

# Partners **IN** PROGRESS

SMACNA & SMWIA—Building A Future Together Vol. 7 No. 1



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## Take Us Home!

Opportunities in the  
Residential/Services Market

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## Partners In Progress

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# Flounder, Survive or Thrive?

As numerous sheet metal projects are put on-hold or cancelled, many SMACNA contractors and SMWIA Locals are contemplating what their future will bring. Now is no time for hesitation or doubt. Acting quickly and decisively could be the difference between weathering the storm and being swept away.

That is particularly true when it comes to the American Recovery and Reinvestment Act (ARRA) stimulus law and additional spending bills enacted during the 111th Congress. Many projects are shovel-ready and will start in a few weeks. Some funds are available only for a limited time.

This is the organized sheet metal industry's shot to be the industry leader. Instead of scrambling to learn "green" and "efficient" building techniques, we've been using them for years and teaching them to our apprentices and journeymen. We already possess the expertise that government, industry, and even homeowners seek.

Now we need to get the word out that the SMWIA-SMACNA partnership can get the job done right, offer on-time delivery, supply certified installers, and provide energy efficiency know-how.

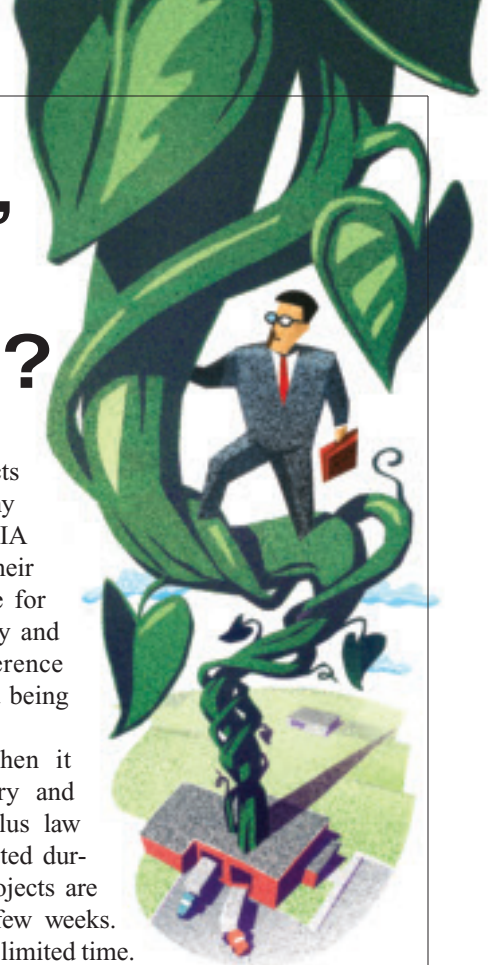
One place to start is the Expertise branding program, using the logo in places where customers and government officials will see it—the web, advertisements, trucks, letterhead, and business cards, and combining it with an energy efficiency message.

Enacting the Code of Excellence and letting contractors and their customers know that union members will abide by it could be key to convincing decision makers that signatory sheet metal is the right choice for their projects.

We also need to communicate the value of our apprenticeship program as a workforce development tool. Too many high school graduates, their parents, and gatekeepers fail to realize that a tool already exists to train and place talented young people in a lucrative career with opportunities for advancement.

Most of all, we need to work together—labor and management—with active LMCCs that proactively face issues—from lobbying to negotiating residential agreements that make it possible to compete.

This issue illustrates some of the ways that contractors are finding to survive and even thrive in this tough economy. Watch for additional information in future issues of *Partners in Progress* and *Partnership Communicator*. We encourage you to use the [SheetMetalNetwork.org](http://SheetMetalNetwork.org) to share your experiences and lessons learned. ■



# The River Runneth

Laying the groundwork for residential market recovery opened the floodgates of opportunity.

by Skip Maloney

Torrential rains and subsequent flooding of Iowa's Cedar River last June led to evacuation of 5,000 homes in the area around Cedar Rapids, Iowa, and destruction of some 800 businesses, including SMACNA members Ilten's, Inc. and Novak Heating-Air-Duct Cleaning.

These events gave the Local and area SMACNA contractors cause to reflect on the residential agreement they negotiated 15 years ago. "Much of the ongoing HVAC reconstruction work has been accomplished with union labor," says SMACNA President John Ilten, a contractor based in Cedar Rapids. "It would never have happened if the area contractors and Local 263 had not negotiated a contract that addressed a rapidly deteriorating residential market." *continued on page 4*

*continued from page 3*

He believes that if SMACNA-SMWIA had lost the residential market, they wouldn't have been in a position to claim the flood work.

It took two negotiation cycles—in 1988 and 1992—for contractors and the Local to agree on a proposal, which led to the creation and development of separate residential contracts, a residential training program and a separate class of lower-paid worker, known as a residential technician, who is only allowed to work on single-family dwellings.

“It wasn't a change in circumstances that led to the eventual agreement in 1992,” Ilten says. “What happened between those two cycles was that *nothing* changed. Things didn't improve. They got tougher.”

In an area dominated by non-union labor in the residential market, Ilten and Randy Novak, Cedar Rapids contractor and chairman of SMACNA's Residential Contractors Council, found themselves in a situation where increasing their market share of the residential work wasn't the issue. Rather, the issue was maintaining their existing share.

“We sold it to the union by telling them if we didn't do something, we wouldn't be able to maintain our existing man-hours,” Novak says. “I think we came together in the end because they believed us. It was a first step toward trusting each other.”

That trust came in handy when the flood arrived. Officials had a hard time determining just how high the river rose because the flood gauge was swept away by the water.

It was high enough that the community of 122,000 resorted to using 20 hopper cars filled with rocks to weigh down a bridge in hopes of keeping it from floating away. Instead, the bridge collapsed and the rock-filled cars became part of the debris. In all, 55 of Iowa's 99 counties were



declared disaster areas by Governor Chet Culver. Damage estimates quickly climbed over the \$2 billion mark.

Signatory HVAC residential contractors and Local 263 almost instantly got involved cleaning up the mess, entering into a non-stop cycle of work that continued through the holidays and into the new year.

While Ilten's and Novak's firms benefitted from the residential clean-up work, they also had to cope with the effects of the flooding. The day after the flood Ilten found his offices under eight feet of water. All of his computer equipment, including estimating and CAD design software, was destroyed, as were records of nearly 6,000 residential customers. Access to his customer database was gone.

“We had nothing,” he remembers. “There was no electricity, no phone service, no water, no records. There wasn't even a piece of letterhead with our name on it.”

Novak couldn't even get to work. “We couldn't get within three blocks of our building for about a week,” he recalls. “We were not able to reopen that office until October.”

