

STRATEGIES

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Growth in the air

■ BY JACOB DIRR
DBJ STAFF REPORTER

To grow his air and ventilation company, Eric Detmer has become a part-time detective.

Fairborn-based Detmer and Sons Co. bought three area companies in the past seven years, which have boosted revenue for the 30-year-old company.

However, buying a competitor requires due diligence and Detmer — vice president of business development — said business owners have to sleuth out every detail of their perspective quarry, from financials to company culture and determine whether to move forward.

"It is not something that happens overnight," Detmer said. "It takes a lot of homework."

As a result of doing its homework, Detmer and Sons has bumped its revenue from \$6.5 million in 2004 to \$9 million today, employing 48 people.

The company, which works in duct cleaning and heating, ventilation and air conditioning services in the commercial and residential markets, has been approached five other times by competitors in the past 10 years, but opted out, Detmer said.

The acquisition process itself take between six months to a year, he said.

Detmer said even if a company looks golden on paper, like a real cash cow, it is

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JAMES E. MAJ

Eric Detmer

vice president
business development for Detmer

Sons Co., along with

Frank Detmer, president
and Jim Streck, vice president
of operations, are seen through
a piece of ductwork at the company
Fairborn offices.

DETMER: Acquisitions helping local heating and ventilation company grow

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also important to research its type of customers, the kind of equipment it uses and the kind of employees who work there.

Otherwise, headaches are on the horizon, he said.

The research includes spending days with the potential company at its office, observing business and conducting interviews just like an investigator.

"It's meeting after meeting, it is not a hard decision to come to," Detmer said.

Since 2000, Detmer has bought three HVAC companies: Springfield-based Brockman Furnace Co., Beavercreek-based Hussong Sheet Metal Co. and Dayton-based McPhearsons Heating and Cooling.

Each acquisition came after the owners of those companies — all family-run operations — wanted to cash in their chips, Detmer said.

Detmer and Sons decided to move forward because each buy helped them diversify.

After buying Brockman Furnace in 2000, Detmer gained a substantial foothold in the Springfield market.

Four years later, after buying Hussong Sheet Metal, the company added health care and office clients, such as Synergy Building Systems. That balanced its lopsided customer ration from 95 percent residential and just 5 percent commercial, to an even 50/50.

With the latest addition to the family of companies, McPhearsons Heating and Cooling, Detmer and Sons gained expertise in all forms of oil heating.

Oil heating — compared to natural gas or electric heating — is found in older, large structures everywhere.

Detmer and Sons competes against many companies, such as Dayton-based Butler Heating & Air Conditioning Co. and Tipp City-based Ed's Heating and Cooling.

Paul Broerman, Ed's general manager, said the market is competitive in the Dayton market and many HVAC companies use acquisitions as a growth model.

Broerman said before making acquisitions, he suggest companies have good processes and infrastructure in place to handle the extra workload.

Detmer said one of the important parts of acquiring companies for a family-owned

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Business: Heating, ventilation and air conditioning

businesses is maintaining the culture that makes working there a plus.

"That family atmosphere is still here," he said. "It is not like you don't know the guy down the hall, we still eat lunch together."

It is no coincidence, then, that all of Detmer and Sons' acquisitions have been other family businesses. As part of its strategy to buy companies with similar cultures and customers, Detmer said being a family-owned business helps transition employees and customers.

"We deal with customers and employees on a personal basis," Detmer said.

The company also welcomes new ideas from the companies it buys and includes all the employees, new and old, into the decision making process — often successfully implementing more efficient practices and policies.

For example, the company adopted warmer winter uniforms, per the suggestion of Hussong employees who joined in 2004.

"When we bring them over from another company, they are not just thrown in the mix, we try to make them this home and in return we get loyal employees," Detmer said.

Moving forward, Detmer said the company has created a new brand under the Detmer and Sons umbrella that focuses on duct cleaning, called Airflow Advantage. That arm is making about \$200,000 a year, at present, but is expected to mature in about a year and a half, he said.

It will also seek to boost its residential sales by as much as 10 percent across other parts Detmer and Sons.

"There are still a lot of avenues growing out there," Detmer said.

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