



NAHB Building Business Briefs

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New Phone and Fax Regulations Are a Wake-Up Call for Business Owners

Most home builders and remodelers don't run telemarketing "boiler rooms" to find customers. However, if you use the phone at all in your marketing efforts, it's smart to keep an eye on new federal Do-Not-Call regulations and what they mean for business owners.

On June 26, 2003, the Federal Communications Commission (FCC) and Federal Trade Commission (FTC) established a Do-Not-Call (DNC) registry. By mid August, 30 million consumers who don't want their phones to ring with credit card offers and other solicitations had added their phone numbers to a national database; the FTC expects the registry to contain 60 million numbers by the time it goes into effect. Starting October 1, 2003, companies are prohibited from calling phone numbers on the DNC list for five years.

There are a few exemptions:

- Calls made by or on behalf of non-profit organizations or political organizations
- Telephone surveys (provided they don't turn into solicitations)
- Calls made to consumers with whom a company has had a prior business relationship in the past 18 months
- Calls made to consumers who have filled out an application or asked a business about its products or services in the last three months.

Comply, or It'll Cost You

To comply with the regulations, businesses that do any kind of phone solicitation must periodically buy the DNC list to strip opt-out consumers from their call lists.

States have individual DNC lists, too, and they have 18 months to fold them into the national registry. Some state lists will merge with the national list on October 1, but in the meantime business owners must continue to buy local DNC lists from their state's department of commerce. And individual businesses also have to maintain lists of consumers who ask not to be contacted by their companies.

Prices vary for state DNC lists. The FTC has set fees for businesses to buy the national list at \$25 per area code (the first five area codes are free), up to maximum annual fee of \$7,375.

That's peanuts, though, compared to the consequences for violating the federal DNC regulations. Each violation is subject to a penalty of up to \$11,000. Yes, *eleven grand*.

"The [penalty] amount depends on whether a company is a first-time violator or whether they've called before and ignored federal, state, or their own DNC lists," explains Cathy MacFarlane of the FTC's office of public affairs.

Most home building contractors don't do phone solicitation. However, the DNC regulations are a concern for builders in certain markets and for specialty remodelers who have traditionally used the phone to find prospects.

"It's a big deal for those who are slow to buy, especially active adult buyers," says Jim Lesinski, vice president of sales and marketing for Del Webb Corporation. The Bloomfield, MI-based builder/developer maintains call centers to field inquiries from prospects and follow up with them after they've visited its active adult communities. "We're tying the Do-Not-Call list into our customer relationship management systems," says Lesinski.

Marketing Mix Pays Off

Some specialty remodelers are already using alternate marketing methods. "We got away from cold calling years ago," says Dan Betz, president and CEO of USA Deck in Woodbridge, VA. The company leaves brochures at homes that don't have decks (it pinpoints them ahead of time with aerial photography), and then knocks on doors or sometimes calls to set up appointments with homeowners who express interest in its deck components.

Likewise, at Case Design/Remodeling, Inc., which has a handyman division, "we do outbound calls only to our client base to keep in touch with them," says Mark Richardson, president of the Bethesda, MD, company. "We have not noticed any effect [from the DNC regulations], but it will be interesting to see how they impact the remodeling community."

Certainly, the regulations call for using diverse marketing strategies, which makes good business sense no matter what you build or remodel. Direct-mail, radio and television spots, newspaper and magazine ads, newsletters, site and truck signage, a strong Web presence, [charity events](#), and [home parades](#) are several effective ways to get your name in front of the public.

E-mail's a good communication tool for current customers, but don't use it to farm for prospects or you'll be considered a spammer. (And besides, federal Do-Not-E-mail legislation is in the pipeline.)

Commercial faxes are a tricky subject and are now governed by FCC regulations of their own. After January 1, 2005, businesses cannot send any unsolicited faxes; that is, "any material advertising the commercial availability or quality of any property, goods, or services which is transmitted to any person without that person's prior express invitation or permission," as the FCC puts it.

Previously, the FCC had ruled that businesses had to stop sending unsolicited fax advertisements

on August 25, 2003, whether or not they had prior business relationships with the recipients. The FCC granted a stay of those rules on August 18, which means you now have more time to comply with the regulations and, in the meantime, can still fax advertisements to people you've never done business with. However, it's a good idea to plan ahead and put systems in place so you'll be in compliance when 2005 rolls around.

Be Prepared

"I would recommend that any business that uses fax communication develop and implement a written consent form," says Daniel E. Durden, NAHB's Association Counsel. Durden also recommends that NAHB members contact their attorneys for specific legal advice about complying with the DNC and fax regulations.

The FTC and FCC are currently developing procedures for businesses to order the national DNC list. The [Direct Marketing Association](#) maintains an online list of [state DNC laws](#) and list sources. Be sure to get a copy of your state's DNC list if you have not already done so. We're not saying you should consider phone contact taboo, but in the light of regulations that could impact your business, it's good to do as the Boy Scouts do and be prepared.

Pick up a copy of The Best of Sales & Marketing Ideas for some more strategies to augment your marketing program. Compiled from the most popular articles in Sales & Marketing Ideas magazine, the book offers tips, techniques, and advice from successful home builders and prominent new-home marketing pros. It costs \$33.75 for NAHB members and \$37.50 for non-members. Call 800-223-2665 or visit www.builderbooks.com to order it online.

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