Concerns about gas mains and the danger of explosions and buildings collapsing led the city—with help from the National Guard and area police forces—to seal off much of the area. Home and business owners were only allowed to return after their zone had been declared safe.

“Having to wait for each zone to be released slowed repair work down,” says Doug Hamilton of Ladco, Inc. “It kept serious work from happening for about a month.”

To make matters worse, few area residents or businesses, including Ilten and Novak, were covered by any sort of flood insurance. “We took an enormous loss,” Ilten says. “It'll take



Photos courtesy Randy Novak



a number of years to recover even under the best of conditions.”

One of the first phone calls that Novak received that first day after the flood was from Randy Sconyers, business representative for Local 263. “We gave Randy the key to our training center,” Sconyers says, “and let him use that facility to fabricate material.”

Novak used the facility for a temporary shop and warehouse. He set up a temporary office in the basement of his home and installed a computer server he’d removed before the flood hit. With that, he got back to work.

To assist the overwhelmed local labor force, Sconyers contacted Thomas Blankman, SMWIA’s Region 5 representative, who put out a call for residential technicians from as far away as Minneapolis and St. Paul, Minn., four hours away.

“It would have been a lot worse if we hadn’t had the separate residential contract in place already,” Sconyers says. “Not only would we have lost the work a long time ago, but also it wouldn’t have been available when it was needed after the flood.”

Novak notes that if residential contracts are not in place well before an emergency hits, non-union labor will get all

## Map It Out

Whether it involves disaster clean-up, air conditioning or furnace tune-up, or even new installations, homeowners and commercial customers struggle in their search to find qualified contractors to service their HVAC systems.

The SMACNA and SMWIA team stand ready to do the work, but how can they get the word out? Providing a roadmap toward expertise, the Sheet Metal Industry Labor-Management Cooperation Fund (LMCF) has developed *HVACExpertise.com*. This Web site highlights the superior expertise of signatory SMACNA contractors and their SMWIA workforce.

One way to capitalize on this valuable resource is to include the expertise logo and Web site address on all your promotional materials, including your Web site, newsletters, advertisements, and business cards.

Visitors to the site find a 30-second flash movie with an overview of how important it is to have a properly functioning heating and air conditioning system and an HVAC Expertise contractor to install and maintain that system.



From both the homeowner and building owner/manager sections of the site, potential customers can find links to HVAC contractors in their area and information on how to choose an HVAC expert, the importance of industry standards, answers to frequently asked questions, and more.

the work. He is convinced that, floodwaters notwithstanding, the contract negotiations completed in 1992 saved his business.

“If we hadn’t come to an agreement, I’m 100% positive I would not be a union contractor today,” he says. “I might even be out of business or looking at other options.”

Novak and Ilten agree that the road ahead isn’t likely to be easy, particularly as the world economy hits hard times. They are just reminded of the importance of being aggressive about maintaining their share of the residential market. ■

Maloney is a freelance writer based in North Carolina.

# Bring in the Green

Arizona-based Boyer Metal Company finds new opportunities in the “green” commercial and residential markets.

by Steve Grieco



*A portion of the hard duct installed in Boyer's first green residential job.*

Boyer Metal Company made Inc. Magazine's 2008 list of the top 5,000 fastest growing private companies in America. Now this Flagstaff, Ariz. company, like so many other sheet metal and HVAC contractors across the country, is facing tremendous challenges from the faltering economy and downturn in the construction industry.

Boyer Metal's solution? Continue to deliver detailed, quality work and push further into the still-emerging “green” residential market, which currently accounts for only about 2% of the contractor's work.

“Our goal is to focus more on the green projects in both residential and commercial markets and to increase our share of the work,” says Emy Tice, Boyer Metal's general manager. “We have only worked on a few ‘green’ projects on the residential side. We want to grow that portion of our business because we are well positioned with skills and equipment.”

Boyer Metal has already built a strong résumé with several successful green commercial jobs. One highlight was the Applied Research and Development building at Northern Arizona University. When Boyer worked on the project, it was one of only a dozen Platinum “LEED” (Leadership in Energy and Environmental Design) buildings in the world.

Created by the U.S. Green Building Council, LEED is a certification program for the design, construction, and operation of high performance buildings. It measures performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. LEED Version 3 is set to launch in early 2009.

Boyer Metal also completed the HVAC system for the College of Engineering and Natural Sciences building at Northern Arizona University, which was awarded a Silver LEED designation.

Taking this commercial experience into the residential realm has meant Boyer got involved in Sustainable Development Citizens Advisory committee meetings for Coconino County and the City of Flagstaff and has marketed its services to green builders and designers.

“Boyer Metal is also promoting high efficiency systems to our customers,” Tice says. “More people are recognizing the value of ‘green’ and are willing to pay more for energy savings and future cost savings, even with the recent drop in oil prices.”

One of Boyer Metal's first green residential jobs was a \$2 million home with extensive, high-efficiency HVAC systems. Boyer Metal installed 250 feet of hard duct, 850 feet of snaplock duct, three Lennox XC 16 condensing units, three Lennox G61 two-stage variable speed furnaces with seven zones, air cleaners at each furnace, a heat recovery system and a special mastic to seal all the joints.

All of this was designed to meet Coconino County Sustainable Building Program standards, a voluntary public initiative designed to encourage sustainable and energy efficient building practices throughout northern Arizona. To get



*The Northern Arizona University Applied Research and Development building was awarded the LEED Platinum certification and at the time was only one of 13 LEED Platinum buildings in the world.*

certification under this program, all mechanical systems must pass static air pressure tests.

“It’s got to perform,” says Jim Graves, president of Graves-Harshman and Company, the general contractor for the job. He chose Boyer Metal to do the sheet metal work because of the contractor’s good reputation for similar green work in commercial buildings.

“This was a difficult job,” Graves says, “and Boyer did it well.” He hopes green technologies will help to lead the county out of the current recession.

In addition to the county sustainability program, both the City of Flagstaff and the state require green design for any new government owned facility. These requirements reflect growing public support for green building practices, which homeowners are demanding more often.

“Consumers are getting smart,” says Dan Bernardo, Boyer Metal’s residential manager. “They research products ahead of time. They want to know what they’re getting for their energy dollar.”

Coconino County also plans to develop sustainability and energy efficiency standards for renovations—a market segment that accounts for a significant portion of Boyer Metal’s residential work. “When money is tight,” Bernardo says, “homeowners are more likely to invest in upgrades to their current home, rather than building new.”

