

Going National?

Fast-growing Plumbing MD has a plan. *By Jack Sweet*



Plumbing MD owner Michael Farias thinks it's high time for a national service and repair plumbing brand.

It's good to have goals.

Michael Farias, one of the principals of Plumbing MD, a Dixon-Calif.-based service and repair business, and explains that one of the biggest perception problems with the plumbing industry today is that there's no national brand.

Plumbing MD was established in 1992, but Farias is no newcomer to the industry—he's been a contractor since 1976. In 1984, Farias founded a company called Plumbing Doctor in the Grass Valley, Calif., area which was eventually sold. It was, however, the genesis of Plumbing MD.

"I wanted to denote fast response," he said. "If you have a plumbing issue I'm going to take care of you right away. I came up with that idea

and started to build and expand on it. We feel now that we're just at the tip of the iceberg. We believe it has everything needed to become a national brand. You could name a [national] car rental company, a pest control company, a drain cleaner—almost any industry you can think of. But in the plumbing service industry there is no national brand. Our goal is to be the first."

The goal is to accomplish that in three years.

"It's a good goal," Farias said. "Is it realistic? Well, we're talking to people now and exploring ways of doing that. We recognize that, as large as we are now, we don't have the power or financial resources to do it on our own. That's why franchising will afford us the opportunity to do that.

Plumbing MD

We're also exploring other ways of doing it, too."

Since its inception, Plumbing MD has grown at a most prodigious rate. In fact, the company recently landed the No. 20 spot on a local business newspaper's list of the "Top 100 Fastest Growing Companies" in the Sacramento region. In fact, 2002-2004 growth for the company was 122.35 percent: "Our expectation this year is to be in the Top 10 [on that list]," Farias said.

Plumbing MD, a flat-rate pricing shop, has seven techs on staff and 17 employees. It moved into a new, 5,000 square foot office and warehouse facility in late October, 2005, and there's still about 2/3 of an acre left on the parcel into which the company can expand.



Michael Farias, left, with sons Justin and Taylor.

The new facility also serves as something of a test bed for products the company sells. One bathroom features sheet copper wainscoting and a touchless faucet.

Another restroom in the offices features a "waterless"-type urinal: "We're testing them out to learn about the new technology," Farias said. "So far we've had no issues or complaints with it. We bring people over to the office so they can see the stuff in use. A couple of weeks ago we had somebody over who was interested in a pressure-assist toilet. They had never really seen one. We have a Kohler here and a Gerber in the other bathroom. They checked them out and saw the mechanics of them and, before they left they said they wanted three of them. We're



This spanking new office/warehouse facility was opened in 2005 in response to the company's rapid growth. There's still plenty of room for expansion.

going to be putting a tankless water heater in because we've had so many calls for them."

The company's service trucks are also a major marketing tool. Originally built to be ambulances, they were in service as such during the early part of their lives. "All of our trucks were ambulances," Farias said. "I bought eight of them on eBay—I brought them here from all over the country, as far away as Maryland."

Modifying an ambulance into a plumbing truck isn't that big of a job—just add a few shelves and parts bins, change the graphics, add about 500 pieces of high-end inventory and you're in business. Besides, the exterior lights are handy as work lights when the sun goes down.

"I came up with the idea years ago," Farias said, saying the original concept was a company called, "Plumbing Doctor," which has since been sold. "When I established this business I wanted to develop a company whose image would denote quick service and repair and fast response. I came up with this idea and kept growing it. Our vision is to expand and become a national brand—to take this and get much larger than it is right now."

As part of the Vision Thing, Farias said the company has already laid the groundwork, trademarking the service dress of the trucks and the various other service marks the company uses, such as "Fast Aid." There's also a franchise corporation that was developed in 1997. Plumbing MD is currently offering franchise opportunities for sale. Farias said that push is coming this year because the company wanted to have all of its systems in place and documented before rolling it out into other markets.

