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# IS THERE REALLY A LABOR SHORTAGE?



LABOR CENTRAL

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Heidi J. Ellsworth:

Welcome everyone to this special RLW, Read Listen Watch. We are very excited to have you all here on this Friday afternoon because we are going to have a conversation that is unlike any other. In fact, it already had some great conversations going on social media. We had some great emails. This is all about is there really a labor shortage and we've brought our experts in. Before we get started, a few housekeeping. This is being recorded, and it will be available on demand most likely by Monday afternoon. You should be able to share that out with your friends and other roofing professionals.

We want to get this topic, the understanding of how technology is changing the future of the roofing industry and the labor market. And that's what we're going to be talking about today. Also, our chat is open. We would love to have your comments throughout conversation. Please put in your name, your company, where you're from. We want to know you're there and we will, I'll be taking some of the questions throughout, and then we'll have questions at the end also. Let's get started. Is there really a labor shortage?

That's what we're talking about today, and we went to the experts at Labor Central, some of the most progressive technology out there that is going to help bridge that gap between people who want to work in the roofing industry and people who are looking for people to work in the industry. We have invited John Van Beek and Paul Aguire, sorry, to the show today to share what's happening, what they're seeing. First of all, John, welcome to the show.

John Van Beek:

Thank you so much for having me.

Heidi J. Ellsworth:

Great. Can you introduce yourself to everyone and let us know a little bit about you and Labor Central?

John Van Beek:

Well, as you can see by the gray hair, I've been in the roofing side of the business for close to three decades. I have had experience working for roofing manufacturers like the Henry Company, Mule-Hide Products, Distribution, ABC Supply. On the technology side, I spent eight years at EagleView and that was really exciting, brand new platform, really changing the industry. Because if you think about what's happened over the last eight, nine years, I mean, everybody measured roofs before.

Now nobody measures roofs, right? Everybody uses technology. The reason why I joined Labor Central is because if you think about the whole roofing cycle from lead to close, the only thing left that hasn't had any kind of a technology solution is finding labor. As soon as I heard what Labor Central was all about, I jumped on board. I'm excited.

Heidi J. Ellsworth:

It is. It's so great. You and I were both involved with EagleView, so we know. We have this excitement. I've been so happy to work with Labor Central. This is the stuff that changes the industry. We're going to have some great conversations around that. Paul is already changing your business. But before we start, I'd love for you to introduce yourself and your business so everybody gets to know you.

Paul Aguire:

Thank you, Heidi. My name is Paul Aguire with Lumanex. We've been, I would say the last 15 years or so, an enterprise fulfillment contractor and contract project manager for national brands and programs

across the country. Our experience has been up until about three years ago about telecom. It's been about telecom and about security alarm and fulfillment in the retail space. We've made a switch a few years ago to try to incorporate general contracting in residential markets.

That's where we've, like John, have discovered that there's a bit of a gap in finding labor. Commercial has got it fairly figured out. Service, retail, commercials got it sorted, but residential and general contracting, there's still a bit of a gap in sourcing that stuff. I'm looking forward to talking about what we've discovered with Labor Central and how we've been able to pair it up to the stuff we've been able to use in the past.

**Heidi J. Ellsworth:**

It is so cool. I'm so excited to share this. I do want to remind everybody, I know I said this during housekeeping, but I do want to remind everybody the chat is open. Please ask your questions as we go. Introduce yourself. I've already seen a couple people that I know. Welcome, everybody. Let's get started. First question, is there really a labor shortage? Let's talk about that. John, can you start us out?

**John Van Beek:**

We see the statistics come out every month. I think the last one I saw was currently there's a shortage of 620,000 laborers required in the whole construction side of the business. And then if you look at the other very scary statistic is, how many people are retiring? If you look at those numbers together, I think as an industry, we are seeing that this is a very big threat. You've got the NRCA, you've got all of the organizations really actively, including roofing manufacturers, really spending money trying to get people into the whole construction industry space.

I think the great news is we know there's an issue and we know the issue's going to get worse if we don't do anything. I'm really excited that everybody is seeing this and actually putting their money where their mouth is and helping to solve the situation.

**Heidi J. Ellsworth:**

Yeah, it's really true. Paul, I mean, jobs report just came out this morning, record jobs again, unemployment is up to 3.7%. What are some of the things that you're seeing from your side with roofing recruitment?

**Paul Aguire:**

For me, the labor shortage, I believe, at least in my perspective and how we do business, it's not necessarily a shortage of people willing to do the work. It's a shortage of the two communicating properly, meeting the labor force to the actual provider and the work source itself. There is a shortage of connection. Labor Central has helped us with that. But overall, connecting to the right people, connecting to the right opportunities, I'm looking forward to taking a look at both sides of that aisle as a provider of the resource, as well as the provider of the labor. But I think the labor is there. I just think the connections are missing.

