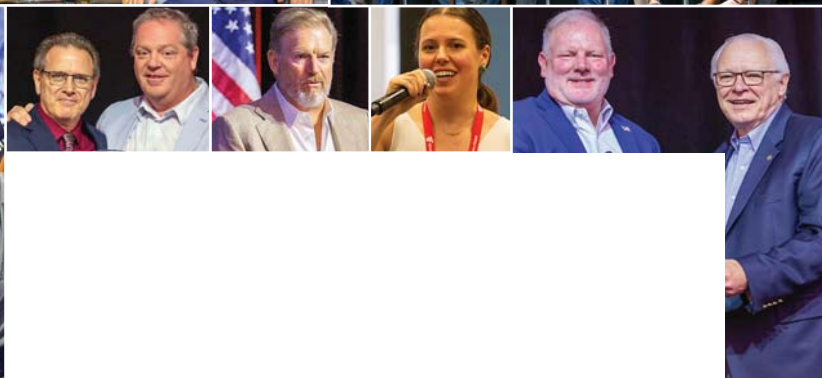


Contracting Business

DECEMBER 2022
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Also in this issue:

- Meeting Challenges in 2022, p. 24
- How Co-op Programs Help Contractors, p. 30
- Greer on Replacement Conversion Rates, p.36

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Enterprising contractors convened at the Tampa Convention Center for a week of intense learning and listening.

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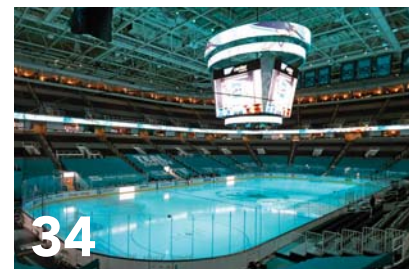
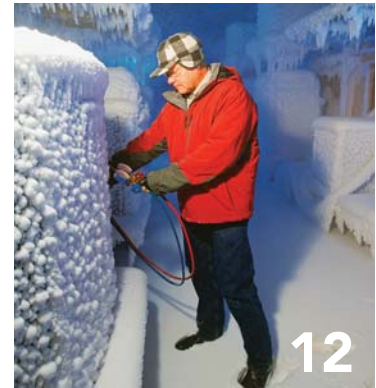
Upgrades include ice making refrigeration systems, air conditioning chillers and Opteon™ XP10 refrigerant.

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ON THE COVER: Service World Expo.

Source: Anthony Williams/Service Nation

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ENGINEERING YOUR SUCCESS.

BY TERRY MCIVER, EDITOR-IN-CHIEF

A Year of Learning, with More in 2023

It's the final curtain for 2022. Time indeed flies when you're having fun, and we know of many HVAC contractors who had a blast in 2022. No need to fret over another year gone by, because they realize each new year brings new opportunities.

I saw many of those contractors at the October Service World Expo at the Tampa Convention Center, an excellent show, city and facility. The many hundreds of contractors who made the trip personify the ideal attitude for business success. They jump into group discussions, ask questions, hang back to ask presenters extra questions. If I, as a reporter, hate to see a show end, I imagine they do too, although their attention is on the work back home, and to home they must return. When they do return home, it's often as different people, more focused and attentive to what needs changing, based on all they learned at the show.

Speaking of looking forward to the new year, a presentation at SWE by Ben Middleton (Daikin), Jennifer Bagley (Web Group) and Matthew Bratsis (Optimus) did just that, with ideas for new year planning that included insight into technology, marketing and financing. Their unified message was how to develop an overall strategy that includes developing a branding strategy, customer profile strategy, media strategy and messaging strategy. For products, that means explaining features and benefits without becoming too "brand" focused. For marketing, that means using every newest development in social media and consumer preferences. For financing, that means you must absolutely be offering financing to help set up affordable payment plans.

Our contributors for this issue are Bud Hammer, Vince DiFilippo, Renee Lucas, Nathan Coker and Darryl Robinson. Each of them took action to make a change in 2022, with excellent results. Hammer, president of Atlantic Westchester, Inc., Bedford Hills, NY, took steps to improve employee engagement through culture changes, transparency and working with the local union. They restructured their management team, and built a better career track.

DiFilippo, president of DiFilippos, Paoli, Pa. and a CB advisory board member, added financing, and realized a 22 percent increase in sales. He also changed software providers and purchased extra equipment to avoid supply chain issues.



Be sure to attend one or more events in 2023!

Renee Lucas, who with husband Travis owns and operates LCS Heating & Cooling in Indianapolis, focused on the financials more than ever, and shares the numbers with the team. She put a better marketing plan in place, and reviews it each quarter. She discussed some of the changes in her presentation at Service World Expo, "Rebuild Your Business to Rebuild Your Life."

Darryl Robinson worked out deals with customers to delay installing new flex duct for new systems in hot, hot Oklahoma attics until September. They simply used the old duct until temps dropped and attics were at a reasonable temperature to work in.

Some of these changes are simple, but that's where big changes begin.

Thanks to Ken Goodrich, CEO of Goettl Air Conditioning, for making a sizable matching contribution to the Joseph Groh Foundation during Service World Expo. He challenged the audience to donate up to \$50,000 during the show, which he would match. Was there any doubt that it would work? It did, and \$120,000 was raised for the Foundation, which provides home remodeling, wheelchairs and more to contractors unable to work due to life-altering disabilities.

The amazing Vicki and John LaPlant help to promote the Foundation at the contractor level. These two crazy kids have retired from full-time consulting, but are busy as ever, helping with Foundation development. They are always "On the Road Again," which I have made their unofficial theme song.

To learn about the Foundation or to contribute, visit www.josephgrohfoundation.org.

Thank you to 2022 contributors: Tom Casey, Jr.; Joel Cannon; Candy Cunningham, Scott Tinder and Jeff Plant of Business Development Resources; Kelly L. Faloon; David Derocher; Vince DiFilippo; Zac Garside of Power Selling Pros; Charlie Greer; James Griner; Dominick Guarino; Bud Hammer; Dena Jalbert, MBA; Michael Keating; David Richardson of NCI; Jon Ryan of Genz-Ryan; Mike Treas; Dan Vastyan; Howard Weiss of HVAC Excellence.

ACCA and EGIA each had fine events in 2022, and we look forward to those events in 2023.

Get to a show, folks!

A happy, safe, and profitable New Year to all, filled with peace, love and understanding. **CB**

TOM CASEY
Climate Partners
Griffin Service

MIKE CONLEY
Pioneer Heating & AC

VINCE DIFILIPPO
DiFilippo's Service Co.

CHARLIE GREER
HVAC Profit Boosters

DOMINICK GUARINO
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Hobaica Services

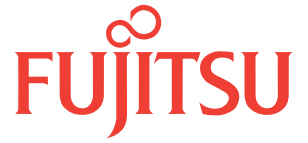
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AIRSTAGE

COMPILED BY TERRY MCIVER, EDITOR-IN-CHIEF

Service World Expo Meets in Tampa

Enterprising contractors seeking to improve and build their businesses convened at the Tampa Convention Center for a week of focused learning and listening.



Left to right: Bob Viering leads Alliance Programs. Ken Goodrich told contractors to act on their ideas. Tim Tebow spoke on the power of inspiration and faith.

Home services contractors seeking to improve and grow their businesses convened in Tampa, Fla. Oct. 18-21 for the seventh annual Service World Expo, designed and hosted by Service Nation and Service Roundtable.

The event combined keynote presenters with seminar presentations by contractors and vendors. Keynoters were Heisman Trophy winner/ex-NFL quarterback and

commentator Tim Tebow; Chris McChesney, global practice leader of execution for Franklin Covey; and Green Beret and author, Lieutenant Colonel (ret.) Scott Mann, founder of The Stability Institute. Each keynote presenter brought practical and powerful topics to the main sessions that contractors and exhibitors could take home and implement right away.

Forty-two breakout session presenter speakers that covered

Leadership Transition at Service Nation

A leadership transition was announced during the October, 2022 Service World Expo, when Matt Michel and David Heimer, key influencers in the formation, growth and development of Service Roundtable and Service Nation Alliance, announced that they would be stepping down to focus on new pursuits.

Michel and Heimer have guided or initiated every major offering and milestone at business-building organizations Service Roundtable (launched in 2002) and Service Nation (launched in 2008). But they felt their farewell would not have been complete without thanking others who helped to make it all possible.

“Our mission has always been to help contractors improve their business and financial performance, leading to a profitable exit strategy. One of the things we are most proud of is how our members have consistently outpaced the industry growth rate,” Michel said.

Service Roundtable and Service Nation will be led by Tom Peregrino, a contractor who joined the Service Nation Alliance, became Contractor of the Year, sold his business, joined Service Nation, and built the Alliance Premier program.

Consultant Jim Hinshaw will manage vertical markets and oversee Alliance Premier. Pete Danielson, and ex-contractor member of Service Nation Alliance who built and sold his company, will serve as director of marketing. Bob Viering, also a successful ex-contractor, heads up Alliance programs. Andrew Kissel runs the information technology division. He worked with the organization in the early days of Service Nation as a consultant and led the development of ServiceRoundtable.com.



Michel

Peter Galanek leads the Roundtable Rewards program. Stephanie Fritz leads the company’s sales efforts. Sarah Blackhall started with the company as an intern. She now serves as events manager and also manages the organizations’ graphics designers.

Carol Longacre joined Service Nation from her family’s contracting business.

With a background that includes leadership positions in local and state trade associations, she is well suited to work with the dozens of state and local associations that have affiliated and aligned with the Service Roundtable.



Heimer

David Heimer said he will be launching a new podcast app, and building a small company around it. Matt Michel will continue to write columns and books, and speak at events.

a wide range of topics specific to Leadership, Management, Talent Acquisition, Industry Trends, Marketing, Team Building, Sales, Training, Finance and more.

Events included a yacht cruise and dinner sponsored by Daikin/Goodman/Amana, a night out at American Social sponsored by Service Fusion and bowling at Splitsville sponsored by 12 exhibitors. Breakfast and lunches also gave contracting business professionals time to mingle and share ideas.

