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NORMANDY BUILDERS CONTINUES TO GROW DESPITE MARKET SLOWDOWN

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Normandy Builders' Jack Steindl,
Andy Wells and Reg Marzec

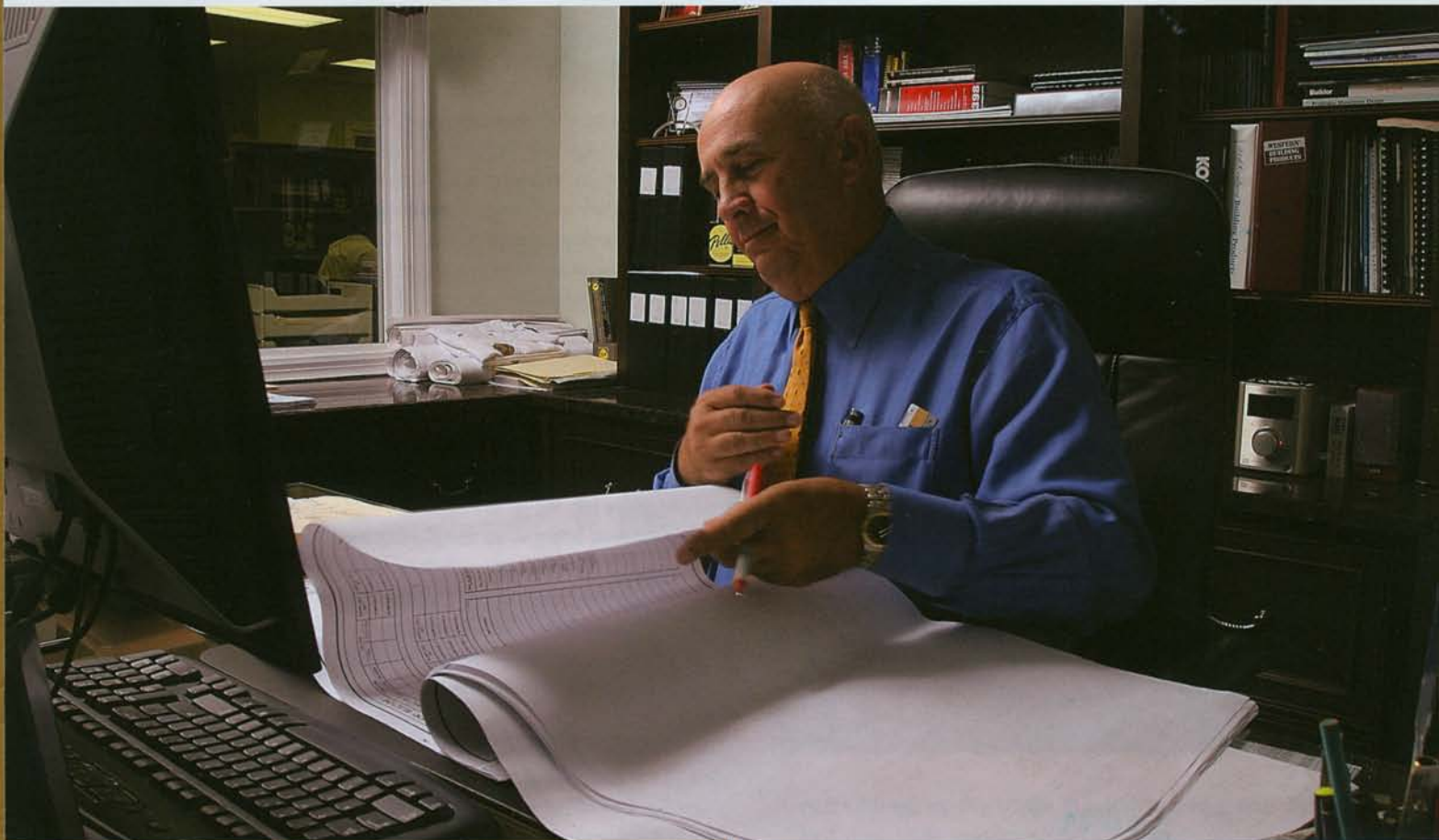
Growth BY DESIGN

NORMANDY BUILDERS OVERCOMES REMODELING SLOWDOWN WITH REVAMPED MARKETING, SALES STRATEGY

By Michael R. Morris, Editor in Chief

WHEN REG MARZEC AND JACK STEINDL founded Normandy Builders in 1979, they had a fairly straightforward business plan: provide a high-quality remodeling experience and charge a fair price for their work. That simple approach gained them more than a few happy customers over the years, and in 2005 they reached a hefty \$25 million in sales in the burgeoning Chicago market.

In 2006, however, the two found themselves in a rather precarious situation. Leads had decreased, sales were slowing; in the midst of a nationwide housing slump, some tough decisions needed to be made. With their projected annual volume down to just over \$20 million — a nearly \$5 million decline from the previous year — they made the bold decision to grow the company.



“We have confidence in what we do, and we hope that people can appreciate good work. But there’s more to it than just doing good work. It’s the relationships with the customers that make the difference.”

Reg Marzec, a licensed architect, still approves every blueprint for every project Normandy Builders produces.

One year later and still in the midst of a soft economic forecast for remodeling, that growth initiative has Normandy on the verge of a \$30 million rebound year. The strategy behind Normandy’s success has earned them the honor of *Professional Remodeler’s* 2007 Remodeler of the Year.

CUSTOMER SATISFACTION

The first step Marzec and Steindl took was to confirm their belief that the downturn in business was due to market conditions and not because of a decrease in customer satisfaction with their work.

