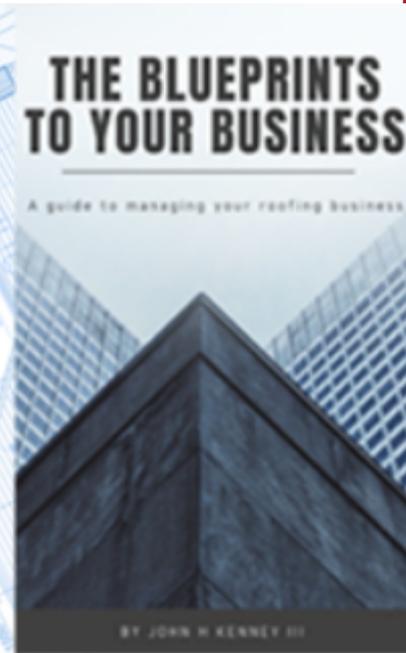


RLW

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1/27/2021

Drive Your Own Software Solution

MODERATOR:

- Heidi Ellsworth, RoofersCoffeeShop®, Partner

PANELISTS

John Kenney, CEO, Cotney Consulting Group

Heidi Ellsworth:

Good morning or good afternoon wherever you may be. Welcome to the January 2021 Read, Listen, Watch. We are so excited for this webinar today. I have to tell you, it's a great way to start 2021 with my friend John Kenney. We are today going to be the first stop on the upcoming book tour. I don't even know if John thinks of it that way, but I do. We are the privileged to have John Kenney here talking about his new book that is coming out, which is the Blueprints Of Your Business.

During this RLW, we're going to go through the book. We're going to talk a little bit about upcoming trends, what we're seeing, and we're just going to pick John's brain a little bit during this feature today, to really help all of you out there understand and look forward to the new year. My name is Heidi Ellsworth, and I'm an RCS partner. Our Read, Listen, Watch is all about providing education and information in the way you want to receive it, whether that's to read it, to watch it like we are today, or to listen to it on all of our podcast channels on demand after today's event.

But before we get started and really getting into visiting with John and finding out about this new book, I do have a few housekeeping items. First of all, as we said, this is being recorded. So be sure to know that you can come back, watch it, see it anytime you want to on demand on Roofers Coffee Shop. At the end of the webinar, we will have a Q and A session. So if you have questions, please put them into the question box over in your control panel, and that way we can get to them at the end.

If you have comments all the way through, go ahead. Please put them in. Please be a part of this as John and I visit about all the great stuff that's coming out in 2021. Finally, I would ask, please share this as you talk to other folks. Have them come in, have them be a part of this both live today and on demand. So let's get started. I would like to introduce John Kenney, who is the CEO and Technical Director of Cotney Consulting Group. John, welcome to the show.

John Kenney:

Glad to be here. Thanks for having me.

Heidi Ellsworth:

You and I, I love these. We have so much fun talking and really the passion for roofing and for success of all the people in the roofing business. Before we get started, I know a lot of people know you, but maybe just start real quick with just sharing a little bit about yourself and about what's going on with Cotney Consulting Group.

John Kenney:

Sure. Well, the best way to say it is that I'm third generation roofer. I know if anybody's listened to Trent, his favorite line to introduce me is from the rooftop to the boardroom. I guess that sums the career up. But yeah, I take a lot of pride in starting out at a very young age and working my way up through the trade. The fact that I can touch back to my earliest memories in the '60s as a child in a family business, all the way up to where we're at today, I take great pride in that.

I believe in the craftsmanship of our industry. I enjoy our industry greatly. It's been very good to me, and there's nothing more I like than giving back to our industry, for sure. As far as that goes, I think roofing, I'm not a person who says, "Yeah, I've done it all," but I pretty much think I've tried at least every part of it that's out there. So I enjoy that part of it.

Heidi Ellsworth: John, talk to us about what your inspiration was and what the book is all about.

John Kenney: Well, first of all, if you'd have said to me last year, "You're going to write a book," I'd have said, "Ah, you're absolutely crazy," even though it needed to be done. This is why I say it needed to be done. Coming up through the years, there's other books that I've read. I've done trainings, as much information as I could grasp, but it's never been geared towards the roofing industry. It's always been a generalization, how to run a business, how to understand accounting.

I've always said this and we've talked about other webinars, construction is its own animal in the business world. And roofing is a separate division out of that, so you've got to really learn it. Based upon that, that's where my inspiration came from. It came from the fact that I wanted to be able to get out there what I've learned, running businesses and growing businesses and making mistakes, because you can't do what you do without making mistakes. That was where my inspiration... I thought, "Wow, what a great idea if I could just have one person read this book and say, "Wow, I learned something from it." If that happens, then it was a success.

Heidi Ellsworth: Well, I have to tell you, this is something... Just what you were talking about. You've really done everything in the roofing industry. So to be able to bring that kind of wisdom and knowledge and experience to this book, I think is really going to help. I felt the same way when Karen Edwards and I worked on our books about marketing and sales and everything. You just want to bring something that is going to help everyone and take them to that next step.

John Kenney: Exactly.

Heidi Ellsworth: As we're going through that and looking at this, let's talk about how can people use this book to build their business and to improve their business? I know there's a lot of different things in here. So maybe give us a little bit more of a sneak peek into it.

John Kenney: Well, it's not about how to put a roof down. This is not a technical manual. I didn't cover that end of it. This is about how to either grow your business. Or I also started it out that you could be a tradesman that wants to start their own company, and what would be a guideline to do it. When I sat down to write this, I wanted to write it from a couple angles. If I was a newbie and I didn't know how to start a business, how would this book help them?

If I was already in business, but maybe I wasn't quite there and didn't understand everything, would I get something out of it? And then I also wanted

to have an aspect if, okay, I've been doing this for five, maybe more years. Am I going to get anything out of the book that I can learn that I might not know? I tried to answer all three of those questions, and I think if you've been in business, you'll enjoy reading it. I think if you're thinking of going in business, you're going to get a lot out of it as well. And if you're in between, you should. So I wrote it from that angle.

