



## The Newsletter for Profit-minded Builders and Contractors

Vol. 11, No. 3 ■ March, 2006



# The Problem with Perfection by Paul Sharp

**N**obody's perfect. We all know this, but that doesn't stop some people from forcing themselves, and often everyone around them, into a fruitless pursuit of the elusive goal of perfection. Good isn't good enough, and the joy we might attain from the satisfaction of a job well done is lost in an endless struggle to eliminate whatever vestiges of imperfection remain.

There are several problems with this approach to life. The first is that it focuses on elimination of mistakes, rather than on getting things done. Mistakes are a necessary part of learning and growing. If you aren't making mistakes, then you probably aren't trying hard enough, and attempting new things and new experiences. Even worse, in their quest for perfection people are often unwilling to recognize the mistakes they make, and are therefore unable to learn from them. Admitting a mistake would mean admitting they weren't perfect, and heaven forbid that should happen. It's far better to cheerfully admit your mistakes and quickly correct them. By doing this we can avoid turning simple mistakes into full-scale disasters.

When you focus on the errors of others, rather than the things they achieve, they will quickly learn to hide their mistakes. This is human nature. We tend to do those things for which we are rewarded, and avoid those actions for which we are punished.

The other problem with perfectionism is that it takes all the joy out of life. Instead of an experience to be savored, a passion to be shared with others, life becomes a constant struggle against human fallibility. Instead of relishing our major triumphs, we fret over our minor peccadilloes. What should be a bright, sunny approach toward life becomes a sour critical obsession with minutia.

The true goal in life isn't perfection – it's achievement. If you are working to change the world, to make it better than you found it, then you will inevitably make mistakes. Perfectionism can get in the way of this goal by limiting what you do (the less you do the fewer mistakes you will make), and by preventing you from trying new things, pushing new boundaries, and learning and growing from the mistakes we make along the way.

There is also a difference between striving for excellence and perfectionism. The coach who pushes his players to try harder and do better isn't necessarily a perfectionist. If he's any good, he doesn't get mad at his players for making mistakes. He only gets mad when they make the same boneheaded mistakes again and again. What he focuses on are results – and the effort made to achieve those results.

The opposite approach to perfectionism is that of honest craftsmanship. Craftsmanship struggles to achieve excellence and utility. It strives each day to be better than the day before. But if you

look at a beautiful piece of handmade furniture, you will notice that it takes on the individuality of the person who made it – with slight imperfections in the wood, an extra touch of the blade here and there that has left its mark, and in a way made the object more beautiful for its human imperfections.

This is especially true in home building. If you expect to build a home without making mistakes, you are living in a dream world. You need to expect mistakes, and have a system in place to quickly find those mistakes and correct them, and then integrate what you've learned into a system to avoid that mistake in the future. When mistakes are made, look for solutions rather than recriminations. Like the football coach, don't beat up on your players when they make mistakes. If they're professional, they'll feel badly enough on their own for the mistake without you rubbing their noses into it. (Although if they make the same mistakes again and again, maybe you need new players.)

This attitude should be conveyed to your clients as well as your staff. Create "realistic expectations" early on in the process by letting them know there is no such thing as a "perfect house." Then, when mistakes are inevitably made, they will treat it merely as a minor glitch on the way to a masterpiece. They're happier, and you're happier. And what could be more perfect than that?

# Back to Basics: Streamline Selections by Bill Watkins and Paul Sharp

Good builders not only manage the construction process – they also manage their customers. While on the face of it this may sound underhanded and manipulative – it really isn't. Customer management is simply understanding and anticipating the needs of your customers, and then putting in place systems to satisfy those needs as efficiently and painlessly as possible.

When rental car companies make it possible for repeat customers to pick up a car without waiting in a check-in line – that's customer management. When Amazon.com suggests items you might be interested in buying based on past selections, that's customer management. And when the home building industry makes it easy for home buyers to tailor their homes to their individual needs, that's just good customer management.

## The emotional cost of buying a home

When customers buy a new home, they actually pay two prices – one is the financial price, and the other is the time, effort, and hassle that goes into the process of buying a home and selecting all the options that go into it.

For some people, this expenditure of time and energy is a positive experience. They enjoy participating in the design process. They like being able to customize their home to reflect their tastes and personality, and enjoy making decisions. Other clients hate to make decisions. They worry that they're not getting the best deal, they fret over making a mistake they will later regret, and they vacillate back and forth over the simplest decision until they drive the builder (and themselves) crazy.

