



STUDY SESSION

SERVICE PHILOSOPHY —PART II

Study Session 4 is a continuation of the discussion of customer service fundamentals started in Study Session 3.

LEARNING OBJECTIVES

At the end of Study Session 4 you should be able to

- describe in one sentence the importance of the inspection report;
- outline in one paragraph how to employ “risk reversal” to your advantage;
- describe five keys to dealing with a customer complaint; and
- outline your strategy for answering the phone while you are doing inspections.

Study Session 4 may take you roughly 60 minutes to complete.

In this section we look at some more aspects of providing excellent service to your clients.

THE IMPORTANCE OF THE INSPECTION REPORT

Make Intangibles Tangible

What a professional service offers is often intangible. A service professional works on the client's behalf to some end. While the service may result in a situation change, or a document, it is less about the end result and more about the process that takes you there. For instance, when you hire a lawyer, you may end up with a document, such as a will or a contract. When you hire a doctor, you may end up with a prescription. When you hire an engineer, you may end up with a design. But what you hired was the process that produced a result. Most people don't see the professional knowledge and process that goes into producing the end result. Fewer people appreciate the professional knowledge involved in a professional service. Nowhere is this more the case than for home inspectors.

In the home inspection business, the **inspection report** is the only tangible part of the entire process. Because the report carries the weight of proof of your professional abilities, it is extremely important. There are many reporting systems on the market to choose from. We encourage new home inspectors to buy one that's already out there. Unfortunately, most new home inspectors fall into the trap of reinventing the wheel.

Don't Reinvent Wheel

When you start a new home inspection company, you are not likely to have a full schedule of inspections. If you have two inspections per week when you first start, you're doing well. You may feel that your time is not worth much at this point, making you reluctant to spend money on someone else's reporting system. You go home after every inspection and diligently produce a written narrative, or you spend hours developing a checklist that you will provide to your client on site. What's wrong with this picture? Now is exactly the time that you most need a predesigned report. A professionally developed system makes you look good from the first day. It also saves time you would otherwise spend creating your own system. You have a precious nonrenewable asset called *time*. Any spare time you do have should go towards your marketing and sales efforts towards building your business.

REVERSING RISK FOR BUYERS

Have you ever watched late night television and seen a commercial for a product, such as a set of steak knives or a piece of exercise equipment? Who buys that stuff after seeing it on the television? How can they tell if the product is any good? To know its worth, you need to be able to touch it, to see how the parts are put together, then to try it out, and so on. So why would a buyer take that kind of risk?

Professional services are much the same. Your prospect can't evaluate your service with any accuracy, especially over the phone. Not only does your prospect have no idea what they will get from your service, but the prospect does not even know what you look like. The bottom line is, the prospect or client assumes all of the risk in the transaction. They take a leap of faith when they say, "Okay, I will hire you." Because there *is* risk involved, they may choose to call a few other home inspection companies until they get a good feeling from someone.

Remove Risk

How do you overcome this problem? The same way the late night television people do it. Do anything you can do to remove or reduce the risk. The television people tell you to order it and enjoy it for a week. If you are not happy, send it back for a full refund. You can do the same thing with your prospects. If they are hesitating, just tell them to book the inspection. If they are not happy at the end of the inspection, they don't have to pay. That is **risk reversal**.

Now the risk is all yours. You risk doing an inspection for a client who might not pay you at the end. Makes you feel a bit uncomfortable, doesn't it? Now you know how your prospects feel. But the risk to you is not as great as it seems. The fact is, almost every client is pleased with the inspection. Few people, if any, will tell you they are unhappy in order to get a free inspection. We have never had a problem with people taking advantage of this kind of offer. It's unlikely that you will, either. The upside far outweighs the risk that you may get cheated the odd time.

Risk reversal is a tool you should use in just about everything you do, not just when you are booking an inspection. Here are some steps you can take:

Step 1: For each transaction involving your business, identify the risk involved for the prospect.

Step 2: List as many ways as possible to reduce, or remove, the risk.

Step 3: For each of your ideas in Step 2, identify what the risk is to you.

Step 4: Select a strategy that has the best balance.

Here is an example.

