

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

Intro: Welcome to Profiles In Prosperity. The leading podcast for residential service contractors sponsored by service Roundtable and hosted by David Heimer

David Heimer: Hi, this is David Heimer. Welcome to Profiles in Prosperity. My guest today is Dan Cherrie, who is the general manager for Quality Degree Heating and Air Conditioning in {00:19 inaudible} Pennsylvania. Quality Degree is a great company, and Dan has been a huge part of their success. Quality Degree and Dan are members of Service Nation Alliance, winners of the Lennox Centurion award, and I have always been very impressed with these guys and particularly impressed with Dan. He is super smart, he's creative, he's a good communicator, and just a really savvy business guy. So Dan Cherrie, welcome to Profiles In Prosperity.

Dan Cherrie: Well, thank you, David, for the kind words. I'm really thrilled and honored to be here today and to share some thoughts with you and anyone who tunes into this fantastic podcast that you put together. So I'm excited.

David Heimer: Thank you. So I always like hearing the background of people that I talk to. How did you end up getting into our industry?

Dan Cherrie: Well, I have a rather eclectic background, and I know you've probably heard some of this before, but back in the summer of 1993, I was a freshman at Penn State University and like most freshmen in college, they are in desperate need of summer work in order to have some spending money. And I stumbled upon a local HVAC company hiring for the summer and it paid, I don't know, a dollar or \$2 over minimum wage. And, you know, at that time I was in high school, I used minimum wage jobs to get by. So I was pretty excited to be able to make a little extra money. And I showed up, that was probably the second week of May in Pennsylvania, and it was probably a 95 degree day, 75, 85% humidity. And I show up and the warehouse manager says, oh, you're going to go out and help somebody on a commercial project today.

So we headed out the door and went to a commercial building, and our job for the day

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

was to change three or four compressors on some rooftop units in that heat and humidity. And I was the one who was lucky enough to have to lug all that stuff on top of the roof that day. So, by the end of that first day, I thought I should get in my car and never come back. And fortunately, I stuck it out, but I think if you could go back and talk to Dan Cherrie of 30 years ago and ask him what he would be doing in 2021, the very last thing and probably not even on the list would be something to do with heating and air conditioning. So, you know, ironically, every time I tried to get away, this industry kept pulling me back in one way or another. But I was fortunate to spend 4, 5 summers there, and unknowingly at the time, I was actually building probably the best foundation I could possibly have for this industry because I got to do just about every job that there was.

And most of it was the grunt work that nobody wanted to do, and I was lucky enough to volunteer for it. But I spent time stocking shelves, sweeping floors, learning parts and pieces. And one summer, the scheduler was out on disability of some sort and they asked me to schedule and I said, I don't know anything about that, and they said, well, you'll figure it out. And I spent a whole summer scheduling. And then the next summer, the warehouse manager was out for some reason, and they asked me to fill in for the warehouse manager. And I said, well, I don't really know much about it and they said, don't worry, you'll figure it out. So I did manage to not worry and figure it out, and that has kind of been something that's followed me all throughout my career, it's, you know, don't worry about the small things.

Don't sweat the small things, just concentrate on the big things. And at the end of my stint at Penn State, I earned two degrees; a teaching degree and an engineering degree and I thought I would be a white-collar worker the rest of my life and have nothing to do with HVAC, but, I took a position teaching. And thinking back, it was probably the most influential and positive thing that I could have ever done. Because when you're sitting in a classroom and you have thirty 16 to 18-year-olds staring at you, you better be prepared to figure out how you're going to entertain them for the next 45 minutes, or they will eat you alive. And it was great practice in public speaking, in management, in

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

organization, you know? So a lot of those skills that I had to figure out as a 22 or 23-year-old teacher have been vital to the success that I've had throughout my entire career.

But, you know, at the end of three years of teaching right before I was going to be a tenured teacher, I decided that it was time for a transition. And, at the time, my wife had worked for Solomon Smith Barney and the market was going crazy and financial consultants were making fortunes and I decided, well, that sounds like a good opportunity. So I went through all of the training, got all of my licenses, and became a financial consultant at Solomon Smith Barney. And ironically enough, that second career of mine also was influential and essential for what I do now in this industry because it gave me the financial background that a lot of people lack today. So, you know, I was fortunate to get the people skills from the teaching and then the financial skills from the Smith Barney financial role that I had.

David Heimer: Who were you teaching?

