

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!

Okay, it's time for another Beyond the Tools episode. James Piccione of Lincoln Mechanical Corporation joins us today on the show. It's based in New Jersey, and the company was founded in June 2020, right in the middle of the outbreak. Whether you're new to the industry or have been in operation for a long, there's a lot to learn from this HVAC company and its tremendous growth over the last year and a half. Jim gives us a true behind-the-scenes look at how they've evolved, the problems they've faced, and what they're looking forward to in the future. This is a fantastic conversation. So let's get started. James Piccione joins us today on the show. Hello and welcome to the show.

Jim Piccione 1:52

Morning Krystal, how are you?

Krystal Hobbs 1:53

I'm good. It's great to have you here.

Jim Piccione 1:56

Thank you for having me.

Krystal Hobbs 1:57

So, Jim, I remember when we first met a year ago, and you were just starting a business in the midst of the epidemic, and you've made some fantastic success in the previous year. So I'd like to talk with you about it a little bit because I think our audience would gain a lot from your experience over the previous year.

Jim Piccione 2:22

Thank you. Sure.

Krystal Hobbs 2:24

All right. So, I know you didn't start out in the field; you're more of a sales and marketing man with a technical background; how did you get into the HVAC industry?

Jim Piccione 2:37

I was looking into several businesses to see if I could break away from technology and establish my own. And I was looking into franchises, and I was just running some ideas through my current partner in the HVAC business because he's also a personal friend. He finally remarked to me, "Well, why don't we start an HVAC business?" after I threw a number of my ideas at him. He had an opportunity to invest in one, but it fell through at the last minute. As a result, he had conducted significant industry research. He is a former CFO of a \$500 million corporation with a CPA background. And he merely mentioned that this field has a lot of potentials. "Wow," I said. "Let's do it," I said. And his reaction was, "Well, we just have to find somebody in the age back business, and we can start." It just so happened that I had a friend who did my HVAC work at my house at the time, with whom I later became friends with. So I went out to him to check up on him and see what he was up to. And he was enthralled by the concept, and the company started in his garage.

Krystal Hobbs 3:46

That's fantastic. So, you've got marketing and sales experience, your friend is the CFO, and you've got a guy in the field. So, what's next?

Jim Piccione 4:02

The second step is to find people, which is extremely difficult in this industry and remains a significant challenge. Then there's the matter of getting the name out there. As a result, there was a lot of networking. Trying to discover the perfect marketing, promotion, and fine-tuning our offers and the number that was the sweet spot for actually winning deals or being in the game to win deals. And then we just started pushing forward. For our business, we used Home Advisor to get installs. And while Home Advisor was profitable, it was extremely costly, requiring a significant amount of time spent tracking down leads, and it simply wasn't a viable business model. That is, however, how we began and progressed.

Krystal Hobbs 4:49

And, beginning a business in the midst of a pandemic, I suppose. How did that throw your plans in a loop?

Jim Piccione 5:01

I started businesses years ago but have never been in the HVAC business. So, when I

first started working in the business sector in the late 1990s, my first manager told me, "There's no better time to study a business than when it's at its worst because it can only go up," because we were in the midst of a crisis. So I figured that with the pandemic, businesses shutting down, and having to walk into people's homes, the industry couldn't get any worse. I was convinced that the HVAC industry was not growing in the midst of a pandemic. As a result, I assumed that the company was at a standstill and that there could only be upward growth. So I took everything I had learned 20 years ago and said, "I believe there is no better moment to start a business than now because we're at the bottom."

Krystal Hobbs 5:56

That point of view is fantastic. So, as you guys develop, you're using Home Advisor, at least, to begin with, to get your brand out there. How did you get to the point where you could devote your complete attention to the company?

Jim Piccione 6:18

So, in June, we began our business and started obtaining our first jobs. We got a van and a truck at the end of July, and we had a few little contracts and installs. Then, because this industry is typically slow in September and October, we were particularly slow. So November rolled along, and things started to pick up a little bit. When December rolled around, the phone seemed to be ringing nonstop for service calls. We have a lot of work planned up for the end of December and the beginning of January. And I ended up working for Lincoln Mechanical from five o'clock in the morning until eight or nine o'clock in the morning, then returning to my regular job. And things had gotten so hectic that now was the perfect time to take the leap.

Krystal Hobbs 7:03

That's awesome. And as you've grown over the last year or so, what would you say have been some of the most difficult challenges you've faced?

Jim Piccione 7:17

The biggest challenge in the beginning, I'd think, was finding a decent quality customer; there are a lot of them out there. However, acquiring a customer who wasn't on the bottom was the first major challenge to overcome, followed by aligning our pricing with that of our competitors. We weren't the lowest, but we were also the highest, which required some fine-tuning. But the largest problem, and it still is now, is a lack of labor. There is just a severe lack of manpower in this industry. There is just a severe lack of labor in this industry. And there is no resource, method, or procedure in place to find

manpower; some of them can be found on Indeed and other recruiting sites. However, due to the gap between supply and demand, most of these future employees never make it to the job boards, because their next job is usually found through word of mouth, and someone is usually recruiting from within their current firm. So it's still difficult to find new creative methods to get people, you know, entice them to come over with 401(k) plans, profit-sharing, signing bonuses, offering finder's fees if someone can find me, someone who wants to come work, and just trying to get really creative in finding people.