In the beginning, we start out... I'll just give you this [inaudible 00:06:46]. I won't go chapter by chapter. But I started out with The Business Of Roofing as my chapter one. That goes into really explaining a little bit about our industry, where we've come from, where we've gone to, give you a little history of it. That gets you into, okay, maybe I want to do this, or I don't want to do it. Figure if you don't need past chapter one, you won't read it. You don't want to go into business, you may not want to read it.

But then we've covered everything from, how would you set your business up? How do you understand financials? What are the different types of corporations? It covers all through that. Of course, then it's like, we talk about if you're the owner, what anyone knows, if they start out or are going to start their own business out, you wear 30, 40 hats. You're everything. You're everything from the supervisor, all the way up to your chief executive officer and banker and the whole works.

We cover positions in there, what to expect. And then we also talk about, how do you build and hire your team as you go along. And when are the times when you want to do that, stretch like a rubber band, go so far, and then you bring on some team members. We cover that. We talk about how to estimate, how to run an estimating department, how to hire estimators. We talk about sales, how to build a salesforce, what salesforce might work for you.

We do cover a little bit on the difference... An explanation, not deep dive like your book would be, but we cover on what's the difference between business development, marketing, and sales, because there is a difference. A lot of people get all those confused, so we wanted to explain that from a roofing companies aspect. Then we go into deeper dive. We cover contractual items. There's, I should say, a thorough chapter in there on contractual stuff that I work with the law team on to get out there so people would understand deep dive into contracts.

We also cover bonds and insurances, and how to have fun running your business as well, and how to read your financials and talk a little bit about KPIs. And then we go through all that. The last chapter, I enjoyed writing the most. I call it technology chapter. I don't really gear down in there on the software to use in your business, that's covered in other chapters. I talk about what the future of our business is.

We talk about robotics. We talk about AI. We talk about virtual reality, all the stuff we're seeing out there and how that would affect your business and how

you should be prepared for it in the future with technology. So we're given a look into the future so that you can see where the roofing industry, by the trends we've seen, where we feel it's going. That was the most exciting chapter I did. Everything else was a lot of business type stuff and get it. But that was an enjoyable chapter. I think that worked the book alone.

Heidi Ellsworth:

Yeah, well, and I know how involved you've been with our T3 roofing technology think tank, and how much you've all done with technology. So you're bringing some really great knowledge on how to incorporate that into the business. I also know, as you were talking through things and looking at them, that one of your big pushes, probably... And I know with what you're doing, working with Trent, is training. You have really worked hard on putting together training, training center, and a program that I've been hearing people talk about.

As people are thinking about, get the book and you're going to work through that with your team, but then what's the next steps? Training.

John Kenney:

Training. Yeah. Our training center is complete. We actually started hanging up on all four walls, roofing history signs and different memorabilia from the 1800s, all the way up. When you walk into our training center, it's like taking a walk back through history, which is very enjoyable for anybody. We have all the mock-ups done. We're actually having our first in-person training session in March. COVID, pandemic-friendly, of course, but we're working on that.

Upcoming trainings, we'll see how that goes. We'll develop. We've already worked locally here with the Fox TV channel. They have a morning show. As soon as they get clearance in the fall, they're coming out. We have a high school coming in that has a vocational program that's looking to hook up with roofing trades. We're hoping that would be around fall. If the vaccine gets out there more, then they'll be cleared to come in.

Once that happens, we'll have a live event that will be televised, and that's how it all begins. We're actually reaching out deep into vocational schools, starting out on a local level, and our goal was on a national level, to really get roofing industry up and running and excited in schools and get them out there and about it. So that's our giving back portion. That, of course, is what we want to do for the industry.

Training, you're going to see that come online. I know we're going to do a little deeper dive in a little bit on it, but we also have, excuse me, estimating training. That should be up and live within the next 45 days. We're almost done. We've passed our trademark certifications, so we're clear to go on that. We've done our agendas as far as you have to follow certain procedures. The difference between certificate program and a certification, we're done.

We're writing all the content now. That will be available both online training, where it'll be online testing, online certification, and it will be available to groups in person as soon as we're able to do more of that. Virtual training, we

still feel is going to be a huge part, even if the pandemic ends in the next wherever months. I don't even want to predict that anymore. But I think it makes sense from an economical standpoint for companies, especially those maybe out in the more rural areas of our country that want to get the training.

You don't have to pay the expense of travel and all that. So we're going to be fully set up on virtual, online. We already have our website built out for it, so we're ready to go. And then we're also going to have some really interesting foreman training. Now this is different than most foreman training. We're going to work with the companies and certify their foreman, how to be their reps out in the field to manage projects, deal with customers.

So we're going to give them a lot of interaction training to be the best that they can be. I don't want to announce the title of what we're calling that yet, but we also have that trade protected as well. It's going to really be a big thing. Interesting topics.

Heidi Ellsworth:

Wow, and so necessary. I love the fact that you're doing this hybrid model, hands-on, and virtual, and a little bit of everything in between because we have changed over the last year and it's not going to be the same going forward. In a lot of ways, I think it's going to be much better.

John Kenney:

I agree. You have to have both. I think that's the future. The future's going to be always... Look, I love in-person, I love talking to people, but it's going to stay virtual to a great extent. I've been finding out, talking to a lot of the younger generation that's coming into the roofing industry, and they really do have a preference for virtual training, that they can do on their own time, because they have families to juggle, growing up with kids, and everything else. So that's why we're going to have it available so you can work around your own schedule.

Heidi Ellsworth:

I love that. I love that. In January, I believe it was, January or December, you came and visited with our club members. You were talking about the estimating and what you're doing on estimating. I have to tell you, you had some very excited contractors that day who were very excited in what was coming next. This Cotney certification program for estimating, can you talk a little bit more about that and share what's happening there?

John Kenney:

Absolutely. Nothing I'd love to do better. We begin with the estimating, so again, I can go back to.., I took my first major course in getting a certification estimating back in the early '80s. It really was designed... It covers everything, site work, the whole thing. It's cumbersome if you want to be a trained estimator. It's great but it's stuff you don't need. I looked at this from running estimating departments over the years, and I've trained a lot of hands-on one-on-one training and estimators over the years.

