



★ ★ ★ ★ ★
NECA
2018
PHILADELPHIA
★ ★ ★ ★ ★
SEPTEMBER 29–OCTOBER 2

CONVENTION EDUCATION

Start a Profitable Service
Business in 90 Days or Less



Start a Profitable Service Business in 90 Days or Less

Frederic B. Sargent | *Great Service Forums*SM

**This session is eligible for
1 Continuing Education Hour.**

For these hours to appear on your certificate, you must:

- Have your badge scanned at the door
- Attend 90% of this presentation
- Fill out the online evaluation for this session: www.necanet.org/neca2018

Two Parts to Electrical Contracting

1. New Construction
2. Service Work


3

NECA 2018
CONVENTION EDUCATION 

Service is short for every kind of “after-market” activity:

- On-call service
- Preventive maintenance
- Scheduled maintenance
- Embedded workforce
- Warranty work

4

NECA 2018
CONVENTION EDUCATION 

Service builds the value of your company.

- Competition levels
 - Predictable profit
 - Risk profile
 - Typical customer
 - Customer base
 - Cash flow
 - Minimum disputes
 - Recurring Revenues
-

5

NECA 2018
CONVENTION EDUCATION 

But **Service** is harder to “get into.”

- New construction comes with “instructions.”
- Service is not scaled-down new construction.
- ***Professionally-managed service*** requires technology and techniques all its own.

6

NECA 2018
CONVENTION EDUCATION 

Checklist for starting a **Service** Business:

	Why start a service business?
	Who needs to know about it?
	What are the basic steps to take?
	Where should it be started?
	When is the best time to start it?
	How much is enough “service”?

7

NECA 2018
CONVENTION EDUCATION 

Why start a service business?

(Answers in reverse order)

- **#5** It can lead to new construction opportunity*
- **#4** It's a great supplement during recessions ...
- **#3** Or, if customers' capital spending is down.
- **#2** It improves profit, cash-flow, and risk levels.
- **#1** It creates increased value in your company.

* It can lead to profitable “pull-through” work opportunities.

8

NECA 2018
CONVENTION EDUCATION 

Why start a service business?

#1 REASON

It creates increased value
in your company.

9

NECA 2018
CONVENTION EDUCATION 

Who needs to know about it?

Everyone.

- Have an all-hands meeting to get everyone's buy-in.
- Be prepared for push-back.
- It's never too soon to benefit from **word-of-mouth** promotion.

10

NECA 2018
CONVENTION EDUCATION 

What are the basic steps to take?

Open Planning – Objectives + Key Results*

- Structure
- Staffing
- Systems
- Scripting
- Safety

***Objectives + Key Results = OKRs**

11

NECA 2018
CONVENTION EDUCATION 

Structure

- Separate Facilities & Resources
- Transfer Customers & Work
- Leverage Brand & Market Position
- *Solution to the “silo” problem: “glass walls”.*

12

NECA 2018
CONVENTION EDUCATION 

Staffing

- Manage transfers like new hires.
 - Screen & test candidates for every position.
- Avoid shared or part-time assignments.
- The future depends on today's staffing.
- *The most important member of the team is the customer-facing service electrician.*

13

NECA 2018
CONVENTION EDUCATION 

Systems

- Service is not scaled-down construction.
- Scheduling & Dispatch are critical.
 - Success results from technology + technique.
- Professional delivery requires systems.
- *The most basic measure of financial success of your company's systems = **billable hours**.*


14

NECA 2018
CONVENTION EDUCATION 

Scripting

- It's what to say *when* _____.
- It's a requirement for the entire staff.
 - *With a ready-made answer for all: I can't help you, but I'll find someone who can.*
- It's essential to professional service.
- *Most customers don't know what you do. But they know how you made them feel.*

15

NECA 2018
CONVENTION EDUCATION 

Safety

- It's more challenging in service work than in new construction—especially driving safety.
- Plan your work. *Work your plan.*

16

NECA 2018
CONVENTION EDUCATION 

Safety

- It's more challenging in service work than in new construction—especially driving safety.
- Plan your work. **Think about safety.** Work your plan.
- It's a differentiator in customers' evaluations.

17

NECA 2018
CONVENTION EDUCATION 

Checklist for starting a **Service** Business:

✓	Why start a service business?
✓	Who needs to know about it?
✓	What are the basic steps to take?
	Where should it be started?
	When is the best time to start it?
	How much is enough “service”?

18

NECA 2018
CONVENTION EDUCATION 

Where should it be started?

- For contractors with multiple offices— start where it is most likely to prosper.
- Plan to have a service capability in every office location.
- Join The NECA Service Network to gain new business opportunities it offers.

19

NECA 2018
CONVENTION EDUCATION 

When is the best time to start it?

When your new construction activity is ...

Strong

- **PRO**
 - The comfort of profitability.
- **CON**
 - Demands of work in progress.
Cash tied up.

Weak

- **PRO**
 - Quick source of revenue.
- **CON**
 - Unknowns of a downturn.
 - Focus on cost-cutting.

20

NECA 2018
CONVENTION EDUCATION 

When is the best time to start it?

When your new construction activity is ...

Strong

- **PRO**
The comfort of profitability.
- **CON**
Demands of work in progress. Cash tied up.

But start it with a team dedicated 100% to starting it.

21

NECA 2018
CONVENTION EDUCATION 

Checklist for starting a **Service** Business:

✓	Why start a service business?
✓	Who needs to know about it?
✓	What are the basic steps to take?
✓	Where should it be started?
✓	When is the best time to start it?
	How much is enough “service”?

22

NECA 2018
CONVENTION EDUCATION 

How much is enough “service”?

Let's do the math:

Service Work

Share of total company revenues _____ %

Gross margin on service _____ %

Contribution to overhead _____ %

23

NECA 2018
CONVENTION EDUCATION 

How much is enough “service”?

Service Work

Share of total company revenues 40 %

Gross margin on service X 30 %

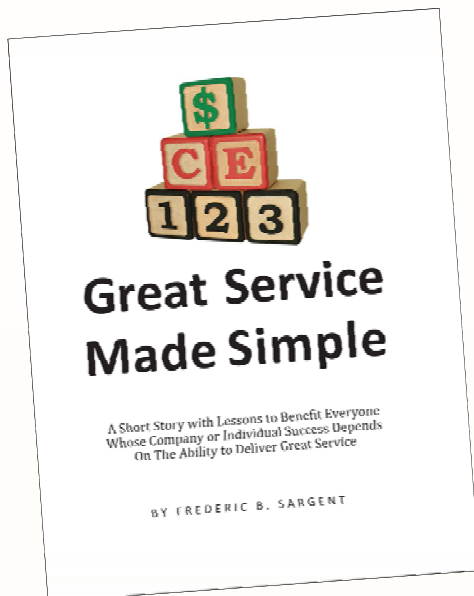
Contribution to overhead = 12 %

24

NECA 2018
CONVENTION EDUCATION 

Checklist for starting a **Service** Business:

✓	Why start a service business?
✓	Who needs to know about it?
✓	What are the basic steps to take?
✓	Where should it be started?
✓	When is the best time to start it?
✓	How much is enough “service”?



For further reference.

A short story



Thank You

Frederic B. Sargent
President | Great Service ForumsSM
fred@greatserviceforums.com
412-418-0902 - mobile

27

NECA 2018
CONVENTION EDUCATION 

Questions?

Don't forget...

- 10:15 am – 11:30 am – Opening General Session with Keller Rinaudo
- 11:30 am – 5:00 pm – NECA Show Hours

28

NECA 2018
CONVENTION EDUCATION 