



## **Water Heater Man, Inc.**

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## 1.0 Executive Summary

### 1.1 Reason for Being

Founded by Mr. Michael Powell in 1978, Water Heater Man, Inc. was created with only one purpose as in the words of the founder "To provide hot water to everyone". In other words, to serve the growing infrastructure of an expanding Southern California region by installing and maintaining water heaters. The primary focus was on the commercial segment i.e. apartments, restaurants, motels, hotels, laundries, etc. as the majority usage and demand of hot water was from this segment. Mr. Powell saw that the water heater sector was not well developed during that time and saw a good business opportunity that could prove profitable, as well as improve the standard of living for its clientele.

### 1.2 Business Goals

Satisfied customers have resulted in increasing demand for their services; hence, the primary business goals of the company are:

1. Expansion of staff by hiring more technicians to serve their growing customer base.
2. Re-entering the residential segment of the market which is experiencing limited growth due to the limited availability of technicians.
3. Improve digital marketing and advertising of the product.

### 1.3 Marketing Plan in Support of Business Goals

This marketing plan will help the company recruit more technicians to meet the already rising demand. In addition to this, the plan will help implement different marketing strategies to attract more customers. It will become easier to recruit technicians that do not require any previous knowledge about the technology and that would be more focused towards the residential sector of the business. This plan will also assist the company to improve its digital marketing reach. It will create an avenue that will propel the knowledge of their services and products provided by location-specific technicians to achieve higher overall customer satisfaction.

## 2.0 Current Market Situation (Appendices A and B)

### 2.1 Service Offering

Water Heater Man, Inc. provides many top brand water heaters for commercial and residential needs including American Standard, Bradford White, Rheem, Raypak, Laars, Lochinvar, American, A.O. Smith, General Electric, Whirlpool, and State Water Heaters. The business also dispatches authorized and trained water heater warranty service technicians who are available 24 hours a day, seven days a week, 365 days a year. Many of their service technicians take their service vehicles home at given times to ensure proper and speedy reaction times to sudden customer service needs. In addition, Water Heater Man, Inc. has a basic vehicle service station on location for making quick and easy repairs to the fleet of vehicles to ensure reduced downtime and consistent service.

They sell and service equipment for apartments, restaurants, motels, hotels, laundromats, and all other users of commercial water heating equipment as well as residential units and buildings. The company has an established a recycling program within their facility for the disassembly and proper disposal of water heaters no longer in working order. Water Heater Man, Inc. offers a flat rate for installation service to avoid cost markup. They have placed a help section on their website for answering many maintenance and general inquiry questions to support those with limited knowledge on water heaters can refer too.

### 2.2 Market Overview

The marketplace is relatively competitive with other numerous water heater specialty businesses located in the Orange County area including but not limited to: Fast Water Heater Company, Swift Water Heater, Debinair Company, Benrich Service Company, Pro Star, Best Tec Services, Water Heaters Only, Inc. There are plenty of plumbing businesses that cover water heater servicing such as Mike Diamond, Roto Rooter, Barker and Sons Plumbing & Heating. These companies specialize mainly with plumbing or HVAC more than water heater service and installation. There is the potential that more residential customers would turn to these businesses first before considering a water heater specialty business.

The commercial segment of the market primarily runs through service channels such as Blu Sky Consulting and Corrigo Consulting. These companies provide Water Heater Man, Inc. with many customers and detailed information on the requirements for their jobs. The residential side benefits through many traditional channels such as the company's website, Yelp, inbound office telephone calls, and word of mouth through the company leaving its service stickers on the water heaters they install and diagnose.

### 2.3 Opportunity Assessment

Water Heater Man, Inc. has an opportunity to re-launch its company and brand image to appeal to the growing generation X and millennial consumer markets. Right now, the appeal to market to the incoming generation X and millennial working generation is not as strong, but are the newest entrants to first-time home buying, have questions on homeownership operation issues and are less familiar with trade profession skills compared to previous generations. Looking at the demographics of southern California, there seems to be a steady growth in the populations of Los Angeles County, San Bernardino County, San Diego County, and Riverside County. As more of southern California develops commercially and residentially, there are some significant opportunities to capture new market share. The southern California economy continues to be stronger compared to most of the country.<sup>1</sup>

Given a stronger California economy compared to the rest of the country, the state's residents will continue to influence the tastes and trends for consumer purchases. For instance, if water heater technology that incorporates analytical real-time monitoring for conservation purposes was a "thing", there is a high likelihood that consumers outside of southern California may also be drawn to the appeal when in the market for water heaters with conservation and state-of-the-art technology features.

Water Heater Man, Inc. needs to attract technicians to join its workforce. In reviewing other competitor websites, there seems to be a demand for service technicians in the water heater or water heater comparable career fields. As commercial, industrial, and residential infrastructure continue to age, with that comes increased demand for property maintenance, repair, or service jobs. Water Heater Man, Inc. may want to consider expanding beyond just their water heater services niche once it reestablishes its core workforce needs for the current business's demand. Lastly, looking at the company's competitors and what seems to be a cry for service technicians in the career field, the slogan or brand of the company's image needs a redesigned. There needs to be an appeal on what is so great about the career field and why Water Heater Man, Inc. is such a well-organized and managed business to work for. From first impressions of the competitor websites, there seems to be a different level of professionalism presented when reviewing service and product offerings. If there is a technician job seeker, the priority is to get a job, but one may also be interested in the security of the company that the job seeker is considering to apply with.

### 3.0 Positioning, Segmenting and Targeting

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<sup>1</sup> Economy at a Glance. U.S. Bureau of Labor Statistics. Accessed 8 April 2017.  
<https://www.bls.gov.eag/eag.us.html>

### 3.1 Positioning Strategy

Water Heater Man, Inc.'s current issue is not a decline in business. The current issue for the company is not having enough technicians on staff to respond to their business demands. Since there is a shortfall in available staffing, the positioning strategy should focus on branding itself comparable to its competition with a slogan. For instance, Mike Diamond has built its brand based on the "The Smell Good Plumber" and it seems to have produced a successful customer base for its products and services. At the same time, it has also established a standard for the consumer on what type of employee one can expect to interact with.

There should be a focus on consumer demographics. Southern California continues to grow in population, it continues to age in population, the commercial, industrial, and residential infrastructure continues to age, and the generation X / millennial age groups are entering the ranks of homeownership and their careers. As these factors come into play, there needs to be focus on capturing and appealing to these different market demographics.

Overall, Water Heater Man, Inc. needs to position itself with a brand that includes a tagline and logo that consumers find catchy and memorable. If such an obstacle can be accomplished, then consumers and future employee applicants may be drawn to a company that can easily capture their attention when it comes to water heater services or comparable-like water heater services and products. Again, the company does not have an issue with getting work (i.e., demand is greater than supply), but with repositioning and reestablishing the brand of the company. There must be an appeal and awareness created to appeal to future employees who are seeking a technician career.

### 3.2 Attractive Market Segments

Water Heater Man, Inc. targets commercial clients who run larger and more demanding buildings and operations that require industrial grade water heaters. They also target residential customers who require replacement, installation of a brand new unit, water heater specific services, or those customers who require fast 24-hour service for the repair of their existing units in their residents.

