



## LEVELING THE PLAYING FIELD

# History Need Not Repeat Itself

By John Owens

**EDITOR'S NOTE:** Sometimes old adages do hold true. Take the one that says, "History repeats itself," for instance. This seems to be true in the HVACR industry on a number of fronts.

For example, in the July 1963 edition of the magazine that eventually evolved into *Contracting Business* (it was called *Refrigeration and Air Conditioning Business* in those days), there was an article entitled, "I Tried to get Service Information ... ."

This article addressed the issue of manufacturers competing against their contractor customers in the commercial service business. It specifically covered the nearly total unavailability of parts and service information for independent contractors.

Some contend that situation hasn't improved much. With one difference – many of the mechanical contracting firms that were in business in those early days are still in business today and, in some cases, the sons of the owners have the history lessons of their fathers to bank on. And like any good students of history, they've learned from the past.

For the Owens Companies, after 45 years in the central chiller business, the challenges for independent contractors like us are greater than ever. Obtaining training and service literature to keep abreast of new technology among multiple manufacturers, while still maintaining the existing stock of 30- and 40-year-old chillers in service can be daunting. Yet, through ingenuity and determination, a group of contractors from across the country have formed a network to do just this. It is known as the Chiller Systems Group (CSG).

Interestingly enough, CSG was a long-time in the making. In fact, the group's beginnings can be found as early as 1957.

In that year, my father, Bob Owens, was the franchise holder for the Twin Cities District Office of the Trane Company. At the same time, he started an independent company, Owens Trane Service Company, to provide warranty, start up, and preventive maintenance services.

While both arms of the business were growing, the conflict with manufacturers selling chillers, and subsequently competing in service with independent

contractors, became a major concern. Because of this conflict of interest, in 1973 my father gave up the Trane franchise to become a completely independent contractor.

It was clear from the beginning that



manufacturers had very little interest in supporting independent contractors. The ability to get training, parts, and parity on pricing with the manufacturers grew increasingly difficult.

In 1980, a coalition of independent contractors from around the country, including industry giants and pioneers (and *Contracting Business* Hall of Fame winners) Bob Ritchie, Andy Zilberman, Bob Hall, and Wallace Lee, served a lawsuit on three major chiller manufacturers: Trane, Carrier, and York.

With the help of the Air Conditioning Contractors of America (ACCA), an out-of-court settlement was reached in 1982 with the understanding that there would be a level playing field with respect to parts pricing and availability, training, and service information.

After the settlement, a mechanism was put in place to help foster a positive

## WHO IS INVOLVED WITH CSG?

Following are the current members of CSG. Learn more about the group by at [www.chillergroup.com](http://www.chillergroup.com).

- ◆ Mechanical Systems Services, Jacksonville, FL
- ◆ A&A Mechanical, Louisville, KY
- ◆ Air Masters Corp., St. Louis, MO
- ◆ American Chiller, Sacramento, CA
- ◆ AMS Mechanical, Burr Ridge, IL
- ◆ Brandt Mechanical Services, Dallas, TX
- ◆ Burns Mechanical Inc., Horsham, PA
- ◆ Carolina Chiller Service, Raleigh, NC
- ◆ Centrifugal Associates Inc., Mississauga, Ontario, Canada
- ◆ ChillCo, Inc., Metairie, LA
- ◆ Chiller Services Inc., Charlotte, NC
- ◆ Chiller Systems Service, Lakewood, CO
- ◆ Emcor Service/BALCO, Boston MA
- ◆ Entech Fort Worth, Haltom City, TX
- ◆ Entech Sales & Service, Dallas, TX
- ◆ Fagan Company, Kansas City, KS
- ◆ Fort Bend Mechanical, Stafford, TX
- ◆ Industrial Cooling, Freeport, NY
- ◆ Integrated Building Technologies, Boca Raton, FL
- ◆ Johnson Controls Inc., Jacksonville, FL
- ◆ Kuempel Service, Cincinnati, OH
- ◆ Mallory & Evans, Scottdale, GA
- ◆ Mesa Energy Systems, Irvine, CA
- ◆ Metro Mechanical, Phoenix, AZ
- ◆ Natkin Service, Oklahoma City, OK
- ◆ Owens Companies, Inc., Bloomington, MN
- ◆ Pacific Mechanical, Upland, CA
- ◆ Premium Mechanical Services, Jackson, MO
- ◆ TDIndustries, Farmers Branch, TX
- ◆ Temperature Inc, Memphis, TN
- ◆ U.S. Engineering Co., Kansas City, MO

working relationship between manufacturers and independent contractors.

ACCA established the Industry Relations Task Force in conjunction with Jim McDermott, publisher of *Contracting Business* magazine at the time. The committee, comprised of independent contractors and the top leadership of the manufacturers, provided a forum for manufacturers and contractors to discuss the realities of their mutual working relationship.

The forum allowed contractors to hear first-hand the policies of the manufacturers, and offered an opportunity for the contractors to address situations where the actions in the field contradicted those stated policies. Although the meetings were productive, it was often difficult to match words with actions.

