

How To Stop Competing On Price

by David Lupberger

The remodeling market has changed.

You can't do what you have always done. It's not "business as usual" any more. The rules of the home improvement industry are changing, and if you are not adapting to those economic changes, you will struggle.

Here's what's going on:

- There is a harsh economic downturn
- Homes going down in value
- 20% of homes are upside down!
- Homeowners can't sell their homes
- Homeowners are concerned about investing in their home

This has changed the construction industry dramatically! Don't be depressed. There is a way out of this mess.

All business runs in cycles. There are "up" and "down" periods, and successful companies learn how to work in both up and down economies. There are numerous other business models that we can look to to see what they are doing to prosper in this "down" economy.

When the economy gets slow, do dentists and doctors still stay busy? In many cases, they do. They stay busy due to the fact that they don't sell dental or medical services.

Their marketing is based on building relationships.

Do you have a family doctor? A family dentist? If you do, you go back again and again because the physician has kept track of you and your family, and they send reminder notes regarding upcoming check-ups and upcoming dental cleaning. They make sure that your health is being taken care of. That is what they are trained to do.

Why can't we do the same thing with the people we work with? Not everyone will want this, but doesn't every home need something? Wouldn't your past customers welcome your advice on helping them manage their biggest asset?

Do you let them know that you are there to help them? Are you sending past clients a note every 60 to 90 days with homeimprovement tips, or something else of value? Do you call past clients to "check-in" to make sure everything is OK?

I can almost guarantee you that if you called 5 past clients to touch base, that at least 2 or 3 of them has work they need done.

Every contractor has a small number of "just come do it" clients. The relationship with these clients is so strong that "just come do it" clients don't worry about pricing.

The goal of this report is to show you how to create a business model to extend that "just come do it" mentality to a much larger portion of your client base. This is the **business model for the new economy**.

Let's Get Started

Contractors have been working with a "project-driven" business model for as long as I can remember. When homes are going up in value and people are investing in their homes, the *project-driven business model* works fine.

However, when home values go down, and homeowners are unsure about investing in their home, they stop making those calls and the project-driven business model suffers.

This is where a big opportunity is waiting. These same homeowners still own their home, and these homes still need work. If you have worked on their home before, does anyone know more about their home than you do? Help them manage and take care of their biggest asset.

There are 2 things you need to do to adapt and grow in the present down economy:

1. You need to effectively manage the relationship with your past clients
2. You need to diversify and offer additional products and services to these same past clients

The most valuable asset you have is your list of past customers. They already know you. They already trust you. It will always be easier to sell a product or service to a past customer than to someone who doesn't know you.

There is no better way to generate immediate income than working with past customers.

I have shared this business model with numerous contractors, and one complaint I get is that they don't want to do small projects, or "handyman" work. When I get this complaint, I always ask if they now get calls from past customers asking for help with small repair or service problems.

They all do, and they assist the homeowner because they want to provide that customer service. I ask them if that service work is profitable, and most say "no".

The Relationship-Based Business Model

Let's look at the possibility of turning those small service requests into a profit center for your company. Here is how it can work. Don't wait for their call. **Take a proactive approach.** Call your past customers and offer to do a **whole-house inventory**. Offer to do a review of their homes, *both inside and out*.

In performing this whole-house inventory, make some notes about what you find. Add digital pictures to help you show homeowners areas that need attention. In most cases, you will put together a list of service items that need to be addressed.

When there, ask the homeowner if there are additional items that they would like assistance with.

Don't stop there!

When doing the inventory, look at the existing systems, and check the age of the roof. What is the condition of the exterior siding and paint? How old is the furnace and hot water heater? How much insulation is in the attic, and could that be improved?

Ask them if they have ever done a home video for insurance purposes. Ask them if you can assist them with any element of their ongoing home care. Take on an advisory role, and begin to help your clients' budget and plan for any potential big ticket items.

The beauty of the home inventory lies in the fact that most of the projects you will identify will not be emergency items. Most don't have to be done immediately, so you have the ability to "bundle" these service items.

You may have identified 8 to 10 different projects, and have created several days of work. And there is another benefit - bundling projects will also be more cost-effective for your client.

If you are going to the property for several days, you have the ability to meet trade contractors and suppliers onsite. You have taken unprofitable service jobs and created a profitable business model that allows you to maximize your time, and leverage the talents of your proven subcontractors and suppliers. You have created a "mini" general contracting business.

Scheduling is yet another benefit. Since few of these service requests will be emergencies, you can schedule the work when you have openings *in your schedule*. You can dictate when the work gets done. You can do this on your schedule, not theirs.

The model for success in the new economy is becoming their "family contractor". They have a family doctor. They have a family dentist. Who is

doing the annual physical on their home? Provide this service, and you can become their *one-call resource* for all of their home-related questions and concerns.

