

### **Target Market Strategies...**

- Target market profiles include information about specific vertical markets or channels to identify decision-makers, motivations, needs, and technical aspects that are common
- Our “message,” approach, and even sales process can be adapted to these vertical markets or channels

### **The Importance of Segmenting Your Markets**

Today our customers are more sophisticated and have access to better sources of information regarding their facility mechanical maintenance services (i.e. ASHRAE, BOMA, AIPE, IFMA, Internet, etc.). Their decision-making processes are driven by their unique business environments, new technologies and by regulatory changes. The only commonality among our markets is a tendency to follow the overall business mega-trends. These include the outsourcing of non-core business functions and the desire to have a one-stop-shopping business partner(s).

We sell mechanical technical solutions for building systems. Building systems are unique to the functional requirements of a building. No two industries use their buildings the same due to functional differences. Therefore, no two industries represent the same technical opportunities. It is also true that our company’s competencies and market position may not match all industries needs as well.

Because we have to compare our competencies to the business we market to, trying to sell the exact same way to all markets does not work in today’s business-to-business environment. We know through experience that selling to groups that have the same message is more efficient than selling to individual accounts with different messages. Selling to targeted groups with a specific sales ‘value proposition’ within our territories is called target marketing. Working to get face-to-face is target direct marketing.

We are fortunate to live in the information age. We can cost effectively and quickly identify industries within our territories that represent technical or market opportunities for our company and launch effective target direct marketing strategies to expand our businesses.

### **Market Segmentation**

On the next pages, we have provided example market profiles. The profiles are good for national programs. However, you should use these profiles to build your own unique profiles for markets within your territories (e.g. Warehousing, Distribution, Telecommunications, Research, Biotechnology, Special Process, Data Centers) where you wish to expand your business and where the markets are large enough to do target direct marketing.

**COMMERCIAL SERVICE SALES  
HVAC/R Industry by Market Segment**

**Commercial Office and Management/Developer Facilities**

<b>Key Technical Decision Makers:</b>	Vice President of Engineering Director of Engineering Chief Engineer Operations Manager Vice President of Operations
<b>Key Financial Decision Makers:</b>	Chief Financial Officer Chief Executive Officer Director of Finance Vice President of Finance Director of Purchasing (avoid)
<b>Mechanical/Electrical Systems:</b>	Large central HVAC systems Stand alone central plants Packaged central systems Electrical power distribution systems
<b>Problems/Motivations:</b>  <b>Benefits:</b> <ul style="list-style-type: none"> <li>• Budget Control</li> <li>• Proactive relationship</li> <li>• Energy awareness</li> <li>• Comfort maintained</li> </ul>	<p>Motivated to reduce operating costs and usually chooses the lowest cost option if functional areas are not affected.</p> <p>Environmental systems are viewed as high priority.</p> <p>Usually cannot handle design/build of large capital projects In-house.</p> <p>The leased commercial offices are usually limited partnerships, which have difficulty getting funding for energy/capital improvements.</p>
<b>In-house Capabilities:</b>	<p>On-site staff handles most minor mechanical and electrical needs.</p> <p>Most staff has average technical skill levels. Most are generalists, who handle most areas of the building maintenance/repairs.</p> <p>They tend to be staffed up to their full utilization and use supplemental out-sourcing for emergency repairs.</p>
<b>Needs and Out-Sourced Services:</b>	Engineering for energy/capital projects Diagnostic services Replacement/repair services. Capital Lease financing. Code compliance planning

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**HVAC/R Industry by Market Segment**

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	Energy usage and supply planning training Energy information services High skill level repairs
<b>Cost Constraints/Anniversaries:</b>	Fiscal year usually calendar year.
<b>Strong Competitors:</b>	Contractors, Engineering Consultants
<b>Potential Channel Partners:</b>	Facility Management Companies, energy services companies (ESCO's), Equipment Vendors, and Engineering Consulting Companies.
<b>Winning Characteristics:</b>	Understanding channel partner, developer and lease customer relationships.