Contractors met with more than 200 exhibitors during two, three-hour tradeshow events.

Session Sampling

Aaron Ruddick, who sold his business, Reliable Comfort, but remains in a leadership position, spoke on “The Puzzle of Business.” His focus was on the fact that not all ideas will work for every company, but there are six pillars that will bring stability and direction: identity, leadership style, structure, marketing, execution and keeping score—as in reviewing the numbers each day.

Chris Crew, president of Blue Collar Success Group, said a properly structured compensation plan results in wins for the company, customers and employees. He described steps to building a “Triple Win” compensation plan, which is a six-step approach toward building a compensation plan that increases employee earning potential without sacrificing customer service, quality or integrity.

David Jelleme, director of sales for Workwave, has nine years of experience in human capital consulting. His topic was on ways to scale the workforce for the busy seasons. Of course, an action plan is essential. Identify clear goals you want to achieve. Try to get ahead by promoting those pre-check ups and maintenance calls. Then determine the number of employees required to meet the demand. Refresh licensing and training, and review all best practices. After the busy season, fill in the lull, and anticipate the next busy season.

Ken Goodrich, president/CEO of Goettl Air Conditioning, delivered an inspiring presentation on the implementation and execution of ideas as keys to success. At the close of his presentation, he issued a pledge to match contributions to the Joseph Groh Foundation made by show attendees. The result: \$60,000 was donated by attendees and matched by Goodrich. The Joseph Groh Foundation provides modifications and upgrades to homes of contractors who are no longer able to work due to life-altering injuries.

“What Keeps You Up at Night?” was a panel discussion chaired by Mark Matteson, with guest contractors Jenn Shue, Barbosa Plumbing & AC; Jason Henderson, BEST Air Conditioning & Plumbing, and Roy White, Fixed Right and Guaranteed, LLC. To prevent sleepless nights, Barbosa placed new technicians on a 90-day training plan, regardless of experience level. The company also began an employee appreciation program. Henderson, the Service Nation Contractor of the Year, now has two coordinators looking over 17 field technicians, and three to four Customer Service Representatives.

A Visit with Sera Systems

Among the many exhibitors at Service World Expo was Sera Systems. Billy Stevens started Sera Systems in 2018, following his success as an HVAC contractor, manager and owner (Berkey’s and “billyGO” HVAC/Plumbing). It was at “billyGO” that Stevens did the BETA testing for what would become Sera Systems.

“If we were going to build it right, we wanted to build the first line of code the right way. For the first three years we built “billyGO” and Sera. We innovated for five months, and talked about what we could fix about the difficulty of running HVAC companies. We released Sera to the public early in 2022 and it’s been growing like crazy ever since,” Stevens said.

Among the innovations Stevens described as unique to Sera, is the way it reduced the number of touches for every service call from 28 down to four. “We found approximately 28 or more touches for a service call, by at least four people in the business. For ONE service call. This is one of the reasons business people have their hair on fire all day, every day.”

Sera arranges the less profitable calls, so technicians can deal with the “money” calls first.

Stevens said much of the scheduling trouble at HVAC companies begins each morning.

“In late spring, things are picking up in HVAC businesses. Your dispatcher says at 9 or 10 that you can’t take more calls because we’re full. But at the morning CSR meeting you tell them to take as many calls as they can, and then at the tech meeting you tell them to slow down and show value. So these different forces are working against each other. That’s where the log jams start. This is where we provide bad service, even though it’s the norm and customers expect it, when you give them a window of time when they’ll arrive.”

“The customer call is touch number one. Then, they reach out to the dispatcher to discuss a call you haven’t booked yet. The dispatcher reaches out to multiple technicians to ask about a call that hasn’t been booked yet. You’re full, but there are service calls on the board that aren’t as valuable as this one, and nobody thinks about rearranging the lesser calls, putting them into an ‘unassigned’ column, and dealing with the money calls first. Then you do the delay calls for the lesser calls, not all of the calls. We can provide better service to the calls that will create the most money. Sera will take a call and give the customer and CSR the exact time they can do it, even though you’re overbooked. It will take an unassigned, lesser call and put it in a spot for a qualified technician who will be available the soonest.

“Our clients and ‘billyGO’ have seen an enormous up-tick in the quality of clients because they can now get to customers in a reasonable time. And, we provide that time to the customer in a way that makes the customers feel like they picked the time. We’re the only software that even considers the customer who wants to do business with you. We make it easy for them to do business with you,” Stevens said. <https://sera.tech>

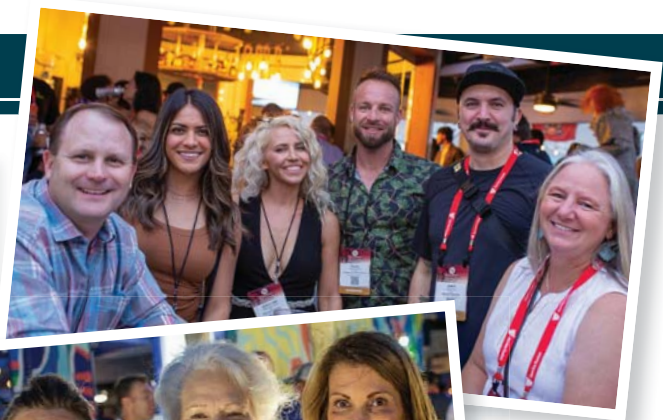


Stevens



Above: Exhibitors were challenged to add a dash of 'pirate' to their booths. One standout was the team from The New Flat Rate.

Steve Miles, vice president/CEO of Jerry Kelly Heating & Air, St. Charles, Mo., provided a realistic look at the importance of location to the success of an HVAC business. He took his audience through the process of upgrading location, office and shop layout, and how to do both for amazing results.



Above: A group of show folks having a relaxing time at the yacht party and dinner.

Left: Vicki LaPlant, center, the grand dame of HVAC consulting, with Service Nation employees Theresa Wilkins, left, and Stephanie Fritz.

Anthony Williams/Service Nation



For information on Service World Expo 2023 in Phoenix, visit www.ServiceWorldExpo.com, or call 844.742.3970.



HVAC Hall of Fame Inductions

The doors to the *Contracting Business* HVAC Hall of Fame—established in 1994—were opened once again, as three leaders in HVAC contracting and consulting were inducted during the Service World Expo.

Each inductee has made their own special brand of contributions, which have helped many others seeking new levels of excellence and integrity in their HVAC businesses.

Tom Casey, Jr., worked with his father Tom Sr. and brother Todd, at Climate Partners, Milford, Connecticut, which was founded by his grandfather, John T. Casey, as Casey Fuel, Ice & Coal. Climate Partners was the 2001 *Contracting Business* Residential Contractor of the Year, was a frequent winner of CB's Quality Home Comfort Awards, and under Tom's guidance became a model of entrepreneurship and managerial excellence. Through it all, Casey devoted many hours to writing for *Contracting Business*, speaking at events, and offering consulting for other HVAC business owners. Tom now operates Griffin Service, Jacksonville, Fla.

Joe Cunningham was among the HVAC industry's first "comfort advisors," and was one

of the first to reach \$1 million in annual sales. He made his name as one of the HVAC industry's greatest sales trainers, first for Carrier ("Texas Tough") and later for Service Experts and Future University. He founded Success Track Network, the Technical Arts Academy and "Your Air Conditioning Company." Joe has also served and continues to serve as a consultant-coach for Service Nation.

Stan Johnson helped his technician/entrepreneur dad while a youngster in the early 1960s, at Stan's Heating & Air Conditioning in Austin, Texas. After college, he was drawn to the business once again, and he and his dad built a solid company together, with the loving support of their wives and families. Stan was a major contributor to the rewrite of ACCA Manual J, chaired the rewrite of Manual J8 version 2, and later helped with the rewrites of Manuals S, T and D. Stan was a founding member and past president of Texas ACCA and a past chairman of ACCA national. Stan was a founding member and founding investor in Service Nation, and currently serves as facilitator of the Service Nation Alliance Group and as an Alliance Coach.



Top down: *Contracting Business* editor-in-chief Terry McIver with Hall of Fame inductee Tom Casey, Jr. David Heimer, co-founder and outgoing senior vice president of Service Nation, with HVAC Hall of Fame inductee Joe Cunningham. Matt Michel, co-founder and outgoing CEO of Service Nation, with HVAC Hall of Fame inductee Stan Johnson.

Photos by Anthony Williams/Service Nation

NATHAN JOHNSON
Owner



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"I've been told to stop doing that," says Nathan Johnson, owner of Shockley's Heat & Air, about giving customers his cell number. But he can't help it. He lives and breathes HVAC and loves to be out in the field. And that spirit of service extends to his commitment to the Oklahoma City community, where he donates equipment and labor to help those down on their luck get back on their feet. In every sense, he and Shockley's are **Building a Higher Standard**.

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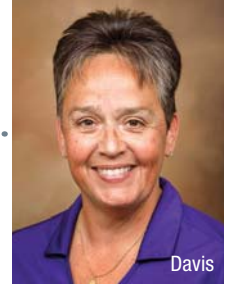


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Trane Completes Phase 1 of Cold Climate Heat Pump Challenge



Davis

Trane announced on November 2 that its engineers had successfully completed the lab testing phase required for the Biden Administration's Cold Climate Heat Pump Challenge. The Administration believes that rapidly increasing U.S. manufacturing's output and deployment of electric heat pumps is critical to achieving U.S. climate, energy savings and energy security goals.

Basically, it wants to know that heat pumps will be a viable solution. Therefore, input received by HVAC system manufacturers will guide the Department of Energy's decisions to maximize the \$250 million Defense Production Act investment in heat pumps, funded through President Biden's Inflation Reduction Act, to reduce the nation's reliance on fossil fuels,

A heat pump is effective on its own at all temperatures, because of its ability to use a gas furnace or an air handler with supplemental electric heat when temperatures drop to help heat a home.

strengthen national defense and energy security, lower consumer energy costs, improve home efficiency, and mitigate the climate crisis. Sources say heat pumps offer an energy-efficient alternative to furnaces and air conditioners for all climates by using electricity to transfer heat from a cool space to a warm space, making the cool space cooler and the warm space warmer. Because heat pumps transfer heat rather than generate heat, this technology efficiently provides comfortable temperatures for heating and cooling homes and businesses.