So I said, "Okay, we're going to make this division seven, roofing specific, learn how to estimate everything from waterproofing, anything that the roofer would cover in their basis will be in this. So we thought there's a couple ways we want

to do this. One is we want to have generalized training where we can come in, train your estimating staff, get them up to speed, you get certificate, no problem.

And then, also when there's certificate program, it's mainly meant for anyone new to the industry or up to five years experience at estimating. With that, that's one of the things we're reaching out to the junior colleges and the vo-tech schools to get this ingrained in their curriculum. This is a great way to introduce people into the roofing industry because, ultimately, we like to show them there's a path beyond. You don't have to go to college. You could go into the trades.

But maybe you don't want a roof for the next 15 years. Maybe you want to learn to trade in 10. And then what's next? So that's why we want to be able to get these out. That's for the industry. The certification program, that is you will take an examination in the beginning for your skills. You have to have a minimum of five years experience. Once you pass the test, then you're eligible to take our course.

Once you take the course, we're going to deep dive into all aspects of roofing estimating and we like to call it the art of estimating. Really teach it and get you qualified. At the end, you'll have to pass an examination with a certain score. If you pass the examination, you will get a stamped certificate from us. Plus you will also, it's like a notary, you're going to get a seal and a stamp, because we trademarked certified professional roofing estimator, you will be able to carry the initial CPRE next to your name.

To make it a true certification program, it has to have continuing education tied to it, which we will. We followed all of the guidelines for higher education, to have a true certification program that will be industry recognized. So I'm pretty excited about that. I don't believe there's anything else like that out there.

Heidi Ellsworth:

That is amazing. Like I said, the contractors who you presented this to you before were all like, "Where do I sign up? How do I get involved?" So you already are seeing the [crosstalk 00:17:34]-

John Kenney:

Well, we see that [crosstalk 00:17:34] in about 30, 45 days when we'll have applications to sign up and start the classes. We had to get through the trademarking of it, the protection of it. We had to get all that done. We had to submit our course data in to make sure passed everything to become a certification program. We got the green light about a week ago. So we're busily putting everything together now.

Heidi Ellsworth:

Wow. That's exciting. And so, as we talk through that a little bit further, I know that we have on like what you talked about before with the training and certification programs. So let's talk just a little bit more about that, the foremans, superintendents, and management. I mean, you mean you've got it covered here.

John Kenney:

Yeah. Foreman's leadership is going to be very similar to the estimating program. We do already have a title trademark with that. We have a certification and a certificate program. But we don't have the full green light on that yet. It's coming. Expect estimating, expect this out by late summer, mid summer, somewhere in there, you'll see this come out. Then we're going to go to the next level up, superintendent training, project management training. It's such a hole in our industry of taking people from one step up.

This is really beneficial to our industry and our contractors, because with this training, we're basically taking your career path that you want to present to any employee coming into your company and we're helping you get them there. So this is all about improving on how somebody comes in saying, "Okay, I am a roofer today. I want to become a foreman, and I want to be a superintendent, maybe a project manager. How do I get there?" We're going to work with the companies with all these certification programs of laying out exactly how they would do that.

Management training, probably more towards the end of the year. We really want to take what's in our book, what we're doing now, and actually put that into a program where you can learn and become all the classes and how to run your company. You've got young leadership coming up, we'll be able to work with them with you and your company specific of how your company works and train them right on up for helping you run your company. I think it's great for the careers and the industry. There's always room to continue to work on our industry always.

Heidi Ellsworth:

Well, and one of the things we always talk about is, it's so much harder. Once you have some good talent, it's so much easier to keep them than to go back out and recruit brand new and start from the very beginning. So you're really showing a career path for some of these young people and for companies to help them create that career path to keep the talent that they have and keep them in roofing.

John Kenney:

That's the whole goal. It's not just like we're going out and trying to certify a lot... This has got a lot of qualifications to it, but it absolutely is going to benefit the individual and benefit the company.

Heidi Ellsworth:

Yeah. I love that. Well, John, let's switch gears just a little bit. I always like picking your brain and hearing what's going on out there. And so, I would love to just talk a little bit about 2021. What do you see? What's your forecast? what are you seeing out there? Share with everybody because I know, I mean, it's changing every single day.

John Kenney:

Yeah. I mean, legal considerations and I actually don't normally do this, but I've had some calls already today because we work with our lobbyists up in Washington and we have lobbyists locally. Everything statewide, everything nationally is changing quickly. Looking at my notes here, some of the main concerns for roofing contractors that you're going to see a lot of oversight on is

misclassification of employees as subcontractors and let you know on that. So you've got to make sure that you are properly classifying subcontractors, and they're really not employees.

That's been lax on enforcement over the last four years. It's not going to be any more. You have a lot of people that are coming into new cabinet positions that are very labor [inaudible 00:21:55] friendly. I'm not saying that's good or bad, I don't get into politics. But what it means is you're going to see that. You're also going to see a lot of state levels. I think you're going to see a lot of labor law audits.

I think it's going to go back to where they're going to come in and check and make sure you're paying overtime, make sure you're paying drive time. I think this is going to be fairly driven, but it's going to go down into the state levels. So that's another thing you want to make sure you've got your policies correct. Now's the time to get your policies correct because it's going to happen.

OSHA, I could tell you right now, OSHA has been a sleeping giant for the last four years. It's been there, but not as bad. OSHA's going full speed ahead. I can tell you that right now. Be prepared. You're going to see the [inaudible 00:22:37] out there. They're going to be inspecting the jobs. They're using drones. They're using drone technology. They're not going to be stepping up on the roofs as much as they used to, compared to standing droning your projects, catching you with violations and sending you certificates of violation. So be prepared. It's coming. You're going to see a huge move over the next 60 to 90 days in violations going up.

