

CITY OF MILWAUKEE OFFICE
OF SMALL BUSINESS
DEVELOPMENT
BUSINESS CAPACITY
PROGRAM

PL FREEMAN BUSINESS

PLAN

P.L. FREEMAN CO.

Full Service Mechanical Contractors

"Making A World Of Difference For Our Customers"

Ex. B



Executive Summary

Who We Are

The P.L. Freeman Company (PLF) is a local full-service mechanical, electrical, plumbing and roofing company with clients in the Greater Milwaukee area and Southeastern Wisconsin. For over 30 years, the P.L. Freeman family of companies has had a committed presence in this community. In 2004, the HVAC division became P.L. Freeman Company offering a full range of HVAC services.

The company seeks to expand its current offerings and to create a separate, fire safety division. This business plan organizes the strategy and tactics for the business expansion and sets objectives for growth over the next three years.

Business Expansion Task List & Summary

Marketing

- Implement Marketing and Sales Plan
- Focus on pursuing projects in Dane County, IL and TX.
- Create promotional packets for distribution
- Upgrade website

Organizational Development

- Hiring
- Software implementation and training
- Prefabrication space & warehouse set-up
- Estimating
- 8A Certification

Operations

- Warehouse and Prefabrication (set-up)
- Implement fire protection division
- Utility Infrastructure (set-up)
- Field Leadership
- Next Level Safety



City of Milwaukee Office of Small Business Development Business Capacity Building Program Description

The City of *Milwaukee's Office of Small Business Development* created the Business Capacity Building Program. This program is designed to mentor and promote existing small businesses that are certified with the City of Milwaukee and are actively engaged on the North End Project. The program is designed to ensure full opportunity for participation by emerging firms on future public works and private sector development projects. The goals of the program are to prepare participants for sustainable growth that is measured by:

1. Increased business revenue
2. New employment opportunities
3. Job creation
4. A personalized plan for business growth

Additional program objectives include:

- Focus on the achievement of business goals and milestones
- Providing the framework for owners to progress on their business
- Personal development of the business owner
- Provide access and opportunities for the exchange of information, ideas and support.

Upon successful completion of the program, firms will be equipped to move forward with a workable plan for their business that includes:

- Tactics to leverage and market their business
- Tools to financially manage business growth
- A new mindset on leading, managing and developing talent
- Participants will also qualify for a grant to further support their business in the implementation of the goals set throughout the program.

Rubric Information:

- Develop and submit a business plan, financial plan and strategic plan
- Develop a business mission and vision statement
- Develop and submit a Marketing Plan
- Develop and complete a personal action plan



Company

Company Overview

The P.L. Freeman Company is a privately held S corporation, currently 100% owned by its founder and president, Prentice L. Freeman, Jr. The company strives to be one of the premier mechanical contracting companies in the United States. P.L. Freeman operates from their newly renovated headquarters in Brookfield, Wisconsin. As company president, Prentice L. Freeman Jr., devotes the majority of his time to managing the affairs of the company's Wisconsin operations.

In 2009, P.L. Freeman opened a satellite office in Houston, Texas. Shortly thereafter, Jason R. Freeman was promoted to the role of Texas Operations Manager.

As a full-service mechanical, electrical, plumbing and roofing contractor, the P.L. Freeman Company has developed an expertise in performing new build, design build, and maintenance services for both the public and private sector. P.L. Freeman offers a vast array of construction and maintenance services in a variety of industries and markets.

Company History

Since 1981, the P.L. Freeman firm has been recognized as a leader in the trades. A focused dedication to bringing the highest quality of service has driven the company for the last 32 years and continues today. It began when Prentice L. Freeman Sr. started a roofing company out of his home. In 1983, Prentice Sr. moved into his first shop and the business expanded.

Prentice L. Freeman Jr. attended Milwaukee Trade and Technical High School from 1986 to 1990. During that time Prentice L. Freeman Jr. graduated with a 4 **Plumbing Shop Certificate**. During this period Prentice gained a vast knowledge of the Plumbing industry in the areas of **Plumbing Design, Drafting, Plumbing Code Research** and **Plumbing Systems** Installation. This knowledge would prove to be of great value in Prentice's future business ventures.

In the summer of 1990 Prentice L. Freeman Sr. and two sons, Prentice L. Freeman Jr. and Jason R. Freeman officially joined the **Roofing** company. Prentice L. Freeman Jr. worked for the company part time during High School and for several years after High School. In his Father's roofing company, he attended various roofing classes and developed **journeyman level** experience in roofing applications.

Prentice L. Freeman Jr. envisioned a family legacy that reached beyond roofing; and driven by aspirations of expanding the family business and armed with the desire to build on his knowledge and experience in the areas of **Plumbing and Roofing**.

To fulfill his dream of opening Full Service Mechanical Contracting company he decided to gain experience and knowledge of the **HVAC industry**. In 1993 Prentice Jr. enrolled in the Steamfitters Local 601 apprenticeship program in 1993. During this 6 Year Period of being a Pre-Apprentice and Apprentice and Subsequent Journeyman, Prentice studied **HVAC Electrical, HVAC Design, Theory**, and Installation. He attended 2 years of HVAC Day School at MATC South Campus where he also took **Electrical Courses** for 2 Years at MATC.

Upon completion of the program in 1999, Prentice Jr. began the task of creating the next phase of the family business- the mechanical division of P.L. Freeman. And in 2004, armed with the knowledge and expertise of the HVAC, Roofing, Electrical and Plumbing industry, Prentice Freeman Jr., incorporated P.L. Freeman Company; creating a one-stop shop for HVAC, Plumbing and Roofing services.

The P.L. Freeman Company has grown to be one of the premier MEP companies and top-notch roofing system installers in south-eastern Wisconsin.

Mission Statement

The P.L. Freeman Company's commitment to excellence is not just a slogan, it's our mission. Customers select a business not just based on price, but on the integrity and expertise of its workers and the proven quality of the work provided. At P.L. Freeman Company, we strive to be the most reliable, safety conscious and customer-oriented contractors in the business.

Company Slogan

The P.L. Freeman Company "Making A World of Difference For Our Customers".

Company Vision

The P.L. Freeman Company serves its customers with a quality and integrity born from a deeply rooted history in this community, the owner's faith and the belief that P.L. Freeman is not just providing a service; this is a company that is dedicated to creating long-term relationships.

Core Values

Since inception, the P.L. Freeman family of companies has been guided by its core values. These values guide both management and employees in the culture and character of the P.L. Freeman Company. The core values are:

Faith - Faith in Jehovah- Faith in Family and Friends

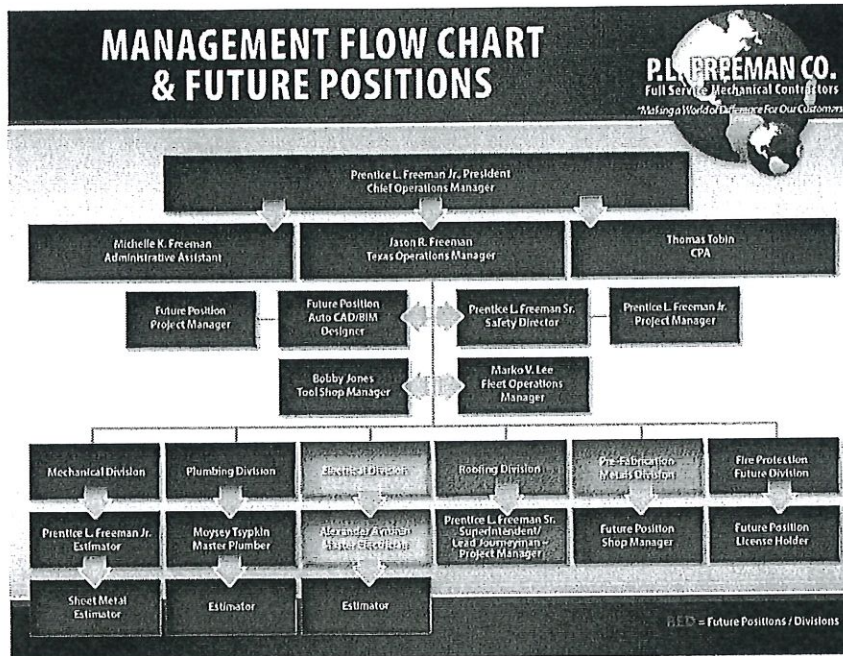
Family - Next to Jehovah God, Family comes First

Focus - Prioritize your day based on what must be accomplished that day

Forward - Forward thinking and action

Future - The present lays the groundwork for a happy future

Management Team





Management Team Job Description and Responsibilities

Prentice L. Freeman Jr.-President Chief Executive Officer

As company President, Prentice L. Freeman is the heart and soul of the P.L. Freeman Company. His creativity, innovation and vision serve as the driving force behind the company's success. All P.L. Freeman Company employees are required to commit to the qualities and core principles of the company, as they carry out their assignments on a daily basis.

Quality, safety, integrity and customer focus are high in importance to the P.L. Freeman Company. All managers, estimators and superintendents report directly to him.