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HVAC/R Industry by Market Segment**

**Industrial, Manufacturing, Distribution Facilities Profile**

<b>Key Technical Decision Makers:</b>	Vice President of Engineering Director of Engineering Chief Engineer Operations Manager Plant Manager VP of Operations
<b>Key Financial Decision Makers:</b>	Chief Financial Officer Chief Executive Officer Director of Finance VP of Finance Director of Purchasing(avoid)
<b>Mechanical/Electrical Systems:</b>	Simple environmental systems Redundant systems in many places Sensitive process cooling/heating needs Complex process controls Complex cooling/heating for process Specific sensitive area HVAC needs
<b>Problems/Motivations:</b>  <b>Benefits:</b> <ul style="list-style-type: none"> <li>• Reduced downtime, reliability</li> <li>• Emphasis on comfort for offices</li> <li>• Control of budget for HVAC</li> <li>• Help them concentrate on core business activity</li> <li>• Reduce stress, problems related to HVAC</li> </ul>	<p>Motivated by code compliance.</p> <p>Motivated to improve reliability of production processes.</p> <p>Motivated to reduce production costs and usually chooses the lowest cost option if production is not affected.</p> <p>Environmental systems are not viewed as a high priority, except those systems that affect production or process.</p> <p>Budget constraints based on core business success and market business drivers.</p> <p>They understand equipment maintenance and importance of reduced downtime.</p> <p>Production/process equipment maintenance takes precedence over environmental systems.</p>
<b>In-house Capabilities:</b>	On-site staff handles most mechanical and electrical needs.  Most staff has above average technical skill

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HVAC/R Industry by Market Segment**

	<p>levels. Most are generalists, who handle all facets of the building.</p> <p>They tend to staff up to full utilization and supplement with out-source resources.</p> <p>Usually cannot handle design/build of large capital projects In-house.</p>
<b>Needs and Out-Sourced Services:</b>	<p>Engineering for energy/capital projects  Maintenance plan to reduce downtime  Diagnostic services  Replacement/repair plan - most have some service contract with process vendors.  Off balance sheet financing.  Energy usage and supply planning training  Energy information services</p>
<b>Cost Constraints/Anniversaries:</b>	<p>Fiscal year is usually the calendar year but can vary depending on industry sector. They are capital versus operating budgets driven.</p>
<b>Strong Competitors:</b>	<p>ESCO's, Control Manufacturers (Honeywell, Johnson, Andover), Engineering Consulting Firms.</p>
<b>Potential Channel Partners:</b>	<p>ESCO's, Equipment Vendors, Engineering Consulting Companies.</p>
<b>Winning Characteristics:</b>	<p>Qualifying Skills, Solutions, References, Industry specific expertise in that vertical market.</p>

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HVAC/R Industry by Market Segment**

**Healthcare, Hospitals and Rehabilitation Facilities Profile**

<b>Key Technical Decision Makers:</b>	Administrator Chief Engineer Director of Facilities Director of Plant Engineering Senior Electrical Engineer VP of Operations
<b>Key Financial Decision Makers:</b>	Chief Financial Officer (Controller) Chief Executive Officer Director of Purchasing (avoid) Business Manager VP of Finance
<b>Mechanical/Electrical Systems:</b>	Central and standalone A/C systems Boiler/chiller Plants Controls - pneumatic and electric Emergency power systems UPS (uninterrupted power supply) Incinerator Medical Waste Disposal Systems Steam and Cold Storage (ice generation)
<b>Problems/Motivations:</b>  <b>Benefits:</b> <ul style="list-style-type: none"> <li>• Standardization and pro-active preventive measures for equipment</li> <li>• Risk mitigation, code and regulatory compliance assistance</li> <li>• Compliment and validate FTE delegation for HVAC</li> <li>• 24/7/365 and reduce emergency issues yet offer instant response</li> <li>• Reduce costs and improve overall efficiencies through energy assessment</li> <li>• (Building Assessment)</li> <li>• Indoor Air Quality, clean rooms, labs, morgues, operating rooms, enthalpy</li> </ul>	Motivated by code compliance.  Motivated to improve reliability and redundancy of environmental systems.  Motivated to reduce operating costs and usually chooses the lowest cost option if functional areas are not affected.  Healthcare Reform, for-profit hospitals as competition, mergers and downsizing due to industry restructuring.  Motivated to appropriate operating costs to the functional areas of their operation (i.e. Grant Research Project #1, 2, 3, rehab wing etc.)  Environmental systems are viewed as high priority.  Budget constraints based on core business revenue and market business drivers.

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HVAC/R Industry by Market Segment**

