

By Sara Samovalov & Kate Cline

Rolling With the Punches

Wisconsin dealership conquers challenges old & new



Guthrie & Frey helps its employees prepare for their restricted appliance plumbing license tests with an in-house apprenticeship program.

Guthrie & Frey Water Conditioning LLC began with an ultimatum. When owner Rob Frey was in college, his father, who owned a well pump business, “issued a succession plan that said, ‘I’m going to start slowing down right now, so if you want to get involved, now’s your time—or this may be a much smaller business by the time you make that decision,’” Frey said. He decided to jump onboard.

In 2000, his water conditioning business spun off entirely from the well pump division. Today, it has two locations in Wales and Hartland, both in Wisconsin’s Waukesha County.

In his nearly two decades of business, Frey has weathered his share of challenges. One was learning how to run a company with no business training: “We never wrote down any business plan, because we were so small,” Frey said. “It’s a total ‘learn as you go.’” Another was confronting the Great Recession.

While his business has served primarily residential customers since its inception, its emphasis on serving new construction has shifted with

the recession and recovery. Frey estimates that Guthrie & Frey initially served about 80% new construction and 20% residential replacement customers, but once the recession hit and the residential construction market collapsed, new construction fell to 20% of the company’s business. Now the residential replacement and new construction sides of the business are roughly equal.

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The recession obliged the company to diversify and “forced our hand into an area we might not otherwise have chased down in terms of service, commercial, that type of work,” Frey said. “All in all, though, as we’ve grown, we are still primarily residential.”

DEALER OF THE MONTH

Attracting Talent

Finding and retaining quality employees is a large part of what helps a business maintain customers and cope with shocks, economic or otherwise. This is another challenge Guthrie & Frey must face on a regular basis, and one that Frey considers to be of the utmost importance.

"When you [get] to the technician side, you're talking about that possibly being the only interface a client has with your company," he said. "They'll call in—schedule an appointment—but the vast majority of what they think about your company is derived from that tech's appearance, personality, competence, all those things. So it is a process."

An integral part of that process is training employees. Guthrie & Frey's primary supplier, Hellenbrand, offers training, as does the Wisconsin Department of Natural Resources, but what sets the company apart is its



Right: The dealership has grown to include two locations serving more than 30,000 customers. Left: Rob Frey got his start in the industry at his father's well pump company, eventually launching his own water conditioning business.

in-house apprenticeship program, which it developed when Frey noticed a gap in the educational offerings at Wisconsin's technical colleges.

The state of Wisconsin issues specific restricted appliance plumbing licenses to professionals who plan to install water conditioning systems. A candidate must spend many hours training before he or she can sit for the test to receive the license. While Wisconsin once offered technical college programs to educate potential restricted appliance plumbers, "we've been unable to find those classes for the last half-dozen years," Frey said. And so the in-house apprenticeship program was born.

"We have master plumber restricted appliances on staff [who] are qualified by the state to sign off on the training of a learner," Frey explained. Learners apprentice themselves to various senior technicians for a year or more before earning their licenses. Two to three people train under the master plumbers at any given time.

"We perceive this to be a pretty good opportunity for somebody who wants to get in, because, fact is, for a year they're not able to go and ride solo and get out there and produce revenue. They're pretty much on a learning curve," Frey said.

Spreading the Word

To retain Guthrie & Frey's 30,000 customers, "referrals are king," Frey said.

"Our model is [to] try to brand yourself to the point where somebody refers you. There's synergy—I've heard of those guys, I've seen their trucks, I know where they're located—all those things come together to

formulate a good referral."

Expanding to two locations has been a prime way for Guthrie & Frey to refine its referral process, particularly in southeastern Wisconsin's über-competitive water conditioning market.

"If we're going to handle that area effectively, we've got to be more of a local presence," Frey said. "It's shocking to me how much brand awareness we have within 20 miles of our Hartland office. But if you get 30 miles away, or 40 miles away, our brand awareness might go from 75% to 80% down to 5%. I think a lot of people, when they start asking around for referrals ... your proximity to that client is one of the first things that comes [to] mind."

The competition is already growing fiercer as Guthrie & Frey prepares for its next challenge: markets switching from drawing their water from deep wells to drawing it from Lake Michigan. This limits the number

of water softeners sold in these areas, as the lake water tends to be softer than groundwater, and municipalities and wastewater treatment plants want to manage chloride discharge.

"If they switch from a deep well over to Lake Michigan, that entire community becomes restricted to—at least in our experience—drinking water systems only. Nobody will buy an iron filter, and very few people will buy a softener," Frey said.

"Wastewater treatment plants are really being held to a standard with

chloride reduction," he added. "The only way they can conceive of achieving that standard is softener reduction. The water softener guy trying to sell a softener in some of these municipalities might be on borrowed time."

The Wave of the Future

The issues surrounding Lake Michigan's water are harbingers of those that will continue to affect the water conditioning industry for years to come, predicts Frey.

"I can see the industry really focusing—and Hellenbrand is already well underway with this—on how you get as much water softened with as little amount of salt as possible," he said.

Although these issues are formidable, Frey is confident that the next generation of dealers will be able to face them head-on.

Once accustomed to seeing 50- to 60-year-old dealers at trade shows and meetings, "recently, I've seen the 20s [and] 30s guys coming up," Frey said. "They have a grip on the operations side way beyond what a lot [of dealers] did 15 years ago or 30 years ago. There's a bunch out there that are [saying] 'I want to run a business,' and it seems to be water conditioning." **WQP**

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