

How Top Home Improvement Pros Boost their Bottom Line:

Manage and Track Your Leads to Win More Deals and Earn More Profit

CONTENTS

PART I: MISSING PUZZLE PIECES	03
PART II: HOW TO NURTURE YOUR LEADS	10
CONCLUSION	12
CONTINUING ED. QUESTIONS	13
ABOUT IMPROVEIT! 360	15

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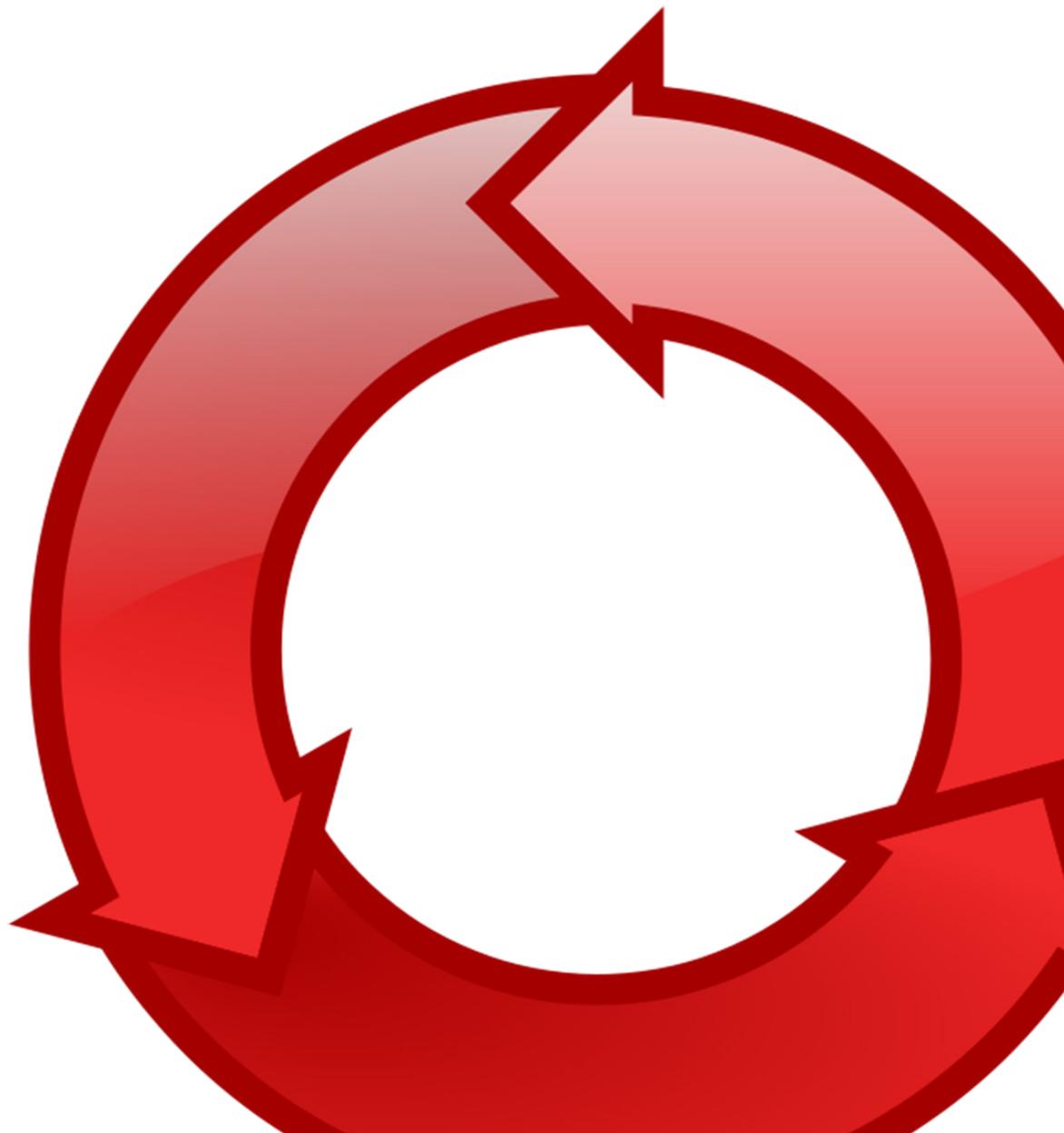


“

A business is a repeatable process that makes money. Everything else is a hobby.

