

Contracting Business

January 2005

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2005 COMMERCIAL Contractor *of the Year*



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Cincinnati, OH

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2005 COMMERCIAL CONTRACTOR OF THE YEAR

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From five employees in 1985 to 165 today, Engineering Excellence has made its mark by staying true to its dedication to customer service. Learn how the vision of the Winstel family and their leadership team have made Engineering Excellence a \$26 million HVAC powerhouse with a national presence.

— by Ron Rajecki, senior editor



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The senior leadership team of Engineering Excellence, Inc.

COVER PHOTO:

By Andy Snow,
Andy Snow Photography/Redux Plus
New York, NY

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DESIGN/BUILD SEMINAR

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There are two types of mechanical contractors in the world: those who have a service division, and those who don't. *Design/Build Seminar* presenter Mark Kerney has advice for both groups, ranging from how to create a service department to how to optimize the operation of an existing department. — by Mark Kerney, president of Hill York Service, Ft. Lauderdale, FL

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When compressors run too hot, refrigeration oils suffer chemical decomposition and loss of lubrication film. The result is a mechanical breakdown, and the root cause of the overheating must be addressed to prevent the breakdown from recurring. — by Dave Demma, senior application engineer, supermarket refrigeration, Sporlan Valve Division of Parker Hannifin Corp., Washington, MO

Refrigeration Systems & Store

design

74 **Tools of the Trade**

Have you ever wondered what tools really successful contracting firms use in their daily operations? In this monthly feature, our editors speak with the principals of some of the HVAC Industry's most successful contractors to find out what tools their technicians carry, how they equip their service trucks, what products make their offices operate smoothly, and what tools they find most useful in their shops. This month, we spoke with the 2004 recipient of *Contracting Business'* Residential Contractor of the Year award, Larry Taylor, AirRite Airconditioning, Fort Worth, TX. — by Mike Weil, editor-in-chief

2005 AIR CONDITIONING, HEATING, AND REFRIGERATION EXPOSITION

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Vote for the most innovative product and enter a contest to win a great prize.

SERVICE CLINIC

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Although many of today's buildings are specified using DDC controls, there are still plenty of existing ones with pneumatic controls needing a tune-up. The authors lead us step-by-step on how to keep your customer's system in tip-top shape — by Ed Blum, A.O. Reed, San Diego, CA & Wayne Turchetta, HMC Service, Louisville, KY.

From five employees in 1985 to 165 today, Engineering Excellence has made its mark by staying true to its dedication to customer service.



Four members of the Winstel family: Tom A., Ann Moran, Mary Seaman, and Tom J., (l-r) are the public face of the 165-member extended family called Engineering Excellence.

Engineering Excellence, Inc., Cincinnati, OH

BY RON RAJECKI, SENIOR EDITOR

Thomas J. Winstel and his sister, Ann, both remember their father, Thomas A., coming to the office one day with a copy of *Contracting Business*. It was January 1992, and Aircond Corporation in Atlanta had just been named *CB's* 1992 *Commercial Contractor of the Year*.

"Look at Alan Barnes," Tom A. said. "His company represents the best in the industry."

The younger Winstels read in the father's eyes what was left unspoken: someday, that's going to be us. Now, 13 years later, Tom J., Ann (now Moran), and another Winstel sibling, Mary Seaman, have all become driving forces in a company that's second to none in the commercial business: Engineering Excellence, Inc.

Engineering Excellence was founded in Cincinnati, OH in 1985. Tom A. worked for his father, Frank E. Winstel, and the Winstel name was familiar in town as a legacy of the F.E. Winstel Co.,

a heating and air conditioning services and distribution business.

Like many who are possessed by the entrepreneurial spirit, Tom A. longed to strike out on his own. The opportunity to do so presented itself when he purchased a small, five-person HVAC shop called Complete Service, Inc.

The joys of owning a small business became apparent immediately. "Tom J. and I were selling by day and writing proposals by night," Tom A. recalls.

A Guiding Vision

From the humble beginnings of Complete Service's unimpressive garage-front, Engineering Excellence has grown into a \$26 million HVAC powerhouse with a national presence. From five employees in 1985 to 165 today, the company has made its mark by staying true to its dedication to customer service.

"We founded this company on a vision of service," says Tom A., "and I truly feel that guides us to this day."

A Well-oiled Machine:

Passion, Performance, and Pride Make **Engineering Excellence** a Great American Success Story

Engineering Excellence, which is owned by the Winstel family, is a true service company. The company does no plan-and-spec work. Its business consists of 100% service and Design/Build retrofits for existing commercial and industrial customers. These include multi-location retail (about 25% of the company's sales volume); institutional and owner-occupied buildings, including offices, health care facilities, schools and universities (about 35%); and industrial customers (about 40%).

