

# TAKING CARE OF BUSINESS

*Readers share policies and procedures that can help  
you run your business smoothly and profitably*

## Going Solo

Like many builders, Carl Hagstrom, who runs Hagstrom Contracting in Montrose, Pa., used to accompany prospective clients on visits to past projects. But he worried that, because he was within earshot, his new clients didn't feel free to ask his past clients tough questions about his company. So for the past year, Hagstrom has been sending customers solo to visit past jobs — and everyone seems to like the new arrangement.

When choosing which completed projects to send prospects to, Hagstrom tries to match the house style, trim choices, and other features to the plans for the new job. He always gets permission in advance from past clients, and he never chooses past clients who would be uncomfortable with the process.

Hagstrom believes that the solo visits have helped him win jobs by gaining his clients' trust. "Allowing people to ask tough questions and get honest answers is a point in my favor," he says. "It also gives my clients an opportunity to see the standards I build to. And if they have a problem with some details, we can iron them out before the job starts." Once new clients have visited a past project, it's also easier to talk with them about the details of their own project. "If we get stuck because something on the drawings is difficult to visualize, I can usually refer to a similar detail in the house they've looked at."

## Tracking Leads

When Peter Feinmann first joined Business Networks — an interactive business group organized around peer-review workshops — the other members asked him for some statistics about his company that he didn't have: the yearly total for leads, jobs bid, and jobs sold. During the next six months, Feinmann,

who owns Feinmann Remodeling in Arlington, Mass., came up with a system that not only shows him how many leads end up as sales, but also helps him spend his marketing money wisely by keeping track of where the best leads come from.

The system uses a preprinted triplicate lead form that is filled out whenever someone calls about a job. The pink copy is filed in a folder labeled *Leads*; the yellow copy gets filed under *Bids*; and the white copy, under *Sales*. Each month and at the end of each year, Feinmann simply counts the number of forms in each folder to get his totals.

Last year, for example, Feinmann submitted bids for 60 of the 160 leads he received. Of these, the company signed 30 contracts for a total annual volume of about \$1.1 million. "This year," he says, "I want the same 30 sales at the same dollar volume, but with fewer leads. So I'm looking for better-quality leads." Since 88% of his sales come from referrals and past clients — information the lead tracking system also provides — Feinmann will target that group in this year's marketing effort.

## Who's the Boss?

Employees who miss deadlines or go over budget on a project are always called to account by their boss. Not so for business owners, who can easily let themselves off the hook.

That's the way it was for Jamie Wolf until he realized he too often took on more work than he could reasonably handle. His solution was to go to work for one of his employees — Melinda, his office manager. The two meet twice a week to review sales leads and the status of contracts. "I feel like a student meeting with my teacher-advisor," says Wolf, who owns Wolfworks, a design/build company in Farmington, Conn. "She makes sure I follow up on important details and makes me be realistic about what I can accom-

plish." The boss also confers with his employee about how he spends his working hours: "When I plan my calendar myself," says Wolf, "I overbook."

The system also helps Wolf focus on his long-range goals. "If I tell Melinda that I need time to work on my business plan, she'll see to it that I make room for it in my schedule." Wolf isn't sure his arrangement will work for everybody, but it's helped him to better manage his time.

## Sharing the Wealth

Tim Englert had been trying to come up with a profit-sharing plan for a long time. But it wasn't as simple as he thought it would be. "The profits were there," recalls Englert, who with his wife, Linda, runs Tim Englert Construction in Wadsworth, Ohio, "but we had trouble figuring out how much each employee should get." The company now uses a plan that distributes a percentage of profits to every employee based on a detailed performance review.

A lead carpenter's share is based in part on how much volume he or she handles during the year, and how profitable each individual job is, information Englert tracks with job cost reports. All employees are rated on motivation, attitude, communication, problem-solving ability, and technical skill. Englert also measures an employee's customer relations skills using feedback from a standard questionnaire the company sends to its clients after a job is finished. And he emphasizes continuing education. "A person who attends classes and trade shows," explains Englert, "will rate higher and get a higher share." ■

Got a business tip of your own? Write to Business, Journal of Light Construction, RR 2, Box 146, Richmond, VT 05477.