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**NYSERDA**

# **Best Business Practices**

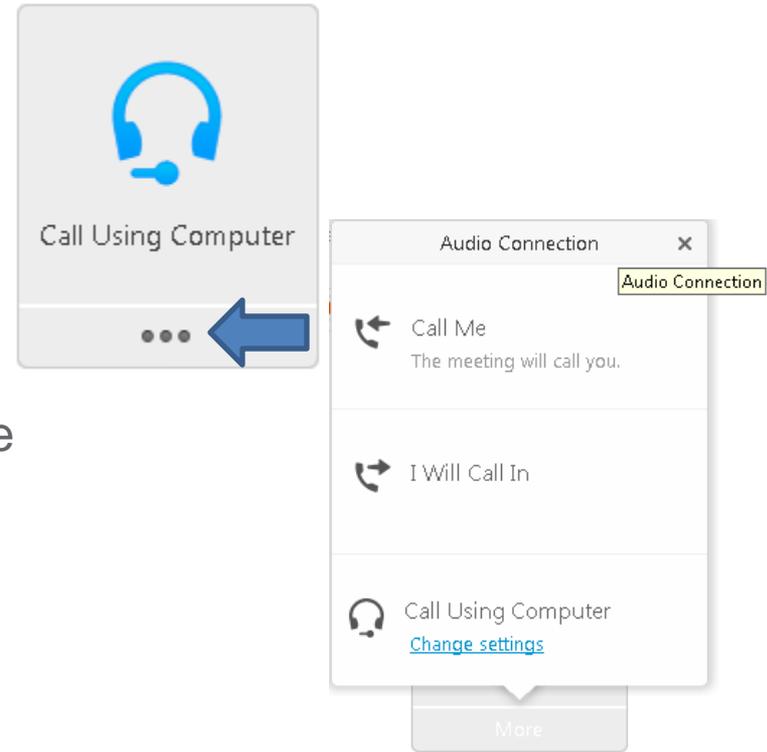
## **in Home Performance Contracting**

**January 20, 2016**

# Audio Connection

To connect to audio:

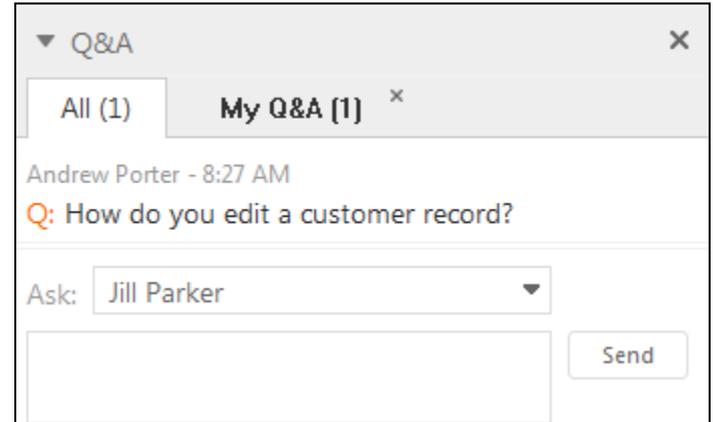
1. Click the Call Using Computer button to use this setting.
  - a. To confirm connection, click the three dots, select “Change settings”, click “Test” next to Speaker to ensure your audio is working. Click Ok.
2. If you prefer to use a telephone, click the three dots and:
  - a. Select “Call Me” and enter your phone number, or
  - b. Select “I Will Call In” and dial in via the telephone number provided.



# Questions

To ask a question:

1. Type a question in the box below the Ask drop-down menu in the Q&A panel.
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# Agenda

- Customer Service
- Contracts
- Process
- Workmanship & Professionalism
- Follow Up
- Dispute Resolution

# Customer Service

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# General Customer Service Policies

- Do you have an existing policy that is posted for all of your employees?

# When does Customer Service Start?

- The minute the customer contacts you:
  - The best scenario is to have a live person answer calls and speak to your customers.
  - If that is not possible and you rely on an answering service or an answering machine, make sure you return calls that same day whenever possible.

# Handling the Initial Call

- Create a process for call taking so that all calls are handled the same way.
- Have a pleasant and upbeat greeting.
- Take down all of the customer's information in case the call gets disconnected.
- Ask the customer for the reason they called your business that day and make sure the employee that is headed to their house has that information.

