

## Guildmember Predictions, Strategies, & Observations

From feedback received in March of 2009

### About this Survey

This summary of feedback from GuildQuality's March 2009 Market Predictions & Strategies Survey is a follow up to the survey we conducted in October 2008. In both cases, GuildQuality surveyed all "Super" and "Admin" users -- approximately 800 people from more than 500 companies -- and received about 120 responses each time.

### Future Reports

In the future, we intend to conduct this survey in the last month of each quarter, with the next survey to occur in June 2009.

I believe that our members are representative of the best businesses in the building and real estate profession. Just as the strength of the building industry has historically forecasted the strength of our entire economy, I believe that our member sentiment is a leading indicator within the building industry.

I look forward to continuing to provide you the kind of information contained herein, and I greatly appreciate your participating in the survey.

### Observations

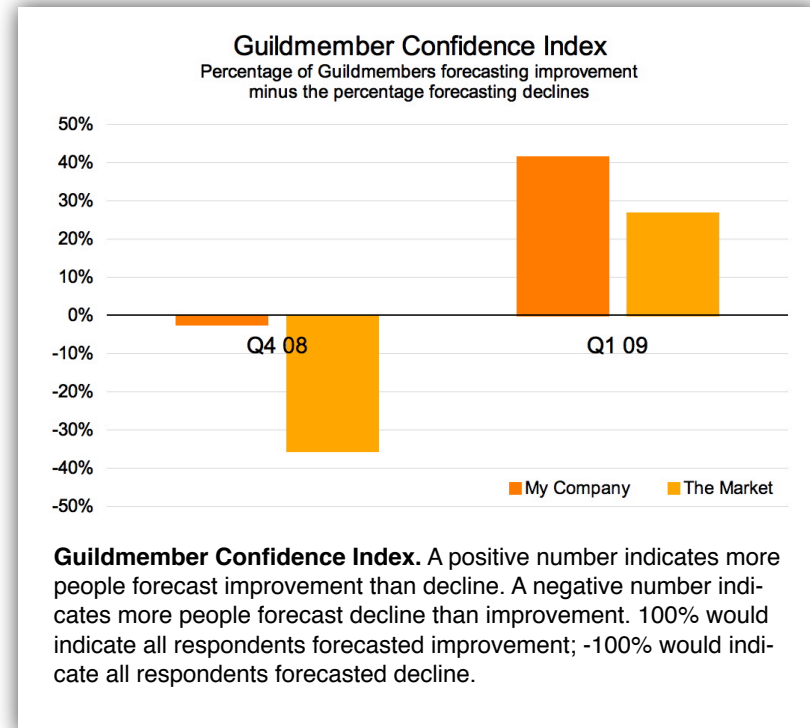
#### 1) Optimism is up (for now).

In our March 2009 survey, Guildmembers forecasted improvement in both their business performance and the overall market with significantly greater frequency than in October 2008.

To boil their predictions down to a single number, I created a "Guildmember Confidence Index." When the index is negative, more members are predicting a decline in performance than an improvement. When the index is positive, more members are predicting improvement than decline.

In March 2009, 55.5% of members predicted their company's performance to either improve or significantly improve and only 14.1% predicted their performance to either decline or significantly decline (resulting in a Guildmember Confidence Index of 41.4%). That was considerably better than in October

2008, when only 33% expected improvement and 34.6% expected decline (a Guildmember Confidence Index of -1.6%).



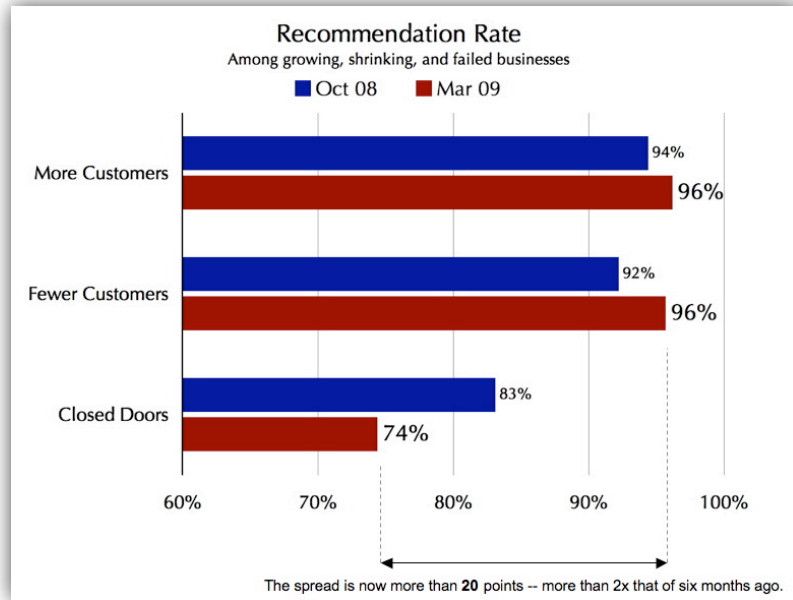
#### 2) Members are changing their game.

