



The 7 Questions Every Home Renovation Contractor Should Ask Themselves

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 MyReno411

Corporate Page

MyReno411 is becoming the one-stop shop to inspire and enable the home design and renovation experience, serving the \$70 billion home renovation industry in Canada and the 2.4 million homeowners hiring contractors.

This means answering the “what”, the “how” and the “who” for home renovation.

- Photographs or design ideas will be a source of inspiration, the “what” of home renovation.
- Articles and eBooks will inform homeowners on the “how” of a home renovation.
- Lists of contractors, with reviews and ratings will connect homeowners with reliable contractors, the “who” of home renovation.

Equally, contractors are encouraged to advertise their services, to differentiate themselves from their competitors. We intend to build an online community of homeowners and contractors, helping both, so that they can help each other.

MyReno411. A Better Home Renovation.

About the Author



Alex Beraskow

Title:

President & CEO,
MyReno411

Tip:

Take some time every year to look at your business and assess how you're doing.

Alex Beraskow, a Professional Engineer (P.Eng.), founded MyReno411 and continues as President & CEO. He built his own home, acting as the General Contractor and so dealt with many home renovation issues – management and trade – first hand.

As a management consultant over a span of 3 decades he managed a wide variety of businesses. He started his career with IBM and has consulted in the Information Technology domain throughout that period. During that period, he managed 5 different professional services firms.

In 1992 he founded IT/net, a consulting company in management and technology that became Canada's most award winning consulting firm (Company of the Year, 50 Best Managed in Canada, and Best Workplaces in Canada). In 2010, he was recognized as Business Person of the Year by the Greater Ottawa Chamber of Commerce. He sold IT/net to KPMG in 2010 and then stayed through a transition period.

He is now committed to building the best web service in North America, to help homeowners in the end to end process of design and build, while providing a platform for contractors to advertise their service.

Objective

This ebook is for business owners that own a home renovation company. It helps business owners critically evaluate the position of their business and make plans for the future.



HOW TO BE SUSESSFUL IN 2 STEPS

Being a successful home renovation contractor means that you have to do, at minimum two things well:

- 1. Do the trade work well**
- 2. Manage the business, just as well**

One without the other leads to frustration, longer hours and not so good results.

Most contractors find “doing the work” straightforward. After all that is how they started out in the business. As apprentices, learning their trade and then as journeymen and masters practising their craft, managing the business seemed no more complicated than cashing cheques – as soon as the money started rolling in. How difficult could it really be?

Managing the business requires a totally different set of skills, ones that require training as well as discipline. A previous eBook – “The 10 Things You Need to Know” – presented the following chart.

TRADE SKILLS	MANAGEMENT SKILLS	CONTEXT
> 50 trades skills	Contract management	Building codes
Some regulated, most not	Project management	Bylaws
Primary skills as well as secondary supporting skills	Cost control	Neighbours
Licensing	Procurement	Authorities
Certification	Client management	
Skill level (apprentice - master)	Quality management	



As a business owner, you need to know the business – have management skills - as well as the context of the home renovation.

At least once a year, every home renovation contractor must stop the treadmill and ask some very basic questions.

THE 7 QUESTIONS

1 What does success look like?

4 What is my marketing strategy?

2 What are my strengths, weaknesses, opportunities and threats (SWOT)

5 How should I manage my time and cost?

3 What do I want to be famous for?

6 What is my exit strategy?

7 What are my biggest risks?

That analysis should be objective, based in fact rather than hope (hope is not a strategy). If affordable, consider hiring an outsider – an experienced consultant to ask the hard questions, to walk you through the process.



What does success look like?

Imagine yourself 12 months hence. What would you want to see? Describe it along several lines.

- Growth in the business. Some would prefer no growth, others slow and manageable, others fast growth.
- Given your past 12 months of revenues, what should the goal be for the next 12 months? Revenue is often called the top line. It measures market penetration, along with client acceptance. Do you want to grow as fast as the market is or faster?
- What would you like your profitability to be, after 12 months of operations? Think about it in reasonable terms.
- What would you like to stop doing? Are there any business lines that are no longer interesting or not challenging – or possibly too challenging?
- What sort of work life balance would you like to have? While a constraint on growth it does become an important objective.

Success should be measured along business lines but as well along personal one. The business depends on personal commitment as well as ambition.

2

What are the strengths, weaknesses, opportunities, and threats I am facing?

Completing a SWOT analysis – your strengths, weaknesses, opportunities and threats – is a classic analysis technique taught in every business school. It is quite simple but very powerful.

- Strength is an area where you are proficient and competent. It could be in both the trade as well as in business.
- Weakness is an area where you are competitively inferior and consequently vulnerable; it may be a limitation, fault, or defect in your business.
- Opportunity is a trend or event that you may want to chase, for benefit.
- Threat is a unfavourable trend or event that could damage your business – seriously or irreparably

Once the analysis is complete, the actions are as follows.

- Leverage strengths
- Eliminate weaknesses
- Exploit opportunity
- Deflect threats

3

What do I want to be famous for?

The question - What do I want to be famous for? – has at least 3 possible answers.