Step 1: You've developed a strategy to get more real estate agents to refer business to you. You have decided that you will take one agent out for lunch per week. At the end of the lunch, you plan to ask the agent if he or she will refer their next inspection to you. What is the risk to the agent? The risk is substantial. The agent may already have a home inspector to whom they refer business. And the agent's home inspector is especially good because he or she doesn't alarm the clients unnecessarily. If the agent refers you instead, he or she risks that you will not be as levelheaded as the agent's current, preferred home inspector. You may kill the sale and cost the agent a big commission.

Step 2: How can you eliminate the risk for the agent? You could offer to pay the agent the commission if you end up killing the deal. Or, you could tell the agent that if the client is not happy with the inspection, the client doesn't have to pay. The second offer presents a more reasonable risk for you and no risk for the client, but it still leaves risk for the agent.

Step 3: What are the risks to you? Offering to pay agents their lost commissions if you kill the deal is too big a risk for you, not to mention that this offer has ethical implications. Offering to absorb the cost of the inspection reduces the client's risk, has little risk for you, but does not really reverse the risk for the agent.

Step 4: Strike a balance everyone can live with. Our strategy is a combination of reducing the risk for the client and quantifying the actual risk for the agent.

For instance, when you meet with the agent, explain how good you are with clients and how you put problems in proper perspective so that the client doesn't walk from the deal over small issues. Let the agent know that you understand the state of mind of someone buying a home, and that it helps no one if a client

overreacts to a common, minor problem, and walks away from a good home. You may tell the agent that your role is to advise and help your client, not to impress them. You feel no pressure to find problems to help justify your fee. Then extend the offer so that if the client is unhappy for any reason, they will not be required to pay. You are not reversing the risk for the agent at all, but because you have explained your client-friendly approach, the agent may feel that your strategy does, in fact, reduce the risk of the client walking away from the deal.

You can make another point to the agent. If their client does not buy the home based on the results of the inspection, they will still buy a home. While the agent will have to spend more time with the client to find them another home and earn the commission, the agent/client relationship will be stronger because the client appreciates that the agent saved them from making a mistake by introducing them to you.

UNDER-PROMISE AND OVER-DELIVER

We mentioned earlier that you can achieve customer satisfaction by coming close to delivering what the client was expecting. Your goal now is to surpass client expectations. You have to find out what the expectation is and offer a little extra. Another way to accomplish the same goal is to reduce the client's expectations first, and then exceed them.

Don't let the real estate agent over-promise on your behalf. Even though the agent has been through many home inspections, most agents don't really understand the technical aspects of your service. We have found that agents may overstate what a home inspector does. For example, an agent will tell the client that a home inspection will uncover all of the hidden defects that the homeowner can't see. While we, as home inspectors, have lots of tricks up our sleeves for uncovering problems with limited visibility, we can't uncover hidden defects.

Agents often say things such as the following:

- "The home inspector will look into every nook and cranny." Clients are then surprised that we don't move pianos and china cabinets.
- "The home inspector will look at the heat exchanger in the furnace." Actually, home inspectors just look at the parts of the heat exchanger that are visible from the vestibule area in front of the burner.

Educate the Agent

If you have a working relationship with agents, it's a good idea to let them know the limitations of a home inspection so that they don't over-promise on your behalf.

*Present Limitations
Up Front*

Another way to avoid the over-promise problem is to **under-promise and over-deliver**. Tell your clients about the limitations of a home inspection up front. Then the client will be all the more impressed with what you are able to do during the inspection.

*Adjust Customer
Expectations*

Home inspectors are reluctant to explain the limitations of the inspection up front because they don't want to start discussing negatives as soon as they meet the client. However, explaining the limitations before you begin the inspection is a good strategy for the following reasons:

- It supports the under-promise and over-deliver philosophy.
- It increases the difference between what the customer expects and receives by reducing a client's expectations.

- It reduces the chance that your client will sue you for something that you could not see during the inspection.
- Clients are less likely to ask you to do something during the inspection that is outside the scope of a home inspection.

Here is a sample process and outline you can use, or modify, for your on-site explanation of the inspection limitations.

