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

David Heimer: Welcome to Profiles In Prosperity, I'm David Heimer. I first became aware of Dave Squires when I went to an old industry trade show and got to do a presentation. It was a long time ago, so I'm not sure what the topic was, but it was something to do with the internet and how contractors could improve their internet presence. It was a great presentation and I was impressed. Since then, I've got to know Dave and I never pass on an opportunity to hear him speak. I always walk away with new, great information. He's a really smart guy and he does great presentations. He's always got something new for me. Dave has a strong background in our industry. He and his brother owned Vincent's Heating Air Conditioning And plumbing in Port Huron, Michigan. They also own Contractors Online Access, which provides contractors with a very affordable high-quality internet presence that delivers strong results.

I recommend them and their products and their services all the time. Furthermore, they are the kind of people I really like to work with. They're unfailingly honest, they have great ethics. They always put the customer first, great people to work with, friendly, nice. The kind of people you want to do business with. So Dave Squires welcome to Profiles In Prosperity. We sure appreciate you taking this time to come and talk with us. Can we start off at the beginning? How did you get into our industry?

Dave Squires: It'd be better off asking me when I wasn't in the industry. Grew up in a family business. I was about seven years old and my father bought the plumbing company he was working for. We didn't have air conditioning back then and started a shop back, counting inventory, cleaning up the shop. Before I was 18 my father would drop me out on jobs and I would be changing galvanized pipes, kept my job during most of the school year, worked on Saturdays and then worked Sundays. I graduated in 1978 and decided that at that time, I didn't want to be in the industry. I mean, every kid goes through that, you don't want to be in your family's business. And I went to a community

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college and I got a degree in welding and I was working on my associate in business.

I had one business teacher. There comes a time when you have to hear it from someone else. And I remember to this day, after a night class, we were out there talking, taking a break and he asked what I did. And I told him and told him about the family business. And he said, "you're really an idiot. Your dad's done the hard work. He started the thing, you have the opportunity to grow it. So pass that up." There's a lot of things you may think you want to love, but you've got an opportunity here that you shouldn't pass up. And that hit home. And I started looking at it and I realized I did like what I was doing. And after I graduated from there, I went to Ferris State University, got my business degree while getting my degree in heating refrigeration, air conditioning and 1983, I came back into the family business with my brother Daniel. That's where I started.

David Heimer: As I recall, I think that you had a pretty unique arrangement, with your dad and your brother, as far as ownership. Can you tell us about that?

Dave Squires: When my brother and I joined the business, the business was doing about half a million and we're in a small city port here in Michigan. We back up against Canada, so we only do half a radius, not a full circumference for the service area. When I graduated from Ferris, my brother Daniel graduated with an accounting degree. He had already had his journeyman's license and was working towards his master's. My father gave us each, one-third of the business. Against the better advice of his accountant, because she said, you just don't do that. But his thing was that I trust my kids and if that point you screw me, I'd rather know now than later, his words.

David Heimer: I remember that it's a great story.

Dave Squires: It was really devious though, because it puts so much responsibility on us, but he trusted us. So we started working in the business and growing the business.

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The business began to grow, within probably about seven years, we were in the area of about 2 million in sales. At that time, refrigerant recovery was coming on the landscape. Then I saw my first refrigerant recovery machine, which was the big old Robin air one that was bigger than the cart we carried furnaces in on. And I said, there had to be a better way. So I kept the challenge. Then I started working in the basement at nights, weekends, everything. And I invented an {inaudible 04:18} a refrigerant recovery device that was sold to Mueller Brass and spent the next two years traveling the country, working with our sales rep on selling it. And I learned the manufacturing wholesale side of the business at that time. What was interesting is obviously the market sell down. That's gone away a long time ago, probably the most memorable part about it was that Mueller put us on the ARR committee. And I can tell you right now, the reason why we don't have hoses exploding in trucks today is because at the time I learned ARR is an organization where it's more about if I build something, I want to get it written in the rules, so people have to use it.