Headquarters are in Cincinnati, with offices in Dayton and Columbus, OH, and Lexington KY. The service area includes Southern, Central, and Northern Ohio; Eastern and Southern Indiana; and Huntington, WV. Engineering Excellence also services clients across the country through its national accounts business.

The company's \$26 million top line breaks down this way: installation, \$8.5 million; service, \$8.5 million; national accounts, \$9 million.

Engineering Excellence is a member of the Lennox Circle of Excellence, is an ACS contractor for Honeywell Controls, and provides applied and controls equipment through local vendor partner Habegger Distributing.

The company is an active member of the Air Conditioning Contractors of America (ACCA) and, through its on-staff P.E.s, the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE). Also on staff are certified energy managers (CEMs) through the Association of Energy Engineers.

Growing Pains and Gains

So how does a company armed with little more than a vision transform itself from a tiny storefront operation into the Contractor of the Year?

Tom A. says much of the groundwork for success was laid early on through interaction with other commercial contractors. He says he was fortunate to fall into an ACCA MIX (Management Information Exchange) Group with some of the in-

dustry's best and brightest.

The MIX Group evolved into the CIG, or Contractor's Information Group, and has included industry leaders such as Aircond, Brandt Engineering, The Lee Company, Hill York Corp., Mosen Engineering, Elliot Lewis, the Harvey Hotel Co., and New England Mechanical Services.

The company also received valuable assistance in its development through its strategic alliance with Lennox Industries.

Engineering Excellence experienced steady but uneven growth during its early years. The company was successfully implementing Tom A.'s vision of setting the bar high to provide quality service, yet there was a feeling that something was needed to optimize both customer service and company operations. In 1999, that "something" materialized.

A new century was about to dawn, and Tom A. (CEO) and son Tom J. (president and COO), in the process of building a senior leadership team, decided the time was right for an outside-facilitated strategic planning session.

"I think that first meeting helped make the company what it is today," says Tom A.

Some of the decisions made at what became ongoing strategic planning sessions were reaffirmations that the company was pursuing the right course. "For example, we knew right away that there would be no drifting from Design/Build," Tom A. says. "Ninety percent of our business is from existing clients, and we still feel very strongly that building lasting relationships with customers is the way to go."

However, two decisions helped propel the company to the "next level": a major investment was



Members of the national accounts team show off their service territory. National accounts make up more than one-third of Engineering Excellence's top line.

"Strategy is the easy part. Anybody can come up with a plan. The tough part is execution."

— Thomas J. Winstel

going to be made in business management software, and the fledgling national accounts business was going to be given a big push.

Information Delivery Takes Center Stage

Putting together a software package that would deliver all the features Engineering Excellence desired turned out to be a challenging task. No one provider had a complete solution to meet the company's various sales, field, and office needs. As a result, several different packages were purchased, and their functions merged into a cohesive whole.

A driving force behind the project was to create a system that would allow Engineering Excellence to deliver information to customers. Customers, not surprisingly, always being at the forefront of

the company's thinking.

"Our customers want us to be their HVAC facilities management company, not just their contractor," says Tom J. "They want information about their facilities, and they want information about how they can reduce their total costs. We designed a system to provide that for them."

Thanks to Engineering Excellence's investment in software, its customers are able to better understand and evaluate their HVACR systems and needs.

"Timeliness and delivery of information are now just as valued as technical proficiency in service," says Tom J. "Many building owners don't have time to review all their building performance details, and want an executive summary, as well as a summary of our performance. Many, espe-

RIDING THE 'E TRAIN' COAST TO COAST

Engineering Excellence Capitalizes on National Accounts

Tom J. Winstel, Engineering Excellence's president and COO, is a firm believer in the dictum "grow or die." He believes that growth creates opportunities for all.

When the company undertook a self-analytical strategic planning session in 1999, it was determined that there was strong growth potential in the national accounts business.

Tom J., along with company founder Tom A. and the rest of the management team, knew the road wouldn't be easy. The company began dabbling in national accounts in 1997 as an incubator business started by Tom J., and had found it challenging to identify and partner with providers who could meet Engineering Excellence's high standards.

Easy or not, the decision was made: full speed ahead on national accounts. The company geared up its personnel, started aggressively pursuing clients and partners, and even opened a new wing of the building specifically dedicated to handling the national accounts business (see **CB**, April, 2000, p. 91). Says Tom J.: "It has been an incredible learning curve over many years. In fact, in hindsight it has been rather daunting to build a true national network, and a service management team with all the processes and

software necessary to execute."

The decision has paid off. Today, Engineering Excellence has a growing list of clients, including major booksellers the Borders Group Inc. and Waldenbooks, and more than 700 service provider partners from coast to coast. Coverage is such that service can be delivered anywhere in the country with no more than one hour's drive time. One-third of the company's \$26 million total sales comes from national accounts.