Krystal Hobbs 8:35

What has worked best to attract people in that process?

Jim Piccione 8:42

I haven't yet discovered the magic bullet. But I check Indeed's boards three times a day: first thing in the morning, around lunchtime, and late at night. When the person with experience that you're looking for publishes a job on a job board, I've found that you only have a few hours to contact them before they're gone. So that was one strategy. I've been doing a lot of word-of-mouth outreach to inform individuals that we're seeking someone. And, by the way, there's a reward if you can locate someone for me.

Krystal Hobbs 9:15

That's pretty compelling.

Jim Piccione 9:17

It's a daily grind. I'm sure that once I figure it out, I'll be able to start another business, finding individuals to work for you.

Krystal Hobbs 9:27

That'll be our second podcast interview. Awesome. So, as someone who hasn't worked in the HVAC industry before, what do you think was the most surprising thing you discovered about it?

Jim Piccione 9:46

I'm going to reiterate my efforts to find folks to work for you. Even if you are the highest-paid employee per hour, they will not come. The other type of support is all of the moving elements that take place to get to complete an installation. And it took me a long time to not only learn the terminology and lingo but also to orchestrate and organize all of those moving parts so that when the guys arrive at a job, they have everything they need and aren't wasting time running out to the supply house and returning for items

that should have been there all along. There are probably more surprises, but those two seem to stand out the most.

Krystal Hobbs 10:28

Yeah. And how do you think your background, specifically your 25 years of marketing and sales experience, prepared you for this? Are there any lessons you've learned from that world and the previous work experience that you can use for this business?

Jim Piccione 10:44

So I believe our business is incredibly into, and like any other industry, we have major competitors, medium competitors, and little competitors. When you have an owner that is working in the field and operating his entire business, you don't have time to perform the estimates, do the callbacks, and get the proposals out on time. And one of the things I've heard from customers is that they can contact me, get a call back from me, and have everything completed in a timely manner. I believe as a small business we've raised our professional standards above those of our competitors. And, we're dealing with a lot of professionals, homeowners who are professionals in sales who are used to getting follow-up and callbacks, and they're used to not getting it in the Trades industry, and I've been able to deliver the follow-up, answering the phone, calling people back, in a timely manner, responding to emails, proposals, and if there is a callback, getting there as soon as possible, making it a priority, and being able to fully explain what the job and what the end result is going to be. And it shows in our reviews; many of them state that everything was thoroughly explained and that the communication was superb. We simply treat our customers the way we would like to be treated. And we don't treat them like a number that has helped us go over the first level and initial wave of business as we strive to become a midsize company.

Krystal Hobbs 12:29

Without a doubt. So you're quick to respond, and what does that look like? Specifically? For example, how soon do you respond to someone?

Jim Piccione 12:41

I'll get back to him as soon as possible, usually within two to three hours. I rarely allow a day to go by without responding to someone.

Krystal Hobbs 12:49

Is that how a regular day for you looks like in terms of customer service?

Jim Piccione 12:57

Right now, a typical day for me is to get up, start my proposals, finish them, send them

out, double-check schedules, and then take the rest as it comes. It could be me out in the field or just behind the desk; being behind the desk is incredibly productive since I can concentrate solely on the business. There's also the fact that I'm quite up to date on everything, so there's nothing I need to get to that I keep forgetting about or that has been lingering for three or four weeks; everything is pretty much done when it should be done. Permits are shipped out, equipment permits are paid for, and our customers' warranties are registered. So we've registered everything and completed the training we need to keep our status with our various distributors. Then there's the list that goes on and on.

Krystal Hobbs 14:21

Do you utilize any tools to stay organized or plan out your schedules? How are you guys coping with everything?

Jim Piccione 14:33

So, when we first began the company, one of the first things we did was lay the groundwork for software. We looked at a few options before settling on Service Titan. Service Titan is affordable. It has a lot of strength. It has a user-friendly interface. There are a few quirks that could make it more user-friendly, but for the most part, it does what you need it to do and gets the job done. Then there's the possibility that we'll require a more robust platform in the future. The parent firm that owns Service Titan, I believe, also owns the more robust software.

Krystal Hobbs 15:07

Right? So it can grow with you.

Jim Piccione 15:10

The ability to transition our data to the next platform should be intuitive, but I believe Service Titan will be able to get us to at least \$10 million. And I believe it will take us a few years to get there.

Krystal Hobbs 15:20

It's fantastic. So, we're talking about how you put your team together. How about we have a look at your growth objectives over the next year or so?

Jim Piccione 15:38

In 2022, I'd aim to get 3 million. I believe it is feasible and realistic; the only thing holding us back is manpower; I'm in the process of closing another, and I'm being onboarded to another management company that manages 90 homes within our geographical area; so it's just math; nine phones equals ten replacements per year, and probably 30

service calls per year; I have another management company, and I'm going to get a certain amount of replacements and service calls from them; I have another management company I'm going to get. So you take that and multiply it by all of the business you did through referrals last year. Then there are the major commercial offers that I have out there; three million is a realistic objective, and five million would be a stretch goal.

