

## **Episode 85 - Danielle Putnam – 2020 Woman of the Year [00:19:34]**

**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. I have really been looking forward to this interview because Danielle Putnam is one of my favorite people in our industry. She is great. She's nice. She's kind, she's fun to talk to and she's really smart. Danielle is the president of the New Flat Rate. It's a flat rate system designed for plumbing, electrical, and HVAC contractors. She's well known and well respected in our industry. She was the president of Women in HVACR. She writes for a number of industry publications, including our own Comanche, marketing and side note here. I really love her articles because I think what makes an article good is that it's fun and entertaining and it's thought provoking. And Danielle always hits both those marks. And then there's this at Service World Expo this year, Danielle was named Woman Of The Year. So Danielle Putnam, welcome to Profiles In Prosperity.

**Danielle Putnam:** Wow, David, what an intro that was so kind of you, and it's really a privilege to be here. I have been a fan of Profiles In Prosperity for a long time and so I am definitely a listener. And I have learned so much about everybody that you interview because of the questions that you've been asking them and just everybody that you feature. So it's kind of really neat to be here. Being a fan and now all of a sudden being a guest. It's cool. So thanks for having me.

**David Heimer:** Well, thanks for being here and congratulations on Woman Of The Year. What a great honor that is and very well deserved.

**Danielle Putnam:** Aww thank you. You know, it really is an honor. And the first couple days I was like, it's such an honor. Thanks so much. And now finally, I'm like, you know what, I worked my tail off. I really appreciate that. So thank you.

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**David Heimer:** So I always like to hear the backstory of how people got where they are. So tell us how you got into this industry.

**Danielle Putnam:** David, I was born and bred. My dad was a contractor. His dad was a contractor. My uncles are contractors. My brothers are contractors. So born and bred. Why I've always stayed in the industry is because contracting is business and I love business. I love family business. I love small business startups growing, the constant climb to try to be a bigger company and you see that in contracting all those facets of business. And so being born and bred in it is what brought me here. But the appeal of everything it offers is what has kept me here.

**David Heimer:** How did you come about to create the new flat rate?

**Danielle Putnam:** Dare I say that the appeal kept me here, but I actually did leave the industry for a little while. I worked in our family contracting business through high school and then I went out to Bible school in Texas for four years. And I worked in a marketing department of a very large international ministry and we took students on mission trips all around the world. And so I've been to over 25 countries and done a lot of missions all over and love that. But at this organization in particular, I learned a lot about marketing and business. But then after that ended up in California, working for a tech startup in 2005, we went public and backed into a shell in 2007. We were a penny stock company and I got to pitch stockbrokers all over the US.

And it was a really great learning experience in the time and season in my life. But because I was still young, I was in my early twenties and probably in over my head, of course I wouldn't have admitted it at the time, but I'm sure I was. So who did I call for advice? Of course I would call my contractor dad very often for advice from California "Hey, you know, we're going here, we're doing this and this is what's going on. What do you think dad? What should I do?" And so he'd always give me advice and help me out. And you know, of course we've always been best friends and I'm so thankful for that for

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having that great relationship with my dad. But at that time he would talk about his business as well and the struggles and the feast to famine and what was going good and what was going bad, and he had ideas. And when I was young, growing up, we were the largest contracting company in Northwest Georgia in our area, in our community. And so it was heating and air electrical and plumbing. But then after I had left for a while, just the toil and the struggles of business and trying to keep business going and profitable. A lot of people know my dad, Rodney Cope and so they've heard his story. You can tell it way better than I do. I'm kind of doing injustice right now. But there was a point finally he sold off the plumbing and electric sides and downsized the HVAC so that it was just my brother, Matt and my sister, Stacy, the two of them and then my dad moved back home to my parents' house in the garage, in the basement and were running their service business out of the basement.

In that year alone, the three of them did a million dollars in sales and revenue. And they were so much more profitable than they'd ever been and he had never been in business before. And so he thought, oh my gosh, you know, how did we do this? And he began to go and pull every service ticket and analyze and analyze. So it was these phone calls that we were having. David between my dad and I, as he was analyzing these tickets that he began to discover and come up with the idea for the new flat rate. So I became involved. This is a long story short you asked, how did I come to create and be a part of the new flat rate?