We provided questions about the CCHP Challenge to Katie Davis, vice president of engineering and technology, Residential HVAC, Trane Technologies.

Contracting Business: Katie, please encapsulate how heat pump technology has advanced for use in cold climates.

Katie Davis: Colder ambient temperatures require changes to the vapor compression cycle utilized in a heat pump to provide the heating capacity required at 5 degrees F and below. Compression technology has now advanced to the point where we can incorporate this capability into the system and provide the additional capacity required.

Trane continues to provide the most efficient options available today including heat pumps, more environmentally minded furnaces, and the pairing of the two in dual fuel systems. Heat pumps are effective in many geographies but

are especially popular in milder climates that don't have extremely cold or harsh winters. Even if you live in colder areas of the country, a heat pump might be the right choice for your home when matched with a furnace or other electric heating device. This way, your home will continue to stay warm on the coldest days or run more efficiently for most of the season.

Currently, primary markets include areas in Florida, South Texas, New Mexico, Arizona, Seattle and Portland, while some secondary markets include parts of Georgia, South Carolina, North Carolina and the Northeast.

You can install a heat pump even if you have a furnace and live in a colder area. When it's cold outside, a heat pump extracts what outside heat is available and transfers it inside. When it's warm outside, it reverses direction and acts like an air conditioner, removing heat from the home.

A heat pump is effective on its own at all temperatures, because of its ability to use a gas furnace or an air handler with supplemental electric heat when temperatures drop to help heat a home. The most efficient heat pumps, like the Trane Platinum XV20i, can operate in temperatures as low as 0 degrees Fahrenheit.

There are no products in the market that currently meet the DOE CCHP Challenge performance specifications.

The table below details the performance requirements to meet these specifications. In summary, a heat pump of 4-tons and lower must have a COP of 2.4 while providing 100% of nominal rated capacity at an ambient temperature of 5F. A heat pump larger than 4- tons must have a COP of 2.1 with the same nominal capacity requirement at 5F. In addition,

PERFORMANCE REQUIREMENTS AT 5°F (-15°C)²

HP nominal capacity ¹ (Btu/h)	COP at 5°F (-15°)	Capacity Ratio	Low-temperature compressor cut-out	Low-temperature compressor cut-in
≥24,000 ≤36,000	2.4	100%	≤-10°F (-23°C)	≤-5°F (-21°C)
>36,000 ≤48,000	2.4	100%		
>48,000	2.1	100%		

the heat pump must have an HSPF2 = 8.5 in Climate Zone 5.

There are several approaches to improving a heat pump's performance in cold climates, including but not limited to cascade refrigeration systems, various forms of multi-stage compression, vapor-injection, and liquid injection. The optimal solution will consider the trade-off between customer needs, product cost, operational efficiency, reliability, and technology readiness. It's all about maximizing value for our customers while meeting their comfort needs.

CB: What performance standards are required for the heat pumps?

KD: In summary, a heat pump 4-tons and lower must have a COP of 2.4 while providing 100% of nominal rated capacity at an ambient temperature of 5F. A heat pump larger than 4 tons must have a COP of 2.1 with the same nominal capacity requirement at 5F. In addition, the heat pump must have an HSPF2 = 8.5 in Climate Zone 5. These are the parameters that were met as part of the testing. Heating is expressed in HSPF (Heating Seasonal Performance Factor) instead of AFUE which is used for furnaces.

Passing the lab testing phase means we're now able to conduct field testing with this heat pump, which will provide us with the opportunity to keep a family warm this winter. What's more, is that getting to this phase in the challenge ultimately brings us one step closer to seeing through the commercialization of our CCHP to better meet the heating needs of homeowners today and boldly challenge what's possible for a more sustainable world in the future.

CB: What simulations were necessary to meet the challenge?

KD: When tested at the DOE's lab, the Oak Ridge National Lab Facility, Trane's CCHP prototype performed in temperatures as low as negative 23 degrees Fahrenheit, surpassing the mandatory negative 20 degrees Fahrenheit DOE requirement. Our prototype pushed the limits of the testing with high performance even as temperatures moved beyond the trial scope. To stop our Trane unit, they had to manually cut the power.

CB: How long have Trane's engineers been at work on this testing and development?

KD: At Trane, sustainability is foundational to who we are. In 2018, prior to the Cold Climate Heat Pump Challenge announcement, we were already committed to addressing decarbonization. We were actively assessing different technologies that would directly enable us to create heat pump solutions that work in spaces where fossil fuel burning furnaces were typically installed. By evaluating how we could improve efficiencies with our heating products, in 2020 we dedicated an entire program to achieving this. When the CCHP Challenge came about, the work we were already doing internally dovetailed nicely with the overarching goals of the DOE's program to dramatically reduce energy demands and carbon emissions and innovate with a better world in mind.

CB: Describe the conditions for the upcoming trials in Boise.

KD: Our high-efficiency, cold climate heat pump will begin field trials this November. The prototype will be placed

in cold climate ambient operating conditions in a residential building. A successful field test is performance during the heating season in extremely cold conditions, delivering energy-efficient heating capacity to meet the building load. Simply stated, providing energy efficient heating in extremely cold temperatures in a residential application.

CB: When might the heat pumps be ready for shipment to dealers?

KD: DOE may decide to extend the field trial testing into a second heating season. If this is the case, we will participate in the second field trial in 2023. If field trial testing concludes in 2022, we will continue toward commercialization of the product.

CB: Will Trane be scaling back its production of traditional gas-fired products?

KD: We keep customers at the heart of all we do by meeting the needs of the market to provide efficient, comfortable environments. We will continue to provide the most efficient options available including heat pumps, more environmentally friendly and efficient furnaces, and the pairing of the two in dual fuel systems.

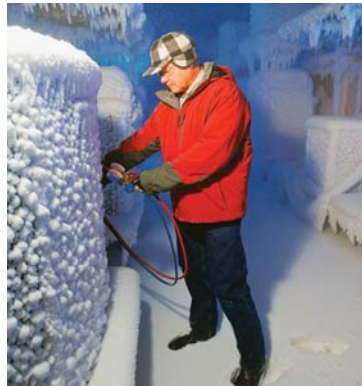
We don't plan on scaling back until the marketplace demands it, and we have the replacement products to meet the same need. The goal is to meet the needs of the customer in the most efficient, environmentally friendly manner. Until the latest prototype is available for purchase, the company will continue to provide the

most efficient options available today including heat pumps, more environmentally minded furnaces, and the pairing of the two in dual fuel systems.

The Inflation Reduction Act includes a substantial expansion of the Energy Efficiency Home Improvement Tax Credit (25C) as well as an extension and expansion to the New Energy Efficient Home Tax Credit (45L). To be sure to make the most of the credits and rebates offered through the IRA, we recommend homeowners reach out to their local HVAC professional, like a Trane Comfort Specialist.

Our Trane Platinum XV20i heat pump is part of a new line of equipment featuring Trane Link, a revolutionary communication technology, designed to simplify installation, commissioning, and remote monitoring of our variable speed HVAC systems.

Following a successful regional launch in spring 2022, the full line of Trane Link equipment will be available to Trane's independent dealers nationwide beginning in November 2022. **CB**



Trane's CCHP prototype performed in temperatures as low as negative 23 degrees Fahrenheit.

Carrier Reports Successful CCHP Phase 1 Testing

INDIANAPOLIS, Nov. 2, 2022 — Sources for Carrier have reported the company is ready for phase two of the Department of Energy's Cold Climate Heat Pump Challenge, which is field testing its prototype heat pump in a harsh climate.

"We're pleased with the lab performance of our prototype heat pump and the final test results," said Justin

Keppy, President, NA Residential & Light Commercial HVAC, Carrier. "Our team of dedicated engineers and product managers are hard at work continuing to develop next generation heat pumps to increase efficiency, save consumers money and benefit the environment. The federal incentives offered through the Inflation Reduction Act are critical to the

adoption of high-efficiency heat pumps, and Carrier is committed to delivering innovative climate-friendly technologies."

To participate in the challenge, Carrier committed to producing a heat pump with increased cold climate performance, increased heating capacity at lower ambient temperatures, higher efficiency across a range of climate conditions, and advanced controls to adjust usage on demand.

Carrier sources say heat pumps are becoming more popular as part of decarbonization efforts in more progressive states of California, Washington and New York, and local rebate programs. Sources added that the launch of Carrier's Eco-Home™ program will make the transition from low-efficiency units to high-efficiency heat pumps a cost-effective decision. Advancements in heat pump technologies are critical to supporting these initiatives and driving adoption, sources said.

<https://www.carrier.com/residential/en/us/products/heat-pumps/>



Carrier's Indianapolis engineering team prepares a unit for testing.

American Standard Names 'Better Standard' Award Winners

DAVIDSON, N.C. October 12, 2022—American Standard® Heating & Air Conditioning, a leading provider of long-lasting quality equipment for more than a century, announced its fifth annual **Building a Higher Standard** award winners – an esteemed honor distinguishing the brand's outstanding independent dealers.

The four 2022 winners were notable selections from a highly deserving group of nominees and are being awarded for exhibiting a high level of integrity, community stewardship, dedicated teamwork, and focus on continuous improvement in the pursuit of excellence.

The 2022 winners are:

- **Garrison and Garrison Inc. – Huntsville, AL**
- **Stanfield Air Systems – Athens, GA**
- **Shockley's Heat & Air – Oklahoma City, OK**
- **Tim Ferguson Plumbing Air & Electric – Jackson, TN.**

Since its founding in 1972, **Garrison & Garrison** Heating & Air of Huntsville, Alabama, has suffered hardship on a level unimaginable to most — losing four owners (and family members) between 1999 and 2016. But through all of this,

David Garrison and his team have sustained a flourishing business. A piece of that success can be attributed to Garrison's focus on creating a work atmosphere that focused on his employees. "You give them the tools to do what they need to do and you adapt to them rather than asking someone to adapt to you," he explained.



