

Episode 59 - Jason Fox - An HVAC Call Center [00:19:26]

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. Jason Fox is here with me today. Jason is the owner of Capital Heating & Cooling, in Menomonee Falls, Wisconsin. Great company, they've created terrific growth in the last few years, and they've been keeping the growth going even now in this pandemic. So I'm really interested to hear about all of that. Jason Fox welcomes Profiles In Prosperity.

Jason Fox: Well, thanks for having me.

David Heimer: Let's go back, I always like to hear how people got into this industry. How did you get into the industry?

Jason Fox: I graduated high school in 1994 and my parents' vision was that I should go to college. So I went to college and the second semester in the second year, my dad gave me my tuition money, and cash, and all things, to go pay my tuition bill. And on my way there, I thought, you know, I really don't like college that much and I'd rather go to Mexico. So, I took my tuition money and took my girlfriend to Mexico for a week, and dropped out of college. So you can imagine he wasn't very pleased with that. So he said, "well, you need to go get a job now." So that's what brought me into the trades. And I started out as a helper for a plumbing and heating company. And then I went on to work for a union plumbing shop as a plumbing apprentice. And then I went through my entire apprenticeship and towards the end, that was probably about two or three months after 9/11 happened, I started to get into real estate. And I bought basically 42 apartments in nine months and plumbing work was getting slow. So they said, well, we're going to lay off a little bit and then you can come back when you're done and I

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never went back. So I hear it was a plumber and I was more of a landlord at that point and I did all my own stuff.

So I had a heating background as well. So I fixed a lot of my own equipment and did those things. And I did that for a few years and joined forces with another person, and we kind of grew that real estate empire. And then in 2007, we had been doing a lot of rehabilitation work on commercial buildings and residential stuff that we owned. And I formed a company called Capital Construction Services, LLC, which is the parent of now what's Capital Heating and Cooling. Up until that point before, I was hired out of the heating companies and things like that, we were more of like a general contracting thing and started doing work for other people and stuff like that. And I ended up hiring an installer to come work for me because we had quite a bit of work going on with the heating stuff. And at that time I still was doing all of our service and things, and that business continued to grow and we were doing general contracting, heating work, all kinds of stuff like that.

And in 2010, I just started to get really kind of burned out with debt, business and I still had a few hundred rental units with my business partner. We didn't see eye to eye, so we decided to split up in 2011, and we came to the agreement that I would take Capital Construction Services, which was the general contracting company that did these different things. And he would take the real estate and we would move on. So in 2011, it was myself, it was Lisa, who's my head bookkeeper who still works for me. And I had three employees and I said, you know what? I really don't want to be a general contractor. I want to just do heating work because every heating contractor I ever hired before I had this business was horrible. And I think our competition isn't that great, I think we could do it better. So in 2011, we stopped doing general contracting work by

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the midpoint of 2012 and just focused on heating work. And then by, what is now, what current day, So by 2020, we're 63 people, and also 4 million dollars in sales, and half of our businesses, commercial or HVAC work, the other half is residential. And we haven't done any general contracting work since.

David Heimer: That is one heck of a story. You know, I always ask a lot of people how they got into our industry. My tuition money, and my girlfriend going to Mexico is probably the best story I've heard yet. So you win the prize. That one is great!

Jason Fox: Well, you know, I was happy, but my parents weren't very happy about that decision.

David Heimer: I just admire the constance of it all. It'll all work out, but before I figured that part out, I'm going to go to Mexico. So remind me just one more time about the date when you decided to move all your resources into heating and air conditioning.

Jason Fox: 2011, So that would have been like the fall, probably September of 2011 was when I made that decision. So I just finished the breakup of the businesses between my former business partner and myself. And I'd say about half of our business was general contract, and half was heating at that point. And I was like, I want to do one thing and just do it better than anybody else. And I think general contracting wasn't kind of appealing to me. Everyone had to be working directly with homeowners or just more of the end-user of the projects. I felt it was a really unserved thing in our market of just a high-quality customer-focused company.

David Heimer: And you guys were three people then, and you're 63 people now?

Jason Fox: Well, it was five of us then. So it was myself, my accountant, who worked

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part-time back then, and then I had two installers and a service technician.

David Heimer: Fantastic growth. What else could you tell us about Capital Heating and Cooling now?

Jason Fox: We've always had kind of a fast-growing company. Sometimes we had more growth than profits. You know, we've had some lean years, where we weren't the smartest about it. But we've really focused on two different sides of the business. One is our residential side, we're very customer-focused and more of a high-end type install, and things like that. Really focused on indoor air quality and the components that go along with that, and then the other half of our business is really a commercial kind of design-build contracting. So we're really about 50-50 with everything we do. And that mixture has worked well for us, because if one part of the business is slow the other one typically will be busier. It kind of helps us weather some storms.