According to construction industry consultant John L. Hughes, Jr., green construction—also known as sustainable building—has reached the tipping point. One of FMI’s recent contractor surveys estimates that about 12% of project backlog could be considered ‘green.’ This total grows to over 20% in a year and approaches 40% in five years.

## Profile: Boyer Metal Company

Boyer Metal Company has seen its ups and downs over 57 years in business in Flagstaff, Ariz. The current economic crisis is just another challenge.

Owners Ron and Brian Boyer bought the company from their father, C.O. Boyer, in the early 1980s. Back then the two of them were doing all the work, including bidding, installing and accounting.

They significantly expanded the business over the years by aggressively looking for larger jobs and hiring experienced project managers. The result was 130% growth in revenue over a three-year period.

At its peak last year, the company had 65 employees, but the weak economy has forced Boyer to downsize quite a bit. Now a leaner company, it is being even more strategic in its operations.

“Our fabrication shop has been busier than the commercial department so the installers have been able to help out in the shop,” says Emy Tice, Boyer Metal’s general manager. “Our service and residential departments are especially busy during heating season. They tend to lean on the commercial department in the spring when work gets slow.”

She says it has been important to be able to develop the flexibility to serve diverse markets. “It has allowed us to weather sluggish economic times,” Tice says, “especially in today’s climate when we are seeing increased competition and downward price pressure.”

“Very few things move this fast in the slow-to-change construction industry. The combination of green plus energy conservation plus consumer preference will yield enormous opportunity for the HVAC industry,” says Hughes, who is vice president of FMI Corporation.

Boyer Metal’s Tice says that having SMWIA-trained craftsmen is one reason the contractor has been able to respond to increased green demand. Another is the high standards that SMACNA requires its contractors to keep. “Between SMWIA and SMACNA, we have the knowledge and experience required to work with hard duct in higher efficiency green systems.”

In many ways, going green is business as usual for Boyer Metal. “We have always provided high quality, high efficiency systems, and that is what the green market is all about,” Tice says. “It is not a whole lot different than what we have always done.”

Tice hopes the green market is a trend that will stick around. “It is important for all of us to conserve energy in any way we can,” she said. “A high efficiency mechanical system is just one of those important choices.” ■

Grieco is a freelance writer based in Blacksburg, Va.

# Dare

to be Different



In most parts of North America, Union sheet metal controls little of the residential and service market. Toledo, Ohio, stands out as an exception.

How did that happen? One reason is some Ohio cities require contractors to have a license to work. This puts union and non-union workers on common ground.

Another reason is that SMWIA Local 33 has made it a priority to organize in the area. According to Reggie Hohenberger, the Local's president and business manager, some of the paid organizers spend 75% of their time working on residential contractors.

It's not a hard sell. "One of the greatest benefits of union partnership in Ohio is our state-of-the-art training centers," Hohenberger says. "When non-union contractors tour these centers, they discover that the per-hour training costs are minimal compared to other available training options."

Fran Lanciaux, president of Commercial Comfort Systems Inc., has seen that benefit for himself. "Working with the union, we know we're hiring professionals. If I go to

Signatory contractors  
in Toledo, Ohio, find  
success performing  
residential and  
service work.

by Cairine Caughill

Local 33 and say, 'Give me qualified men,' I know they have the resources to support my business."

A third reason is that Ohio contractors do a lot of advertising to tell potential customers what their companies do and why they do it better than the competition.

"While the economy is struggling, customers are focused on getting the most for their money and on spending that money wisely, and we are looking for ways to shore up our bottom line," Lanciaux says.

By focusing more of their attention on the residential and service markets, contractors can not only survive the inevitable economic downturns, but also they can thrive.

According to Mark Janowiecki, owner and president of M & M Heating and Cooling (which became signatory in 2000), servicing what they install—in both residential and commercial buildings—has helped the company maintain a stable work force and steady cash flow.



“Service contracts ensure that contractors see their customers every year, even when times are tough,” says Local 33’s Hohenberger. In his experience, even when new residential and commercial builds are down, service remains constant and can even grow.

“Equipment that breaks down doesn’t know a recession. And equipment that breaks down needs to be fixed. In these tough times, customers are less likely to replace their systems. They rely on service contractors to coax another year or two out of their current equipment, hoping to have the money to replace it later.”

That’s good news for Local 33’s service techs, as none of them have faced layoffs despite a rough economy. In fact, Hohenberger says he could use 20 more techs.

Another advantage of service work is that it is consistent year-round, says Lanciaux of Commercial Comfort Systems. “We have work even when it is not very hot or very cold.”

### Skills for Success

Skills required for residential and service work are a bit different than those needed for commercial work. “You have to be attentive to electrical, plumbing and gas and other associated items beyond sheet metal itself,” says Lanciaux.

Residential work also requires more of a personal touch. “Commercial customers may be focused on dozens of things while their sheet metal work is underway, but a residential customer only cares that the heat or air conditioning isn’t working properly,” Hohenberger says.

Janowiecki agrees with the need for people skills when dealing with residential customers. “When your furnace goes down or your water tank is out or your air condi-



tioning is down, people sometimes aren’t very understanding.”

Fry Heating and Air Conditioning has been focused on the residential market since its beginning almost 80 years ago. “Things are automatically more personal when a contractor is working in someone’s home rather than at their place of business,” says Tom Fry, CEO and owner.

“If you get a commercial project, you might have 5, 10, 15, 20 different units up on the rooftop. If you work on 10 or 15 residential units, you will have to talk to 10 or 15 different homeowners.”

Fry has found that homeowners have different personalities and different needs. “Some want a little bit of handholding and to be kept apprised of each step of the process. Others simply want the job done quickly.”

He calls it just plain good customer service. “We treat people—and their property—the way we would want to be treated.” His philosophy is to get the work done the first time, and the referrals will come.

It seems to be a philosophy that works, because many of his current customers are the children, grandchildren, and great-grandchildren of his grandfather’s customers.

Thinking at M & M Heating and Cooling is similar. The contractor uses a live receptionist and computerized dispatch boards to handle approximately 12,000 annual service calls.

