



Great References

These tips can leave both your peers and past customers singing your praises and sending referrals

By Professional Remodeler Staff

Don't expect to find any of the typical referral reward programs at Jackson & LeRoy. Gift cards, fruit baskets, and movie tickets are nowhere to be found among the Salt Lake City remodeler's offerings, though it's not as if there isn't plenty to celebrate.

Of the 25 projects the company takes on in a typical year, 94 percent come from referrals.

"We talked about having a referral program and decided against it," says Brandon LeRoy, one of the company's partners, adding that the company caters to the high-end market, so a token gift might not hit quite the right note.

Instead, Jackson & LeRoy decided to focus on establishing a brand and reputation that would result in an organic flow of referrals, both from industry professionals and past customers.

Profitable Prospects

Statistically, word-of-mouth referrals are more likely to turn into signed contracts and can greatly increase both a company's closing ratio and its sales volume.

"Between a referral and someone coming in through a Google search, the difference is night and day," says Andy Wells, principal with Normandy Remodeling, in Hinsdale, Ill. "The odds of landing a contract are significantly better—multiples of times better—from referrals," he explains.

And the jobs that come in tend to be bigger as well. While about a quarter of Normandy's approximately 215 jobs per year come in through referrals, the work they bring in makes up about 40 percent of the company's volume, Wells says.

Part of this is probably because a customer who's planning a larger job, or is ready to commit to a remodel, is more likely to ask around, compared with a client with a smaller order or someone who is on the fence. But it also speaks to the significant power of a personal recommendation.



"Most of the people going to [alumni] events are parents of students going [to the school] now. These parents are the ones who are homeowners in the area."

Lisa Sten, Harrell Remodeling

Growing a Network

At Jackson & LeRoy, the partners' first objective was to create a recognizable brand within the industry. To accomplish that, the team started in an unexpected place—advertising in a local consumer magazine.

"People always go into advertising looking for direct leads, but that was never our intent," LeRoy says. "The first people who read those magazines are the other advertisers, so choosing a high-end publication put us in a culture of high-end realtors, designers, and other industry professionals who are reading that magazine."

The result has been a few direct referrals, but more importantly

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Brandon LeRoy, Jackson & LeRoy



it helped to establish a brand and relationships that have led to significantly more indirect referrals.

Jackson & LeRoy's brand is then further reinforced by the company's own publication—a style-focused newsletter that's printed and mailed to professional contacts and clients twice a year.

The first several pages are devoted to photography profiling a recent project, and the booklet is printed on high-quality paper, giving it a long shelf life on coffee tables and in waiting rooms. Some space is also devoted to spotlighting trade partners, further enhancing those relationships and keeping Jackson & LeRoy top of mind among its partners.

At Normandy Remodeling, where design is done in-house, the company depends on its on-staff professionals to do much of the networking. "Our designers and salespeople are the same," Wells says. "They are there with the client from the first meeting through the final inspection and beyond, so we do a lot to support that relationship."

To that end, Normandy's marketing team uses social media to congratulate its designers on winning awards or celebrating major life events, such as the birth of a child, to which past clients often respond. The goal isn't necessarily to promote the Normandy brand, but instead to strengthen the relationship the company's individual designers have with their clients. "People buy from people," Wells says. "When clients get to our holiday party, the first thing they do is find their designer and give them a big hug. They're really doing business with the person, not Normandy."

Others have also found success by tapping staff members to bring in referrals in creative ways. One idea is to attend networking events held through alumni associations where a designer went to school.

"Most of the people going to these events are parents of students going [to the school] now," says Lisa Sten, a senior designer and sales manager with Harrell Remodeling, in Mountain View, Calif.

“These parents are the ones who are homeowners in the area.”

On the other side of the spectrum, clients are often left disappointed when a project encounters setbacks and expectations aren't met. To counteract that, staff at Jackson & LeRoy work closely to create a unified front from the start of a project that allows the group to mold client expectations and then surpass them. For example, in a typical bid process, it can be difficult to under-promise and over-deliver, since everyone is trying to put their best foot forward, LeRoy says. “If a client has a \$1 million budget, often the designer will put together a \$2 million design and then tell the contractor to do it for a million,” he says. As a result, clients are often disappointed when a project goes over-budget. To counteract that, Jackson & LeRoy's contractors work closely with designers to ensure realistic expectations. They're also careful to plan for unforeseen problems, which allows them to guard against future overruns. “These clients are so elated to have come in under budget and ahead of schedule that it generates referrals for everyone,” he says.



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Andy Wells, Normandy Remodeling

Managing the Online Menace

The power of a recommendation is so strong that when customers come to Normandy without the benefit of a referral, the company's reps encourage the new prospect to look up the reviews that past customers have put online. But online referrals can be a double-edged sword, and one that many remodelers would gladly do without. (See this month's cover story “Rating Game,” pages 20–26.) Most of the remodeling companies interviewed for this article noted that they had had fraudulent reviews posted about them and that there was little they could do to have the inaccurate information removed.

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“The only thing we can do is respond to [any negative] postings. We say we're sorry for the misunderstanding, that our records show such and such. But you don't want to get into a tit-for-tat thing because you never win with that online.”

Darryl Crosby, Case Design/Remodeling



Crosby, senior director of marketing with Case Design/Remodeling, based in the Washington, D.C., area. “If someone posts something, we say we're sorry for the misunderstanding, that our records show such and such. But you don't want to get into a tit-for-tat thing because you never win with that online.”

Particularly negative online reviews can be met with a response from the firm's CEO, “so at least people can see our counterpoint to what they're saying,” says Harrell Remodeling's Sten.

For companies looking to counteract negative online noise, both Sten and Wells recommend GuildQuality, an industry-specific customer satisfaction surveying service that follows up with clients to get details about their experience once a job is complete. Relying on a third party can help counteract reports being skewed one way or another, and knowing that customers will be surveyed has the added benefit of motivating employees to do their best.

But the numbers can also act as a stand-in referral when online press is bleak. “According to the surveys, we have a 95 to 96 percent satisfaction rate where people say they would refer us,” Wells says. “That's a great marketing tool.”

Building the Brand

In the end, certainly the most effective referral strategy is to leave a trail of happy customers in your wake. And the fact that referral incentives aren't the right fit for Jackson & LeRoy's client base isn't to say that they don't have their place in other remodelers' strategies to enhance customer satisfaction.

The danger lies in relying on them too heavily or in failing to incorporate them into a larger strategy that reinforces a company's brand. Normandy Remodeling, for example, has found success offering to donate to a charity of the client's choice as a token of appreciation for bringing in referral work. **PR**