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Service World Expo Refreshment in the Desert

PAGE 8

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ALSO IN THIS ISSUE:

22 HVAC Service and Lead
Generation

26 Weatherization as a Service

29 A2L Refrigerants in Focus
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COVER STORY

Service World Expo

Refreshment in the Desert

8

ON THE COVER: The people and events of Service World Expo 2023. Desert photo 166865701 Ray Redstone | Dreamstime.com

COVER STORY

8 Service World Expo Brings it to Phoenix

Forty-four presentations, endless networking and smashing social events combined for a winning HVAC event.

HVAC SERVICE

22 HVAC Service & Lead Generation

Your interaction with homeowners and understanding of their needs are critical to lead generation and conversion processes.



26



29

HVAC SERVICE

26 Weatherization as a Residential Service

Leveraging state- and utility-funded weatherization programs can be a "win-win" for HVAC contractors and homeowners

REFRIGERATION SERVICE TODAY

29 A2L Refrigerant in Focus at ACCA "Next Level"

John Maiorana, Kate Houghton and Don Gillis provided insight into the changing world of refrigerants during a 2-day ACCA summit.

COLUMNISTS

6 First Word | Terry McIver

30 Superior Service | Charlie Greer

32 The Rant | Matt Michel



16



19

DEPARTMENTS

4 What's New Online

8 From the Field

14 Products

18 Manufacturer News

31 Ad Index

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Group Editorial Director
Buildings & Construction,
Mike Eby

Editor-In-Chief,
Terry McIver, tmciver@endeavorb2b.com

Art Director, Julie Whitty

Production Manager, Sam Schulenberg

Ad Services Manager, Deanna O'Byrne



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Doing Pushups

I had heard of the 2005 movie about Coach Kenny Ray Carter, but had never seen it. "Coach Carter" starred Samuel L. Jackson, in the true story of the great success achieved by Coach Carter, basketball coach at Richmond High School in Richmond, California.

Carter became famous for closing down the basketball program (with the team at 25-0) until his players' grades improved. He stood firm in his pledge, despite intense pressure from administrators and parents.



Coach Ken Carter: Hang on during the "winters" of life, because spring is coming.
Terry Mciver

Carter's plan worked. Players' grades improved in line with Carter's expectations (see bit.ly/coach-carternews). Other challenges came from some players' involvement in the "street life," but he helped them find the right path. One of the most troublesome player/students went on to become a doctor.

Carter was a keynote presenter at the recent PHCCConnect 2023 in sunny Cleveland. His multidirectional message was inspiring. We've all heard similar messages at shows, but Carter's was the best I've heard in a long time, related to endurance through life and getting along with people.

He began with a look back at his childhood in Macomb, Mississippi, growing up with seven sisters and one brother, and very little money.

"We were so broke, when we passed the bank, it set off the alarm, he joked. "No matter how hard my mom and dad worked, we just barely had enough." Carter wrote his mother a note at age seven, telling her that someday, there would be a movie about his life, and he would be so successful he would be able to buy her a house, and she would never cry again over money. That note is framed, and on the wall of the house he did eventually buy her.

Carter spoke of being ready to play this game called life. "You may have difficulties in life, but there's opportunities to do better. All you got to do is hang on. And the way you hang on is with better knowledge. Knowledge is not power. Power is the execution of the right knowledge. You've got to be a lifelong learner."

Carter was known for using pushups as a disciplinary measure. Players who didn't meet his expectations on the court, or who messed up off the court toiled through thousands, in some cases tens of thousands of pushups. A gripping scene from the movie he showed during his presentation involved all players doing pushups for teammate Cruz, who was struggling to finish his thousands, but couldn't go on. One by one they got down on the gym floor and began serving Cruz's punishment.

Pushups were included in Carter's presentation, when he realized two in the audience were unaware of his record of 25-0 for their first 25 games. Following the plot, they were each allowed to delegate someone to do their 10 for them.

In your lives as managers, Carter said, you've got to meet people where they are. "Sometimes that's what great leadership is all about. You don't have to have the heavy hand all the time. Leadership is about where you meet people, how you meet people, and always being respectful. Being respectful was the greatest thing that ever happened to me. No matter what situation you're in, or what you're going through; it could be winter for you, but you got to remember springtime is coming. But if you don't till the soil, guess what? You're going to harvest if you put in some work."

Kenny Ray Carter continues to help young people succeed. His Coach Carter Impact Academy in Marlin, Texas is open to about 150 students in grades 8-12. Its mission is to build self discipline and academic excellence.

Near the conclusion of his presentation, Carter revealed that a sequel, "Coach Carter 2" is going to be made. I'll be sure to see it. **CB**

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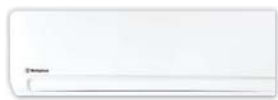
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Refreshment in the Desert

PHOENIX, AZ, October 6, 2023—Nothing like a successful event to kick off the new HVAC show season. And that's exactly what Service Nation made possible, with its successful staging of Service World Expo 2023, October 2-6 in Phoenix, AZ.

Service World Expo, billed as the nation's leading networking and training conference for HVAC, plumbing, electrical, remodeling, and residential home services professionals, convened over 1200 contractors and staff from across the United States to help spark a rebound from a surprising summer slump and prepare for upcoming business opportunities with the Inflation Reduction Act, AI, and more.

Now in its seventh year, Service World Expo has become firmly established as a must-attend event for heating and air conditioning contractors committed to continued growth and profitability.

The solid lineup of 44 keynote speakers, breakout sessions, and business training sessions across four available tracks based in part on business revenue level, provided contractors with incisive tools and takeaways to fuel their bottom lines and focus on the upcoming heating season.

Sessions of note included how to benefit from the Inflation Reduction Act of 2022, as states such as Arizona begin to activate around the incentives available to consumers and contractors who serve them nationwide. Also, contractors learned how fellow industry peer companies are applying artificial intelligence (AI) in their customer service and other operations to streamline costs and improve business overall.

Keynote speakers provided inspiring anecdotes and poignant insights, including actor and author Richard Karn, former Philadelphia Eagle and magician Jon Dorenbo, and entrepreneur and podcast host Tommy Mello, CEO of A1 Garage Doors, with inspiring words that apply to all service business professionals.

"Service Expo 2023 was another hit. Our goal is to create an environment where home services contractors of all shapes and sizes can network



Service Nation President Tom Peregrino spoke with attendees throughout the week-long event, and provided an excellent presentation on company culture.

Terry McIver



Stephanie Postell, chief operating officer and co-owner of Anchor Heating & Air, shared how to construct a simple plan to create a great company culture and "get people in the right seats."

Anthony Williams/
Service Nation



The New Flat rate presented five awards to contractors who have been most successful applying The New Flat Rate in their businesses.

Anthony Williams/Service Nation



Ken Goodrich, CEO of Goettl, Inc., has become a "must-hear" presenter, for the way in which he challenges contractors to realize the full potential of their businesses.

Anthony Williams/
Service Nation

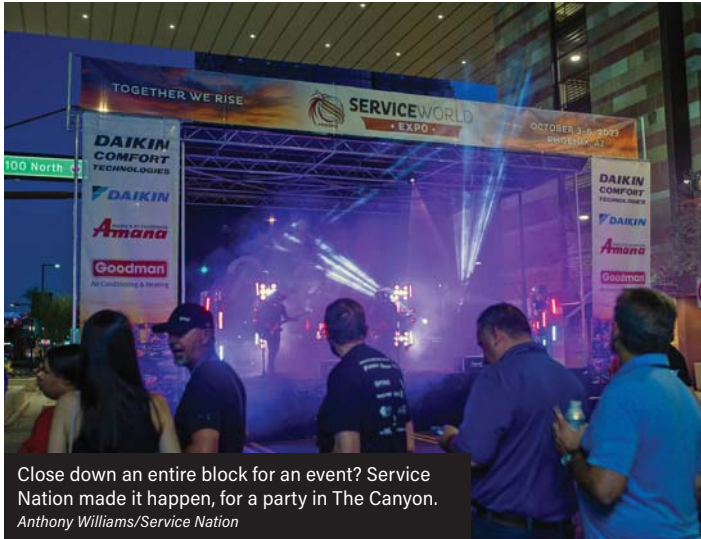


Louis Hobiaca of the immensely successful Hobaica Services of Phoenix spoke on Alliance Day along with other presenters.



Colleen Keyworth, left, outgoing president of Women in HVACR and president, International Network for Women in Cooling, led a breakfast panel discussion on the challenges and successes of women working in HVAC contracting. Also participating, from left: Marcia Christiansen, 2023-24 president of WHVACR, and business unit manager, PECO Control Systems; Lori Tschohl, Women of Service Nation advisory board member and vice president, Eagle Pipe & Mechanical; Kim Gill, executive director, Women in Piping & Plumbing; and Sarah Ghirardo, director of LadyTitans, powered by ServiceTitan.

