

Contractors Can Increase Business By Offering Financing Through Thacker & Loucks Financial Services (TLFS)

Today's competitive edge can come in many forms for home improvement and swimming pool contractors: better design, high tech materials, less expensive products, trained salespeople and more. One of the easiest ways is to add service and value by offering financing for the job.

Some contractors mistakenly believe that *they* must provide the financing -- put up the money, underwrite the loans and collect the payments. Not so. Home Improvement and Swimming Pool Dealers who have partnered with financing sources have found it to be an excellent way to boost their business without becoming the financier in the process. Offering financing enhances the builder's image as a customer-oriented firm while, at the same time, minimizes the customer's chances of shopping the deal to other contractors. In many cases, the customer simply does not have the time to shop the deal and the financing, and may seek out contractors who offer the added financing service. The hot button is *convenience*.

According to "Building & Remodeling News," a growing number of small home building and remodeling firms are offering financing to attract new business and retain existing accounts. In some cases, the ability to offer loans may complicate the contractor's operations due to the time and effort required to provide the financing and complete the mortgage company paperwork. However, once the loan offer is integrated into the bidding and sales process, it can actually *boost* business for the contractor. Thacker & Loucks (TLFS) streamlines the process for the dealer by offering training as often as the dealer feels necessary and by preparing the documents for the dealer, thereby minimizing the time the dealer must take away from its construction program.

Selling Tool

In order to offer financing it is not necessary to understand all the ins and outs of consumer or mortgage lending. All that is left to the financing source. Building & Remodeling News says that contractors experienced in offering lender financing boil the issue down to two ideas: first, will the customer pay cash or finance the job? And secondly, if they are going to finance, talk Cost-Per-Month and not the full job price. If you speak with a variety of lending officers at banks, mortgage companies and finance companies they will tell you that customers are more than willing to buy if they can afford the "price per month," regardless of the overall price. This is a powerful selling tool.

Everyone Wins

Offering financing is a win-win situation for both the contractor and the customer. By offering financing the home improvement or swimming pool contractor does not always have to have the lowest bid in order to get the job. The competitive edge is in the *financing*, and in many cases, the ability to offer the customer that extra service and convenience is what actually sells the deal. Further, it reduces the possibility that the customer will continue to shop around. Rather than asking many contractors to bid the job, the customer may award it to the one who offers the financing.

Another plus for the contractor is that the customer may feel relieved that a trip or call to their banker is unnecessary. In some cases, financing sources (banks, savings & loans, credit unions, mortgage companies and finance companies) may tighten their lending policies, require appraisals and additional bids and can slow down the process in any number of ways. Further, some sources actually refer customers to

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a “preferred list of contractors” with whom they are familiar, which could easily cost you the sale.

For the customer, the concept is also positive. Although some customers may hesitate to reveal financial information to the contractor, few customers relish the idea of going to the bank or credit union. For one, the hours are generally inconvenient and secondly, they may get a run-around, as mentioned above. To diminish the customer’s concerns about revealing personal financial information, TLFS has shortened its application to help provide confidentiality for your customer. Most of the credit information needed for a loan decision can be obtained by Thacker & Loucks via the credit bureau.

By offering financing, the customer can opt to use your financing source or find funding elsewhere. By *not* offering financing, the customer is *forced* to look elsewhere. Further, via your financing sources, you can let the customer know within a few short hours that the loan was approved.

Keep It Simple

Ideally, the contractor wants to offer financing from sources that make it very easy for both the dealer and the dealer’s customers. After all, the primary focus is on remodeling or construction, not lending operations. The dealer wants to make sure that the source is knowledgeable about the remodeling and swimming pool construction business and is capable of approving as many loans as possible in the shortest amount of time. Those are just some of the reasons that TLFS uses a variety of funding sources. Each source has certain lending criteria and underwriting guidelines. Thacker & Loucks places the loan request with the lender most apt to approve the loan. If the first lender declines the application, a second bank is contacted, and so on. Additionally, TLFS will go an extra mile for the customer if the loan is

marginal but the customer appears to be a good credit risk. We find ways to say “Yes” to the loan request.

Getting Paid

Funding the loan is critical, too. As a contractor, you know you’re going to get your money...but you also want to know when. With rare exception, once TLFS receives a completion certificate and signed loan documents, dealers are paid within 24 hours. This is another advantage to offering financing. You no longer have to worry about whether or not you will get paid. Additionally, on many jobs, you qualify for staged funding.

A Concept for Today & Tomorrow

Industry experts predict that in the next 5 years, home improvement financing will become as common as auto and furniture financing is today. It may well come down to contractors promoting package deals of financing, says the trade magazine, where contractors will have packages of pre-designed room remodelings and additions with custom options. They’ll be promoted as an 8x10 bathroom remodeling for \$6,995 or \$165/month for 5 years.

According to the Building & Remodeling News, the people who are most successful in the remodeling business today offer financing. In order to grow and be more efficient, contractors need to take the time to learn how to offer financing on remodeling work, or be prepared to lose the business.