Dan Cherrie: I was teaching high school biology and chemistry. Because I had the engineering degree for the science background and then I decided to get my teaching certificate and it gave me the opportunity to spend one extra year at Penn State, which was, you know, a terrible thing to have to do. But my largest client at the time was the former sales manager, ironically enough, from my summer job at the heating and air conditioning company. And he had just struck out on his own, started his own company. It was him and his son and a couple of installers. And the market at that time was collapsing because of the internet bubble. And it was extremely difficult for financial consultants, especially young ones and new to the industry, to get a foothold. And he asked me, at the time, he said, "I need some help selling HVAC. I've known you for five years, do you want to come and join me and help me get this company going?" And just like when I was at the HVAC Company, I said, well, I don't really know anything about that. And he said, don't worry, you'll figure it out. So I did. And, you know, at that time, the first year, I think we did about 800,000 in sales and six years later, we were a little shy of 5 million. And I got to learn the sales aspect and then some management roles at

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

that organization and I've been directly and indirectly involved in HVAC ever since. So crazy eclectic background, but everything I did had its purpose.

David Heimer: Wow. Well, when did you join Quality Degree?

Dan Cherrie: I joined Quality Degree at the very end of December of 2012. And I had just spent some time as a manager with Lennox at the manufacturing level, I was a parts manager for them. So I got to see the corporate end and the manufacturing end of the business as well, which helped me once again develop into the role that I have now. And Bill Hensler, the owner of Quality Degree, hired me for a sales position/sales management position because of my background, and, you know, over the last eight years, it's morphed into my current role as general manager. And it's been one heck of a ride that has been amazing.

David Heimer: Wow. That is an interesting eclectic entrée into HVAC, but what a great story. I think it's interesting how teaching and the financial roles helped you with what you do now. That's an interesting perspective. What I've noticed is you're a really good communicator. And I think that maybe your background as a teacher helped that a lot.

Dan Cherrie: Well, I would say enormously. You know, you have to spend eight hours, seven hours a day communicating at a level that isn't what you're normally accustomed to communicating at. And I even eventually got into some middle school classes as well. So I had some 13, 14-year-olds all the way up to high school seniors. And you have to communicate with them very clearly, very concisely, and at their level. And it taught you or taught me to be able to adapt and change course very quickly when you could see it was going south or north or east or west and it's proved very valuable, especially as a salesperson in this industry. You have to walk into every appointment and figure out how you're going to communicate because everybody's extremely different.

David Heimer: Good point. So tell me about the Quality Degree now.

Dan Cherrie: So Quality Degree in 2021 is, I'm going to say, firing on all cylinders. You know, it's been an interesting year. It's been a little stressful because of, not only the

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

pandemic but equipment, inventory, etcetera. But we've managed to grow about 10% this year. And coming off of a record year last year, I would say that's successful in my opinion. But we have about 35 employees right now, and we're focused solely on residential replacement, retrofit service and maintenance. We don't do any commercial, we don't do any new construction. And that has been quite beneficial, especially in the environment that we've been through the last couple years.

David Heimer: Were you, at any point in time, in commercial or new construction?

Dan Cherrie: Bill, when he originally started the company in 1996, did new construction, like most companies of that era did. And he was lucky enough and fortunate enough to wean himself off of that even before I joined in 2012, so he did not get caught up in the housing debacle that happened, which really hurt a lot of small companies. He did have commercial on his docket when I joined in 2012 and, fortunately, he listened to me a little bit and he was in agreement as well to try to wean ourselves off of the commercial. And it's been really beneficial to stay focused on what we're good at, and that was always the residential.

David Heimer: So one of the things you've told me about before that I thought was really interesting, you have kind of a kickoff every year and you create a theme for the company, it's a big surprise for everybody, I think that's right. They don't know what it is.

Dan Cherrie: Nope. It's a surprise. And they find out the day of our kickoff meeting, which is typically in January.

David Heimer: Okay. So tell us about what that does for you.

Dan Cherrie: So in 2012, when I started, December of 2012, one of the very first things that I was able to do with Bill was join him at, I think he called it, the state of the union meeting. He did it every January that he was in business. He got all the employees together and gave them an update as to what was going on in the business, what the prior year looked like, and what some of the goals were going to be for the year coming ahead. And he let me speak at that first one, I had only been here a couple of weeks,

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

but he knew I had, you know, an interesting background and he let me speak at that very first one. And, you know, I thought, wow, what a really cool idea. And everyone seemed to really enjoy it. They were paying attention, they were enjoying it, they were asking questions and especially of myself, being a brand new person, I felt kind of very welcomed. And I asked Bill after the meeting, is this something you do every year? And he said, yeah, it sets the tone, it gets everybody energized. And we have, over the course of the last seven or eight years, morphed it into a really special event. And it gets bigger and better and more exciting and, also, a lot more involved every year.

David Heimer: So tell me some of the things that you have done.