The other thing it does is, when we get into peak season because we have all these commercial installers, we're able to, a lot of times, move them over to the residential side to get some additional jobs and things done. So it's really been a great mixture for us on things. One of the other big successes we've had here is our call center. And it took us about two years to really get the call center figured out and developed. But we don't really like our people answering the phones, it's just a general CSR person. We see them as inside sales people or account executives, that kind of have a group of customers that they work with and try to help them, offer them the different services that we have, and kind of be that person for them to follow up on quotes and things like that.

So our first couple of tries at this were kind of a failure. We didn't hire the right people,

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we didn't have the right environment. And then a little over a year ago, we got a guy that had been doing call centers for a long time. We brought him in and said, "Here's the space that we want to put you guys in, tell us what it needs to look like. We don't care if you want {inaudible 06:08} and techno music blaring, or whatever it is, you tell us what it needs to look like. But here's what we're trying to do. We want to develop this call center that can not only just take care of our customers with a really good customer experience. But also generate an income off of it." So he came in, and we remodeled it and we put up a big whiteboard, and he's like, you got to have people that have goals every day. So they have a place to go and keep track of their calls. And we came up with structures on how we would pay them, and things like that.

So essentially what we came up with is these groups of people, they make 13 bucks an hour and then they make commissions on their sales. And basically, they're paid a commission on anything they sell to the customer on the phone. So like all of our indoor air quality products, or duct cleaning, water heaters. They follow up on quotes, like quotes that the service technicians go after, certain quotes that our salespeople have left, if they can close those, they get a percentage of payments on those as well. And then we pay them for booking residential sales appointments. So it's a tiered structure where they get so much to book the initial appointment, and then they get additional money if the appointment sells because we want them to make sure that they're setting that expectation, you know, getting home book, homeowners there, and giving them that level of customer service and get everything set up.

So the first year we did it, we hoped that after 12 months we could make a million dollars in sales out of this group. And they actually did it in nine months, and that was with five brand new people, learning our business, learning a new language, who had

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been on the phone before, but actually it never sold anything in HVAC space before. And they took our maintenance plan base, which we've always struggled with. We started that year with about 300, and I think we ended up with over 700. They more than doubled our maintenance plan base there as well. So we learned a lot and we also learned as this year, we started a little bit different with them. So we actually sat down and said, okay, well, you kind of know what you've been able to sell to this point and things like that, how do we help you get to where you want to go? So we actually sat down and came up with their kind of goals and not only in life, but income goals, and we tied them to their life goals.

And then we sat down and said, okay, well, here's the activities you need to do. And we broke it all the way down to every time they pick up the phone, how much money do they need to end the phone call with? How many phone calls do they need to make a day? And every day they can walk out and know that they're on track to make what they want to make. Now, most of the people that worked our phone system last year, the people that were the most successful, we're on track to make about 65,000 a year. And some of the more beginners, lower-tier attract and make about 55,000. So that was pretty good generating income off of only making 13 bucks an hour.

David Heimer: So how many people do you have in that group now?

Jason Fox: So we have four people and then their manager Drew. So basically, our call center is open every day from 6:30 in the morning until 7:00pm, Monday through Friday, and then from 8:00am to 6:00pm on Saturday and Sunday. Now, from 6:30 in the morning until 9:00 when the first person comes into the call center, those calls are handled by our installation coordinators that are here early, getting the day set up. And

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then at that point, then the call center takes over. So they handle all of our incoming calls, 100% of those. And they handle all of our incoming, you know, form submissions and marketed leads over. All of our leads from the Home People Program. And then they essentially work those leads, they create dispatches and things like that.

For service departments, they create all the dispatchers and everything, for the residential sales team, they go out and then they do this stuff. But the cool thing about it is some people will call in for residential appointments, and they'll already have them buying a duct cleaning before we even go to their house to look at their equipment to do it. So a lot of our service calls that come in, if they're not an existing customer, those people are signed up on maintenance plans from day one, even before we get out to the house. So it's been a really successful thing. And then tying this now into kind of the next step of an account executive role, because that's kind of what we're seeing them as this year. So they're getting groups of customers, and they're touching base with their customers, and just seeing how we're doing, as far as we are keeping our end of the bargain with our quality, and our professionalism when the technicians are coming to the house.

