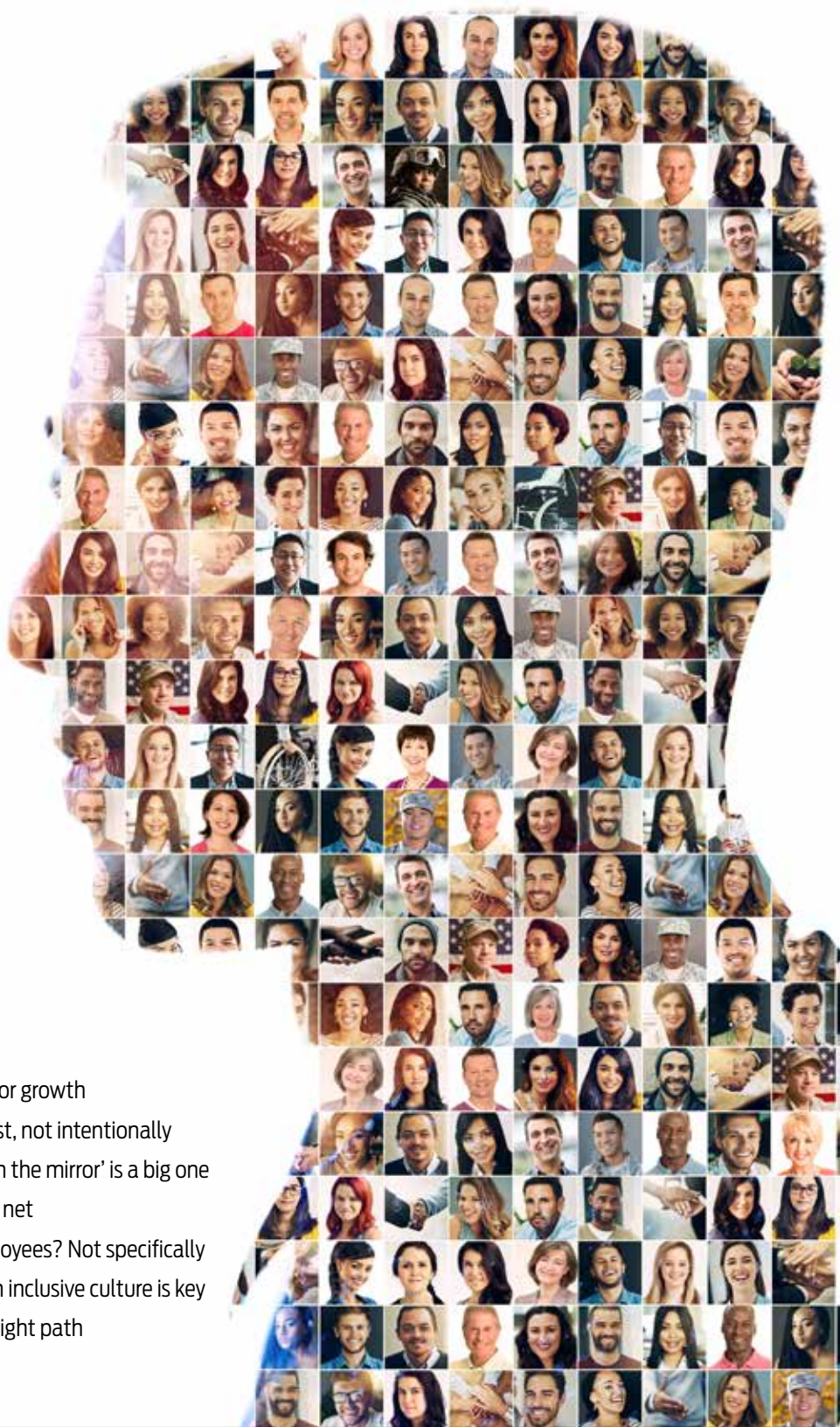


WHO ARE WE?



- 22 A word from our sponsor
- 24 How diverse is the industry? Not very
- 26 Why should we care? Diversity is good for growth
- 28 Is diversity a business strategy? For most, not intentionally
- 29 Obstacles to diversity: Hiring the 'man in the mirror' is a big one
- 30 To find the best candidate, cast a wider net
- 31 Do we retain and promote diverse employees? Not specifically
- 32 Mixed views on diversity training, but an inclusive culture is key
- 33 Are we there yet? No, but we're on the right path

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> A WORD FROM OUR SPONSOR

DIVERSITY IS KEY AS OUR INDUSTRY GROWS

Since 2015, BASF has been proud to sponsor an annual survey in cooperation with PCT and the National Pest Management Association devoted to addressing key issues of importance to pest management professionals. The first of these research studies was titled “Benchmarking Your Business,” featuring an operating cost ratio survey designed to allow PMPs to compare their business costs and financial performance against their industry peers. In 2016, we sponsored a “Compensation & Benefits” survey, and in 2017 we supported a “Business Outlook” research study. Last year we addressed a topic that is top-of-mind for virtually every PMP in North America — “Employee Recruitment & Retention.” The results of that survey offered information to PMPs about the challenges of recruiting and retaining quality employees, as well as possible solutions for addressing this industry-wide challenge.



