

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!

Krystal Hobbs 0:47

Welcome back to the Beyond The tools podcast. I'm your host, Krystal Hobbs, and if you're in a position in your trades company right now where you need some help in the office, you want to hand it off but you're not sure who you should hire and how you should go about that. Maybe you're thinking about outsourcing or maybe you're wondering if it's really something that warrants a full-time position. Today's interview is with Charlie Felker, the co-founder of Free2Grow. Charlie had a five-year career in the army, moved on to do his MBA, and then opened his own home service company. And once he sold that company, he realized that there were things that he would do differently. In this chat, Charlie and I dig into his story and we talk a little bit about the common challenges and mistakes that contractors make when it comes to office management. Charlie believes that most home service companies at a certain size don't actually need a full-time office manager. And in this chat, we really dig into what the options are there and how to think about that decision. So let's head on over and chat with Charlie.

Krystal Hobbs 2:06

Charlie, thanks so much for being here.

Charlie Felker 2:08

Krystal, I love being here. Thank you.

Krystal Hobbs 2:11

So I am very curious to hear. I love hearing the backstory so how did you get involved in this industry?

Charlie Felker 2:19

Great question. And it's kind of a good entrepreneurial tale if you will. I started a home service company technically, our business, this is going back to 2014-2015. Our business was primarily supporting seniors that wanted to live in their homes. And so we did that through a combination of equipment. You probably see the ads for stair lifts that go up and down people's stairs and we would go into people's homes and widen their doors so that a wheelchair can get from door to door, we'd modify their bathroom, etc. I built a nice, successful business in my hometown of St. Louis. And then I bought a business that was very similar in Western New York, doing both those kinds of functions, keeping seniors that want to live in their home which is a trend especially post-COVID, making sure they're able to do that through construction and equipment. So I ran this business, grew it for five years, and then was approached by a big strategic buyer company that makes wheelchairs. They wanted to buy both locations, so I ended up selling that in 2019. And like any owner operator, when it's time to sell your business, you're drinking a beer and kind of celebrating hopefully. You're like, "Man, what what could I have done better than I did to not only make the business better but to maximize my value when it exits?" And a core role that I had frustrations with was office management. So, answering the phone, scheduling our salespeople to go out and evaluate somebody's home, returning phone calls, you know, when a call comes in. We had a good CRM called Buildertrend, which we used probably about 10% of its capacity. But making sure when the call came in or email lead or any sort of customer correspondence, getting that transferred into our CRM was just really difficult. And so I thought, "Man, there's got to be a better way." I was hiring and training and rinsing and repeating with four to five different office staff over the course of my business and there's got to be a better way especially for home service companies that have the same kind of issues that we did. So, right about the time I was selling my company, I linked up with a good old friend of mine, and we came up with Free2Grow which is what we're doing now. The core thesis of our business is to support the owner-operator operating in the home service business with everything all the difficulties that I had, you know, somebody picks up the phone, somebody gets the information in the CRM, somebody that knows the products and services, can book estimates, can follow up, solicit Google reviews, and out quotes, that kind of sweet spot. And I'm just convinced that most home service companies certainly up to a certain size don't need somebody in

the chair 40 hours a week. And so, I went back and did some back-of-the-envelope math. Man, if I could have paid somebody two grand a month versus for over five years, it's just that those numbers just kept adding up, and I could have spent that towards marketing or paying down debt or paying my key people more or whatever it was. So it just felt there's really something here.

Krystal Hobbs 5:24

I think that's really interesting because a lot of contractors, a lot of people in this business, they start because they're the technician. They're good at that technical side of things. And you're absolutely right. I think that the back office stuff doesn't come naturally and they don't necessarily know how to get the right help or what help looks like in that area.

