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Harris Companies: Branching Out

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**Harris Companies** is redefining the word diversity.[SHARE](#) [Facebook](#) [Twitter](#) [LinkedIn](#)

A single-source mechanical contractor with a market sector that includes healthcare, data centers, nuclear facilities, public venues, and other industrial and commercial customers, Harris Companies is banking its future on geographic and project diversification.

With services spanning design, build, installation, service, piping, controls, maintenance, plumbing, and HVAC, Harris Companies has offices in five states and one in Canada.

Founded in 1948 as Harris Plumbing & Heating, it is now a locally owned and employee-owned organization with 36 shareholders. The company's specialties include everything from plumbing, process piping, HVAC, refrigeration, and bundled energy solutions to geoexchange systems, energy efficient lights, EMS controls, sustainability/LEED certification, and much more.

The company has worked in many different parts of North America, and it goes to market under several different banners: Harris Mechanical in St. Paul, Minn.; Harris Mechanical Intermountain in Salt Lake City; Harris Mechanical Southwest in Phoenix; Himec Mechanical and Himec Conveyors in Rochester, Minn.; Superior Air Handling in Clearfield, Utah; and Trak International in St. Paul, Minn. and Kelowna, BC.



"We have some unifying strategic anchors forming the core of our work and markets. We do better at large complex projects because the bonding and complexity narrows competition, and we focus on value based selection criteria," said Greg Hosch, CEO. "Our model is one of centralized support and decentralized decisionmaking. We let the division and company managers make the decisions about what opportunities to chase within the confines of our strategic anchors and support structure."

Its predominant market at the moment is healthcare, and there are plenty of opportunities in the federal market as well. The company works with general contractors who play nationally and regionally, and it does owner direct projects. Between service business and project work, owner direct business makes up about 25% of its business, and the rest is done with traditional general contractor customers.

Energy action

One area Harris Companies has focused on expanding its presence is in the energy space. Several years ago, the organization decided energy and sustainability needed to be an internal and external focus. It began getting staff members LEED accredited because it is something customers understand and got its own people focused on the marketplace. It now has 44 LEED accredited professionals in its ranks.

The company's internal efforts have certainly proven successful. Harris was chosen as 2008 CenterPoint Energy Trade Ally of the Year because of its advocacy for energy efficiency evaluations and improvements in commercial and industrial applications, as well as its consistent use of rebate programs to motivate customers to install higher efficiency options. Harris also earned recognition as a 2010 Xcel energy efficiency partner thanks to its 2009 efficient use of energy.

As it made efforts internally to promote recycling and reduce energy consumption, it began looking at bundled energy solutions, or performance contracting, because the organization felt the market was underserved. Hosch said these are typically commercial and smaller governmental facilities that don't get attention from bigger players.

"We thought we could fill that segment of the market, and we knew sustainability would be important in the marketplace," he said.

This led to the organization's purchase of Trak Canada, which it rebranded as Trak International to expand into the

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US. Trak focused exclusively on geoechange systems. From there, the organization started getting involved in government and private LEED projects.

It also saw opportunities to embark on partnerships with new customers. For example, Harris partnered with Adolfsen & Peterson, a general contractor, and Novus Energy on a pilot plant on wheels for an anaerobic digestion process that is meant to be more efficient. Hosch said the idea is to bring the plant to a customer's facility to see how it works. It has also partnered with Algaedyne Corporation on a project to design a production technology for algae in cold climates.

Hosch sees many more opportunities ahead in the energy sector. "We see potential in biomass and solar. Some projects are in infancy stages with letters of intent and engineering on projects not yet in construction. Some of these will come to fruition. Energy work isn't the preponderance of our revenue, but it is a segment that is growing."

Positive outlook

After putting the brakes on acquisitions during the economic meltdown in 2008, the company began looking for acquisition opportunities again last year. This year, it bought an HVAC controls and security business in Salt Lake, and Harris is also looking to establish a permanent presence in the Pacific Northwest. Strategic acquisitions are critical to adding to organic growth and meeting the goals of a strategy focused on geographic and project diversity.

Over the foreseeable future, Hosch believes healthcare will continue to make up a significant portion of Harris' workload. However, he doesn't expect a lot of growth because the organization doesn't work much in senior living and sees the rest of the market as either coming down or plateauing. Hosch does expect to see resurgence in private commercial and industrial spending, and he pointed to the fact that the architect billing index shows increased spending and interest in projects as proof of that.

Managing geographic diversity and finding people willing to travel to run projects will be challenging, especially working in a performance contract environment in the energy space. But Harris Companies has built a model that should facilitate bundled energy solution projects, and Hosch is bullish on the future.

"We have a tremendous team of people and a lot of resources," he said. "We are capable of tackling complex technical jobs, and that will open many doors for us."

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