

DEALER PROFILE

**WATER POURS SOLID FOUNDATION
FOR QUALITY HOME SERVICES
MULTIPLE PRODUCT LINE
EXPANSION AND GROWTH.**

RainSoft®

DEALER PROFILE:

QUALITY HOME SERVICES

For Joe Holstein, President, along with his partners and 100-plus employees at Fresno, CA-based Quality Home Services (QHS), the phrase “walking on water” could more aptly be termed “running.” Since 1985, when RainSoft water treatment sales veterans Bart Richey and Donna Holstein founded B & D Quality Water, the firm has grown exponentially, ranking among RainSoft’s top ten dealerships for more than 20 years.

Four central California locations serve customers from Frazier Park in the south, north to Sacramento, and essentially span the state east-to-west, from Nevada to the Pacific Ocean (San Jose and Monterey area). When they outgrew their home facility several years ago, QHS designed and built new headquarters in Fresno and upgraded their internal systems, including computer hardware and software.

“We moved into the new building late in 2008, just when the market crashed,” Holstein recalls, and the nation nose-dived into what’s now being called the Great Recession, the worst economic downturn since the Great Depression.

Like nearly every business, the dealership experienced tough times in 2009 and into 2010. While today’s economy is steadily improving, QHS has been regaining strength at an increasingly rapid rate. “Water treatment sales were up 27% in 2012 and we are on track to do even better this year,” Holstein reports.

Using basic business assets to add new home services, even when times are tight

Orchestrating that comeback called for more than a little fore-thinking early in 2009, and extended beyond water treatment.



Family owned and operated since 1985, Fresno, California-based Quality Home Services partners include sitting, from left: Bart Richey, CEO; Jill Holstein, Vice President; Donna Holstein, CFO; standing from left: Mark Dorman, Customer Service and Installation Director; Joe Holstein, President; and Crain Hollins, Sales Director. Richey and Donna Holstein, Joe and Jill’s mother, founded the original B & D Quality Water after working together at other RainSoft dealerships.

“New homeowner lists and other major lead sources were way down,” Holstein says. “People were losing jobs, money was tight and our own financing options were impacted. After boom years in home construction, California was one of two states hit hardest by the housing bust.”

Nevertheless, Holstein and QHS didn't consider downsizing an option. Instead, they employed a strategy that can work in any economy.

"We looked at our existing operation and overall business assets," Holstein says. "We have the building and systems infrastructure. We know how to market, we know how to qualify and we know how to close a sale. We can use our in-place assets and experience to sell and service any product for the home. We also looked at taking on new lines to expand our business and get more bang for our marketing dollars."

Air purification already was part of their RainSoft offering. In fact, the dealership was instrumental in RainSoft adding DFS systems to its AirMaster line and now other home service options were on the QHS agenda.

Choosing new lines

They found a relatively easy bolt-on in Rinnai tankless water heaters, offering customer's on-demand hot water for multiple, concurrent daily uses with up to 40% energy savings.

"It's a nice complement to RainSoft water treatment," Holstein notes. "Our sales people could get their arms around it without a lot of effort. And it was a 'natural' for mining our existing customer base, a definite plus with so few new homes being built."

Solar energy was next. "Solar was more of a stretch for us," Holstein acknowledges. "It was and still is a hot topic and solar-powered electricity seemed to offer tremendous short- as well as long-term growth potential. Since we basically know how to approach, follow up and sell the in-home marketplace, we focused on solar-specific learning.

"Keep in mind there are two critical aspects of learning," he cautions. "The first is gaining an understanding of the industry, and closely evaluating optional products - the technology, product quality and everything associated. Just any make won't do. Although it's a different line, the business reputation you've built with RainSoft can be jeopardized if other products you take on don't measure up. A good rule



Quality Home Services President Joe Holstein and Sales Director Crain Hollins review the RainSoft interactive iPad 'app,' which shifts in-home sales presentations from flip charts to touch-screen. Currently being tailored by QHS for its specific needs, the 'app' will become part of the dealership's sales force arsenal in 2013.

WE CAN USE OUR IN-PLACE ASSETS AND EXPERIENCE TO SELL AND SERVICE ANY PRODUCT FOR THE HOME.

Joe Holstein, President of Quality Home Services

of thumb is to ask yourself, 'Would I want to buy what I think I want to sell?'"

