

FEELING THE HEAT

Just when the small mom-and-pop heating oil companies feared they'd have to throw in the towel, along came a bio-friendly hero to save the day.

Molly Brady, president of Portland-based First Call Heating & Cooling, says heating oil has gotten a bum rap for a long time. People think it's dirty. And harmful to the environment. And, well, just plain nasty.

Used to be, heating oil was the method of choice when it came to heating hearth and home on a cold winter night in Portland. Heating oil dealers, which tend to be smallish local companies with no more than 80 or so employees during peak seasons, tried to outdo each other when it came to catching more market share.

Then a new sheriff arrived in town. Natural gas, according to the big-guns utility companies that provided it, was cleaner and cheaper than oil. And they had the advertising dollars to promote that message. The word got around so well, in fact, that for the past several years, the small heating oil dealers in Portland found themselves focusing on a new battle, bypassing trying to grow market share in favor of just trying to keep the toehold they had.

"The gas company has done a good job promoting (natural gas) as clean and efficient," Brady says, "which implies oil is dirty and inefficient."

First Call Heating & Cooling has never been the kind of company willing to go down without a fight, however, Brady says. Kevin Kelly, at the time president of U.S. Bank, bought the company from

a local family about 13 years ago, and brought Brady on board shortly thereafter.

"When he bought the company, Kevin knew oil was a declining industry, but he saw potential in the company (itself)," Brady says.

That diehard attitude was something the company had in common with its competitors, but Brady eventually found out it wasn't the only common ground. Like Brady, other members of the Oregon Petroleum Association she belongs to were reporting receiving worrisome calls from people. Some of the callers said they'd been told by their real estate agents that they'd never attract prospective buyers unless they converted from oil to natural gas. Others were under the misperception, Brady says, that they were required by state law to trade out oil furnaces for natural gas options before they could put their houses on the market. Still others, who were switching to natural gas for their own valid reasons, were being overcharged or treated to inferior work. In the end, it was those common concerns that helped the group realize they needed to find a new way to do business in the face

of changing times and shifting competition. As they realized their customers were being taken advantage of, their attitudes toward business – and each other – began to shift in a new direction.

“For a long time, heating oil dealers were mostly thinking about taking customers from each other,” Brady says. “I think we were looking inside instead of out. Then we realized we all needed to protect our customers.”

Brady and her industry colleagues decided it was time to begin educating people about the benefits of oil. Working through the state petroleum group, they created a website to educate consumers about oil heat. Some members, like Brady, began making presentations to homeowner and real estate groups to present them with cold, hard facts about the heating potential of oil. Among the information Brady peppers into her dialogue: more than 10 million homes around the country still use heating oil; oil heats faster (and burns hotter) than natural gas, so it takes less energy in the long run to heat a home with the former; and if a furnace seems to be cranking out “dirty” heat, the equipment probably needs to be cleaned.

The biggest boon for heating oil dealers like First Call, however, has come from another direction. Appearing on the horizon recently, riding in to help save the day, came a new hero in the form of biodiesel.

Although First Call has only been carrying the alternative fuel for the past 18 months, the company’s already getting calls from people who want to know if it’s available.

“With biodiesel becoming available, we have younger customers that might have converted to natural gas but like the fact they now have the option of a domestically produced environmental fuel source,” Brady says.

“The industry’s excited” about the potential of biodiesel, Brady says. And with good reason. Those in the heating oil industry expect that by this fall, most of the heating oil in Portland will be a B-5 blend (the number after the “B” indicates the percentage of biodiesel blended into the mixture).

“It’s what we as an industry and our supporters wanted to do,” Brady says. “We’ve been saying please make that switch across the board, and now they are.”

Although the availability of biodiesel has brought some new customers into First Call’s client ranks, Brady says the greatest potential for the fuel is among the company’s already existing clients. And now that homeowners seem to be

getting the message about the availability of the alternative fuel, Brady thinks it’s time to focus in another area.

