

7 KEYS TO MAKING MORE AND WORKING LESS



IN YOUR CONTRACTING BUSINESS THIS YEAR



BLUE COLLAR
SUCCESS GROUP

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Introduction

When I'm speaking, training, or coaching, I'm often asked, "How do I build the perfect company? How do I structure a company that works without me? How do I build a strong contracting company that doesn't require my daily presence? Can I have a company that generates income while I'm not there?"

These are all great questions and the answers exist. That's why I'm writing this special report. The "Seven Keys" outline some concepts that (regardless of business size) will truly help to amplify your success.

As you read through this report and envision your perfect company, there are a few things to consider. On one hand, there is no such thing as the "perfect" company. On the other hand, we all have perfect companies, because they're perfectly constructed from the individual behaviors of the people who create, guide and lead them. Also, there's no such thing as failure, only results. In this report, you'll learn how to alter your strategies and direction in order to start seeing the results you desire.





Entrepreneur Mindset

The first step of this process is developing what we call the “entrepreneur mindset.” We begin with the entrepreneur mindset because most people in the plumbing, heating and electrical industries approach the business from the technical aspect. We all started out with a truck or two and we ended up as the leaders, supervisors and owners of our companies. What we bring with us is a technically-based mindset, the mentality that when something is broken, we’ll fix it. But we can’t really apply that philosophy to our businesses, otherwise we’ll always be playing catch-up. We’ll always be behind the curve when it comes to achieving what we want. Instead of waiting for something to be ‘broken’ in the business and then figuring out how to fix it later, it’s best to understand how to prevent any ‘breakage.’

“Life has no limitations, except the ones you make.”

– Les Brown

The entrepreneur mindset is characterized by proactivity and looking toward the future. It’s about identifying opportunities ahead of time and using them to produce tangible, positive results. The entrepreneur mindset centers around solution-based thinking where you are always looking for strategies, rather than dwelling on problems or negativity. It will help you turn problems into opportunities, therefore creating innovative ways to positively impact the company.

All of this might sound a little high-level, but cultivating the entrepreneur mindset is an important fundamental. The concept and thought process behind this mindset shift is truly simple, but can be a big transition from what most owners are used to. You’ve got to start thinking more like an entrepreneur, so you can view all areas of your company in terms of creating a profit center. We want to focus on doing a lot more of the things that make money and eliminating the things that don’t.





Pricing for Profit

In our industry, “pricing for profit” may seem like an overused term. The reality is, as an industry, we are afraid of charging the prices necessary in order to truly operate as a profitable,

income-generating business. Why is that?

*“It’s a headache.
It’s pure profit,
and maybe that’s
why nobody
wants to think
about it.”
– Nell Minow*

The main reason is that the old-school pricing models are still very prevalent in many markets. It’s all too common for companies to set their prices based on the “going rate” in their market. This has nothing to do with profitability, yet everything to do with developing an entrepreneurial mindset and focusing on the most efficient way for *your* business to operate. Without the proper mindset, we begin to model what other companies are doing, even without knowing how

successful they truly are.

As we discuss the concept of pricing for profit, we’ve got to take a step back and ask ourselves, “How can I price my products and services in a way that will create a profit center for my business?” What you really want to concentrate on is getting to the profitable number.

There are plenty of ways to calculate your profitable number, and this report is not the format to teach every necessary step involved in determining your correct selling price. The simplest explanation is this: set your price at a level that recoups all the costs of doing business and includes a fair profit percentage. Ha! I said that’s the simplest way to explain it, but it’s not the most common pricing method in our industry. That being said, however you compute the correct selling price for your company, there are three key things you must understand.

(By the way, I highly recommend using the tools provided by one of the great industry partners to help you determine your specific selling price.)