Another practice the company uses is scheduling two-hour windows for service instead of the five-hour windows that some companies use. “Instead of having all of our servicemen work in all areas, we assign one or two men to each zip code, so they don’t waste time driving across town,” says Janowiecki. ■

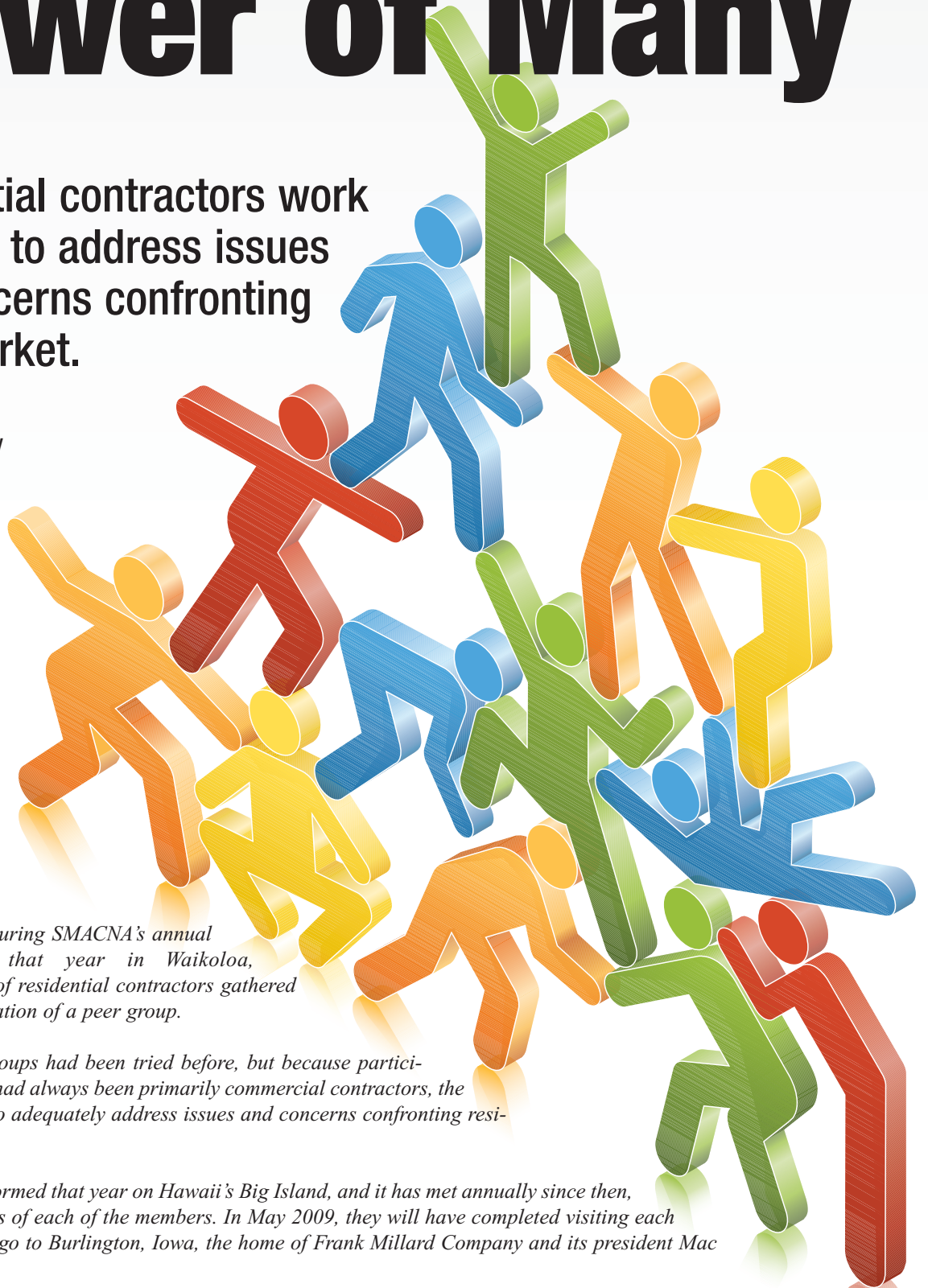
Caughill is a freelance writer based in Ontario, Canada.



# Power of Many

Residential contractors work together to address issues and concerns confronting their market.

by Skip Maloney



*In October 1999, during SMACNA's annual convention—held that year in Waikoloa, Hawaii—a group of residential contractors gathered to discuss the formation of a peer group.*

*Residential peer groups had been tried before, but because participating contractors had always been primarily commercial contractors, the groups had failed to adequately address issues and concerns confronting residential contractors.*

*A new peer group formed that year on Hawaii's Big Island, and it has met annually since then, visiting the facilities of each of the members. In May 2009, they will have completed visiting each member when they go to Burlington, Iowa, the home of Frank Millard Company and its president Mac Coffin.*

*We caught up with Coffin, Butch Welsch of Welsch Heating and Cooling of St. Louis, Randy Novak of Novak Heating & Air Conditioning of Cedar Rapids, Iowa, and Russ Kimball of Evergreen State Heating & AC of Everett, Wash., to discuss the group and its accomplishments and plans.*

**PIP:** How would you describe the impetus for starting this particular peer group?

**NOVAK:** It started with the question of how we become better contractors and how we service our customers better and improve the market share.

**WELSCH:** Mac (Coffin) and I were members of a peer group in another organization. Our companies were larger than any of the other contractors, and we didn't have a lot in common with them in terms of size and nature of the contractual arrangements.

**COFFIN:** Butch (Welsch) and I went through quite a few years working with those other peer groups, but there were none that really focused on the residential market. Butch had always wanted to get a group together.

**PIP:** How does the group actually work?

**NOVAK:** We get together once a year at the site of one of the companies in the group. We purposely chose contractors that don't compete with each other. We go to one of the companies, where we'll do things like meet with the employees, make job site visits, look at the company's financials and make suggestions on how to improve.

**WELSCH:** The basic format is very similar to the peer groups that we were involved with before. Normally, we'll go in on a Thursday evening, have dinner and talk about what we're going to do. That part of it is very informal. On Friday, we'll meet for the first half of the day, dividing up aspects of the business and choosing areas we're going to look into.

Typically, either the company we're visiting is looking for specific input, or one of us in the group will have more expertise in a certain area and can help there. Sometimes the contractor will ask us to look specifically at the financials or sales and then we'll walk around and meet with the people and the managers.

**COFFIN:** Many times when we go, companies will have three or four things that they ask people to concentrate on. We only spend a day out of the two doing this. The other day (Saturday), we spend on whatever (broader or national) issues everybody wants to discuss.

**WELSCH:** On Friday afternoon, we'll have a "salt and sugar" session.

**PIP:** Salt and sugar?

**WELSCH:** We'll bring in the management people and talk about the good things we've seen. That's the sugar part.

**COFFIN:** Part of the process is to hear about all the good things and then, all of the other things. What you want to hear is the other things, because that's where your weak spots are. The group will talk to office staff (for example) and often get information that the owner is not normally going to hear.

**WELSCH:** The important thing you're looking for from the walk-through is the "salt," the areas that need improvement.

**PIP:** Do these salt and sugar sessions ever get heated?

**WELSCH:** One of the ground rules of the process is that the people from the company cannot argue or be defensive. They can ask questions, of course.