And there was a discussion going on about the heating environment and having to use gage sets with hoses that trapped everything in it with quick connections. The problem with it at that time was that they were bulky, they were big, they weren't that great. And I remember they were about to pass it and I did the math and I showed Debra Andra at that time that you realize for all this, we're only saving I think it was one-third of an ounce of refrigerant vapor. And she looked at the man from her {Inaudible 05:22} and said, "is that true Ken?" And he said, "well, yeah." And at that point, she said, "why are we doing this?" That kept us from having the added burden of everyone having to have quick-connect hoses. At that time, in 2000, we had basically hit a wall in our business.

We had grown the business quickly to about 3 million. But we kind of did it the wrong way. We did it on sales because we could market well. But the problem became that we weren't making as much money. It became diminishing returns in marketing. So it kind of became a situation of how do you feed the beast? You have these employees and now you want to keep them worried. If you hit a slow time, you start discounting to get

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work, which is a trap a lot of contractors get into. And it was at that point, it was basically to where we were doing all this work and weren't making any money. And what we realized is that we needed to scale to market more efficiently. And at that time we saw the web was where things were going.

And we started a marketing company called Contractors Online Access. Originally we had the first content management website back in 2000. Where, at that time, with the web, you had to be a total geek to change a website. You couldn't go on and change it yourself. You couldn't do anything like that and that's where content management sites came in and we actually had one built for the industry. It was crude, but it was the only thing out there and that was part of our offering. Although we were building marketing programs for contractors on how to do stuff. But over the two years between 2000, 2002, we realized that the problem with building programs is that everybody was using different systems and the information was in all different formats. So it was hard to do database-driven marketing from their sales reports or anything like that.

In getting people to submit everything and to do it in volume, it was like herding cats. And what we realized more was we had to have a common platform to market for people. And at that point we were realizing that everything was going to be going to the web. And we hired some young kids who were graduates of Kettering University, which is GM's University for geniuses here in Michigan, that's where they pull their talent pool. And they had missed the internet bubble, but they were looking for work and we had them redesign our system. And what they built in 2002 is so far advanced over anything out there. We ended up buying their small company out and bringing them in, online access and that was when we launched Page Pilot. Page Pilot is our flagship program. Since 2002, it's still going strong today. We have full-time programmers who update it, maintain it. But what it did was give us an easy way to maintain, to automate features in websites and it was built specifically for the HVAC industry, which gave us a lot of advantages over people doing totally custom work for every contractor, even though our sites are custom, we can automate so many processes.

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David Heimer: So that meant that you guys had a cost advantage. You could do it faster for less.

Dave Squires: Yeah. Just a quick example. We work with currently like 400 HVAC plumbing contractors today in North America And actually, we have one in Australia. What a lot of people don't realize is that Google is about focus. This is one way of automating an SEO feature is for example, if you have a contractor who does boilers and a contractor who does furnaces and boilers, and if someone were looking up a boiler, Google would give a little preference to the guy who just does boilers because he specialized in his page was totally focused on it. Where the other page is somewhat diluted because they're trying to push furnaces and boilers.

The benefit of what we can do is whatever contractor in the heating and cooling business faces is that we have two seasons and most design companies set it up to push both. And in the middle of December in Michigan, we're not selling many air conditioners yet. If you're set up that way, you're still pushing both. With Page Pilot, we ask the date when you want to switch your season over and everything changes automatically behind the scenes. We set it up at the inception to where everything automatically focuses. If it's the heating season, everything's focusing on furnaces and boilers. If you're in the north and if you're in the south, when your summer starts, everything changes over and it's all about air conditioning, which gives us a small advantage. But the thing about SEO is it's basically all the little things that make the difference, but it lets us do things in an automated fashion. Like when someone has a dated program, we schedule it to automatically disappear in the data folder. It's over, saves us having to customer service, to go back in and do anything.

David Heimer: Tell me about the company at this point. You've told us how you got here, but you guys have added some other things to your products and services. And one of the things I think that has always impressed me is the width and depth of the

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products that you're offering. So for example, if they are getting a website from you, they automatically get an email, they get spam filtering, they get virus protection. There's a whole bunch. So would you go into a bit of that?