1. Cheap and cheerful home renovations
2. Best quality
3. Best home design and renovation solutions

You will organise your business differently, depending on your answer. It also has a strong impact on how to market your services. And you can be all 3 things to all homeowners!

Cheap & Cheerful

Best quality

Best solution

- Focus on being low cost compliant
- Offer minimal service
- Do fast and repeatable
- Minimal interest in client relations
- Be non compromising
- Be prepared to turn business away
- Marketing effort is a push sale, explaining features
- Product focus
- Be adaptive to client needs
- Marketing effort is a pull sale
- Do what the client wants not what you think is best
- Very strong client relations

For example, with a “cheap and cheerful” approach you do not need to invest as much in sales; however everyone can drop margins. This can be very competitive – if not cut throat. The approach to “best quality” requires a very strong commitment to product and service delivery. The tough part is that while many homeowners would love to have the “best quality”, many can’t afford it. The “best solution” approach presupposes a lot of flexibility on your part as a contractor. It may seem that you are wasting a lot of time building the trust as you build the relationship. The goal is to have a client for life.

4

What is my marketing strategy?

Once you have sorted out where you are going – what success looks like – you need to figure out - What is my marketing strategy? A recent survey of the home renovation contracting business by Canadian Contractor showed that marketing was seen as the number one problem. While marketing can be very complex for billion dollar industries in competitive and often global environments, it can be more straightforward for home renovation contractors.

One simple way of looking at marketing is **helping clients – homeowners – find you**. Recently Harvard Business review (HBR) published an interesting model: **PMO**. Clients can find you through:

- Prior experiences. You did good work for a client before, and they are a repeat client. Little investment is necessary in marketing, just ongoing support.
- Marketing. The business needs to keep in constant communication with prospective clients. Media – print, TV, radio, web – all are part of the channel mix. Messaging is important as well as constant repetition of that message. It can be costly. It can also be misdirected and have some parts wasteful.
- Other people’s experiences. People rely on references and testimonials for both products and services, especially in an internet world. It is not unusual for a homeowner to get at least 10 sources prior to making a “buy” decision, for example.

5

How should I manage my time and cost?

Every renovation contractor – sole tradesperson or company – is in the professional services business. Stores, on the other hand are in the product business. Each business type competes on different attributes: professional services on skill and service principally while product businesses on features and often on cost (if a commodity).

A service business sells “time”; its major cost is labour. As such managing time is absolutely crucial to long term success. In turn that means, at minimum, managing time

- Timesheets to record all activity, including that of office staff (sales and president included)
- Project accounting to document time spent on project activity as well as sales, accounting and other overhead activity. To be profitable you need to manage 100% of all time spent. Record all material purchase to a project so that you can track project profitability.
- Project management to make sure that all activity is directed to delivering a quality product to a budget of time and money. That means tracking the end to end process – from prospecting through to estimating, scheduling and warranty follow up.

Large firms can afford to buy software to do all that. Smaller businesses as well as sole trades can do all that with spreadsheets. You can start with paper based systems and gradually migrate to a computer one as the record keeping will be much better.

6

What is my exit strategy?

The question that most renovation contactors never ask themselves - What is my exit strategy? – until it is too late. When establishing a business, you are investing a lot of time and money in creating an asset. Done properly, that asset should have value (otherwise it is not an asset). That value should be in a rolodex of clients, in your reputation – also known as goodwill – along with your facilities, tools, staff and general know how.

- In simple terms your options include
- Selling the business to a competitor, employees or anyone else interested
- Leaving it to a family member, to carry on the tradition
- Abandoning the business

Are you prepared to simply walk away from it at some point in time, or do you want to cash out your chips? If there is value you need to figure out how best to create that value and then maintain it throughout as an ongoing business.



What are the risks?

Having answered each of the 5 questions the business owner should then re-examine the answers to each question and then ask – what are the risks? In broad categories there could be risks. For example, there could be a risk that the market conditions are changing, for better or for worse. Equally, you might have staff that you are worried may leave your employ, putting your business at risk.

- In the marketplace
- With labour – your staff and possibly sub trades
- New government regulations
- equipment and facilities
- Clients

Ideally, you should be able to identify 5-10 risks. Once done, then develop a mitigation strategy. Anticipating each risk, what are you going to do? You can choose to ignore the risk – now or later – or you can develop a response. For example, if the market conditions are changing perhaps you need to get longer term projects and avoid short term ones? Employees who are at risk of leaving develop a retention approach: salary raise, offer more perks or simply pay more attention.

Taking stock of your business once a year gives you a chance to critically evaluate what has been going well and what can be improved. It is an opportunity to set revenue goals and a plan of attack to achieve them. During the year you are investing your time and money into your business. You owe it to yourself to take some time every year and assess your progress to ensure your time and money is being spent in the right areas.

In This Series

- 1 6 Ways To Promote Your Business
- 2 The Best Advertising Strategy Ever
- 3 10 Practices for Home Renovation Contractors
- 4 The 6 Questions Every Home Renovation Contractor Should Ask Themselves

Contact

Alex Beraskow, P.Eng., MBA

President

www.MyReno411.com

1-855-247-1494

613-763-0060 (ext 103)

alex.beraskow@myreno411.com

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