

# Building Impactful Businesses That Last:

## An Interview With Clay Dennis

**FEATURING CLAY DENNIS  
WITH TIM REED**

**Tim Reed:** *Joining me once again from Knoxville, Tennessee is Clay Dennis. We've talked to him a number of times—he's been a contributor and author for The Fire Time Magazine and The Fire Time Journal—but Clay, I heard recently that you wrote a book, and I cannot wait to get my hands on it. It's called Building Better Businesses: 10 Steps to Building Impactful Businesses That Last. Maybe we could start with what inspired you to write this book.*

**Clay Dennis:** Over the last 10 or 12 years, I've amassed tons of lessons—from either not listening, not preparing, or just figuring my way through things the way a lot of business owners do. I'd been asked to put a lot of that to paper for a long time. Most business owners aren't completely sure what insurances they may need. They're not exactly sure what the point is behind core values or a mission statement. Most of those things end up being academic in nature—they're never really fully implemented. Or they'll go through the exercise and then nobody knows it six weeks later. How to look after long-term customers, how to build long-term relationships, what you need to protect your dreams—I just sat down and started putting it all together, almost from a header perspective, and then wrote one chapter at a time.

**TR:** *I love the subtitle: 10 Effective Steps to Building Impactful Businesses That Last. The emphasis is on an impactful business. It seems like this isn't a book about how to get rich quick or capitalize on the lat-*

*est fad. This is about building a business of impact. Why is that the foundation?*

**CD:** The question comes down to this: Let's say today is the last day of *The Fire Time Magazine*. Maybe you're selling it, maybe you're closing it because it's time to move on, maybe you're 65 years old and ready to do something else. Look back and ask yourself, what did I accomplish? When you look at it from that perspective, it's rarely "Well, I made X amount of money." It's "What did I use the magazine to do? How did I impact my clients? How did I impact my employees? Did my employees grow professionally, specifically because of what we were trying to do with this magazine? How did we impact others?" No one's going to remember the money you made. I can ask you now, how much money did you make in 2022?

**TR:** *No idea.*

**CD:** Alright, so why do we focus so heavily on it? Don't chase the money—the money will find you. But what can you do to help the community? What can you do to help the people in your employ?

Just recently, I worked with a multi-generational family business with about 180 employees. They were arguing about who knows how to do what better—dad versus son and some others. I asked them to step outside, and we walked through the parking lot together. We counted car seats. Then,

# “Don’t chase the money—the money will find you.”

we counted how many vehicles we thought were more than 10 or 15 years old. I sort of brought home to them that while we’re in here arguing over titles and responsibilities, the decisions we make every day are directly impacting a certain number of families with children. If the bulk of my employees are driving 20- and 25-year-old cars that are taped together, we’ve got some questions about what type of organization we’re building. I’m not saying they all need to have new cars necessarily, but it tells you something.

When I was growing up—and I know this to be true with you too, and with anybody—there were people who were just very prickly and really wanted nothing to do with the new guys. They were just naturally unhappy. But there was always one or two people who took you under their wing in the break room, showing you how to do things a little bit smarter, a little bit better, maybe mentoring you during lunch. You start to realize when you hit your thirties that you are now one of those people. You’re going to be remembered as prickly or helpful. There’s not much in between other than forgettable.

Making your employees better—both professionally, financially, and just as people—really is what builds a dynamic culture where people don’t want to leave. I heard something not too long ago where someone said, “Your culture will be by *design* or by *default*.” That was probably one of the most impactful things I’ve heard in several years. You either build the culture of your business by design, or it’s going to happen by default.

**TR:** *But it will be built.*

**CD:** It will be built. A lot of these things—from the mission to the company culture to how you impact your community—matter. If you’re in the fireplace business, make sure you’re going to Ronald McDonald House and servicing their gas logs for free. Find four or five of those opportunities. If you’ve got some scratch and dent gas logs or something

that’s slightly used but repaired, maybe give them to Habitat for Humanity. But you don’t just give them—you go as a team, a two or three-person team, so that your employees see it.

**TR:** *We’re talking about building something that’s impactful, hopefully beyond us. I was actually thinking about this the other day—just some salespeople I’ve worked with over the last 10 or 15 years and where their careers have taken them. It’s more than the dollars and cents. It really is the success of the people we nurture and mentor that are our report card in many ways. It’s not to say that all of their decisions reflect us because they have free will, but there’s often a direct correlation between the results of the people we mentor and ourselves and our effectiveness.*

*Jumping into the specifics of the book, you talk about 10 steps to help build this. Is there one in particular that really sticks out to you?*

**CD:** Probably Step 1: Decide what you stand for and what you won’t stand for. Make sure you know exactly who you are and exactly what your business is going to stand for. If you’re going to declare professionalism, then it’s not okay for people to show up eight minutes late. If you’re going to declare professionalism, it’s not okay to not have a training program in place. You have to set the standard so that everybody understands where the company is headed.

