



WHITE PAPER: DESIGNALIGN



Technology, Speed, and Closing More Sales—A New Way of Doing Business in the Kitchen and Bath Industry

With the exception of Computer-Aided Design (CAD) brought to us more than 35 years ago, the kitchen and bath industry is one that has not made great technological strides in 21st century business management automation. The industry is filled with exceptionally talented, creative professionals — certainly one very important aspect of the business. However, talent and creativity do not automatically translate to a highly profitable, durably successful business.

Innovative technology is a tool that helps companies drive positive change for their business and customers. Technology is a differentiator when comparable companies provide the same or similar products and services, competing for the same prospective customers. Improvements in processes, efficiencies, and customer experiences in a labor-intensive industry are great benefits to kitchen and bath owners and designers. Streamlined practices and increased speed of the sale are clear competitive advantages.

One of the biggest challenges faced by kitchen and bath business owners, and their designers, is the amount of time they spend on a prospective customer before earning their commitment to the project at hand. Despite using CAD and cabinet pricing software, surveys show that pre-commitment time spent with a prospect is estimated to be an average of 7-8 hours.

In developing a solution to streamline labor-intensive operations, two dozen SEN Design Group members formed a consortium in 2015 to help fund and establish a new industry-specific technology services company. This new company, operateIT, is headquartered in Ronkonkoma, NY.

Its co-founders are SEN President Ken Peterson CKD, with 50+ years' experience in the kitchen and bath industry, and Keith Tobias, a technologist with 25+ years of experience producing software for residential remodeling companies.

“If you don’t innovate fast, disrupt your industry, disrupt yourself, you’ll be left behind.”

—John Chambers, chairman emeritus of Cisco and CEO of JC2 Ventures



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Introducing DesignAlign™ Technology

The 2020 pandemic has negatively impacted sales globally across many industries, and the kitchen and bath industry is no exception. Every level in the industry ecosystem has felt the impact — kitchen and bath firm owners, designers, vendors, and vendor reps. With no end clearly in sight, the long-term, adverse implications of COVID-19 are unknown. Historically, there is still a majority of kitchen and bath firms today that have not eclipsed their pre-2008 Great Recession sales peak.

The COVID-19 pandemic has already forced numerous operational changes, many which will likely remain standard operating processes. Successful companies will see this time as an opportunity to really pivot and adopt a whole new, faster way of doing business — one that is far more efficient, improves the customer experience, drives much greater revenue growth, and creates a more desirable work/life balance.

In response to the COVID-19 crisis, operatelT is now launching a unique platform featuring the Good-Better-Best interactive project budgeting module. **DesignAlign** is simple to set up and use and was designed to save valuable time by speedily aligning budgetary realities to a project’s scope and subsequent design solution — benefiting both the customer and the company.



Minimize Time. Maximize Success.

Put DesignAlign on your side.



CLOSE LEADS QUICKLY



SET BUDGETING PARAMETERS



DESIGN WITH CONFIDENCE



BUILD TRUST THROUGH TRANSPARENCY



WEED OUT NONSTARTERS



SIGNIFICANTLY BOOST REVENUE



DIRECTION FROM ANALYTICS



SCALE QUICKLY

The Good-Better-Best Selling System engages customers and empowers them to transparently participate in the pricing process. The kitchen and bath firm, in turn, gains immediate “buy-in” from the customer for the pricing of the project.

Remodeling company, Alure Home Improvement of East Meadow, NY, leveraged a similar, server-based management platform to drive revenue from \$6M to \$57M over an eight year period.

