

Transcript

Krystal Hobbs 0:04

Welcome to Beyond the Tools, the podcast that helps contractors attract more leads, grow their business, and finally get off the tools. In each episode, you'll discover marketing tactics that work. You'll get actionable insights from other successful contractors, and connect with experts to help you grow. I'm your host Krystal Hobbs, owner of a social media agency that helps contractors attract and convert more leads. Get ready to take your business to the next level so you can finally enjoy the fruits of your hard labor. Ready, let's go!

Welcome back to Beyond the Tools, the podcast committed to helping contractors acquire more leads, convert more sales, and get off the tools faster. I had the pleasure of speaking with Greg Hussey, President of Karwood, today. Greg started his own contracting company in 1999 after branching off from his family's business. He now runs the well-known construction and development company Karwood, which has just expanded into a second market. So that's what this interview is all about. And Greg tells us about the difficulty of growing into a new market, the decision-making that went into it, the hurdles, the lessons learned, and, ultimately, the enormous success that Karwood has had in doing so. If you've ever considered moving or growing your business into a completely new market, you'll want to listen to this episode because it's incredible to see how Karwood was able to achieve it, how Greg and his team approached the choice, and all that resulted. They now have 45 employees and are continuing to expand on a regular basis. They're also functioning in both a cool and a hot market, which has provided them with a variety of great benefits. Alright, let's get over to Greg.

Greg, the president of Karwood, is our guest today on the show. Greg, welcome to the show.

Greg Hussey 2:40

Very glad to be here.

Krystal Hobbs 2:42

So, Greg, I know you've had some pretty impressive progress in the last few years. And then we'll talk about how you expanded. But why don't you tell us about Karwood, what you guys do, and where you are now?

Greg Hussey 2:59

We're a design-builder company that began in the 1990s in Newfoundland. And I had this insane idea a few years back that we should go somewhere else. And we widened our search to include a variety of locations, but we ultimately settled on Southwestern Ontario, specifically the London area. As a result, we now have offices in Dorchester and St. John's.

Krystal Hobbs 3:18

Wow, this is incredible. As well as for you guys. What does your business look like from a holistic standpoint, as you conduct both residential and commercial work?

Greg Hussey 3:29

We have a little bit of everything. On the residential side, we create single-family homes, townhomes, back towns, and mid-rise structures. We also perform some commercial work on the side. So there's a bit of a mix of tenant arrangements, office buildings, and those kinds of things.

Krystal Hobbs 3:45

Okay, that's great. So I'm familiar with you guys; you started in 1999 and have obviously established a pretty successful company in that time. What was going on in the business at the time that you decided it was time to venture into a new geographic market?

Greg Hussey 4:09

Some people simply think I'm insane. However, most businesses just perform one or two things. They either expand or contract. And we're approaching a period in Newfoundland's history when the economy is expected to contract significantly. As a result, we needed to find a new market in order to avoid shrinking. So we determined that we didn't need to stay within our borders after all. It is a massive country. It's actually a massive strategy because when we were trying to expand, we actually did look at some areas in the states to when we were looking to expand.

Krystal Hobbs 4:36

So, what was it that drew you to Ontario in particular?

Greg Hussey 4:40

I actually began the process with CMHC in Chris's office. I sat down and said, "Show me this great gateway you have here that explains how all of this data works for Canada." And what areas are good wires and what areas are bad wires, and how you read and interpret it, and that type of three- to the four-year process of looking at

different markets. If they are near an airport, where do they come from? What is the distance in time zones? What's the state of the market? St. John's is a relatively tiny city, but truly a small town, because we want to identify locations that have our growth condition. So we wanted regions that weren't Toronto, Montreal, or Vancouver, which are all really large cities with areas that work similarly to what we're used to. Then we'll limit it down to a few options. And a builder from St. Thomas who I've known for years has a volunteer group heading to Puerto Rico to put together some houses. And that's after a week of 40-degree temperatures and restoring some hurricane-damaged homes. He had a chance for another builder to come into one of these subdivisions, and he needed some assistance, so here we are.