**PIP:** Did you encounter any resistance to this from the employees?

**NOVAK:** The only resistance is convincing employees to share anything and everything. People get a little guarded sometimes. Part of the success of those first couple of meetings was that people got comfortable with each other, knowing that we weren't discussing things like payment of office staff or owner salaries or anything like that, rather about how we can improve productivity, from issues like safety to sales to field operations. It's pretty comprehensive.

**KIMBALL:** There have been some challenges involved. Some of the feedback is intense, particularly from employees. There's a certain level of fear, but after they get over the initial shock of it, they typically buy into it.

**PIP:** Have there been any overriding lessons you've learned from being a member of this group?

**WELSCH:** It's not a single thing. It's a whole lot of things that were pointed out. Among the contractors who are involved with this group, most will tell you that the things they learned were things they already knew, but it's especially good to have people come in and tell your employees. It may be something that the bosses talked about but just never got done. Employees will buy into a change more when it's not just the boss talking about it.

**COFFIN:** You pick up little points that a company's doing that you might be doing; everything from business to fabrication to shop atmosphere. You can pick something up from everyone that you can apply to your business and make things better.

**KIMBALL:** First of all, for me, when I bought the company 10 years ago, I had never set foot in an HVAC company. The Big Island convention was my first, so it was employees educating me about being an owner, leader and manager. The

*continued on page 12*

*continued from page 11*

group has visited me twice, and the second visit was pretty overwhelming.

Feedback I got was as tough as anybody's, and it was much more about me, personally. It was hundreds of little things—flat rates, GPS tracking devices, making things more efficient in sales and marketing, selling maintenance tracking leads, more efficient site work. The biggest thing, I'd say, has been in the service and marketing, where, on the residential side, we've had the most input.

**COFFIN:** Maybe you'll see a tool or a sales approach and a light will go off. You'll think, "Wow, I never thought of doing things that way before."

**PIP:** Has anything about what you've learned from being a member of this peer group surprised you?

**KIMBALL:** I've been surprised that it's held together as long as it has. For us, the process has been more evolutionary than revolutionary.

**COFFIN:** What surprised me is that the new group is very focused on what they want to do, and they're really in tune to the process. It's not stale. There's a lot of dedication to getting together. Everybody goes. We've got companies from the East and West Coast, so there's a lot of travel involved. If you're coming to Washington State, for example, from New York, that's a big commitment.

**PIP:** What do you see as the future of this particular group?

**COFFIN:** It's a very strong group right now. As long as the members want it to happen, it will continue. I don't see increasing the size of the group. It's about as big as it can be and still be efficient in meetings. There will be turnover, though. When we were in that other group, we saw the value of adding new blood instead of letting things get stale—saying the same things over and over.

**KIMBALL:** Since we've started, we've had one member leave and three others join.

**COFFIN:** If it doesn't continue to evolve—to get new people for the interjection of new ideas—it's going to die. You see that in any organization.

**PIP:** What might you say to a group of contractors that was considering the formation of a similar group?

**NOVAK:** It's one of the single best decisions I ever made since I got into the business in 1984. ■

Maloney is a freelance writer based in North Carolina.

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# Got Work?

## We're Ready

ITI's residential and service work training supports contractors' market expansion efforts.

by Cari B. Clark

**S**kills required for technicians who perform residential and service work are not exactly the same as for those who do industrial or commercial projects, says Cary Norberg, HVAC specialist for SMACNA and SMWIA's International Training Institute (ITI).

"Residential HVAC workers need to be able to work alone—unlike most commercial and industrial technicians, as well as part of a team," Norberg says.

Other skills he thinks residential sheet metal workers should have include independent decision making, collaboration, punctuality, and dependability. "Developing these abilities is important because contractors put a lot of trust in and give a lot of responsibility to their service workers," Norberg adds.

Such concerns are why ITI developed a residential curriculum to augment its core curriculum. "It's as real life as possible and built with the mindset of gaining market share," says SMACNA contractor Jeff Laski, who served on the ITI Residential Curriculum Task Force.

"Our JATCs wanted a true residential program, and this four-part, 300-hour course fills the bill. It teaches the techniques swiftly, covers all of the disciplines, and is a win-win for everyone."

Part one of the program is the New Construction Installer segment. It covers actual placement of a new system in a home, from rough-in work to construction ductwork installation, and how to properly set HVAC equipment.



In part two, students learn to become a Finish Installer. They gain knowledge of how to perform furnace and air conditioning installations, including how to hook an HVAC system to various electrical and other systems; how to charge, start up, and test a system to ensure that it is working properly; and how to install accessories such as air cleaners, humidifiers, and special thermostats.

Part three trains students to become Retrofit Technicians, which means they learn about dealing directly with customers and how to work with existing conditions in homes. Technicians who complete the program must have communication and people skills and be able to install replacement equipment, add air return vents, and know how to deal with different surface finishes, such as hardwood flooring and tile.

In phase four of the program, students achieve Service Technician status. In addition to those things learned during phase 3, technicians must have diagnostic skills and be able to do some wiring and sales. "An ITI-trained Service

Technician is self-confident and professional, capable of dealing independently with customers as a representative of the contractor," says James Shoulders, ITI administrator.

"We tell them exactly what they need to know and do in a way that makes learning easier and more effective," Shoulders adds. "There's not a lot of fluff."

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# Teamwork Turns Leads into Sales

When residential and service departments build bridges, even economic woes can't hold them back.

by Cairine Caughill

**E**ffects of the economic slowdown are rippling across the continent (and the world), and the sheet metal industry is not exempt. However, while new construction and new installations have slowed, the retrofit market is booming.

“Rather than building or buying new homes, people are investing in their current residences,” says Brian Fluetch, president of Lacy, Wash.-based Sunset Air. “In fact, many homeowners are upgrading to energy-efficient systems in response to rising prices for electricity, propane, and natural gas.”

Observing this trend—and building a strong relationship between its residential and service departments—has allowed Sunset Air, a family-owned signatory contractor, to thrive during both the fat and lean times of the past 33 years.

“We have worked diligently to help everyone understand the value they bring to each other's departments,” Fluetch says. “Service techs—the ones dealing with customers on a day-to-day-basis—bring in leads, and the residential department translates those leads into sales.”



**“The average close rate for a lead generated by an ad in a newspaper or on radio is 35% to 40%, but leads brought in by Sunset Air’s service department have a close rate of between 60% and 75%.”**

Lance Deyette, business representative of Local 66, praises the concerted effort Sunset Air has put into creating bridges between its service and residential departments.