Anthony Williams/Service Nation



Close down an entire block for an event? Service Nation made it happen, for a party in The Canyon.
Anthony Williams/Service Nation



Robin and Brad Falke accepted the late Rob Falke's Hall of Fame Award. "Rob loved each and every one of you and was grateful for your dedication to learning," Robin said. Brad commented on the success that comes from having a passion for service.
Anthony Williams/Service Nation



Kim Martin, a Service Nation Premier Coach, spoke on preventing a cash shortage, how to be your own line of credit and managing expenses.
Anthony Williams/Service Nation



Dominick Guarino, 2023 Hall of Fame Inductee, spoke of the mission of National Comfort Institute: taking the right approach to delivering true comfort and true energy efficiency.
Anthony Williams/Service Nation



Jon Dorenbos played for the Philadelphia Eagles, and later made his avocation of magic his new career. He stunned the crowd with his sleight of hand, his message of surviving the hits of life, and the power of forgiveness.
Anthony Williams/Service Nation



Hall of Fame inductee Steve Miles said his success is based largely on learning, and in implementing new and valuable ideas learned from many of "the greats" and in peer group meetings.
Anthony Williams/Service Nation



Shows provide opportunities for industry stars to share some time. Steve Miles chats with Vicki and John LaPlant, retired consultants who for many years have worked to bring support for the Joseph Groh Foundation.
Terry McIver



The party at the duce gave guests a chance to don foam suits and have at it in the squared circle.
Anthony Williams/Service Nation



The team from DOPE Marketing, St. Paul, Minn. wins CB's unofficial "most fun" booth award.
Terry McIver



On Thursday, the duce was packed by contracting teams.

Anthony Williams/Service Nation



Renee Lucas, co-founder of LCS Heating & Cooling, was named Women in HVACR's Woman of the Year. Anthony Williams/Service Nation

with fellow contractors, learn about new products and services, receive massive education, and of course, have fun,” said Tom Peregrino, president of Service Nation. “We’ve already received overwhelming, positive feedback and are looking forward to Service World Expo 2024 in Orlando.”

The show floor was active throughout the week, as attendees visited with what were just shy of 200 exhibitors, including leading industry brands Amana, Daikin, Ferguson, Goodman, Lennox, and Rheem, among others, many with services related to digital marketing, consumer financing, website development and software and soft skills, all of which are essential tools.

A golf outing was held on the Monday before the main event to benefit the Joseph Groh Foundation, established to provide aid to persons whose trade careers were shortened by a disabling accident. This organization is championed with great love and enthusiasm by consultants-at-large John and Vicky LaPlant.

Generous contractors donated \$92,000 to the Foundation through the golf tournament and donations at the show. Contractors Joe and Tawnya Strittmatter posted a matching donation of \$25,000, which was achieved.

Alliance Day, presented on the Tuesday of show week, brought industry-leading marketing, sales, and business experts together to help contractors achieve greater profitability faster. Presenters provided best-practice insights on growing profit by 30 percent each year; creating a unique success plan; and building systems and processes to double business in two years. Presenter included Ken Goodrich, Lou Hobaica, Tom Peregrino, John and Vicki LaPlant, Bob Viering, and contractors appearing in panel discussions who took questions from attendees. There was also an awards presentation.

Contractors and vendors can visit ServiceNation.com for more information on Service World 2024.

EGIA Foundation Names Scholarship Recipients

SACRAMENTO, Ca. (October 11, 2023)—The EGIA Foundation, a 501(c)(3) nonprofit working to alleviate the labor shortage in the trades, along with its student-focused division AlwaysInDemand.com, has announced the selection of 18 recipients of the 2023 HVAC HERO Scholarship. The applicants were selected based on need, academic merit, and career goals in order to tear down financial barriers that plague some of the best and brightest young people looking to get into the industry across the country.

Each recipient will receive \$2500 to be paid towards their tuition and other costs of attending an HVAC technical program at a technical institution, junior college or other accredited program. Plus, brand new for this year’s recipients, is a year of access to Interplay Learning technical training, ESCO Institute’s HVACR Learning Network, and EGIA’s Contractor University.

“The EGIA Foundation is proud to be able to support 18 of the brightest young minds in their pursuit to join the home services

workforce, who are helping to create a shift back to trades as a first-choice career path,” said Bruce Matulich, EGIA Foundation Chairman. “As we all know, a workforce shortage has been impacting our industry for decades. But the EGIA Foundation, in partnership with the schools we work with and the passionate young students studying there – plus our partners at Interplay Learning, ESCO Group and Contractor University – are actively working toward reversing that and creating positive foundational changes for decades to come.”

The 2023-24 class of the EGIA Foundation’s HVAC HERO Scholarship is the first to receive additional training resources from three additional partner organizations to supplement each student’s own technical program. Interplay Learning specializes in virtual technical training, utilizing VR headsets and other devices to deliver their award-winning learning catalog of hundreds of HVAC and home services training courses; ESCO Group and its

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HVACR Learning Network is likewise renowned as an industry leader when it comes to technician training and preparedness; and Contractor University powered by EGIA is the industry's leading provider of non-technical, business development education for home services contractors.

This year also includes recipients of two special awards, which were supported by partner organizations of the EGIA Foundation. Dylan Whipple, of Demorest, GA, is the winner of the Business Modification Group Scholarship, funded in part with a special contribution from Patrick Lange and Business Modification Group.

Dante Carter, of Palmdale, CA, is the recipient of the GoGreen Scholarship, awarded through a special partnership with GoGreen Financing, an energy efficiency financing program backed by the State of California.

You can find more information about the HVAC HERO Scholarship by visiting EGIAFoundation.org, the home of all EGIA Foundation initiatives helping to connect industry stakeholders and promote the trades as a first-choice career path. The full list of scholarship and eligibility requirements for the HVAC HERO Scholarship program can be viewed by visiting AlwaysInDemand.com/apply. Applications are open now for the 2024 HVAC HERO Scholarship to support students who will become the next generation of qualified workers in the home services trades.

The EGIA Foundation is a 501(c)(3) nonprofit, nonpartisan organization dedicated to expanding the benefits the public receives from the home services industry through education,

research and the development of the next generation of qualified workers. You can learn more about the EGIA Foundation at its website, EGIAFoundation.org, or its student-targeted web portal, AlwaysInDemand.com.

SMACNA Names Board President, VP



Duncan

The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), named Carol Duncan as board president and Scott Vidimos as vice president, during its 79th Annual Convention in Phoenix, Arizona.

Duncan, CEO and owner of General Sheet Metal, will serve a one-year term. She will be focused on the "BE4ALL" initiative, a joint effort of SMACNA, SMART, and the International Training Institute (iTi), to positively impact the industry's work culture and meet the real-world demand for the best, and most qualified workforce available.

Vidimos, president of Vidimos, Inc., has been an active member of SMACNA both nationally and locally, serving in many roles and committees, including SMACNA's Industrial Contractors Council Steering Committee, Technical Resources Committee, Budget and Finance Committee, Director Nominating Committee and as a SMACNA-IFUS Trustee. Vidimos has also been involved in the Northern Indiana Sheet Metal Contractors Association.

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PACKAGED PUMP SYSTEM

In response to evolving customer needs for pre-assembled, pre-packaged solutions that save time and labor, Bell & Gossett, a Xylem brand, is expanding its world-class portfolio with the introduction of the TECHNOFORCE HVAC Package System.

A turnkey, all-in-one HVAC stock skid system ready for immediate installation in commercial HVAC and pressure booster applications, the addition of the HVAC package system represents a competitive addition to the Bell & Gossett portfolio and joins the growing HVAC skid market—all with a higher capacity skid range.

Offered in 40 pre-configured standard stocked models that come fully assembled, the package system is designed as a complete solution that can accelerate the ordering process and provide peace of mind with shorter lead times.

Consisting of two to three e-1531 pumps, valves and control drives, most models will fit through a standard 36-inch doorway, making them ideal for retrofit or new construction build opportunities. With higher flow capacities in a smaller footprint using end suction pumps, and ready for hookup upon arrival to a single-point electrical and mechanical connection, the HVAC package system presents a more cost-effective and streamlined solution than other market counterparts. <https://bellgossett.com/buildingbetter> and <https://bellgossett.com/>



AHR 2024 Innovation Award Winners

Building Automation : The 75F HyperStat Split enables contractors to upgrade RTUs with advanced rooftop control with unprecedented ease.

Cooling: The DSG compressor from Danfoss has been designed for low pressure refrigerants such as R1234ze with low global warmingDanfoss potential.

Heating: Nextac transforms the PTAC with R-32 refrigerant, a twin rotary inverter compressor, heat pump performance to -10°F and more.

Indoor Air Quality: WellStat® is an indoor Air Quality + Energy Management Software platform used by property and facility management teams to responsibly assure healthy air quality conditions, lower operating costs, and increase operating revenue.

Plumbing: Rheem Water Heating's Triton Light Duty is described as the most intelligent high efficiency commercial gas water heater on the market. In 50- and 75-gallon models.