The other thing is COVID, it's not going away. I mean, it is, but it's not going away anytime soon. So we're seeing a lot of the owners and the people with the money, with the projects, they're starting to put clauses in there that you're going to have your folks vaccinated, which you've got to be careful with that contractually. If you're signing a new contract and you're signing that waiver, then guess what? You're going to have to make sure your team is fully vaccinated.

Now, as an employer, you can't force your employees to get vaccinated because of their rights and everything else. But you've contractually signed to that. Now, if that comes up, which we're seeing a lot on existing contracts, you have the right to ask for a change order to cover those costs. Make sure you do that. We're seeing a lot of that being slipped through back and forth in the industry right now. And we're seeing a lot of COVID pandemic clauses being slipped into contracts for future because like everybody else, you go home and listen to the news. There's a new variant.

I mean, look, I'm like everybody else. I'm very optimistic that sometime this year we will be done with this pandemic. But I'm also a realist and know there's probably something else around the corner. There always is, so watch those items. I would say, legally, those are the biggest things that I see legally. Other

than legal, definitely there's supply chain issues. I think they're going to grow. I know you've talked about it and that there's material prices increases.

I mean, lumber is through the roof everywhere. I went to buy for my own house, a sheet of plywood the other day. I almost fell off of my feet and was like, "What? I don't want to buy gold. I just want a sheet of plywood." But that's what we're facing. So I guess on a legal standpoint, make sure the contracts you sign on pricing, that you do get price escalation put in there. You probably don't have it on anything you're already contracted for, but try to push through with that because I think prices of materials is going to continue to escalate over the next couple of years. It's just going to happen.

Nother one, let's see, probably both ways. Marijuana, more states have legalized recreational marijuana in the last election than ever before. It's still against federal law. It's still against OSHA. It's still against workplace, but it's legal in the States. That's a difficult thing. I'll kick that. If anyone has got any specific questions on that, call on in here, I'll get you to the greatest attorneys in the world to help you out on that. But that's a huge issue we're seeing.

Minimum wage, minimum wage. I'm talking to you from Tampa, Florida. Tampa passed \$15 an hour minimum wage, but it's going up over a four-year period. It's 10 through 15. I saw 21, I think it was 21 or 26 states passed minimum wage increases. Not all, more 15, but different variants. So you need to be very careful of when these dates take effect too, if you have warehouse people, part-time workers, so you're paying the right wage.

Most your industry is paying well above minimum wage for tradesmen. It's a fact, but you never know. You might have a clerical worker that's right around the minimum wage part-time out of high school, trying to help you out. Those are things you've got to watch for because I think enforcement's going to be the big thing this year. You're going to see more enforcement of regulations than we've probably seen in at least four to six years.

Heidi Ellsworth:

Yeah. It's just that change as we're coming through it. I also think I just saw something come through on our newsroom about OSHA getting more involved with COVID regulations too and safety on that part of it. So staying in tune, I think, in 2021, one of the most important things is for people to be in tune to what's happening and really using their resources like Cotney, and on Roofers Coffee Shop, and the associations to really understand what's happening out there. And there's a lot of people working for them.

John Kenney:

Oh yeah. That's a good example of OSHA. I'm actually speaking on that tomorrow on COVID with OSHA and safety preparations. OSHA has a lot of guidelines on what you should do, like the CDC. If you go to their website, you can find all these. I've read through them. Some of them are pretty doable. Some of them, like anything else, they're almost impossible for a roofing crew, putting on a roof tear and a roof off to keep in compliance.

But what you're going to see with enforcement is everything they're going to kick back is to the general provisions code of the OSHA guidelines. What that means is you have to keep your employees safe of all incidents at all times, in simple words. Technically, there's not a COVID provision of an OSHA violation, but they're able to kick it back based on that. The best recommendation I can recommend anyone on that is to have your training, have your documentation.

As Trent always says, except today it's a little more electronic, "Best paper wins." You've got to document the heck out of this. If not, it's probably going to be an issue sometime this year.

Heidi Ellsworth:

Yeah, exactly. What do you see on technology, John, in 2021? I mean, it's moving so fast and it's being adopted faster than it's ever been in the past. What do you see?

John Kenney:

Well, technologies is exciting right now. One thing what the pandemic's done, I'd say, probably stuff that we were going to see in five and 10 years, we're now seeing in six months to three years. It's just moved everything up. That includes 5G networks and they're out there putting more everything. So all that does, it continues to release more things you can do. I mean, right now more and more companies have released the safety vests in the different things.

They have the monitoring to them, they check on your employees' heat, whatever. I also saw the other day, which is just out, that they actually have a patch now working off a vest where it'll test if you have COVID or not. I don't know how accurate that is, but I see it's coming on the market.

Heidi Ellsworth:

Oh yeah.

John Kenney:

On that aspect, artificial intelligence is huge, virtual reality, augmented reality. For anybody that doesn't know the difference, really what's going to happen is you're going to take... Artificial intelligence is really basically machine learning. You run items through there. We have a program, pre-cog that we do things with stats on. But anything that you could do, you run through artificial intelligence machine. The computer does all the crunching so it speeds everything up for any type of its working, on any type of technology.

Your virtual reality and your augmented reality, you think at games, game systems that the kids have been playing for years. Well, that's now coming into training, safety, teaching. I believe we're talking about all the training that we're doing, I believe within the next two years, we will actually, through a set of glasses and everything, we'll train you how to put a roof down and you're not really going to touch roof. It's going to be very strange, but I've seen the programs out there. It's amazing.

Another advantage I've seen, you'll be able to have your older retired techs when they retire, maybe not want to fully retire. You'll be able to keep them into your office area. They'll be able to hook to your texts in the field through

the augmented reality, and you'll be able to actually teach them how to fix leaks and how to do different things, technical stuff, right on a screen. You have your iPad and you'll hold it over the areas. So there's a lot of positive things. I mean, other than that, as far as general technology, we're at the speed of light with everything that's going on.

Heidi Ellsworth:

Right. I mean, I've never seen the type of adoption that's happened over the last year, for good reason. I mean, we had to. When you're forced to do it, you have to adopt. But that is really taking everything and just spinning it so much faster. And so, it's an exciting time. It's an exciting time for companies. I think roofing companies really need to be aware that if they're not adopting new technologies and getting the right technologies for their business, it's going to make it even harder.

