

Episode 10 - Business Development Manager - Pete Danielson [00:11:53]

Intro: Welcome to Profiles In Prosperity with your host David Heimer.

David Heimer: Today we're speaking with Pete Danielson, Pete's the owner with his business partner of Modern Mechanical in Ashburn, Virginia. Modern Mechanical is a very significant company with great growth, profitability, and tremendous innovation. Pete started in the HVAC industry in 1988, working for a large distributor as a kid, working in the warehouse. He then moved on to the counter for inside sales and eventually moved into management. In 1995, he made the big move into sales, where he was able to observe HVAC contractors and understand why some were doing well and others weren't. In 2007, he accepted a position with Lennox in the residential sales department as a territory manager. Pete was wildly successful as a territory manager. He was always among the top territory managers for Lennox, but in 2009, he was the number one territory manager in the USA for all of Lennox, which I think is very impressive. In 2013, he acquired the entrepreneurial bug and purchased Modern Mechanical. Pete periodically speaks at our Success by Design Days. He speaks at other industry events and he is a great member of his community. So, welcome Pete. Thanks for doing this with us.

Pete Danielson: Thank you, David, for the great introduction. It's a pleasure to be with you.

David Heimer: So, I want to start with something that you guys did that I think is unique, creative, and brilliant, actually, you called the position, business development manager. I sort of think that position as community representative. We always tell our

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members to get involved with the community, attend events, join charitable organizations, and do a lot in their community. But you did this in sort of an exponential way. So, can you tell us about the business development manager?

Pete Danielson: Absolutely, it was earlier on in the business so we knew that we needed to build our brand and can I get buy-in from the community just by building relationships? So we have attacked it by going after social networking. And we hired a business development, young professional to represent us at like you said, the chamber events, lead shares, rotary, evening mixers, and anything and everything where we could promote that we were in business and what we did and that we wanted to partner with the community.

David Heimer: So, would this be pretty much him or her full-time job going around to meetings and attending these different events?

Pete Danielson: It absolutely was. We picked the young lady and she was fresh out of college. She had a communication degree and she had a focus in marketing. So we made it to her full-time position and she was going to represent Modern Mechanical at every event that we could get to. We set up a goal for her to acquire so many business cards, so many new contacts. We made it a goal for her to attend so many events and gave her a small budget to pay the entrance fees and these types of things. And at the end of it, we were able to track her progress and really start to build our customer database and largely our referral base, because most of these folks were business partners, real estate agents, you name it, and they ended up being some of our unpaid

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salespeople.

David Heimer: So, how did you track her success? You mentioned the fact that she was required to attend so many meetings in a week or a month. Can you give us some idea of what the volume of that was?

Pete Danielson: Sure, kind of the first question is how do we track a lot of her success? Well, we would meet once a week and we'd do a debrief with, what has she done, who she met with, what's coming up in the next weeks or so, and really had a good feel for how active she was. And also we kept pulling her during some directions where we would see an event coming up and we want a representative there. We knew some of the people in the audience, so we would kind of point her in the right direction of who to see, and just simply bringing that contact information and some notes about what they discussed was a really simple process, easy to track. But it allowed us to kind of keep our finger on it and knew that we were heading in the right direction.

Daniel Heimer: And then how did you get a sense of what you were getting in terms of sales from her efforts?

Pete Danielson: Another good question, we did two things that allowed us to track specifically her contacts. We gave her a unique phone number on her business card that the contacts were calling into our office. And it would record that it came from Jackie, who was our business development manager. We also created a special coupon card that was a unique offer only for her. So, every time she handed it out, we

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called it a 25 to 50 card. Every time she handed one of those out and someone would call in and say, I have this coupon, we knew that was a result of Jackie's efforts.

Daniel Heimer: Okay. And what was the card, I mean, was that printed on the back of her business card, or was it something else that she handed out?

