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PODCAST EPISODE #13: RBF EXECUTIVE FORUM PRESENTATION
BUSINESS LESSONS LEARNED
SETH OBETZ, VICE CHAIRMAN, WORLEY & OBETZ, INC.
TRANSCRIPT

Kae Wagner – Welcome to the podcast, "Accounting: We Go Beyond the Numbers" from Ross Buehler Falk, a CPA and Business Advisory Firm. I'm Kae Wagner, your host for this podcast series. You'll receive great business advice here including accounting, tax tips and a whole lot more that will help you grow your business. Here we go...

Jeff Bleacher – Thank you for coming today. This is our bi-monthly Executive Forum Series. We're very excited to hear Seth present, talking about a company that's in a declining industry and some of his successes and some of his failures. How he became a really successful company and that's the goal of this series. We present local business leaders well-known in the community, who give us their Business Lessons Learned and how they became prosperous and successful, which aligns with our goals as a firm to help our companies grow and be prosperous and help them strategically.

Seth Obetz - First of all, I really want to thank Kae Wagner and Jeff and RBF for hosting this seminar and forum series. It's so valuable to our community. So a big hand.

My goal this morning is, through presentation and hopefully some interesting and engaging discussion, that if each of you will come away with at least one learning that helps you to make fewer mistakes than I did, then it's probably worth your time here this morning.

Worley and Obetz was founded in 1946. What we're going to talk about this morning is, the agenda here is our plan. This was 20 years ago. We're going to look backwards and then we're going to take a little bit of a look forward and I'm going to talk about a long-term plan, interim milestones. We're going to talk about implementing the plan which is the hard part, right? We're going to say where did we really end up? What were our lessons learned and where do we want to go from here?

Worley and Obetz was founded in 1946 as a heating oil distributor by my great grandfather, Ray Worley. And Ray was a heating oil delivery driver for Atlantic Richfield Corporation, and some of you may know, that ended up becoming ARCO, a major oil company. And as major companies want to do, sometimes they decide to get out of markets, and Atlantic decided that they wanted to get out of the retail heating oil business. So they basically offered their drivers a franchise. The driver would buy the truck. They would get the customer list. They would buy the heating oil from Atlantic and they were in business. So Ray considered this opportunity. And at the same time, his son-in-law, my grandfather, Bob Obetz, Sr., had come back from the Marines in World War II and Ray approached Bob, his son-in-law, about going into business together. So they formed a partnership, shook hands and they were in business.

Why was that a good business to be in? This is a chart that I have used many times over the years and I find it to be entirely accurate. All products, services and industries experience a life cycle. So no matter what they are, how long or short they are, they more or less go through this process.

The reason that it was a good business to be in right after World War II is there was a surplus of diesel fuel coming out of the war, surplus capacity of diesel fuel. And diesel fuel is the same thing as heating oil. Most homes in the northeast at that time were heated with coal. You would get a delivery of coal. You had a coal bin in your basement. You would shovel it into a boiler or hot air furnace and if you were lucky, it was a coal stoker that did it automatically for you. But heating oil was a lot easier. You didn't have to shovel the coal. It was cleaner. You didn't have to deal with the coal dust. By and large it was a more comfortable and consistent heat so it had a value proposition over coal. So it was a growing business.

But there was a lot of turbulence at that time, particularly on the technology side of heating oil. So in Manheim where we started alone, there were even a couple of companies there that were making oil burners to convert coal systems to oil: they were actually making boilers. There were a lot of start-ups. Backyard type start-ups for this new and emerging industry back then that inevitably most of them don't exist anymore. Over time as an industry works its way into the more stable growth period, those start-ups end up getting rolled up or fail for one reason or another, but it becomes a more stable and then eventually a mature business.

