

“A strong leader is only as good as the people around him or her,” says **Tom Hougnon**, vice president of operations at Reliable Property Services. Hougnon shares with *LM* his thoughts on developing those employees, as well as what roles diversification, sustainability and shrinking margins play in today’s maintenance industry.



Tom Hougnon

TOP TRENDS

› **Sustainability.** While the economy and the difficult commercial real estate market have tempered the environmental movement in the last few years, sustainability is still a major force in our industry. As an industry leader in our regional area, Reliable will stay at the forefront by providing environmentally sound practices and processes, developing and implementing plans for LEED-certified customers and constantly staying on top of the latest trends and developments in sustainable landscape management.

› **Technology and communication tools.** The advent of smart phones, pad technologies, and GPS tracking has greatly enhanced our ability to improve the customer experience and communication, both internally and externally. We are now able to track hours, sub-contractors and job costing through cell phones. We are experimenting with various pad technologies to develop greater efficiencies for the field staff.

We are able to communicate directly from the field to our customers, sending proposals and photos and resolving issues in real-time.

TOP OBSTACLES

› **Shrinking margins.** The commercial real estate market and the overall economy have created a very difficult situation for our industry. We are dealing with vacancies and minimal new construction. Also, there is less money available for site upgrades and enhancements. Our industry must make every effort to maximize its skills and techniques to maintain realistic industry margins.

It is imperative that any work is done efficiently and within budget. Job costing is critical to understanding the true value of the work. Bad work is bad work. It is critical to know the margin of each job and what margin is needed to be a profitable company. If a maintenance job is unprofitable, it may have to be eliminated from the portfolio.

INSIDE INFO

Company:
Reliable Property Services

Headquarters: St. Paul, MN, with branches in Crystal, MN; Des Moines, IA; and Milwaukee, WI. Reliable plans to open another branch in St. Cloud, MN this fall.

Employees: 400

2010 revenue: \$13 million

Key to being a maintenance leader: As a company, Reliable strives to empower our team to focus on the customer experience and the profitability of the company. That must be the goal of any strong maintenance company.

Our goal is to hire the most capable people and provide them with internal and external training. Consequently, we can shape our team into a strong, cohesive workforce. That makes Reliable a great place for employees to work and grow. A strong, motivated workforce provides the resources and quality a maintenance leader needs to succeed in today’s difficult economic environment.

TOP OPPORTUNITIES

› **Professionalization of the bidding process.** As I stated, the commercial real estate market and the overall economy have created a very difficult situation for our industry. However, they have created new opportunities for professional companies like Reliable to thrive and grow. Bids are being scrutinized by customers more than ever, and we are dealing with more professional procurement personnel and processes. In many cases, our main contacts are no longer the final decision makers; hopefully they are still asked to recommend their preferred vendor.

The typical customer is becoming more professional in analyzing bids and developing specific requests for proposals. Companies must be prepared to develop professional proposals that differentiate themselves from the competition.

› **Growth in new markets and new products.**

Reliable has developed tools, processes and techniques that provide us with the ability to set up in a new market and develop a new branch. There is a need for professional, quality companies in many areas of the country. Our internal software, processes, resources and strategies have enabled us to grow outside our original market of the Twin Cities in Minnesota.

While we are consistently growing in the Twin Cities, we are able to organically develop a market and put our business model in place in new markets. Reliable has been fortunate to be able to hire excellent leaders in our new markets who have provided the customer experience Reliable strives to replicate in all our locations.

Reliable was a snow removal-only company until 2008, when we introduced year-round outdoor maintenance. While snow removal still is 75% of our total revenue, we now provide landscape maintenance and design services; enhancements; installation; irrigation; and parking lot maintenance. By diversifying, we have been able to generate revenue in the summer months, provide more services to our customers and create additional employment opportunities for Reliable’s team members.