

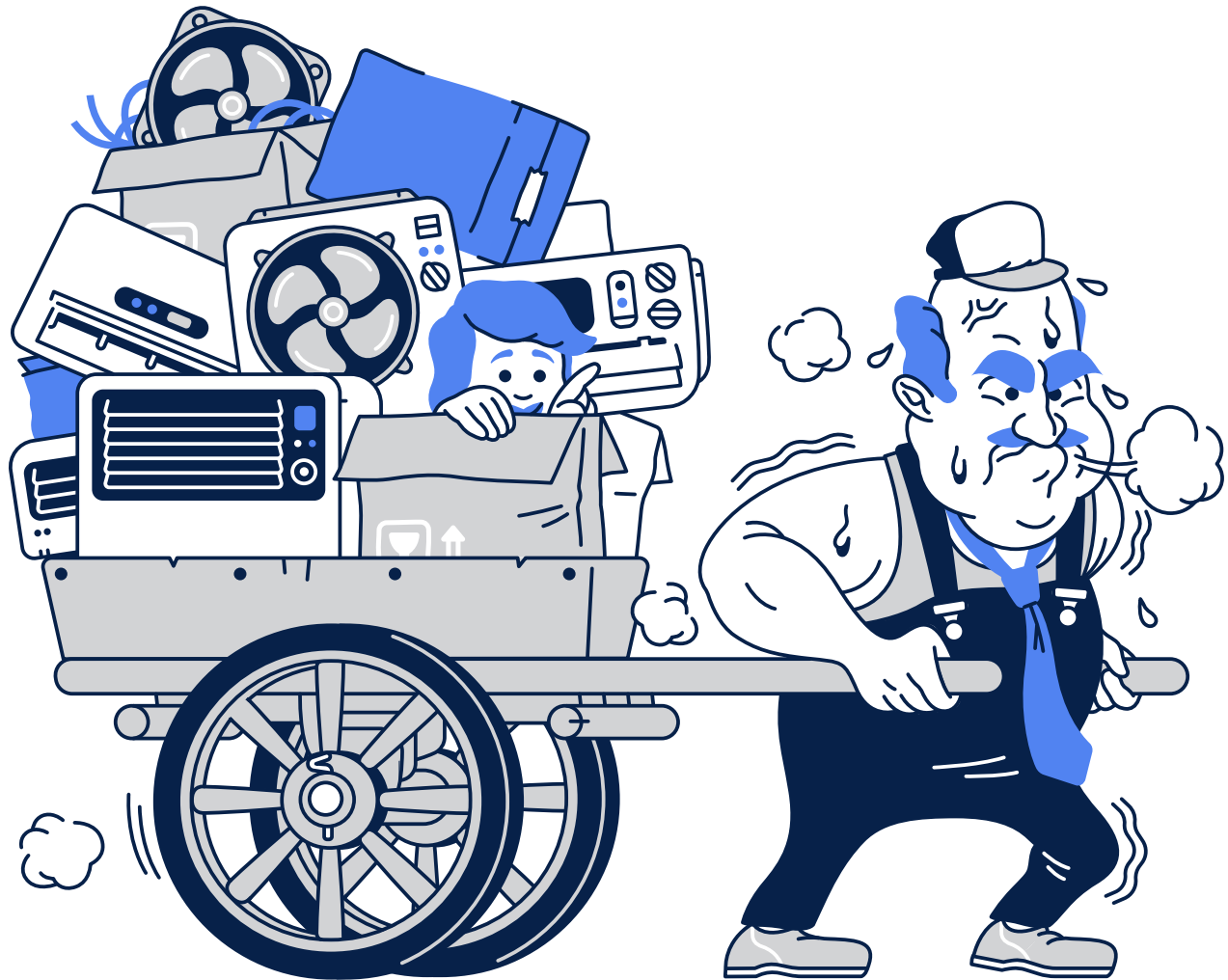
# The Ultimate HVAC Business Plan



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# Being a heating and air conditioning

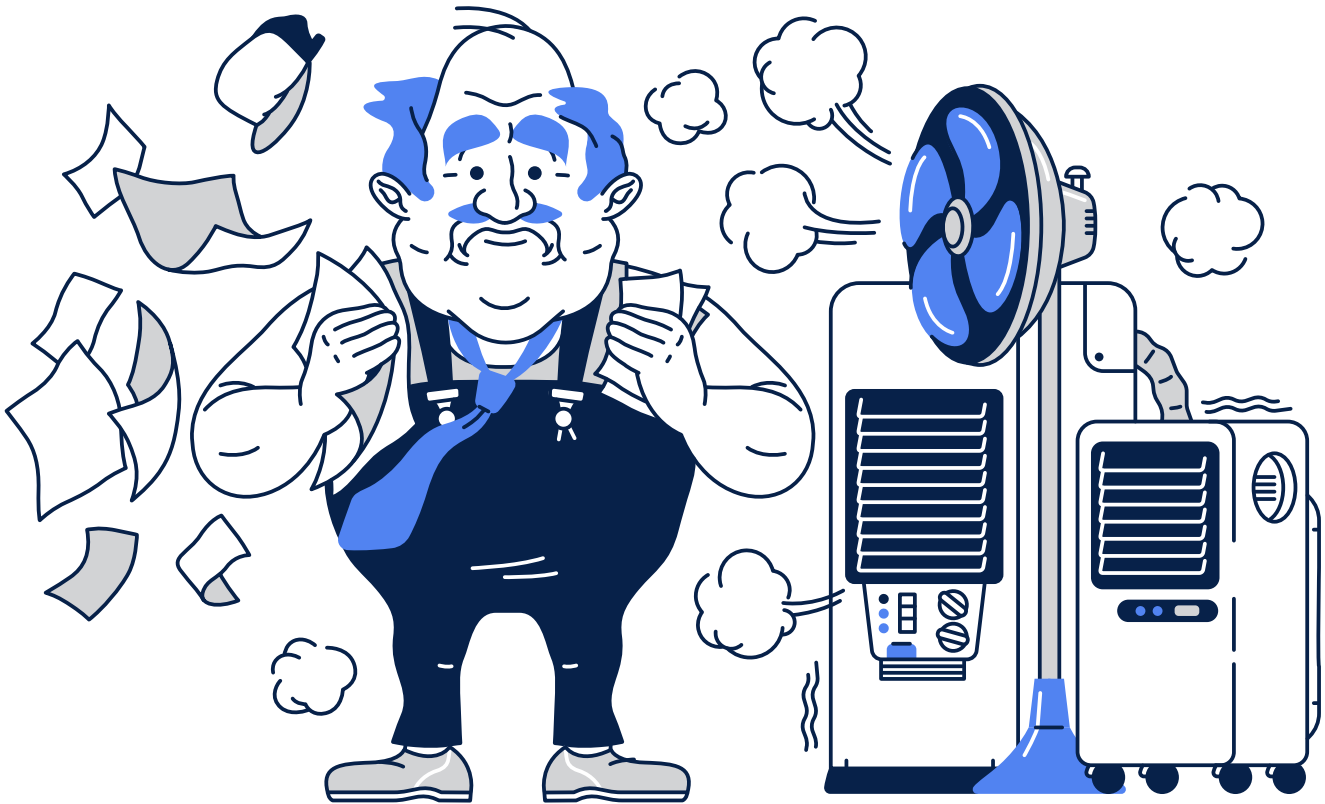
contractor is no easy task! Starting your own HVAC business is not for the faint of heart. It's a stressful, 24-hour endeavor, and if you don't have a solid HVAC business plan covering everything from creating your brand to how to balance your finances, then chances are things will not go as smoothly as you imagine. Lucky for you, we developed this handy list of tips that every contractor should master. Whether you are new to the industry or already established, it never hurts to look for ways to benefit your business.