There’s only enough room on a bus for one driver,

## “Your culture will be by design or by default.”

# You have these **core values**—they're decision-making guidelines. That's exactly what they are.

and when you get two or three different people driving in slightly different directions, it's just confusing for everybody, and you end up going nowhere. This is what we stand for. This is what I'm trying to build. You've got to be crystal clear so that everybody understands it, everybody signs it, and they understand what's important to you.

When we talk about core values, everybody has a different set of core values. When you say, "Well, we have core values here," you're just assuming that theirs are the same as yours. And they're not. So deciding what you stand for is number one—by far.

**TR:** As you were saying that, it occurred to me that it's applicable to a ton of different situations. I'm thinking about our team members and behavior and performance. As we speak, I've got my core values right here for our company—we get these made for our offices, so it's always there as the guiding force for decisions that are made. So it absolutely applies to our team members. We could go down the path of "Well, there's no one for me to hire, so I just have to take the people that are there." But we don't have to do that.

**CD:** No, you don't. We can talk about core values. Most people will create the core values, put them on a poster, hang them on the wall, and then that's it. It's over. The company that bought me out eight years ago had a policy I always thought was wonderful. If you make a decision and you can't get ahold of somebody and you have to make the decision on your own, if you made that decision along the lines of our core values, no matter how bad you screwed up, you wouldn't be fired. It's a learning thing now. If you make a decision to leave because you've got a hot date and you cancel the last cus-

tomers so you can make your date, I'm not so sure that's going to fall in line with the core values.

You have these core values—they're decision-making guidelines. That's exactly what they are. What we found was that if you empower your employees to make decisions based on these, then you don't have to call the owner every time something comes up. You can empower them to make their own decisions using the same methods you would. If we need to stay late, we need to stay late. If the customer needs to leave, using the core values, you can decide whether we need to just leave for the day and come back later.

**TR:** For people who are always saying, "There's no one for me to hire," my first question always goes back to culture. Do we have a culture set up that attracts the kind of people we want to hire? The second thing is that there is difficulty, especially if you're in a small town or rural community. But it's amazing how core values can actually change people's behavior and start to transform people when there's a standard that's set.

**CD:** Absolutely. There's only one standard, and if you don't clearly define it, the frustrating part for many people is that we assume that everybody thinks the same way we think. How many times have one of your employees done something and you asked yourself these words: "What are you thinking?" It's because they're operating on a slightly different set of rules than you're thinking, because you didn't lay it out.

It's very similar to something I used to say early on when I was a younger manager: "My employees just don't care." Well, no, but they're only capable



**“No one is ever going to care as much as you do or in the way that you do, but they can give 100% of what they have to give.”**

of caring a certain amount. No one is ever going to care as much as you do or in the way that you do, but they can give 100% of what they have to give. Oftentimes, when an employee couldn't do something in a way I thought they should have, I had to ask myself, "If they've got eight kids at home, are they giving me what they can?" And then build from that.

**TR:** *I love that. It goes back to just what you said—the first step is to decide what you stand for and what you won't stand for. If we're not willing to do that, then of course we get what we get. It's like the Zig Ziglar quote: "If you aim at nothing, you'll hit it every time." By defining what you stand for, that by nature will start to create separation between the right people in your company and the wrong people in your company.*

*I'm also thinking about this with customers. When you said that was Step 1 of building a business of impact, I immediately thought about how many companies are slaves to bad customers because they haven't defined what they stand for and what they don't. It's not that all customers are bad—very, very few are truly bad—but there are many that aren't the right fit for the company.*

*I found this a number of years ago as a sales manager when we had a gas insert manager special for \$2,198 installed, and everything else we had was significantly more expensive. But this one model, with these options, we got some special net pricing. Salespeople would just default to selling it because it was cheap. For us, we actually made the decision to cancel that program and elevate the prices of all of our inserts so that we weren't scraping our margins to the bone on this one model and then having to either discount or argue against why it was worth spending \$1,500 more on another model.*

*What we found was that by deciding what we stood for—we are going to charge this much for a gas insert installation, and if you don't want to spend that much, that's okay, there's probably another company that can help you—but making that decision actually created more sales and fewer hassles with customers.*

**CD:** Absolutely. It added clarity. Everybody there knew what separated you from your competitors. If you have women working for you, one of

the things I found was that there are certain men who will talk to women in a way they won't talk to men, especially on the phone or if they don't think someone else is listening. When I overheard some of that, I would often walk up front and just say, "Hey, I just don't think this is for you." Some of them would say, "Look, I'm sorry. I've had a rough day. I'm just trying to get this done." And I would say, "Look, don't apologize to me. You can apologize to her, and if she wants to work with you, we're good. But if not, this just isn't a fit and you need to go."