So, for the first time in the company’s history, they hired an outside consultant, GuildQuality, to conduct customer satisfaction research. The research confirmed that the key areas of Normandy’s business — trustworthiness, construction quality and professionalism, among others — were still considered company strengths in their customers’ eyes. In fact, GuildQuality found that 95 percent of Normandy’s almost 200 customers

Jack Steindl handled all the sales duties for Normandy after he and Marzec met at their previous employer and decided to start their own company.

surveyed said they would recommend the company to a friend or family member.

“The GuildQuality survey provided us with verification of how we were doing as a company, as perceived by the public,” says Marzec, a licensed architect with a degree from the University of Illinois. “But it’s not just about whether we’ve got happy customers. It’s also about finding out if we’re doing something wrong and having the chance and the ability to correct what we might be doing wrong. If we have a weak link, we should try to do something about it. And that has been a real side benefit that I never really thought of.”

While there weren’t any glaring areas of weakness in Normandy’s operation, the fact that the company’s customer satisfaction rating was still healthy solidified their plan to leverage their large base of satisfied past customers and devise a steady, sustainable growth plan.

THE MANAGEMENT TEAM

To execute their plan, the partners knew they would need to rely more heavily on a strong leadership team that could help them run what had become one of the largest remodeling companies in the country.

Andy Wells — who had been promoted from salesperson to sales manager to general manager and most recently to vice president and “partner-in-training” over his 10-year career at Normandy — was already handling most of the day-to-day duties of running the company, so they turned to him first. Wells’ accounting degree from the University of Illinois and background

COMPANY SNAPSHOT

Normandy Builders

Location: Hinsdale, Ill.