As President, his role and tasks are defined in the following manner:

Business Development

- Pursues new business opportunities
- Researches the procurement sections of the various city, state and municipal websites
- Communicates with industry leaders, A/E firms, general-contractors and developers
- Attends membership meetings and networking events for various trade associations and chambers of commerce
- Facilitates weekly meetings with the project managers and estimators to set and approve the Bid-Calendar and the Project-Tracker

Customer Retention

- Weekly evaluation of project progress and scheduling one-on-one with clients to ensure a high level of satisfaction and to answer any client questions
- Reviews customer satisfaction surveys with the project managers and other key personnel

Company Operations

- Approves and reviews all division and department budgets. Authorizes all material, equipment, vehicle and supply purchases over \$300
- Reviews and approves all accounts payable invoices and payments
- Authorized signer on accounts payable and payroll checks
- Chairs all company meetings and conducts performance evaluations
- Interviews, hires and terminates all office personnel
- Reviews and approves all estimates and designs from the design and estimating department



- Reviews all job costing reports with Project Managers and CPA
- Reviews income statements and balance sheets on a monthly basis
- Approves all timecards and payroll reports

Prentice L Freeman Jr- Personal Resume



P.L. FREEMAN CO., INC. -JANUARY 1, 2004 TO PRESENT

- President of P.L. Freeman Co.
- Founder and President of P.L. Freeman Co. a Full-Service Mechanical Contracting Company Specializing in HVAC, Plumbing, Electrical and Controls. In charge of the day to day company Operations.
- Journeyman HVAC Steamfitter through Local 601 Milwaukee and the UA. Major Experience lies on the Service Side of HVAC Equipment. General Pipefitting Skills. We employ welders at my firm.
- Experienced Mechanical Estimator in HVAC and Plumbing Division. I use Fast-Pipe Estimating Software to do on-screen take-offs. I also prepare the bids and order the materials and prepare project Budgets. I have some limited experience using AutoCAD MEP and Revit. I am currently taking online MEP design courses in AutoCAD and BIM Programs.
- Arrive in office around 6am daily. Review of all company timecards and discuss tasks to be performed with all employees. Approve all accounts payables, and construction estimates in all divisions. Supervision and manage all departments, estimating, office, accounting, and field personnel.
- **Fire Protection Experience** Years ago. I Passed NICET Level 3 Exam Requirements for Automatic Sprinkler Layout and Design. I am not Certified as a Level 3 Designer. I have passed the exam requirements. I have experience in performing Hydraulic Calculations by Hand for the Layout and Design of Fire Protection Systems. I hope to one day open a Fire Protection Division of our Company
- **Milwaukee Trade and Technical High School-** 1986-1990-Courses Math, Science, English, and Graduated with a 4 Year Plumbing Shop Certificate. I gained knowledge and experience in Plumbing, Design and Drafting, Code Research, and Installation.
- **PL Freeman Roofing:** 1986-1993 Worked for over 7 Years in My Fathers Roofing Company, during this time I gained Journeyman Level Knowledge and experience in Hot Tar 3 Ply Systems and EPDM Systems. Ran small Roofing Crews for our Family business.
- **HVAC Local 601 Training School-** Steamfitter Apprenticeship Night School Classes. Steam Heating, Hydronic Heating, pneumatic controls, gas and oil burner service, and compressor rebuilding.
- **Milwaukee Area Technical College-** Apprenticeship Day School Classes in Commercial Air-Conditioning and Refrigeration. Gained experience in pressure enthalpy charts. Also took Electrical, DC and energy management courses. Completed courses with a B average

Skills

- Prentice has over 17 years of HVAC, Plumbing and Electrical Experience. I am trained in Fast Est Pipe Mechanical and Plumbing Estimating Software. He has experience in the use of Foundations Accounting, Estimating and Project Management Software.
- Passed Level 3 Exam Requirement for NICET for the Layout and Design of Fire Protection. Has some experience with AutoCAD and Revit



Thomas Magnor-Controller/Certified Public Accountant

The Controller plays a vital role in the managing of the company's cash flow, budget forecasting and tax planning and preparation. As the Certified Public Accountant, Thomas Tobin works very closely with the President and the Administrative Assistant.

Thomas' Role focuses on the following areas:

Quarterly Financial Statement Preparation

- Quarterly meetings with President to discuss the current work projects
- Analysis and Interpretation of operating results & financial position
- Preparation of annual financial statement with footnotes
- Reviews bank statements and credit card statements
- Creates *Work in Progress* adjustments
- Bases internal bookkeeping process on an accrual basis and tax returns on cash basis in 2014
- Makes recommendations as part of an overall tax planning strategy

Annual Corporate and Personal Tax Preparation

- Prepares and files corporate tax returns
- Prepares and files officer and spouse tax return
- Sends out 1099 Forms to Subcontractors
- Closes out fiscal year in Foundation's accounting software

Other Roles and Duties

- Work closely with President and his spouse on development of succession plan
- Development and management of the company retirement plan



Prentice L. Freeman Jr. - Senior Project Manager

At P.L. Freeman Company, the Project Manager is responsible for the establishment and control of all project related activities. This position collaborates and works closely with the customer and with key P.L. Freeman team members such as the President, Administrative Assistant, Estimator, Designer, Superintendent and Foreman.

Major Areas of Responsibility:

- Establish and maintain control for all project administration
- Assume responsibility and appropriately administer cost management for each project
- Accountable to management for monthly project reporting
- Schedule and conduct project meetings and closeout review
- Facilitate schedule creation, maintenance, and compliance
- Assure compliance with all standards, regulations and laws, safety policy, affirmative action, equal opportunity employment goals and evaluates company risk
- Take responsibility for change and innovation
- Responsible for the overall pre-construction, construction and closeout phases of construction
- Work cooperatively with on-site construction team and ensure thorough plan/ specification review
- Frequent on-site visual project review. Walk the job with the foreman to ensure compliance with standards, regulation, laws, safety policies, construction schedule, quality and specification requirements
- Assist with primary and secondary estimating and in marketing efforts
- Accomplish the procurement process (project buyout)
- Prepares and executes subcontractor contracts and change orders
- Collaborates with on-site construction superintendents, architects, subcontractors, owners and owner's representatives
- Develops an expert knowledge of construction technology and anticipates problems
- Works with the Foreman to order and return project materials, tools and equipment
- Works with the Administrative Assistant to prepare all AIA
- Develop friendly, personal relations with others, talks persuasively and fluently, sells ideas or other intangibles



Michelle K. Freeman-Administrative Assistant

The Administrative Assistant provides administrative support to the entire managerial staff. Her duties and responsibilities vary, encompassing clerical work, bookkeeping and any other duties as assigned. This is a secretarial position which reports directly to the president.

Essential Duties and Responsibilities:

In addition to the items listed below, this position also requires other administrative tasks that may include but are not limited to: billings, submittals, compiling and submitting reports, job costing and cost code reporting and tracking, preparing and reviewing contracts, lien filings and releases, maintaining logs, and all other related items as assigned.

- Attends company and project meetings, takes meeting minutes and transcribes meeting minutes
- Composes and types routine correspondence
- Organizes and maintains files, files correspondence and other records
- Processes shop drawings, RFP's, RFI's, SI's, Change Orders, and other documentation as assigned
- Submit and record liens and lien releases
- Prepare and reviews contracts, proposal letters and processes as required
- Makes copies of correspondence or other printed materials
- Create budgets and analysis in excel and in our accounting software
- Prepares outgoing mail and correspondence, including e-mail and faxes
- Coordinates and arranges meetings, prepares agendas when required
- Works with Accounts Receivable and Payable
- Processes time cards and prepares payroll
- Performs monthly bank and credit card reconciliation
- Act as liaison between supervisor and others (i.e., departments, external contacts, clients, etc.)
- Oversee/process day-to-day administrative items: mail, expense forms, checks, etc.
- Compose and/or edit/distribute letters, memos, reports, etc. on time and maintain who, what and when recurrent reports are due and active sales presentations and meetings are scheduled
- Prepare special reports/ brochures / overheads/ etc. for seminars/meetings. Such items would require research, development and/or interpretation of data and be performed with little supervision
- Working knowledge of Microsoft Office including Microsoft Word, Microsoft Access, Excel, and PowerPoint



- Familiarity with all current projects, clients, owners (former and active), architects, engineers, consultants, etc.
- Maintains confidentiality regarding all company matters
- Maintains an on-time calendar, schedules/confirms meeting dates, etc.
- Arranges travel, hotel, and car reservations and prepares itineraries
- Sets-up for meetings (coffee, lunch, etc.)
- Organizes the daily mail in folders
- Perform additional assignments at supervisor's direction
- Share phone answering responsibilities with other Operation's secretaries.



Prentice L. Freeman Jr. - Chief Estimator

The Estimator is a critical position within P.L. Freeman. The estimators are hired by the President, then to, they report directly to the President. He works closely with the Designers and Project Managers in terms of preparing the bid, setting the project Budget and managing the Project.

The primary function of the chief estimator is to estimate commercial, industrial and residential projects and plan, coordinate, execute, maintain and manage an effective field construction organization utilizing the necessary labor, equipment, materials, tools, subcontractors, and other resources to effectively perform the scope of work within an allotted budget and time schedule.

Duties and Responsibilities:

- Carefully review all specifications, drawings and addendums, ensuring that the company knows everything required to accurately bid and win the project
- Estimators must aggressively follow-up with subcontractors to ensure that bids are received
- Estimators also work with the Project Management teams to follow-up on bids and budgets to close the business
- Perform updates in the estimating software
- Display good communications skills, must be professional, dependable, detailed & motivated
- Develop and track project schedules including manpower loading for the project
- Properly estimate commercial project from blueprints to inception
- Contact vendors, subcontractors & suppliers for pricing
- Establish project cost control for tracking of equipment, material, labor, tools, subcontracts and miscellaneous costs
- Coordinate the planning efforts with other trades
- Select lowest responsible subcontractors' equipment and material suppliers
- Occasionally visit the jobsite to inspect for contract compliance, workmanship, and safety
- Follow-up on any required warranty work and maintain contact with owner to ensure customer satisfaction
- Manage multiple small to large jobs at one time with minimal supervision
- Must be detailed oriented in record keeping
- Once Project is awarded export budget into Foundations Software



Shawn Christon. - Safety Director

P.L. Freeman Co acknowledges its obligation, as an employer, to provide the safest possible working conditions for our employees and to provide a safe environment for customers who use our facilities and services. Therefore, our activities will be conducted according to local state and federal safety standards, codes, regulations, or appropriate industry standards.

