

Grow Your Own

Looking for a production manager? A take-charge crew chief can often fill the bill.

When Peter Valdez, operations manager at Interstate Roofing, in Portland, Ore., has to find a production manager — he currently has nine — he looks no further than the ranks of his own company.

“All are employees who worked their way up the ladder,” Valdez says. “We haven’t hired anyone from outside.” He calls Interstate Roofing “unique” because of its size — Valdez runs an average of 20 crews that sometimes re-roof as many as 25 houses a week. That volume has given the company the chance to develop its own production management talent, he says.

ON-THE-JOB TRAINING

Individual crew chiefs get a lot of on-the-job supervisory experience. So when a production manager slot opens — which is infrequent because production managers tend to be long-term employees, Valdez says — there’s plenty of qualified in-house competition for the job.

In fact, many contractors prefer to promote production managers from within rather than to take a chance on an unknown individual — no matter how careful the selection process is — for such a critical position.

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Without a Net

BY CHUCK ANTON

Homeowners are online. Use your Web site to reach them.



The Internet has become a primary resource for consumers considering home improvements. If you don’t have a Web site, consumers can’t find you. Furthermore, for that Web site to generate leads, it must be visible to search engines such as Google, Yahoo, MSN, etc. That’s why you need to know about search engine optimization, or SEO. You should also know that you can balance your Internet marketing dollars spent to match your Web site traffic.

NOT OPTIONAL

Most of us don’t know how to use this incredibly efficient marketing tool. Yet, ignoring the impact of the Internet can be catastrophic.

A well-designed Web site is no longer just an option.

Consumers expect you to have one and are suspicious if you don’t. At the minimum, according to Ron Sherman, of Ron Sherman Advertising, in Little Rock, Ark., your Web site should:

- Have complete and accurate information about the products and services you offer;
- Highlight your company’s information with easy navigation;
- Include testimonials that build credibility and trust in your company.

Sherman also suggests investing in video, which is increasingly popular

on Web sites due to the spread of broadband.

WHERE ARE YOU?

Elaine Manganello, of online lead generator eLeads Technology, points out that companies with outdated or poorly constructed Web sites “have little to no chance of generating viable leads. For search engines to find you, they first have to see you.”

“A well-designed Web site is no longer just an option.”

For home improvement companies, appearing on page one of a search engine’s organic listings is an ever-changing formula involving keywords. Master it and

you’re on your way to good, cost-effective leads.

“Your Web site must be easy to use and find locally,” advises Michael Stone of online marketing firm Wpromote, who also suggests simplifying landing pages to aid lead generation.

More prospects are going to the Internet for information every day. Are you ready for them? —*Chuck Anton is a sales and marketing consultant who specializes in the home improvement industry. You can reach him at www.chuckanton.com.*

Grow Your Own, continued

"We have a production manager in each of our four departments," explains Dale Brenke, president of Schmidt Siding & Window Co., in Mankato, Minn. "All have been with us for over 25 years and all have come from the production ranks." These former installers have the hands-on installation skills that Brenke says are important, but additionally, "this allows us to keep good people who we know are good workers," he adds.

KNOW A BIT ABOUT A LOT

Those hands-on skills are important, agrees Ed Ladouceur, president and CEO of Storm-

Tite Home Improvement, in Warwick, R.I., who also generally promotes production managers from within. But, he cautions, the best installer and the individual who will be a good production manager aren't necessarily one and the same.

"You don't have to be Leonardo da Vinci with the trim or the greatest installer of siding, but you do need to have common knowledge of a lot of the products," Ladouceur says. "You need to know a little bit about a lot," plus have some "altogether different" management skills.

Critical to successfully managing installation crews, Brenke says, is the ability

Many contractors prefer to promote production managers from within.

to interact with homeowners and to react to their needs.

Although many company owners look first within the ranks, it's always wise to look outside as well. For his current production manager, Ladouceur found a candidate who filled the bill in all particulars; a college graduate who had run his own home improvement business and had been an internal auditor for a Fortune 500 company. And the candidate turned out to be close at hand, married to Ladouceur's "right-hand person," who is a 19-year StormTite Home Improvement veteran. —J.H.

First Impression

Recording calls can help improve lead-setting efficiency.

