



Selling Upgrades

You've sold the deck — make it more profitable with higher-end products

by Bobby Parks

Material upgrades are a great way to add to profits. When you sell a more expensive product and mark it up by the same percentage that you would your basic offering, your annual dollar volume increases. And since the labor required to install most upgrades isn't much more than — and is often the same as — what's needed to build your baseline deck, little or no extra payroll expense detracts from that added income. The more upgrades you sell, the better the math works in your favor.

This approach applies even to companies like mine, where high-grade decking and railing is standard, not just an occasional option. Although pressure-treated pine decking has dominated my market for over two decades, I don't offer it — my lowest-end projects have composite decking, and I upgrade from there.

That's always been my business model, in order to position my company at the upper end of the spectrum and reap the benefits not only

of higher profits, but also of higher customer satisfaction. Better-quality products have better long-term performance, which prevents buyer's remorse a year or two down the line when the products have aged. And the longer your customers are happy with the deck you built, the longer you'll receive referrals from them.

Another plus to using better-quality materials is less warranty work. Before I started my own company, I took care of pine deck problems, such as cupping or checking, that technically weren't warranty issues. I did it to keep customers happy. The reality is that it cost me money every time, but an unhappy customer might have cost me more in terms of referrals. With hardwoods and PVC, on the other hand, my warranty work has been virtually nonexistent, which means I can spend more time on work that pays.

The challenging side of the equation is that you have to justify the extra cost of upgrades to your prospective customers. The keys are

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Figure 1. Typical upgrades include PVC decking like Azek's Brownstone, locally sourced railings, and post-cap lighting.

understanding and believing in what you offer and being able to help customers understand the benefits and value of the better product.

Not every market will support this approach in its entirety, but most will support varying degrees of it. At a minimum, you should offer “good, better, best” levels of products, and ideally you should allow options only from a list of carefully selected upgrades. I’ll share my thoughts on what kinds of upgrades to sell and how to sell them.

What Upgrades to Offer

In my mind, an upgraded product is one that performs better long-term and looks better than what’s standard in a particular market (**Figure 1**). Some decking upgrades would be hardwoods, composites, PVC, and capstocks — composites capped with a more durable outer layer (**Figure 2**). Factory rail systems, aluminum or steel rail panels, aluminum balusters, outer band wraps, and watertight decks would be upgrades as well. There are different levels of upgrades, at different price points. Composites, for instance, may sell at one price, PVC at another, and hardwoods at still another.

I create pricing models for my basic deck and for the upgrades I offer. I start by carefully doing material take-offs for a 12x15 deck to come up with a realistic cost per square foot and then add in labor and profit to get a sales price. I do the same with railings, except I cost those by the linear foot. I tweak the price when significant material cost changes occur. Additional items, such as a stair that’s longer than the three risers I allow for, require me to customize the pricing. However, even stairs could be price-modeled — on a per-riser basis.

Upgrades can increase the sales price for a given design by 30 percent to 40 percent of the basic price, and in some cases, even more. For some context, a composite deck board can cost two to three times more than a 5/4 pressure-treated board, and PVC or capstock can cost five to six times more. Upgraded railing can cost two to four times as much as a wood rail system. An alternative to a full factory rail system is to use wood subrails, aluminum

Figure 2. Capstock decking, such as Fiberon's Horizon, is composite material covered with a thin, more stain-resistant layer of solid plastic.



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Figure 3. A PVC trim band on the deck and stairs is a relatively low-cost upgrade with a big visual impact.

