

**How to Implement a  
Recession Proof  
Remodeling  
Marketing System**



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**How to Make this Year Better  
Than Last!!!**

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**Here is What We'll Review today**

1. The condition of the construction industry
2. Finding opportunity in today's market
3. A recession-proof business concept
4. Book work 12 to 24 months in advance
4. 5 steps to get started
5. Shortcuts to do this more quickly
6. Test and self-fund



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### What is Going on in the Construction Industry?

- A national unemployment rate of just under 9%
- When it comes to construction, the rate is 22.5%, almost 2 ½ times the national average
- Why?
  - Homeowners are scared
    - Lower real estate values
    - Homeowners are postponing bigger projects
    - There is uncertainty about the economy
    - They are afraid to invest in larger projects
    - They don't look at their home as an iron-clad investment anymore
  - What effect has this had on you?



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### What Effect has this had on You?

- Have You Experienced...
  - Less work than 2 years ago?
  - Smaller project size?
  - Homeowners speaking with 5, 6, or 7 contractors?
  - Demanding additional concessions and price reductions?
  - A lower closing ratio?
  - Have you laid someone off?
  - Are you working harder due to layoffs and a smaller staff?
  - Are you working harder now, and making less money?



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### Let's Make It More Personal

- Contractor comments:
  - I have a severe cash flow crunch
  - I'm worried about meeting payroll
  - I can't make my mortgage payment
  - I'm not paying my IRS withholding because I don't have the money
- How does this affect your health, your marriage, and family?
- This is no fun...



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### I Have a Potential Solution

- **Who am I?**
  - A former Design/Build remodeling contractor
  - A Remodeler's Guild founding member
  - Bankers didn't like our concept
    - The Home Life Plan survived
    - Recurring revenue
    - In this economy, it has more value than ever!



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### A New Business Model

- **A Proactive Customer-Management Strategy**
  - Recession proof
  - Proactive, not reactive
  - Provides ongoing cash flow
  - Become a homeowner's "contractor for life!"
  - Builds long-term company equity



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### Building Blocks

- **The Glass Half-Empty:**
  - 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
- The construction industry has changed dramatically!



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### Building Blocks

- **The Glass Half-Full:**
  - Homeowners still own their homes
  - They can't sell them
  - These homes all have ongoing service and repairs items
  - If they are looking to stay for the next 5 - 10 years, what improvements make financial sense?
  - Can you help them with that assessment?
  - A Los Angeles investment example



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### A Proactive Business Model

- Can you adopt a “proactive” approach, working with homeowners to jointly develop a three to five year plan?
- Can you create a *continuum* of services?
  - Move the clients you work with from a reactive business relationship into a proactive plan that identifies work in advance as far out as five years
  - Create an ongoing interactive dialogue with the client
    - The home inventory
    - Provide a documented plan (car warranty schedules)
  - Go to where they are: what do they need?

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### Existing Resources

- **Augment the plan: expand the vision**
  - Do you do energy audits?
  - Home video for insurance purposes
  - Identify the useful life of other working systems:
    - Roof
    - Siding/Exterior paint
    - HVAC
    - Appliances
  - Identify future remodeling projects
- **Become their home project resource** - their family contractor!



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### Provides Ongoing Cash Flow

- **Regardless of the Economy:**
  - Homeowners always need work done
  - Not the handyman model
    - We control scheduling
    - We bundle projects
  - Additional projects will be added – I guarantee it!
  - The “honey-do” list!
  - Small jobs are included as part of the total service
- Wikipedia – “The general distinction between a customer and a client is that a customer purchases *products* whereas a client purchases *services*”
- Which do you want?



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### Case Studies

- **Dennis Allen with Allen Associates in Santa Barbara, CA:**
  - Building Care and Repair
    - Sales volume around 1.2mm annually
    - Bid to sale ratio is 55% to 65%
    - 35% gross profit
  - Market service to custom clients
    - At conclusion of projects, introduce client to BCR
    - 4 to 6 homeowner workshops on how to maintain your home and investment



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### Case Studies

- **Louis LaFratta with Franklin LaFratta Construction in Richmond, VA:**
  - FLF Services
  - Past clients “just come and do it”
    - Getting one home ready for sale
    - Helping them with the home they want to purchase
  - The service element has helped them build and extend relationships with clients
  - A stronger company culture – we want to be called back



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### Case Studies

- **Ron Klassen with Wallner Builders in Butler, WI:**
  - I would encourage you to share my experience:
  - “We’ve explained this concept to some prospective HAMP clients, and they were enthused – even a retiree without a lot of income – because they don’t know who to call to address things, don’t know who to trust when it comes to recommendations and knowing if it’s the right thing or not”

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### There are 5 Things You Must Do

- **What are the 5 Steps?**
  - \*Understand the “full service model”
  - Pick a select group to test this concept
  - \*Create a simple marketing piece
  - Set initial appointments to present the concept
  - Make the sale
- There is more detail, but we’re time-bound (there is more information available\*)



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### Define Your Scope of Work

- **Vendor partnerships**
  - There will be a variety of service requests
  - Do you presently work with a dedicated group of trade contractors?
    - Electrical
    - Plumbing
    - HVAC
    - Painting
    - Roofing
  - Build a cooperative partnership group



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## Professional Partnerships

- Home Services
  - Realtors
  - Architects
  - Home Inspectors
  - Interior designers
  - Landscaping professionals
- Financial services
  - Mortgage brokers
  - Insurance brokers
- Aging in place services (elder law)
- Women who do business with other women

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## Half-Time

- Part 2:
  - Introduce this to a small group of past customers to test the concept
  - Scale this so it's self-funding, and doesn't take an additional investment on your part
- Questions
- Additional resources - a formatted business system to assist you with this!



