ENREPRENEURS

AMPING UP

UTILITY MANAGEMENT SERVICES INC.

FOUNDED: 1998

CITY: Wilmington

NO. OF EMPLOYEES: Dozen full-time employees

BY J. ELIAS O’NEAL

It’s a story Brian Coughlan recalls well. Sitting at his Carolina Power & Light cubicle more than 25 years ago, a younger Coughlan, still fresh out of college from Virginia Tech University, fielded a call from the city of Henderson’s water treatment plant.

“My role was to provide customer service to governmental agencies like schools, universities and cities, as well as manufacturers,” Coughlan, 54, said of his job at the time. “They said they got the highest electric bill that they had ever gotten and asked what they could do.”

It was the early 1980s, and most data systems were not equipped with the fast processors that inhabit standard computer systems today.

After poring over hundreds of tablets and microfilm worth of electric use data and previous invoices for the water treatment plant, Coughlan concluded that the city of Henderson was right. It had received a high electric bill – but it had nothing to do with power consumption.

“They had a higher rate,” said Coughlan, who is now founder and CEO of Wilmington-based Utility Management Services Inc. “After we locked them into a lower rate, they were able to save thousands of dollars a month.”

You would think Coughlan would receive accolades from his superiors for his over-and-beyond customer service.

He didn’t. Instead, after securing additional lower rates for companies and municipalities across the Carolinas, Coughlan was called into his boss’s office for a talk.

“We had a long conversation,” Coughlan said, laughing. “But he basically told me to stop it. I thought he was the biggest jerk in the world, but I realized it wasn’t him as much as it was the corporate structure to make money, not help your clients save it.”

It was a light bulb moment. And little did Coughlan know, it would end up becoming his new career of choice.

“I quit and started my own business,” he said.

Coughlan founded Utility Management Services on Feb. 24, 1998 to help commercial and industrial clients lower their electric rates and save on their monthly bills.

Since its inception, the firm has saved more than $100 million for its customers throughout the Southeast, including local organizations such as New Hanover County Schools and the Lower Cape Fear Water & Sewer Authority in Brunswick County.

“It was terrifying,” he said of establishing his business. “I knew nothing about accounting or running a small business.”

Coughlan said finding enough business was tough in the beginning, prompting him to enroll at the University of North Carolina at Chapel Hill’s Kenan-Flagler Business School to obtain a master’s in business administration in the hopes of being rehired by Carolina Power & Light for an upper management position. But that never happened.

“A lot of the lessons I learned in obtaining that degree, I applied to my business,” Coughlan said. “I never considered going back to work for another firm ever again.”

Coughlan said he purchased lists from commercial brokers – accessing tenants who could use his firm’s services – and developed a mail campaign to make the firms aware of how changing their electric rates could save their business money.

“It had a snowball effect,” he said. “Eventually, the word was passed on to others, and they quickly began to retain our services.”

Coughlan staffed his firm with University of North Carolina Wilmington students, teaching them how to make
cold calls to potential clients about Utility Management Services’ ability to help secure lower electric rates.

“They would make the call, and I would close the deal,” Coughlan said. “Utility metering and billing is complex. Errors do occur and can result in significant overcharges, and that’s especially true for business customers.”

Eventually, as more deals were closed, those UNCW graduates turned into full-time employees.

The firm, which Coughlan nearly closed during its early days to regain entrance into the corporate world, appeared to be hitting its stride.

“The key to our success has been customer service,” Coughlan said.

But while growing his electric savings empire, Coughlan has also managed to find ways to save money by hiring workers on a contract basis.

“We were generating so much business, and I didn’t want to construct a satellite office outside of Wilmington,” Coughlan said. “I also did not want to place too many people on the payroll that it would affect the revenue side … it made a huge difference.”

The firm currently employs a dozen people at its Wilmington headquarters and another 12 independent contractors across the Southeast, Coughlan said, adding that he plans to hire more people soon.

The utility firm developed its own software that assists in finding overages, errors and lower rates for its clients.

Coughlan also has participated in hearings between the utility companies and state regulators, including in March during Progress Energy’s rate hearing and in 2011 during Duke Energy’s rate hearing.

“The [investor-owned utilities] in North Carolina are regulated by the state utility commission,” Coughlan said. “They set the rates, and I provided testimony about how the increases could affect businesses. Both utilities at the time were asking for very high increase, but they didn’t get them.”

Coughlan again will serve as an expert witness on rate design and analysis this year in front of the N.C. Utilities Commission, which is weighing a rate increase by Duke Energy. Although Duke Energy and Progress Energy merged in July 2012, they had separate rate increase requests already scheduled with the state regulators. He is slated to speak on behalf of the N.C. League of Municipalities, which opposes Duke Energy’s requested rate increase on city rates.

“All key groups and parties need to be represented in the hearings,” Coughlan said. “Parties that have no representation are not likely to receive a favorable rate treatment.”

Meanwhile, Coughlan continues to focus on growing his company’s footprint in Wilmington.

It recently purchased and renovated a 9,350-square-foot office building at 6317 Oleander Drive in the Bradley Oaks Office Park to serve as the company’s new headquarters – a major feat since his firm has moved to five different locations since its inception.

Coughlan said purchasing the complex on Oleander Drive, which includes two other unaffiliated businesses, provides ample space for the firm to expand for years to come.

“We are committed to Wilmington and our local customer base,” he said. “We wanted a place to call our own.”

Coughlan said while starting a business can be challenging, it is an experience he has never regretted.

“I would do it all over again,” he said while scanning through a 3-inch binder of spreadsheets on his nearly 7,000 business clients. “It’s been a great ride, and I’m looking forward to many more to come.”

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Since the company’s inception, UMS has audited more than 100,000 electric accounts for over 7,000 organizations—and found hundreds, even millions of dollars for many of those businesses—a total to date of over $100 million in savings.