

Growing the service side of your business

By Richard Rast and Caroline Maier / RSI Columnists

Industry trends indicate that roof service is the highest margin category of roof work for many firms. Many progressive roofing contractors are focusing on building the service side of their business because the profit margin of this work can be significantly higher than for new construction roofing or re-roofing work.

A typical roof service program involves performing a baseline assessment of roof conditions, making recommendations for immediate repair to extend the life of the roof, and setting up a service contract for the repair work and periodic routine maintenance. Building owners nationwide are seeing the advantage of investing in maintenance and service as a way to extend the life of their roof — particularly now that the economy has slowed down. They are quite receptive to advice about the benefits and long-term savings of proper maintenance and the risks of neglect (voided warranty, higher repair costs, unplanned pre-mature roof failure).



What this can mean to bottom line

While many roofing contractors offer baseline roof assessments at no cost to building owners, we have roofing contractor customers in every part of the country who are billing their initial baseline assessments at 3 cents to 8 cents per square foot and then follow-up with inspections and routine maintenance once or twice per year. Baseline assessments typically result in 50 cents a square foot of repair work on average for the roofs you assess. If you win 75

percent of those jobs, that's 42.5 cents a square foot of revenue. Gross margins on repair work are commonly in the 50 percent range, so the gross margin is typically in the neighborhood of 25 cents per square foot.

The bottom-line impact is considerable. Assume a company makes a modest sales effort and assigns two people to do roof assessments on a part-time basis. Each person could inspect about three roofs per week at an average of 20,000 square feet per roof. This becomes 24 roofs per month, or 480,000 square feet of roof per month. If the assessors find 50 cents a square foot of repair work on each 20,000-square-foot building, that's \$10,000 in revenue per building, which comes to \$240,000 per month. If you make a gross margin of 50 percent, that's \$120,000 of gross margin each month and \$1.4 million in gross margin each year. Imagine what a more aggressive sales approach could yield.

Value of long-term relationships

The long-term customer relationships built through this work can be a major

The long-term customer relationships built through maintenance and service work can be a major business driver.

business driver, as customer retention and long-term relationships lead to reduced sales expenses and higher profits. The ultimate goal is to secure the trust of the facility manager, and you can achieve that by providing professional assessments and recommendations to help them manage their roof programs while delivering premium customer service. When

you become the expert on the building owner's needs and roof history, you will own the life-cycle of that roof and eventually win the re-roof.

Challenges and business tools

The opportunity is out there; but for most commercial roofing contractors, growth in this business is limited by the time it takes to gather roof information and document the results for a complete baseline condition assessment report. Assessing three roofs per week is reasonable, but preparing three professional roof assessment reports, complete with roof plans, photos, identification of deficiencies, and suggested repair and maintenance budgets can be a big challenge. So is the breakdown of communication from service technicians who perform repair work, which leads to missed opportunities to "up-sell" the job.

The good news is that software and technology tools are out there to help make it easier to gather, present and manage roof information, which can streamline business processes to make them even more profitable. We will be covering these challenges

and software tools in more detail in this column over the next several issues, and continue to provide best practice tips on selling service maintenance and managing this lucrative side of you business. **RSI**

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