

### DIFFERENTIATION SERIES:

## STANDING OUT AS LOCAL

MARKETING DIFFERENTIATION IN A PRIVATE EQUITY LANDSCAPE

Peter Troast, Founder & CEO

August 20, 2025

# Ongoing Focus on the Importance of Differentiation



### DOES YOUR COMPANY STAND ABOVE?

THE GROWING IMPORTANCE DIFFERENTIATION

Peter Troast, Founder & CEO

February 7, 2024



### WHY CONTRACTORS NEED BRANDING

THE ROLE OF BRAND IN DRIVING BUSINESS AND DIFFERENTIATING YOUR COMPANY

Peter Troast, Founder & CEO
David Puelle, Creative Director & Founder, Puelle Design

April 3, 2024



#### WINNING THE HEAT PUMP MARKET: HOW TO DIFFERENTIATE ON QUALITY

Peter Troast, Founder & CEO Energy Circle Webinar Series

July 30, 2025

## THE GROWING IMPORTANCE OF DIFFERENTIATION: HOW CONTRACTORS ARE POSITIONING TO STAND OUT FROM THE CROWD

MICHELLE GRIFFITH, DEVERE HOME PERFORMANCE, MARYLAND
KEVIN BRENNER, HEALTHY HOME ENERGY & CONSULTING, NEW YORK
MATT HARGROVE, TOTAL HOME PERFORMANCE, MARYLAND

Moderator: Peter Troast, Energy Circle

April 9, 2024



### What We'll Discuss

- 1 Private Equity's Insatiable Appetite for HVAC
- 2 PE Owned Company Tactics and Vulnerabilities
- 3 What Do Consumers Think?
- 4 Positioning Approaches—The Anti-PE Story
- 5 Marketing Tactics to Compete



# PRIVATE EQUITY'S INSATIABLE APPETITE FOR HVAC



## PRIVATE EQUITY MARKET REPORT



## HVAC SERVICES



PRIVATE EQUITY BACKED

### **HVAC SERVICES**

Platform Companies & Add On Acquisitions

#### RESIDENTIAL

155

Main Platform

Companies

Platform

& Add on acquisitions

#### **PROMINENT COMPANIES**

Turnpoint Services American Residential Services Champions Group, Apex Service Partners SILA Services