Thus far, Sunset Air’s strategy has been effective. According to Erik Barrett, Sunset Air’s residential sales manager, the average close rate for a lead generated by an ad in a newspaper or on radio is 35% to 40%, but leads brought in by Sunset Air’s service department have a close rate of between 60% and 75%.

Fluetch says that when a service tech condemns a piece of equipment, he or she passes the customer details to the residential department, along with an explanation of the situation (e.g., no heat). A salesperson takes the lead and contacts the customer.

If the customer makes an appointment, the referring service tech receives a SPIFF, or sales commission. If the customer actually buys some equipment, the service tech receives an additional SPIFF.

“Service techs are already focused on doing what is best for the customer, and the SPIFF provides an additional incentive for them to shift into sales mode,” Fluetch says.

He thinks that one of the reasons this referral system works so well is that service techs are the face of the company for customers—the only people from the company they see. “When customers have confidence in the service tech, they’ll likely to trust the salesperson,” he says.

Referrals don’t go one way. Whenever the residential department installs a piece of equipment, the technician sets up an automatic one-year service agreement. “We hope customers’ experience during that first year will help them recognize the importance of servicing their equipment annually to ensure reliability and cost-effectiveness,” Barrett says.

When service techs perform scheduled maintenance at the end of the first year, they try to sell a maintenance agreement for the following year. “We

are servicing the equipment that we are selling and installing today, so it’s kind of a circle of life,” Barrett adds. “Even without a service agreement, when it comes time for replacements or repairs, there’s a Sunset Air sticker on the equipment, which means there’s a better chance the customer will call us rather than just picking someone randomly from the phone book.”

Making this system work means creating a mindset of teamwork, says Sunset Air’s Director of Service Deborah Crosby. She stresses the importance of open communication between the two departments.

“When the service department holds technical training classes, the residential techs are invited. They’re also invited to service department meetings from time to time. Techs from different departments are encouraged to call each other for advice or suggestions when they feel the need,” she says.

Crosby believes this teamwork is also at the heart of the relationship between the union and its contractors. “We trade information, we trade service techs, we even share customers when they span large geographical areas that are out of our normal travel range. Non-union companies are separate entities and would not consider helping the competition.”

This teamwork is especially important in the residential market, where competition is fierce. “Contractors need every advantage they can get,” says Local 66’s Deyette. “There are many layers to the contractor/union partnership, all with the union focusing on how it can help its contractors to survive—and thrive—in the residential market.”

In 2004, the Local drastically revamped the residential contract, changing the pay structure for the apprentices and journeymen to help give its contractors an edge over non-union shops. Since making that change, they’ve seen significant growth in their market share.

Local 66 is also working hard to recruit additional residential and service craftsmen. “We are consciously looking for people with experience in the retrofit market and pulling them into the union ranks,” Deyette says.

After all, both Fluetch at Sunset Air and Deyette at Local 66 both acknowledge that teamwork—between departments or between labor and management—is the best way to thrive during the good times and survive during the lean days. ■

Caughill is a freelance writer based in Ontario, Canada.



Photos courtesy Sunset Air

# Follow the ‘Green’ Brick Road

Take a step in the right direction with new training materials on creating energy efficient installations.

By Cari B. Clark

**D**iagnostic tools and state-of-the-art techniques can't improve performance in small commercial and residential HVAC systems unless the technicians who install those systems have proper training.

It's a big issue in California, which has adopted Title 24—strict energy efficiency standards to respond to California's energy crisis, reduce energy bills, increase energy delivery system reliability, and help improve economic conditions in the state.

“We want California contractors to understand that their business is driven by Title 24,” says Davor Novosel, Chief Technology Officer for the National Center for Energy Management and Building Technologies (NCEMBT).

Since materials and equipment required to train for Title 24 work have not been readily available, the California Energy Commission's Public Interest Energy Research (PIER) program and NCEMBT stepped in to fill the void.

NCEMBT is supported by SMACNA and SMWIA, several private companies, and grants from the Environmental Protection Agency and the U.S. Department of Energy. It funds research on energy efficiency, indoor air quality, and building security.

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# A House As Instructor

At Santa Clara County's Sheet Metal JATC, humans aren't the only ones doing the instructing. The JAC has set up a residential training facility called the *House that Teaches*.

This 980 square-foot house, built inside Local 104's 52,000 square-foot training facility in San Jose, Calif., has two residential air handling units connected to flexible duct air distribution systems. One system exceeds the requirements of California's Title 24, the most far-reaching code for energy efficiency in the United States. A second features common installation faults, with higher leakage rates and pressure losses.

"Our goal is to demonstrate to technicians, contractors, building officials and inspectors various energy-wasting faults in air conditioning equipment design, selection and installation," explains Chris Valverde, the JATC's training coordinator. He lets the house do the teaching.

Apprentices learn from the start that it makes sense to properly seal ductwork, use the most efficient system—which doesn't necessarily mean the largest or most powerful, and install products that cut energy usage, money spent, and greenhouse gas emissions.

These concepts are so ingrained in apprentices that they had a hard time installing the house's two systems, Valverde says. "The apprentices were doing everything a proper installation requires. I had to remind them that we wanted to demonstrate both 'good' and 'bad' work."

Valverde is glad that the concept of installing a poor system is contrary to the way his apprentices do business, and he's made sure that all of his instructors have gone through the *House that Teaches*.

"We're the leaders in our industry," concludes Valverde. "We want to ensure that our workforce is the best-trained out there."



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“We introduced California Energy Commission staff to the JATCs in California,” Novosel says. “They were impressed by the existing training programs and quickly agreed to get on-board with the research project.”

Together PIER, the NCEMBT, and Local 104 developed training material based on best known practices. First, they reviewed existing literature and created guidelines and pilot training programs.

“SMACNA and SMWIA already use good techniques, but I think it’s still possible to improve building energy efficiency by another 20%,” Novosel says.

Chris Valverde, training coordinator for Local 104’s Santa Clara County JATC, agrees. “We’re the leaders in our industry, and we want to continue to have the best-trained workforce out there. The new curriculum opens new skill sets and creates a higher quality of understanding.”

NCEMBT’s *Best Practices Guideline for Residential HVAC* has become the reference piece of a two-part reference/training compendium. It is used in coordination with the “House that Teaches,” a state-of-the-art residential laboratory designed to train apprentices in the best practices of HVAC sizing, duct system design installation and sealing.

“Once trained in this two-part system, HVAC apprentices and journeymen can address knowledge gaps in the residential market and push the market toward better design, operations and maintenance practices,” Valverde says.

The reference provides an overview of the topics that should be included in a JATC or community college curriculum. Further, the program provides best practices guidelines for commercial building HVAC systems to assist with training on how to properly size, select, install operate and maintain unitary HVAC systems up to 30 tons.