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## Existing Resources

The *Home Asset Management Plan* (hard-copy and CD ROM )

- The Home Asset Management Plan instruction manual includes:
  - \*Understanding the Model
  - Business Development and Sales Guide
  - Operations & Production Module
  - Human Resources
  - Product Samples
  - The Sample Homeowner Notebook



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### Existing Resources

- **The Sample Homeowner Notebook** (*hard-copy and CD ROM for duplication*):
  - Client Information
  - Observations and Recommendations
  - Photos
  - Project schedule: Actual
  - Estimates
  - Home Inventory
  - Homeowner Communications
- Increase the home's value
- Imagine 50 or more homeowner notebooks sitting on your shelf (\$750,000 in work waiting)

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### Home Inventory

Main house	Bedrooms
Garage	Bathrooms
Electrical	Recreation room/other
Plumbing	Cooling
Entry Hallway/stairs	Heating
Dining room	Water Heater
Kitchen	Roof and Attic
Living room	Under house/foundation
Family room	Additional comments

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### Home Inventory

- **Inspection Codes**
  - 1- The Item is in operating condition and does not show excess wear at time of inspection
  - 2- The Item is operating, but may need repair or replacement in the future
  - 3- The Item is in need of present repair or replacement
- **Exterior**

	1	2	3
- Sidewalks			X
- Driveway	X		
- Drainage	X		
- Walls / Fences / Gates			X
- Retaining Walls	X		
- Patios	X		
- Carports		X	

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## Bonuses

- **Bonuses:**
  - Fast-start audio CD
  - Electronic access to the entire program (e-mail to download entire program)
  - 30 day implementation plan
  - 1 hour of one-to-one consulting
  - Book of construction-related forms (CD ROM)
    - Production
    - Administration
    - Sales

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## 30-Day Implementation Plan

#	ACTION STEPS	WHO	WHEN
1	<b>HAMP PROGRAM PREPARATION</b>		
2	Read the Instruction Manual, Section 1 – "Understanding the Business Model."	C	Day 1
3	Read the Instruction Manual, Section 2 – "Business Development Sales Guide."	C & S	Day 2
4	Based on the HAMP Target Market Definition, define your target market(s) for the HAMP Program. For example: <b>Target Market Definition</b> <ul style="list-style-type: none"> <li>• Upper middle class, affluent working couples with children</li> <li>• Affluent retired couples</li> </ul>	C & S	Day 2
5	Go to your client data base and select 5 good past customers that fit the target market definition.	C & S	Day 2
6	Create your initial marketing letter. See the Instruction Manual - Section 7 for sample letters. The goal of this letter is to introduce your clients to the Home Asset Management concept. It lays the ground for HAMP Sales Call 1.	C & S	Day 3
7	Define your service scope - See Instruction Manual, Section 2 - "Service Scope"	C	Day 3
8	Assign HAMP roles within your company: <ul style="list-style-type: none"> <li>• Sales Person</li> <li>• Project Manager</li> </ul> (Note: Depending on company size, in most cases, in the beginning, the owner/manager will wear both hats. Refer to Position Descriptions in Section 3 of the Instruction Manual for tasks associated with each role.)	C	Day 3

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## The Guarantee

- **Iron-Clad Guarantee**
  - 3-month guarantee to "road-test" the program
  - Not happy, just send the program back (no questions asked)



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## Road Blocks

- **What Will Keep You from Implementing This?**
  - Waiting for the market to come back
  - Relying on an old business model
  - You don't want to open a "service division"
  - You don't know where to start



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## Getting Started

- **#1: Test the Concept**
  - Pick 5 good past customers
  - Target past customers for proof of concept
  - \*Send an initial marketing piece
  - Follow-up with a call to review
    - This is the program and how it works
    - The home inventory and notebook
  - Set the initial appointment to review process, documentation, and outcomes
  - Jeff Hurst of Hurst Total Homes, Inc in Centerville, OH held a focus group with great success



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## Getting Started

- **#2: Self-fund:**
  - Start small
  - This is your "beta" test!
  - Ask them for their honest feedback
  - Initiate the program with 5 to 10 past customers – **they want to help!**
  - You can work out any bugs with these initial customers



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## Benefits

- **Home Asset Plan Benefits:**
  - Peace of mind
    - Strategic recommendations add additional projects
    - Ongoing work provides cash flow
    - Consultative relationship
  - Work scheduled in advance – up to 3 years in advance
    - A solution provider to each customer
    - Create a more stable workplace
    - Build company equity!
- The timing is perfect – the past is past!



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## Closing Summary

- **This Business Strategy:**
  - Is recession proof
  - Is proactive, not reactive
  - Provides ongoing cash flow (start year with \$750,000 in work)
  - Allows you to build life-long relationships with your customers
  - Builds long-term company equity – let's talk about this



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## Cost and Solution

- **Give homeowners what they need:**
  - Trust-based, consultative relationship
  - Manage their largest asset
- **Gain control of your financial future**
  - Recurring revenue
  - Long term equity and value in your company



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### What Do You Get?

- You receive 3 hard-copy notebooks and CD ROMS:
  - Home Asset Management Plan Instruction Manual plus CD ROM
  - Homeowner Notebook sample plus CD ROM
  - Turnkey Program book of forms plus CD ROM
  - Fast Start Audio CD on how to implement the program quickly!
  - Electronic access to the entire program
  - 30 day implementation plan
- Cost: \$797



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### Take Action!

- Test the concept
- Call 5 of your best past customers - review
- There is business waiting for you now!
- If you have questions, contact me at [david@davidlupberger.com](mailto:david@davidlupberger.com) (303-442-3702)
- [www.DavidLupberger.com](http://www.DavidLupberger.com)



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