When your employees start seeing that you're standing for something and you've got their back, they begin to understand that you live what you've been preaching.

**TR:** *It really does apply in so many ways. Creating the separation of "This company isn't for everybody, but if you're like this, we're going to be a great fit"—that exists at the customer level, that exists at the employee level. I've struggled with this, running a small company that needs revenue. It's so easy to chase money to meet payroll, and there is a relationship—we do need money to meet payroll, so I'm not downplaying that necessity. The danger is to chase all the money no matter what, versus saying, "We're actually not going to take on jobs like this because they're not good for anybody. We're actually not going to take on customers like this because they're not good for anybody."*

*A lot of times when I go work with showrooms, my recommendation is to consolidate the units on their floor and not sell some of these fringe products that are low margin, high risk, and high time. But the fear is, "What about missing out on that opportunity?" And my thing is, you're going to get 10 more opportunities by consolidation than by chasing that other one.*

**CD:** Well, think about restaurants that offer four-page menus from a profitability standpoint. Think about the barbecue joints that offer ribs, brisket, and pork, and maybe chicken. That's it. But I think what you were saying about chasing revenue—I've taken on several new clients this year who have certain revenue goals, and their measure of success is revenue instead of profitability. I'm stunned by the number of people who are doing \$2 million a year but making \$50,000 to \$55,000 a year. They don't truly understand their gross margin, which is

actually Step 6.

Understanding your gross margin is critical because this is the danger of not having things allocated properly. You think you're making a 50% margin because that's what QuickBooks says. You can actually change your margin by moving things above and below the gross profit line. A lot of people aren't allocated correctly. When I walk into a company and they're making an 89% gross profit, I can look and say, "That's all I need to know. I can tell you that you've got some problems with allocation."

You tend not to think there are any pricing issues because you're making 89%, and by all books and all videos, anybody making 50% or 40% is doing well. So you can't figure out where the cash is going. Nine times out of 10, those people are actually making 25% to 30% margins.

If you get that dialed in just right and then track it on some type of KPI platform, you can see over a two-month, three-month, or four-month stretch or trend if the gross margins are beginning to fall. There are a ton of companies that haven't had a price increase in two or three years because they feel like they're highly competitive. But the costs are going up. The gross margin will tell you when you need a price increase. There's certainly some gut response involved, but the bulk of it is this: If your costs go up 6% and that's the way it's going to be moving forward, you have two choices—add it to the top of your P&L or take it off the bottom.

When you're talking about bringing in your menu, so to speak, and being very specific about what makes money and what doesn't make money—by the way, that changes sometimes. Things that you used to make a ton of money on, you don't anymore. It happens all the time. You may laugh, but we used to sell a boatload of brass tools, tool sets, and screens. I mean, so much. A gentleman named Bud ran UniFlame, and he called me one day and said, "How are you doing this?" I said, "What are you talking about?" He goes, "We don't have anybody in the country selling this much brass." We just put it on display, put it up against the fireplaces. I started watching trends, making sure I didn't overbuy. Certainly, by 2005 or 2006, that was all over, and it was all wrought iron and black or whatever.

But watching those gross margins weekly, you're not going to see a lot of change in a week, but putting down data weekly will generate a trend line over a 90-day period. If your gross margin is diving, or the better part is if you find out that your gross margin's really 30 or 35, you may say, "Okay, in the next 90 days, we're going to shoot for a 42% gross margin." That means we're going to have to remember to sell extra batteries for remote controls. We're going to have to have remote controls on the truck when we get out there. We're going to have to make sure we sell additional lava rock. You sell a set of gas logs that might have a 30 or 40% margin. That bag of lava rock has a 120% margin.

Understanding that margin is really the key to success, especially when sales begin to dive. If your revenue drops by 20% but your net profit is only dropping by 5%, you're not going to be in nearly as much trouble.

