

KNOWING THE LIMITS

An Iowa professional uses service excellence to carve out and hold the maximum market share in a smaller urban area

By Marian Bond

Ten years ago, when Greg Schadl started with his Mr. Rooter franchise in Dubuque, Iowa, he expected to compete against the many other plumbers operating in the city (population 60,000).

He also recognized that although his franchise encompassed two counties, most of the business would come from the City of Dubuque, and that to achieve maximum growth he would need an extraordinary effort to develop a strong business in a limited market.

“When I bought the franchise, I believed that it would eventually support four or five trucks,” says Schadl. “That would be big enough for what I had in mind. I thought that if I could win over every customer with the best service they had ever gotten, I could build a customer base.”

Today, the company has four employees and three service vehicles; it totaled \$583,000 in revenue in 2005. Competition from other plumbers never materialized — they tend to focus on new construction, and many refer repair

business to Schadl, who has built a reputation as the local leader.

The national Mr. Rooter organization honored Schadl by naming his company one of the Top Ten for market penetration in 2005. The awards are based on population and gross revenue, and for Mr. Rooter of Dubuque, that figures out to \$5.33 for every man, woman and child within the franchise area.

Door-to-door

Schadl has largely captured the residential repair business since he launched his company with minimal equipment and an ad in the Yellow Pages. “In the beginning, it’s scary because you have no work, and you are highly motivated,” he says.

He built his reputation and business by using the latest in technology to give customers the best service, by following the Mr. Rooter franchise guidelines, and by taking promotion to another level. His wife, Kerry, joined him in an effort that went on every day for three months.


“We would walk up and down the streets in the evening hanging door fliers to get the word out,” Schadl says. “We would meet people sitting in their yards and give them a pen or a magnet or a flier with a coupon. Introduce ourselves, pet



Mr. Rooter service technicians Ted Boge (at controls) and Steve Kowalske jet a plugged downspout drain.

PROFILE

MR. ROOTER OF DUBUQUE, IOWA

OWNERS:	Greg and Kerry Schadl	
YEARS IN BUSINESS:	10	
SERVICE AREA:	City of Dubuque and surrounding counties	
ANNUAL SALES:	\$583,000 (2005)	
SPECIALTIES:	Drain cleaning, pipe bursting, water/sewer line replacement.	
BUSINESS MIX:	60 percent residential, 40 percent commercial	



Mr. Rooter of Dubuque deployed its Cyclops crawler camera to inspect a line at the local dog track and casino.

the dog. That was one of the things we did being in a smaller town. We’d cross a street, and say, there must be problems here. Let’s walk down this way.”

Their goal was to capture customers for life. At present, the business sees 80 percent of its revenue coming from referrals and repeat business.

On the grow

The firm’s growth is a textbook example of running and growing an effective plumbing and drain cleaning operation,

while recognizing the limits within a market area.

The housing market and economy in Dubuque have picked up considerably since Schadl started in business. “When I started, they were selling T-shirts that said, ‘Last one to leave Dubuque, shut off the lights,’” he says. “Now that market is growing, industry is coming in, and a lot more things are starting to happen here.”

From the beginning, Schadl was busy. “The business ramped up every year,”

“I worked on hundreds of new homes. After all that time it seemed almost like a thankless job. I find it more fulfilling to be in service work, where you have contact with homeowners and people who are thankful for the work you do.”

Greg Schadl

he says. “That first year we did about \$40,000 in revenue, and growth has been pretty steady throughout the years.”

Before setting out on his own, Schadl worked ten years as a plumber for another company, doing new construction. “I worked on hundreds of new homes,” he says. “After all that time it seemed almost like a thankless job. You hurry to get this one done, and then the next. Everything I did got covered up in the wall. I got no satisfaction.

“I find it more fulfilling to be in service work, where you have contact with homeowners and people who are thankful for the work you do. Now the homeowner sees the problem. We show them everything when we’re done. We answer their questions. They’re totally happy with the portion we fix.”

Top technology

A primary strategy for Mr. Rooter of Dubuque is to keep abreast of new technology and equipment. That positions the business to respond to customer needs and gives the company an edge in a two-county area with about 109,000 residents.

Schadl began buying state-of-the-art equipment after satisfying himself that he could make money if he made the expenditures. Now, in some cases, his is the only local company that has the equipment, and others refer business to him.

“I invested in the specialty equipment

Owners Greg and Kerry Schadl are shown with daughters Claire (left) and Chloe.



The Mr. Rooter of Dubuque fleet and team. Left front, Greg and Kerry Schadl with daughters Claire and Chloe; others (from left), technicians Ted Boge, Chris Anderson and Steve Kowalske, and office manager Lynn Taylor.

first, and now other plumbers cannot see any value in competing with me,” he says. “I already have all the equipment, and for somebody else to spend \$50,000 on a jetter ... Well, I just think I got a good jump on everybody else.”

Schadl, a master plumber, credits much of his success to following the Mr. Rooter system. Before he went into business, he was contacted several times by a

Mr. Rooter representative, who offered a challenge: If you continue to do the same thing, you will continue to have the same results.

“A year later, I realized that I was continuing to do the same thing the same way, and I was at the same place,” he says. “There was no progress in life. I decided it was time to change and do something else.