"That takes years to do," he said. "You have to have a system for virtually everything in the organization and it takes a lot of time to do that. We've positioned ourselves for growth. Not only with our company, but for the administration of the franchise division that we've developed. We believe we have what it takes as far as the concept to do it. If someone came to us tomorrow wanting to open a Plumbing MD franchise in an area we could entertain that idea. We're registered with the State of California to sell franchises."

Although the company's main service areas—Yolo and Sacramento Counties—are mostly rural, Farias said the area is experiencing significant growth as the population starts to sprawl eastward from the San Francisco Bay Area and westward from Sacramento. The big employers in the area include the University of California at Davis, Sutter Health, Genentech and a couple of mega-warehouse facilities, but more than a few folks commute to the Bay Area.

"On the I-80 Corridor from Sacramento to San Francisco there just seems to be no end to the growth," Farias said. "I grew up in Whittier, Calif., and what's happening here reminds me of when I was a kid. I don't think early growth has much of an impact on service and repair companies. Once things are built out, and 10 years later when the disposals and water heaters start falling apart, that's when it would impact us. The buildout around here doesn't impact us very much right now, but 10 years from now I think it will be huge."

Dominating smaller markets is part and parcel of the Plumbing MD strategy. The reasons are many. First is the *per capita* revenue

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Plumbing MD



In keeping with the "Fast Aid" theme, Plumbing MD's vehicles aren't plumbing trucks made up to look like ambulances; they're former emergency vehicles that have been converted to plumbing trucks.

that can be harvested: "We've done a lot of research and one of the things we saw was the *per capita* numbers on the larger operations," Farias said.

As an example, take a large plumbing company doing \$20 million a year in a market with 10 million people to draw from. That's \$2 *per capita* in revenue per year.

"We've run similar numbers based on our population and we're between \$7 and \$8 *per capita* annually," Farias said. "In a small market you can measure dominance by *per capita* revenue. I don't know of any other way to measure dominance. We feel real strongly that it's a system that not just an idea that we've made work here and there's no reason it can't be duplicated in other small markets."

First of all, in an industry in which telephone directories are a major advertising arena, it's good to be in a market where that book isn't three inches thick. And gaining market share in a larger metro area would take a very long time and very big dollars unless another, locally established company were to become a Plumbing MD franchise. And that might be a tough sell.

"We know that we can go into a small market and, with our image and our brand, we can immediately get market share," Farias said. "Going into a big market will be very costly unless you do a conversion. You can impact a small market easier than you can in a large market. Also, because we're rural, our techs don't drive through traffic or have to crisscross a metropolitan area where it might take them an hour to get from one job to another. Our techs can go from one job to another across town in five minutes."

In addition to brand building and market dominance, part of the Plumbing MD philosophy is to provide opportunities within the company—creating its own "farm team," if you will. Techs at the company are encouraged to pursue their own contractor's licenses—on the company's dime after a year's service—and are provided with other opportunities as well.

"I want them to get their contractor's licenses because that's a way for us to spread our brand," Farias said. "There are thousands

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—Michael Farias, Plumbing MD



In addition to run-of-the-mill service and repair, Plumbing MD also offers clients the option of trenchless sewer repair services.



Justin Farias handles a call at Plumbing MD's corporate office in Dixon, Calif.

of customers out there we can service, but how are we going to? Well, we need to duplicate what we've done here and we can do that through franchising as well as through our own service techs."

In other words, the common fear that investing in employee training will lead to that employee running off and starting his or her own competing business isn't the paradigm at Plumbing MD. If a tech wants to run his or her own business someday, well, there are 22 markets in Northern California alone, Farias said.

"They can continue to grow with our company or, if they so desire, they can pick a market and establish their own Plumbing MD franchise there," he said. "I think that, if there becomes a national brand and that national brand is totally professional in

everything it does, that will be the beginning of the change in this industry. Most plumbers I've met in my life I would not want in my house fixing my stuff unless I was there. That's just the way the industry is. I

think what it's going to take is a nationally recognized brand for this to become a professional industry. I believe the first one who does that will change the industry. Somebody's got to do it—why not us?" ■

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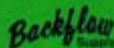
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