



**W**hat does it take to:

- block a Kobe Bryant shot,
- intercept a Tom Brady pass,
- cross the checkered flag ahead of Jeff

Gordon,

- get a slapper past Jonathan Quick,
- prepare the signatory sheet metal industry in Central

Valley for recession?

A plan and perfect timing.

In September 2007, Central Valley, California sheet metal contractors attended a SMACNA informational program featuring successful St. Louis contractor Butch Welsch.

Welsch had successfully expanded into the service/retrofit residential and light commercial market. He shared his business plan, and the Central Valley contractors liked what they heard.

Business was booming at the time, and the economic downturn hadn't started. It turns out the timing was perfect.

## Marketing

Working with the Best Practices Market Expansion Task Force, the group hired a professional facilitator to conduct a two-day strategy meeting. They developed a three-prong approach for marketing: raise awareness, educate, and engage.

"Raising awareness and educating go hand in hand," says Matthew Smith, president of Smith Heating & Air Conditioning, Inc. "We're trying to increase consciousness that HVAC performance matters not only for comfort, but also for indoor air quality..."

He says education also extends to talking about indoor air quality with relation to allergens and carbon monoxide. "In the process, we're trying to promote union contractors. We talk about getting quality instead of just the cheapest job.

"We want people to understand that there're getting better value over the long-term if they obtain the best performing job, the most efficient job," Smith adds.

BY CAIRINE CAUGHILL

Recently, he could see that the marketing efforts were paying off, as the local JATC was featured on ABC News 10.

Of course, all of the great publicity in the world doesn't matter if potential customers don't "engage." The third prong of the marketing approach was the call to action—trying to get customers to contact HVAC Expertise contractors via individual contractors' websites and the HVAC Expertise Central Valley site at [hvacexpertisecentralvalley.com](http://hvacexpertisecentralvalley.com).

These websites promote maintenance (both seasonal and ongoing), offer tips, and are a springboard for additional marketing efforts, including one-on-one consultations, seasonal mailings, and a monthly newsletter.

Other efforts to raise awareness, educate, and engage have included

- using HVAC Expertise logos on trucks, literature, and proposals;
- holding an HVAC Expertise promotional night at a local team's professional minor league baseball game;
- exhibiting at trade shows;
- getting involved with legislative efforts;
- promoting career technical education;
- supporting local high schools' career technical education program; and
- creating a presence on Facebook, Twitter, Yelp, and LinkedIn.

"Above all," says J.H. Simpson Company General Manager Michael Lawson, "we stay proactive with our customers, making sure we are always in front of them with postcards or just picking up the phone and calling them."

Marketing professionals have been an integral part of the market expansion effort. Smith considers the expense an investment in the future. "They've been able to keep us on track and enhance our ideas. I think that, on our own, we could have made a lot of mistakes that would have dampened our success."

## Expansion

Marketing was not, however, the entire game plan for expansion into service work and survival during the lean years.

Training more craftspersons to do the work in the new market niche was fundamental. “We began immediately working with our local JATC to build up our service training program,” says Smith. It turned into a major overhaul of the program.

“As our apprentices start, we try to figure out which ones have the ability and the personality and so forth, and we work with them and train them as they go through their five-year apprenticeship program,” Smith says.

Service work isn’t interchangeable for commercial or industrial work, Lawson points out. “It’s a lot more hands-on for the technician.”

He says that while a commercial technician could be called out to a job site to fix a problem, that same technician wouldn’t necessarily interact with the owner or manager or be responsible for preparing an estimate or invoice.

“When a residential guy goes out to a home and finds that repairs are needed, he or she writes up a proposal for the customers, presents it to them, and goes over it with them. These technicians must be very personable and someone the customer can trust,” Lawson says.

The program has become so popular that there are more service apprentices than apprentices in the traditional building trades. “It shows the demand that was out there,” Lawson adds.

## The Result

“Contractors are used to responding to changing market conditions but focusing on this type of work wasn’t easy, especially during such difficult economic times,” Smith remembers.

Indeed, not every contractor was interested in entering the service market at first, but along the way, many have changed their minds. One in Modesto finally came around when the economy collapsed.

“They used the resources we provided and formed a relationship with a local utility company, replacing equipment on 450-500 homes throughout the northern California area,” Smith recalls. “It was a significant contract and a significant amount of money. Even with the up-front expenses to get involved, it turned out to be a very positive experience.”

Many contractors readily admit that the new service portion of the business has kept them afloat during the downturn. “We’ve seen little work going on in traditional building trades, but service has really held its own in terms of volume and profit,” Smith says. “We’re thriving now because we were willing to look for solutions even before there was an obvious problem,” he concludes. ■

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## TEAM PLAYER

### J.H. SIMPSON COMPANY

Though moving into the service/retrofit residential and light commercial market seemed like the right thing for J.H. Simpson Company to do, change is always difficult.

According to General Manager Michael Lawson, the biggest challenges have been related to “reaching out to new customers, competing with the non union shops, and making sure we price ourselves correctly and competitively for the new business.”

Implementing the new marketing program hasn’t been as difficult. “We dove right in, and we’re seeing results,” Lawson says. “It has made a big difference with the brand recognition, strategic development, implementation, and sales flow.”

Preparing to open a service department took a little longer—and is not done yet. “We’re always fine-tuning it, looking at different things, ways to make it all run smoother,” Lawson says. When J.H. Simpson’s service department opened three years ago, there were only four techs. Now there are 11.

Those techs had to learn to sell residential maintenance contracts, build a database of customers, and market to those customers, staying in front of them with postcards and newsletters. They also had to be computer savvy enough to run Blackberries with printers in their trucks.

Lawson admits to being surprised by the amount of money his company has been able to earn in the service market and to the response of staff and customers.

Lawson’s advice to contractors wanting to get into the residential/light commercial service and retrofit market is simple: “The big thing is your staff—your service manager and having the correct individuals to start up the department and get it organized.”

He says there are a lot of logistics to consider. “It’s not like you just go buy a van and start doing service. For instance, J.H. Simpson’s residential techs wear booties in homes, something they rarely have to do on a commercial site, and they always set their tool bags on a towel instead of the carpet.

“We also changed our uniforms to look more clean-cut and always make sure our service trucks are presentable—washed and clean upon arrival,” Lawson says. “All the little things matter when dealing with residential customers.”

Above all, Lawson says, contractors and their union partners must be willing to undergo a transformation and to study the unique requirements of whatever market they decide to jump into.