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QSC Seminars Aim To Make Learning Fun

By Joanna R. Turpin
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SCOTTSDALE, Ariz. — The jam-packed schedule at the recent Quality Service Contractors (QSC) Power Meeting XX offered something for everyone. Seminars ranged from a marketing session that was heavy on spreadsheets to a juggler who urged everyone to put a little more fun into their lives (and work).

All the speakers had something in common, offering pointed advice on how to make a business more successful.

Marketing Workshop

Gary Elekes, a veteran of the HVAC industry and owner of a contracting firm, led an incredibly in-depth marketing session. He noted that there are key pieces of information that a business has to have in place before marketing can be truly effective. They include:

- A business model, which requires a look at the whole business approach.
- Business plans and goals. These will make it easier to create marketing plans.
- Company strategies. The overall strategy of a company creates intense focus among its employees.
- A marketing plan that fits with the business plan. Good marketing aligns to the big picture objective, which is service.
- Specific marketing goals. These goals drive the decisions for strategies, media, promotions, process, materials, budget, and training.
- Specific marketing strategies.
- A marketing campaign, which includes media, promotions, communications, and operations.

Elekes noted that contractors are busy people and may feel that budgets, forecasts, and strategies are just too complicated for those who run small businesses. But he added that only by putting all the pieces into place would a business grow significantly.

"This process requires total engagement, which is the intense desire for success plus the willingness to change," said Elekes.

In the presentation, Elekes pointed out three types of marketing: external marketing (advertising and promotions), internal marketing (communication with your people), and operational marketing (your processes and support materials). All three pieces need to be in place before successful marketing will happen, he said.

He stressed that leads should be driven by technicians who are out in the field, as they are in a position to see what other work



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needs to be done. To that end, Elekes suggested tracking every additional service that is generated by a technician in the field on a spreadsheet. He also stated that service agreements should be offered frequently to customers.

"In the HVAC business, each service agreement customer generates \$650 a year in sales," said Elekes. "That doesn't require any marketing expense."

Elekes provided each of the QSC members with a binder containing extensive marketing information, as well as a CD with spreadsheet templates that can be installed on the computer and filled in by the contractor.

Protecting Your Business

Daryl Miller, QSC Member, Fischer Plumbing, Seattle, offered an interesting seminar on how contractors can protect their businesses from financial, legal, and personal risk. On the financial side, he suggested that contractors keep a good amount of cash available, manage debt properly, look for ways to pay less for insurance, and figure out the major taxes on earnings.

To boost cash flow, Miller said that technicians must become more productive. He said that the average technician is only productive 50 percent of the day due to late starts, early finishes, improper tools, missing parts, address errors, personal problems,

vehicle breakdown, and poor planning.

“If you just increase productivity 15 percent, then profit and cash will double,” noted Miller.

He suggested keeping a spreadsheet that shows just how much cash is coming into the business every day (daily deposit). This helps contractors track from day to day, month to month, how much cash is being generated.

He noted that managing debt is often a big concern and that contractors need to have a good combination of short-term debt (e.g., line of credit) and long-term debt (more than 60 months). He offered a novel approach to obtaining more credit from a bank. “Take \$10,000 in business funds, and buy a \$100,000 rental house. Make oversize payments and pay it off, then let the business own it.”

Miller contended that a bank is much more likely to offer credit against a tangible item (the rental house) than against a business. It also offers the advantage of having a lien against the house rather than against the business itself, he said.

Contractors need to protect themselves from legal risk by outlining asset protection and transfer proceedings. For example, what would happen if the owner becomes incapacitated, deceased, or divorced? Other items to consider under legal risk, he said, are taxes on transfer (estate taxes), vehicle accident claims, employee injury claims, and customer lawsuits.

Miller suggested that all contractors have a will, a power of attorney, and a buy/sell agreement, especially if one person owns the business. He also noted that asset protection could take place by properly defining a company as a corporation. He suggested “C Corp.” status for two or more owners, or “S Corp.” status for one owner (including husband and wife owners).

Personal risk involves the untimely incapacitation of an owner, and items such as life insurance, medical directives, and a power of attorney should be in place, he said. In addition, he said owners should consider compensation strategies, retirement, and an exit plan out of the business.