Garrison

The company's General Manager Josh Head says the approach translates to Garrison treating people how they want to be treated. In turn, the employees give their best to the company, too. "I feel like it's my job ... to do what the founders started and what David continues to do," Head said.

Since 1968, **Stanfield Air Systems** in Athens, Georgia, has been a true family business. Founder Lynn Stanfield passed the company on to his daughter, Sally Allen, and current owner Rex Coker works closely with his son, Nathan, who manages operations. Rex and Nathan treat employees like family, and they expand that work family through a program with the local high school. They bring in juniors and seniors who are



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¹Alerts can notify users of a potential issue with an eligible HVAC system. They're meant to provide helpful information, not an endorsement, representation, or warranty of any kind about the health of an HVAC system. Alerts aren't intended to replace a diagnosis by a qualified HVAC professional.

interested in learning the trades, Rex Coker said, and teach them about life of an HVAC tech through working in the field with seasoned techs.

Their mentorship of these young people has not only helped develop careers, but also has given the business a pipeline of homegrown talent. "Every student who has ever walked in our doors still works here," Nathan Coker said.



Rex Coker, right and son Nathan.

Dedication to customers and community are clear priorities for **Shockley's Heat & Air** owner Nathan Johnson and his team. Founded by Wayne Shockley in 1979, the Yukon, Oklahoma based HVAC dealership was purchased by Johnson who learned the ropes and key service lessons from Mr. Shockley. The spirit of service extends to Johnson's commitment to the Inner City Church and Oklahoma City Dream Center, where he donates equipment and labor to benefit programs that care for youth, provide food, and help those down on their luck get back on their feet.

Explaining Johnson's impact, Don Cretsinger with the program said, "Nathan has helped this church over, and over, and over again."

Johnson responds that his charity work is simply part of their jobs. "All of my guys know we're a service company. That's our jobs, to serve," he explained.

In 1999, Tim Ferguson started his business—**Tim Ferguson Plumbing, Air & Electric**—in Jackson, Tenn., by digging ditches to install plumbing. Two decades later, along with son-in-law, General Manager Jacob Hamilton, he's built a thriving company that puts people first — whether it's through a fund that helps employees with emergency costs, or by supporting a restaurant that feeds people who otherwise wouldn't eat.

Taking care of others is ingrained in everything they do. And when Ferguson's techs are on a service call, they are encouraged to take the time needed to take care of the customer.

"Yes, it's going to cost us some payroll. It might make you a little late for your next call, but they'll never get in trouble from me for saying 'I thought this needed to be done, so I did it,'" Hamilton said.

They put those beliefs in action with their work in the community, knowing the community will support them, in turn. "We'll all make money, but we have to give back first," Ferguson said.

The four winners of American Standard's 2022 Building a Higher Standard will be honored with custom trophies, challenge coins, lapel pins, a year of **Customer Care membership**, and will have their names added to the Hall of Fame Trophy—which will be on display in the American Standard plant and offices in Tyler, Texas.



Johnson



Ferguson



Hamilton

Manufacturer Clips

Fujitsu General America announced a partnership with Intelligent Mobile Support, Inc. (IMS) creators of Sales Builder Pro, the "leader in HVAC proposal software," to increase contractor win rates, boost productivity and provide greater customer satisfaction.

This new partnership adds state-of-the-art design tools to the Sales Builder Pro software for proper configuration, quotation, pricing, and financing of Fujitsu mini-split and unitary products. Beginning in Q1, 2023, the program allows contractors to close deals in a single trip.

Sales Builder Pro allows contractors to display Fujitsu brochures, images and videos to help customers understand features and benefits. Based on a proposed layout, the design tools calculate operational capability based on local climate and altitude to ensure the right equipment is being offered. Working in real time, even without an internet connection,

these design considerations help contractors better serve homeowners quickly, accurately, and professionally.

imobilesupport.com
fujitsugeneral.com

DiversiTech® Corp. announced the formation of DiversiTech Europe, through a merger with Artiplastic® of Milan, Castel Engineering® of Belgium, and Rodigas® of Padua, Italy along with the existing DiversiTech/Pump House business in the United Kingdom. These four companies combined will be the leading European manufacturer and supplier of parts and accessories to the HVACR industry. The leaders of Artiplastic, Castel, Rodigas will continue to run the business.

diversitech.com/artiplastic.it/castel-engineering.com/rodigas.it

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MOTORS

MARS released a Bluetooth-enhanced version of its Azure constant torque replacement electronically commutated motors. The company reports Azure motors are designed with innovative features intended to “simplify the life of the service tech”. These features include auto-sizing technology, one percent incremental speed adjustability, and the industry’s smallest inventory footprint. The newly enhanced Bluetooth motors (MARS 10858 and 10859) carry on that tradition, sources say. Features and benefits include:



- Integrated Bluetooth control and free app allows wireless initiation of auto-sizing, optional off-delay, and manual speed control to optimize CFM in every application
- App displays real time motor performance data including volts, amps, and watts

Two motors replace any OEM constant torque ECM 115/230V up to 1HP. marsdelivers.com

Genteq[®] claims to be the leading brand in electronically commutated motor (ECM) technology used by all major HVAC system manufacturers for over 30 years. ECMs are found in outdoor fan and indoor blower applications in residential and light commercial HVAC systems. These direct drive fractional horsepower (FHP) motors include constant torque, constant speed and constant airflow.

The Genteq Evergreen[®] line of motors offers ECM replacement with minimal inventory burden, fast and easy installation, and energy savings, which in turn increases the value for the dealer, installer and homeowner. Convert your truck from 32 PSC motors to 3 ECM motors.

The Evergreen CM motor, or commercial building series VAV box replacement motor, are designed to replace OEM constant torque ECM indoor blower motors such as the Genteq X13[®] and Endura Pro motor. The Evergreen outdoor motor is an ECM motor designed to replace induction motors (shaded pole or PSC) in outdoor fan applications in HVAC systems. regalrexnord.com

In April 2022, Nidec Motor Corp. introduced the SynRA[™], an innovative, patent-pending synchronous motor. When paired with the ID300 Perfectspeed[™] integrated drive, the new motor offers one of the highest efficiencies available for today’s HVAC or commercial pumping equipment – with ratings at IE 4 and IE 5.

The plug-and-play installation can connect to building automation, and meets commercial building owners’ requirements for energy savings – offering the lowest lifetime cost of operation. This new technology from Nidec’s U.S. MOTORS[®] brand also allows commercial HVAC contractors or building maintenance staff to easily replace the motor without having to install an entirely new system and controls, saving time and money.



SynRA provides the operating benefit of a pure synchronous reluctance motor, and suitability benefit from a simple volts/hz drive. The unique design gives the freedom to replace components individually instead of the entire system, leading to a lower cost of maintenance. The product’s Smart Technology results in less wear and tear on blower or pump systems by matching application demands with variable speed. nidec.com

Sources from Xylem report that its new e90 smart motor offers state-of-the-art technology to maximize efficiency and pump performance. The e90 smart motor can communicate with other building systems. Its high efficiency hydraulic design lowers energy cost, shrinks carbon footprint

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- A2L compatible.



fieldpiece.com

and helps meet government regulations. An integrated pump solution—VFD + motor + pump—reduces equipment need, and ensures reliable performance and maximum savings. Remote system monitors equipment health alerts before failure to prevent unplanned downtime. xylem.com



VRF/DUCTLESS



Daikin Applied announced that both its Vision[®] and Skyline[®] air handlers will be enhanced with Sorbent Ventilation Technology™ (SVT™) from enVerid Systems, creating the industry's first total-air-quality system that combines the benefits of sorbent media with a class-leading, semi-custom air handler. This news comes a year after Daikin Applied announced the upgraded Rebel Applied™ packaged rooftop system with SVT.

Vision and Skyline with SVT will continue to address common IAQ issues in buildings. For example, the integrated SVT system from Daikin improves indoor air quality by removing CO₂, volatile organic compounds (VOCs) such as formaldehyde, and other contaminants using sorbent filtration that captures pollutants while allowing oxygen and water to pass through freely, resulting in cleaner air. The integrated system can reduce outside ventilation by as much as 80 percent, providing greater control of humidity and comfort while trimming annual operating expenses by up to 30 percent.

For builders, engineers, contractors, and building managers, the LG Multi V™ 5 with LGRED[®] heat technology provides greater energy savings opportunities by offering more capacity in a compact chassis, intuitive operating features, and increased system design flexibility. Unlike other Variable Refrigerant Flow (VRF) manufacturers that provide a separate product line for their cold weather equipment, LG's Multi V 5 is a dominant all-weather air source VRF system that comes standard with LGRED[®] heat technology for heating operation in ambient conditions down to -22°F and cooling capabilities up to 122°F. In addition, exclusive LG features such as Advanced Smart Load Control, Comfort Cooling Intelligence and Smart Heating monitor real-time weather conditions and building load

calculations to adjust operation and maintain year-round indoor comfort, all while reducing energy consumption. The Multi V 5's compact chassis also utilizes a space-saving design, resulting in lower structural reinforcement costs for end-users.

Multi V 5 with LGRED[®] is available as a heat recovery system, which allows for simultaneous heating and cooling in different zones, further enhancing occupant comfort and maximizing energy efficiency. The space-saving design also features higher-elevation piping technology, which expands the number of floors and piping distance runs allowed for installation. Moreover, by incorporating advanced operating features that utilize sensors and adaptive programming, the Multi V 5 employs automated processes to improve its operation and subsequently reduce needed maintenance, all while increasing energy efficiency. By doing more with less, the Multi V 5 with LGRED[®] provides the building industry with a year-round dominant all-weather air source VRF solution that both supports sustainable development efforts in the design, construction, and operation of buildings as well as reinforces efforts focusing on the overall reduction of their environmental footprints. lghvac.com



Mitsubishi Electric Trane HVAC US (METUS) introduces the SMART MULTI™ lineup. The new SMART MULTI lineup consists of the MXZ-SM outdoor unit, the MXZ branch box and various M-Series, P-Series and CITY MULTI indoor units



One of the many zoned heating and air-conditioning solutions offered by METUS, SMART MULTI works across all indoor unit platforms reducing the number of outdoor unit SKUs for METUS distribution partners and simplifying the choices for design.