But during the 1950's, 60's and even into the 70's when suburbia became a thing, the brick ranchers and even into the 70's when they were building the bi-levels, the new homes in the northeast, a lot of them were putting in a state-of-the-art heating oil system. So every time a new home got built, Ray and Bob had a potential new customer. Good business to be in. Along come the 1980's right? And electric heat came about, more prevalent heat pump technology developed. You don't even need to deliver anything. It comes in the wires, or gas furnaces, it comes through a pipe into your house. And there were utilities where the competition went, right? Monopolies. They had significant incentives for builders and homeowners to do that while the heating oil guys, the independent heating oil guys, are out there fighting each other over what was becoming a shrinking piece of that heating market pie. And what happened was, the builders just started building and putting in heat pumps, electric systems and natural gas.

Now the heating oil market as a number or volume at that time really didn't start to decline, right? It just plateaued. But it became a smaller part of the overall market. So when I came into the business in the early 1990's, the decline had started, but it was barely perceptible because the state-of-the-art heating systems of old were beginning to fail and many of them were being replaced, not by new heating oil systems, but by heat pumps and gas furnaces. And so that's what began what may not be a precipitous decline in some industries. Thankfully it's a decades long process. But it was what began the decline.

So again, I came in here right at the beginning of the decline and I shared an office with my dad and my desk was against the wall. My back was to him: imagine if you will Bob Cratchit. Now my dad was the furthest thing from Scrooge, but the set-up was the same. And he said to me "What's your plan?" And I said, "Well I'm going to grow this business." And he said, "Well how are you going to do that?" And I was pretty indignant about it. I'd just come out of college. I knew just about everything. I said, "Well I'm just going to do it." And you know what? I did it. I went out and I knocked on doors. I started getting new customers and it was exciting. I came back into the office, I think we had about 15 total employees then, maybe five in the office, and I would make a lap around the office and give high fives. There was a lot of enthusiasm for about a year. And then I couldn't help but notice that the enthusiasm was waning. I wasn't getting the same oomph from the high fives. Our customer service began to slip. Our fulfillment was not there. We weren't able to do what my overly aggressive promises to these new customers were. And I realized that I hadn't done anything to develop the support systems necessary to enable our growth.

So fortunately at that time I was being mentored by a family friend and a business coach and consultant by the name of Ellie Zeamer. I went to Ellie and I said "Ellie, it seems like I might have found out there's a couple of things I don't know about business. I think we need some help." So Ellie said, "We need a plan." I said, "Yeah, I think my dad was right. I think we need a plan." So we engaged Ellie and she came in and helped us through a process of planning. At the same time, I also recognized that if you haven't figured out already, I'm not a very good manager. So whatever this plan was, we were going need somebody who could manage this plan and get it done. We were very fortunate to be able to hire a very talented guy in the management sector of our industry named Jeff Lyons who is here today. Jeff's a "rubber to the road" guy, able to take a plan and put it into action.

When we started to look at where we had been with Ellie, we looked at, the year was 1996. So we have been in business for 50 years. We looked at where we had been. Our heating oil business had grown organically through that period of time, but obviously we were at a plateau. Our gasoline business, my dad started in 1970 and we were selling gasoline to service stations: service stations where you actually would drive up to the pumps, they would pump your gas, they would check your oil and they knew your name. I'll bet there are some people here who have never driven their car to an actual service station. Those were our customers and they were fast disappearing because in 1996 the big boxes were getting into gasoline. Costco, Wal-Mart, supermarkets were getting into gasoline. That seemed like that was a pretty short business cycle in the future for us. Diesel fuel we thought probably had more legs, but it's a low margin, high volume business, but we could probably prolong that for a while.

Our HVAC business was also started by my dad in 1970, so we fixed and replaced the heating oil systems that our customers used, but we weren't really able to convince people that we did air conditioning work and other things. So that really we understood would follow the decline of our heating oil business. It wasn't a really bright future, in fact that fault line as shown on the Harvard Market Lifecycle was, in some cases, a couple of decades away, sometimes maybe even closer to that fault line is one where that product, service, or industry really becomes not viable, or at least not thriving. So look down here at our company growth curve on the fault line. It was certainly not an inspiring path forward.