And then, also just kind of letting them know about the products and services we offer besides the furnace we put in, or the duct cleaning we did, or maybe the IAQ stuff. So it's nothing for some of these people in the inside sales team to generate 6, 7, \$8,000 of revenue, per person, per day. Or like my weekend guy who, we have one guy that worked Saturday and Sunday, it's pretty typical at 6 or \$7,000, In deals he'll generate himself on the weekend. And then also, all those leads that came in over the weekend are being called in, in real-time right? So he's setting all the next week's appointments

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up, because we're here and we're doing business, right? So we don't wait until Monday and then try to call the leads that came in over the weekend. We try to execute against them right away.

David Heimer: That's very innovative, do you know anybody else in our industry that's doing anything like that?

Jason Fox: Like that piece for being open seven days a week, I kind of got that from Steve Miles because I always have a lot of respect for him, and what he's done with his business, and how he structured his thing. So, I kind of, once I heard that, I kind of started to follow similar footprints with what we do. So we offer service seven days a week, and we offer duct cleaning seven days a week. But we only do install six days a week currently, and installation appointments six days a week. But I don't know anyone that's gotten this far with the phone room. I'm assuming there's gotta be someone out there because I don't think I'm the smartest bear out there. But I've seen other people have a lot more success, setting up things with that, but not actually in this manner.

David Heimer: That's very innovative. I talk to a lot of contractors. I don't know anybody else that is doing it the way you're doing it, so way to go. That's awesome. Tell me a little bit about the training for these guys. So you brought them in, they didn't have any experience in the industry. Talk to me a little bit about the training you did initially. And then could you talk to me a little bit about the ongoing training that you do with these guys?

Jason Fox: Yeah, so the initial thing is, you know, having to hire the right person to start with, right? So you need somebody that's really good on the phone, somebody that can make between 50 and 100 phone calls a day without any problems. I mean, that's

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okay if they get hung up on or hear the word no, right? So that took that initial mentality. And then also someone that can make a friend on the phone relatively easy, with very little information. So everyone that works for us was in phone sales before this, as far as typically for your cell phone companies, or like your cable companies, and things like that. And they were your top performers in those industries. So we come in, we teach them a new language, right? So we start simple with, luckily just want you to call this list of customers, these are people that have done business with us before and don't have a maintenance plan and need a tune-up done because they haven't had one by us in the last six months. Right?

So we give them this list and they just get comfortable working that list and they get really excited because they start closing at these tune-ups and talking to all these customers. And then once they get comfortable with that, we start to add in, okay, well here's what duct cleaning is about. So here's how our duct cleaning works, and here's why we're different on duct cleaning than everybody else. And we show them all the parts and pieces. We send them on a duct cleaning ride along. They have a house where they'll do the duct cleaning at their house. They can understand the whole process and why we're different. Then we have them call our competitors and talk to them about getting quotes on duct cleaning for the house so they can see how other people are doing it. And then we kind of turn them loose on it.

And we, with our duct cleaning, kind of have some different tiers, and the higher they sell the duct cleaning, the higher tier, the more money they make on it. So there's like a base price and then there's incentives for other services and things they can add on. Then once they get comfortable with that, we start to add in residential appointments, how to set a proper residential appointment. We go through the steps of what information we need, how to talk to the customer, and how to get relevant information.

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What makes a good setting of an appointment, what makes a bad one? And then we just continue to add pieces on. So then once they get comfortable with that, we'll add in, here's some IAQ accessories. And we go through them one by one. So at our facility here, we have a 3,500 square foot training lab that has every indoor air quality product that we sell, installed, and operational has all the best products that we sell and install, operational has everything, like six or eight full systems installed, they're full like split systems, two individual furnaces. We have commercial rooftops in there, we have everything and it's all fully functioning, works.

So we take them out there and we show them how the product works, how it's installed, what it looks like. And then some of our other people that are really good will actually give them products to put in their house, we'll come and install them so they can actually experience them. But we start it a lot easier for them to talk about once they kind of have one, and then they can play with it and see it. So that's how we kind of build their thing, and we kind of do it in a phased approach because you don't want to give them too much at once. Because then they don't know where to go, and basically, we give them the lowest hanging fruit first, then we keep adding to it the more expensive things and things like that. Then we teach them about water heaters, how they convert a fellow water heater and things like that. And as time goes on, they get there.