- Know your costs: Simply put, choose a given period of time and calculate every cost associated with doing business for this duration.
- Know your efficiency: In other words, how many hours you will be available (and able) to sell your services. In the past, it was common to aim for a 50% efficiency level in the service business, but it was rare for companies to achieve it. A 50% efficiency would simply mean that you worked a total of 8 hours and posted Flat-Rate hours sold of 4 hours. 4 sold hours divided by 8 total hours worked equals 50%. If you worked 8 hours and sold 6, then the math would be 6 hours sold divided by 8 hours worked for a 75% efficiency, and so on and so forth.
- Know your profit goal: Now you must add profit to this break-even number. In my humble opinion of our industry, profit is something that seems to 25% net profit (or more) all day, every day. Why can we accept their profitability, when we can't accept those same profit levels for ourselves? We need to get comfortable with using the word "profit" and realize that it's okay for us to make money!

I would definitely encourage you to do the math necessary to determine your hourly rate using a flat-rate system. I'm not advocating that you charge by the hour, but I am encouraging you to know your number. You've got to understand the importance of creating a price that will generate profit in your business. Profit is not a dirty word. We must allow, create and accept profitability in our companies.

Whatever new rate that you establish – which is probably going to be more than what it is today – you need to do an internal analysis. You've got to feel from within that you are worth it and that you provide a great deal of value to your customers. Decide that you can and will charge those prices in order to generate the revenue your company needs. If you've calculated your rate properly, there's nothing to feel guilty about or hide behind, because the math doesn't lie.





Leadership

Leadership is the third element that we must focus on and develop within ourselves. The reason that I discuss this topic immediately after pricing is because, as business leaders, we are the ones that set the price, adjust the price and truly understand the price. Leadership is directly tied to pricing for profit. Nobody in this industry wants to accept mediocrity, although looking at how the market has evolved over the years, it seems that we are doing just that. We have become a largely unprofitable industry because we have created an environment where effective pricing strategy and profitability don't take priority.

Profitability and strong leadership are also intertwined. We need to determine what we want our companies to look like, what we want our businesses to provide for us, and then lead our team in that direction. Allow yourself to have a big vision and set lofty goals.

Maybe you want to have twenty-five trucks and generate millions in revenue. Or, maybe you simply want three trucks that produce a million in revenue at a 15% net profit. You want to be able to take weekends and evenings off, make a nice \$150,000 a year, and have a few team members and very little stress. That choice is completely up to you.

Whatever your personal vision is, embrace it and make it a priority. When you start to analyze your company's leadership, you may be overwhelmed if you don't view yourself as a natural leader. If we've ever worked together or you have heard my story, you know that I haven't always been a leader. I came into this industry the way most of us do; I was a one-truck company and grew slowly. As the company developed, I began to work on my leadership skills and established some strategies that worked well for my business. Now I'm blessed with a very successful company and an extremely effective leadership team. I've learned that cultivating strong leadership within myself and others is an ongoing, yet very rewarding, process.

Just as having a clear vision of your company's evolution is essential, so is continually developing your leadership skills with that ideal in mind. This means reading current information, studying great leaders, and modeling their positive traits and behaviors. Periodically, you've got to check in with yourself in order to

“A Leader is one who knows the way, goes the way, and shows the way.”
– John Maxwell



make sure that you're displaying the leadership behaviors that make sense to you.

Even though I don't work "in my company" on a daily basis, it still remains a clear reflection of who I am based on my leadership.** Now you can see how these keys can unlock huge opportunities in your own business. Just as developing your entrepreneur mindset and pricing for profit are imperative, your leadership style and ability to remain focused on productive strategies are also crucial elements.

**With the remarkable business tools and technologies that are currently available to us, the ability for your company to succeed without your daily physical involvement is more achievable than ever before. This technology is a huge part of the reason that I was able to personally take a 6 ½ month RV trip without walking through the doors of my company.





Client Acquisition Systems

The concept of an effective client acquisition system is frequently discussed yet often misunderstood in the contracting world. Everybody says that they want or need more calls. We all wish that our phones were ringing off the hook, that we could do more, or that we had more clients in general. What we really need to do, however, is stop wishing and start developing an ongoing, productive client acquisition system. We need to begin to think more like marketers rather than plumbers.