Refrigeration: The AirGreen-BMIL brine-based DX refrigerant system essentially creates a low dewpoint "heat pump" for cold room AirGreen2applications.



Danfoss

Software: SAM (Skill Advisor and Mentor) from Interplay Learning is the first AI-powered advisor for the skilled trades.

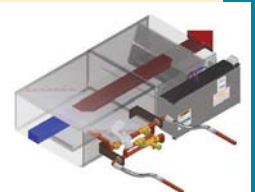
Sustainable Solutions: Midea's Packaged Window Heat Pump is a window-mounted cold climate air source heat pump, designed for DIY installation and high-performing, energy-efficient heating and cooling.

Tools & Instruments: FLUE-Mate Combustion Analyzer by INFICON is designed to improve combustion efficiency and safety.

Ventilation: The SAV-Smart Air Valve by HVAC Manufacturing and Technology, Inc. is an economical self-commissioning air control solution. Featuring a 100-1 turndown and precision airflow accuracy to within a few CFM operating as low .03"W.G. It matches the ventilation rate to the risk of hazard.



AirGreen2



HVAC Manufacturing and Technology

POWER PANEL

Mitsubishi Electric Automation's PowerGate E (E for Economy) is a standard bypass solution for commercial HVAC applications that require limited options and have tight budgets.

PowerGate E is designed to offer a cost-effective alternative to Mitsubishi Electric's feature-rich PowerGate H control. PowerGate E has a multitude of options that allow customers to tailor the unit to their needs. All PowerGate E panels come with complete technical and installation documentation and are backed by a comprehensive two-year warranty. PowerGate E comes standard with a NEMA 1 enclosure and utilizes Mitsubishi Electric's FR-F800 VFD. Offered in horsepower ranges of 1-HP through 25 HP, PowerGate E panels are offered in 208-240V or 380-480V power requirements. Standard features include but are not limited to a two-contractor bypass system, 5% impedance AC line reactor, HOA Keypad, Alpha Controller, load abnormality detection, RS485 BACnet MS/TP and Modbus RTU communication.

mitsubishielectric.com



WORK BOOTS

The "Georgia Giant" Revamp waterproof work boot is built with Goodyear® welt construction, and features a full-grain Superior Performance Ranchwear (SPR) leather upper with a padded tongue and collar and removable Comfort Cover tongue protector. The Comfort Cover provides protection

AirData Multimeter®

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www.shortridge.com

Aeroseal Makes a Change

Product modifications to the Aeroseal duct-sealing system should cause more contractors to consider this profitable add-on service. Changes include a reduction in the size of the application unit, and software that can be used with virtually any device, according to Aeroseal co-founder Amit Gupta, in an interview with Contracting Business.



Gupta

"It's been a confirmational year for us, in that we have been able to move our technologies to work significantly better and faster. We're trying to make it so simple to operate that it could be on every HVAC service vehicle," said Gupta. "Each time a dealer is servicing or installing equipment they should be able

Aeroseal application unit.
Images courtesy of Aeroseal



to see the interior of the ductwork at the same time."

Once connected to a home's heating and air conditioning system, the non-toxic, water-based Aeroseal formula effectively seals all the holes in air ducts and vents, making sure the air goes where it's needed. Target conditions include leaking return air ductwork that sucks in humidity and pollen and leaking supply ducts that lose warm or cool air.

"Dealers can use Aeroseal in maintenance contracts, and during spring and fall check-ups. They just bring it with them to improve comfort and air quality. It is something that will pay for itself [through improved efficiency]," Gupta said.

Gupta purchased the Aeroseal residential system from Carrier in 2010. Headquartered in Dayton, Ohio, Aeroseal welcomes the consideration of any qualified contractor with interest in improving the efficiency of their customers' HVAC systems and providing a way toward improved indoor air quality. Aeroseal is available to qualified dealers who offer home performance work, or are qualified through programs such as Building Performance Institute or National Comfort Institute, or to any qualified HVAC dealer installing any of the major brands. The confirmation process take about one to two months, and is based on how well a dealer demonstrates their qualifications and commitment to integrating Aeroseal into their service program. aeroseal.com —Terry McIver



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**"I tried 'em and
I like 'em."**

—Terry McIver,
editor-in-chief,
*Contracting
Business*

and eliminates pinch points. The interior is lined with high performance mesh and equipped with the Georgia Waterproof System. Also inside is the removable AMP LT insole, a polyurethane base with a layer of memory foam to provide a customized fit.

The foundation of this waterproof, six-inch lace up boot consists of a double-ribbed steel shank, a cushioning EVA midsole and an oil- and slip- resistant polyurethane outsole. It meets the ASTM F2892 electrical hazard standards for soft toe footwear. Air gets in, even though water can't. Water can try to flow past this obstacle, but there's a 100% guarantee it won't. Footwear is built with nail-free construction to help insulate from the ground to slow down conduction, but is not intended to be primary protection against electric shock. Leather footwear must be dry. georgiaboot.com

All product claims are made by the manufacturers.



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HVAC Manufacturers Sign on to California Heat Pump Initiative

SACRAMENTO, CA Oct. 10, 2023—Ten of the world's largest manufacturers, distributors and suppliers of building heating and cooling equipment signed an agreement committing to actions aimed at achieving California's goal to have six million electric heat pumps installed by 2030 (SEE <https://bit.ly/californiahps>). Under the agreement, the manufacturers will work to design heat pumps to be more compatible with the state's electric grids, that

have shown an inability to withstand the strain of normal and natural summer heat waves.

The announcement took place at a two-day summit hosted by the California Energy Commission (CEC) and EPRI. The event brought government leaders together with industry, academic, community partners and others to explore affordable, reliable, and equitable pathways to electrifying buildings—a key part of



HVAC manufacturing executives that have signed on to the California heat pump initiative are, from left to right: CEC Commissioner Andrew McAllister; John J. Hurst (Lennox); Joshua C. Greene (A. O. Smith); Jason Thomas (Carrier); David Calabrese (Daikin); Mark Lessans (Johnson Controls); Chris Ahn (LG Electronics); Chris Day (Rheem); CEC Chair David Hochschild. CEC

Study Explores Facets of Heat Pumps v. Natural Gas Debate

As the HVAC industry gallops toward replacing natural gas-based heating with electrification, a research report published in July 2021 by IOP Publishing found that 32 percent of homes in the United States would benefit economically from installing an electric heat pump, and 70 percent of U.S. homes could reduce what the authors describe as “emissions damages” by installing a heat pump.

The report is very timely, more so now than at the time of its original release, due to the increased movement toward electrification now seen within the heating and cooling industry.

In the report, authors Thomas A. Deetjen, Liam Walsh and Parth Vaishnav describe how the potential for heat pump adoption varies depending on electric grids, climate, baseline heating fuel costs, and housing characteristics. They use those findings to identify strategic, technology, and policy insights to stimulate high heat pump adoption rates and deep electrification of the U.S. residential heating sector, which they say reduces CO2 emissions and the impacts of climate change.

The authors are pro electrification, and they accept climate change as fact, however they provide much evidence for both sides of the gas v. electrification debate, and do not avoid arguments against residential heat pumps. They provide commentary on what they believe to be the failings of past research related to the electric grid, the diversity of housing stock and climates.

“By answering these questions, this analysis fills a research gap that fails to understand the full implications of high rates of heat pump adoption. Filling that research gap advances our understanding of the potential for heat pump adoption and the challenges that inhibit higher adoption rates. It helps identify where to focus current efforts to encourage heat pump adoption: both in terms of geographical location and building characteristics. It also helps

us develop projections of how new policies and innovations might change the balance of benefits and costs of heating electrification.”

The authors used a 5-step approach to their research:

1. Simulation of residential energy consumption, using the National Renewable Energy Laboratory's ResStock tool to create a virtual stock of 400 houses for each of 55 cities.
2. Publicly available data to quantify those consumption profiles' energy cost, health damages, and CO2 emissions.
3. Calculations of the private and public net present value (NPV) that results from each household adopting a heat pump. For each simulated house, the replace the existing heating technology with an air-source heat pump.
4. Quantify the percentage of the housing stock that would benefit from heat pump adoption.
5. Use the houses' hourly electricity profiles to quantify the impact of heat pump adoption on peak electricity demand.

Heat pump **installation costs** were calculated using a coefficient of 143.30 \$/kW of capacity in all cases, plus a fixed cost that varies from \$3300 to \$4800.

Among the authors concluding comments:

- Heat pump adoption yields a net economic benefit for 21 percent of US single-family houses. When including houses with existing heat pumps, this amounts to a total adoption rate of 32 percent.
- From a public welfare viewpoint, the combined climate and health net present value of heat pump adoption is positive for 70 percent of the non-heat-pump housing stock in the United States. This rate may decrease when considering the cost of firming the electric grid to handle increased peak electricity demand: a consequence that many cities will experience.

View and download the report at: <https://bit.ly/heatpumpornature>.

