

## Conway looks to expand as its service and replacement business offsets slow economy

Memphis Business Journal - by Trey Heath

When **Conway Services Heating & Cooling** owner John Conway glanced at his bottom line 10 years ago during the height of the company's new construction business, he knew the numbers couldn't hold up.

In 1998, the HVAC contractor brought in almost 98% of the company's \$2.2 million in profits from new construction.

Fast forward to the present-day market where the declining economy has caused a new construction famine, and Conway has seen his new-construction profits slip.

By the end of 2008, Conway estimates that his revenue from new construction will be down around 76% from 2007.

But instead of panicking, Conway has his eye on expanding as his business continues to grow thanks to a decision he made a decade ago.

"One of the things I looked at when I purchased the company in 1998 was 98% of our revenue was coming from new construction, and I knew at that point that if new construction ever slowed down, we were going to be in trouble," Conway says. "We had so many of our eggs in one basket, so I started a venture to grow a service and replacement business."

Today, Conway's service business represents the cornerstone of the company.

Despite a region-wide decline in new housing starts and commercial construction, Conway expects to bring in about \$5.5 million in revenue this year.

Revenues for the year are down about 15%, but Conway says profits should remain about even with last year thanks to the company's growth in the service industry. Conway's service business has grown about 50% since last year, helping make up for the staggering drop in new construction profits.

"We continued to grow the business and have mainly put our focus on growing the replacement business, and we have been able to do that," Conway says. "Now the service and replacement business is about 70% of our revenue and that is how our business has changed."

To help feed that growth, Conway has set his sights on acquiring a Memphis plumbing company and even opening a branch in Nashville or Kansas City over the next 18 months.



ALAN HOWELL | MBJ  
Conway Services owner John Conway: 'we had so many of our eggs in one basket.'

“We would like to do it via acquisition, so we are looking for the right candidate who is maybe ready to retire,” Conway says. “We are also looking to add future Conway Services centers in either Nashville or Kansas City. With the slowdown in new construction, I feel like we have the overhead in place already to add additional locations and hub it out of Memphis.”

Hubbing a new branch out of Memphis would allow Conway to use his Memphis location to receive calls and allow him to keep his staff, which Conway says is a big part of the success of the company.

“I can go out and add new revenue streams without having to lay off employees who we have spent so much time training and so much money developing,” he says.

Part of Conway’s investment in training includes a planned expansion to the company’s Bartlett office.

Conway plans to build out 2,000 square feet of the company’s 4,000 square feet of warehouse space for a new training center. That will allow an expansion of the company’s training regimen for customer service.

“Most of our technicians know how to put in equipment,” he says, “but we train from a customer service standpoint.”

The company’s commitment to customer service is the key to the growth of Conway, says Shirley Gossett, operations manager for ***Bott Radio Network***.

“I contacted Conway Services at 9 a.m. and was frantic as our cooling unit at our tower site had shut off,” she says. “Conway Services responded immediately and had it working in four hours.”

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