**Heidi J. Ellsworth:**

It seems like when we really look at this too, the cultural change that has gone on. I'm going to use an example that isn't as much about skilled labor in roofing, but I am going to use an example of we have a lot of graduations going on right now from whether it's vo-tech schools, from colleges, high school, and I'm hearing on a regular basis kids saying they can't find jobs.

I'm just like in my mind going, are you kidding me? There are so many jobs out there. But then also I think we have the cultural barrier of language also. Paul, you've seen this a lot where there's a language barrier that we aren't able to bring the employer and the employees or crews together.

**Paul Aguire:**

That's right, and it goes a little bit deeper. I'm probably going to poke a few people in the brains a little bit here.

**Heidi J. Ellsworth:**

That's okay. We do that here.

**Paul Aguire:**

Well, here we go. I grew up in Wisconsin. I'll use myself as an example. I'm half Mexican. My father was born on the migrant circuit in Colorado back in the '60s. I grew up in Wisconsin where in the '90s they said, "What's your last name? What is that?" You tell them. They're like, "Oh, I know a Mexican." There's a bit of a culture situation. Those of you in the North, you would be surprised at the labor force and what's carrying the workload down here in the South where I'm at now. The language barrier is an indicator of what's really taking place.

The question that we want to really ask ourselves is, is there something inhibiting us as work source providers making us think that because of the language barrier that they are inept or they're inadequate or they can't be the provider I need? You really want to stop yourself and think. Because even as a leader, you might think that you're above that. But you start looking at your spreadsheets and your performance, you start getting blinders on, how are your people treating that potential labor source? And do they have those interrupters in their mind? That is a cultural thing to look at in how we treat the labor force as it is today, especially in the construction and residential markets.

**Heidi J. Ellsworth:**

We're going to talk even a little bit more about that cultural change in the roofing industry on how it has changed from employees to crews. We're going to get to that because that's a really big one, Paul. You have some amazing things. I want to talk a little bit about, not a little bit, actually a lot about how technology is changing the roofing. From all directions, what are we seeing in this helping to break down the language barrier, the cultural barriers? Where is technology coming into play here? When we look at mobile availability, John, let's start with you, how important that is.

**John Van Beek:**

It's very, very important for us. Because when we initially started Labor Central, we obviously did a lot of polling, really trying to get what is the best path forward. 98% of all of our crews really prefer to communicate via SMS messaging versus emails. The reason being is because when they set their browser to Spanish, they receive all of that messaging and all of that information in Spanish, which makes it a lot easier for them.

**Heidi J. Ellsworth:**

I bet there's a lot of people who don't know that.

John Van Beek:

Yeah.

Heidi J. Ellsworth:

A lot of people. As you're looking at that mobile availability and really how important text is becoming, and that's not really how a lot of corporations or even roofing companies, and it probably depends on where they're at, how much they're using text, but it's about the connections that the mobility can make. Paul, talk to us a little bit about the importance of those connections that are being made by within technology.

Paul Aguire:

Oh, it's tremendous, and I'll talk just about roofing for a second. Every single piece of construction and right now roofing is touched and influenced by technology if you let it. It could be your roofing reports and your roofing measurements. It could be your estimating platforms. It could be how you're communicating and you're receiving the communication in your back office and how you're engaging your customers and setting those expectations.

And then for the labor force, how you're communicating to them, how you're managing your project. Everything here is, if done right, very efficient utilizing technology at every part of your business. It's just a matter of knowing the questions to ask and getting the right education on it.

Heidi J. Ellsworth:

I'd love for you to continue, Paul, on the importance of data, the data that can be obtained from that technology and the workflows and forecasting. With your business, this is all changing your business right now.

Paul Aguire:

It really is. We use some platforms that both help us to grab business and create a ticket creation platform where it helps us to track, helps us to monitor, it records communication and calls, et cetera, helps us to really not just handle the contractor, but also handle the homeowner. It handles these work source providers. It handles everything across the board. We're able to watch and measure how we're communicating, what our capture levels are, et cetera.

Our project management software, it's literally available to the workers in the field. Send your photos, get your signatures from the homeowner, upload it, and that creates a pay event for the contractor. He knows that he's doing his part of it. The back office knows. We're able to track the performance on all levels and really start setting the metrics that we need for the field, for the back office, for sales department, et cetera. We're able to watch this stuff just by leveraging the technology that's coming out.

Heidi J. Ellsworth:

And that really influences your labor too, or I should say, all of your employees and crews. By having that data, excuse me, productivity can really increase.

Paul Aguire:

That's right. We can respond faster to jobs. We can get jobs done faster. We're able to close out our jobs in such an efficient way where it is shrunk our delivery time from an average of 30 to 45 days of being able to put it together, get a contractor onboarded, get them over to the customer's house, and

everything like that. The old-fashioned way, the guys, like John says, have to go up there and put the measuring tape there and walk the site, count the squares, and all this kind of stuff. That's all done. We're actually delivering roofs within 10 days.

