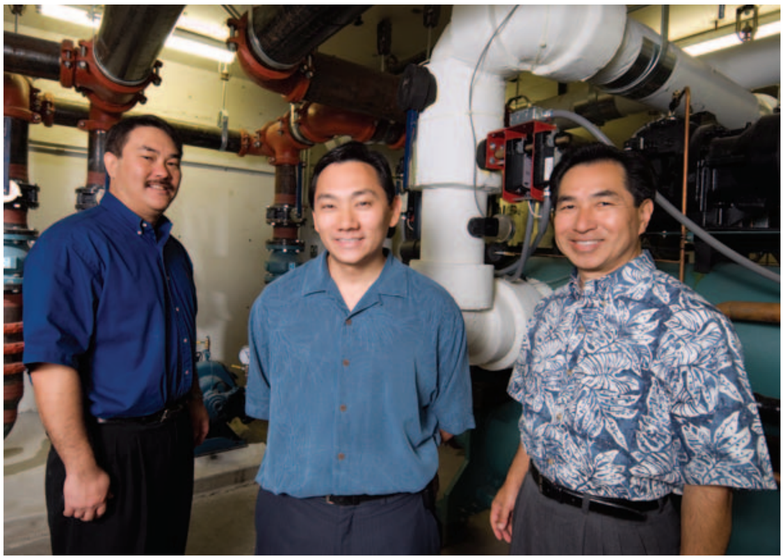
A Shock to the System

BY JACY L. YOUN

What would you say if someone told you they could retrofit your business with all the newest energy-efficient technologies, shave thousands off your monthly utility bills and leave you with positive cash flow on top of it all? Utter disbelief? According to Energy Industries Chief Operating Officer Miles Kubo, that is the most common response to his claim that Energy Industries can do all of the above and then some.

"What we're able to do," he explains, "is go into a commercial building and evaluate what their energy savings could be by moving to more efficient systems. And then we figure out how that savings can translate into the acquisition of the necessary equipment. Often, the client pays zero dollars out of pocket, and, in some cases, could even end up with positive cash flow. It's a pretty hard concept for most people to wrap their heads around, though, so there's a lot of education involved."



BOILING POINT: Energy Industries' Duane Ashimine, Darren Kimura, and Miles Kubo at the Ohana Waikiki Malia Hotel.

PHOTO: SCOTT KUBO

The lack of understanding, however, has done little to take the wind out of the company's sails. In 2004, Energy Industries earned $2.9 million in gross annual revenues, and, in 2005, $7.4 million — a 155 percent increase, and a far cry from the $54,000 it generated in 1994, when president and founder, 31-year-old Darren Kimura, first started the company. Kimura says a few key things have aligned, contributing to the company's recent, dynamic growth.

Foremost has been the worldwide energy crisis and mounting conservation measures, combined with consumers' growing dependency on technology. Another contributing factor was the 2005 merging of Energy Industries' four separate divisions (advisory, engineering, conservation and smart buildings) into one mega-energy-conservation company. The final piece of the puzzle, says Kimura, was the hiring of Kubo in late 2004.

"Miles has really brought a financial edge to the business. He's been able to do pro formas with clients to demonstrate their potential savings, as well as working with them to secure financing for energy-efficiency projects," says Kimura, citing the Ohana Waikiki Malia Hotel as a recent example of one such project (see sidebar). "The primary focus has always been on energy conservation and efficiency. But now that the business has evolved, and now that we've got Miles on board, we've been able to develop a highly integrated approach to save energy, and save businesses money!" HB

>> THE OHANA WAIKIKI MALIA GOES GREEN

FOR MOST MANAGERS, SELLING THE IDEA OF A $750,000 CAPITAL-GAINS PROJECT to the higher-ups would be nerve-wracking. But when general manager Glenn McGinn approached his superiors at Japan-based Lucky Hotels U.S.A. Co. Ltd. with a plan for a large-scale energy-efficiency project at one of its Waikiki properties, he didn't flinch for a second: "We needed to upgrade our mechanical systems at the Ohana Waikiki Malia Hotel. So I said to the owners, 'Okay, it's going to cost three-quarters of a million dollars – but let me finish!' Then [I told them] how much money they were going save us and how little it was going to cost us up front."

It didn't take long for McGinn to get corporate buy-in. In August 2005, Energy Industries began retrofitting the Malia with new equipment, including chilling systems, sewage pumps and lighting. By December, the property was an energy-efficient green machine. And, because Lucky Hotels put no money down on its investment, by using an equipment lease-purchase program, it was earning the company money, as well. The Malia's monthly utilities savings of $10,000, when netted against its lease payments of $9,000, brings in $1,000 positive cash flow each month. And that's not all. Early conservative estimates on annual savings for the property were around $90,000 year, but McGinn and Kimura now estimate actual savings could exceed $100,000. McGinn says that's probably the reason it was such an easy sell to begin with: "What's not to like? The system is paying for itself."