The percentage of members indicating they were in the business of building homes for sale fell from 33% to 27%, while the percentage of those indicating they were remodelers rose from 63% to 75%. The percentages that indicated they build custom homes or are replacement contractors stayed roughly the same at 41% and 7% respectively.

While some portion of the shift toward remodeling and away from speculative home building is a product of membership attrition and growth (not surprisingly, we've had our highest churn among for-sale homebuilders and we've made our greatest gains among remodelers), a significant portion is a result of businesses adjusting their business models.

3) *Customer Satisfaction is more important than ever.*

Concurrent with this market prediction survey, we reviewed our entire membership’s customer satisfaction feedback to update our analysis of the correlation between customer satisfaction, business failure, and growth.



Relative to October 2008, the Recommendation Rate spread between our members that have gone out of business and those still operating has widened considerably.

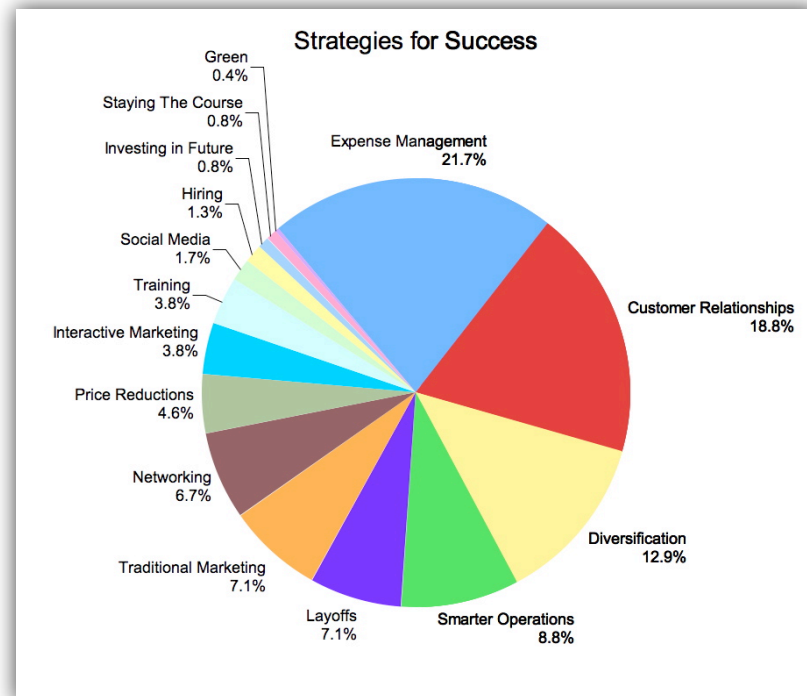
While I suspect that the correlation between business failure and customer satisfaction intensifies as the market declines (it is easier to deliver poor service and stay in business when the market is strong), I believe a part of this dramatic increase in spread is a byproduct of GuildQuality simply having a larger data set of failed businesses. Sadly, we’ve seen as many members shut their doors in the last six months as in the entire five years prior.

Whatever the reason for the widening spread, the point remains stunningly clear: Your ability to deliver an exceptional customer experience is among your greatest assets, and its value increases as the market worsens.

4) *Strategies: “Damn the torpedoes! Full speed ahead!”*

While certainly not the prevailing strategy among our members, a handful of them did seem to be channeling [Admiral Farragut](#)’s bravado. In the case of Farragut’s 1864 naval battle, the strategy paid off. I’m wishing the same for all of our brave and battle-scarred Guildmembers.

In the survey, we asked two questions about strategy: “What are your long term strategies for ensuring success?” and “What are your near term strategies for ensuring success?” The responses to both questions were so similar, that I’ve combined the answers into a single summary.



Continuing the trend from October 2008, “Expense Management” remained the most prevalent strategy reported, with a focus on “Customer Relationships” gaining ground, but still second-most frequently reported.

“Social Media” popped onto the radar this time around, and “Green” nearly fell off, with only a couple people citing it as a critical part of their strategy for success. Interestingly, “Green” was less likely to be listed as part of a suc-

cess strategy, but members mentioned it much more frequently in response to the questions about “Emerging Trends” and “Waning Trends” (especially as it relates to value and efficiency).

In most cases, it was difficult to assign each comment to a category or multiple categories. Personally, I get a more immediate value out of simply reading the feedback. With that in mind, following are all the comments provided by our members, starting with their strategies, and ending with their thoughts on emerging and waning trends.

### Comments

Following are the additional comments provided by our members, organized by question.