And so that's one of the things I love that you do. Then going back to your book is really talk about that, because there's a whole process in figuring out what you need to do.

John Kenney:

Absolutely. We cover Smartsheet you have on here. I mean, that is a technology, a cloud technology. So we didn't really touch into that. Cloud technology not only it's here, it is definitely the future. What it allows you to do, it allows you to take different softwares that are out there that you use and feed them all into one system to get all your information, so you're not entering data in nine different systems. That's what we do with Smartsheet, and you're seeing that more and more.

As any business owner, not just in roofing, you want data in front of you because you can't make a decision tomorrow anymore. You have to make a decision 10 minutes before you knew you had to make the decision, because that's how fast the world was moving.

Heidi Ellsworth:

Yeah, that's for sure. That leads us right into my next question, is really when we're looking at how the businesses can keep up with all this technology regulations, everything else is out there. One of the great initiatives that you launched last year was COO on demand. I mean, everyone needs operations support and they need this. Cotney Consulting Group has just done an amazing job with this. Can you go through what COO on demand is and how it can help roofing companies, businesses?

John Kenney:

Sure. COO, chief operating officer always was a position that was used a lot in many companies. And then, it ran out of favor. I think it was a cost-cutting measure, big in corporate industry. Of course, it fed down. But really, your chief operating officer, that's the person that has to make sure everything is working correctly so the company hits its goals, hits its dreams. It allows the CEO to be able to be the visionary. That's what you need. That's really the difference.

I always like to call the COO the rubber hits the road person, and then you have your visionary. You need both because it's like you've got to have left and right.

They've got to work together to work. I noticed that was missing in the industry, and I've done that position for a lot of years. I consider it an extremely important position in any company. The hardest thing was, how do I get that idea out to the masses?

The hardest thing to do is people always say, "Well, can I just get a kit?" No, you really can't. It doesn't work that way because then it's no... I don't want to sell it online and say, "This is what you need to do," because every company works differently. How we designed this was we go in, we do an initial consultation. You may work different than the company over in the other town, but both things are fairly working well. We don't want to go in and change all that.

What we want to do is find out what works best for you and your team and develop the procedures based upon that, because no one likes major change. If something's really working and your team's on board with it, that's what we want to grasp onto. So that's what we do. We broke it into three, launch, upgrade, and expand. Really what that comes down to, launch goes in, your company, creating a new company. Or if you're in the infancy of a new company, or you really haven't done anything, you're just going out and living off your checkbook type of deal.

You're putting roofs down, you collect the money, you need to do it. That's where we go in and get all the basics upfront, analyze what you have, analyze your business financials, analyze everything you've got going on, come back with the recommendations. We do that over a six-month period with you. You get coaching calls and part of that as you grow.

Then the upgrade is when you've got your goals and strategies in line from working on the first phase, that's when we help implement with all your team members and get everybody in place, help you hire people, help you get people in place. SOPs. I'm a huge SOP... Standard operating procedures, they work. You just need to consider them as living documents because they need to be able to change as the environment and your company changes.

In any expense, simply what happens there, you come, you're ready, you've got everything in place. Now we want to go from \$1 million up to five million, five to 10, 10 to 20, 200 to a hundred. That's what that phase... That's about sustained growth. We always focus on something that most business people forget about. Top end will kill you if you don't have a good bottom number. So we always constantly focus on that net profit. The higher that net profit line is, the more you can do with it. It brings cash into your bank.

Heidi Ellsworth:

Right. Wow. I love this because, being a small business owner myself, everything you're saying, whether it's a roofing company, or a publishing company, it makes sense. That's one of the things I've always loved about working with you and working with Trent, is that you make things make sense. So often you get involved with consultants or different people and you don't even know half of what they're saying. You're really lost. This is just straight forward and really

good. That COO on demand program, I've been hearing back from contractors how well it's working. So congratulations on that.

John Kenney: Thank you.

Heidi Ellsworth: That's a great, great initiative.

John Kenney: Yeah. No offense, if we have any other consultants out there, that's why we designed it. We designed it not to be like the typical consultant. We are your business partner. We're there to help you grow and learn. We're there to launch you into your success. Not just be a consultant says, "Here's what you need to do. Here's the way to do it." No. We work with you and train you and get your people up and running.

Heidi Ellsworth: Yeah. I really think that is the future of consulting. It's a partnership. I think any business, we're learning that, more so than ever, that it has to be a partnership or just doesn't work.

John Kenney: Exactly.

Heidi Ellsworth: Well, as you're looking at that too, that just takes us right into the importance of consulting services, whether it's COO or whether it's training, whatever it may be. I know I do quite a bit of consulting out there and it is a partnership. But what are some of the things that are important for roofing companies to be thinking about, John, as they're looking at consulting?

John Kenney: Well, right now, coming into 2021, we thought 2020 was filled with surprises. 2021's going to be a difficult year. It could be a couple. I'm not preaching recessions or downturns. Doesn't matter. What matters is competition's always tight. Prices are going up. There's not a lot of dollar left for you as a business owner. It's just the way it's always been. It's going to continue that way.

What we like to do is, first, do this initial, even if you're trying to do this yourself, go in and look at your own processes and how you do something. You should be able to take your pad, I always like to say white board, you should be able to list out, this sale came into my company, how does it get to the customer and how do I get paid? You have steps. Whether you realize you do or not, there's something that happens to get there, right?

Heidi Ellsworth: **Right.**

John Kenney: So if you look at that, and one is you don't know how it's happening, that's really not a good thing to do. You need to start figuring it out. And that's where we would come in. Or if you have way too many steps, you're not efficient. If you're not efficient, that means you're either paying people you don't need, or the process is so bogged down that probably at the end, your customer's not going to be happy with the in-service working with your company. That's one big tip. Find out you're missing.

