

Communicating in

Katz Builders Style



Architect: Steven Kubenka



Architect: Corner Stone Group
Photographer: J.D. Powell



Architect: Barley and Pfeiffer
Photographer: Connie Moberly

Architect: Charles Travis

by Shelli McCaskill

Chemistry is the one element that makes a successful building partnership for the Katz Builders team and their clients. "You have to have an excellent staff who can not only handle their jobs efficiently, but can also communicate with each other and with your clients, tradespeople and suppliers," said Joel Katz of Katz Builders. "You also need the right chemistry with your clients — if you sense that personalities are going to clash, you are better off walking away from the job."

Katz Builders is a custom home building firm in Austin. The firm, run by Joel and his wife, Lucy, builds an average of six homes annually. Home prices range from \$450,000 to several million. In addition, the company does remodeling jobs, frequently for customers whose homes they built in the first place.

"We have a reputation for commitment to service and standing behind our product," Lucy stated. "Building a home should be a happy, exciting time for your clients, and if you keep the communication going, it will be."

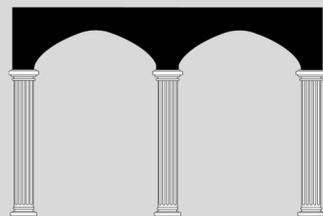
Joel adds that he highly recommends that if a builder has a feeling that it will be difficult to "move in with these clients for at least a year" he should walk away from the job. And yes, he does practice what he preaches — he has walked away from clients even when the business was starting out and the money from the project was desperately needed. "You need to interview your prospective clients at the same time they are interviewing you. If there is a communication/chemistry problem at this phase, it is only likely to get worse. I have heard too many horror stories from builders who didn't walk away, and frankly, life is just too short for that."

In 1999, Katz Builders received the Custom Home Magazine Pacesetter Award for Customer Service. The company has three strong customer service oriented mottos: "Customer service has to come first," "We build peace of mind" and "For those who value excellence." These philosophies have become part of everything associated with Katz Builders.

Of course, part of communicating with your clients involves interaction between the client and your staff. Joel and Lucy recommend surrounding yourself with people who are strong in their fields, who respect your way of doing business and who understand how to listen to and relate to your clients. Then, keep everyone apprised of what is going on with every job through staff meetings, e-mail, memos or phone calls.

"You don't," said Joel, "have a business with just the principals. Our business is not just me or just Lucy — it is the combination of the two of us, our staff and our tradespeople

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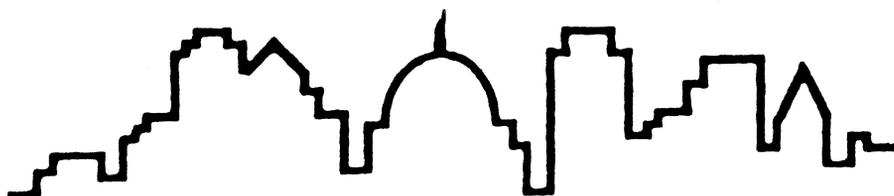
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and how all those individuals interact with each other determines our success. The way our company is structured, with the systems and procedures which are in place, any one of our staff can walk in and do another staff member's job when it is necessary. Also, with everyone aware of what is happening on a project, client questions can be handled quickly and efficiently."

The Importance of Running a Business

Too often people jump into a career choice with a great passion for what they are doing, but no sense of how to operate their business efficiently so a profit can be achieved, and the business can continue to operate. Joel, with a background as a certified public accountant, and Lucy, who had run her own headhunting/human resource management consulting business previously, fully understood the importance of running their building business as a business.

"Passion for the job makes being in the building business fun and enjoyable," states Joel. "I love the process of watching a home go together. It is fun to see something go from a set of plans to a finished product, but fun doesn't guarantee success. We have a series of systems and procedures in place that enable the business to run smoothly and ensure that everyone stays in touch with one another about what is occurring on each project."

"Other career fields require a certain amount of continuing education, but in the building industry, it is up to the individual," said Lucy. "We both feel it is critical to continually educate ourselves, not just on the latest building practices, but on efficient business management, effective communication and the issues facing builders in today's legislative environment."

From the beginning, the Katz's have focused on not building so that the proceeds from one house end up floating the cost of



Architect: Steven Kubenka

building another. Instead they document everything, keeping track of where all costs are incurred and learning from one job to the next what works.

"You have to take the time to understand a profit and loss sheet," said Joel. "You have to know what your expenses are so that you can give clients realistic expectations of the costs of materials and labor, not make it up as you go along and hope you are in the ballpark."

Building homes, like any other career choice, requires constantly learning. To that end, Joel was one of the first builders to become a Graduate Master Builder (GMB) in the Austin area. The program not only provides a marketing tool, but also teaches builders how to use that marketing tool.

"Homeowners who do their research learn that builders and remodelers who take the coursework for these certifications have taken the time to educate themselves about running their business, about operating an efficient organization which can better serve the customer's needs and about new construction techniques," said Joel. "Being able to add an industry respected certifications such as Graduate Master Builder (GMB) or Certified Graduate Remodelor

(CGR) after your name gives you another tool to reach a well-informed client, and if they haven't heard of the programs, it is an excellent opportunity for you to educate them and in the process sell your company to them."

Looking Back (If Only We Knew ...)