Pete Danielson: It was a separate business card. It would look exactly like her business card, except it didn't have her picture on it and it didn't have her contact information. The 25/250 was \$25 off of a service or \$250 off of a piece of equipment. And it was just a card that we created that had her tracking phone number on it, and she could hand them out hundreds at a time for events. And she was the only one in our company that had that unique offer. So when people would call in, it says, I have a \$250 coupon. We knew that that was a result of Jackie and her efforts.

Daniel Heimer: So, she was collecting business cards. She'd turned those in, you'd be able to see who she was putting into the customer database. And she's building the referral network that way. And then she's handing out specific cards, that are coupons. And you can track the volume of business that you're, getting through those. And what were the results of that?

Pete Danielson: Tremendous, we had rapid growth, you know, our first year in business, we were in business for a little over seven months and we did 600,000 in business, kind of right out of the gate. The next year we jumped up to 1.6 million and then the year after that was 2.4 million and then the year after that was 3.3 million. After

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the 3.3 million a year, we started to utilize some different resources, but to get us from zero to 3.3 million was really instrumental in having that business development person out in the community, representing us, at every event that we could think of five, six days a week, actively collecting information customers and promoting the business.

Daniel Heimer: So, was it hard to find a person to do this? And it sounds like you want to make sure you're some - you got to be fairly careful in who you're finding in this position, right?

Pete Danielson: Yeah, absolutely. In this case, it was a perfect storm because we participated in these networking activities prior to Jackie and we had some sense of who the players were. We got some recommendations from one of the networkers and it was her daughter that was graduating from college that wanted to get into the networking of our local community. So, in this case, we went right to one of the best marketers and then found her daughter and we kind of got two for one. So, we had two folks that were promoting us for one salary. And it really was a perfect storm, worked out beautifully for us, and I'm really grateful to both of them. In fact, given, I guess our early starts and to where we are now.

Daniel Heimer: I think it's a terrific idea. So, she did that if I understood you correctly for three years, is that right?

Pete Danielson: Right.

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Daniel Heimer: And then what happened at the end of the three years?

Pete Danielson: Well, I think it's a natural progression that a young person like this probably outgrows the position and in some regards to the business outgrows her. So, she went off to her next adventure and we started to kind of tailor our marketing efforts more towards more traditional marketing. But we still represent Modern Mechanical in these community activities, like the chamber, leading shares, and things like that. In fact, we have another young lady that's doing it for us now, just not the same type of aggressiveness with five days a week and that sort of thing.

Daniel Heimer: So, would you recommend that this be a, I mean, it sounds like the role changed a little bit as time went on, and this a position that you would recommend a company have all the time? Or did you see it more as something that you do in the early stages to help ramp up quickly and then you change it or eliminate the position?

Pete Danielson: It's a great question and we're struggling with that answer right now. The simple fact is that early on and if you don't have a big budget to put thousands, and it's not tens and hundreds of thousands of dollars into marketing to build your brand when no one knows you, this is a very effective way to start to build your brand from zero and get community support, get your kind of unpaid sales people referring you and building that if you will, a coalition of business partners, as we've gotten bigger and as we've grown, the question is, do we continue to own that space or do we move on to other avenues? And right now what we've decided is we want to continue to own that space.

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We want to be the HVAC and plumbing company that dominates the chamber of commerce that dominates our county, where we live and where we work, and where our kids go to school. We want to dominate the lead shares in the rotary. And some of the things that we've actually morphed into now is, we're sitting on boards. So we're sitting on realtor boards and we're representing the heating air condition, plumbing trades to all these realtors. And we're keeping them informed of rule changes, efficiency standards. We had a big change last year on water heater standards. We were the voice on the board informing the realtors of what was coming down the pike. So we have kind of morphed and grown into new ways of participating in building a brand.

Daniel Heimer: That's very interesting. Well, I appreciate you sharing with us and I'm going to be interested to hear how this continues to develop in the future.