We had to come up with a plan. Our plan was to become a total energy marketer. We wanted to be energy agnostic no matter what the energy source that was best for our customers would be, we would provide it, and whatever energy sector was thriving at that time, we would be in it. It was a way that we could diversify ourselves within our wheelhouse so that we could have a stable and sustainable business model for the foreseeable future. But to do that we needed some capital. And the way that we would get that capital, which is always the best way to get it, is through profits. To do that we wanted to scale our heating oil business by acquisition. My father had done a masterful job of developing relationships over the years with local competitors. And he is an amazing – I wouldn't even call it a negotiator. He is an amazing partner for those folks who wanted to sell their business to him. I can't begin to do what he does. I don't know how he does it. But if you've ever sat in a conference room with him and you're considering selling your business – I've sat there beside him and watched him do it – at the end of that hour you're going to sell your business to nobody else but Bob Obetz. It was a fantastic way and it's because he's genuine and he takes care of the employees and customers.

We bought about 15 of our competitors over 10 years and that gave us the scale which we could then create efficiencies and synergies and profits which we could pile back into the business to build our balance sheet leverage to fund the start-ups that we needed to develop this diverse total energy model.

We also wanted to differentiate our heating oil business, because if we were going stay in it, we needed to hold onto those customers even in a declining industry as long as we could. Jeff Lyons stumbled upon a product called biodiesel. It's made from vegetable oils and animal fats, but it's very much like diesel fuel and heating oil. Back then it was just something that hippies would collect French fry grease and refine it into diesel fuel and put it in their Volkswagens. But it's now a mainstream fuel used even by major oil companies.

We started blending that in our heating oil. It was green, it was red, white and blue. It differentiated us. Supply gasoline and diesel fuel to the big boxes. We realized we can't join them. Sheetz and Wawa were colliding in Lancaster County. They were selling gasoline under cost because they made it up in hotdogs and fountain sodas. We didn't know how to do that. Gasoline was being sold at grocery stores now. We realized that like Clint Eastwood said, "A man's got to know his limitations." And that was not an area that we compete in, but we could supply them. And that's what we did. So today we are the sole provider of gasoline to all the Giant Food Stores in Pennsylvania and some of their sister companies in the mid-Atlantic.

We started a propane business, which was a natural extension of being in the heating oil business, delivering fuel in a truck to customers, but something that took a lot of capital. There are a lot of tanks out there. Customer tanks that we own in the field. It took us six to eight years to get to profitability. We burned through a lot of capital to get there. It takes staying power to do that. We funded from the profits and we retained earnings from our heating oil business.

Electricity, natural gas, the only growth sectors left in the heating oil industry. We got into that and that was a lot of hard lessons learned there. It's a very virtual business, more complicated in some ways than the trucking side of our business, but we've learned it and we're finally on the path there to profitability.

We wanted to expand our HVAC business into plumbing and heat pump and gas furnace homes and as I'll talk about a little bit later, we failed miserably at that because we couldn't shake the heating oil reputation that we had. To implement that plan, we needed to consider these five areas: the people, the management, the finances, the market, what the market was going to be today and in the future, and leadership. So the people side, Ellie helped us tremendously. We had to match the people to the goals of the plan. We did Meyers Briggs personality analysis which was very revealing to us. We got the right fit and the right people in the seats on the bus. We did job descriptions. We assigned individual goal ownership. We defined and reinforced the reporting and communication channels of the plan. We perfected our tactical operation. So we all like to say, "Hey we provide a customer experience," right? And that's great and it's true. But like a professional athlete, if you don't first do and perfect the fundamentals of what you do, you're never going to be able to truly perform at a high level. So we've made sure what we do and what we did back then almost exclusively, we drive trucks and deliver products. We made sure that we hired the right management and we did that better than anybody else and you do that better than anybody else. And then after we had the fundamentals nailed down, we could focus on the level of service and our customer experience.

