

## Client for Life

In April of 2014, I started working with Melton Design Build in Boulder, Colo., to formalize a program to engage, communicate, and work with past clients. In more than 20 years in the business, owner Ty Melton has been through several market downturns and recessions. Although the remodeling market is once again strong, he knows that there will be another downturn – he just doesn't know when. He wanted a proactive strategy that would keep him in front of past clients, but that would also allow him to identify projects that those same clients might be doing in the future. He could then use the information gathered in these encounters to generate work during the next downturn. This process then becomes a marketing pipeline that creates recurring revenue while reducing marketing expenses.

### IMPLEMENTATION

Like many remodelers, Melton was sending out a newsletter every month, but there was no real active engagement. My goal was to develop a system by which they could set appointments with past clients for an annual home evaluation to address any home-related concerns. The first step was to target a list of past clients and send them a simple email message introducing the company's new "Home Care & Repair" department. The email explained that Melton could assist them with basic home maintenance and repairs, and provided a contact number. Through scheduled follow-up phone calls, we found that between 25% and 30% of recipients responded to the program. Some didn't need the service at the time, but they appreciated knowing that Melton could assist them in this way.

In addition to reaching out to past clients, we also integrated the new Home Care & Repair program into the Melton Red Carpet warranty program for all projects that were just being completed. This created a formal hand-off from production to Home Care & Repair that freed

the production department to move onto the next project knowing that client follow-up was being addressed.

### LESSONS LEARNED

Melton is not a handyman company, so it was important to understand what types of service work the company could handle well, and what types were more problematic. Although implementation varies, the process typically begins with a free home evaluation performed by either a salesperson or the technician who will do the work. The evaluation, which takes about 90 minutes, follows a maintenance checklist and includes a homeowner interview to uncover specific issues they are aware of. The findings are presented to the homeowner in person if possible, and any approved work and pricing is written into a work order and scheduled. Typically the technician collect payment the same day the work is completed.

Looking at the program's first six months of operation, we discovered that a twice-a-year seasonal check-up could be profitable if done by an in-house technician who could complete any repair or maintenance work on the spot without having to make a return visit. We also discovered, however, that small jobs involving the efforts of 2 or 3 trade contractors were not profitable because of all the issues that can arise with project management. For these types of small projects, we assembled a list of



preferred partners — including a local handyman company — to whom we could refer the homeowner. The key here was to meet with each referral partner to review expectations and to lay the foundation for reciprocal referrals. Letting each partner do what they did best benefited everyone.

### RESULTS

After six months with one van and service technician, Melton has sold more than \$125,000 in service work at about 40% gross profit. That's a small part of Melton's annual revenue (which is north of \$5 million), but the real payoff came from four past clients who requested assistance with projects that they had been thinking about. In addition, more than 70% of past clients interviewed shared information about remodeling projects that they would like to do at some point in the future. Melton Design Build now knows who they are and what they want.

**Regular home check-ups generate profitable service work and lead to future design-build projects**

The bottom line is it's working! We're still improving the model, but it seems clear that there is a significant benefit to a formalized program to actively engage past clients. Manage those relationships, and the work will follow! **PR**

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