Principals: Reg Marzec, Jack Steindl, Andy Wells

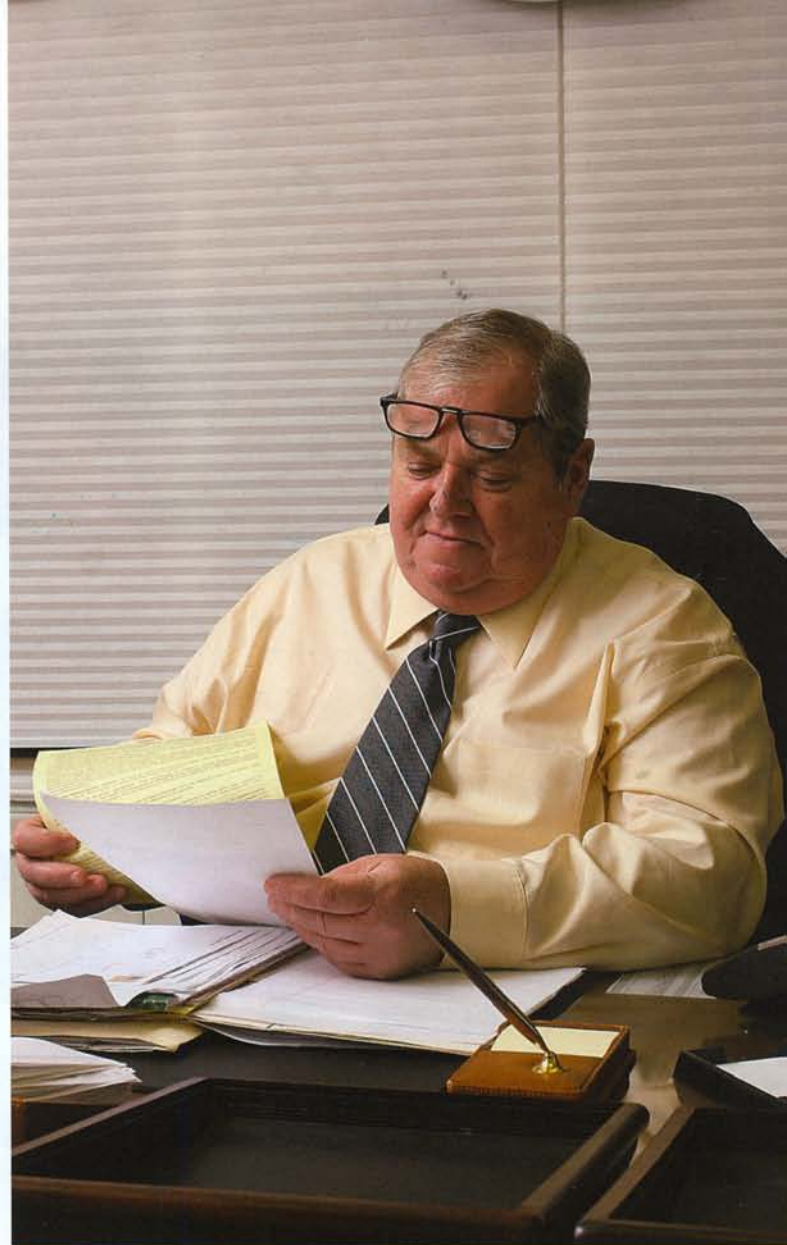
Business model: High-end residential remodeling, focused on additions and kitchens

Years in business: 28

Employees: 54

2007 sales volume: \$30 million (projected)

Mission statement: “To provide our customers with an exceptional home remodeling experience. We are successful when our customers are satisfied and are willing to refer us to others.”



“We’ve always been a business that rewards its employees handsomely; our people all make good money. And the fact is that if Reg and I quit or died or retired, the company’s going to go on.”

“It’s more of a rifle shot approach than a shotgun approach in targeting potential clients. We’ve actually spent less on marketing than in the past, but we’ve increased our marketing effectiveness.”

a contract, they got their choice of a \$500 gift. By the time they were done reworking their marketing strategy, Normandy had seen a whopping 25 percent increase in leads.

“She’s done a good job of focusing our energies and our money to spots that are aimed directly at people who are going to be our potential clients,” says Wells. “It’s more of a rifle shot approach than a shotgun approach in targeting potential clients. We’ve actually spent less on marketing than in the past, but we’ve increased our marketing effectiveness.”

THE SALES STRUCTURE

The firm’s growth plan also included revamping its sales strategy significantly, under the direction of new sales director Dan Schoendorff.

To help prospects better visualize the projects they were proposing, Normandy added color renderings and interactive 3D computer drawings to the mix.

“That has really helped customers envision what it is we’re proposing to them,” says Wells. “Our customers aren’t reading blueprints everyday like we are, and they can’t visualize the way we can, so we needed to help them do that.”

