



“Deriving Revenue-Stable Products From Your Existing Product Line”

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Ever notice how some companies encourage their employees to have an annual checkup and other periodic health maintenance?

They do this because in the long run it avoids bigger health problems and thus saves money. A healthy employee is a more productive employee, and one that will have less chance of a costly trip to the emergency room for a heart condition or a stress-related stroke.

In a similar fashion, this principle can be applied to plumbing. If your plumbing company includes an annual plumbing checkup as an option on its annual service plan, this will be an additional product that has a high degree of revenue stability since it is paid for in advance, and since it renews automatically.

It also has the effect of decreasing the overall number of “react mode” plumbing calls because problems (like a rusty water heater about to go out, or a leaky faucet) can be identified before they have become disasters that require more hours.

In addition, these proactive calls also provide an excellent opportunity for service representatives to sell additional products.

Another product with a high level of revenue stability could be maintenance agreements on individual parts and fixtures. If a fixture or part is replaced on a service call, the service representative can offer to include a multi-year agreement to replace it.

Everyone has purchased an item, such as a television or other electronic product or appliance and had the counter person at the checkout stand offer to sell them a multi-year service agreement that includes no-cost



replacement.

These are revenue-stable service items, although there is the issue of non-repeatability (or the difficulty of selling additional service agreements on the same product after it expires). The revenue stability arises from the fact that a certain percentage of these products will be sold as add-ons.

The plumbing company can do the same.

And based on experience, I would say that there are many more revenue-stable products and services that can be derived from this plumbing company. For example, in addition to annual service agreements, the company could offer monthly agreements or agreements that spanned other terms.