That's across the country. We have our call center based in North Carolina. We have an office based in Dallas, Fort Worth, but it doesn't matter where the job is. It could be Oregon. It could be California. It could be Virginia. It's the same expectation. Because of technology, it helps us with recruiting. It helps us with the measurements. It helps us with the quoting. We're able to get it done, it doesn't matter what, typically within 10 days of receiving the request.

**Heidi J. Ellsworth:**

That's impressive. That's really, really impressive. Like you said, you're working around the whole country. You are seeing the culture and the Latino culture specifically around the whole country, because I mean, you and I were just talking about anyone who doesn't think that we don't have strong Latino cultures within Oregon, I mean, I grew up with a family who worked with my dad on the ranch. What are you seeing with that growing Latino roofing culture across the country and the available labor?

**Paul Aguire:**

They're there. There's two different kinds of contractors. It doesn't have to be Latino, but a lot of this is... There is a type of contractor that is labor only and then there's a type of contractor that is material and labor only. There's a capacity issue there, and they both exist. It's a matter of setting your expectations within your own sales force when you're looking for those connections. Like for us, we look for one type in this area or one type in the other area.

They're all there and they're all looking, but they all move around too. Tornado chasers, hail chasers, hurricane chasers, stuff like that, storm events. Things like Labor Central, if the guys I'm typically using, they're off down in Louisiana or whatever, I can go to Labor Central and say, "Hey, I need someone in this area for this." I'll still get a good response. It's just a matter of those connections and those expectations.

**Heidi J. Ellsworth:**

Talk a little bit about the change that we've seen in the roofing industry. I mean, this has been a hot topic about moving from people having their own crews, W-2, I think I'm saying that right, to 1099s or to working with subcontractor crews out there. Paul, you have some great thoughts on that, on just that cultural shift.

**Paul Aguire:**

I could really go down the rabbit hole here.

**Heidi J. Ellsworth:**

That's okay.

**Paul Aguire:**

It depends on how you frame your business. Maybe having an in-house crew to try to give yourself a guarantee of response to a customer. Because when you're subcontracting, you're kind of responsible for their calendar, but they mostly are. You can't really enforce that. If they don't show up, they don't show up. And now you have an unhappy homeowner. Maybe a couple of in-house guys at least show up kind of a thing. But we leverage entirely a subcontractor database, and it's extremely important to really

understand who you're dealing with. I would say 90% of these subcontractors are earnest, hardworking crews. It might be a classic stereotype family that's doing the job.

It doesn't matter. They know what to do. They know how to measure. They know how to do a tear off. They know how to slap it down. A lot of these guys put a lot of money into their tooling and into their equipment and trailers. They'll send you pictures of all their stuff and you're just like, wow! I mean, these guys are really set up. It's just a matter of just really setting your expectations as your own business, how you're going to engage them. But these guys are good. You might have to sort through a couple in doing your interviews and your onboarding process, but they're putting their money into it.

#### John Van Beek:

One thing I'd like to add there, Heidi, is that if you look at the data, so Trent Cotney actually did an article on subcontractors or install crews, and it was really interesting. Back in the '70s, only maybe 10% of roofing contractors used 1099 install crews. But now the number's on the residential side close to 90%. Interesting, on the commercial side, that's also increased to just about 50%. You can really see the definite shift.

#### Heidi J. Ellsworth:

I think we're seeing it and we're hearing about it. People have got to make the step of... We wrote this out of respect, the respect that goes out there. We had a great comment come through that it's really not, saying not language, but it is about the wage gap and about respect and making sure all those go. Paul, I would love your thoughts around that.

#### Paul Aguire:

That's a really excellent point. Now, if you're a subcontractor and you understand your environment, your marketplace, you understand what the price should be, the cost per square is the cost per square. You might be above a little bit, you might be below a little bit, but it's usually about what it is. If someone is paying for someone that's too low, there's a problem with that workforce provider, right? Because if they're going for based on price, they're probably going to be a respect issue on how they're treating that crew.

It's very important for people to understand, just because English is not the first language doesn't mean they're not competent business owners, and it doesn't mean that they're not looking for insurance, they're not trying to deliver the same thing that you're trying to deliver. It is, like John says, subcontractors is very much the way things are trending, and for a lot of reasons. The workforce providers, they're selling. They're growing. There's massive companies out there, billion dollar companies, that are strictly using, and this is just home service trades across the board, they're strictly using 1099s and subcontractors.

You'll find some issues there as well. Just two weeks ago, I had a conversation with a C-level executive with I think the largest or the second largest home services company in the country. It was a morning meeting. We had this discussion at the request of his CEO. He was on that C-level team, and a lot of the conversation was around him being defensive of their process and the program. It's certainly not in my intent to say, "Hey, you guys don't know what you're doing. You're a massive company. You have some things figured out."