Dave Squires: With our web services, when we provide the website, there's a lot of things that we do differently from other companies. One, we don't have any real design fee. We have a small startup fee, but we have no design fee for the template or the design of the site that's included right with our subscription. So when you start paying monthly on the subscription, the design is usually we can get a site up and add a custom design to the customer satisfaction, working with the customer within three weeks. At that point, what's different about us is that depending on what program or package you're with every two to three years, you get a free design, no extra charge because the industry changes and you have to keep updating your site. So we don't charge. We have a full graphics department that you work with, but there's no extra charge for that. We do provide email, which is a service a lot of companies don't do. We found that one of the reasons to do it is that we look at everything we do based on a contracting business because we own one.

One of the things our email service does that no other service does. I mean, we have the Barracuda spam filtering. We have, you can hold it online and get your mail anywhere. But one of the things that we do, looking at it, is we archive everything. When you work with major platforms and you set up an account for an employee, you don't necessarily own that account or the contents of that account. You do own it and have practicality. But the problem is if the employee deletes it, it's gone. There's no holding pattern and there's no cash. Where with our system this is safe. There's been a couple of contractors just to save their bacon a few times. We hold everything, even if an employee deletes it, it's held for five years. So we have to restore old email accounts for contractors who have accidentally deleted it.

But where it's been a big thing is that with the advent of tablets, we're sending our techs

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out there with pretty much our entire customer list, accounting system pricing and everything. We had one customer who was suspicious because his sales guy quit and he deleted everything in his email account. So he called us, so we restored it and it turns out he was emailing to get it out of the tablet, copying pasting the customer base, the price list everything and emailing it to himself. And he went to another company and showed them everything he had. Because we had that background and proof. It took basically the tendon junction, the salesperson can't work in that county and the company that hired him can't touch any of his customers for the next three years. That's one of the things, how we look at it to try and protect our customers.

What's different about us is we're a programming house, more than a design house. We do designs, you can look at our websites online. I think there's 50 of them. If you want to look at them, they're all great designs. But as a programming house, we can build tools and products and we build it into our system. For example, we have a live chat system where we have live chat for our people, but we tested it. And what we found out was that there are a lot of people who just wanted to know if they could get on the schedule for the next day, they didn't necessarily want to call for emergency service. And we looked at that and said, I really think we could do something. So we built what's called Page Power Chat with schedule connect. And what it does is it allows our chat people to schedule service.

Now we don't schedule all services, but we qualify it. Our goal is to put the technician in front of more selling opportunities. So the very first thing that we ask is, are you trying to schedule service or do you have a question? If they have a question the chat people, walk them through it and answer the question. If they say, trying to schedule service, we then ask them a couple of questions as to where they're located. But the most important question is what's the age of the equipment because I would challenge any contractor here. Would you do a 20-year-old furnace service job? Would you squeeze it in the next day? Promise regular rates, even if you did it after hours, I don't know. There's no contractor who will say no. So what we do is that depending on the age of the furnace

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and how many spots you want us to promise, we can promise those the next day.

And we don't give them an exact time, we don't have to. We just say I'll check the schedule and if we do have a spot, we will get there at regular rates. I can't give you an exact time, but I can pencil it in. And I will have the dispatcher give you a call first thing in the morning and set a time with you and customers are happy with that. But the big thing is, we've taken them off the market. We do the same thing with air conditioning. And if it's not the right age, we tell them that I can't see that there's a spot here, but our dispatcher is extremely good. There might be a cancellation or anything. Would you like me to give you a call tomorrow? And maybe there is a way she can squeeze it in, or at least help you with this.

David Heimer: Just to clarify for me, if somebody is subscribing to Contractors Online Access, the chat person is their chat person. It's not a service that you guys provide or is it?

Dave Squires: It is a service we provide.

David Heimer: You'll provide the chat people for the contractor?