STEPHANIE JENSEN

This year, we switched gears to do a first-of-its-kind survey about diversity in the pest management industry. What does diversity mean to PMPs? Well, via interviews with owners and operators, we found it means something different to everyone. On the following pages we'll explore the topic of diversity and its role in business success, particularly as it relates to the number one problem facing PMPs today, employee recruitment and retention.

Diversity creates openness — to cultural and demographic changes within our society — and to the needs and wishes of our customers. It also leads to innovation. Diverse cultural backgrounds, individual perspectives and experiences, and the various ways of approaching business challenges help us to solve problems faster and more creatively. While competitors can try to replicate our products and technologies, the aspect of BASF chemistry that is most uniquely our own is the powerful combination of our people and their ideas.

At BASF, we believe in the power of diversity to create rich connections with our people, our customers and our communities. Individuals with different backgrounds and experiences bring new ideas and fresh perspectives to the table. Diversity makes us stronger, and leveraging our differences enables us to bring the best of BASF to everything we do. In short, diversity is our competitive advantage.

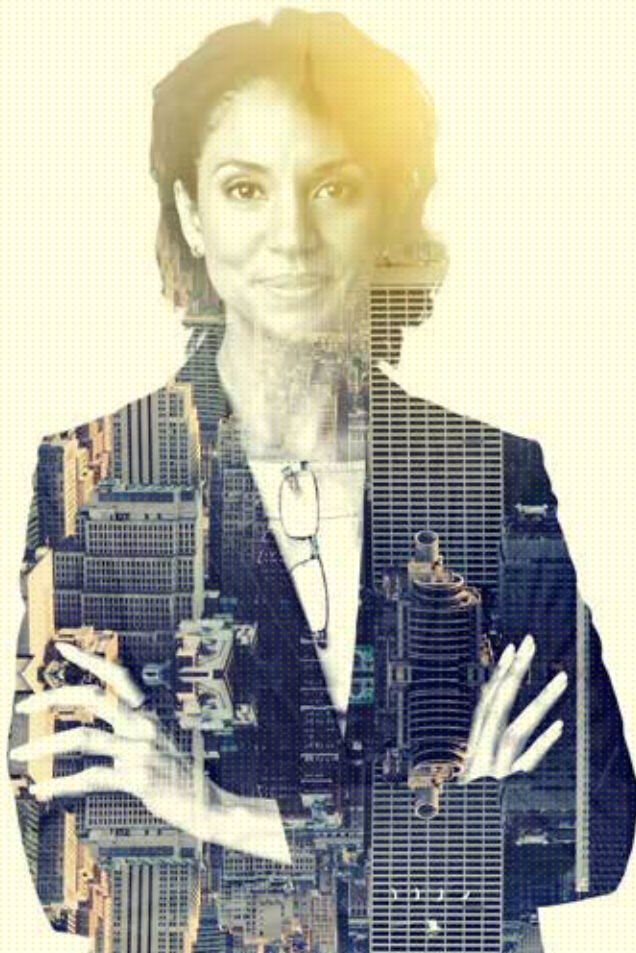
We hope you find the information featured in this special report beneficial to your business. The future of the industry is bright and BASF recognizes that each of you has a unique story to tell. For those PMPs interviewed for this special report, thank you for sharing your market insights. We'll look forward to hearing from others as we continue the conversation on this important topic.

Best wishes for a successful 2019! ●

Stephanie Jensen

Stephanie Jensen

Director, BASF Professional & Specialty Solutions



WHO ARE WE?

When it comes to having a diverse workforce, how does the pest management industry stack up? And why is this important? PMPs shared all in a first-ever survey conducted for PCT and NPMA. By Anne Nagro

Ask 10 people in the pest management industry to define “workplace diversity” and you’ll get 10 different answers.

Race and gender are the most commonly cited, but pest management professionals said diversity encompasses much more, including age, life experiences, skills, (dis)abilities, religion, sexual orientation, where you live, how you learn, political views and even whether you have tattoos, piercings or purple hair.

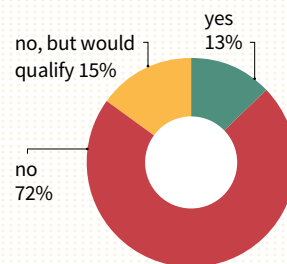
It also can be a touchy subject. Some PMPs bristle at the idea of hiring diverse employees to appear politically correct. Others say a diverse workforce better reflects the customer base and generates more and better ideas to grow the business. All PMPs interviewed for this series of articles said their ultimate goal is hiring and retaining the best qualified person for the job, regardless of who that person is.

So how diverse is the pest management industry? And how does this compare to our hiring and retention practices? What is the impact of workplace diversity on the bottom line? A first-of-its-kind survey conducted for PCT and the National Pest Management Association found out. •

INTEREST IN MBE?

Is your company officially certified as a minority business enterprise (MBE)?

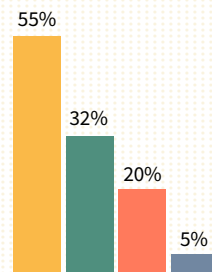
Source: Readex Research, fall 2018;
Number of respondents: 431



WHO OWNS YOUR FIRM?

