

A TO Z
BOOK



ON RESIDENTIAL

HVAC

SERVICE BUSINESS

MASTERING A THRIVING RESIDENTIAL
HVAC SERVICE BUSINESS

WENDELL BEDELL

A to Z Book on Residential HVAC Service Business

This MASTERCLASS residential HVAC service business growth program provides your employees with a clear path to career advancement with job training.

General Manager to all HVAC service business positions located on Appendix E – Residential Staff Job Training Online Class Descriptions

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Introduction

What do residential HVAC service business owners want? They want success, to have more leads, to make more money, and to free up more time for themselves and family. However, most of us have a problem. There is a villain called *too many distractions preventing them from getting what they want*. They need business help found in this textbook.

This textbook and our available online support efficiently help fix this.

“I looked at all of the major consulting services and felt that Wendell Bedell offered the best value. We're using his Goodman flat rate service, flat rate installation price books and his HVAC professional business processes and practices. My assign HVACPro implementation coach is very responsive and was adaptive to some of our unique business needs. We view their services as complete business system, pricing system and an affordable alternative to a franchise.”

Frank DiGirolamo
Progressive Air Solutions, NJ

“We have been using Wendell Bedell’s, President of Grow My HVAC for a couple years and can only say great job to Wendell and his team. Our growth has been consistent since we started on the program and our profits are up. I have found if you just follow the program and with practice you can become a very professional comfort advisor and harvest more opportunities that we may have overlooked in the past. I would highly recommend this program.”

Clint Green
Premier Heating & Air Conditioning, ID

This textbook gives you both an efficient strategic business and career advancement development tasking plan for you to take to achieve success today! **Job training is now as simple as 1-2-3.**

Go to Appendix E – Residential Staff Job Training Online Class Descriptions

Step #1: Locate your job training and start with your first identified learning section or online class and continue with each consecutive section or class, ending with the last to self-develop your manager, administrator, field job, or your next career advancement job skills.

Step #2: Integrate the proven HVAC job sequence roadmap, or establish your pricing systems, operating, and work delivery processes, and even take advantage of our HVACPro right-at-your-desktop online staff training and process implementation support located in **Appendix D – Need Help Expediting Change.**

Step #3: Enjoy sustainable success. You will learn to TRANSFORM your HVAC business skills to outperform the competition. Imagine what your HVAC Business's performance would look like if you could learn to run your business more like the best in the business.

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The Many Residential HVAC Business & Career Advancement Benefits

OBTAIN A CLEAR PATH FOR BUSINESS OWNERS OR CAREER ADVANCEMENT

This textbook provides a **prioritized step-by-step strategic business development tasking plan** to implement best practice processes within your business. We present today's best practice sequence labor tasking process & forms required to complete each business management and work delivery function of the company. These business and work delivery functions are also packaged into standard industry job training for each member of your business.

INCREASE YOUR CHANCES OF SUCCESS

Successful contractors know it is all about **managing people to process that enables success**. Processes that help you consistently capture your fair share of revenue and profit opportunities. We have customers that have gone from negative net profit before taxes to 30%+ within the first three months of implementing textbook best practice HVAC business and work delivery processes.

PERFORM RESIDENTIAL LEAD GENERATION BETTER

In this textbook, we provide residential lead generation strategies for your repair, service agreement, replacement, and retrofit/design-build project services.

SELL YOUR WORK BETTER

We provide value-based selling processes for residential service agreements and projects that provide our clients with up to 60% or more close rates at higher gross profit margins than price-only selling methods.

PRICE YOUR WORK BETTER

We provide best-practice repair service, replacement installation, retrofit, and design-build pricing methods.

ORGANIZE YOUR WORK BETTER

We provide a complete set of *proven business and work delivery processes* to train your staff. Operating and work delivery processes your staff can replicate every time. We also help you right-size to full staff utilization and manage your team to processes.

OBTAIN UNLIMITED ACCESS TO BUSINESS& STAFF TRAINING

Our HVACPro Masterclass Club offers unlimited access to online LIVE staff job education and implementation training focused on the HVAC process.

Welcome to the Fastest Means to Success



To work for yourself, be your boss, and run your own HVAC business – for many, these phrases describe the American dream. However, becoming a successful HVAC business owner is not an easy task. It requires skill, motivation, demanding work, and good luck. The HVAC business owner stands on the brink of a fantastic future with a thousand HVAC-related business questions that need answers.

