PRIVATE EQUITY

WHEN PRIVATE EQUITY CALLS

You will probably get the call. Decide what you want before you answer it.

WHY THEY'RE CALLING

Private equity firms have spent years buying AC, plumbing and electrical companies. An industry review by PKF O'Connor Davies in summer 2026 described private equity-backed consolidators as the main drivers of HVAC deal activity. Raymond James reports that buyers have sharply increased direct outreach to owners over the past five years. Kroll has suggested that residential HVAC may be about halfway through its consolidation cycle, with commercial services having a longer runway.

Their reasoning is straightforward. People need heat, water and power. The market is fragmented, and licensing makes entry harder. Buyers see cash flow, and they see room to improve operations.

WHAT DEALS HAVE BEEN GOING FOR

Be careful with the numbers you hear at trade shows. According to Capstone Partners, HVAC services deals averaged about 2.0 times revenue and 9.5 times EBITDA from 2024 through mid-2026, down from about 2.3 times and 13.3 times in 2021 through 2023. Those averages come from reported deals, which lean toward larger companies. PKF notes that larger companies generally trade at higher multiples. A small owner-run shop will typically see less than the headlines.

HOW THEY THINK

A typical buyer acquires one larger "platform" company, then adds smaller "add-on" companies under it. The firm expects to sell the combined business in several years for a higher multiple. Understand where you'd fit, since an add-on and a platform get very different treatment.

Ask how long the firm has held its other companies, and when it plans to sell. Your employees and your brand will go through that sale too.

REASONS TO CONSIDER IT

- You want to take money off the table while you're still healthy.
- You've got no successor.
- You want capital, or back-office help, to grow.
- You're tired, and would rather stay on in a narrower role.

REASONS TO BE CAUTIOUS

- You might end up working for someone else in the business you built.
- Part of your price may depend on future results that you no longer control.
- Prices, pay plans and culture may change after closing.
- Your people and your customers will notice.
- The new owner's debt may affect how much the company can invest.

Some owners say no. ACHR News recently profiled Parham Heating, Cooling, Plumbing and Electric, a $10 million, 50-person company founded in 1990, which has turned down multiple private equity proposals since before the pandemic. Staying independent is a legitimate strategy.

WHAT TO DO WHEN THE CALL COMES

Don't negotiate on the first call. Thank them, ask for their name and firm, and take your time.

1. Decide what you want personally. Raymond James encourages owners to figure out how much they actually need for the retirement they envision.
2. Sign a nondisclosure agreement before sharing financials.
3. Talk to a CPA and an attorney with deal experience.
4. Talk to owners who've already sold to that buyer, including at least one who stayed and one who left.
5. Consider hiring an adviser to run a process, so that you have more than one offer.

PROTECT YOUR PEOPLE

Keep the discussions quiet until you need to bring people in. An early rumor can cost you your best technicians. Plan what you'll tell them and when. Ask buyers how they treat pay, benefits and tenure. Think about retention bonuses for key people.

THE OFFER IS NOT THE DEAL

A headline number can shrink as details emerge. The structure usually matters as much as the price, including how much cash you get at closing. Read getting ready to sell before you sign a letter of intent. Once you sign one, you'll often be barred from talking to anyone else, and your negotiating power falls.

KEEP BUILDING REGARDLESS

The things buyers pay for are the same ones that make a business a good place to own: clean books, recurring revenue, a strong team, and an owner who isn't essential every day. Build those whether or not you ever plan to sell.

Sources: PKF O'Connor Davies, Summer 2026; Raymond James, HVAC M&A market; Kroll, residential HVAC M&A; Capstone Partners, HVAC services M&A update; Summary of ACHR News, contractors rejecting private equity. General information, not legal or financial advice.

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BEST PRACTICES: THE OWNER IS THE BOTTLENECK

MAKE IT A HABIT

What good looks like

> The business runs for 30 days without you.

> Each key job has a written process and a person who owns it.

> You spend more time on the business than in it.

The habits

1. Write down the jobs only you do today, and hand off one a month.
2. Put processes in writing: booking, dispatch, sales follow-up and billing.
3. Give people numbers to own, and review them weekly.
4. Hire or outsource the work that ties you to the phone.
5. Keep clean books and records a buyer or lender can trust.
6. Plan your exit years ahead, even if you never sell.

Signs it's time to get help

- You answer customer calls at night and on weekends.
- Nothing gets decided when you are away.
- Your best people wait for you to make every call.

How one shop did it: Rogers Heating, Cooling, Electrical (Lynchburg and South Boston, Virginia). Spent a year hiring, training and building processes, and put a trusted leader over the call center. The company's vice president took a July 4th weekend off in peak season and the calls were handled without her. She notes it took more than one false start with hiring to get there. Contracting Business, August 17, 2026

Where we fit: Service ProCall takes the phones and the follow-up calls off your plate, and ProCall Field puts the processes in one system.

More on the owner is the bottleneck