Different Perspectives

Sharon Roberts, Roberts and Roberts Associates, Plano, Texas, gave an insightful seminar on how contractors should be selling to women and couples. She stressed that men and women are different in the way they communicate, react, socialize, shop, and make decisions. Contractors need to recognize those differences if they want to sell service or product to female customers, she stressed.

“Women are the chief financial officers in all families. They influence more than 80 percent of all sales of consumer products and services,” said Roberts.

She stated that women were looking for trust and credibility when they hire someone and that contractors should be clean, courteous, caring, considerate, confident, and capable if they want the female customer to commit to having the service performed.

The disadvantages that can occur if a female encounters bad service are staggering. She said that women share information about their buying experiences with other women. Contractors who provide good service will usually get a positive referral, while contractors providing poor service will lose hundreds or even thousands of customers due to the negative word-of-mouth.

There are several items that women want to hear about from the contractor, said Roberts. In this order, women want to hear about the contractor’s staff, how the equipment works, safety features, maintenance, repairs, environmental issues, longer service



Top: Mick Lunzer stressed that business owners need to make the workplace a more fun and inviting place to be. **Above:** Sharon Roberts gave a lively seminar on how to sell to women and couples.

hours, warranties, and financing.

Roberts urged contractors to really pay attention to female customers, and that includes handing her a business card along with her husband. Things that can offend a female customer include calling her a “term of endearment” (e.g., sweetie, honey), calling the women back at your office “girls,” looking at your watch, interrupting her, taking cell phone calls, and not making eye contact with her.

“Remember,” admonished Roberts, “women don’t gossip. They advertise.”

The Power Meeting ended with a presentation by professional juggler and yo-yo champion Mick Lunzer, who based his speech on the short film “Fish.” This customer service-oriented film documents a Seattle fish market, in which the employees have fun while working and the customers love them. The fish philosophy, as Lunzer calls it, has four principles: Play, make their day, be there, and choose your attitude.

Lunzer noted, “65 percent of your waking hours are spent at work. If your job is a bummer, then 65 percent of your life is a bummer. You can change that by changing your attitude.” ©

QSC Members Share Concerns, Give Advice

Joanna R. Turpin
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SCOTTSDALE, Ariz. — The pervading theme throughout Quality Service Contractors (QSC) Power Meeting XX was the benefit of having other member-contractors to contact for support and advice. It helps that this is not a shy and retiring group; indeed, the speakers addressing the members commented frequently on how wonderful it was to have such a vocal (in a good way) crowd.

That carried on outside the meetings, as member-contractors engaged in a free exchange of thoughts, ideas, and outrageous real-life stories over lunch and break times. Many of the members commented on how wonderful it is to be able to share concerns with others who may be experiencing the same issues.

As one contractor said over lunch, “Out of any organization you can belong to, QSC gives you the most bang for your buck.”

Sharing Session

The sharing session that took place the first day of the meeting highlighted all the usual concerns in contracting: poor image of the industry, insurance woes, getting customers to pay, and what to do during slow times.

Bob Melko of Bishop Plumbing and Heating, Des Plaines, Ill., noted that many in the industry have contributed to the poor image people have of contractors. “Many think of us as cigar-chomping slobs with butt crack issues,” he said. “We have no one to blame but ourselves.”

Melko, who is active in the Chicago Plumbing Council, advised that contractors pay attention to the appearance of technicians and company trucks. By making sure everyone and everything associated with the business is clean and neat, customers will see more value, he noted. To that end, he has helped create several commercials that will run in the Chicago area, which highlight how much the industry has to offer consumers.

After showing the commercials to the group, Roger Peugeot of Roger the Plumber, Overland Park, Kan., shared his concerns over insurance issues.

“It’s important that you find out if you’re on their critical client list.” This is the label insurance companies give businesses that they may no longer want to insure. Perhaps the business has filed a claim, or the insurance company has deemed the business too risky to insure anymore.

Several contractors shared their stories of insurance companies dropping their coverage with little advance notice — and often for no reason at all. Peugeot noted that insurance companies don’t like to insure businesses that can possibly cause mold issues from water damage.