They also launched an on-time, on-budget guarantee and a five-year construction warranty program to help ease customers’ fears.

Additionally, they expanded and redesigned their existing showroom to 8,000 square feet (with another 3,000 square feet being added), including more gourmet kitchen vignettes, luxury baths, entertainment rooms and home offices. Finally, they instituted weekly sales meetings and design reviews to tighten the communication loop among departments and help some of the newer salespeople — Normandy calls salespeople designers — gain experience from the veterans. Three of Normandy’s 17 designers are new this year, yet their closing rate has improved to 1 out of 4.5 compared with 1 out of 6.

“The remodeling business is riddled with problems, so we try to anticipate problems based on the experiences we’ve had with the more than 4,000 jobs we’ve done over the years,” says Wells. “So, on every job, we go through an intensive review process, where we now bring in all the parties involved in a project and go through a checklist. Now, it doesn’t solve all our problems, but it definitely helps. That’s half the story. The other half is that if there are problems that some of our younger staff haven’t encountered, they can get educated on these things without having to actually experience the problem.”

COMPANY CULTURE

One of the ownership trio’s main concerns with growing the business was whether they could maintain the customer-focused company culture that had allowed for the 95 percent customer satisfaction rating — the foundation of Normandy’s success all along.

Marzec believes they have succeeded in this area.

“We have confidence in what we do, and we hope that people can appreciate good work,” says Marzec. “But there’s more to it than just doing good work. It’s the relationships with the customers that make the difference. That gets reaffirmed when we get a good rating, and it feels good.”

Steindl agrees and predicts the best is yet to come for Normandy. “We’ve always been a business that rewards its employees handsomely; our people all make good money,” he says. “And the fact is that if Reg and I quit or died or retired, the company’s going go on. I don’t need to have my name immortalized or anything like that, but it’s nice to see that it’s not just gonna fade away because the founders are gone. And people will not be out of jobs because we’re not at the helm anymore.”

“It’s so nice to be able to wake up every day and want to race in to the office,” says Wells. “And I think a lot of our people feel that way, too. It’s a fun business. A difficult, challenging, fun business.” **PR**



Andy Wells handles the day-to-day operations at Normandy, although most high-level decisions are made in collaboration with Steindl and Marzec.

as a CPA had prepared him well for handling the financial management of a growth initiative.

"I approached Reg about four years ago, and I said, 'You know, we're not getting any younger and our company would be worth more if we had young blood mixed in with ours,'" recalls Steindl. "So I said, 'If Andy came to us with X number of dollars, would you take him as a partner?' And he said, 'yeah.' We both felt the same way about Andy."

In October 2006, Wells, who is Steindl's son-in-law, fulfilled his financial obligation to the two original partners and became a full partner. It was just in time to oversee in an official capacity as part owner what he had already been doing as vice president: Normandy's growth plan in full bloom.

"He's got a lot more of the work ethic of our generation than of the younger generation," says Steindl. "And I think that probably has to do with being a CPA. At tax time, those poor guys work like 12 hours a day, six days a week. And I think that was good training for him. If he needs to do something, he comes in early, he stays late; he's got that kind of drive like we used to have."

They started by hiring a new marketing director, sales director and internal operations director, among other additions that

brought their full-time company roster up to 54.

THE MARKETING STRATEGY

Because Normandy's market already included most of Chicagoland, the growth plan was centered around increasing leads without expanding its geographic area. Marketing Director Laurie Camp oversaw the revamped marketing plan, which included cutting costly broad-reach television ads to focus on more targeted, low-cost vehicles. Improved job site signs that included "Take One" boxes filled with sales brochures caused an immediate increase in leads.

"Laurie had a wonderful idea with the 'Take Ones' at the job sites," says Marzec. "That was a clever idea on her part that's worked pretty well."

They also introduced new print ads, which featured watercolor illustrations that differentiated them from their numerous competitors' print ads.

To leverage the relationship they had developed with hundreds of satisfied past clients over the years, they also launched a Referral Rewards Program: if a past client referred them to a friend, they earned a \$100 gift certificate; if that referral signed