

HOW TO GET **BIGGER RESULTS** **BY SPENDING LESS** ON ADVERTISING

IMPROVING YOUR COMPANY'S
LEAD-TO-SALES FUNNEL FOR BIG-DOLLAR ITEMS

A white paper for contractors from Tracy Paul, Principal

CORNERSTONE ADVERTISING & MARKETING

www.cornerstonead.com

CORNERSTONE
ADVERTISING 

TELL ME QUICK!

Want to grow your business while spending less money gathering leads? Developing a better understanding of your sales funnel and its relationship with consumer behavior is the key.

While most home service companies focus on acquiring as many leads as possible, it really comes down to how efficiently you handle the leads you receive.

Put another way, if you don't fix the leaks at the bottom of your sales funnel, you're going to have to spend a lot more money to keep the top filled.

IMPROVE YOUR SALES FUNNEL BY FOCUSING ON THE BOTTOM, NOT THE TOP

YOU CAN SPEND LESS AND GET BIGGER RESULTS

Buzz Templeton is confused. And frustrated. It should be getting easier to keep his techs out there running leads and booking the big-dollar sales that might someday add up to a decent retirement. After all, he's increased his spending on Google and that other stuff to keep generating a steady flow of leads. Getting great online reviews from satisfied customers, too.

But what once seemed like warm leads keep getting chillier, and his guys just aren't closing sales, no matter how tightly he trims his margin. Buzz is even starting to wonder if he has more techs than his business can sustain, but he doesn't want to have to lay anyone off. Especially not in this job market.

IT'S NOT YOUR IMAGINATION

Does it feel like it's tougher for you to do business today? It is. Whether you've been in business for a handful of years or several decades, things are getting tougher. **First, your market has become dramatically more competitive, particularly as private equity fuels the growth of huge, multi-market businesses supported by extensive branding. Second, the cost structure of simply doing business has been increasing.** Your people want to be paid more. Each vehicle or technology system costs more than the one it replaced. If your revenue is staying flat, you're actually losing ground.

YOUR COMPANY'S SALES FUNNEL

The sales funnel has become one of the most common ways to help business owners understand how leads turn into customers. The funnel illustrates the journey a potential customer takes from first becoming aware of a product or service to ultimately making a purchase. Just as a funnel shrinks from a wide opening to the narrow spout at the bottom, the number of prospects decreases as they move through each stage of the buying process. Each stage of the sales funnel requires different strategies and tactics to convert prospects into loyal customers.

Most home services businesses try to increase sales by placing an emphasis on the top of the funnel. They reason that cramming as many leads as possible into the top of the funnel will result in more customers being produced at the bottom. It's logical, and yes, it can work. But if you've been trying to boost sales by investing in more and more leads, we suspect you've been frustrated with the results your seeing.

WASTING MONEY & EFFORT

That's because filling the funnel is not the most effective way to make the most of your sales funnel. **No matter how many leads you try to jam into the top of the funnel, what really matters is how you handle the process when homeowners reach the bottom of the funnel and are ready to buy what you have to offer.** If you don't do that correctly and efficiently, those hard-earned leads are just going to leak out and one of your competitors will get the work and the revenue. And if your sales funnel is leaky, much of what you're spending to get leads is going to be wasted.

The most successful home services companies focus more of their attention on the bottom of the funnel. They optimize their sales processes so a larger percentage of leads turns into paying customers. Put another way, they make their sales funnel far more efficient, growing more revenue from their existing leads.

Concentrating on the bottom of your funnel costs less than adding more and more leads ... and it's going to produce significantly bigger results for your business.

HOMEOWNERS DON'T PLAN AHEAD

There's a big myth too many home service contractors believe. It's the idea that most homeowners put a lot of preparation and thought into making big-dollar home projects like a new heat pump, a bigger electrical panel, or shiny new sewer line. Contrary to what some "experts" will tell you, few homeowners perform even minimal advance research into brands, products, and the local sources for both. Their calendars don't include reminders to replace old or obsolete home systems. Nobody wakes up and thinks, "This is a good day to replace my water heater."