**David Heimer:** Yes. Definitely.

**Danielle Putnam:** As he was talking about it, I was like, yeah, dad, that's a good idea, you should do that. You know, I'm a cheerleader. I like to encourage people. I wasn't really a cheerleader, but I like to encourage people, you know, you should do that. And so I'll never forget where I was one night and California, we were going through another merger. We were being bought out by a large company that was traded on NASDAQ. And I was like, oh my gosh, I've made it, life can't get any better. You know, I'm going to

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be a part of the merger. I'm going into the new company and I just thought it was so awesome. And I was going to a friend's house. And my dad and my mom called me at night and I pulled over on the side of the road. And he says, "Danielle, I'm calling to tell you, I'm going to do it. I'm going to start this new company, but I need your help. I need you to do it with me. And if you do it with me, I'm going to give you half. And I was like, oh man, you know, here I am, life is so great and I was loving California. I had great friends, great company and just loving life.

But my dad called and when your dad calls, you know, I knew David, no matter what, I would have so much regret if I didn't do it. Take that risk and that chance at that moment to go and help my dad. And I also knew, when it comes to taking risks, not to have a plan B, but I kind of was like, you know, if we make it, we make it. But if we don't, I can come back to California later. It can't be that hard to get back here, you know? And too, when it comes to risks, I was not married and I did not have three children at the time. And so it was kind of like, all right, yeah. I can put everything on the line and we'll go for this. And I was able to put everything on the line. So on that phone call, you know, my dad says, "Danielle, you can have half the business, half the company, and I'll pay you a salary of \$75,000." And I thought, my dad doesn't have any money. He'll have to mortgage the house to get that \$75,000 to pay me. So that means I'm going to be working for free.

**David Heimer:** Right.

**Danielle Putnam:** So I packed up my stuff and moved back to Georgia, moved in with a brother, that was in 2011. We spent that whole year developing and building the new flat rate. I blew through all my savings, maxed out all my credit cards. When I flew back home, I'll never forget this too, David, that first night I got back, my parents picked me up from the airport. My dad was excited, you know, because here I am, I'm coming to help him start this business and we're going to do it together. And so we get to the garage at the house and he's like, "Hey, how about this space?" And this is the garage

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at the boat and the four-wheelers. And I was like, "yeah, this is fine." He was like, "well, how about this space?" And you know, there's a little area cleaned up on the side. I was like, "Hey, this is great." He's like, "walk back here." And we walked back to the back of the garage and there was this room that he had built and cleaned up. And it was like, you call world headquarters. This was our new world headquarters for the new flat rate. And it was a room that, you know, was just four walls, one window, but it was clean carpet on the floor walls were painted and one circle table in the middle. And that was going to be our headquarters. I was like, "okay, we have a space. This is awesome."

**David Heimer:** Yeah.

**Danielle Putnam:** We went in there and we {cross talking 07:53}.

**David Heimer:** It was like that it's exciting, right?

**Danielle Putnam:** Yes, it was. And you know how we did it too. I took eight and a half by 11 sheets of paper, just copy paper. And every day we'd be in here and we'd be pow wowing at our little circle table. And I'd take those pieces of paper with tape and I would go and I'd stick them up on the walls all the way around that room. You know, because we need to build a product and we need to market it and we need a website, all the different things and, and put them up. And so we'd just kind of had our mind mapping, taped to the wall. And by the end of 2011, we actually had a price book, the new flat rate, our HVAC book. And we beta tested it in eight different cities and states with small and large companies and proved a process and a product and we were helping those people to make more money. And so by 2012 we were on a roll and by then we'd been able to repay our saving our credit cards. And that was all she wrote. We were able to kind of keep going and we knew that we were onto something that was going to make a difference and help people.

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**David Heimer:** Wow. What a great startup story. That's awesome. You know, I've been a big believer in flat rate for as long as I've been in the industry. Are there still a lot of companies that are not using flat rate pricing or is the problem more that people just aren't using it properly?

**Danielle Putnam:** Great question, David, it's still shocking, like 50/50 of people using time and material methods.

**David Heimer:** Wow.

**Danielle Putnam:** Versus flat rate, which is shocking. But the majority of those flat raters developed their own system. So it's contractors that were frustrated and needed a good pricing system and so they have created their own, whether it's Excel version or these days in their software and they kind of have a standard flat rate. And that wasn't the problem that we went to help solve and why we started the new flat rate. It wasn't to have a flat rate price book, like a parts catalog. It solved the problem of the money being left on the table. When a technician goes out on a service call, they're leaving on average \$1,200 a week on the table. And the owner is frustrated because they cannot put enough sales training into that technician, 80% of them anyway, to get them to pick up that \$1,200 a week and bring it home because the homeowners want to them because there are more problems in the home, but the technicians are not salesmen by their DNA, the majority of them.