This **HVAC Business Operating Textbook** is researched based on proven operating practices for a Residential Service & Replacement Business. Each departmental chapter provides a set of proven business processes, methodologies, and governances for a successful Residential HVAC business, designed to FAST your business growth and development efforts. Discover how the HVAC processes included in its chapters are fueling contractor success. Even in these fast-changing times, hundreds of the top residential HVAC service companies throughout the US and Canada have been established.

Residential Service & Replacement Business is Defined

A residential HVAC service and system replacement business falls into a unique HVAC business category. They fall in with those who directly market, sell, and deliver services to individual homeowner consumers versus construction companies or those serving residential, industrial, and institutional HVAC building markets.

Direct marketing, selling, and delivering services entail any marketing, any onsite Opportunity Assessment Checklist, or lead generation process. These rely on direct communication or distribution to the individual homeowner consumer rather than through mass media, e.g., internet, radio, TV. These contractors have moved away from print media and now directly reach the homeowner buyer through social media, email, texting, and follow-up opportunities by phone or mail.

What Most HVAC Contractor Owners Want

Use this textbook to help you create an improvement action plan to your unique business needs and to help guide your business quickly toward the 3-key HVAC business success objectives:

1. To make the phone ring more by:

- a. Improving targeting to generate more qualified leads.
- b. Improving offering resonance, differentiation, and substantiation in your value propositions.
- c. Improve your sales skills to uncover complete needs, establish relationships, communicate solutions, negotiate a plan of attack to win business, and close deals.
- d. Improving lead conversion rates through your brand, lead nurturing, and relationship building.

- e. To discuss offerings and pricing models and improve internal communication of all work delivery stakeholders.

2. To make more money by:

- a. Improving upfront pricing to make a fair profit while recovering field non-chargeable time.
- b. Improving the perception of service/work delivery quality.
- c. Improving the internal perception of your work, team, and company.
- d. Improving relationships with your people, establishing suitable structures, and the right processes.
- e. Improving surveying, estimating, and proposal writing to minimize risk, liabilities and meeting customer work delivery and financial transaction expectations.
- f. Improving cash flow and maximizing resources with proper monthly budgeting and staffing loading.
- g. Improving operating performance by using daily financial and work tasking operating performance benchmarks and rules-based management to maximize company profitability and business value.
- h. Improving productivity using performance-based incentives and incentive programs.

3. To make more FREE time for themselves and their family by:

- a. Improving and implementing written standard delivery procedures that begin with a lead and go right through work close-out for all your work categories.
- b. Improving staff motivation by implementing an employee handbook, performance-based job descriptions, and performance incentives.

Tools & Strategies to Increase Profitability in a More Challenging Market

This textbook is the fastest and most logical step-by-step masterclass residential HVAC service growth program ever. We know what residential HVAC service contractors need to succeed in their businesses.

Every year, you need tools and strategies to increase lead conversion rates and decrease the time dedicated to serving customers in a more challenging market. This textbook offers you a way to do both. The primary purpose of this textbook is to act as a change management action plan to drive future revenue and operating performance. These action plans to implement proven business and work delivery processes create a roadmap for you and your staff to reach your goals.

Our company can design special-purpose training sessions to solve the needs of our residential HVAC contractor's profit improvement initiatives. Since each contracting company is unique in its people, business mix, and goals, we are ready to help guide you through the program's benefits. We help you expedite the implementation of the textbook's proven processes within your business. Join us today and outperform the competition within days of enrollment. Take charge. Take your HVAC business to the next level. It is your future.

Use this A-to-Z textbook or the matching HVACPro Masterclass HVAC Service Business Growth Club online job training subscription to achieve these typical results:

- 100% profitability & sustainability via pricing operating standards.
- 65%+ increase in service revenues.
- 50%+ service agreement close rates.
- 99% callback reduction.
- 100% customer retention.
- 100% employee retention.
- And yes, by freeing up more personal time.

Contractors understand the classic rules for making a first-rate service call," namely:

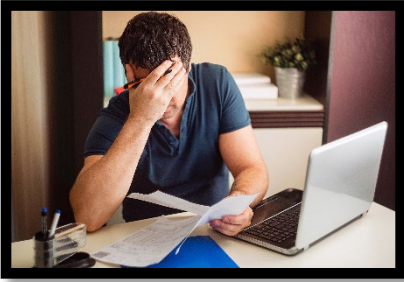
- Get there at the promised time.
- Diagnose the problem accurately.
- Decide whether it is best to repair or replace.
- Perform the work right the first time.
- Leave the work area better-looking than it was initially.

They understand extending training beyond training service technicians and installers; they also include support staff.