Management, as our bankers like to say, is really the differentiator between the highly successful companies and the ones that are less so. We started with accountability. Something that we didn't have as much of before in our company. But accountability is in the plan and management held us to accountability.

Systems, processes and technology. I dug up some of our early process maps that we did trying to make us as efficient as we could and standardize what we were doing. We were, I think, very smart in developing one-page business plans, distilling our plans and our goals on the one-page for our entire business and all our business units that had individual business goal ownership. Description of the goals, tactical objectives to get their measureable goals and then tracking progress to the goals. I actually wanted to show you guys our original business plan and so I brought it here. I couldn't find any place to put it, right? Things change.

Finances. It's very fitting that RBF is hosting a seminar forum series here, because your accountants are somebody that you already have on your team, but I think are far underutilized. I had a great example in life with my father and the relationship he had with his accountant, Dave Fritz, who is here. They had a personal relationship beyond just business. Dave, consequently, the accountants, were intimately involved with our business personally, and understood what we were doing. I go out on a regular basis and have a beer with my accountant. And if nothing else, it's a way to get some of your fees back because they usually buy. But they know what's going on in our business, and therefore they're able to give us insights and invaluable advice.

We insisted on an excellent banking account rep. Now this kind of happened more by circumstance. Worley and Obetz has been a customer of Fulton Bank since 1946. It was actually Manheim National Bank which was bought out by Fulton Bank. You can say we're loyal, but we're really loyal to the product and the service and the responsiveness and competency of the person that we're dealing with at the bank. And during this time, 20 years ago, we had an account rep or two that really wasn't measuring up to what we needed. Rufus Fulton was chairman of the board at the time, so I wrote a letter and said Mr. Fulton, we've been a longtime loyal customer, but if you want our continued loyalty, we want your best and brightest. Lo and behold, he assigned to us a young man by the name of Kurt Myers as our account rep. Now, obviously Kurt has gone on, deservedly to bigger things at Fulton, but he always stayed in touch with our account and always his successors and his successor's successors were the best and brightest. We have Phil Smith here. What I want to emphasize is how the bank is an integral partner to all of our businesses, and how important it is to be proactive with your communications with the bank. So for most of that 20 years we've held monthly meetings with the bank, monthly meetings. Today we have three different entities, 15 different departments and we share financials down to the department level with them. I hear a lot of business folks say, "Well I don't want my bank to see that." Well why not? Obviously if you don't want them to see it, it's bad. Who better than your banks and your accountants to help you to make it better? So sharing initiatives that are on the horizon, whatever we're thinking, if it has any chance of coming to fruition, they know about it early on. Now many of them never, never come to reality, but they're never surprised when we come to them, and they know that we have a plan and we take their advice. Now I don't think the bank has ever told us we won't do this for you. But they've certainly told us we don't think you should do this. And we've always taken their advice and it's been sound advice and saved us in many instances. They proactively set our capital borrowing limits and they define our covenants to ensure our fiscal health and we take them seriously. So the accountants and the banks are integral partners to your success.

Leadership. It's the responsibility of leadership to think every day about what every aspect of your business looks like 1, 3, 5 and even 20 years down the road. What do you want this aspect of your business to look like in accordance with the plan and the plan that you are evolving? What does it look like down the road? Then what do we as leadership need to do today to get us to those milestones and those eventual plans in every aspect of the business. That's where I spend a lot of my time thinking. Somebody, better yet, some people, have to be thinking about that and acting on that every day. My style is to nudge. But that's what I do. I'm in contact with every major part of our business on a daily basis and I nudge them in that direction. And over time, with alignment, we achieve those goals. It's not complicated.

