

Growth Tools

Want to scare off customers?

Some business owners (and you might be one) adopt behaviors that appear designed to actively drive away customers.

For instance, you can:

- Make finding your business difficult. Choose your location based on it being close to where you live, or cheap. Don't bother finding out whether it's convenient for customers.
- Let those customers lucky enough to



GROWING PAINS

Jim Verdonik

find you wait until you get around to helping them. Don't bother staffing your business with part-time employees to meet the high volumes at predictably busy times.

- Adhere to rigid opening and closing times. If customers want to buy, let them do it when you want to sell.

- Develop pricing systems that make customers feel they are being nickel and dimed to death. Try high delivery charges and higher prices for expedited service. Extra charges create high margins, right?

- Tell yourself that customer feedback is for wimps. What do customers know anyway? You're the expert. Besides, who wants to listen to a bunch of complainers? Even better than not soliciting customer feedback is to ask for suggestions but don't change a thing you're doing in response.

Recent economic conditions have caused massive extinctions of businesses that lived by the principles I've described. Businesses that used to behave like this, either adapted to new, tougher economic conditions or died.

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| ENTREPRENEUR |

Home game

James V. Caggiano & Son Inc./WMHGB

Veteran home-builder lays foundation for growth with modular construction

BY SEAN MCFADDEN
JOURNAL STAFF

It is in some respects his "dream" house. When **Scott Jones** brings a modular model home to a site in Saugus early next year, it will be the realization of a longtime goal for the president of Lynnfield-based general contractor/home builder **James V. Caggiano & Son Inc. (JVC)**.

"This is not a concept I just thought of," said Jones, 52. "I've been kicking it around for 20 years."

The 2,900-square-foot Colonial-style home, known as "The Bostonian," for which JVC has been working with manufacturer **Westchester Modular Homes Inc.**, will serve as an office and sales center for a modular construction-focused JVC spin-off company, **Westchester Modular Homes of Greater Boston Inc. (WMHGB)**, which was launched in August.

WMHGB works with its modular customers to design their new home, which is then produced at Westchester Modular Homes' factory in Wingdale, N.Y. During production of the home, WMHGB prepares the site foundation for the set of modular units. Once set in place, WMHGB brings the home to completion for the customer.

In taking on the company's name, Jones further said WMHGB has agreed to exclusively purchase the modular components from Westchester Modular Homes, and in turn, also serves as that company's exclusive builder for the North Shore and Metrowest regions.

John Colucci, vice president of sales and marketing at Westchester Modular Homes, said, "We



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Scott Jones is realizing a longtime goal of establishing a new company focusing on modular home construction.

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| LESSONS LEARNED |

What is most important lesson that a mentor has taught you?



James Hackney
L'Espalier

Excellence is a team outcome. Surround yourself with talented individuals and get to know each on a personal level to understand what best motivates and inspires them. Learn and teach everyday. Know when to be encouraging and when to lead to with iron fist. Celebrate success as a group.



Mike Mahoney
Keller Williams
Real Estate

If you want to be successful you need to keep an eye on your attitude, your approach and your expectations. If you're not achieving the results you desire, it's usually a result of one of these areas of your professional life being misaligned.



Wendy Gordon
Pearson Arts
and Sciences

Change is the true constant. Opportunity never follows a schedule. Being successful requires being open to change and embracing opportunities as they come along, even if they don't fall within the scope or timeline of your master strategy. Push yourself to be innovative and take a risk.

★ **Next week's Lesson Learned:** How do you maintain employee productivity through the holidays? Send your answer in 25-30 words to cmahoney@bizjournals.com. Be sure to include a high-resolution headshot.

JVC: Veteran home builder sees growth with modular venture

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feel very strongly about allowing them to utilize our name, because we know their focus is on quality. And, we know their focus is also on making the customer happy."

Jones serves as president of both JVC, a traditional custom home builder founded by James V. Caggiano Sr. in 1920, and WMHGB. But he said the two companies will otherwise operate separately. JVC has a full-time staff of six, as does WMHGB. The team at WMHGB includes Jones' son, **Scott Jones Jr.**, who serves as manager of sales and marketing; and Jones' wife, **Lisa** (granddaughter of JVC's founder), who is serving as sales coordinator. Both companies also draw on subcontractors.

Jones said it cost about \$650,000 to purchase the 30,000-square-foot lot on which the model home will sit, in a high-traffic area of Saugus. The company is further investing about \$400,000 to build out the home and have it shipped to the site, plus another \$250,000 in startup costs for the new company. The process has necessitated Jones take on an outside investor — **Ken Coppins**, who

is a longtime industry contact of Jones'. Jones called the new venture "a very calculated risk."

"Even though this is a significant investment, we feel this is the time to take the steps that will differentiate us from the others in the field," he said.

Growth chart

Company: James V. Caggiano & Son Inc./Westchester Modular Homes of Greater Boston Inc.

Based: Lynnfield

2010 revenue: projecting \$2.1 million for JVC; \$1.8 million for WMHGB

Principal: Scott Jones, president

Websites: www.jvcinc.com; www.greaterbostonmodulars.com

The model home should be open to the public in April 2011, and Jones said it will play a key role in the marketing strategy for WMHGB: "Our model will show what a home will look like, feel like, and gives the public the chance to really experience what the modular advantages are." Jones also said he plans to subsequently move the headquarters of both businesses to the Saugus site.

In launching WMHGB, Jones is hoping to provide a clearer identity to the two different components of his business: In addition to building traditional, high-end, "stick-built" homes, the company has also been doing modular construction for about 30 years, Jones said. He anticipates seeing continued growth in the modular market — not just because these pre-engineered homes can often be built for less money,

he said, but also because "the homes today are built stronger and with much more quality control."

Client **Dave Mohr** said he chose to go modular with his home in Lexington, because, "I wanted to get it done as efficiently as possible, and have good quality at the same time. ... (JVC) provided great customer service, and they're really knowledgeable."

Jones admits, however, that serving both markets through one company created some customer perception problems in years' past. "Our high-end, traditional customers didn't really like the fact that we were doing modular construction also," he said. "And on the flip side, the potential modular customers who saw that we built these multi-million-dollar homes thought we were too expensive. So, we had two conflicting types of construction and no clear path to satisfy everyone."

The decision was finally made about a year ago to split these two markets into separate companies. JVC alone is expected bring in about \$2.1 million in revenue this year, compared with \$3.2 million in 2009 — which Jones attributed to fewer higher-priced stick-built projects these days, as well as the modular business being transferred to the new company. He said JVC might pursue more commercial work — it's working on one such project now in Boston

— to bolster its business. Meanwhile, WMHGB is expected to bring in about \$1.8 million in gross sales this year.

Jones admits he had little practical experience when he got into the construction field back in 1982.

He had graduated from Salem State College with a bachelor of arts degree in business administration, knowing that he eventually wanted to run his own business, but unsure of what type. His father-in-law — then-president **James V. Caggiano Jr.**, son of JVC's founder — gave him a shot at learning the family business.

Since acquiring the company about 15 years ago, Jones said he's learned some important business lessons. They include investing in marketing, even in bad economic times; and reaching out to additional sources (such as his investor partner) for assistance in growing the business.

Jones said he's also grown into a bit more of a risk-taker, as evidenced by his current strategy: "Ten years ago, I might have had a difficult time envisioning investing \$1 million during a recession to build a model home," he said. "But, I believe it is key to the direction we want to go in — so it's a necessary risk."

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