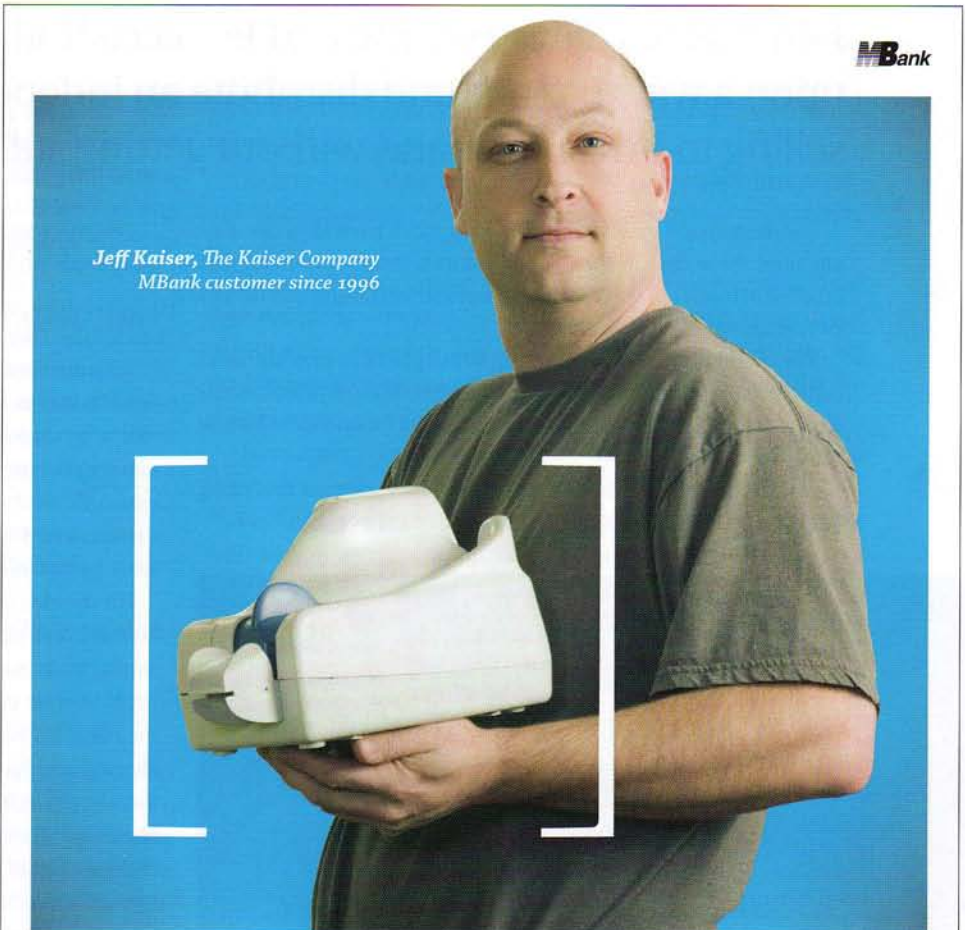
“Schools, businesses, office buildings, all of those could be (heated) with biodiesel,” she says. “We just haven’t gotten there yet. I don’t think our (commercial clients are) aware it’s available.”

The fact that her company isn’t focusing its main effort on trying to build a list of new clients doesn’t bother Brady. She’s just happy the com-

pany has new tools to help it hold its own. While most businesses are always looking to increase market share, heating oil dealers, reflecting upon where they are versus where they almost ended up, are mostly happy to just hold the ground they’ve got.

“It would be a lot to ask to gain market share,” Brady says. “But if we could just maintain where we are, we’d feel great about that.”

—Stephanie Basalyga



Jeff Kaiser, The Kaiser Company
MBank customer since 1996

Embrace [M]Deposit.SM



Entrepreneurs like Jeff Kaiser deserve a bank that understands their busy schedules. That’s why we’ve introduced [M]Deposit – a tool for helping business owners make deposits when and where they need to. While other banks reserve this service for their largest customers, we make it available to all our business partners. Why? Because saving time fits into everyone’s schedule.

Want to learn more? Call us at (503) 661-8688.

There’s banking...and then there’s MBanking.TM

Equal Opportunity Lender. Member FDIC. Subject to credit approval.
Copyright © 2007 MBank. All rights reserved. [M]Deposit is a service mark and MBanking is a trademark of Merchants Bancorp.