### 3.3 Ideal Target Customer

Water Heater Man, Inc.'s main objective is to hire more technicians to expand their business in Southern California.<sup>2</sup> Listed below are the sources the company can use to recruit potential personnel:

#### Military Base Newspapers:

Each month, an average of 25,000 highly skilled professionals complete their military service and return to civilian life. These people are "military trained" and rely on the source they know and trust, their base newspaper, when looking for employment<sup>[1]</sup>. In California, there are 22 military bases with their own newspapers:

- 29 Palms MCB
- Camp Pendleton
- Edwards AFB
- Fort Irwin National Training Center

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<sup>2</sup> Water Heaters only Inc: Join Our Team. (n.d.). Retrieved May 4, 2017, from <http://www.waterheatersonly.com/>  
Website: <http://www.waterheatersonly.com/about-water-heaters-only/join-our-team/>

- Lemoore NAS
- March AFB
- Marine Corps Recruit Depot San Diego
- MCAS Miramar
- Naval Air Station
- Naval Air Warfare Center
- Naval Medical Center San Diego
- NAVBASE Coronado
- NAVBASE Point Loma
- NAVBASE San Diego
- NWS Seal Beach
- Point Mugu NAS
- Port Hueneme
- San Diego NB
- Seal Beach Weapons Station
- Travis AFB
- Vandenberg AFB
- Ventura County Naval Community

California Department of Veterans Affairs ([www.calvet.ca.gov](http://www.calvet.ca.gov)):

This website provides many tools and resources to hire veterans, such as National Veterans Job Bank and Veteran Employer Toolkit. Employers can also post their open positions on CalJOB ([www.caljobs.ca.gov](http://www.caljobs.ca.gov)) and US Department of Labor ([www.dol.gov](http://www.dol.gov)) to find appropriate candidates.

Local Trade Schools:

The following schools provide certified programs for HVAC and repair technicians:

- Brownson Technical School (Anaheim, CA)
- Intercoast (Anaheim, CA)
- Intercoast (Carson, CA)
- Harbor Occupational Center (San Pedro, CA)

## **4.0 Marketing Strategy and Tactical Plan (7 P's)**

### **4.1 Product**

The core and supplemental offerings are gas and electric water heaters with inventory always over 100 in stock and regular maintenance as per the customer's requirements. The products offered are usually easy to maintain in case of resident customers since the water heaters provided to residents are smaller in size and come with easy instructions and if any minor damage occurs while its usage then these residents can even repair the water heaters themselves with little or no effort if they intend to.

The website mentions how many water heaters are in stock but does not mention the different variety of water heaters. By launching the product in a unique way, people can compare and contrast different water heaters. This would increase sales since customers will know exactly what type of water heater to buy. For instance, by mentioning several details including the voltage required, approximate gas utilized based on the hours of usage in case of gas water heaters, capacity required according to the number of people using hot water, special electricity saver water heaters, storage water heaters,

whether the water heaters have advanced water heating systems are some of the differentiating qualities of a water heater that can be offered and mentioned about on the website. In addition to this, uploading videos on the website which will help resolve minor issues with water heaters, specially in residential sector is going to be a factor which will attract more customers.

Their Technicians can be educated by providing them with a course when they are hired. This course can be in form of a video or a book which would give them basic knowledge about the different types of products and their mechanism.

#### 4.2 Place

Currently WaterHeaterMan, Inc. is providing its services in several locations in the state of California and Arizona with the focus on the commercial sector and slowly expanding in the residential sector. Although, there are many more locations to cover but due to limited availability of technicians expansion has been slower than desired.

Customers look for convenience in any product, especially in regards with water heaters which are usually bought for long term usage. The focus is on improvement of website and even through advertisements to inform customers about the products offered. In today's scenario, the fastest way of reaching to people is through the internet, updating the website is very important. The products section of the website should include different types of products and their prices with the company offering delivery services to different locations. Currently, people have to call and ask about the types of water heaters and related services offered and even may have to visit the company personally. However, with changes in overall design of the website, it would become more convenient for customers, attracting them from several locations.

Technicians may look for ease of travelling and what other benefits are offered with travelling to several locations, this information should be provided on the website. In addition to this, a person looking for a job in this field may compare it with the benefits offered by competitors and may prefer to apply depending on that. Another thing which can be addressed are wages. For example, WaterHeaterMan, Inc. can keep wages a little higher than the competitors, coaxing and attracting more technicians. (Appendix B)

The logistic partners are the companies who manufacture water heaters, for example, companies can directly deliver the water heater, specially in case of commercial water heaters. The technicians working in-house are the logistic partners as well since they are the one's travelling for installing, service and repair or changing parts of the water heaters in different locations.

#### 4.3 Price

##### 4.3.1 What is the pricing philosophy (i.e., luxury, budget)?

WaterHeaterMan, Inc. offers a two tiered pricing philosophy based on the level of work required and type. The payment method is split into hourly rate, or flat rates. Diagnostic work (call-ins for repairs, replacement of parts, etc.) runs an hourly rate as this level of work typically does not require a lengthy amount of time in order to assess and complete. The going rate for diagnostic calls is around \$115 an hour. WaterHeaterMan, Inc. wishes to give the customer the best rates possible, so for this tier a flat rate would not fit. Flat rates are applied to larger jobs that require more equipment and technicians for installations, typically with commercial jobs. Flat rate fees vary, though they typically range from



\$940-\$990 depending on many factors. These factors include but are not limited to the size and number of water heaters required for the location, installation, trucks and equipment needed to transport the materials to the project site, and distance traveled to the location (if it happens to be a longer distance away the rate can increase). Commercial customers typically require tank water heaters for high demand. Tankless water heaters take longer to install and cost more for installation, up to \$3,000 on average industry-wide in some cases depending on the size.

#### Flat Rate

- \$940-\$990 for delivery, installation, haul away.
- Primarily tank water heaters at this rate, tankless cost more.
- Includes water heater, delivery, and installation.

#### Per Hour

- \$115 per hour.
- Covers diagnostic work, repairs, assessment for repair or replacement of parts or whole water heaters.
- Shorter length of time for each job.

### 4.4 Promotion

#### 4.4.1.1 Logo, Tagline<sup>3,4</sup>

WaterHeaterMan, Inc. needs a refreshing new logo and tagline that will help revitalize the brand. Attracting both new clientele and new technicians. Below are the following taglines we believe would better fit the company.

#### Tagline:

- One call for all your water heatings needs.
- Making people hotter since 1978.

Logo: We will be using the following paid and unpaid opportunities to create an aesthetically pleasing logo that will depict that WaterHeaterMan, Inc. is a fast, reliable, and professional one stop destination for all water heater needs.

A new logo will help instill a great brand that will help attract and retain quality technicians.

#### 4.4.1.2 Promotional Themes

WaterHeaterMan, Inc. should provide promotional strategies that help entice their potential new technicians to grow with the company. They should implement a strategy that empowers their technicians to want to work and reach more clients, which is one of their major weaknesses. One of these possible strategies should give new or existing technicians a reward for completing a certain number of customer requests. This could provide an incentive to retain technicians. For example, if a technician were to complete a certain amount of service calls, they would receive a type of monetary reward.

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<sup>3</sup> Canva. (n.d.). Retrieved May 4, 2017, from <https://www.canva.com/>

<sup>4</sup> Logaster. (n.d.). Retrieved May 4, 2017, from <https://www.logaster.com/>

#### 4.4.2 Media

WaterHeaterMan, Inc. could have the opportunity to take out an ad in the local newspapers at military bases (Appendix F). Additionally, WaterHeaterman, Inc. can look into promoting through the California Department of Veteran Affairs (CalVet) job aid website. This outlet could provide a good medium to attract hard working and disciplined individuals with strong work ethics and values (Appendix F).

##### 4.4.2.1 Online and Mobile

Create online awareness by using Google Adwords to know how many people are looking for water heaters or their service and repair on the internet and compare with competitors website to provide services better than them. Another ad group can be created in the Google AdWords account for people looking to work as technicians. This would not only attract more customers but also make it easier for people who are looking to work as technicians.

