

Episode 61 - Jim Hinshaw - What Successful Contractors Are Doing Now [00:26:53]

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. So I'm really delighted. Today, I got to talk to one of my favorite people in this industry, Jim Hinshaw. He is the HVAC vertical market manager for Service Nation. Jim has an amazing background, full depth, and breadth in the HVAC Industry. He's a superb sales trainer, author of several books. But we're going to get him to tell you more about his career because I won't do a good job of summarizing it and it's more interesting to hear it from Jim. So, Jim Hinshaw welcome to Profiles In Prosperity.

Jim Hinshaw: Thank you, David. I appreciate the chance to be involved with you, and you mentioned that I've got a full career path. I've been in this business for 50 years, 50, 5 decades. And in fact, the only thing I've done longer than that, is being married to the same woman 51 years, this year coming up. And it's been a marvelous experience for me, it's probably 20 miles of bad road for her probably, but this is a great concept.

David Heimer: What's a great concept? Is that Service Nation's great concept or is being married a great concept? Very little clarification there.

Jim Hinshaw: Being married, it's been a great concept. So in that regard, I've got a friend who's been married 52 years, 18 to the first wife, 12 to the second wife, 22 to the third wife, that way.

David Heimer: So, I was hoping you would give us a few of your mini career highlights.

Jim Hinshaw: This is an interesting story, because it illustrates a really critical point, how I got into the industry. So I'm at the University of Missouri at Rolla, Engineering School. And this is in the seventies, and literally David, there was a huge recession going on in the early seventies. And a lot of the people that showed up to interview at

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the University of Missouri, Rolla didn't even show up. I went up there and they had a building where you could interview companies. You signed up for these interviews, I literally signed up for over 75 interviews, starting in the year before I graduated. Just thinking that it's a tough market, I'm going to do everything I can. I'm sitting there at a table waiting for the guy to come in from the Train company, Train Heating and Air Conditioning. And I don't know anything about trains, and I don't know anything about heating and air conditioning, but I'm thinking I'm going to sign up for everybody. The guy comes in, and I'm a TKE, Tau Kappa Epsilon Fraternity.

He's got a ring on with TKE initials in the ring. I spotted that, David, I slipped into the grip, the secret handshake that we TKEs have. And he looked me right in the eye and he said, "you're one of us?" I said, "yes, I am." He said, "well, you're in." And literally, that's the truth, I got an offer in November. I didn't graduate until May, and I'm sitting pretty. And it really was a great experience for me. So I use that to tell you, here's what you have to do in life. You gotta be looking at everything, and occasionally, a little nugget will appear and you go, oh, I can use that, and I did. And so that's my story on how I got started in this industry. I ended up working for Train, two or three different places. Took over the Phoenix office, Phoenix, Arizona. We were blessed with a 55% market share in Arizona. We nailed that whole package together and it worked really well, record standard. But Train changed the business, so I joined the Mechanical Contractor. We were doing terminal three, and four at the Sky Harbor Airport.

That company was bought by a conglomerate, out of New York City. I left and bought a small company, grew it, and sold it. I joined a friend of mine, Jim Donnelly, in Phoenix, in 1990. Helped him grow his business, from 1 million to 6 million in a decade. I wanted to join him as a partner. He said, I have three sons, don't have any partners. So I started my consulting business in 1999. And 2011, I'm sitting in my home office in Colorado and I just fired two of my biggest customers. And David, I got to tell you, sometimes you get to a point where you go, I'm not going to do that anymore and I got to that point. My wife, who was standing behind me, said, "I'm just curious why you're quiet today, what's going on?" I said, "Well, I just fired two of my biggest customers and that's 85% of our

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business." And she goes, "oh, what's plan B?" I said, "I don't have it yet. So we're going to start praying."

I don't want to go Oprah on you. But literally, I got a call from a consulting group that worked with Goodman Amana. I joined up, that was 2011 through 2019. I was with them for eight years, and really enjoyed that work. David, I'll tell you the other thing that I realized, you know, in your heart, when your work is done at a certain place and you have to pivot, and do something different. I knew that was done in 2019. I'm leaving my last project with that company in Fresno, California, this is late October, 2019. David, you were the first person I called, well, I called my wife first. But you're the first person outside of my family that I called, and I said, hey, I'm looking at resurrecting my consulting business. I'm going to do some more stuff, but I'm calling you, and I don't know if you remember what you said, but I remember it clearly. You said, "oh, Jim, your future is bright."