While the builder can do little to change the personality of the client (other than try to avoid the more difficult types), they *can* structure the decision making process in such a way that it minimizes the emotional cost, and provides an organized and enjoyable home building experience. At the same time, it makes the builder's job easier by eliciting the buyer's input in a timely manner, and minimizing any sources of future conflict. Happy customers mean happy builders.

*Make your life, and your client's life, easier by pre-selecting and pre-pricing as many options and upgrades as possible. Bundle those options to simplify the decision process. If you give people too many choices they become confused and don't buy.*

## The Power of Choice

Providing people with choices is a powerful marketing concept. "Do you prefer product A or product B" is a better sales approach than "What do you think? You want to buy, or what?" Remember that buyers *always* have a choice. They can choose to buy, or not buy. They can buy from you, or from someone else. To get them to buy, and buy from you, you have to give them the choices they want, in a way that they like.

## Too few choices

Henry Ford once had over 50% of the world market in automobiles. His philosophy on choices was simple: "You can have any color you want, as long as it's black." That worked fine until General Motors came along and let buyers have their pick of models and colors. When you give buyers too few choices, they go looking elsewhere to find what they want.

## Too many choices

Today, consumers have more choices than ever before. A typical supermarket may carry 350,000 different products, including (in one store) 240 brands of pain relievers. Maybe we buy so many pain relievers because we get a headache from making so many choices.

When you give buyers too many choices, they become confused and don't buy *anything*. Making a sale is often a process of reducing uncertainty. This is typically the case with the custom builder who gives their clients unlimited choices and provides little guidance. The buyer is often overwhelmed by the decision-making process and decides to buy a production home or an existing home.

## Managing choice

The correct solution is to try to give the buyer the right number of choices,

organized in a way that makes it easy. The key is to break the decisions into "bite-sized pieces," and simplify the decision-making process. Three ways to do this are preselecting, bundling, and customization.

**Preselecting** consists of determining the most cost-effective choice for the buyer, and providing

this as the default choice. This could mean choosing Andersen Windows, Kohler fixtures, and Corian countertops, and explaining to the buyer why you chose those selections (quality, warranty, brand-name awareness, etc.) Unless they have strong objections to any of these selections, they become non-issues for the buyer.

**Bundling** is the process of grouping options into a predetermined package. For example, an upgraded lighting package could include a predetermined number of additional recessed lights, plus a lighting cove in the dining room. Now, instead of making five or six choices, buyers only have to make one. In addition, they know that the options are designed to work together. While the number of decisions goes down, the average value of those decisions increases.

**Customization** (as opposed to pure custom) presents buyers with a home plan and allows them to make incremental changes in room size and usage. Instead of starting from a blank sheet of paper, their choices are manageable. Options are often prepackaged and prepriced so they can select from their limited menu.

## How to simplify the process

In order to apply the insights of pre-selecting, bundling and customization, start by analyzing the purchasing trends of recent buyers. While some buyers are very price conscious, others are less sensitive to price, but insist on the highest quality. Simply by going through a house plan, you can begin to predict the appliances and components different types of clients would prefer.

Go through the entire house as if you were a client. Ask yourself what would you select if you were a highly price-sensitive buyer, but didn't want to compromise on performance and value. These become your "standard" selections. Then go through

the house as if you were a highly status sensitive buyer, looking for all the latest features and willing to pay for them. These become your upgrade selections.

Price each of these items. Standard features have no additional charge; you're just trying to determine which item, color, or option they prefer.

Upgrade items are priced to include incremental purchase price (above the standard feature), installation, and markup. Keep prices in whole dollars.

Gather samples of the materials from which the buyers will be choosing. If the items are large or complex,

pictures of the items to display in a loose-leaf binder.

As you make your selections, look for items that can be gathered into "bundles" to make the decision making easier. For example, you may decide that recessed lighting is an additional item, but that most people want recessed lights in the same places. Rather than price each additional light separately, you may offer one price for a lighting package of ten lights, all pre-positioned in the home. Some builders have carried this as far as having style driven bundles of choices, such as the "Country French Kitchen." This bundle could include pre-selected cabinets, finishes, countertops, tiles, and appliances, all color coordinated, at one additional price.

Once you have made your selections, organize them into categories according to when those selections need to be made to facilitate construction. For example, decisions about structural changes such as adding windows or enlarging a room need to be made early in the process, while decisions about carpets and tiles can be left until later.

Make a separate form for each selection meeting. We have three such meetings, but you can organize the process any way that suits your system of construction.

1. Structural and exterior materials. Here they decide such things as exterior finishes, windows, decks and patios, fireplaces, and finished basements or bonus areas.