**“ Whether you are new to the industry or already established, it never hurts to look for ways to benefit your business. ”**

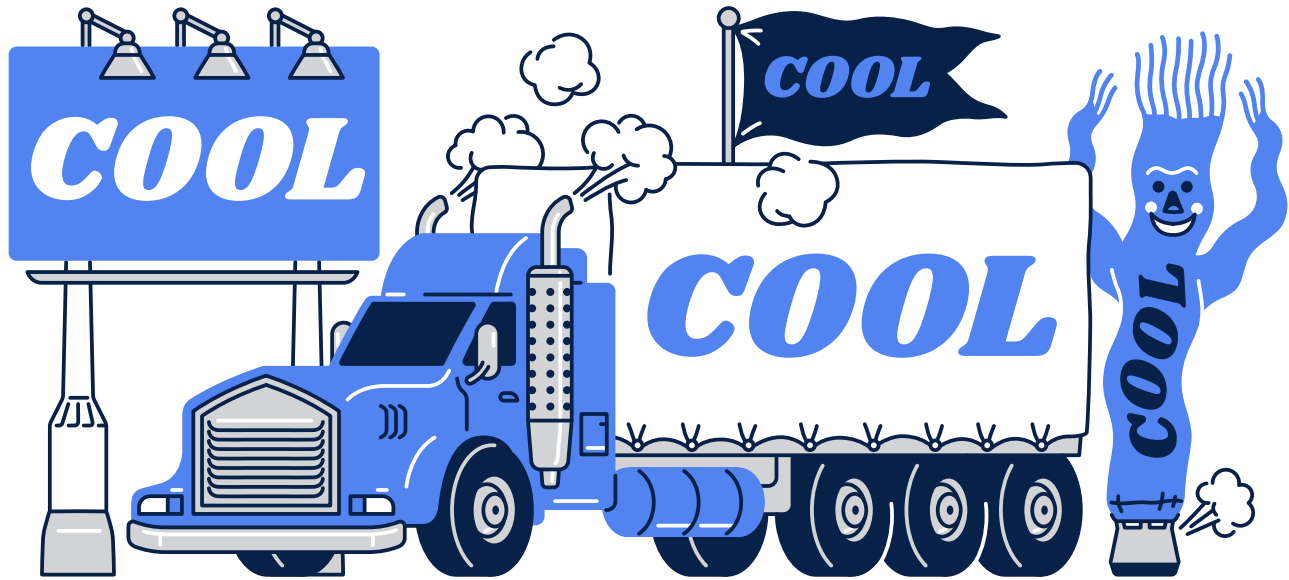
## You Need a Marketing Plan

77% of contractors have no marketing plan. Only 23% develop a plan, which is why it is so easy for new contractors to come on the scene. A report by the Joint Center for Housing Studies at Harvard University indicated that 22% of contractors with payrolls of less than \$30,000 in 2003 were no longer operating in 2004, a failure rate almost ten times higher than those with payrolls of \$350,000 or more. And according to BizMiner, between 2007 and 2009, 31.9% of contractors in the United States went under.



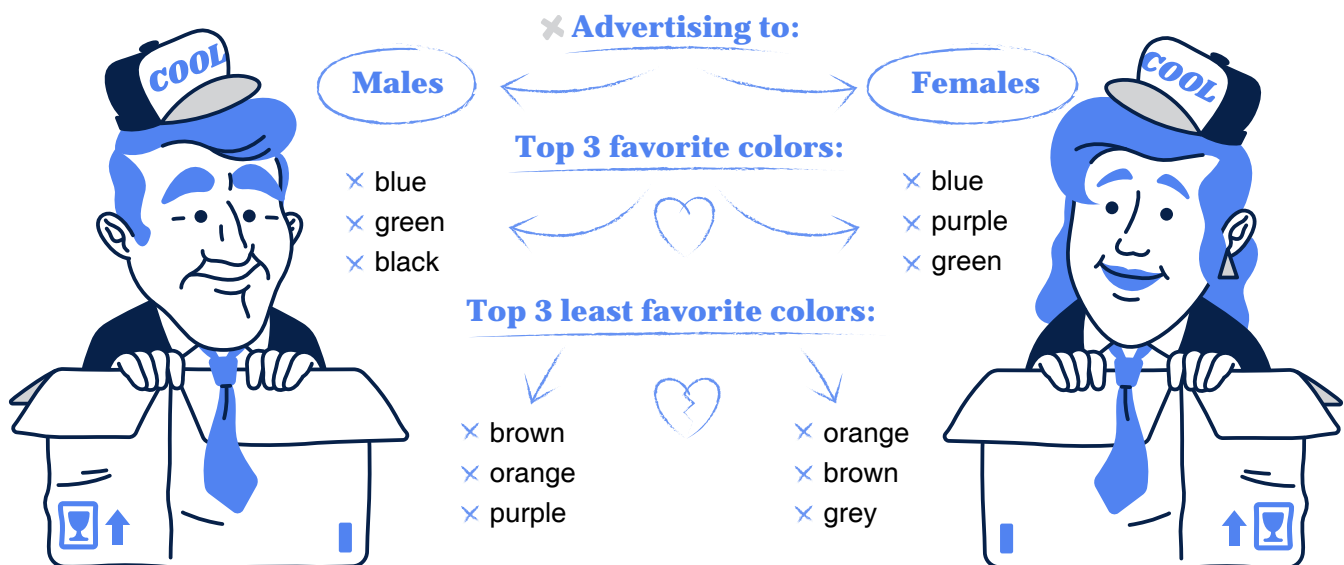
## Yellow Page Ads Alone Don't Work

The majority of consumers in the U.S. does research online, and will not open a Yellow Pages directory. So, don't overspend on Yellow Pages ads. The ROI (Return on Investment) is not worth it. Instead, consider social media marketing, email campaigns, mailers, etc.



