

## **Episode 75 - Chandler Pernell - Building and Growing [00:23:03]**

**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. One of the great pleasures of working in Service Nation is getting to see small companies grow. You get to see them increase their sales, their profitability. They provide more security to the owners and their co-workers, and frankly, they provide better service to their customers and their community. And in that process, you see the owners of the company grow as well. They increase their knowledge and skills. They develop into the leaders their companies need, they develop their people and they build their own management team. It's a really great thing to observe.

Chandler Pernell is a great example of a man who's developing a small business and has a great future in front of him. His story of getting into the business, his family business transition, his vision for the future, personal and business growth is fascinating, and I think it's instructive as well. So, please welcome Chandler Pernell. Chandler, thank you for being here with me today. I remember watching and reading your post years and years ago before I ever met you. And then I met you in person and you joined Service Nation Alliance. So back us up a little bit, how did you get into our industry?

**Chandler Pernell:** Yes, sir, David. Well, I appreciate you having me. It's an honor. My dad and uncle started this company in 1977 and I was born in 80. So, I truly was born into it, which means, you know, I ran as far away from it as I could, right. I went out the front door and I ended up at the back door. And so, I guess what got me into the industry and what kept me into the industry can be two different things. I started out in high school, you know, installing, maybe even middle school, eighth grade or so I think

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back then, you can still use power tools under age. So I'd be on the install crew, you know, tearing out sheet metal duct and replacing units. It was decent money. You know, and in high school, some of my friends didn't have jobs, some of them at a grocery store and stuff.

It was way more than minimum wage back then, so I liked the money part of it. And when I'd come home from college, I'd work for the summer and I'd have a decent amount of money, but it was never what I wanted to do. You know, my dad worked all the time and it was just hard. Running a business looked real hard, and I was really into music, rock and roll, and that's what I was always going to do. And so, my other dream was to be a stunt man, and my other one was to be a professional wrestler. And so the heat and air industry allows me to live out all three of those careers. I got rock and roll songs on the radio for the company. I get to do stunts, you know, I'm going on roofs and up in attics sometimes when they let me go with them. And it's definitely wrestling, you know, a lot of wrestling with myself, my conscience. When you're at the top, you can do whatever you want and people don't find out until later.

And so I think joining Service Nation was really my way of gaining a conscience. We didn't have a plan. There was no succession plan. There was no action. But then, my dad got diagnosed with brain cancer in January of 2017 and he immediately had to stop working, and I was kind of running the business. I was doing a lot of the manager or supervisor or anything. I'd never had to cover payroll, and I've learned that's the difference between owning it and not owning it. He would teach me, he would say, treat his business like it's yours. And I thought I did, and I know I've got people here that treat it as good as it being theirs, but until it's four o'clock on a Thursday and you know that if you don't get a deposit check on an install, you got to go to your wife and I asked her to put \$10,000 plus in the bank of personal money and promise that she's going to get that

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money back.

You know, I think that's why people don't go into business. That's the fear and it scared the heck out of me and I never wanted to do it again. I never wanted to go to my wife and asked for payroll, you know, that seemed backwards to me. I thought a business made you money, right, not you gave the business money, and that's where the fear set in. And that was before I even owned the business, I was not a stockholder. I was nothing. I was a check signer. That was it. And my dad lived for three years. He passed away in December of 2019 of brain cancer, and he taught me a lot, man. I've got a handful of mentors I would say; directly in this industry, he's my number one.

He taught me so much about heating and air, about sales, about life. And just like any other son, I didn't listen to him. I didn't listen to much he had to say. And those last three years we had together, I soaked it all up. You know, I spent as much time with him as I could. Business was the total opposite of what I thought I wanted to do. I went to college at the beach, and basically, you either went there to become a teacher, get a business degree, or Marine biology, and I didn't want to do any of it. And so, it was kind of like picking a major. I said, well, I don't even like business, I hate business. I was getting real into my sales and nature and just everything a 20-year-old goes through, and I started hating heat and air.

I started thinking about all the fiberglass insulation and the sheet metal that gets wasted and just seeing all this copper and refrigerant and it disgusted me. And it took a couple of years, but I realized instead of just complaining about it or hate it, how about I get into it and I try to have an effect on it and make a difference. And so, I came to work here full time in 2003, I was 22. My dad who wouldn't hire me, David, he said, no. He knew me better than me. I'd been traveling around just kind of hobo with it, having the American

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experience. I ended up back in Smithfield and so I say man, I need money. So I went to Pernell, I wanted a job, my dad said, no, sir. He said, get a full-time job for six months and then come fill out an application.