Step 1: Introduce yourself to the client. Exchange business cards.

Step 2: Explain to the client what you are going to do during the inspection. For example, say that you will inspect the roof first on your own, but from then on you would like the client to accompany you throughout the inspection.

Step 3: Ask the client if they have concerns about particular areas. Make note of what they say. This shows that you are taking them seriously. Explain that you will be sure to address those issues as you get to that area of the home.

Step 4: Suggest that they look at the contract while you inspect the roof.

Step 5: Explain your findings regarding the roof. This step establishes your credibility immediately. If there are no roof problems to report, then describe the roof system.

Step 6: Tell them that before you continue you would like to answer any questions they have about the contract. This is the time to explain that the inspection is a visual, nondestructive investigation, and that, as such, the inspection has inherent limitations. For example, if there is no access hatch to the attic, you will not be able to look at the roof structure. (Use an example that does not apply to the house you are inspecting.)

Step 7: Now go ahead and inspect the house and impress them with your talents.

By the way, we typically e-mail or fax our inspection agreement and a copy of the Standards of Practice and Code of Ethics to the client before the inspection. We have found it has at least five advantages:

1. Clients appreciate having the time to review the agreement.
2. Clients with expectations beyond a standard home inspection can call back and say this is not what they wanted.
3. The client can see that a large association, not an individual or a small company, sets the rules of the game. The association's presence helps assure the client that the rules are fair.
4. The inspector saves time on site, because the client already knows, and has agreed to, the rules of the game.
5. The inspector's liability is reduced because it is difficult for the client to argue that they did not know what they were buying when they arrived at the inspection.

Be prepared for the following question, "If you can't tell me every problem with the house, what's the point of a home inspection?" The answer is, "We promise to drastically reduce the risk of buying this home, but we cannot eliminate the risk completely." Depending on the situation we may also offer, "I am sure that by the end of the inspection you will have learned a great deal about the home and be in a much better position to make a well-informed decision. If this does not happen, you will not be asked to pay for the inspection."

Easy Way to Exceed Expectations

Here is a simple way to go the extra mile for your client. After the inspection, send them an e-mail with an article that relates to something you discussed during the inspection. You can also send them a link to a Web site that may be useful to them. If there is nothing memorable about the inspection, pick a component of the house and send the client an article related to it. It could be an architectural explanation, a functional description, maintenance advice, design and planning information if they are remodeling, and so on.

You don't have to write the articles; you just have to find them on the Internet and send the link to your client. It won't take you long to develop a short list of things you can send clients. It takes about five minutes per client and will create a strong positive impression. And there is no hard cost!

CREDIT CARD PAYMENT

Offer Clients Several Payment Options

If you take only cash on site, you may scare some people off. You need to be flexible about payment options or you risk losing clients.

From our experience, people prefer to pay by credit card rather than check or cash, especially if they get some kind of reward on their card. The credit card also allows the client to defer payment for some time.

Most small home inspection companies don't take credit cards. It's expensive to set up, and the credit card company fees cut into your profit. Some home inspection associations facilitate credit card transactions for members. This can be a valuable service. We do take credit cards, and some people choose us entirely on that basis.

FIX MISTAKES FAST

You Will Make a Mistake

We have found that if you make a mistake and solve the mistake to your client's satisfaction, your client will sing your praises more than if you never made the mistake in the first place!

Unless you are a machine, you will make a few mistakes over time. When you do, deal with them quickly. We will discuss your approach to mistakes in more detail in Study Sessions 9 and 10, but for now let's talk about the basics. Let's say a client calls back because they have just moved in to the house and discovered a problem that you missed. Here are a few tips to approach the situation:

Tip 1: Think about it from your client's perspective. Your clients have just invested all of their money in this home and are committed to spending more than they can afford every month for the next 30 years. They might even be experiencing buyer's remorse.

To you, this is just another house. To your client, it's their home, their nest egg, their retirement, their future. It's part of who they are. To the client, the value of the house is greater than the price tag alone.

Imagine after the emotional drain of moving, that on their first day in the house, they discover a problem with the house. You now have an idea of the emotional state the client may be in.

