

# Putting a Limit on Allowances

**W**hen it comes time to choose new light fixtures, appliances, and other allowance items,

by Ron Nardoza

homeowners often rely on a thick portfolio of pictures clipped from magazines and brochures collected at home shows. Unfortunately, most of the products they find are too expensive, too hard to install, or utterly experimental, so choosing even one of them can impair your ability to coordinate the job.

Frequently, we contractors make things worse by sending clients to our favorite showrooms armed with nothing more than a list of allowance prices. Dazed and confused by a bewildering array of carpet samples and plumbing fixtures, they spend hours picking out items they like, only to discover the prices have put them way over budget. They may choose to pony up extra bucks for some upgrades, but only grudgingly, and out of frustration. Instead of capturing extra income from upgrades, the ill-fated contractor is now on the defensive.

If this scenario sounds familiar, you need to change your approach to this crucial client interaction. Instead of allowing your clients to conduct an open-ended search through an unlimited number of options, pare the initial list down to products you are



Guiding your customers through the maze of product selections will build good will and keep your job schedule on track



**Figure 1.** To speed selection of allowance items, the author limits choices to three options. In the case of lavatory faucets, for example, carefully juxtaposing two products that are similar in price and style against a third that is obviously different (left) makes it easy for clients to decide. Clients can also choose from a second set of three “upgrade” options at a higher price (right).

familiar with and that are readily available to you, your employees, and your subcontractors. Carefully guiding homeowners through this step not only ensures a trouble-free installation, it helps your clients to better comprehend the process and, by extension, better appreciate working with your company.

### A Different Approach

Clients don't always want you as their decision maker, but they will accept your guidance. The trick is in how you assemble and present their allowance choices, and how well you make these choices answer their needs. The inspiration for the system I used came from observing an interior decorator in action back in the late '70s, when I first began my remodeling career. She was working with a high profile couple, and the husband proved to be a very difficult and opinionated person. He felt compelled to pass judgment on every item chosen, even though he had no time to accompany his wife and the decorator on shopping trips.

Most people would have locked horns with him and gone down fighting, but the decorator simply changed her tactics. Whenever she wanted her clients to

make a selection, she would present three alternatives, two of which were nearly interchangeable, while the third was out in left field. Her clients would quickly eliminate the option that was so obviously wrong, making it easy for them to choose between the two similar items. Everyone participated and everyone was happy, especially the decorator, whose overall vision for the home was left intact.

### The Rule of Three

I adopted the decorator's presentation process by compiling lists of items to guide my clients through their allowance selections. Using a blend of cost, availability, and aesthetics, I established groups of three products to choose from for each selection required. I often took the decorator's system one step further by also selecting a group of three upgrade items.

When it was time to choose a lavatory faucet, for example, my standard list of choices included two fixtures that varied aesthetically but functioned well and were priced similarly. The third also cost about the same, but was obviously a different style (see Figure 1). For those clients not satisfied with “standard,” I moved to list B, which followed the same criteria but at a higher price (and a

higher margin). Since I worked in new homes and remodels that varied widely in price, I also established list C for those clients high enough in the price bracket to start with list B. List C gave bigger spenders an easy way to upgrade an item, such as the master bath sinks, without creating headaches for me by choosing an exotic fixture.

Occasionally, the difference between the three lists was simply the brand name. This worked well for appliance selections, for example, since the type of appliance — gas cooktop, wall oven, and so on — had already been decided on by the client before they came to me. Because the selection process was reduced to, say, comparing downdraft to hood-vented models, it was easier to work within the confines of a reliable brand.

Other times, like with asphalt roofing, I would use three successive grades within one brand, such as 25-, 30-, and 40-year warranty material, and limit the choices to the color (Figure 2, page 3). What I wanted to avoid was sending the homeowners to a roofing supplier to choose from numerous brands on display. What mattered was not the minuscule differences in the shadow lines among competing brands, but the color and the warranty.



**Figure 2.** With materials such as roofing, homeowners can easily be distracted by too many options (left). To keep clients focused, the author chose the brand of roofing in advance, while still allowing the clients to select the grade and color from a more limited number of options (right).



## Showroom Chaperon

This strategy of limiting choices won't work, however, if you send clients to showrooms by themselves. Always accompany your clients on these shopping trips, or entrust this job to a capable employee.

The shopping chaperon's job is to structure the main selections so that the homeowners aren't overwhelmed, and to steer them clear of items that don't meet their needs or won't fit the project. The chaperon can also keep the paperwork in order (Figure 3, next page), help to locate special items, and personally investigate potential installation or ordering problems. Escorting your clients through the selection process also provides a real opportunity to sell them on upgrades and increase your profit margins.