Each employee in your service business should read or take the online job training sessions to gain:

- The knowledge to do the job right the first time.
- A desire to serve the customer in the best manner possible.
- A desire to work in and contribute to an employee-friendly workplace that prioritizes making employees happy at work. We find that workforces using these business processes have high job satisfaction that positively affect productivity, customer satisfaction, and overall profitability.

We, Residential HVAC Contractors, Have a Poor Profitability Problem



Did you know that there are 196,000 HVAC Contractors throughout the U.S. and Canada? Studies show they ALL share a single common goal. They want to be successful-- for their families, employees, customers, and themselves.

If this sounds a lot like you and your company, doesn't it? Unfortunately, the US Census Bureau reported that the average HVAC contractor makes only 2.3% Net Profit Before Taxes Now, which is powerfully close to making no money. Making no money is why 10% of all HVAC companies quickly experience serious cash flow problems that result in some suffering business failures. 2.3% net profit means 97.7% have POOR Profitability. However, they deserve 12%-20% due to the risk of doing business touching homeowners' equipment and properties.

Most contractor owners and managers who get into the business have little experience or training in HVAC contracting, marketing, or selling. Most are technicians who know how to work in the industry. Many owners make a fatal assumption: if you understand the technical work, you understand a business that does that technical work. This assumption is so lethal because it is simply not true. It is the root cause of most HVAC poor profitability and business failures.

What makes the ultimate difference between the success or failure of your contracting business is how you think about your business, as opposed to how hard you work in it. Let us think about improving your and your family's life by developing a company built on extraordinary business processes, about getting a life that is yours.

With this new thinking, let us explore these questions that contractors typically ask us when they begin thinking about improving their business and their life.

- How can I get my business to work without me?
- How can I get my people to work without my constant supervision?
- How can I standardize my business to be replicated and run smoothly every time?
- How can I own my business and still be free of it?
- How can I spend the time doing the work I love rather than the work I have to do?

This **Residential HVAC Service Business Operating Textbook** provides ANSWERS to improve your business's profitability and your or your manager's personal quality-of-life questions. First, we will need an understanding of the four common poor profitability business symptoms." Then second, we need an understanding of the eight associated poor business processes that cause these poor profitability symptoms. The textbook's Table of Contents will direct you to find your unique solutions in the textbook.

Common Poor Profitability Symptoms that Can Be Fixed

1. **Poor Cash Flow:** Cash flow is one of the essential aspects of operating an HVAC business. Cash flow shows the money flowing into a business from sales. Interest payments received any borrowings and the amount of money flowing back out of your business. Cash flow should not be confused with profit - they are different concepts.
 - a. Suppose the cash flowing into a business does not promptly meet the cash flowing out. Eventually, a company will be unable to meet its debts and could be forced out of business. Hence to the old saying, "Cash is King."
 - b. The poor cash flow poor profitability symptom is defined as more cash flowing out than in - and is the biggest reason many HVAC businesses fail. The unfair truth is this. The HVAC services you provide may be top quality, and your business could be sound in every other way.
 - c. Still, the business could disappear if you do not manage cash flows.

2. **Low or Cyclic Revenues:** They have low or cyclic revenues. Poor or no business-to-business lead generation program is attributed to cyclic revenues and inadequate cash flows. Poor lead generation can result in catastrophic cash flow problems. Also known in our industry as a "feast or famine" sales cycle.
 - a. Not using an onsite service or sales **Opportunity Assessment Forms** is attributed to cyclic revenues and inadequate cash flows.
 - b. These result in contractors missing 65% or more of revenue opportunities.

3. **Poor Customer Retention:** They have poor customer retention, which is a death knell for any service-based HVAC business. All HVAC businesses rely on customer retention to keep their companies flourishing and growing. The key to success is not a one-time buyer but the repeat buyer. Repeat buyers keep returning and become the base of your business that you can rely on for future business.
 - a. That is why customer retention is so necessary - if none of your customers return, you will never grow.
 - b. The cost of poor customer retention is huge. When customers leave your business, they take their money to your competitor. You've not only lost revenue for your business, but you have also increased the profitability of your competition.
 - c. It is a "double whammy" that can irreparably damage your business. We designed this textbook to help you quickly identify and initiate fixes to specific aspects of your business operations that are lessening profitability or customer dissatisfaction.

4. **Poor Employee Recruiting/Retention:** They have poor employee recruiting and retention, preventing them from finding, getting, and keeping good people. Low morale is the leading cause of employee turnover and is a massive barrier to effectively retaining your best employees. According to Sirota Survey Intelligence and the authors of The Enthusiastic Employee, 63% of those who do not feel treated with respect intend to leave within two years.