"Building a home looked so easy. It looked like all you needed were efficient planning and organization, and everything would just fall into place. The reality is this is one very difficult business," states Joel. "You are effectively manufacturing a product in front of the consumer — something which is just not an issue for any other manufacturer. Our business is open for everyone to come in and pick it apart; to question why we do things the way we do."

"We have learned so much over the years," said Lucy, "about what works and what doesn't. After 20 years of building homes, we are still learning with each and every home. One of the best things we have discovered is that by truly partnering with



Architect: Barley and Pfeiffer
Photographer: Connie Moberly

our trades and helping them understand how to run their business more efficiently, we ultimately help our business run better also.”

To that end, the Katz's recommend discovering your trade's strong and weak points, and then offer suggestions on ways to improve. This comes back to excellent communication skills. If you are working with a great craftsman who is always 30 minutes late, then try to prevent tardiness from becoming an issue. In this type of circumstance, scheduling becomes more of an issue. If you have a tradesman who doesn't truly understand the great benefits of e-mail, help them learn why this tool can be a lifesaver. The one thing the Katz's stress is change is always happening, but good change takes time and it must come across in a non-threatening way. If the craftsmen are great, then take the time and the trouble to provide an incentive for change.

“One thing I have learned is persistence. One phone call doesn't always do the trick,” states Joel. “I have learned the adage ‘the squeaky wheel gets the attention’ is so true. If you stay on top of jobs and are persistent, you become very hard to ignore.”

Stay in Touch with Your Community

Another business practice the Katz's firmly believe in is being involved. Lucy and Joel manage a successful company by often working 14-hour days, five-and-one-half days a week, and then they give freely of their time both to the builders association and to the community.

“I have always felt we have an obligation as human beings to try to make the community in which we live a better place,” Joel said. “We have a responsibility to give back, and truthfully we get as much out of community involvement as we give.”

When Joel and Lucy moved to Austin from Houston in 1984 and opened their home-building business, they joined the local builders association. But, times were tough, and they had not become active members so they allowed their membership to lapse. Then, Joel was approached by Kathy Berry-Conway and re-recruited. At that meeting, he said he wanted to be involved. Within a short time, he found himself on the government relations committee and then ended up on the ladder for president.

“From that point on, I have never been ‘just a member.’ Instead I have devoted myself to learning what the association can do for me and what I can give back to this wonderful organization,” Joel said. “The educational and networking opportunities are phenomenal.

“Nothing irritates me more than to hear someone comment that the association does nothing for

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them. The programs," said Joel, "are outstanding. They have definitely made our company more profitable and have made me into a better businessman than I would have been otherwise.

"When you participate, meaning actually get involved, you learn so much from it. And, the more involved we have gotten, the more confident and the more sure of ourselves we have become. After all, you know your business, know the issues impacting your business and know the steps being taken to handle those issues. That is invaluable.

"It is hard to see guys struggling, just barely making ends meet who just bellyache about how awful things are, but if they would take the time to investigate the association, they would find people who could teach them how to get through those tough times."

When Joel joined the association in 1985, it was a very different organization than what it is today. His local association, Texas Capitol Area Builders Association (TxCABA), is constantly upgrading programs to meet the needs of its members. The Custom Builders Council

offers great networking opportunities and a buyer's co-op. There is also a level of camaraderie and trust that makes membership on this council a privilege for Joel.

"While the education, the networking and the programs of the association are wonderful, the friendships have proven to be an incredible side benefit," Joel adds. "Whether we are in the same market and are competitors or not, the people are helpful and generous with their time and their advice."

In 1999, Joel Katz received the Distinguished Excellence Award from TxCABA for his contribution to the building industry. Joel and Lucy are also a members of the Pace Setter Builder 20 Club sponsored by the National Association of Home Builders (NAHB). This group of 20 upper-end builders from across the country meets to keep current on new products, new designs and methods of construction. In addition, Joel is a member of the Custom Builders Council and has chaired this group on two separate occasions.

Currently, he is serving as both the state and local chair of the Moisture and Air Quality Task Force. He says part of his desire to do this is to be proactive in learning about the mold issue and how it could possibly impact his business. Other activities within the builders association include: 2001 Board of Directors for TAB and NAHB, past president of TxCABA, past vice president of the education for TxCABA and past president of the Pace Setter 20 Club. He is also the current president of Austin Habitat for Humanity.

Lucy also remains active in the association by serving as the Editorial Committee Chair for the Communications Committee, serving as a member of the NAHB Custom Builder Symposium Education Committee and serving on the moisture and air quality task force for both TAB and TxCABA. Additionally, she is frequently engaged to speak nationally on select building related topics.

Joel and Lucy also co-authored *Making the Sale: "Getting Great Clients to Choose You"* published by NAHB and available through their bookstore. The questionnaire that is given to the client is called *Laying the Foundation: First Things First*.

Katz Builders represents a unique company, which emphasizes customer service and customer relationships. It is not unheard of for Joel and Lucy to invite their clients over for a home cooked meal to become better acquainted and to provide everyone an opportunity to nurture one of the most significant relationships in their lives. After all, as Joel says, you are moving in with these clients for at least a year and you are involved in one of the most major purchases they will ever make; it is imperative this becomes a positive experience for the success of the project to be guaranteed. ■



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