A few weeks ago, I attended a seminar facilitated by a friend of mine in the insurance industry. He had a banner on the wall that read, "Successful agents don't think like insurance agents, they think like marketers." And I believe that to be 100% true for plumbing/heating/air conditioning/electrical business owners. We need to think like marketers, too. I fully believe that we are in the people business, and our product just happens to be plumbing, heating, air conditioning and electrical services.

We need to develop a culture that is driven by marketing. We don't usually think about marketing as being a consistent, all-encompassing facet of our businesses. We also don't realize that almost everything we do is linked to marketing in some way. All too often, we see marketing as simply placing an ad in the Yellow Pages or creating a new pay-per-click campaign, but that's just one small piece of communicating the desired image of our companies.

“Advertising is the greatest art form of the twentieth century.”
– Marshall McLuhan

Marketing exists everywhere from your company logo, to the appearance of your truck and how it is driven, to the phone script that you use in the call center. Even the methods you use to address a client's concern are a function of marketing. We need to examine our overall strategy to ensure that consistent, positive marketing permeates throughout our business.

Client acquisition strategies are multifaceted. You're certainly going to have a variety of ads that are focused on generating phone calls. You'll also want to establish retention campaigns, which include options such as newsletters and e-zines, postcards, direct mail, and newspaper advertising. In some markets, radio advertising is effective, whereas in other markets, TV is a smarter choice.



Whatever direction you choose for your retention campaigns, be sure to stay in front of your clients consistently to keep your company at the top of their minds.

If you utilize internet marketing, you might have a combination of search engine optimization and pay-per-click advertising in place. Keep in mind that as conversion tools, they are only going to be as effective as your website is. You also can't ignore the social media component of maintaining effective internet presence.

Client acquisition isn't complete unless your process also includes tracking strategies. You've got to ask: Where does each phone call come from? Where does each click-through come from? What kind of language works for my clients? If you're assessing an ad or a marketing piece, what type of wording creates action and which tactics don't produce results? Remember, you don't need the latest and greatest industry-specific computer program to begin tracking your advertising effectiveness. When we first started tracking at my company, we listed each advertising medium in a notebook and placed a checkmark by whichever one had led the client to us.

Client acquisition is an integral part of creating a successful company that serves your vision. Marketing platforms and message delivery may change with technology, but the key reasons that people buy are still the same. As I'm writing this report, personalized/relationship marketing is becoming the most effective strategy and many of my clients are becoming focused on this method. Regardless of what changes occur, the more you start thinking like a strategic marketer, the more you'll experience consistent call count increases.





Sales Conversion

We might be the most brilliant marketers in the world, but if we don't have a process to convert those valuable leads into closed sales, our businesses won't exist for long. We've got to examine our lead conversion and make it just as much of a priority as client acquisition.

I've purchased multiple companies over the course of my career. When I would buy a small business, the owner would often tell me that their biggest problem was lack of calls. What I saw was that they had plenty of calls, they simply

“Sales are contingent upon the attitude of the salesman, not the attitude of the prospect.”
– W. Clement Stone

weren't maximizing the opportunities or converting those calls into sales.

If you look at your client acquisition system and immediately determine that you need more customers, maybe the issue is that you have a low conversion rate. In addition, if you aren't priced correctly, then you're not converting at the proper price. We've got to pay more attention to implementing a good

sales conversion process.

How do we create an effective process? First, you must set a conversion goal. You've got to know that when you go out into the field, you're able to generate a sale 70-80% of the time. This percentage will be directly tied to your company's unique operational system. Key factors will be a dispatch fee vs. free estimates, problem call vs. inspection call, etc. The tracking method is up to you, but you need to start with a goal.

After setting that goal, start to figure out conversion rates for each unique service that you provide. Are you converting more of one type and not enough of another? For example, a plumbing contractor gets a call about a kitchen faucet that's leaking. They could sell the client a faucet repair, and that would be considered a conversion. Or, they could sell a complete faucet replacement. Or, they could sell a complete remodel of the kitchen faucet, the garbage disposal, all the under-sink piping and the emergency shut-off valves. All of those situations could be considered conversions, so determining the specific conversion rate is very important. We need to look beyond the customer's original request in order to see the real opportunities.