If a certified MBE, how do you characterize the company’s majority ownership?

- Women owned
- Ethnic-group owned (Asian, Black, Hispanic or Native American)
- Veteran owned
- no answer



Source: Readex Research, fall 2018; Number of respondents: 56 (those who are officially certified as a MBE; respondents could select more than one answer)

> Who Participated?

Nearly 30 percent of respondents to the 2018 Workplace Diversity Survey said their companies were certified as minority

business enterprises or could qualify as one (28 percent). Certified MBE companies were 55 percent women owned, 32 percent ethnic-group owned and 20 percent veteran owned. On average, responding companies

had 19 employees.

Survey participants hailed from the Northeast (18 percent), Midwest (17 percent), South (37 percent), West (19 percent) and Canada (9 percent).

How diverse is the industry? **NOT VERY**

Most people in the pest management industry are white (78.5 percent) and male (76.7 percent), found the 2018 PCT-NPMA Workplace Diversity Survey. Two-thirds are between 35 and 64 years old; almost 12 percent are veterans (11.7 percent) and 3.5 percent have a disability.

“I think we have a hard time recruiting women, people of color. I think we do need to spend a lot of time working on that,” said Faye Golden, governmental affairs manager at Cook’s Pest Control in Decatur, Ala., and chair of NPMA’s Diversity Committee.

Women account for 83 percent of office staff and more than a quarter of managers. In follow-up interviews, PMPs said they’re aware of more women-owned pest management companies than in years past.

“The woman component has changed” with more daughters of company founders taking over and more women managers, said Sylvia Kenmuir, national director of technical training, Target Specialty Products, Santa Fe Springs, Calif. “I do see where we’re having that shift,” she said.

An average 8.4 percent of technicians are women, found the survey. At some companies this number is much higher. Seven of the 28 service technicians at American Pest Management in

Manhattan, Kan., are women, said CEO Ravi Sachdeva, who also employs three veterans and two first responders.

And all residential service technicians will be women at Rosie’s Pest Control, a new venture of Pugh’s Earthworks landscaping company in Memphis, Tenn. Women customers relate better to women technicians, explained Mark Pugh, an owner of the company. Hiring women “was spurred by more of a niche and a need in the marketplace,” he said.

Technicians are the most ethnically diverse group (nearly a quarter are non-white) and accounted for the most veterans (10 percent).

Julio Camacho, owner of IPM Specialist in Soledad, Calif., said companies are more diverse at the technician level, but not so much at higher levels of management. “I just don’t know how much forward movement there is for those people down below,” he said.

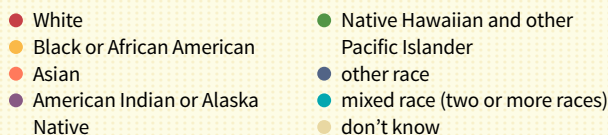
As for age, managers were the oldest employees — about 60 percent were between 45 and 64 years — and field technicians were the youngest with almost half ranging in age from 25 to 44.

Rose Pest Solutions employs six generations from the 20s through the 80s. “We definitely do not discriminate based on age,” said Vice President of Operations Curtis Rand. ●

Pest Management Employees At A Glance

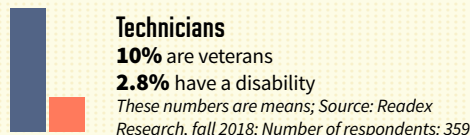
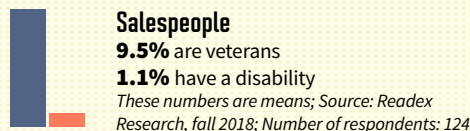
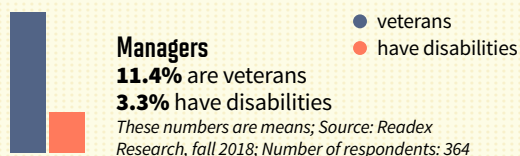
EMPLOYEES BY RACE

Approximately what percentage of your company’s employees (full and part-time) fall within each of the following race classifications?



