



PCT's fourth annual Million Dollar Club Virtual Conference focused on business development and growth initiatives specifically for companies in the \$500,000 to \$2 million range. This supplement provides insights from the event, whose goal was to help PMPs grow their firms and take them to the next level.



PASSION: Our #1 Core Value

Dear Million Dollar Club Members,

Over 53 years ago, my grandparents, Starkey and Imogene Thomas, founded Arrow Exterminators in the back of a beauty parlor — certainly a humble beginning. After five decades of hard work and determination, our team has grown to become the sixth largest pest control company in the United States and second largest privately-owned pest control company. We are passionate about the 1,950 ladies and gentlemen of Arrow Exterminators and we are passionate about protecting the health and property of our hundreds of thousands of customers across the Southeast and the great states of Texas and Arizona.

We just finished our 2016/2017 fiscal year and for the 7th year in a row our team members achieved double-digit revenue growth. But what we are most proud of is that we are JOB CREATORS for our communities! Last year we created 264 new jobs and in the last five years alone, we have created 894 new jobs. As a growing company, we thrive from this strength and stability and strongly believe that investing in our team members and their future is the key to continuing this path of success.

Our unique family-focused, entrepreneurial culture has always been what sets us apart from others. Our culture is based on integrity and operating with transparency and a clear conscience. My grandparents built Arrow on the belief that if you treat your team members with respect and as extended family, this care and compassion would then reciprocate to our customers.

My dad — Joe Thomas, Arrow's second generation owner and now Chairman of the Board — has always said, and still says, "The first million dollars in revenue was by far the hardest million to reach." Congratulations on this monumental milestone! It is our belief that giving back to the industry that has been so good to us is not an option. Rather, it is an obligation and a responsibility that we take very seriously. We see it as a small way to pay homage to those who helped Arrow over the years. We are honored to sponsor the Million Dollar Club and recognize those PMPs who have reached \$1 million in revenue.

In addition, we would love to extend a hand to provide assistance, in whatever form that may take. Whether it is in sales, marketing, human resources, information technology or day-to-day operations, we would love to talk. Chances are we are facing similar challenges and we can work through these things together. We love talking and sharing with others in the industry. Feel free to reach out to us and come visit our Home Campus in Atlanta, Ga., any time.

We wish you the best of luck and look forward to continuing to celebrate your success with you!

Congratulations! The best is yet to come!

Emily Thomas Kendrick, President and CEO



Joe Thomas and Emily Thomas Kendrick



Contact Kevin Burns for a confidential conversation at 800-281-8978 or kburns@arrowexterminators.com

Building Value

You can build value in a sustainable way or you can build value by growing quickly. Which one is best for you?

Would you rather have a company valued at \$5 million with \$1 million in annual earnings, or a company valued at \$10 million with \$0.5 million in annual earnings? That's the question that Arrow Exterminators Chief Development Officer Kevin Burns poses when talking about building value in a company. The answer, he says, depends on who you're asking. Some see a 20 percent profit margin in the \$5 million company as the better option, while others see the smaller earnings in the \$10 million company as something they can fix in the future.

Burns says the key question to consider is, "How much of that \$5 million or \$10 million is recurring revenue? What percentage of your revenue is contract business?" He says having about 75 percent of revenue as recurring revenue is a good goal.

Plan for Value. When you're growing your business, sometimes it's best to aim for steady growth rather than growth that is quick and unstable, Burns says. But when deciding how to move forward with your growth, there are a few questions you need to consider.

Is your plan for the business to build it and eventually sell it? If so, you need to consider how a potential acquirer will value your business — this could differ from how you value your business internally.

Do you want to live off the business? If so, you should determine what it takes for you to live comfortably in the day-to-day sense — but don't forget about your retirement. Consider having a valuation done to get a sense of any changes that could be made to make your business more sustainable.

Do you want to keep the



MILLION DOLLAR CLUB

business in the family, and pass it down to younger generations? “If you do plan to keep it in the family, what do you need to invest to keep it going strong?” Burns asks. “And, also, I think it’s fair to ask yourself what we need out of the business from the next generation if you’re going to pass it on to your kids and to your kids’ kids.”

Tangible/Intangible Assets.

While you consider the value of your business, Burns recommends taking stock of your tangible and intangible assets. “Tangible assets are those things that you can look at, you can touch and feel, and put a number on,” Burns says. Some examples include fixtures, furniture, A/R and your fleet.

skills and you’re probably talking about people that are very courteous.”