# Customers Who Had An Audit Done By Another Contractor

- Proceed as if they are a new customer.
- Having a previous audit doesn't mean you shouldn't proceed with your own.
- Customers will likely be more knowledgeable and engaged in the process.
- Projects are not sold until you show up to someone's house – Don't pre-judge.
- If you are worried about not getting paid for the audit, work the cost into your project.
- Contractors have the option to charge the customer for another audit as well.

# Customer Service in Sales

- What to do in the home:
  - Be respectful of the customer's home (ask if you should take your shoes off or bring booties to cover them).
  - Ask to walk in to other parts of the home before you do.
  - Explain what you need to do while you are there and share your plan.

# Customer Service in Sales

- Proposing your recommendations:
  - Give your customer options and explain what concerns each option will help resolve.
  - Best practice is to break out recommendations into three projects; good, better, best.
  - Or provide the “menu” a list of the recommendations together that you will help the customer prioritize.

# You've sold a project....

- Set expectations clearly:
  - Communicate what the next steps are.
  - Give your customer a single point of contact, if possible.
  - Follow through (if you tell the customer you are going to do something, do it.).

# Tracking

- Tracking projects through your own internal process will help you provide great customer service.
  - Paper checklists / Whiteboards
  - Spreadsheets
  - Software products / Mobile Integration
- When we lose track of projects or we stop moving them forward problems start.

# Contracts

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# Contract Basics

- This is not legal advice or a technical discussion on contract writing.
- Contract fundamentals; cover all your bases.
  - Your company name, letterhead, address, and phone number.
  - Timeline for work to be completed – the approximate start and completion date, including any contingencies which would change the completion date.
  - A specific description of the work and materials, including brands, model numbers and other identifying information, along with the price.
  - Clear articulation of incentives and any conditions about them.

# Comply with New York State Contract Law

- Compliance with New York State Contract Law is your responsibility.
  - Be aware of the requirements of the law:
    - Contract law covers everything from contents of the contract, consumer's right to cancel and the way payments are handled.
    - Penalties and fines are issued for violations.
    - Consult with a business attorney who is experienced in home improvement contracts.

# Polling Question

Does your company maintain an escrow account?

1. Yes
2. No

# Escrow Accounts

- Contractors are required by state law to either:
  - Put payments into an escrow account and use it only for the specific job until it is substantially complete (contractors are legally required to disclose where money will be held in escrow). OR
  - Prove they have bond insurance to protect consumer's money.
- Consumers have the right to ask for proof of which option you use.

# Right to Cancel & Penalties

- The customer has an unconditional right to cancel the contract until midnight of the third business day after the contract was signed. Cancellation must be done in writing.
- Penalties Against Contractors: A customer may sue for actual damages, plus a penalty and reasonable attorneys' fees if the contractor has used fraudulent written statements to get the customer to sign the contract. The Attorney General is also authorized to go to court to stop illegal practices and order contractors to compensate defrauded customers. Contractors can also face civil fines for violating the Home Improvement Contract Law, and for violating provisions of the law dealing with the protection of a customer's payments.

# Polling Question

Does your company include pre-existing conditions on contract documentation?

1. Yes
2. No

# Customer Contract Essentials

- It cannot be said enough – BE SPECIFIC.
  - What, where, when and how much (hours, materials, milestones, final reports)
- Avoid use of language like *any* and *all*.
- Acknowledge the right to rescind; talk to your customers about it, how it works and why it's there.
- Clarify what you are **not** going to do:
  - Exceptions (pre-existing conditions).
  - Limitations or challenges (accessibility issues).
- Line Item Pricing – Along with your list of deliverables, line item pricing can eliminate disagreements when changes need to be made.

# Managing Expectations & Responsibility With Your Contract

- Your customer has already set their expectations by the time they invite you into their home. While your sales process, including audit and follow up, should help refine these expectations, your contract is your best tool for managing expectations and responsibility.
  - Document pre-existing conditions in the home AND have the customer sign off on them.
  - Define what happens when you discover a technical challenge (i.e. previously undetected asbestos like material).
  - Define what your customer is responsible for (clearing space, removing fragile items, vacating premises, pet containment, etc.).
    - Have your customer sign off.

