

RAISED in the gutter

Wisconsin gutterman takes the reins from his father

By Mark Ward, Sr.

"We'll have to make a spot for you." So said Lynn Murray to son Jared as the two men surveyed the 700-square-foot office of Weatherguard Systems Inc. in New London, Wis. "Because," the elder Murray confessed, "I don't know what to do with you."

Ten years ago, that was Jared Murray's welcome to the Weatherguard payroll. "I told my dad I could be the personnel manager," he recalls of that day in 1995. "At the time we had 30 employees and so managing personnel was getting hard for my father to do by himself."

Today Murray has succeeded his father as company president and CEO, while building Weatherguard into a \$9.6 million-a-year gutter installation and home improvement business. Fifteen crews perform up to 4,000 jobs per year throughout Wisconsin's Fox Valley and beyond, including gutter installations up to \$60,000.

In addition to \$6.6 million in yearly retail sales, Weatherguard generates another \$3 million in commercial sales to approximately 1,000 contractors and new home developers in Wisconsin and Illinois. Since 2002 the company has cracked the annual Top 500 list of a national remodeling magazine and is now developing a national Weatherguard affiliate program for gutter installers.

"As a kid, my father raised me 'in the gutter,'" laughs Murray about growing up around the company his father founded



Weatherguard Systems of New London, Wis., has installed gutter jobs up to \$60,000. The company employs 15 crews throughout Wisconsin's Fox Valley and performs upward of 4,000 gutter and home improvement jobs per year.

Weatherguard Systems photo

in 1967, "and though we diversified into siding and windows about four years ago, our identity is still very much tied to the gutter business."

Challenge and Change

It started in 1967, Murray relates, when his father launched a roofing company and bought one of the first seamless gutter machines. "A lot of people advised him against it," the younger Murray recalls, "because they said the machines would never catch on."

Yet roofing work is physically demanding and so, by the time Weatherguard incorporated in 1979, the business started to focus more on gutter jobs. "For my dad, it was a quality of life issue, because roofing is hard on your body," Murray says. "And in the roofing business it's either feast or famine."

By the early 1980s Weatherguard had given up roofing and moved exclusively into gutter installation. For many years the company was a primary contractor in its state for the Sears home improvement

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division. Because the retailer had 80 department stores throughout Wisconsin, referrals permitted Weatherguard to expand statewide. After Sears exited home improvement in 1987, the elder Murray acquired another gutter company in Madison to maintain a presence in downstate Wisconsin.

A few years later after Jared Murray finished school, he found work in New York but then returned home in 1995 to get married, help care for his grandparents, and join the family business. He settled in as personnel manager and, when his father left the company in 2001, Murray took the helm as president and chief executive officer, a challenging time. By June 2002, he recalls, "the economy was impacted by the 2000 stock market crash and the 9/11 tragedy. When people are uncertain about the future they put off buying gutters. So our call volume was down 20 percent and didn't pick up until the beginning of 2003."

That forced Murray to trim a dozen employees, mostly through attrition, while raising prices and taking on new siding and window products as a way to diversify. Yet streamlining Weatherguard's operation was also necessary, he believes, due to the changing nature of the gutter industry.

"Seamless guttering is now an extremely competitive business, and it's getting worse," Murray says. "People can just buy a machine and put it on their credit card. Often times they don't have insurance and they don't know how to price their services. Yet the first thing they usually do is go after our commercial accounts."

Due to heightened competition and increased energy prices, he observes, materials costs have sharply risen and profit margins have declined. A typical \$700 gutter job might yield only \$10 or \$20 in profit, Murray says, "and so you have to generate a lot of volume to make any money. Gutters aren't the money-making business they used to be."



(Above) The company also opened offices in Fort Myers, Fla., and has fared well in the competitive Florida gutters market. The company stocks materials for its gutter installations, as well as other home improvement activities such as siding and windows, at its New London warehouse (right). The company has reduced inventory costs with a greater emphasis on just-in-time delivery.

Murray also dissolved Weatherguard's general contracting division and last summer reorganized the company's structure. The move reflects his philosophy that "you need a balanced approach today, a mix of retail and commercial sales so that you can survive the ups and downs of the business. We do high-profile jobs for some of the big new home developers, but we also do gutter work for \$150."

According to Murray, "We get around 40 percent of the commercial jobs we bid, but we can't rely completely on contractors. You also need retail sales for balance. When the economy is bad, things often shift to retail. Home construction is down, but then consumers are worried about maintaining the value of their existing homes. The economy has picked up from where it was after 9/11 but I think commercial work is due for another slowdown."