**Long Term Strategies:** *“What is your business doing to increase your likelihood of success in the LONG-TERM?”*

1. Marketing smarter; pulling out of big money ads. Working on website and natural SEO to increase visibility. Taking advantage of free marketing & PR opportunities (providing articles, twitter, e-newsletters)
2. selectively hiring top performers to take advantage of turnaround
3. have not decreased advertising and marketing efforts
4. We're focusing on "viral" communication by delivering a "raving fan" experience to our homebuyers.
5. Sales training.
6. continue to develop and refine systems, tighten pricing and procedures.
7. Keep overhead down and stretch our resources as much as humanly possible. As we see things turn around we will be very slow to increase costs and add staff. We will build backlog before we attempt to grow again
8. Building smaller, more affordable homes that are more likely to sell rather than sit on the market for an extended period of time.
9. Continue to offer excellent customer service to past clients, launching a customer care division, expanding our renovation/remodel business
10. Don't cut the important stuff! If it's right for the long term, it's right for now.
11. Maintaining good customer relations.
12. Maintaining our reputation for providing a superior client experience.
13. Shift to internet marketing, maintaining marketing budget,
14. communicate more with past clients
15. Increase grass roots marketing
16. we are doing everything possible to make sure our clients feel that they are getting exceptional service. We are also developing a niche in historic preservation and remodel design that is in keeping with the architecture of the home. This is a market that is underserved in our area, and plays to our strengths.
17. We're currently looking to hire more people and trim the fat from our marketing campaigns.
18. Re-organizing internal processes. Diversification into other building/construction related business ventures.
19. Tightening overhead, marketing
20. We have reorganized and have cut our office staff. We moved to a smaller, less expensive location. We continue to market and provide quality service.
21. Reducing overhead. Focusing on what makes money. Sales/Sales training
22. Continuing to do what we've been doing, building our brand, our reputation, building cash reserves
23. Tighten our belts and focus on customer satisfaction.
24. Released some employees; doing all sorts of jobs; handyman type repairs; house painting; minor bath & kitchen remodeling; being hands on with our employees and using all their talents to keep from having to subcontract out work
25. Succession planning & joining Remodelers Advantage
26. trying to reduce or eliminate any and all expenses. looking for any job big or small.
27. Better planning with fewer employees
28. expand product base to offer more

29. We've lowered our overhead some and will do so to a greater degree if necessary. We're focusing on our past client base and on referrals.
30. Sales training, right-sizing
31. active listening to the client better project development
32. Multiple marketing strategies - Internet, direct mail, television. Expansion of EPCON brand name recognition in our market area.
33. further development of relationships and networking
34. We continue to refine our understanding of how to manage a business that is capable of training employees and forming a unified commitment to the services we provide. We are expanding our construction offering to some of our clients to include larger scale commercial reconstruction. We continue to enhance our targeting of selling and marketing effort. We have plans to replicate our service offering in two additional metropolitan areas.
35. Keeping trade partners informed so they can price accordingly. Reducing cost. Bring sales in house
36. Becoming more "lean and mean".
37. We continue to offer the same high quality services that our clients have come to expect from us. We nurture our clients through the process and include their neighbors in the nurturing process as well.
38. looking at available talent pool for good quality hires
39. Gut check time, flexing with the times and getting more involved in day to day operations.
40. Defining our Sustainability statement & policy Developing a Transition plan for the owners and key employees Setting up office in new market area in VA Planning seminars to introduce Realtors to our service Building our Handyman and Special Products division. Trying to develop stronger relationships with our suppliers Carrying a line of cabinets, windows and closet systems
41. we have joined a business support group
42. Cutting overhead at as much as possible. What ever is not essential is gone!
43. Getting costs out of the homes to allow for decent margins in today's environment.
44. Continue to generate a new referral base in each home we build.
45. At this point the long term goal is to be one of the builders that is still standing at the end of this cycle. Otherwise, there is not much more that can be done in current market conditions.
46. lower overhead
47. A bit more advertising. Trying Twitter and Facebook for social networking.
48. 1) We are trying to plan strategic purposes from a financial perspective. Only essential purchases are being made. 2) Cash flow is being monitored. 3) We are still trying to position ourselves as a leader or expert in the remodeling field, not in remodeling until the new home construction recovery. Marketing efforts attempt to align ourselves with high-profile and well-respected businesses.
49. Trying to survive one day at a time to fight again tomorrow. Cutting costs, training sales staff, building smaller homes.
50. Wining and dining our customers even more than before. Our strength is our long list of previous clients. We treat clients like a priceless precious jewel.
51. focus on WOWing our clients maintaining links to previous clients and getting referrals
52. Creating focus on the two divisions of what we currently due, Universal Design/ aging in place, and Home Performance Testing and repair, that will allow us to serve needs that will be more of a focus in the future to the clients we serve.
53. Evaluating weekly cash flow and projections. Changing our mix of products. Working with realtors on land/build projects in order to build to our market. Make sure the upgrades have value to our clients.
54. Working on strengthening our systems to be able sell and produce simple jobs more cost effectivley and profitably and expanding our Paint and Inusrance Restoration divisions
55. Reducing inventory, reducing costs, designing new plans to meet the new emerging market yet to come
56. Green Building
57. Being sure our overhead is in line with the work flow volume.