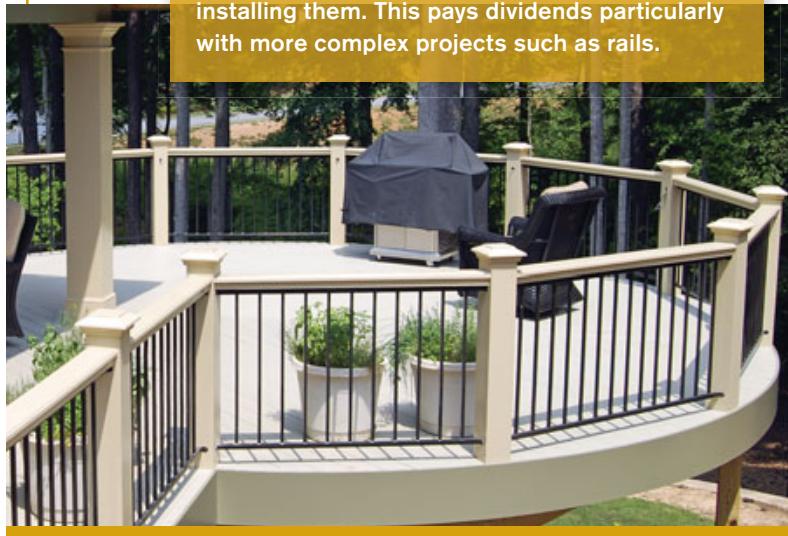


Figure 4. Limiting the number of options you offer means crews can become familiar with installing them. This pays dividends particularly with more complex projects such as rails.

balusters, and a PVC cap rail, which would cost about twice what a typical wood railing would. Outer edge trim boards can add several dollars per linear foot — a relatively small cost for an attractive and decorative touch (**Figure 3**).

A typical sale starts with a deck design that the customer likes. Using my pricing models, I can quickly price out the basic deck, as well as the same design with upgraded materials. Although my prices are based on square- or linear-foot pricing, I never discuss them in those terms. I simply provide the total cost of the design for each of the product options the customer is interested in. Revealing too many details results in your pricing structure being an open book. I also don't leave designs with the customer, because it might allow my competition to quote them or discover how I'm pricing.

Familiar Materials Prevent Surprises

The abundance of products on the market can make it confusing to know what to offer. The key is to identify a short list of performers. Don't be swayed by a hard sell from a vendor or manufacturer's rep. Nor should you buy out of convenience. Research. Look online. Talk to other deck builders. Pay attention not only to the product's anticipated performance, but also to the manufacturer's reputation for backing up its products.

Once you decide what products you have confidence in, set up vendors and establish pricing. One advantage of keeping your list of options short is familiarity: You know the labor and material costs, and your crews are more productive because they avoid the learning curve inherent with installing new products. This is especially true with railings, which are more complicated than decking (**Figure 4**).

As long as you provide a reasonable selection, you can satisfy most customers. I offer half a dozen railing combinations and two or three decking lines, which include the color options within those lines.

Maintenance Matters

A lot of customers are looking for low-maintenance products, and I emphasize to them that no outdoor product is no-maintenance. Though it shouldn't come as a surprise, I tell

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them that all decking and railings require at least cleaning to maintain their original look. Even stainless steel needs cleaning. Glass railings need the same treatment as windows, and dark-colored metal railings and panels show dirt and dust.

Some customers are happy to pay more for lower-maintenance products like composites, PVC, and capstocks. And compared with wood, particularly pressure-treated pine, these products are indeed low maintenance. Composites are my starting point. They cost less than PVC and capstock, and many customers choose this route. But I warn them that composite decking can be prone to scratches, scuffs, stains, and mold. Regular cleaning is required. This level of product will always have a market, though, as will pressure-treated decking, because of the lower cost.

I prefer to upsell to PVC or capstock materials. Those are usually less prone to staining, though they aren't immune. Oils, such as sunscreen, should be avoided, and acid rain in the Northeast can have an effect. They require cleaning but less than composites. I've found that customers who are resigned to spending more for low maintenance are often willing to pay the 8 percent to 12 percent premium for PVC or capstock once they understand the difference in performance.

Figure 5. Hardwood decking requires regular cleaning and sealing. Even so, many clients are happy with it as long as they are prepared for the inevitable weathering and maintenance.