When people who have seen one of its ads call Lifetyme Exteriors, in Boston, the call is recorded. Though this is not a widespread practice in the home improvement industry, it's a growing trend among U.S. businesses generally. According to the American Management Association, in 2001 9% of companies recorded workers' phone calls. Today, 19% record the calls of employees in selected categories.

WARM-CALL OVERSIGHT

At Lifetyme Exteriors, for instance, call-recording began with inbound leads and moved from there to confirmers. By playing back recordings — available on a Web site as digital sound files — owner Chris Ripley can monitor to ensure that callers' questions are effectively being answered.

The benefits, he says, are three-fold: more in-coming calls become appointments, the appointments are of higher quality, and those employees answering the phones begin to self-police.

"The problem with just going in and giving people scripts," he says, "is that guess what happens after you read a script 150 times a week? You're either off-script or you're on-script but are no longer effective."

Jim Steffes, owner of New Windows for America, a replacement company in Shoreview, Minn., records the 3 to 10 inbound calls that

reach his office each day. He can then listen to them on a Web site operated by Conversion Associates, a Boston-based marketing organization that sells its recording services along with dedicated phone numbers for lead tracking.

From listening to the recorded calls, Steffes says he found that employees sometimes couldn't answer key questions or couldn't obtain critical information, such as details regarding one-legs. So he retrained those employees who are answering the phone to ensure that that information would be taken.

MISSING LINK

Nick Goggans, director of interactive strategies and design at Conversion Associates, *continued on page 40*



First Impression, continued

says that, for company owners, the best part is that listening to recordings will allow them to know what prompted prospects to call — whether it was the product, energy savings, or a specific discount — and how well that customer contact is being processed.

Systematic disconnects quickly turn up and can be corrected. Home improvement company owners “spend so much money on advertising and so much time training the salesforce,” he says, but pay little time or attention to “the aspect of the business that connects

Listening to recordings will allow you to know what prompted prospects to call and how well that customer contact is being processed.

those two entities: the customer’s first impression.”

Both Ripley and Steffes say that playing back recordings at employee meetings typically backfires, since employees who mishandle a call feel embarrassed. Steffes says he wants those answering the phone to sell the appointment. “I [have given] them access to the Web site, so they can listen to themselves.” —J.C.

Me, Myself, and I

Think it’s cheaper and easier to go it alone as a sole proprietor? Experts say you’re courting disaster.

D.S. Berenson, an attorney who specializes in home improvement companies and their legal woes, tells his clients never to do business as a sole proprietor. About 10 years ago, a client of Berenson’s did some roofing work on a house. Part of the roof came down in a storm, injuring someone in the house. The client — who had been in business for 20 years — was sued and not only ended up in bankruptcy but lost his home and all retirement funds.

“All that could have been avoided if he weren’t a sole proprietor,” Berenson says. The only advantage to sole proprietorship is that you don’t have to file anything with local or state government to start up. “There are no other pros,” he says.

MULTIPLE DRAWBACKS

But there are a lot of cons. These range from personal liability to tax consequences to IRS audits, which are more likely to happen to companies owned as sole proprietorships. “You have unlimited personal liability if something goes wrong,” Berenson explains.

Suppliers can come after you personally for payment, he adds. Even if you have insurance coverage, says attorney Barbara Weltman, “you still could face great exposure.”

Sole proprietors must pay 100% of their Social Security taxes — a little more than 12% of whatever it is they’re paying themselves — which can take a

big bite out of earnings. In addition, filing the required Schedule C with tax returns waves a red flag in front of the IRS, increasing chances of an audit, Berenson says.

CONSIDER INCORPORATING

Smarter options include incorporating or forming a limited liability company. “Your accountant and a lawyer need to advise you on the best corporate form,” suggests speaker and author Linda Francis.

The right choice for each contractor depends on many factors, including the number of people involved in running the business and how much income is earned. If several people are involved, for example, a limited liability company offers a lot of flexibility in allocating earnings for each partner year to year, says John Green, president of G&A Business Services, in Healdsburg, Calif. A subchapter S-corporation — a very simple form of incorporation — helps cut back on the individual payment of Social Security taxes.

“The No. 1 consideration should be protecting your home, car, and personal assets,” Weltman says. “It has nothing to do with size or how long you’ve been in business. The cost for incorporation is so small compared to the risk that you’re exposed to. It’s never too late to make that change.” —Diane Kittower is a freelance writer in Rockville, Md.



Illustration: Peter Bennett