To achieve this success, Engineering Excellence followed its in-house formula: hire the best people, train them on your expectations, set performance standards, and monitor those standards.

To find the best partners, Engineering Excellence relies on input from its vendor partners, advice from other contractors and associations, and word-of-mouth recommendations from its national accounts clients. As part of its strategic alliance with Lennox, Engineering Excellence also works with Lennox dealers from across the country.

Engineering Excellence makes its expectations clear to new national accounts service providers by sending a training videotape, checklists of procedures, and a copy of its performance standards.

The company also carries out time

and motion studies with its own technicians on all special projects, start-ups, and maintenance tasks providers are asked to perform. Service providers are given realistic time standards to perform quality work in the field.

Examples of national accounts performance standards include a maximum four-hour response time on emergency service calls, less than 1% callbacks, and on-time invoices with less than 1% error rates. Engineering Excellence and its clients both value technical and back office accuracy, and the timeliness of its providers in performing services and delivering information.

Partners who begin to fail to meet the standards — which are carefully monitored by national accounts service managers — receive e-mails, personal calls, and, ultimately, visits from Engineering Excellence. They're eventually dropped, if necessary. Fortunately, those providers are a small minority.

Says Engineering Excellence's executive vice president of national accounts: "We make sure everybody knows exactly what they're supposed to be doing so we can consistently turn our payables to our providers within terms, and ensure that consistent quality is delivered to our customers."

cially multi-location owners, are challenged with the overwhelming daily transactions, e-mails, and voicemails that can come from hundreds of locations across the country.

"That's where Engineering Excellence can provide exceptional management reporting. With detailed tracking down to each unit, it becomes easier to analyze trends, and forecast proactive

recommendations to reduce total costs."

The company's Web-based Intelli-trak™ system even allows customers to view their service and maintenance needs in real time. If Engineering Excellence says a service technician will be servicing their rooftop units at 10:00 a.m., the customer can log on and confirm the status of the request. Customers can also review completed call

information by accessing a description of work requested, work completed, and model and serial number of the unit(s) serviced.

Do customers like all the information they can receive from Engineering Excellence? A greater than 95% renewal rate on maintenance contracts makes a good case that the answer is a resounding "yes."

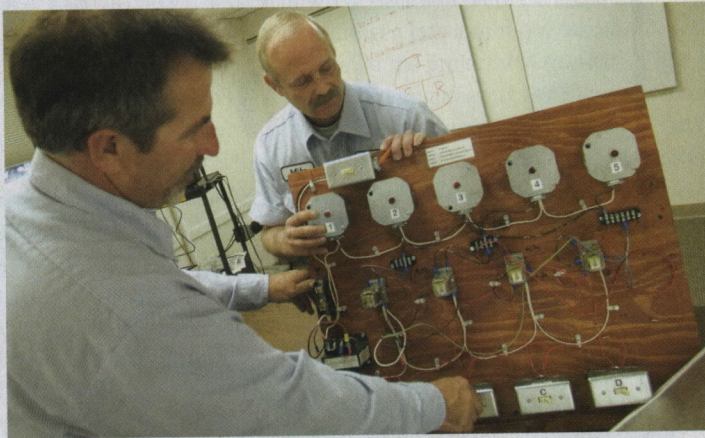
Setting the Standards

From its very beginning, Engineering Excellence always held itself and its people to the highest standards of quality. A by-product of the company's investment in computerization is that performance standards are now front and center, every day.

"Strategy is the easy part," says Tom J. "Anybody can come up with a plan. The tough part is execution."

To make sure every customer experiences outstanding service from Engineering Excellence, Tom J. led the de-

Training is part of the everyday life at Engineering Excellence. "The knowledge and experience you can tap into here is incredible," says one 15-year veteran.



velopment of performance standards for local service, construction, and national accounts. Now, everyone in the company knows what's expected of them, and their department. The flow-chart style performance standards have helped turn Engineering Excellence into a well-oiled machine in which no customer service issue is left to chance.

As Rick Thomas, general manager of service, explains, "The standards focus on the needs of the customers. No problem goes unattended — we track them, and we track how we solve them."

Service operations performance standards include service recommendations quoted to customers within 48 hours of a preventive maintenance, emergency response time within four hours, and zero callbacks.

Examples of construction performance standards include less than one warranty call per month, resolution of any warranty calls within 48 hours, and

zero personal injuries, fleet accidents, and property damage.

Tom J. has an acronym for the performance standards: they have to be **S.M.A.R.T.** That means they're **Specific, Measurable, Attainable, Realistic, and Time-framed.** "Our customers assume a certain level of quality," Tom J. says. "These standards help ensure they receive it."

"Quality isn't something that just happens, it's something you measure," adds Ann Moran, director of sales for national accounts. "You have to define your expectations, measure the quality of the service being delivered, and then ensure continuity of a high level of quality. It's an ongoing process."