- Paul Freet, serial entrepreneur

”



PART I

MISSING PUZZLE PIECES

The top home improvement companies all have repeatable processes in place that help them run and grow their businesses. To be consistent and eliminate inefficiencies, these remodeling “Big Dogs” manage employees, jobs, marketing, and sales virtually the same way every time.



And the same holds true for how they manage their leads.

It's not to say they lack innovation. Far from it. But they cut out what's not working, stick with what does, and analyze every step in their processes to look for ways to improve.

And it's more than just repeating the same steps every time. **Practice doesn't make perfect – perfect practice makes perfect.** Repeating a bad or mediocre process won't lead to more sales or higher earnings.

Let's take a look at the way typical home improvement companies approach their marketing and sales lifecycle:

1. Generate Leads

2. Distribute to Sales

3. Contact the Prospect

- Reach the Prospect/ Qualify / Schedule an Appointment

OR

- Follow up 1-2 times, then discard the lead

4. Present Products/Services at Appointment

5. Provide a Quote

- Get a Signed Contract

OR

- Discard the Lead

Like a jigsaw puzzle missing a few pieces, this process is adequate... but not complete. Your business probably might include a few more steps in your lifecycle, but let's examine a few of the missing puzzle pieces individually so you can decide if it's possible to improve your sales lead process.



MISSING PUZZLE PIECE #1: KNOW YOUR LEADS

“

Half the money I spend on advertising is wasted - problem is, I don't know which half.

- John Wanamaker

”

TRACK YOUR LEAD SOURCES

Remember the sales process we outlined above? Under Generate Leads, you need to include a process to track the source of every lead. Whether you are asking how a homeowner found you when they call or you've got software or technology to automatically trace lead sources (or both), you should know where every lead comes from.

You need to be able to justify money or time spent bringing in leads and track marketing effectiveness.

And include every detail when it comes to a lead source. It's not enough to simply write "tradeshow" when it comes to your leads. Which trade show? When? Have a method in place to allow anyone or any system coming in contact with a lead to track the sources. So, instead of simply entering "trade-show", you'll enter: "Sept. 2013 State Fairground Home Remodeling Show".

Behind every lead you generate, have a place to enter where the homeowner came from – whether it's on your paper lead sheet, a box in your Excel spreadsheet, or in the lead management software (CRM) you use.

And the process must be repeated every single time.



MISSING PUZZLE PIECE #2: TAKE GOOD NOTES

“

Only

5-15% of the names

you collect from your marketing campaigns will be ready to buy from you right away.

- Brian Carroll, author of Lead Generation for the Complex Sale

”

Under the step “Contact the Prospect,” **you’re going to want to tag vital information on each lead.** A tag is simply a note to remind you of the details on a particular lead.

Whenever and wherever possible, indicate specifics that help you close the deal “down the road” when you’re following up or reaching out after a period of time. Find out the answer to some of these types of questions and put the tag in your system or spreadsheet:

- What is the name of a competitor they are considering?
- What products or services are they interested in? What colors? Materials?
- What is their biggest concern or objection?
- What is their budget? What’s their timeline?
- Does their remodeling “wish list” include other projects?
- Will they provide a referral, reference, or testimonial?

These are just sample questions. **Take time to determine what you’d like to find out from each prospect while you’re qualifying them as a lead** or after you’ve met with them. Consider this – using these powerful details when following-up helps show how efficient, organized, and professional your home improvement business is to each prospect.



MISSING PUZZLE PIECE #3: KNOWING YOUR TRUE LEADS

Before we get too far along, let's consider what a "lead" really is to your business. To some home improvement companies, it's simply a prospect who's ready to buy – today – and has cash in hand.