But treating your 1099s and treating your subcontractors as a part of your growth pattern and your growth plan as you're moving forward is going to be how you're going to move forward. Most people nowadays, especially those that are graduating here in this country, it doesn't matter their race, they are going to be getting into things that are more trending and more popular. It could be coding. It could be



healthcare. It could be whatever. Because of that, we have this ever-growing gap and actual trade services. We have the same problem in the electrical field. It is a nightmare finding electricians in some areas.

Everyone is being forced to switch over to the subcontract approach. If they're a company and they have the insurance you might have to cycle through a few of them, but typically you're going to find some people that are investing into you. They're the bank. They're investing in their payroll. They're investing in the insurance. They're being the bank here. They're trusting you to treat them with respect, pay it on time, and don't mess around with that stuff. We deal with it all the time and we deal with big companies and they'll stall on payments. It makes us look bad to our contractors because we're just like...

You know? We have this whole team set up to try to go capture that all the time. It really messes with people. That's what causes these gaps in respect and in understanding and in trust.

**Heidi J. Ellsworth:**

That's so excellent. The chat is blowing up, which is so exciting. I love that. Thank you, everybody. Keep bringing it on. To your point, Paul, how do we close that gap? How do we start getting people connected with respect and bringing all cultures together? Kevin, you had a question here. What do you recommend for a subcontractor do to look for work and companies? We're going to get to that, so hang on.

I'm going to come back to that question before we're done, because we've got some solutions. In fact, that's what we're going to talk about a little bit next. What is Labor Central? John, I would love for you to start out, this is going to start answering Kevin's question, and then we have some more coming in. John, what is Labor Central?

**John Van Beek:**

Labor Central is a SaaS platform that really connects contractors looking for install crews. What we've done is to enable for both parties, we have quite an extensive profile. When a install crew would register with us... And by the way, install crews is free. There is no charge whatsoever. There's quite an extensive profile section, asking questions like, what type of roofing do you do, steep slope, low slope? What type? Asphalt singles, metal, tile, or on the low slope, TPO, PVC, EPDM. And then we ask, do you have OSHA certification? How many years have you been in business? What size of crew? Do you have any certifications at all?

Do you have workman's comp liability insurance? We urge them to download any pictures of jobs, equipment, as well as any sort of liability and workman's comp documents. We do the same thing with the contractor, because the crew has the ability to view a profile of a contractor to see if they want to work with them. Again, how many years have you been in business? What do you do? All of that information is there. What we've done is we've already made the connection of a contractor trying to find an install crew extremely easy. From a contractor standpoint, there's basically two ways to find crews.

One is you can search for a crew, and obviously again, you will select the criteria that you're looking for. What area of the country is, their zip code or a city, what type of roofing, do you require workman's comp liability insurance, how many years in business, what size of crew, all of that information there. And then once you click search, a list of install crews that match every bit of criteria that you have selected appears for you to then look at their profile and decide which one that you want to actually start the conversation with.

The other interesting way, which most of the contractors do, is basically post a project, where it diminishes the time between your individual conversations with the crew tremendously, because you're



going to be able to put in that project profile, do you have any aerial measurements? Download them. Put a lot of information about the project. Is it a one story? Is it 35 squares? Is it a tear off? What size crew do you want? Do you want it done in a day or two days? Do you need any of the crew to provide safety equipment?

You provide as much information as you can in that project, and then you post the project and the project goes via SMS message, as well as email to every crew that fits that profile of exactly where that home is located, where the workers. Even when you post a project, you can say, "Hey, I want this project to start on Monday," and then all of the crews will receive that. And then you in turn will receive a response from the crews that agree to everything that you said and are available to work on Monday. It just reduces that whole time in that last instance. As Paul said, we've got so much technology in the roofing business now from lead to close, right?

CRMs, aerial measurements, all sorts of things. I mean, even roofing distributors now have the ability to automatically provide a material list based on an aerial measurement tool. There's all this great stuff. This last aspect of finding labor, you know what I mean? I mean, I've had some crazy conversations with roofers that do things like go to Home Depot early in the morning and see if they can find workers, or go to a roofing distributor in the morning and sit out there with a cup of coffee, just asking people as they walk through, "Hey, do you know of anybody? Do you know of anybody?"

I mean, that's why Labor Central was actually created to make that connection quick and also good. You know what I mean?

**Heidi J. Ellsworth:**

Yeah. Yes. It seems so obvious that this is something that is so needed in the industry. Paul, you've used it. You're using it very successfully in your business. It's really changed your business. Why is this a good solution? Why has Labor Central worked for you?

**Paul Aguire:**

Three things. It makes it easy for a contractor to post a job. It's a one and done feeling for them. It's very comprehensive, but it's not too complex where it's like I go spend 15 years on this thing. It's easy for the subcontractor because it just pops up on their phone, pops up their email, "Hey, we got a work request in this area," whatever. You can just click interested, that kind of a thing. But for me, the biggest thing for our company is the work that Labor Central has done in the recruitment.