Tom J. points out that the standards aren't simply devised by management and handed down to the associates. He is proud of the company's open communications policy. "We're a merit shop that's driven by 'top-down' communica-

tions," he says. "That's an inverted pyramid with the customer and our front-line associates on top. We have an incredible group of people here, and we don't hesitate to tap their minds."

Powered by People

Engineering Excellence's people are at the heart of the company's success.

Tom J. says that while an applicant's skills are considered in the hiring process, the trait he looks for the most is integrity. "We focus on hiring the "best in the class," and to do that you have to look beyond technical skills," he says.

The company is careful in its hiring practices, using multiple interviews, technical and personality traits testing, and drug screening to make sure applicants will fit into the company's culture.

Training on the company's core values of honesty, integrity, teamwork, and customer service is an integral part of life at Engineering Excellence.

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Perhaps more importantly, employees become part of the "family" at Engineering Excellence. In addition to its open-door leadership structure, the company has picnics and cook-outs; a holiday party; employee discounts on HVAC equipment installation and service; and even recognizes employees' birthdays with restaurant gift certificates, and the birth of new Engineering Excellence family members with U.S. Savings Bonds.

"Just like a family, we're always look-



The truck fleet originally acquired its creamy yellow color as the result of a mistake. But it quickly became a highly recognizable company trademark. The technicians in the photo? They don't make mistakes.

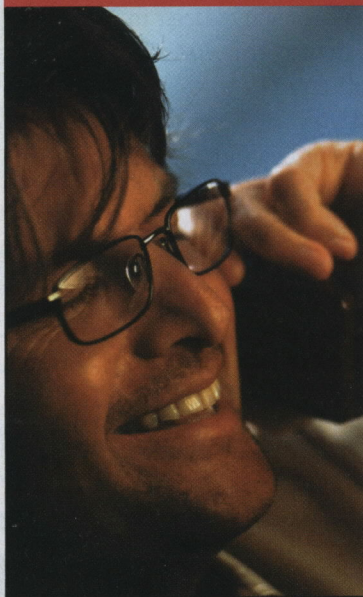
ing for a reason to celebrate," says Tom A. In the process, management finds its own reason to celebrate. "My greatest reward is to see the incredible personal development and growth from the people in our company," says Tom J.

'You Won't Find a Better Place to Work'

The respect and devotion that the Winstels show their employees is returned.

Senior installation technician Greg

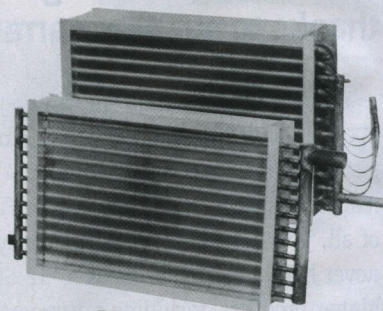
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Shelton, a 15-year veteran of Engineering Excellence, says, "You won't find a better place to work. The in-house training is great, the knowledge and experience you can tap into is incredible, and management is always open to your ideas."

Dan Sullivan, a 16-year field service manager agrees. "There's truly a team atmosphere and support system here. Plus, there's such a wide variety of specialties that you never get bored."

A newcomer to Engineering Excellence, Ed McHugh, regional director of business development and sales, is a big fan of the company's openness. "The Winstels lay out to everyone their short-term vision and their long-term vision. Then they train constantly on both technical issues and company culture, and always listen to feedback. In addition, the way they treat the technicians and foremen is awesome."

Jim Manning, vice president of con-

struction, has been with Engineering Excellence's for four years after a 20-year career with Honeywell. He says he's impressed by the tools that are provided to employees, such as the customized software to improve project management, as well as the company's fanatical devotion to customer service. "It's almost as if they know how to beat customers to the punch," he says. "They're always thinking of things customers want before they even know they want them."

Jennifer Hirsh, CFO and an Engineering Excellence officer, has a simple explanation as to why people enjoy working at Engineering Excellence: "Everybody wants to be part of a winning team."

An Incubator of Ideas

Is it simple? Says Tom J.: "What we're all about is actually pretty simple. Externally, we tell our customers, give us

your HVACR and we'll bring you innovative solutions, consistent delivery, and ongoing information to drive down costs. Internally, we meet those promises by planning, communicating, executing, and monitoring."

Maybe it makes things easier when you have a founder like Tom A., who Mary Seaman, service project manager, calls "an incubator of ideas."

"The tough part is knowing when to rein him in," Seaman says with a laugh.

Tom A. seems awed by the fact that Engineering Excellence is now the *Commercial Contractor of the Year*, and may serve to inspire others the way Alan Barnes and Aircond inspired him in 1992. "The people here really have a passion for the industry, and I'm really proud of the team atmosphere. Frankly, I just feel lucky to be along for the ride." ♦

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