

A Fine Fix

When an employee from Home Check Plus was recently asked to crawl into an attic and eradicate some bats from a customer's home, it didn't seem like an odd request. That's because the St. Cloud, Minn., company is more than just your average remodeling company. President Dale Gruber has tapped into the lucrative and expanding market of maintenance contracts.

The maintenance program was launched in 1997 as an offshoot of Gruber's commercial and residential remodeling business. At the time, the company was fielding calls for simple maintenance items, such as a ripped screen or a faulty door lock. After turning away customer after customer, Gruber decided that performing these smaller services would not only increase revenue but could also be a lead generator for the remodeling side of the business. "Our largest hurdle is that consumers believe they built or purchased a maintenance-free home," Gruber says. "We educate them on what this term really means, and then they agree to have things checked out on a regular basis, especially when we show pictures of potential problems that we have repaired because of lack of maintenance."

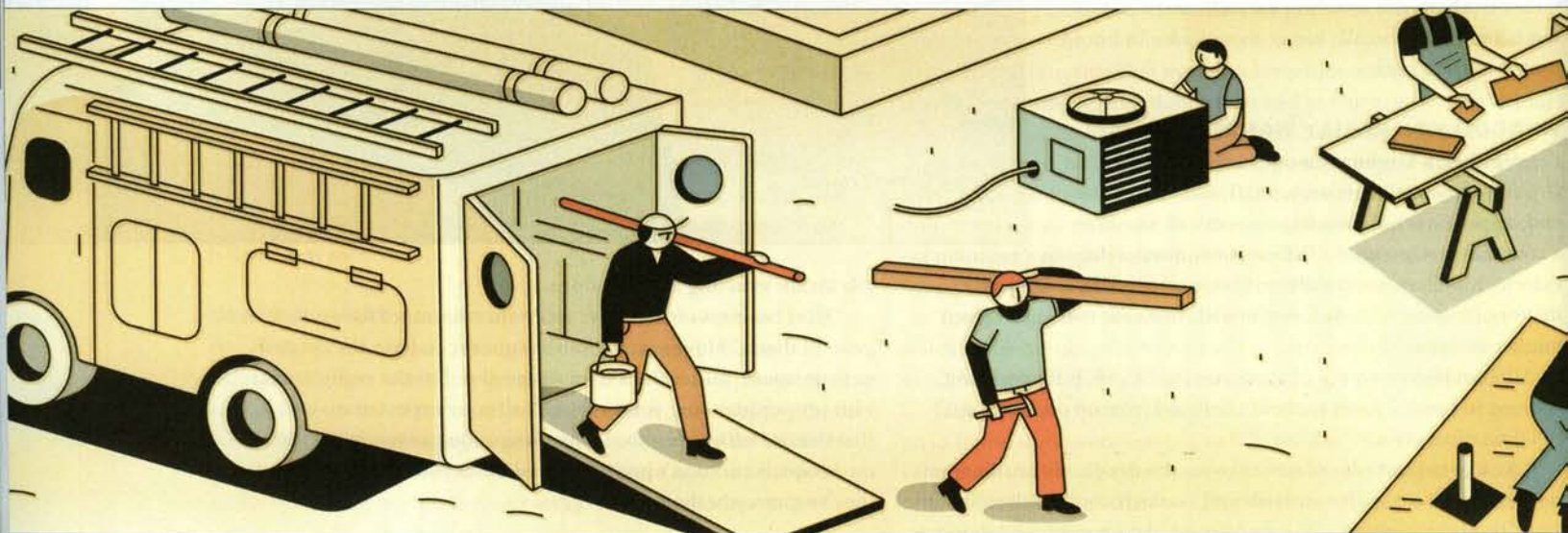
Home Check Plus currently has more than 500 customers for whom it completes periodic maintenance. "Some contract every year, while others do it as needed," Gruber says. "Because of the

complexity of homes, we encourage all our customers to have routine maintenance done to prevent large repair costs."

Gruber is one of a growing number of remodelers across the country who recognize the need for services that go beyond home renovations and upgrades. "We started the company because when we were going back into the homes, we were finding that the maintenance being done was less than successful," explains David Croom, president and owner of Croom Construction Co. in Vero Beach, Fla. Croom launched WhiteHall Professional Home Maintenance 10 years ago to meet the maintenance needs of his company's customers.

There are many variations of the services. Some, like Gruber's, sell annual maintenance contracts to current and prospective clients for a set fee. Other companies have found success simply by offering their services, then charging customers a predetermined trip fee that either includes a specific amount of hours or is calculated by the project. Yet another business model involves contracting with a government or commercial entity and acting as the go-to fixer for all its needs.

Maintenance services differ from warranty services in two key ways. First, unlike a warranty service, which typically only kicks in when something breaks, most remodelers offering maintenance services emphasize preventive maintenance. Second, warranty contracts are usually limited, whereas maintenance services can be more flexible. "We do a total preventive maintenance plan from the



Maintenance contracts

add profit and build synergy for

your remodeling business.

