

What's In Your Family's Water?



A Little Halo for a Growing Dealership

According to Andrew J. Wilson, Angel Water is the largest retail water quality services company serving a five-county territory centered in the far northwest Chicago suburb of Barrington. It is a private, family-owned company. Double-digit growth throughout most of the current economic downturn has positioned the company very well to dominate its home territory, whether economic recovery comes sooner or takes its sweet time getting here later.

Angel Soft Water began in the 70s selling water softeners to customers in the northwest suburbs of Chicago. Bernie Haggard Sr. started the company and his son, Bern Jr., carried on until the company was purchased by Wilson in 2003. Their story was typical around the water industry. Second-generation operators maintained whatever momentum they could, often failing to notice changes in the market and the industry. In this company's case, Bern Jr. had begun the transition from merely selling water softeners to providing water quality services, and had also begun to show results when his own dreams led him in another direction.

Wilson's purchase of the business sent him on his second tour of duty in the water treatment industry. "I got into water as a kid, when a very close friend's father started Angel Soft Water in the early 70s," said Wilson. "I grew up learning retail sales and a bit about how to operate a highly respected local dealership. I watched the company grow, riding a wave of general economic expansion and growing consumer awareness of environmental issues. Nobody really had to work very hard to sell a water softener. People began working more and had less

By Denise M. Roberts

time to cook, clean and hand-wash dishes. Shorter on time than previous generations, people bought appliances to compensate and quickly learned they also needed equipment that ensured their shiny new appliances (like dishwashers) worked well and lasted as long as possible."

After college, Wilson became a serial entrepreneur with a focus in the pharmaceutical industry. "Having launched, grown and sold four previous startups, I considered a number of options

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for my next venture and found my old friends from Angel Soft Water ready for changes too," he continued. "Before I knew it, I was Angel's General Manager. Having spent so many years in a more sophisticated industry that operated on razor-thin margins and relied on information technology to process massive volumes of small transactions, I was surprised to see how little had changed over the years I had been away from Angel. The industry had been commoditized, but companies had not learned how to add value. Rather, they tended to compete on price and employ the occasional gimmick or scare tactic. We wanted to be different and took our cues from the pharmaceutical and computer tech sectors for adding service-oriented value to our somewhat commoditized products.

"Despite recognition of the changes in the water quality industry, by 2005, economic conditions, retail competition and the Internet squeezed the profits out of the old-school business. We had to redefine ourselves and that process continues today. To date there have been no mergers, acquisitions or other forced growth. We have reinvested earnings in education and

technology and focused all of our efforts on customer service. Our growth to date has been completely due to local market-share penetration. We have added new product lines and new services to keep pace with consumer tastes. Our family-owned business has now grown to have three sister companies with additional partners whose business philosophies are similar."

Today, Angel Water provides a full lineup of water conditioning and filtration equipment at multiple price points for consumers, business and even light-industrial customers. The company services everything it sells and stays in close contact with customers on schedules appropriate to their needs, to make sure they are well served and satisfied with the service. The core business is filtering water for commercial and residential customers of Chicagoland. The company provides free water education to anyone and everyone. It also now offers plumbing services and employs licensed plumbers. Angel Water is a manufacturers representative firm as well, offering the Finecel ultrafiltration device, which has zero wastewater, and Atlantic Filter Corporation products.

The mission: education, education and more education

Angel Water's mission statement includes three major points: to educate themselves and customers about water quality problems that affect family health; to help customers understand the real and documented health benefits of proper water quality management, and to provide the right mix of unique products and services to suit their particular needs and budget. Its immediate goal is to virtually own its home territory. "There will always be some competition from big-box stores and direct Internet sales to do-it-yourselfers for whom price is the most important criteria," said Wilson. "We fully recognize that we can't be all things to all people and we've come to know you cannot run a profitable dealership being cheap. We are a water *quality* company and we are perfectly happy to let other companies push cheap products they cannot support with any service at all."

To support its educational mission, Angel Water employs testing, understanding and purification. "Anyone can ask what's in your water," Wilson said. "We find out." To understand the problems, the company has WQA-certified water specialists to identify the problems and WQA-certified sales representatives provide options to solve those problems. The company also has its own education program, where advancement in the company and individual income are closely tied to the standards promoted by WQA. "We use educational products published by WQA, and other industry and university sources," said Wilson. "We have WQA-certified personnel and licensed plumbers in key positions throughout the company. As we complete our goal of educating all of our staff to the highest degree possible, we are confident we'll be able to expand the H₂O school on our website to serve as a community resource and even a resource for other dealers to accomplish our mission of educating our customers, prospects and the general public."

The decision to change the fundamental (traditional) way of doing business was very difficult. Employees did not want to change from order-taking to education; they wanted to compete on price to get orders. "I knew that business model simply doesn't work," said Wilson. "I knew we couldn't compete with Internet pricing because today it's the Internet retailers willing to make a few bucks shipping products they cannot support and tomorrow



it will be cheap overseas products we can't trust. So I focused on educating customers about the value we offer in providing quality products carefully recommended to provide the best possible solution. We simply refuse to buy any products also on the Internet. Education began with listening. We listened closely to customers, truly listening to the complaints and compliments. I focused on fixing the things that caused complaints and

reinforcing behaviors that generated compliments. The result of changing the product lineup and focusing on education was amazing. We moved from a drop in business to consistent growth, year after year pushing into double digits."

Changing direction and looking forward

"Our five-year goal is to expand Angel Water throughout Chicago and its suburbs," Wilson said. "We will become the natural resource for residents of northern Illinois. We expect to purchase an existing company in another region and try our successful strategies in another market. Our 10-year goal is to position our company to be nationally recognized as a resource for both consumers and dealers to learn about water and proper techniques to purify their specific water concerns."

"When I took over Angel Soft Water, the company and indeed the industry, particularly at the retail level, was old school: old ideas, products, relationships and marketing strategies. As more dealers joined the industry, it seemed nobody ever learned how to add value, differentiate or even provide very good customer service. Manufacturers had consolidated and products had become largely commoditized. As innovative new products became available more recently, manufacturers and distributors found the path of least resistance to market could be found in big-box stores and Internet affiliates. Water conditioning dealers were being effectively bypassed and consumers were being sold random equipment to solve unknown problems.

"It hit me like a ton of bricks the first time I heard a prospect say: 'I bought this RO filter at Home Depot but I'm not sure how to install it.' Shortly thereafter, I purchased Angel Soft Water. The very first change I made was to drop *soft* from the name and every change since then has been carefully calculated to continue the shift from a water softener company to becoming the leading expert, water quality service company in our market.

"Today we sell double the filtration and POU systems than water softeners. We rely on big-box stores and Internet marketers to raise consumer awareness and drive growth in the overall market for water quality products. Instead of competing with them directly, Angel Water, Inc. provides better quality equipment and phenomenal customer service. Consumers only think they want the cheapest product. We're there for people when they realize they got what they paid for. Nearly nine years have passed and we are still focused on perfecting the art of being top-of-mind when people realize they cannot buy water quality service on the Internet or at a big-box store.

"Our customers are rewarding us with healthy referral-driven growth and we are developing a successful new model for the next generation of water quality dealers. We're looking forward to the coming renaissance in the water quality services industry. As independent dealers, we need to band together and collaborate about the successful strategies that work, so that we don't become extinct—like the local drug store...remember those?

"I'm a great pen pal, let's get started today!" ♦