It's almost like they're a third party HR. They're recruiting all this labor, all the staff, making all the connections. They're the ones going to trade shows. They're the ones spending money on social media. They're the ones that are spending money on all these Craigslist ads. This stuff costs money. They're doing it in every metro area. They're spending money and creating this database of people, and then they're vetting them, making sure they have the insurance, making sure they have the appropriate licensing, et cetera, and the skillsets.

This is HR 101 that I don't have to do. All I got to do is post my stuff on there. And I kid you not, we haven't looked anywhere else in a year to find a work source. Every time we post, we have five to 10 responses per post. There isn't a shortage of labor. It's just a matter of making sure that expectations or connections are done appropriately.

**Heidi J. Ellsworth:**

It's a matter of looking in the right place. Now y'all know why the title.

Paul Aguire:

Yeah, I love it.

Heidi J. Ellsworth:

Okay, so let's talk about that. Perfect lead in to what we wanted to talk about was, how does this differ from traditional ways of looking for labor, looking for crews? Paul, let's start with you.

Paul Aguire:

Well, what we used to do and what we still do, frankly, for trades that are not influenced by Labor Central, indeed, it's Craigslist. We even go onto Facebook Marketplace. We even go on OfferUp. There are people that are advertising on OfferUp. We will use everything that's available to us that's out there. We'll call the local supply house and say, "Hey, who do you recommend?" We're very active and very interested in finding good connections and finding good relationships because we have a delivery commitment to our customers and to their end users.

All of that is a lot of effort and a lot of multiple attempts. We'll even go onto HomeAdvisor and Angie's and Thumbtack just trying to recruit people, posting the job. We'll do whatever we can, and we have to for other trades that we represent. But for roofing, Labor Central, that's all we go to because we have so much response because of all the effort that they've put in the last few years.

John Van Beek:

I have great views for you, Paul. We're planning on expanding to other trades.

Paul Aguire:

Yes!

Heidi J. Ellsworth:

You heard it here.

Paul Aguire:

I am on board.

Heidi J. Ellsworth:

You heard it here on Roofers Coffee Shop. There you go. Well, John, I mean, Paul has been talking about the work that you all put in, and we got to give a shout-out to Jessica, to really bring all this together. Talk about what the difference is with some of this more traditional recruitment and where you are at now with Labor Central.

John Van Beek:

Well, Jessica Chavez has done just a fantastic job for us. Really what she's focused on is really getting involved with all of the different construction groups on the Latino side, be it Facebook, be it other social media, and really telling the roofing industry, which is what we're doing right now, the Latino install crews that, hey, here's an option for you to look at. We've had a tremendous response, and the response

is positive. Because if you think about it, normally a contractor will have two or three in install crews that they use on a regular basis, but the issue they have is they can't keep them busy every single day.

That in store crew then has to find another contractor to work with, and that's when it all becomes muddled. The other thing that we've received very positive reaction from our in-store crews in our database is that all they want to do is they want to work every day and be home. They don't want to work for a contractor that has a job in Dallas, but then the next job's in Austin and they have to travel all the way up there because they don't have any other options. We've really had a very, very positive response from our install crews.

#### Heidi J. Ellsworth:

We have a couple questions here that I think fit in perfect here between the last slide and this slide. But Sherry Miles, thank you, said, can we get thoughts on getting subs their pre-certification designations? John, I would love for you to talk about it. I think that has been a difference in recruiting too, is all that Labor Central is doing to help provide resources to the crews out there, and one of them is pro certification. Maybe talk about that.

#### John Van Beek:

Yeah. It's really, really close to our hearts with everybody within Labor Central. Because if you think about the install crews, they're really the hidden labor force within the roofing industry. If there's ever any training done, whether it's a shingle manufacturer or a low slope manufacturer, the only people attending is the foreman and the owner of the business. They're not the ones installing the product. The people installing the product are the ones that really need to have the availability for training. What we've done, and this is our first step, we have an agreement with the NRCA, and we are going to be providing pro certification at a wonderfully reduced rate.

Normally it's 799 and NRCA is going to offer this as 399. We are going to send that out to all of our crews. We're going to start off in four individual cities. It's going to be Nashville, Dallas, Chicago, and Tampa. We're actually going to start this hopefully by the end of the month. The other thing we're doing from a training standpoint is we are connecting with our channel partners. We have partnerships with IKO. We've got partnerships with the GAF. We've got partnerships with SRS Distribution, LP Siding, just to name a few.

What we really want to do is when there's a training trailer from GAF pulling up into the SRS Distribution in Dallas, Texas, well, we want to send notification to every crew in Dallas saying, "Hey, here's some training. It's a free lunch or a free breakfast. Mosey on up." You know what I mean? We're really excited. We're also working quite intensively with the SRS Latino Program. We want to bring them out of the shadows and really provide them with every opportunity to improve their knowledge set, get more money, get better. We're really excited about that aspect of it.