- a. **Do you know what low employee morale could be costing your organization?**
 - i. Management understands that an employee feels treated disrespectfully or unfairly when a manager shows indifference toward the staff's working conditions.
 - ii. How an employee feels and how well respected they feel is also related to how motivated they are about their employment with your company. Focusing on this area impacts how an employee feels and where you can retain them.
 - iii. Compounding good people leaving the company is the failure to pay them like owners for their profitable contributions to the business.
 - iv. Another key reason for people terminating is the failure of management to train their staff in best practice work delivery standards.

Business & Work Delivery Processes Causing Poor Profitability

Let us review these poor profitability symptoms and their associated business process problems. These 14 common causes of poor profitability result in losing 85% of all HVAC start-ups within the first five years and another 10% each year after that.

They are shown below in the order from most significant to most negligible impact on poor profitability and sustainability:

1. They use underpricing as a primary closing mechanism.

- a. **Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues.**
- b. They do not correctly recover the technician and installer's non-chargeable billable hours.
- c. They do not recover post-call repair or replace warranty labor and material support costs.
- d. They do not recover the overhead cost.

2. They have poor or no lead generation.

- a. **Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues.**
- b. They do not have a residential HVAC service-friendly website.
- c. They do not use onsite opportunity assessment forms to identify all service opportunities on service and sales calls.
- d. They do not convert catastrophic repairs to replacements by helping clients with the repair or replacement decision.
- e. They do not continue to harvest all available service opportunities post-call via seasonally timed direct email and text campaigns to target customers.

3. They lack service/product brand(s) differentiation.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention.**
- b. They do not create a name, symbol, or design for service repairs, maintenance agreements, or replacements that are distinguishable as belonging to the company.
- c. They do not use branding services to help customers identify your product and distinguish them from competitor products and services.

4. They lack value-added selling processes.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention.**
- b. They do not use Proactive selling vs. using low-priced reactionary selling.
- c. They do not interview customers about the system and customer needs for resolving their comfort, health, safety, property, or financial requirements.
- d. They do not use HVAC equipment's energy operating cost savings to show how much more customer is paying above the present service provider's fees.

5. They have an absence of defined operating & work delivery processes.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention & 4. Poor Employee Recruiting/Retention.**
- b. They do not motivate staff to perform at higher levels using 100% customer satisfaction, 100% company profitability, and 100% employee-friendly work delivery processes.
- c. They do not use work delivery standard procedures to provide staff with the "How-to-do-Book" job training textbooks.
- d. They cannot reduce mobilization, human errors, missed tasking, and business risk.
- e. They cannot eliminate call-backs via quality control start-up, test & verification forms.

6. They do not use proper payment & business liability protection terms & conditions.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention.**
- b. Its proposals do not use proper transaction terms and conditions to prevent severe cash flow disruptions and job cost overruns.
- c. They do not have proper proposals or invoices defining work scope, protecting payment, and eliminating job risk liabilities for all work categories.

7. They lack labor-management controls.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention & 4. Poor Employee Recruiting/Retention.**

- b. They do not use step-by-step work delivery tasking standards to enable managing people to process.
- c. They do not use job descriptions with clear job expectations and establish behavior with customers, the company, and fellow employees.
- d. They do not use performance pay for management, office, or field staff to influence work behaviors to achieve conversion rates and budgeted job hours.
- e. They do not the billable efficiency of each field staff member.
- f. They do not actual and compare industry conversion rates for system fixes, enhancements, accessories, replacements, and the individual service technician, selling technician, and residential Sales Rep.

8. They lack year-round labor recruiting & retention strategies

- a. **Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 4. Poor Employee Recruiting/Retention.**
- b. They do not continuously recruit to find the best people.
- c. They do not have a professional-looking website.
- d. They do not use social media like Facebook to advertise a position.
- e. They do not create recruiting handouts and flyers.
- f. They do not make sure job descriptions match the position.
- g. They do not have competitive benefits packages for office, sales, or field staff.
- h. They do not use employee networks to recruit.
- i. They do not educate techs and installers on typical repair and replacement call handling results.
- j. They do not train technicians on soft-skill communication, provide scheduled manufacturers product training, NATE certification, or conduct in-house technical cross-training.

9. They do not organize the business for efficient growth

- a. **Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 4. Poor Employee Recruiting/Retention.**
- b. They do not logically organize and group the office administration delivery function.
- c. They do not logically organize and group the sale delivery function.
- d. They do not logically organize and group the service delivery function.
- e. They do not logically organize and group the system replacement or design-build delivery function.
- f. They do not logically organize and group the construction delivery function.