Dan Cherrie: So the first part of the process, which we're actually starting now, typically in September or October, we get together as a group and determine what the theme is going to be for the kickoff. And some of the themes of past years have been - it was 'Go Green' in 2015. We had just changed our branding and we changed our color scheme and green was part of our new theme. And so our kickoff theme that year was 'Go Green' in 2015. The following year, it was 'Be The One Degree'. We did a video about the difference that one degree can make in life. We had 'Be Extraordinary'. 2020 was 'Unique, Passionate and Focused. And this year, which was our biggest and best one, we decided that the theme for this year was going to be 'Everyday Heroes'.

And it actually popped into my head after attending the virtual Service Nation Alliance event that we had, I guess that was the fall of 2020, right? And Kevin Brown did the keynote and he's the author of the book, The Hero Effect. And when I was listening to him that day, I actually had goosebumps. And I said, you know what? The environment that we're going through with the pandemic and everyone, we need to be heroes to our customers. And the customers mean everything to us, it's why we're in business. And I said that's it. We need to be heroes. So we created the theme of everyday heroes or HVAC heroes. And it has been such an exciting, fun experience to carry this theme throughout the whole year. We've done some really cool things with it.

David Heimer: Kevin Brown is such an impressive speaker. I mean, I had exactly the

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

same reaction that you do. Goosebumps. And I ran into him in the hall after he spoke at one of our events and I told him, just literally if it isn't the best speech I've ever seen, it's got to be one of the top two or three. It was fantastic. Yeah.

Dan Cherrie: I tried to get him to come to speak at the kickoff meeting, but he was a little bit out of our budget.

David Heimer: Yeah. He has a large fee for a good reason. So, tell me more about this event. So is it pretty much an all-day event?

Dan Cherrie: Yeah, we've shortened it a little bit recently because a whole day was hard to skip out and not take care of our customers. So we take half a day now, the afternoon, we set everyone's last appointment to wrap up at 10 or 11 o'clock. We hold it offsite. You know, we didn't want it to be in the office setting, we wanted it to be something that they look forward to. We rent the ballroom at the local golf club. We decorate, we have the sound system set up, projector slides, you name it. And we all gather at one o'clock and it goes, typically, until about five or six. We have hors d'oeuvres, we have food, we have fun, it's lighthearted, but also serious at the same time. But everyone, in our organization, I think if you ask them what they look most forward to throughout the year, they would probably say the kickoff meeting. Because it's a surprise to them and it energizes them and it gives them a goal that we work for and talk about every day for the next 365 days.

David Heimer: It's such a great idea to do this. It's something all companies should try to emulate. So it's just employees, right? This is not like a Christmas party or anything like that? Spouses and significant others don't come to this. Is that right?

Dan Cherrie: No, we do other events like that, but this is just the employees of the company. And we do invite our core vendor partners. The Johnstone supplies of the world, the Lennox territory manager, the ones that we have key relationships with. Because we want them to be involved in our planning and our mission and our goal because they're integral in helping us get to the end. So we invited them. Not all of them are able to make it, but the majority do come and they enjoy it as well. You know, they

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

all look forward to it.

David Heimer: When you look back on all of them, what have you changed and learned over the years? So when you first came in, you know, it was a one-way, probably, and it was a great idea, but what have you done over the years to tweak it and make it more effective?

Dan Cherrie: I think the key is to have fun. And we, through decorating, through having, I'll call it, little snippets of entertainment, we show a lot of video clips of things, funny situational kind of things. We try to keep it lighthearted and fun rather than just a boring business meeting full of numbers and things that don't relate personally to them. And one of the things we did this year to make it even more personal is we took the hero theme and I hired an artist from Brazil through the app called Fiverr, and I had characters done of all of our employees in superhero uniforms. And I made posters, 20 by 18, whatever the poster size was. We put it in a frame and we handed everyone's own personal character out to them, and to show them what they look like as a hero and that was such a hit.

And I also hired our marketing company to bring those animations to life and they put together a five-minute video. So everybody, when we kicked off the meeting, could see everyone else's character live on the video screen scrolling through with their name and the superhero pows and wows and zaps flying up on the screen. And you should have heard the response, the laughs, the ohs and ahs. It was like being in a movie theater. It was really cool and something to see. But having that element of fun and excitement was the biggest change that we've made over the years. And every year we try to do something a little bit different and a little bit bigger. And it's getting harder every year.

David Heimer: Every year you've got to top the year before, right?

Dan Cherrie: Yeah. And after last year, I thought, this is never going to be better than this year. And somehow, you know, come this time of year, something will pop into our brains and we will start to run with it. But it takes a good two or three months to put it all together.

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

David Heimer: Yeah. I was wondering about that. So right now, you're starting to work on it now, right?

Dan Cherrie: Correct.

