

Press Release

White Paper Reveals One Contractor In Five Closes Annually (DALLAS, TEXAS)

February 21, 2005, 11:21 PM – An analysis of government data reveals an annual business close rate of 20% among plumbing, heating, and air conditioning companies, according to a white paper recently published by the Service Roundtable (www.ServiceRoundtable.com).

"According to government statistics there are roughly 200 thousand plumbing and air conditioning contractors," says Service Roundtable CEO Matt Michel. "Just over half are sole proprietorships or partnerships without a payroll. Our estimates are that nearly a quarter of non-payroll contractors close annually. Overall, one out of five close every year, only to be replaced by new starts." Michel says, "There's fairly solid data on larger shops, but little is available for the smallest contractors. They're overlooked by nearly everyone. They are the industry's underclass."

According to Michel, the statistics reveal that one of the surest ways for a contractor to increase his or her business success rate is to grow. The close rate drops rapidly with contractor size. For example, only 6% of contractors with five to nine employees close every year.

"As an industry, we should be doing more to help the smallest contractors. The large contractors of tomorrow are the small contractors of today. While growth isn't a requirement of success, it does increase the odds. There are many successful small contractors. There are also many small contractors who fail or operate just well enough to hang on. These contractors are less likely to pay their suppliers and more likely to under price their services. This hurts everyone."

The white paper, "Business Closure Rates For Plumbing & HVAC Contracting Companies" is available on the Service Roundtable website (www.ServiceRoundtable.com) under the "Freebies" tab. The Service Roundtable is the nation's number one contractor group, in part, because it was designed so that every contractor, no matter how small, could afford membership. A \$50 monthly subscription gives contractors access to a large library of ready to use sales, marketing, and business tools, with new tools introduced on a weekly basis. In addition, the company manages the industry's largest ongoing contractor networking and exchange group.

For more information visit their website at www.serviceroundtable.com. Or contact Mr. Matt Michel at 214-995-8889 or via email at matt.michel@serviceroundtable.com