## Love Your Brand

Create the right branding and image for your business. Everything from your logo, to wrapped trucks, to answering service scripting should be designed to draw the consumers' attention and be easily memorable and recognizable. Did you know that the visual sense is the strongest in most human beings? A whopping 90% of an assessment for trying out a product is made solely based on color. Taken a bit further, an article by Sherwin-Williams describes how men and women respond differently to color. Here are the main points:



## Learn From Your Marketing:

Study your past marketing efforts and take account of successes and failures. What did you do last year that worked or didn't work? How much money did you invest, and was there considerable ROI?

Don't repeat past marketing mistakes and reinvest in what failed before. Do market research to determine what people most need and what price points they feel are fair.

## Did you know that 32%

of people recommend local businesses on Facebook? Social networking is the key to establishing a personal bond with customers. Think about sending out monthly email newsletters to your customers, or Tweeting helpful tips like “when was the last time you had your central air filter changed?”, “don’t forget to remove window units before the winter season”, and other reminders that can benefit those who support your business. In every communication you have with customers, ask them to “like” your business on Facebook, Twitter, Pinterest, etc. Business owners often underestimate the power of social media.



## Participate Locally:

Take part in local events and get your name out to the community. Local brand recognition can come from little things like placing an ad in the church bulletin, music or athletics boosters groups, or even donating a part of your proceeds for a particular month to a well-known organization. This allows companies to be viewed as “good neighbors.” When you support your community socially and economically, it portrays your business as generous, and dedicated to those you serve.

**“Business owners often underestimate the power of social media.”**

## Keep Your Customers Engaged:

When you send out email marketing blasts, make the language fun and engaging, and clearly outline specials you are running, discounts, etc. so that they stand out to the consumer. Be sure to use a nice mix of pictures and text. Additionally, it might be a good idea to have all text and pictures link back to your landing page. This way, whether customers hover over the picture or the price, one click can bring them directly to your website.



## Stay Fresh:

Maintain a fresh approach. Regularly update your literature, website, blogs, advertisements, brochures, etc. Design trends change frequently, and sometimes seasonally, in this flooded marketplace. You need to keep up with the latest advertising concepts that look hip and will appeal to a mass audience.

**“Keep up with the latest advertising concepts that look hip and will appeal to a mass audience.”**

## Take Advice From Your Customers:

The primary goal of any company is to generate and retain customers long-term. That is why customer service and follow-up are critical. Follow up after every service call to ensure the technicians' satisfactory performance, punctuality, courteousness, etc. and ask consumers what you can do to improve their experience.



## Stay Organized:

Following up isn't just about the consumer's experience. It's also about keeping track of customers' purchases and maintenance needs. Keep detailed records of what equipment is due for seasonal maintenance, filter changes, tune ups, etc. Contact them in advance to schedule an appointment rather than waiting for them to call you. Maintenance contracts are a key source of revenue for your business, so don't drop the ball. Be proactive!

**“Maintenance contracts are a key source of revenue for your business, so don't drop the ball. Be proactive!”**



## Hand Written Notes Make an Impression:

Thank you notes have gone by the wayside over the years, in favor of the email or text thank you. This impersonal way to show gratitude will not have a lasting positive impact on your business. However, taking the time to send a hand-written thank you note certainly will.

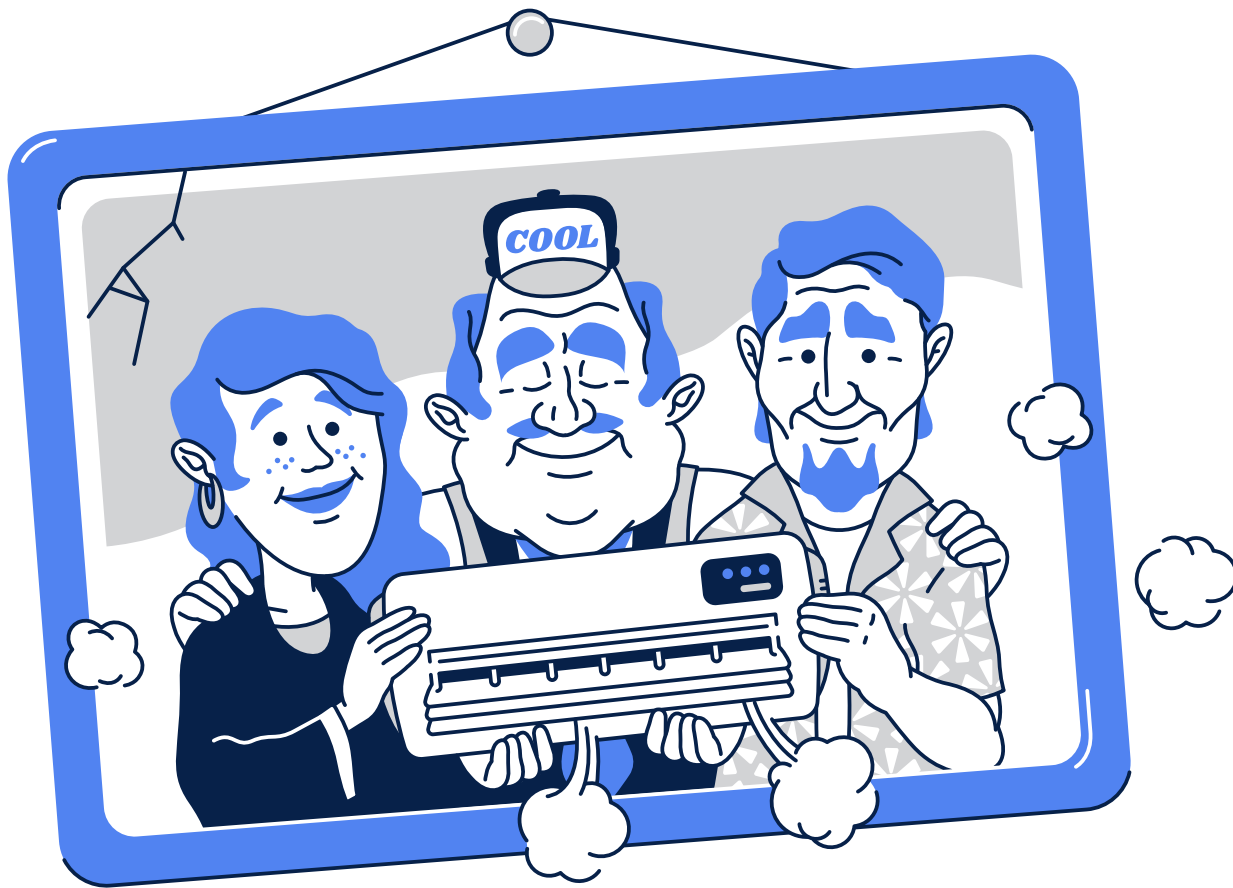


In addition to the written word, sometimes a face-to-face thank you from the business owner is in order, especially on larger jobs like a newly installed HVAC system. Thanking customers in person not only shows your deep commitment to your customers' satisfaction, but it can also open up a channel for new business. How many times have you heard, "While you're here, would you mind looking at..."

