

Business reinvention

Conway Services eliminates key division that translates into increased revenues

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Most people would agree that eliminating a division that comprises one third of your company would present quite the financial challenge for any business.

John Conway of Conway Services Heating and Cooling, however, found a way to not only alleviate the blow but turn the move into profit.

Conway Services, opened in 1990 by John Conway's father, Raymond, had been structured into three divisions since John purchased the company from his dad in 1998: new construction, service and replacement. At that point, Conway says much of the business, nearly 95%, stemmed from the new construction division. Conway says he knew then that something drastic had to change.

"I knew that if our new construction division tanked, I'd be in a world of hurt," he says. "So I started to make business decisions that would allow our service and replacement divisions to grow."

Conway says that between 1998 and 2008, the replacement division brought in revenues of \$2.5 million. Overall, the service and replacement divisions produced revenues of \$3.4 million.

But the changes didn't stop there. In 2005, Conway Services began to feel the blow of the early stages of the economic recession. The new construction division, which installed heating and air systems in new homes, began to see a large drop in business. After trying to weather the storm for several years, Conway made a huge business decision in 2009 by eliminating the entire new construction division and replacing it with plumbing services.

"After 2005, we worked really hard to get ourselves confident enough in 2009 that when new construction slowed, we could let it go and diversify the company by adding a plumbing division in its place," Conway says.

Conway admits that the move presented its share of challenges.

"Especially in a time when lots of businesses are closing, making big investments like that can be tough," Conway says. "But I have a 'don't quit attitude' and am willing to do what it takes to be successful."

The plan translated into an increase in yearly revenues for the company. At the end of 2008, Conway brought in \$5.2 million; by the end of 2009, after the elimination of the new construction division and the implementation of the plumbing division, revenues are projected at \$5.8 million.

Conway, whose company employs about 30 people, including seven service technicians, two plumbers and three installation crews, says that along with his choice to diversify the company, his emphasis on the principles his father laid out for the company nearly 20 years ago is a major reason for the company's success.



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John Conway added plumbing services to replace firm's new construction division.

“My dad always used to say, ‘The customer is always right — even when they’re wrong,’ ” he says.

Conway’s replacement division is up 44% in the past year, which he says is a direct reflection of the professionalism of his technicians.

“I know homeowners have a choice when it comes to this business,” he says, “and we set the bar high so that people will see we are different from our competition.”

Conway Services is a member of a best practices group called Nexstar, a company that provides comprehensive training and business support to small businesses. Nexstar, through annual meetings and networking opportunities, allows for its members to frequently share ideas and practice customer service in an effort to improve each member’s business.

“To be a good company and remain profitable, you have to live on a lifetime of sales to a customer; it shouldn’t be just a one-time sale,” says Nexstar’s Bob Mallory, director of membership communications.

Nexstar gives Conway “a fresh exchange of ideas” from its training programs, Mallory says.

Coupled with his savvy business strategy, Conway’s commitment to continual improvement has translated over the years into a dramatic upswing in profits. In 1994, before he took over the business, the annual revenue number came in at \$250,000. Today, that number comes in at around \$400,000 per month.

But Conway’s success in the books hasn’t detracted from the service that the company promises to provide.

Area resident Anne Freeland, now a 20-year customer with Conway Services, has relied on the company for air conditioning units and ductwork.

“They re-check everything before they go,” Freeland says. “If all companies could be like them, we’d have it made.”

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