Michael Maholchic

Resourceful Resilience

Corporate politics never held much appeal for Mike Maholchic. Where his employers valued family ties and aggressive ladder climbing tactics, Mike emphasized honesty, integrity, and hard work.

Although successful by any measure, Mike observed that, over time, his approach would only get him so far in a hierarchy determined by personal relationships more than professional competence. Over-extended and underappreciated, he embraced the old maxim, "If you

want something done right, do it yourself," and in 1989 set out to create a business – Thermal Services Incorporated (TSI). But this came with new challenges: a business partner tied up in unsavory deals, another who left and attempted to poach the fledgling company's clients, and later, a thieving employee whose attempts to cheat the IRS could have brought the entire operation down. Through it all, however, Mike remained the guiding light that successfully transformed the faltering TSI into Facility Engineering

Services (FES), which became bigger, better, and more profitable than ever. His ingenuity and resilience in the face of challenges that could have easily felled more established firms have made FES one of the fastest growing—and most reputable—controls company in the business.

That business acumen was the hard-won result of many disillusioning but educational episodes Mike experienced as an employee. Growing up in the small town of Halthorpe, Maryland, Mike had little interest in pursuing a college degree, but studied for two years at Towson to appease his father. He then took on a five-year plumbing and heating apprenticeship with Poole & Kent, a well-known engineering and contracting firm, but was disappointed by the budgeting failures and the opportunities promised but never delivered by the higher-ups.

Showing initiative unusual for someone so

young and inexperienced, he approached Johnson Controls in hopes of trying his hand at something a little different. "My spirit had been broken with Poole & Kent, so I decided I wanted to try a different approach," he recalls. "When I was on job sites, I noticed that the guys who did the controls always had clean shirts and clean pants. They had a little thermometer and a little screwdriver in their pockets, and they walked around and did all the technical stuff. I decided that was what I wanted to do."

At the Johnson Controls office in Baltimore, Mike simply walked in and asked to be interviewed. The business wasn't hiring, but, impressed by his boldness, the engineering manager came down and conducted an off-the-cuff interview. Although there weren't any positions available at the time, the manager promised to keep Mike in mind for the next opening.

Uncertain of a future offer with Johnson Controls but reluctant to return to Poole & Kent, Mike took his first foray into self-employment with a small

HVAC business. This suited him well for the better part of a year, but after about 10 months Johnson Controls came back into the picture with a job offer. Mike took stock of his options; with a baby on the way and no health insurance, Johnson's offer of stability was impossible to turn down. But, ever the go-getter, Mike was not content to fully abandon his dream of owning his own business, and concurrently created a small custom home building enterprise.

As with many of his ventures, Mike moved into custom home building with little more than confidence, intelligence, and a willingness to learn. The idea grew out of a chance encounter—while repairing the HVAC equipment in a client's home, the man began talking to him about custom home building. "I decided I wanted to try it because it's less hands-on than installing HVAC systems, and it seemed like a better fit," he recalls.

"So we sat down at his kitchen table and drew an outline of how to become a custom home builder." Quickly demonstrating a flair for the business, Mike began buying up properties in Ocean City, Maryland, converting them into condominiums, and selling them at profit. He was also building homes in Carroll County, and all the while gaining a reputation for stellar work at Johnson Controls.

By 1986, Mike was Project Manager on large accounts such as Johns Hopkins Hospital, the Naval Academy, and the Washington Board of The salesman associated with the Education. accounts was promoted to Branch Manager, and Mike eagerly awaited his own expected promotion to fill the newly-vacant role. However, the politics of big business again stymied Mike's ambitions; after approaching his boss to express interest in the position, his boss informed him that the job would go to the sales' manager's brother-in-law, although the brother-in-law had no relevant experience or knowledge of the account. Refusing to be discouraged by the blatant show of nepotism, Mike resolved to consult with the Regional Manager-his boss's boss-about finding a sales position. Although the Regional Manager seemed amenable to the idea, the branch manager was less than pleased by Mike's decision and let him know he should begin looking for another job.

Disappointed but ever resilient, Mike wasted no time. He immediately drove into Washington, DC, to seek a job with MCC Powers, a competitor of Johnson Controls. He was hired to take over as Operations Manager; MCC's installation operation was losing a stunning \$200,000 every month, and Mike was charged with reorganizing from top to bottom. Within a few months, his reforms had turned things around for MCC Powers, but he again ran into complications. "Really there were so many issues and so many glaring problems that I looked like a rocket scientist for turning things around in three months," he says. "But ultimately, office politics and competition for my position led me to decide it wasn't the position for me." Thus, after six months with MCC Powers and after the position he had wanted at Johnson Controls opened back up, he decided to return to his former employer.