**David Heimer:** Oh, I love that.

**Chandler Pernell:** Yeah. Oh, I was so mad. I felt thrown out of the family. It was entitlement, what it was; I thought I could just come in here and make money. And as I got more into the business side of life, I finally realized, you know, we have a lot of fun here. You have to have a sense of humor, but this ain't a place to let people come in and play around. I mean, we're serious, you know. We're dealing with people's health and their comfort and their bank account. And I look back now and realize that he knew exactly I was going to come to work a week or two, get a paycheck and roll out, and he knew that. So I got a job at Subway restaurants, and you should get a job there to learn about customer service. And whenever you're making a sandwich for people and you got two sharp knives and you're about a foot and a half from them, people are picky, you know? And it taught me so much about customer service.

**David Heimer:** So you're saying you never actually stabbed anyone then, is that right?

**Chandler Pernell:** No, sir. I might have cut their lettuce a couple of extra times. And this girl I knew from high school and she'd come home from college and had a good job. And man, I felt like a loser. Here I am at Subway, I got mayonnaise on my shirt. I'm like, man, what am I doing in life? I was 22, I hadn't met my wife yet. So, it hadn't been six months, but I went back to my day and I said, look, man, I'm serious. I want to work, I'm here. And so he hired me and I gave my two weeks' notice at Subway and I was bartending a little bit at night, but I was able to quit both of those. And I did install again for about a year. And then we started getting serious about business, he said I had to

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go to college and finish my degree to take over the business. So I ended up getting a business degree from the local community college. It's literally four blocks from the shop, and I was the secretary for a whole year. I scheduled all the calls. I did all the invoicing, all the payroll, everything.

I met my wife in 2006 and it didn't take me long to realize that was the girl I wanted to marry for life, and so I got serious about life. And so, I started thinking about the commitment and what would that mean for me to take over Pernell because I'd never really thought about it or wanted to do it and my dad never pressured me. He never made me feel bad or obligated. But around that time, I made a decision that I was going to stay here and I got my state licenses and you know, I hired a salesman and started training him. And so, that's kind of how my seriousness in this business developed.

**David Heimer:** Tell me about the company now. If you flash forward, tell me about how you guys are structured now, how big you are? What's happened?

**Chandler Pernell:** We're still pretty small in terms of revenues, we did a little over 1.6 million last year and that's only heating and air, we're only doing heating and air, and that's mostly residential replacements and service. We did about a quarter million in commercial service and replacement but zero new construction.

**David Heimer:** So what makes you guys a great place to work?

**Chandler Pernell:** Respect. I think just respect is number one. We treat each other like, you know, we try not to stick to titles or who's better. I mean, we're all in this together, you know? And I think that I let - my head installer can run circles around me and install. And so if we have an install problem, he's usually going to be the one with the answer. I don't try to tell him what to do. I know what I want. I know what kind of result I want in

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my customer's reaction, but he knows the solution and same thing with the service techs, same thing with the office. My service manager, if I'm here and the phone rings over three times, I'll answer it, but I'm not scheduling anybody. I'm not telling anybody that we can get there today or tomorrow because he does that, and I'm not going to mess up his flow. I let people do their job and I'll try to let them have enough respect that if they need me, they'll come to me.

I've had secretaries and people leave over the years and they leave and you find all this stuff squirreled in their desk drawers that they just didn't take care of. And it doesn't matter if that's that person or a lack of process or manager or whatever, it happened. And so, I don't want anybody to feel like they have to hide anything. If they make a mistake, that's okay. I got one guy at work, he's worked here 11 years. We're the 10th company he has worked for. And he told me one day he said, "Chandler, you know why I like working here?" I said, "why?" He said, "because you don't cuss me out every day."

**David Heimer:** That's a pretty low bar, isn't it?

**Chandler Pernell:** Man, that was profound. But when you look at all the workplaces, heat and air or otherwise, there's not a lot of good places to work. I've never really had managers or bosses that made me feel good or that, you know, I felt like we're adding value to my life. And so, I guess I always wanted to be the boss that I never had.

**David Heimer:** Yeah, good for you. So, two years ago you joined Service Nation Alliance. You know, the reason I wanted to talk to you is you describe yourself very modestly, but I got to tell you, people have a great deal of respect for you in our organization. And they are talking about how they predict that you're going to be a really large, significant company in the future, so don't sell yourself short. But anyway, you are a part of the Service Nation Alliance, what is that done for you?