And so the new flat rate was to help solve that problem and create an automatic selling system that would do that for the technician. So they could just go in and present five price points on any repair. And it's like flat rate price points, but there's five options like good, better, best, and even better and bestest. And when the customer sees those five price points, then they get to take the power in their own hands and they get to buy and they don't have to feel the sales pressure. And so then it creates a win-win scenario because the customer chooses the level of service that they want. The technician gets

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to do a great job of servicing and repairing and not having to sell. And then the contractor is able to take more revenue in for those jobs, that \$1,200 isn't left on the table and it's going back into the business so that they can start to grow from a position of strength with their cash flow.

**David Heimer:** I hear so many good things about that and the impact that it has made for companies. Hey, I want to turn our attention to something a little bit different here for a moment I'd like to talk about diversity in our industry. You know, women make up about 51% of the population. And while we have a lot of women in the offices, in our industry, we see very few in field sales, women techs, women plumbers. It feels like we're seeing more women owners and I don't have any real statistics around it. It seems like we could be doing more to attract women to the industry. Do you think that's a problem? Do you think that companies in our industry should consider what to do to attract women? And if so, what are your thoughts about that?

**Danielle Putnam:** I've been asked that a lot, especially through my involvement with women in HVACR, which if you don't {inaudible 11:36} going do a shout out for women in hvacr.org. It's just a fantastic tribe of women in the industry. And so I've been in that group for a really long time. And because of my association there, people ask me, how do we bring more women in? I definitely think it's a problem, David. I think it's a problem because there is room for them here and over time, especially now I think it's such a great industry where men and women are working really well together and are really respecting each other. And my experience has been very positive. You know, I know that there are all different kinds of stories and people. But in my experience, all of the men in the industry that have paved the way have always been very welcoming to me and you know, we're able to work together and collaborate together.

So yes, we need more women because it is majority men and it starts by letting them know that we have a place for them. And that this is a career path that includes them. So all of us, it takes all of us in messaging and marketing. Hey, my company's hiring

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and we're hiring women too. It could even be that simple. I think that the perception, you know of, Hey, it's a man's industry, that the trades are for men that that perception has to change. And it starts with all of us because we've tried, people have tried, right? There's been different movements and initiatives of, hey, let's try this or let's try that to get more women in here and it's got to be more collective. It's got to be all of us opening up and saying, "Hey, we need more people anyway in the space right now. So let's make sure that women and all kinds of diverse backgrounds and people know that they are welcome here and start inviting them in." It's like an easy place to start. It doesn't sound like any strategy or anything. It's just simply welcoming them and inviting them.

**David Heimer:** Do you think there's anything specifically that could do to make their businesses more attractive to women techs, women plumbers, etcetera?

**Danielle Putnam:** A movement that I'm really seeing right now is flexibility. I got to be careful with what I say here, but so often women are the primary caretakers in the home. And so we need flexibility, flexibility with our children and our work schedules and to not feel judged by that. And so when it comes to female technicians too, to be able to carve out a flexible schedule, for example, Hey, your service van's going to be running from nine until three, or, you know, seven until two, for example. I know several contractors that are right now sharing a van. So there will be X amount of service vans and then they split it between people. And so Monday, Tuesday, one tech uses it and it gets cleaned out and flipped over on Wednesday and used by a different tech on Thursday, Friday, and it, and it's really neat to watch that happening.

And so other companies are trying that when it comes to, you know, somebody might be using the van for the first shift and somebody else might be using it for the second shift. And so changing our mentality, it's easy to get stuck into the thinking of standard business in the offices, eight to five, or service technician business, the day is seven to seven or seven to 10, but we can't do that anymore because the competitiveness in the workplace has changed, especially in the last two years. Hasn't it? So people now, it's

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almost like we have to cater to the employees now more than we used to and they want that flexibility. They want that time. So when it comes to hiring technicians, that's a big piece of it is allowing them to not have to be on the front lines and take all the bullets all the time and working all those terrible over hours. Now, you know, there are definitely a lot of people that want the overtime, but there's a large majority who do not, they want that family time and we need to give them that flexibility.

**David Heimer:** Yeah. Great point. So you work with a lot of contractors, you write for the industry publications and by the way, in the favorite, I like all your articles, but I always, especially like it when it's about your daughter.