## Setting the Criteria

To make my actual product picks, I evaluated positive and negative feedback from a variety of sources. I quickly eliminated products that were the subject of frequent complaints or callbacks, but I also discovered that when asked, past clients often reveal a keen eye for quality. My front line employees reminded me of the hitches they had encountered in the past with certain

products or brands, and salespeople and tradesmen steered me around the problem products they heard about daily.

Generally, new products did not make the cut unless they answered a unique need. Part of the advantage to this system is avoiding products that generate callbacks, so I wouldn't include new products on these lists without some feedback from the industry on their performance.

**Realistic allowance prices.** My first concern was cost. An underpriced budget for fixtures or floor coverings may win a competitive bid, but the clients aren't going to be happy when they don't get what they want. Do some homework before you set allowance prices. In a remodeling job, use the site visit to get a feel for the quality level of the existing building and try to match it with your product selections. In new construction, the overall cost of the home will give you a starting point for allowances.

I selected products that fit the full range of projects we worked on, based on the completed value of the home. I dropped products priced at the high and low ends, since experience taught me that the high end becomes "art" and no longer functions, while the low end is a problem waiting to happen.

**Quality.** My goal in building a selections list was to uncover gems while minimizing callbacks. I had the most luck interviewing tradespeople who worked with a given item regularly. I talked with the plumber, for example, about his experience with particular brands and models of kitchen and bath fixtures and fittings. The research paid off: After I started to recommend the model of toilet he had installed in his house, I never again received a complaint about low-flow toilets. I also discovered that a reputable appliance repair outfit, especially one authorized to do warranty work, can shed a bright light on performance, and on which manufacturers were fixing problems instead of ignoring them.

Your subs can also tell you which companies are notorious for back orders or poor service. To make my list, an item had to be available from reliable sources, and I would bend the selection criteria to favor proven suppliers because I knew where to go when there was a problem.

**Samples.** This system can be applied to virtually any building material or product. I developed selections for roofing, siding, windows, and doors, as well as lighting, appliances, plumbing fixtures, and floor finishes. I found it

**Four Walls Homebuilders**  
P.O. Box 29148, Portland, OR 97225  
(503) 255-1062

**King Residence**  
**Bath Faucet Selections**

Vendor: Modern Interiors

Showroom Salesperson: A. Clemmins

Master Bath — (2) sink mounted fixtures needed

A Select from:	Cost	Finish	Notes
Moen 4570CP/97373	\$263.50		
Grohe 20.892-IR/18.754-IR	\$281.00		
American Standard A/S 8871.902.002	\$312.00		
B Upgrade — Select from:	Cost	Finish	Notes
American Standard A/S 8871.862.299	\$390.00	Gold	4 wk delivery
American Standard A/S 8851.852.299	\$390.00		
American Standard A/S 8811.802.020	\$390.00		

4/27/00  
Completed by/date

Linda King  
Homeowner acknowledgment

difficult, however, to use catalogs or brochures to convince a client that my choice was a good one; most needed to physically see and touch the item before feeling comfortable with their decisions. Consequently, I kept samples of many items in the office, which also saved time and money by cutting down on the number of showrooms that we visited.

An even better selection aid is an existing project. Often, many standard choices could be viewed in a completed house or remodel, which we toured with the owner's permission. Such tours can also help by showing items in an appropriate context.

**Be a good listener.** Throughout the entire process, listen carefully to your client's wishes and concerns, and take lots of notes. Remember: You don't want to sell them something that they previously told you was unacceptable. If tile countertops in the kitchen didn't work in their last home, don't even offer that option.

Tie allowances to the quality levels expected in the first place, and always make sure that you can match every allowance price with an acceptable choice. If cost is the main issue, be ready with selected materials that will fit the budget without creating a callback nightmare.

### One Step at a Time

It may take several months to develop lists of your own. It helps to begin by thinking about what works for you now and what doesn't. You may need to formulate more than one set of lists for a particular item, like bath faucets, because of design differences such as single lever versus separate hot and cold levers.

Using my lists, I was rarely able to satisfy everyone on all of the selection items, but I was able to streamline most of the choices. The remaining items, like the decorative fruit salad tiles for the kitchen backsplash, were easier to deal with since most of the other selections were comfortably out of the way.

**This system works.** It makes everyone's job easier, and it removes a lot of stress and anxiety from the process for your clients. Try it one selection at a time. Work with plumbing fixtures or exterior finishes first, and develop other lists as you go. Set a goal of one new selection list per new project. Break up the task of compiling the lists over time so it doesn't overwhelm you. Each time you begin a project, it will get easier to work through the allowance selection process. Ultimately, the process will almost take care of itself.

Remember that you, the expert, are presenting yourself to the clients as their advocate. By developing these lists of proven materials and components, you are watching out for their interests as well as your own.



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