WaterHeaterMan, Inc. could also develop a mobile app for customers and technicians in which if the technician is servicing a nearby client he does not need to wait for a call from the company and can directly go and attend the nearby client, who will request service or repair through the app (Appendix F).

#### 4.5 People

WaterHeaterMan Inc. strives to search for the best and brightest individuals with the proper level of motivation for their style of business. Not everyone with the right attitude comes in with all of the necessary skills required which is why the company offers a thorough on the job training program. Newer employees generally start out working on the residential levels, where the water heaters, the tooling and parts required for maintenance are less complicated and easier to work with. Basic training spans over a number of months, depending on the learning level of the technician, typically less than two years. Expert level of training normally takes around two years, although the length of time for basic and more advanced levels of training can vary.

WaterHeaterMan Inc. trains its employees on the job, letting them learn and adapt as they complete their work to enhance their education with real world experience. This avoids isolating prospective employees from their work and allows the ease in applying the skills they learn to their activities.

The company primarily searches for applicants through Craigslist, yielding relatively nominal results in the process. In addition the company posts job offerings on Plumbing Agent, HVAC Agent, Indeed, and many other free job boards. The main issue with these channels comes from the specialization that WaterHeaterMan, Inc. requires. The company is not a plumbing company and many who search these boards and websites as well as those who come from trade school are trained and qualified for other specialties in the industry.

Also, for technicians a basic video course could be created and included as part of training, apart from the hands-on experience they get by going in the field, which will be beneficial for them to better understand how to handle different types of water heaters. This course will help to train the technicians faster and provide them with the knowledge to know how exactly different water heaters

work. Also, create a specific career section tab on the website, where it's easy to navigate and mention the benefits a technician will receive if he joins and looks for future with the company as well as an overview of the qualities the company is looking for in a technician and what responsibility he would have to take while working for the company.

#### 4.6 Processes

##### 4.6.1 Service Blueprint

The makeup of WaterHeaterMan, Inc. consists of equipment sales, services, and installation. In general, a customer can contact the company by telephone or by email for any type of water heater service request and/or product purchase. When a customer contacts the company for service and/or product, the discussion between the company and customer includes, but is not limited to, questions that pertain to property size/square footage, estimated heated water consumption, features of water heater needs, and other modalities that are specific to the industry. Price for service and/or product merchandise are of course discussed between the company employee and customer. Another aspect of information gathering between the customer and company includes the time frame on how soon the service and/or product is needed. The time table for the service and/or product includes routine or scheduled requests, same-day service, stat service, and other options to meet customer demand. Depending on the nature of the service and/or merchandise request, payment can be made upfront or upon completion of the service and/or product installation/delivery. In most cases though, payment is made upon completion of the service and/or product installation/delivery. With the help of the company's master calendar and scheduler, technician availability, service technician skill level, and location of technicians within geographical areas of the market service area are scheduled to respond to customer requests. Service technicians of the company can be scheduled to respond to jobs for commercial properties, residential properties, and industrial zones. With the use of company vehicles, employees travel from either the company home station or from their current location to the site of service request. Service technicians meet with the customer and perform the requested job/service (Appendix D).

#### 4.7 Physical Evidence

##### 4.7.1 Servicescape

Most of the company's work is performed on job sites, but WaterHeaterMan, Inc. also utilizes its main offices to store and sell water heaters and boilers on the spot. Commercial clients with long-term service needs can visit the main offices to inquire more information and discuss contracts. The three main servicescape environments of WaterHeaterMan, Inc. include the warehouses/stores, company vehicles (i.e., service trucks), and the actual onsite location of the jobs. For the most part, the warehouses/stores appear to have a lean/5S environment. This lean/5S environment provides a productive environment for staff to locate and service equipment and other preparation work without having to waste time and resources. The lean/5S work environment is also important for urgent request jobs where time can determine customer's value of the overall service. Service technicians spend a good amount of time traveling to their job sites with their company provided trucks and equipment. From a service technician's perspective, it's important to have a well organized vehicle in terms of where tools, parts, and the actual product are located within the truck. It also helps to ensure the interior of the vehicle itself is organized too. From a customer's perspective, first impressions upon arrival of the job site will stand out in addition to completing the requested service job. Lastly, the environment for most jobs are at residential, commercial, and industrial zoned properties. When a

service technician arrives onsite for a job, they need to have an open mind as to the physical environment they are about to enter and accomplish the job in a professional manner (Appendix E).

#### 4.7.2 Other tangibles

Other tangibles include business cards, brochures, banners, and other promotional items that can be distributed to potential and current customers.

### 5.0 Implementation Timeline & Budget

#### 5.1 Implementation Timeline (1-year)

In order to meet the service technician needs of WaterHeaterMan, Inc., the three proposed deliverables for the company are: development of a mobile application, job advertisement at local military publications, and job advertisement at the CalVet. The proposed timeline for development of the mobile applications is about two months with a start date in early June 2017 (Appendix G). The timeline for the job advertisement within a local military base's publication should take about 4 months to establish an ongoing campaign (Appendix H). For the final proposed deliverable, the timeline for the CalVet job advertisement aid will take about two months to establish an ongoing campaign (Appendix I).

#### 5.2 Marketing Plan Budget

The short-term budget for the company is \$5,000 and long-term budget is \$10,000 which will be utilised in hiring technicians and development of a mobile application.

The CalVet website is absolutely free for everyone and this would be beneficial for the company to post the requirements for the job on this website. The other thing that the company can work on is advertising on any military base local newspapers. Both these services are free and the only cost the company will incur is to develop the advertisement for the newspapers and creating a professional document mentioning the job requirements on the website. This should cost around \$500 and more could be spent depending on WaterHeaterMan Inc's expectation from the advertisement.

Developing the mobile app and updating the website would initially cost around \$3500 which would provide a framework for both. Later the budget could go around \$10,000 to \$20,000 depending on WaterHeaterMan Inc's requirement. The development costs are provided by the app developer "Devise Interactive" and this app will include several features including; if a technician is providing services at point A and there is another call from point B then instead of receiving a call from the company the technician would receive a direct message on his device and could visit the customer at point B (this feature would be similar to one that works in uber and Lyft). This app would be very convenient for the customers and the company could cover more area as well as help them towards increasing the response time for attending these customers. In addition to this, the app could include a careers tab to link back to the company's hiring website.

#### 5.3 Estimated ROI

The development of the mobile app will ease the process of requesting technicians and improve service response rate. Technicians will be able to cover more jobs with a shorter amount of time. At the moment, WaterHeaterMan Inc has 11 personnels, who deliver a total revenue of \$350,000 a month or \$11,666 a day. If we disregard the effects of flat rates and water heater sales and assume revenue is generated solely from diagnostic work, 11 technicians can fulfill an average of 4.22 jobs an hour. Since the mobile app can aid in accelerating service, we expect the number of fulfilled jobs to be increased up to 5. At \$115 per hour, the new daily and monthly revenues are \$13,800 and \$414,000 respectively, increasing 18% from the old revenues. If the recruiting campaign succeeds, WaterHeaterMan Inc will have more personels to cover more areas and increase the response rate. An additional technician is expected to boost job fulfillment rate to 5 jobs an hour; gross sales also goes up to 18% or \$64,000. The ROI is calculated using on the following formula:

$$\text{ROI} = \frac{(\text{Gain from Investment} - \text{Cost of Investment})}{\text{Cost of Investment}}$$

With the costs around \$10,000 to \$20,000, the estimated ROIs for the mobile app will be 5.4% and 2.2% respectively. With the costs of around \$500 to \$1,000, the estimated ROIs for hiring new staffs will be %127 and 63% respectively.

