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## Why a Journeyman Chooses a Contractor

By Dan Bergstrom

I received a call from one of my clients (let's call them XYZ Plumbing & Heating). They told me they were able to hire a journeyman service plumber who had been working at a nearby competitor (let's call them Old School Plumbing & Heating).

As with many areas of the country, here in Michigan the economy is not strong, but trained journeymen service plumbers are still very difficult to find. For years, the plumbing and heating industry has not been an attractive place for those new to the job market and still carries a stigma of dirty hands, long hours, low esteem within our culture, and not so great pay.

This technician (let's call him John) had lost his job in an automobile-related industry several years ago. His friend was a plumbing service contractor, Old School, who needed a helper. John needed a job and became a helper in his friend's service plumbing company.

After four years of working hard and lots of studying, John sat for his journeyman's test. After a few anxious weeks of waiting, John received the letter from the state. He opened the letter to find he had, indeed, passed his journeyman's test and was now the proud holder of a state of Michigan journeyman plumber's card.

As with many service companies in our industry, Old School paid his helpers, apprentices, and journeymen, at best, subsistence wages. John was making \$17 per hour and asked for a raise to \$20 per hour when he became a journeyman. I don't know about the wage structure in your area, but a journeyman plumber in the metro Detroit area with service experience, should make \$25-\$35 per hour after a short trial period with a company.

John's boss at Old School refused to give him a raise. Just as doctors serve an internship and accountants must serve under a CPA prior to taking the exam, an apprentice plumber or HVAC technician must work under a master at the trade. Some, during this time, expect to receive the same compensation as a fully trained technician and don't ever make it. Others understand that training costs money and therefore apprentice's pay is not journeyman's pay. You have to serve your time to receive the reward. There are no free lunches.

John went hunting for a job. He found XYZ in need of additional trained help and willing to start him at \$20 per hour. Since XYZ is a friend of John's employer, Old School, he called him prior to hiring John to check references and the terms on which John was leaving. He was shocked to find that John was a good employee, but Old School did not want to pay John more.

XYZ is just a couple of miles away from Old School, too. John is now working for XYZ and earning a "living wage" with the opportunity to earn considerably more in the near future.

### WHAT'S THE DIFFERENCE?

So what is the difference between these two companies? Why is one losing good help and the other gaining the employees they need to grow and succeed? Well, there are a few key factors that differentiate these two companies. Let's take a look at some of those differences.

Old School is still charging on an hourly basis. Now before you hourly service companies stop here and put up your defenses, hear me out. I am not opposed to hourly billing; I just don't believe you can charge a high enough hourly rate to cover all the expenses of business, and have it acceptable to enough customers.

XYZ was about to go under a few years ago, when they decided they needed to change the way they were doing business. They began to understand the need to produce more income for each hour they paid an employee and each hour they billed a customer. Reluctantly, and with much trepidation, they moved from hourly billing to a menu pricing system.

Slowly they climbed out of debt and into profitability. They are now charging about 2 ½ times more per hour on a menu pricing system than Old School is with their 1960's hourly rate.

Secondly, XYZ began an intense training effort to improve the self-esteem of their employees, which included moving the pay scale from one similar to Old School's to a system that provides for a technician with a "life." This included a plan for each field employee, so they would know what they must do to move to the next level in pay through training and additional skills. It had a tracking of the productivity of each technician.

The system also included semi-annual reviews of performance and pay. Each technician understands what he must do to move ahead. Much of the productivity information is posted, which promotes a healthy sense of competition among the technicians.

Lastly, and most important, the XYZ's owners were willing to change and encourage change throughout their business. The old phrase "If you keep doing the same things you have always done in the same way, you can expect the same results" today should read "If you keep doing the same things you have always done in the same way, you can expect terrible results."

This does not mean turning the whole business upside down overnight, but continuous change towards a measurable goal of company profitability, exceeding customer expectations, high employee morale and esteem, and owner gratification, both mentally and financially.

In future articles, the details of these differences between Old School and XYZ will be explored. Stay tuned.

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