#### Heidi J. Ellsworth:

I love it. Teresa, thank you so much for your comment about communication is the most important thing when you talk to any person. Everyone needs to create a checklist with possible questions and really work through that project. When we talk about what is the difference in how we're recruiting, it's not just recruiting, it's not just placing an ad, but it's all these other things that you're doing to empower and to bring them out of the shadows.

I really love that. All cultures, right? That is available through technology, really. Let's talk a little bit about that process. John, or actually Paul, we're going to start with you on really, what was your process? How did it work? We want to hear firsthand how it worked for you when you started using Labor Central app.

Paul Aguire:

Well, I have a couple of interesting stories there. One of the things that we learned is when we're posting a job, there's a certain place we need to put the location that's not just where the zip code is. Because what we're having is that we were having people from Tennessee respond to a New Mexico job because it just pops to the phone. They're up on a roof, or they're driving, they're yelling at a crew to hurry up or whatever, and they're just saying, "Yeah. I'm interested. I'll take the work," and they're just like, "Oh, wait, that's in another time zone." That was a bit of an issue because we'd get all these hits.

Oh man, everyone wants to do it. It's like, ugh, they're not even close. The other thing that we had to learn very quickly is that even while we were building our database for our own project management software, my revenue generating team, the head of that, she got banned from Labor Central because she was so aggressive at reaching out to the crews and going through to find crews and click, click, click, click, emailing, emailing. It actually triggered the system with Labor Central saying, "What are you doing? You're taking our whole database." I had to do a little bit of fighting. I was like, wait a minute, something messed up and we can't use it anymore.

That was a bit of a panic for that week, but it's something where as soon as you find out how well it works, I mean, you get stuck on it, and you really want to chase it down. One of the big things, and this is very important, a lot of people, especially in the Latino community, they're concerned about wage gaps. You hear that all the time, oh, there's a wage gap. We're not getting paid the same. That's got to stop. I'm not saying it's got to stop. Pay these people. Look, you guys are businesses. The price is what the price is. If someone is trying to pay you less than what the market is saying that that price should be, then you're trying to work for the wrong person.

Don't apologize for the price being what the price is. You are a business, and sometimes respect starts with yourself. A lot of times we get caught up in just trying to grab work, and then we get stuck in this rut and now we're mistreated and overlooked and taken advantage of. It's up to us to stand up for ourselves and be our advocate when it comes to generating that business and the prices that are, in reality, what the market will support. That's a big deal, and that's what Labor Central helps with because we're able to put that information out there.

Heidi J. Ellsworth:

And select what you want. And because Labor Central is, like John said earlier, it is in whichever language you've set, you're able to not have that language barrier, right?

Paul Aguire:

That's right.

Heidi J. Ellsworth:

Yeah, I think so. Teresa is on here. Teresa, I know I read yours earlier, I want to say hi again, but she just said diversity and inclusion to the Hispanic community is very important in this new era. She works with Southeast Labor down in Texas. She's working in the same area all the time with the respect and all the great things that are going on there. Let's talk a little bit about onboarding crews and vetting. John, maybe you can take it from there on that process. That's really important.

John Van Beek:

Absolutely, and that's where Jessica Chavez and her team really focuses on. We do a more intensive onboarding with crews than we do with contractors. Whenever we have a crew that registers on the platform, we have a process where that's first we need. Is anything missing? Is all the information there?

And then what we do is we proactively reach out to that install crew and say, "Hey, thank you so much for registering. Hey, I noticed you didn't include any pictures."

We even go the extra step of actually helping them to download and import pictures and liability and workmans' comp insurance, as much information that we can get so we can get their complete profile set correctly. That's very important. Because when a contractor searches for a project, if that install crew hasn't done everything that they can do, they're not going to be alerted of any projects. We really focus on making sure that that onboarding is done correctly and a handholding process if required.

**Heidi J. Ellsworth:**

That's excellent. We talked about the ongoing support and training resources that you're doing. In fact, we've had such good questions that we are actually seeing some of our talking points have already been answered. But John, maybe you can start here with a little bit of just recapping really the partnerships that you have in the industry. I mean, I can say Roofers Coffee Shop and Labor Central have a great partnership. You have some great partnerships out there. I know you hit on it before, but just recap that.

**John Van Beek:**

Yes. I think we can all agree on one point. Whenever we talk to a roofing contractor, or if there's any roofing contractors on this call, my general response is when I ask them, "Hey, do you have any pain points? How's the material supply?" "No, the material supply is back to normal. I'm good. I'm having an issue with labor." Everybody says that. I think the good thing is right now we have a solution for roofing for both steep slope, as well as low slope. The exciting thing is we're going to be expanding that into other trades soon, but we really wanted to provide an easy access for our install crews for training.