Charlie Felker 5:47

I totally agree. And we talked to a lot of business owner-operators, and they all kind of typically follow the same trajectory. They say, okay, I want to start a carpet cleaning or HVAC or whatever their businesses is, and their revenue goes up like this. And then they get to a point where their marketing starting to work. They're getting brand recognition in the market so leads are picking up, more calls, and then they kind of go like this a little bit. So they got it. They got to that point where they got to hire somebody or they kind of muddle through it, and they take a hit, and then end up never kind of getting to that next level. Our ideal partners is when they've hit that threshold where they say, "Wow, I'm kind of tapped out. I find myself installing or servicing a product all day, all week, and I get home at five o'clock, and I've missed all these calls. I've missed all these emails." And those people probably aren't going to re-engage with you down the road. So we certainly don't want to be considered a call center. But to take that call schedule at the very least, contact you to make sure we can get that customer issue addressed. We don't like to think of ourselves as replacing an office manager. All of our clients are going to have a team of two to three people that are going to support your account. So there's a benefit to that. You already have a bunch of people that are going to go through the onboarding process with you, and certainly, learn your product, services, service area, what you do and don't do to really get you past that kind of plateau that we see so often.

Krystal Hobbs 7:36

That makes sense. So I'd love to look at the bigger picture of that. In your experience, when you look at home service companies, when does it make sense or what are some

of the considerations when it comes to hiring in-house versus outsourcing?

Charlie Felker 7:55

That's a great question. A lot of it depends on the type of industry. I'd like to think that with Free2Grow, I don't have a nice round number. I've thought about like three or 4 million in revenue. You have to look at call volume, the number of technicians that you have, and certainly there's some complexity there. And it may make sense if there's a ton of dispatching that you want to handle internally. If you're dispatching six to seven trucks at a time, I would probably tell you, it makes sense to do that internally. But when you're at that kind of two-truck to four-truck, that's definitely a sweet spot for us and that's something that we can clearly manage. I get a question a lot of what's kind of the minimum revenue size company that we work with. It's again, it's a tough one. I think if you're over the three to 400k threshold, and you're growing, that typically is a good place for us to start conversations. We see people that don't necessarily work out is when they've been at that threshold three to 400k for a long, long period of time. It kind of tells me that they're not necessarily willing to either bring somebody in-house or work with a company like ours, and that's okay. I'm not saying that's wrong but we kind of are at that threshold where it's like, "Wow, we really got to hire somebody or outsource it to get to the next level because so much stuff's being dropped." And they kind of know when they feel it.

Krystal Hobbs 9:16

So tell me a little bit about if you're talking to home service companies that are two to five trucks on the road sort of deal, and they do have somebody in the house, what do you see as some of the primary challenges that they're experiencing? Or why doesn't it maybe make sense to have that person in-house?

Charlie Felker 9:40

It's a great question. So, two to five. There's a lot of calls coming in. We could potentially have 20 or 30 calls a day potentially. We see that with our HVAC clients, it's not uncommon, and that's beneficial where we have three people that know how to answer that person's phones and know their technicians, etc. We can have a high call answer rate because we have those three people versus if you just have one person, we can see that getting overwhelming really quickly, especially if there are off days or vacations. And if that's the case, then that owner-operator kind of gets back in that seat where they were on the technical days. They're kind of doing everything, answering phones, invoicing, all that stuff. So if you bring somebody in-house that can quickly become the

case, as I learned oftentimes full-time office managers don't work out. And so your training and kind of hiring, training, etc, that kind of nasty cycle. We also work with companies that do have office managers and work well. There's a cadence of "Okay, guys, can you pick up where I left off or overflow, or help me with this part of my business, or that part of the business?" So it's not one size fits all. In fact, we have probably 10 to 15% of our clients who do have somebody in-house, and we're complimentary to them as a next step before they bring somebody else on.

Krystal Hobbs 10:59

That's really interesting because I know that even looking at our client base at Reflective, a lot of them, they have one person but that person is doing dispatching. That person is doing invoicing. That person is doing accounting. The list goes on and on. So, when you work with clients in that capacity, what are the things that they are keeping internally, what are they handing off, and how is that relationship?