The benefit of this is that you don't just line up some work for next year – you line up work for the next 10 years. You are seeing your clients on an annual basis, and this is the beginning of a recurring revenue model.

Do this with 50 clients, and you have created a sustainable business model that will help you get through any economic downturn. You will have customers for life.

With a group of 50 “just come and do it” clients, you have secured your financial future, and you are not competing on price. You are providing a value-added service that many homeowners both want and need.

This is a proactive business model. You initiate the call. Let your homeowner clients know that you are there to help them. Expand your service scope. Stop looking for the next project. Build your relationships. Proactively manage your client relationships, and the business will follow.

Getting Started with the “Relationship-Based” Business Model

If you are wondering if this will work for you, let's test this idea with 3 or 4 good past clients. The following information included in this report will help you do this:

- Understanding the Model
- Sample phone script
- Sample qualifying questions

Before calling anyone, read through the section entitled “**Understanding the Model**”. This will give you a higher level of understanding of the program, and once you understand the specifics of this new model, it will be much easier to talk with existing clients about it.

To help you make that first call, first read through the **sample phone script below**. Use this simple

script to introduce the home inventory concept to potential customers.

Remember, you are contacting good past clients with whom you have a good relationship. Good past customers want to help you and your business. Share the idea with them. Ask them what they think, and find out if they would like to know more. You will have past clients who want to know more. Schedule a time to meet with them.

To assist you with this first meeting, I'm also providing you with some sample qualifying questions. In your first meeting, use these questions as a guide to get to the real reason why they invited you to their home.

This is a discovery process, and these 17 questions will help you determine if they are an ideal customer for this process. Just follow the questions. The process will unfold on its own.

Understanding the Model

The Home Asset Management Plan (HAMP) is the name I came up with to describe this process.

It is a new and unique program that takes a comprehensive view of a customer's home and property from the top down. HAMP is designed to be a full service program that meets the total needs and desires of a unique segment of the market.

The cornerstone of the program is the strong relationship of total trust and confidence that your company has earned through past work. The goal of the program is to provide the client with a reliable and trustworthy “partner” or “advisor” for maintaining and enhancing the value of their home, assisting the client in creating a personal vision for their property.

The plan “binds” these three basic components:

1. **Maintenance** – Routine inspections and service focusing on such items as HVAC, lawn maintenance, sprinkler systems, alarm systems, filter changing, energy cost reduction, etc

2. Repairs – Small non-recurring maintenance projects such as replacing a window, repairing a door, etc.

3. Remodeling and building new structures

– This will include full service remodeling of kitchens and baths, room additions, home offices, major renovations, etc., as well as building a guest house, adding a garage, perhaps constructing a vacation home, creating a pool house, adding an outside entertainment area, and other such projects

The plan will contain a list of projects with project schedule and estimated costs that will become the action plan for the next twelve months as well as the planning document for future projects within the next 3 to 5 years. The plan will grow and change over time. It is intended to invite an ongoing interactive dialogue with the client.

The Mindset Change. Upon seeing the program for the first time, some may have the reaction “we are doing most of this now-what is the difference?” Instead of looking at a client as a good source of work, and knowing they will call you when they are ready to do some remodeling, the HAMP program takes a “proactive” approach, and has created a plan where we regularly contact them.

We don’t wait for the clients to call with their next project but are proactive in setting up a meeting with them to jointly develop a three to five year plan for resolving their facility needs and desires before they arise.

To understand the HAMP mindset change, we need to ask: “Why is the HAMP program different?” “How is it unique?” “What sets it apart from what we’re doing now?”

The answers are:

- We are ‘proactive’ instead of reactive (waiting for a call)
- We take a comprehensive view instead of a job by job view
- We jointly develop a proactive plan with the client
- We develop a long range plan (at least three years)

- We help the client create a vision
- We address family needs
- They are our client for life
- We have a “WIT” (Whatever-It-Takes) attitude

What the program is not:

- It is not a “small job specialist” program. This is the ‘handyman’ concept and that is not the focus of HAMP. We want to distinguish HAMP as being a program that meets the total long-range needs and desires of a unique segment of the market. Yes, small jobs are included in the program but as a part of the service we provide in the total package.
- It is not a “home inspections” program. There are individuals and companies that offer this service and we are not in that business. We will do a home assessment as part of our data collection but that is only a small segment of the total package.
- It is not for everyone! This is a unique program for high-end clients and we must do everything possible to make them feel that they are unique. These are clients who want someone to take care of all their property needs and are willing to pay for a trusted advisor.

Why Implement the HAMP Model?

- To create long-term and predictable revenue streams for the remodeler and to assist him/her in managing the client’s expectations.
- To convert this relationship into an economic model that reflects both the long-term needs of the client to preserve and enhance their home, and the remodelers’ needs to build a more viable and liquid business.
- To bring all this together into a plan for managing facilities and relationships.
- Work scheduled for as far out as three years with signed contracts.
- Subcontractors knowing well in advance of jobs and therefore strengthening the contractor/ subcontractor relationship.