58. Staging events to drive traffic to NorthWest Crossing, as the project tends to see itself once people come visit. In addition, we are postponing future land development until demand dictates.
59. Focusing on the systems within our company, in efforts to make it more efficient and pro-active.
60. Building homes at a more competitive price point.
61. Shoring up the trades and presentations to potential customers
62. Changing the company culture to one where everyone understands their involvement in the sales process, which translates to the field staff is practicing role play with the office staff on what words and answers would come across negatively to a customer.
63. Purchasing cabinets direct Cutting overhead to reduce costs while maintaining margins Increasing marketing efforts, refining existing programs to focus on our new client
64. Removing seldom used plans from our meat-and-potatoes portfolio which focuses primarily on first time buyers and selectively diversifying our business to provide a more luxury home at a higher selection/price point for 2nd time buyers.
65. Focusing on design features especially increased curb appeal.
66. Marketing to trend
67. Introducing our selves to more people in the industries; especially architects
68. Calling previous clients and surviving this year by decreasing overhead.
69. Not much you can do. It's a great time to buy because of pricing, timing, everybody is hungry but only takers are bottom feeders and \$150,000 and under resales that get people into a home instead of renting. Short sales and foreclosures have some movement. Nothing in new construction to much existing inventory and resales to work through. We have enough inventory of Condo's on the ground to last 7 to 10 years in our market. That market is beyond help. All that will solve it is firesales dropping the prices low enough somebody bites. We are currently 50 to 60% off on pricing and still slow movement. Absorption is a major problem and will be. You can buy single family the same or less than Condo's...
70. Continuing to market across the board
71. Exceed client's expectations!
72. Cutting costs (for us and consumers), value engineering plans, more focus on customer satisfaction and measuring such.
73. Keeping our focus on our long-term business plan. Although this market is difficult we hired an individual we feel has the potential to lead the company in the future.
74. Mid 2008 we began considering marketing steps and are implementing various forms of marketing to reach our intended clients. We've stepped up our internal accountability to complete projects on budget and are implementing systems to support this. We are intensifying ways we feel we excel and are working to inform potential clients. We joined GuildQuality. ;)
75. Staying in contact with anyone or thing that can provide a referral. Once we have a referral we stay on them and try to add value from the very first meeting. The quality of our proposals and efforts at providing alternative ideas and strategies for both the client and the architect is paramount.
76. Earning CAPS designation, shifting processes to accommodate smaller, quick-turn projects
77. Marketing, Marketing, Marketing
78. Diversified into remodeling and started direct marketing instead of relying on word of mouth
79. We gave our installers raises to increase their productivity and our customers' happiness. This has net us an unprecedented amount of referrals and letters of recommendation.
80. Putting proper management in place. Utilizing GPS tracking to more efficiently serve our customers. Developing performance incentives
81. Weekly monitoring of job costing to increase profitability
82. Advertising in Newspaper, Directional Signs and tagging with new developers.
83. Build a showroom for more visibility, hired IPa(business consultants) to help find all the leaks in our business, help us with marketing, employee performances, establishing overhead burdens etc so that everything is in place for the long term.
84. Mastering our processes to be able to meet our goal of 50 homes this year. Continue great customer service.

85. Price negotiations
86. Grass roots marketing , lots of networking, holding monthly events in our showroom, trying to raise our brand recognition
87. Doing more work in all different price ranges, as well as doing the commercial & remodeling end.
88. establishing a land position at below market acquisition prices partnering with new local smaller banks
89. Sticking to our guiding principles and this equation: The client is the center of the universe VS. income - expenses = profit
90. Considering other avenues like aging in place remodeling, etc.

**Near Term Strategies:** *"What is your business doing to increase your likelihood of success in the NEAR-TERM?"*

1. We responded to the shrinking market and lack of adequate funding for large projects by developing new divisions of our business: HandyMan Services, Home Maintenance Services & Windows & Siding Services. These projects are small investments that have a good ROI.
2. marketing
3. taking on smaller jobs; trimming costs
4. We are embarking on a complete redesign of our web site and the methodology we use to "profile" and communicate with our prospects and buyers.
5. Cutting costs and overhead as much as possible. Shopping materials and labor.
6. educate on value, develop new plans to counter competition from re-sales
7. We have cut our company operating costs and well as our staff in 1/2!
8. We've picked up a lot of remodeling and maintenance work since the building business has slowed so severely
9. competitive pricing
10. Currently, we're tight with cash flow. While we can't stem all of the bleeding, we've frozen raises for now, and the owners have forgone 5 months

of salary. This has reduced our net costs, and allowed us to focus on retaining our marketing push.

11. Cutting and controlling overhead. Making sure to stay top-of-mind with our past clients.
12. Shift to internet marketing, more networking, reducing overhead, temporary salary cuts
13. become more responsive to prospective clients
14. Layoffs
15. We are staying in constant contact with past and potential clients, working more collaboratively with our trade specialists to help grow our businesses together, and more effort than ever on grassroots marketing.
16. Handyman and small jobs make up 20% of our business and we're trying to push those types of jobs as much as we can.
17. Price Reductions, guerilla marketing
18. Tightening overhead, selective marketing
19. Cutting costs and overhead.
20. Working our network to gather leads. Asking our clients to be our sales force.
21. Marketing - more and more networking - making sure we're getting out
22. Focus and clearly listen to the clients needs. Find creative and less expensive solutions. Ask questions and probe for the real issues.
23. trying small marketing ideas; newsletters, courtesy letters around existing jobs, asking for referrals
24. Increase in marketing; independent surveying through GuildQuality and Angies List promotion
25. Everything is for sale! Laying off employees, putting lots up for sale, selling equipment, etc..
26. Fire employees, streamline
27. expand market share
28. We're looking for more competitive subcontractors and suppliers. We've lowered mark-ups and we're expecting others involved on the projects to do the same.

