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Heidi J. Ellsworth:

Hello. This is Heidi Ellsworth with Roofer's Coffee Shop and we are here again for a lunch and learn. Today is very exciting because this is about turning your marketing into a revenue generating machine, and it's with some of the best in the country. Total Home Roofing and Angi are here today to talk about how you can bring this to your company. This is the kind of stuff every company out there needs. So first, let's talk about the learning objectives. Hopefully you all have your sheet in front of you and here are the learning objectives for today. How to use processes and technology to get the best, most consistent ROI for marketing, knowing your numbers, how to measure your marketing performance to know it's successful, and how to turn vendors into partners. I love that one. So this is going to be very educational, as you know. We're going to go through these learning objectives and we're going to be hearing from the best of the best. So let's meet them.

Dan Reed:

My name's Dan Reed. I'm down here in Florida. Traditionally, I started out as a lawyer that went through pharmaceuticals and fell into roofing, just like most of us out there. So very common path. And I'm excited to be here, dive into some of the things we've been working on.

Kevin Argo:

Thank you for having me. I'm Kevin Argo, chief revenue officer, as she said. I came to this company nine years ago and kind of fell into that as a sales rep and just been super excited to see it grow and what it's become today. So very excited to be here and to talk with you guys and answer any questions you guys have.

Chris Gourley:

Chris Gourley, senior director of sales here. I'm in Florida as well. Started with this company back in the day in sales. Back then we were just central Florida. Now we've got over 100 sales guys and we're taking over the world. So I'd say my number one responsibility is just keeping the hype flowing, keeping the energy going, and keeping the vibes good.

Lauren Laustsen:

Hi everyone. Great to be here. I've been with Angi about a year and a half on home exterior team. So we're lucky to work with thousands of roofing and other exterior pros across the country. And my main goal is to help our pros successfully use Angi leads to grow their businesses.

Heidi J. Ellsworth:

Dan, can you just talk a little bit about Total Home Roofing, a little bit of the history and your model?

Dan Reed:

Yeah. So total home roofing, we started in Brevard county, Florida. It's over there where all the rocket ships go off near the Kennedy Space Center. We've grown from one office to two offices to now we're into 17 different offices across the country. So we're all over Florida. We're in Atlanta, we're all in the Carolinas, we're in the Midwest, Texas, and now in Arizona as well. And with that, as we've grown, we're, I would say, 75% retail and about 25, 30% insurance based. And the insurance base goes to a different arm of our company.

Heidi J. Ellsworth:

That is awesome. And Lauren, I don't think there's anyone who doesn't know the name Angi or the company, but can you just give us just a little bit about Angi and what it's doing for the contractors out there?

Lauren Laustsen:

Yeah. So Angi is the largest home services marketplace in the country. We're all about helping homeowners get their jobs done by connecting them with great pros and roofing. We have over a million service requests come in per year all over the country. So we work with thousands of roofing pros. Most of them who are on the Angi lead side where we provide targeted leads for their businesses and some software tools and payment and things to help convert those. Then we also have an Angi ads product, which is what used to be Angi's list. So that's more of an advertising subscription model still about getting your brand out there and connecting with homeowners.

The biggest thing that I see in differentiating the contractors who struggle to get results from the ones who see great results and are coming to us, asking for more leads and how they can grow even further, are people who are able to actually set up processes and use technology to work leads in a repeatable way. And another great thing about having standard processes is you kind of have a baseline of what you're doing so that you can continue to optimize and refine the results over time.

Heidi J. Ellsworth:

Total Home has scaled rapidly to 300 employees. I don't know how many markets. I mean, you said 17 states. You have just taken it. So kind of building off what Lauren just was talking about, the importance of processes, how's that worked for you?