The SMART MULTI MXZ-SM outdoor unit is available in 36, 42, 48 and 60 KBTU/H capacities. Several capacities are offered with Hyper-Heating INVERTER[®] (H2i[®]) technology providing cold climate heating performance down to -13°F. The MXZ-SM operates as low as 50 dB(A) or quieter than a typical conversation. Efficiency ratings include SEER up to 23.0 and HSPF up to 12.5. A range of control options for residential or light commercial applications are available. Seacoast protection (-BS coating) is standard.

metahvac.com

The Importance of Air Distribution in Ventilation Systems

Air distribution is an important factor in HVAC system specification as it directly affects occupant comfort and indoor air quality. Once fresh outdoor air is introduced into the building space, proper air distribution assures the air is circulating throughout the space effectively. Since air is a primary carrier of heat, moisture, and airborne contaminants, the flow path of the supply air also plays an important role in determining the flow path of airborne pathogens in a space. A properly designed air distribution system will assure fresh supply air reaches the breathing zone while drawing stagnant, contaminated air away from the breathing zone.

Grilles, registers, and diffusers (GRDs) play an important role in air distribution. Grilles cover duct openings where the air is removed from an indoor space and returned to the HVAC system for reconditioning or to be exhausted from the building. Registers supply conditioned air into the indoor space, while diffusers push conditioned air into the space in a set pattern for optimal airflow distribution.

Greenheck recently added air distribution products to its comprehensive product offering making it even easier for specifiers to schedule a complete ventilation system from one supplier. Greenheck's air distribution product line includes an extensive selection of product types that meet standard to heavy-duty functional requirements—as well as aesthetic requirements—in a wide range of building applications.

Greenheck offers hundreds of models of air distribution products in the following categories:

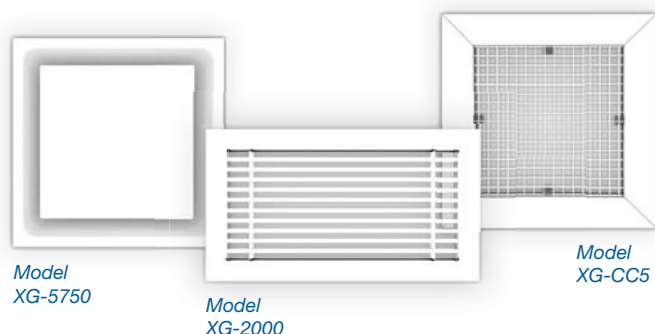
- Grilles and registers
- Ceiling diffusers
- Linear diffusers and grilles
- Plenum slot diffusers
- VAV diffusers



- Displacement ventilation for spaces with ceiling heights of 9 feet or greater
- Stainless steel GRDs for applications needing improved corrosion resistance and durability
- Fire-rated air distribution products for use in three-hour fire-rated exposed grid, suspended ceilings
- Engineered polymer air distribution products ideal for environments with nonferrous requirements like MRI rooms, pools, and water treatment plants
- Air terminal units (ATUs) including single duct, constant volume, variable volume, dual duct, and retrofit ATU models

As a single-source supplier of complete ventilation systems, Greenheck has always prided itself on being the easiest company to do business with. The addition of air distribution products makes it that much easier to create safe, healthy, and comfortable spaces in commercial, industrial and institutional buildings.

For more information on Greenheck's complete line of air distribution products including catalogs, performance data, and submittals, visit <https://www.greenheck.com/products/air-distribution>



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Bryant

The Bryant® GZ Evolution geothermal heat pump offers high-efficiency geothermal cooling performance and is designed to be coupled with a gas/propane furnace or fan coil. It features a quiet, two-stage scroll compressor and, in the right combination, can allow customers to enjoy the benefits of Hybrid Heat® technology, for efficient geothermal heating before switching over to gas in colder weather.

bryant.com/en/us/products/geothermal/gz



Model GZ

ClimateMaster

The ClimateMaster Tranquility 16 Compact (TC) series exceeds ASHRAE 90.1 efficiencies, and uses EarthPure® (HFC-410A) zero ozone depletion refrigerant, making it an extremely environmentally-friendly option. With one of the smallest cabinets in the industry, the Tranquility 16 Compact will easily fit into tight spaces. It has been designed to be backward compatible with thousands of older water-source heat pumps. Additional features reported by ClimateMaster include: epoxy powder painted galvanized steel drain pan (a stainless steel drain pan is optional); sound absorbing, glass fiber insulation; a double isolation compressor mounting for quiet operation; insulated divider and separate compressor/air handler compartments; Copeland scroll compressors size 0-24 and above; a TXV metering device; and microprocessor controls standard (DDC controls are optional). climatemaster.com



Samsung

Samsung DVMS variable refrigerant flow technology has applications in the geothermal sector. It uses water to reject heat to a cooling tower, geothermal loop, lakes/ponds and various other water-cooled applications. It can be connected to up to nine indoor units. This advanced system was developed for both commercial and residential applica-



tions. It is an option for retrofit or new construction projects using closed-loop water systems or geothermal sources for heating and cooling. It has a small footprint, which Samsung says lends to adaptability to many commercial and residential applications. samsunghvac.com

WaterFurnace

The Symphony 3.0 platform (Contractor Portal and Home Comfort Platform) by WaterFurnace, Inc. is available for 3, 5 and 7 series and water-to-water WaterFurnace geothermal units. This Wi-Fi-enabled, cloud-based platform is described as the most advanced diagnostics and control system in the HVAC industry, giving installing contractor technicians and consumers greater control, monitoring, and diagnostic capabilities.



Version 3.0 includes improved historical data access and fault code search, and downloadable reports among other things. By harnessing the power of Aurora controls via the Aurora Weblink router, Symphony lets end users easily monitor and control their WaterFurnace geothermal system from anywhere, using a laptop, smartphone, or tablet. It also gives technicians access to greater system data, insights, and diagnostics to streamline maintenance and repairs.

waterfurnace.com

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CHALLENGES & CHANGES

This has been a year of regrouping. After the pandemic lockdowns of 2021 that affected staffing, scheduling and supply access for service companies, 2022 was a somewhat smoother ride, with a better day on the horizon. Challenges remain, but the best HVACR companies have focused on the things they can have an impact upon within the larger issues of staffing, scheduling, supplies and general office management. As Bud Hammer writes below, the business isn't going to become any less competitive, so strategize and re-strategize as often as you must.

Thanks to Bud Hammer, Vince DiFilippo, Renee Lucas, Darryl Robinson, and Nathan Coker, one of this year's American Standard "Building a Higher Standard" award-winning HVAC contractors.

—Terry McIver



Employee Engagement, Recruitment Campaign, More Value

By Bud Hammer, President, Atlantic Westchester Inc., Bedford Hills, NY

Bud Hammer: Recruitment strategy was based on finding quality-minded technicians.
Atlantic Westchester

Atlantic Westchester is a NY Metro commercial HVAC service contractor. As the pandemic gets further away, we are still dealing with the rippling effects of a changed commercial building usage model, inflation, supply chain issues, etc. We have been forced

to pivot, re-strategize, and figure out how to continue to run a successful business in our ever-competitive marketplace. Fortunately, we have retained many of our long-term service accounts and focused on improving customer service to strengthen the relationships built on trust and integrity. However, many challenges presented themselves, such as the “great resignation” and a downward turn in infrastructure investment.

Brainstorming for Replacements

To combat the challenges, we first focused on our staff. We had a few technicians and key employees leave due to retirement, relocation, or career direction change (happily, only one went to a direct competitor). Finding “replacements” in a new competitive arena forced us to think outside of the box so we could attract talent that would help our company continue to grow and succeed. After brainstorming with consultants,

‘We changed our focus from pitching service agreements as the typical market model to a niche-type, all-inclusive model.’

—Bud Hammer

networking contacts, and the management team and reading several resources on how to build a great organization, we focused on improving our culture and transparency. Engaged employees would improve the team, and now we needed to walk the walk and spread the word. Also, retaining our remaining team was crucial so that any improvements would be mutually beneficial.

Being a union contractor and facing an industry-wide labor shortage ramped up the challenge since experienced, competent technicians were hard to find, and we weren’t going to start poaching. As the company’s owner, I challenged the local union on their recruiting strategies and training program structure and held them accountable for doing their part. Much to my amazement, they listened, and I saw a change

in momentum to help us identify and find **quality-minded technicians** through various recruitment strategies. I also volunteered on the Joint Apprentice Training Committee (JATC) and expressed the need to improve recruitment and education for the future of our industry. Marketing, contacting other locals for best practices, involving the state pipe trades association for a week-long campaign tour to recruit in our area, put boots on the ground to attract new members. Parallel to that effort was improving our culture and encouraging our field techs to spread the word that we are a great company to join.

Management Makeover

While the field efforts were developing, we also focused on **rebuilding the management team**. We discovered we potentially had the folks already in place, but they needed buy-in for increased responsibility and professional development to elevate their value to our organization. Our current operations director is on track to be our general manager, one of the long-term field techs was promoted to field service manager, and a few other promotions took place that allowed existing employees to rise the ladder and our company the opportunity to continue improving our business model. As I write this, I am happy to report that our team is the strongest its ever been, and there is an energy that wasn’t there before. While folks are still learning, they are engaged, motivated, and on board with helping our company be its best version of what we can be.