Our Safety Director is a key-component of our Safety Program. Our Safety Director manages the day to day safety, training and compliance of our labor force through effective safety and accident prevention program development. He is responsible for developing, upgrading, and or implementing our safety policies, procedures and training programs.

The essential job duties of the Safety Director are as defined below:

Compliance:

- Ensure compliance with OSHA and other third-party compliance related organizations
- Interface with our construction personnel, customers, vendors, subcontractors, and regional industry groups to ensure that we have up-to-date programs, policies and procedures
- Work to protect our employees, our labor force and our customers against injuries and accidents through an accountable, consistent and disciplined approach of safe working practices
- Timely investigate accidents and injuries, identify their root causes, and communicate preventative practices to ensure they are not repeated

Communication:

- Through in-person and written communication, the Safety Director must establish positive and successful professional relationships with our customers and our construction personnel
- The Safety Director will communicate core business and safety principals to our construction personnel through various training programs, stressing a positive, open, and two-way line of communication
- Provide technical guidance and expertise on safety and compliance issues to construction personnel, customers and vendors during your day-to-day interactions
- Coordinate audits, maintain records, facilitate investigations and measure our results to ensure that we have an effective safety program

Training:

- Plan and coordinate on-site supervisory and/or field-labor training as required
- Improve and enhance our safety and compliance training programs to ensure consistency with OSHA and/or business needs



- Work with our customers to ensure that we satisfy their unique site-specific requirements

Credentials:

Our Safety Director must have:

- Min. 7-10 years of experience in safety field, with industrial construction experience;
- Degree in Industrial Engineering, Occupational Health and Safety, or other Safety field;
- CSP Certification and demonstrated safety training experience;
- Mastery of OSHA regulations;
- Demonstrated experience writing and implementing safety programs;



Foreman

At P.L. Freeman the Foreman oversees and is responsible for a broad range of construction job-site projects, per job plans and specifications. The foreman has experience in reading and accurately interpreting construction plans, drawings and specifications

The foreman position must demonstrate the desire and ability to identify and solve problems as they arise. The foreman must have strong interpersonal skills and be able to work effectively with a team. At P.L. Freeman, the foreman has a strong orientation for results, a high commitment to quality and customer service, and shows to adjust to the changing needs of the customer.

The foreman is responsible for performing, as well as leading, training and directing the activities of a crew. He/She must schedule, coordinate and advise the activities of assigned crew.

Other Responsibilities

- Effectively manage and maintain the equipment for successful completion of each project
- Oversee the daily operations of the project
- Implement and follow through with job instructions provided by the Construction and Project Manager
- Maintain daily paperwork required for the site and crew
- Provide leadership and supervision at project site and enforce policies and working rules
- Occasionally inspect work performed by crew for quality and specification compliance
- Perform "hands-on" work during the day
- Order and schedule the delivery and return of materials
- Ensure Safety and Quality Control requirements at Project Site
- Conduct Safety Meeting and "Tool-Box" Talks
- Prepare change orders to submit to project manager
- Keep all "As-Built" Drawings current
- Coordinate all site-specific close-out documentation
- Oversee completion of "punch lists"
- Coordinate with customer Representative for site related activities and maintain a good working relationship with the customer
- Provide leadership guidance and actively train and promote learning to apprentices and all crew members when possible
- Maintain company equipment, tools, and vehicles in an operational condition at all times
- Analyze and resolve work problems and lead crew members in discovering solutions
- Prepare and submit for review production, safety, time and other reports as necessary



- Computer knowledge of Excel and Word and the ability to communicate via-email
- Manage a crew of 3 to 15 workers
- Possess excellent organizational skills and push crews for production
- Able to perform small repairs on field equipment
- Valid driver's license
- OSHA 30 minimum



Strengths, Challenges & Success Factors

Strengths

- **Certification:** An advantage for P.L. Freeman is their complete line of MBE-DBE-EBE and SBE certifications. The certifications allow the P.L. Freeman Company to have a competitive edge in the public sector, where many projects have minority and small business participation requirements.
- **Credibility:** PLF has implemented the same industry practices and company policies that larger firms employ.
- **Branding:** Over the years, the P.L. Freeman Company has developed a strong brand identity and market strategy. This is evident in the strategic and consistent use of branding in everything from the website, to employee uniforms, toolboxes and equipment.
- **Network:** P.L. Freeman draws on the resources of past and current customers as well as industry partners to develop market share and secure new contracts.

Challenges

- Shaking the Minority Owned = Inferior Delivery perception. Often minority owned businesses are viewed with skepticism about their ability to deliver high quality, on time services. This is a common misconception and it takes time, relationships and constant vigilance to stay above the bar.
- The managerial comfort level in being a second-tier contractor; it is easy to stay at this stage and not aggressively pursue additional work. PLF needs to willingly step out of its comfort zone and embrace more work as the primary contractor. This is crucial to the growth and the long-term sustainability of this company.
- The P.L. Freeman Company has a very small office staff. At times, this can mean that the competition can bid more projects, then manage those projects more effectively and efficiently than P.L. Freeman can.

Success Factors

- Growth and the ability to take calculated risks.
- Strategic Partnerships.
- Quality
- The P.L. Freeman Unique Selling Proposition: A one-stop mechanical solution. P.L. Freeman customers come to this organization for HVAC products, installation and service. They will stay or return to P.L. Freeman because of the diversity of offerings including: Plumbing, Sheet Metal, Electrical and more. This range of services gives P.L. Freeman a competitive advantage over others simply because P.L. Freeman offers more services without sacrificing quality.
- Close monitoring of cost controls and field operations using Lean Manufacturing and Quality Control.



Locations and Facilities

Headquarters-Brookfield, Wisconsin

At the beginning of 2013, the P.L. Freeman Company moved into new offices located in Brookfield, WI. The new space offers more than twice the size of its previous facility to accommodate company growth as the company continues to expand offerings. Located mere steps from Quality Heating & Sheet Metal, a large contractor that frequently hires the P.L. Freeman Company for subcontracting work, P.L. Freeman allows cultivation of stronger, more durable business ties in the area.

The new facility houses a state-of the art workshop which blends the practices of total quality management with advanced industry specific technology. Adequate parking and easy access were must-have criteria while searching for locations.

Houston, Texas Office

Looking to expand their market presence, in the fall of 2010, the P.L. Freeman Company opened a satellite office in Houston, Texas. Located on the 6th floor of a 32-story high-rise, this office offers more than 7,000 sq. feet of office space and 20,000 sq. feet of storage space.



Company Services

The P.L. Freeman Company is a full service mechanical contracting shop, providing plumbing, heating, cooling and roofing in both commercial and residential settings. PLF features a complete service department, the company's union steamfitters, electricians, plumbers, sheet metal workers, iron workers and roofers have more than 300 years of combined industry experience.

The company's new facility opened in February of 2013 and includes prefabrication equipment for plumbing and heating and a warehouse essential for the company's continued growth and technological advancement in the industry.

HVAC

The P.L. Freeman Company has been designing, installing, and servicing HVAC systems for over a decade. PLF also offers complete installations of commercial/residential applications. Certified technicians use state-of-the-art technology to diagnose and can repair any and all existing systems.

Capabilities

- Design/Build
- 3D Modeling
- Sheet metal fabrication & installation
- Hydronic heating
- Chilled & condenser water
- Refrigeration piping
- Steam systems
- Central plant installation
- Industrial ventilation & duct work

Plumbing

The PLF plumbing team offers proven expertise in plumbing design, estimation and service. Services are precisely tailored to meet the specific needs of customers offering a complete range of plumbing services, from initial design through regular system maintenance.

The 1,600 square foot prefabrication shop allows the staff to assemble plumbing systems before shipping to the job site, resulting in increased productivity and lower costs.

The plumbing staff has expertise in:

- Drainage waste vent systems



- Domestic & pure water systems
- Reverse osmosis piping
- Sanitary drain & vent
- Storm & overflow systems
- Clear water waste piping
- Medical gas & vacuum systems
- Acid waste & vent Systems
- Process drain piping

HVAC-Plumbing and Electrical Service

PLF offers 24-hour emergency service, maintenance programs, equipment upgrades, and renovations to all makes and models of equipment -- no matter who installed it.

Servicing:

- Chillers
- Control systems
- Makeup air equipment
- Boilers (steam & hot water)
- Flame safeguard controls
- Hot water heaters
- Sinks, toilets and garbage disposals
- Ventilation & exhaust
- Pumps
- A/C Units
- Plumbing systems
- Electrical panels,
- Emergency back-up generators

Pipe Fabrication

The Pipe Fabrication Division specializes in residential, commercial and municipal projects, and has extensive experience in the areas of power and process piping. PLF's newly opened 1,600 square foot pre-fabrication shop, internally serves and supports all their projects to the satisfaction of their external customers.



Controls

The P.L. Freeman Company has the internal capabilities to install a full range of temperature controls systems. The company provides advanced training for technicians in commercial, industrial controls and integrated smart building technology. In addition to selection, PLF provides installation, programming and monitoring services.

Electrical

PLF offers a broad spectrum of installation, diagnostic and design services to meet the needs of its clients. Electrical services include:

- Residential
- Commercial
- Industrial
- Data cabling

Roofing

The roofing business is where P.L. Freeman got its start over 20 years ago. Today, it offers a full range of roofing services to both the new and re-roofing construction markets. Roofing services include:

- Free estimates
- Maintenance repairs
- Roof condition analysis
- New construction re-roofing



Technology

The P.L. Freeman Company believes that building information modeling is the future. The industry trend indicates that within a few years, most construction sites will have kiosk stations where subcontractors can view the entire project as a 3-D model. This process will transition from the design and engineering phase to being a crucial component of the on-site field construction process.

