

THE ACADEMY OF ELECTRICAL CONTRACTING

**Paper Presented by
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The Technical Contractor

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My company has been indeed fortunate since our founding in a small town in Utah in 1915. Our company has been able to weather the storms and difficult times that all successful businesses must face. We have survived the twentieth century, and our long-term goal is to become a successful twenty-first century contractor. It is our firm belief that our company will experience growth and change during the next century. My following statements will detail the directions which our company intends to follow to continue our success and development in the twenty-first century.

From the outset, our role in the construction market place has been the installation of lighting and power systems for commercial and industrial clients. Although types of lighting systems, power systems, and installation methods have changed and improved over the years, our basic business has not changed. Our business has been to install conduit and wire, and to connect electrical equipment. Marketing and selling these services, for the most part, has been to bid our proposals to owners and general contractors.

There are two elementary reasons for the continued success and growth of our company. One would assume that these two elements should be basic to all successful businesses.

First, our firm has based its entire business philosophy on a total commitment of providing only quality service to all our clients. At times, this has been financially difficult for our firm; but without this absolute commitment, we would not have survived during economic hard times in our market area.

Second, we have a total commitment to our employees to provide them the tools, the training, the best possible work environment, and the personal concern to allow our employees to grow, prosper, and provide a high quality of life for their families. It is management's responsibility to lead the company and to provide the ability to conduct business. However, our profit comes from our people who toil in the dirt, the mud, and the dust on a daily basis to build projects on a budget and satisfy our clients. Without this commitment to our employees, our company would not and could not prosper.

It would be an understatement to suggest that technology has affected our businesses. Technology has had a major impact on the way we do business; but more importantly, technology is rapidly changing the type of business that we do and the markets that we serve. The dimensions that technology has added to our business are almost too vast for us to comprehend. From the days of simply installing a switch to turn on a light fixture, we are now installing lighting control systems that turn on lights actuated by clouds floating past a window, by a computer in the basement of the building, or even a computer miles away in another building.

Technology has created so many additional opportunities that even the best marketing contractors have difficulty in serving them. These markets in general are as follows:

- Tele-data and Fiber Optic Systems
- Programmable Controllers and Computer Systems
- Uninterruptible Power Systems and Power Conditioning
- Cogeneration
- Lighting Control Systems and Lighting Retrofits
- Power Quality
- Industrial Power Control Systems
- Environmental
- Cable T.V. and Interactive Media
- Service Departments
- Testing and Training

Certainly, this list is not complete. As a matter of fact, additions to this list are added on a regular and rapid basis. All of these markets will be served by contractors. The question is, "How should we adapt to serve these markets, and in what manner?"

The new markets that technology has created are providing vast opportunities for electrical contractors. However, it is our company's belief that we must change our way of doing business and overhaul our thinking to profit from these opportunities. Should we fail to adapt, our existence may not continue into the twenty-first century.

We believe there will be two types of contractors in the future. The first will be the "pipe and wire" electrical contractor. This contractor will struggle in a commodity market filled with many players and low, if any real profit margins. Most of us are already in this market. Some of us will stay only until we have withered away.

The second contractor will not be an electrical contractor. This contractor will become a technical contractor. Installing conduit, wire and light fixtures will be part of the business. Far more importantly, however, this contractor will be the businessman who installs and serves the electrical equipment and communication systems produced by the technological revolution.

Servicing these new markets will require expertise in the area of technical contracting. This will cause a nearly complete change in the way we view and operate our businesses. However, there will not be a complete change for one simple reason: the successful electrical contractor has the ability already in place to become a successful technical contractor. Simply stated, operating a technical contractor business will

require the same sound business practices that are required to operate a successful electrical contractor business.

The Communication Division in our company is successful because we operate this division in the same manner that we manage our electrical work. Certainly, we have had to adjust our thinking, change our marketing strategies, re-train or train our people, and hire sales and technical people to compete in this market. Our commitment to serving our clients and providing for our employees has not changed. For this reason our entry into this market has been successful.

To become a technical contractor, and therefore a twenty-first century contractor, the following attitudes and approaches will be necessary. Training will become vital—not training which our employees receive from JATC programs; but training in programming computer systems, troubleshooting solid state circuits, interpreting harmonic testing results, and many other areas, will be absolutely critical. This training will require us to re-think our investment strategies because major investments in time, money, and patience will be required.

Searching for new market opportunities must be a constant effort by management. Business opportunities will develop only when we have changed our thinking to allow us to envision how we can profit from the new technology markets.

Partnering will become ever important to our business. Partnering generally refers to a team effort by contractors to build projects for owners. The technical contractor must carry this idea much further by becoming a partner with suppliers, with manufacturers, and with people who purchase our services which we would never have considered in the past. Without these relationships, our business will flow to others who have built upon this strategy.

We must learn to sell our services rather than bid projects. We must learn to negotiate with a new type of owner and a new type of decision making person and to focus on our clients' needs as well as on the understanding of our clients' dependence upon technology in their businesses.

Lastly, we must not be afraid of these market opportunities. We must be willing to enter new markets and to bear new risks. We must be able to change, adapt, and, most importantly, to see the need to change.

The technical contractor will be the next century contractor. The contractor who not only installs and connects this new equipment, but also understands its uses and makes it function properly, will be the contractor who will continue to grow and prosper.

Stephen E. Chilton has been affiliated with NECA since 1978 when he was employed by the L. E. Myers Company. He served as president of the Intermountain Chapter from 1985 to 1987 and as governor from 1988 to 1992. Currently, he serves as vice president of NECA's District 8 and is chairman of the Marketing Committee. Additionally, in March, 1993, he was elected president of the Intermountain Electrical Association composed of contractors, engineers, distributors, manufacturers, manufacturer's agents, and utility companies. He is vice president of Cache Valley Electric Company and general manager of its Salt Lake Division.