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PMP Pest Management PROFESSIONAL

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REVENUE OPPORTUNITIES

INSIDE:

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- TM10** *PMP* Termite Management Survey & Analysis

PMPs discuss wood-destroying insect trends, and share related technical and business tips.

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CSI: Your partner in termite success



BY **TONY GUGLIUZZA** | PCO National Sales Manager, Control Solutions Inc. (CSI)

Control Solutions Inc. (CSI) is proud to once again sponsor *Pest Management Professional* magazine's exclusive annual Termite Management Survey. To keep our finger on the pulse of what the industry needs and wants in its termite management solutions, we rely constantly on user feedback and data. This annual survey is just one of the many ways we accomplish that goal.

In 2017, we continue our stewardship with CSI's Promise of Protection warranty program on two of our termiticide products:

- **Taurus SC Termiticide/Insecticide**, the first post-patent fipronil product on the market, boasts a 10-year warranty on both pre-and post-construction termite applications. In addition, the use directions now include up to four applications per year at the 0.03 percent dilution rate for outside surfaces and along foundation perimeters of structures designated by the label.

- **FUSE Termiticide/Insecticide** combines two non-repellent active ingredients, imidacloprid and fipronil. Both ingredients work by affecting the insects' nervous systems. FUSE is labeled for termite and perimeter pest management applications, and provides an eight-year termiticide treated structure guarantee.

Throughout this year, you'll be hearing from CSI about our new product innovations, alongside our trusted and established offerings for pest management professionals. Both our existing lineups

and new introductions will continue to drive us toward our mission of economic and effective solutions for the professional pest management market. We always welcome your feedback, because it helps us stay ahead of the curve in helping you offer the best termite management solutions and strategies to your customers. It's a partnership we believe to be a win-win for everyone — except for the termites, of course.

GUGLIUZZA is the national sales manager of pest control operations for Control Solutions Inc. (CSI), a member of the ADAMA Group. He can be reached at tony@controlsolutionsinc.com.



Five ways to improve termite management revenue

When opportunity knocks for this service segment, be sure to open the door.

BY **HEATHER GOOCH** | Editor

In a slightly different way than general pest control does, termite management services seem to be capable of giving pest management professionals (PMPs) big-ticket revenue ... and solid margins if PMPs can control labor and marketing costs and avoid callbacks.

Pest Management Professional's (PMP's) 2017 Termite Management Survey shows that this segment is expected to continue to enjoy steady growth in 2017. It's just a matter of choosing the optimum strategy — and being smarter with our related sales, inspections and services.

1. BUILD A REPUTATION AMONG BUILDERS.

Curtis Rand is regional vice president of Bug Out Service in Saint Augustine, Fla. He names fierce pricing competition as one of his firm's biggest obstacles in termite work — and he's not alone; nearly 26 percent of our survey respondents said the same. But Bug Out combats it by focusing on custom homebuilders and commercial construction.

Curtis Rand says Bug Out reaps revenue from custom builders and commercial construction.



PHOTO: BUG OUT SERVICE; ILLUSTRATION: ©ISTOCK.COM/RUBAONE





GENE CHAFE

“These types of builders are more focused on an extreme quality of work and a lasting service,” Rand says. “While pre-construction treatments are less than 3 percent of our business, we at least have this as profitable business.”

On the other side of the country, Gene Chafe, vice president of pest control for Senske Services, Kennewick, Wash., reports that the pretreat market isn’t that big in his market, although a few builders are starting to require them.

“Termite pressure isn’t great in the Northwest, so we’re looking now to expand our termite treatment footprint in newer markets, like Las Vegas, Salt Lake City and, to a limited degree, Seattle,” Chafe says.

In San Diego, Payne Pest Management President Jason Payne is focused mostly on drywood termites, as opposed to subterranean species. A rainy January was music to his ears: “All this weather that’s been coming, it’s going to be pulling a lot of ants, and more importantly — a heavy swarm season in the spring,” he says.

San Diego’s housing market has been slowly creeping up, which Payne notes is actually preferable to a sudden spike. “It’s more realistic,” he says, adding that growth in both new construction and housing sales is between 4 percent and 8 percent, depending on the part of the city. “Overall, it’s just a healthier market and things are looking on the up side for the industry as a whole.”



JASON PAYNE

2. RETHINK YOUR PAYMENT PLANS.

Rand says Bug Out’s opportunities to expand termite management revenue streams also rest with an expansion of its sales force and using a monthly payment model to allow for termite work to be more effectively budgeted by the consumer.

