



Installed Sales

By Murray Cutler, RenoWare Technologies Inc.

Installed sales and services have moved into mainstream remodeling and are growing rapidly. Box stores, specialty home improvement retailers (windows and doors, kitchen and bath, flooring etc.), Amazon, and Craigslist among many others either offer installation or have contractor referral services to meet consumer needs and are eating away at our business.

Millennial families are extremely busy, embrace technology, and are demanding, and most do not have the skills or tools to remodel. They are gravitating toward home improvement providers for professional design and installation of new kitchens, windows, doors, flooring, and much more. Further, with the labor shortage, many builders are looking for their lumber yards to provide the proper materials delivered on time along with the labor to install.

Major competitors use professional legal contracts and forms, have developed sophisticated processes to track installers, customers, job status, and profitability in the most efficient manner possible. This information guides them in store designs and marketing to attract more business.

Where does that leave independent home centers and lumber yards? Homeowners don't usually buy higher end remodeling projects from a traditional merchandised lumber yard or home center. Many of you are evolving separate "design showrooms" to visually show you are a specialist in chosen categories, mostly kitchen and bath, doors and windows. It becomes even more important to have the systems and professional documents in place to meet customer expectations.

Customer project quotes in Word and Excel, handwritten in each individual's style are preferred over random job notes. The implementation of a new system can be intimidating for some staff, so it needs to be approached with consideration but firmness. It can even be a matter of job security, and did I mention there should be a backup of documents, estimates, schedules, etc.? This is the way we have to improve in order to stay competitive in today's market.

One business owner I spoke to recently has a family member looking after the installed sales division who is very comfortable using pencil and paper. The owner's problem is there are 18 manual steps to every project, and he does not really know what is going on with projects, financial status, sales staff close ratios, etc. Duplicate entries, handwritten notes, errors all cost time and money. He is looking for an integrated system, thus our conversations.

Integrated systems can now move data from estimating (window and door mfg. online, 2020 kitchen design material lists, deck, garage, etc.) to an installed sales management app, and then to point-of-sale systems. Examples of these are SaberisConnect, Luxwood Design Tools, the RenoWare Installed Sales app, and newly released Epicor Eagle N Series.



HERE IS AN OVERVIEW OF KEY DOCUMENTS:

Contracts - Installers

The local trades market may determine whether you can utilize subcontractors or need to hire on-staff installers. If you're using subcontractors, be sure to understand workers' compensation, health and safety laws for the remodeling sector. Have a subcontractor agreement to outline mutual responsibilities and work requirements (licenses and insurance, quality of work standards, tool and equipment responsibilities, hiring of their staff, etc.), essentially the same as a builder or general contractor has for their subs. This document essentially determines how two businesses work together and that the installer is not an employee of the company.

Complementing this document is an installation agreement for every job. This document is basically a tender or offer to the contractor to perform described work for a fixed price. One of the key measurements of whether an individual is an independent operator or not is do they have the risk of profit or loss.

On-staff installers are a whole other matter and have additional needs for insurance, tracking of job time, and tools etc.; more on this later.

Contracts - Customer

These are legal documents between your business and the customer to provide the products and services as described

in the scope of work for a fixed price. The contract terms and conditions should be reviewed by your lawyer for your protection. We have all run into difficult customers; this document will save you a great deal of grief should you resort to legal action to collect payment. Fully describe what the customer is contracting for—products, finishes, installation, fixed price, and payment terms. A “quote” from the POS system or one line “to supply and install kitchen” are not acceptable nor professional.

Change Order

This is a document that legally relates to the original contract and confirms the customer’s agreement to pay for additional material and labor. Without a proper signed change order you risk not getting paid. So many contractors do everything verbally, and then customers renegotiate payment at the end and they lose money owed. How many times have you heard a contractor can’t pay you because his customer has not paid?

Completion Certificate

This is a document signed by the customer after a walk-through of the project and is confirmation the contracted work has

been done to their satisfaction. Signing is a step to collecting final payment according to the contract and change orders. With a signed completion certificate and invoice from the subcontractor, it would be reasonable to pay him.

If there are still outstanding job issues, document them in a punch list, signed by both parties.

Warranty Certificate

This is a confirmation to the customer that any manufacturers warranty should be valid. And in many cases the store provides a separate one-year additional warranty on materials and labor.

Customer Follow-up

A simply worded satisfaction survey provides valuable feedback on level of service provided. A reward for returning it is very beneficial. A handwritten customer thank you note is a wonderful personal touch that usually goes a long way to a customer spreading the word about your great company.

The use of professional documents by all staff following an integrated system helps ensure customer satisfaction and increased profitability. Now one can measure to better manage. **LC**