Dan Reed:

You have to keep your processes very simple. You have to keep them simple to find that each person on your team has exactly what worked. And then you also have to then figure out, do you have the people to do it? One of the things we can struggle with is not delegating away some things to another good person to own, which makes us kind of trip on ourselves. But when it comes to marketing in general with leads for us, it's a mindset. The lead to us is the most important thing in our company. If we're spending money to get a lead, we expect that it is called within one minute. Five minutes is like, "Oh no. What happened?" Because if you aren't calling within that one, two minutes, you've already paid for it and you're not committing to purchasing leads. And if you do that, you wait 15 minutes, 30 minutes, and then nobody answers and you think it's a bad lead. That's because you waited too long. You have to commit to purchasing leads. If you do it, you have to do it fast.

Heidi J. Ellsworth:

Chris, you started, I know you were very involved with the call center. Tell us a little bit about that and how that growth happened.

Chris Gourley:

Yeah. Absolutely. So like Dan said, you have to perfect that practice, small and then you scale it large. So we really wanted to instill a sales culture into our call center. It is a sale in a way. You're converting a lead to an appointment. You got to get on it fast and you have to care. You want to win. So we've got scoreboards in the call center. It's competitive, it's fun, it's fresh, it's exciting. It's almost like the stock

market. Market's open, go, go, go, call, call, call. Book as many appointments as possible because that is the lifeblood of our company. We depend on these appointments. The more appointments we have, the more roofs we sell and the more money we print. So we're really investing in these leads and we want squeeze every last drop of juice out of them.

Dan Reed:

We push that on both our leads and our call center and our sales force is you are the reason other people have jobs in the company. If you guys increase here, we have more people. You are feeding families. This is on your shoulders to make sure everybody else has a job still.

Kevin Argo:

And one of the things I'd like to add to what Chris said is we incentivize the call center. We make it fun. It's because of them, like Dan was just referring to, that we're there to begin with. They really are another sales force within our organization. We try to just give back to them, incentivize them. We don't call Chris Gourley the Hotman for nothing. He does just a wonderful job of keeping those individuals engaged and just makes it a lot of fun. So I think that goes a long way as well.

Heidi J. Ellsworth:

As you're really kind of putting the processes and technology, you have the marketing side too. So that feeds all of this, just like the sales feeds the rest of the company. What are some of the best channels of communication that you're seeing with homeowners and getting in front of that?

Dan Reed:

You can grow at your own rate. You can grow at a slow rate or a fast rate depending on what you can convert. And when you train your team to convert more, I mean, it's exponentially, you grow like wildfire.

Kevin Argo:

And also for the companies that may not have a call center like in Ohio, Joe Garrett who is our director out there, well he started and he would get all the home advisor and the lead sent to him and he would call them himself. So it's not always about having a call center or having people do that. Sometimes sales guys, and we were a lot smaller, we took it upon ourselves because it was just that important to, when that lead came in, to really make contact with those homeowners. And of course having that personal touch, being the person that's going to come out there. I thought to an extent that even helped even more because you could set the appointment, you knew you were the one showing up. So if someone's out there who necessarily doesn't have that person or personnel in the call center, you could still do it within your sales force if you can get them the information quickly.

Lauren Laustsen:

Build on what Kevin said earlier about the different channels of communication, we're seeing that a lot on both the homeowner side and the pro side. We did a survey of like 1200 homeowners last summer who were in the market for a roof and asked, "How do you want to be communicated with?" And actually the most common response was, "All of the above." So they wanted phone, email, texting, and in person communications and giving the homeowner kind of all of those options can keep you kind of top of mind and help you meet them where they are, especially with the younger generations, which we saw were the ones that were most interested in texting in particular. And there's also some cool software

tools out there. You can set it up where when a lead comes in, a text automatically goes out. So it seems like technology is really helping to kind of make that more efficient and easier to integrate into your business and processes without all of the manual labor.

Heidi J. Ellsworth:

To follow-up on what Lauren just said, what kind of technology are you using in this process to kind of make all this happen?