Today Weatherguard keeps a payroll



for 50 employees including eight support staff, a dozen sales representatives, and the remaining field employees split among 15 work crews. Nine crews perform gutter installations and six crews are assigned to home improvement work. "The personnel function can make you or break you," Murray says. "Two years ago I was out at the shopping malls looking for people. Lately it's gotten easier to find qualified people. But as president I still handle personnel myself because it's *that* important."

New hires must undergo training and a 30-day trial period. After that, Murray strives to retain proven employees "by being aggressive about good pay and benefits. We offer hourly pay and good commissions, and provide bonuses so that the

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harder you work the more you make. But it also comes down to showing a personal interest in your employees."

Streamlined for Growth

Over time, Murray has streamlined in other areas. Inventory and storage costs have been reduced by a greater emphasis on just-in-time delivery. Advertising expenses have been reduced to a level that, he says, reflects an appropriate ratio to the company's actual call volume. After judiciously cutting advertising expenses by 40 percent, Weatherguard today receives only 10 fewer calls per month — well within the 15 calls that Murray considers his margin of error when estimating expected response.

"We've tried radio and TV and other things, but the yellow pages are still the best advertising for a service company like ours," Murray says. "And it doesn't depend on the size of the ad, but how the ad looks and whether it seems classy and modern." Direct marketing through coupon packs and solo postcards generates response of between 4 and 8 percent, as does cross-marketing between Weatherguard's window, siding, and gutter divisions.

The development of a consumer market for gutter protection products, continues Murray, "has really been a great opportunity for our company. Since work here in Wisconsin is very seasonal, I've always wanted to develop our business in gutter accessories. On top of that, we have a large base of gutter installation customers and it's always easier to sell a new product to someone who's already an existing customer. We can offer them discounts for purchasing additional services from us."

To service customers who are tired of cleaning their gutters, Weatherguard offers a full line of protection products including wide-mouth gutters, gutter screens, gutter covers, and gutter foam

filter inserts. The latter has been especially popular, Murray adds. "We're the Wisconsin state distributor for our foam product and we can hardly keep enough in stock," he says.

In addition, Weatherguard is the national distributor (and is now seeking state distributors) for "Splayblade" splash guards. Billed as a yard protector, the product fastens to the end of downspouts to disperse the flow of rainwater. As such, Splayblade prevents erosion. An upright stand permits grass to grow under the downspout, while a "clamp-up" design provides easy mowing access and eliminate excess trimming.

Another area of expansion for Weatherguard is a national affiliate program that Murray hopes to launch by mid-2005. Some years ago the company opened an office in Fort Myers, Fla., which in last year's company reorganization was spun off under separate ownership through an affiliation agreement. Now the Florida operation is allowing Murray to pilot his affiliate program.

"If we can make it in Florida we can make it anywhere, because Florida is just about the hardest market for gutters in the country," Murray says. "Workers comp insurance is about four times what we pay in Wisconsin and vehicle insurance is about double. And since Hurricane Andrew came through in 1993, Florida has dealt with the problem of fly-by-night contractors by requiring you to get a license in every single county where you work."

The Weatherguard affiliate program is based on the reality "that you can't be independent anymore," Murray says. "So our program is a partnering system with contractors. Guttermen are unique in the construction industry. They make the most money when they're out selling and installing. We can help free

them up to do more of that."

Weatherguard can extend discounts to contractors large and small, Murray says. Furthermore, Weatherguard can provide call center support, assist with bookkeeping and marketing, and process estimates in real time and e-mail them to affiliates. If they wish, affiliates can rent the Weatherguard name to gain credibility and recognition.

"We can also take leads from marketing companies who want reliable contractors," Murray says, "and since our company can get better prices from manufacturers, we can pass that along to affiliates who get under our umbrella. Also, one of the greatest advantages is to create a community of gutter contractors who can share ideas with each other." Weatherguard is presently setting up its supply chain, with plans to accept affiliates in the near future.

Closer to home, Murray says the benefits of running his own company include having his wife (bookkeeping) and two brothers (sales and expediting) involved in the business. But he also strives to be an inclusive leader. Each month about 15 people meet to chart the direction of the company, including an office committee that monitors internal matters and an operations committee charged with external issues.

"We've come a long way since my dad started Weatherguard, and a long way in the 10 years I've been with the company," Murray says. "The gutter business has changed a lot over that time, but the challenges are also bringing new opportunities. And at least now I've got an office of my own." **GO**

Gutter companies interested in the Weatherguard affiliate program or in distributing Splayblade splash protectors may contact Jared Murray at (800) 456-1920 or circle reader service number 171.

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