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Friday, July 3, 2009

Entrepreneur

# Powering up: Energy services company makes waves with 'one-stop-shop' approach

Boston Business Journal - by [Sean McFadden](#)

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When you're a relatively young company trying to compete on a national level in a hot service market, there is a natural tension that occurs around how quickly you can grow. So said Jonathan Guerster, CEO and co-founder of Salem-based energy services company **Groom Energy Solutions LLC**.



W. Marc Bernsau  
Founded in 2005, Jonathan Guerster's Groom Energy Solutions has expanded its reach to serve customers nationwide.

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"For me, the biggest challenge I have right now is that I would prefer to be much bigger, in terms of fully trained staff, because the market is ready for what we're doing," said Guerster, 45. "And that's the tension I deal with every day."

Groom Energy was spun out of **Groom Construction Co. Inc.**, a 30-year-old commercial and residential construction company that serves clients across the United States and whose principals are David and Tom Groom, in 2005.

Guerster launched Groom Energy Solutions with director David Groom and vice president of operations Bob Kirby. As an enterprise that has grown organically, without any outside funding, "the path we've chosen is to grow this on the backs of our profits and plow them back into hiring," Guerster said.

By the end of the year, he expects to add about a handful of employees to his staffing ranks — which currently stands at 20 — most of whom will be engineers in the field around the country.

Groom Energy has managed to make substantial inroads already: The company, which is

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focused on providing the design, engineering and installation of renewable-energy and energy-efficiency technologies — from wind turbines to lighting systems — has amassed a high-profile corporate customer base that includes such names as General Electric, Raytheon, EMC, Ocean Spray and Jordan's Furniture.

Guerster said the company's best target customers are organizations with large or multiple facilities that consume a lot of energy and are concerned about their environmental impact.

He estimates the company completed approximately 150 projects in 20 states in 2008, at an average cost of between \$100,000 and \$300,000.

Groom Energy's revenue has grown to \$8.8 million in 2008 from \$4.3 million in 2007. And, while Guerster admits the months of January and February were "brutal" due to the economic downturn, he also said the company is back on track to grow by "at least 25 percent" this year.

In terms of competition, the company faces smaller players on the regional level, and much larger ones, such as [Siemens Building Technologies](#), Johnson Controls and Honeywell, on the national level.

Guerster said Groom Energy's value proposition is that it's able to marry energy consulting services with turnkey project delivery involving multiple technologies.

"It's sort of a 'one-stop-shop' thesis for us," he said. "Our belief is that if we have a whole suite of things that we do, it's more likely that we'll be able to help our customers across multiple chapters in their development."

When it was launched in 2005, Groom Energy was focused on energy-efficiency projects — control systems, lighting upgrades, motors, compressors and HVAC systems. Two years later, it added renewable-energy applications, such as solar electric, solar thermal and wind.

The company has more recently gotten into the area of carbon management consulting — essentially helping companies develop strategies to reduce their carbon footprint. Because it's still fairly early in the market, Guerster said that service is currently a relatively small part of Groom Energy's overall revenue — under \$1 million — but it is a strategic part of the business.

Another growth area has come from energy financing — helping to coordinate project financing for its customers using third-party financing companies. Those services will contribute between 25 percent to 30 percent of Groom Energy's business in 2009 and 2010, said Guerster.

Customer Scott Self, director of global energy management at [Thermo Fisher Scientific](#) in Sugar Land, Texas, who has engaged Groom Energy's services on a variety of projects, including lighting and demand response programs, said the company has built expertise in many areas.

"With energy being such a major topic of concern, their real asset is their knowledge across all of these technologies and services," he said.

Ironically enough, when he entered the industry four years ago, Guerster said, "I couldn't even spell the word energy."

He had previously served for five years as a general partner with venture capital firm [Charles River Ventures](#), where he focused on e-commerce companies.

He and David Groom, who was an acquaintance, discussed the idea of starting a company in 2005. In performing due-diligence on the energy sector, Guerster observed a lot of "single-product solution companies," but noticed a gap for companies that could "become more of a system integrator, as opposed to just a product vendor."

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In 2005 and 2006, Guerster recalls, Groom Energy primarily served customers based in New England. Within a couple of years, however, as demand for its services grew, it began targeting companies based in other regions of the country.

To facilitate that process, the company would hire engineers in select regions nationwide who would operate from a home office in their region. Today, 12 members of its staff are actually based outside Massachusetts.

"We're a small company from Massachusetts, but we're trying to deliver the value proposition to any large company — regardless of where they're located," Guerster said.

Guerster acknowledges that there's a sizable market for his company, but lacking the resources of much larger companies, he recognizes there isn't a magic solution to the growth dilemma.

"We are staffing and training as we grow — both here in Salem, and in the markets that we use airplanes to get to," he said. "It's a fun kind of growth debate for any entrepreneur who doesn't have a huge balance sheet."

Sean McFadden can be reached at [smcfadden@bizjournals.com](mailto:smcfadden@bizjournals.com).

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