The PLF team has received design training using the *Auto Desk Software* and management is currently interviewing interns with experience using the software to work as part-time designers in the home office.

Building information modeling (BIM) is a process involving the generation and management of digital representations of physical and functional characteristics of a facility. The resulting **building information models** become shared knowledge resources to support decision-making about a facility from earliest conceptual stages, through design and construction, through its operational life and eventual demolition. BIM involves representing designs as combinations of 'objects' – vague and undefined, generic or product-specific, solid shapes or void-space oriented (like the shape of a room), that carry their geometry, relations and attributes. BIM design tools allow extraction of different views from a building model for drawing production and other uses. These different views are automatically consistent, being based on a single definition of each object instance.

For the professionals involved in a project, BIM enables a virtual information model to be handed from the design team (architects, surveyors, civil, structural and building services engineers, etc.) to the main contractor and subcontractors and then on to the owner/operator; each professional adds discipline-specific data to the single shared model. This reduces information losses that traditionally occurred when a new team took 'ownership' of the project and provides more extensive information to owners of complex structures.

Participants in the building process are constantly challenged to deliver successful projects despite tight budgets, limited manpower, accelerated schedules, and limited or conflicting information. The significant disciplines such as architectural, structural and MEP designs should be well coordinated, as two things can't take the same place. Building Information Modeling aids in collision detection at the initial stage, identifying the exact location of discrepancies.

The BIM concept envisages virtual construction of a facility prior to its actual physical construction, in order to reduce uncertainty, improve safety, work out problems, and simulate and analyze potential impacts. Sub-contractors from every trade can input critical information into the model before beginning construction, with opportunities to pre-fabricate or pre-assemble some systems off-site. Waste can be minimized on-site, and products delivered on a just-in-time basis rather than being stock-piled on-site. Quantities and shared properties of materials can be extracted easily. Scopes of work can be isolated and defined. Systems, assemblies and sequences can be shown in a relative scale with the entire facility or group of facilities. BIM also prevents errors by enabling conflict or 'clash detection' whereby the computer model visually highlights to the team where parts of the building (e.g.: structural frame and building services pipes or ducts) may wrongly intersect.



Competitors

When measuring head-to-head, direct competitors, there are none of similar size and ownership in southeastern Wisconsin that have the diversity of offerings that the P.L. Freeman Company offers. PLF is truly the first minority owned HVAC full-service business in the metropolitan Milwaukee area. However, there is still significant competition from direct and indirect competitors in the area.

Rockwell Mechanical:

A smaller entity than the P.L. Freeman Company, located in Milwaukee, Wisconsin. Rockwell Mechanical is a direct competitor of the P.L. Freeman Company.

Strengths	<ul style="list-style-type: none">- Minority Owned- The ability to bid lower than PLF on projects- Subcontracts for many of the same entities as PLF
Weaknesses	<ul style="list-style-type: none">- Does not offer the full product service range as PLF- Small business with a small business mentality and processes
Threats	<ul style="list-style-type: none">- Underbidding PLF on major contracts



Knauer Plumbing, Heating & Cooling, Inc.:

Located in Milwaukee, Wisconsin. Knauer is a woman owned business, providing plumbing and HVAC services since 1922. A direct competitor of PLF, they service Milwaukee, Ozaukee and Waukesha counties.

Strengths	<ul style="list-style-type: none">- Both Minority & Woman Owned Certifications- A long history of doing business in the Milwaukee area- Strong presence in the local HVAC arena
Weaknesses	<ul style="list-style-type: none">- Does not offer the full product service range as PLF- Small business with small business processes
Threats	<ul style="list-style-type: none">- Competition offering "value added" services and products.

Nash Mechanical:

Started in 2005 by Reginald Nash in Milwaukee, Wisconsin this company focuses on residential and commercial HVAC projects.

Strengths	<ul style="list-style-type: none">- Aggressive bidding process
Weaknesses	<ul style="list-style-type: none">- Does not offer the full product service range as PLF- Small business with small business processes- Newer business
Threats	Offers services that PLF does not.



Marketing

Market Needs

The PLF customer needs across the three segments described in Target Market Segment Strategy are similar in the sense that each customer segment requires a highly skilled mechanical, electrical and plumbing contractor. The P.L. Freeman Company has not only the vision, but the expertise to meet the ever-changing needs and industry demands of the customer. In addition, the P.L. Freeman Co understands that there is a growing need in the marketplace for a highly skilled- fire protection contractor. Prentice L. Freeman Jr. has undergone hours of training and education to pass the Level 3 Fire Protection Design requirements. The P.L. Freeman Company will soon be able to offer fire protection as a new division, the P.L. Freeman Fire Protection Company, with in the next 12 to 18 months. By adding Fire Protection to the organizations complete line of HVAC, plumbing, electrical and roofing services, PLF will be in a strategically advantaged position to meet the ever-changing marketplace needs and industry demands.

Many of the P.L. Freeman competitors only offer a single line of Mechanical Services. They are failing to meet the changing needs of the customer and to understand that most customers would prefer to deal with one contractor for all their installation, maintenance, and service repair needs.

Market Trends

The mechanical contracting/ HVAC industry has grown dramatically in the last 60 years. In 1947, the HVAC industry took in an estimated 1.6 billion in 2004 dollars. Today, the mechanical contracting industry is generating an estimated \$240 billion in contracts annually that represents a 15,000% increase in revenue over the past 60 years. So where does the industry go from here? As with the vast majority of the construction industry, HVAC industry trends are leaning towards environmental impact and responsibility, the use of emerging technologies and emergency preparedness.

According to the 2012 Hoovers Plumbers and HVAC Contractors Report, overall employment of HVAC mechanics and installers is projected to grow faster than average and are seen as an excellent source of employment through 2014. In 2004, heating, air conditioning and refrigeration mechanics and installers held 270,000 jobs, with median hourly earnings of \$17.43 per hour. New employment opportunities would struggle if the economy experienced declining demand for construction related services. However, maintenance and repair services will maintain technician employment.

P.L. Freeman has examined the marketplace and has conducted in-depth research to ascertain next steps for the company. Based on the market trends and industry analysis, the future focus of P.L. Freeman can be divided into three categories and outlined below:

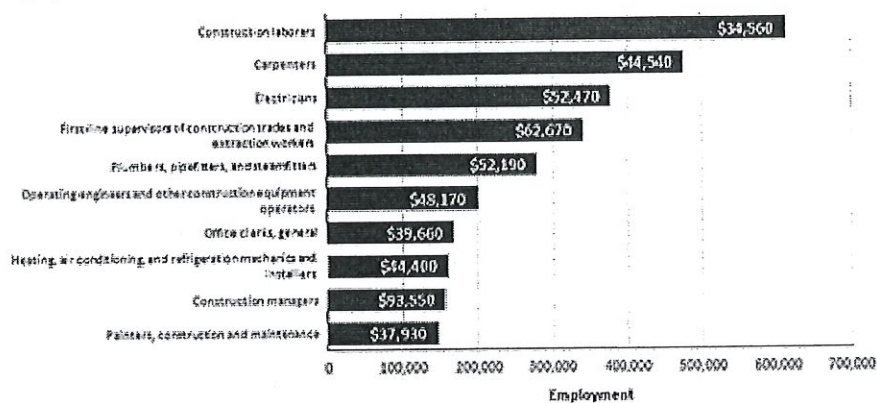
- **Environmental Impact and Responsibility**
 - LEED Certification
- **Emerging Technologies**
 - Pre-Fabrication- 3D-BIM Modeling
- **Emergency Preparedness (Life Safety)**
 - Implementation of Fire Protection Company

Employment Outlook

According to Audrey Watson, researcher for the Occupational Employment Statistics program; Construction and extraction occupations made up 63 percent of employment in the construction industry. Of the 10 largest occupations in the industry, 8 were in the construction and extraction group, and one was a construction-related management occupation. General office clerks were the largest occupation in the industry that was not directly related to construction. The two largest occupations in the industry were construction laborers and carpenters, with employment of 611,330 and 476,300, respectively. Both of these also were among the occupations with the largest employment declines between 2007 and 2011.

The average wage in the construction industry across all occupations was \$48,390. Compared with those occupations in the healthcare and manufacturing industries, more of the largest construction occupations had above-average wages. Five of the 10 largest construction occupations, shown in chart 7, had annual mean wages above the U.S. average, and two others—carpenters and heating air conditioning, and refrigeration mechanics and installers—had average wages only slightly below the U.S. mean.

Employment and annual mean wages for the largest occupations in construction, May 2011



SOURCE: U.S. Bureau of Labor Statistics.

According to the US Department of Labor Occupational Outlook all divisions of PLF's service offerings will see growth over the next 7 years.

HVAC

Employment of heating, air conditioning, and refrigeration mechanics and installers is expected to grow 34 percent from 2010 to 2020, much faster than the average for all occupations. Commercial and residential building construction will drive employment growth as the construction industry continues to recover from the 2007-09 recession. The growing number of sophisticated climate-control systems is also expected to increase demand for qualified HVAC technicians.

Climate-control systems generally need replacement after 10 to 15 years. A large number of recently constructed homes and commercial buildings will need replacement climate-control systems by 2020, spurring demand for technicians.