Using prototype classroom curriculum and the residential training facility, the JATC in San Jose, Calif., offered two pilot training sessions to about 70 apprentices, journeymen, contractors and building officials.

One session focused on best practices for residential HVAC systems, including performance of air distribution systems and how they influence energy consumption. The other concentrated on commissioning of economizers.

“It was a great experience for all of us involved. We received a lot of positive feedback,” Novosel says. “We were able to demonstrate how all of our jobs fit together in this big puzzle—a holistic approach.”

Providing the big picture can help both contractors and labor understand how to integrate existing practices and new technologies in the marketplace. “Both contractors and labor need to understand that sustainable design and green buildings are here to stay,” Novosel says. “Energy efficiency and healthy and productive indoor environments are not mutually exclusive.” ■

Clark is a freelance writer based in Northern Virginia. For more information on NCEMBT or to download a copy of the report, visit the organization’s Web site at [ncembt.org](http://ncembt.org).

## California’s Title 24—The Gold Standard in Energy Efficiency

California developed its Title 24 energy efficiency standards in response to several energy crises in the early 1970s. The government there determined that the state’s electric distribution network was fragile and system overloads caused by excessive demand from buildings could create unstable conditions.

On the other hand, becoming more energy efficient could reduce energy costs, increase reliability and availability of electricity, improve building occupant comfort, and reduce impacts to the environment.

Title 24, implemented in 1978, is updated every three years. The latest version takes effect Aug. 1, 2009. The standards include:

- **Time Dependent Valuation (TDV).** TDV energy values energy savings greater during periods of peak demand, such as hot summer weekday afternoons, and values energy savings less during off peak periods. TDV gives more credit to measures such as high Energy Efficiency Ratio (EER) air conditioning units that are more effective during peak periods.
- **Third-party field verification.** The standards require third-party field testing and verification for installations.
- **Fenestration area limit.** The fenestration area (disposition of windows and exterior openings) is limited to 20% of the conditioned floor area in all climate zones for new construction and existing homes subject to certain alterations; for new construction, limits the west facing glass to 5% of the conditioned floor area in cooling climate zones.
- **Duct sealing.** Sealing is required when an air conditioner/furnace or ducts are replaced.
- **Diagnostic testing.** Split system air conditioners or heat pumps must be diagnostically tested to verify that they have the correct refrigerant charge and that air distribution ducts have leakage of less than 6%.

For additional information on the Title 24 energy efficiency standards, visit the California Energy Commission website at [energy.ca.gov/title24/](http://energy.ca.gov/title24/).

## ITI Adds Self-Paced Format

ITI is releasing a Residential HVAC Self-Paced Learning Program that works in conjunction with its existing Residential Curriculum. “The program’s self-paced format allows students access to the residential training materials outside of the classroom, and at their own pace,” says ITI’s lead residential instructor Phil Newman.

To reinforce the knowledge and skills received by students using the self-paced program, there is a student disc with interactive quizzes covering each unit. Questions were developed from the knowledge checks found in the instructor-led program.

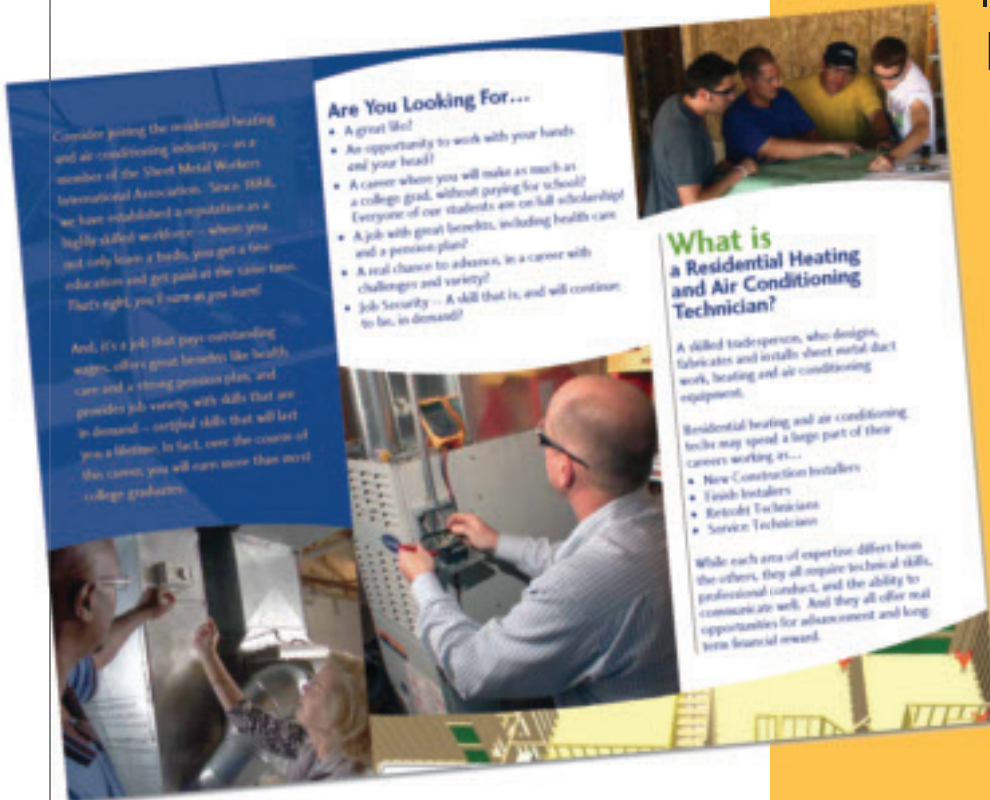
“The self paced curriculum does a good job of addressing the needs of smaller JATC’s that have classes with apprentices at different levels. The program also makes it possible for an apprentice to follow a residential career path in an area that doesn’t normally offer such training,” Newman says.

As a bonus, this new format allows students who have been absent from class to make-up work, advanced students to complete their studies at an accelerated pace, and slower students to work outside the class to keep up inside the classroom.

expectations when technicians come into their homes. When a tech is able to inspire confidence and answer a homeowner’s questions, that customer is happy with the job we do, and he or she will refer others to us.”

ITI offers an annual Residential Instructor Training class. It is available for JATCs that want to add additional instructors or a residential program to their existing line-up. ■

Clark is a freelance writer based in Springfield, Va. Visit the ITI website at [sheetmetal-iti.org/careers/res\\_hvac.shtml](http://sheetmetal-iti.org/careers/res_hvac.shtml) for more information about the residential curriculum or the Instructor Training class.



