

Episode 76 - Cardinal Plumbing, Heating & Air - Nikolai Matveev

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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: Hi, I'm David Heimer, welcome to Profiles In Prosperity. I have been looking forward to this interview. Nikolai Matveev is the owner of Cardinal Plumbing Heating and Air in Sterling, Virginia. Cardinal is a large, significant company characterized by strong year-over-year growth, good profitability, and an excellent reputation. And Nikolai is well-respected in our industry. He is a smart, successful guy. He's held in very high esteem by the other members of Service Nation and I think you're going to enjoy this interview a lot. So Nikolai Matveev, welcome to Profiles In Prosperity.

Nikolai Matveev: Hello David, thank you so much for having me over.

David Heimer: You were not born in the US. Tell us when and how did you get here?

Nikolai Matveev: Yeah, so I was born in the south USSR, so it's a little Republic called Kyrgyzstan. So yeah, I was born and raised out there and then I moved to France and that's where I'd find my wife and she's from the United States and later on, that's how I came here. Basically, I came here in 2005 and when I came here, I didn't speak any English, so I was communicating with my wife in French, and that was a stepping stone right there.

David Heimer: So 2005, you didn't speak any English. You moved to the US, how did you end up getting into our industry?

Nikolai Matveev: I knew a little bit about electric work, so I was thinking of becoming an electrician. So that was kind of like, you know, I was always a little technical savvy, so I thought that would be the route that I want to go. So we were visiting friends in Colorado

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Springs with my wife. Their outdoor faucet, a hose bib broke, so they're like, if you don't mind, can you help us out to maybe fix it? And basically, it took me like six hours or something to fix the faucet. But I was like, I think plumbing might be a good idea for me, you know, we can end up plumbing jobs, and that's how I came up with an idea to be a plumber.

David Heimer: Take us through more of it because you don't just go from helping somebody fix their hose bib, to owning a big, significant plumbing company. Tell me about the in-between steps a little bit. What did you do after deciding that plumbing would be a good opportunity?

Nikolai Matveev: Yeah, so after that I was starting to apply to companies where I can find a job and the first company hired me. They did a new construction in Boulder, Colorado, so it was custom homes. They did hydraulic heating systems, and like plumbing waste end water. And so, we did like rough ends for new houses, it's like a new construction. And so, it was a really small company, with three people, so it was a great opportunity to learn the trade. And I was so happy to work with my hands, learn the trade. It was a very low-paid job. I was working for \$10 an hour and I have two kids, so it was quite a challenging financial side. But I always have that long view where I was thinking if I can learn the trade, later on, I can make quite a bit more money.

I was working for that company for four years in Boulder. And in 2008, basically the new housing market went down and I did have to relocate to Northern Virginia, and I found a company out here that was specializing in plumbing, remodeling jobs. So, I was working for this company here. They were also a very small company, only three people, including me, and that's where I found my business partner. We were riding in a

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plumbing truck for four years together almost every day, all day long. And yeah, that's how later on we decided to just start the business and with that, we can create something good, not just for us, it will be something really good for the people who will work there and where we can benefit and where we can help each other out. And that's basically how we kind of start with that passion of something great, and what we can do and where we can provide that top-notch service, and basically, that's how it came about.

David Heimer: Did you start your own business in about 2012?

Nikolai Matveev: Yeah, we started seven years ago. It was the end of 2013.

David Heimer: Flash forward, so it's eight years later. Tell us about your company now.

Nikolai Matveev: So we knew how to do new construction and remodeling, so that's the way we started the company, to do new construction plumbing for commercial and residential clients. And we always have that point where we want to just transition to just sort of residential service or because of the cash flow and profit margins and all that stuff. But it's quite hard to start with just the residential because we didn't know much about how to run a business. It's kind of like one of those clichés where a lot of people start the business, they just know how to do the work and they just don't know anything about the business side and that was us. We were just working super hard making barely enough and trying to move forward and try to create some more service work where we can learn that side of the plumbing jobs, so that was our story in there.