We've spoken about the NRCA. We're going to be promoting the pro certification. Part of the issue with the pro certification right now is there's both a written and then there's a hands-on test that you have to do. When you do the hands-on test, the NRCA has to actually provide instructors to basically do that, monitor, and then actually pass the test for them. Right now we're starting off with four individual cities, and I think we tallied our total crews for those four cities at 240.

**Heidi J. Ellsworth:**

Wow!

**John Van Beek:**

That's 240 crews, and each crew has a minimum of five people. And then we're really excited about the reduced fee, as well as not being required to become an NRCA member. We've also worked with the NRCA. They're actually developing a Spanish language landing page specifically for our crews. We will provide them with a link. And as soon as they hit that link, it'll initially come up in Spanish, but then there's a button that they can hit if they want English as well. We're excited about that.

And then with the channel partners, all of these channel partners have videos and tests all on their website, but they have not been able to reach out to these install crews to actually provide them with the links and where is the training and take the test and that sort of stuff. What we've done is we are including links to... SRS has a huge amount of stuff from both manufacturers, as well as internal. I mean, John DeRosa does a great job in training people on selling and financing. We're really excited about providing them easy access to Spanish training modules.

Heidi J. Ellsworth:

Yeah, I love it. I see it. There's so much and just think about all the certifications that are out there and all of that work together. Paul, if you can talk about, and I know you were big on this, the cultural differences within commercial and residential roofing and products. How is Labor Central helping to change that and changing that cultural thing? And then we have some more questions.

Paul Aguire:

In our perspective, Labor Central has created an even playing field, and it should, unless you're just a terrible person and you're looking at language and the last name. What it does is it helps us to look for capability. It helps us to look for production size. It helps us to look for tooling and equipment, license, insurance, what the job requires. Our focus is, what does the job need?

As we build a subcontractor relationship in a market space and we're able to engage with that particular provider that Labor Central has done most of the vetting already, we're able to make our forecast and our growth in that market based on those parameters. It shouldn't matter what languages they speak. It should matter their delivery, their product, their reliability, the actual work ethic scenarios that are tied to the actual production of that role.

Heidi J. Ellsworth:

Yeah, so true. Okay, we have a question here. Michael, I'm going to come back to your question about the app because we're going to have that on the next slide, but we do have a question here. How does the new independent contractor ruling impact the use of skilled sub labor crews? John?

John Van Beek:

Yeah. We've heard of a couple of things, right? We've heard that the IRS is hiring 80,000 agents, and then the independent contractor rule is actually a rule that is actually law currently. It originated in California, and then it's now become law coast to coast. Basically what it says is that if you use whether it's an individual or a crew 100% of the time, you should make them W-2 employees. That's going to have a profound effect on roofing contractors that have 1099 salespeople or roofers that exclusively use one crew all the time. The IRS is going to find out that you're using them exclusively and they're going to go after you for all of the unpaid taxes because you didn't pay them as a W-2 employee.

One of the advantages of using Labor Central is that that can be your argument against anything, right? Because you're posting a project, you are selecting crews, you are going through a process where you're not talking one-on-one with one individual install crew every day. It's going to have a profound impact. Obviously it's going to take a little while before those 80,000 agents have been hired and they start looking at taxes. You paid John Van Beek install crew \$800,000 last year under 1099. Well, that doesn't make any sense.

I think it's going to have an impact. It's not immediate because it's obviously going to be based on the filing tax year at the end of this. But what we're saying is if you don't do this now, they will catch you at the end of the year.

Heidi J. Ellsworth:

Okay, great answer. Thank you.

Paul Aguire:

There's a workaround on that.

Heidi J. Ellsworth:

Okay. Go ahead, Paul.

Paul Aguire:

This is where I live. This stuff right here is where I live. John's exactly correct. West Coast definitely has been forcing this for quite some time. We did a lot of work in Washington. It was very much the same. We fight the state all the time. It's really only a risk if you're a 1099 and you're cheating the system. If you don't have insurance, you're not sending invoices, you're not in control of your schedule, you're not a business. And as such, they're going to find you to be an employee.

If you're treating them like that because you're trying to cheat and not have to get that tax load and all that stuff, if you're cheating the system, they're going to come after you. But all you got to do is hire people that have the insurance to send you invoices, those guys that are in control of their own schedule, things that remove them from being considered an employee. You'll be fine. The way to work around it is just be a business and hire businesses and you won't have any problems.

Heidi J. Ellsworth:

Go ahead.

John Van Beek:

That point that you said there is actually the whole testing of that new law, is that if you are in control of your schedule, you don't have anything to worry about. But if you're not in control, meaning you just work for a contractor and he calls you up every day and says, "Here's the list of the Java for the week," you're in trouble.

Paul Aguire:

That's right.