# Warranty

- Your contract should clearly define your warranty terms:
  - What is covered? (all parts and labor, defects in workmanship, etc.)
  - What is not covered? (damage caused by natural disaster, fire, etc.)
  - How long is it for? (one year, extended manufacturer warranties)
  - When does it start? (date of substantial completion, final completion)

# Finalizing the Contract

- Boiler Plate Language:
  - Consider adding language that states the contract is contingent upon financing and incentive approval.
- Signing the contract:
  - Do they have legal authority?
  - Are they the loan applicant/co-applicant if financing is being used?
  - Review the fine print; don't leave it for the customer to discover on their own.
  - Provide a final countersigned copy for the customer.

# Change Orders

- Document & Date Everything!
  - Model numbers, quantity, timeline.
- Revisions to the workscope should have a new signature, even if there is no price change.
- Follow the same guidelines as your contract.
- Clearly state the original contract value, the add/deduct value and the new contract value.
  - When removing items be specific:
    - What is being removed from the original contract?
    - What is the value?
    - Document partial completions.
- Communicate the changes to everyone in your organization (field staff, accounting, etc.).
- Know the impact of the changes – financing, incentive eligibility, processing.

# Subcontracting

- Be prepared to take responsibility for everything your sub does.
  - **Manage any subcontractors to the same standards you keep.**
    - Screen your subcontractor – check references, completed projects, insurance, etc.
    - Insist on qualified people.
    - Review your expectations on customer service, workmanship and dispute resolution (with you and your customer).
    - CHECK UP ON THEIR WORK.
- Put it all in writing.
  - Written contracts eliminate guesswork.
  - Document everything and be specific (what, when, where and how long).

# Setting the Right Expectations For Your Subcontractors

- Jobsite regulations (i.e. no smoking, parking, daily cleanup).
- Insurance requirements.
- Permits & Licensing.
  - Be clear who is responsible for obtaining, put it in writing.
- Quality Assurance – if you are subject to QA, your sub is too. Make sure they understand the process and are willing to be an active participant.
- Special conditions (confined space plans, pre-existing conditions).
- Working with the customer – handling customer requests from changes in timelines to changes in workscope.

# Supplemental Documents

- Forms & Other Documents
  - Capital Improvement
  - Permits
  - Rebate/Incentive Applications & Program Forms

# Process

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# Creating Process For Your Business

- No matter what business you are in, you will find that creating and consistently implementing process and procedure is the best way to deliver a top notch product or service.
- Making sure your staff follow the proper processes is critical in developing a high quality and profitable culture.

# Maintaining a Reputable Image

- Your customer service policy is your best tool for maintaining a professional image. By building a good relationship with your customer you're able to manage their experience and expectations throughout the lifecycle of the project.

# Process To Help Eliminate and/or Reduce Costly Callbacks

- When you develop procedures across your business from stocking the company vehicles to performing in-house quality assurance, you are able to maintain a higher level of quality and service.

# Accounts Receivable

- Most companies should already have an accounts receivable process implemented or at least a tracking system to make sure you are getting paid.
- For most home performance projects there can be multiple types of payments (e.g. incentive payments, finance payments, rebates, customer deposits). All of these need to be reconciled and tracked so you know you have received them.

# Workmanship & Professionalism

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# Distinguishing Your Company as a Premier Leader

- Professionalism starts with good communication. Develop a system to track projects from start to finish so that the customer knows what's next.
- Obtain certifications for all of your employees to help them take pride in their work and your business.
- Customers can see when your employees love what they do, it comes through their work and it is hard not to notice.
- Cleanliness – keep things clean!

# Job Site

- Proper introduction when arriving on site. Foreman should take the lead if the project manager isn't present. Introduce the rest of the crew as well.
- Prep areas you are about to work in with plastic and floor protection.
- Ask for the homeowner to move things out of the way if necessary. If you move it and break it, you just bought it.
- If you damage something take care of it. Don't cover it up for the customer to find out about later. Address it with the customer and put a plan in place to fix it.

# Timeliness

- Return calls as soon as possible.
- Arrive when you say you were going to arrive.
  - If you are running late call the customer and let them know.
- Don't stay too late or arrive too early on a job site without asking the customer for permission.
- Respect the customer's time.