**“Thanking customers in person not only shows your deep commitment to your customers’ satisfaction, but it can also open up a channel for new business.”**

## **Y**our Customers Are Your Family:

Treat customers like family. Consumers rely on you to improve their homes' comfort, and the health and safety of their environments. So, when you are speaking with them or walking into their front door, make pretend you are helping a close friend or family member, and show them the same level of courtesy and care you would show to someone in your inner circle



## **Y**our Customers Are Your Best Advertisers:

The better you treat your customers, the more likely they are to recommend your company. Offer referral kickbacks or service discounts when you sign on a new customer because of a referral. Leave a printout with this information attached to your invoice, and after you leave, follow up with a hand-written thank you asking your customer to recommend your business on Facebook, Twitter, or other social media outlets. Referrals can be key revenue builders.

**“Treat customers like family.”**

## Make the Buying Experience Personal:

Keep in mind that your customers are allowing strangers to come into their homes. If it were you, wouldn't you feel more comfortable knowing a little something about the technician taking care of your HVAC issue? With that being said, personalize your website. Include pictures and bios of your staff.



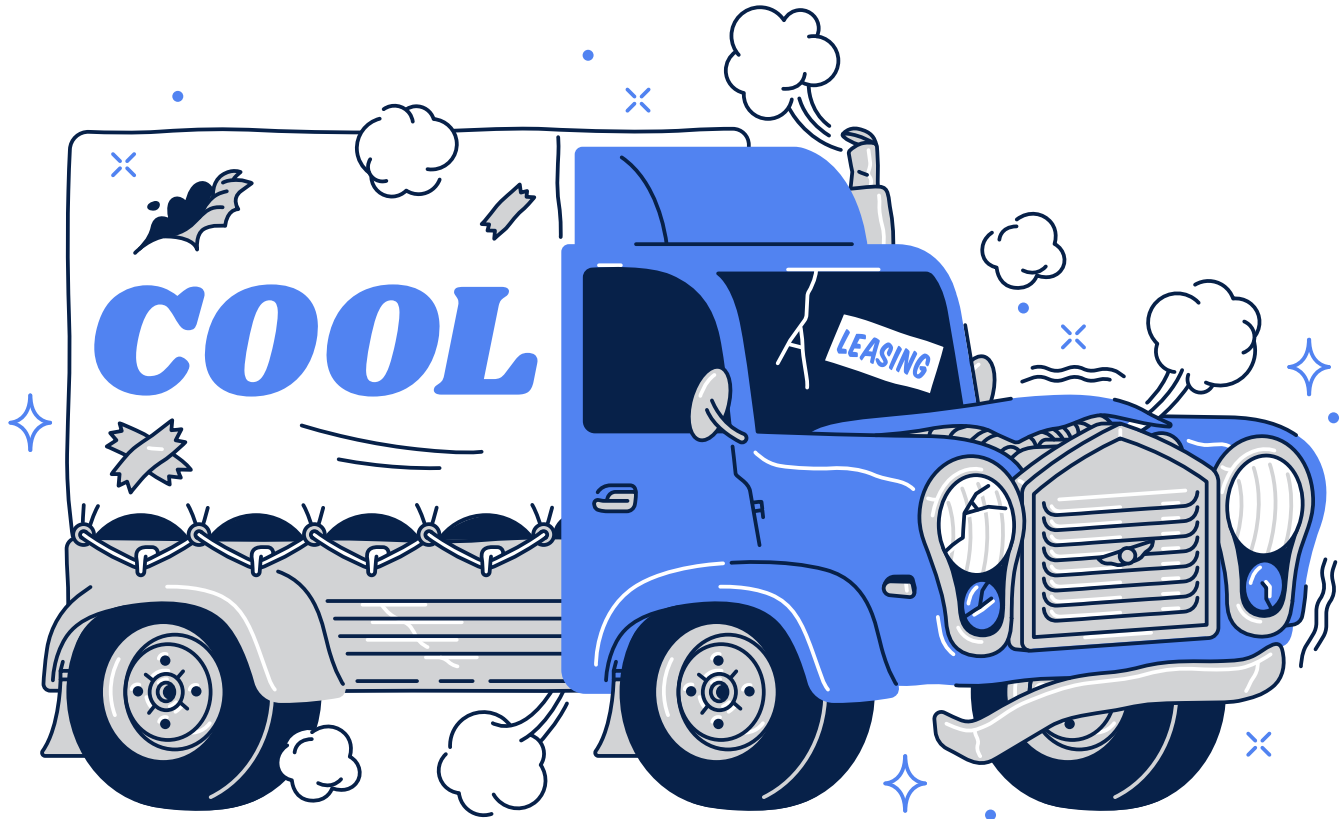
## Everyone Loves a Good Deal:

Offer customer incentives to encourage new and repeat business. Make sure incentives are advertised on your website and literature. These could be in the form of service discounts, equipment sales, delayed or extended no interest billing, or other options.

**“Personalize your website by including pictures and bios of your staff.”**

## Don't Buy New if You Can Avoid It:

If you are just starting out, consider leasing office space, leasing trucks, and leasing or purchasing equipment second hand. It's a quick way to save money.