The second "learning" phase involves actually getting your sales force and, ultimately, installation and service teams up to speed on the particular line. How much assistance does the manufacturer provide? This includes basic education on the advantages compared to competitors, to lead-gen and sales presentation material.

"Few if any product providers come close to matching everything you get with RainSoft," he says. "It gives you an excellent benchmark against which to measure them."

Evolving to a new company name and two divisions, with growth on all fronts

On the solar energy front, Holstein says they did a lot of research.

"I brought in someone with experience in the field to help us get started. We did some test marketing, and then we hooked up with SunPower, the top solar company in the country. They had seminars as well as on-line and instructor-led classes, in which we invested a lot of staff time and energy.

"This really brought us up-to-speed. We became a SunPower dealer in 2010 and sales have been pretty good. We doubled 2010 sales in 2011, and doubled that in 2012. Our strategy is to double again this year; but that remains to be seen."

As the firm added lines, the original B & D Quality Water moniker proved to be limiting.

"We changed the name a couple of years ago," Holstein says. "We kept the 'Quality' (no pun intended) and turned water into 'Home Services' (www.qualityhomeservices.com)." They continued to take on more products: insulation, for one; and last year, QHS added generators to its offerings.

Other changes, too, have come about as their multiproduct firm has grown. Although there are synergies among all lines with financing, paperwork and so forth, QHS has basically created two divisions within the company: Water Treatment and Filtration (including air purification), and the Energy Division (water heaters, solar electric, insulation and generators). "We save energy and create energy," Holstein observes.

In lead generation, qualifying and sales, "initially we used the same staff," Holstein reports. "As we grew and expanded, we added division and product-specific people, reaching the point where we now have different staff for each division."

Flagship RainSoft still the mainstay with The Home Depot connection

RainSoft water treatment continues to provide the primary QHS power base. "Right now, water accounts

"FEW IF ANY PRODUCT PROVIDERS COME CLOSE TO MATCHING EVERYTHING YOU GET WITH RAINSOFT. IT GIVES YOU AN EXCELLENT BENCHMARK AGAINST WHICH TO MEASURE THEM."

for approximately 77% of our total business,"

Holstein reports. On the water side, about 80% is



due to new system sales. The balance reflects a substantial service business, which provides some stability during economic ups and downs.

Reiterating this year's 27% increase in sales, he acknowledges the quality of various RainSoft lead-generation and follow-up material (which QHS "tweaks" to better impact area prospects). Marketing at home shows, trade shows and fairs, plus direct mail, are the primary methods. Holstein also credits the sales boost to other factors, notably "Financing. It has become a strength of ours again after some very tight money years."

Of course, the dealership has kept up the promotional pace throughout this period. With new product lines and a broader home services presence, television advertising has taken on more of a role in the QHS media mix.

"We tested water treatment promotions in a couple of markets," Holstein reveals. "As expected, it doesn't have the TV pulling power of solar energy or generators. Learning or confirming what does not work is also important. We reach RainSoft prospects in many other ways."

Certainly one of the best lead generation venues is The Home Depot (THD), thanks to a special arrangement between RainSoft and the nation's largest home service retailer, which began several years ago.

QHS was an early participant in this program, giving them access to THD outlets throughout their central California area. They offer store visitors free water quality analyses, and the leads go to QHS marketers to set appointments for in-home sales presentations. Some RainSoft dealers compare marketing to prospects in THD to presenting an in-home demonstration seven days a week.

For QHS, RainSoft-THD marketing includes 52 stores in their sizeable territory, says Holstein. It comes as no surprise to hear him say "about 37.5% of our leads are generated through The Home Depot program."

Financing is another plus when in-home selling through THD Home Services division. Customers have the option to use their THD credit card. It's convenient for them as well as dealers, and further expedites cash turn from RainSoft system sales.

First-call closings at 35% and going up, with a custom-tailored iPad app on tap

Holstein points out in-home sales calls are undergoing a rebuilding stage.



"We have a number of newer representatives who are still learning the program. As they become more seasoned, I expect our current first-call

close rate (35%) to get back up to 40%, where we were a few years ago."

He also expects new in-home sales presentation tools such as RainSoft's recently introduced iPad app to play a role. The app shifts flip-chart presentations to an iPad touch-screen.