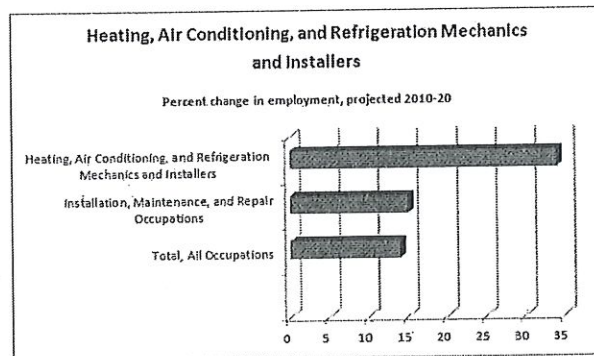


The growing emphasis on energy efficiency and pollution reduction will require more HVAC technologies as climate-control systems are retrofitted, upgraded, or replaced entirely. Regulations prohibiting the discharge and production of older types of refrigerant pollutants also will result in the need to modify or replace many existing air conditioning systems.

Job Prospects

Job opportunities for HVAC technicians are expected to be excellent, particularly for those who have completed training at an accredited technical school or through a formal apprenticeship. Candidates familiar with computers and electronics will have the best job opportunities as employers continue to have trouble finding qualified technicians to work on complex new systems.

Technicians who specialize in installation work may experience periods of unemployment when the level of new construction activity declines. Maintenance and repair work, however, usually remains relatively stable. Businesses and homeowners depend on their climate-control or refrigeration systems and must keep them in good working



order, regardless of economic conditions.

Electricians

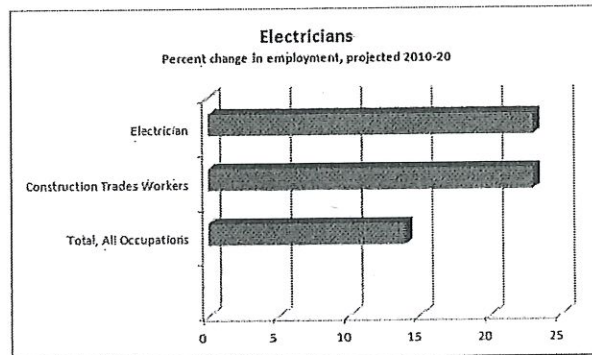
Employment of electricians is expected to grow 23 percent from 2010 to 2020, faster than the average for all occupations. Homes and businesses need more wiring than ever before, and electricians will be needed to install the necessary components. Overall growth of the construction industry and maintenance of older equipment in manufacturing plants also will require more electricians.

Alternative power generation, such as solar and wind, is an emerging field that should require more electricians for installation. Furthermore, electricians will be needed to link these alternative power sources to homes and power grids. Employment growth stemming from these sources, however, is largely dependent on government policy.

With greater efficiency and reliability of newer manufacturing plants, demand for electricians in manufacturing should be offset by the closing of old facilities.

Job Prospects

Employment of electricians fluctuates with the overall economy. On the one hand, there is great demand for electricians during peak periods of building and manufacturing. On the other hand, workers may experience periods of unemployment when the overall level of construction falls. Inside electricians in factories tend to have the most stable employment.



Electricians with the widest variety of skills should have the best job opportunities.

Plumbers

Employment of plumbers, pipefitters, and steamfitters is projected to grow 26 percent from 2010 to 2020, faster than the average for all occupations. Demand for plumbers is expected to come from new building construction and stricter water efficiency standards for plumbing systems, such as low-flow toilets and showerheads.

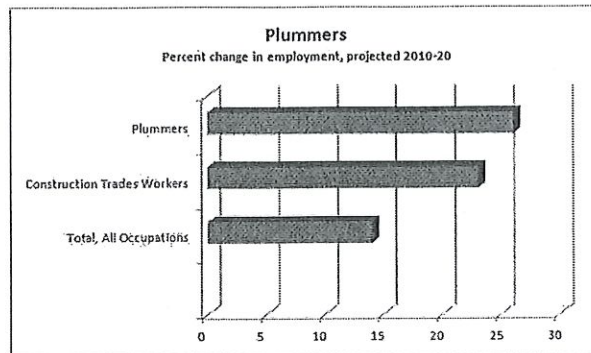
The construction of new power plants and factories should spur demand for pipefitters and steamfitters. Beginning in 2011, employment of sprinkler fitters and plumbers is expected to increase as states adopt a change to the International Residential Code that requires new single- and double-family homes to have fire sprinkler systems.

Job Prospects

Job opportunities are expected to be good as some employers continue to report difficulty finding qualified professionals. In addition, many workers are expected to retire over the next 10 years, which will result in more job openings. Workers with welding experience may have the best opportunities.

Like that of many other types of construction work, employment of plumbers, pipefitters, and steamfitters is sensitive to fluctuations of the economy. On the one hand, workers may experience periods of unemployment when the overall level of construction falls. On the other hand, shortages of workers may occur in some areas during peak periods of building activity.

However, maintenance and repair of plumbing and pipe systems must continue even during economic downturns, so plumbers and fitters outside of construction, especially those in manufacturing, tend to have more stable



employment.

Roofers

Employment of roofers is expected to grow 18 percent from 2010 to 2020, about as fast as the average for all occupations.

Roofs deteriorate more quickly than most other parts of buildings and, as a result, they need to be repaired or replaced more often. In fact, results of a National Roofing Contractors Association survey indicate that about three-fourths of all roofing work is for repair and replacement.

Areas of the country that commonly have severe storms have a greater need for workers to repair and replace storm-damaged roofs. In addition to repair and replacement work, the need to install roofs on new buildings should result in some job growth.

However, more roofing work is now being done by other construction workers, and that may slow job growth for traditional roofing contractors.

Job Prospects

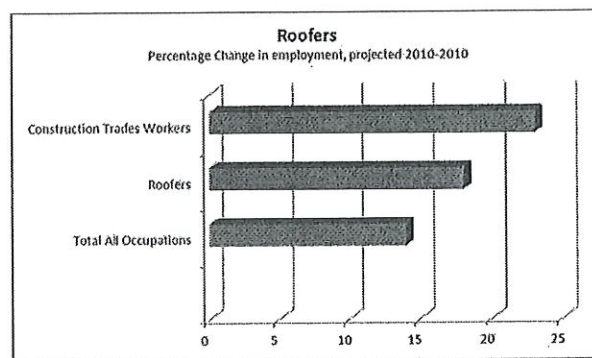
Job opportunities for roofers will occur primarily because of the need to replace workers who leave the occupation. The proportion of roofers who leave the occupation each year is higher than in most construction trades—roofing work is hot, strenuous, and dirty, and a considerable number of workers treat roofing as a

Temporary job until they find other work. Some roofers leave the occupation to go into other construction trades. Jobs are generally easier to find during spring and summer.

Like many other construction occupations, employment of roofers is somewhat sensitive to fluctuations in the economy. Workers may experience periods of unemployment when the overall level of construction falls. However, shortages of workers may occur in some areas during peak periods of building activity.

Demand for

roofers are less vulnerable to downturns than demand for other construction trades because much roofing work



consists of repair and re-roofing, in addition to new construction.

Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, 2012-13 Edition, on the Internet at <http://www.bls.gov/ooh.htm> (visited May 20, 2013).



Industry Analysis

Economic Snapshot:

According to the June 2012 Wisconsin Department of Revenue's Economic Outlook, construction employment peaked in 2006 at 130,100 jobs. It has declined since, losing 46% of its employment. Construction jobs losses seem to have hit bottom by the end of 2011. After this prolonged decline, Construction employment will grow 1.8% in 2012 and 2.4% in 2013. The outlook then calls for strong growth above 7% in the next two years. Full recovery will take longer. Despite the strong growth rates through 2015 Construction employment will still be 13% less than its peak in 2006

The Economic Impact of Construction in the United States and Wisconsin: *Economic Impact of Investment in Nonresidential Construction*

An additional \$1 billion invested in nonresidential construction would add \$3.4 billion to Gross Domestic Product (GDP), \$1.1 billion to personal earnings and create or sustain 28,500 jobs.

- About one third (9,700) of these jobs would be on-site construction jobs.
- About one sixth (4,600) of the jobs would be indirect jobs from supplying construction materials and services. Most jobs would be in state, depending on the project and the mix of in state suppliers.
- About half (14,300) of the jobs would be induced jobs created when the construction and supplier workers and owners spend their additional incomes. These jobs would be a mix of in-state and out of state jobs. Conversely, investments elsewhere would support some indirect and induced jobs in the state.

Nonresidential Construction Spending:

Nonresidential spending in the U.S. in 2011 totaled \$533 billion (\$283 billion public, \$258 billion private). Private nonresidential spending in Wisconsin totaled \$2.9 billion in 2011. (Public spending is not available by state.) Nonresidential starts in Wisconsin totaled \$4.3 billion in 2011 and \$4.5 billion in 2012, according to Reed Construction Data.

Small Business:

- The United States had 682,700 construction firms in 2010, of which 92% employed fewer than 20 workers.
- Wisconsin had 14,300 construction firms in 2010, of which 95% were small (<20 employees)



Marketing Plan- Strategy and Implementation

Overview

Marketing Vision:

The P.L. Freeman Company aspires to be a *one-stop-shop* for HVAC, plumbing, electrical and roofing needs. The company's industry experts offer a vast array of energy-solutions which enable customers to achieve and maintain a higher level of energy savings in their facilities and homes. PLF's energy based solutions provide an opportunity to sell their complete line of services as an all-around savings and to position the P. L. Freeman brand and company image as a provider of products and services that are good for their customers, good for their people, and good for the planet.

The challenge that the P.L. Freeman Company faces in this market is that the construction industry is only now beginning to recover from the economic downturn of 2008-2009. The P.L. Freeman Company will continue to develop new revenue streams by examining industry trends and determining a strategic plan for continued growth. To that end, P.L. Freeman Co looks to open the P.L. Freeman Fire Protection Company in the fall of 2014. The addition of Fire -Protection will not only provide a new revenue stream but will also meet the ever-changing need of their customers and the industry.

