

## Best Practice103: Long-Term Planning for Market Expansion— Central California

There is never a bad time to begin long-term planning for market expansion. In Central California, signatory contractors, members of the Local, plus staff at SMACNA, SMART, and the training center sat down when the market was excellent to map out a long-term plan for market expansion that included outreach, education, marketing, and training. As it turned out, timing was key. By not waiting until the market hit bottom, contractors and their union laborers had more options available to withstand the drastic downturn in construction when it hit. The team also set into motion the means to have craftspersons available as the market demands by supporting the Lincoln High School Engineering and Construction Academy and other recruiting programs. The following steps identify best practices that members of the Central California signatory sheet metal industry used to implement long-term planning for market expansion:

1. **Establish a formal, active labor-management cooperation committee/trust.** Members must be committed to developing trust and communication. Labor and management won't always agree on every issue, but they should be willing to work together for the good of the industry to ensure that SMACNA and SMART are competing on an even playing field with their non-signatory competition. Involve more than just the Business Agent and Chapter Manager. Ensure the Training Director, contractors and union-members also have buy-in.
2. **Assess the SMACNA-SMART team's strengths and available market opportunities.** Any time is the right time for such planning—not only when market conditions are dismal. Although California signatory sheet metal contractors and members of the SMART local had plenty of work when they started this process (2008), the team identified the light commercial and residential service market as a potential area for expansion. They brought in Butch Welsch, owner and president of Welsch Heating and Cooling in St. Louis, to talk to them about opportunities in the light commercial and residential service market. He educated them on employer pitfalls, labor pitfalls, and what works and doesn't work. Based on his presentation and with support from SMACNA and SMWIA (now SMART), the group decided to proceed.
3. **Create an action plan.** For the Stockton Labor Management Cooperation Trust (LMCT), this started with bringing in a professional facilitator to keep the discussions organized and focused. He helped the labor-management cooperation trust members identify goals that could make expansion into light commercial and residential service work possible. Stockton's goals and the strategies to achieve them included:
  - a. **Increase our market share in specific segments of the light commercial and residential service and retrofit markets.**
    - i. Establish a marketing strategy to develop recognition of the value of hiring contractors that employ craftspersons who have completed top-notch training programs, are committed to a Code of Excellence, hold a variety of certifications, and value safety. Identify ways to increase hits from search engines, develop a company brochure and resume templates for the light commercial and residential market, and research costs for outdoor advertising;

- ii. Promote, communicate, and build awareness to specific markets of the advantages of using SMACNA contractors and their SMART partners—including creating sample presentations that individual contractors can use for selling and promoting their business;
  - iii. Establish relationships with potential customers and customer groups—by developing a potential target list for focusing sales and awareness efforts, including groups such as city councils, facilities management groups, and homeowners associations; and a framework for quarterly educational and promotional efforts that build awareness with key customer and influencer groups, such as inspectors, chambers of commerce, legislatures, and homebuilders; and
  - iv. Define current and future markets—including defining each market segment, researching Green/LEED technologies and building techniques; and developing a resource list of available Green/LEED.
- b. Promote the market’s awareness of SMACNA HVAC contractors and the SMART craftspersons who are their partners.**
- i. Develop a marketing plan to inform customers, employers, and SMART union members—including defining the use and value of the HVAC Expertise logo, developing a promotion drive to increase the use of the logo, developing a bullet list of union contractor benefits to aid employees with articulating the benefits of using union contractors; investigate options for promoting SMACNA contractors and their SMART craftspersons, including media releases, rebates, and relationships; and create ideas to promote union ideas, value, and experience to potential customers.
  - ii. Deliver the message—including developing channels (e.g., web sites, newsletters, advertising, and 800 number) to communicate the message; creating strategies for maintaining long-term awareness programs; and determining and forecasting costs for funding the awareness efforts and rebate programs.
- c. Ensure a steady supply of trained service technicians.**
- i. Develop a program for recruiting, identifying skills, and enhancing skills of new apprentices—including determining contractor manpower needs, researching available basic HVAC Service intensive training programs, and compiling options for a service skills and basic mechanical aptitude assessment;
  - ii. Develop a program for recruiting, identifying skills, and skills enhancement of experienced technicians—including researching options for service skills test and challenge exam, developing ideas for recruitment, developing a manpower forecast, and investigating options for recruiting from the military;
  - iii. Develop a program to enhance current employee skills—including developing incentive programs for journeyman continuing education and upgrade; creating a sales, marketing, and customer service training template; creating a list of desired upgrade training; and developing a training and education resource guide for contractors; and

- iv. Develop a program to bring awareness of the trade to career technical education, such as high schools, junior colleges, and vocational/technical schools—including creating recruitment strategies that target students and tools to raise awareness among students.

Members of the Central California LMCT volunteered to take responsibility for the goals related to their areas of interest and formed committees to set schedules and deliverables. They also created a budget sufficient to accomplish their goals and established a fund into which each party contributes.

An effective long-term plan must include both long-term vision and short-, medium-, and long-term action and the buy-in and resources to make it happen.

4. **Act upon the plan.** Making plans, attending committee meetings, and placing advertising campaigns don't create opportunities in a new market. However, Stockton's signatory sheet metal industry found that by long-term planning for market expansion during the good times, and actually acting upon that plan in a timely manner, softened the blow when the bottom fell out of the market during the next few years.

- *Increase labor supply:* When the signatory sheet metal industry team began implementing their action plan, the sentiment in California was against career technical education. Los Angeles schools were closing their programs because of a perception that the trades are for individuals who aren't successful. Moved by an understanding that a trained workforce must be available to maintain current staffing levels in the wake of pending retirements and must precede market expansion efforts, the group spent the first few months on their goal to ensure a steady supply of trained technicians.