But this thinking leads to another major missing puzzle piece. First, here's a more appropriate definition that will skyrocket your sales lifecycle:

**A lead is
someone
who....**

HAS SHOWN INTEREST

HAS A DEFINED NEED

HAS AUTHORITY TO BUY

...TODAY/IN THE FUTURE

LEAD MANAGEMENT

"The average cost of an issued home improvement lead is over \$300 and rising every year. The rising cost of marketing is the biggest challenge facing home improvement retailers today." - Dave Yoho

All of these components are necessary for the definition to work: "has shown interest", "has a need, and the authority" and "today or in the future".

Many would quibble with the "in the future" part of this definition. That, they would say, is not a lead. Well, the truth is that it's not a "hot" lead. But it's a solid lead nonetheless.

The missing steps occur when you're either trying to make contact with a lead or you've had the appointment and the prospect says no. What happens next? Should you really discard these leads?

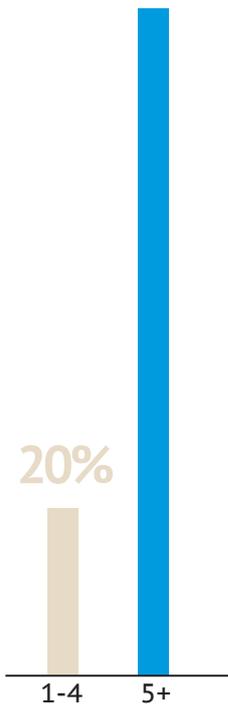
No.

Lead management begins once you get a prospect and doesn't end until they buy. Some leads do buy on the first call or first appointment. But you're lucky if 10% can be closed right away.

What must happen next is usually yours or your salesperson's Achilles Heel – and that missing puzzle piece is **following up with every sales lead until an appointment is set or the lead is truly disqualified.**

By not consistently following up, you're throwing away a ton of marketing dollars. You probably invest heavily in print ads, tradeshow, telemarketing, direct mail flyers, website, and more. **But up to 80% of your marketing budget is going to waste because of your lack of follow-up.**

80%
of sales



The vast majority of sales are made between the 5th and 12th time you contact a customer.

If your sales team is only following up with 10% to 30% of the leads you purchased, you can see how money is being thrown away.

You are literally giving up sales to your competitors: **most homeowners go on to purchase within 12 to 18 months.**

Why should you make more than 1 or 2 attempts to contact your leads? Look at these results:

- 2% of sales are made on 1st contact
- 3% of sales are made on 2nd contact
- 5% of sales are made on 3rd contact
- 10% of sales are made on 4th contact

This means that 80% of sales are made between the 5th and the 12th contact!

And you may believe your sales rep might be making more attempts than he or she is – but a recent survey of sales professionals in small businesses shows this not to be the case:

- When asked how many attempts sales made to contact a lead, business owners estimated “more than 5,” but in reality the most common number of attempts was 0
- Nearly 25% of owners said they respond by phone to leads within five minutes when only 5% actually respond that quickly
- More than 90% of owners surveyed believed the first response by sales leads was done by phone, when in reality 67% make their first contact through e-mail

LETTING LEADS GO: THE COST



“

70 - 90%

of leads generated by marketing are never followed up by sales.

- Marketing Sherpa

”

HOW MUCH IS IT COSTING YOU?

Not following up on leads can be more costly than you think

Let's assume you generate 1000 leads at a cost of \$100 each (the remodeling industry average is over \$300, but we'll be conservative):

1000

Total leads, to start



700

Leads contacted



300

Leads Qualified

150

Appointments Set



150

Qualified leads abandoned



45

Leads closed immediately
(30% close rate)

105

Demo'd leads abandoned



\$25,500

Cost of all abandoned
qualified leads



\$840,000

Based on an average of
\$8000 revenue per sale, this
is the value of your lost sales.



MISSING PUZZLE PIECE #4: MAKE “NURTURE” YOUR NATURE

It’s no longer enough for your business to get new leads, pass them off to a sales rep, and call it a day.

You have to create a **closed loop lead management nurturing process** to get the most from every lead.

Each sales lead you have – that has shown interest in your product or service – has a need. **That need won’t go away.** Because the lead isn’t ready to buy now doesn’t mean they won’t be ready in the future.