Krystal Hobbs 16:26

Amazing. And how do you guys divide your time today between residential and commercial, or are you just getting started with commercial?

Jim Piccione 16:37

We're about 80/20 right now. We've been doing something akin to a commercial, nothing too outlandish. However, we've kept bringing up this suggestion for some large equipment, from 50-ton rooftop units to ten-seven-and-a-half-ton rooftop units. And the proposal's first wave would consist of a single structure with 13 pieces of equipment. So we're going to do all these rooftops, all the planning that goes into it, and you have to orchestrate cranes to take the equipment off the roof, you have to factor in bad weather that will slow down the job, supply chain delays, and getting equipment in and the time it takes to order the equipment and have it delivered. So you can get down to work. And what do I do with 13 pieces of equipment? Nobody can store this for you. So you'll have to figure out where you'll put it and make sure it's secure. As a result, there are a lot of moving parts.

Krystal Hobbs 17:41

Awesome. Cool. So, based on your experiences over the past year and a half. What do you believe prevents other HVAC companies from being more successful?

Jim Piccione 17:57

I believe it stems from the beginning of this conversation when they were unable to respond to their clients in a timely manner regarding billing. My business partner, as I indicated before, is a qualified public accountant who formerly served as the CFO of a corporation with a half-billion-dollar annual revenue. So our books are in order, and our billing is current, as well as billing and communication, and proposals, and being able to walk all of our clients through the process, explain it to them, spend time with them, and then deliver a nice product, one that functions well and looks great. And I'm sure a lot of our competitors are fitting a couple of those buckets as well: the product works well, it looks good, but they're not responding to customers quickly enough, or they're

responding to customers in a top-heavy manner. They're sending out proposals and winning jobs, but they're not completing the task properly. So I've run across both those types of organizations, where I'm either cleaning up their mess or getting their job because they can't get back to potential customers or consumers who have already moved on and hired someone else.

Krystal Hobbs 19:06

That makes sense. So you kind of cover those three buckets between the three of you, and you've got a partner who excels in each area, which I think is amazing.

Jim Piccione 19:18

It is because my business partner, Eddie, who has been doing this for 25 years, was in charge of everything. And I recall that when I first met him, it took him about three weeks to get me the proposal, and I went with him because he sat down with me and explained what he was doing and why he was doing it. And, while everything made sense to me the way he articulated it, I was surprised at how long it took me to receive the proposal. He had to schedule it once I received the proposal. Then I'm able to see where the hazards are. I'm not sure how he managed it on his own; it's just too much effort, and he just can't stay on top of it. My phone doesn't stop ringing all day, and he no longer has to deal with the calls. He is no longer responsible for dealing with clients. He only has to assist me with the estimations; I put everything together, but I receive some input from him, and he stays out in the field for the remainder. And he gets to focus on what he loves, while I get to do what I enjoy and am good at, and my partner gets to do what he enjoys. So it's like a great synergy where we both stay in our lanes and everything works out. And we've never gotten into a fight. Make a wish on the wood.

Krystal Hobbs 20:19

That's incredible. So, for any contractors or HVAC business owners out there listening, what would you say is your type of parting words of advice for someone seeking to get started or expand in this industry?

Jim Piccione 20:40

If you want to break into this field, you'll need a thick skin, the ability to persevere through trial and error, and a lot of patience. Persistence triumphs over adversity. People in this industry who want to expand their businesses, even more, must embrace and use the technology that is available to them. This is something I'm also guilty of. Then there's the matter of really using it the way it's designed to be used once you've

accepted it and grasped it. It's the only way you'll be able to manage crews; otherwise, you won't be able to handle service calls, installations, billing, or invoices. You simply cannot, and then when people call you back and say, "Well, you were at my place three months ago," So, what exactly did I do there? I can't dig through paper trying to figure out whether or not this customer has folders, so I just go to their file and say, "Oh, here is what we did." Then we'll move on. You can't run a business with multiple crews without software. And software serves as the company's backbone. Then there's marketing and advertising software and technology. All you have to do now is accept it. Social media exists. It either raises brand awareness or creates tangible opportunities. Google is real, and you're going to need it. It's impossible to ignore. There's no avoiding it. Then there's the outstanding customer service.

Krystal Hobbs 22:03

Yeah. It's fantastic. Awesome. This has been really insightful, Jim. I'm confident that our listeners will be eager to learn more. So, how can anyone who is listening get in touch with you or find out more about what you're doing?

Jim Piccione 22:19

The easiest way to connect would be just through our website, which is lincolnmec.com.

Krystal Hobbs 22:31

Okay, that's great. We'll also mention it in the show notes. Jim, thank you so much. I am grateful for your time. Thank you very much for being a part of the show.

Jim Piccione 22:41

Thank you, Krystal.

Krystal Hobbs 22:48

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