Hardwoods, although durable, need regular maintenance (**Figure 5**). They need cleaning and — unless the customer wants the weathered, gray color that some untreated hardwood turns — regular sealing. You have to manage your customer's expectations. To provide a frame of reference, I tell customers that hardwoods weather like a teak patio table and warn them about the required maintenance.

Presentation Pointers

If you're not confident when selling upgrades, it's a lost cause. I know people who have built pressure-treated decks for years for whom the confidence to present and sell upgrades is still a major hurdle. They have trouble overcoming the cost themselves.

When customers consider you credible, they allow you to guide them. Sincerity, honesty, and a certain amount of passion help me sell projects. Most customers can tell I believe what I'm saying. (In any case, I don't have a good enough memory to lie, and I'm not smart enough to play games with my prospects.) I look them in the eye when I speak and give good reasons for my recommendations. It helps that I have a long list of projects they can see and a long list of customer references they can talk to.

The first step to building credibility is being well-informed about the products. This is the Internet age — if the customers haven't already thoroughly researched the products they're interested in, you can bet that many will be online five minutes after you walk out the door, comparing what you said with what they can find out.

Trying to sell upgrades to people who don't want or can't afford them is pointless. Direct your marketing to a demographic with the ability and willingness to spend more. Every market has neighborhoods with higher-value homes. That's where upgrades are in demand and in scale with an existing property. Those customers often find me through my Web site — most higher-end customers don't find me in the Yellow Pages. Neighborhood directories and newsletters and local direct mailers targeted to zip codes where higher-end neighborhoods are located can be effective as well.

I can often tell a lot about customers from

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Figure 6. Arrange for prospects to visit a deck that you've built. Do your job well, and past clients become your best salespeople.



Naming Names

While there are scads of fine products on the market, every deck builder should choose only a few to work with regularly. Here are some of my favorites, but just because I name these brands doesn't mean there aren't others that might work as well for you. In addition to the products listed below, I use locally sourced aluminum rail panels and cable railings, and several hardwoods, including ipe, cumaru, garapa, and tigerwood.

Azek

Azek Deck, railing systems
877/275-2935
azek.com

Fiberon

Fiberon Horizons decking, railing systems
800/573-8841
fiberondecking.com

Fortress Iron Railing & Fence Systems

Rail panels
866/323-4766
fortressiron.com

GAF

CorrectDeck CX decking
877/332-5877
correctdeck.com

Trex

Escapes decking, railing systems
800/289-8739
trex.com

Universal Forest Products

Deckorators balusters
800/332-5724
ufpi.com

just talking to them on the phone. If they call to ask what I charge per square foot, either they're not someone I want to sell to or they're my competition. First-time homeowners and prospects who are going to make a decision based only on price aren't good candidates for upgrades. Once I meet customers in person, I can definitely get a read. If the exterior of their home isn't maintained or their home furnishings are lower quality or not kept up, they're not likely to appreciate the better options I provide. I don't mean this in a judgmental way; it's reality when it comes to reading prospects.

Overcoming Price Resistance

Convincing customers to spend more is a never-ending challenge. It comes down to percentages – as with sales calls in general, you'll sell one out of so many efforts.

More than anything, it's a matter of getting in front of the right customers. Once there, you need to convince them that if they are going to spend the money, it's you they should spend it with. When it comes to spending large amounts of money, customers look hard at their comfort level with a particular contractor. In other words, if they get a price of \$27K from one contractor and you're at \$32K, but they feel more comfortable with you, they'll often spend the difference. With larger projects you can overcome even wider pricing spreads.

Encourage customers to visit projects you've built, so they can see the differences in the upgrades you offer (Figure 6). Even better, ask them to look at one of your two-year-old projects and one of your competition's two-year-old jobs, if possible. Ask them to talk to the homeowner at each project they visit. If you've done your job right, you'll be in.

Overcoming price resistance gets easier each time you convert a prospect using these techniques. My approach has worked even in this down economy. I started my own business three years ago (after working for someone else in the deck business for over 20 years), and I've made my sales goals each year since. ♦

Contributing editor Bobby Parks builds decks in Alpharetta, Ga.