The big thing is, you know, they have to hunt for business every day, right? So you have a lot of leads that come in, we have to work on those, but we have to also outbound cold calls every day to our existing days. Because if you are not developing that pipeline of future activity, or you're essentially not going to have business on the road. If I don't hunt today for new business, it won't affect me tomorrow. It's going to affect me 60 days

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from now when I don't have those deals in the pipeline or these contacts to follow up with. Kevin kind of keeps building that, and so what we do for them is we just have goal setting with them, right? So we have a monthly goal that they're trying to hit, which breaks down into a weekly goal, which breaks down into a daily goal, which breaks down into an hourly goal, which breaks down into how many phone calls they need to make this hour, and how many dollars do they have to have. And then we work with them on those, and then we do different training, coaching, and stuff like that. We meet once a week as a group, and we go through and listen to a good call, a bad call and just talk about differences that are working or not working and where their struggles are and make sure their line is right.

David Heimer: So you said that you hired a guy that had experience with call centers and you work with him. Is that guy still with you now?

Jason Fox: Yep. So, his name is Drew, and he's basically - all the people that we've hired after him are actually all people that used to work with him at other places. So he basically showed them how they can come here and make more money. And so he's still here and he basically does a lot of the documentation of their processes, and kind of helps them along or he'll coach them as they're doing like, hey, offer the maintenance plan on that call. Like he'll listen as they're talking or do this, you know, he'll throw different things out there to help them get over the hump. And one of the big things for the groups, they operate as a team, right?

So they all kind of work together, because they have a daily goal that they try to get to, which ladders up to obviously their monthly goal and then draws his bonus on different tiers of business that his team developed. So they have this thing, it's called a rooster,

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right? So it's kind of the quirkiest thing ever, but we have a little rooster and it's a lamp and it's got this little tiny ball, but if they hit their goal for the day, they get to light the rooster, right? So all day long, they want to try and light the rooster because if they hit their goal, they get to light the rooster and they celebrate, and they keep on going.

David Heimer: So is there like a group goal then? So lighting the rooster means that the team hit their team goal, is that right?

Jason Fox: Yep, so they have their individual goal. So their individual goal is different, based on everyone, based on what their skill level is, and also what they're trying to earn, right? So they have their own individual goal, and then they have the team goal, right? So one person could carry the whole team and hit the goal or they have their own. So they're kind of competing a little bit. But then they also got a group thing that they're trying to hit every day. So when they hit that, they get to light the rooster.

David Heimer: This has been a big part of your growth. But what I heard is that you guys are continuing to grow. I mean, we're in the middle of the pandemic, but apparently you guys are still growing. Are you guys doing anything different in this period or is it just executing the plan pretty much as before?

Jason Fox: I mean the pandemic definitely added some raffles to our plan, because we ended the first quarter up about 20% over last year, those more on our commercial side though, our residential was kind of flat. Our profits slipped a little bit on that 20%. So it wasn't as good as I liked. But what we're seeing is, we developed a program called Capital Cares, and we were fortunate enough to get the paycheck protection program there. So we said, well, how can we return that to some of the customers? And we said, well, essentially, we have free labor now for the next eight weeks. So let's give them an

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instant rebate.

So it basically gave \$1,500 off of our full systems right off the top. So it was just an instant discount off the top of whatever it was. Plus we offered no payments, no interest financing for the first year. And then it would turn into a 10-year term loan after that. And that definitely bought us a lot more customers and success with it. That's kind of a way we're trying to give back a little bit, you know, we have different charities and things we work with throughout the year, you know, TOSA Pearl Foundation, and Make-A-Wish Foundation, and some other local ones that we do.

But this was kind of like trying to give it back to the people around us and try and help other people how to do it. And it's been pretty fruitful, you know, we had the first pie week in the half of April, it was a little, very residential, we had no business going, commercial is still running pretty strong, but now we've seen a big turnaround, since then with that. And I'm hoping, still haven't hit our goal yet, this month. So we got about 10 days left, and we're on track to pull it out. And this is kind of typically for us to be up in Wisconsin here, typically a shoulder month anyway. So I never have real big hopes, but if we can hit a goal in the pandemic with all that, I think it can be a pretty big success.

David Heimer: No kidding. Well, thank you so much for taking this time to talk with me. This is a fascinating story, I got to come up and visit you guys sometime, once I'm allowed to travel again.

Jason Fox: We'd be happy to have you. We always encourage visitors and you know, I always enjoy visiting other places and other companies. And thank you so much for what you guys do at Service Nation Alliance, and for bringing this group of contractors

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together, because there isn't a day that goes by that I don't learn something from the Alliance. I wish I could give back more because I feel like I don't give back enough. But if anyone wants information, feel free to email me or give me a call, I'll be happy to share anything I have.

David Heimer: Well, thank you so much. And I look forward to talking with you again in the future.

Jason Fox: Alright, thank you.

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