

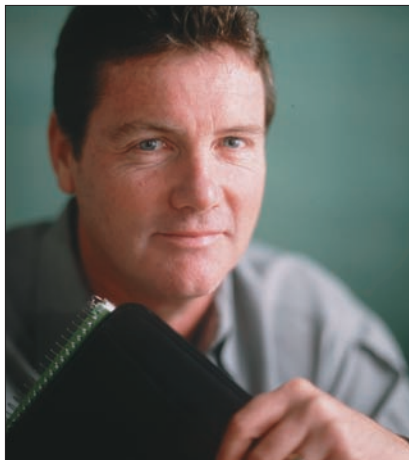
# Commentary **Mark Richardson**

## Bad News Bearers

The popular press might report doom and gloom, but that's just part of the story.

Last October I attended a semiannual meeting of the Remodeling Futures Program at the Joint Center for Housing Studies at Harvard University. One economist who spoke at the meeting said that if he had just one wish it would be that journalists who make predictions about the remodeling industry be required to take a "Housing 101" course. That way, those journalists would have exposure to fundamental principles regarding equity, interest rates, new-home construction versus remodeling activity, and other commonly cited concepts.

I understand his point. Sometimes members of the press get their facts wrong (see News and Notes, page 26). And I think much of the current pessimism about the housing industry is driven by the need to sell newspapers.



### GOOD NEWS IS NO NEWS

About once a week I get a call from a journalist who wants me to comment on the effect of the slippage in home appreciation, the challenges of labor shortages, or the rise of interest rates and their negative effect on our business. Most of the time they get frustrated with my positive outlook for the industry and my belief that the remodeling stars are still aligned. They seem disappointed by my optimism, preferring to find someone whose opinion is in line with an attitude of "the sky is falling." I rarely see my comments quoted in these articles; instead, it's the naysayers who are quoted. I guess good news is no news, and bad news sells newspapers.

The predisposition of the popular press toward doom and gloom — especially when it concerns the construction industry — is not a matter to be taken lightly. Whether the negative reporting is national, regional, or local, it has a tangible effect

on your company. That's because your greatest competition comes not from other remodelers but from homeowners' fears.

### REMODELING EVANGELISTS

When the media plants the seeds of negativity, every aspect of your company is affected and eventually your bottom line is affected, too. When homeowners are fearful about market conditions, your phone doesn't ring as often.

To keep from losing business, you must increase your marketing expense, which cuts into your profits. You may also experience a drop in your close rate, and the sales you do close may require repeatedly meeting with prospects whose fearfulness about market conditions makes them hesitant to commit to the project. That fear will also drive homeowners to focus more on price, and you may find yourself bidding against five or six companies instead of just one or two. When fear completely takes over, homeowners who can't manage their anxiety put projects on the back burner or cancel them entirely, even when what is best for them is to proceed at today's pricing.

Most remodelers are accustomed to advising clients about design decisions and product choices. But part of your job is also to be an expert on when and how to buy remodeling services. These days, that includes countering the negative news your clients are reading each day in newspapers.

More than ever, we must all be remodeling evangelists. That means understanding and articulating why this is a great time to buy remodeling services, then singing that song loud and clear to everyone who will listen. By expressing your passion and enthusiasm about moving a project forward, you build client confidence. A positive outlook can be as contagious as a negative one.

If newspapers and television programs are the only places your customers hear about our industry, their opinions will likely reflect that doom and gloom. Be prepared to counter the cynicism homeowners are reading and hearing. Bad news may sell newspapers, but good news sells remodeling jobs. —*Mark Richardson is president of Case Handyman and Remodeling, Bethesda, Md. In 2006 he was named a Maryland Ernst & Young Entrepreneur of the Year.*