And fast forward, it took us like probably four years where we transitioned a hundred percent from new construction and remodeling to just do service work. And the dots

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where we just kind of like, you know, tell all our sub-contractors and builders, we just tell them like, well, you know, we can't work together anymore. And it's always was like chasing money. It was such a hard way to make a living. I know a lot of companies out there who have their processes and all that stuff to actually be profitable and be quite successful, but that wasn't us. So, we did have quite a hard time actually making our ends meet with remodeling and new construction, because of the bills and all that stuff. So bill receivables, it was super high. And so, that was a really good stepping stone where we tell everybody, oh yeah, we can't work anymore, and you know, you guys better find somebody else. And from there on, we kind of start to dive in a hundred percent into the plumbing service.

David Heimer: I heard other people say that one of the best days of their business life was when they told the final builder that they were not going to be working with that builder anymore.

Nikolai Matveev: Yes, that was worthy of the party, yes. But yeah, we didn't party though.

David Heimer: You guys added heating and air conditioning at some point, right? Or were you guys doing heating and air conditioning from the very beginning?

Nikolai Matveev: No, we didn't. And that's where the heating and air conditioning idea came from actually, joining Service Alliance. And you know, when I went to a boot camp and it was quite a few people in there from HVAC companies and that's where I was thinking, I was like, well, you know, HVAC and plumbing seem to go hand to hand and later on at some point we're going to have to add that probably. So I was like, well, you know, we discussed it with my business partner and we felt like, you know, better

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sooner than later. And two years ago we had the HVAC side and the HVAC side we just like right away, a hundred percent residential, and it was just basically focused on our replacements and repairs.

David Heimer: And that's done really well for you guys, right?

Nikolai Matveev: Yeah, it's actually grown quite a bit. It's a little bit different business strategy the way the HVAC industry works because it's really seasonal work and it's how different departments and the way it's flowing, but it's actually a really good addition. We're really happy with it, and we couldn't make anything happen without having great and knowledgeable people and a knowledgeable team who want to succeed and who want to make it better and all that stuff. Because me and my business partner, we don't know anything about the HVAC side and that's where it was super hard to even kind of learn the technical and then the business side of it, but it is a well rewarding thing to do.

David Heimer: How big is your company now? How many employees do you have?

Nikolai Matveev: The total of the company is just over 30 people. And yeah, it's basically right now, it's almost 60% HVAC and 40% plumbing.

David Heimer: Wow, so the HVAC side overtook the plumbing.

Nikolai Matveev: Yeah, we just dove down into HVAC and we're just so committed and kind of like to make it work. And it was really hard in the beginning, but then we figured out how to separate the sales and the service. And that was pretty hard, you know, with how sales tax in the beginning; the average tickets were quite low and didn't hold as much sales knowledge. And when we separate the sales and just the service side of it,

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it was super good. And we were blessed to have a really good sales manager. He definitely has a lot of knowledge, and so he kind of guided and hold this thing and helped us out and definitely we couldn't have done it with him.

David Heimer: So you must have made some good hires on the HVAC side when you decided to start HVAC. Did you hire a service manager right away or did you hire techs? What was the first hire you made on the heating and air conditioning side?

Nikolai Matveev: Yes, we did hire a person who can do both, he was very knowledgeable in HVAC, so he was very knowledgeable with the installs and with the service work. He used to have his own business so he knew all those aspects. He was basically running the whole thing. So he was out there on the field 90% of the time. And later on, he became our service manager where he was just managing the people. But in the beginning, that was like a whole kind of thing where he kind of helped us out to start from the ground.

David Heimer: Yeah, sounds like a really good hire. That makes a lot of sense. I mean, that's fantastic growth. You guys launched at the end of 2013, so we're looking at a little over seven years later, 30 people in the company, got HVAC up and running as well as plumbing, you transitioned from new construction to residential. I mean, wow, what a ride. That's fantastic. What are some of the things that you have done to help grow the company to make it work so well?