Another good way to boost the value of a company is by diversifying your service offerings, Burns says. It’s also important to have “key employees” that you can count on in the office. You shouldn’t have to handle every aspect of the business yourself, as this can lead to decreased spare time and family time. “Having an office member that you can go to and also a (good) field supervisor...that is certainly going to add value.”

A company’s reputation in the marketplace is another intangible asset that might be overlooked. “If you don’t have a social media presence you need to get that,” Burns says. “People want to

to fix the problem.

It’s also valuable to maintain healthy vendor relationships.

Make sure to “always be evaluating new opportunities,” Burns says, even if you aren’t ready to make any changes right now. “It’s not bad to have something in your hip pocket and launch a new opportunity once convinced that you’ve done all the work (to prepare).”

Having one big-budget customer that can make-or-break your business isn’t typically a stable sign of an operation. Consider what would happen if you lose that customer, as it could potentially tank the business. That’s why Burns recommends diversifying your customer base. It’s fine to have big clients, but make sure they aren’t the only account keeping you afloat. “Having a reliance on just a handful of customers would be viewed more as a liability than as an asset,” Burns says.

Having a strong service guarantee can give you an advantage over your competitors, as long as it holds up well. Make the language clear and easy to understand. This adds value, as you want customers to trust they are being taken care of.

Most companies consider whether they should take on debt in order to invest in an endeavor, which can be stressful for the company. Burns says you shouldn’t aim to avoid debt altogether, but “just make sure it’s manageable.”

Final Thoughts. “Make sure to talk to your entire team about your goals,” Burns says. “Communicate, communicate, communicate. (We) talk about what we’re going to do when those milestones are reached and how we’re going to celebrate.”

Take care of your team members and make sure they feel valued. It’s “very important that everybody on your team understands what you’re trying to do as a business, and you do it with a smile,” Burns says. ■

The Legs of Growth

“Some people would tell you that that growth is a three-legged stool,” Arrow Exterminators Chief Development Officer Kevin Burns says. “I think we’ll add a fourth one and make it a chair.”

Burns offered the following four “legs” of advice for growth.

- 1. Increase your market share.** Outgrow your customer base.
- 2. Repeat business.** Focus on obtaining recurring revenue.
- 3. Encourage existing customers to spend more.** Cross-sell services by suggesting other treatments they may need.
- 4. Price adjustments/increases.** Be sure to compare your prices with the competition’s. Also, the prices of services tend to change over time, so make sure you’re staying up-to-date by checking the Bureau of Labor’s Consumer Price Index.



Intangible assets, on the other hand, are a little harder to see. Employee tenure, for example, is a non-tangible asset. Burns says it is more valuable to have employees with long tenure than those with short tenure.

“Another item of value is professionalism,” Burns says. “Think about your best experiences in your lifetime and some of the great customer experiences that you’ve had. You’re talking about people who have good communication

know that they’re doing business with somebody that’s reputable, and whether it’s true or not they look at branding as a proof that somebody is reputable.”

It is important to engage in a two-way conversation with your customers about their experience. This allows you to hear their feedback, whether good or bad. Any good feedback can be posted to the company website as customer testimonials, and any negative feedback can be turned into a constructive effort

➔ *All of the articles in this supplement were written by Sean Wolfe, a contributor to PCT magazine.*

Best Hiring Practices

As a company, the core of your business consists of the team you hire. That's why you want to be sure you're hiring qualified people who bring the best to the table. Jessica Sherman, Arrow Exterminators' human resources administrator, offers a few tips for finding the perfect team members.

Step 1: Promoting Yourself. "All your recruiting activities should revolve around the basis of employee value propositions," Sherman says. "Employee value proposition is "where you position your company as the employer of choice."

In other words, why should someone want to work for you? Consider making a list of the benefits an employee would receive if they're employed by you. What's unique about your company, and what makes it stand out?

"It will help you in your recruiting and retention activities," Sherman says. "It will also help you prioritize your activities, unify your message and maintain an engaged workforce."

While building propositions for potential employees, it's important to consider your corporate social responsibility (CSR), Sherman says. This is "your business approach that contributes to social, economic and environmental benefits." Some examples of these approaches include disease prevention, wildlife rescue and eco-friendly practices.

Applying CSR is a way to "steer change toward sustainability," Sherman says, or to "maintain your organization."

Step 2: Recruiting. There are a few different methods of recruiting that can generate exposure and advertising opportunities. Sherman breaks them down into *internal* and *external* opportunities.



Tips to ensure your staff is recruiting, interviewing and retaining the right way.

Internal programs include employee referral programs and cross-training. Employee referral programs are a way to reward current employees with a bonus while also reaching out to potential applicants. Sherman says Arrow's data has proven the referral program to be the most effective source of new hires.