“This type of pricing/payment model also allows for increased customer retention, as there is not a large, once-a-year bill,” he explains. “By making the service a part of the consumer’s monthly budget, we find that the understanding of the service and the value perception are increased.”

3. REVISIT YOUR MARKETING AND CROSS-PROMOTION EFFORTS.

Bennett Termite & Pest Solutions focuses on TV and radio ads, billboards, and some print advertising. Billboards reinforce the message of the other media avenues, notes Dean Bennett, president of the Bishopville, Md.-based firm. But he is careful not to hit drivers with information overload.

“If you’re going 65 mph, I just need you to see the name of the company and the website,” Bennett says.

Cross-promotion of services also is key. When it comes to drywoods in particular, says Payne, it’s important to discuss renewal programs with customers. “A lot of companies don’t push for the recurring revenue, when it can help so much to have an inspection and spot treatments as needed,” he says. “Our renewal inspection routes are among our most profitable, because there’s also a lot of opportunity to cross-sell with general pest control contracts. Part of our state license is for wood repair for termites and fungus, so there’s that opportunity for service as well.”

Xylocopa spp. can overwinter with their larvae in wood.



Carpenter bees... in the snow?

One of Ertell Whigham III’s tricks of the trade is to inspect for overwintering carpenter bee larvae and adults in colder months.

“You’d be amazed at how many bees and larvae fall out of the holes,” says Whigham, branch manager of Pointe Pest Control’s Bridgeport, Pa., location. “It’s good customer service, because not only does it fulfill a need to visit in the winter, but the customer inevitably says ‘I didn’t even know they were in there.’ You’re preventing the bees from getting a head start on damage in the spring.”

— HG

4. HIRE RIGHT, FROM THE START.

Bennett stresses the importance of getting the right people in as termite technicians. As with his other two divisions, bed bug and moisture control, they should be detail-oriented and in it for the long haul. Bennett has been in the industry 25 years, his supervisor for 18.

“We’ve hired two new people recently, but otherwise, everyone has been here at least three years,” he says. Interestingly, he notes, it’s worked out that rather than hiring young techs, “We’re all middle-aged, and comfortable in that game.” The higher cost of hiring more-experienced techs, he says, is evened out by increased production margins, and reduced turnover.

To make things easier for everyone involved, each of Bennett’s techs has an iPad. “It’s the ‘Keep it Simple, Stupid’ factor: We email everything to customers, which makes us 100 percent paperless,” he says.

MORE ONLINE

How does a single feature on Bennett Termite & Pest Control’s home page bring in new business? Visit PMPPestTalk.net to learn more.

5. PUT TRAINING AT THE TOP.

Ertell Whigham III, branch manager of Pointe Pest Control, Bridgeport, Pa., says while his company is not the least expensive in the market, it stands apart because of the thoroughness of its termite technicians, in both inspections and treatments.

“Tips from the pros

JEFF ANNIS, Advanced Services, Augusta, Ga.: “Stay on top of customer satisfaction and loyalty rates. Keep hiring standards high, and recruit all the time. Keep your team 100 percent engaged in teamwork and goal attainment.”

DEAN BURNSIDE, Good News Pest Solutions, Nokomis, Fla.: “Talk to existing pest control customers about termite protection. Talk to their neighbors when neighboring treatments are performed. Don’t let warranties lapse or expire without a concerted effort to save the accounts.”

DAVID HERSH, Hersh Exterminating Service, Hermitage, Pa.: “Don’t knock the other guy. Don’t sell solely on price. And when explaining what we do and why we do it, don’t use jargon.”

ALYSSA JULIEN, N Texas Pest Control, Little Elm, Texas: “Show customers the termites, and tell them how they are going to be taken care of. Make sure all questions are answered, and give them time to make up their minds.”

MIKE MELECA, Carolina Pest Solutions, North Charleston, S.C.: “Make sure the customer understands the process. Never assume something is built correctly, and never put off inspections for new business.”

MICHAEL PATTON, Patton Termite & Pest Control, Wichita, Kan.: “Don’t cheat the customer by being lazy. Inspect and treat thoroughly and be the best you can be. Treat the customer like family.”

TRACY RICE, Rice Pest Control, Anniston, Ala.: “Never assume the customer has no knowledge of the process. Don’t assume every job is a cakewalk — *something* will always turn up to test you. Don’t leave any wood debris, scraps or other mess in the customer’s crawlspaces, garages, etc.”