So what happened looking back over those last 20 years in the commodity business? This is back to 1996 to today and electricity saw a 15 percent increase in consumption and demand. Natural gas saw a 20 percent increase. Just a little side story, actually natural gas for the first 10 years or so was declining, then around 2007, really started taking off. What happened then? Why was that? Why did that change? Shale gas. The renaissance in domestic oil and gas production took place. We'll talk a little bit about some lessons learned that we learned the hard way there. Propane you would call it a "mature to beginning to decline industry" as the gas lines and heating pumps chase those customers: 15 percent decline. Heating oil, half the business it was 20 years ago, is projected to be half the business it is today 20 years from now. Not a rosy future. So again, looking back, 1996, pretty bleak future. The fault line is visible. Here's uninspiring growth outlook for us. We did a simulation recently where we pulled out all the things that we've added to our business diversification model. If we would have stayed the course of 1996, if we wouldn't have put together that plan, ironically we would have been out of business last year in 2016, 20 years to the year of which we had done that.

But here's what we ended up with. Here's the growth curve that we were looking at. Here is the growth curve that we realized because we sat down, we engaged Ellie, we hired top management and we put together a plan and we executed that plan. Simple as that.

Acquisitions on the heating oil side grew our volume, realized synergies, stacked profits to the bottom line and we retained those earnings so that we could leverage those for the start-ups that we needed. We grew our diesel business, not in small part, by a company called AmeriGreen that we started because remember biodiesel that we started blending into our heating oil? We realized, hey, if we're going to use this stuff, our competitors probably would benefit from using it and we can sell it to them. So we started a company called AmeriGreen that sells biodiesel as well as heating oil and diesel fuel to blend it with, for our competitors. AmeriGreen probably today moves more biodiesel in the New York Harbor than anybody. It's a great niche market, although it has its ups and downs. Gasoline, as I said before, we went out and we went after the big boxes to supply them and we gained a lot of traction there and grew that business exponentially.

Ethanol, another renewable fuel becomes a larger and larger part of gasoline. And we got into that. As I said, we started propane, a lot of capital investment there. But look at these fault lines; they're still visible out there. The only remaining growth sectors in the energy industry are natural gas and electricity and we're really only finding our way and getting solid footing now in that business, but we don't have a choice, we have to be there.

We talked a little bit about our HVAC business. We were repairing and replacing the heating oil systems that our customers had. But we were getting fewer and fewer heating oil customers, so that wasn't a bright future. So we spent ten years trying to tell the Lancaster customers that we did geothermal systems and solar and heat pumps and they still thought of us as heating oil guys. We failed miserably at that. So we realized that we had to distance our brand from Worley and Obetz. We had to distance our HVAC brand from our heating oil brand. We were prepared to invest in another start-up, and we were very, very fortunate that timing worked out and Ranck Plumbing Heating and Air Conditioning, as you guys know, is a venerable company with a great reputation, became available and we were able to put that together. And today we now have the last piece of our plan which is a mainstream HVAC business and we're very, very excited about that.

Lessons learned in the areas of people, management, finance, market and leadership. On the people side, with Ellie's help, we set about to implement an intentional culture. Now remember, we were going from a business that had been functioning largely the same for 50 years, okay? And now we were going to basically use an airplane analogy. We were going to get out on the runway, we were going to take off and we were going to climb to altitude. There was a lot of hard work ahead of us. Ellie told us not everybody was going to make it on board and unfortunately, not everybody did. Not always the people that you think will or won't, ironically. But our culture was get'er done, rubber to the road. The lesson learned, obviously we got 'er done, but the lesson learned there is, and I think Jeff would agree, we missed some efficiency opportunities and sometimes went down the wrong path too far because we had our head down. We had our shoulder to the grindstone, but we didn't look around enough. We didn't look around enough.

So now today, 20 years later, we're re-evaluating our culture. We want to keep the best of the old and we're collaborating to find what we want to add to the new for the next 20 years. I also think, while we, as I said earlier, perfected our operations so that we could operate very efficiently and even better levels of customer service, we probably could have, if we would have put equal emphasis on customer service, sales and marketing, as we did operations, even though it worked, I think we would have had better customer retention and better organic growth over time. So that's another lesson. You know you can't concentrate on just one side of the business, it's optimal to do all. And there's different people for different businesses. I'll talk about that on another slide here. Sometimes we wanted to take people who were doing good in one business and move them over to another business and that doesn't always work that way. Different skill sets, different cultures.