10.They do not have proper customer care or a proper dispatch function.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 4. Poor Employee Recruiting/Retention.**
- b. They do not correctly organize customer care inbound call Club functions.
- c. They do not correctly organize customer data for easy access by the receptionist and the dispatch function to support field operations properly.

11.They do not forecast their staffing and expense budgets.

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues.**
- b. They do not create a monthly spending plan for labor and equipment materials.
- c. They do not identify break-even monthly revenue to cover operating expenses - or, as they say, “just to keep the lights on.”

12.They are unable to recruit & retain top performers.

- a. Negatively Impacts Poor Profitability Symptoms 4. Poor Employee Recruiting/Retention.**
- b. They do not continuously recruit.
- c. They do not use upfront pricing with the customer.
- d. They do not price the ability to hire and retain the best people.
- e. They do not use performance incentive pay for personal contributions to company profitability.
- f. They do not use customer or employee-friendly work delivery tasking standards.
- g. They do not use job descriptions to communicate employee job and work behavior expectations.

13.They lack financial management skills & business mixing

- a. Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention & 4. Poor Employee Recruiting/Retention.**
- b. They do not use key performance indicators to drive conversion rates per call.
- c. They do not use key performance indicators for driving business revenues, cost-of-goods-sold, overhead, and net profit before taxes in positive profit directions.
- d. It cannot connect the office with the field to schedule more jobs and get paid faster.
- e. They do not harvest post-call available opportunities via obtained customer’s email or text.
- f. They do not allow technicians or installers to capture customers’ signatures and authorization to work directly on their smartphones or tablet.

- g. They do not auto-record individual staff payroll clock in/clock out for time-based payroll reports.
- h. They do not use proper customer call handling to inform the customer when the service technician or installation crew is on their way via text or email.
- i. They do not integrate estimates with emails to send customers estimates, job confirmations, or invoices from the office or field handheld and smartphones.
- j. They do not get a business performance snapshot of total calls, inbounds, outbounds, and no-answer calls.
- k. They do not see what channel leads came in from, why the customer called, and whether it converted into a job or an estimate.
- l. They do not easily access customers' contact information or establish their personal communication preferences.
- m. They cannot obtain work updates, make deposits, send invoices, take payments automatically, and seamlessly update QuickBooks for you.
- n. They do not have immediate access to all customer contacts and equipment information to enable the job to be fixed or installed the first time.

14.They lack leadership training & education plans.

- a. **Negatively Impacts Poor Profitability Symptoms 1. Poor Cash Flows & 2. Low or Cyclic Revenues & 3. Poor Customer Retention & 4. Poor Employee Recruiting/Retention.**
- b. Managers or supervisors do not use proven staff motivation techniques.
- c. Managers or supervisors do not understand what successful leadership behavior characteristics they should strive to improve.
- d. Managers or supervisors do not have a continuous leadership skill self-development plan.
- e. It does not use branding services to help customers identify your product and distinguish them from competitor products and services.

Wendell Bedell, Biography



Author 2022

Founded 2021 HVACPro Podcast

Founded 2019 Join HVAC Succes

Founded 2001 Grow My HVAC

He has established himself as an expert sales trainer, business manager, author, and inspirational speaker in demand nationwide and in Canada. He has trained thousands of HVAC professionals, conducted several hundred HVAC Business Evaluations, and authored seven residential and commercial marketing, sales, and general-service management publications.

He has over 25 years of experience as a proven HVAC General Manager developing successful retail residential and commercial/industrial service businesses. He has been a keynote speaker and trainer for ACCA, Design-Build Seminar, Comfortech, HVAC Service Summit, CMX & HRAC of Canada. He has sat on the Contractor magazine advisory board.

Before founding Grow My HVAC, in 1998, he was President of Excellence Alliance University, an HVAC and electrical training subsidiary of Excellence Alliance, Inc., with functional responsibility for day-to-day operations, residential and commercial-industrial education program development, and instruction.

Before that, he worked for Boston Edison and Central Maine Power for three years, establishing two high-technology design/build and energy services businesses. As Strategic Regional Manager, he was responsible for commercial HVAC design-build lead generation, business delivery development, recruiting, staffing, training, and deploying the account executives, design engineers, and project managers.

He was also for six years on the staff of the largest independent mechanical services contractors in the Northeast – EMCOR Services., Boston, MA, and New England Mechanical Services, Hartford, CT. As Account Executive and Sales Manager, he won three consecutive national Most Valuable Performer Awards and several Top Managers Awards.

He holds a Master in Business Administration from the University of Hartford (1990), a Bachelor in Business Management from Westfield State College (1987), and an Associate in Industrial Electronics from New Hampshire Technical College (1981).