Dan Reed:

Yeah. Right now we're using Salesforce for the call center with RingCentral as our phone system. And that's working well for us now, but we didn't always have that. As you get bigger and you can kind of invest into those big things, that's great. But like Lauren said, there's also some smaller software, but one more point is when you're doing this and whether you're going to a salesperson or you're going to anywhere, one of the most important parts of this though is you have to be tracking your leads. You have to be tracking where they're coming from, how many you're getting, how many you're converting, what geography they're in, you have to track that or you're not going to really understand how well you're doing with converting them.

Heidi J. Ellsworth:

Knowing your numbers. We're going to get to that and before we leave this first learning objective, just if you could give an example of the processes. So maybe Chris-

Chris Gourley:

Yeah.

Heidi J. Ellsworth:

Can start us out. Can you give us an example of a call center call, that process, how it works just to kind of give some people a feel for that?

Chris Gourley:

Absolutely. So when a lead comes in, it's all about speed to lead. It's hot and fresh, like Dan said, first 60 seconds. It's the crucial time. So we're calling these customers. If we don't get them on the phone right away, we're still calling, but we also kick off an automatic drip, a text campaign, an email campaign as well because if you're just manually entering texts all day, it's going to take forever. So we've got technology helping us cast the biggest net possible. Figure out what time they want to communicate, how they want to communicate, and then get in touch with them in that route.

Heidi J. Ellsworth:

What marketing metrics do you think are most important for the contractors out there to be watching?

Lauren Laustsen:

The two big ones are return on investment and then conversion through the sales funnel. So for return on investment, that's basically, given how much you're investing, how much are you getting in revenue and profit out of that? And the metric that we most commonly refer to called cost of marketing and

that's if you spend \$10,000 on leads or on a marketing campaign and you get 100,000 in revenue, the 10 is 10% of 100. So that would be a 10% cost of marketing. And the benchmark that we usually tell contractors to kind of shoot for is in the 10 to 15% range. It can depend a little bit on your market, your business model, your source, but that would be kind of the most common benchmark. And then in addition to cost of marketing and to understand what is driving that, we really encourage looking at conversion through each of the steps. So leads, regardless how they come in, lead to appointment, appointment to actual demo, demo to contract, and then contract to net sale.

So understanding how many of the homeowners who come in through the top of the funnel are making it into each of those steps. How is that changing over time? How is it for different marketing sources? Really looking at return on investment and that funnel conversion in tracking those can really help contractors get a handle on how different sources they may use are performing and understand trends over time and be able to know, "Is this working for my business or is it not? And do I need to change something in order to make it work for my business model."

Heidi J. Ellsworth:

Kevin, as chief revenue officer, I would love you to kind of comment on what Lauren was just talking about and what does it mean to know your numbers when it comes to marketing?

Kevin Argo:

Well, I mean, essentially you have to. I mean, that's the health of your company. So one thing we really harp on here at Total Home is conversions, right? And that starts with obviously our call center. Again, they're like a mini Salesforce to us. And then of course that trickles up to our actual Salesforce. But if we see certain areas aren't doing well, we're not converting in certain areas, that's where we circle back with Dan and other individuals at our company-

Dan Reed:

Yeah.

Kevin Argo:

See, "Is this really the area that we want to be spending our dollars in and investing in?"

Dan Reed:

Yeah. That's a perfect example is like when we look at something that's not performing well, that can tell us a couple things. So both of you hit exactly what we look at. We look at conversion percent to appointment and what's our conversion percent from appointment to sold job. Right? And then we do it based on the city, based on the source, whatever it is. The simplest way to look at it is let's say we have 100 leads and each leads \$75. So we spent \$7,500, right? And we convert 40% of those leads to sales appointments. So we've paid \$7,500 for 40 appointments. So that's about \$187 per appointment. Now you convert 30% of those to actual sold jobs, which I know, our sales force would say it would be much higher than that, but let's say you only convert 30% of those. That's 12 jobs.