As we rebuilt, profit wasn’t the focus. However, we realized that revenue was required to invest in our human resources. We changed our focus from pitching service agreements as the typical market model to a niche type “all-inclusive model” where budget control and contractor accountability became the topics of discussion with current clients and new prospects. The “pay one price” model was more common many years ago but faded away as price became the focus of many client transactions. By being different and finding clients that were yearning for a value-based relationship, we started closing deals on the **all-inclusive service agreement**. While it is a risk for us to cover repairs with parts if things break, we are raising the bar on doing a better job of preventive maintenance (beyond filters and belts). We can demonstrate several financial benefits over the lifecycle operational cost. No more “your compressor failed, and it costs this much \$ to replace.” Unfortunately, the compressor failed, and we have a replacement on its way and the labor lined up for a quick repair... it doesn’t cost any extra—no need to find funding for the unexpected event. We are partners now, not just another vendor.

As we recover from the pandemic and adjust to the evolving industry, we have tried marketing campaigns, courted potential clients that chose price over value and lost a few relationships for various reasons. Only some things have worked, but the positive change in our culture and unique approach to the marketplace has built momentum that should help us continue growing and succeed as a value-based service leader in our market.



Financing, Software & Supplies

by Vincent DiFilippo, President, DiFilippo's Service Co., Paoli, Pa., and Contracting Business Advisory Board Member

DiFilippo: Financing resulted in a 22 percent sales increase.

One of the things that we really pushed in 2022 was consumer financing. We started to include an option to finance the job for 60 months at 0% on all of our new system proposals and we offered a discount if they chose not to finance. This had the benefit of aligning us with what our competition was offering and brought our pricing a little closer to their offering. Of course, we are always higher in price due to our providing so much value with our installations. We realized a **22% increase in sales** due to offering financing.

New Software

We also switched software companies to Field Edge. The program has enabled much improved client service with the ability to provide the client with all needed information about their system(s) instantly. Scheduling is easier, faster, and more accurate and DiFilippo's is very focused on providing on-time, convenient service. It is what gives us the advantage over our competition. The program has also made us paperless as far as technicians are concerned. Technicians sometimes do not have the best penmanship and also forget to write down critical client info like equipment type, any accessories, client

'The tech can enter all information, parts, work done, pictures of equipment, client signature, and send it to the office. Done.'

—Vincent DiFilippo

email address, important notes like "dog aggressive" etc. The tech can enter all information, parts, work done, pictures of equipment, client signature, and send it to the office. Done. This program has also reduced the workload on the office staff as they no longer have to hand process invoices and do filing. This has enabled them to focus on client satisfaction process's, agreement plan mining, better social media programs etc.

We handled the supply chain issues very well. In late spring, we bought furnaces in both 80% and 90% efficient and the 3 most common BTU capacities and stored them in our shop. We could get the client heat more quickly than most of our competitors. We also began to cannibalize furnaces and heat pumps (that we removed from homes replacing their systems with new equipment) of critical "mission critical" parts i.e; draft motors, gas valves, circuit boards, etc, and stored them

for the upcoming winter season not knowing if parts would be available. This allowed us to temporarily provide heat to our clients until the OEM part was delivered. It also enabled us to close new jobs because we could provide a used part to hold them over until the new equipment was delivered and installed. We also acquired many new clients whose HVAC company could not get the replacement part for weeks and DiFilippo's Service was able to give them heat with used parts until the new part was delivered.

Software, Service Management, Prioritizing Training

by Nathan Coker, president, Stanfield Air Systems, Athens, Georgia



Nathan Coker, right, and his son Rex. "Pulling the lead tech out of the field to be full time support and manager was game changing," Nathan says. American Standard

The only thing that stays constant is change. Change is something that we have worked into our culture over time and is ongoing to grow and progress. A few of the things that we have implemented over the past year to improve efficiency and operations are update service software, promote a full-time service manager and, making ongoing training a priority.

One of the major things that didn't go according to plan was implementing the new service software. We made poor decisions at the end of last year and selected a software that didn't work well with what we were trying to achieve. Unfortunately, we were in contract with them but had to pivot nonetheless and that is when we abandoned the lacking software and brought on ServiceTitan. Doing so has provided our clients with all of the information that they crave almost instantly. In a society that has instant information in the palm of their hand we saw the importance of getting with the times and providing this feedback for them. We are now out of the first company's contract, but we learned a valuable lesson: make sure that you select a software that is right for your business.

Lead Tech now Service Manager

We decided to promote our lead service technician to a full-time service manager at the beginning of 2022. We had eight service technicians that were very good but only had a lead tech in the field to call upon for support. Pulling the lead tech out of the field to be full time support and manager was game changing. All of our techs average tickets went up and recalls went down. Productivity in the service department has skyrocketed with less people.

'Make sure that you select a software that is right for your business.'

—Nathan Coker

The final piece, making training a priority, came from an initiative that we started a few years back. We have been recruiting high school students and bringing them in on apprenticeships and hiring them when they graduated. They all did well with on the job learning but were not progressing at the rate we needed them to. By sending them to offsite classes and holding weekly trainings, we have seen not only the younger employees progress at a much higher rate, but the experienced employees sharpen their skills as well.

Watching the Numbers & Marketing

by Renee Lucas, co-owner, LCS Heating & Cooling, Indianapolis, Ind.



Lucas: Sharing the numbers helped LCS surpass goals.

For the first time, we've kept our monthly budget, departmental revenue goals and membership goals in front of us. Each week, we review where we are relevant to each goal. This has given us the information needed to tweak our follow-up process, create outbound plans and update marketing in the middle of the month, rather than waiting to see how we finished at the end of the month.

We also share this information with our entire team each month so everyone is on the same page. As a result, we've hit or surpassed our goals every month but one this year.

'I truly believe the consistency in our marketing has contributed to our growth this year.'

—Renee Lucas

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One of my personal business goals this year was to make marketing a priority. This included timely approvals for my marketing company, consistent social media planning, updated photos and planned promotions. I'm working on staying a quarter ahead of where we currently are. I truly believe the consistency in our marketing has contributed to our growth this year.

Systems Now, Ductwork Later

by Darryl Robinson, owner, Robinson Air HVAC, Lawton, Okla.

We do a lot of duct replacements, but the summer temperatures in attic spaces exceeds 100 degrees. We talked it over with customers, and those whose [flex] ductwork is workable for a short period of time agreed to have the new duct installed in September. If it costs \$5,000 for the ductwork, we install the system and put the \$5,000 into an unearned income account. When the ductwork is installed, the \$5,000 goes into an earned income account.

We were able to sell more systems, because the technicians are not tied up replacing old duct systems during the busiest time. We do install after install after install. The older

ductwork is still workable for that short period of time. We hook it up to the old flex ductwork to get it running. I was concerned that customers wouldn't want to pay for a duct system and wait two months to have it installed. But, we've

'I explain it's not safe for technicians in the hot attic and I have not had one complaint. They like things done a certain way but are also good people.'

—Darryl Robinson

been business for 11 years. We have a certain clientele that is typically older with disposable income. They're choosy but also good people. I explain it's not safe for technicians in the hot attic and I have not had one complaint. They like things done a certain way but are also good people. They don't want our technicians in an unsafe situation either. **CB**

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Co-op Allowances a Boost for HVAC Marketing Budgets

Be certain you have a clear understanding of the requirements, and plan ahead for how to use funds to your best advantage.

by Michael Keating

As we noted in Part 1 of this series (see online, <https://contractingbusiness.com/21249814>) all parts of the HVAC industry use advertising allowances or rebates. Terms like marketing co-op allowance, promotional allowance, co-op marketing funds or MDFs (Market Development Funds) cover these reimbursements.

The distributor Ferguson HVAC is currently running two paid co-op campaigns, says Bill Thomasson, Senior Marketing Manager. In addition, the firm has an organic social media presence. The company, which is a wholesale heating & cooling distributor, runs 'Product Spotlights' once or twice a month. The firm has more than 1,700 branches and serves customers in all 50 states, Canada, the Caribbean, Puerto Rico, and Mexico. It is headquartered in Newport News, Va.



"A social media allowance will help businesses reach new customers and keep current customers updated on the latest products and services."

—Bill Thomasson

Thomasson sees several pluses through co-op allowances. "One great benefit of partnering with others is that it allows you to share the cost of marketing initiatives. Ferguson HVAC's co-op program will enable us to collaborate with fantastic vendor partners such as Nu-Calgon and MARS to cross-promote our companies, services and products."

The Ferguson HVAC executive sees other benefits to partnering in co-op programs. "For starters, you can share content and help promote each other's company, including what you sell and do. This will help you reach more people and grow your audience. You can also collaborate on projects or offer joint discounts on services or products."

Thomasson says that as social media becomes more ingrained into society, the way businesses use it to communicate with customers is changing. "In 2022-2023, the social media allowance will be a common form of marketing and

promotion for HVAC contractors, wholesalers-distributors, and other types of businesses."

He notes that today, Facebook, LinkedIn and Twitter remain the most popular social media platforms. "However, for our contractor customers, some are exploring newer platforms such as TikTok to reach customers. Some use social media to share news, products, and services. Others use it to build customer relationships by providing customer service through social media channels. Others provide a mix of the two."

Thomasson believes that all of these platforms can be useful. "A social media allowance will help businesses reach new customers and keep current customers updated on the latest products and services. It is an essential tool for promoting businesses and building relationships with customers."

Regarding social media, Thomasson notes that some in the HVAC industry are still at the initial stage. "They understand that they need to use some form of social media, but they're not sure how best to use it to connect with their customers. One option that is often overlooked is forming partnerships with other companies in the industry."

The Ferguson HVAC executive offers this advice about using social networking platforms: "Before posting, whether paid or organic, make sure you have a plan. It is one thing to know how to respond to customers in real-time. Knowing how to listen and learn from your customers is another thing. Social media is a great place to get to know your customers' preferences and behaviors and to learn and grow alongside them."

Co-op and promotional allowances and MDFs can improve an HVAC firm's visibility to potential customers as well as create a positive image for your brand, says Ryan Collier, the company director of Heat Pump Source. The firm offers heat pump services across the UK, including renewable heating installation, repair, servicing and maintenance.