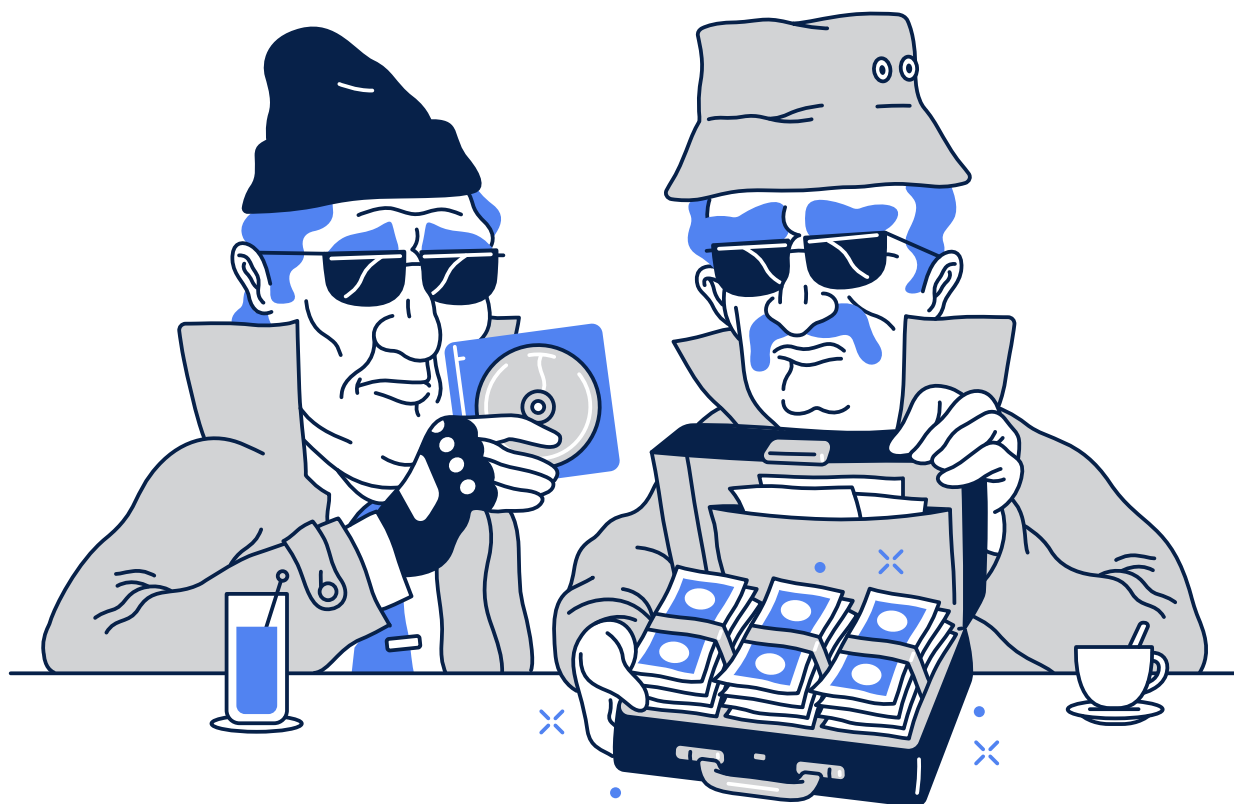


## Track Your Marketing:

- ✕ Keep track of your current marketing budget using a template, or via a service.
- ✕ When customers call in, ask them where they saw your ad.
- ✕ Use a separate phone number for specific specials you are running.
- ✕ Consider using a web link for a particular deal or incentive, so you will know exactly which ad your customers are responding to.

## Insurance is Essential:

Perhaps the largest expense associated with any business is insurance. Research the costs of property and liability insurance, workers' compensation, health and disability, auto, and life insurance, and don't forget to compare several different companies to ensure you are getting the best rate for the coverage you need. Factor these costs into your annual budget, and set aside additional funds to account for increases in insurance premiums.



## Your Website is Important:

Don't cheap out on your website image. A good website converts more leads and it's worth the cost. Set aside a budget of about \$5,000 to \$8,000 for web design. Remember to make it easy to navigate, accessible to mobile users, and update content frequently to remain on trend. It's also important to spend a fair amount of time on SEO (search engine optimization).

**“A good website converts more leads and it's worth the cost.”**

## **T**ake Payment Before an Emergency Job:

For emergency maintenance, take a percentage of pay upfront before dispatching a technician to a job site. Telephone answering services can usually process payments for a client. If you are handling the call yourself, services like Square Up or PayPal allow you to take payments without having a merchant account.



## **K**now Your Traffic Patterns:

Research your traffic. It's important to know which months are your slow months, adjusting costs slightly to keep revenue steady and retain your employees year-round. You may want to bid for larger jobs off-season so that you will have more time to get things done without having to juggle myriad requests at peak time. During business downturns, advertise home energy upgrades such as attic and equipment insulation, duct repair/seal or replacement, heat pump replacement, general HVAC audits to find air leaks, central air and heat pump replacements to energy star models, tune ups, filter changes, programmable thermostats, etc. Train staff on energy conservation concepts, and go green. This applies to your office, too!

**“It’s important to know which months are your slow months, adjusting costs slightly to keep revenue steady and retain your employees year-round.”**

## Manage Your Money:

Assess your available funds and write down what you require seasonally for equipment costs, vehicle maintenance, salary, insurance, office rental, uniforms, etc. Take inventory of what you needed/used last year, and stock your warehouse accordingly so that you don't buy an excess of parts for any given season/year. Spend carefully and make sure you have a cash cushion to account for unexpected declines (like an unseasonably warm winter), taxes, etc. Ideally, you should have about six months of expenses stowed away, including costs such as office space rental, medical and liability insurance, salaries, supplies, etc.



## Know How to Bid Jobs:

Don't try to be the lowest bidder or the lowest-cost service. If your overhead is more than your returns, then you will lose money. For example, if your prices are too low, you will not have the proper funds to pay your employees, and you will have fewer resources to help you do the best possible work. Understand your costs and plan for contingencies. The last thing a customer wants is for you to send them a bill for "surprise" items you didn't account for in your initial estimate. It makes you look bad, and it breaks trust. Comparative pricing to be the lowest bidder also raises suspicion as to why you are so low; in other words, are you sure you know what you're doing?

**“Spend carefully and make sure you have a cash cushion to account for unexpected declines.”**

## **Y**our Employees Represent Your Company:

Business owners should always model best practices and train employees to follow. For example, make time to go on new customer consultations with techs and display the type of behavior you want them to exhibit when they are on the job without you. The importance of having an employee handbook cannot be underestimated. This is a black and white way for employers to communicate with employees about policies and procedures related to their specific roles within the company.