#### COMMERCIAL

114

Main Platform Companies

Platform

& Add on acquisitions

#### PROMINENT COMPANIES

CoolSys Service Logic

Nexcore

Flow Service Partners AirX Climate Solutions

### TOP 3 US STATES WITH PE-BACKED **HVAC SERVICES COMPANIES**





Florida

California

### HIRING FOR YOUR PORTFOLIO?



Texas

Mo Vali

Vice President

Mohammed.Vali@Raw-Selection.com



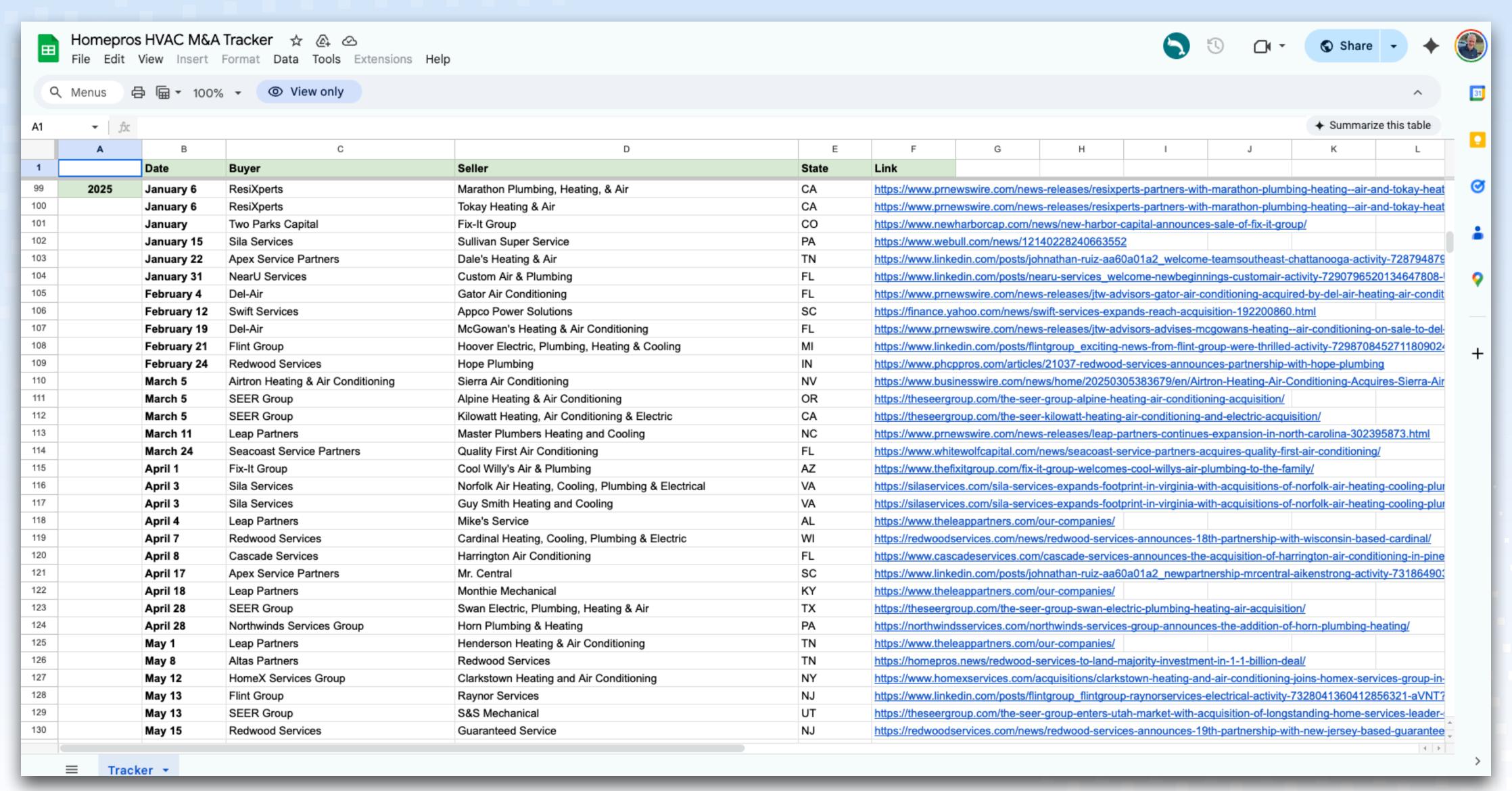
PE-backed platforms now control \$10–15+ billion of an HVAC services market of ~\$30-40 billion



**GROWTH TRENDS & FORECASTS (2025 - 2030)** 











HOMEPROS Economy Legal M&A Management Technology

## Goldman Sachs' private equity arm to acquire Sila Services

The deal values the company at about \$1.7 billion, or ~17x its 12-month EBITDA of just under \$100 million, according to a few people familiar with the matter



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## PE OWNED GOALS AND VULNERABILITIES



# Why PE Loves HVAC

**Recurring Revenue** – Maintenance contracts and service calls create predictable cash flow

**Essential Service** – HVAC is a necessity, not a luxury, ensuring steady demand

Fragmented Market – Thousands of small, local contractors create consolidation opportunities

Margin Potential – Room to increase profitability through purchasing power, pricing, and efficiency

**Growth Tailwinds** – Rising energy efficiency demand, heat pump adoption, and regulatory drivers

**Exit Opportunities** – Ability to build scaled platforms and sell at high EBITDA multiples



# Post Acquisition Economics

Category	Pre-Acquisition %	Post-Acquisition %	Change	Comments
Revenue	100%	100%	=	Growth targets drive higher sales
COGS	35%	33%	<b>\</b>	Centralized purchasing reduces cost
Gross Profit	65%	67%	<b>↑</b>	Margin enhancement is key to PE exit
Labor	30%	27%	<b>\</b>	Wage compression, higher expectations
Marketing & Advertising	5%	10–15%	<b>↑ ↑</b>	Heavier spend to dominate markets
Rent & Overhead	10%	8%	<b>\</b>	Shared services cut facility costs
Exec/Management Fees	0%	3-5%	<b>↑</b>	Typical PE management fees added
Owner Compensation	10%	0%	$\downarrow \downarrow \downarrow$	Owners often replaced or salaried
Net Profit (EBITDA)	10%	15–20%	<b>个</b>	PE pushes EBITDA to increase value