California's plan to achieve carbon neutrality by mid-century.

The manufacturers signing on include A. O. Smith Corporation, Carrier, Daikin, Fujitsu, Johnson Controls, Lennox International, LG Electronics, Mitsubishi Electric Trane HVAC US, Rheem Manufacturing Company, and Trane Technologies.

As part of the commitment, the manufacturer signatories agreed to:

- Create the manufacturing capacity to help achieve the state's goal of installing six million heat pumps by 2030.
- Ensure heat pumps are good citizens of the electric grid by enhancing efficiency and incorporating load flexibility.
- Collaborate with the CEC to develop a public-private partnership to facilitate policy and market support to bring heat pumps into the mainstream.

"I applaud the vision and dedication of the 10 manufacturers who are stepping up to strengthen California's ability to deliver on our goal to install six million heat pumps," said CEC Commissioner J. Andrew McAllister, lead commissioner on energy efficiency. "Partnerships with industry are critical in aligning policy and reality. This new commitment will ensure grid-friendly heat pumps are widely available and help consumers understand why they're the better choice for both comfort and the climate. The pledge builds on policies and programs underway at the CEC, California Air Resources Board, California Public Utilities Commission, and Governor's Office of Business and Economic Development. The activities are supported by the California Climate Commitment and Federal Inflation Reduction Act, which combined will provide \$1.5 billion for efforts to reduce emissions from buildings.

- Sources say heat pumps are a highly efficient electric technology for water and space heating that produce fewer emissions than traditional HVACs and water heaters.

For information about rebates and loans for homeowners and renters, contractors, or local governments, visit <https://bit.ly/californiahps>.

Appointments



Crane

Malco Products announced Scott Crane has been promoted from executive vice president of finance and strategy to chief strategy officer (CSO). The CSO is a key leadership position in investment strategies. Crane will play a critical role in guiding the organization's growth and ensuring its competitive advantage in the market.



Hemmesch

Mike Hemmesch has been promoted from director of business intelligence to chief financial officer (CFO), following the retirement of current CFO Carla Hinnenkamp, who has been with Malco for 10 years. In this role, Hemmesch will oversee all aspects of the company's financial and cash flow planning as well as guiding the company's future growth initiatives.

Rheem Opens Innovation Learning Center

ATLANTA, Oct. 12, 2023—Rheem celebrated the grand opening of its Innovation Learning Center (ILC) in Fort Smith, Arkansas. The welcome and ribbon-cutting was introduced by senior vice president and general manager of the Rheem U.S. Air Conditioning Division Kevin Ruppelt and Fort Smith-based Rheem director of operations Andrew Welch, followed by remarks from Mayor George McGill and an exclusive behind-the-scenes tour of the facility and lab, and company-wide picnic.



Above: Ribbon cutting for the Rheem facility. Left: Kevin Ruppelt welcomes guests.

Terry McIver

"Today, we not only celebrate the opening of this Innovation Learning Center, but we also commemorate a significant milestone for Rheem, the state of Arkansas, and the city of Fort Smith. This center, spanning over 3,700-square-feet of showroom and classroom space, along with over 7,000-square-feet of conference rooms and office space, stands as a beacon of progress and learning," said Ruppelt. "This achievement is a testament to the dedication, collaboration, and innovative spirit that defines Rheem."

The Fort Smith Innovation Learning Center highlights Rheem's ongoing commitment to education, innovation and quality. This \$5 million investment in the local community boasts an impressive 10,000-square-foot facility designed to cater to the diverse training needs of both Rheem's air conditioning division and water heating division specialists.

"We are committed to being active participants in the Fort Smith community. The skills and knowledge gained here will not only benefit our employees but will also be a driving force in strengthening our local economy," said Welch. "We hope to inspire our local young people to see a future for themselves and their families by working in manufacturing and skilled trades."

The multifunctional center serves as an immersive environment. HVAC and plumbing contractors, wholesalers, specifiers, engineers and others may directly engage with Rheem's range of residential and commercial HVAC systems and water heating products. The ILC is equipped with cutting-edge technology to facilitate various training sessions, conferences, seminars, workshops, and other events. Classrooms will provide interactive learning experiences with seamless live audio and video streaming. A hands-on classroom allows for demonstration installations and diagnostic training. Rheem is investing more than \$20 million to support trade careers in Fort Smith. **CB**

COMMERCIAL CHILLERS

In the past, more operating range often meant less efficiency at design conditions. **Carrier** has created a chiller that delivers both, unconditionally. The all-new AquaEdge 19MV chiller leverages a 2-stage refrigerant economized design to combine best-in-segment efficiency at design and off-design conditions with the ability to operate reliably, even at severe conditions and heavy cooling loads. In other words, Carrier has created a chiller with performance you can count on—no matter what, Carrier reports. It is available with oil-free magnetic bearings and a compact footprint. Select models fit through double doors (72-in. x 80-in.) with no disassembly required. Refrigerants that can be used in separate models include: R-513A, R-134a, R-515B. Capacity range is 300- to 700 tons. carrier.com/commercial

The Trailblazer is **Daikin Applied**'s first available unit designed with R-32 refrigerant, boasting a 33% reduced footprint and 10% reduced weight. Trailblazer chillers operate in off-design conditions 95% of the time, providing 10% greater capacity and efficiency compared to competing units at both design and off-design conditions. With a 10 to 240 ton range, the Trailblazer gives you the scale to fit your



cooling needs, and offers the best overall value in air-cooled packaged chillers available today. Its quiet operation, high efficiency, RapidRestore® and new heat pump technology (model EWYQ) make these chillers ideal for mission-critical buildings, data centers, healthcare, and manufacturing facilities. Furthermore, the utilization of the low-GWP R-32 refrigerant, combined with its high efficiency, presents the best solution for decarbonization while proactively addressing upcoming federal legislation aimed at phasing out higher-GWP refrigerants like R-410A. daikinapplied.com

The eComfort medium capacity air-cooled chiller from **Lennox** is dedicated to a large variety of industrial and commercial applications. Economic and ecologic this solution ensures excellent seasonal energy efficiencies and precise water temperature control. Its design, as well as its highly efficient components, ensure excellent seasonal energy efficiencies (SEER and SCOP). On top, the combination of inverter



compressors, EC fan technology and variable speed pump, enables a total modulation. It allows significant energy saving through perfect adjustment of air, water flow and refrigerant control. eComfort metrics are accessible 24/7 through LennoxCloud and LennoxHydrocontrol. These remote accesses to the machine enable permanent monitoring, local supervision and help predict maintenance operations, offering improved responsiveness. Intelligent noise attenuation management combined with rigid acoustic shell and EC fans enable an average of 9 dB(A) of noise reduction (AAAS). On top, a high-performance motor improves efficiency while reducing noise levels. lennoxcommercial.com

Tandem Chillers teams have designed highly-efficient water-cooled, "service-in-place" chillers to be easy to access for maintenance and service. The "service-in-place" chiller refrigeration components and the compressors can be service or removed without shutting down the system. The Markham, Ontario, Canada-based company also manufactures "remove-for-service" chillers. The company's outdoor air-cooled VX Series of modular chillers are now AHRI Certified. tandemchillers.com



The **Trane Ascend**® air-cooled chiller, with integrated free cooling is now enabled by the Symbio® 800 unit controller. Ascend's capacity range is 150- to 550-tons. Refrigerant is R-134a. Compressor is a

helical rotary screw compressor. The energy efficiency rating (EER) of Ascend is IPLV 19.7 to 21.6. An integrated free-cooling option takes advantage of cooler ambient air temperature to reduce energy consumption. AdaptiSpeed technology delivers robust efficiency with some of the lowest sound levels in the industry. A variable volume ratio screw compressor—optimized for variable-speed operation, delivers peak efficiency under all operating conditions. The Symbio® 800 unit controller enables connectivity, flexibility and serviceability. trane.com/commercial/north-america

All product claims are made by the manufacturers.



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Greetings, and welcome to "HVAC Chats," a series of podcast episodes by Contracting Business and Endeavor Business Media - hosted by Terry McIver, editor-in-chief of Contracting Business magazine and ContractingBusiness.com. HVAC Chats offers industry insights on the critical business management challenges that HVACR contractors face daily. Tune in today and learn how leading contractors are positioning their companies for future growth.

HVAC Service & Lead Generation

Your interaction with homeowners and understanding of their needs are critical to lead generation and conversion processes.

As you may have heard during more than one HVAC conference presentation, simply offering customer “satisfaction” has become a shopworn expression after many decades of use.

Customers today are more often seeking an “experience,” not undefined satisfaction. To deliver a true “customer experience,” service company personnel must be focused on customer expectations from the point of first contact, especially if they expect to receive one or more good referrals from the customer.

Victoria Cheshire, senior director of customer experience for EverConnect, explored the various steps to enhancing the customer service or installation experience during Service World Expo 2023 in Phoenix, AZ. Her 15 years of experience in the customer experience field has given her opportunities to optimize processes that enhance customer interactions and elevate service quality. EverConnect provides website creation, digital lead generation, search engine optimization, billing, analytics and overall guidance in creating customer satisfaction that goes beyond ordinary. They call it “the homeowner journey”.