These warm leads can be “nurtured” – which means just what it says: reaching out to them and sharing information, offers, and reminders over time using e-mail, direct mail, website, and phone calls. (You should vary the different ways you contact them so they’re not overwhelmed by your attention.)

And, no – you won’t be bothering these prospects. Let’s say you share:

- A remodeling job video, with “Before and After” footage, that shows a common issue your company sees that other remodelers usually miss
- An e-mail with a Home Energy Savings guide you’ve written
- A direct mail postcard of a new product or service you offer
- A company newsletter or e-newsletter that shares valuable tips

Most importantly, the process of sharing this content builds confidence in your prospect. It

keeps your company top of mind with prospects. When these leads get closer to being able to buy, they can be turned back over to sales.

Whatever way you nurture, you’re proving to prospects that your home improvement business has expertise and can easily communicate it – **you are proving trust and authority.** Who would you trust more: the car shop owner with the local radio show or the car repair place that sent you a flyer?

The goal of an effective lead management process is to create new business revenue, increase visibility, and improve the general attitudes of potential clients for future business.

Studies have shown that a **closed-loop lead management process can:**

- Generate up to 50% more sales-ready leads at 33% lower cost per lead
- Reduce the percent of marketing generated leads that are ignored by sales (from as high as 80% to as low as 25%)
- Raise win rates on marketing-generated leads (7% points higher) and reduce “no decisions” (6% points lower)
- Have more sales representatives make quota (9% higher) and a shorter ramp up time for new reps (10% decrease)

Need more proof on why you should continue to market to leads that don’t buy right away? Nurtured leads have a 9% higher average deal size, showing **there’s opportunity to not only increase the number of sales but the size of sales with lead nurturing.**

PART II

HOW TO NURTURE YOUR LEADS

Date your prospects,
marry your clients



No matter how you plan to track and manage every lead, you must first decide on what the official steps will be for all incoming leads.

Nail down your official definition of a lead and make sure everyone is on the same page. It's important that even if the homeowner is not ready to buy – but still has an interest and is qualified – that they are considered a lead and will enter your sales lifecycle process.

You should also **use a rating system** to categorize each lead:

- Hot, Warm, or Cold
- 1, 2, 3, or 4
- A, B, C, or D

Use whatever works for your team, but stick with your designations. If you've got lead management software, you may have the option to "score" your leads based on their activities. A lead might get a score for filling out a form on your website, for downloading your home energy guide, for clicking on a e-mail link, etc. The higher the score they get, the more interest they have and are more sales-ready.

You must build out a process so you **follow the same steps every time** (IF/THEN statements.):

- IF the lead never answers phone, THEN the lead enters our e-mail nurture campaign

- IF the lead objects to price at the sales appointment, THEN the lead will enter our e-mail "Discounts and Offers" campaign
- IF the lead cancels the project due to unapproved financing, THEN send the lead our, "How to Raise Your Credit Score" guide via e-mail; then follow up with the lead in 3 months.

Nurtured leads have a 9% higher average deal size compared to leads that aren't nurtured.

Anything set up in advance – that will be followed each time – ensures your prospects will most likely buy from your company at some point in the future.

There are many ways to make sure all of this happens. You can manage all your leads with Excel spreadsheets and by setting reminders in your Outlook or Google Calendar programs. There are also many quality software systems available to help you automate the entire process. **These systems are called CRM applications**, which stands for Customer Relationship Management.

“Companies that automate lead management processes can increase revenue by at least 10% within 6-9 months, despite an uncertain economy.”

- Gartner

CRM software systems help you by having you enter each lead into the system. You're required to set reminders to follow up with each lead. And you're easily able to send marketing e-mails, via templates, at various stages of the nurturing lifecycle. You're able to enter, track and retrieve all your notes (tags), photos, contracts, estimates and all other documents associated with that lead for future reference.

With CRM software, you'll be able to keep all your data in one centralized place (instead of on paper or several different spreadsheets). And, as the business owner, you'll have complete views into the status of every lead: deal stage, products of interest, quotes, and more.

