Branching out spurs growth at Olive Tree

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TAMPA — Realizing when an opportunity crops up and capitalizing on it resulted in growth and a new subsidiary for Olive Tree Energy.

The company manufactures energy-efficient technology and products that reclaim wasted heat and cold energy to reuse it in water heating, HVAC and refrigeration systems in residential and commercial buildings. Olive Tree added two employees and diversified into service and maintenance with Pro Energy Systems LLC, a wholly owned subsidiary. Now, the company also can monetize its abilities to service and maintain energy-efficient and other heating and cooling systems.

“We’ve grown by adding a service division,” said Jay Fechtel, a founder and president of Olive Tree. “While working in the energy-efficient tech realm, we started working through some back door opportunities. What we found out is that our clients had needs in other areas.”

One of Olive Tree’s clients needed a complete reworking of its air-conditioning system, which added about $75,000 to the initial contract and turned out to be more lucrative than the sale of energy-efficient products.

The subsidiary is working with several construction companies to provide HVAC services in addition to selling them energy-efficient products.

Fechtel declined to discuss overall revenue, but said that in the last quarter, outside third-party work by the subsidiary resulted in $250,000 in revenue for Olive Tree.

“It’s a different niche for us, but it’s paying off,” Fechtel said. “We service other products and systems in addition to our own.”

Josh Bonstein, vice president at Creative Contractors Inc. in Clearwater, said owners of large commercial projects typically have some kind of contract and maintenance agreement with manufacturers or installers of HVAC and other systems, although some owners may be sophisticated enough to maintain systems to a certain degree.

“The arrangements can go in multiple directions,” he said.

Creative Contractors is a privately held commercial construction business with expertise in green and sustainable construction. For some efficient-energy technologies in commercial projects, maintenance and service may require a unique skill set, Bonstein said.

MORE BREATHING ROOM

Olive Tree is expanding on the capabilities of its service and maintenance division.

The company is also using its subsidiary to promote Coil Plus, a new product created by the company that is easy to integrate in existing equipment to improve the quality of coils in air-conditioning and refrigeration systems, Fechtel said.

The success of its subsidiary in monetizing opportunities is giving Olive Tree some breathing room to market its technology and follow its business strategy.

As of late December, the company’s Zero Energy product is now being marketed on The Home Depot’s website, which means Olive Tree technology has exposure in nearly 700 stores. The technology reduces greenhouse emissions and reduces water-heating costs.

Additional exposure means more branding and validation of its technology, both of which help position the company for attracting investment.

Olive Tree is debt-free. So far, it has been financed internally through personal investments as it creates a stable infrastructure, Fechtel said.

“We haven’t officially offered participation in the company to anyone because we’ve really been focused on validating our products,” he said. “This year, I hope we can go ahead and bring in some capital. Our goal is to grow through equity rather than borrowing.”

At top, Olive Tree Energy engineer Robby Ondreker prepares the EER Max unit for an energy show in Miami. Above, Jay Fechtel, Olive Tree Energy president, said adding a service division to the company has helped boost profits at the technology company that specializes in energy efficiency.