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DesignAlign technology, utilizing the Good-Better-Best Selling System, allows kitchen and bath firms to:

- Put customers' interests first (i.e. delivering their price fast)
- Engage customers in developing their own project budget, which can even be done remotely via its Live-Tracking feature
- Interactively provide the customer with multiple choices and immediate pricing
- Dramatically improve the customer experience
- Quickly and accurately compose a project budget and retainer agreement in a single meeting

It provides valuable benefits to the kitchen and bath firms who consistently utilize the platform by:

- Reducing their time spent on developing the budget/proposal during the pre-commitment stage of the process
- Increasing sales productivity for both business owners and their designers
- Significantly improving their gross profit margin
- The standardized GBB sales process, followed by all designers, produces a superior, replicable customer experience enabling a firm to rapidly scale operations into multiple satellite showrooms

Shaped by the business owners and stakeholders of the consortium, operateIT produced a full enterprise, cloud-based platform for managing a kitchen and bath operation that has been tested, incubated, and refined within two channel partnerships. The first is the SEN Design Group, a business development and buying group based in Charlotte, NC, with nearly 200 members across the US. The second is Custom Wood Products (CWP of St Marys, KS) with 5 factory showrooms and approximately 80 dealers clustered mostly in the Midwest.

Leveraging **DesignAlign**, and the automated Good-Better-Best (GBB) budgeting module, will empower kitchen and bath companies to quickly refill their sales pipeline and recover from pandemic shortfalls faster with consistent use of the software. Designers will increase their productivity, estimating they will double to triple their annual sales.

“If you’re competitor-focused, you have to wait until there is a competitor doing something. Being customer-focused allows you to be more pioneering.”

–Jeff Bezos, founder, CEO, and president of Amazon

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Consumers for kitchen and bath remodeling projects are extremely busy people, many are double income households with limited time to spare. The COVID-19 pandemic compounds the time limitations.



With more time at home, and forced shelter-at-home work routines for the whole family, current kitchen and bathroom improvement discoveries are being uncovered. And in response to pandemic-heightened consumer needs, design professionals should prioritize helping prospects make their buying decisions more quickly. The customer purchasing experience must still be highly informative and comprehensive, and **DesignAlign** accomplishes that task while drastically shortening the budgeting and proposal time. A condensed

sales cycle would also give sales designers on the front lines additional valuable time to design more, make more sales and earn more income.

With **DesignAlign**, the budgeting process is performed interactively so, the customer can make an intelligent buying decision quickly with — (1) a favorable design solution and (2) an instant proposal of budget and costs — all addressed within a single 2-hour, well-executed consultation. The customer will, then, have total ownership over the proposed budget and immediate enthusiasm for the project to move forward with a deposit.



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5 Unbeatable Reasons for Industry Professionals to Consider Implementing DesignAlign Technology

1. Save up to 75% of time spent to gain client commitments

DesignAlign can help reduce the typical 7-8 hour cycle to just 2-3 hours.

2. Increase closing percentages to upwards of 75% on opportunities

The industry norm is estimated at roughly 33% on leads.

3. Increase annual sales by at least 100%

Increased productivity and efficiency lead to increased sales. Within 1-2 years you can see as much as a 100% increase or more while dedicating considerably less time into the sales process and client commitment.

4. Charge up to 40% higher prices

An improved customer experience will have prospects perceiving you as a far superior value than the competition — and be willing to pay more for that value.¹

5. Improve owner returns by over 200%

Kitchen and bath firm owners who fully embrace the implementation of **DesignAlign** and the 2-hour initial client meeting, with the interactive budgeting process as its centerpiece, can expect to scale their operations with much expanded revenues.²

¹ If today you are currently achieving the 29% industry average gross profit margin (as reported in Kitchen & Bath Design News, June 2017), you could be earning 41% tomorrow. Imagine that impact on your bank account.

² In addition, they could scale their operations by adding a string of satellite showrooms. In doing so, they will be earning much greater owner returns (defined as the total of owner salary, company perks, and net profit divided by sales).