**Danielle Putnam:** Thank you.

**David Heimer:** But you know, you've seen a lot of successful contractors. You've seen a lot of unsuccessful contractors and I know this is kind of a broad based request, but give me your list of the top three recommendations for contracts. So if contractors are going to be successful what should they think about?

**Danielle Putnam:** You know, a book I just read it's called Built To Sell. Have you read it?

**David Heimer:** Yep.

**Danielle Putnam:** Heard of it?

**David Heimer:** Yep.

**Danielle Putnam:** Okay. Awesome.

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**David Heimer:** Great book. John Warrillow, I think, right?

**Danielle Putnam:** Yes, that is correct. And when I read it, I couldn't help but to think of contracting in that, sometimes we think we can be all things to all people. And we're always looking for all the opportunities in the home, or, Hey, I have a work crew here so they can fix this and they can fix that and they can do all this stuff. And when we do that, we often put ourselves out there for more liability than we mean to. Because what if we have our team, you know, building a deck and that's not what they do, you know, they are doing something else, but it's also not scalable. And by scalable, it's not that we all need to be hundred million dollar businesses. Don't, we want a little bit more freedom in our lives. So as business owners, if you want some more freedom to go fishing more often, then having the processes and principles in place in your business that are a little bit more scalable to do that.

I learned a lot from Built to Sell. And so I'd like to recommend that book to contractors with that in mind of, Hey, let's not try to just be everything, but maybe let's specialize a little bit more in the trades that we wanna be in so that we can be more scalable for more freedom. Number two is pricing for profits. You know, not trying to just take every service call to get there, but we have a product called fluid dispatching where it's, you know, Hey, looking at your dispatch board all throughout the day and always being very fluid in changing and looking for the opportunities and not just saying yes to everybody. And so with pricing for profits, making sure that you're pricing right, and you're raising your prices enough throughout the year as the materials and the shortages and everything that's going on right now, really watching those pricing and pricing for profit. And I can't help, but to say, definitely offer a menu of pricing more than one price on every job.

And then number three, David, if it'd be okay, I have a new hiring matrix and a job score card that I am finding to be so helpful and I'd love to offer it to anybody that's interested.

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And the reason that I think this is important for contractors to know is so often we hire out of emotion. We're stressed out. We want more technicians and oh my gosh, I can't find anybody and there's a national hiring crisis. What do I do? But we have to take a breath, step back, go to a coffee shop, go somewhere else. Don't go into your office where you're going to get bombarded having to be the emergency fire, putter out, instead give yourself the gift of being present in your mind to think for a minute and strategize that position. What position do you really need? What do you need that person to be able to be responsible for so that you can measure and track it? And what kind of income are they going to be tied to? And once you can define that, then you can go and actually get your correct and right person for your company. And studies have shown. It's not me. I mean, studies have proven that when you hire not on emotion, like I think it's 90% more successful of a hire for your company. So I've got this hiring matrix that helps me to identify the whole. So I don't make emotional decisions. I'd love to send it to anybody that's interested in it.

**David Heimer:** Well, great. And speaking of that, if somebody wanted to get in touch with you or learn more about the new flat rate or get that hiring matrix, how would they do that?

**Danielle Putnam:** My email David is Danielle, D A N I E L L E@menu pricing.com. Of course you could go to our website, thenewflatrate.com. My cell phone's probably listed there too. Call anytime, email, anytime, even if you just want to chat business. I love talking about business anytime.

**David Heimer:** Great. All right, Danielle, thank you so much for doing this. This has been fabulous. It's always a pleasure to get to talk to you. And I look forward to seeing you at some industry event, maybe Service World Expo in the future.

**Danielle Putnam:** Yes. Actually before that, hopefully at the Barefoot Roundtable in the spring.

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**David Heimer:** There you go. Thank you very much. Alright.

**Danielle Putnam:** Thanks David. Bye.

**Outro:** We're always looking for good ideas and interviews for our podcast. If you have an idea or maybe you think you should be interviewed, just shoot an email to [profiles Prosperity@serviceroundtable.com](mailto:profiles Prosperity@serviceroundtable.com). That's [profiles Prosperity@serviceroundtable.com](mailto:profiles Prosperity@serviceroundtable.com). If you think what we're doing has any value, it would be very helpful if you would give us a great rating on iTunes. Thanks for your support. Hope to see you again soon. Bye.