If you do an audit on yourself and your company, you're going to find... And you've got to do an honest audit. You need to be able to look in the mirror and not say, "It's not my fault." Well, you're the business owner, or you're the project manager, whatever position you're in, it is your fault and it's also your success, so that you have to look at it from an honest standpoint what you can do to look at the processes to make them be successful.

Reaching your goals, I mean, it's like New Year's Eve goals. Most people set goals that are unattainable. I like to look at goals and do them in quarterly chunks. You should have a master goal. If your goal, wake up in the morning, you're in a roofing company and you're doing \$5 million, and you say, "You know what? I'm going to do \$50 million." Well, let's look at that. Okay. Maybe five years, eight years, whatever it is, let's look at it realistically.

But more importantly, what do we need to do in one quarter now, the next quarter, and the next quarter, to start working towards that goal? Those you'll obtain, you build success. You start to get the team on board and the train starts to move down the tracks. Ultimately, you're now going to hit your way-out-there goal without even knowing you're working on it, right?

Heidi Ellsworth:

Yes.

John Kenney:

So that's very important. Strategic planning. I think strategic planning is absolutely the most misunderstood concept of any business person or any person for that matter. Strategic planning is really where it comes from a strategy. But what is your strategy? This isn't about a goal. This isn't about what you want to do. This is just how are you going to do this? What works in your company? What doesn't work in your company? How are you going to get from this point to that point? What is the ways you're going to do that?

That's really what strategy is. Are you going to work on commercial work? Are you going to work on residential work? That's how you create strategies, from what your plans are. This is my stressor. Always, always, always, I said at three times, focus on profitability. A long time ago, there's been a saying out there, still out there, "Volume kills, profit thrills." It will never be disproven.

People have tried to do that by gaining volume over profit. You will go out of business, guaranteed. Some point in time, it will put you under. Always work on cost control, proper pricing, gross profit, and always work on increasing that bottom line. If it's 2% now, your goal should be three, 4%. When you get to that, it should be five, six, seven. Always, there's always more. I've worked with many companies and I've worked with many clients that we have not hit the ceiling yet. It's just a matter of how do we get to the next level of profitability?

Heidi Ellsworth:

Right. Wow. We could have just a whole conversation just on that. And also on strategic planning. I am such a huge strategy... How do you do it? How do you brand yourself? How do you put yourself out there? Who are you going after? All of that is just so interesting and such a great thing for contractors to be able

to call and visit with you and find out how they can get started, I think is so good.

When you're really looking at that too, one of the things that I have been so impressed with is that, I mean, both you and Trent have really looked at how to fill in all the gaps. I guess that's our first bullet point there, but how to fill in all the gaps of what contractors, what roofing contractors need to be successful in their business, and putting it really within reach through you to easily get whether it's advocacy with lobbying, or consulting, or law, or whatever it may be. So maybe talk about that one stop shop and why that's so important for contractors to help build their business.

John Kenney:

Sure. Well, going back to legal and consulting, how this all came about, I've known Trent for 20 years. Worked with him side by side in the industry. He's always been an advocate, always out there. That's what I've always loved about him the most. His heart's in the industry. So when him and I got to talking about all this, and I bring this from an operational standpoint of being in the business, my whole goal was to always avoid never hiring Trent Cotney, or any lawyer. You probably do things to stay out of trouble.

Yes, there's always going to be a lawsuit. You will get sued. It's inevitable if you're in business, whether it's an employee, ex employee, customer, client, whatever, it's going to happen. Car accident, it happens. But you can avoid 80, 90% of your legal issues if you've got correct operational procedures in place. Example, we talk about contracts all the time. Trent and the legal team, look at it for clauses that you need to have in States, protect you if you've got to go to court, collect your money.

When I look at a contract, I'm going to look at it from an operational standpoint and say, "Okay, let me know where these points are at so I don't go down the rabbit hole and get there." But I'm going to look more for, when are my new notices due, how am I entitled to collect money on this project? How do I get change orders? Most importantly, before I signed a contract, when I was on that side, I like to get with the estimator and say, "All right, this is a schedule of drawings. This is a schedule specs. This is the spec attached."

If it's a re-roof, you supposedly put it together. Is this the correct version that you bid? Is this where we're at? Because those things will knock you out of the park like that when you sign a contract. I've seen it happen many times. That's how it all got started. Now filling in the gap in the industry, we have a great advantage here and that's why we like to do these webinars and talk and get out there.

We have the lobbying wing, so we're very heavily involved in government affairs. We're all involved with all different associations, not only around the United States and RCA. We're involved with the Canadian Roofing Association. I'm heavily involved with IFD over in Europe, which I love working with those

fellows over there. They're fantastic group. Meeting times are a little rough now and then, depending on the six hour difference.

But because of this, we're getting what's going on in the industry. We're learning what's going on there. We're giving them our aspect. We have an office now. We have an attorney and a consultant in South Africa. That's a whole different market in itself. We're working a lot over there on eco roofs and all that that's big over there. So all that technology gets to come back here.

As filling the gap for contractor, we could hand you a business. We have the legal, and we have the government affairs, and we're staying on top of technology in the future of roofing. So I think that's a big gap filler.

Heidi Ellsworth:

That is, I mean, and it's so impressive because you need to be able to see all these things. So many things are happening across the globe, everywhere, and for you to be hooked in and to hear that and to be able to bring it back, I just think that's... Then you can really say, "Okay, does this work in the US or does it not?" But maybe part of it does. It's phenomenal.

John Kenney:

It definitely is. And then, importance of COO, we covered that a little bit. I know most companies cannot afford their own chief operating officer. It's just simple as that. You may not be large enough to do it. That's why we do the COO on demand. So you're getting the benefit of having your own COO experience in your company at a very small fraction of the cost. I know that because I was paid as a COO, so I know it's a fraction of the cost. It's very, very good for economics.

Build out your business, evaluate technology. That's why we're here. We go in and do a full analysis. We work with a lot of clients. They've got a lot of money invested in technology. I mean, a lot. I'm talking a hundred thousand dollars in different systems and none of them work right. That's where we like to go in. It's not that it's bad software or anything else. Well, what do you want to accomplish? Where are you getting? We try to get them connected, work with the different departments that are using them, get that uniformity. And it works. All of a sudden, everybody's happy and they start to move forward. It takes some time, but we get them there.