Marketing and Advertising Management Process:

The P.L. Freeman Company believes that operating in a constantly changing environment requires the business to adapt by offering added value to customer groups in the construction industry. To ensure that the work of their business remains relevant to the market, a strategy has been developed to match the business to its best opportunities. Over the next 3 years, PLF will employ three market strategies to enter specific markets with strong growth prospects. The strategic focus includes marketing segmentation, targeting, and positioning.

Market Segmentation:

As reported by McGraw-Hill Construction, new construction starts in 2010 edged up 2%, followed by another 1% gain in 2011, and 2012 is headed for a 5% increase to \$458 billion. This still leaves the volume of total construction starts 32% below the 2005 peak on a current dollar basis, and down about 50% when viewed on a constant dollar basis," said Robert Murray, McGraw-Hill Construction's Vice President of Economic Affairs. "The modest gains experienced during the past two years have in effect produced an extended bottom for construction starts, in which the process of recovery is being stretched out."

"The fiscal cliff poses a significant downside risk to the near-term prospects for the U.S. economy and the construction industry. Assuming that efforts to cushion the full extent of the fiscal cliff are successful next year, keeping the U.S. economy from sliding back into recession, then there are several positive factors to benefit construction, including low interest rates and improving market fundamentals for several project types," Murray continued.



Based on significant research and in-depth analysis of macro-trends, the 2013 Dodge Construction Outlook details the forecasts for each construction sector, as follows.

- Single family housing will grow 24% in dollars, corresponding to a 21% increase in units to 615,000 (McGraw-Hill Construction basis). The positives for single family housing have become more numerous – the pace of foreclosures has eased, home prices are stabilizing, and mortgage rates are at record lows.
- Multifamily housing will rise 16% in dollars and 14% in units, marking healthy percentage gains yet slower growth than what took place during 2011 and 2012. Improved market fundamentals will help to justify new construction, and this structure type continues to be viewed favorably by the real estate finance community.
- Commercial building will increase 12%, a slightly faster pace than the 5% gain estimated for 2012. Both warehouses and hotels will benefit from lower vacancy rates, while store construction will feature more upgrades to existing space and the derived lift coming from gains for single family housing. The increase for office construction will be modest, as new privately financed projects continue to be scrutinized carefully by lenders. Next year's level of commercial building in current dollars will still be more than 40% below the 2007 peak.
- Institutional building will level off, following the steep 13% drop estimated for 2012. For educational facilities, K-12 construction will slip further while college and university construction should at least stabilize. Healthcare facilities are expected to make a modest rebound after this year's downturn.
- The manufacturing building category will grow 8%, showing improvement after its 2012 decline.
- Public works construction will slide an additional 1%, as federal spending cuts in particular restrain environmental projects. The new two-year federal transportation bill should help to limit the impact of spending cuts on highways and bridges.
- Electric utility construction will drop 31%, after reaching a record high in current dollars during 2012. This year was boosted by the start of two very large nuclear power plants, and projects of similar magnitude are not expected for 2013. The expiration of federal loan guarantees for renewable energy projects would also dampen construction in 2013.

The P.L. Freeman Company has used this sector information to focus on three new target markets in which to expand services and develop new business.



Market Targeting

The P.L. Freeman Company has used this sector information to focus on three new target markets in which to expand services and develop new business.

Government-Public Sector:

P.L. Freeman Co will maintain current ties and cultivate new business in the municipal sector by targeting government businesses from a variety of city, county, municipal, state and federal agencies. Based on managerial research, PLF will experience modest growth here in Southeastern Wisconsin.

Private-Non-Residential:

Clearly has seen growth, the key to developing a foothold in this market is to develop a parallel marketing message to the green movement trend that is currently sweeping this industry. The P.L. Freeman Company is in a position to deliver a message of sustainability, efficiency, and cost-effective work for existing buildings and to act as a guide and advocate for the installation of energy efficient systems in new construction.

Residential/ Repair Renovation:

One of the strongest new business opportunities for P.L. Freeman Company is in Single Family Housing. Business is booming in the renovation and repair of single-family housing. The economic crisis forced many homeowners to stay in their homes and invest in renovation, rather than purchasing a newer or bigger home.

Differentiation in the Market Place

Most Mechanical Contractors generally take a similar approach to the market as commercial and industrial contractors, focusing on customers with larger construction, service and maintenance budgets while neglecting the smaller commercial and residential customer.

What differentiates PLF in the marketplace is that its services and market segments go above and beyond the traditional mechanical contractor. The P.L. Freeman Company has implemented similar methods and policies of the larger companies, which has enabled PLF to compete with the larger companies. Its diverse line of services and minority, small and disadvantaged business certifications have set the company apart from the smaller minority-owned mechanical contracting firms.

Mirroring larger competitor offerings, P.L. Freeman can compete in the larger industry arena and consistently adds to its repertoire of services and product offerings. If there is an opportunity for a project, the P.L. Freeman Company has the staffing and know-how to get the job done.

P.L. Freeman Co differentiates from its competitors by:

- Being in a unique position as one of the select few minority owned full service mechanical contracting companies in Southeastern Wisconsin specializing in: HVAC, Plumbing, Electrical, & Roofing
- It's foothold in the community as a family owned business for over two (2) decades
- Building on its reputation for completing projects on time

- A fully staffed Houston, Texas office



Market Niche

PLF communicates its market niche through a broad array of marketing channels including, but not limited to:

- Professionally developed, consistently updated website
- Professionally designed and printed brochures
- Media ready marketing packets
- High end business cards and thank you cards.

Positioning

Customers, developers and general contractors who are looking for a single contractor to meet their needs choose the P.L. Freeman Company as their single source provider. Unlike many of PLF's industry competitors who only offer one or two trade services, the P.L. Freeman Company offers a complete line of services. PLF's services, energy-based solutions, and minority, disadvantaged and small business certifications sets the company apart as the premier contractor in the industry.

The P.L. Freeman Company's industry experts work closely the owner and construction manager to establish the "MEP" budgets. Architects and engineers rely on PLF's industry experience in providing "MEP" design, budget, value-engineering, installation, warranty, and service-based solutions.

The company's ability to package a variety of services as one price has allowed PLF to be highly competitive in the bid-process. These savings are the ultimate benefit of the customer and give the P.L. Freeman Company a competitive advantage in the bid process.

Pricing

As part of their operational plan the P.L. Freeman Company utilizes methods and strategies designed to maintain a competitive pricing structure, while still providing a sizable cost savings for the customer. These methods and strategies are detailed as follows:

Operational Overhead

The P.L. Freeman Company carries a low operational overhead. On a yearly basis, the company leadership reviews contracts to reduce indirect company costs. This involves annual contract negotiations with several office equipment and supplies vendors, phone service providers, credit card and other vendors. As a part of his responsibilities as company president, Prentice Freeman reviews PLF's chart of accounts looking for ways to operate in the most-cost-effective manner.



Pre-Bid Process

Company management reviews job-costing reports of similar projects to determine budget for the pre-bid process. Focusing on labor and materials spent, the review allows the company to make the needed labor and material adjustments to the bid. Additionally, as part of the internal company meetings, project managers and estimators debrief previous projects to determine ways efficiencies and updates.

Bid Process

In the bid-process, the company estimators will aggressively seek a number of quotes from subcontractors and material/equipment suppliers, as part of their efforts to reduce costs. When the project has minority participation goals, the company is able to use its minority status as leverage in securing better pricing. In other words, when a subcontractor or supplier is aware that the owner or general contractor wants to award the project to a minority-owned business, they are often times more willing to offer better pricing in hopes of being selected by the P.L. Freeman Company.

Often times PLF will package services as one price, which allowing the company to lower the direct job-costs. This process results in a lower submitted bid, creating a combined package HVAC/Plumbing bid for the customer. In addition, this creates lower overhead and profit margins, as well as, lowering the project on-site direct costs.

Project Buyout

Once the company has been awarded the project, the project "buy-out" phase commences. During this phase, the P.L. Freeman Company will actively seek better pricing before issuing subcontracts, material and equipment purchase orders. This practice ensures the lowest pricing, while leveraging the award status.

Other Pricing Strategies

Over the years, PLF has developed and continues to improve production efficiencies by using the best technology, smart engineering and pre-fabrication practices. This allows the business to become more competitive in comparison to the larger MEP firms. PLF loyal customers receive discounts and specials for their repeat business. The company's impeccable safety record has lowered insurance costs, which is a direct savings that is passed on to the customer. Regular monitoring of the overall industry is critical to understanding the latest cost saving trends. This practice means lower prices for PLF's end-customers.

Distribution

The P.L. Freeman Company visits customer's facilities and performs a variety of installation, maintenance, and warranty/repair services at their location. In addition, manufactured components are made in PLF's prefabrication shop and are then delivered via truck to the project site. Since the majority of the work occurs indoors, in the PLF workshop, the process gives PLF laborers an opportunity to work efficiently in cold weather.

The P.L. Freeman Company implemented a Vehicle Fleet GPS Tracking System to manage company vehicles. The tracking system allows the monitoring of speed, routes taken, and miles driven daily. Analyzing this data has improved distribution methods and has resulted in lower fuel consumption costs.



Competitive Edge

P.L. Freeman Company starts with a critical competitive edge: there is no competitor that can claim minority status, combined with a diverse menu of services, along with company practices, policies and procedures that mimic larger firms.

Minority status has been the first major steppingstone for PLF. The company has been able to obtain work with larger contractors that needed to meet a percentage of minority firm participation for municipal and government contracts.