*Empathize,
Don't Sympathize*

Tip 2: Empathize with the client. Empathizing and sympathizing are not the same. To empathize means to understand them; to sympathize means that you share their feelings and opinions. At this early stage, you want them to know that you understand completely, but you don't want to tell them that you agree with their conclusion. Notice the qualitative difference between the two:

Empathetic response: "I know how discouraged you must feel."

Sympathetic response: "I agree that the leak in your skylight presents a big problem."

In the first response, you are not providing a diagnosis of the problem over the phone, nor are you agreeing that it's a problem. You are just telling them you can understand why they feel upset. In the second response, you risk making a wrong diagnosis, alarming the client, and making a mistake.

Tip 3: Don't comment on anything until you've reread the report. Here is a common scenario: Your clients call you on your way to an inspection and tell you they are having a problem getting fire insurance because it turns out that the house has knob and tube wiring. The clients are in a panic because the insurance company has given them three months to rewire the home. The clients got three quotes that range from \$6,000 to \$10,000 for rewiring. The clients say this cost was unexpected and now they are concerned that they have just purchased a "money pit."

You try to calm the client down by telling them all about knob and tube wiring. You say that it's unfortunate the insurance company is taking this position because there is nothing inherently wrong with knob and tube wiring. As long as it has not been inappropriately spliced, it's perfectly good. It does not matter that it is an ungrounded system because today most appliances are double insulated and don't need a ground connection. The only areas that really need a ground are the kitchen and a home office.

This line of reasoning is unlikely to appease the homeowner because it does not solve their problem. You give up because you have to do your next inspection and you don't really remember the house anyway. You tell them that you will call them back in the evening to discuss what can be done. The client is unhappy with your response and with you. You now have an adversarial relationship with the client.

When you get home and flip through the report, what do you find in the first paragraph of the electrical section? You see the following paragraph:

During the inspection, we identified knob and tube wiring throughout the house. While there is nothing inherently wrong with knob and tube wiring, if it has been tampered with there is a potential safety concern. During the inspection we identified a number of areas where the knob and tube wiring was inappropriately spliced. In addition, many insurance companies will not insure a home with knob and tube wiring. You should contact your insurance company to find out what their position is on the matter and contact an electrician to quote on repairs or replacement as required.

Do you think you should have looked at the report first? You bet! You should have empathized with your client by saying something like, "I can understand how discouraged you must feel. I'd like to give this problem my full attention, so I'll call you back this evening when I get back to my office." Now you have

given yourself an opportunity to reread the report, remember the home, and make a plan of attack.

If you think this scenario is contrived, that nobody would call and complain about a problem clearly identified in the report, guess again. This scenario is more common than you think, and here's why. The inspection was done about three months before your clients moved in. Neither you nor your clients remember the details. Your clients have forgotten about the knob and tube issue because they had so many other things to deal with during the transaction. They were not worried about it because the agent offered at the time to give the client a list of insurance companies that insure a home with knob and tube wiring. Finally, your inspection report is still packed in a box with just about everything else your client owns. So the clients didn't reread the report before they called you.

The bottom line is this: Empathize, but don't get into any details until you have had a chance to go through the report again.

Tip 4: Most callbacks and complaints have nothing to do with the scope of the inspection. For example, if the client finds a problem while renovating the home, you are probably not responsible because you advised your client before the inspection that a home inspection is visual and nondestructive. Again, the client doesn't remember this. You will have to remind them. Your best strategy in this case is to diffuse the situation:

- First, empathize with the situation.
- Then, explain how these things are impossible to detect during a visual inspection.
- Tell the client that their satisfaction is your prime concern.
- Finally, ask what you can do to help.

More often than not, what the client asks for is less than what you imagine. We have used this technique many times and had the client say, "I just want you to advise me on what we should do next."

If you feel that asking this question presents too much of a risk, why not qualify it? "Because inspecting the clothes washer is not part a home inspection, I don't feel that I could buy you a new one, but is there anything else I could do that would help you?" If you are still worried about an unreasonable response, offer some reasonable suggestions that you can live with and that would make your client happy.

Tip 5: Get to the house before the lawyer does. There is usually a way to deal with a situation to everyone's satisfaction if you do it quickly. Once a lawyer is involved, it is never easy.

