

Residential + Service Markets = \$\$\$\$\$\$

Partners in Progress Presentation

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Presenters:

George "Butch" Welsch, Welsch Heating & Cooling Co.
St. Louis, Missouri

Jeff Laski; S & M Heating Co., Detroit, Michigan

Rick Werner, Business Representative, Sheet Metal Workers'
Local Union #104, San Ramon, California

Butch Welsch

1. Welcome, introduction and overview of today's program
2. Comparison of New Construction/Plan & Spec work Vs. Residential Replacement.
 - A. Very slow recovery predicted for New Construction both Residential and Commercial
 - B. Better profit margins as Replacement Buyer has different goals than a New Construction purchaser – Home Builder or General Contractor.
 - C. You are actually able to "SELL" yourself because price is not the only/major criteria.
 - D. Selling "Maintenance Agreements" adds considerably to the value of your company. Think "residual value" as in life insurance.
3. Getting started in the Residential Service/Replacement Markets
 - A. Establish appropriate pricing. Overhead is higher in service/replacement. Set pricing at the level you need to be profitable.
 - B. Must have someone to lead the Service/Replacement portion of the business. Requires a different mindset than new Construction.
 - C. Must have appropriate personnel in place. Both Service and Replacement personnel must have "people skills" in addition to technical ability.
 - D. Train front line personnel to let people know you are in the service business. Train all personnel to "sell" your company.
 - E. Plan to have a live person answer the phones 24 hours a day, 7 days a week. No answering machines. No menus.
 - F. Have Service Technician available 24/7. We pay one hours pay per night.
 - G. Contact customers where you have made installations in the past, both residential and commercial. Let them know you want their service business.
 - H. Maintenance Agreements will be the backbone of your business. Train

employees regarding the advantages and methods of selling Maintenance Agreements.

4. Partner with Local Union to have an Agreement in place that will allow enough flexibility for you to compete with non-union competition.
 - A. Split timing may be necessary to serve customer needs.
 - B. No more than time and ½ for overtime other than Sundays and Holidays.
 - C. Figure there will always be lower priced competition. Sell on the reasons you are better such as trained, qualified personnel.

5. Summary
 - A. Understand the value of being in the Service/Replacement business.
 - B. Put someone in charge to “champion” the cause.
 - C. Train front line personnel new skill sets on the importance and advantages of Service/Replacement to them and the company.
 - D. Contact previous customers.
 - E. Price to be profitable
 - F. Emphasize and sell Maintenance Agreements.

Jeff Laski

6. History of my company and it's changed culture
 - a. Living in Detroit
 - b. Used new construction as a crutch
 - c. Pulte, Toll Brothers
 - d. Buying into a new culture

7. Playing devils advocate – problems getting into this business
 - a. Finding customers
 - b. Large expense entering market
 - c. How to get phone to ring
 - d. Hard to layoff during slow times

8. Opportunities and help available
 - a. New ITT curriculum
 - b. Rebates
 - c. NEMI Program “Residential Retrofit and Service Operation Management Program”
 - d. Comfortech
 - e. The tricks to absorb a customer base
 - f. As Butch says “You can compete in this marketplace”
 - g. Peer Groups
 - h. Not embarrassed about making a profit
 - i. Fun to get cash and credit card

Rick Werner

9. Project Labor Agreements
 - a. Politically active with local government agencies

- b. Building relationships with developers
- c. Embracing projects that benefit your community
- d. What value does your PLA have?

10. Effective Tools

- a. Customer Rebates—When and how much
 - Wage Equality - Cut-ins and new homes
 - Unit replacement
 - Maintenance Agreement
 - Tune-up
- b. Home Shows/Advertising
- c. Labor-Management meetings

11. Recruiting

- a. Service Technicians
- b. Contractors
- c. New Markets

12. Who Is Willing To Step Out Of Their Comfort Zone?