



## Episode 97

# Prequalifying clients through investment range



**Mirjam: (00:00)**

Hello. And welcome to Designer Discussions with Jason, Maria, and Miriam. Today, we're talking with Jen Rutgers about prequalifying Clients through Investment Range.

**Intro: [00:10]**

Welcome to the designer discussions podcast with Jason, Maria, and Mirjam. Tune in each week where we talk about marketing, PR, and business advice for design professionals. Are you wondering where to start marketing your interior design business? We are opening the Designer Discussions Marketing Studio, a monthly series of indepth actionable content to guide your marketing, PR and business development. We want to help you transform your business and elevate it to work with your dream clients. You are going to want to hear this episode. Jason is going to tell you how to get your new website paid for and include all the bells and whistles that you're going to need for 2023. Let's get out there and let's update that interior design website.

**Maria: (00:47)**

Hey, Jan, would you mind starting off by telling us a little bit about your expertise and what we're going to be talking about today?

**Jan: (00:50)**

Yeah, great. So my name is Jan Rutgers, and I've been a professional kitchen and bath designer for more than 25 years. I think my one big claim to fame is having designed over a thousand kitchens. So that's been exciting. And in the last few years, I've pivoted my business a bit more into education and I founded Vestibule School of Design, which is an online service or an online school that provides training for professional kitchen designers. A big part of that is I do a lot of coaching one-on-one with kitchen and bath designers that want to take their business to the next level. Of course, once you get into this consulting role, other opportunities come about. I've been working with a developer for the last year, working on a platform that we're going to be talking about today that is really going to be a disruptor in the industry and change how all of us as kitchen designers are going to approach our projects. So that's what we're going to talk about today.

**Maria: (02:03)**

Jan, you believe that there is an importance of pre-qualifying your clients' investment range before you even start the process, and that this could really improve the industry through technology. Can you talk to us a little bit about how much time is spent in pre-qualifying a client without technology?

**Jan: (02:50)**

Absolutely. So having said that, I've been in the industry for 25 years plus, I've seen a lot of different ways of how we've approached working with our clients. Traditionally, and we do have stats on this, traditionally, a kitchen designer will spend anywhere from 10-40 hours with the client before they're really committed to the project, the client being committed to the designer for the project. The traditional way of what has happened is that a consumer will visit a kitchen-to-bath showroom and they're wanting to do a kitchen project. Someone from the design staff will run out and measure it. They'll come back, they'll put together some different concepts. They'll have meetings, they'll go over concepts, they'll put pricing together, they'll do revisions. It becomes this back and forth game that really can take hours and hours. And as I said, we have statistics that show that on average, that's 10-40 hours can be spent with with a client before there's any type of commitment. And for me, I realized years ago, probably two years into my career, that this was nuts, that you just couldn't afford to work that way. And I started playing around with different ways to be able to change that. And really what I came to understand is you really needed to know the investment number for the client. It couldn't be a game. I needed to do my job. I think that you can relate it to working with a real estate agent. That's the first thing that the real estate agent needs to know. How much do you want to invest in a new home? Because they'll be spinning their wheels to be taking you to multimillion dollar homes when your budget's \$500,000. That was our challenge of how can we take that 10-40 hours and get it down to something that's reasonable? Something else I just wanted to share with you, I remember I was talking with a showroom owner, a manufacturer of cabinetry, and I was giving him some stats that if your average kitchen designer is spending 10-40 hours, so let's pick 20-25 hours on a project, another almost disturbing statistic is that the closing ratio of an average kitchen designer in North America is only about 33 %. So I'm saying to him, if you've got a designer that's got 10 jobs on their desk, the likelihood or the average signing is going to be three out of that 10. I had him take the seven jobs that his designer was going to work on and was not going to sign. We added up all those hours and it came down to be a full month of working 40 hours a week that there was no revenue coming into the company. So that it's a big problem to solve. That was something that we really wanted to look at and myself being very passionate about. It's got to change. It's not sustainable to be working that way and and we're just going to start churning out and eating up designers. We're in an industry right now where there is a changing of the guard. Twenty-five, 30 years for people like me, I probably am not going to be putting in another 25 years in this industry. So we need to change, we need to get the new young designers trained, and we need to come up with a process for them that's sustainable and enjoyable.

**Maria: (06:29)**

So, Jan, what are some of the ways that we've been ballpark estimating things in the past?