So I didn't know exactly what you meant by that. But later on, the next few months, we ended up discussing some things that we could do together. And you finally said, "we'd like you to be part of our team, on a very formal basis." And I said, "well, that sounds pretty good." And we worked out all the details, and then you said, "and by the way, I'd like you to move to Dallas, Texas." I was born in Dallas, at a very early age, I wanted to be close to my mom, so I'm coming home. And that's what I did. We sold our home, came here and it really worked out well, David, this has been a marvelous experience for me. So that's kind of a history.

David Heimer: Well, you're very kind in your descriptions of what I said. But we knew all along, we really wanted you to be with Service Naton. And it just felt like the right thing to do, it always felt like you should be with us.

Jim Hinshaw: That's good. Well, I'm sure glad that we connected up and put a package together, because this is a lot of fun. I'm enjoying this tremendously.

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David Heimer: So, tell us a little bit about what your responsibilities are as the HVAC Vertical Market Manager for Service Nation.

Jim Hinshaw: Sure. It summed up pretty easily in one sentence, to grow the vertical, to improve our performance, both in membership, and in engagement. David, you know this, you'll have people that'll join a specific group and never get engaged. And they might be a member, they might even pay us some money for the dues, but they never really get engaged. So one of the criterias we have for engagement is to be involved in our process, and we have three different levels. We have of course Service Roundtable level, which is a starting level. Then we have the RCC, Retail Contractor Coalition, which is our private branding concept for your company. I know we have the alliance, which is kind of a protected territory type of package, but that's our highest level. So our goal is to get everybody engaged, as good as they can, with the level that they're in, or maybe move up to the next level. So, what do we want to do? We want to increase the membership, number one and increase the engagement, number two. So that's kind of, in a sentence or two, it's kind of the marching orders that I have for my particular package.

David Heimer: And in doing that, you have to make sure that what we are offering is the stuff that people need, that we stay current, and fresh, and everything about us is totally relevant to what contractors want and need, and relevant to our vendor partners as well. So, I'd like to turn our attention to what's going on now in the industry and our, well, really the world as a whole. And you know, you have been through ups and downs in the economy before, so, although some of this is totally new, it's not all entirely new. And so what I was wondering is, what do you see successful contractors doing now to respond and keep their businesses going in these days of COVID?

Jim Hinshaw: Well, that is a great question. And you're right, the experience that I've had in this industry has been ups and downs, and are some great years. You look back to 05, 06, we were chugging along then, man, 8 million units, I think we shipped in 06 or 07, somewhere in there. And so we've also had seasons where it's been very tough, but

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this is entirely different. I don't think we've ever had a worldwide apocalypse like we're facing right now with this pandemic. So what do we have to do? We have to do something different today than we did last year, last month, even in some cases. And your question is, what are guys doing that are succeeding today? David, many of our contractors are succeeding today, thriving. We do an AB call, an advisory board call with our members and we've got 60 or 70 of these AB groups put together. And I'm blessed to be in a group that has some of the guys that are really doing a great job in the marketplace. And in many cases, the majority of them are saying, yeah, we're up from last year. I was on a call yesterday. The company was up 25% year to date last year.

David Heimer: Wow.

Jim Hinshaw: And I asked him, what are you doing differently? And he said, "I'm not sure." But he said, "I'm doing a whole bunch of things." And it boils down, in most cases, what they're doing differently is, relying more on social media than anything else. Direct mail while it's still an effective way, there's a lot of concern about that direct mail. Can that virus live on those letters, envelopes, and postcards? In many cases, people believe that could be a fact. So direct mail is not as effective. What is effective? Social media. So here's some of the things that the guys that are succeeding and thriving today are doing. Number one, one of the first things that I saw, was we got some of our members posted on Facebook, on LinkedIn, they tweeted this and they said, hey, if you're shuttered in and you can't get out, or don't want to get out, because of health concerns, tell us what you need. If it's groceries, medicine, any of the essential stuff, let us know. We've got guys all over town and we'll be glad to pick up some stuff, you use your credit card to pay for it. But, we'll pick it up and deliver it to you at no charge.

David Heimer: Wow, that's really nice.