### **References**

"Reference footnote entries throughout report."

## Appendix A - Five C's Assessment

### Analyzing the Context

#### *Demographic Environment*

Since 2010, California has grown by almost 2 million people. California has 58 counties. Amongst those counties, five accounted for more than half of California's population growth and of the five, four were southern California counties: Los Angeles, Orange, Riverside, and San Diego. San Diego County has the second largest population behind Los Angeles County.<sup>5</sup> The average southern California population growth rate amongst the five largest counties between year 2000 and 2015 was about one percent.<sup>6</sup> As of 1 July 2015, the number of California total housing units were about 14 million. Of the 14 million housing units, Los Angeles County had 3.5 million housing units, Orange County had 1.1 million housing units, Riverside County had 827,000 housing units, San Bernardino County had 712,000 housing units, and San Diego County had 1.2 million housing units. Southern California housing units represent over 52% of the state's market.<sup>7</sup>

#### *Economic Environment*

As of February 2017, the United States reported an unemployment rate of 4.7%. As of February 2017, the California unemployment rate was 5%. In the Anaheim, Long Beach, and Los Angeles metropolitan area, the unemployment rate was 4.5% as of February 2017. For the Ontario, Riverside, and San Bernardino area, the unemployment rate was 5.3% as of February 2017. The Carlsbad, San Diego, and San Marcos area had an unemployment rate of 4.2% as of February 2017. Finally, the Anaheim, Irvine, and Santa Ana metropolitan area had an unemployment rate of 3.7% as of February 2017.<sup>8</sup> Overall, the southern California economy has been stable and closely matches that of the national unemployment rate average.

#### *Socio-Cultural Environment*

Southern California is a culture that is often emulated and revered by others throughout the world. The southern California lifestyle includes diverse cuisines, a certain level of hospitality expectations by residents and tourists, mixed cultural influences, a laid-back atmosphere, and is often the trend setting locale for all things socio-cultural for the world to watch. A lot of what makes southern California the lifestyle and culture that it is, is supported by the diversity of its people and beliefs.<sup>9</sup>

#### *Political/Legal Environment*

As of April 2015, new efficiency standards set by the Department of Energy (DOE) are required when it comes to replacing water heaters. For water heater units less than 55 gallons, there is not much of a change to a consumer's pocket book and space needed to house a unit within a household. Most consumers will pay comparable prices as before and will now have a more efficient unit that saves on every day utility costs. Most households operate with a less than 55-gallon water heating unit. On the other hand, when it comes to water heaters 55 gallons or more, efficiency standards will again be

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<sup>5</sup> California's population grows to nearly 39.1 million. 16 December 2015. San Diego Union Tribune. Janie Har Associated Press. <http://www.sandiegouniontribune.com/>

<sup>6</sup> Golden state population trends. 21 February 2017. ft Journal. <http://journal.firsttuesday.us/golden-state-population-trends/9007/>

<sup>7</sup> Quick Facts. U.S. Census Bureau. Accessed 8 April 2017. <https://www.census.gov/quickfacts/table>

<sup>8</sup> Economy at a Glance. U.S. Bureau of Labor Statistics. Accessed 8 April 2017. <https://www.bls.gov/eag/eag.us.htm>

<sup>9</sup> Southern California Culture. Various Articles. Los Angeles Times. <http://articles.latimes.com/keyword/southern-california-culture>

met, but the technology to produce these larger sized units require more expensive technology inputs, such as an electric heat pump and gas condensing technologies.<sup>10</sup>

### *Natural and Technological Environment*

With water heaters comes the topic of water conservation or energy conservation in general. There are a lot of technologies that monitor consumption or usage of utilities, including gallons of water consumed by a household. For consumers looking to replace a water heater, they may be interested in a product that features analytical technology that itemizes their consumption patterns. As the world supply of natural resources declines, generations now and those of the future will look towards technology that are not only more efficient, but also contribute towards a closed-loop system that allows a utility to be self-sustaining (e.g., water recycle technology, on-demand technology, etc.).<sup>11,12,</sup>

<sup>13</sup>

### Analysis of the Company

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> <li>• 40-year business history</li> <li>• Same-day services and installation</li> <li>• Niche focus on water heater market</li> <li>• Established relationships with commercial consumers</li> <li>• Demand &gt; supply</li> </ul>	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> <li>• Number of available technicians for job requests</li> <li>• Regional office locations in relationship to high population growth rate areas</li> <li>• Technician retention rate for certain work zone markets</li> </ul>
<p style="text-align: center;"><u>Opportunities</u>[Office1]</p> <ul style="list-style-type: none"> <li>• Residential zones / consumers</li> <li>• Website update and redesign</li> <li>• Service and product offerings</li> <li>• Company slogan / brand message</li> <li>• Number of technicians on staff</li> </ul>	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Number of available technicians for job requests</li> <li>• Business offerings appealing to the growing generation X and millennial consumer market</li> <li>• Companies that offer same water heater service offerings, but with other complement services and products too</li> </ul>

<sup>10</sup> New federal regulations will affect the next water heater you buy. 5 March 2015. Consumer Reports.

<http://www.consumerreports.org/cro/news/2015/03/read-this-before-replacing-your-water-heater/index.htm>

<sup>11</sup> WiFi water heater controller gives homeowners control. 7 June 2016. Proudgreenhome.

<https://www.proudgreenhome.com/articles/wifi-water-heater-controller-gives-homeowners-control-video/>

<sup>12</sup> iComm Elite Remote Monitoring. AO Smith. Accessed 8 April 2017.

<http://www.hotwater.com/water-heaters/commercial/accessories/icommm-remote-monitoring/>

<sup>13</sup> Tankless or demand-type water heaters. Energy.gov Energy Saver. Accessed 8 April 2017.

<https://energy.gov/energysaver/tankless-or-demand-type-water-heaters>



### Competitors Analysis

Major competitors of Water Heater Man, Inc. include, but are not limited to, Roto-Rooter, Mike Diamond, USA Water Heaters & Plumbing Services, Water Heaters Only, Inc., and Anderson Plumbing, Heating, & Air. Each of these companies offer comparable water heater services to that of Water Heater Man, Inc. throughout the southern California area.

Anderson Plumbing, Heating, & Air appears to offer multiple service and product offerings: installation, repair, and services for plumbing, water heaters, heating systems, cooling systems, and air quality systems. Additionally, the company offers 24 hour services 365 days a year for emergency plumbing and HVAC issues. The company mostly focuses on the San Diego market though, but still has business outside of the San Diego County catchment area.<sup>14</sup>

At a much broader scale, Water Heaters Only, Inc. offers comparable services to Water Heater Man, Inc. in multiple locations throughout Arizona, California, and Texas.<sup>15</sup>

In the local Orange County market, Mike Diamond offers comparable services and products to that of Anderson Plumbing, Heating, and Air, Water Heaters Only, Inc. and Water Heater Man, Inc. Based on the website information available for review on the aforementioned competitor companies, it does seem as though Water Heater Man, Inc.'s website needs a redesign and improved "appeal" factor.

An additional finding after reviewing three competitor websites is the need for technicians to provide the services and products offered by these companies. Apparently, there seems to be significant vacancies for technician positions within each of these companies. Apart from Water Heaters Only, Inc., each of the competitor companies have a much broader service and product offering mix in comparison to Water Heater Man, Inc. This provides a focused effort on the part of Water Heater Man, Inc., but also hinders the company's potential for complementing business opportunities.