Source: Readex Research, fall 2018; Number of respondents: 431

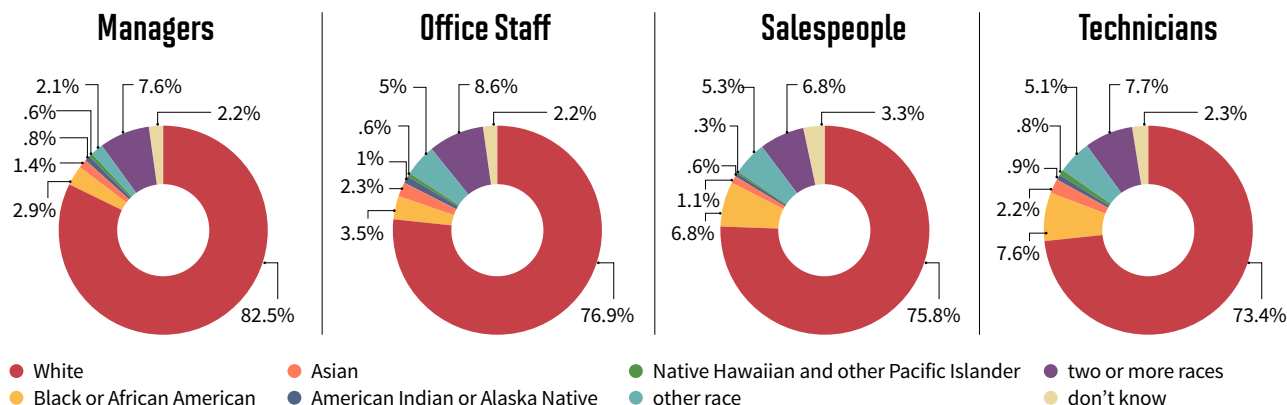
Pest Management Diversity By Job Title



Digging Deeper: Pest Management Diversity By Job Title

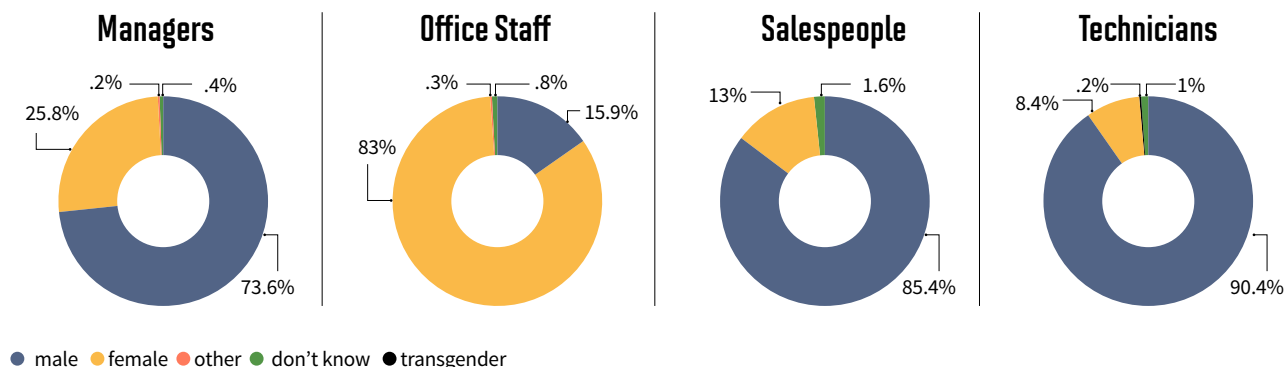
RACE

Source: Readex Research, fall 2018; Number of respondents: varies between 99 and 364



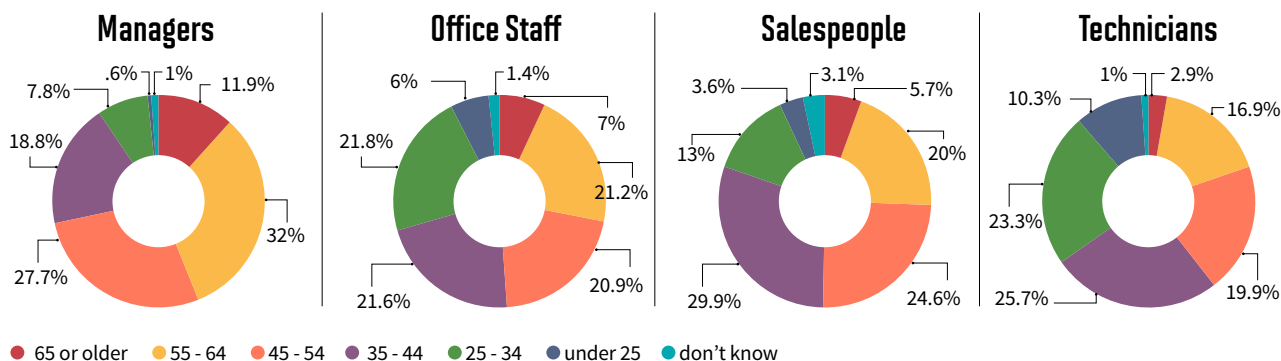
GENDER

Source: Readex Research, fall 2018; Number of respondents: varies between 99 and 364



AGE

Source: Readex Research, fall 2018; Number of respondents: varies between 99 and 364



Why should we care? DIVERSITY IS

At pest control companies that have programs to develop, promote and/or retain diverse employees, 40 percent of PMPs said these programs have helped to increase company profits, according to the 2018 Workplace Diversity Survey conducted for PCT and NPMA.

Even without special programs, companies economically benefit from workplace diversity, said PMPs in follow-up interviews.

"It has a huge impact on our bottom line," said Emilio Polce, president of Eco Choice Termite & Pest Control, Vernon, Conn.

"Diversity brings with it inherently diverse ideas," explained Curtis Rand, vice president of operations, Rose Pest Solutions,

Northfield, Ill. "We learn more about customers and more about ourselves the more diverse we are as a population in the industry," he said.

Different points of view help companies better understand their customers and tailor services to boost customer retention. "The more opinions that we have from different backgrounds the better off we're going to be," said Polce.

