BY JAKE BRUTON

Choosing a Client

It took years of being in business for me to realize I didn't need to win every project that came through the door. It took a couple more years to realize I didn't *want* every project that came through the door. And not to push it too far, but it took even longer to realize that I had the power to choose. When your business is new or the market is slow, choosing your clients may not be an option. However, if you can build your business to the point that you can say no (and I don't mean bid yourself out of a job to avoid conflict, but to really say no), then you will position yourself for even greater success.

CLIENT CRITERIA

Let's start by thinking about past projects for a minute. Have you done any projects on which you lost money? I have—more than I would like to admit—and I wish I had said no when those projects came through the door. I once heard someone say, "I wish I had given those people $500 to go away the first time we talked. I would have lost less money." When I think about the jobs on which I lost money, that certainly rings true. So how do we make that choice? What are the criteria by which I decide to turn potential clients into clients or turn them away?

How to determine those criteria was not the exercise I thought it would be. I first thought, well, can I make money on this? Do the clients seem nice? If so, then we would pursue. While those criteria are still roughly true, they were too general for any real process of elimination, and it took some time to develop a workable list. Then we put our process in writing so all decision makers are on the same page when deciding what job is right for our firm and what job is not.

FIRST RULE: DON'T MAKE ENEMIES

While the goal is to qualify or disqualify clients based on a set of criteria, it is important to avoid making enemies during the process. Figuring out that a client isn't a good fit may be easier than letting them know that. So, the selection process must be approached with a delicate touch. I try to be straightforward while being extremely polite. When I decide a potential client isn't a good fit, I thank them for their time before explaining that my firm will need to pass on their project. Each client is different and the more times you say no, the easier it will be to feel a client out and express your regret in a way that doesn't prompt them to post a bad review somewhere.

When a potential client calls or emails, the first step is to have a phone call to discuss the project prior to investing time in traveling to the jobsite or potential client meetings. Our goal is to not waste anyone's time, ours or the client's. So, we have a simple phone conversation that eliminates three-quarters of all inquiries from our system. When we started doing this, it seemed cold and we were worried it would offend people, but the opposite was true. Potential clients are happy to discuss their project on the phone for 10 minutes and are almost never offended when they are informed that they simply are not a good fit for our firm.

OUR CRITERIA

Here's the list of criteria we now use when deciding whether to take a job, ranked in order of importance for our company.

1. Project cost. We set a threshold value on the cost of the job. For our company, that's around $20,000; we cannot mobilize for smaller projects and provide a value to the clients while remaining profitable. Sometimes there are projects under that price point on which we could be profitable. However, the margins are smaller, so we would be taking a risk. It's better to avoid those jobs to ensure we can make money.

2. Location. We generally do not even consider projects more than 25 minutes from our office. In our case, that 25-minute mark is the time at which we have agreed to start paying our employees for drive time. Accepting a job 30 minutes from the office means that we will automatically raise the budget of the project and reduce our productivity because we are paying crew members for nonproductive windshield time. This makes the job less likely to succeed.

The other reason for the 25-minute rule is that we start to lose subcontractor and supplier options at that mileage. We don't want to build a new team for each project. The last 12 years have been spent on building relationships with subs on which we know we can rely to help us succeed, and those are the people we want to work with.

3. Budget. It might seem like a bad idea to pester a client in the first call about their budget, but it isn't. Phrasing is everything. Before asking about the budget, though, ask about the scope of work (SOW). A client could say they have $40,000 for a bathroom remodel, and you might think that sounds reasonable compared with recent projects. However, if you first asked about SOW and the client replied that they have a 2,000-square-foot bathroom in a 20,000-square-foot house and they want to spend only $40,000 to completely renovate and relocate items inside the bathroom, then you would know that $40,000 was not realistic. Don't dive too deep in the SOW conversation; listen for keywords. For instance, if clients say "tile shower" instead of "shower," they probably mean something closer to a $5,000 tile enclosure than a $400 acrylic unit.

We have generated a set of questions to ask for each type of project. On a new home, the first question is, "Do you own the property yet?" If the client has not chosen a property, then we cannot qualify it will be in our service area and cannot make any assumptions about site fees. Land in the city limits has access to city utilities that are going to be substantially less expensive than the options outside of an organized municipality. These are key ingredients to an "off the cuff" budget assessment that lead to further conversation or an immediate no.

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No single item will decide whether the budget and SOW are acceptable. However, some large items can be telling. For example, our market runs between $230 to $350 per square foot for most custom homes for the build and utilities, not including land. I ask prospects about their square-footage requirements with a few follow-up questions about finishes and energy goals to decide if they have a budget worth our time. If a client says, "I want 6,000 square feet and marble floors and I have $400,000," I know to pass on the project. When the numbers are close to something we can achieve, I can say, "This seems like it would be a very tight budget, but if you are willing to be flexible about size and finishes, I can potentially be a good fit for you," and follow with an appointment.

4. Client values. This item is one of my favorites. On the list of questions I ask in the exploratory phone call is "How will you judge the success of the project?" The answers I've received are amazing. Some of the better answers are "We are looking to build a comfortable home" or "We want something to pass along to our children." Sometimes the response includes specific building standards by name, like Passive House. These are responses that suggest a client we can work with. What I don't want to hear is "This has been happening for a couple of years and it is time for us to do something about it"; or "If we can start in the next two weeks, you are our builder"; or my personal favorite, "I need this as cheap as possible. I could do it myself, but I don't have the time." All these answers are different and most have a meaningful subtext. If a client's values don't align with ours, then we most likely can't have a successful project with them. We are not in the business of tackling projects on which we are destined to fail. We want clients who value what we do.

5. Personality. Some builders may put personality higher on their list, but I don't have to be best friends with my clients; we simply have to get along. There have been very few clients in my career with whom I didn't get along. Very few. I am not offended by anything a client says or does, and I don't get frustrated easily. When someone has a complaint, I start by assuming it is legitimate and I am going to need to resolve something. That may turn out not to be the case, but if you start in a humble place, it is difficult to be angry when the complaint does turn out to be nothing.

6. Timeline. As with personality, this consideration may seem like it should be higher on the list. I would argue that if your sales process positions you as the best professional for a project, then timeline will become much less of a concern. I have had clients say, "We need this done by fall," but once we have met and they understand what we bring to the table, their request often—though admittedly, not always—changes to "When can you get us on the schedule?" Selling your expertise and product in an honest way educates your potential clients about the benefit of working with you. This creates flexibility in the timeline as well as other areas of their project because you are building trust. You will wait for a table at your favorite restaurant because you know the experience will be satisfactory. Convince your potential clients the experience will be worth the wait.

BE READY TO BREAK THE RULES

Be willing to break your own rules if it is the right thing for your business. This sounds contradictory, but we might work with a client whose project is 35 minutes from the office if they are a good fit for our firm in every other way, breaking at least one rule. Having guidelines in the first place is the important part. If you have a list that helps you understand what the "right" job is, then positioning yourself for success comes from applying that list. In the end, that is what we are working for—success.

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