### Collaborators Analysis

For most service industries, the word-of-mouth from past customers are the most valuable inputs for any future business opportunities from other potential consumers. For a technical career field, such as plumbers, electricians, etc., the word-of-mouth and networking opportunities amongst the trade profession community will be the make or break for any entrepreneur or business's long term success.<sup>16</sup>

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<sup>14</sup> About Us – Anderson Plumbing, Heating, and Air. Accessed 10 April 2017.

<https://www.andersonplumbingheatingandair.com/about-anderson-plumbing-heating-air>

<sup>15</sup> About Water Heaters Only, Inc. Water Heaters Only, Inc. Accessed 10 April 2017.

<http://www.waterheatersonly.com/about-water-heaters-only>

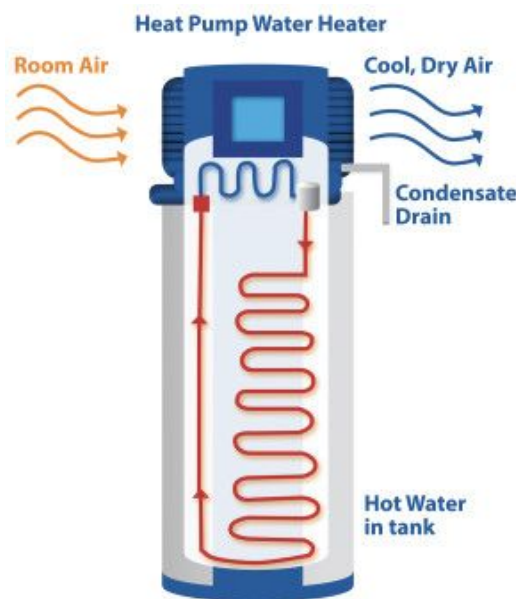
<sup>16</sup> Measuring the Amount of Word-of-Mouth Marketing. 28 April 2010. Inflexion-Point Strategy Partners Ltd. Bob Apollo. Accessed 10 April 2017.

<http://www.inflexion-point.com/Blog/bid/32476/McKinsey-Measures-the-Value-of-Word-of-Mouth-Marketing>

## Appendix B - Primary Research

Different types of advance water heating systems<sup>17</sup>:

**Heat Pump water heaters**<sup>18</sup>: More efficient than electric resistance models, heat pump water heaters use electricity to move heat from one place to another rather than generating the heat directly. The heat source is outside air or air in the room where the unit is located. Refrigerant fluid and a compressor are used to transfer heat into an insulated storage tank. While the efficiency is higher, so is the cost to purchase and maintain these units. Heat pump water heaters are available with built-in water tanks called integral units, or as add-ons to existing electric resistance hot water tanks. A heat pump water heater uses one-third to one-half as much electricity as a conventional electric resistance water heater. In warm climates, they may do even better.



**Hybrid Gas water heaters**<sup>19</sup>: These are water heaters with more than two gallons' storage, but less storage than expected from output capacity. They feature a condensing burner smaller than used on whole-house tank less units and enough storage to have high first hour ratings. The smaller burner means they generally will not require new gas lines for retrofit installations. Because the burner is > 75,000 Btuh, they will be classed and rated as commercial products, although marketed for residential use.

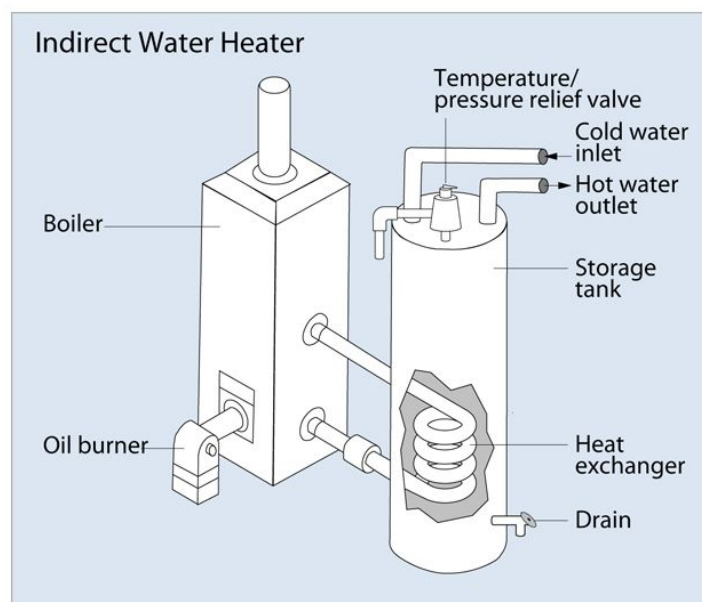
<sup>17</sup> Replacing your Water Heater. (n.d.). Retrieved May 4, 2017, from <http://smarterhouse.org/> website: <http://smarterhouse.org/water-heating/replacing-your-water-heater>

<sup>18</sup> Energy-efficient heat pump water heaters. (n.d.). Retrieved May 4, 2017, from <http://thesunriseguide.com/> website: <http://thesunriseguide.com/energy-efficient-heat-pump-water-heaters/>

<sup>19</sup> Water Heaters. (n.d.). Retrieved May 4, 2017, from <http://www.sioux.com/> website: <http://www.sioux.com/water-heaters.html>

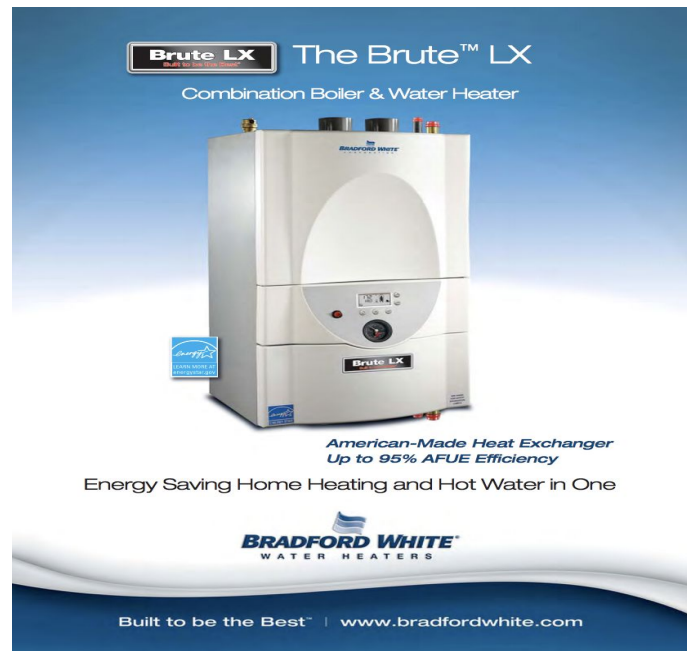


**Indirect Water Heaters**<sup>20</sup>: Indirect water heaters generally use the home's boiler as the heat source, circulating water from the boiler through a heat exchanger in a separate insulated tank. Since hot water is stored in an insulated storage tank, the boiler does not have to turn on and off as frequently, improving its fuel economy. Electronic controls determine when water in the tank falls below a preset temperature and trigger the boiler to heat the water as long as needed. The more sophisticated of these systems rely on a heat purge cycle to circulate leftover heat remaining in the heat exchanger into the water storage tank after the boiler shuts down, thereby further improving overall system efficiency. Indirect water heaters, when used in combination with new high-efficiency boilers, are usually the least expensive way to provide hot water.