TODD SIMPSON, HTP Termite & Pest Control, Huntingdon, Tenn.: “Create solid, understandable contracts. Say what you do and do what you say. Own your mistakes and make it right.”

JIM SKINNER, A&C Pest Management, East Meadow, N.Y.: “Treat every lead like gold. Bundle your services, and don’t miss any opportunity to let general pest control customers know you also do termites.”

ISHMAEL TORRES, Gateway Pest Management, Jamaica, N.Y.: “Communicate with customers about your services, but don’t be too pushy. Distribute information packets containing termite updates in the area.”

STACEY WHITE, Vintage Pest Management, Peoria, Ariz.: “During inspections, move stuff. Get on your hands and knees. Pull the shades up and down. Look like you want to find something, and you most likely will. After a thorough inspection, price accordingly. Don’t cut your throat trying to get a sale. Sometimes *not* getting a sale is the best thing to happen to your company.”



DEAN BENNETT

“I think we’ve gotten too complacent as an industry in how we approach termites,”

Whigham warns. “At Pointe Pest Control, we’ve brought the old-school approach back. We basically get down to nuts and bolts as far as inspection is concerned. We’re looking, probing the wood, taking a look at what’s actually going on.”

Whigham emphasizes the need to not cut corners in training or equipment: “Give your technicians exactly what they need to do the work appropriately.”

When he was a technician, Whigham says, “I hated going out with bad information. When my sales guys go on inspections, they know to make sure the graphs look good; the measurements are right; and the symbols used on the graphs are appropriate. You can’t simply make assumptions, especially with wood-destroying insects.”

Bug Out’s Rand agrees, pointing out that today’s educated consumers deserve nothing less than knowledgeable, well-trained PMPs. He notes that educating technicians — as well as sales and support staff — is a multi-faceted process, incorporating classes and ongoing training from associations, vendors, industry media and in-house.

“If we only use one source for training, then our knowledge base will be too narrow,” Rand concludes. “Employee development leads to customer retention.” PMP

You can reach GOOCH at hgooch@northcoastmedia.net or 330-321-9754.

A crisp look and simple message comprise Bennett’s approach to billboard advertising.



ERTELL WHIGHAM III

Overcoming obstacles

While overall, survey respondents were pleased with the outlook for termite management services in 2017, there are always a few challenges to overcome. When asked to rank seven specific obstacles, the majority said fierce pricing competition in their respective markets is the biggest headache inducer. This was followed by a sluggish overall economy, and a lack of termite swarms — although several were quick to point out that educating customers and prospects that termites can exist on their properties without a swarm usually takes care of that issue.

Fourth on their obstacles list was a sluggish home sales market, while the complaint of today’s treatments “work too well for too long” came in fifth. A sluggish new-construction market was not as much of a factor as it’s been in the past, and it was a relief to see “difficulty finding and keeping qualified termite technicians” come in last on the list for most.

Other reported obstacles ranged from the technical (heated floors, slabs on grade, wells, above-ground infestations, changes in landscaping) to the operational (sales and marketing, lack of consumer understanding and/or cooperation). Many noted that the competition was underbidding, leading them to resist the urge to underprice jobs or rush through inspections and treatments to get a decent revenue margin. Raising the return on investment (ROI) on advertising and marketing investments was another complaint.

While we can’t do much about weather conditions or unscrupulous competitors, we can continue to bring you expert advice on how to deal with several of the other technical and business obstacles in future issues of *PMP*.





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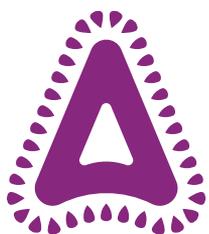
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10
YEAR

8
YEAR



A solid year ahead in WDI revenue, survey says



Termites may be tiny, but they cause billions of dollars in damage to wood structures every year. Detection by pest management professionals (PMPs) is critical to putting an end to the destruction and effectively managing these wood-destroying insects (WDI).

Termites are a problem across the country, although more so in southern states. The PMPs who responded to *Pest Management Professional's* (PMP's) 2017 Termite Management Survey perform most of their termite management work for homeowners. Fifty-four percent of responding PMPs said more than half of their termite management revenue comes not from new home and commercial building, or existing commercial structures, but from existing residential properties.

The National Association of Realtors (NAR) has good news for PMPs who offer termite management services: Existing home sales last November jumped to 5.79 million for the month. That's 15 percent higher than November 2015, and the highest since February 2007.