Krystal Hobbs 5:48

Awesome. So, when did you guys first start doing things in Ontario?

Greg Hussey 5:56

We arrived here three to four years ago and spent the first year searching out regions, attempting to build our supply networks, land supply, and other things. So, around two and a half years ago, we started building.

Krystal Hobbs 6:10

Excellent. Okay. And I suppose that having some boots on the ground in the form of this other person you knew in the area made the transition a lot easier in some ways.

Greg Hussey 6:25

None of this would have happened if I hadn't volunteered for CHPA for thousands of hours over the years. So we started in 1995, while I was still working at my father's company, as a member of the National Association, and met individuals all throughout the country. So when I first started looking for places, I had a lot of friends and a lot of places to show me around. The assistance was really generous. Everybody was eager to show us around the neighborhood and show us what was available. And the majority of those people had visited Newfoundland for various conferences and other events to observe what we were up to. As a result, this would never have happened if it hadn't been for that.

Krystal Hobbs 7:05

Crazy. So you pick Ontario and say, "This is the location for us." What was it like to really establish a presence in that market?

Greg Hussey 7:17

I'm an engineer so one of the things you do is attempt to plan for every possible

situation. A global pandemic was the one I missed. That wasn't on my list.

Krystal Hobbs 7:28

No shocking.

Greg Hussey 7:30

Basically, the day the lockdown began was when we opened our second subdivision for sales. So we were just about to hit some major volume here, and we couldn't travel anymore. So we're bringing folks back and forth from Newfoundland our senior team and other things, and then it all comes to an end. But the second problem is that you aren't aware of how many things you do in your thoughts. And you already know what the inspectors are searching for or what the local governments require. Alternatively, if this occurs, this is who you call. When you relocate to a new area, none of this is true. And then you hire an entirely new team in your current area and you add new folks to your existing supplemental. When you go to a new area, everybody is new. So we were already highly process-oriented. And while we thought we had everything adequately documented, we didn't have anything properly documented. So there was one of the crucial lessons learned: you really do need to document your day, from the time you tie up your work boots in the morning to the final piece of paperwork that goes out. Here are your policies and processes, as well as what you do. So when new people come in, you can stand out in front and say, "This is how we do it." This is even more difficult in the middle of a pandemic.

Krystal Hobbs 8:52

So, what's an example of anything you've noticed, "Oh, we don't have a decent process or procedure for this," for example?

Greg Hussey 9:00

Even for things we did have a good protocol for, such as our QA process, which has always been incredibly strong and documented. So we have a list of everything we check, which was originally based on a spreadsheet, and it's all written on tick off what it is and how you tell people. So it appears to be unbreakable. Except in a different language, it doesn't actually express what all those lines signify. It could even be a completely different language. One of the things about Newfoundland is that everyone speaks English, whereas, in Ontario, half of our trades struggle with the language. So, how can we document how a quality control procedure is carried out? So they're no longer on the list, they ticked everything off, but are they making the same assumptions that you do in your home market? So, even though we thought we had documented the

level of data needed, the level of detail we need is substantially different than we anticipated.

Krystal Hobbs 10:01

So, how does your team go about carrying out your processes and procedures? Is this a paper checklist we're talking about? Have you utilized any software?

Greg Hussey 10:15

We don't use any paper; instead, we rely on technology. And, fortunately, we had it for almost a decade. So the fact that we didn't utilize paper was one of the factors that allowed us to work remotely. When COVID came in, everyone went to a virtual environment. We actually called everyone together in our St. John's office. It was an afternoon, and I said we should really close our office down here and see what happens. We were completely operating before the lockdown began at 9:00 a.m. the following morning. As a result, it had no impact on us. So we've been able to use an online project management application for a long time. All of our selections are there, as are our drawings and QA procedures. So everything is done online, even the instructions we offer to our employees. That's all on our web system's to-do list. As a result, everything is recorded and documented.

Krystal Hobbs 11:11

Cool. So it sounds like you went into the new market like a well-oiled machine. And then you realize there's a bit of a learning curve in terms of missing elements; were there any other key lessons or anything that you hadn't anticipated?