So you said \$7,500 for 12 jobs. So that costs you \$625. So if each one's \$15,000, you got \$180,000. So that would give you 4% of your revenue is from that \$7,500. What we do, I know 10%'s the norm. We try and keep it under 5%. The new markets and things like that will trend up. And then when we get trained on it, we try and pull it back down. But a fun exercise to do with your team is literally sit there and show

them that and then say, "Okay. We're converting 40%. Watch what happens if we convert 50%," and literally put the number in front of them. And then say, "Okay. It's 55%." And then they're like, "Wow." It's very eyeopening how fast that can scale with the same amount of people, just training better, giving them better technology, doing this. I mean, it's big.

Chris Gourley:

Your cost per lead, your cost per appointment, your cost per sale goes down for every percentage increase in conversion. But now you're also generating more revenue because you have more appointments, right? So it goes both ways. You're saving money and you're making more money. It's a win-win.

Heidi J. Ellsworth:

Having a dashboard where you can really see the numbers and understand the numbers, Dan, that's critical, right?

Dan Reed:

It's critical and it's critical that then we rotate it to the right people to review it because there's a fine line. So what we do, we like to have the conversions by city and then sold by city and then the leads for city and by source and see what's happening in each one. But it's also critical to, when you make these dashboards, what tends to happen sometimes too on the other side is people like to make dashboards and then the dashboard that was really good and was one page of your screen is now 400 pages. And that becomes something that nobody looks at. So you have to make sure you keep it simple. There are certain things that are important to your business. Make the dashboard of the things that matter to your business, but don't do paralysis by analysis. Like don't go overboard and get 1000 things. I mean, that information's important. We need to review it, but that's not what a dashboard is. A dashboard is, "Here's an alert limit. We're getting close to it. Okay. Let's take an action. We need to do this."

Heidi J. Ellsworth:

That makes so much sense and Lauren, I mean, that's a big part of what Angi's doing, right? Providing the stats and working through things. Can you talk a little bit about the type of reports that you're seeing and that contractors should have?

Lauren Laustsen:

Yeah. And I'd say kind of how those get put together and analyzed can really depend on the stage of the company. Kind of our smallest customers where it might be one person out in the field and then in the office and kind of doing everything, they might be using our mobile app to keep track of the statuses of their leads and then they can export reports from that to know how many made it to each stage and how many did they win? A lot of roofers who are at the stage where they have like one person in the office who's kind of responsible for all of this and a lot of them will set up a spreadsheet where, as the lead comes in, they're calling it, they're entering it in a row in the spreadsheet, and then they're keeping track of how far down the path it makes it and revenue off of that lead. And there's just a new tab for every month. And so they can quickly flip through and be like, "This month we had 100 leads. 25% made it to appointments, 10 of those we won, and this was the revenue and this is what we spent."

Heidi J. Ellsworth:

This is one of the things that is so incredibly important. So just maybe last thoughts on really watching the numbers and being able to react quickly.

Lauren Laustsen:

I think probably like weekly, monthly are the right checkpoints on leads, marketing, how they're performing because we know things move and bounce around on a day-to-day basis, especially if the overall results are moving on like weekly, monthly basis, tracing back to what's driving that. And then is it caused by something on our side, on the vendor side, and then kind of like honing in further and further into trying to identify actions to address and rectify it to make sure that the overall business results are and your revenue and profit are protected at the end of the day.

Heidi J. Ellsworth:

Dan, with the growth that you've seen, your partners have to be so important. So I'd love you to talk about how you've used the partnership with Angi to grow. And then also other partnerships that have been really important to that growth.