And lastly, but I think the most important, is to do something of greater significance. When we started marketing biodiesel and bio heating oil, it was green. It was red white blue. It was good for our economy. It's domestically produced. It was good for the environment. It was good for our children and our grandchildren. And we can feel proud of that. And I can tell you it changed our company. It changed our company because we were doing something bigger than ourselves. When we get up in the morning, we're doing something that matters, okay? And it exponentially improves the morale and the productivity. So at any time when you can include something that's bigger than ourselves in a business model, it pays huge dividends.

What were the lessons learned around management? Back to the high five scenario, right? Support systems, technology and processes and you're so much better off not learning it the hard way, but do it at first. Taking the time to put in place the processes. Get them right and then you can have a stable growth curve versus the fits and starts that we went through all early on. And prioritize and focus. I think many of you in this room would agree, we really don't hurt for opportunities, but what we have to do well is to choose the right opportunities. I, for one, thought that AmeriGreen as a brand would be a shoe-in, a great fit for the emerging market of biodegradable lubricants. Well, guess what? I was wrong and we went about it the wrong way. And it became very difficult and ultimately probably not going to get their business model. We also thought that we would be great at us being a software development for industry type software. Well, that was another expensive lesson that we didn't do well. So, pick the right ones.

On the finance side, I don't mean to say finance is simple, but it's fundamental. It's all about cash flow. Taking the cash flow and the profits that you have and putting it back into your company. Building your balance sheet. As our bankers like to say "keep your powder dry."

When we started on this journey, I made a pilgrimage to Boston to meet with Gary Kane. The family started out as a wholesale petroleum marketer, not unlike the wholesale side of our business. They ultimately ended up owning Gulf Oil. Think about that. What a tremendous, tremendous business. And so I sat in Gary's office and I laid out our plans and I said, "Gary, certainly there's something here that I just don't know. There's some magic, there's some recipe with ingredients that I don't understand that enabled you guys to build this magnificent, magnificent business." And he said, "Seth, the secret is retained earnings." "Really," he said, "put your money back into the company. Build your balance sheet. Build your borrowing base. You can leverage that for the growth that you need to. It's as simple as that." And that's what we did.

On the market side, plan ahead of the market lifecycle. So Amin Nasser, CEO of Saudi Aramco, the largest oil company in the world, two weeks ago, now these guys are optimists, right? If you ever ask them how the oil market is and what their reserves are like which nobody really knows except them, it's always wonderful. Some people will accuse them of exaggeration. They are planning an IPO this spring, okay? What many people think of as the most successful of the most successful enterprises in the world is willing to sell some of their business. I don't think they're doing that because they see a rosy future. Two weeks ago, Amin said this statement – this is the best, most optimistic he could muster – I think we'll remain for decades to come, but the transformation is happening. That's the most optimistic that he could be. I hope for their sake that I'm wrong, but I think they might be a little bit late on this one. And be agile when opportunities present themselves with bigger capabilities.

During the Great Recession, Pennsylvania had a Sunshine Grant Program that made solar very attractive to businesses and homeowners. So instead of laying off our technicians when people weren't opting to upgrade their heating systems, we were able to retrain and repurpose our technicians and keep our labor force, not lay people off and keep our revenue stable.

As you all know, traffic in the mid-state here is becoming more and more onerous. And so time is such a valuable commodity. So we started, this wasn't our invention, but we started fueling companies' trucks at night. They bring their trucks back to the shop. We take a truck in and we fuel those trucks directly, so it saves them time. Great business for us. Diesel exhaust, a regulatory measure that is a product that goes into the tank on diesel trucks helps their emissions control and we deliver that.