"The cost of a referral is far less than the expense that you can incur by advertising for an open position," Sherman says. And, no one knows what it's like to be an employee at your company better than your current employees.

Cross-training is a way to strengthen employee knowledge while making staffers more versatile at work. "The idea is to encourage those who work at the office to cross-train in the field, and those who work in the field to cross-train in the office," Sherman says.

On the external side, advertising is the most obvious form of recruiting. The digital space is a "great space for smaller companies to create a presence that is equal to the larger organization," Sherman says, which can help even the playing field when fighting for the same applicant pool as larger companies.

Digital advertising opportunities include posts on social media like LinkedIn

or Twitter, a career landing page on the company website or through job boards that applicants use to locate potential work. Outside the digital realm, companies can attend job fairs — but be sure to use eye-catching displays. People won't come to your booth if it doesn't catch their attention.

Step 3: Interviewing. Xavier Cugnon, Arrow Exterminators' vice president of human resources, laid out a few ideas for the third step of the recruiting process: interviewing. If you followed the previous advice well enough, you should have a good number of applicants at this point, he said. Now, it's time to narrow it down to essential team members.

Make sure you're well-prepared before the interview, Cugnon says, even if that means only time for reviewing the application and resume. He compares the interview process to speed dating, an awkward exchange at the end of which you're supposed to make a potentially life-altering decision. But, there are ways to overcome this awkwardness. Let the applicant know what to expect out of the interview beforehand, and make sure to engage with their responses so they

MILLION DOLLAR CLUB

know they're being heard.

"Try not to jump from one question to another without acknowledging what is shared," Cugnion says. The benefit of in-person interviews is that you are able to observe any non-verbal cues an applicant displays. Pay attention to eye contact, tone of voice, posture and their sense of calmness. Are they dressed appropriately?

While a resume shouldn't be seen as a tell-all about applicants, it can provide some useful information. Reach out to the references to see what they have to say, and make sure to double check the periods in which they say they were employed — some people may choose to artificially extend employment on their resume to get rid of any gaps in employment.

But, resumes are only a two-page summary of the work someone has done. Use the interview process as a way to encourage them to open up about their past work. What were they most proud of at their last job? What set them apart? If you were their boss, what would you say their most redeeming qualities are?

Finally, let the applicant know what to expect after the interview. It can be a nerve-racking experience, and letting them know you'll get back to them in a timely manner can help ease their mind.

Step 4: Retention. Once you have employees on your team, it's important to make sure they want to stay there. Cugnion recommends making a list of interactions with employees, and referring to them to see what can be improved in the future. Communicate clearly with your team, and let them know they've made an impact when they've done so — it helps to have tangible results of success. Be honest with your employees and communicate often. Finally, consider using an internal engagement survey to gauge the feelings of workers, and whether they have any issues or know of areas that need improvement. ■

Manage What You Can Measure

How can you use data to increase company sales?

It's easy to create a vision of where you want to take your company, whether that is revenue growth, expanding the area of your operation, hiring new employees or anything in between. But it's also crucial to have a strategy to get to that point. As Arrow Exterminators Senior Vice President of Operations Charlie Jones says, "Hope is not a strategy."

How to Grow. In order to effectively reach a goal, no matter what that goal is, leaders need to clearly define what the goal is and how they plan to reach it, Jones says.

"One of the best questions you can ever ask yourself is, 'Where do you want to go?'" Jones says. "And I know that sounds like a very simple question — a question that you can blow through in 20 seconds if you really wanted to — but it's a question I think that everybody really needs to spend a lot of time on."

For Jones, asking this question means laying out both long- and short-term



Marketing on a Shoestring Budget

Growing companies don't necessarily have growing budgets for marketing. Here are some tips on how to stretch your dollar.

“It's not all about huge budgets when having a successful marketing strategy,” says Mike Malone, Arrow Exterminators' senior vice president of marketing and inside sales. Even small companies can dip into successful marketing campaigns without breaking the bank, he said.

Lauren Bullington, Arrow Exterminators' director of marketing, admits that even the thought of starting a marketing strategy can be overwhelming if there isn't one in place already. But, she says, the key is to start small, “whether you're working with \$5,000 or \$500,000.”

Grassroots Marketing. Malone

offers a strategy that doesn't necessarily need a budget at all: referrals. “The majority of people are willing to provide (referrals) if simply asked,” Malone says. “There has been recent consumer research by the Professional Pest Management Alliance (PPMA)...and 49 percent — almost half of the respondents — said they are most likely to use a friend's recommendation when looking for a professional pest control company.”