Also up is the median price of existing homes, which was \$234,900 last November, about 7 percent more than the previous year. The organization says it's the 57th consecutive month of year-over-year home sale price gains.

WARRANTIES EQUAL PEACE OF MIND

"When treating for termites, you know you are providing a solution to fixing your customers' immediate problems," says Jeremiah Ryden, general manager, Gunter Pest Management, Kansas City, Mo. "We have seen tremendous growth in revenue through our termite treatment warranties."

PMP's annual reader survey for termites and wood-destroying insects finds an optimistic industry, ready for action.

BY **DIANE SOFRANEC** | Managing Editor

Ryden reports his termite management business has grown consistently over the past 10 years. He uses liquid treatments to manage termites. His preferred solution aligns with those used by PMP's survey respondents, as 57 percent of those asked choose liquid termiticides. Trailing behind are: fumigation, baits, borate and exclusion services.

The treatments are working, as 88 percent of the PMPs surveyed reported a callback rate of 5 percent or less. Another 8 percent said callbacks occur 6 percent to 10 percent of the time.

Byron Frost, supervisor facilities services of MD Anderson Cancer Center in Houston, recommends PMPs offer solutions to help customers prevent termites from becoming an issue around their homes or businesses.



JEREMIAH RYDEN

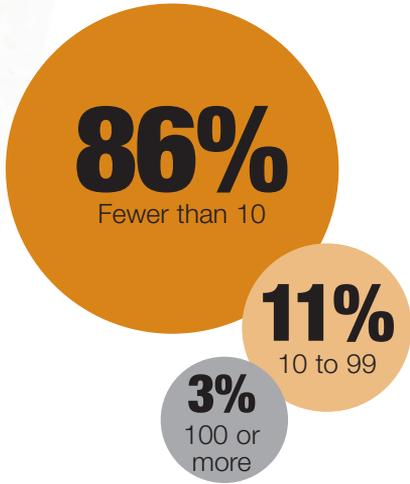


BYRON FROST

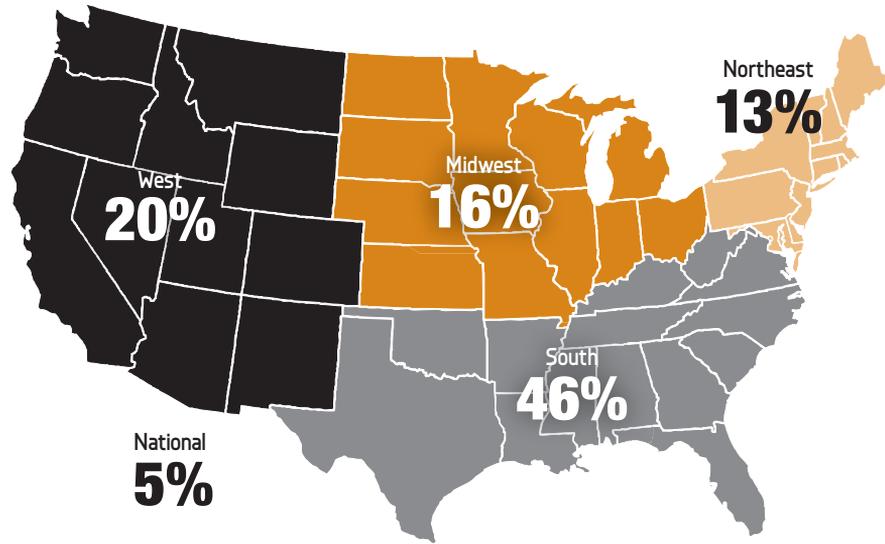
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Number of Termite Techs