He said that after he found out his company was on the critical client list, he met with the agent to find out how to get off of it. The agent told him the areas of concern, and Peugeot took it as a challenge. He retrained everyone on his staff about safety issues (e.g., wearing goggles, lifting properly), and he and his employees meet every week to discuss safety. In addition, technicians who have two traffic tickets are no longer allowed to drive company trucks.

“We’ve gone two years without flooding a house, and we don’t

have anyone who’s had tickets,” stated Peugeot. He also implemented immediate drug testing for anyone who has an accident on the job. (Of course, all of this is written down as company policy, so employees know exactly what to expect should an accident occur.)

Those who are injured and able are expected to come to work for light-duty assignments. “I have them sweeping the floor, filing papers, whatever needs to be done,” said Peugeot. “I don’t want them at home watching the lawyers on TV.”

Getting Paid

Some of the most amazing stories shared by these contractors involved customers who did everything they could to avoid paying the bill. Members told stories of customers who had them come out in the middle of the night to fix a problem (usually frozen pipes), then would either refuse to pay the bill or give an incorrect credit card number.

These members noted that they had gone over the pricing structure ahead of time and received signatures authorizing the work, yet some customers still refused to pay. Rebecca Gold, Wigginton’s Plumbing Service, Nathrop, Colo., and chairperson of QSC, said the problem occurs often. “We get all the signatures up front, then find out a few days later the customer has put a stop payment on the check or else reversed the charges on a credit card. What should we do?”

Fellow member Scott Ziegler, Ray A. Shaffer Inc., Schwenksville, Pa., said he’s trained employees to listen hard for clues from the customer. “Those who say reluctantly, ‘Go ahead and do the work,’ are the ones who tend to renege. We won’t do work in those cases now. By listening to how the customer authorizes the work, we’ve cut down the nonpayments from five a month to one every six months or so.”

Many states have a three-day right of rescission law as well, so customers can change their minds after the work is done and choose not to pay. One contractor said he has started going to court and placing liens on the homes of customers who won’t pay.

How to keep going during slow times was also a topic of conversation. While all agreed that service agreements are the way to keep busy year-round, many contractors shared novel ideas about how to bring in more business. One contractor said that when they’re slow, they take company trucks out and park them at grocery stores or shopping malls to act as billboards.

Another contractor said he sends flyers to neighbors of customers saying that he’ll be in the area and can perform the repair work needed. One contractor has his technicians call customers and ask if they’re happy with the previous repair work that was done, and is there anything else that needs to be serviced.

Offering special promotions has helped another contractor; on “senior day” Thursdays, for example, customers over age 65 get a discount, provided they’ve made their appointment at least several days in advance (it doesn’t count for emergencies). The Internet has provided another opportunity for several contractors who said they offer discounts to those who schedule appointments via their Web sites.

The member sharing session could have easily taken up the remaining time of the conference, but other speakers were on the schedule. Mike Maynard, QSC’s business management coach, reluctantly closed the session. ☺



About PHCC and QSC

The Plumbing-Heating-Cooling Contractors–National Association (PHCC) is made up of nearly 4,000 contracting firms that represent men and women from open and union shops who work in residential, commercial, new construction, industrial and service and repair segments of the plumbing and HVACR industries. PHCC members have their own national lobbyist representing them on Capitol Hill and with federal agencies. They also have discounted access to many seminars, national meetings, learning resources and valuable business services designed to take members’ businesses to the next level.

Established in 1994, QSC functions as a self-supporting business unit of PHCC representing service and repair contracting segments of the plumbing and HVACR industries. QSC maintains its own Board of Trustees, budget and program/project priorities. All funds generated from its membership remain with the organization and they are used only for initiatives selected and approved by the membership. We are very proud that we are attracting membership from beyond our immediate industry. This is because we are fulfilling needs unavailable through other associations. We enhance both the industry and our members’ reputations by originating and delivering timely and lively professional and educational training programs.

Through these initiatives we have been able to raise the standards our members need to run profitable companies. In turn, this has served the buying public by assuring consumers of the professionalism and integrity of the services they purchase.

As a result of their QSC participation, our members have discovered what it means to become “The Best of the Best.”

For more information about PHCC and QSC, call (800)533-7694, or visit www.phccweb.org, and www.qsc-phcc.org

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