Jim Hinshaw: It really is, David. Now here's what's interesting about that. I've talked to three or four of those companies that offered that and they said, you know, we got

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probably 20 or 30 people calling up saying what a nice thing you've offered. And then we'd say, well, what can we get for you? And you go, I don't need anything. I just wanted to call you and let you know what a nice thing you offered. Wow!

David Heimer: That's a great impression. Yeah.

Jim Hinshaw: Isn't it though? So that's one of the first things that we saw in the marketplace. Second thing, we've got some people out there that have taken a video of what we call the pandemic protocol for going into homes today. And they show their guys, and they're showing the truck, they're showing the gloves, the booties, the masks, all the things they're doing, the sterilization. There's some companies out there that are doing an amazing amount of sterilization for the tools, drop cloths, everything else. They take a video of that, and they send it out to their customers. They post that video on Facebook, on Instagram, and it shows all their customers, hey, here's what we're doing to protect you, and to protect our crews. Because it's a two way street, David, you can go into a home and they could have the virus in that home and not realize it. And so your crew members might be in a situation. So we're gloving up and putting the masks on and putting the booties on and gloves plus for most of the customer and the employee.

David Heimer: Got to protect your own people as well.

Jim Hinshaw: You have to, and they've got to know that you've got their six, you've got their back. So when we start looking at this, we're going, okay, this is a two-dimensional thing. This is not just the customer, it's to our employees as well. And David, let me digress just for a second and tell you, what Service Nation has done is amazing. Every morning, we get a wake-up call from Matt Michell, that's a positive wake-up call. And what he said today, share with me two things that are positive today. And we're focusing on that, because everybody is scattered all across the nation, you know, and they're working out of their homes, and we feel, to be candid, a little disconnected from our team members. So what we're doing, we're doing virtual happy hours, we're doing

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meetings, where you get to see the person's face on those zoom meetings. We're doing things differently ourselves. But let me go back to the pandemic situations that we see successfully happening today. A gift card matching offer is the next thing I want to talk about. And I tell you, we got Cory up with Comfort Matters in Minneapolis. It's a guy who kind of pioneered this, and he says, here's what I'm going to do for you. He knows there's some small shops.

It started with restaurants, small locally owned restaurants. And it wasn't so much for the Cheesecake Factory, but it's for Bob's Coffee Shop or Mary's Delicatessen, a locally owned place. He had a zone where he said, you go to one of these restaurants, you buy a gift card, I will match that gift card and I'll send it to you. And he had a maximum, I think it started out at \$25. He might've ratcheted up to \$50, but he said it was an amazing response he got. And two things happened, the homeowner was thrilled because they got a double down on their gift card. If they bought a \$30 gift card to get another 25 or \$30 from Corey, that's a good thing. The restaurants are thrilled because today, it's hard to get customers. So the restaurant, and I did it for local restaurants. At one point, he's in a mixed group that he had in town, they're doing it virtually, and it was like a chamber of commerce mixer. And one of the people at the Chamber of Commerce was a lady who owned a hair salon. And she said, you know, we like the gift card idea, but really, you got to think about this, in my hair salon, I don't own those chairs, the hairstylist owns the chair. It's a business within a business.

So she says, you might think about that. And he did, and he talked to his wife and she goes, yeah, that is a big deal. So the hair salon, he said, "we'll match those gift cards for a hair salon as well." And it took off and today I just saw a post from him on Facebook. He said, "We've given back over \$40,000 to the local areas." Now, did he take that out of cash flow? Yes he did. But what he did was, he redirected some of his advertising money. Instead of spending a lot of money on TV and radio, which still are good mediums, he moved into social media and it's been amazing. And he's one of those guys that's up in their business this year.

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David Heimer: What about what happens when the economy turns around? If you were one of those hairstylists or the restaurant owner, and you have any HVAC work, or you know anybody that has any HVAC work, who are you going to recommend?

Jim Hinshaw: Absolutely, you are going to recommend him. He's top of the mind awareness.

David Heimer: Absolutely.

