

# Tough Conversations

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## Baiting

When a customer baits you, he or she uses your own words or actions to persuade you to give the answer the customer wants to hear. For example, “You people advertise that customer satisfaction is so important, let’s see you back it up.” Or “In a home of this price, a rear deck should be included.” The key to responding is *recognizing* you are being baited.

In responding to baiting, keep in mind that two things can be true. Use “and” rather than “but.” In response to the examples given, a good answer might be “Yes, customer satisfaction is a priority for our company *and* this is home maintenance.” Or “Yes, customer satisfaction is a priority for our company and adding a deck to your home plans will increase the price.”

Another version of the baiting technique is appealing to your personal standards. The implication is that you and the customer share the same high standards: “Would you accept this in your home?” If you say “No, I would not” you’ll have a hard time refusing to repair or replace the item in question. If you say “Yes, I’d accept this” you are, according to the customer’s logic, saying that you have low standards—something no professional would want to do. It seems no reasonable response exists. However, you can acknowledge “All homes include imperfections. If I got the rest of the home with this one, I’d accept it.”

## Why Are You Selling My Floor Plan for Less?

Current market conditions have driven prices down dramatically. For builders who have unsold homes, the effect has been devastating. Adding insult to injury, former buyers are angry about having lost value and often confront the sales person—some even demand a refund of the price difference.

While no perfect way exists for managing these conversations, beginning with empathy is best—no one likes that this has occurred. Four points to consider mentioning can help establish that everyone is suffering from this:

- Competitors price reductions
- New customers sold for less
- Home value suffer if the community is not completed
- Homeowners who can ride this out will regain their loss—the builder cannot

“Yes, this is just awful. We are reeling from the impact of what has happened in the home building industry. After struggling to maintain pricing, we realized that because our competitors had dropped prices we were left with few choices.

Keep in mind that if a buyer had a home to sell, they got much less for it—so the benefit they realize from the price reduction is off set by their loss of equity on their former home.

Another factor we considered was what it does to values to build half of a community and not complete it. Having empty home sites scattered around damages values as well. The sooner we can complete the

community the sooner values can appreciate.

Worst of all from our perspective is that we are selling <number> homes at dramatic price reduction. In addition, we're making other concessions that result in actually losing money. When the market comes back—and it eventually will—we have no chance of recapturing that loss.

Your home will go back up in value so you have a chance of regaining this loss; unfortunately, the best we can do is survive this. So when I say we feel your pain, I mean it sincerely.”

If your homeowner is facing a job transfer (or any other circumstance that cause them to sell rather than wait this out) little you can say will assuage their rage. The bottom line is that had values gone up, they were not going to bring your company a check for half of the gain; a home is an investment and investments carry no guarantee of increasing in value. It is unfortunate that we've all had to be reminded of this reality.

## Vandalism/Theft

In the unhappy event of vandalism occurring on your job site recognize first that attempting to hide this from buyers is likely to backfire. Instead, as appropriate, quickly take these steps as you prepare to contact the buyer or buyers affected:

1. Report the incident to the authorities.
2. Have a plan for correcting the damage that was done.
3. Know the estimated time table for those corrections (pad it a bit to cover delays).
4. Provide the facts as you know them to company personnel who might speak with the buyers (or existing homeowners).
5. Contact the buyers affected quickly with the information you currently have.
6. Plan to invite them to tour their home(s) with you once corrections are complete.

*You do not want them to discover this on their own.* Contact the purchaser(s) as soon as you have solid information for them but no later than within one business day. (If you do not reach them personally, email them AND leave a phone message asking that they contact you as soon as they can. Do not leave details of this news in their voice mail.)

When you actually speak with the customer, use a tone of voice that is calm, business like, and concerned, but not overly dramatic. *One of your goals is to build the purchaser's confidence in your ability to handle this.* The conversation might sound like this:

Mrs. Buyer, I need to report to you on something that has occurred here. This morning we discovered that <your/several> homes under construction <had been vandalized> OR <had items stolen from them>.

- The damage involves <item/item/item>. (Keep your description accurate but avoid going into unnecessary graphic detail)
- OR The items missing are <item/item/item>.

We've reported this to the <sheriff/police>. They have taken a report and started an investigation. They have asked that we keep everyone out of the home during this time to avoid interfering with any evidence that might be available to them.

Once they have completed their investigation we will <list actions to be taken, in the order they will occur>. We expect this to take <x> days/weeks after the <sheriff/police> allow us access again.

When we've completed these corrections, I'd like you to come out and tour the home with me to confirm in your mind that we have everything back to our standards.

**If the purchasers indicate they want to see the damage, discourage this.**

The authorities have control of the home for now. Once they release it to us we'll be working diligently to restore it to our standards. I'll be happy to show you the results when I'm satisfied with that effort. Meanwhile, I ask that you refrain from visiting.

**A purchaser may ask to cancel the contract.**

This might occur because (a) of the psychological violation, (b) of the delay, or (c) the purchaser was already looking for away out of the transaction. In these cases, management will need to analyze the circumstances on a case by case basis and make a judgment call.

**Anticipate emotional responses.**

Besides the possible inconvenience of a possession delay, purchasers who feel violated may react with considerable displays of anger, grief, or fear. Make no effort to minimize the seriousness of the event. Instead empathize a bit: "I know this is upsetting to you. We take a lot of pride in <community> and we take this personally as well."

Also anticipate and rehearse responding to such questions as–

**Will this delay my closing and move in?**

Possibly. I'll be able to tell more accurately once we begin work on the corrections. I'll keep you informed as we progress and you will still receive our promised minimum of <x> days notice before closing. (Note that this is an event outside the builder's control and as such is similar to inclement weather, labor strikes, or material shortages.)

**Was the house locked? or Why wasn't the house locked?**

- Yes the house was locked–whoever did this gained access through the broken window I mentioned.
- No, but that would not necessarily have stopped this. Windows are readily broken.

**Why don't you have a guard?**

- (If you have a security service) Actually we have a security person from 10:00 pm until 2:00 am.
- (Whether you have a guard or not) Even with a guard, it is impossible to watch every home all the time. Short of posting a guard on each home round the clock--which would impact home prices significantly--builders everywhere are vulnerable to this.

**How do I know my family will be safe after we move in?**

Of course, no one can ever guarantee complete security in any home. However, none of the occupied homes were disturbed. The homeowner's association may decide to organize a neighborhood watch.

**Since you have to replace <x> anyway, I'd like to pick a different model/color/material.**

Allowing a new choice may offer a way to calm upset feelings, provided the new item is readily available and will not delay work on the home. The purchaser could reasonably be asked to pay any significant additional costs if an upgraded item is chosen--although this offers you a potential goodwill gesture in these circumstances. Think this topic through carefully, however. If a large number of homes were involved, opening selections again may lead to further delays, errors, and additional costs. Common sense should apply; balance goodwill with the practical issues of getting the home(s) involved ready for delivery and move in.