## **K**eeP Your Employees Happy:

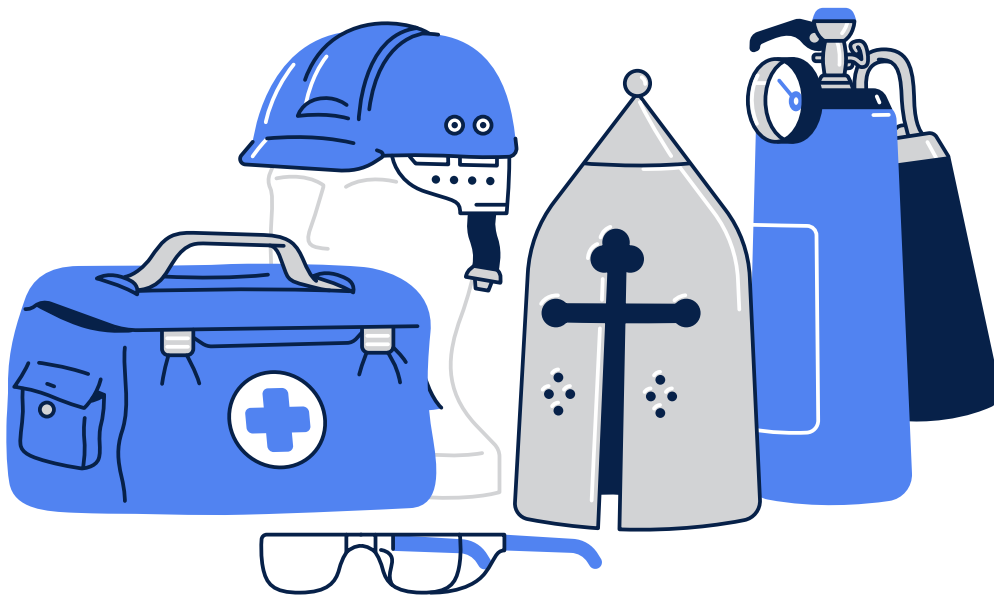
Your employees are your best asset. Pay them well. Treat them well. Make them proud to work for you and be motivated to come to work every day. Happy staff is dedicated staff!

**“Happy staff is dedicated staff!”**



## Make Sure Everyone Knows Everything:

Cross-train your employees so that they can address any question with confidence. Staff can be trained on all aspects of the business including what your company offers and how your products and services can help consumers. Having adaptable employees can help maintain productivity in the event of an employee absence. This is especially important for small businesses so that you can accommodate customers' needs even if your top employee is under the weather.



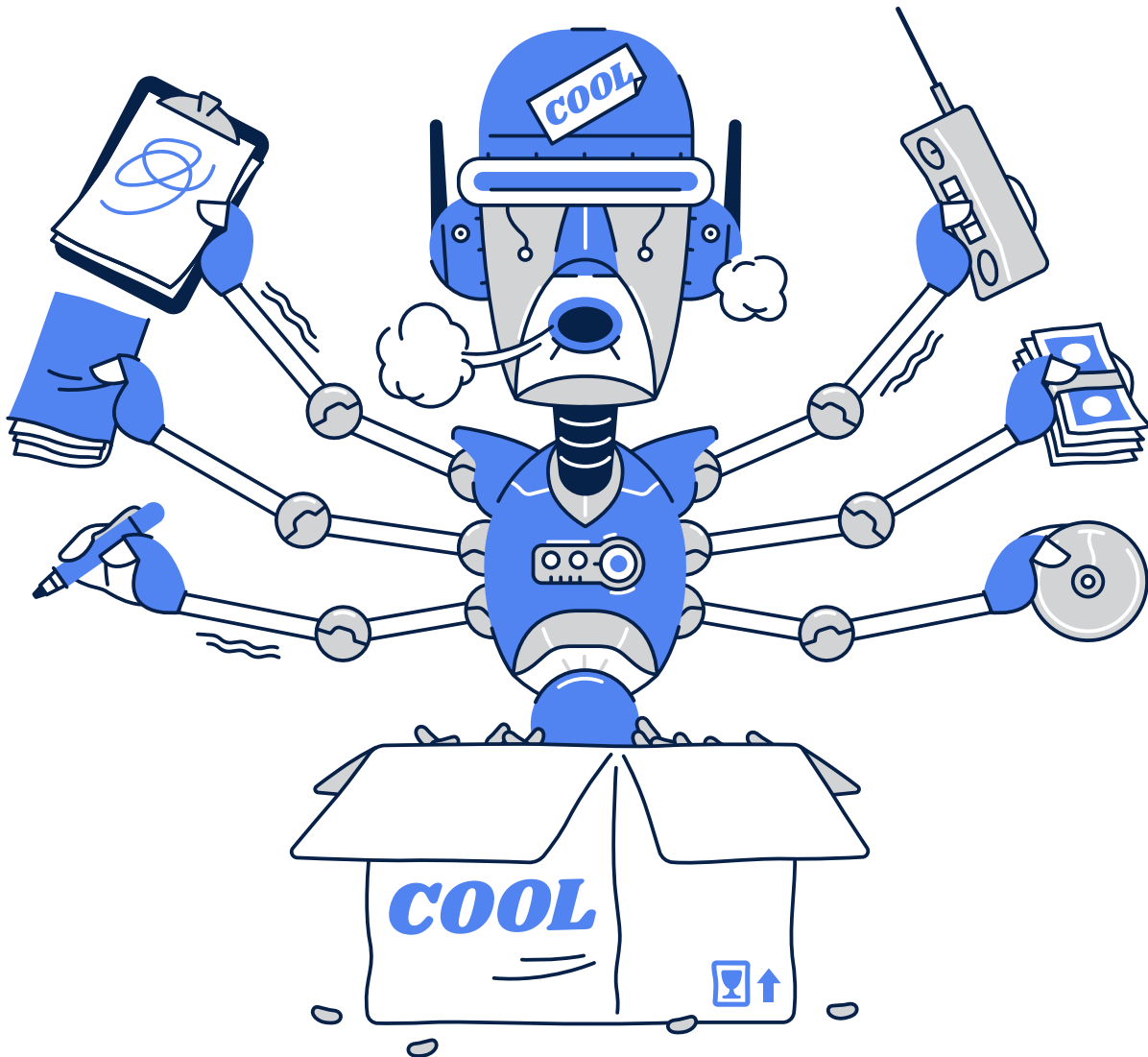
## Safety First:

Your staff will need a comprehensive understanding of workplace hazards, equipment or chemical hazards, what to do in the event of an emergency, etc. Large posters illustrating safety procedures should be posted by building exits, reminding employees of proper conduct each time they leave for a job site. You could even institute a bonus for the number of days your employees go without injury. In addition, consider requiring that all employees obtain certifications in First Aid, CPR, and the operation of an AED (automated external defibrillator), and make sure safety equipment is easily accessible to all staff mem-