Charlie Felker 11:30

Another great question, Krystal. So, we see oftentimes if companies are holding on to an office manager, that's good. They want that person. They want to retain that person because there's obviously knowledge that that person's accrued about the business. There's culture. All that kind of stuff which the owner wants to retain. So we often see owners passing on, permitting, dispatching, invoicing, sometimes, collections, etc. And they say, "Okay, we've worked with this office person for a long time. Let's kind of bump them up on the pecking order to handle those kinds of things for our business, and then bring in a Free2Grow to pick up where they left off." So answering the phones, scheduling leads, estimating, working with the office staff to make sure that CRM is implemented correctly, and stuff like that. So that office manager can kind of graduate to the next level where the company needs to go. That's a great mix and that's worked out really well. We're big proponents of Slack. And so we'll get into Slack and we'll create a Slack channel for all of our companies or people within those companies to just communicate, over-the-top communication, and make sure we know exactly what inputted calls were taken, escalating questions to the right people, etc.

Krystal Hobbs 12:44

So if we look at the bigger picture of office management and the types of help that you can get I know, we've already kind of covered if you have an in-house office manager and the possibilities that could look like. If you are looking at outsourcing in a more general sense, what are your options? I know a lot of companies look at call centers, for

example, what are some of the pros and cons of a call center? And what are some of the other types of help that you might get if you're outsourcing instead?

Charlie Felker 13:20

So we talked about companies like mine, and then there's certainly call centers, and call centers can be good. They can serve a function. We're certainly not a call center. I think the key difference is call centers, typically, a call is going to come into a group or a bucket of a whole bunch of people that have a very refined script. And typically, they're just gonna want to get the basic information - name, number, email, point of contact, and then the kind of reason they're calling. And then that gets queued to the owner or somebody at the company to kind of handle that or deal with that. Our goal is to handle and deal with that on the spot, okay. So that's a big thing that that person has to deal with down the road. We do have a lot of clients that, since we don't do a whole lot of after hour stuff, we'd go over the eight-hour workday, and then at two o'clock or whatever in the morning, just randomly that client will have a call center take those calls, okay. And so at the very least, somebody with a warm voice is answering that phone. And then when our team comes in the morning, we know exactly who we need to reach out to and schedule or book whatever. Call center certainly has a place in time. It's just that it can become cumbersome when you get a whole bunch of calls that you've got to handle or deal with.

Krystal Hobbs 14:40

Okay, so if I own a home service company, for example, I guess one of the best starting points would be to, correct me if I'm wrong, you know this better than I do. But I guess one of the starting points would be to really look at the specific tasks that are involved that you need to handoff, and then see what the options are. Talk me through that.

Charlie Felker 15:07

I think one that we do over time, one that owner-operators typically want to hold on to is dispatching. And that's because I know you're going to have technicians with different skill sets. They service different areas, and that's one where we really try to slowly roll into. It's something we don't want to take on right away because we can mess that up. And we have messed that up to be candid. And I know sometimes the owner operator is like, "Okay, I know my technician Bill can do this, and services this area." And that's very kind of sensitive and it should be in scope. I think something that owner-operators are a little hesitant to give up is answering the phone. There's a lot of capable people, including our staff that knows how to answer phones and do that probably better than

most owner-operators do. We know CRMs really well. We know how to schedule stuff. We know how to follow up and engage with customers. And I think we see over time, we see a lot of owner-operators (because our calls are recorded, obviously), so, we see them listening frantically when we start for the first couple of weeks saying, "Okay, I got it." They're actually picking up the phone. They're actually doing what they told us they would do. And then that concern kind of goes away over time. So, I think there are some things that owners in a good way should want to do. But then there are some things we're like, okay, we got it. Let us. This is our full-time job. You go do the thing you started this company to do and that wasn't to do office management which is where we shine.

Krystal Hobbs 16:46

So when you are following up with customers on behalf of your clients, what are some of the things that you guys do really well? Or what should a home service company look for when it comes to a customer service representative?