Jim Hinshaw: He's got the ability to connect with customers on an emotional level. And that's what's gonna happen. People buy emotionally, they justify it later on with logic. And they'll say, yeah, even though I had to wait two days, I'm going to use them because they cared about me and my business when life was really tough. So it's a great way. And I just talked about this to one of our members in Kentucky and he said, "I don't have \$40,000, I can't do that." He's a smaller company, and I said, "well, hey, put it together and put a maximum on it." It's okay to say, we're going to match up to \$25 and we'll do the first 100 people that respond. And then I said, do you use Facebook? And he goes, sure, I got a great Facebook page for his business. And I said, then put up a {inaudible 16:03} on your Facebook page and say, we're at six right now, tomorrow we're at 10 right now, and we got 90 to go and you better hurry. And I said, it'll be a fun thing that you can actually do. And what are you at \$2,500? And he literally said, you know, I sold a system and I had typically the commission I paid to my salesman, who was injured at the time, would have been \$3,000. And he said, I got that money, and that's the money I'm putting into this campaign. Great! Great idea. You've got time for one more?

David Heimer: Of course!

Jim Hinshaw: Okay. TeleTech and virtual sales calls. You can set up TeleTech and a virtual sales call on your homepage, on your Facebook page, however you want to do it. We even have one of our partners, leads nearby that'll do that for you, and for you, if

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you're a member of the Service Roundtable, you get it done for \$250 per year. TeleTech is a package where they put a big red button on your website. And it says, call and talk to a technician. You call and talk to the technician, now. In most cases at TeleTech is a \$39 fee or some number like that. If you go ahead and dispatch the technician to the home, because the customer says, yeah, I tried all the normal stuff, the circuit breaker, the fuses, and everything's good, but it still doesn't run. You can apply that \$39, give them a credit on that. But if they don't use you, you get \$39 for a phone call.

Secondly, you can go to the virtual sales call, which is a way to get that homeowner involved with you and have them do some of the work. And you say, well, Mrs. Jones, if you're concerned about people coming into your home, there's a great chance, we don't have to come into your home at all. And we can put together a package if you'll help. They've got to help. They need a tape measure, a flashlight, a cell phone with a camera on it, and they can take some measurements. Actually, David, we've got a full script on how to do that, four pages of how to do a virtual sales call on our download center that is available to the members at no charge.

But I want to tell you what I found out this morning. This is so exciting, I talked to Lou Abika. Abika is one of our great members, he's been with us for years and he's in Phoenix, Arizona. Now, Lou Abika is, I'm going to use the word, he's a marketing genius. And he was early on, putting the TeleTech and the virtual sales package together. He told me this morning, they're getting two to five calls per day. Lou said, the exciting thing is, the thing you dread the most in our business is, oh, just give me a price over the phone. And he's going, you know, we're turning those phone quotes into an opportunity to create a home experience. And in many cases, we don't have to go to the home at all. They have sold several systems solely on the virtual call. And many others said, you know what? After talking to you, I trust you.

If you're going to glove up and everything, come on out and give us an in-person quote. So it's been an amazing thing. And in his words, he said, "we're getting a lot of calls from people that aren't our customers. He said, "well, somebody else told me this, what

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do you think? And they can talk to that technician." And he says, "yeah, we are getting some \$39 charges so that people never call us back." But he said, "we're getting many, the majority are saying, you know, I like your attitude, I like your style, come on out and fix my unit." So David, that's some of the things that people are doing today to thrive and succeed in this environment, and can you just imagine, if you're able to thrive in this environment, what's going to happen when we begin to move back toward the way things were a year ago, six months ago, even two months ago, it'll be amazing. There you go. That's some ideas.

David Heimer: Those are great. One other thing, you had mentioned, rehashing sales as an opportunity, and I was wondering if you could touch on that for just a few minutes.

Jim Hinshaw: David, I sure can. I tell you what I'm passionate about, I'm passionate about getting the maximum that you can out of your database, your marketing, all the things you're doing. So I know this, I know that nobody has a hundred percent closure rate. Okay, the guy that tells me, how many have you closed? All of them. Well, number one, you don't know how to count, or maybe, you're lying, either one. Right? Okay. So nobody has a 100% closing ratio. I was able to be part of a meeting that I'm not going to tell you how I got in, but I got into a meeting that one of the big box stores did. And the big box store did an analysis for a year. And they looked at all the quotes that the people who are in their store, selling heating and air conditioning products. This was 2018 through 2019. For a year, they followed up on all those people that they quoted a year later, David, a year later, 34% of them had not made a decision and had not done anything. They did not change the system, they did not even have it repaired. In many cases, it was still running and they're going, I'll just wait. So that brings me to the concept of, wow! There's some business in your building right now, Mr. Heat and Air contractor, Mr. Plumbing contractor. There's some business in your building right now, that's in the stuff you've already quoted and not sold.