Dave Squires: We have chat people for the contractor. I will tell you this, we do go overseas for it because we're more about ROI. In other words, we don't charge a flat rate. How most chat services charge is that they look at the worst month. Then they charge based on that all month. In our system, it's a pay per chat and we have to give you a name, a number, contact for you to even be charged and it's very cost-effective that way and reasonable. But we also have very different forms of chat. In fact, we have an automated chat system that we've been building using Microsoft's AI, that's self-training, where you build it.

We're testing it and we're probably going to give it to all of our clients who want to go

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that route. And this way, it pretty much asks questions and guides them down similar to a form helper. But that's just going to be part of our package that we give our contractors. The thing that we've learned though, with all the new things, I mean, you have a lot of systems like Podium and everything that is doing live chat. One of the benefits of our system, because everything's database-driven is if you're doing live chat in the office, which is the best way with any of our systems, we can switch it automatically at whatever time you want so that it switches from your office to either the chat bot or the live chat service so that you can man, your chat. And it doesn't even have to be hours during the day. And, we can switch it automatically to a different service at night so that you're not tied to your phone.

David Heimer: So you had talked about a charity system. I don't know how to give it a generic name. But basically, the idea was that you or your team nominates three charities and you tell them whoever gets the most votes is going to get whatever the prize donation is that month, a thousand dollars or whatever it is. Did you guys build that system and automate it?

Dave Squires: Yeah. What you're talking about is our helping out locally program, which we have just now built to where it can go into any website. Our goal with it was fold. The first thing we wanted to do was we love the idea of shifting marketing dollars to charity, the problem with that is a lot of time you still need the marketing. What we've been able to accomplish is the ability to shift marketing dollars into charity donations, to where you get as good, if not better of an effect than you would spending it on marketing. And the program starts with a contest. It's very simple. Where we saw this originally, it was about four years ago. One of our contractors, Jacob Carved, Nottawasaga Mechanical up in Saga Beach, which is above Toronto. He basically got tired of throwing money at marketing that he couldn't prove was doing anything. And he asked us, and said, I'd rather give it to charity. So he asked us to try to test with them and build three forms on his website. So he could name them different charities. And he then approached the charities and said, Hey, I've got a thousand dollar prize and

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whoever basically gets the most votes, I will give the donation to.

He let them compete for the donation. It was very crude. It was very simple but immediately it worked. We saw immediate results to where the number of visits to the website went up. His only rule was, you can vote as many times as you want, but only once a day. But even then it was on our system because there were just simple forms. It was a test. What was interesting is that if you talk to Jacob today, I'll tell you within a year he had doubled his service business. And too many times you have to understand that when we market, we're trying to drag people into our box. We're trying to get them excited about a furnace and air conditioner, humidifier, digital thermostat. And frankly, most people can't care less about this system, or don't even know they have a system until it breaks.

And we're trying to get them excited about it, with our ads and marketing about stuff they don't care about. What Jacob had inadvertently did, is instead of trying to drag people in his box, he moved his company into their box. What they were passionate about with the charity, with things that are happening in Google right now over the last three years and where we see Google going, we realized that the best thing we could do is in community engagement because we see Google as becoming extremely expensive to market and very quickly. So what we did was look at his persistence. So what if we put some marketing logic and programming behind it and we did, and the results have been phenomenal. That we've had some that don't take off for the contest depends a lot on the charities you pick. But the key is to pick hyper-local charities. We basically have things like your humane society, your habitat from humanity, we've worked with pregnancy centers, youth for Christ, we work with after-school homework, organizations.

David Heimer: Dog rescue sites.

Dave Squires: Dog rescue sites.

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David Heimer: That's got to be huge.

Dave Squires: And what we found is that the beauty of working with a hyper-local charity is that only local people support them. Nobody supports a humane society that's not in their city, which is the definition of my customer. And the other thing is the people who support them and donate to them by definition of donation is disposable income, which is another great attribute for having a customer. And what we do is we do everything for the contractor. We set it up to where it's totally automated. We have form monitors that the only thing the contractor has to do is go introduce them to the charity and get them to come aboard because it's a fun contest. And what it does is it can energize their base because everybody likes a horse race.

