

HOME SERVICE COMPANIES VS TRADITIONAL GARAGE DOOR DEALERSHIPS

Understanding the key differences in operations and approach

By Tim Castello

Vice President of Operations, Miller Edge



There is no denying that private equity is influencing the landscape of our industry. Many traditional garage door dealers are being purchased and grouped together, forming larger entities across many states. However, there is an even more significant trend occurring specifically in the garage door industry: the transformation of traditional family-owned businesses into systemized "home service" companies.

The shift represents a broader trend across many trades. Not all private equity groups will choose this path. While most people have heard of "home service" companies, many may not be aware of how they differ from traditional garage door dealers. In this article, we will examine traditional and home service businesses and highlight the pros and cons of both.

Key features of traditional garage door dealers

- **Owner-operator model** — The owner is typically the primary technician, salesperson, and manager. They personally handle

installations, repairs, estimates, and customer calls. A family member often assists with jobs and daily operations. The owner is usually on call 24/7 for emergencies.

- **Relationship-based sales** — Business is built via word-of-mouth, local reputation, and personal relationships, which are developed over decades of service. The sales process is typically informal. Salespeople do the selling and quoting, and there is heavy reliance on the local community.
- **Simple operations** — Operations consist of basic scheduling, often utilizing handwritten documentation or simple software, with a heavy reliance on QuickBooks or another accounting software. Cash or check payments are often processed manually. There is limited inventory tracking, and often no CRM or customer database is used. This model has little to no documentation workflow or SWI's (standard work instructions).
- **Limited marketing** — The business has a

small marketing budget dedicated to yard signs, local advertising, and truck signage. There is heavy reliance on word-of-mouth referrals and the business has a limited online presence. The mission is focused on delivering honest and reliable service.

- **Seasonal/reactive work** — Seasonal or reactive work is obviously busier when doors break or require repairs and is slower during certain seasons. Income fluctuates significantly from month to month, making it difficult to predict cash flow or plan for expenses.
- **Informal processes** — There are no standardized procedures such as systematic customer follow-ups or satisfaction surveys. Knowledge transfer and training is often apprenticeship-style where knowledge is gained by working alongside the owner.

Those are some small examples of how a traditional dealership works and the key features that define that type of business. Clearly, there is nothing wrong with this

continued on page 54

continued from page 52

business model. It's demonstrated proven success for a long time. It also very closely resembles how I ran my garage door dealership. However, it is not the only option.

Key features of home service garage door companies

- **Systematized operations** — The business has standardized processes for everything from an initial call to follow-up(s) and checklists for every service call and installation job. There are detailed procedures for all customer interactions from the first call to the final payment. Automated reordering systems track inventory levels and maintain optimal stock. The focus is on delivering consistent service regardless of which technician responds or conducts the work.
- **Data-driven management** — Metrics like conversion rates, average ticket size, customer lifetime value, and technician productivity are tracked. Owners evaluate cost-per-acquisition metrics as a guide to determine marketing budget and utilize real-time dashboards to monitor daily performance.
- **Professional marketing** — Marketing budgets for home service companies are often 10% to 15% of their revenue. They typically use sophisticated digital marketing campaigns across Google, Facebook, and other internet and SEO tools. A corporate brand is built and promoted through customized vehicles, uniforms, and presentations. A professional website, featuring online booking, financing options, and customer reviews, is usually also developed.
- **Call center operations** — Automated scheduling systems are used to optimize technician routes and availability. Scripted call and measured follow-up procedures ensure consistent customer experience. Appointment confirmations and reminders help reduce no-shows.
- **Recurring revenue focus** — They rely on maintenance contracts, extended warranty programs, and annual service plans for regular business and create systematic follow-ups for preventive maintenance based on door age and usage. Financing options allow for higher-ticket sales and immediate cash flow. Customer retention programs with special offers are established to reward loyalty.
- **Scalable training programs** — There is typically a formal onboarding process

that lasts several weeks. Sales training is focused on consultative selling and upselling techniques. Ongoing education on new products, techniques, and safety protocols is provided. Performance evaluations are tied to specific metrics and improvement plans.

- **Technology integration** — CRM systems track customer interactions and service history. Technicians use mobile apps to access customer information, process payments, and update job statuses in real time. Customer portals allow online scheduling, payment, and service history access. Inventory management systems automatically reorder parts and track usage.

As you can see, the home service approach relies heavily on data, technology, marketing, and clearly defined, documented, and scripted job functions. Now that we've outlined the unique aspects of both types of businesses, let's examine the pros and cons of each.

Advantages of traditional garage door dealers:

Cost structure:

- With no call centers, marketing teams, or complex software systems, traditional garage door dealerships have significantly lower overhead costs. The owner can keep all (or most) of the profits rather than having to support a corporate structure with costly expenses. They also have fewer employees, which means less salary expenses.

Customer relationships:

- The opportunity to build deep, personal relationships over decades of service can lead to increased customer trust. Employees often have the freedom to make pricing decisions on the spot without having to wait for approval or navigate corporate red tape.

Operational flexibility:

- Businesses can pivot quickly and adapt to new opportunities or market changes because there are minimal restrictions on how the business is run. There is also flexibility to choose suppliers and vendors based on relationships and quality.

Market position:

- The traditional dealership is often perceived as the "authentic" local (and sometimes preferred) choice versus larger entities. The image helps in establishing relationships with local contractors and builders.

Advantages of home service companies:

Scalability and growth:

- Systematic processes allow for rapid expansion across markets. This type of company can hire and train employees quickly by using standardized procedures. Built-in systems can enable the business to run without the owner's constant presence. It's also investor-friendly, which opens the door to capital for growth.

Customer experience:

- Home service companies promote consistent and professional service regardless of which technician responds or completes the work. Advanced scheduling systems reduce wait times. Technology integration offers improved communication and more transparency.

Operational efficiency:

- Technology optimizes routing, scheduling, and inventory management. Data analytics identify the most profitable services and customer segments. Centralized purchasing power reduces material costs. Standardized processes reduce errors and callbacks. Performance metrics drive continuous improvement.

Marketing and revenue generation:

- Professional marketing reaches customers who traditional companies may miss. Digital presence captures online searches and reviews. Recurring revenue models provide predictable cash flow. There is a potential for higher average tickets through systematic upselling, and financing options encourage larger project potential.

Risk management:

- A diversified customer base reduces dependence on key relationships. Systematic training and procedures reduce liability risks. Documented processes protect against employee turnover. Financial systems can offer better cash flow management and planning.

The positives and negatives presented here just scratch the surface of the differences between traditional and home service garage door companies. Choosing which business type is best for you depends on your goals. Do you want to establish a lifestyle business or a scalable enterprise? Each offers key advantages, but as we established, they are very different in scale, mission, sales processes, and operations. I recommend interviewing owners of both types to gain a better understanding; be sure to ask targeted questions to make a well-informed decision. ■