# Cleanliness

- Proper prep before you start work will help make the clean up better and faster.
- Containment – If you are working in specific areas that are connected to areas that you are not going to disturb, contain the area with plastic.
- Floor protection – At the very least use drop cloths and booties. There are specialty floor covering for surfaces like hardwood and carpet.
- Exterior insulation debris and garbage – Don't leave any.
- Think about adding a cleaning service to some projects to add a way to separate yourself from the pack.

# Respect the Customer's Property & Space

- Don't smoke on the customer's property. If necessary try to contain smoking in the back of vehicles and don't leave cigarette butts on customer's property.
- Don't walk around the customer's house unless you have asked permission.
- Wear booties or run floor protector to any area of the home that you are working in.
- No foul language or inappropriate conversation while in the customer's home.
- Treat your customer's house like you are a guest.

# Follow Up

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# Documentation For the Customer

- **Warranty Info** – Make sure the warranty information is left with the customer and that you have filled out any necessary information cards or registered anything online.
- **User Manuals** – Leave all product documentation for the homeowner. Either create a document pocket or physically hand the documentation to the customer.
- **Maintenance Information** – Review the maintenance requirements with your customer.

# Customer Education

- Do a walk through with the customer and educate them on the work that was done and what they might be required to do moving forward.
- Educate them on the differences they might experience since the work has been completed.
- Ask if they have any questions and give them your contact number if they think of anything after you are gone. Make sure you are available to answer questions.

# Polling Question

Does your company offer maintenance agreements?

1. Yes
2. No

# Maintenance Plans

- This is a great way to continue a long relationship with your customers. It provides a source of reoccurring revenue.
- Gives you the opportunity to offer additional services your company may have added along the way.

# Referrals and Testimonials

- Once you have walked through the project and showed the customer everything you just completed ask if they are happy/satisfied.
- If the customer answers positively this is a great time to ask for a referral or testimonial for your business.

# Surveys

- Do you survey your customers after the project has been completed?

# Final Phone Call – “Happy Call”

- Place a call to the customer a week after everything has been completed and ask if everything is still going good? Do they have any questions?
- Reiterate that you want to make sure they are absolutely satisfied.

# Dispute Resolution

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# BPI Dispute Resolution Policy

- Customer Dispute Resolution Policy - BPI GoldStar Contractors must have in place a written customer dispute resolution policy. This policy should articulate a specific response time for the initial customer inquiry. It should also indicate a step-by-step timeframe for responding to and resolving customer concerns. BPI GoldStar Contractors must maintain written documentation of these communications. BPI GoldStar Contractors shall report customer issues to BPI as they arise as part of their normal reporting process and also report to BPI once the issue is resolved. If/when BPI is contacted by a customer of a BPI GoldStar Contractor, BPI will contact the contractor regarding the issue and request that the contractor provide BPI with a resolution strategy.

# Dispute Resolution

- Create a process for you and your employees to handle customer disputes.
- Track these separately for your records and if information is requested from a third party.
- Review with your team on weekly or bi-weekly basis to make sure progress is being made.
- Make sure you respond to customer disputes as quickly as possible.
- Investigate claims with customers before decisions are made and report back to your team so they can be reviewed before a determination is made to the customer.

# Questions

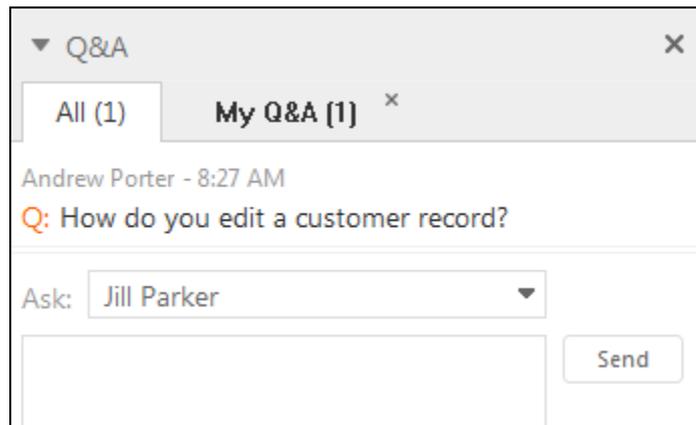


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# Thank You

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