

National Accounts: To Do or Not To Do?

By Bill Freeman

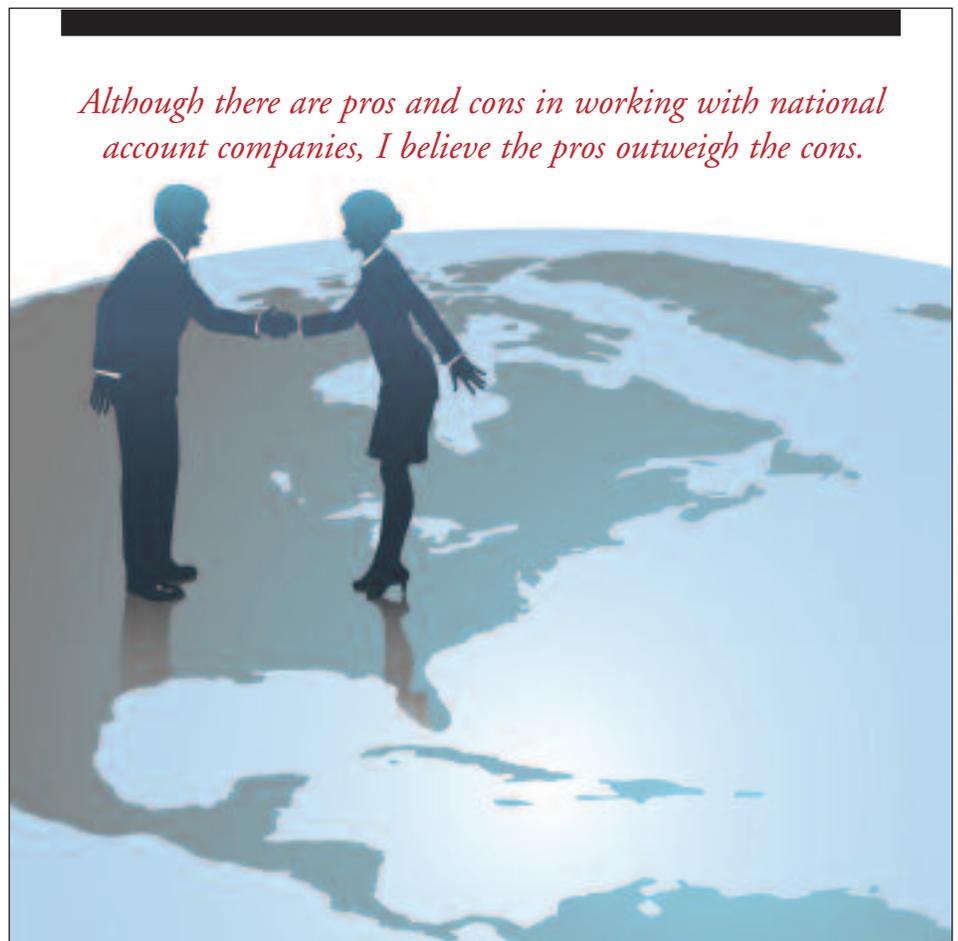
In today's economic times, with costs seeming to rise daily in everything from gasoline to fire extinguishers, it's getting harder to continue to remain profitable. New construction and installations can fluctuate and slow down, but the one tried-and-true aspect of our industry that remains stable, profitable, and a growth opportunity is the service business.

Recurring revenue—that portion of the business that remains relatively stable when the market for new installations wavers—is what every fire protection business owner wants to have. In tougher economic times it can be the difference between keeping the doors open or folding up the tent. It is often the most profitable portion of the business and also the most attractive to potential investors should the business ever be sold.

There is an opportunity out there to grow this portion of the business with very little effort, and it is available to almost every type of company no matter what aspect of the business you focus on, be it fire extinguishers, restaurant systems, fire sprinklers, fire alarms, or all of the above. This opportunity? It comes from partnering with national account companies who have the ability to pursue large national and regional clients with multiple locations.

National Accounts, National Trends

The national account business is a growing portion of our industry. The key driver for growth in this business has been the many mergers and acquisitions taking place across all industries, creating companies with hundreds or thousands of locations



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across multiple states. It seems every street you drive down you see more and more national companies, from the pharmacy on the corner to the shoe store in the mall.

Additionally, in these tighter economic times many of these companies have downsized their facility departments which typically handle their fire protection services. If they haven't eliminated the department then they have downsized it, making it virtually impossible to keep up. Many companies are simply outsourcing their

facility maintenance to some sort of facility maintenance company or directly to a fire protection national account company.

Therein lies the opportunity, as the majority of national account fire protection companies do not have self-performing offices to support these customers. There is the need for local companies to provide the services. Some of the national account companies are a mix of self-performing and subcontracting and others are strictly brokers who utilize subcontractors. Either

way the goal to the client is the same: to provide a single point of contact for all their fire protection needs and to keep their stores in compliance with the Authority Having Jurisdiction (AHJ).

As the trend toward consolidating services with a national account company has become more prevalent, many companies have wanted to jump on the bandwagon. Unfortunately, as with any industry, some companies are better than others and the experience of working with them can vary. Remember that one bad apple does not necessarily spoil the whole bunch, and in this case it shouldn't spoil a valid opportunity to grow your service business and the value of your company.

Partnership Benefits

Although there are pros and cons in working with national account companies, I believe the pros outweigh the cons. Let's look at a few:

Wider-Reaching Base. As discussed, the consolidation of companies will continue, creating more and more national and large regional customers, which in turn means opportunities for national account companies will continue to grow. Partnering with a national account company brings opportunities to grow the service base of your business. The types of companies that use a national provider are typically accounts that a local fire equipment company cannot obtain. Most of these companies manage facility services from their corporate office and have taken control away from a store manager. By working with a national account provider,

you open your business to a wide range of customers that would normally not be attainable.

Exposure. With many fire protection companies, tags and stickers are sometimes your greatest form of advertising. Partnering with national account companies can put your tags in the buildings of many leading retailers and give exposure you would otherwise not have. This can only help with your local account base.

Sharing the Effort. Allow the national account company to be your salesman and you will be able to pick up new customers regularly with no up front cost to acquire them. There are no surveys, no sales commission, no credit checks—just maintain a relationship with the national provider and perform the services requested, and as they grow their business the same will happen with yours. As your volume grows it can also help you build routes, hire new technicians, and cover overhead costs.

These are just some of the reasons to consider working with a national account provider. Ultimately, as the owner or service manager of a company, you need to make sure it is a fit that works within the structure of your company. In these times when we all struggle to grow our bottom line there are still opportunities to increase our recurring revenue and add value to our business. ♦

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