



A conversation with  
Sara Kann, Corporate Development Manager and  
Kyle Seaman, Senior Vice President of Corporate Development

BUTCHER JOSEPH & Co.  
INVESTMENT BANKERS

Since 1914, HB McClure has served homes and businesses in Central Pennsylvania by providing premier residential, commercial, and mechanical design services, including heating, cooling, plumbing, electrical, and fuel oil delivery. They've always been dedicated to empowering their employees to connect with their communities and to serve as trusted advisors to build lasting client relationships, but in 2010 they provided it by selling the company back to its employees through an Employee Stock Ownership Plan (ESOP). Over the next 8 years, revenue surged from \$25 million in 2010 to \$160 million in 2018 and they only expect it to keep growing.

In 2014, they added IT Landes to their portfolio, followed sooner after by the acquisition of Nash Plumbing & Mechanical in 2017 and most recently, acquired North Shore Mechanical Contractors. In 2018, they formed HB Global, LLC - an organizational partner that supports their entire brand portfolio and an aggressive long-term growth strategy.



*We sat down with Sara Kann, Corporate Development Manager, and Kyle Seaman, Senior Vice President to discuss the changing landscape of the industry, their Company's aggressive strategy for the future and the impact of employee ownership.*

## HB GLOBAL, LLC

### - MISSION -

Our purpose is to grow a successful and sustainable industry-leading organization that provides a rewarding professional experience for as many career-minded employee-owners as possible, while in the long-term producing a retirement income that sustains the standard of living our employees enjoyed while working.

## Who is your typical customer?

With four brands underneath HB Global, our customer mix is a little varied. The majority of our base across all four companies are commercial businesses and contractors, but 20-25% of the revenue still comes from residential customers.

Each of the companies has a loyal customer base and a distinct service offering.



**HB McClure** is a leading mechanical contractor that services more than 30,000 customers. HB McClure provides plumbing, heating and cooling, fuel oil, propane, and home comfort services to business and residences in Central Pennsylvania.



**IT Landes** offers professional, dependable, and affordable home comfort, fuel oil, and plumbing service and installation to approximately 20,000 households and businesses in Montgomery, Bucks, and neighboring counties.



**Nash Plumbing & Mechanical** serves commercial construction clients in the southeastern US. This acquisition was truly our first step in diversifying our geography.



**North Shore Mechanical Contractors** provides design, installation and service of specialized plumbing, high purity water, process piping and wastewater treatment systems to commercial clients in the New England area.

## Within your specific product portfolio, where are you seeing the most growth?

Our true staple has always been HVAC maintenance contracts. There's a lot of big opportunities, but we're really trying to move towards a focus on the service area of our offering. By offering value-added services, it provides us with a reoccurring revenue source.

Outside of that, we're continuing to work towards identifying areas of growth that will help us as a one-stop solution for mechanical contracting needs.

## What are your goals for the company this year?

We're planning to remain aggressive on the acquisition side and to grow organically by about 5% a year. We're also looking for ways to grow annuity businesses in new markets and to grow a service department in new areas.

With the Nash acquisition, we currently have great coverage in Florida, Pennsylvania and New England, which are great anchor points, but we would like to start filling in with businesses along the East coast. No matter where we are, we tend to compete very well on price, so we're confident in our strategy.

Our long-term goal is aggressive but more than achievable. Within the next 10 years, our goal is to be a billion-dollar company.

### INDUSTRY AT A GLANCE

*Heating & Air Conditioning Contractors in the US*

Revenue	Annual Growth 14-19	Annual Growth 19-24
<b>\$96.6bn</b>	<b>2.4%</b>	<b>1.9%</b>
Profit	Wages	Businesses
<b>\$5.3bn</b>	<b>\$28.4bn</b>	<b>111,169</b>

\*IBIS World 2019

## What does employee ownership mean for HB Global?

When Bob Whalen became president and CEO of HB McClure in 2008, HB McClure was in its 3rd generation of family owners. Whalen agreed to buy the company through a long-term buy-out during the economic downturn in 2008.

In the middle of the buy-out, he made the radical decision to shift gear and, instead of completing the acquisition of the company, he persuaded the Board to instead sell the company back to their employees through an Employee Stock Ownership Plan (ESOP).

We saw significant financial growth after the ESOP was formed. Any nervousness our employees had at the time about an ESOP was erased. A share of growth has been organic, but most of it came through an aggressive acquisition strategy. The ESOP has also been a great competitive advantage for us as we look to purchase more companies. We have an ownership-type philosophy ingrained in our employees and the ESOP truly speaks to that culture and makes it even more appealing.

Our ESOP journey has been unique. HB McClure has been a part of the ESOP since its creation in 2010. IT Landes joined the ESOP in 2014, Nash joined in 2017 and, most recently, NSMC in 2019. So, we have four different companies at four different points in the ESOP journey. Since the ESOP and our mission are closely aligned, we look forward to adding more employee owners to our growing family of companies.