The diverse menu of services is what defines the P.L. Freeman Company as a one-stop-shop for HVAC, plumbing, roofing and electrical services. Customers usually come for one service - discover the quality and attention to detail inherent in all of P.L. Freeman work and come back for more. It is the word of mouth and repeat customers that are critical to the company's health and continued success.

Implementing the same company practices, procedures and policies that larger company's employ, through software Implementation.

Accounting/Project Management Software

By turning to larger company practices, P.L. Freeman Company has seen an immediate benefit in its efficiencies. By implementing software procedures in accounting and project management, the use of Foundations Software has helped P.L. Freeman in job costing, in tracking profitability, in the set-up of project schedules, budgeting, AIA billing, accounts receivables and payables. Foundations also maps out work in progress and setting up schedules. This is the premier software that larger company's use, by making the jump from QuickBooks to Foundations has set the stage for PLF growth.

P.L. Freeman made the investment early in the company's life cycle, to ensure work the company has to be able to manage the projects and track profitability. Foundations, provides a high-quality way of doing that for PLF. The long-term benefit of this robust software package is that it can grow as PLF grows, managing project revenues in excess of 50 million dollars of revenue. Is has helped reduced the accounting cost by approximately 15%-20%.

Estimating Software

Recently, P.L. Freeman Co purchased estimating software called Fast-Est. Industry-leading mechanical estimating software for industrial and commercial contractors. The Fast-Est software suite provides management with the tools to create digital project estimation, reducing the time required to prepare estimates and bids, while streamlining the bidding information into an excel sheet that can be directly uploaded into the Foundations software. This process has proven invaluable to PLF in a number of ways:

1. Creating a single, seamless process of moving a bid directly to project management once the account has been won.

2. Use existing jobs as templates for new jobs. For instance, if PLF did work at a local school, management can just re-use that job for future projects... all of the previous setup and configuration will be ready-to-go.
3. Creating a project budget quickly.
4. Allows the company to do takeoffs directly from digital plans on the computer screen, reducing time and costs of printing and manually marking paper copies.
5. Customers like it because the bid is detailed, customizable with notes

Asset Tracking

Quality control is a practice that every larger firm practice and it starts with job tools. P.L. Freeman uses the Gigatrack Quality tracking software. Every contractor has valuable tools and equipment that are given out to employees and assigned to job sites all of the time. To reduce the losses through theft, damage or simply loss, PLF has implemented the use of GigaTrak, a tool tracking software (TTS) that reduce losses by holding the employees and contractors responsible for the tools and equipment PLF provides for their use on the job.

All tools are tracked through a simple scan of the tool's barcode. Contractors check the firm's tool out at the beginning of the day and return all tools at the end of the workday.



Marketing Activities

The P.L. Freeman Company will focus on the horizontal market in the non-residential and residential areas to capitalize on efficiency already in place in those segments and to minimize costs. The specific areas of concentration where large capital outlays are not required for costly new machinery and equipment are listed below:

1. Government Public Sector
2. Private Sector Non-Residential
3. Residential

The three market segments that will be pursued are as follows:

1. Government-Public Sector

This market tends to have favorable minority, small and disadvantaged business participation goals, therefore making it a primary focus of the P.L. Freeman Company's marketing efforts.

A. Universities-Schools and Libraries

- University of Milwaukee and Madison Department of State Facilities
- Milwaukee and Madison Area Technical College
- Milwaukee and Madison Public Schools
- Universities and Schools in Illinois

B. Municipal Buildings and Agencies

- City Halls, Police Departments and Fire Stations
- City and County Transit Rail and Bus Facilities
- Airports, Post Offices, Correctional Facilities
- Hospitals and Medical Colleges
- Department of Public Works, City of Milwaukee, Madison and Chicago
- State of Wisconsin, Illinois, City of Milwaukee, Madison, and Chicago Funded Projects
- Counties of Milwaukee, Racine, Dane and Cook County Funded Projects



C. Housing

- WHEDA Tax Credit Funded Housing Projects
- Senior Care Facilities
- City of Milwaukee, Racine, Madison and Chicago Housing Authorities

D. Industrial

- Milwaukee Metropolitan Sewage District
- Waste Management and Veolia
- Metropolitan Water Reclamation District of Greater Chicago
- Power Plants, Breweries, WE Energies

2. Private Non-Residential

A. Fortune 500 Companies

- Office complexes and manufacturing facilities of Fortune 500 Companies
- Corporate Members of the Wisconsin and Central Illinois Minority Supplier Development Council i.e S.C. Johnson, Johnson Controls, Northwestern Mutual, Harley Davidson, Manpower, Froedtert, GE etc.

B. Commercial

- Stores, Restaurants, Gas Stations
- Industrial Parks, and Strip Malls

3. Residential Installation, Service, Maintenance and Repair

A. Homes

- Single Family Homes
- Duplexes
- Mobile Homes

B. Apartment Buildings

- 4 Family, 6 Family and Multi-Family Apartments
- Condominiums



Marketing and Advertising Strategy

Direct Marketing-Current Customers:

General Contractors, Construction Managers, Developers, Industry Partners and Homeowners

The P.L. Freeman Company feels that the best customer is a repeat customer. It strives not only to expand its current customer base but to improve and grow its current customer base in the following ways:

1. Customer Appreciation:

- Thank You cards will be sent at the each of year, thanking the customer for their patronage
- Offer printed and web-based coupons that offer discounts on their next service repair or installation
- Offer discounts for any customer referrals
- Leave PLF refrigerator magnets and stickers on serviced equipment
- Leave promotional items like coffee cups, mouse pads and pens

2. Customer Retention:

- Customer Survey- At the end of each completed project or service/repair have the customer complete a customer feedback survey.
- Create an account with "*Survey Monkey*," "*Constant Contact*" and "*Zoho Campaigns*"
- Have customer provide comments in terms of testimonials on survey.
- Personal visits and phone conversations with customers and industry partners for feedback in terms of how we can improve.

Direct Marketing- New Customers-New Projects

Construction Builders, General Contractors, Developers, A/E Firms, Private Firms, Minority Monitoring Agencies, Residential Homeowners, Property Management Firms

Target Approach

- Contact Johnson Direct Marketing of Brookfield at (262) 782-2750 for quarterly lists of construction builders by company name, address and telephone that have applied for construction permits in the Milwaukee/Madison Metropolitan area; specifically Milwaukee, Ozaukee, Washington, Waukesha and Dane Counties
- Download WHEDA Yearly Tax Credit Award List. *(The list contains the names and contact information of WHEDA Development Projects that have been approved. These projects have small, disadvantaged and minority business participation goals).*
- Obtain government budgets to review yearly construction plans for local, state and federal governments

- Review The Business Journal and Daily Reporter for project leads
- Review the website portals of Milwaukee and Madison Public Schools, City of Madison and Milwaukee Metropolitan Sewage District, State of Wisconsin Department Of State Facilities.

Action Steps

1. Client Database:

- Gather, sort and update list of general contractors, industry partners, A/E Firms, developers, minority monitoring and certifying agencies. Import contact information into Outlook, I Cloud and the LinkedIn database.

2. Phone Calls

- Make introductory phone calls to potential clients and customers. Introduce the P.L. Freeman Company to potential customer. Introduce Prentice L. Freeman Jr. as the President of The P.L. Freeman Company. Briefly mention the projects we have completed. End the phone conversation by offering some form of marketing information.
- Take good notes, in terms of when plans are coming out, project contact names, and place information on internal project tracker

3. Meetings

- Set up brief lunch and breakfast meetings to discuss The P.L. Freeman Company's capabilities.
- Leave printed marketing materials and contact information.
- Follow up with a thank you email or card.

4. Printed Marketing Information

- Forward a standardized letter of interest and brochure to construction builders, industry partners, general contractors, developers, A/E firms, private firms, minority monitoring agencies
- Update printed marketing materials. Send out brochures, project resumes, and featured projects

5. Electronic, website, social media and marketing information

- Develop and distribute an "e-Brochure" and "e- News Letter"
- Develop electronic customer surveys and Thank-You cards
- Update website-use of Google SEO
- Use of "QR Readers" on all printed marketing materials and promotional items



- Contact and meet with Brew City Marketing, Gravity Marketing Johnson Direct Marketing as "Survey Monkey", "Constant Contact" and Zoho Campaigns
- Update LinkedIn business profile.
- Invite potential clients to connect via the LinkedIn website.

6. Advertising and Direct Mailing

- Create a direct mail flyer for a select list of 5,000 high income households in Milwaukee, Wauwatosa and Brookfield. Flyers will be color coded to track the source of sales
- Contact Hometown Publications for running of HVAC, Plumbing and Electrical Ads
- Contact community newspapers in Racine, Kenosha, Brookfield, Milwaukee, Hartland, Delafield and Lake Country for running residential advertisements.
- Run an advertisement in The Daily Reporter, highlighting PLF capabilities and minority certifications.
- The use of "QR" Reader Bar Codes on all Vehicles, Toolboxes, Ladders etc.
- Promote company brand with the use of company apparel with logo.

Indirect Marketing- New and Current Customers

1. Strategic alliances with industry trade partners:

- Establish new and strengthen current relationships with larger, more industry seasoned mechanical, electrical, plumbing and roofing contractors
- Look for ways to establish teaming agreements to pursue larger projects.
- Expand market territory by pursuing contracts using satellite office in Houston, Texas.
- Follow steps as outlined above to reach these potential trade partners.

2. Networking Events:

- Attend networking events sponsored by the various trade organizations and chambers of commerce.
- Maintain trade and minority association memberships and attend their events,
- Look for new organizations to join (i.e.) Metropolitan Milwaukee Association of Commerce.
- Participate in industry and consumer trade shows to display pictures of high-profile projects completed.