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**Chandler Pernell:** Oh man. Well, thank you, I appreciate that. So we joined Service Roundtable, probably, I don't know man, 2007 or eight.

**David Heimer:** That was a long time.

**Chandler Pernell:** Yeah, I had never even been to a trade show before in my life. My dad came back from Nashville or somewhere and he's like, there's this website. I don't even know if he'd ever even been on a website. And he said, there's this website I signed up for. If nobody knows the answer to a question, you can just put this question up there and people will answer it. I was like, that's great. We'd come up with a question, and I mean, he was getting so much value because he was really strong in the organization. Back in the eighties and nineties, North Carolina had a very strong association, he was president a couple of times. And I mean, he relied on his buddies in the contracting business.

And so, I think when Service Roundtable came around, he saw it as kind of the new generation networking. And wow, you know, here we are 15 to 20 years later and it certainly is because you can just pop questions up there and you get answers and you get answers from real people. I mean, you're getting answers from, gosh, man, you know, Larry Taylor, John LePlant, Chris Hunter. I mean like guys that really know the answer. And so, I joined Service Nation - I was talking to my wife about this because I wanted to make sure I got the timeline right. You all did a Success Day at Myrtle Beach.

**David Heimer:** Yep.

**Chandler Pernell:** I lived at Myrtle beach for a year and I love it. And it's only about

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three hours from here, so this was before I owned the company. So my dad got brain cancer in January of 2017. And we went to Success Day in March of 2017. And the only reason I went, Charlie Greer was there, right. He was one of the speakers. And Tyler {inaudible 13:13} out of Alabama was the contractor speaker. And I never met Tyler until then. And he started talking about; he was a family business and the generational issues. I was like, man, there's nothing else I can call this guy, you know. And Charlie - I really only signed up for one reason, David. Charlie is a salesman, and I really just wanted him to do the paper towel close on me. And I figured that was my only chance.

Here we are in Myrtle Beach, I'm sitting at the kitchen table with Charlie Greer and he's doing the paper towel close on me. It was a lot of money, so I talked to my wife and I was like, I want you to go back to the hotel room. And we talked and we said, you know what, let's do it. And I was a little worried about life because my uncle was retired, my dad was going through treatment and I needed accountability. That's all I needed. I need people that could look at me and say, no, that's stupid. Or why are you going to do that? And I needed challenging people. I didn't just need people that would say, yeah, that looks great or cheer me on. I needed the hard truth, because that's what my dad and uncle always gave me. They always gave me the hard truth and I had lost that.

And so, my first group was with Edger out of Pennsylvania. Edger Warner - and we still keep in touch. There were a few people in there from the south, so I kind of felt at home and it was amazing. You know, the dashboard especially, I think the dashboard really caught my attention because I had to go to my wife and let her know that I didn't have any money. We were \$300,000 in debt on the balance sheet with no assets to mirror it. You know what they call a balance sheet that doesn't balance?

**David Heimer:** No, problem.

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**Chandler Pernel:** It's just a sheet. So I had this sheet that I had no idea what it was telling me other than a big red negative. And there were two manufacturers that we owed \$50,000 each. And if my salesman sold a unit, you know, I'd call that vendor up and I'd say, Hey, I need a \$3,000 unit, if you can get it today, you know, I can pay you \$4,000 on Friday and they do it. And then my sales would say I sold another one; I say, what brand is this? And it was the other brand. I'm like, oh God, now I got to call them. And it's a nightmare, dude - being in debt. And I've since learned the difference when there's good debt and bad debt. But when you owe people money and you ain't got the money, that's bad debt.

**David Heimer:** Yes it is.

**Chandler Pernel:** And it is probably the worst point, a customer had ordered a unit, they'd given us a deposit and they changed their mind, and we offer a hundred percent satisfaction, guaranteed, no matter what. You want a refund, that's fine. We haven't even installed a unit yet, they wanted their money back. I didn't have the money. David, I'd already spent the money and they were older people, and it really made me feel like shit. That was the point where I said, I'm not going to go on like this. If I've got to lie to a man about his money simply because I don't have it, I need to get out of the game because I can't even play it. And my wife and I started having a cash flow report meeting twice a week. I didn't even know what a cash flow report was, but I had a copy and I knew four things. You got the money you start with, you got the money that's got to go out, you got the money that came in, then you got the difference. And so I began in cash flow reports, started at, okay, we got \$800 in the bank, what's our bills for this week, where our bills are 24,000. So, that became our sales goal. Okay, our sales goal for this week is 24,000.