<sup>20</sup> TANKLESS COIL AND INDIRECT WATER HEATERS. (n.d.). Retrieved May 4, 2017, from <https://energy.gov/energy-saver/tankless-coil-and-indirect-water-heaters>

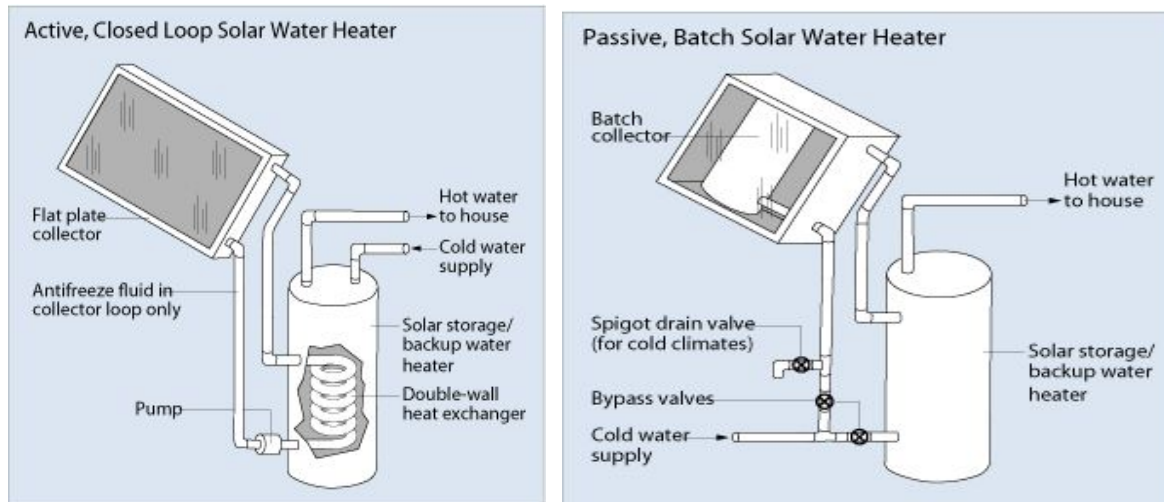
**Integrated “Combi” Water Heaters<sup>21</sup>:** If someone is building a new home or upgrading the heating system at the same time then while choosing a new water heater, one might consider a combination water heater and space heating system. These systems, also called dual integrated appliances, put water heating and space heating functions in one package. Space heating is provided via warm-air distribution.



**Solar Water Heaters<sup>22</sup>:** A solar water heater consists of a solar thermal collector attached to a south-facing sloped roof or wall, a well-insulated storage tank, and a fluid system that connects the two. It is usually preferable to use a two-tank system in which the solar water heater circulates water through the collectors and back into a separate tank that then “preheats” the conventional water heater. The distance between the collector and the tank, or the amount of finished space the loop must traverse in a retrofit installation, impacts the method and cost of installation.

<sup>21</sup> LITERATURE LIBRARY. (n.d.). Retrieved May 4, 2017, from <http://www.bradfordwhite.com/> website: <http://www.bradfordwhite.com/literature-library-0>

<sup>22</sup> SOLAR WATER HEATERS. (n.d.). Retrieved May 4, 2017, from <https://energy.gov> website: <https://energy.gov/energysaver/solar-water-heaters>



### Average Cost To Install a Water Heater In Southern California<sup>23</sup>

#### Install a Water Heater Costs

LOCATION: LOS ANGELES, CA Change Location | National

Embed this graph >



### Life-Cycle Costs for 13-Year Operation of Different Types of Water Heaters<sup>24</sup>

<sup>23</sup> How Much Does it Cost to Install a Water Heater? (n.d.). Retrieved May 4, 2017, from <http://www.homeadvisor.com/>

website: <http://www.homeadvisor.com/cost/plumbing/install-a-water-heater/>

<sup>24</sup> Replacing your Water Heater. (n.d.). Retrieved May 4, 2017, from <http://smarterhouse.org/> website: <http://smarterhouse.org/water-heating/replacing-your-water-heater>

<b>Water heater type</b>	<b>Storage Volume (Gallons)</b>	<b>Efficiency (1) (EF)</b>	<b>Cost (1)</b>	<b>Yearly energy cost (2)</b>	<b>Life (years)</b>	<b>Cost over 13 years (3)</b>
Conventional gas storage	40	0.6	\$850	\$350	13	\$5,394
High-efficiency gas storage	40	0.65	\$1,025	\$323	13	\$5,220
Condensing gas storage	50	0.8	\$2,000	\$262	13	\$5,408
Conventional oil-fired storage	30	0.55	\$1,400	\$654	8	\$11,299
Minimum Efficiency electric storage	50	0.9	\$750	\$463	13	\$6,769
High-eff. electric storage	50	0.95	\$820	\$439	13	\$6,528
Demand gas (no pilot)	<2	0.82	\$1,600	\$228	13	\$4,560
Electric heat pump water heater	50	2.2	\$1,660	\$190	13	\$4,125
Solar with electric back-up	n/a	1.2	\$4,800	\$175	20	\$7,072

These are some of the competitors with attractive websites and give us a reason why a technician would want to work for them.

## Appendix C - Secondary Research

### Current Locations in California:

Orange, CA | Anaheim, CA | Costa Mesa, CA | Fullerton, CA | Garden Grove, CA | Huntington Beach, CA | Irvine, CA | Santa Ana, CA | Buena Park, CA | Fountain Valley, CA | La Habra, CA | Laguna Niguel, CA | Lake Forest, CA | Mission Viejo, CA | Newport Beach, CA | Tustin, CA | Westminster, CA | Yorba Linda, CA | Aliso Viejo, CA | Brea, CA | Cypress, CA | Dana Point, CA | Laguna Beach, CA | Laguna Hills, CA | Laguna Woods, CA | Los Alamitos, CA | Placentia, CA | Rancho Santa Margarita, CA | San Clemente, CA | San Juan Capistrano, CA | Seal Beach, CA | Stanton, CA | Villa Park, CA | Corona Del Mar, CA | Midway City, CA | Balboa Island, CA | Sunset Beach, CA | Surfside, CA | Orange Park Acres, CA | Lemon Heights, CA | Cowan Heights, CA | Coto De Caza, CA | Capistrano Beach, CA | Newport Coast, CA | Turtle Rock, CA | Ladera Ranch, CA | Trabuco Canyon, CA | Foothill Ranch, CA | Portola Hills, CA | Rossmoor, CA | Santa Ana Heights, CA | Anaheim Hills, CA | Artesia, CA | Balboa Peninsula, CA | Cerritos, CA | Chino Hills, CA | Diamond Bar, CA | Dove Canyon, CA | Downey, CA | El Toro, CA | Emerald Bay, CA | Hacienda Heights, CA | Lakewood, CA | La Mirada, CA | La Puente, Las Flores, CA | Long Beach, CA | Monarch Beach, CA | Norwalk, CA | Rancho Mission Viejo, CA | Rowland Heights, CA | South Laguna, CA | Three Arch Bay, CA | Wagon Wheel, CA | Walnut, CA | Woodbridge, CA | Whittier, CA

### Southern California Counties:

Imperial County | Kern County | Los Angeles County | Orange County | Riverside County | San Bernardino County | San Diego County | Santa Barbara County | Ventura County