To give you an example, the one that we ran from September to November for our company, Vincent's Heating And Plumbing. We had a pregnancy center, we had a humane society and we had a council on aging. And to understand our market, we do about 3.3 million and about 30,000 homes as our market area. And that contest in three months drove 28,000 visits to our website, the votes were 28,000 votes and the winner won by about 200 votes, which was the pregnancy center. What was interesting about it though, was it got their base energized. It lets their base basically drag other people into voting. So the charity benefits because they're getting other people involved with the charity that they support. At the very end, the humane society was even trying to get other humane societies to vote for them to bring their vote total up. But the pregnancy center retaliated in a sense, they wrote all the pastors and I kid you not. There were pastors and Sunday from the pulpit telling people to go to the pregnancy center to vote in the contest. I mean, it's just unbelievable.

David Heimer: They're specifically saying go to Vincent's to vote for them.

Dave Squires: Go to Vincent feeding and farming and vote for the pregnancy centers.

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They're requesting competing with the humane society.

David Heimer: It just doesn't get better than that does this?

Dave Squires: But what's nice about it is the marketing that went behind it. Not only do you get the community awareness, you get the great halo effect. But more importantly, it's other people talking about you, which is the best type of marketing.

David Heimer: What should a contractor be focusing on right now on the web?

Dave Squires: What we're talking to contractors about right now is getting reviews. Everybody knows they're important, but right now it seems to be a big deal. It separates contractors and helps guide people when they choose. The key to it is you need a system. You can't depend on your people to just ask. If you don't inspect it, don't expect it. The best systems are done through the cell phone. You get reports, you know, when people ask, you know, when it's not or you automate the asking of it. There are a lot of great systems out there, but you have to have a system to do it. It's just not going to happen normally.

One of the things that we're telling customers is right now, they should be using Google Local Services. The pricing is great. We don't expect it to stay that way. We expect it to go the way of pay-per-click to, where you're bidding on, who gets shown and who doesn't. But right now it's a flat \$25 to \$35 a lead and the leads are pretty good and they're not handed out to anybody else. The concern with that is, that it's temporary. I can tell you that with pretty much all assurance because the problem right now is, it's not a problem it's a good thing for us that your customer doesn't know what Google Local Services is.

When I spoke at AHR last year, I had 200 people in the room and many of them contractors. And I asked them, do you know what Google guarantee is? And there are

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only two in the room who did, and the customers are the same way. So you see Google has not done any advertising or anything to tell people that if you use Google local services, they will guarantee that the job is done right up to \$2,000 for the first 30 days. And the problem is, when they do decide to tell people that right now they're bidding their time and they're basically getting their ground game in place and they're building it all over the nation. Once they have that and they basically start advertising that, and you've all seen the Google commercials on Google or Macaulay Culkin over Christmas, once they start advertising that you're going to see a dramatic shift in the internet.

By that I'm talking about the fact that when we did a focus group in Salt Lake City a couple of years ago when they first came out with us, nobody knew that guarantee and we showed him and that people chose all over. But once we told people about the guarantee, 25 out of 25, people said they use Google. At that point, Google becomes the gatekeeper. Google is moving to become as much pay-to-play as possible. In fact, two weeks ago, a survey that they released asking people what they would pay for in Google, my business, which is the knowledge panel at the side that comes up. When you click on your name, it has your website, your reviews and everything. They were asking things like, Hey, could you sell, where you can bid on being below a certain contractor as an alternate choice or bid on not having anybody, but just as an alternate choice? Do you want to put in a sale price? What would you pay for that?

They're looking at monetizing everything. And when they do, the problem is that they have a good chance of doing it and if that's the only way we're getting business right now, that's scary because that's like becoming the gatekeeper. And if any industry understands what a gatekeeper is, anybody who is in this industry, in the nineties, when the yellow pages was around, you don't want to go back to that because anything that comes between you and your customer means you have that much less control of your business. So short term, we're saying get involved because there's no reason to fight it. And it is a good deal, but start working on a plan B we're telling contractors for one thing, you should be telling people what your guarantee is on every job. You should be

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handing something out that lets them know, because you have a better guarantee than Google.

