

## **Home Improvement Corner**

*A sound alternative to price-shopping contractors.*

In a recession; depressed investment markets, the threat of unemployment, and tight-fisted lending institutions make it difficult to invest in our homes. Add the fear of some over-leveraged contractor running off with your money before they finish the job, and it's easy to see why the remodeling sector of the homebuilding industry has been down nearly 50% over the past 2 ½ years.

A pent-up demand is increasing as homeowners with remodeling ideas are shopping the market to see how far they can stretch their dollar. Members of our local Remodelers Council report that most of the prospects they visit with choose not to hire for the desired work after they learn how much it costs. Because of the way we are conditioned to shop, price has become the most deciding factor when choosing a contractor.

As I see it, the decision to remodel is typically dependent on 3 factors: Wants, Needs and Capital. The emotional "want" drives us to dream about what we perceive as a logical "need" to better our home. After acknowledging the wants and needs exist, we look for resources who can fulfill them in exchange for the "capital" we are willing to invest.

Most would argue "perceived value" is the result of our wants and needs being met, relative to cost. That is to say, all else being equal, then price determines the appropriate resource. What most homeowners don't realize is that the real value in remodeling cannot be compared in price like that of a commodity. Real value exists in the service provided throughout a defined process that eases fears and delivers on expectations.

The difference between a commodity and a service is the element of creativity. When you purchase a commodity item, the creative R&D, packaging and price structure was done prior to your introduction to it. When buying a service, you are part of the creative process. For that reason, the estimated cost of a new kitchen, for example, is only as accurate as the contractor's ability to see the completed project through your eyes.

The challenge in interviewing contractors is to consider the values that are important to you. A simple way to do so is to make a list of all of your fears about engaging with a contractor in a remodeling project. Then test those fears against the contractor's reference list of satisfied customers. The higher the marks you get across a large sampling, the more confident you can be in your choice, regardless of price.

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