"It's a dynamite presentation," exudes Holstein. "It's very interactive and ideal for involving customers, helping them sell themselves. I was on the original committee involved in the RainSoft app's initial



Quality Home Services President Joe Holstein expects the RainSoft iPad app to increase their first-call close rate.

design. Our QHS solar power and generator sales people all have iPads.

"We're just now able to free-up resources to devote to designing-out a tailored RainSoft app for our operation, with 22 current water treatment reps, extended territories, the growth in water and other items to factor-in. We need to get it right, then train our trainers, train our people and make sure it's implemented properly and evenly, across the board. I expect this to happen in the first quarter of 2013."

Taking RainSoft dealer networking to the nth degree

With exclusive, non-competitive territories, networking among dealers has long been a RainSoft strong suit. Phone calls or visits and Q & A exchanges with experienced veterans can be especially helpful to new dealers and enlightening to those with years in the business as well.

Joe Holstein is a prime example. He learned from his mother, Donna, her founding partner Bart Richey and other successful sales people, while developing relationships with numerous RainSoft dealers.

He is also an avid reader, including such titles as “Think and Grow Rich” by Napoleon Hill and “The Four-Minute Mile” by Roger Bannister (the first to break that barrier), focusing on goal setting, the value of mentors and more.

Along the way, he picked up a shortcut to success: find others doing what you want to do, and do what they do. This further spurred him to make the most of RainSoft regional and national gatherings, seeking out highly successful, RainSoft-recognized “best” practitioners in various areas of the business.

This includes top salesman Dan Hager; Scott Harmon, regarding profitable service; and Peter Rushmore for tips on better office management. One-on-ones with former dealer and RainSoft Regional Director Don Miller have helped to grow his QHS management team. And visiting dealer Tim Randolph in Florida resulted in additional advanced planning insights.

“Anytime you share conversation with other dealers you not only learn what works, but things that don’t work, which shortens your learning curve.”

Several years ago Holstein took his RainSoft networking even further, contacting three other dealers to form a Master Mind group. A fifth member was added about 1-1/2 years ago. “We stay in touch individually by phone,” Holstein reveals. “We have group conference calls every 2-3 months and get together every six months.”

‘Purely Better Business,’ built on water and growing

No doubt expanded home service product-line opportunities along with RainSoft-specific

ideas and insights are part of Master Mind group discussions, as well as Holstein contacts with other dealers. And it’s paying off.

“After a couple of tough years following 21 consecutive years of growth, we’re up again and rapidly gaining more momentum,” Holstein asserts. “We have a stronger, broader operation based on all we’ve done and learned in our RainSoft operation over the years. This puts us in a great position and it’s getting even better.”

CHECKLIST

Things to look for when Evaluating Home Service Product Line Manufacturers

YES NO

- ☐ ☐ Exclusive Territory
- ☐ ☐ Sales Leads: portfolio of proven low-cost (and low Cost-Per-Lead) lead-gen materials
- ☐ ☐ Public venue lead-gen (home shows, etc.)
- ☐ ☐ Phone Room lead-gen – scripts & tips
- ☐ ☐ Appointment setting & follow-up ideas
- ☐ ☐ Sales Presentation: methods, training
- ☐ ☐ Sales Closing: consumer-friendly techniques
- ☐ ☐ Consumer Credit: any additional options?
- ☐ ☐ Cash turn – payment period
- ☐ ☐ Recurring Revenue Stream (service, etc.)
- ☐ ☐ Product Warranty
- ☐ ☐ New products (frequency and significance)
- ☐ ☐ Business management and financial assistance
- ☐ ☐ Startup help/dealer-experienced specialists
- ☐ ☐ Dealer network activity, assistance
- ☐ ☐ Startup Cost
- ☐ ☐ Franchise fee
- ☐ ☐ Royalties



About RainSoft

Headquartered in Elk Grove Village, Illinois, RainSoft, a division of Aquion, Inc., is an international company with over 150 authorized and independently owned dealerships in the U.S. and 20 other countries. The company is dedicated to producing the world's finest water treatment systems, all of them manufactured in the U.S.A. and backed with the industry's strongest lifetime warranties. For more information, visit RainSoftDealer.com or call 1-866-4RAINSOFT (866) 472-4676.