THE NEED-BASED REALITY

Here's what really happens: people get up in the morning and their shower jars them awake with icy water. They drop an English muffin into the toaster and the kitchen is plunged into darkness. A large, dark, foul-smelling wet spot appears in the middle of the front lawn. Something very bad has happened, and they want it to be fixed right away.

They're not going to devote days of research to find the solution. Instead, they'll ask Google or Siri for the name of someone near them who can fix the problem. Or maybe they'll use one of those service aggregators like Angi. Then they'll contact the companies at the top of the list to see how quickly they can get the job done. If you tell them your guys can get there late tomorrow morning

... and the next company says they can be there yet this afternoon, who do you think they're going to choose? Who would you choose in their situation?

Doesn't matter how many years you've been in business or what brand you install. Doesn't matter how many vendors do studies claiming that people do X or Y when looking for someone like you. People like to think they'll be thoughtful and responsible when something breaks, but they don't have the time or desire. Nor are they interested in establishing a long-term relationship with your company. They just want you to solve their problem right now.

Put another way, you're in a need-based business ... and you have zero control over generating that need. You're unable to manufacture opportunities that don't exist. That's the most important thing to remember about the lead component of your sales funnel.

So the key to success is positioning your business to be the one they call, and doing all the right things to turn that initial call into a home visit and a sale. It truly is that simple.

STICKERS AREN'T RELATIONSHIPS

Most home service business owners are proud of their existing customers. Those are the homeowners who have used their services in the past and appear to be happy with the work that was performed. Even if a homeowner hasn't had a reason to call you in the past decade, you probably still consider them to be a customer.

For most businesses like yours, 80 percent of revenues come from those existing customers. Unfortunately, they're rarely as loyal as business owners assume. **If you don't have them on some kind of ongoing maintenance agreement, you can only hope they'll remember you when that need arises.**

Based upon product reliability, studies have shown that the average homeowner will need to call an HVAC contractor every three or four years, a plumber every four to five years, and an electrician every five to six years. Whether you get that next call depends largely upon the steps you've taken to remind them that they like you.



WHAT'S BIG-DOLLAR BUSINESS?

We work with all sorts of home services business, and while they all see themselves as very different from the others, the reality is that nearly all provide two different kinds of business. There's the lower-revenue repair and/or maintenance work, and there are the projects with significantly larger tickets.

For an HVAC business, it might be a heat pump. For a plumber, it could be an interior repiping or replacing a sewer line. For an electrician, it may be a panel upgrade or installing a backup generator. Regardless of the nature of what you do, the jobs you want most are those big-ticket items. So rather than use one example and have other owners think it doesn't apply to their industry, we're using the "big-dollar" term to describe all of them.

Stickers on equipment don't build relationships. Instead, we've developed (and constantly refine) a proven process that increases the likelihood customers will call you again when they have a new need for a product or service.

It's a formal process that involves multiple non-pushy contacts over the course of every year, and in addition to increasing the number of repeat sales, it can even shorten the interval between customer calls.

MARKETING VS. ADVERTISING

In addition, the vast majority of revenue you'll earn from the average customer occurs during the first year of their relationship with you. That's why it's so important to continue to attract new customers to your sales funnel.

While marketing and advertising are closely related, we view them as different sides of a business development strategy. We see marketing as what you do to sustain the trust of existing customers, and advertising as what you do to attract new ones.

HOW MANY LEADS DO YOU NEED?

If you want your marketing efforts to become more effective and efficient, you need to begin by focusing on your company's lead requirements. While some lead generation vendors or self-styled experts will claim there's an established number of leads a company like yours should target, there's no magic benchmark.

Instead, the number of leads you require starts with the unique realities of your business. How many techs do you have, and how many jobs can each of them handle on any given day? If you have three people who are capable of running three booked opportunities in an average day, you need to generate nine booked opportunities every day. If 80 percent of your business comes from existing customers, you'll count on them for seven of those nine opportunities. The remaining two will come from your lead funnel. So this week, you'll need 10 booked opportunities from new customers.