By Amy Campbell

foundation to the roof and everything inside," Croom says. "Here's what we don't do: We don't mow your yard. We don't pick you up at the airport. We don't buy your groceries. We're not a maid service. We're a professional maintenance service."

ONE-STOP SHOPPING

Groceries aside, most companies that offer one kind of maintenance service or another do just about everything else. So, in addition to checking for leaky faucets, fixing loose roof shingles, or inspecting the air conditioner, they'll also do things on a smaller scale, such as replacing smoke detectors, repairing window or door locks, or even changing a hard-to-reach light bulb. For customers, it's one phone call for all their needs. "Customers appreciate being able to rely on the same company no matter what their needs are," Gruber says. "They don't have to worry that they're going to be ripped off or invite unscrupulous people into their homes."

In addition, a skilled remodeler can spot other problems. Perhaps a leaky faucet in the bathroom has led to water seepage behind a wall or cabinet. "Because we have skills in a variety of areas, we can serve the customer better," says Gruber, who has a pool of skilled subcontractors for specialty services, such as electricity and plumbing. "We deal with the plumber, the electrician, the heating guy. We fit the vendor to the customer."

There's also built-in trust. "[Customers] feel like they have someone they can always count on," Croom says.

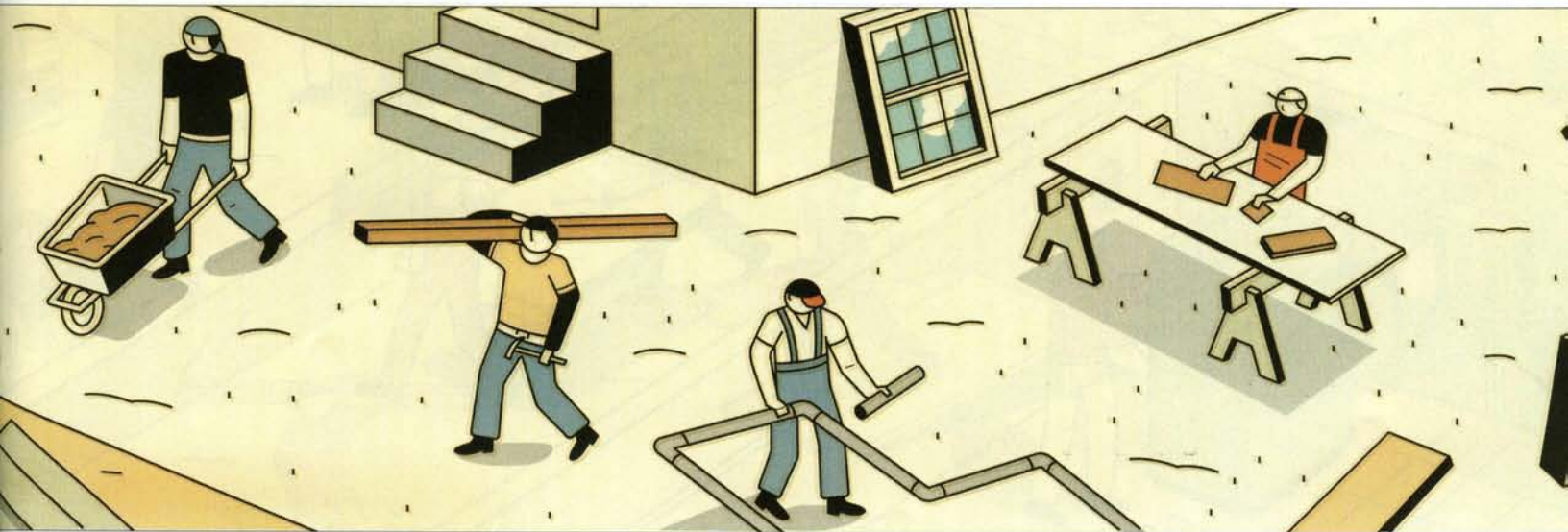
For Terry Wardell of Wardell Builders in Solana Beach, Calif., offering a home maintenance program is a way to continue the relationship with the homeowner after construction is complete. "There are few technicians out there who really understand high-end homes," he says.

For the first year after the completion of the home, Wardell Builders schedules walk-throughs to address any problems the homeowner may have. The company also services homes built by other firms through a preventive maintenance plan that addresses emergency and necessary repairs as well.

Because many of these homes have unique systems, they require a skilled person who understands how all of the features integrate. Wardell's maintenance program gives the homeowners access to knowledge that many typical maintenance companies won't have, says Jean Rudman, the firm's maintenance manager. Even with something that seems as simple as a door installation, "there's a lot involved," she says.

CREATING A PROGRAM

To ensure the best possible outcome, a detailed checklist is essential. Gruber's checklist has 57 key areas, including inspecting the home's sealing, draining the water heater, and examining all door and window locks. "We discovered that not all customers wanted or needed



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everything on the list," Gruber says. "So we began to customize it to whatever the customer requested." In addition, the checklist has evolved over the years as new products have emerged or equipment has changed.