He says using these kinds of funds can assist firms to reach a wider audience; by advertising in multiple channels, vendors can increase their chances of reaching potential customers. "Additionally, these allowances can help you target specific demographics that may be interested in your products or services. For example, if you advertise in a local newspaper, you can target homeowners in your area who are likely to need HVAC services."

Collier says another benefit of using allowances and MDFs is that they can help you save money on marketing costs. “In many cases, the manufacturer will reimburse you for a portion of your marketing expenses. This can help offset the cost of advertising and help you stretch your marketing budget.”

Co-op allowances and MDFs is can sometimes be difficult to obtain. To receive an allowance, you typically have to meet certain criteria set by the manufacturer. Says Collier: “You may have to purchase a certain amount of product from the manufacturer or commit to a minimum level of advertising spend. Some manufacturers will only offer these allowances if you agree to use their products exclusively. This can limit your ability to promote other brands or products that your customers may be interested in.”

2023 Minimum System Efficiency Standards



Hoover

New, minimum system efficiency standards for air conditioners and heat pumps go live January 1, 2023. Will they affect co-op marketing allowances and MDFs? Empire Heating and Air Conditioning in Decatur and Cummings, Ga., uses co-op allowances and participates in some special promotions. Empire owner Martin Hoover doesn’t believe the new minimum system efficiency standards will

have much of an impact on co-op allowances and MDFs.

“I don’t see much of a link to co-op and the new energy mandates,” Hoover explains. “Co-op for the most part is earned as a percentage of purchases, so the new requirements will eliminate the lowest end of air conditioners and heat pumps, so our minimum sale will be higher and thus co-op per system purchased would go up. We don’t sell much of the base models these days so it will be minimal.”

Hoover sees other issues with the standards that are coming in 2023. “Having different standards for 14 SEER installs North and South seems silly and has put manufacturers in a bind. North can install 14 SEER after January 1 as long as the manufacture date was before January 1, 2023. South must throw/ship away all 14 SEER in stock by January 1 as our standard is by install date instead of manufacture date. Pretty much 14 SEER has gone away down South already as nobody wants to get stuck with it.”

Hoover notes that the new M1 standards may require much larger equipment. He tells *Contracting Business* that manufacturers have yet to provide exact M1 equipment specifications. He urges manufacturers to provide details on coils, fan blades and other components that may be part of the heavier M1 gear.

The new minimum system efficiency standards for air conditioners and heat pumps may have an impact on co-op and MDF programs, believes Jack Nagy, president of MTA360. His firm specializes in creating websites and approved SEO

marketing programs specifically for home improvement firms such as HVAC, plumbing, electrical, roofing, solar and more.

Nagy says co-op guidelines are typically based on dealers’ purchases and co-op dollars are accrued based on this factor. He explains: “However, as we look more deeply, equipment price increases over the past couple of years—with likely more to come – combined with the release of the new SEER2 product, is likely to have a negative impact on the co-op accrual.”

Other factors are at play, Nagy explains: “Many dealers are selling fewer systems than they have the past couple of years due to the increased cost to the consumer. So, while co-op guidelines may dictate the same the amount of co-op, accruals by a dealer may vary greatly. As prices increase, consumer demand reduces, thus affecting dealer purchases, which drives co-op dollar accrual. So, yes, the SEER2 is a factor, but so are inflation and price increases.”

At LG Air Conditioning Technologies the new minimum system efficiency standards may offer a positive spin to co-op allowances and MDFs. According to Sean Foster, senior manager, the 2023 standards mandate could be a plus for his firm’s programs. He says LG’s allowances and offerings are based on market demand. Foster explains: “The new standards focus on technology, energy savings, and energy efficiency. We expect LG Air Conditioning Technologies’ current co-op

Co-op and promotional allowances and MDFs can improve an HVAC firm’s visibility to potential customers as well as create a positive image for your brand.

programs will be positively affected by the new standards, as LG ACT continues its efforts to drive interaction between distributors, contractors, and the homeowner.”

LG Air Conditioning Technologies offers a co-op at 50 percent reimbursement, which is only available to LG’s distributors. Eligible applied reps and distributors may be able to accrue a percentage of their invoiced sales. For 2022, it’s 1.5 percent. LG’S co-op program is available to LG distributors and applied reps only. Foster says participating LG distributors receive a credit that they can apply to their contractor customers as the distributor determines, such as for marketing/advertising, contract training, trip/events and/or trade shows.

LG ACT offers a tool kit on its Marketing Resource Center for distributors and LG Pro Dealers, accessed through registering. The Marketing Resource Center provides customizable marketing template ads and additional assets.

Tools are available that can help HVAC companies track their co-op allowance spend as well as MDF performance. Jack Nagy’s firm, MTA360 (mentioned above), is one example. “Our most popular services include: websites built from scratch, search engine optimization and natural backlink creation.” His firm also offers popular social media marketing and

HVACR DISTRIBUTION



Nagy

pay-per-click (PPC) programs that are covered under co-op and MDF offerings by all manufacturers.

Nagy believes that co-op marketing allowances can be beneficial to HVAC dealers, but he issues a cautionary note.

“When you dive deeper into the ‘cost per lead,’ a key metric of any HVAC firm’s marketing investment, there may be times when passing on a co-op opportunity may actually be the better decision. At first blush, co-op arrangements seem smart—you are sharing the marketing cost with the manufacturer or the distributor, and being promoted alongside their brand can help drive awareness—but co-ops also can hem you in to a specific agency or media organization.”

MTA360 recommends HVAC dealers do some lead-tracking and analyze the ROI of the spend against two key metrics—cost-per-lead and conversion, which is all about the quality of the lead. As Nagy explains, “If you spent \$12,500 and got \$25,000 through co-oping, but you are paying above \$100 per lead, there may be a better approach for your marketing spend. Online digital programs that drive leads to your website, which tend to be high-value, quickly convert and can be in the \$25

cost-per-lead range. They can drive volumes of business for HVAC dealers.”

SproutLoud (<https://sproutloud.com/>) is a distributor marketing platform with tools that brands and their dealers, distributors and contractors need for local marketing execution, funds management, marketing analytics and local marketing guidance.

“With our system, brands can choose to run a traditional claims-based co-op marketing program, or an instant co-pay system, or a combination of both,” says SproutLoud Vice President of Sales Michael Torcasso. He says newer distributed marketing software can auto-

mate, streamline and simplify co-op marketing.

There is expected to be an increase in the use of social platforms in 2023.

“Although social media is included within the overall LG co-op and marketing program, its use is still growing,” says Jeff Holm, manager, channel marketing at LG Air Conditioning Technologies. **CB**



Holm

Michael Keating writes for a variety of publications, including *NATE Magazine* and *American City & County*. Contact: michael.keating@informa.com

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SAP Center Upgrades Refrigeration System for Hockey

California's SAP Center, home of the San Jose Sharks®, was recently upgraded with new ice making refrigeration systems and building air conditioning chillers. At the start of the project, there were a variety of refrigerant choices to consider, which led the Sharks to research all available possibilities. Throughout the process, the facility's engineering team consulted with officials from the National Hockey League, along with experts from Chemours, makers of Opteon™ refrigerants, and Trane Technologies™. With factors such as environmental sustainability, equipment reliability, system performance and safety top of mind, the San Jose Sharks selected Opteon™ XP10 (R-513A).

Jon Gustafson, the SAP Center's senior vice president, shared more about the Sharks' commitment to sustainability and the factors that went into their decision to upgrade to Opteon™ refrigerant.

Q. When it came time to replace your existing refrigeration systems at the SAP Center, you had a number of options to choose from but ended up using Opteon™ refrigerant. What refrigerants and systems did you consider? What were the major criteria when making your decision?

A. Well, ice is our business, so to start off we researched everything. Our local jurisdiction (the City of San Jose) frowned upon ammonia (R-717) due to its relative safety risks. We were really looking for something that was very reliable, and most importantly, eco-friendly, so Opteon became the obvious choice for replacing our current refrigerant.



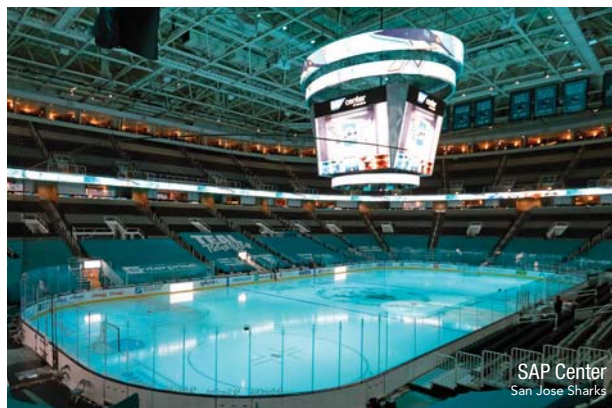
Mechanical room for the SAP Center's refrigeration system.

Chemours

Q. This recent project involved both ice making refrigeration and the building's air conditioning system. How did that impact your options and decisions?

A. Our ownership is driving us toward eco-friendly and zero carbon across all our mechanicals, so again, Opteon was a perfect solution for us since it performed well at both ice making and in building HVAC conditions. In addition to its performance in both applications, since XP10 is a class A1 (low-toxicity, non-flammable) refrigerant, all of our chillers could be located in the same machine room.

Q. The Sharks have completed several sustainability-focused



SAP Center
San Jose Sharks

projects at the arena. How does this refrigeration upgrade contribute to your sustainability vision and goals?

A. The Sharks organization is proud of all our initiatives to reduce the impact of our operations on the environment, including the recent upgrades of the SAP Center's HVAC and ice making systems. We are delighted to pioneer an environmentally-friendly solution like Opteon as a sustainable alternative to legacy refrigerants for professional and community rinks across the country.

Q. How have the chillers performed to date and what's been the feedback from the teams on ice quality?

A. Everything has been fantastic. To date, from installation, start up, initial ice build, and return to play, the ice quality has met or exceeded our players' expectations. On top of that, to be able to operate our facilities efficiently, reliably, and safely is huge for us and any other similar type of facility.