Part of the Team

Greg Schadl set a goal in forming Mr. Rooter of Dubuque: He wanted to work himself out of a job. He wanted a team in place so that he could be away and things would run just fine.

“After 10 years, I pretty much have that accomplished,” he says. “If I’m gone for a week, everything would be here, and we would be making money. This means control growth. Monitor things. Identify problems. Analyze the business.”

It also means having the best technicians. “I hire based on personality, and someone good with their hands,” says Schadl. “I hire on attitude. I can teach plumbing and drain cleaning. I can’t teach an attitude. If I can find a good person willing to work, I can teach the skills they have to know to do this. You start with drain cleaning, and work them into other things. It’s steady progress every day.”

Technicians work solely on commission, but with a guarantee, which technicians nearly always far surpass. “The guarantee is a tool to give them security,” Schadl says. “There is an incentive. They can build a business within my business.

“Once they go to a customer’s house, that is their customer. When that customer calls in a second time, we try to give that business to the original technician.” Schadl also provides health insurance, paid vacation and holidays, and uniforms.

Schadl constantly looks for new business. He recently hooked up with a Realtor who each week prints a list of every house sold in Dubuque. “The technicians write letters to every one of those new homeowners,” he says. “We send magnets and coupons, and we’re starting to get response. These are new homeowners. They might want to replace a faucet, for example. We are the first to get our name out there.”

When technicians arrive for a job, they put down a mat outside the door and put on carpet protectors. They carry a price book. The goal is to leave the place neat and clean, and to establish a customer.

“I want them to ask questions, see what that customer needs,” Schadl says. “The TV cameras are huge in our business, and we use them every day. They show the customer what the problem is. My technicians don’t have to sell anything once the customer sees the problem.

“Our calls now come from 80 percent referrals or repeat customers. We provide a service that is over their expectations.”

Besting the competition

"I started with the drain cleaning, and we made steady progress every day. My long-term goals were that I wanted to own my own business, and when done with my work I didn't want to have an auction and sell my tools. That is why I went with a franchise. Now if I want to sell, I have all the records, the building blocks. I wanted a saleable asset when I was done.



Steve Kowalske (left) and Chris Anderson prepare for a jetting job.

"Even in a small market, we see steady growth. I have three trucks now, and I will probably add two more trucks, and with that I can come close to a million-dollar market in sales." The truck fleet includes a 2005 one-ton Chevrolet Express 3500 van; a 1996 one-ton Chevy van; a 2005 Chevy HD 2500 diesel pickup, a 1998 Ford one-ton cargo van, and a 1998 Ford 3/4-ton van.

With a SeeSnake camera from Ridge Tool Co. on all three service vans, a trailer jetter from US Jetting Inc., and pipe bursting equipment by TRIC Tools Inc., the company is ready to handle the more difficult tasks, as well as the routine jobs.

In jobs requiring excavation, Schadl saw that 70 percent of the total job cost was going to an excavator, and Mr. Rooter would just be laying the pipe. Now, with pipe bursting, the excavator digs one small hole in the street, and Schadl gets the bulk of the work. Eliminating most of the digging also saves the customer money.

Working for the city

The company has evolved into some municipal work on behalf of the City of

Dubuque. For example, the city does not own a mainline crawler camera for its 6-inch pipes and so hires Mr. Rooter for that work. On street repair and resurfacing street projects, Mr. Rooter has been hired to inspect old lines and locate laterals. For that work, technicians use a portable mainline crawler camera system from Cyclops Electronics Inc.

Schadl enjoys the tough jobs. "We take out-of-the-ordinary work that nobody else is willing to take on," he says. "As far as I'm concerned, the dirtier, the nastier, the better. We have the best equipment money can buy. People see the value in something like that. We come in very professionally, and we know how to do it."

The firm runs into some unique jobs. "We had a local power plant and a boiler that is four stories tall," Schadl says. "They were doing an inspection on it. One of the guys inspecting dropped a confined-space air monitor down a tube a couple hundred feet, and they lost it. They could not re-fire the boiler until that piece of equipment was out of there. They didn't know what to do.

"They hired us, and we ran a camera down there all the way through the tube, and around a corner we spotted it." Schadl suggested cutting a hole in the pipe, but the customer's manager said that was not an option.

"We fashioned a hook on the end of the camera and pulled that thing back," Schadl says. "We had to drop it a couple times, but we got it and pulled it up and out."

Looking bright

That kind of can-do attitude and innovation has earned Mr. Rooter of Dubuque a solid reputation in the residential, industrial and commercial sectors alike. The company is centrally located for its territory in a 40- by 60-foot building. Schadl said there are no immediate plans to look for other quarters.

He continues to grow the business within the territory's limitations by following a simple but rewarding philosophy: "Treat every call like it is your last and only one. That is the key. Don't rush out the door thinking of the next job. Take care of this person like they're the only one you will ever have. That makes them repeat customers." ■

MORE INFO:

Ridge Tool Co. 440/323-5581 www.ridgid.com	TRIC Tools Inc. 800/301-4903 www.trictrenchless.com
US Jetting 800/538-8464 www.usjetting.com	Cyclops Electronics, Inc. 830/249-9756 www.cyclopestv.com
Mr. Rooter 800/583-8003 www.dwyergroup.com	

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