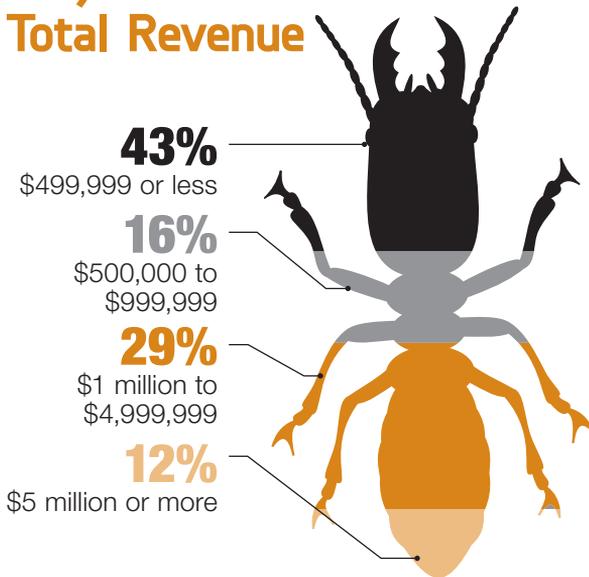


Area of Operations

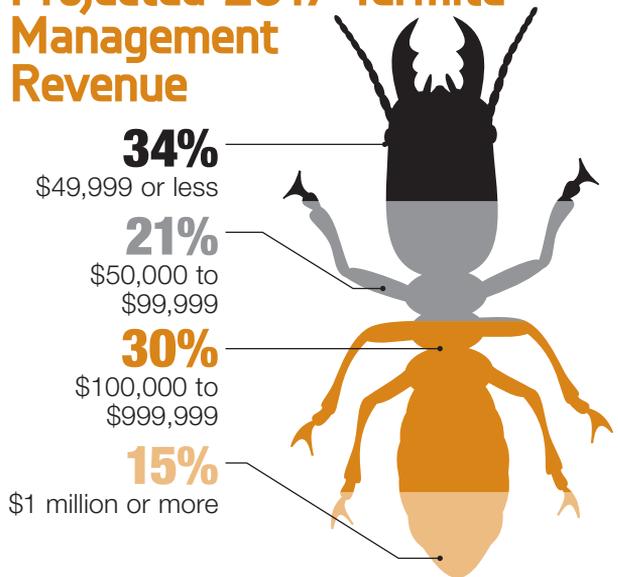


WEST: AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY
MIDWEST: OH, IN, IL, MI, WI, MN, MO, IA, ND, SD, NE, KS
SOUTH: AL, AR, FL, GA, KY, LA, MS, NC, OK, SC, TN, TX, VA, WV
NORTHEAST: CT, DE, ME, MD, MA, NJ, NH, NY, PA, RI, VT, D.C.

Projected 2017 Total Revenue



Projected 2017 Termite Management Revenue



Among the most common keywords mentioned in our survey when asking PMPs for their Top 3 termite management **opportunities** were as follows:

New Construction Quality Service
Treatments Referrals Home Sales

CONTINUED FROM PAGE TM10

Frost supervises the pest management group that services more than 30 multi-story buildings and garages at the Texas Medical Center, where there are more than 20,000 employees, patients and visitors every day.

“Termite management has changed,” he says. “It’s more preventive treatment measures, such as helping customers reduce conducive conditions around their homes or businesses, than corrective treatments.”

LOOKING AHEAD

One third of the PMPs expect termite management to generate \$49,999 or less in revenue in 2017. Thirty percent expect to generate between \$100,000 to just under \$1 million in termite management revenue.

Terry Singleton, president of Termite Terry Pest Control, Costa Mesa, Calif., says to be successful, PMPs should differentiate themselves from their competitors; study to become a pest management expert; offer superior service; and learn how to effectively sell their services and market their businesses.

“Don’t start selling your services at low prices,” Singleton advises. “I always ask myself: ‘If I wasn’t in the termite business, who could I call that I know is trustworthy and could do the job right?’ *We* need to be one of those people.”

Exactly half of the respondents said this year they will charge between \$500 and \$999 for their termite inspections and initial treatments. Not far behind, at 32 percent, are those who charge \$1,000 or more.

CONTINUED ON PAGE TM14

Termite Management Revenue from Existing Residential Structures

54% generate more than half of their termite management revenue by servicing existing residential structures.

16% generate one-quarter to one-half of their termite management revenue by servicing existing residential structures.

30% generate less than one-quarter of their termite management revenue by servicing existing residential structures.



Termite Management Revenue from New Home Building

1% generate more than half of their termite management revenue by servicing new homes.

10% generate one-quarter to one-half of their termite management revenue by servicing new homes.

89% generate less than one-quarter of their termite management revenue by servicing new homes.





Termite Management Revenue from Existing Commercial Structures

5% generate more than half of their termite management revenue by servicing existing commercial structures.

10% generate one-quarter to one-half of their termite management revenue by servicing existing commercial structures.

85% generate less than one-quarter of their termite management revenue by servicing existing commercial structures.



Projected 2017 Termite Management Revenue from Liquid Treatments

57% expect to generate more than half of their termite management revenue from liquid treatments.

8% expect to generate one-quarter to one-half of their termite management revenue from liquid treatments.