David Heimer: Very cool. What about numbers? I mean, you go over numbers then also, right? I haven't yet figured out how to talk numbers and make it fun, exactly. But at some point, you talk about numbers and the goals for everybody for the next year and what you guys have to do better or different or something like that, is that right?

Dan Cherrie: Yeah, we're number focused. You have to be. And that's one of my passions. You know, with my engineering background, my financial background, I am fully aware that the world revolves around numbers and not everybody understands that concept or wants to understand that concept. So what we've done to help it be more manageable for people is - and this is one of the evolutions that we've made - we used to show the big goal. You know, here's what we're trying to get next year this time. The million, the 2 million, the 7 million dollars. And those numbers would overwhelm people. So we've taken the course where we break it down to, here's what you have to do every day. Let's look at it day by day, one day at a time, and not necessarily focus so much on the big end number, which is overwhelming. Let's break it down into baby steps and take it one day at a time. And everybody knows, if I can do one thousand dollars a day or \$1,500 a day, whatever the goal is, that's a lot more manageable than, oh, we have to do 8.5 million this year.

David Heimer: Yeah. I get that. Is there anything else we should know about these events?

Dan Cherrie: Well, I think if you don't do it, it would be worth trying to do it. And I know it's a commitment and it is difficult to take half a day off, but your employees will thank you, and you will probably thank yourself and the results that you will see from bringing the team together for some fun, some business, and some goal setting. That's basically what it is at the end of the day.

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

David Heimer: Yeah. Yeah. Very cool. I know you're a numbers guy, but it's also, you are very much a team-oriented person. I know that the team is really important to you. What do you do to keep morale high and keep the team working well together?

Dan Cherrie: Well, team means everything to us at Quality Degree. And it's been tough the last year and a half because of the pandemic, and we've struggled a little bit, to be quite honest with you, to have as much fun and be as open as we used to be because of all the restrictions in place. But right now, we are planning a fall get-together. We're exploring a couple of different ideas, whether it's a rafting trip down the local river here or exploring a hockey game together as a group, we're not quite sure. But we haven't done one since the spring because summer was so busy here. We did a bowling event. Our last big social outing was a bowling event. We rent the whole bowling alley and we go have fun and have some contests and what have you. But we have struggled to try to keep that flow because of the restrictions.

David Heimer: Anything else you do to keep the team motivated?

Dan Cherrie: Well, we have, instead of the larger-scale meetings we've done, tried to do a lot of the smaller departmental types of things. We've had some socials or happy hours where we've had just the install group together, just the service department, the sales, to keep the groups and the intermingling of all of us per COVID protocols to a minimum and they're always a hit. And hopefully, we can get back to the larger-scale events here in the near future.

David Heimer: Yeah. What keeps you up at night? What do you worry about?

Dan Cherrie: Well, right now, I worry about equipment and inventory, as I think most involved in the industry do right now. But that challenge has made us, probably, better and will make us better in the future because we're working right now on a lot of processes, a lot of organizational things that we've neglected in the past. And I'm actually super excited for the upcoming event in Louisville because we started the traction process, Gino Wickman's traction EOS process. And, you know, he's one of the featured speakers coming up. So I'm really anxious to get a chance to meet him

Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party [00:24:55]

because it's going to help us put those processes in place to get us to the next level. So that's probably what keeps me up at night.

David Heimer: Okay. So looking out into the future, Quality Degree five years from now, how would you describe the company?

Dan Cherrie: Five years from now - and I have a little saying, I'm calling it 15 for 50. In five years, we want to be 15 million with 50 employees. That's kind of the goal that we've set for ourselves as a management team. So hopefully, we're on track for that and we keep our mindset to it and we get some things implemented around here. You'll see us as a 15 million dollar company in five years from now.

David Heimer: Cool. I think you'll make it. Well, Dan Cherrie, this has been great. I sure appreciate you spending this time with us hearing about what you guys do, hearing about your annual meeting that you do with the team. That's really cool. I mean, it was just a great idea, to begin with, but the things you guys have done to make it fun and grow it and the challenges you have with keeping it interesting and improving on it every year, that's really interesting. I think the people that listen to this are going to find that useful and I bet a bunch of people will start doing that annual meeting as a result of this. So thank you for sharing all that. I really appreciate it. And thanks for your time today.

Dan Cherrie: Thank you, David. And thank you and Service Nation Alliance for all that you've done for us and contractors like us. We wouldn't have been able to be where we're at without the help and dedication of you and your team.

David Heimer: Oh, well thank you. That's really kind of you. I appreciate it.

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**Episode 83 – Dan Cherrie – It’s Not Your Grandfather’s Kickoff Party
[00:24:55]**