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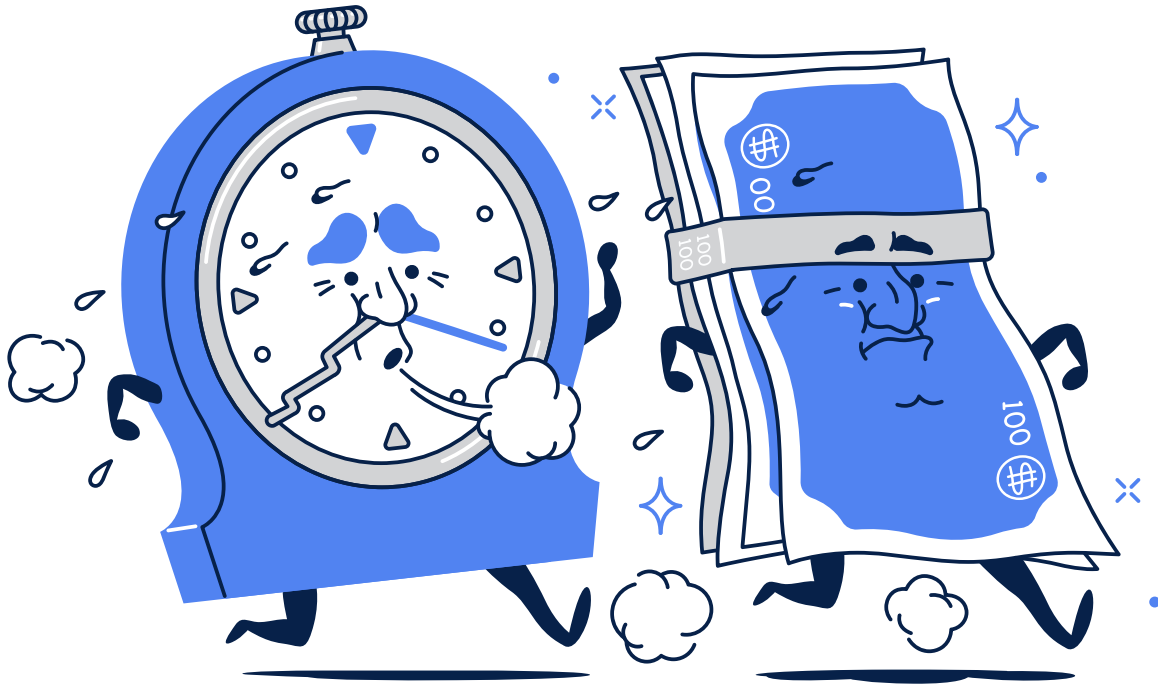
## Use On-Demand Virtual Assistants:

When things get busy, it's easy to make mistakes. Ensure that your office is properly organized and that you have the appropriate staff for scheduling, accounts receivable, accounts payable, benefits, insurance, code enforcement, etc. Specialty offers live-operator shared outsourcing for scheduling, and has a dedicated agent program for organizations requiring service that is more comprehensive.



## Focus on Speed & Customer Service:

The more time you spend at a job site, the fewer service calls you can attend to, and that means a decrease in daily revenue. So, focus on fast service. Before your staff heads to the next job, encourage them to map out a plan for what they need to accomplish, and budget time accordingly. Institute this as a part of new hire training. Have employees record their time at each location, then track and analyze that data each month. You can even offer incentives for completing work correctly and within a specific time-frame. Efficient employees can help you to reduce payroll costs and increase your profit margins, and most importantly, enhance customer satisfaction.



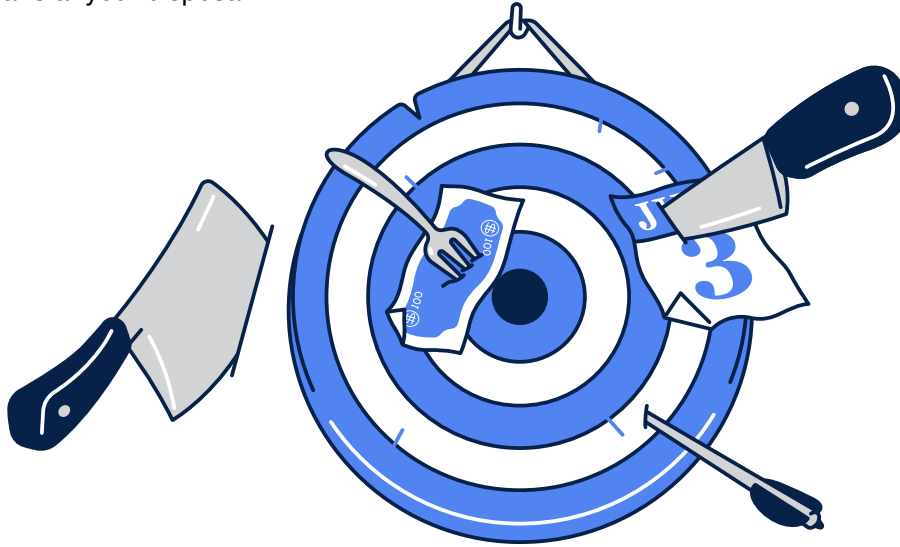
## Use Call Centers for 24/7 Revenue:

Use a call center for 24/7 monitoring so that you will never miss an emergency call again. Call centers like Specialty can also provide calendar management and dispatching services, and you will receive schedule updates via phone, text, and/or email.

**“Call centers like Specialty can also provide calendar management and dispatching services, and you will receive schedule updates via phone, text, or email.”**

## **E**stablish Realistic Goals:

Have a specific list of benchmarks that you aim to meet each week, month, season, year, etc. Establish a profit margin to aim for, and keep track of your goal attainment using software such as QuickBooks, Excel, or other means at your disposal.



## **A** Niche Service Looks More Attractive:

Find your niche. If you are a smaller business or just starting out, maybe it would be better to focus on either residential or commercial, but not both. Assess your strengths and decide on a plan of action. Have you done your share of networking in the corporate world? Do you live in an area that is business heavy? Or do you already have a strong following of local homeowners and referrals? Before you make a decision, do your homework. And if you have the volume of staff and experience to handle both commercial and residential bidding simultaneously, then go for it!