We also have a Sustainability Committee that meets monthly. A group of stakeholders and leaders from the business that look at emerging technologies. We even adopt emerging technologies and test them out to make sure that we're staying at the forefront of things and we have a stable and sustainable business to go forward. And due diligence, right? So when you're looking ahead at the market, you're saying you think this is a great opportunity whether it's a technology, a new product or service, or an acquisition, right? We can have all the reasons and gut feelings that we want and that's good, but if you don't do extensive due diligence, it can come back to bite you.

So let's talk about the Marcellus shale opportunity. The gold rush of our lifetime. Wow. I thought this is it. We are here. You know, I had romantic thoughts about that being a guy back in San Francisco and going out to find the gold mine. It's going to be amazing. We went up to northern Pennsylvania where it was booming. They were putting up hotels. There were saloons that were crowded like the old west. And we bought a local petroleum distribution company up there so we could be there. We could have the drivers that we needed and the infrastructure to service the industry. We showed up and it was crickets. The hotels were boarded up. The saloons were empty. And all the well drillers had gone to Ohio and West Virginia because they found wet gas out there that was more valuable. We were left with an overpaid for stranded asset. It took us a lot of years and a lot of pain to get on track.

Leadership. It takes a lot of patience and commitment to see a plan through. But sometimes too much patience is costly. I'm a very patient guy, but when I look back at some of the regrets that I have in business, I realize that it was because I didn't take that conviction that I had and when I think about those regrets, it's the times when I was most convicted about something that I didn't push harder on it, and didn't see it through or didn't push it forward fast enough. So do trust your heart when you're convicted on something and be patient, but not too patient.

What got us here probably won't be enough to get us there. We know what got us here which was a "can do," "get it done" culture. We still need that going forward, but our business, as I say, has become more complex and we don't know exactly what we need yet, but we're going to figure that out to get through the next 20 years. And plan beyond the plan. This is the lesson I just learned recently. Jeff, Steve McCracken runs our AmeriGreen business, came to me recently and said, "Where do we go from here boss?" And I said, "What do you mean, we're here. We've realized this plan that we set out. We've been successful. What do you mean?" And I thought about it and thought, wow, I didn't plan beyond the plan. I don't really know where we're going from here. Where did we actually end up?

So our fuels business, right? That's about trucking. It's about delivering product to customers in trucks, having great drivers, processes and management to get that done. On the renewable side of our business, the natural gas and electricity side of the business, that's a very virtual side of the business. We have a trading desk. We do hedging, we do commodities procurement. A lot of what we move, we do by instant messaging and over the phone or email. These guys wouldn't even know how to start a truck.

Then we have our HVAC business. The technicians are people persons, right? They're in people's homes. They're solving people's problems. They're making suggestions for them to have a more comfortable home environment, right? They're technical, but they're people persons. You can see how different what they do, the work that these three companies do and the people and skill sets and cultures that are in them. They're all different.

Where are we going from here? We've recently engaged strategic resources - a well-respected consulting firm to help guide us through our plan for the next 20 years. So we spent the last 20 years diversification to build a total energy model so that we had the stability and sustainability despite what markets would do, to sustain our business. I believe the next 20 years will be about unification and optimization. As I'm sure you can already imagine, we have all kinds of cross-marketing opportunities. There are synergies to be had between these companies. There's probably some type of brand unification effort at some point. All these questions are on the table now and it's an exciting time. I believe it's going to be transformational for us. And I say that, we were an energy company who did HVAC work and I believe the transformation is going to be that we're going to become an HVAC company that sells energy. And why do I say that? The home is becoming a data hub. Amazon and Google are vying to be there and they may be there virtually. But we're there with technology and we're there in person and that's going to become an ever increasingly valuable place to be. So I'm more excited than I've ever been. I've told my dad, keep your health, you ain't seen nothing yet.

Kae Wagner – That's it for today folks. Visit rbfco.com for more information on Accounting that goes Beyond the Numbers. This is your host, Kae Wagner for Ross Buehler Falk. Our next episode is coming soon. Don't miss it.