

Building Word-of-Mouth

Beware of needless up-charges



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On a recent trip to Wisconsin, I met two shops in the same market. One was so slow that it was shutting down for a week; the other had plenty of business.

The slow shop talked about how the business was slow, and how his prospects for future sales were even worse. The busy shop had projects on his desk with more coming in.

Neither shop had salespeople. The slow shop had been in business longer. Both were established, experienced cabinet companies making a similar style of cabinet. Pricing and style were comparable.

Both shops had a small showroom, but neither was running a full-time showroom in the high traffic areas of town or advertising in the local media. In other words, the customers had to find them through word-of-mouth.

To hear about a successful shop with no salespeople, busy in a time when the housing market is nonexistent peaked my curiosity. Why was one shop doing so well, yet 10 miles away the other shop was dying? What were they doing right? How did they build their reputation and word-of-mouth business?

The calls

In November, I was working with a new distributor's salesman showing our popular line of waste containers, Lazy Susans and cabinet organization products; the car was packed with samples and catalogs and we were riding together showing off all the new items.

The first call was to our slow shop. We found the employee's parking area about a quarter full. Not a good sign. You can usually gauge how busy a shop is by the amount of cars. By multiplying the number of cars, times the average amount of sales per employee, you can also gauge how much business a shop is doing. The slow shop was off by 65 percent from our last visit.

We entered with our new waste container and drawer peg system. The waste container is unique; it not only has a soft close, but also a soft open. It also costs another \$50 retail over our highest level of waste containers.

The owner of the shop took the time to talk

with us and look over the new items. His business was so slow that he was thinking of laying everyone off for the week of Thanksgiving and Christmas through New Year's.

He looked over the waste system and was sure his customer base would not pay for it. This was after all a "rural market," and the folks here didn't like to pay extra for "trash cans" they could buy at Wal-Mart.

We talked about the rest of his construction. He made all his own dovetailed drawers and mounted them on ball-bearing slides. Customers could get undermounts and soft closing features for an up-charge. He also offered our waste cans (in the older style) for an up-charge. He didn't sell any lighting, as his customers "didn't want to pay for it." He did have a solid surface top line, which as you guessed, was an up-charge. His marketing approach was to offer everything like a car: Here is the base model and if you want floor mats, it is an up-charge. The shop had a basic brochure, no website and no salespeople. The owner did all the selling and customer contact.

We made several other calls that day, with varying degrees of activity at each one. Some were slow; others were doing OK in a down market. Then we walked into the busy shop.

Mr. Busy

Mr. Busy had time to talk with us between appointments with customers. His current project was finishing up and he had two more committed. A third was coming in this afternoon to go over designs for a quote. He wasn't as busy as two years ago, but he still had plenty of work. He did plan on taking two days off for Thanksgiving, but was definitely working between Christmas and New Year's. His parking lot was full.

We showed the new, upgraded waste container with the soft open mechanism. He loved it, but more importantly he said his customers would love it. He ordered one for each of his current jobs and made it the standard offering in his cabinets. He also added the drawer peg system. I mentioned that we also represented a line of LED cabinet lights. Mr. Busy asked to see them and upon plugging

them in changed his old halogen puck lights to the new, cool LEDs.

Pleased as we were with his enthusiasm, I had to know his secret. How was he so busy and no one else was? Other shops in the area had been in business longer, and some made cabinets as well or even better than his.

How was he finding the customers?

The secret

The secret wasn't in pricing, salespeople, showroom or manufacturing. He didn't have a website or a big advertising campaign. The secret was in his marketing attitude.

Mr. Busy didn't up-charge. He had decided long ago that he was going to sell to the customers that had money. Financially well-off people have certain expectations for their purchases. To use the car analogy from our slow shop, the financially secure rarely buy a base model of anything. They expect their vehicle — and their cabinets — to come with a certain level of sophistication when they buy them. They expect the base model of a cabinet created for the upscale market to include solid surface tops, soft close slides, LED lights and pullout waste systems.

The slow shop offered the same things that the busy shop did, but everything considered to be high-end was as an up-charge. The busy shop included the same products, but they were not an upgrade; instead everything was already in the price: Undermount slides? Standard. Solid surface countertops? Standard. Cool, energy saving, LED lighting? Standard. The newest waste containers and drawer systems? Expected and, of course, included.

The busy shop had great clientele. The current job was for the owner of a 12-location car dealership. The next job was for a Green Bay Packer lineman. All of his customers came to him from word-of-mouth or from the Parade of Homes. No salespeople, but a great marketing attitude.

His belief was that by giving the customer more

than they expected, he would become the shop of choice for the well-to-do customers. He wanted them to walk their friends through the new kitchen, pointing out the features, lights, self-closing slides and waste containers that opened on their own. When asked, "How much did THAT cost?" They could say, "Oh, it was the standard. This is just how he makes cabinets."

I asked the obvious question about pricing. Didn't all these extras make his price substantially more than his competitors? He pointed out how my thinking was flawed. His customer base will want these items anyway, so why start low and then shock them with added costs. Instead start at the best, highest quality, and then let them deduct if they wanted. His reputation now brought in clientele that rarely questioned the price.

He used the same philosophy in his marketing during the Parade of Homes. He had found that some of his prospects seemed to find him during this show, so he invested heavily in the high-end homes and builders. Every Parade of Homes kitchen was loaded with waste container systems, lights, solid surface tops, pullout chrome pantries, and self-closing undermounts. As the vendors usually gave him a big showroom discount for the Parade of Homes, his investment wasn't at full cost. Much of it was also considered an advertising expense. He wanted to be remembered as the cabinet company that did the best cabinets in the market.

I later checked with our distributor, and as we guessed, the busy shop had the highest percentage of showroom discounts, while the slow shop had very few.

We are what we think

It's all in the attitude. How you perceive who your client base is —and how you perceive they will react — is exactly what you will get.

We often talk ourselves into what will and won't be accepted by our customers before they even come in the door. That same attitude creates the investments we make in our showrooms and marketing. It is the same in the way we describe our work to prospects.

If you want to succeed in a down market, stop bring-

ing your personal taste into the customer's home. Understand that they may like black doors and chrome accents, even though you don't. The goal is to make them happy, not you. Look at your showroom, finished job photos, website and brochures. Are you including different styles and colors that appeal to many kinds of customers?

One of the great frustrations in any salesman's work is the closed minds that many shops live with. We can walk in one shop that flatly states the "my customers would never pay for these wood Lazy

Susans" and then drive one mile away to a customer that buys them in bulk.

If you want to be Mr. Busy instead of Mr. Slow, look at what the market is asking for; ask your visiting salespeople what is hot in the territory and why. Check your personal taste at the shop door and focus on the customers' need and style. Doing more than expected, and delivering on your promises, builds a reputation. Give people more, and they will give you the word-of-mouth marketing we all strive for. **Wd**