Billy Olesen, operations manager of Chuck Sullivan Exterminators in Olympia, Wash., added, "Diversity is meant to take us out of our comfort zone." PMPs said this can help drive business growth. •



"What I think is important is that you broaden the scope of how you view diversity and you try to include people from every group, not limited to age, religion, gender."

~ Joe Campbell, vice president operations, ABC Home and Commercial Services, Dallas-Fort Worth



"I think workplace diversity really means that you are trying to build a team from all types of backgrounds, experiences, cultures, learning styles; it really encompasses just appreciating our differences."

~ Leila Haas, director of human resources, Sprague Pest Solutions, Tacoma, Wash.



"To me it means not only cultural diversity but age diversity. It's the first time it's really happened that we have so many generations working together under the same roof."

~ Emilio Polce, president, Eco Choice Termite & Pest Control, Vernon, Conn.



"I define workplace diversity as a group of individuals with different ideas that stem from their life experiences and cultures that they've grown up in all working together towards a common goal."

~ Billy Olesen, operations manager, Chuck Sullivan Exterminators, Olympia, Wash.



"I'm interested in loyal, honest and motivated employees no matter their ethnicity."

~ James Hovis, owner, AAA Pest and Termite Control, Marquand, Mo.

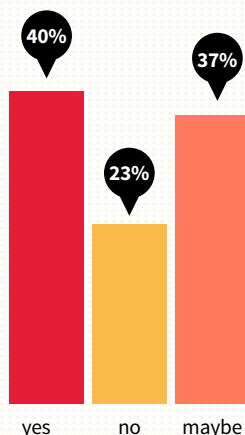
> What is workplace diversity? MORE THAN YOU THINK

GOOD FOR GROWTH

DOES DIVERSITY HELP PROFITS?

Do you feel that workplace diversity programs have helped to increase your company's profits?

Source: Readex Research, fall 2018; Number of respondents: 30 (number of respondents who have workplace diversity programs at their companies)



> About This Report

The diversity articles were written by Anne Nagro, a frequent contributor to PCT.

The 2018 Workplace Diversity Survey was conducted for PCT and the National Pest Management Association (NPMA) by Readex Research, a third-party research firm based in Stillwater, Minn.

A sample of 11,378 owners, operators and executives of pest control businesses was selected from the PCT and NPMA databases.

Data was collected from 468 respondents, with 431 responses representing the audience of interest — a 4 percent response rate. The margin of error is ± 4.6 percentage points at the 95 percent confidence level. Charts may not add up to 100 due to rounding.



"Workplace diversity for me means having people that are not necessarily like-minded work together in a team towards the goals of the business. Some people interpret that as race and gender. Other people think of that as political beliefs, religious beliefs, where they came from, did they grow up poor, did they grow up well-off. I think for me, workplace diversity is a combination of all of that."

~ Audrey Hall, president, Eco Serve Pest Services, Orchard Park, N.Y.



"There's also something to be said for hiring someone with no experience in pest control but with the right attitude. That needs to factor into diversity as well when we're looking at who we hire and how we hire."

~ Curtis Rand, vice president of operations, Rose Pest Solutions, Northfield, Ill



"In my opinion, workplace diversity is not the diversity of appearance but it is the diversity of thought."

~ Ravi Sachdeva, CEO, American Pest Management, Manhattan, Kan.



"Workplace diversity is more than black, white; men, women. I think we are so quick to want to jump on the gender and the race issue, but to me, I see it as ethnicity, education, also geographical locations; sometimes it's previous work experience."

~ Faye Golden, governmental affairs manager, Cook's Pest Control, Decatur, Ala.



"I wish we could just think of everybody as people; humans of the planet."

~ Ken Yarrington, owner, KenX Pest Control, Chariton, Iowa

Is diversity a business strategy?

For most, NOT INTENTIONALLY

Workforce diversity is not a core business strategy at pest control companies, reported 63 percent of PMPs in the 2018 PCT-NPMA Workforce Diversity Survey. Sixty-two percent believes diversity at companies will occur naturally as the U.S. population becomes more diverse.

In follow-up interviews, PMPs said they welcome people with different backgrounds, perspectives and ages and try to seek them out, although the industry can do better in these efforts.

Curtis Rand, Rose Pest Solutions, urged PMPs to focus on attracting young people, especially college graduates. “That’s going to be the future of our industry,” he said.

More professionals, especially diverse ones, need to visit elementary and high schools to promote the industry. “If we do that, I think we could attract more college

and high school kids,” said Sylvia Kenmuir, Target Specialty Products.

“Veterans often get overlooked as well. They bring a lot of skills that somebody who’s not a veteran isn’t really aware of,” said Billy Olesen, Chuck Sullivan Exterminators.

Joe Campbell, vice president of operations, ABC Home and Commercial Services, Dallas-Fort Worth, would like to see more women in customer-facing positions. “Some of my best technicians and salespeople have actually been female, but you just don’t get the volume of women that are drawn to the industry,” he said.

“I don’t look at the ethnicity of my company as a determinant of diversity; what I’m looking for is people that think differently enough to help us make the best decisions,” said Ravi Sachdeva, American Pest Management.