Greg Hussey 11:32

Things we always knew were essential, but we now realized how vital they were, and people are a large part of that. So, one of the difficulties with builders is that we prefer to recruit rapidly; therefore, you must take your time and ensure that you have the correct hiring. That is extremely crucial. You have fewer touchpoints, whatever when you employ, as the company grows larger, so you really need to make sure that not only are you getting people with the talents but that they also buy into your philosophy, whatever that is. And if they don't, it's not going to work for you, no matter how good they are.

Krystal Hobbs 12:05

So, how can you know whether that's the case? How can you ensure that they all share the same philosophy?

Greg Hussey 12:11

Well, it's a lot more rigorous than anything we've ever done. We updated some of the

questions we asked in our interview processes; it used to be that you did one interview and hired them; now, we typically do four or five interviews before hiring someone. We conduct background investigations, detailed reference checks, and any other type of online presence assessment. We look for folks who haven't placed their references on it, and we go back through their employment history to find holes and figure out who's in the hole and why they left places. We also have a personality test that everyone takes, but it's essentially a test to determine where you belong in a variety of various categories and how you relate with others. We have a variety, but all you have to do is figure out what they're all about. And some of our interview questions in an attempt to learn more about your overall procedure. One of the questions I asked any of our site coordinators was if you glanced at a house the day before closing and discovered a wall that wasn't level, but he didn't.

Krystal Hobbs 13:21

What's the right answer?

Greg Hussey 13:22

That is a test that the majority of people fail. I suppose there isn't a correct solution. That is handled differently by everyone. But, from our standpoint, you break everything apart and put it back together with the way it should be, no matter how long it takes, because something will always come back to bite you if you don't, most people, we've got all kinds of answers. So, if it's not very obvious, we'll leave it alone, or if the consumer is fine with it, we'll leave it alone. And so, as we've hired a few people along the way who didn't get that answer quite a long line of our philosophy, they didn't last very long. It was always a source of friction. As if you'll spend more time thinking about how not to solve it when all I'm thinking about is correcting it.

Krystal Hobbs 14:08

That is wonderful. So, did you employ a completely new crew when it came to hiring? Or do you have some individuals in your St. John's headquarters who work with Ontario?

Greg Hussey 14:25

Because Newfoundland is still going through some tough times, I'm still attempting to hire as many Newfoundlanders as possible. Until recently, all of our design offices in Newfoundland were located there; currently, it's roughly half and half. Our entire accounting team is located in Newfoundland. Our senior team is made up entirely of Newfoundlanders. There are a few who travel back and forth. We have a fantastic crew

that visits us on a regular basis. They can accomplish anything and are a very youthful crew with the maturity of individuals twice their age, which is fantastic. We have a design center coordinator that visits us on a regular basis. On our business side, some of our technical guys come here to do inspections. Our senior team is also bouncing back and forth. That is something we have. Apart from the fact that the Ontario hires are from Ontario, we would have probably had a bit more back and forth until recently if it hadn't been for the travel limitations. And that's not going to work. That's not going to work for what we're attempting to accomplish.

Krystal Hobbs 15:30

Yes, that makes sense. Was there any reluctance among your team to enter a new market? Or was it, how did you go about making that change?

Greg Hussey 15:42

I'd say the majority of people thought I was insane. It's turned out to be a positive experience. The majority of people see this as a fantastic opportunity. And the goal isn't to be spatially located someplace in particular. One thing I've learned in my years working for a homeowner's association is that no matter how awful the economy is, somebody is doing okay, so we want to be mobile enough to travel there, wherever that is. To gain some significant lessons from this move that can be used in other situations.

Krystal Hobbs 16:15

That's fantastic. Congrats.

Greg Hussey 16:19

It appears to be a rare occurrence. When I first informed people that we were moving to a new place and that we deal with a lot of banks, they all said that builders don't do that. That isn't a good plan. That isn't particularly helpful. They're starting to see it from a different perspective now. Builders might be able to help with it. It's not such a bad concept after all.