Mike quickly became the top salesman in the company, selling about \$2.5 million each year and easily clearing a million in profit. Yet despite his success, he never forgot the rocky road he'd walked to get there. "I went back to work for them, but it was never the same again," he admits. "I felt the same sense of ambivalence I'd had working for Poole & Kent." Compounding the difficulties, his co-workers and superiors focused on everything but his sales record. "The politics in the fact that I had this other sideline business became a little bit of a problem," Mike says. "It didn't matter how much I performed or produced—they just didn't like the fact that I had a sideline business." He did his best to ignore the idle chatter, but in January 1989, he finally made the decision that had been so long in coming: if he wanted a guarantee that he would be treated fairly, he needed to work for himself.

For three months, he concentrated exclusively on home building; then, fatefully, he was approached by a fellow ex-employee of Johnson Controls to start their own HVAC service controls business. They each took a 45 percent share of the new company, Thermal Services Incorporated, with the remaining 10 percent split evenly between two other partners.

For a time, TSI ran smoothly, but by the late 1990s, Mike became aware of some dealings he didn't approve of. A falling out with the other major partner ensued, and Mike ended up buying him out, leaving him with 90 percent ownership of TSI. Attempting to rebrand the business, he renamed it Applied Systems Technologies, but his troubles were far from over. The smaller partners smelled blood in the water, sold their 10 percent, and proceeded to poach a large portion of the business's clients. "The sudden overhaul nearly drowned AST," Mike explained. "I went from around \$4.1 million in revenue to \$1.8 million in 2000."

In 2001, the company again changed names - from Applied Systems Technologies to its present-day iteration, Facility Engineering Services. The early 2000s were a struggle to build back up in the face of seemingly desperate odds; even his own employees, sensing the danger, were far from optimistic. "People thought they were working on a submarine with a screen door, just waiting for the vessel to sink," Mike describes. "So I really didn't have any enthusiasm or drive like you would at a normal job." Still, he persevered. By 2003, the tides began to turn, and by 2006, they had finally built their revenue back up to about \$4.1 million, the same as it had been in 1997 before the name change.

After a couple of years of smooth sailing, however, Mike found himself facing yet another hurdle. In 2006, M&T Bank informed him that the IRS had put a hold on his checking account due to outstanding federal tax payments. An outside accountant looked over FES's books and found that the source of the issue was employee theft. Checks that were meant to go to the IRS had been made payable to the accountant. Once again utilizing his unique blend of intelligence, problem solving, and resilience, Mike managed to bring the company back from the brink, securing the necessary \$400,000 in financing with a small bank, resolving the problems with the IRS, and recovering money from the employee.

Fortunately, after years of dealing with dishonesty and incompetence, the incident proved to be a major turning point for the company. In 2007, Mike hired Dan Rees, a professor of leadership and organizational change at McDaniel College, in a coaching capacity. Referring to Dan as an inspiration and role model, Mike credits him with helping restructure the entire business for the better. They let go of the sales team and allowed technical people to take over business development. "Once we did that, our sales increased 15 percent almost overnight," Mike reports. "We had better opportunities and better profitability. Sales people have a tendency to understate or overstate facts, whereas my technical people were more detail-oriented, allowing the company to develop with a higher level of integrity. Also, in terms of hiring, we began to emphasize character and intelligence over simply technical skills, which made a big strategic difference."

Today Facility Engineering Services, and Mike himself, are stronger for the trials that have preceded their success. "Not too many exciting things have happened other than the growth of the company," he relates of the business's trajectory over the last several years. "In 2007, we were \$4 million, and in 2012 we were up to \$8 million. We probably grew about 25 percent in 2012, and we're growing now at a rate of 15 percent a year. Without the obstacles and hang-ups we ran into in the past, the company is able to flourish at its natural velocity, and we're very excited about

that."

To young people entering the working world today, Mike offers words of both wisdom and warning. "When a business grows too large and too bureaucratic, its culture can take on an element of cronyism," he cautions. "Things become more about taking care of somebody that's watching your back, and less about actual job performance. In places like that, the only way to get ahead is through politics, which ultimately isn't the best way to serve clients or promote innovation."

For those who'd rather avoid that kind of climate, entrepreneurship offers an alternative path forward—one in which the company culture can be shaped according to deeper values and ideals. Napoleon Hill's classic book, Think and Grow Rich, offers invaluable guidance, as does the inspirational example of Henry Ford. "When Ford wanted to build a V8 engine, his engineer said it couldn't be done," Mike relates admiringly. "Ford said, 'We'll build it anyway.'" With this same cando attitude and never-say-die spirit, Michael Maholchic has faced down rivals, bosses, coworkers and employees who got in the way of his business, drawing upon a resourceful resilience to forge a path forward and build a successful company in the end.

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President and founder of Bernhardt Wealth Management and author of Profiles in Success: Inspiration from Executive Leaders in the Washington D.C. Area, Gordon provides financial planning and wealth management services to affluent individuals, families and business-owners throughout the Washington, DC area. Since establishing his firm in 1994, he and his team have been focused on providing high-quality service and independent financial advice to help clients make informed decisions about their money. For more information, visit www.BernhardtVealth.com and Gordon's Blog.