SELECTIONS, OPTIONS AND UPGRADES		Home Data Center							
Package:		John's Custom Home							
Address:		123 Main St							
Model:		BRNCH							
Builder (Company, LLC) Contact: Joe B.		J.B.							
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## Ask AI by AI Trellis

### Qualifying Clients and Expectations

**Q**: When I sit down with prospective new clients, I often find that their financial means don't match their expectations. They're looking for million dollar houses, but don't have million dollar resources. How can I avoid wasting my time, and dashing their hopes?

**A**: Financial qualification is related to the type of business you run and the price range in which you operate.

Many builders use a Realtor to help them qualify the client. Or, you can arrange for your clients to meet with your lender early in the process to verify they are financially able to complete the project.

There is nothing wrong with raising the issue of costs and budget in your first client meeting. If the clients come with a plan, after examining it you can say, "This house appears to be in the \$700,000 to \$800,000 price range, depending upon which amenities you include. Is that what you had in mind?" Similarly, without a plan you can certainly ask the question, "What price range are you looking for?"

Remember, you don't need to be shy or afraid of upsetting the client. You have every right to know whether the client is qualified before you invest your time and energy in pricing the home.

If their expectations and resources don't match, deal frankly and clearly with the clients up front and explain that, based on their budget, there are things that must be deleted from their house. Typically this will mean either a smaller house or lower quality amenities and finishes.

Make sure that both you and the clients understand exactly what they are getting and what they are paying. This is the secret to getting along with your clients and building a strong reputation.

## A Pattern Language by Paul Sharp

### Short Passages

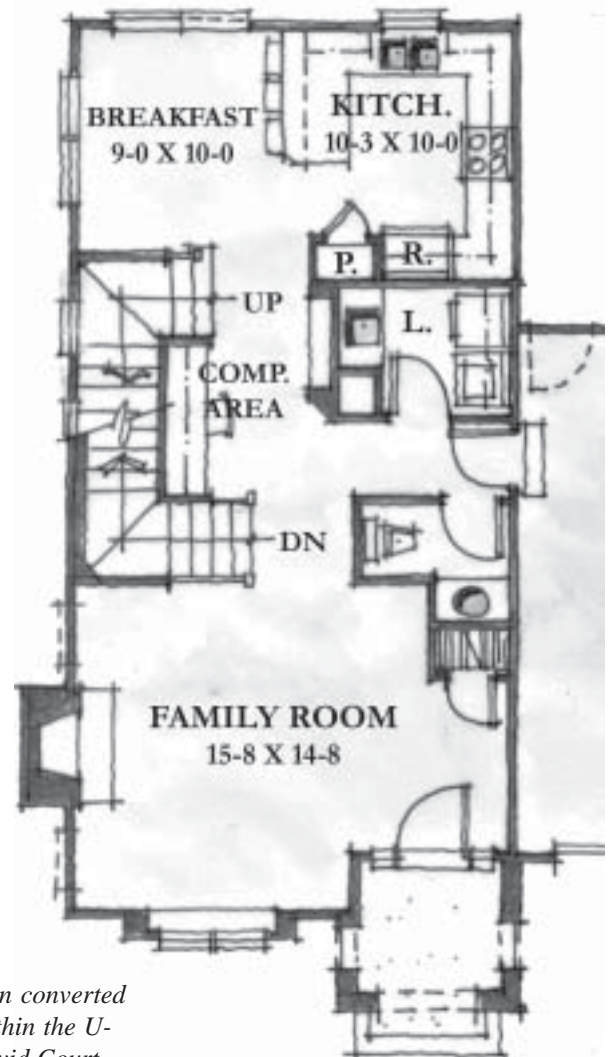
Christopher Alexander wrote *A Pattern Language*, outlining over 250 rules of thumb that affect home design. In this series of articles, we've highlighted some of our favorite patterns.

#### 132. Short Passages

"Long, sterile corridors set the scene for everything bad about modern architecture. Therefore: Keep passages short. Make them as much like rooms as possible... Make them generous in shape and always give them plenty of light..."

Many of the patterns speak obliquely about traffic patterns in a house. Ideally, the house should be laid out so that every area of the house is easily accessible to any other area. There's a lot you can do to turn hallways into usable spaces such as mini libraries, sitting areas, etc.

*In the house on the right, notice how the hallway has been converted into a computer area tucked within the U-shaped stair. House plan by David Court.*



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#### Quote of the Month

"A life is not important except in the impact it has on other lives."

– Jackie Robinson

**Next Month: Back to Basics – Control Construction Costs.** Without tight financial controls, small overruns can accumulate until the budget spirals out of control. How to establish a system for managing construction costs before they destroy your profits.