Krystal Hobbs 16:39

Have any builders approached you and said, "Hey, I'm thinking about creating something similar," for example?

Greg Hussey 16:46

They're not planning anything similar, but they're interested in seeing how it goes. Don't try it if your entire company is made up of you, everything is in your mind, and you're not a procedure follower. It's not actually that tough if you're extremely procedure-driven, and you should build a depth in your team so that we have more than just you to rely on

and you're really, really secure in the individuals you have. If you put your mind to it, you can achieve everything you set your mind to.

Krystal Hobbs 17:12

Yeah. So, what were the outcomes of the Ontario expansion?

Greg Hussey 17:19

We have a lot more people on our payroll today than we did before we started this, and we're growing every day; in Ontario, we're probably three to four times the size we are in Newfoundland right now. By the end of next year, we'll have grown by a factor of ten. That isn't to say that we are attempting to migrate out of Newfoundland; the market is vastly different. We went from having the coolest market in the country to having the hottest market. I'm not sure if it was true skill or pure luck that I found the proper position, but I'll take it either way.

Krystal Hobbs 17:48

So, what do you think you learned from your time in Newfoundland that helped you succeed in Ontario?

Greg Hussey 18:00

Being able to sell in two markets is truly a significant benefit. Surprisingly, being in both a hot and cold market has a number of advantages, including the ability to take lessons from either and apply them to the other, as well as the ability to draw resources from our cold market. We have a consulting engineering firm, as well as our own internal engineering firm, to help us get someplace. However, we also provide external engineering services. So we recently had a Newfoundland engineering firm basically follow us to Ontario. So they showed up, and now they're going to start working out here. Local engineers are exceedingly busy; we can't get anywhere and everything takes an eternity. However, the team in Newfoundland had a lot of spare capacity and scalar. Everything is actually someone from my engineering class who recently came upon a visit here, and we already have the first project signed up with them and a couple more set to go. We're able to access resources that no one in our part of Ontario would consider going all the way to Newfoundland to find. Our trusted Ontario manufacturer changed from a four-week delivery time to an overnight delivery time of 18 weeks. As a result, we began with a 50-kilometer radius. We ended up discovering a reliable supplier just outside of Claremont, from whom we purchase trusses in Ontario, ship cabinets, and have some brick closet organizer systems on the way to Newfoundland. As a result, we're able to locate certain regions of the country. So now

we're looking at other parts of the country that aren't doing so well for supplies and resources. So no one else is considering that person who works in two marketplaces, one awful and one good. Why don't you give it a shot?

Krystal Hobbs 19:38

That's incredible.

Greg Hussey 19:41

It's been a wild journey.

Krystal Hobbs 19:43

I'm sure it is. Is there anything you would do differently if you were to enter a new market tomorrow than you did when you expanded to Ontario?

Greg Hussey 19:57

We would actually employ a senior team manager before we went into the market and make sure they were versed in what Karwood was all about because it was a little tough here having that much work left to me. And when you're expanding, you don't want your operational personnel to be you. So we're already thinking about where we'll go next and how we'll do it.

Krystal Hobbs 20:22

Fantastic. So, how does it feel to be the CEO of a firm that operates in two markets?

Greg Hussey 20:29

These days, you really need to be able to put a distinct hand on both markets when you're looking at them because they run so differently. And you have to put your faith in the individuals you have. You should also be able to delegate. With 40 to 50 people working in two distinct regions, it's impossible to be hands-on. We're dealing with three distinct municipalities and four other municipalities in Ontario, all of which are an hour apart. So you can't just go outside and look at the house and those difficult moments. It wouldn't have been as horrible if the COVID travel restriction hadn't been in place; I was traveling more than everyone else. Because I didn't want to be held liable for forcing someone to fly during COVID when they didn't have to. I don't mind; I have to leave. That's one aspect. But I'd have to thread the needle because I was booking plane tickets hours before a flight based on what the cases were in Ontario and Newfoundland, what the guidelines were, and what the testing would be like, those treading needles all the time. I was on a jet path flow traveling to Newfoundland with a lot of construction workers who were able to get off the plane and go straight to their job site and work a couple of times when I couldn't go home. But because I was from

Newfoundland, and because of the rules, I was going to work on a job site in Newfoundland. Everyone else on the plane with me, on the other hand, got right to work. Those are some odd rules we're dealing with, and they've presented some difficulties.