Let's say your customer service representatives (or whoever answers your phone) are able to turn 60 percent of calls from new customers into those booked opportunities. That means you'll need to ensure at least 17 prospective customers call in this week (60% of 17 is 10.2). It's basic math. If your CSRs are skilled enough to convert 80 percent of callers to appointments, you'll only need 13 leads (80% of 13 is 10.4).

WHY IT DOESN'T PAY TO FOCUS ON YOUNGER HOMEOWNERS

Far too many HVAC dealers base much of their marketing on a flawed assumption: they believe their most promising customers are the younger ones. As the millennials and Gen Z slowly move from rentals to home ownership, they offer a tremendous growth opportunity for your business, right? They're the folks who grew up with digital, so you can count on them to respond to your digital marketing efforts, right?

Well, no. Our team has worked with home services contractors across North America for many years, and time and time again, the evidence says the most

profitable business comes from homeowners who are 45 and older. Don't believe me? If your data includes customers' ages, run a comparison and you'll be stunned.

When you think about it, that shouldn't be a surprise. First, your older customers nearly always have more money to spend than newer homeowners. Second, older homeowners are less likely to see DIY as a sound approach when it comes to key systems like HVAC, electrical, and plumbing. And finally, older folks are experienced enough to be risk-averse. They've lived through the hassles of AC compressor failures and frozen blower motors, so they'd much rather replace things before they have a chance to break.

HOW SHOULD YOU BE DOING?

Of course, to create useful KPIs, you need to have a clear sense of what kind of numbers you hope to see your team produce. If you've determined that your average ticket for a home with five-year-old equipment should be \$1,200 and your team is generating just \$400 per home, you'll fall way short of your goals and need to buy even more leads.

By analyzing your past performance and competitive data, you should be able to arrive at a specific amount. Part of effective training is making sure your CSRs and the people who are going out to customer homes are aware of that expectation.

Understand that advertising to get leads is generally the most expensive way to grow your business. And if your team isn't doing a good job of turning those costly leads into the expected level of business, you'll have to get even more leads by buying more advertising.

ALWAYS BE AT YOUR BEST

Most home service businesses operate with what's thought of as traditional business hours, such as from 8:00 a.m. to 5:00 p.m. Maybe your customer service reps clock out at 5:00 p.m. and calls after that are routed to an answering service or rotate among your team members.



In addition, you're in a need-based business. People don't buy replacement heat pumps for fun. If it's a subzero day and your furnace has died, you need someone to fix or replace it immediately. Given all those factors, you want to focus your marketing spend in ways that will make you available to homeowners who need your help and are able to pay for it. That doesn't mean you should ignore the under-45 crowd. But if you make that your primary (or sole) emphasis, you're going to miss out on the bulk of the available business.



You need to pay attention to the KPIs for different times of day. First, when are calls coming in? If half the calls you receive come in after 5:00 p.m. -- because people are getting home from work -- shouldn't half of your customer service resources be available then? Having KPIs can provide the answer. If 80 percent of your daytime calls result in revenue but only 40 percent of after-hours calls produce sales, you're losing a lot of business opportunities. Say 95 percent of after-hours calls come in between 5:00 and 9:00 p.m. Putting a CSR on duty in the evening may significantly boost the share of calls that generate revenue.

Of course, that may lead you to make changes in your structure and operations. You might choose to put a couple of guys on "second shift" so you can respond to those evening calls. Perhaps you charge an after-hours premium, or maybe you proudly advertise that no matter when someone calls, they'll pay the same. In an increasingly customer-center world, those choices are critical, and without KPIs, you're just guessing.

Training for your CSRs will improve your booking rates and sales training will improve what you do at the kitchen table. Overall, the combined results with training will be increased revenue!