Charlie Felker 17:04

So we'll develop close relationships with a sales team, or certain technicians at our clients, and companies. And so we'll get salespeople who we communicate daily with Slack saying, Can you follow up? I did these five estimates last week. I felt like these three went really well. Can you call these customers and just make sure, they got the estimate or if they have questions please reach out to me, etc? Okay. I think it's nice because no salespeople are following up. But it's nice to have somebody that's not you, as a part of your company reaching out and showing them the right direction. So we do that really well. And I also think that gives a lot of customers the feeling that the company is bigger than it might be where they've got a team of people reaching out. I also think there's a list of folks that you want us to reach out to for seasonal maintenance. And what we'll do is we'll set aside a time every week or twice a week, and we'll just start knocking down those lists and update owners and CRM and Slack. And that goes off really well. That's the core, that's something that we can do. We can schedule that and we can do it regularly. And then obviously, we've got access to the CRM. So they're starting to see those maintenance programs getting involved and they love it. So kind of small examples for you.

Krystal Hobbs 18:50

Can you paint me a picture of what you do for the average client?

Charlie Felker 18:57

A good question, Krystal. So, our kind of the average scope of work for our client would be the following. Certainly answering the phone so inbound calls. Outbound calls are another big part of what we do. Because we know that things aren't always going to be a straight line. A technician is going to be late. There's going to be a gate code. There's going to be something that happened on the job site. And we'll get a note on Slack or the customer will call in and we'll have to kind of quarterback those. So that takes inbound and outbound. Lead and estimate scheduling is another big part of what we do. And I know marketing is a big focus and a lead comes on online, so we certainly respond to email leads or Andy leads or we get a lead on Facebook or wherever the source that leads is, we follow up immediately and book the estimate and then obviously get that information transferred into whatever the customer CRM is. We don't push CRMs onto people. So if the client engages with us and they're used to doing ServiceTitan or FieldPulse or whatever it is, we will keep using that system especially if they're happy. If they're not happy, then we can talk about other options. So, phones, lead estimates, scheduling, CRM management is a big piece of it. I know there are a lot of CRMs out there and there are some great ones. Our team probably knows most of the big CRMs better than most owner-operators. So those systems can be expensive. And so it's nice at the end of the day, month, quarter, year when owners are reviewing their business and seeing how they're doing, to have accurate data. Because I didn't do that. And it's like, "Man, what am I paying for?" So that's a big part of what we do. Customer follow-up as we just spoke about. Hey, here's 10 estimates we submitted, can you follow up with these people and see if they have questions? Get a credit card information, book them or whatever it is. Company reputation - so soliciting a Google review. We'll get a lot of technicians who will leave the house and say, "This customer is so happy, can you pick up the phone and call them and then immediately follow up with an email link?" Here's the link. I'm so glad you met with the technician. He loved talking with you. I've got your email. I'm going to email you the link right now. Let's stay on the line, can you please do this would be a huge help for the company. And we've got a good case study where they look at a 25% quarterly increase in Google reviews which I know is a big part of what we do. So I'd say what I just described there is a really kind of refined set of what we're doing. But we don't do bookkeeping. We also want to be careful with this dispatching. We do it but it kind of takes time for us to really learn skill sets and service areas, etc.

Krystal Hobbs 21:50

That makes total sense. I love the CRM part. I know you guys do way more than a call center but I know from experience with other clients who are outsourcing some of these things and using a call center, sometimes they won't integrate with your system at all or they are doing something where they have their own CRM or their own system that you have to use. So, I think especially in this industry, being able to come into a business and just use what they're using and do that flawlessly, I think is pretty compelling.

Charlie Felker 22:28

You look at order fulfillment. And we will get notes from salespeople who say, "Hey, I just spoke to this customer. They liked the bid. They want to take this, this, and this off. Can you get into CRM and update it, and then resend the proposal?" Okay. Boom. Done. And I know if that hadn't been done accurately, maybe the salesperson went on to the next thing and forgot about it. And when it comes time to order fulfillment, that whole thing is just a mess. So that happens a lot with us, that type of communication, and it doesn't happen on day one. We're going to have a three-week onboarding process where our client's is going to meet with our Senior Operations Manager and then over time, people that are going to be working to support that account. And we think onboarding should take three weeks because we got to get the scripting right. We got to get access to the phones, and how you're using your CRM. Now, what are your best practices, what do we think is a better way to do it, etc? Before we take one red hot phone call. And again, those types of interactions, the one I just explained, take months to kind of get that cadence where a salesperson technician feels comfortable enough to reach out and say, "Hey, Free2Grow, call this person back, update this or whatever." And they know that's gonna get done and accurately.