### **The CFC Issue**

With the advent of the phase-out of CFCs in 1994, there began a tremendous business opportunity, which also provided another arena for conflict and competition between contractors and manufacturers. As the CFCs were phased out and new refrigerants developed, each manufacturer came up with its own chemical solution and marketing plan.

Information on CFCs and the newly developed alternative refrigerants was difficult to find and misinformation was rampant.

It was nearly impossible to cut through the hype and sort fact from fiction. Contractors discovered that chiller manufacturers were reluctant to share vital information with them, and were unwilling to sell chiller conversion materials without attaching unacceptable conditions.

Plus, the conversion materials themselves were extremely expensive. Customers were paying exorbitantly for them and could purchase the kits ONLY from the manufacturers.

It looked a lot like history was about to repeat itself. And the biggest losers of this conflict would be the customers: the building owners and managers who owned those central chillers.

However, a number of contractors learned they could find conversion materials elsewhere and could do the engineering themselves in some cases. Several contractors shared conversion information with each other and discussed the techniques used to

## HOW DOES CSG WORK?

The Chiller Systems Group (CSG) is a network of independent contractors formed to share technical information and to work as a team in the best interest of contractors and end users. CSG is different from other contractor groups in that there are no membership fees.

The group meets twice a year with a different member hosting each meeting. Face-to-face meetings are important because members get to know and trust each other. However, most of the work gets done on a daily basis through an e-mail user group.

E-mail is a powerful tool for CSG. It works like this: One member sends an e-mail to the group describing a problem he has, and other members respond. All members are responsible to respond quickly to requests.

Not all requests are made to solve service problems. Some are for general information. The group also uses this e-mail service to deal with management problems. Tasks, such as arranging special training or representing CSG with manufacturers, are handled by members who are adept at such undertakings.

According to John Owens, the group could not survive as strictly a technical organization or strictly a management organization. A healthy mixture of technical expertise and management expertise in each member company is what makes this a successful organization.

**Objectives and Goals.** The contractors in CSG believe that end users would be better served if all those servicing air conditioning equipment have access to all the necessary service literature and training necessary to properly repair and maintain that equipment. CSG has no fear of sharing information with competitors, including the manufacturer service organizations.

**Philosophy.** CSG contractors believe technical information and training from the manufacturers should be made available to contractors in a timely manner, just as the manufacturers provide these services to their own organization.

CSG contractors want to purchase repair parts from the manufacturers at the same price the manufacturers transfer parts to their service operations.

Most importantly, the Chiller Systems Group doesn't want an adversarial relationship with the manufacturers, and they work hard to establish understanding and trust.

To this point, the group has been mostly unable to get manufacturer service groups to show respect and share information. The group has met and continues to meet with all the manufacturers to explain the position and show them contractors' commitment to providing quality service.

Owens adds that CSG has made progress with some manufacturers. One provided special training on more than one occasion for the group. These sessions have been held at member facilities with hands-on instructions. Training such as this is of real value to all, including the end users. —Mike Weil, exec. ed.

make the necessary conversions.

As a result of this, it became very clear to Bob Owens and other independent contractors that an alternative source of information was needed to stay abreast of the technology, the laws, and the issues. There was a need for some formal association for information exchange.

### **Birth of the Chiller Systems Group**

In April 1994, 10 contractors met in Minneapolis, MN to share information and ideas. That exchange became

known as "The Chiller Systems Group," and grew into a network of independent contractors who service and repair large tonnage chillers.

Current members are located in various areas throughout the United States and may even compete with one another. The group's primary focus is to maintain technical strength and sound business management through shared ideas.

### **The Opportunity**

Sharing expertise and knowledge among members has increased the ca-



pabilities of each contractor within the group. Each CSG member is responsible to respond promptly to a request from any other member, and to keep all members advised of information that might be helpful.

The Chiller Systems Group relies upon close interaction of owners and managers on one hand and technical people on the other. Many of the owners and managers have worked in the field or have technical backgrounds. This facilitates communication within the group.

These contractors view their businesses as more than a source of income. They desire to set a high level of performance and an industry standard of excellence. Members are deeply involved in the service business and sincerely want to provide the very best service available to customers.

The Chiller Systems Group differs from other industry groups in that there are no membership fees. Each member pays their own way and shares

common expenses equally. There is no administrative staff to handle correspondence and mailings. Each member must be committed and willing to handle these tasks within their own organization.

Current members include some of the largest and most progressive service contractors in the industry (see sidebar, "Who Is Involved With CSG").

The group is in constant communication through an e-mail list serve. Any member who sends an e-mail with a technical question on a new chiller might be answered within minutes from someone across the country.

### Changing History

Many independent contractors began their careers working for one or two of the manufacturers. For the manufacturers to exclude this group from the opportunities to obtain training, literature, and proper pricing is a disservice to the entire marketplace.

Yes, history does have a tendency to

repeat itself. But in this case, today's owners of mechanical systems contracting firms can learn from the past and use that knowledge, combined with the tools and ingenuity developed over the intervening years, to create a better situation.

More importantly, they can create a better service for their customers, that in the end, gives them a competitive advantage over those who would limit access to vital knowledge. If that doesn't level the playing field, then what does? ■

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