- Knowing what materials and selections need to be purchased well in advance, resulting in fewer delays.
- Free up sales staff from having to go through the long process of negotiating each project over and over.
- Referral list will expand rapidly.
- The trusted relationship between company and client will keep 'crisis and stress management' to a minimum.
- Long-range work schedules will allow company personnel to pursue other business.
- Vendors and subcontractors will want to do business with the company due to their long range planning.

In summary, the Home Asset Management Plan redefines our relationship with our best clients. It creates a continuum of services that begin with a small projects service call, moves into a customized scheduled maintenance agreement, and then evolves into the full Home Asset Management Plan.

This "hierarchy of service" allows us to move the clients we work with from a reactive business relationship into a proactive plan that identifies work in advance as far out as five years.

What we are really trying to do is take care of all the facility needs and desires of the client.

This could even be on multiple properties or on their residential and their business properties. Profitability and efficiency are the two main "drivers" of the program, the issues upon which this program is built.

Because of the proactive nature of the program, we control the scheduling of work. Because we control scheduling, we have the ability to "bundle" projects so that we maximize in-house efficiency and client cost savings. This is the program we want to deliver.

Who are the Best Home Asset Management Plan Clients?

Possible Client Profiles:

- People of means, i.e. high-end clients
- Past clients with whom the company has enjoyed a trusting relationship
- People who want someone to take care of the needs of their home
- People who are willing to pay for services for the home and grounds
- Those who understand the value of an advisor to help care for one of their valuable assets

What are we offering?

- Trusted advisor in joint collaboration with client to take care of all the facility needs and desires of the client
- Full-service program for client's property
- Comprehensive plan helping client manifest their vision of home
- Home Asset Management Book - attractive compendium of work and longer-term plan
- Home inventory

Why are we offering the Home Asset Management Plan?

Benefits to the client:

- Provide on-going reliable and efficient care of their valuable asset, their home and grounds
- Encourage client's realization of their home as a reflection of themselves
- Encourage longer-range planning which can minimize the emotional and financial impact on client
- Relieve client of burden of home care
- Provide a trustworthy partner or advisor for maintaining and enhancing the value of their home
- Provide the assistance they need to create a vision of possibilities
- Create a documented annual plan to preserve and enhance their home
- Just like a family doctor, you become the family contractor and their "single source" home advisor

Benefits to Your Company:

- Leverage good relationships with existing high-end clients, providing on-going business opportunities with less sales work
- Enables efficiencies in scheduling, having materials ready; more profit
- Strengthens and builds trade contractor relationship
- Allows for project “bundling” for higher profitability
- Provides more predictable revenue
- Leverages existing assets
 - * Client database
 - * Trade contractors
 - * Employees
 - * Suppliers
 - * Goodwill
- Creates a documented plan for managing your client’s biggest asset
- Manages the relationship and expectations with your best clients
- Provides a recurring revenue stream
- Identifies future work as far out as three years
- Provides for the optimal allocation of company resources (workforce)
- Allows for the diversification of company products and services
- Provides a business model to build equity in your company
- Creates a client for life

When is the Home Asset Management Plan Advantageous?

- Now: Handle immediate needs to bring property up to a manageable level
- On-going: Handle recurring service needs, provide periodic property assessments and an updated annual plan
- Future: Provide up to three to five year project timeline, to be reviewed and updated annually

How do we deliver the Home Asset Management Plan?

- By meeting with the client(s) to listen and respond to what they want and need regarding their property.
- By creating a multi-year plan, including short- and long-term projects, that capture the client’s

vision, and then executing the plan.

- By providing responsive service and giving the clients a high priority in attending to their building care needs.
- By assigning a HAMP manager to each client, removing the client’s need to know which person in the company to call for what.
- Proactively define short- and long-term projects to meet client’s needs and wants.
- With ongoing client contact instead of waiting for them to call.
- By bundling tasks for efficiency, profitability, and convenience.

Where do we deliver the Home Asset Management Plan?

- In the comfort of our clients’ homes
- Into the fabric of our company, i.e., where each company member is keeping an eye open to potential new clients and to serving existing clients even better.

Initial Home Asset Management Plan Phone Call Script

The person making this initial call should have some relationship to the homeowner client. This makes this an easy, informal call.