29. Laying off employees
30. layoffs more marketing more networking pursue every lead
31. Working with lenders to offer financing. Bank requirements in today's market are making it very difficult for many people to secure mortgage loans. We are also exploring FHA and VA approval for our homes.
32. Eliminating all non essential costs and personnel
33. Offering incentives and changing our marketing strategy.
34. Cost control and tightly pushed selling through our best relationships
35. What ever it takes to drive traffic. Incentives, Incentives
36. Cutting overhead and profit fees. Encouraging Cost Plus with a Guaranteed Maximum contract. Promoting remodeling which we have never promoted before.
37. Trying new things with marketing and brushing up on selling skills.
38. increase marketing and advertising, watching overhead more closely
39. Increasing direct sales and mailings
40. Networking like mad. Contacting past clients by phone email and mail. Some layoffs and considering more.
41. marketing - doing more networking and interpersonal contact rather than print or radiodollars spent
42. Our near term, is having the ring. We are calling past clients, sending out leaf-lets, trying to get the wheel rolling.
43. Being smarter about what we're putting on the ground. Taking advantage of successful projects and working through slower projects.
44. 90% of our business is referrals. However we continue to put our business in the spotlight thru participating in community projects. Also we are listed as a builder in 4 neighborhood where the number of builder is very limited (3 to 5 builders). We will build outside of these neighborhood if requested and generate about 30% of our workload this way.
45. We have slashed all overhead expenses that can be slashed short of cutting the key core people. Also are taking on much smaller and less profitable projects to generate a cash flow.
46. special pricing
47. Staying in contact with past clients.
48. 1) We are increasing our marketing efforts, especially low-cost venues. 2) We are responding to client calls and following up with estimates very quickly to capture the enthusiasm. 3) We are making sure that no leads fall through the cracks--making sure that each lead is tracked to its conclusion.
49. Trying to find banks that will provide construction financing and are in decent shape.
50. We are as lean as a company can be of our size. We have set up 3 different business models that will be activated if sales drop to a predetermined level. Decisions are predetermined so that we can react quickly if sales figures drop. we don't want to be like the Titanic!
51. advertising more
52. more face to face marketing
53. Contact with past clients via phone calls and personal notes. Contacting leads from a couple of years ago. Marketing small job division that was created in our company.
54. Pursuing every lead! Looking into light commercial. Sending out direct mail pieces to past clients. Using a bi-weekly e-newsletter.
55. Widening and reminding our offerings to our current client and referral base. Insurance work, painting, small jobs, fast bathrooms - etc.
56. Reducing inventory
57. Remodeling work Repricing homes to reduce cost
58. Watching expenses with a careful eye. Keep marketing to hopefully get leads.
59. Lowering lot prices.
60. Be more pro-active than re-active. Focus on company overhead very closely.
61. Building homes at a more competitive price point.
62. Getting proper financing
63. Contacting all of our existing client base by telephone to let them know we are available for work, and we introduced a Handy-man division to handle small jobs.

64. Improve Quality Improve customer service and satisfaction Provide more services not less Provide more value Cut internal costs and eliminate all fat Doing more with less
65. Cost-saving ideas continue to be generated and implemented on all levels of business. Voluntary and involuntary layoffs still occurring.
66. I've downsized my overhead as much as possible. Really beating the bushes for referral sales.
67. Working with our main client base more and working on our website marketing
68. Cutting overhead/expenses, including people and owners salaries, business "luxuries", being acutely aware of use of supplies in the office and field
69. Creating new ways to market
70. We have introduced a handy man/home services program for those smaller projects which hopefully will develop into larger projects in the future. It always helps us stay connected with past clients and increases our client list for the future business.
71. Trying to hang on. Lots of traffic but everyone is frozen by fear of the economy, how long, how deep, how much more am I going to lose out of my investments. Our buyers generally have no urgency and it is a second or third home so waiting to see what happens is killing us. Most not impressed with the direction our administration is headed. Feel we are headed for disaster and a debt our children can never get out from under. Our buyers are mostly self made and do not accept rewarding failure.
72. market more; negotiate better terms/pricing with all trades and suppliers;
73. Better communication from before, beginning, during, and end of project with client.
74. We are marketing the current legislations tax credit for our replacement windows.
75. Cutting costs, looking for land that allows us to build homes that make a profit.
76. Continuing our company meetings to focus on what we can do in this market and the positive things that each of us and others are doing.
77. Keeping a real close eye on our financial position. Keeping crews updated on our overall position. Motivating crews to be extremely efficient. Working available leads very thoroughly. Being extra aware to be "on-it"
78. We have established a very strict budget, cut all non-necessary costs, spending significant amounts of time building relationships with referral sources. We have also spend a great deal of time maximizing the use of our existing technology to improve our processes and systems.
79. cost cutting and cost control, marketing for need-based projects
80. We have downsized and eliminated all unnecessary expenses
81. We have had to adjust our margins downward to compensate for the marketplace.
82. Marketing to the end user and homeowners directly. Developing targeted advertising
83. Cut overhead, lay offs, reduce marketing
84. Looking at all customers requests for speciality designs inside of the homes
85. more advertising
86. Staying on schedule. Firm up base prices.
87. Following budget
88. cost cutting every where we can, working out payment plans with our suppliers, making changes to employee health benefit plans
89. Starting to work with commercial and remodeling. Also bidding on government jobs.
90. looking at commercial work
91. We are making sure everything is perfect... perfect. We can not afford anything less.
92. Lowering price & overhead.