Cheshire based her presentation on four questions that lead to specific digital solutions.

- What drove the project need?
- How did the customer conduct their search?
- How did the contractor make first contact?
- What was the sales experience like that caused the prospect to either move forward or back away?

What Drove the Project Need?

“What was the incentive for the homeowners to decide that they needed a project in the first place?” Cheshire asked. “Is this a passion project that they’ve been saving up money for over the last decade? Is this just something that they needed to do over the general maintenance of their home? Is this something that they’ve been saving up for during the pandemic because they realized they’re stuck in their home and they want to make some changes?”

Next, how did they search for help? Are these folks that are relying on word of mouth? Are they using Google? Are they using

print ads? What’s the demographic of your particular client? “You want to make sure that you understand the demographic, to determine where to invest your marketing dollars.”

Outreach Methods

The outreach experience provided by the contracting business includes the customer outreach experience when working with you and your team directly, but also the experience that they had if they reached out to one or more competitors first. You can’t control that experience, Cheshire said, however it does create a holistic view of what the homeowner has gone through in order to get to this point in their journey.

Finally, is the sales experience. “Whether virtual or in person, this is a major point in the homeowner journey and whether





Spiderstock / iStock / Getty Images Plus

or not they decide to move forward with you and your team,” Cheshire said. You and your team can only influence a portion of these items, which means that the portions that you can influence are critical.

Right from the start, it’s important to know where the prospective customer learned about your company, because it will influence where you invest your marketing dollars.

“What was their experience like upon engaging with your team, in the call center or in direct contact with a team member? What does that in-home punch list experience look like? Are we going through their sales agreement with them? Are we checking change orders? Are we again referencing back to their motivators for the project in the first place? And then finally, and this is often neglected, what is the follow-up experience after a project is

completed? Are you checking back, to make sure that they’re still happy with the project one month down the road or six months down the road? Have you met their expectations?”

Where and How to Market

Cheshire advised that it is of critical importance where you market the consumer experience itself and your reputation. You want your company name to be present where there is a demand. Assign a team member to review completed projects and separate them into “successful” and “unsuccessful” buckets. Cheshire said the definitions of “successful” and “unsuccessful” are up to the project manager or team.



Victoria Cheshire: phone discussions must set proper expectations with the homeowner.
Terry McIver

Neighborhood marketing is most effective after the business has established a profile of community service.

“Maybe it’s about how happy the homeowner was at the end of the job. Maybe it’s the revenue that you made off the job. It’s completely up to you and your team, based on your goals for the year,” Cheshire advised, “but you want to make sure that you are separating those into groups, so that you can find common denominators for those successful projects and invest your dollars there.”

Focus on Needs, Where to Market

Cheshire advised the audience attending her morning presentation to focus on areas of need. Whether it’s environmental areas or high-investment neighborhoods, “you will need somebody on your team that is great at data analytics and can separate those out, looking for trends in customer needs.”

Market where you can drive awareness and where there is easy repetition of keywords. These include social media, multimedia, and high activity neighborhoods. Spend the money where you’re receiving the best ROI.

According to Cheshire, Pay-Per-Click supports seasonal shifts, is best supported by special offers and helps you measure website performance. Google’s “Guaranteed” Program has a Pay-Per-Lead model, and enables the provider to target customers who are ready to purchase. She said Google’s Guaranteed program is designed to promote the contractor reputation.

Where Can You Find Them?

Cheshire provided two examples of prime sites for live contact: “Home shows are great, because it’s a condensed group of folks that you can be pretty sure need a project that’s along the lines of the type of project that you and your team want to provide.” She added that home show activity must be measured post-event.

“Not all home shows are built the same. So you want to make sure that after each of these, you are reevaluating the success of that particular show,” Cheshire said.

“Second, have a really clear home show sales process. When you are at the show, make sure that you understand exactly how to approach leads, how to gather their information, how it’s being given to the admin team, and ensuring the admin team has a clear follow-up process.

“Ideally, you’ve got some sort of CRM or customer communication software in place where you can log all of this information in real time,” she said.

A home show is not a day of standing around. It requires a lift from your marketing team.

“We want to make sure that we have tangible, branded items that we can leave behind with folks. So if you’ve got seasonal offers, if you’ve got calls to action, if you have examples from previous projects or homeowner referrals, make sure all of that is packaged up nicely,” Cheshire advised.

The second “live contact” scenario Cheshire described is neighborhood marketing. This is a high effort/high reward activity that often only works when done with consistency.

“What I mean by consistency is, not necessarily knocking on somebody’s front door every other month. You want to be invested in the community. If there are community events, you want to make sure that you have someone there representing you. If you can’t have somebody there representing you, make sure that your brand is there supporting that community and working into the culture of that community so that they understand that when a need arises, they’re looking to you as a local option,” Cheshire said.

Market Where There’s Repetition

1. Spend your marketing dollars where you will find repeated exposure. Pay-Per-Click can support seasonal shifts.

“This is wonderful if your marketing team can also adjust your seasonal offers,” Cheshire said. “If you’ve got New Years offers or other holiday offers, this is a great option, because it’s easy to pull those levers and adjust those on an as-needed basis. It’s also great for measuring performance.”

Also, you need to have somebody on your team that is evaluating the return on the investment.

“I would suggest Pay-Per-Click on a weekly basis because again, there are so many levers that you can pull here that you can pivot within a day’s notice,” Cheshire advised.

2. The Google Guarantee program is Google’s Pay-Per-Lead program. It targets customers who are ready to purchase, which is the “gold standard” and designed to promote your reputation, not the reputation of the industry or of your market. These are the reviews that you and your team specifically have collected with the Google Guarantee program, and then also with the Google Ad program.

What’s important here, Cheshire said, is that you have landing pages that are mobile friendly and that are providing the same level of customer service that a customer or a potential client may experience if they were on your website directly. Oftentimes with any of these three options, businesses are using a third party to set these up and manage them. Cheshire said the service provider should be certain that no matter what third party is being used, that they review that landing page to ensure it’s mobile friendly and that it’s meeting your customer experience criteria.

3. Google Ads with Pay-Per-Click. Within Google Ads, advertisers bid on specific keywords. The caveat here, according to Cheshire, is the cost of the clicks can vary quite a lot depending on volume, keyword, time of day or how many competitors are also bidding on those keywords.

“So again, I would suggest if you’re utilizing a Google Ad that you’ve got somebody reviewing them on a daily basis, if at all possible. The quality of the landing page is going to be very important in this scenario.”

4. The last point is about your budget. If you are using Google Ads, have a large enough budget to allow the campaign to breathe. If you start bidding on ads, you’re not going to see a return within a day. It’s going to take a few days or a few weeks to allow for those biddings to really settle in so that you can see what the return is. But Cheshire advised that, more than the size of your budget, pay attention to not just the keywords that you’re bidding on, but the keywords that you’re not bidding on.

When using a call center, be certain the call center professional understands exactly what’s going to happen once they hang up with that homeowner.”

“Typically what we find is, businesses will have a really narrow list of keywords that they’re willing to bid on, which is totally fine if everybody’s got their own way in which they’d like to market. However, oftentimes their competitors have a more generalized keyword search that they’re choosing to bid on. And so, their competitors are throwing out a wide net,” Cheshire explained. “They may get 10 leads that aren’t working out for them, but they get two leads out of that that they’re able to close. And those two leads pay for those 12 leads in 10-fold plus seven. So again, you want to make sure that you are consistently evaluating your keywords, but also evaluating the keywords that you’re choosing not to bid on.”

Email/Text Campaigns & Rehash

The final examples Cheshire provided of marketing where there’s repetition are email, text campaigns, and rehash. Cheshire said email and text campaigns will not prove to be super successful if they are stand-alone. But they do, she added, provide an easy lift.

“I would highly encourage all of you, no matter what pipeline you’re using for lead generation, to tack this on in addition to your other pipelines, especially if you’ve got a CRM or a customer communication software. It’s exceptionally easy to pull this lever if you’ve got a CRM, and typically it requires an initial setup where you’ve got somebody that’s creating an email or text content for you. And then oftentimes you don’t have to recreate the wheel; you can copy that content, change a sentence or two around for seasonality and use that same content over and over again.

“The catch is, you want to make sure you’re being diligent about how often you are reaching out to homeowners. I typically suggest that you group homeowners into quarters, and you reach out to them on an annual basis within the quarter that they had their project completed the first time around,” she said.

Cheshire added that the caution to using email and text campaigns is, they require the business to have an organized staffer

who will remember to send the campaigns and will then be able to AV test your content.

"It's easy to pivot within these because you have full control over what you're sending out through these rehash programs, but you do want to make sure that you're paying attention to open rates and click rates, finding what subject lines are more successful, and pivoting accordingly," Cheshire said.