Q. The San Jose Sharks are the second NHL club to install Opteon. What impact do you hope this will have on community rinks in the San Jose area and beyond?

A. We are very focused on sustainability and what we can do for the environment. Certainly, as leaders in the community, we hope others will learn from what we've done and follow us.

The San Jose Sharks could have chosen any refrigerant solution, but when it came time to invest in a new air conditioning system and ice making chillers for the SAP Center, they went with Opteon XP10 refrigerant. To the Sharks' engineering team—tasked with delivering reliable, safe, and efficient refrigeration and air conditioning within an organization dedicated to improving sustainability across all its operations—Opteon XP10 made perfect sense. The Sharks' leadership chose to provide their players and fans with a state-of-the-art facility and set a great example for other rinks to follow.

Visit bit.ly/SAPCenterChemours for additional Q&A from "center ice" with Jon Gustafson, the SAP Center's Senior Vice President and Brandon Marshall, Brandon Marshall, North America Marketing Manager – Thermal and Specialized Solutions, Chemours.

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BY CHARLIE GREER

What's a Realistic Conversion Rate for Service Agreement Sales?

People often ask what the average company-wide conversion rate for service agreements should be.

What's your attitude?

A lot of it depends on your techs' attitude toward dirty equipment and whether or not they feel it's optional or mandatory, whether or not cleaning equipment is beneath them, or feel they have the time to clean everything up on that call.

I don't necessarily make cleaning the equipment optional. I was fortunate enough to be trained by a person who only had to say to me once, "I don't work on dirty equipment." You're not doing anyone any favors by changing their flame sensor and leaving the blower and indoor coils full of dead skin cells, among other things.

Do your techs honestly believe in the necessity of keeping the equipment spotlessly clean?

I do. Some years ago, a group and I first made a list of every type of breakdown we see on a regular basis that we felt were caused by a direct result of a lack of maintenance. We then pulled out 100 random invoices and separated them into two piles: the breakdowns that were a direct result of a lack of maintenance, and the breakdowns that weren't.

To our surprise, 99 of the breakdowns we studied were a direct result of a lack of maintenance.

The procedure:

On a "no heat" call, I do a complete inspection before making any recommendations. On a "no heat" call, I always mention to the customer, "I know I'm just here to get your heat back on, but I'm going to step out to your air conditioner to note the make, model, and serial number so that when it requires service, we'll know what we're coming here to work on. I just didn't want you to wonder what I'm doing looking around your air conditioner when I'm here to repair your heat." While I'm out there I'll take a quick look at the condenser coil, which is nearly always at least partially blocked.

I then write up my Paper Towel Close, which would include the service agreement as part of it.

I always talk about the equipment in front of the equipment, so I get together with the customer(s) and we'd head on over



99 out of 100 breakdowns were from lack of maintenance.

to their heating system. The first words out of my mouth are, "Mr. and Mrs. Customer, has no one ever consulted with you on the REQUIRED maintenance on your central heating and cooling equipment?" They say no. At which point I say, "That explains it. This breakdown and entire expense is a direct result of a lack of maintenance. At this point, you need a new one of these (pointing out the failed part), this (pointing out some other part) is showing serious signs of wear, and the whole thing needs to be cleaned up."

When we get to the condensing unit, I say, "While I was writing down the make, model, and serial number on your air conditioner, I couldn't help but notice that your air conditioner has a partially blocked coil. Do you know what the primary cause of compressor failure is?" They answer, "a blocked coil?"

I then say, "This is going to require a thorough cleaning as well. I can't do it today because our trucks are all set up for the heating season. But we do have a list of people that we go out and see between seasons to take care of this. Would you like me to put you on the list to receive a reminder?" They tend to say yes.

I then ask, "Would you like me to see if I can get you a discount on this?" They normally respond with something like, "Now you're talking!"

When I show them the paper towel close, it's apparent that the service agreement isn't costing them anything; it's saving them money. It's very common for me to get a "Thank you," for that.

If a technician believes in the value and necessity of maintenance and service agreements, the conversion rate will be close to 100%, and I'd send that tech on every call to non-service agreement customers I could. **CB**

CHARLIE GREER is the creator of "Tec Daddy Service Technician Survival School on DVD," which includes his step-by-step procedure on service agreement sales, upgrading repair calls to replacement sales, overcoming objections, and more. For information on Charlie's products and services, visit www.hvacproffitboosters.com. Email Charlie your comments on this column or questions on salesmanship to charlie@charliegreer.com.

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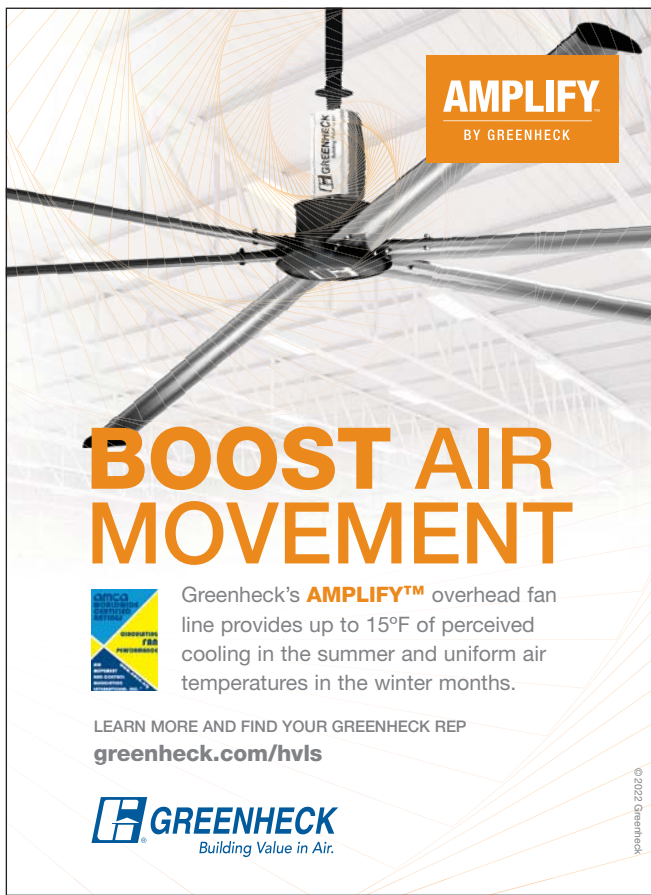
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BY DOMINICK GUARINO

A Look Back at 2022 and Forward to 2023

While this past year has been a return to normalcy after two years of Pandemic lockdowns, false starts, supply chain shortages, and all the craziness, it was still a challenging year.

Among these challenges we've experienced runaway inflation, soaring gas prices, inventory shortages, and a doubling of mortgage interest rates—to name a few.

A Good Year for Many

Despite this turmoil, many contractors reported 2022 has been one of their best years ever. Among the most shared reasons were higher prices. However, many successful companies with double-digit margins also attribute higher profits to doing more with less.

Even with equipment shortages, they learned to add new products and services to most installations, so while they had less equipment to sell, the average ticket price went way up.

High-Performance contractors who added airflow upgrades and duct renovations fared particularly well as much of the increase in sales volume was attributed to more labor sold at strong profit margins.

In-Person Training Returns

During the first year of the pandemic shutdowns, online training became the prevalent form of advanced education in our industry. However, contractors and technicians quickly grew weary of staring at a talking head on a screen for hours on end.

Some training—including NCI's—was done live, in studios with better production values and hands-on demonstrations, but screen fatigue became noticeable as we entered 2022.

By Spring, most were ready to get together in person and flocked to in-person training events and conferences around North America. Fingers crossed, in-person training bolstered by online courses will continue to be the new normal, as this combination truly takes advantage of the best of both venues.

SEER2 Standards

As we enter 2023, manufacturers must apply the new M1 testing standards which rate equipment based on more realistic field conditions with Total External Static Pressure (TESP), of .5-in. of water column (SEER2, EER2, and HSPF2). While the measured external static on most systems across North America is actually from .8-in. to over one inch, this is still a step in the right direction.

A word of caution to manufacturers and distributors: It's

more important than ever that your contractor dealers and their techs and installers have the knowledge and training to measure installed performance, beginning with static pressures.

With the new standards there will be less wiggle room than ever in terms of field performance. Your equipment could get a black eye from consumers if statics and delivered airflow are not measured and verified. Good training is the solution.

Potential for Refrigerant Chaos

With the new standards come new refrigerants flooding the market. These include R32 and R454B. This means technicians

will have to deal with at least four different refrigerants, which includes needing a thorough understanding of related oils, cross-contamination in gauge manifolds and

recovery units, not to mention flammability. They must also take care to dial in correct pressures and temperatures for each system type. I know I seem to keep harping on training, but once again good education will be critical during this transition.

Customer Service Will Win the Day in '23

When it comes to customer service, it seems the pandemic significantly lowered the bar. This was in part due to severe understaffing in service and retail companies. But I also believe it was in great part because of a lack of caring by many customer service personnel. It seems like so many just gave up.

Step up your service efforts this coming year. Return calls promptly, truly listen to customer needs, and do what you say you will do. This will set you head and shoulders above 90% of your competition. It doesn't sound like a very high bar but will truly make a difference in this post-pandemic environment.

Despite the challenges, 2023 could prove to be another great year for our industry. We have proven that we are essential to everyone's well-being. What a great opportunity to show customers that we continue to rise to the challenges and opportunities ahead to provide exceptional service—with a smile! **CB**

Dominick Guarino is CEO of National Comfort Institute (NCI), (www.nationalcomfortinstitute.com), the nation's premier High-Performance training, certification, and membership organization, focused on helping contractors grow and become more profitable. His e-mail is domg@ncihvac.com. For more info on NCI's 2023 High-Performance Summit visit www.GotoSummit.com or call NCI at 800/633-7058



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ADDITIONAL INFORMATION

Before purchasing this appliance, read important information about its estimated annual energy consumption, yearly operating cost, or energy efficiency rating that is available from your retailer.



R32

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Up to 13.8 HSPF
Up to 16.3 EER