Nikolai Matveev: Yeah, basically I heard a lot. It's about everybody talking about processes and communication and procedures. But the processes, you know, we didn't know exactly what should be and how it should work much better. So, the bigger we grew, that's where we started to realize, where it's like, the process should be much

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better for communication in the office between people and how to have the standards of the company, how do we communicate, how do we install something, how do we go to a service call from A to Z, and that's where it just come in all together. Whereas the better processes you have, you can serve the client and make sure everything goes from A to Z, and then you can have a really satisfied customer willing to go online and share really good stuff about your company. It's kind of like that stuff never stops or we start to get obsessed right now about the processes. So the better our processes are, the easier it is to run the company.

It is a lot of work to create the processes, implement the processes, hold people accountable to the processes, but it's basically what is really necessary to actually, you know, how like a company, whether you can grow without having too much headache. And that's where the processes are so much helpful to even read a book like E-Myth or HVAC with Ken Goodrich. So, the books are like, you know, that's the key actually to gain the knowledge, right? So the books and definitely to have mentors where like, you know, we were blessed to call a mentor like Chris Hunter and Joe Cunningham came into our shop, that was just great.

David Heimer: Yeah, those guys were both terrific. Terrific stuff and you're a member of the Service Nation Alliance. How has that helped you out?

Nikolai Matveev: So when I came to a boot camp, that kind of opened my eyes to even understand the profit margins and how it should be and what the profit margins for the industry averages and all that stuff. So, we were kind of very secluded before, we didn't know any of that, what it should be and how it should work. Yeah, so that stuff really helped us out to at least price ourselves right and to kind of go towards the right

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direction. And people are just very open to share their knowledge, and so those AB calls, it definitely was really, really helpful.

David Heimer: Yeah, there's something about working in a community of like-minded people who are working on the same things you are, willing to help you, ask each other for advice; it just makes it all go so much easier. What a journey? I mean, I'm thinking 2005, you're working for \$10 an hour, 2021, you're owning this large, significant multi-trade company. What an incredible journey you've had. That's amazing.

Nikolai Matveev: I mean, nothing could have happened without this great country, that's the first, you know, that we have those - what do you put your money into, you can achieve in here; that definitely is the first thing. The second is what great people and, you know we have those people that are in here and where we can help each other out and where we can build each other. The better leaders we are, the better the company becomes. But the first thing first is definitely the country; with the business-friendly laws, it's much easier to do something.

David Heimer: Yeah, I mean, you spent some time in France, which is a relatively difficult place to do business, lots of laws and lots of bureaucracy. So, you mentioned you have two kids. Is there any possibility of them getting into this industry also?

Nikolai Matveev: I don't really think so. I have two daughters and yeah, I don't know. I think when I used to work long hours and all that stuff, they're not super excited about it.

David Heimer: You never know. I can't tell you how many times I've talked to somebody that's in the business, second generation. And they say, yeah, when I grew up, I was not interested in the business at all, but then I went to school or I started

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working, and you know, I started thinking, that business looks pretty good, you know, and ended up getting interested in joining the business and it's a really good thing. So, don't rule it out, they may come around at some point in time.

Nikolai Matveev: I hope so.

David Heimer: Well, Nikolai Matveev, this has been fantastic. I really appreciate you taking the time to talk with me. You've got such a great story and I think it's inspiring. I mean, the difficulty of coming to a new country, a place where you don't even speak the language and then building this fantastic business, I just think it speaks so well for you. And I think it's an inspiring story, so thank you so very much for sharing that with us.

Nikolai Matveev: Thank you so much, David, for having me over. And I hope that listeners got a couple of nuggets where it will help them out on their journey, you know, that we wouldn't be here without the Service Nation Alliance and a great organization like you guys.

David Heimer: Oh, well, thank you so very much.

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