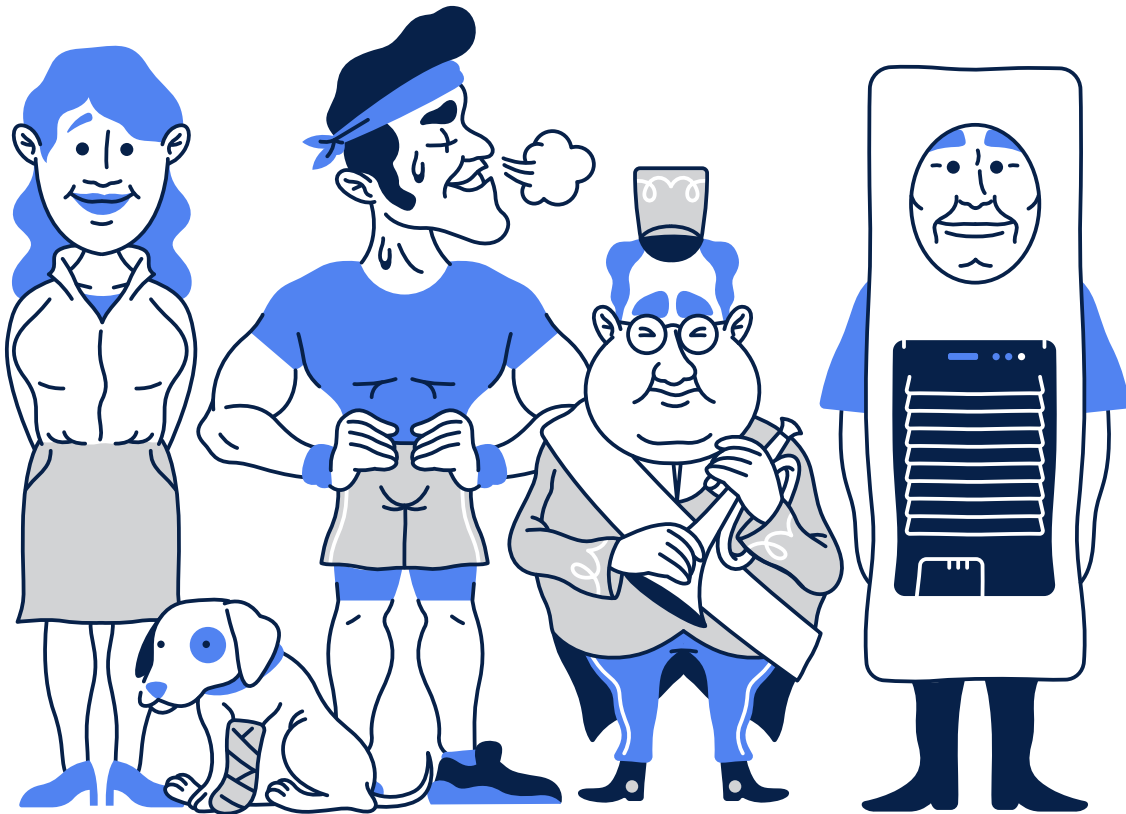
## **P**artner With Local Contractors:

Consider a partnership with local construction firms or building contractors. If they use your company as their preferred HVAC vendor, that could lead to big bucks. Visit the Better Business Bureau to find accredited building contractors in your area, check out MacRae's Blue Book, the Yellow Pages, or use your local Chamber of Commerce as a resource.

**“Assess your strengths and  
decide on a plan of action.”**

## Know Your Competition:

Study your competition so that you can determine what advantages you can offer over their business. You can even place test calls to see how they are answering the phone. Many contractors use answering services after hours, so you can compare how their office answers calls during the day with how their service answers calls in the evenings.



## Know Who is Buying Your Service:

Know your target audience. For example, upper middle class customers have more disposable income. More women use and understand social media than men. Additionally, women are more likely to contact you to have their house retrofitted to maintain a comfortable home environment. Align your target audience with your marketing methods.

Also, consider targeting homes that were built between the 60s and 90s. They usually have the proper setup already in place, and will take less labor/hours to complete jobs. Smaller homes are less expensive to upgrade, and they have fewer surprises that could impede technicians' work.

**“Study your competition so that you can determine what advantages you can offer over their business.”**

## **S**tay Involved in Your Industry:

Know your industry. Go to trade shows, take part in manufacturer training for new equipment you will be purchasing or using, and make continuing education mandatory for your employees so that you are all knowledgeable and on the same page. In many cases, this can be done off-season so that you can maximize revenue during peak times. Networking with other HVAC professionals is a good way to broaden your scope of work and get to know industry leaders' tips and tricks.

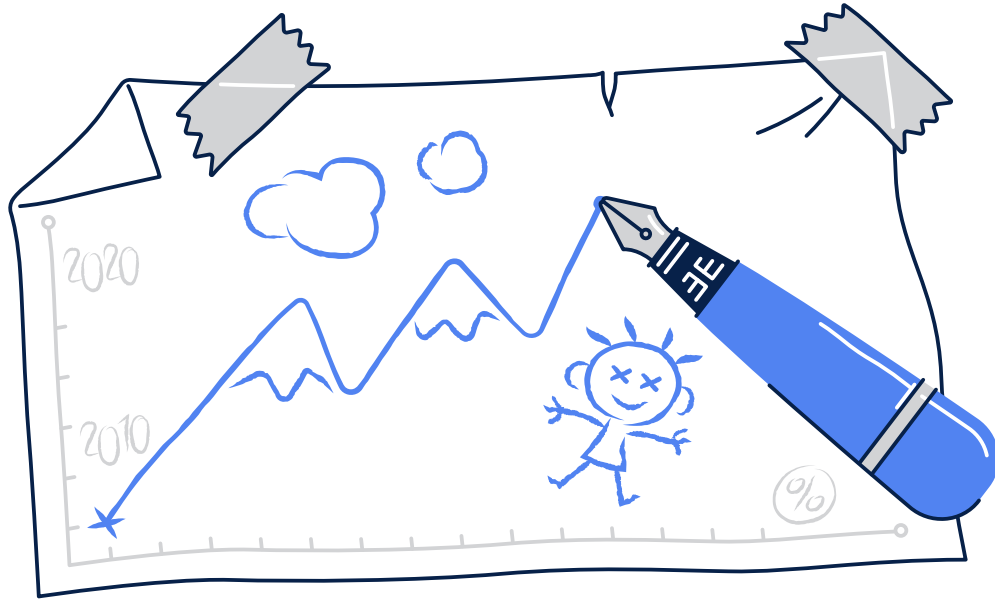
## **M**ake Sure You Are Legal:

Ensure that both you and your staff are properly licensed, and that you have the necessary permits to operate a business.

**“Networking with other HVAC professionals is a good way to broaden your scope of work and get to know industry leaders' tips and tricks.”**

## Codes Are Always Changing:

Do your research. Stay up-to-date on the latest local and national codes/guidelines that govern your business. Being part of an association makes this easy, and you can consult the United States Environmental Protection Agency for additional information.



## Industry Magazines Are Your Friends:

The U.S. Department of Labor and Statistics expects a 34% increase in HVAC mechanics from 2010 to 2020, so you will grow if you have the right setup. Subscribe to industry magazines and resources, and stay informed about the latest consumer trends and statistics.

**“Subscribe to industry magazines and resources, and stay informed about the latest consumer trends and statistics.”**



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