**Jan: (06:50)**

Yeah. So that's been an interesting one that a lot of people have tried to tackle this over the years. And one that was quite popular, and it was something that I heard a lot in my career, is to take the value of the consumer's home and then apply a percentage to that value to come up with how much they should be investing in their kitchen. I remember early on, we even used to break that down. Oh, if it's just a build or flip type of house, maybe you invest 5%. If it was a basic kitchen renovation, maybe 10%, and if it was going to be more of a custom renovation, 20%, 25%. But that doesn't make sense anymore. It's been really interesting, even working with the three of you, we're at all the three different points in North America. I'm up in the Pacific Northwest, got you guys down in the south, got Marion up in the Northeast. Housing pricing is all over the board. Up here in Vancouver, the average price of a single-family home starts at two million dollars. Well, somebody purchasing a \$2 million home, applying a percentage to that doesn't make sense compared to somebody who is in a southern area, rural area where the house may only have a value of \$250,000. That was something that we used for many, many years, but it just doesn't make sense anymore because of the varying pricing of homes across North America. Something else that was used quite a bit is, well, if you could get a number from your client, say your client would give you a budget, \$100,000, then there was apps out there that would allow or would provide percentages to that budget. Say they would say that cabinetry, 35% and appliances, 12% and flooring, 8%. But we all know that the chaos of choice out there has skewed that. That when I got into the industry, I think that number was 48% for cabinetry and 12% for appliances. Well, you could flip that now. I have a lot of clients that will invest heavily in appliances and maybe downgrade their cabinetry. So all of those percentages just went out the window because people need to make their decision on what's important to them. Now, more than ever, there is this massive chaos of choice out there. So the consumer and the designer need to make decisions that are best for the client. And these old ways of doing it, a percentage of the home or trying to break down the budget by set percentages just doesn't work.

**Maria: (09:53)**

So, Jan, can you tell us a little bit about the importance of getting these investment ranges and how that impacts the design process?

**Jan: (10:00)**

Definitely. So for me, I still do have a small client base and still do some retail projects. Then I will not start the project without an investment range. And why that's so important is that I want to help out my clients and I want to do the best that I can for them. So if I don't know where their are comfortable or what they want to invest in their project, I'm spinning my wheels and it can go both ways. Most of us are going to think, Well, we're going to end up designing the project too high. That happens quite a bit. That without an investment range, the designer can go off and just start specifying products and putting things in and bringing it to the customer at the end. The price is way beyond their investment that they're willing to pay for it. In a lot of cases, some clients will just say, No, I'm not going to do it at all, thinking that they have no options. But it can also be the reverse. I was probably lucky enough, early in my career where I were talking more than 20 years ago, a client coming to my showroom and literally saying to me, Jan, I've got \$100,000 to spend on my kitchen renovation. Back then, we were doing full kitchen renovations for \$25,000, so this was a big, big budget. It taught me that I need to know that investment figure because if I would have designed, Gary, a \$25,000 kitchen renovation that everybody else was doing, I would have also lost that job and lost a lot of opportunity. Why it's so, so important is that the consumer needs to have a comfort zone. Maybe they're going out for financing, they need to have that. They don't want any surprises. So it's important to nail down that investment range. And for the designer, it gives them direction. Again, I would never start a project without knowing the budget because it's my job to educate the client and guide them through the process and not respecting their budget or their investment range, I'm not being a professional. So to me, that's why it's so, so important and why we've got to cut that time period down from 10-40 hours down to a couple of hours. I think that's really our goal.

**Maria: (12:53)**

So now in today's age, there is some technology that can help to help with these estimating and finding out what numbers are more realistic for both people involved. So can you tell us a little bit about how that can start being structured and be used?





## Jan: (13:00)

Yeah. As I mentioned in the intro, I've been working with a developer on an app that combines technology into this whole process. And because we've been vetting the app quite a bit, and I've got a large network of designer colleagues out there, I've been out talking to them. I've had a few of them that have attempted this on their own by just putting together some basic spreadsheets. The spreadsheets that they were putting together and what we've developed with this app, which is just called Design Align, is something that we call comparative budgeting. The industry, if you're in sales, if you've taken any type of sales courses, you're probably very familiar with comparative budgeting. It's where you look at product categories literally in a good, better, best scenario. Again, I don't like those words, good, better, best, because I prefer to look at a price level one, price level two, price level three. But it's a way of introducing to a client a product category that would be part of their project and helping them make a decision on where what price and value proposition are they comfortable with in that category. It sounds complicated, but it really isn't. I can give you a real basic example that most kitchens are going to entail having a kitchen sink. It's a decision that consumers need to make and the designers need to guide their consumers through making the decision on a kitchen sink. Even if we break it down to a stainless steel sink. Okay, client says, Yeah, I'd like a stainless steel sink. Well, as professionals, we know that there's lots of different options when it comes to a stainless steel sink. Basically, in a price point one, you could have a stainless steel top mounted sink with round edges and the hole is cut and it's plunked down on the top, but it's a functional sink, comes in singles, doubles, one and a half. That's an entry level. But then you can step up to the next level of stainless steel sink. That would be an undermount sink, maybe a deeper bowl, square or lines, a little bit more fashion forward. But that first sink, you could probably purchase one for a couple of hundred dollars at a big box store or a local wholesaler. You now go into the undermounts. Maybe they're in that \$500 to \$800 range. But there has been a new category of stainless steel sinks offered into the market. I call them the water appliance. These sinks, they come with accessories and different levels and all kinds of different shapes and sizes. They can run a thousand dollars a foot. Now, okay, your client wants a stainless steel sink. Well, if your client has no idea that there's that much of a range, you can go from 300 to 3,000 for a stainless steel sink. That's where the importance of the investment range comes into play. We need to determine where their comfort zone is for their investment. With the Design Align app, we've put together over 30 categories of kitchen products that you can do this with your client, you're picking their cabinetry, the countertops, backsplash, appliances, faucets, lighting, flooring, all the basic things that would go into the product. You're helping them build their investment range. There's no design happening at this point. The designer needs to remember we're trying to narrow in on the investment range. Again, countertops is a good example. Are the clients going to put in post-formed laminate countertops, the basic quartz? Or are they going to put in an exotic granite or quartzite?

