

Build or Buy

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At one time back in the early 1900's there were over 300 car manufacturers in North America. As it turns out today Ford and GM are all that remain of the originals and as far as the rest of the world...who knows who owns whom - and really folks - who cares?

Every successful market develops like the Hawaiian Iron Man Triathlon...hundreds start out...only a few highly tuned continuously win until they eventually retire and become spectators themselves.

So do you build your hydronic radiant control panels or do you become a dealer / distributor for a well oiled machine? Are you a runner or a spectator? It really depends on what makes you tick. It isn't an intellectual debate for those who get their security from knowing that the bread and water comes from being able to do the work...it's the physical satisfaction much like running the triathlon. Completing the race is the goal...winning is a bonus.

Then there are those who make millions by all the business associated with the runners...sure the top few places make some dough...but all those other aching bones are in it for other reasons...not a bad job if you don't need to eat and by the looks of those marathoners I'd say its time for a few Big Macs...but that's another story.

So the question becomes ... are you in it for the money or for the pleasure? If you're in it for the pleasure - have at it...make your works of art, put each project on a pedestal, heck give them a name. ...have a reunion...Saturn does.

If you're in it for the money then let others do the work. Why?

Let's have some fun and look at this from a whole bunch of angles...in fact this exercise is what every bankrupt car manufacture did after the bank foreclosed...

Assume miraculously tomorrow every boiler manufacturer on the continent stopped making assembled boilers and went back to supplying parts. Lets then go to buy a fan/coil, indirect water heater, air conditioner, fridge, oven, chop saw, vacuum cleaner and lo and behold all you could buy were parts and kits. You see - the logic of "I can do it myself" is selective...those who believe that manufacturers of pre assembled panels are out to steal business from the contractor aren't buying boiler kits are they? Sure they could do it - but they don't. So what happens to the logic? It becomes selective - and that's OK - in fact it's outright beautiful - if you're in it for the pleasure. But put on your imagination for a second and create in your minds eye what financial benefits are created when you purchase a store bought product.

You're looking back over the invoices and time logs for two recently completed projects next door to each other. One used "I can do it myself" on site stuff; the other used "Store Bought Versions" The projects were virtually identical. You start to notice the differences right away. The amount of trips back and forth between your office, the wholesalers and the project was a fraction of those using on site fabrications. Store bought meant less gas, less wear and tear on tools and trucks, less wasted time, less no shows, less back orders, less back pain, less excuses for traffic jams, broken vehicles, etc... You also notice the money you lent the builder, came back into your business faster because the "store bought version" is a major piece of equipment and gets billed on delivery vs. the stick built on site it takes forever fabrication. Don't ever forget – any money on an outstanding invoice, within terms, is an interest free loan to the builder. He has your money! The best way to get it back sooner is deliver a finished product quicker...this isn't rocket science folks. You also notice young apprentice but have strong back got the job done quicker than the master who creates the piece on site. Sure looks pretty that handed crafted product but how long will the master be working for me? Who'll know his work...his reasons...his technique twenty years from now - how about the got strong back kid...if he leaves what's the damage? Factory made vs. custom...who wins and loses in twenty years...the customer! That's right the customer, the very people we are trying to please get hurt when we can't find the right craftsman to fix the work of the old time masters. Gone but never forgotten because we'll curse every unique master piece we come across to fix. For every guy with a torch and wrench there is a unique way of assembling controls. Every control manufacturer loves it when hundreds of thousand of systems use their stuff in a million different ways because it creates fervor of passion amongst the users. (By the way only software companies, control manufacturers and drug dealers call their customers "users"). But think about it...twenty years from now how many skilled hydronic control technicians will be around to fix the aging systems? How old will the customers be who own the systems? Will it be your grandma, grandpa, your sister, brother, you? There will be no consistency, no standardization...what will the service tech in 2020 need in his van to fix the plethora of on site systems fabricated between 1970 and 2020? Some may say "who cares" I'll be dead...others may say "my custom systems are my retirement package, only I know how to keep it running..." Then there is the epiphany of Ahhha...but if I build them in my shop I can achieve the same economies of scale! YES! But if you have time and men to build panels but no time and men to take on more projects you need to need to question the logic... given the choice between selling more systems, faster without parasitic losses and doing more of the work in-house- the business man will take on more work and boost his revenues without adding more staff...the tradesman will do the work in-house at the risk of losing revenue...and that is the number one difference between a businessman who owns a contracting business and a tradesman who owns a contracting business.

I've been in the trades...I know the satisfaction that comes from doing the work...it was great when I was young, healthy and like the runners - in it for the race. The older I got, the more I realized that sooner or later I physically couldn't stay in first, second or third and if I didn't begin to build my businesses on the strengths of others, those who did so would eventually eat my bacon.

Build or buy?

If profits are important to you – buy, if you love to do the work – build.

If you think you can build your own and be profitable all you have to remember is the 298 plus car manufacturers who are no longer around and make better choices than they did...heck, I'll help you out - nothing more would please a “tradesman turned entrepreneur” like me, than to see you succeed at the things you love to do...let me hear about your panel challenges and successes at warmfloors@shaw.ca

Robert Bean, R.E.T. provides corporate and technical services to North American Businesses, Associations, Committees and Educational Institutes to further the advancements of comfort based systems.