from both the vans and the lawn signs



**Figure 2. Refocusing your business often calls for a shift in marketing. RWSDecks, which is in the Baltimore area, switched to direct mail when the company began building decks for homeowners rather than for tract builders.**

has been very good.

Direct mail is another strategy he didn't need when working for contractors but has been experimenting with now that he has to reach a larger number of potential customers (Figure 2). Direct mail can target anything from household income and the age of the occupants to the last time a permit was pulled at a particular address.

Steward focuses on mailers to homeowners in communities with older homes. Long-time homeowners in such neighborhoods may be looking to use home equity to put a deck on their home for the first time or to replace an old deck. And folks who have just purchased an older home often are looking to do some renovating.

The pictured mailer is a 6-inch-by-9-inch card that Steward sent to 10,000 homes. He got a decent, though not stunning, response. But a landscaper he knows encouraged him to stick with it, saying that part of the purpose of direct mail is the branding of your business — getting homeowners used to seeing your company name and logo. The landscaper also pointed out that the person in the house who gets the mail is usually the person who ultimately makes the decisions for the household.

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Steward has since done a less expensive mailing as part of a “multi-pack” of 5-inch-by-7-inch cards that reached 100,000 homes. (A multi-pack is a group of mailers from a variety of businesses.) The response to this second mailing has been tremendous, and Steward is now sold on the idea.

“In reaching out through direct marketing and mailers, the number of calls I have received from clients of 15 to 20 years ago has surprised me,” says Steward. “Fielding calls and trying to remember who the client was has been a fun and affirming trip down memory lane — going way back to the days when I actually built the deck myself.”

### Educate to Sell

Re-entering the remodeling side of deck building has been eye opening for Steward. He says, “What surprised me the most is how many homeowners with 20-year-old decks have an expectation of reusing their existing

worn-out substructure with new-technology decking and railing. They say things like, ‘I want new decking and railing but I think my framing is pretty good.’ My immediate thought is a shocked, ‘Your deck is in total disrepair, and you want to keep the most important, yet least expensive component of that deck? Are you nuts?’ Of course, instead of saying that, I give them a solid education on safety and the value of making a clean start.”

Another challenge is the significant number of former new-construction framers entering the decking market. Some of these are “fly-by-nights” who drive down what the market expects to pay for a deck by leaving old, decaying framing in place or by not buying insurance. Steward says, “It’s tough bidding against unrealistic numbers and guys working from the back of their pickups who ignore the responsibilities of legitimate business overhead.”

There will always be someone out there who can underbid you. In working with prospective customers, it’s important to understand and communicate the value that you and your workmanship bring to the table. It’s up to you to educate the buyer.

### Responding to Consumer Trends

Steward adjusted the way he does business because of a downturn in new-construction market. But this isn’t the only kind of change a business will face. My husband, Jack, and I made changes this year to our deck company, Woodpile Construction, for a different reason.

Our area has seen an increase in high-end homes due to an influx of affluent transplants from other states. In response to this opportunity, we added a division called Idaho Backyard Living (IBL). Through IBL, we distribute and install Calise

Outdoor Kitchens (800/652-7923, [outdoorkitchenconcepts.com](http://outdoorkitchenconcepts.com)).

We were one of the first dedicated deck builders in our area, which helped us establish a prominent niche. We hope to do the same with outdoor kitchens. Jack says, “We feel that outdoor kitchens are a natural tie-in for the decking and patio market. They have a good profit margin; plus, we’re finding that our customers want a one-stop shopping experience.”

Adding an outdoor-kitchen business entailed a number of expensive months, though. Advertising, display models, and a showroom do not come cheap, and it takes a while to start to generate revenue.

We were able to tap into a long-term relationship with Leatham Nursery, a local landscape supplier (**Figure 3**). The owner, Stan Leatham, offered us some reasonably priced space to set up outdoor-kitchen displays. It looks great, and Leatham is able to show an additional aspect of outdoor-living to his customers.

Leatham says, “An outdoor kitchen and beautiful landscaping create a place of serenity; a perfect spot to unwind. Uniting the landscape and outdoor-kitchen features of outdoor living makes so much sense. Since outdoor entertaining is becoming a really big attraction in the Boise area, this is a good time for Leatham and Idaho Backyard Living to work together.” Both companies benefit, by sharing customers and even some advertising expenses.

The winners in deck building — or any other industry — will be the ones who can change right along with the world around them. And I am not talking about simply surviving — I’m talking about thriving! ♦

*Diana Hanson is a principal of Woodpile Construction. She is active in the North American Deck and Railing Association.*



**Figure 3.** The author’s outdoor-kitchen business rents space for its showroom from a local nursery, which allows each entity to leverage the other’s customers.