35% expect to generate less than one-quarter of their termite management revenue from liquid treatments.

Termite Management Revenue from New Commercial Building

2% generate more than half of their termite management revenue by servicing new commercial structures.

2% generate one-quarter to one-half of their termite management revenue by servicing new commercial structures.

96% generate less than one-quarter of their termite management revenue by servicing new commercial structures.



Projected 2017 Termite Management Revenue from Bait Applications

20% expect to generate more than half of their termite management revenue from bait applications.

10% expect to generate one-quarter to one-half of their termite management revenue from bait applications.

70% expect to generate less than one-quarter of their termite management revenue from bait applications.

2017 TERMITE MANAGEMENT SURVEY



“I ALWAYS ASK MYSELF: ‘IF I WASN’T IN THE TERMITE BUSINESS, WHO COULD I CALL THAT IS TRUSTWORTHY AND COULD DO THE JOB RIGHT?’ WE NEED TO BE ONE OF THOSE PEOPLE.”

— TERRY SINGLETON

CONTINUED FROM PAGE TM12

The price 70 percent of responding PMPs said they would charge for their average annual termite renewal inspections and treatments in 2017 is between \$100 and \$499.

Singleton says his company experienced good revenue growth last year. This year, he will focus on increasing the company’s profit margin.

“We are going to add sales staff and technicians; if the size of the sales pie grows, we’ll be ready,” he says. “But if things stay the same, we’ll just have to take a larger piece of the sales pie from our competitors.”

PMPs who offer termite management services can look forward to another year of helping more home and business owners protect their properties from WDI.

Singleton says he thinks of termite management as work that always will be needed.

“Termite management is not like a lot of other industries that can be phased out with new technology, such as what happened to typewriters,” he quips. PMP

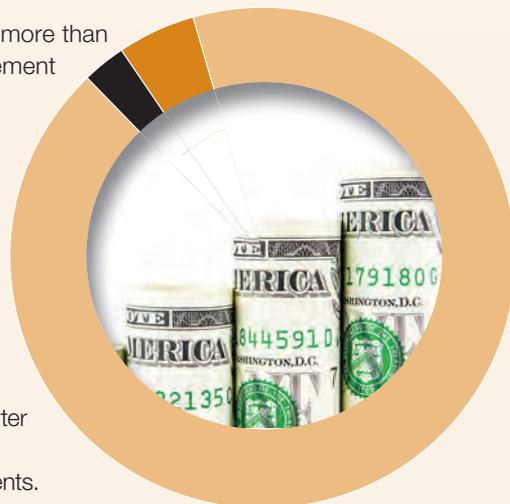
You can reach SOFRANEC at dsfranec@northcoastmedia.net or 216-706-3793.

Projected 2017 Termite Management Revenue from Exclusion Services

3% expect to generate more than half of their termite management revenue from borate treatments.

5% expect to generate one-quarter to one-half of their termite management revenue from borate treatments.

92% expect to generate less than one-quarter of their termite management revenue from borate treatments.



2016 Termite Job Callback Rates

88% reported a callback rate on termite jobs of 5% or less.

8% reported a callback rate of 6% to 10%.

4% reported a callback rate of more than 10%.



Among the most common keywords for **termite management dos** were:

Honesty Thorough Inspection
Explain Pricing Train Techs



Projected 2017 Average Initial Termite Inspection & Treatment Price

- 18%** \$499 or less
- 50%** \$500 to \$999
- 32%** \$1,000 or more



Projected 2017 Termite Management Revenue from Fumigation

- 5%** expect to generate more than half of their termite management revenue from fumigation.
- 5%** expect to generate one-quarter to one-half of their termite management revenue from fumigation.

90% expect to generate less than one-quarter of their termite management revenue from fumigation.

Projected 2017 Average Annual Termite Renewal Inspection & Treatment Price

- 22%** \$99 or less
- 70%** \$100 to \$499
- 8%** \$500 or more



Projected 2017 Termite Management Revenue from Borate Treatments

- 2%** expect to generate more than half of their termite management revenue from borate treatments.
- 4%** expect to generate one-quarter to one-half of their termite management revenue from borate treatments.

94% expect to generate less than one-quarter of their termite management revenue from borate treatments.

Among the most common keywords for **termite management don'ts** were:

Cheap Cut Corners Not Properly Skimp on Product Scare

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- We offer security in knowing that using Fuse to treat structures for termites is not only economical, but is now guaranteed to eliminate termite re-infestations for years after proper treatments.



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