Multimedia

Cheshire said multimedia is less about lead generation than it is about brand awareness, and is more of a long-term investment to expand your brand awareness over time. One of the easiest way to gather leads is for a homeowner to recognize the name of your company or your logo.

"If prospects see you on Google or through a print ad, they're going to go directly to the ones that they recognize, whether they actually understand the reviews for that company or not. If they recognize the company name, they're more likely to call on those folks first. Multimedia is a long-term investment for expanded brand awareness," Cheshire shared.

Get an ROI

Cheshire's final point related to where to put marketing dollars, was that they obviously should be spent where there's a return on investment (ROI).

One example she offered is to use lead aggregators, typically a low cost/high volume method.

"If you're using lead aggregators, have some sort of call center or designated call handler within your team. The easiest way to lose a lead is by not answering the phone call. So, first and foremost, you want to make sure that you have got somebody answering every single call that is coming in," Cheshire urged.

Live calls also require a clear sales process. "If you're using a call center, you want to make sure that the call center professional understands exactly what's going to happen once they hang up with that homeowner. Is that homeowner going to a scheduler, or directly to a sales rep? Or is the call center scheduling on your behalf? You want to make sure it's clearly documented and trained throughout that call center team," Cheshire said.

Phone Call Clarity

Cheshire said phone discussions must set proper expectations with the homeowner. Oftentimes the homeowner is going on and they're doing general search terms. They're not looking for your company specifically. They're looking for any company that can help provide the services that they're looking for. Because of that, oftentimes the homeowner journey after the call varies depending on who that homeowner was speaking with.

"You want to make sure that that call center, or someone internally is very clearly communicating what the next steps are going to look like and when that homeowner should expect to hear back from you."

Answer the Phone!

Cheshire shared important tips for taking calls, repeating the point that the easiest way to lose a lead is to not answer the phone.

"You want to make sure that you have a live person answering the phone each and every time someone calls in," she said. "And make sure that you are prioritizing call handling." It's also best to have your best phone closers taking the calls at all times. "Oftentimes," Cheshire explained, "folks will have a script or a set of guidelines that they suggest using. My personal suggestion is that you start with an actual script for closers to use verbatim. Once your call center or your call handler is confident that they understand the types of leads that you're looking for and how to qualify those leads, you can get rid of that script and allow them to freestyle as they'd like."

Callers must be verified by type, such as "homeowner" or "decision maker," which is discovered by qualifying questions.

"If you have a minimum requirement for the types of jobs that you're willing to accept, make sure you're qualifying the caller right off the bat, during the first 30 to 45 seconds," Cheshire added. "Is this a lead that we want to work with, and are we a good fit for each other? Don't waste your time or the homeowner's time. Discover the scope of work, size of project, location, if there are any motivating factors behind why they need the project completed, and any time constraints. Gather all that information upfront," Cheshire said.

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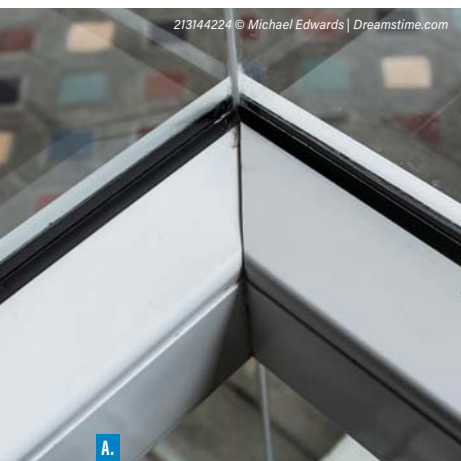
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Weatherization as a Residential Service

Leveraging state and utility-funded weatherization programs can be a “win-win” for HVAC contractors.



A.



B.



C.

A. Weatherstripping: applying seals to gaps around doors and windows to prevent drafts. B. It would be most practical to get in on the ground floor of an insulation project, rather than opening up wall cavity. But if the customer is willing to open up the walls, your weatherization team can be there to help. C. By now, the value of smart thermostats is known throughout the HVAC industry. Programmable thermostats optimize HVAC systems for energy savings.

Heating, ventilation and air conditioning contractors are important to the well-being of any community. The services they provide ensure that homes are comfortable, functional, and safe. But there's an often overlooked opportunity for contractors in areas of the country that provide HVAC contractors to expand their services and work with programs that offer year-round opportunities: state and utility-funded weatherization programs. In this article I will describe the many benefits of participating in these programs, from funding mechanisms to workforce allocation and how to acquire such a contract.

Funding and Workforce Allocation

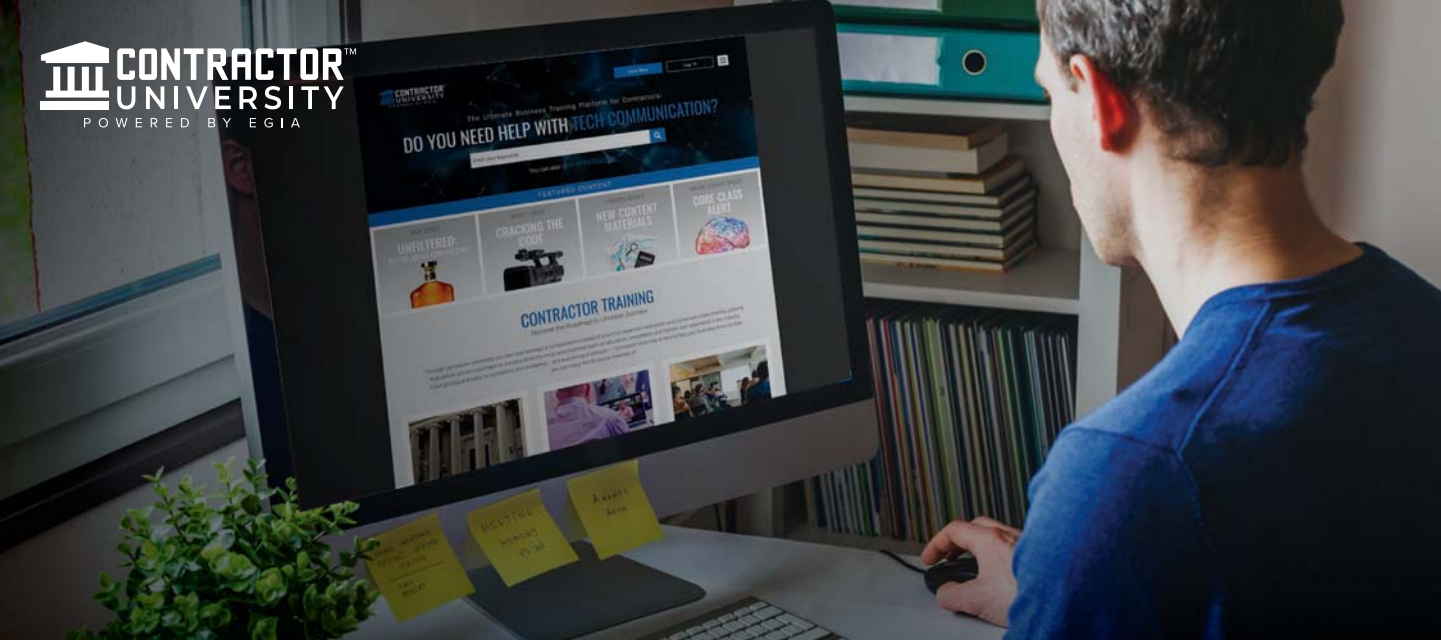
State and utility-funded weatherization programs aim to make homes more energy-efficient, reducing utility bills and environmental impact. These programs are often funded by federal grants, state appropriations, or utility surcharges, creating a pool of resources that contractors can tap into. They are frequently referred to as low-income programs but that is often not the only reason customers can participate.

For contractors, the funding model usually works as a reimbursement or direct payment system. Once

Skilled workers in HVAC already possess many of the technical skills needed for weatherization tasks.

a contract is acquired within one of these programs, contractors perform the weatherization work and then submit the costs for reimbursement from the program. This minimizes the financial risk and allows for predictability in cash flow. Depending on the type of program, you will either bid for the work, item by item, or the program will have a predetermined set of measures and reimbursement rates. At first glance, these reimbursement rates are below what most HVAC contractors would charge but consider that there are no financing costs, no marketing costs (depending on the program structure) and this is steady work all year long.

When it comes to workforce allocation, these programs offer opportunities for both existing employees and new recruits. Skilled workers in HVAC already possess many of the technical skills needed for weatherization tasks many of which revolve around the appliance which consumes the most energy, the HVAC system. Programs often require additional certifications or training, which is typically offered by the program or utility. These programs can also be a great way to onboard new employees, providing them with practical experience in a subsidized environment.



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In my experience, for contractors that are new to weatherization programs, it is invaluable to find someone with experience in the program, 5+ years, to help guide you. Hiring people who have experience working within these programs is also beneficial since they often have lengthy program manuals, with hundreds of pages, describing exactly how the work should be performed. Billing procedures are strict and if not followed correctly can delay payment and cause frustration on both parts.