Risk analysis. This is huge. Legal risk analysis and what we call operational risk analysis are two different things. By the time you need legal risk analysis, you're already in deep trouble. You know you've got somebody suing you or wherever you're at and you're spending money, and you may not be in a good position. We like to come in and do this risk analysis right up front of your business, your operations, everything you do, and employee manuals, HR, whatever it is in your business where you're working on, or what you're missing. Work with you on getting those items in place so that you can avoid as much of that legal risk analysis as possible.

People say, "Well, you've got legal, so you're working against yourself." Now we don't look at it that way. We're looking at we're working for you, the roofer out there, getting you on the right track. So that's a big part of what we do. Regulatory information. I can tell you, I am a registered lobbyist myself, so I get to get inside of all these different committees and get involved and listen.

Every day the regulations are... They're like a rollercoaster up and down. Nobody know they want to take it this way, they want to take it that way. It's very hard to keep up with. So when we feel that it's going to get to a point that it's going to affect you, that's when you'll see our videos hit the air. We try to get information out ahead.

Trent the other day, we did our podcast, we released a couple months ago, at least three months ago, about the South African variant, because our lawyer over there told us about it and what was going through South Africa. So we at least feel maybe we got some industry knowledge out there ahead of time. But that's the kind of things we like to do. We like to verify our sources and help everybody get the information in a timely manner.

Heidi Ellsworth: Yeah. The part I love is you really are... Whenever you're learning something, you're giving it to us so that we can share it out. It's all about giving back to the industry and making sure everyone's informed. I appreciate that and love it. It's great. Great.

John Kenney: Well, that's what I like working the most on, this side of the industry. The information, and the techniques I got, I can share. When you're running your own company, you have that competitive edge. You're trying to keep everything in-house. So, for me, that's real enjoyable. I get to get this out to the world, which I love it.

Heidi Ellsworth: Yeah. I feel the same way. I love that. Love it. Okay. We're getting towards the end of our hour, so let's talk for just a second about next steps, because I'm sure there's a number of contractors. If any of you have questions, it doesn't matter who you are, contractor, manufacturer, distributor. If you have questions out there, please share them. I know we've been getting some great comments. Thank you, Maureen, that are coming in, and I'll share those at the end.

But I know there [inaudible 00:49:38] wondering, like, "What's next, John? How do I do this? What do I need to be doing?" So let's talk a little bit about that. Next steps for 2021.

John Kenney: Well, the book is going into printing now. It's in its final editing review where they check everything out and make sure it's all put in their proper order to go publish in. The book will be available in February. Again, we'll get it out to everybody that's listening on here, as you promised, and it will be available on Amazon. We're going to be doing some virtual book tours around different areas. We just want to get the word out there.

So you'll get that. Read the book. I really want to hear your opinion, even if it's a... I don't care if it's good, bad, or indifferent. I hope you get something out of it. It's 14 chapters. It's almost 50,000 words. I tried to make it at that level because it's pretty basically a guide on how to do everything. But every chapter I tried to make stand alone on its own to be interesting, and somebody could get something out of it. So I hope it comes off that way. That was my intentions, getting it out there.

Register for a training and accreditation, you'll see links for that coming up throughout February, early March. And sign up for a free consultation, absolutely. You go through Roofers Coffee Shop. You have a great way. You get, I think, it's 30 minutes we offer through there with you guys.

Heidi Ellsworth: Yes. Yes.

John Kenney: Sign up, contact us direct. I'm always available at one time or another when I don't have an appointment. I'd love to help you out. Just because you call me doesn't mean you're obligated to sign up for anything. I will still give you that 30 minutes and I will give you as much information as I possibly can on any subject you want to discuss. There's no tie-in.

Heidi Ellsworth: That's awesome. The training and accreditation, I know you said that, but that's coming. So they should just be [crosstalk 00:51:26]-

John Kenney: You'll see a big release, and I'm pretty sure that you and I will be talking about that again on here, exactly how to do it within the next couple of months. We'll get that out there. It'll be released with a big enough bang and everybody will see it. We're almost there. I guarantee everybody we're very, very close. Once we've got the green light on all the accreditations, now all we're doing is formatting to programs online and getting it all set up. So we're real close.

Heidi Ellsworth: That's excellent. I mean, you and I actually have a little bit of exciting news to share too, is that as part of an industry, I would say, give-back and also for all customers of Cotney, all of our RCS members and audience, John and I are going to be doing a quarterly webinar and we're going to be talking about just whatever we want to. We're going to talk about marketing, and operations, and sales, and how it all works together.

I'm hoping, one of these, we can talk about that great relationship between sales and marketing and operations, always a little-

John Kenney: Absolutely.

Heidi Ellsworth: But when you have the right combinations, how great it is. So we're going to be doing that quarterly. We're going to have Karen Edwards possibly join us for a couple of those and really just continuing sharing some of this from a consulting standpoint, from an operation standpoint, and bringing in some of the more

sales, marketing, advertising to it also. Stay tuned for that. I'm really excited for those John. Thank you.

John Kenney:

Absolutely. Me too.

Heidi Ellsworth:

Yeah, that's going to be great. I would say, just on next steps too, just so everybody knows out there, that all of this is on Roofers Coffee Shop. So you can find, if you're part of the art club, you get some even increased consulting. Like I said before, John and Trent both have presented to the art club and is working with many of the members on there. If you're coming to the site under our promos and rebates or under the directory for Cotney Consulting Group, you'll find free consultations.

We'll have the book there when it comes out. All of those things are coming together. So there's a lot of ways to get started. Sometimes you just need one little thing, and that could be a phone call with John or his team. He does have an amazing team, let me tell you.

John Kenney:

I've got to give kudos. I just have to jump in on that. I am only one person. My team is what makes us great. Absolutely.