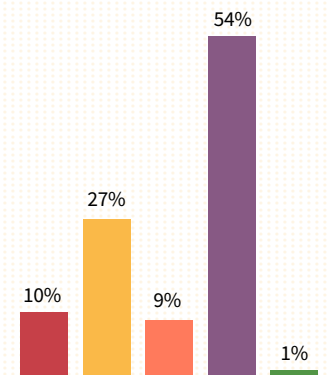
Other companies take a more deliberate approach. The goal at Sprague Pest Solutions in Tacoma, Wash., “is to really mirror the communities that we work in,” said Leila Haas, director of human resources. “We strive to really look at hiring a team that has diversity of skills, backgrounds, learning styles, looking at the communities we serve and reflecting the communities that we serve,” she said.

Haas assesses this strategy by evaluating demographics in the communities that the company serves, comparing this to company demographics, and developing ways to better align the two. ●

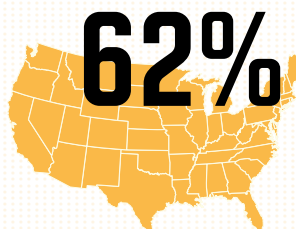
A CORE STRATEGY?

Is workforce diversity a current core strategy in your company?

- Yes, it is a top priority
- Yes, but it is not a top priority
- No but we’ll consider in the next three years
- No, not at this time
- No answer



Source: Readex Research, fall 2018; Number of respondents: 431



believe diversity within pest control companies will occur naturally as the U.S. population becomes more diverse.

Source: Readex Research, fall 2018; Number of respondents: 266



Obstacles to diversity: Hiring the 'MAN IN THE MIRROR' is a big one

What is the greatest obstacle to implementing a diversity strategy? One third of PMPs said there isn't one, according to the 2018 PCT-NPMA Workplace Diversity Survey. Eighteen percent said they're not interested in implementing such a program; 14 percent lack a qualified staff member to lead this initiative; 26 percent cited other reasons.

One of these is company size, said PMPs in follow-up interviews. Finding employees with the right attitude and who fit the company culture can be challenge enough for a small business, let alone ensuring they're also diverse.

"I think people feel comfortable with people that they know, with people who are like-minded, so people tend to hire those people," said Audrey Hall, president of Eco Serve Pest Services, Orchard Park, N.Y.

Companies err when they hire "the man in the mirror," cautioned Curtis Rand, Rose Pest Solutions.

"I've seen really good companies wreck their infrastructure" doing this, said one former sales manager for a large, generally diverse pest control company who ultimately launched his own pest control business. "They started switching out managers and those new managers brought in managers like them, at the lower level who then replaced lower managers with managers like them and over the course of five years it's a whole other landscape," he observed. As a result, it became hard for diverse employees to see opportunities for advancement.

Another obstacle, said PMPs, is the English-only licensing exam for structural pest control. People who speak English as a second language may not be fluent enough reading it to feel confident taking the exam. PMPs said product labels likewise should be translated into other languages, like in agriculture.

Customer racism is another problem. "It's not something that we will accept as a company. If the customer wants to openly display that and make comments, we chose not to have them as a customer," said Billy Olesen, describing a time when his technician was on the receiving end of such behavior.

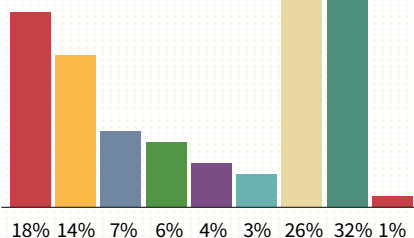
Julio Camacho, owner/operations manager of IPM Specialist, Soledad, Calif., had a similar situation with a client, who now represents \$400,000 in yearly revenue. He chose to "die on the hill" and explain why this technician was the best person for the client's job. "Luckily it worked out and I think they respect us more for that," he said. Still, business owners (even Hispanic ones) typically address Camacho's white employee as the boss. ●



WHY NO DIVERSITY STRATEGY?

Greatest obstacles for implementing a diversity strategy:

- not interested in implementing a diversity and inclusion strategy program
- lack of a qualified staff member to lead it
- lack of time
- not sure where to begin
- cost
- resistance to change
- other
- none
- no answer



Source: Readex Research, fall 2018; Number of respondents: 431

To find the best candidate, CAST A WIDER NET

Hiring the best-qualified candidate who fits the company culture is PMPs' top priority. "If (job applicants) happen to be a different culture or different age group, even better," said Emilio Polce, Eco Choice Termite & Pest Control.

Nearly three-quarters of pest management companies do not take specific actions to attract and recruit diverse job candidates, found the 2018 PCT-NPMA Workforce Diversity Survey (73 percent).

Others (9 percent) advertise on job boards dedicated to minority audiences. Some post on NPMA's PestVets website to attract veterans, as well as participate in career fairs on military bases. Angie Persinger, human resources manager at Rose Pest Solutions, brings employees who are vets to events at the Great Lakes Naval Station. "They seem to have their own way of talking with each other and getting each other on board with things," she explained.

Sprague Pest Solutions attends career events geared to specific populations and income levels and does outreach at local community colleges and universities. Cook's Pest Control has booths at historically black and traditional colleges to attract business majors.