# Where They May Be Vulnerable

Vulnerability	Cause (PE Tactic)	Opportunity for Independents
<b>Burnout &amp; Turnover</b>	Techs pushed harder, wage compression	Market employee care, retention, culture
Aggressive Upselling	Pressure to sell memberships & extras	Highlight honesty, no-pressure approach
Service Inconsistency	Rapid growth strains quality control	Emphasize craftsmanship, accountability
Generic Branding	Centralized, cookie-cutter marketing	Showcase local personality & roots
Customer Churn	Acquisition > retention focus	Double down on relationships & referrals
High Spend, Scattershot Marketing	Monthly performance pressure	Smart, targeted, efficient campaigns



### WHAT DO CONSUMERS THINK?



### Retail Customer Reactions to Private Equity Acquisitions\*

Vesa Pursiainen<sup>†</sup> and Tereza Tykvová<sup>‡</sup>

October 2024

#### Abstract

Acquisition announcements by private equity funds are associated with significant reductions in customer visits to target firm outlets. These reductions occur in primary but not in secondary buyouts. The decrease is unlikely to be due to operational changes, as it takes place at announcement and reverses following deal completion. The decrease is larger for more salient deals and for outlets facing more competition, and smaller in areas with higher income, stock market participation, and self-employment rates. Customer and employee reviews do not become more negative. Survey results show that consumers view private equity ownership more negatively than other ownership types.

JEL classification: D12, G14, G24, G34

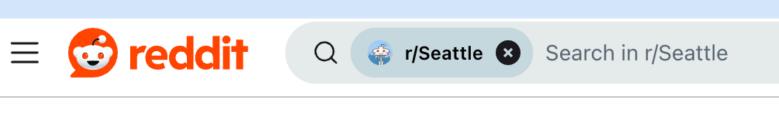
Keywords: private equity, buyout, customer reaction, ownership, reputation

"Consumers view private equity ownership more negatively than other ownership types."



<sup>\*</sup>We appreciate the helpful comments from Nihat Aktas, Reiner Braun, Greg Brown, Fabio Bertoni, Jun Chen, Douglas Cumming, Jo Danbolt, Irem Demirci, David Feldman, Miguel Ferreira, Christian Flor, Ekaterina Gavrilova, Nataliya Gerasimova, Virginia Gianinazzi, Juanita Gonzalez-Uribe, Oleg Gredil, Alexander Groh, Abhinav Gupta, Alex Günsberg, Bob Harris, Thomas Hellmann, Nick Hirschey, Victoria Ivashina, Emiel Jerphanion, Hyeik Kim, Ji-Chai Lin, Tse-Chun Lin, Tatyana Marchuk, Felix von Meyerinck, Tamara Nefedova, Mikael Paaso, Seongjin Park, Andrew Patton, Dimitris Petmezas, Ludovic Phalippou, Stefano

### Intel from Reddit





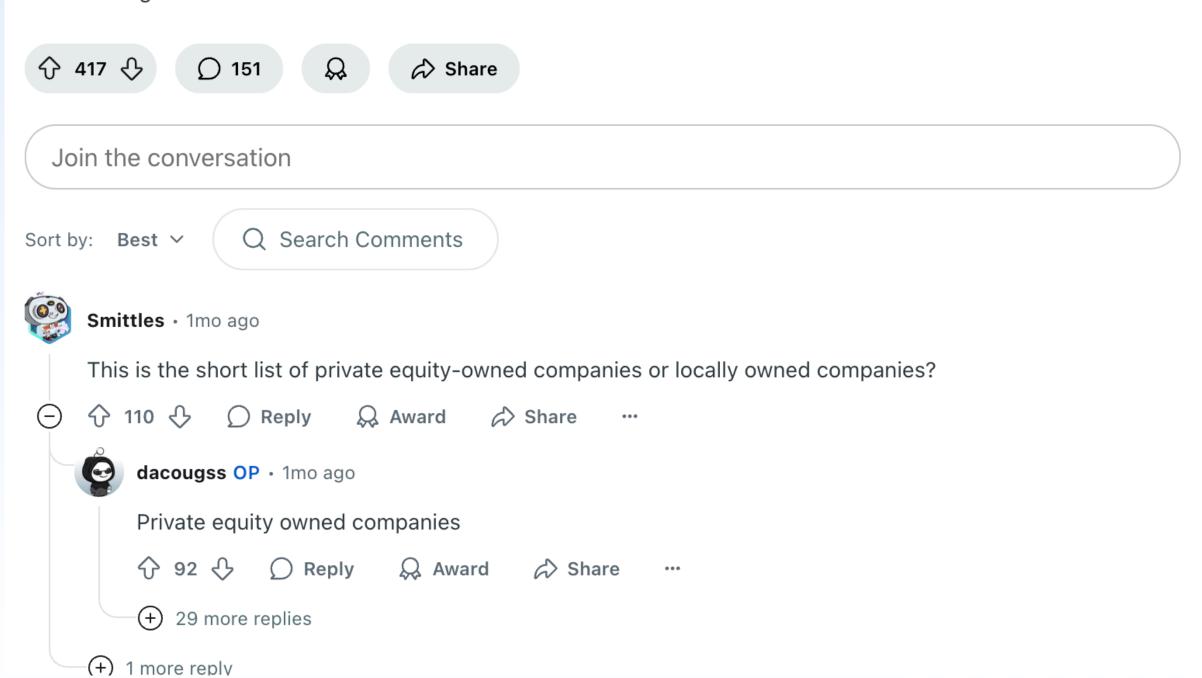
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## Please stop supporting Home Service companies that are owned by private equity