**Jan: (17:00)**

You're not designing it, but you need to know where their priorities are going to lie. The big thing that we are presenting here is a way for you as the designer to be able to guide your prospect through the process of developing their unique investment range so that you're all on the same board. We even have built-in design retainer forms within the app that once you finish, get agreement, you can print that off and move on to your standard process for design. And as designers, I know we all have that. So we're not here to change your process. We're here to help you qualify quicker. And we talk a lot about it internally. It's get to the yes and get to the no as quickly as possible. Because if these are no clients, then they're not... If your product offerings or how you design, and you cannot design a kitchen under \$100,000, and if the investment range for your client is under 50, it's just not going to fit. So it's better to know that now, not than 40 hours or a full week's worth of work down the road.

**Maria: (18:45)**

I love this. I think this is very exciting because I do agree that it's better to get to the no than to feel like you're being drug-along and maybe you need to make a change to your price, or maybe they ask you to cut out a lot of stuff out of their budget and compromise their design. And all of that could have been addressed earlier and sooner in on the project.

**Jan: (19:09)**

Absolutely, Maria. And as I said, we have been testing the product for the last six months, and I have some of my design contacts that are using it. And the feedback that's coming back is fantastic. And I wanted to say that it was originally developed for the traditional showroom where I described people coming into the showroom. But a lot of my coaching clients or a lot of my contacts are independent designers. They're finding it fantastic that even once they do get a design fee from a client like they present and the design fee, part of one of their deliverables is an investment analysis. I had a designer a while ago. She had a client that was looking at two totally different directions to go with their renovation. One was knocking down the walls and opening it all up, and one was staying within the area. She did two as part of her deliverables and her fee structure. She did two investment analyzes for him to help him determine what direction to go. That's huge for the designer because you know there's a big difference in designing renovation, big open concept with a lot of structural changes compared to staying within the space. The amount of hours saved, the amount of investment on the homeowners point was diminished so much and it was so much more efficient and much more positive experience for that client.

**Maria: (20:45)**

That's really a win-win on both sides. Both the client feels like you are providing them better quality, faster service, their expectations are set, and the designer is saving valuable time and guiding their client in the direction that they need to go in sooner in the process.



### Jan: (21:00)

Something else that we've become aware of, and actually this is really positive, it's a great app for onboarding of new staff. As I said, we're seeing a transition happening in the industry right now where you are going to be getting a lot of veterans retiring, you've got new people coming on, and getting back to that chaos of choice. It can be quite overwhelming for a new designer that... Just think about it. Thirty categories of kitchen products with three different levels of products. Even within the Design Align app, we have illustrated each one of these categories through renderings, and each price level has three different renderings. We're looking at hundreds and hundreds of options just at a real high level. That can become really overwhelming for a new designer starting out in the industry. But the beauty of it is the design of line step by step, takes them through a process, ensures they don't forget anything. When you look at the app, you're going to see that we've done visual representation of the categories, and we've also done some basic copy of what they are. The new designer really just needs to spend a few hours upfront going through it, reading everything, getting familiar with it so that they've got more confidence to be able to sit down with the consumer at that initial stage, work with them to get their investment. And then once they've got that investment range, they've got to sign off from the customer. Hopefully then they've got that backup in their design studio to help them through the next step in the whole design process. But we're hearing back from users that this is huge, that it becomes part of an onboarding process. And even for the veterans that have been doing this forever and ever, we all get busy. Again, I think one of the things that I find is really positive. It doesn't let you forget about something. How often have you forgotten you get busy, and we've got a whole section on appliance, pulse. Well, those could be \$200 items. If you miss, you're doing paneled refrigeration and dishwasher, and all of a sudden you forget four \$200 pieces of hardware, that doesn't look very good and can really hurt the bottom line. Even for veterans, it helps them ensure that they don't miss anything. You'd asked earlier, Maria, about introducing technology. We're using a ton of technology in the industry now with our CAD drawings and the perspective renderings and how we're presenting and all of that. This just starts it off that way. And to me, it just makes sense that to be able to introduce technology to your consumer just at step one. It's just going to be a lot easier for you to control the sale as you move through it using other forms of technology.