Sales conversion is all about process. You've got to have scripts in your business, beginning with the customer service representatives on the phone. You must be aware of how they answer the phone, the questions they ask and the information that they gather. You've also got to know how your technicians are interacting with clients, asking questions, and presenting offers. What you want to develop and execute is the unique way that *you* do things, like what you would find outlined in a company manual or handbook.

In my business, we have the "Peterson way" of doing things that is unlike any other company in the country. There might be some similarities, but there are many unique differences that are distinctly ours. In relation to sales conversion, you've got to adapt the fundamental processes to fit your specific needs and systems. It's important to realize that there is a reason behind everything that you do. If somebody within your organization asks, "Why do we do it this way?" you should be able to explain how the action contributes to the overall effectiveness of your sales conversion model.





Training & Development

Team member training and development is closely tied to your sales conversion. Unfortunately, most companies do not allocate enough resources for training. The individuals that are answering your phones and the people that you're putting in the field are representing your brand daily. Team member training creates the foundation for successful individuals to work effectively and consistently within your company framework.

Think about an exceptional service experience that you've had. Maybe you were at a restaurant and your server displayed certain personality traits or behaviors that impressed you. All of their superior qualities were being offered within the framework of that restaurant. How can you create a similar service experience in your own business? Allow your team members to display their own unique qualities while they work within the structure of your business. This is about maintaining consistency for the client, while allowing our technicians true selves

*“I never teach my pupils; I only attempt to provide the conditions in which they can learn.”
– Albert Einstein*

to surface during the interaction.

For example, the “Peterson way” outlines certain requirements that our technicians need to follow. They must wear our uniform and it must be worn in a certain manner. Also, they're free to be who they are, as long as they're treating customers with respect. They can (and should) laugh, joke, and have a good time with our clients, but it's essential that

they operate within our framework.

You must train your team within your structure, then you've got to train and train some more. It's an ongoing process that usually involves a monetary investment, but the primary investment is that of your time. You will experience the most profound results when you incorporate a consistent training schedule that includes team member interaction, follow-up, and coaching.

In our industry, there are many diverse training topics that require our attention. Primarily, we have technical training and sales/service training. From a technical standpoint, I would encourage you to hire very capable technicians. You might consider offering an apprenticeship program for people who display potential, then train them on how to increase their technical skills in order to become a better team member. Technical training is a necessity in our industry and



effective educational programs are widely available. The type of training that often gets overlooked, however, is sales and customer service training. I would highly encourage you to invest some time and energy on customer service and sales training; you *will* see a return on that investment.

It makes sense to train our team members in sales strategy because, put simply, we are in the sales business. Our industry has been shying away from this fact for too long, and it's time to stop. Nothing happens until a sale is generated. As the leader of your organization, you've got to focus on the effectiveness of your training. You must ensure that education, reinforcement, growth, and follow-up are consistent occurrences in your organization.

My general manager, John, trains our team members consistently on relevant key topics. Sometimes I'll miss multiple consecutive meetings because of my travel schedule. When I return, he'll often be discussing a topic similar to what he was teaching six to eight weeks earlier. I'll inquire about the similarity, and he'll tell me that we're circling back to revisit that specific topic. Training is truly an ongoing process that thrives on consistency and reinforcement.

Since training is done continually in an organization, you've got to work hard to keep it fresh. Important concepts need to be reworked and revamped in order to include new perspectives and techniques. You've got to change things up while simultaneously reminding your team members of key points. Give them an interactive learning experience, have them practice what they learned, and measure their results.

I also want to emphasize that the act of having a meeting doesn't necessarily constitute training. Simply facilitating a meeting does not mean that you're providing useful information that will improve your company's performance. We held meetings for many years in my business, but weren't actually doing much valuable training; we were just meeting on Tuesday mornings. Take a moment to evaluate your organization's training platform and begin to discover if your training is positively impacting behaviors and creating powerful changes.