Heidi J. Ellsworth:

That's really interesting. We've had some great conversations on this before, even with Trent Cotney talking about this too on the legal side. There's a lot of information out there, but thank you. That's perfect. Okay, another quick question. I know, I can't believe this hour's gone so fast. It was through our Q&A. It said, is this primarily used for subcontractors hired per job project? What about hiring for your service team, adding one to four employees for a two man crews? John?

John Van Beek:

The way you've got to think about it is from a fee standpoint, install crews don't pay anything to be a registered crew on our platform. They don't have to accept jobs. They don't have to accept anything. It's totally free. The contractors that register and use our platform, there is a monthly subscription fee of \$99 a month, and that's for unlimited use. We feel that that is fairly inexpensive and that's the way it works. Did that answer that?

Heidi J. Ellsworth:

I think the question was, can you get just one to two man or woman crews? Like for service work, does it have to be full production crews or can it be more service techs?



John Van Beek:

No, absolutely. On the crew profile, we actually include repair and maintenance. They may have one crew of 10 people, but two of those people are specialties and repair maintenance. When you post a project, you can just say, "Hey, I want a crew of two or one and this is what the scope of work is," and post it.

Paul Aguire:

That's right.

Heidi J. Ellsworth:

Okay, great. Okay, so let's bring it home. John, we'll start with you. How can contractors and/or crews get started?

John Van Beek:

It's very simple. Go to laborcentral.com and you'll then appear on a landing page. On that landing page, there'll be a place for a contractor to register. One of the things we haven't spoken about... Oh, it's on the list here. When you register as a contractor, you have two options. You can either directly go into 10 free searches. We provide you the option of looking at our platform searching crews. You receive the crew list, but no contact information. This is just a proof of the platform. You can search saying, "Hey, I want to make sure that you have crews in Tampa, Florida."

You log in, you would register, and then you would say, "How many crews do you have in Tampa," and a list will pop up without the contact information, but that just is a proof of concept for the platform for you to feel better. And then once you really want to get into it, you would then go to the next step, which is register, which would require you to put your name, your email, your cell number, as well as a credit card.

Heidi J. Ellsworth:

John, this is an important question. This is web-based. The app is web-based, so it's not on your App Store. Carlos, don't go to the App Store, go to the website, labor central.com. Right, John?

John Van Beek:

Correct.

Heidi J. Ellsworth:

That's where you find it. I know it's a little bit different, but it's important. Because since it is web-based, it can be used in multiple places and work with either in the office or out in the field. The same thing with the crews, when they go in to register, again, they go through that process that you talked about earlier.

John Van Beek:

When a crew registers, they automatically go into their profile information, so name, address, email address, cell number, how many crews, experience, and all of that profile setting. They would immediately go into that.

Heidi J. Ellsworth:

Perfect. We're the end. First of all, I want to say to everybody, if you have more questions, keep them coming. You can send them obviously to Roofers Coffee Shop. We'll get you there. Go to laborcentral.com. You can find information there, also contact information for Jessica and John, or go to Roofers Coffee Shop to the directory for Labor Central and you can find all the information there. Paul, I would love to have you just give us your last thoughts on how important this is.

Paul Aguire:

I'll make a fast. We're out of time. This is incredibly important. This is the connection, and these types of platforms are the connections that we need going into the future. The old way of doing it isn't working. It's not effective anymore. I'm still having to do it for other trades. It's just not anywhere near as effective. Big things to really consider. If you're going to be a crew, be a crew. Get your insurance. Get your stuff. Put the money into it. It's not a lot, right? But you're going to have to be a crew, otherwise it's going to catch you up and the contractors aren't going to be able to use you.

Contractors, they're a crew. It doesn't matter what language they speak. An accent is not indicative of a lower IQ. Please make sure your staff understands that. And then also, they're subs, right? Cashflow is king. Net 30 isn't going to work for a lot of these guys. Let's not string them out on getting those bills paid. There's people waiting. There's families waiting. If we can get these connections and these expectations set up, it's going to work. This is going to be a good thing.

Heidi J. Ellsworth:

I can't thank both of you enough. This has just been an amazing, excellent special RLW, Read Listen Watch. Thank you both for being here today.

John Van Beek:

Absolutely. Thank you.

Heidi J. Ellsworth:

Thank you.

Paul Aguire:

Thank you.

Heidi J. Ellsworth:

Thank all of you. Go find it on Roofers Coffee Shop. You can find Labor Central. Get the app. Get the technology. This is something that could change your business. Thank you all. We'll be back with another RLW at the end of the month. Sherwin-Williams is coming out with their color trends. Pretty cool and fun. Thank you all. We appreciate it. You can catch this on demand in 24 hours, or actually since this is Friday, next Monday. It'll also be on your favorite podcast channel, so be sure to subscribe and set your notifications. We'll see you next time on Roofers Coffee Shop Read Listen Watch. Thanks.