Companies also recruit people with disabilities. Ken Yarrington, owner of KenX Pest Control in Chariton, Iowa, grew up around "handi-capable" people. "They have a place here, too, and they can work very well given the right positions," he said.

Other tactics include robust employee referral programs, tweaking job descriptions (to emphasize flexible work hours for women, fluency in Spanish for Hispanic candidates, "we hire veterans" language) and updating website and marketing material photos to show the company welcomes diversity. The survey found that 5 percent of companies featured minority employees in advertising.

The NPMA diversity committee plans to unveil a new website to help members recruit and retain diverse candidates. Professional Women In Pest Management, another NPMA group, has local networks to attract new women to the industry.

An easy way to cultivate diversity is to recruit all the time, such as when you receive great customer service from someone. "You're out there among so many different people every day," reminded Faye Golden, Cook's Pest Control.

Yarrington said newspaper ads worked for him in the past when hiring, but he realized other means may be necessary to reach different candidates. "In my stubbornness, not going out to those places, I might miss the best qualified," he said. ●

HOW PMPs ATTRACT DIVERSE CANDIDATES

Actions taken to attract and recruit diverse job candidates:



Source: Readex Research, fall 2018; Number of respondents: 431; Respondents could select more than one answer

Filling Quotas Is Not the Goal

PMPs said they hire candidates based on their ability, potential and character. Race, gender and other differences did not limit a candidate's chances; nor were they the primary reasons people were hired.

Sylvia Kenmuir, a member of Target Specialty Products' hiring team, evaluates candidates on paper first, "trying to make sure we're not pigeonholing anybody."

"Affirmative action is great, but you don't want to be a bean counter. You want to bring in people to help your company grow, no matter race, disability, religion. You just want it to grow naturally," said Faye Golden, Cook's Pest Control.

Do we retain and promote diverse employees? **NOT SPECIFICALLY**

Nearly half of PMPs (46 percent) believe that employees of different backgrounds are encouraged to apply for higher positions within their companies, found the 2018 PCT-NPMA Workplace Diversity Survey. Most (65 percent) do not take specific actions to retain diverse employees, although 19 percent say they create a company culture where diversity is valued.

Additionally, 8 percent actively mentor diverse employees, 6 percent use compensation incentives like signing bonuses, and 3 percent invest in company-wide diversity training programs.

Sprague Pest Solutions offers two leadership development programs.

“We provide equal opportunities and encourage all people to raise their lid and be able to pursue an opportunity in management,” said Leila Haas.

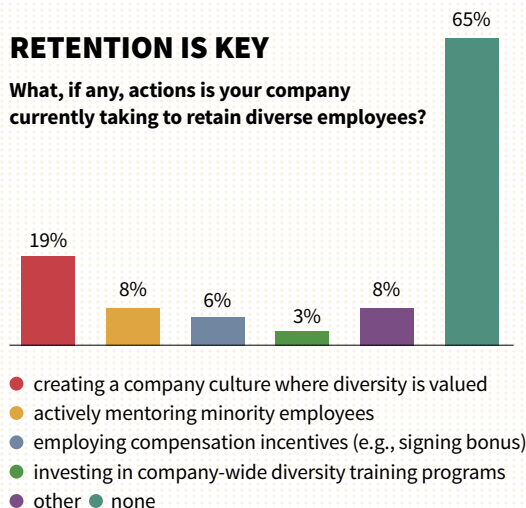
Rose Pest Solutions has a Technician Action Committee to give employees a voice and help them move into leadership and decision-making roles.

“If you feel included in the team, your voice is heard, then you feel you can grow with the company,” said Faye Golden, Cook’s Pest Control. “If you still feel like an outsider and you’ve been there three to four years, then you’re probably like, well, let me find something else to do,” she said.

Pugh Earthworks creates new service lines and spins off companies, like Rosie’s Pest Control, to give employees opportunities for growth and advancement. “All of the branch managers have come up through the ranks,” explained Pugh. Promoting employees from within is the best way to ensure the management ranks are diverse, he said. ●

RETENTION IS KEY

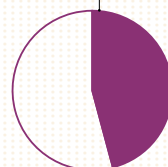
What, if any, actions is your company currently taking to retain diverse employees?



Source: Readex Research, fall 2018; Number of respondents: 431; Respondents could select more than one answer

46%

agree or strongly agree that employees of different backgrounds are encouraged to apply for higher positions within their companies.



Source: Readex Research, fall 2018; Number of respondents: 197



Mixed views on diversity training, but AN INCLUSIVE CULTURE IS KEY

To retain diverse employees, 19 percent of PMPs said their companies create cultures that value workplace diversity, found the 2018 PCT-NPMA Workplace Diversity Survey.

Thirty-nine percent of PMPs said their company has done a good job providing training programs that promote multicultural understanding and 71 percent said their company's policies and procedures discourage discrimination.

Eco Choice Termite & Pest Control has "a zero-tolerance policy" of discrimination, said Emilio Polce.

If you let employees or customers bully or be offensive to each other, "then you're fostering a culture of unacceptance and anti-diversity. Nobody wants to come up with a diverse idea because they're afraid of ridicule," said Billy Olesen, Chuck Sullivan Exterminators.