<b>In-house Capabilities:</b>	<p>Usually cannot handle design/build of large capital projects In-house.</p> <p>On-site staff handles most mechanical and electrical needs.</p> <p>Most staff has above average technical skill levels. Most are generalists, who handle all facets of the building.</p> <p>They tend to be staffed up to and in some cases over their full utilization and supplement only emergency repairs. They tend to have “Doing it all themselves” attitude.</p> <p>They understand equipment maintenance &amp; Importance of downtime.</p>
<b>Needs and Out-Sourced Services:</b>	<p>Engineering for energy/capital projects Diagnostic services Replacement/repair plan. Tax-exempt financing. JCAH Compliance Planning/Procedures Energy usage and supply planning training Energy information services High skill level repairs</p>
<b>Cost Constraints/Anniversaries:</b>	<p>Fiscal year is usually goes from October 1 – September 31<sup>st</sup>. They are capital versus operating budgets driven</p> <p>Hospital business climate greatly affects budgets.</p>
<b>Strong Competitors:</b>	<p>ESCO’s, Control Manufacturers (Honeywell, Johnson, Andover), Engineering Consulting Firms.</p>
<b>Potential Channel Partners:</b>	<p>Facility Management Companies, energy services companies (ESCO’s), HVAC/R Companies, Equipment Vendors, and Engineering Consulting Companies.</p>
<b>Winning Characteristics:</b>	<p>Qualifying Skills, Total Solutions, References, and Industry specific expertise.</p>

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**Education K-12, Higher Education, Universities, School Systems**

<b>Key Technical Decision Makers:</b>	Physical Plant Administrator Director of Physical Plant Operations Director of Buildings and Grounds Vice President of Administration / Finance VP of Operations/Facilities
<b>Key Financial Decision Makers:</b>	President/Superintendent (political) Director of Finance Business Manager (CFO) VP of Finance
<b>Mechanical/Electrical Systems:</b>	Large central and standalone HVAC systems. Electrical power distribution systems. Majorities are primary metered for the majority of energy use.
<b>Problems/Motivations:</b>	Motivated to keep uninterrupted utilities supplied to the facilities.
<b>Benefits:</b>	Operating budget driven and usually practice breakdown maintenance. Systems are in need of major overhaul or repair.
<ul style="list-style-type: none"> <li>• Environmental systems are high priority and we provide reliability</li> <li>• We provide budget control and will provide overall energy assessments, building assessments</li> <li>• Energy and improvement rebates provided, financing and leasing</li> <li>• Our union affiliation satisfies prevailing wage requirements with highly trained, certified technicians</li> </ul>	<p>Motivated to reduce operating costs and usually chooses the lowest cost option if functional areas are not affected.</p> <p>Environmental systems are viewed as high priority.</p> <p>Usually cannot handle design/build of large capital projects In-house.</p> <p>Must work with or around bargaining agreements with In-house unions.</p> <p>Competitive bidding rules are strict.</p>
<b>In-house Capabilities:</b>	On-site staff handles most mechanical and electrical needs.

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	<p>Most staff has average to below average technical skill levels. Most are generalists, who handle all facets of the building.</p> <p>They tend to be staffed up to and in most cases over their full utilization and use supplemental out-sourcing for emergency repairs.</p> <p>They normally practice deferred maintenance of their HVAC/R equipment.</p>
<b>Needs and Out-Sourced Services:</b>	<p>Engineering for energy/capital projects Diagnostic services Replacement/repair services. Tax-exempt financing. Code compliance planning Energy usage and supply planning training Energy information services High skill level repairs</p>
<b>Cost Constraints/Anniversaries:</b>	<p>Fiscal year normally is from July 1 - June 30<sup>th</sup>. They are capital versus operating budgets driven</p> <p>Colleges/Universities enrollment and business climate greatly affects budgets.</p>
<b>Strong Competitors:</b>	<p>RetailCo's, ESCO's, Control Manufacturers (Honeywell, Johnson, Andover), Engineering Consulting Firms.</p>
<b>Potential Channel Partners:</b>	<p>Facility Management Companies, energy services companies (ESCO's), HVAC/R Companies, and Engineering Consulting Companies.</p>
<b>Winning Characteristics:</b>	<p>Selling Skills, References, and understanding of their procurement processes.</p>

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**Federal Government, USPS, Military Facilities**

<b>Key Technical/Financial Decision Makers:</b>	<p>Regional Manager  Property Manager (multiple locations)  Building Manager  Energy Manager  High Ranking Military Personnel  (Air Force, Army, Navy, Coast Guard)  Director of Engineering</p>
<b>Mechanical/Electrical Systems:</b>	<p>Large central HVAC systems  Cooling &amp; Heating Plants (“campuses”)  Standalone central systems  Packaged central systems  Controls - pneumatic &amp; electric  Energy Management Systems  Electrical and power systems (back-up/self generators, UPS’s, etc.)  Customer Sub-Stations  Large Switchgear (usually complicated)</p>
<b>Problems/Motivations:</b>	<p>Government procurement procedures  Contracting &amp; Legal Departments  Usually supposed to be self-sufficient  Budgets govern most relationships  Long &amp; slow decision-making process</p>
<b>In-house Capabilities:</b>	<p>On-site staff handles most mechanical and electrical needs.</p> <p>Most staff has above average technical skill levels. Most are generalists, who handle all facets of the building.</p> <p>They tend to be staffed up to and in most cases over their full utilization and use supplemental out-sourcing for emergency repairs.</p> <p>They have their own Engineers, Consultants, Maintenance Personnel, Electricians, etc.</p> <p>Use of credit cards for major purchases</p>
<b>Benefits:</b>	<ul style="list-style-type: none"> <li>• We can compliment and validate work done by their staff, control expertise</li> <li>• Energy and Building Assessments and “Green” LEED initiatives</li> <li>• We will work with your personnel to design and implement HVAC programs</li> <li>• Control of budgets, out-source and assurance of financial stewardship</li> </ul>
<b>Needs and Out-Sourced Services:</b>	<p>Engineering for energy/capital projects through area wide agreements.</p>