Why do you need to train your people? Why would you need to send your employees out to a seminar for customer service, sales or leadership? Leaders invest in this training in order to change behaviors. Ultimately, if you want to change results, you need to modify behaviors. Such adjustments are the result of instituting effective training programs in your organization.

The ongoing training and development of your team members presents huge opportunities for your company, regardless of its' size or how long you've been in business. Team member betterment is an area that you need to set goals



around, focus on and commit to in order to experience the advancement and growth that you desire.

*“Build systems
within each
business function.
Let systems run the
business and people
run the systems.
People come and go
but the systems
remain constant.”
– Michael Gerber*



Operations Systemization

Systemization creates the foundation for your ultimate freedom. It also ties together all the components of the process we've been discussing. Your ability to create effective systems relates directly to your leadership philosophy and entrepreneur mindset. If you are the person who has to have

all the answers in your company, this is a role that you might want to distance yourself from. It will be the biggest factor that interferes with your goals. Many contractors I've met or coached will tell me, "I want my company to run like yours does." (Meaning that they want a profitable company where they aren't required to be involved in the daily operations.) After asking a few questions, I tend to find that they don't truly want their company to run like mine. What I'll often discover is that they like to be the one with all the answers, with complete control and the final say in all matters.

I am aware of the fact that I don't have all the answers in my business, and I'm fine with it. I simply surround myself with the brightest people that I can find, then train and empower them to do their jobs and make smart decisions. I know that they DO have the answers, and most of them are smarter than me anyway. If I can assemble a team of talented individuals, enable them to do their jobs, and create a system to accomplish the company's goals, everybody gets to experience freedom.

Operations systemization requires that you, as the leader of your business, create systems throughout the organization so that you and your team can be set free. For example, you might experience some resistance from a CSR when you give them a new script and inform them that this is the new way of doing things.



Some reluctance is normal, because most people struggle with change. However, if you give them the script, explain *why* you're implementing the new script, and show them how you would like them to read it, you start to set your team member free. Now, they know exactly how you want them to answer the phone and they have gained a better understanding of their role in the company.

Every single part of your business needs to have some form of systemization, and those systems should be put into writing. I know that this can seem like a big project, but you've got to understand that your business won't become systemized overnight. Start with the basic desire to create systemization throughout the business, then move from one area of the company to the next, documenting each specific strategy or procedure.

When you create a system, you will no longer need to come up with quick solutions for issues that arise. Think about how much time you will save by developing a solution once that can be applied directly to a problem in the future. When a new challenge presents itself, I'll ask my managers if it's an isolated incident or if it could happen repeatedly. If it could possibly turn into a recurring issue, we develop a procedure for handling it, supported by documentation.

Keep in mind, you can create the perfect handbook or operations manual, but you have to actually use it and enforce its' principles. Otherwise, your time will be wasted on a manual that looks great and accomplishes nothing. The goal of systemization is to produce an environment that creates freedom for you and your team members. This is done through a series of well-defined goals, clear cut expectations and precise objectives, which enable your team members to:

- Succeed
- Know when they're succeeding
- Know how to change their behaviors if they aren't succeeding
- Help you create your perfect company



Closing Words

Thank you for investing some of your time in reading this report and focusing on improving your business. If you've learned a few things that can be used to move your company forward or to help you grow as a leader in the industry, then it's been well worth your time. You might think that you don't have the time to implement some of your desired changes, but I would argue that you do. Time is one of the only resources that we all share in equality; it all comes down to prioritization. If you invest small amounts of your time consistently, it will create the long-term results that you want.

You probably can't work much harder than you are currently, but you can work a little smarter. If you set aside just thirty minutes per day to work on implementing these seven keys (instead of surfing the internet or updating Facebook), you'll begin to see huge improvements in your company and your life.

Remember, YOU deserve to be working less and making more in your business this year. Please let me know what I can do to help you reach your goals, and don't forget to take advantage of the other resources available to you on my website. Stay connected with me at www.thebluecollarcoach.com; I look forward to hearing from you soon!