Dan Reed:

Yeah. I mean, partnerships in general, you're going to get as much out of it as you put in, right. And roofing in general, you have to dive into partnerships because there's the lead side, there's where you're getting your customer side, there's the distribution side, there's the manufacturing side. And each one of them you can say the exact same thing. You have to put in effort to make sure you have a relationship with these folks. Roofing's a small world and everybody will help you. Other roofers will help you. People are so open to talking about things, but you have to put in effort. You have to take ownership of this. I mean, we've gotten to the point now where we actually have a department that is actually vendor relation, like literally strategic sourcing vendor relations, that that's their full-time job.

I mean, when you're doing things, the vendors might be seeing something you're doing that's wrong and you might be thinking you're doing something right, but if you aren't talking to each other and you aren't communicating, you're just going to make the pain point worse.

Kevin Argo:

With the vendors and the partnerships, I mean, I think what we've looked at over the last several years is just it's more of a team with our vendors. It's like we can sell all we want, but if we can't get the material, what good does that do us? Right. So you got to just stay engaged with the vendors, the partners. I mean, of course, it's not fair to them just to say, "We need all this." You have to give and take a little bit and understand that. I mean, we demand a lot, no doubt and our vendors do a great job, but we also want to thank them for that because we understand at times we can stress the system. It's what we do. I mean, we're pushing, like Chris said, nonstop. So I just think when you go through the mindset of looking at it as, "No. It's just my company." No. It's a team that gets you to where you want to be. I think once people start to realize that, the sky's the limit. You can do a lot of things with teamwork.

Chris Gourley:

Yeah. And it's just like sales. It's all about human connection, like personal connection. When you know someone personally, you're all in, right? You're going to go the extra mile for each other and stand up for each other and pick up for each other. And that's when you really succeed.

Lauren Laustsen:

From the vendor perspective we're motivated, I'd say, personally and business wise for our contractors to be successful because if they're successful with the leads or the advertisable subscriptions that they're buying, their business is going to grow faster and they'll want to do more business with us. And I think all of our team members find it personally motivating to be a part of our customer's success. So I think as far as the mindset and how you think about your vendors, I'd say it's probably generally the case that they feel the same and so then it's like a, "How can you help us help you?"

Heidi J. Ellsworth:

Yeah. If we haven't learned this lesson in the last two years, I don't think anybody ever is going to learn it, right? I mean, there's nothing more important than working together and building those partnerships, whether it's at the beginning with the leads like we're talking about or material shortages, labor shortages. There's so many challenges out there that we need to come together.

Lauren Laustsen:

And I used to say that's one of the reasons why we've been excited to work and partner with Roofer's Coffee Shop because we think you do a great job of kind of bringing together the industry and socializing a lot of these ideas and best practices and what's going on and making them accessible to contractors all over the country. So it's exciting we could be a part of that as well.

Heidi J. Ellsworth:

I appreciate that because I love having you guys. I was thinking about that, I was thinking, we bring the contractors together, all the service providers, distribution, manufacturers, and I love that part. I think that's important. So as the learning objective, this third one, look at this partnership right here, everybody who's watching this. This is so important and if you don't already have those kind of, you're working with new technologies, no matter how big or small you are because you could be just brand new, there's nothing more important than the relationships you build and I'm really prejudiced, but roofing has some of the best relationships there are out there.

Kevin Argo:

Definitely.

Dan Reed:

100%. One other thing I'd add, you said roofing is a small community. It's also a real helpful community. I mean, everybody that's in it, there's no, "Oh, I'm not going to talk to you about this. It's competitive." Just ask people. They'll talk about their struggles. Everybody's pretty open. They'll talk about struggles and what works. So don't be shy.

Heidi J. Ellsworth:

Don't be shy. That's the best advice right there. I like it. That's excellent. For everyone, I just want to remind you again, get your sheet out, you know your learning objectives. I think there's a lot of great nuggets that came out of this lunch and learn today. Let us know how it worked for you and take a picture, send it in because you might be getting a free lunch from Roofer's Coffee Shop on the next lunch and learn. So thank you all for being here today and we'll see you on the next Roofer's Coffee Shop lunch and learn.