Through word of mouth, you can expand your pest management business without spending a dime on your end. If people trust you and are satisfied with your services, chances are they will be happy to relay that information to their

plans. In order to set realistic goals that the company can actually reach, leaders must establish certain parameters by becoming familiar with the historic growth numbers of the business. In addition, an effective leader needs to know both the strengths and the weaknesses of his or her staff. Where do your employees excel and where do they need improvement? Do you have the labor capacity to reach your goal?

Recurring Revenue. Mike Strickland, regional vice president of Arrow's metro Atlanta regions, places heavy emphasis on recurring revenue. This is "the portion of the company's revenue that is highly likely to continue in the future," he says. "This is the revenue that is predictable and stable that you can count on in the future, and with a high degree of certainty."

Essentially, it's more secure to have a smaller number of customers who use multiple recurring routine services than to have more customers using only occasional services. This allows for a level of stability in the company that makes it easier to predict where the company will be at a given time.

In order to create relationships with customers that encourage them to become repeat customers, Arrow Exterminators Senior Service Center Manager Whitney Powell recommends setting expectations on the initial visit. He noticed that "customers that skip services become cancellations," so it's important to set up a regular schedule of service in order to create a strong customer relationship. ■

The S.M.A.R.T. Way to Set Goals

Arrow Exterminators Senior Vice President of Operations Charlie Jones uses a simple acronym to help set realistic business goals. He didn't create it himself, but argues it contains some of the most important considerations a leader must take into account.

Specific. Is the goal clearly defined? Remove any unclear language or uncertainties.

Measurable. Choose a goal that is tangible and trackable.

Attainable. Pick a goal that realistically can be reached. "You want to have that rung on the ladder that people can grab," Jones said.

Relevant. Is it worthwhile to meeting your overall goal?

Timely. Choosing a time to complete a goal by is just as important as choosing the goal itself. It keeps the company on schedule and creates a visible end point.

Three Quick & Easy Marketing Tips

- 1 **Start simple.** Build a plan that's within your budget, and check in quarterly or monthly to make sure you're on track. Be flexible and ready to change if the situation demands it.
- 2 **Leave a cushion in your budget.** You don't want to get set back by any unexpected costs that could occur.
- 3 **Maintain consistent messaging across all platforms.** Sometimes, "less is more when it comes to marketing," Lauren Bullington, Arrow Exterminators' director of marketing, says. "In a world where consumers are bombarded with advertising, you want to stand out and you want to be memorable with your methods." Be clear and repetitive in your messaging, and keep a consistent design style in your marketing that will help customers identify it with your brand.

friends and relatives.

But, to ensure this method hits the mark, Malone says Arrow offers a special referral program to reward customers who bring in new business. If a referred customer signs up for an annual service, the referring customer will be given a \$25 Visa gift card. It's a small expense

that's offset by the added business from the new customer.

Finding Leads. To land new customers, you're most likely going to have to do some searching. Bullington recommends hosting booths at community events, like football games, and handing

out coupons or information sheets. "This is the softer side of marketing, but it goes a long way in building brand loyalty and fostering goodwill," Bullington says.

Another effective way to locate potential clients is through web advertising, says Mickey Thomas, Arrow Exterminators' vice president of inside sales. People looking for pest services will most likely be searching for pest management professionals in the area, and it's crucial to respond to their inquiries in a timely manner. "These are people that are raising their hand and showing interest," Thomas said. "It's very important to treat these leads as hot leads because they're probably also reaching out to a competitor."

New homeowners should be seen as potential clients, Thomas says, and you can locate them by attending home shows/events. It's imperative to have a sales team always looking for new leads and engaging potential customers. ■



“The first million dollars in revenue was by far the hardest million to reach.”

Joe Thomas

*Second Generation Legacy,
Chairman of the Board*

We will share
how we have grown
in the past 53 years.

Congratulations on successfully growing your company to the \$1M threshold. Providing great service to your base of customers is critical as you tackle a new set of obstacles to get to the next level. Continuing to find and sell new customers and the challenges of recruiting and training more and more team members can be overwhelming to even the best entrepreneur.

We may be able to provide some guidance or we can listen and be a sounding board for you. Chances are we have team members who have dealt with similar challenges and they are ready to help you! Give us a call or send an email. We'd love to hear from you!



**Contact us today, tomorrow or
anytime it is convenient for you.**



Arrow Exterminators' sign - circa 1970's

To contact us: **Kevin Burns 888-GO-ARROW**
kburns@arrowexterminators.com