**Emerging Trends:** *"What trends do you see emerging among your customer preferences?"*

1. All customers want the biggest bang for their buck. Those that still want to spend money on their homes are doing so without regard for resale value - they want to stay in their homes for years to come so it is unimportant to them.
2. green
3. more cost conscious; interested in energy efficiency improvements; slower to make decisions
4. I see homebuyers using the internet more every day. This is our most important opportunity for gaining buyers and communicating with current and past buyers and prospects. Texting is coming!
5. I see people looking to do work only out of need instead of want.
6. greater price sensitivity and smaller footprints
7. Extreme price sensitivity and hesitation to make decisions. People are scaling back to do less and reduce the bells and whistles
8. Smaller, more custom homes
9. Cutting costs -downsizing original plans
10. Big split- some are price shoppers, no interest in quality of company. Others are quality... but taking their time making decisions.
11. Green building products
12. "Value" is the new social responsibility. Being "green" is only important if it will save money, but today's consumer is expecting a "great deal".
13. More focus on value choices vs. pure luxury, return on investment, maintaining (repairs) vs. remodeling
14. Interested in Value and price. Shopping now for future projects
15. Scaling down the project size and scope to the "need" vs the "wants"; staying in existing home vs selling up or down.
16. They are scrutinizing their remodeling providers much more than a year ago, and the remodel work they are interested in doing is based more in need than want.
17. Customers are willing to spend money on their homes, but they're being very selective about it.
18. They remain on the sidelines waiting for a signal that it is OK to move ahead.
19. Shopping, planning, planning, research...
20. Less spending - We're beginning to see a trend toward multi-generational living.
21. Smaller projects where need is the motivating factor
22. Staying in homes, still updating, not much change in our area - really think our area will be hit the hardest next year - once all the new tax changes roll out
23. value
24. They are more reserved / conservative in their designs. Having a less is more approach instead of I deserve this and will get it.
25. smaller jobs and fewer; many people shopping price to find the cheapest bids
26. Taking advantage of tax credits
27. We have not had a sale in the past 6 months of an inventory home, so no trends are emerging
28. Less \$ per job, harder to land the fish.
29. price price price
30. In general we've been working on smaller projects. Homeowner's are looking for energy efficient products and there has been an uptick on interest in green products. We're seeing projects that are being driven more by the homeowner's desire to pay less, but still get what they want.
31. Lower price points, smaller home plans
32. more contained projects lower dollar volume
33. Energy efficient features
34. More shopping before making a decision. Price seems to be the most important consideration.
35. We are assuming more and more of what the insurance field adjusters use to do. This service is part of our cost to land individual contracts with insureds. Insureds expect us to absorb payment of their deductible. Economic issues has increased the likelihood that a home owner may

cash out the claim and decide not to complete repairs. Ever increasing need for communication and follow up.

36. price, price, price. They still want everything.
37. Customers feel they have to bid the jobs rather than negotiate with one builder. Growing interest in "green" building.
38. They are taking longer to decide to move forward
39. people are staying put with even the slightest decline in home values and uncertainty in the markets - many are putting \$\$ into homes in terms of remodeling, figuring less risk than stock market. We are seeing steady demand across all categories - room additions, kitchens, bathrooms, and whole house remodels
40. Smaller homes, Well built, good design, large family/living room, Additions for parents or children to move in or for a nurse as they age in place.
41. Smaller projects, budgets and looking for deals Some end up contracting it themselves Taking care of the improvements and upgrades that they really need Concern for energy efficiency and the environment. Taking the stimulus credits
42. reluctance of clients to spend for upper end projects, projects are smaller and more modest
43. People are cost cutting, looking for the best deals. They are also trying to justify a high-end kitchen vs. the benefit to their homes price in the economy.
44. Lower price points or price per square foot. Simple exterior design with good interior amenities.
45. Most of our custom homebuyers are concerned about the overall cost of building a home. In most cases we price out many options for them to choose from in order to stay in the price range they are comfortable with.
46. Everyone is very price oriented and only looking for bottom dollar.
47. discounts, availability
48. Smaller projects and more focused on contractor reputation and professionalism rather than cost.
49. Clients are opting for projects which are 1) necessary or 2) offer some type of incentive, particularly the energy credit offered by the stimulus.