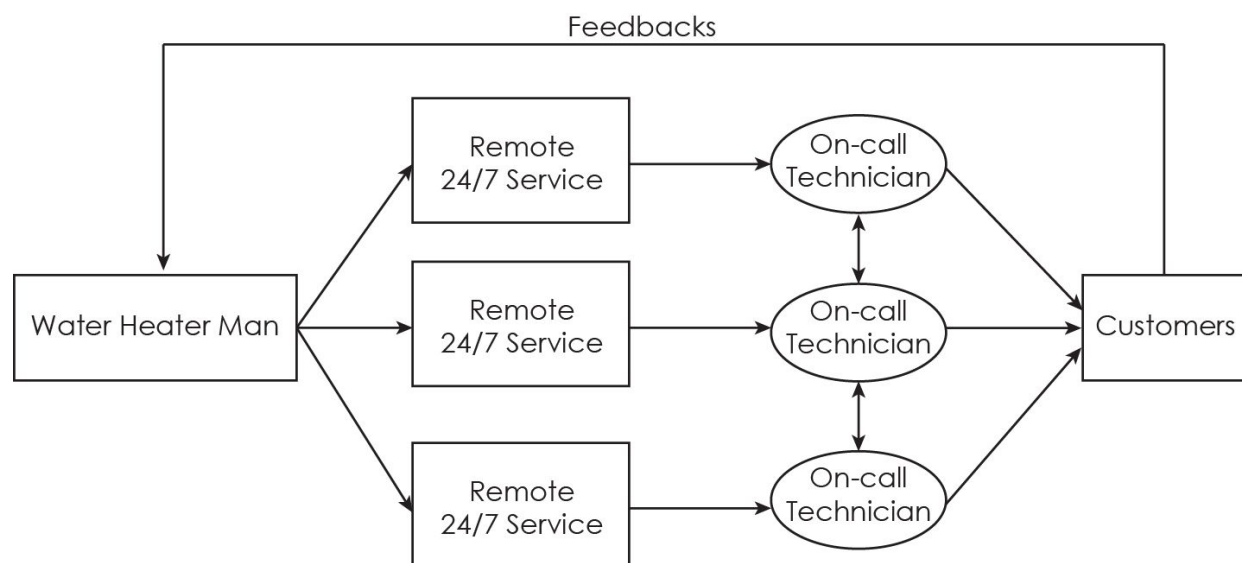
### Current Locations in Arizona:

Chandler, AZ | Gilbert, AZ | Mesa, AZ | Phoenix, AZ | Queen Creek, AZ | Scottsdale, AZ | Sun Lakes, AZ | Tempe, AZ | Apache Junction, AZ | Carefree, AZ | Cave Creek, AZ | Fort McDowell Yavapai Nation, AZ | Fountain Hills, AZ | Gilbert, AZ | Mesa, AZ | Paradise Valley, AZ | Phoenix, AZ | Salt River Pima - Maricopa Indian Community, AZ | Scottsdale, AZ | Paradise Valley, AZ | Peoria, AZ | Phoenix, AZ | Aguila, AZ | Avondale, AZ | Buckeye, AZ | El Mirage, AZ | Glendale, AZ | Goodyear, AZ | Litchfield Park, AZ | Peoria, AZ | Sun City, AZ | Sun City West, AZ | Surprise, AZ | Wickenburg, AZ | Youngtown, AZ | Avondale, AZ | Buckeye, AZ | Gila Bend, AZ | Gila River Indian Community, AZ | Glendale, AZ | Goodyear, AZ | Guadalupe, AZ | Phoenix, AZ | Sentinel, AZ | Tohono O' Odham Nation, AZ | Tolleson, AZ



## Appendix D - Service Blueprint

Waterheaterman, Inc.: Water Heater Equipment Sales, Service, and Install <i>Day-in-the-Life</i>											
Physical	Phone/Email/Onsite Visit of Warehouse							Work Truck/Transportation		Job Site	
Customer Actions	Customer calls company's phone number or contacts company via email.	→	Customer provides description of water heater need, size of household, estimated consumption of heated water,	→	Customer provides a timeframe on how soon merchandise is needed (i.e., same-day, routine, stat, etc.).	→	Customer pays for merchandise upfront or upon completion of service/sale.	→	Awaits arrival of service technician to carry out requested service.	→	Customer receives arrival of service technician and greetings exchanged; customer shows actual location of where job requested needs to be carried out.
Line of Interaction											
Front-of-Stage Interaction	Direct communication via phone or email message between		Customer service agent, technician, or other staff member of company's team provides specifications and		Company staff verifies merchandise inventory and schedule of available technicians to carryout sale/job for customer.		Company staff member collects billing information and job location for		Service technician arrives at job site with respective materials to perform service request.		Service technician acknowledges with customer what needs to be done at job site and gathers his/her tools and merchandise to complete service.
Line of Visibility											
Back-of-Stage Interaction	Direct communication via phone or email message between company staff member and customer.		Technicians and/or other staff verify merchandise inventory that best can match customers need.		Verification of on-call schedule for same-day service requests and non-same-day requests amongst technician staff.		Merchandise is packaged by warehouse staff for delivery / sale of item(s).		Service technician verifies directions on how to get to job site and ensures s/he has all proper equipment, parts, and merchandise to fulfill customer needs		Timeliness and problem-solving skills are evaluated to complete service request / job order (i.e., efficiency vs. quality of service).
Line of Internal Interaction											
Support Processes	Internet, computer system, and phone system		Computer systems and storage racks / pallets of merchandise are indexed or easily identified so staff can easily locate the physical product to fulfill customer's need.		Calendar and project management schedule of different jobs, technician availability schedule, technician experience level, and technician location in relation to requested sale/service job.		Inventory management system updates stocked items, merchandise, etc.; billing/accounting department manages		Vehicle maintenance and gas.		Equipment used for service, reach back and communications with company headquarters for troubleshooting assistance with service request, etc.





**Appendix E - Servicescape<sup>25</sup>**

Store Exterior



Storage



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<sup>25</sup> The Water Heater Warehouse. (n.d.). Retrieved May 4, 2017, from <https://www.thewaterheaterwarehouse.com/> website: <https://www.thewaterheaterwarehouse.com/>

Office Space



Service Truck

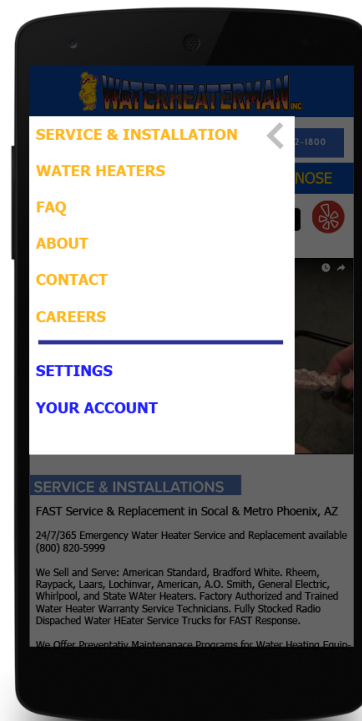
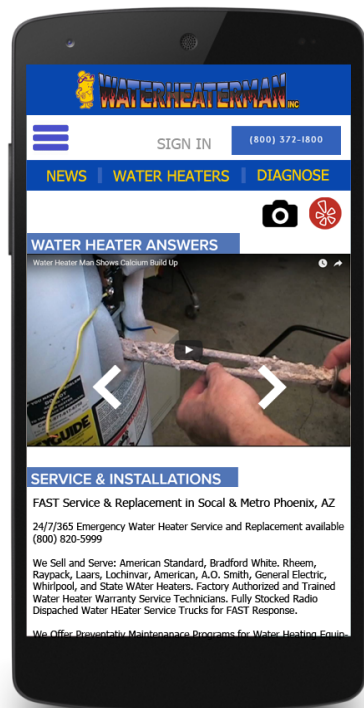