Types of Weatherization Services

Participating in weatherization programs allows contractors to expand their service offerings, and skills into home performance work which continues to grow in popularity. Additional testing equipment may be required based on the program. In some programs, they require duct testing and sealing

Some program contracts may last for several years so it is important to find out where the program in your area is in its contract term and how to submit a bid when it becomes available again.

prior to a new HVAC system being installed. Some may identify duct replacement as a measure that is compensated for, and others may not. It is important to be aware of the program requirements and regulations. It is worth speaking with program supervisors or management to get a solid understanding of the program requirements and their expectations.

Some of the weatherization services performed may include:

- Door replacement: Installing energy-efficient doors that provide better insulation.
- Weatherstripping: Applying seals to gaps around doors and windows to prevent drafts.
- Insulation: Installing or upgrading insulation in walls, attics, and crawlspaces.
- Patching holes: Repairing holes in the building envelope to minimize energy loss.
- Installing LEDs: Replacing traditional light bulbs with energy-efficient LED bulbs.
- Smart thermostats: Installing programmable thermostats that optimize HVAC systems for energy savings.

These services not only make homes more energy-efficient but also create an ongoing relationship between the contractor and homeowner, and depending on program regulations may provide for potential future customers.

Acquiring a Contract

The most critical part of working within weatherization programs is acquiring a contract. Some program contracts may last for several years so it

is important to find out where the program in your area is in its contract term and how to submit a bid when it becomes available again.

Because these contracts may have requirements up front it is valuable to meet with the program leadership and identify any certifications that will be required in advance. You will also need to check on insurance, licensing, and other requirements for the program in your area.

Searching for programs in your area could be as easy as reaching out to your local utility. You can also look for LIHEAP funding (Low Income Home Energy Assistance Program) which some funds are dedicated to improving the efficiency of homes. There may also be funding available from the Department of Energy for your region

Identifying Customers

Depending on the program structure and how it is implemented, some programs may provide you with customer information and request that you contact those customers and schedule appointments. Other programs may perform assessments in advance of any work being performed and provide you with jobs that are ready to be completed. Each program's structure is different from state to state and utility to utility.

Program Ups & Downs

Any contractor who has previously worked with incentive or rebate programs understands that those programs come and go, sometimes leaving the contractor stranded without much of an explanation. The same is true for weatherization programs. While some may have longer contract cycles, 5 years or more, they may still be subject to changes. This can lead to a temporary reduction in the workforce while these changes are managed.

Diversify & Expand the Business

State and utility-funded weatherization programs present a profitable opportunities for HVAC contractors. They provide financial incentives and a larger pool of potential customers, and a way to diversify services and contribute to environmental sustainability. By understanding the funding process, training employees for new skills, and marketing these services effectively, contractors can position themselves for sustained growth and success. **CB**

Aaron Husak is owner and CEO of Balanced Comfort in Fresno, California. Balanced Comfort specializes in HVAC, plumbing, weatherization, and restoration services. It has been on the Inc 5000 list three years in a row, and was named a "Best Place To Work" for two straight years. Its diversification of services led to its rapid growth. Visit <https://www.BalancedComfort.com> or contact Aaron Husak at Aaron@BalancedComfort.com.

A2L Refrigerant in Focus at ACCA “Next Level”

By Terry McIver

Air Conditioning Contractors of America (ACCA) presented the “NEXT LEVEL” 2023 conference in Indianapolis October 16-17. Among the presentations to be featured in coming editions of *Contracting Business* and on *ContractingBusiness.com* was a panel discussion on the ramifications of the switch to mildly flammable, A2L refrigerants, as HFC refrigerants continue to be phased down over the remainder of this decade.

Panelists were Don Gillis, technical trainer for A2L refrigerants, The Chemours Company; Kate Houghton, vice president, sales and marketing, Hudson Technologies; and John Maiorana, sales and product support manager, Arkema.

What will A2L-friendly Equipment Look Like?

Don Gillis: “I don’t see a big change coming internally on those products. I came from Copeland not too long ago, and as far as the internal compressors are concerned, you’ll start seeing things rated for A2L refrigerants, like tools will be. On a circuit board for example, you’ll start to see coded spade terminals; anything that could possibly cause a spark has been considered.



Gillis

“As far as pressure temperatures with R454B and R-410A, pressures/temperatures are almost exact, and it’s the same POE oil. The contactor will be encased.”



Maiorana

John Maiorana: “If the A2L content exceeds a certain poundage of charge, a sensor (or sniffer) will go off if it detects a threshold of a leak. You could technically still have a very small leak that will not trigger the sensor, but leaks within the window will trigger the sensor, and it will go to the motherboard as a sequence of operation. The biggest technical change from an R-410A piece

of equipment to an A2L, is that the sensor will be located within the air handler. But in some cases, a manufacturer will allow you to move that sensor within the coil, depending on if it’s a slant or an air handler or furnace. We can’t see this equipment right now and will probably not see this equipment in all actuality until the second quarter of 2024.”

How Should Contractors Approach the 30% Cut in HFC Production?

Kate Houghton: “It’s a big deal. The new equipment will not start to be installed towards the end of next year, so we can continue to install HFC equipment right through probably the end of 2024, while there is 30 percent less HFC because of the reduction that is happening on January 1, 2024. Looking at [the contractors’] base of installed equipment, you could install a system in June of next year with a 10-15 year lifespan, and you’re still going to have to service it



Houghton

with HFC refrigerant. Understand that the AIM Act covers all HFCs. It’s not just a reduction in R-410A, it will also be a reduction in R-134A, R-404A, R-407, all of the various HFC refrigerants. It’s not going to be about who has allowances and how those allowances are used, that’s going to affect the various refrigerants differently. We encourage you to think about reclamation.”

Reclamation Needed

KH: “We hear about how the refrigerant reclamation industry has changed in recent years. We hear contractors are very worried about mixed refrigerants. Maybe you have only one cylinder on your van, or maybe you get to a system and you don’t know who serviced it before you. Was the refrigerant serviced correctly or not? The fear of turning in mixed refrigerants has probably held back reclamation. Most programs now don’t charge for mixed refrigerants, and in fact, many programs pay for mixed refrigerants.

“So, if you’re being assessed charges under your reclaim program and the partner you’re working with, I encourage you to look around, because there are plenty of programs that have removed those charges.

“We also hear that it’s difficult to do reclamation in the field, and it takes time to set up the equipment. But systems and equipment that were optimized for R-22 are not necessarily optimized for R-410A. It’s very important to be looking at your equipment and determine how you’re going to go about reclamation and providing training on recovery. There are ways to reduce recovery time, and ways to start recovery before you start working on everything else. Every pound of HFC refrigerant is very, very valuable, and is part of getting your economic value back, by doing recovery and the other right things will be critical to be able to service that equipment moving forward.”

Mild Flammability Explained

DG: “A2L refrigerant is closer to an A1 (non-flammable) refrigerant than anything else. It had so low of a flame propagation or mild flammability that they had to make a new classification and put the “L” behind it. It just means ‘lower velocity’. The difference between an A2L and an A2 is, if [velocity] is less than 10 centimeters per second, it’s non-flammable. If it’s more than 10 centimeters per second, it’s flammable. A2 refrigerants are mildly flammable; A3 refrigerants – propane and other hydrocarbons – are highly flammable. That’s really in a nutshell what it looks like.”

JM: The Air-conditioning, Heating and Refrigeration Institute (AHRI) uses three measurements of flammability: how fast it burns (burn velocity); how much you need to burn, which is the lowest flame limit; and then once it burns how much heat energy is created, which is very important. When we hear the word “flammability,” people categorize everything together and there’s clearly a distinction. As Don mentioned, [A2L refrigerant] had such a minute flammability that they had to create a new category for it.” **CB**

The full transcript of this discussion can be found online, at <https://contractingbusiness.com/21276181>.



Make certain everyone understands the features and benefits of every product.

Impediments to HVAC Service Tech Sales

Happy, satisfied customers who are cheerleaders for your services will bring you more solid profits than just about any amount of money you could spend on advertising.

Your customers, that is, you the contractor, are your employees. Any one of your field personnel is in a position to make you more money than any single customer.

So, are your field personnel cheerleaders for you? Have you treated them like customers? Have you sold them on your products?

Finding and keeping good field personnel is actually more difficult than, and at least as important, as getting and keeping customers.

By the time one of your service technicians has hit the job site, you've already got a customer. Your biggest expense is getting the service tech out to the job site. Once there, the real profits lie in upgrading the call in an ethical way.

It's amazing how often a blind eye is turned to additional products and services that the customer would really benefit by owning, but are never offered.