A registered member of the Three Affiliated Tribes in North Dakota, Olesen

recalled having a civil sit-down with a supervisor who unknowingly made a comment offensive to Native Americans. "If nobody ever says anything, nothing's going to change," said Olesen.

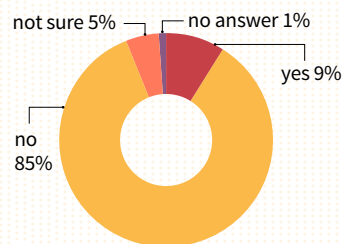
A culture of inclusiveness can weed out those who don't embrace it. "We try really hard to immerse people in the Sprague culture from the very beginning and if it doesn't seem like it's a good fit then those people naturally just work themselves out because it's such a strong culture here," said Leila Haas.

According to the survey, 25 percent of PMPs said diversity training is an important tool in meeting company goals; 85 percent said their companies did not conduct this training in the past 12 months. Nearly a third (32 percent) said that diversity training is an example of political correctness gone wild. ●



VERY LITTLE DIVERSITY TRAINING

Has your company conducted any type of diversity training in the past 12 months?



Source: Readex Research, fall 2018;
Number of respondents: 431

71%

believe their company's policies and procedures discourage discrimination

Number of respondents: 306

39%

said their company has done a good job providing training programs that promote multicultural understanding

Number of respondents: 169

32%

believe that diversity training is another example of political correctness gone wild

Number of respondents: 136

25%

said diversity training is an important tool in meeting company goals

Number of respondents: 106

Source: Readex Research, fall 2018

Are we there yet? NO, BUT WE'RE ON THE RIGHT PATH

More than a quarter of PMPs said their company's workforce is more diverse today than it was a year ago, found the 2018 PCT-NPMA Workplace Diversity Survey.

Women now represent a larger percentage of employees, reported 17 percent of PMPs. They also cited increases in African Americans (8 percent), other non-white races (8 percent) and veterans (6 percent).

The change is visible at NPMA's annual PestWorld conference. Ravi Sachdeva, American Pest Management, recalled when he and Sid Shah, owner of Arab Termite and Pest Control in Indianapolis, were "the only brown faces" in the crowd 20 years ago.

Emilio Polce, Eco Choice Termite & Pest Control, brought his two teen daughters to the 2018 event. "I look at them and see the future," he said.

"This is my 13th PestWorld and every year I come, I see more diversity walking the hallways. I see it. Are we there yet? No," said Sylvia Kenmuir, Target Specialty Products.

"Diversity is a challenge for business owners. It adds one more layer to the operational puzzle," admitted Audrey Hall, Eco Serve Pest Services. ●

> Times Change; So Does Tolerance

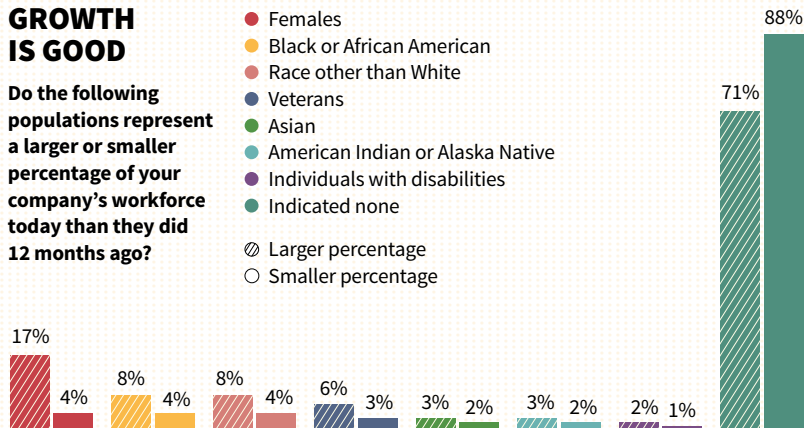
It wasn't long ago that companies refused to hire people with facial hair, tattoos or colored hair on the premise that it gave customers the wrong first impression of their business.

But times have changed and so have employer and customer attitudes. "I would be limiting potential employees from ever being considered" and missing out on "some great caring employees" by abiding by such a policy today, said Emilio Polce, Eco Choice Termite & Pest Control. "I find even my elderly customers welcome them, and I say that because of the five-star reviews they have given" these employees, he added.

GROWTH IS GOOD

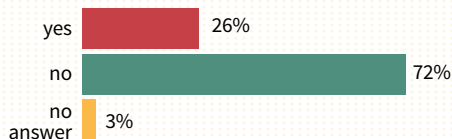
Do the following populations represent a larger or smaller percentage of your company's workforce today than they did 12 months ago?

- Females
- Black or African American
- Race other than White
- Veterans
- Asian
- American Indian or Alaska Native
- Individuals with disabilities
- Indicated none
- Larger percentage
- Smaller percentage



GETTING CLOSER TO A MORE DIVERSE WORKFORCE

Overall, is your company's workforce more diverse — along any dimension — now than it was 12 months ago?



Source: Readex Research, fall 2018; Number of respondents: 431

