



mweil@penton.com

Cooperation Among Channels: **Why Not?**

Recently, a press release crossed my desk — one put out by an organization called the Chiller Systems Group (www.chiller-group.com). The group consists of commercial mechanical contractors who specialize in larger tonnage chiller service work. It formed several years ago to provide an independent voice with regard to the solving the CFC issue.

The group shares best practices and helps each other with parts availability, technical data, and other bits of information that should come from their suppliers, but apparent doesn't.

The press release (which can be read at www.xxxxxxxx.xxxxxxx.xxxxxxx.xx) was commending one manufacturer, York International, for working toward improving relationships with their commercial chiller contractor customers by sharing information, providing fair pricing across the country, and being open about competing with contractors.

This is great news for the industry. There's enough competition in the marketplace without suppliers and contractors squaring off against each other over fairness issues.

In a fair world, competition is good as long as there is an even playing field: pricing, marketing, sales, training, service — these are some of the competitive factors that set one contractor apart from the other and drives a healthy marketplace. It becomes unfair, when a supplier can compete in the contracting business, and provide better pricing to its service division than to its contractor customers.

It's my belief that manufacturers are well served when they work with, not against contractors. If they choose to compete with their customers, manufacturers have inherent advantages over them in terms of pricing, infor-

mation, and training. If manufacturers choose to leverage these, they shouldn't be surprised when their contractor customers turn to the manufacturer's competitors. A manufacturer who shows restraint, who sets up a service division on an equal footing with contractors will gain grudging respect.

Contractors will always view suppliers suspiciously when they operate a service division. Manufacturers must work hard to overcome such suspicions. If they don't, the danger is that they'll alienate contractor customers. Actually, this is already happening. The issue of brand loyalty is a hot one. We've seen over the years that as contractor loyalty dwindles, often so does manufacturer marketshare.

This issue isn't new — it's been happening for decades. In the early 1980s, competition between commercial contractors and manufacturers ultimately lead to a class action lawsuit, which the contractors won. (See the article, *Leveling the Playing Field — History Need Not Repeat Itself*, by John Owens at the following URL: <http://www.contractingbusiness.com/Classes/ArticleDraw/ArticleDraw.aspx?CID=5580&HBC=/ArchiveSearch&OAS=&NIL=false>).

That suit temporarily relieved the parts and pricing pressures and drove the competitive issue underground. There it festered and over the years, boiled to the surface again and again. Today it's an open wound, one that is spilling over from the commercial into the residential arena.

Contractors and manufacturers should learn the lessons of York and the CSG. There is plenty of "pie" for all the channels to share. By cooperating with each other, and not competing unfairly, we can help make it easier for everyone in all the HVAC channels to win.

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