Krystal Hobbs 22:03

Yeah, I bet sounds stressful.

Greg Hussey 22:06

Yes, stress has taken on new meanings in recent times. I always try to see the bright side of things; every obstacle is an opportunity. So all you have to do now is look for an opportunity to challenge yourself.

Krystal Hobbs 22:21

That's fantastic. So, Greg, I know you've always been really forward-thinking, and I know you do a lot of new stuff at Karwood. What is it about Karwood and the industry as a whole that you are most enthused about right now?

Greg Hussey 22:38

There are so many things we're looking at right now that it's difficult to choose one, such as the mid-rise structures we're working on. We're one of six construction companies in the country. This is a pilot project for energy-efficient mid-rise buildings to test out alternative technologies and see how the new codes for each structure will be written. We're attempting to construct zero-carbon houses and apartment buildings, and by zero-carbon building, we mean zero-carbon construction and zero-carbon operation. We're looking at a variety of construction technologies. So consider some AI in the construction industry. So how do we get machine learning to perform even on-site activities when there's a labor shortage in the country? We won't have the people who need to actually fill the houses and take everyone's 20 minutes from where I'm sitting. Now that a new Amazon warehouse is under construction, the vacancy rate in this area is less than 1%. For the past two years, all of the new residences have been sold out. And if you try to buy an existing property and there are 30 to 40 people bidding, they'll have to hire employees to work in this place. They've got to get out of here. So we'll have to figure out how to build far faster and with far fewer resources than we are currently. As a result, we had to do things differently. We're going to be in a lot of trouble if we don't start now.

Krystal Hobbs 23:56

That makes sense. So, that's extremely thrilling. I know you guys are constantly up to

something. It appears to be far faster than the industry, in my opinion. So I'm looking forward to seeing how that goes for you

Greg Hussey 24:12

Yes, exciting times.

Krystal Hobbs 24:16

Awesome. So, Greg, any final thoughts or words of advice for other contracting firms considering extending their business into a new geographic market?

Greg Hussey 24:33

Do your research and be methodical in your approach. If you don't have those two characteristics, expanding your business will be difficult.

Krystal Hobbs 24:43

Why is it recommended?

Greg Hussey 24:47

Especially with the pandemic.

Krystal Hobbs 24:49

Try to avoid them. Maybe wait a little while longer.

Greg Hussey 24:55

Hopefully, we'll be out of this one soon.

Krystal Hobbs 24:58

Absolutely. Well, Greg, I believe this has been excellent and quite beneficial to anyone who is listening. I'm sure our listeners will be interested in learning more about you. So, where can they find Greg Hussey and learn more about Karwood?

Greg Hussey 25:16

The best locations can be found on our website, karwood.com. One of the things you and I have previously collaborated on is about to be upgraded, but it is still the best way to contact us. If you're looking for information, you can send an email to info@karwood.com.

Krystal Hobbs 25:32

Okay, excellent. Thanks so much for being on the show.

Greg Hussey 25:36

We're continuously on the lookout for talented individuals. So, if you're one of them, send in your resume.

Krystal Hobbs 25:40

Without a doubt. Awesome. Thank you so much, Greg; it's great to have you on the show.

Greg Hussey 25:48

I'm glad to be here.

Krystal Hobbs 25:54

Thank you so much for listening to this episode of Beyond the Tools. If you liked what you heard, please subscribe, rate, and review wherever you get your podcast. I'd love it if you could also share this episode with a fellow contractor who is ready to get off the tools and grow their business. And if you want more leads, sign up for our email list at reflectivemarketing.com where we share weekly marketing insights that you can't get anywhere else. I'm Krystal Hobbs and I hope you'll join me on the next episode of Beyond the Tools. See you next time.