#### Rant

They do not care about you. They're based in California, New York, Utah, Canada, etc and the only thing they care about is extracting as much money as possible for their shareholders. Please look into who actually owns the company and stop supporting the worst bi-product of capitalism. They harvest online reviews to make them seem legit. They are the reason EVERYTHING has gotten so much more expensive. Here's a short list:

Brennan Heating & AC Gene Johnson Plumbing & Heating Black lion Heating and AC Belred Heating and AC MM Comfort Seatown Electric Home Comfort Alliance CM Heating SEER Group Black Hills Heating Southwest Plumbing AAA Heating and AC





### Reddit Sentiment Analysis

"Always upselling"

"Pushing larger replacements or repair services when a much less expensive fix could solve the problem"

"Raising prices"

"Pushy, salesy"

"they train solely on selling more product"

"spitballing the ductwork and undersizing the system to win the bid"

"high interest rate plans, poor quality equipment, unethical sales guys"

"I always check the contractor license to see who owns the business, so they can't hide the investment dollars!"

"pushing monthly warranty plans"

"They harvest online reviews to make them seem legit"



## POSITIONING OPTIONS: HOW AGGRESSIVE DO YOU WANT TO BE?



## Positioning Options

Aggressive	Medium	Soft
"Not owned by Goldman Sachs"	"Not owned by Private Equity"	"Locally owned and operated"
"Not controlled by Wall Street"	"Not owned by out of town investors"	"Local service. Local people. Locally owned."
"Not run for investor profits"	"Not beholden to remote investors"	



# MARKETING TACTICS WHEN YOU'RE OUTGUNNED



## Marketing Tactics

**Paid Search (Google Ads)** – Focus on precise, targeted keywords and long-tail searches. Compete on competitor brand terms.

**Website** – Strong local branding to build trust and convert visitors at a higher rate.

**Social Media Presence** – Highlight local ownership, community involvement, and employee stories. Humanize your company.

**Customer Reviews & Reputation** – Encourage mentions of local ownership.

**Community Engagement** – Sponsor local events, schools, or nonprofits. Reinforce local identity and relationships that PEowned firms can't replicate.

**Content Marketing** – Create blogs/videos with a locally owned orientation. Feeling aggressive? "What it means to buy your heat pumps from a PE owned company."

**Employee Recruiting** – Lean into to locally owned messaging—culture, benefits, compensation.



## **END**



## Margin Improvement

Category	How They 'Improve'	What Gets Squeezed
Tech Labor	Push more calls/day, reduce dispatch inefficiencies	Tech burnout, service quality risk
Marketing Spend	Significantly increased	ROI pressure, brand confusion
Procurement	Leverage volume to negotiate with manufacturers	Less equipment choice, standardization
Pricing	Raise prices, enforce upselling	Customer trust suffers
Admin Costs	Shared services, automation	Local support disappears, diminished customer service
Service Contracts	Scale recurring revenue	Pushy tactics can backfire



## Categories of Differentiation

- 1. Trust & Credibility
- 2. Branding & Reputation
- 3. Quality
- 4. Building Science & Innovative Technologies
- 5. Process
- 6. Community Involvement
- 7. Price Transparency
- 8. Risk Reduction (Licensing, Insurance, Guarantees)