One specific program was to work with other construction trades and the Stockton-area schools to establish the Lincoln High School Engineering and Construction Academy. Lincoln High School's Engineering and Construction Academy is a school within a school. It offers rigorous academic coursework, relevant hands-on training, and career paths that are directly related to the construction trades. Students are now graduating from the academy and going into the trades. Because of their experience and exposure to the trades, they are better-prepared to enter and complete apprenticeship programs with basic, common-sense mechanical skills. The school sends reports to and asks for input from representatives of the construction trades.

- *Deliver the message:* Seeing value in SMACNA and SMART's HVAC Expertise branding program, Stockton's LMCT used it as the basis for an educational and marketing Web site called *HVACExpertiseCentralValley.com*. The Web site defines what makes an "expert" HVAC contractor and is a call to action for visitors to find true experts in the sheet metal industry and not settle for something less. It directs customers to the contractors' own websites. The site provides a central location to direct requests for feedback from advertising campaigns and media coverage and an 800-number that goes to the SMACNA office.

## Quotes

*Mark Bowers, former Executive Vice President of SMACNA Central Valley:* “Joe Nigro, current SMART General President, was instrumental in getting attendees to sign onto the program. Without him and Butch Welsch, we wouldn’t have achieved ongoing success.”

*Dennis Canevari, Business Manager and President of SMART Local 162:* “Putting ourselves forward as the HVAC experts raised our visibility, and then the media started to look to us for involvement and advice. We have been able to make some noise, educate, and promote quality and efficiency.”

*Matthew Smith, president of Smith Heating and Air Conditioning in Stockton, CA:* “We put this program into place at the height of the market—during a seven-year trend of growth, but we didn’t want to get complacent. We wanted to do more. It was a tribute to leadership on both sides.

“Companies embraced the program. Some of our industrial contractors realized they needed to look at different markets that they never would have been involved in otherwise. A few years later, we were in the midst of the worst 36-month downturn we’d ever seen. This program kept things from getting worse.”

## Resources

1. HVAC Expertise Central Valley website: <http://hvacexpertisecentralvalley.com/>
2. HVAC Expertise Central Valley video: [http://www.youtube.com/watch?feature=player\\_embedded&v=jfIM45QHZNs](http://www.youtube.com/watch?feature=player_embedded&v=jfIM45QHZNs)
3. Survival Case Study: Stockton, Calif., Partners in Progress, Vol. 7, No.2, pg. 16, [http://www.pinp.org/resources/pip/vol7\\_no2.pdf](http://www.pinp.org/resources/pip/vol7_no2.pdf)
4. HVAC Expertise Central Valley 2012, Partners in Progress 2012 Conference presentation, Matthew Smith
5. Business Considerations for Entering New Markets, Partners in Progress 2012 Conference presentation, Thomas C. Schleifer: [http://www.pinp.org/conf12/presentations/Business\\_Considerations\\_in\\_Entering\\_New\\_Markets.pdf](http://www.pinp.org/conf12/presentations/Business_Considerations_in_Entering_New_Markets.pdf)
6. Marketing Presentation, Partners in Progress 2010 Conference, Mark Bowers and Dennis Canevari: [http://www.pinp.org/conf10/downloads/pdf/presentations/Canevari-Bowers\\_presentation.pdf](http://www.pinp.org/conf10/downloads/pdf/presentations/Canevari-Bowers_presentation.pdf)
7. The HVAC And Sheet Metal Industry Futures Study (2012 Update), New Horizons Foundation, [http://newhorizonsfoundation.org/project/publications/?product\\_id=264](http://newhorizonsfoundation.org/project/publications/?product_id=264)
8. Lincoln High School Engineering and Construction Academy: <http://academy.lusd.net/>
9. “An education they can build on: Lincoln High’s construction, engineering academy opens with 450 students”, *Recordnet.com*, [http://www.recordnet.com/apps/pbcs.dll/article?AID=/20090820/A\\_NEWS/908200323#STS=g011lgav.qx3](http://www.recordnet.com/apps/pbcs.dll/article?AID=/20090820/A_NEWS/908200323#STS=g011lgav.qx3)
10. California Contractors Uses Expertise Logo for Local Marketing and Promotion, *Partnership Communicator*, [http://www.pinp.org/newsletters/index.cfm?fuseaction=view\\_article&id=5481](http://www.pinp.org/newsletters/index.cfm?fuseaction=view_article&id=5481)

11. "Lincoln High builds a new workforce", *Central Valley Business Journal*,  
[http://www.cvbizjournal.com/local-news/lincoln-high-builds-a-new-workforce.html?option=com\\_content&catid=98&id=542&lang=en&view=article&fontstyle=f-larger](http://www.cvbizjournal.com/local-news/lincoln-high-builds-a-new-workforce.html?option=com_content&catid=98&id=542&lang=en&view=article&fontstyle=f-larger)
12. Letter of Support Engineering and Construction Academy, Lincoln High School Engineering and Construction Academy faculty Jeff L. Wright (California Teacher of the Year 2001) and Dr. David Dabaco, <http://academy.lusd.net/pdf/supportLetter.pdf>
13. Central California Light Commercial/Residential Service and Retrofit Action Plan, January 2008
14. 2008 Strategic Plan Overview, Central California Light Commercial and Residential Initiative
15. Strategic Planning Meeting Notes, Jan. 24, 2008, Central California Light commercial and Residential Initiative

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