Heidi Ellsworth:

I love your team, John. They're just tremendous. They're doing so many things and they're growing. In fact, you have maybe an announcement on that level on the West?

John Kenney:

We have a new consultant coming in, working with us starting on Monday. Heidi, I know you know her real well, Lee. She'll be starting with us actually Monday morning. So we're ready to bring her on board. She's going to help me out on the West Coast. So you'll be seeing her face all over the place here very soon.

Heidi Ellsworth:

You know this makes me so happy. Lee [inaudible 00:54:27] will be part of Cotney Consulting Group. I have to tell you, she is going to bring a wealth of experience and wisdom to this. So John, as always, kudos. The other thing that I want to make sure we cover before we get to these last questions is if you had signed up for this webinar, for this RLW, and you didn't put in your address, you hopefully received an email from me saying we need your address for the book.

If you signed up later on, your address should be in there. And so, everybody who's on here today, next steps. Once the book comes out, first part of March, you'll be receiving that in the mail from John and Whitney and the team over there. So, okay. John, I think we're ready for a few questions.

John Kenney:

Okay.

Heidi Ellsworth:

I just want to share. Here we have a couple folks who have come on, and one of them was just really great advice on policy review and the importance of taking the chance to look through your operation manuals, looking at your policy

review, and also combining that with strategic planning. Talk about that a little bit, just how contractors... Where do they start when they start trying to go through all that policy review? That's a lot, going through all their handbooks, safety, and HR, and everything.

John Kenney:

It is. HR, safety, those items, you really have to look at them at least on a yearly basis. I know that sounds like an intimidating and challenging task, but OSHA changes, regulation changes. Of course, states, depending on the state you're in, it may be even every six months, because legislation at different times puts it in.

The importance of that is, just at an HR standpoint, if you don't have all that correct in the front end where you're documenting training, you're documenting onboarding and all that, if there is an issue later on on the legal side, that's what they're going to come back and look at. So you will not be in a very good position if you don't have all that laid out. It's not that you have to have every single item to perfection. It's just the fact that you can show that you take care of your pulleys, your training, and everything from the data coming to your company, all the way through.

Policies on cell phones, policies on internet usage, you have to have those, and we can help you with those as well. Now, strategy, operationally, how are you running your estimating and sales department? Is there anyone really in charge of it or are they just all doing their own thing? Is there an incentive plan put together for your employees? Incentive plans are a touchy word where a lot of people, "Oh, I paid them enough."

Well, you actually want to pay them to make you more money. So we're doing a lot of incentive plans with a lot of companies right now, and it's paying off for them a lot because employee wants to make more money, you want to make more money, and it's a relationship that gets you there. It's a win-win for both. So we help design those win-win situations. You want to look at how you're operationally going to business. How are you purchasing? What kind of discounts do you have set up with your manufacturers, if any?

Are you using a bank line of credit? If you are, are you making sure you're not paying too many points? Do you have available credit if you get into a crunch to need it? And most importantly, especially in this timeframe, what is your collection policy? A lot of people, when I ask them that, they're like, "Well, we pick up the phone and call for money." That's not a collection policy. There has to be certain steps to it.

Cashflow can't be 90-day cycle anymore because unfortunately businesses are going bankrupt. That's one of our legal sides. It's getting very busy, is that bankruptcy wing, trying to help people collect their money from people who are filing bankruptcy. So you want to have a good collection policy. We can help you with that if you don't have one, or let's review it. Take time to review it. This is

all stuff you can do as the owner. Get with your team managers, get that feedback, get that input.

Even if you have your roofers and your warehouse person, what, truck driver, you want to have someone talk to them because, guess what? They're going to usually know the best and most efficient way to do something, because they're the ones that are doing it. So you just create policies based on that, that works for you and your company.

Heidi Ellsworth: Yeah. I love that. I love that. As a small business owner, I have to say, so much of it lives in our head. We have steps, we have those things, but they all live up in your head and that has to get on paper and it has to be in order to grow and go to the next level.

John Kenney: And proper job description. I'll tell you, one of the things we're finding the most, very few employees wake up in the morning and say, "I'm going to go in and fail today." I mean, there are some people out there that don't care. I know that. But for the bulk of it, if you've properly hired, you're hiring somebody that wants to succeed. You come into your company and they don't know how to do their job, "Oh yeah. Just go over and start doing it." You have to have onboarding.

That's where an SOP comes in. An SOP doesn't need to be a manual that thick. What it actually needs to do is tell people how to do their job, the most efficient way to do it. It could be two pages. It could be one page. It could be a dozen, depending on the job. Make it simple, make it efficient. But someone can read it from start to finish and do their job. That's where you're going to start making money and happy employees.

Heidi Ellsworth: I love it. I love it. With that, John, I just have to leave it at that. That is the best advice. I want everybody to know out there that this kind of advice is here for you. It's here for you through Roofers Coffee Shop with free consultations. It's here. Just call John, just talk to them, and you can find them in our directory. You can also find them under Cotney Consulting Group. Very easy. Very easy to get ahold of this team and make it happen.

We will be following up on this. We will have a lot more out there. In fact, the book is, like I said, going to be on Roofers Coffee Shop. You're going to be able to get it right away when it comes out and on Amazon, which makes it really easy. John, thank you so much for being here today.

John Kenney: Oh, my pleasure.

Heidi Ellsworth: As always, we could go for another couple hours. I just love these conversations.

John Kenney: Me too. My pleasure. I was glad to be here.

Heidi Ellsworth:

Really great. Thank you all for being on the show. This is actually our first RLW of the year. I can't thank you enough for being here. I'm excited. Next month, we're going to be talking with JobNimbus about how you can get more time back using technology. It's going to follow up with exactly some of the things that John was talking about today. We will be having this show, today's RLW, of course.

We'll be on demand on the website on rooferscoffeeshop.com, and it will also be on your favorite podcast channels, and in transcript if you'd rather read it, because we want you to be able to read, listen, and watch when you want to, what works best for you. So thank you so much for being here today. Have a great day, and we'll see you next month.

John Kenney:

Bye.

Heidi Ellsworth:

Bye.