I call that "tunnel vision." In my travels, I've asked numerous techs who have just demonstrated "tunnel vision" why they do it, and these are the most common reasons they've given me:

1. Don't want to be identified with sales or as salespeople.

When I ask service technicians, "What kind of words do people use to describe salespeople?" They'll often respond with words like, "Liar, slick, egotistical, con artist, cutthroat, blue suede shoes, greedy" and a host of other unflattering terms. Let's face it, if service personnel wanted to be sales personnel, they would have gone into sales.

I'll also ask, "Who has more credibility in the home, a salesman or a service tech?" They'll invariably reply, "a service tech."

So, be certain that your employees know that you never want them to step out of the role of service and into the role of salesperson.

Does this mean that they shouldn't sell for you? No, it doesn't. But it does mean that you want them to avoid any and all of the stereotypical behavior of the classic "shyster" salesman.

2. Negative attitude toward company, boss or job.

Most people in a sales position of any sort feel they've been shorted on their commissions at one time or another. I've seen more than one technician

that was excellent at sales, stop selling, and consequently lower their own income and overall job satisfaction, because they felt that at one time they were unfairly cheated on a commission. Make absolutely certain that, if you're paying commissions, everyone has a clear understanding of exactly what they're supposed to be paid, and that you enclose a detailed statement listing exactly what customer they are being paid on, for what product, and how much, in every commission check.

3. See no value in "high-priced" products.

This falls back on training. It's often assumed that your employees, especially long term employees, know all the features and benefits of all your products and doing business with your company.

Never under estimate the value of repetition in your training. No one listens to one hundred per cent of everything they're being told and, even if they did, no one has one hundred per cent retention.

Make certain everyone understands the features and benefits of every product. Give examples of when the product should be recommended and make certain they know how to price it.

Don't assume that your employees know the benefits of doing business with your company either. Even if they do, make certain that they can, in a quick, clear and concise manner, convey them to a customer.

4. Mistakes might bring humiliation, ridicule

The more someone sells, the more opportunities there are for mistakes. Yell at or embarrass someone for making a mistake on a sale just one time and you may well kill sales from that person for the remainder of that individual's tenure with your company.

5. No confidence in their own communication skills.

This could also be stated that the concept of selling is not clear and clean; it hasn't been proceduralized. As a contractor, your success is largely dependent on the success of your service technicians as salespeople, so get them some sales training.

6. Feeling of being rushed.

This is the biggest impediment to increasing the dollar amount of your average service call that I've seen. If you won't let your field service personnel go home until all calls are run (or until they drop dead from exhaustion), you are inadvertently shifting

their focus from maximizing opportunities and providing the ultimate service experience on every call, to simply trying to get in and get out and work as fast as they can, doing as little as possible on each call.

Instead of allowing the company to go into a panic mode during the busy times, and focus on running as many calls per day and squeezing every little bit of work you can get out of your service techs, counsel with your dispatcher and service techs on shifting the focus from running the maximum number of calls per day, to bringing in the maximum amount of profit per day. Make each call count.

Don't give your techs a list of eight or ten calls in the morning and tell them they can't go home until they finish those calls. They won't have the time to deliver a superior level of service. Dispatch them one at a time. That way your people won't get worried that they'll never make it home that night and start doing rush work.

Some contractors will say, "In my area, people won't wait. We've got to get out there as soon as possible. If we don't, we'll lose them as customers."

Let the law of supply and demand work for you. If you've really got more calls to run than you've got personnel to run them, raise your prices.

A common response to that is, "If I raise my prices, I'll lose half my customers!" Maybe that would be the best thing for you!

If your net pre-tax profit is 10%, and you increase your prices by 10%, and as a result, you lose half of your customers, you would still increase your bottom line profits because your 10% price increase is pure profit, but since your running fewer calls, your expenses have gone down.

Let the people who want the work done cheaper go to your competition and drive them crazy and work them to death. Run fewer calls for more profit per call with fewer employees who are more relaxed, working safer, doing a better job on each call and thoroughly satisfying each customer on every call and you, your employees and your customers will all be happier. You'll all get more enjoyment out of life and your jobs and your customers will send you more referrals than you can probably handle and you'll have a waiting list of qualified techs who want to get on your team. **CB**

Charlie Greer was voted Favorite Industry Sales Trainer and HVAC Consultant-of-the-Year. He's also a member of the Contracting Business Hall of Fame and the creator of "Tec Daddy's Service Technician Survival School on DVD." For info on Charlie's services, go to www.hvacprofitboosters.com. Email your comments on this column or your sales questions to charlie@charliegreer.com.

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SALES CONTACTS

South & West:

Senior Manager, Business Development

Randy Jeter

512/263-7280 Cell: 512/426-9145;

Fax: 913/514-6628

rjeter@endeavorb2b.com

East Coast:

Senior Manager, Business Development

Brian Sack

Cell: 732/629-1949;

bsack@endeavorb2b.com

Account Manager Midwest

Bill Boyadjis

973-829-0648 • bboyadjis@endeavorb2b.com

Classifieds/inside sales:

Media Account Executive

Steve Suarez

Cell: 816-588-7372

Office: 941-259-0867

ssuarez@endeavorb2b.com

Director of Sales, Buildings & Construction Group

Joe Agron

941-200-4778 • jagron@endeavorb2b.com

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Page

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Evergreen Telemetry evergreen-telemetry.com	25
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Goodman www.goodmanmfg.com	BC
Heatcraft intelligencontrols.com	5
International Exposition ahrexpo.com	17
Little Giant littlegiant.com	IFC
RUUD rudd.com/endeavor	1
Service Roundtable www.servicenation.com	13
Shortridge Instruments, Inc www.shortridge.com	15, 16



The market decline has caused increased scrutiny of acquisition candidates.

Sell Now Or Wait?

Private equity, while still active, might be slowing down. Contractors are questioning whether it is already too late to take advantage of the land rush and cash out. In short, it is not, though the market for contractors will likely improve in a year or two.

Why HVAC is Attractive

Private equity has an enormous amount of money to invest, but where? The service trades came to the attention of private equity during the Covid lockdowns. When most of the country was locked down and struggling, residential service contractors were experiencing a record year. Private equity funds looked at HVAC and saw a fragmented market with consolidation opportunities and products that people cannot live without. The money poured in.

What Changed

The opportunity for solid contracting businesses to sell to private equity remains. However, the rise in interest rates should put downward price pressure on all but the most stellar enterprises. Most private equity funds utilize some leverage and debt has become more expensive. With debt more expensive and risk-free returns trending north, investment hurdle rates are bound to rise. This means scratches and dents that would previously be ignored in a contracting business are likely to result in buyers discounting the valuation.

Private equity is also learning more about the industry. The shipment cliff is a 40% contraction in shipments 15 years ago that is being echoed in the replacement market. Initially, it was hidden by price increases, but is becoming apparent. The market decline caught private equity by surprise and the built-in assumption of perpetually increasing revenue is now shaken. The result is increased scrutiny of acquisition candidates.

Pressure On Performance

The financial pressure not only affects acquisitions, but also operations. Contractors who sold their companies to private equity and stayed on in a management role are under increasing pressure to deliver stellar growth in revenue and EBITDA. At a time of structural market contraction for change outs and general consumer financial stress, many contractors are shifting to service and system enhancements/add-ons. Contractors working for private equity continue to be pressed to generate more replacements.

Private equity funds are generally run by people with financial backgrounds. When the market is

tight, their gut reaction is to cut costs. There is only so much that can be cut in an HVAC business if the operation is to continue growing. If the private equity executives feel they can get by with a lower cost general manager, contractors who stayed on may find themselves pushed out.

Creative Destruction

Some debt laden private equity funds will likely look for an exit and sell to better financed private equity. In some cases, the funds will exit because they are struggling with their debt burdens. Others will be looking at looming expiration dates for low interest debt that must be replaced by equity or higher interest.

A significant percentage of former owners with expired non-competes or who have relocated to different markets can be expected to start new contracting businesses. In this go round, they will be well financed and experienced in growing a contracting business. Moreover, if the new company is in the same market, the best technicians are likely to migrate to their old boss.

Private equity is in HVAC to stay. While it has not happened yet, a shake-out and reduction in the number of players is inevitable. Overall, whether they are private equity owned or independent contractors who sold and are starting new businesses, the professionalism in the industry is bound to improve.

Sell Now or Wait?

Contractors pondering the sale of their businesses should consider several factors. Is the business but-toned up today? Is there a track record of recent growth? If the answer to both questions is yes, this remains an excellent time to take chips off the table. If the answer is no, contractors should spend the next couple of years working on their businesses.

The impact of the shipment cliff will expire in the next year or so and replacements will start a decade long run of increasing numbers year over year. When the economy improves and interest rates hopefully decline, private equity will still be buying. Waiting for a better market and working on improving the attractiveness of the business might be the best investment a contractor can make.

*Contractors electing to wait and work on their businesses should consider the Service Nation Alliance. Learn more at [ServiceNation.com](https://www.servicenation.com). **CB***

Matt Michel is a member of the Contracting Business HVAC Hall of Fame. You can reach him at mmichel@mail.com or 214-995-8889.

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