Most contractors that I know, guarantee everything for a year and they guarantee satisfaction that it's done right, or it's money back. But the problem is that when a customer, all of a sudden realizes that, Hey, my furnace isn't working. If they don't know a contractor and they're going to Google and they're going to go with the safe bet, because Google's familiar, they know Google, they don't know you. So we may lose customers who don't have a clue. The key is don't lose your existing base, make sure they understand your guarantees. I would wager in most cases that if someone were to call your customers, if two of them understood all your guarantees, I'd be surprised. So you got a chance to start educating customers about that.

The second thing that we're telling you is to start focusing on your marketing. The familiar still wins. This year and in fact, we'll probably be announcing the results at Service World. We'll be doing our bi-annual survey as to how people find contractors. And you can see these on our website, under the link section. But in 2017, it's really surprising, there's only about 13% of the people who actually discover their contractor on Google. The rest is word-of-mouth reputation and I've used them forever. And by the rest, I should say, it's 65%. You got radio mail and everything else in there on the survey. It's worth looking at the survey. But what's interesting is, that word of mouth and familiarity still is huge. And anybody who does SEO can tell you if it's, you can get someone found 20 miles away. The problem is getting them quick.

When we do studies, we do a base analysis. Part of our more program, we actually do a program where we do full marketing agency for contractors. Well, the first thing we do is that database analysis, invariably, every place we go, 80% of a contractor's business is done in percent of the zip codes they say they service. And the key is, understand that 80%, those zip codes in that 80%, that's your market area. That's where you need to be marketing because the best defense you have, and the best way to optimize for what's

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coming is to become a brand in your area, focus and concentrate your marketing in the area that you're already known for. It's more successful that way. It doesn't mean you're going to get better results because you're not diluting it by sending marketing to where nobody knows who you are. And there's another guy who's the brand.

One of the things I'm telling contractors now that they should be doing, and this is brand new. Download the Google My Business App. There's a lot of advantages to that. One, when you claim your Google My Business Site, you can put on a chat system where a customer can chat with you directly. Pull them out of the market, let them start talking to you directly. You can automatically post announcements to Google and actually probably better now than Facebook because, last week Google started using posts and local search. So if you make a post about what it takes to set up your center right or what you're hearing a rattling, what you're doing, you have a good chance of that post coming up in a search for your local market, for anything where that's happening, that's new. So in other words, they're now starting to do it where you have a chance to bring your exposure up through Google My Business. Long-term, contractors should be building their own engagement and communication channels. Right now, we depend on Google for it.

We depend on people to find us through Google. You want to start engaging with contractors, that's one of the reasons we did the helping out locally program because we see this coming in. The key is, if I can get sOther than that, I can't say enough about getting reviews, building a system for them, pay attention to your Google My Business, download the app, and focusing on your marketing. Do the test. Look at the last two years where you've done 80% of your business by zip code. That's where your marketing should be going and start looking for ways to engage with the community. Fr someone to vote for charity on my website, four or five times within three months, what are the odds of them remembering me and being the familiar and people still choose the familiar better than knowing the unknown. And I want to get a piece of their head because if you wait to try and get a piece of their head, once the equipment breaks, it's

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too late. I want to be in their head so that they are looking for me when it does break. And to do that, I've got to basically move my business into their box.

David Heimer: Good summary. So if somebody wanted to contact you, what would be a good way to do that?

Dave Squires: Best way is go to our website online-access.com or they can go to the SRT. We are an SRT preferred vendor. We're in the list there. Call our office, or you can email me directly at dsquires@online-access.com.

David Heimer: All right, Dave. Thank you so much. This has been absolutely fabulous. I really appreciate you taking the time and I look forward to seeing you again in the near future.

Dave Squires: Thank you.

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