Components of projects are on the more moderate side with non-essential projects being postponed.

50. Price
51. More practical renovations. not as many frills. Energy efficiency and green products are becoming more prevalent
52. taking more time to decide before signing contract
53. Green building.
54. Small projects with focus on repair that has been put off due to believing a large project was to be done and now seeing that it will not happen.
55. We need customers first!! People are not building, they are buying existing. The Realtors should be helpful with this
56. Smaller jobs more oriented to kitchens, baths, finishing existing spaces and energy related such as new windows. Green as it relates to a good return on investment over their projected future in the home.
57. More customization, lower pricing
58. Bottomline price is important, less square footage, energy savings
59. smaller more efficient homes. more homes built on the green building concept
60. Smaller jobs and more remodeling than additions.
61. Overall bottom-line cost is most important. Most sales are for presold, custom homes.
62. More features for less money overall. The consumers are more savvy regarding construction products and techniques, which can be helpful sometimes, while challenging at other times. For our niche, the customers are still more interested in features than they are benefits.
63. It appears that they would prefer more of the options become part of the initial package of sale.
64. Building more energy efficient homes
65. Green is on everyone's tongue but it means different things to everyone, some want to save on utility bills, others want the materials to be eco friendly when made, so no common denominator. Remodeling has lost it's over the top spending, customers are more concerned about not spending too much for the market. Third is making my home work for me

while I get older, space for my already old parents, which can convert to caretaker living area.

66. More price and value driven
67. Customers continue to look for good deals. They want a home with all the features they'd like at a good price including incentives. We have targeted our marketing towards the stimulus plan and how buyers may qualify when buying a home.
68. Even more concern with Energy Efficiency. A lot more use of colors in the house, especially on the walls. The days of builder beige are gone. Better use of space. My customers are staying away from 2 story open space and focusing on usable space. Finished basements.
69. Smaller maintenance, energy efficient type projects
70. Necessity as opposed to want
71. Smaller scale projects.
72. Really are not changing, we are high end. Energy efficiency & water conservation without going totally green are in most everyone's minds.
73. more interest in competitive pricing
74. They expect great quality product, great customer service, and be left with the feeling that it was money well spent.
75. Our new clients are deciding to save money. Rather than moving to a new home, they are remodeling/upgrading their existing home.
76. Spec / quicker delivery homes vs. pre-construction; usually b/c they were lucky enough to sell previous home and need something quick to move into.
77. Energy conscience buyers
78. Cutting back on expensive products and looking for more for their money.
79. More budget conscious. More limited budgets.
80. I have specifically targeted a the high end market (\$1,000,000-\$5,000,000) and I am seeing them moving forward with their projects. They have the cash, perceive building cost to be down, interest rates are low, and land values are depressed. A good time to buy a lot and build.
81. smaller projects, more essential projects (maintenance and repair and need-based projects) versus large additions and renovations
82. Smaller jobs with smaller budgets
83. Prospects are very cautious with no sense of urgency.
84. People want to see deals this year. The economy sucks, so they want the work for cheap so they feel they are getting a bargain.
85. Referrals from insurance companies declining as they begin to settle claims directly with their insureds
86. everyone is waiting to see what is going to happen. lots of intrepidation
87. People are starting to put their homes on the market, they are still a little skiddish about going into a purchase agreement until they have some kind of traffic on their existing home.
88. smaller renovations, putting new custom home building on hold for a year or so
89. More first time home buyers and people who want to downsize.
90. Affordability
91. smaller job size, modest improvements, partial kitchen renovations, clients are much more cost conscious and are expecting special deals
92. Energy efficiency, recycled products, low maintenance
93. smaller homes but more custom features
94. Generally smarter, well informed clients.
95. They are asking for more personalization than what we currently offer, and are more price conscientious.

**Waning Trends:** "What trends are becoming less and less important to your customers?"

1. Desire for name brand items
2. size
3. high end finishes
4. "In your face" advertising (print, TV, billboards, etc.) has created so much "noise", it is hard to be heard over the flood of advertising trying to catch their attention.
5. Having the best company. What I mean by this is the quality of the company is not as important as the price of the job. The way that we sold jobs by showcasing our process and standards is not as important any more.
6. larger homes
7. Less interest in green eco-friendly work. People want to stretch their dollar as far as possible
8. Huge, 3000+ square feet homes
9. Being Green.
10. Keeping up with the Joneses.
11. the cost of service
12. Keeping up with trends.
13. Luxury-type items like wine cellars and media rooms.
14. Selling their existing home. Relocating to another town/state.
15. Not sure
16. Too soon to tell
17. Square footage
18. Can't say that we're seeing any
19. extras such as summer kitchens, elaborate baths
20. High quality design and products. Again, simpler is better.
21. large jobs and investments in homes
22. Large home size
23. Granite countertops
24. High-end remodeling projects are few and far between. It's been back to basics for most of our clients with the goals being to meet their needs and not their hearts' desire, though there are still those clients who want quality projects.
25. Environmentally friendly trends
26. high end total luxury
27. None - with today's customer EVERYTHING is important!
28. Taking risk with a contractor that may not really have any business operating. Insureds are quicker to let us know that they "have to take risk that things may work out"; that they need to try and get the work done and use remaining cash to try and deal with the general financial hardship being experienced by most.
29. High end materials
30. green has taken a slight backseat position with the economic downturn - still important, but less so than a year ago
31. Large spaces
32. Paying for quality.
33. Master Down is being sacrificed for efficient plans with master up.
34. Being "green" is great as long as it fits within the budget. They only want to pay extra for high performance HVAC equipment, hot water heater and upgraded insulation. Renewable or recycled products have very limited interest and only if it is less expensive.
35. Custom features and upgrades
36. presales, selections
37. Larger projects.
38. Projects such as master suite projects are less. Countertop surfaces are no longer Corian but using laminate as an alternative with a plan to upgrade when the situation is more stable.
39. Big homes.
40. "over the top" spaces
41. Larger size projects, complete tear down and rebuilds.
42. The new clients we are currently speaking are very aware of price.