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Aldo Zambetti, training coordinator for Local 19 in Philadelphia, agrees about the value of the curriculum. Before this curriculum came out, he had to refer to a lot of different materials in order to turn out residential and service installers.

“Now, all the resources are in one place, it has a logical order and it’s consistent among all the JATCs. When apprentices say they have completed the HVAC curriculum, I know exactly what they’ve learned.”

Zambetti also appreciates that students can use the curriculum to study even after class. “We have some journey-persons who are coming back and using it to brush up on their knowledge.”

Tim Donovan, instructor for Local 265 in Carol Stream, Ill., is also positively impressed by the curriculum. “The curriculum covers system design, electrical theory, and codes, but also things we used to take for granted, such as customer relations and personal appearance. This is important in a market like ours.”

Pat Manning, sales manager for Air-Rite Heating and Cooling in North Aurora, Ill., also appreciates the curriculum’s emphasis on customer service training. “Since my technicians are essentially my sales staff, I look for excellent technicians who also possess superior customer relations skills.”

He says he has noticed a great improvement in his new apprentices’ ability to communicate. “Homeowners have

# Take Me Out to the Ballgame

Kansas City's sheet metal team takes the field to recover residential market share.

by Jim Pierzynski

Using an innovative market recovery plan, SMWIA Local 2 aims to increase its share of residential retrofit/service work by 50-fold before the end of 2010, says Local 2 business agent Greg Chastain.

While this plan has been in the works for several years—with costs covered, in part, by the Local 2 Market Recovery Fund—the International Training Institute (ITI) recently gave it a boost by offering assistance with strategic planning. “ITI selected Kansas City because of its residential potential, past efforts to regain the residential market, and existing good labor/management relationship,” says George Donovan of ITI.

If successful, Kansas City's plan could provide a blueprint for similar recovery initiatives elsewhere.

One of the first items on the agenda in Kansas City is development of a Union Contractor Home Services Network Web site that Local 2 hopes will replace the Yellow Pages in the minds of Kansas City union families. “We are targeting families who have every reason to be union-friendly but who have not necessarily been calling union contractors,” Chastain says.

Another agenda item has been to secure financing for union households undertaking HVAC retrofit projects. The United Labor Credit Union—which currently represents about 5,000 union households—has agreed to offer its members loans of up to \$10,000 for HVAC retrofit by Local 2 contractors. Further, contractors have agreed to donate the \$50 mini-

mum deposit fee for customers who are not currently credit union members. “It's an attractive financing option in these troubled economic times,” Chastain says.

Local 2 will get buy-in from signatory contractors to ensure they can meet the demand for more residential projects.

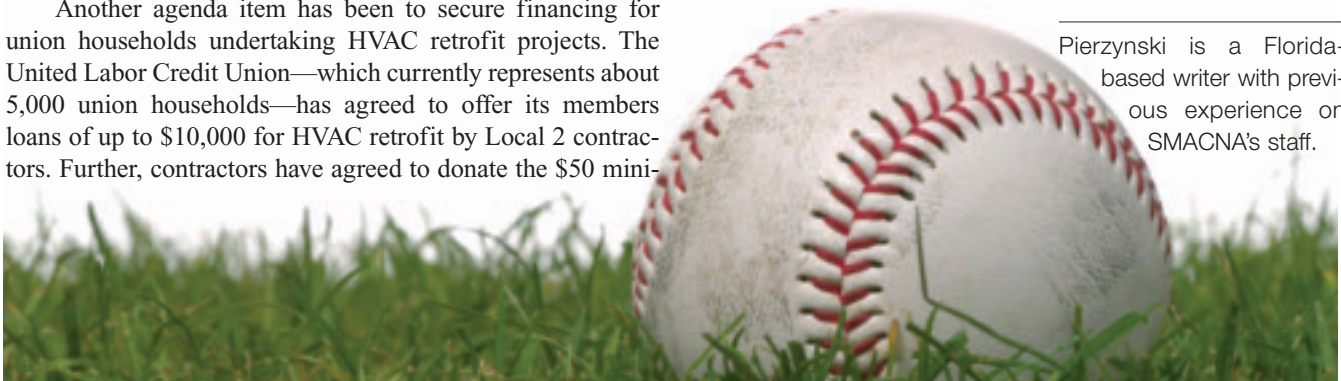
To meet contractors' needs for residential service work technicians, Local 2 will offer additional training to its members.

According to Chastain, the long-term effectiveness of this pilot program will be determined by (1) the increase in the number of signatory contractors doing residential service work, (2) the total number of maintenance contacts that are sold by the contractors, and (3) the number of Local 2 members performing residential service work.

In the interim, however, Chastain will rely less on statistical data to determine success. “It will be a work in progress,” he says. “I would like contractors to get some jobs from this and for union homeowners to take advantage of the financing. We aren't looking for any specific numbers. We're just hoping for positive word of mouth.” ■

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Pierzynski is a Florida-based writer with previous experience on SMACNA's staff.



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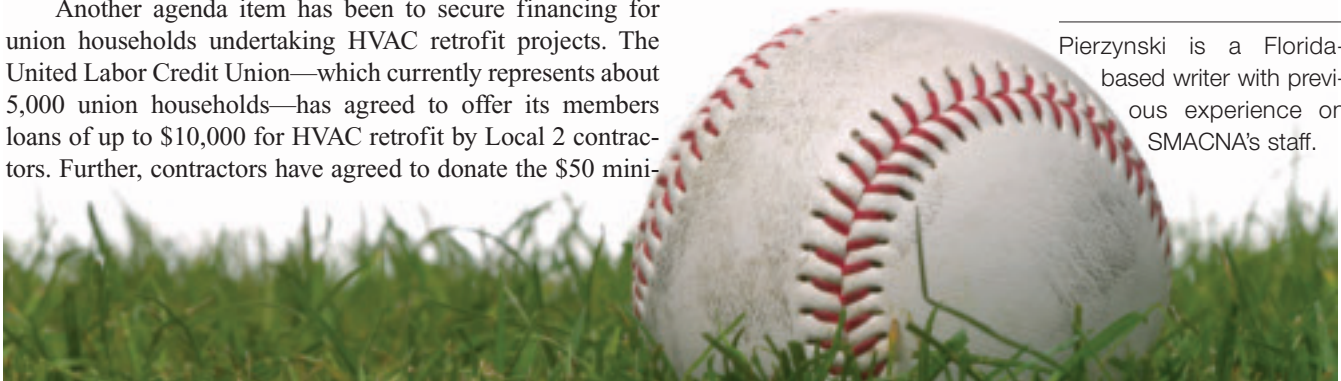
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