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	<p>Diagnostic services          Replacement/repair services.          Tax-exempt financing.          Code compliance planning          Energy usage and supply planning training          Energy information services          High skill level repairs</p>
<b>Cost Constraints/Anniversaries:</b>	<p>Fiscal year from 10/1-9/30.          Low bid (big!)          Must be budgeted, except emergency          Federal government year ends 9/30          Budget energy/capital projects by 8/1 (usually actually 6/1)</p>
<b>Strong Competitors:</b>	<p>ESCO's, Control Manufacturers (Honeywell, Johnson, Andover).</p>
<b>Potential Channel Partners:</b>	<p>Engineering Consulting Firms</p>
<b>Winning Characteristics:</b>	<p>Understanding of their procurement processes.</p>

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**State, Local Government Facilities**

<b>Key Technical Decision Makers:</b>	Town Administrators Town Engineers Directors of Departments Commissioners
<b>Key Financial Decision Makers:</b>	Town Manager Business Manager City Service Director
<b>Mechanical/Electrical Systems:</b>	Large central HVAC systems Stand alone central plants Packaged central systems Electrical power distribution systems
<b>Problems/Motivations:</b>  <b>Benefits:</b> (these benefits overlap with owner-occupied office combined with federal government benefits)	<p>Operating budget driven and usually practice breakdown maintenance. Systems are in need of major overhaul or repair.</p> <p>Motivated to reduce operating costs and usually chooses the lowest cost option if functional areas are not affected.</p> <p>Environmental systems are viewed as high priority.</p> <p>Usually cannot handle design/build of large capital projects In-house.</p> <p>Must work with or around bargaining agreements with In-house unions.</p> <p>Competitive bidding rules are strict.</p>
<b>In-house Capabilities:</b>	<p>On-site staff handles most minor mechanical and electrical needs.</p> <p>Most staff has below average technical skill levels. Most are generalists, who handle most facets of the building.</p> <p>They tend to be staffed up to their full utilization and use supplemental out-sourcing for emergency repairs.</p> <p>They normally practice deferred maintenance of their HVAC/R equipment.</p>

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	Must work with or around bargaining agreements with In-house unions.
<b>Needs and Out-Sourced Services:</b>	Engineering for energy/capital projects Diagnostic services Replacement/repair services. Tax-exempt financing. Code compliance planning Energy usage and supply planning training Energy information services High skill level repairs
<b>Cost Constraints/Anniversaries:</b>	Fiscal year from July 1 - June 30 <sup>th</sup> .  Competitive bidding rules are strict.
<b>Strong Competitors:</b>	ESCO's, Control Manufacturers (Honeywell, Johnson, Andover).
<b>Potential Channel Partners:</b>	Engineering Consulting Firms
<b>Winning Characteristics:</b>	Understanding of their procurement processes.

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**Example Target Market - Research & Development – Biomed Labs, Clean Room**

<b>Key Technical Decision Makers:</b>	
<b>Key Financial Decision Makers:</b>	
<b>Mechanical/Electrical Systems:</b>	
<b>Problems/Motivations:</b>	
<b>In-house Capabilities:</b>	
<b>Needs and Out-Sourced Services:</b>	
<b>Cost Constraints/Anniversaries:</b>	
<b>Strong Competitors:</b>	
<b>Potential Channel Partners:</b>	
<b>Winning Characteristics:</b>	

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**Example Target Market - Tele-Communications, Cell Sites – Data, IT**

<b>Key Technical Decision Makers:</b>	
<b>Key Financial Decision Makers:</b>	
<b>Mechanical/Electrical Systems:</b>	
<b>Problems/Motivations:</b>	
<b>In-house Capabilities:</b>	
<b>Needs and Out-Sourced Services:</b>	
<b>Cost Constraints/Anniversaries:</b>	
<b>Strong Competitors:</b>	
<b>Potential Channel Partners:</b>	
<b>Winning Characteristics:</b>	