On-Site Vehicle Maintenance

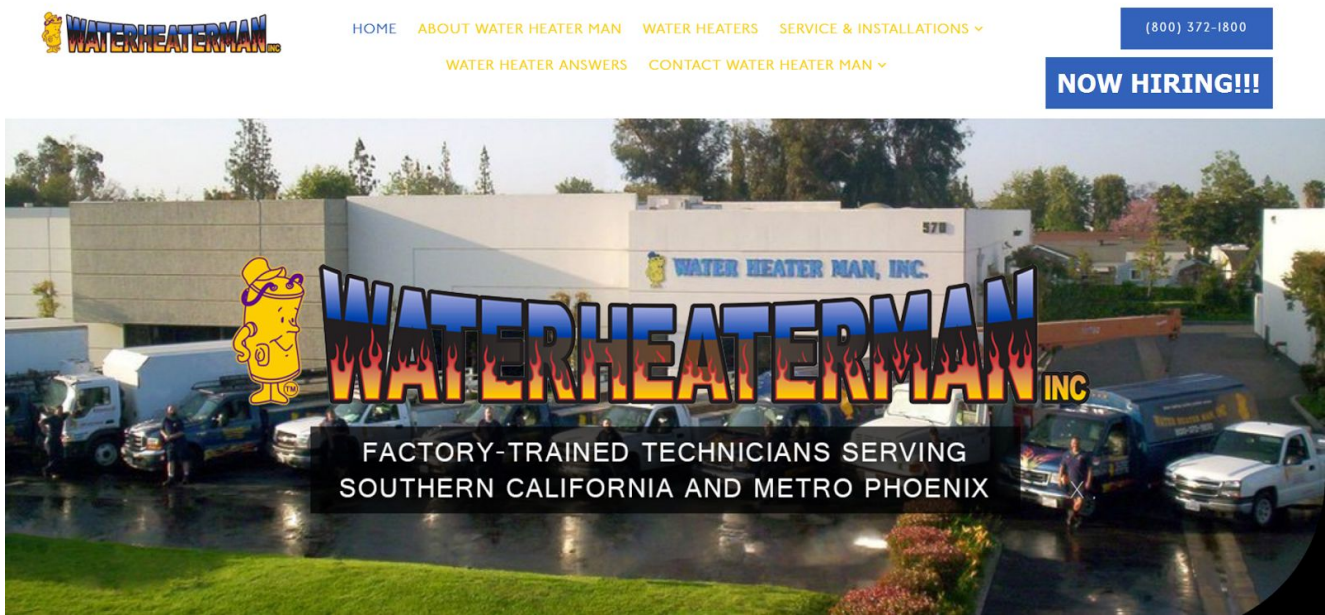


## Appendix F - Proposed Deliverables

1. For CalVet Jobs - <https://www.caljobs.ca.gov/resumesrch/default.asp?session=resumesrch&geo=0601000000>
2. For Military Newspapers - [http://militarymedia.com/List\\_of\\_Base\\_Newspapers.php](http://militarymedia.com/List_of_Base_Newspapers.php)
3. For Mobile App and Website - <http://devis.in/discovery/>
  - a. Contact Information: Justin Pa - Contact Information: Phone: 714.400.4914 Email: [justin@thinkdevise.com](mailto:justin@thinkdevise.com)

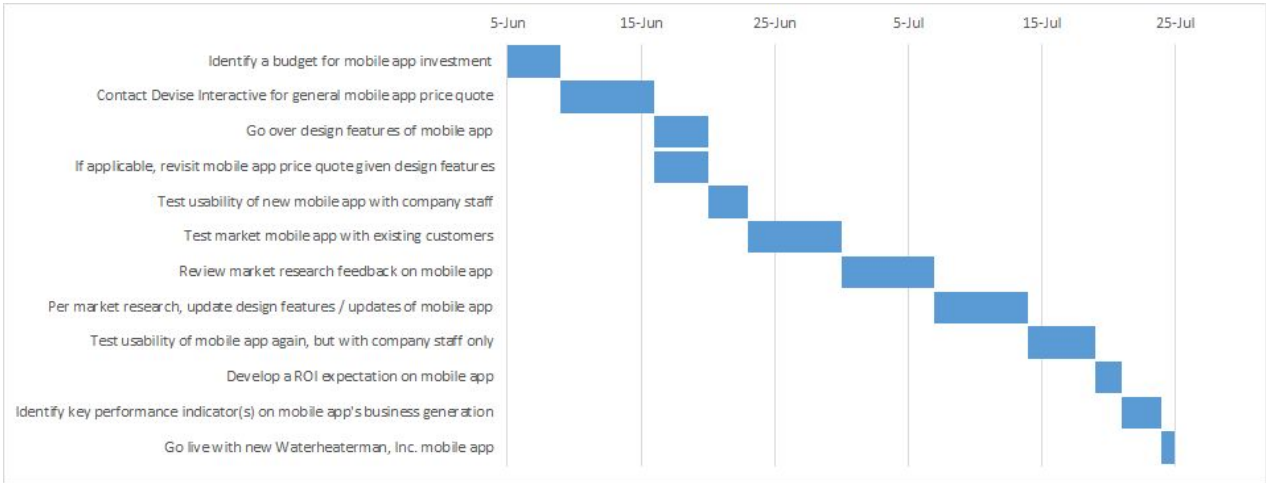




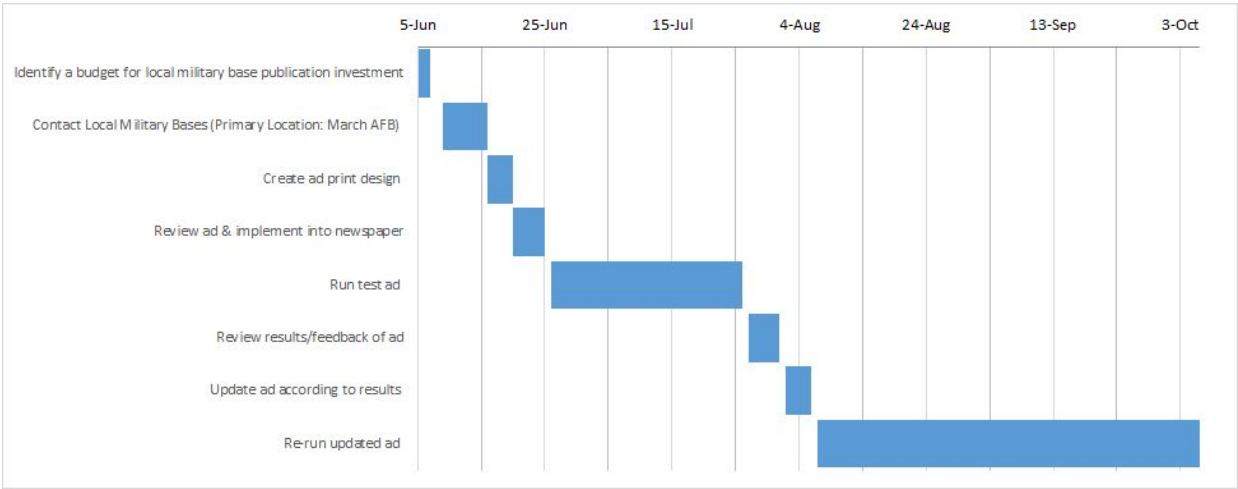


Appendix G - Mobile Application Deliverable Timeline

Mobile Application



**Appendix H - Military Base Advertisement Deliverable Timeline**  
Military Base Paper Job Ad



**Appendix I - CalVet Advertisement Deliverable Timeline**  
CalVet Job Ad