1. Initial call: Checking in. Ask them about the work you did earlier, and ask if there are any issues that we should be aware of. We want to know if something is not working or functioning properly. If all is well, go to the next step.
2. Let them know that we receive calls from homeowners we’ve worked for, asking for help with some maintenance or repair concern with their home. When we arrive onsite, we often find that the problem could have been prevented, or avoided entirely had we been aware of the issue earlier. With that in mind, we like to share an idea we’re working on.
3. They are a valued customer. Let them know you’d like their help. Tell them that (your company name) is developing a new “partnering program” to assist homeowners with the maintenance and improvement of their property and

before the company goes much further, you would like their honest feedback to the idea. We recognize it's not for everyone, but if we can meet to review some questions, it will help us understand whether a program like this might be of interest and benefit to ***** like yourself". When are you available? I am interested to show you the program get your feedback.

*****insert the word that is the best fit. i.e. past client, other homeowners, etc.

While on the call, let the homeowner know we will need a 30 to 45 minutes of their time when we visit them to ask a few questions and review the program.

If people want to know more:

Tell them briefly "that the program is a multiyear approach regarding the maintenance, repair, and improvement of their property.

It is a service to help them manage and care for their home." Simply, it's a *Home Asset Management Plan*. **Don't go into an indepth program description over the phone.** The call is to get the appointment, not sell the program.

Further information you can share:

"As part of this new service, we provide an entire "Home Inventory".

What is a Home Inventory: it is an assessment of your home room by room and around the exterior documenting the maintenance and repair concerns from the perspective of a trained contractor/professional. This is a comprehensive view of your home and property from the top down.

The goal of the Home Inventory is to provide the homeowner with a professional overview to maintaining and enhancing the value of their property. This is a unique opportunity to more fully understand the current state of your home.

The Home Inventory will cover these key areas:

- Repair issues
- Energy saving ideas
- Preventative maintenance best practices

- Residential building code deficiencies
- Safety concern
- Homeowner small projects and remodels wish list as discussed in the initial meeting

HAMP Program Qualifying Questions for Initial Visit

Now you will get to the real reasons why they invited you to their home.

This is a discovery process, and these 17 questions will help you determine if they are an ideal HAMP customer:

- 1 How long do you plan to stay in your home?
 - 2 Are there any "lifestyle" changes coming during that time? (Ex: children leaving for college, or parents who may come to live with you)
 - 3 Will any of these changes affect your home?
 - 4 Cost notwithstanding, what changes would you love to make to your home?
 - 5 How do you currently handle the improvement, repair, and maintenance of your home?
 - 6 What type of individual or company handles each of these functions?
 - 7 How do you choose the people or companies who assist you in improvement, repair, and maintenance?
 - 8 When choosing people to work on your home, what is most important to you: quality, price, or convenience?
 - 9 Has it been difficult getting some of these projects done? Which ones?
 - 10 What improvements, repairs, or maintenance do you perform yourself? Why have you chosen to do this work yourself?
 - 11 How do you feel about having the responsibility of managing your home and its property?
 - 12 If your health permits it, would you still like to be living here in 15 years?
 - 13 As you get older, do you have any concerns about accessibility?
 - 14 Approx how much do you spend annually/monthly improving, repairing, maintaining your home?
 - 15 How much of this expenditure is for routine servicing and maintenance, i.e.:
- Indoor electrical fixtures and switches

- Sliding glass doors and screens
- Interior and exterior painting
- Semi-annual HVAC check-up
- Indoor plumbing fixtures
- Crawl space inspection
 - * Inspect vapor barrier
 - * Remove biodegradable materials
 - * Inspect for insect or water damaged structural members
- Inspect/install smoke alarms
- Fireplace cleaning/inspection
- Dryer vent inspection and cleaning
- Recharge/exchange fire extinguishers
- Bathroom re-caulking
- Grout cleaning, sealing, and touch-up in bathrooms
- Window cleaning
- Gutter cleaning
- Carpet cleaning
- Sprinkler system maintenance/outdoor fixtures
- Pool maintenance
- Roof inspection and repair
- Deck cleaning and sealing
- Septic field maintenance
- Tree maintenance
- Debris hauling
- Pest control
- Miscellaneous

16. If you could create an ideal strategy for the ongoing management/execution of repairs, improvements, maintenance for your home, what would that strategy be?

17. What would feel about a service that relieved you of the burden of managing repairs, improvement, and maintenance, freeing you to do the things you really enjoyed?

18. Do you have parents or in-laws that could benefit from this type of service?

Questions To Get More Information

- Tell me more about that?
- Can you be more specific about ----?
- What do you think about the program?
- Is there anything else?
- What were you hoping that we could do for you?

Further information you can share:

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Want Help Implementing The HAMP Concept?

What has been discussed in this report is just the beginning of the complete HMAP model.

I offer a complete home study program as well as a 6-week small group coaching series to help you get this implemented in your company.

What we have found is that those who participate in the small group coaching are far more successful in implementing this model into their business because the back and forth questions, interaction and accountability are key to success.

I hold no-cost educational webinars about what HAMP is and what it can do for you at least twice a month. Contact me for details on the next event.



Invigorate your business

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