**TR:** *That reminds me of a couple different things. We've had many conversations, and you've written extensively about service after the sale. This is the whole McDonald's thing—"Do you want to super-size that?" So many businesses don't offer their customers that opportunity. We live in a free country, so people can say no, which is fine—but there are many people who will say yes if it's offered to them. If that technician's on site and says, "Hey, I happen to have a remote control for these gas logs. Do you want it? It runs \$300. I could install it right now for you." Even if one person out of every five service calls says yes to that, it will add up over time.*

**CD:** There's not a vented gas log set that doesn't need the vented embers refreshed every year. There's not a gas log set—you can take the lava rock out and wash it if you want, but after three or four years, it needs new lava rock. I would just say, "Hey, do you guys want this to look like the showroom? It's going to cost you \$22 for this, \$15 for this, \$18 for this, but I'll be out of here. It's going to be under \$100 in accessories, but it's going to look brand new." And everybody says, "Yeah, go ahead and do that."

I had a tendency where I didn't like to just give them an entire menu of possibilities and walk out with a \$1,000 ticket. I sort of preferred to have one, maybe two items. So my \$129 service bill at the time might be \$219. I never shot for the bait and switch

**"Math doesn't care about your feelings. It doesn't matter if you like the answer in the math. It either is or it isn't."**

or the fear-selling. This guy over here prefers to sell lava rock all the time, okay, great. Mine might be embers. Everybody sort of has their own little favorite.

But think about this: If you could raise your business by 25% every year, most people think, "Oh, that's going to cost a ton in marketing. I've got to hire new people. I've got to get new trucks. I've got to get the trucks wrapped. I've got training." Or you can just take your service call from \$129 to \$155, or whatever 25% is. You watch your average sale, and if you increase your average sale by 25%, you've just raised your business by 25% and you eliminated the marketing cost for that extra 25%. You really knocked off hiring costs and travel and trucks. It's massively more profitable, but you just have to—the profit is in the pennies, probably the best way to remember that.

**TR:** It's like that whole thing: If you worry about the pennies, the dollars take care of themselves. This is from a couple of years ago—I'm sure you're probably familiar with what Tom Pugh did with his Blueprint for Success back 20-plus years ago for our industry. I was interviewing Bill Lentz, who worked for Regency and for ICC Chimney. He worked really closely with Tom Pugh, and Tom passed away, I think, back in 2011. I asked Bill, "If you could give like one statement that would be Tom Pugh's go-to business advice, what would it be?" And Bill, without hesitation goes, "Raise your prices 10%. It'll drip down to your bottom line just like that."

**CD:** That's it. One of the things I go over in the book is that math doesn't care about your feelings. It doesn't matter if you like the answer in the math. It either is or it isn't. There have been multiple times

as a coach that I've had to look at a company and say, "You need to raise your prices by 30%." Of course, that comes with a near-stroke response. But if you haven't had a price increase in five years, you have two choices: You have a 30% increase, or you do an 8% increase three times during the course of the year. It sort of depends on how much the average ticket is and things like that. But you never have to have a 30% increase if you raise your prices as necessary.

With the gross margin—let's say an Empire model, whatever, goes up 8%—you have to raise your price accordingly so that your gross margin remains at 40%. It doesn't matter how you feel about it. When you take a margin hit, you either have to add it to the top or reduce it from the bottom. That's just the way it is.

**TR:** *This is so good, Clay. I didn't realize until maybe a month ago or so that you wrote this book, and as soon as Matt Bradley wrote me about it and said, "Hey, we should interview Clay about this," I was like, "My goodness—let's definitely do it." So I'm literally ordering the book as soon as we're done here. I'm really excited to jump into it. Just what we've talked about today—this is really practical stuff that, no matter where you're at in the business journey, is going to be something that can impact you.*

*Where can people get in touch with you? I know you*

*can find the book on Amazon—we'll have a link to it in the show notes—but where can people reach you if they want to connect and go deeper on this?*

**CD:** You can always find me on my website: [parttime-businesspartners.com](http://parttime-businesspartners.com). You can also find me on LinkedIn at Clay Dennis. And then, of course, there's my phone number: (423) 599-8933. Call or text anytime. Finally, you can always email me at [clay@parttime-businesspartners.com](mailto:clay@parttime-businesspartners.com).

**TR:** The wisdom here is terrific, and you have a way of explaining things that makes a ton of sense. It's not condescending, but it also doesn't let people off the hook. I think for many companies right now, this is what needs to be heard. Thanks a ton for being here today. We really appreciate you taking the time out of your schedule for it.

**CD:** Thank you. It's my honor. Just like I tell everybody else, I'm never more than a phone call away. We don't have to be in any type of professional engagement. If you've got a question or you've got something that's stuck in your craw and you're trying to figure out how to get across it, just give me a call. We'll work it out—either by phone or over coffee or whatever it takes.

**TR:** Awesome. Thanks a ton, Clay. Appreciate your time.

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