

1 EXECUTIVE SUMMARY

Working with the leadership and members of the New Horizons Foundation, FMI has produced three comprehensive research reports concerning the importance of business continuity planning and execution, a subject of growing importance to HVAC/sheet metal contractors. The three previous reports summarized in this document include:

- Exit Strategies for HVAC/Sheet Metal Contractors: Strategies for Equity and Ownership Transfer
- Mentoring and Coaching Practices: Developing the Next Generation
- Leadership Selection Practices for HVAC and Sheet Metal Contractors and Fabricators

In the three previous reports, we presented detailed information on the different exit strategies available to owners of HVAC/sheet metal construction and fabrication firms, mentoring and coaching practices, and selecting leaders. In this report, we demonstrate how the practices and strategies in all three reports work together to provide a strategy for business continuity. To help demonstrate how the three topics work together to form a comprehensive plan, we introduce the FMI Business Continuity and Transition Planning Model. The model is useful for visualizing the “big picture” problem of business continuity, and it is even more important for implementing plans to bring about the desired results of business continuity and growth, as well as preserving owner/investor capital.

To help think about the challenges of planning and implementing business continuity strategies, we present three fictitious scenarios representing owners with different timelines and goals. We created the scenarios based on our research of HVAC/sheet metal contractors and fabrication firms; however, the situations in the scenarios are composites. Each real-life situation

is unique because each owner is unique. The scenarios present owners with different timelines before retirement or selling shares in their respective companies. The scenarios also have different strategic challenges. One includes passing ownership to the next generation, while another deals with finding and preparing nonfamily members to be the next owners. We hope the scenarios will help make the problems and challenges of business transition more immediate, especially for readers who are in the midst of a transition or just thinking of making their own transition plans.

In the latter half of this report, we use the scenarios to introduce the highlights from our previous surveys, and to present the steps for leadership selection and mentoring and coaching practices needed to create and implement a working plan. While we quote and use information from the previous reports in this report, we assume that the reader will refer to the previous reports for more detail on these practices.