Finally, having a process to manage your leads means that you'll be reminding yourself **to market to your best leads... your past customers!**

What's better than a lead that has already bought from you and costs nothing against your marketing budget? They already know you!

Your lead tracking process should include a reminder to up-sell and cross-sell your other products and services to your past customers. It's a great way to boost the bottom line.



CONCLUSION: WHEN YOU STAY IN TOUCH, YOU STAY IN BUSINESS

However you manage your leads now and into the future, **you must develop a process.** Every day you wait – it's costing you. Marketing costs, sales costs, and lost revenue opportunity.

If 90% or more of your leads are not converting into sales, you have so much to work with. Converting more marketing leads to sales helps the return on investment (ROI) of all your marketing dollars. On average, small businesses that nurture their leads will experience a 45% boost in lead generation returns over those who do not.

By simply (and reliably) following up with every lead, you'll close more deals. Even if you have more jobs than you can handle, having a process in place will allow you to pick and choose from the best leads – increasing the average sale amount. And this will prevent those slow times when the phone is not always ringing because your lead pipeline will constantly be full.

A big chunk of the leads your sales team talks to will, for various reasons, put the brakes on the decision to purchase. **Don't let these opportunities fall through the cracks.** By allowing sales to put them into reliable nurturing system, your company name will be on their lips when they are ready to buy.

The numbers don't lie.

By nurturing all your leads with relevant content, over time, your business will effectively encourage the right homeowners to engage from you at the right time. **And you will increase sales and profits.**



**45%
BOOST**

**in returns experienced
by small businesses that
nurture their leads, over
those who do not.**

CONTINUING EDUCATION QUESTIONS:

1) What are the required characteristics of a good lead?

- a) has authority to buy
- b) has a need for your product
- c) is interested in the product
- d) wants to buy right now
- e) all of the above
- f) A, B, C only

2) If a sale is going to happen, it will usually be within the first four contacts you have with a customer.

- True
- False

3) Closed-loop marketing:

- a) is based on a prospect's actions
- b) is designed to boost short-term sales
- c) traces leads back to their original marketing initiative
- d) A & C
- e) B & C

4) The following software products can be used in closed-loop marketing:

- a) Microsoft Outlook
- b) Google Calendar
- c) Microsoft Excel
- d) Customer Relationship Software (CRM)
- e) All of the above

5) To 'score your leads,' you can use the following rankings to show the relative quality of a lead:

- a) Hot, warm, cold
- b) 1, 2, 3, 4
- c) W, X., Y, Z
- d) All of the above

6) The actual steps of the sales process are less important than following the same process consistently.

- True
- False

7) Which of these is the best example of tracking a lead source?

- a) "Trade show"
- b) "Trade shows 2013"
- c) "Trade shows Q3 2013"
- d) "ABC Co. trade show 9 Sept. 2013"

8) The "big dogs" of home professionals know that changing the sales process regularly is key to survival.

- True
- False

9) Estimates indicate that more than half of all leads generated by marketing are never followed up on by sales.

- True

- False

10) Closed-loop marketing can:

a) generate up to 50% more sales-ready leads

b) reduce no-decisions

c) help sales reps make quota

d) reduce the number of leads ignored by sales

e) all of the above

Answer Guide:

- 1. F
- 2. False
- 3. D
- 4. E
- 5. D
- 6. True
- 7. D
- 8. False
- 9. True
- 10. E

ABOUT IMPROVEIT! 360

improve*it!* **360** provides a powerful all-in-one management system purpose-built for remodelers, replacement contractors, and home pros to help you run your business – no matter the size.

Our CRM solution lets you easily manage your leads, sales, marketing, quoting, appointments, jobs, and gives you a complete 360° view of everything for better decision-making. And, when on the road, our app provides your team with mobile access from a laptop, smartphone or tablet. There's no software to buy or upgrade, no hardware to add, and we provide success coaching, training, and business advice to make sure you reach your goals.

See how thousands of contractors everywhere are taking advantage of improve*it!* **360** to simplify, automate, and grow their home improvement businesses – sign up for a free demo now.

- visit www.improveit360.com
- call (866) 421-3360
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