

# CUSTOMER RELATIONS

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## Chapter Survey...

- ⇒ *Communication with Customers*
- ⇒ *Handling Customer Change Orders*
- ⇒ *Negotiation Basics*



## Communication with Customers

It is important for customers to understand the status of their project and have all the information needed to make informed decisions. This communication will not only keep the customer's expectations realistic but also build a trusting relationship with you and your company.

**Understanding Expectations:** You will find customers have specific expectations of the outcome of your work. If those expectations are not satisfied, your customers will be disappointed, which will reflect poorly on your company. Instead of promising your customers an unrealistic outcome, it is easier to be honest and bring expectations to a realistic level. If customers have a realistic picture of the project, you can avoid disappointing them. The best way to accomplish this is through consistent and effective communication with your customers.

**Communication Opportunities:** You have several opportunities to communicate with your customers and keep their expectations at a realistic level, including:

- ✓ Contract negotiations
- ✓ Contract acceptance
- ✓ Weekly meetings
- ✓ Punch list and final walkthrough
- ✓ Post-job follow-up



Establishing communication at these times will ensure that your customer is aware of your progress and of issues that arise during any step of the process.

**Communication Basics:** Now that we have established when to communicate with customers, let's go over a few basics on how to communicate.

- ✓ Understand that your customer may not have the same level of technical knowledge as you. Avoid using technical terminology and clarify when necessary.
- ✓ Give your customer a chance to ask questions and express any concerns. Use active listening skills, and remember that all questions are important to the customer.
- ✓ When dealing with difficult customers, always remain professional.
- ✓ Use email or written communication as a follow-up to verbal conversations to document key items discussed and any changes agreed to.
- ✓ Don't forget the personal touch. Email and fax are great tools, but schedule time to talk to the customer in person.
- ✓ Return phone calls promptly.

Good communication can build customer trust and help you understand customer expectations.

## Handling Customer Change Orders

Proper handling of customer change orders is very important. This is a critical point in the customer-contractor relationship that can result in a positive or negative outcome. If you do not follow through with the change order as the customer expects, it will result in disappointment and mistrust. If you follow through to the customer's specifications, you will reinforce that you are responsive and understand the importance of customer service.

You should always apply a few general rules when change orders arise:

- ✓ Always obtain a signed change order for significant amounts of change work.
- ✓ Small changes done with verbal approval should be followed up with a written and signed change order.
- ✓ Invoice for change order work promptly.
- ✓ Include any complementary work done without charge on the invoice.
- ✓ Show labor and quantity details when pricing change orders as you would when creating your initial estimate.

## Negotiation Basics

Good negotiation skills can benefit you personally and in all areas of your business. When a successful negotiation occurs, both parties are satisfied with the outcome.

**Preparing to Negotiate:** Negotiation is a process and it is important to prepare ahead of time to get the most out of the negotiation. Considering these questions will help:

- ✓ What are you negotiating (i.e., money, time, conditions, etc.)?
- ✓ What is the ideal outcome?
- ✓ How much are you willing to compromise?
- ✓ What is the other person trying to achieve?

A negotiation may not always involve price. Consider what is valuable to your business. For example, if time is a critical factor to completing your current projects,

you may want to negotiate on project timelines. It is important not to compromise your reputation in a negotiation. You don't want to lose your best customer or future referrals.

**Confident Negotiations:** Now that you are prepared, you can come to the negotiation confident in knowing what you want. Aim high in your negotiation and you will get more. If you ask for more than you want, people will tend to meet you in the middle. It is important to be flexible during the negotiation. Even though you have prepared ahead of time, the other party may change the direction of the negotiation to different terms. For example, you may have prepared to negotiate on price, but your counterpart may want to deal on the timeline of the work.

When possible, it is important to get the final outcome of your negotiation in writing. Once it is in writing, both parties can sign off on what they agreed to, which will help avoid any disappointment or confusion.

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## Final Inspection...

**Communication with Customers:** Good communication helps you build trust and understand customer expectations.

**Handling Customer Change Orders:** Change orders should be handled carefully and accurately documented.

**Negotiation Basics:** Come to a negotiation prepared, and, when possible, make sure you get any agreement in writing.