	MARKETING	CSR/DISPATCH/OPS				KITCHEN TABLE	REVENUE	
	Opportunities	Booking Rate	Booked Calls	Completed Job Rate	Completed Jobs	Average Rev / Job	Total Revenue	
Service	1254	65%	815	95%	774	\$564	\$436,731	
Equipment	345	55%	190	75%	142	\$12,874	\$1,832,131	
							\$2,268,862	
								INCREASE
Service	1254	70%	878	95%	834	\$564	\$470,325	\$33,595
Equipment	345	65%	224	75%	168	\$12,874	\$2,165,246	\$333,115
							\$2,635,571	\$366,709
Service	1254	70%	878	95%	834	\$764	\$637,107	\$200,377
Equipment	345	65%	224	75%	168	\$13,500	\$2,270,531	\$438,400
							\$2,907,638	\$638,777

WHAT CAN OUR MARKETING TEAM DO FOR YOUR BUSINESS?

Everything, actually. The Cornerstone outsource marketing team handles all the traditional and digital marketing and promotional services you need, from SEO to direct mail to truck design, all delivered through one marketing manager who treats your business as though it's theirs. Even better, we have a lot of practice with all of them. We know what works and what doesn't. We'll provide all this and more:

ACCOUNT SERVICES

- ▶ Strategy
- ▶ Research
- ▶ Planning
- ▶ List Acquisition
- ▶ Direct Mail Purchasing
- ▶ Budgeting
- ▶ Analytics
- ▶ Resource Management & Execution

BRANDING & MARKETING MATERIALS

- ▶ Logos
- ▶ Brand Style Guides
- ▶ Business Cards
- ▶ Brochures
- ▶ Sales Collateral
- ▶ Forms
- ▶ Vehicle Wraps
- ▶ Banners
- ▶ Packaging
- ▶ Posters & Illustrations

DIGITAL PROMOTION

- ▶ PPC Advertising/Google LSA
- ▶ Website Design & Hosting
- ▶ SEO
- ▶ Blogs
- ▶ Email & Text Marketing
- ▶ Social Media Content & Advertising
- ▶ Online Reputation Management
- ▶ Online Directories
- ▶ Online Publications

TRADITIONAL ADVERTISING

- ▶ TV
- ▶ OTT
- ▶ Cable
- ▶ Radio
- ▶ Direct Mail
- ▶ Magazines
- ▶ Newspaper
- ▶ Billboards
- ▶ Printed Directories
- ▶ Video
- ▶ Media Planning & Buying

REVIEWS MATTER

Business owners who don't believe online reviews are important are making a huge mistake. As the number of online reviews increases, they play an increasingly important role in deciding who homeowners will choose when they need help. Just as you probably use reviews when making a purchase from Amazon or other key sites, homeowners check reviews for home service providers.

You may be proud of having 150 reviews with an average 4.5-star rating. But you're likely competing against companies that have thousands of reviews with a higher average. A homeowner whose problem represents a big-dollar opportunity looks at your performance through reviews and sees that big competitor averages 4.9 stars. Who are they going to call first? Be honest: who would you call first?



NEED SOME HELP?

As the owner of a home service business, you're constantly making tough decisions affecting your company's success. We can help you make your advertising and marketing dilemmas much easier so you can focus on what's more important.

The Cornerstone Advertising team does one thing ... and we do it well: market home HVAC, plumbing, and electrical services to consumers. We have decades of experience helping companies like yours fine-tune their structure and operations while making their marketing efforts much more effective. A brief conversation with us might be the first step to transforming your business into the envy of your competition.

CORNERSTONE ADVERTISING

PROVEN DIRECTION • PROVEN EXECUTION • PROVEN LEAD FLOW

YOUR OUTSOURCED MARKETING & ADVERTISING TEAM FOR
GROWING YOUR BUSINESS

317-804-5640

info@CornerstoneAd.com



ABOUT THE AUTHOR

Tracy Paul is principal owner and founder of Cornerstone Advertising Inc., where he has helped HVAC, plumbing, and electrical contractors of all sizes grow and become market-dominant companies in cities throughout North America for more than 25 years. Cornerstone is a full-service marketing firm that includes both traditional and digital advertising for the home service industry and gives contractors access to a complete marketing department for less than it costs to hire a full-time marketing director, using proven strategies delivered through a marketing manager who treats their business like it was their own.

Learn more at:

www.cornerstonead.com