David Heimer: Wow.

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Jim Hinshaw: So the rehash is simply to go back to those customers, and say, hey, I was out there six months ago, three months ago, a year ago, we talked about this and I was just curious. Number one, you have to ask them, how are they doing? I was curious how you're doing. Is everybody safe? Is everybody healthy? Good, I'm glad to hear that. So then the second question I have for you, did you happen to do anything about your comfort system, about your plumbing system, about the bathroom remodel, whatever it was, you looked at. 34% of the time, they're going to say no, I didn't. Oh, well, what we've done, we put together a pandemic protocol that includes some special offers for people going through this crisis. David, one of the things that makes this work, one of the things that makes the rehash work is, they have a financing offer that's stunning.

Here's the stunning financing offer, make it zero payments, zero interest for the first year. Six months is okay, but a year gets you past all the mess that we're in right now. And then it rolls over to a 10 year note that could be a 10 year note at 9.99% interest. I think there's some out there at 5.99% interest. That's not the key, the key is to get them past this year. So you get that 0%, zero payments for the first year, then it rolls over to a 10 year note. And David, there's some real success happening by offering that today. Does it cost you some money? Yes, it does. Of course, nothing in life is free. It could be 7% you're paying for that, you could have a way to make that less, looking at some of the financing offers out there and some of the rebates from companies.

But the reality is, if you're able to pick up a job that you've already quoted, and you get it installed, and you might update it, what do you think it updated with? David, that's a rhetorical question, I know the answer. I would update it with indoor air quality. Isn't that what we're looking at today? IAQ is the buzzword, so you add the indoor air quality package, and now you've got a different package and what you quoted and you could change the price. And you can put together a package for a homeowner and say, man, this is not only more comfortable for you, it's healthier. And we literally have indoor air quality packages that can help them live longer and sleep better, etc. So, that's what I mean by rehash. And it's a great concept, we've got tools for you to help with that, we've got scripts, we've got all that on the download center.

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David Heimer: Great stuff. Now we didn't talk very much about it, you are the author of several books. How many books have been written at this point in time?

Jim Hinshaw: I've got two published. The third one is being, literally, as we speak, I'm doing the final editing on it. The first one is called Lessons Learned: How One Employee Can Make a Difference, Plus or Minus. And we all know that, and you'll have a situation in a company and literally, the employee is the company. So that's a message to our members and people listening to this podcast. When you send somebody to that home, they are the company. So you better be sure what they're going to do and what they're not going to do. So the Lessons Learn, how one employee can make a difference plus or minus. The second one is called, The Good Stuff: Stories of Faith, Family, and Focus. Stories that will amaze you on how people overcame obstacles, people did things that they didn't think they could do, and are doing amazing things.

The third one, is yet to be determined, but I think it's going to be called Amazing Stories, because I've got about 40 stories that are amazing, how people persevered through hardship. And I'm going to have a whole set of chapters in there on the pandemic, and how people got through them, and did a better job. To answer your question, I've got a total of six books, roughed out, 2 in print. The third one is going to be in print probably before the end of the month. Because my birthday is in May, and I thought that'd be a great birthday present to me, is to get a third book out there. And then I've got three more that I'm working on.

David Heimer: That's awesome! You're very prolific. And all these can be purchased, shameless plug on shop.serviceroundtable.com, shameless plug.

Jim Hinshaw: I like it, David. I like shameless plugs. And let me tell you what we did, we put together a group buy on those, where you get two of them, the bundle for a reduced price. And is it okay to extend that offer to the people that are listening to the

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podcast?

David Heimer: I guess.

Jim Hinshaw: Alright sure. So yeah, I will extend that offer to people listening to the podcast, and you can buy it, if the group buys at a price, which was a month ago, we'll honor that. There you go.

David Heimer: Alright Jim, thank you so much. This has been fabulous, I really look forward to talking to you more in the future. We'll get you back on this podcast sometime in the future, your experiences are incredible, your insight is great. So thanks so very much for doing this. Now, if somebody wanted to get hold of you directly, what would be the best way for them to do that?

Jim Hinshaw: You can use the email address I've got Jim.hinshaw and it's H I N S H A W@serviceroundtable.com.

David Heimer: Thank you so much. I really appreciate it.

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