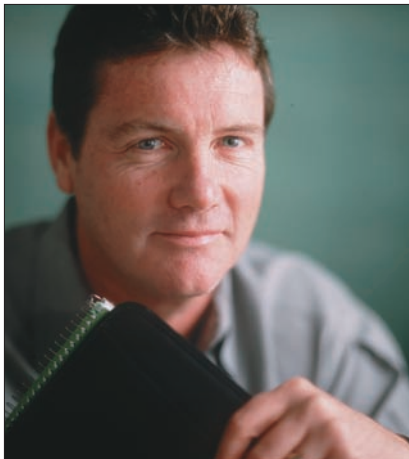


The Right Client

The more you can discriminate between good and bad customers, the healthier your company will be.

About 10 years ago, I heard a seminar speaker say that approximately 18% of remodeling clients will not allow the contractor to make a profit. Look at it this way: If you earn 10% net profit with eight clients and lose 10% with two clients, the result is a 40% overall reduction to 6% net profit.

The more you can discriminate between good and bad customers, the healthier your company will be. But how can you tell who's who? Through conversations with other remodelers and trial and error, I've developed a set of questions I think you should ask about every potential customer you encounter. If the answer to any of these questions is "No," then gracefully exit. If the answer is "Maybe," resolve the question before getting deeper into the relationship. Here's the list:



1. Do the prospects respect your professional advice? Homeowners who think they have better answers than you force you to second-guess your judgments, which reduces your effectiveness.

2. Do they allow you to control the remodeling process? An early sign of trouble is a prospect who repeatedly objects to your proposed meeting time or agenda.

3. Are they honest? Listen carefully. A boastful story about getting a good deal could really be about taking advantage of someone. A "wink" at the need for a permit may signal a general disregard for playing by the rules.

4. Have they lived through a remodeling project? If not, you need to go overboard communicating what the experience will be like. (I sometimes describe it as having a suit tailored while you're still wearing it.)

5. Are their expectations realistic? Beware of casual attitudes toward the amount of time or money involved, or about the kind of disruption the work will cause.

6. Do couples communicate well with each other and with you? Throw out some controversial topics — budget, finishes, or priorities, for example — and listen to the way they respond.

7. Are the clients committed to the scope of the project? If the project scope and client priorities are constantly shifting, that may be an indication of problems to come.

8. Can the customers make decisions and product selections in a timely manner? Give them some "homework" for the next meeting and see how conscientious they are about getting it done.

9. Are they emotionally stable? This is a tough one to flush out. If you have any doubts, slow the process down to get a truer read. Odd, unpredictable behavior may be a sign of instability.

10. Do they trust you? Test this by asking to take something with you — the as-built drawings or the plat, for example. If they balk, it could signal trouble ahead.

As an experiment, look back over last year's projects. My guess is that clients who did not allow you to make a profit also did not score well on this screening checklist. Apply this list to all prospects, including personal referrals. We all jump on a personal referral, but we also tend to let down our guard, because we have a good relationship with the person making the referral. It's critical to separate an "easy" sale from a good client.

The final challenge is having the discipline to say no. Many of us find it difficult to turn down a job. Sometimes this is due to a tight business environment, but often it's because we see ourselves as remodelers not just of houses but of people. Try to integrate this objective screening system into your business, and your overall fitness will rise. —Mark Richardson is president of Case Design/Remodeling, in Bethesda, Md. (301) 229-4600; mrichardson@casedesign.com.