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Professional Remodeler

Making Small Projects Work for Your Remodeling Company

By Jud Motsenbocker, Contributing Editor -- 8/1/2009

Almost every company is dealing with smaller projects. *Professional Remodeler's* Jud Motsenbocker talked to remodelers Peter Feinmann and John Todd about how they maximize small projects for their award-winning firms. Highlights of that conversation appear here. To listen to the full discussion, [click here](#).

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Jud: *Guys, what are classified as small jobs?*

John: Prior years — before, let's say, July of last year — if the job was less than \$15,000, we would refer it out to one of our handyman partners. But now, with the way the economy has turned, we are looking at small jobs now that are probably \$5,000 to \$7,000.

Jud: *Peter, what about you? Have you gotten into any small projects?*

Peter: Our handyman work is really focused on our past clients. So when we started this division two years ago, an average small job for us is what we'd say \$5,000 to \$25,000. We have found that trying to go ahead right now and be a handyman for everybody on the street is not necessary the business we want to be in at this point. That doesn't mean we won't consider it, but it doesn't necessarily fit our market profile.

Jud: *Why do you not want to be in that business, Peter?*

Peter: You are going to say that is a whole different business. If you want to be in that business, you better have a couple of very strong administrative people who can handle phone calls and be able to move a group of people in and out of people's homes in a very efficient fashion. So, to me it's administrative: how you price it, how you organize it. We've tried it — we actually have done some leads on those — but we have found that they have not been the best projects for us or the best margin.

Jud: *John, have you had to find or adjust trade contractors — in other words, you have an electrician and he wasn't used to doing small jobs — or did you find an electrician who would work on those small jobs? How have you adjusted your trade contractors?*

John: Not at all. I would say the trades that we have working for us now are the same trades we had four or five years ago. We try very, very hard not to switch them around. We have two electricians; one plumber; two crews that do everything from light carpentry to paint, glaze and tile; one glass company; two wood floor companies; and two cabinet companies. We haven't changed any of them.

Jud: *Peter, in the cases where you were used to doing large design/build projects, and then you call that same electrician and/or plumber [to do a small job], were they receptive to that?*

Peter: The longer this recession gets its teeth into all of us, it has been amazing how behavior is changing. ...They're receptive because pain creates change, discomfort creates change. We have always had a kind of a small electrician that we use, and a small plumber that we use and a small painter that we use just because they couldn't do the big projects anyway, and I have used them for small projects.

Jud: *Do you agree that it does take more supervision to do this?*

Peter: I think there's a lot more supervision, and I think you have to evaluate cost effectiveness if you bring that extra person or two into your company to do this. You'd almost be better off developing a separate budget — allocating certain rent and bookkeeping time and administrative time to this division and saying, now is this possible or not? There is this kind of unknown marketing advantage, which is, even if it is a break-even event, you are

staying involved with your past clients and future clients and learning that you can do variety of things. So, this always has been profitable, but it sure has to break even at a minimum.

Jud: *I think we need to bring that up — that it is almost better to totally separate these smaller projects as far as administration is concerned because the administration number, the dollar cost on a smaller project administration-wise is considerably higher. And so, when we look at the profit and loss statement and try to figure out what our margin or markup is going to be, that number's going to be considerably different. I think we need to make sure we get across to our readers that the margins are totally different. If you are used to building a house or you are used to design/build projects — and big ones — your numbers are totally different than what we do in these smaller projects. What other challenges in handling small projects have you found that we haven't covered?*

Peter: I think that the biggest challenge has been with the way we do remodeling. It is challenging to be equally as thorough and make a profit on small projects, and because of that, there is a potential of missing a key detail that could cut into margins very quickly.

Jud: *John, how about you: what other challenges have come around?*

John: I think the one that Peter hinted at just then is, whether it is a \$4,000 or \$40,000 job, you still own the warranty responsibility, and we provide two years labor and material warranty on anything we do. I think he hit it right on the head that you have to be thorough and you have to make sure that you fully understand it, because you own that job for the next couple of years and you want that customer to feel comfortable to call you and say, "Hey, there is an issue." You've got to make sure the little ones are handled the same way the big ones are or you will find yourself doing warranty work more often than not.

Jud: *Have you changed your marketing attack to get these small jobs? Have you tried even though you aren't real thrilled with [small jobs]?*

John: It's a fair question. I wouldn't say that we have changed our marketing, but because we have started to see some slowdown, we have reinvested money. There are three areas: one is our showroom. No. 2 is we've made changes to our Web site; we have added some additional features to it. We have added some different e-mail opportunities to it. Thirdly, I would say from a pure marketing perspective, we are trying to touch people more often, and whether it is through postcards, whether it is through the newsletter, we've gotten involved in some of the local causes that a number of our customers were involved in. We try to get back out and keep our self visible, not necessarily focusing only on little jobs.

Peter: We did some specific mailing just on our home crew division itself, and that precipitated a fair amount of work. Every one of our communication continues to communicate that this small work's available. I spent more hours per week on marketing than anything else. You know, new things, new ideas, new contacts, nurturing Realtors and everything. One thing actually we have kind of played with a little bit is having a relationship with a couple of good Realtors and also communicating that we do have some small-job work that can be done getting a home ready for sale.

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Peter Feinmann, President

[Feinmann](#), Lexington, Mass.

Feinmann is a design/build remodeling firm in the Boston area with 14 employees and \$4.2 million in 2008 revenue. Peter Feinmann founded the company 21 years ago and started a home repair division in 2007 to deal with smaller projects.

John Todd, President

[Elite Remodeling](#), Frisco, Texas

Elite is a full-service remodeler in the Dallas suburbs specializing in kitchen and bathroom remodels. The firm has five employees and had \$2.7 million in 2008 revenue. John Todd has owned the seven-year-old company for the last five years.