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I didn't care about gross margin. I didn't care about profit. I cared about paying those bills. And we overcame \$300,000 in debt in less than three years. And we're debt-free now, I got an excellent credit score. I've got a hundred thousand dollars in credit with vendors. I've got bank credit. I got credit cards, money about to take me out and money is what takes you out, lest it's the law. So I started really deciding that I need to learn about money because we all depend on money, but they don't teach us much about it. And so, I just started learning about money. The cash flow report was the beginning of it. And I've printed out my dashboard and my ending cash has become my favorite column because it shows where I'm at. Not what we did today, not what we did last year - what have we done? Where are we at?

And I cut it out and I keep it beside my desk on the wall. I look at it every day because my dad is always me, you go broke when you're busy, not when you're slow. You know, when you're busy, you're spending all this money, you're not billing as fast. You're not worrying about the money end, and sure enough, June of 2019, we had \$7,500 in cash. And I printed out December 2020, we had over 300,000 in the bank with half of January's overhead already paid.

**David Heimer:** Yeah. Cash in the bank is one of those things that allows you to sleep well at night, isn't it?

**Chandler Pernel:** It really is. I mean, cash is not my goal, but cash, money, dollars is the symbol that helps reflect, am I reaching my goal, and that's what really brought me to this business. If somebody can hand me a check for \$8,000 with a smile and they're telling me, thank you, that's the kind of job I decided I wanted to have. And this job allows that. We're doing great things for people and they're paying us for it. I mean, it doesn't get any better than that.

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**David Heimer:** So you've talked about your wife and reports that you review with her. Is she in the business also?

**Chandler Pernell:** Yeah, she's the bookkeeper and the accountant. We've got software that invoices customers and our technicians collect the payment, but she does all the accounting in regards to paying the bills, entering payroll, cut and shakes, paying off credit cards, and she's doing it all from home.

**David Heimer:** What's coming up next for you? What are you looking forward to in the business? What's the next big thing for you?

**Chandler Pernell:** On the same theme as people. I'm blazing the trail to bring young people into this industry. I want people to be able to make a good living. And I've got friends that have got two or three college degrees and maybe they're waiting tables or they got a decent job, but not really what their degrees were going to give, and got to change the tagline. David, people say college isn't for everybody. That's not appealing, you know. That's like a hot girl walks by and I say, well, David, that girl is not for everybody. You know how you're going to take that. And so, I almost see it like, I'm thinking about signing my kids up for the trades. Well, you know what? Think about it real hard, because the trades is not for everybody. You know, we don't just want everybody that's decided they don't want to go to college. This is a hard job and you have to have dedication, you gotta have guts, you have to have a sense of humor more than anything, right? This business will shatter your spirit if you don't take it with a grain of salt sometimes.

The earlier podcasts I was listening to, I started out with Mitch Cropp because he was the first guy I ever heard speak at a trade show. And he said, love what you do. And

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there's four common themes I heard between everybody I listen to; love what you do, be the best at it, do the things other people won't do. And you kept hearing people, his people, his people. And so, I wouldn't even be able to do this podcast if it wasn't for my people. It's four o'clock and it's 40 degrees outside and we're busy. And so, if I didn't have bright people to answer the phones, get the parts, go on the service calls, make sure the trucks are running, pay the light bill, I wouldn't even be doing this interview or anything. You know, I wouldn't be able to do anything. But I do know that I want to bring an in-house training program inside my building. We've been clear and out about 4,000 square feet in the building here to dedicate to a training facility.

I've got four technicians, two of them are 49 years old and two of them are 39. So, you know, they're starting to think about how much longer they are going to be running service calls. And I don't want to just throw these guys out in the wash and make them go work for a billboard company or something. You know, I want a place for them. And so, I think where recruiting new people, comes into play and becomes attractive, is, what can I do with these guys that have got the skills and the ability and the experience to grow this next generation of people that I'm going to need? Because from what I see, we're going to need a whole lot of people, right?

**David Heimer:** Yep, if you're going to grow, you have to have the right people. Well, Chandler Pernell, this has been great. I really appreciate you spending this time with us. It's exciting to hear where you're going and the experiences you've had. And I think we've all got a good understanding of why it is you're going to be a wild success in the future. So, thanks for spending this time with us, I really appreciate it.

**Chandler Pernell:** Yes, sir. Well, thank you, David. I've enjoyed it, I appreciate it. Maybe this is just the beginning.

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**David Heimer:** Thanks a bunch. Bye-Bye.

**Outro:** We're always looking for good ideas and interviews for our podcasts. 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 had given us a great rating on iTunes. Thanks for your support. Hope to see you again soon. Bye.