We will look at handling complaints in more depth later in Study Sessions 9 and 10. To summarize, the key thing is speed. It takes no more time and costs no more to handle a callback quickly than to let it drag on. And with every passing hour, your client's frustration level rises, and your chances of an amicable resolution drop. Deal with it!

*Ask What Client Would
Like You to Do*

BOOKING INSPECTIONS

Booking the inspection may not seem like an area that needs much discussion. Your client, or the agent, calls. You agree on a time, and the inspection is booked. The mechanics may be simple, but the phone call is a key point of contact with the public. As such, it's an opportunity to offer exceptional service. It requires a certain amount of finesse.

For instance, who answers your phone? There are four common scenarios:

1. Your company is a multi-inspector firm, and you have people at your office that answer the phone and book inspections.
2. You are the sole proprietor, and you have a spouse or answering service to answer the phone.
3. You answer calls yourself, during inspections or between inspections, using a cellular phone.
4. Your calls go directly to an answering machine for follow-up later.

Keep It Professional

We encourage you to train anyone who answers the phone for you. If your spouse answers the phone, he or she should always introduce the business name as part of the salutation. For example, "Thank you for calling Head-to-Toe inspections, how can I help you?" It's one thing for people to know you have a home office, but it's another for them to feel they've disrupted your personal life. That's how they'll feel if they hear someone at the other end of the phone say, "Hello? No, he's out, don't know when he'll be back . . . oh, excuse me—no, Bobby, you can't have another cookie!" The caller feels awkward, and you look unprofessional.

This telephone point of contact presents an opportunity to demonstrate exceptional service. For instance, you may not be able to talk to your prospects the moment they call, but you can promise to return the call within four hours. You'd have to set up a system to have your messages directed to you, wherever you are, so that you can take note of the time the call came in and know when to call back. When you return the call, before the four hours are up, your customers know you mean business.

Don't Divide Your Attention

We generally don't recommend that you take calls on your cell phone during an inspection. Why? For three good reasons:

First, you could be on the roof when a call comes in. Answering the phone while you're on the roof is dangerous.

Second, if you are in the middle of an inspection and you answer a prospect's call, you divide your attention. Think of it this way. If you've made the effort to go to a store in person, you should get the salesperson's full attention. It's annoying when the salesperson focuses on the person who has called the store with questions. Give your full attention to your client and let the prospect leave a message. When you get back to the prospect, that's when they get your full attention.

Third, the person calling in will get better service if you are focused. You will be able to schedule more confidently with your material at hand in your office than if you were lying in a crawl space. You will do a better job in the privacy of your office than with a client, real estate agent, and seller listening to your conversation.

Nothing Beats a Live Voice

Of the four options listed above, a live voice is always the best. Consider a prospect with a list of three home inspectors. The prospect calls you first but gets your voice mail. There is a good chance the prospect will hang up and call the

next home inspector on the list. If they get a live voice, even from an answering service, they are more likely to leave a message and wait for your call before committing to another home inspector. Of course, having a live voice that explains your unique selling proposition (USP), showing customers the benefits of working with your firm, and that books the inspection immediately is the best of all. But this may not be possible for a new home inspection company.

KEY TERMS

empathizing and
sympathizing

inspection report
risk reversal

under-promise and
over-deliver

STUDY SESSION 4 QUICK QUIZ

You should finish Study Session 4 before doing this Quiz. Write your answers in the spaces provided. Then, check your answers in Appendix A.

1. It's better to type each inspection report from scratch than to buy a ready-made reporting system off the shelf. Your client will be impressed by your effort. Circle one.
 - a. True
 - b. False
2. When trying to solicit an agent to refer your services, you can reduce the agent's risk by offering to pay for his or her commission if you kill the deal. This method of risk reversal is one we recommend highly. Circle one.
 - a. True
 - b. False
3. Give another example of risk reversal for either a customer or a client.

4. Give an example that demonstrates the difference between empathizing and sympathizing with your client.

If you had trouble with the Quiz, reread Study Session 4 and try the Quiz again. If you did well, it's time for Study Session 5.