Krystal Hobbs 23:49

So when you look at your clients and if you think of the best home service company that you work with, you don't have to say who but what does their office management look like now? And what are some of the results or even just positive feedback that they've seen?

Charlie Felker 24:09

Well, two of both within the HVAC space that had been great success stories. One in the Midwest and one in the southeast, the American southeast. Both are similar. Younger owner-operators who were completely overwhelmed. Hey, Charlie, I've been returning calls at 2am or responding to stuff at 2am, you know, reconciling my QuickBooks at 2am. And then one month, three months, half a year later, "You know

what? I'm actually now more focused on a technician training program, retention. I'm out doing business development more." Those are "Man, we really did it." I get it. That's a success where you were having a hard time responding to leads, we got that off your plate. You feel comfortable with us doing what we do, comfortable enough that you can focus on other stuff, looking over the next hill. Now, we stubbed our toe a lot. We've been in business for three years. The first year, I'd say it was learning. We tried to do everything for everybody including dispatch and sometimes it didn't work. So we have kind of gotten smarter. We've lengthened the onboarding process and done some things off of painful lesson learning that we think are better now for our clients. But those are a couple of good examples. It just feels so good because that owner-operator is doing what they wanted to do.

Krystal Hobbs 25:41

I think that's such an important point that a lot of business owners forget is if you can take these things off your plate which are important to the business, important to the customers, but ultimately not the place where your efforts are most valuable, the way that that frees you up to do things that are more important or are more in your zone of genius can make such an incredible difference in your growth.

Charlie Felker 26:13

Completely agree.

Krystal Hobbs 26:15

So, Charlie, there are a lot of considerations here. And I think it is really eye-opening when it comes to outsourcing your office management and not something that a lot of contractors necessarily think about. Any last words of wisdom when it comes to office management in the home service industry?

Charlie Felker 26:36

Everything is changing with technology. I think in a lot of ways we are teaching religion, for lack of a better phrase. There's an old mentality especially in construction or HVAC or home service, where hiring somebody was like, "Look at me. I'm hiring people now. It's better." With technology and what we can view on Google and CRM and the way phones are, the advancement there, I would argue, in most cases, you don't need somebody sitting in a chair next to you. We're booking jobs in Alabama or Oklahoma City or whatever it is with our team here in the Midwest. And we can do it really

effectively. And if I had to do it over, I certainly would have looked at an option like this to put my money and my time in better use.

Krystal Hobbs 27:28

Thank you, Charlie. I'm sure that our listeners are going to want to learn more about you and Free2Grow. So, what's the best way that they can connect with you?

Charlie Felker 27:37

They can reach out to me. You're probably going to post some of my information but we got a great website, free-2-grow.com. And I love talking to owner-operators even if we don't end up working with them. You can kind of learn something from everybody and at least kind of preach what you're trying to do and maybe it doesn't click now, maybe it'll click down the road. I can provide some free guidance. I'm happy to do that. I think our website's great and they can reach out whenever and I'd be happy to talk to them.

Krystal Hobbs 28:08

Awesome. And for anybody listening, we will put any relevant links here in the show notes at beyondthetoolspodcast.com so you can connect with Charlie there. Thank you so much. I really enjoyed this conversation. And I know we're gonna learn a lot from this.

Charlie Felker 28:23

Good. Thanks for having me, Krystal.

Krystal Hobbs 28:30

Hey, guys! If you love this episode, if you've learned something here from Beyond The Tools, you can actually head to our website at beyondthetoolspodcast.com and you can sign up to get updates whenever we have a new episode. So go to beyondthetoolspodcast.com, you'll see the option there to sign up and we'll send you the new episodes as soon as they're released.