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8 Key Features Currently Included in the DesignAlign Platform



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| <p>1 A beautiful, clean design that has an easy-to-read user interface</p> | <p>2 User-friendly, intuitive navigation</p> | <p>3 Built-in homeowner virtual presentation mode supporting remote consultations (no need for Zoom or equivalent apps)</p> | <p>4 SEN-provisioned modifiable kitchen and bath budget templates applicable to virtually all industry business models</p> |
| <p>5 "Live tracking" which ensures homeowners can easily follow the designer's facilitation through the 3-column GBB interaction — especially relevant during virtual consultations</p> | <p>6 Easy-to-use GBB Setup Wizard, with both on-screen and video instruction, to enable owners and their staff to be up and running within a week</p> | <p>7 A comprehensive catalog within the platform containing more than 400 kitchen/bath brands, and 750K+ products, complete with current model #s, pricing, specifications, photos, finishes, and installation instructions</p> | <p>8 Responsive application designed to work seamlessly across desktops, tablets, and mobile devices</p> |



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Minimize Time, Maximize Success

DesignAlign empowers industry professionals to minimize time while maximizing success and put a sharp focus on the customer’s experience. It is specifically engineered to speed up the sale. DesignAlign is the 21st century business management technology that will revolutionize the kitchen and bath industry and the way they do business. Beginning October 2020, SEN Design Group Members, business owners and designers, had exclusive access to begin setting up their operations for greater efficiency, team productivity, accelerated revenue growth, and increased profit margins.

Early Adopters of DesignAlign Are Already Seeing Transformative Success

Today we share examples of transformative business success, revealing both anecdotal and empirical results, among industry professionals leveraging the Good-Better-Best (GBB) client presentation methodology:

Bob Amberg, President of Certified Kitchens, Inc of Edison, NJ *“After an introduction to the good, better, best philosophy... I realized how powerful the first hour of speaking to a potential client could be using this ‘speed dating’ approach. Our ‘First Date’ includes a focused, transparent, and accurate budget outline. With, of course, a tease of design, product knowledge, and an infomercial about our Company. This has allowed us to cut our pre-commitment time by 75%, get in front of more people, and get that deposit we all crave. I never would have thought a change spending less time with someone would produce so much more.”*

Joseph Patrick, Owner of Lamont Brothers, Oregon City, OR *“I used the GBB system with a client last week and loved it. Sold the contract. They loved the experience.”*

Nancy Moon, Owner of Beckony Group, Colorado Springs, CO *“In the past year, we have sensed that there was something missing in our sales approach. We began losing jobs that normally we would have gotten. We could easily see that this system would enable us to give our clients a clear understanding of what their projects would cost and how they can make compromises, right in the beginning, that would save us from wasting time, coming up with solutions they couldn’t afford. This system was so comprehensive, even with the standard templates, that we could get an answer within 8-10% of what the job would cost. This program has saved our business. We are overwhelmingly grateful to have found you!”*

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Dondi Szombatfalvy CKD, CLIPP, Lead Designer at Bella Domicile of Madison, WI first adopted the GBB interactive budgeting methodology in 2014, and reports these 2019 results compared to pre-GBB use in 2013:

- **77%** closing rate (43 sales out of 56 opportunities)
- average sale of **\$27,907** (product-only contracts; labor is direct to client by a different firm)
- annual sales of **\$1,200,000** (overall 246.1% improvement and 41% average increase/year)
- **47%** gross profit margin (a 17.5% improvement over the 2013 gross profit of 40%)
- an average **3.0 hours** to earn a retainer (a 58% time savings over the 7.25 hours in 2013)

Tom LeBlanc, President of Watch City Kitchens of Waltham, MA reports that use of the GBB way of doing business since 2013 has substantially transformed both his kitchen showroom and separate contracting operations. The following represents his 2019 combined company results compared to 2012, a span of 7 years:

- average installed sale of **\$66,270** (combined operations)
- **39%** increase in gross income to \$2,330,000 (combined operations)
- **36%** gross profit (50% increase over 2012 combined gross profit of 24%)
- **104%** increase in gross profit dollars (proof positive that using GBB methodology is allowing his company to charge much higher prices because it is seen as a superior value!)
- **99%** increase in Owner's Return (owner salary + perks + net profit divided by gross income)

For more information on the Good-Better-Best budgeting methodology, how to best integrate the system into your business, and GBB educational programs available, please contact **Jenny Catalano** of the SEN Design Group (jcatalano@sensdesign.com). For more information on the features, benefits, and technical support of **DesignAlign**, please contact Donna Carucci (dcarucci@operateit.net).