Marketing Milestones

Milestone	Due Date	Who's Responsible	Details
Contact Marketing Firms and Set Up Online Accounts	June 26, 2013	Prentice L. Freeman Jr.	Contact 3 or For Marketing Firms Discuss E-Newsletter Creation
Send Out Marketing Materials	June 28, 2013	Prentice and Michelle	Send Out Promotional Items, Marketing Materials to Customer Segments
Reach Out to New Markets -Chicago, Madison, and Racine	July 05, 2013	Prentice	Send Marketing Materials to Potential New Customers



Industry Information

Plumbing, Heating, and Air Conditioning

SIC Code(s) Covered

1711-Plumbing, Heating, and Air-Conditioning

NAICS Code(s) Covered

235110-Plumbing, 1711-Plumbing, Heating, and Air-Conditioning

The U.S. heating, ventilation, and air-conditioning (HVAC) industry employed about 903,950 industry wide in 2009, according to the U.S. Bureau of Labor Statistics. Construction and extraction occupations totaled 485,670 workers (54 percent). Of these, plumbers, pipefitters, and steamfitters numbered 279,700. Installation, maintenance, and repair occupations totaled 199,050 (22 percent). Of these, heating, air conditioning, and refrigeration mechanics and installers numbered 159,170. Other segments of the workforce consisted of office staff, management, transportation, and so on. Roughly 54 percent of these individuals worked for heating and cooling contractors, and roughly 15 percent were self-employed. Average hourly earnings for HVAC mechanics and installers were \$20.33 in 2009, with a yearly wage of \$42,290. Plumbers earned an average of \$24.22 per hour, or \$50,370 per year, in 2009. Generally, apprentices earned half the wage paid to their more experienced counterparts.

The plumbing, heating, and air-conditioning industry benefited from the growing U.S. housing market in the early years of the first decade of the twenty-first century. Despite a weak economy, housing construction achieved record growth in response to low interest rates during the mid-2000s. There were approximately 1.51 million building permits issued for single family housing in 2003 and 315,000 building permits issued for multi-family units. This was vital for the plumbing, heating, and air-conditioning industry, since more than one-quarter of its construction work was done on detached single-family houses in the early years of the decade. Industrial buildings accounted for another 15 percent of HVAC work, followed by office buildings and other commercial buildings at roughly 10 percent each. While sales of industrial and commercial units waned as construction in those sectors slowed in the early years of the first decade of the 2000s, the booming home construction market pushed shipments of central air conditioning units and heat pumps to 6.7 million in 2002 and slightly higher yet in 2003. However, the industry did not remain immune to the effects of the recession. According to a January 2004 issue of *Appliance*, "It's been a difficult few years for the HVAC/R industry, despite the welcome new record shipments of central air conditioners and heat pumps. The loss of millions of jobs, especially the cutbacks in manufacturing employment, took its toll as indicated by the slowdown in shipments in many sectors of this industry."

Severe winter weather in some areas of the country in 2004 proved to be a good business opportunity for this industry. Water damage from frozen pipes and frozen water mains required expensive repairs.

Also, the nation's aging housing stock meant that many homes built during the building boom that followed World War II needed replacement heating and air conditioning systems, as well as plumbing repairs, which helped to boost

industry sales. In the air-conditioning sector alone, roughly 65 million air-conditioning units were replaced in 2003 a figure that boded well for future replacement needs.

One trend that affected the plumbing, heating, and air conditioning industry in the early years of the 2000s was the continuing shortage of skilled trades people. Jobs in construction continued to suffer an image problem with high school students. The labor shortage was causing firms involved in construction to increase wages, stretch schedules, and, in some cases, reduce the quality of construction. The U.S. Department of Labor named construction as one of the most promising industries for those seeking employment early in the decade. The job market for HVAC workers is projected to grow 37.5 percent between 2002 and 2012; for plumbers it is expected to grow 22.5 percent.

According to industry statistics, there were an estimated 179,325 special trade contractors primarily engaged in plumbing, heating, air-conditioning, and similar work, valued at more than \$122 billion in 2007, with industry-wide employment at 1,041,735 workers. An estimated 36.9 percent of the industry's workforce were considered independent contractors; while another 37.6 percent employed between two and four workers. States with the highest concentration were centered in California, Texas, New York, Florida, and Pennsylvania.

There were 25,194 plumbing, heating, and air-conditioning firms responsible for \$17,500 million in sales representing 14 percent in market share in 2007. The largest industry sector based on sales was that of the 12,372 mechanical contractors who bolstered nearly \$21 billion in revenues employing 134,474 workers. Plumbing contractors dominated the industry with roughly 33 percent in market share valued at \$31,919.1 million, employing 300,275 workers. There were 29,788 establishments home to the warm air heating and air conditioning contractors employing 188,767 workers and generating \$19,893.4 million in sales.

Between January and July of 2008, heat pump shipments grew 2.5 percent or 1.25 million units compared to the same time period in 2007. In fact, heat pump shipments climbed 17.3 percent, or 198,686 units for the month of July alone.

Residential remodeling activity is one indication as to how the plumbing, heating, and air conditioning industry is performing overall. Activity within the remodeling sector was expected to remain stagnant through 2009, according to the National Association of Home Builders (NAHB).

However, in the long-term, "green building" will grow to 60 percent, compared to 30 percent by 2013, which in turn will boost industry demand. Despite the weakened economy, the geothermal market was heating up for the HVAC industry as well, with increased demand, especially following the passage of the Emergency Economic Stabilization Act of 2008 (EESA), extending the current and expired HVAC tax incentives

Current Conditions

According to industry statistics, in 2009, the HVAC industry had 160,843 firms that generated over \$109.6 billion in revenues. An estimated 14.2 percent of the industry's firms were classified generally as plumbing, heating, and air-conditioning establishments. These 22,784 firms (1.9 percent) generated \$15.46 billion in revenues. Over 3,000 firms were classified as boiler, heater, and furnace contractors. These firms combined to generate \$2.78 billion. Plumbing contractors numbered 57,618 (33.8 percent) and had revenues of \$30.13 billion. Heating and air conditioning contractors and related firms numbered nearly 69,100 (43 percent) and generated revenues of \$52.57 billion. Smaller sectors included fire system and irrigation system installation.

Despite predictions to the contrary, when the housing bubble burst in 2008, due to a myriad of economic problems including a banking system built on a foundation of poorly made subprime mortgages during the mid-2000s, the HVAC industry suffered the consequences. New housing starts, which hit record highs in 2005, fell to a 50-year low just four years later in 2009.



In addition, consumer spending also decreased, including the amount spent on home repair and remodeling. National Association of Home Builders' chief economist David Crowe noted early in 2009: "Remodelers suggest that the huge decline in consumer confidence, volatility of the stock market, and uncertainty about the future of the economy have made homeowners delay remodeling decisions. These anxieties are causing consumers to wait and see if conditions improve before they are willing to commit to home improvement spending."

Toward the end of 2009 and into 2010 conditions for the HVAC industry improved. The Air Conditioning Contractors of America reported in May 2010 that its Contract Comfort Indicator, based on a survey of the association's membership, rose to 65 during the month of April, up from 60 in March and 55 in February.

A score of above 50 reflect anticipated economic growth. Nonetheless, recovery was slow to return to the new housing market, which remained relatively flat during the fourth quarter of 2010.

The industry did find some small reprieve from the poor economic demand via the funding that filtered into the industry from the American Recovery and Reinvestment Act of 2009.

For example, in December 2010, the Department of Energy (DOE) announced 24 projects valued at a total of \$21 million in technical assistance aimed at significantly reducing the energy used in their buildings.

Industry Leaders

While there are thousands of small, independent contractors in this industry, there are also very sizable major companies leading the industry. Comfort Systems USA Inc., which posted sales in 2009 of \$1.13 billion, down from \$1.32 billion in 2008, was a leader in the industry.

Although Comfort Systems' revenues dropped during 2009 due to the recession, the firm managed to post a profit for the year of \$34.6 million, which was down from the net income of \$49.8 million posted in 2008 but up from the \$32.2 million posted in 2007. Other leaders included ACCO Engineered Systems and EMCOR Group.

Further Readings

- "ACCA Reports Outlook on Economy Is Brightening." *Air Conditioning, Heating & Refrigeration News*, 10 May 2010.
- Comfort Systems USA Inc. *2009 Annual Report*, 20 December 2010. Available from <http://www.comfortsystemsusa.com>.
- "DOE to Provide \$21 Million in Technical Assistance to Improve Energy Use in Commercial Buildings," 15 December 2010. Available from <http://www.achrnews.com>.
- Ferenc, Jeff. "Boilermakers Bracing for Decline in Orders." *Heating/Piping/Air Conditioning Engineering February*, February 2009.



- National Association of Home Builders. "Economic Woes Freeze the Remodeling Market." Available from <http://www.nahb.com>.
- -----, "Housing Struggles Even as Economy Advances," 6 December 2010. Available from <http://nahbenews.com/nahbeye/issues/2010-12-06.html>.
- U.S. Bureau of Labor Statistics. *May 2009 National Industry-Specific Occupational Employment and Wage Estimates*, January 2010. Available from <http://www.bls.gov>.
- -----, *Occupational Outlook Handbook, 2010-11 Edition*, 15 December 2009. Available from <http://www.bls.gov>.

Source Citation: "Plumbing, Heating, and Air Conditioning." *Encyclopedia of American Industries*, Online Edition. Gale, 2011. Reproduced in Business and Company Resource Center. Farmington Hills, Mich.: Gale Group. 2012. <http://0-galenet.galegroup.com.countycat.mcfls.org/servlet/BC>