**Jan: (24:00)**

I love this. I also saw that you had in your notes that 10,000 HDR TV kitchen is no longer around. And I think that the reason why this has been such an albatross for the design industry is that it's advertised every Saturday on TV to couples that are sitting around watching it. And then they do come into a showroom and they start asking questions, and they don't want to seem like they're completely unaware of what a price would be. And I do think that they probably have to get pretty far into the weeds with a salesperson to understand how much something like that would really cost them. And I think as an industry, the sooner we learn to use technology to help make some of these things happen faster for the consumer, the better. I especially find that living in a technology city like I do, most of my clients do ask, Is there a program or something that can help you make this happen faster? And so I do think that the users are expecting this of us and that we are just slow on the draw of getting these types of tools integrated into our businesses.

**Maria: (26:45)**

Well, exactly. Today, we don't have time to go into it, but I do a lot of research on demographics and buying patterns of consumers. Definitely, throughout my career, baby boomers ruled, Well, that's not the case anymore. You've got the millennials, you've got the other cohorts, and they've grown up. I think about my son and he couldn't even imagine not having technology. As a millennial, that's how they're going to function. So it just makes sense for you to use it to start the whole process. And as an educational tool, I think that that's going to be where it's really going to shine, that it really helps you educate your client. Your helps you show them how you can tame that chaos of choice by taking them step by step. And the other thing, too, is that you're really building trust and you're not playing a game, you're not hiding things that the numbers that we've put or the pricing that we've put to design a line has been vetted across North America. These are North American average pricing. If you get the app, you've got the ability to change it and tweak it to your marketplace.

**Jan: (27:03)**

But these average pricing, you haven't made them up. So right there, you're being very open with this consumer and saying, Yeah, a water appliance sink, they run a thousand dollars a foot. Well, then if you don't want that, well, we can go down to the mid-priced one. We can probably find you a really great look maybe in the \$1,500 range. Those are things that you're working with them to make the decision. You are not forcing things on them. But now you've got that investment range at the end. And of course, as a good designer, you may see something that might be outside of their budget range that would be ideal. I'm not saying don't present that to them, but you're spinning your wheels. If somebody's got a \$50,000 kitchen renovation and you present them \$150,000 project, that's actually hurting our industry. For me, and I'm sure you've all been to the cocktail parties where people start relating their horror story of a kitchen renovation and how the cost all got out of hand and on and on and on. And to me, I keep my mouth zipped, but I just want to say to them, Well, I guess you didn't plan.

**Jan: (28:00)**

You didn't have an investment range. You didn't work with your designer. You guys were working against each other. If it's okay with you guys, I'd love some of your listeners to be able to go and check out the app. We have a website. It's design-aligned, D-E-S-I-G-N-A-L-I-G-N. Com. And if you go on there, you can see you can sign up for a free trial. But definitely because design or discussions has been great at letting me come in here and talk about it. If you put in the coupon code Vesta, V-E-S-T-A, when you go in to sign up for your free trial, you can extend your 10-day free trial to 30 days. I'd really love you to be able to check it out and get back to design or discussions about your experience with it, or if you wanted to send me any comments through them, that would be great. But right now, we'd really like to get the industry out there checking it out, playing around with it. The kitchen template is available now within a few short months. We'll have a full bathroom template. Funny enough, I've been working on that one. You think 30 product categories for kitchen, there's way more for bath. I think there's another big one that consumers need to understand that the bathroom can be more complicated almost than designing the kitchen with all of the moving parts. Really excited about it. Thank you very much, Maria and Jason, for having me on and talking about this app and this whole concept that I'm so passionate about.

**Maria: (26:45)**

Thank you, Jan. We appreciate having you on design our discussions today and learning more about pre-qualifying our client investment and how that can really change our design businesses. So we are super excited to announce that the marketing studio is open. We are providing simple and easy to use resources to help keep your marketing, PR, and client communication the best that it can be. Go to [designerdiscussions.com/marketingstudio](http://designerdiscussions.com/marketingstudio) to get started. We hope you've enjoyed this episode of Designer Discussions and all of the helpful information. Subscribe to our podcast, leave us a review and share it with your friends. We look forward to having you back next week. For more information on the podcast and the marketing studio, visit [designordiscussions.com](http://designordiscussions.com) and follow us on social media.



# DESIGNER DISCUSSIONS

DIGITAL MARKETING,  
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