Croom and his team labored over the company's maintenance program for two years, researching and developing procedures. "When we started to put this together, we were working on it on a part-time basis," Croom recalls. He and two other key employees first identified every item in a home that would need maintenance. "Once we identified everything that could possibly benefit from a preventative maintenance program, we started to research what the procedures were," he says. The team conferred with various manufacturers, then compiled thick binders of maintenance protocol. Each procedure has pages outlining how to perform it, what tools are needed, and information from the products' manufacturers.

Croom then asked a handful of clients if the company could perform a free dry-run to work out the kinks and determine how much time each procedure required. From that, a pricing model was developed. "We spent a lot of time putting it together," Croom says.

WhiteHall Professional Home Maintenance now has an extensive list of preventive maintenance procedures it can perform. Each list is customized for every home under contract. The program is divided into two components: preventative maintenance, where a team inspects the home over a span of three or four days, noting what needs to be accomplished; and a second part, which involves repairs that go beyond regular preventive maintenance. These additional services are billed separately on the owner's authorization.

Wardell has fine-tuned the company's maintenance program over 15 years. One of the obstacles in the beginning was determining how

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Home Check Plus**

to price the service. "It is a very difficult business model to learn how to make money," Wardell says. "It's a real Achilles' heel. It took us years to learn how to break even as opposed to make money out of it."

While the direct costs are fairly simple to calculate and can be done as a cost-plus type of contract, Wardell says remodelers must be aware

of the hidden costs. For example, a service technician expects to work 40 hours per week. "If you hit a lull in hours," Wardell says, "how are you going to compensate the service tech and keep him, or where can you shuttle him within your firm so he's being productive and not just costing you money?"

HIRING THE RIGHT EMPLOYEES

Hiring qualified employees is always critical, but it's even more important to find the right employees to staff a maintenance program. In general, the employee must have a variety of skills, including carpentry, painting, basic maintenance, and minor plumbing and electrical. "I look for people who like to do all kinds of different things," says Gruber, who has one service employee who handles many of the smaller jobs. Gruber also emphasizes training and education. Employees attend seminars, enroll in classes, and even learn on the job from other professionals in the field.

"It really takes a special person to be a maintenance technician," Rudman says. Solid carpentry skills are a must. And because they will likely work with subcontractors on bigger projects, some supervisory skills are also necessary. "It is also good to have knowledge of the systems of homes," Rudman adds.

Personality traits should also be considered. "It's somewhat of an autonomous job, so they do need to be able to work on their own, take



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responsibility for the work being done — recognizing the need for and seeking help when necessary — plan accordingly, and follow it through," Rudman points out. "Because the tech will be working in finished homes, it is important that they are trustworthy."

The right employees can often take a maintenance program to the next level. Croom gives much credit for WhiteHall Professional Home Maintenance's success to general manager, Bob Tutton, a retired marine, who has a degree in facilities management. Tutton joined the company about a year after Croom and his team had started developing the program. Tutton then spent another year putting the maintenance program together. He now oversees the operation.

More than likely, a remodeler will already have a handful of employees who fit the profile. All of Wardell's service techs come from the company's existing employee base. It's also an excellent opportunity to offer employees a chance to grow with the company or to try something new.

The job's diversity has led to virtually zero turnover for Harrelson's Home Improvement Co. in Siler City, N.C. "The company is so varied, I can keep a lot of these multitasking employees working year-round," says owner Mike Harrelson. "Because they have work, I have loyalty from them."

SPECIALTY MARKETS

While the remodelers interviewed for this story all agree that a maintenance program can typically work in any market across the country, there are a handful of niche markets that are ideal. High-end homes, like those in Wardell's market, and vacation areas are top choices. Boardwalk Builders in Rehoboth Beach, Del., operates a property watch program from September through May for

seasonal homeowners. The company will check on the home once every two weeks, or every 24 hours during bad weather. "It doesn't really drive much income, but is more a service for previous customers," owner Patty McDaniel says.

Another avenue is commercial or government organizations. Harrelson has an annual contract with a local family wellness center. He gives the center a set amount of hours at a regular rate, then helps them budget for emergency services. Harrelson also manages a 12-acre, 40,000-square-foot estate in nearby Greensboro.

CREATING SYNERGY

One of the biggest advantages to setting up a maintenance program is the synergy that builds among a company's entities. "It's a good lead-generator for both sides of the business," Gruber says. Home Check Plus employees performing maintenance are trained to keep an eye out for potential remodeling projects. Similarly, remodeling clients are informed about the maintenance program.

Traditional avenues of marketing and advertising can also be successful, including Yellow Pages ads and direct mail. But referrals seems to be the best marketing strategy. "Of all my business, 99.9% comes from word of mouth," Harrelson says.

Rudman suggests talking with existing customers and explaining the benefits of the program. "The subcontractors the company works with can also be a good source of referral," she says. "The neighbors of the homes being worked on by the company sometimes get to know the techs and will ask for work to be done."

"It's a good way to differentiate yourself in your market," Wardell adds. ■■

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