43. Big expansions and high end materials
44. High-end upgrades / products
45. I haven't seen any change in what they want
46. higher end interior finishes
47. The large additions are not happening as much. I think people are staying put and just fixing up their existing home.
48. Less focus on \$/SF
49. "green" building is nice, but the customer is still more concerned with bottom line. Bottom line price consistently wins out over environmentally friendly materials and techniques.
50. Upgrades
51. More quality/bells and whistles less size
52. More space? Larger is better, media rooms? wine cellars? elevators in the garage so they can store more vehicles.
53. more focus on real needs and less on just give me the best
54. Overall homeowners want more, not less.
55. Two story great rooms.
56. Top of the line products
57. looking for quality appliances vs brand name
58. Green remodeling, grandiose projects.
59. Large volume ceilings, wasted space, opulent and overstated features are coming under control. Size and proportion are more real.
60. features deemed extravagant or luxury
61. There's never anything that's not important when doing any construction on someone's home.
62. As big a home as you can afford.
63. Having more square footage in their home.
64. Large homes (over 4,500sqft), formal kitchens, large master baths
65. the frills
66. larger, optional projects (master suites, large additions, etc)

67. None at this time.
68. Really not sure
69. Upgrading high end features.
70. Upgrades (Example: granite countertops, finish trim, etc.)
71. large lots
72. It is less about keeping up with the Jones' and more about value.
73. High end upgrades.

#### **Additional Comments**

1. We're trying to "shoot with a rifle" at our prospects, trying to capture enough personal information from them to be able to deliver a "relevant" message with content aimed at their particular circumstances.
2. We've ended up renting a lot of our new construction homes that could not be sold in this market.
3. The fourth quarter was devastating to most of our contacts in the remodeling business. We have seen some improvement and have made adjustments to our business with the expectation of much lower sales this year.
4. This is the toughest economy in my 27 years as a G.C. We are thankful for any leads and jobs that come our way and more thankful that we have many skills that allow us to keep going with our employees. Even the architects are calling us for leads; however, as a design build contractor, we rarely get plans from architects to bid on.
5. Smell the roses
6. We're getting more projects based on our reputation and how we do business rather than just the bottom line. This is becoming more prevalent than we've seen in the past. Clients are expecting to be serviced -- which is what we've always done. We send our GuildQuality reports to potential clients to help sway them -- it seems to be working. Thanks, GuildQuality!
7. This down turn is partially media induced . Watch and listen to any media and all you hear is negative. The "Sky is falling" mentality has helped to create our financial crisis. I'm not saying put your head in the sand but we still have the strongest economic engine in the world. 8.5% unemployment

should be said 91.5% employment. Lets look at the positive and stop the negative and watch the economy turn!

8. Activity is picking up but sales are flat. People are having problems selling their homes in order to buy
9. This market is the most difficult that I have ever participated in in the last 30 years. People have money but not the confidence to invest yet. Milwaukee and the Midwest in general is fairly conservative and will probably take longer to come out of the recession. It is going to be a very difficult year and only the strong and smart will survive.
10. We have not sold a house (new construction in 15 months) and currently it looks like it could be another 6 to 9 months. Nobody will get off the fence because of fear of this economy. Our market is a disaster. Change in November did nothing but hurt us!!
11. We are working smarter in addition to working harder
12. Managing our cash flow has been our biggest challenge and continues to be so. Our sales have picked up some from the beginning of the year which is a good sign but we are working harder than ever to close them.

**A note about responses that were not included in this report.**

Four members responded to our survey after I began developing this summary and their feedback didn't make it in. My apologies!

Also not included in this report is feedback from about 50 prospective members -- builders, remodelers, contractors, and developers who are not Guildmembers. After a few more quarters of these surveys, I intend to produce a larger, more comprehensive summary that will include everyone's feedback.

**Thanks to all those that participated!**

Thanks for your participation in the survey. I welcome any comments, suggestions, or requests you have about this and future reports.

Sincerely,

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