

# High Temperatures, High Profits



For contractors, business ebbs and flows with the passing of the seasons. Summer and winter are typically busier, especially when it comes to unplanned jobs. Since a lot of money is coming in during these seasons, it may seem unnecessary to worry about margins, but tweaking your pricing during busy seasons is a great way to ensure that your company has the breathing room to weather the lean months. With that in mind, we've got some tips to help your company build up a buffer against the slow season this summer.

## Always Upsell

One of the most tried-and-true methods of raising profits is upselling. Upselling is convincing the customer to purchase additional items that were not part of their original order. In HVAC, there are a number of products and services that you can pitch to increase your average invoice value.

- **Thermostat Upgrade:** Pitch a programmable or smart thermostat to your customers as a way to cut down on cooling costs this summer. These products frequently pay for themselves over their lifespan, making them an attractive proposition to homeowners.
- **Additional Services:** If you're booked for a condenser cleaning and general maintenance visit, float the idea of a duct cleaning and sealing. Homes are frequently sealed tight in winter, which means dust and dander accumulate more easily. Duct cleaning keeps homes healthy and duct sealing improves efficiency, two valuable benefits that most people want for their homes.
- **IAQ Equipment:** Keeping on the subject of healthy homes, humidifiers, dehumidifiers, air cleaners, air purifiers, and ventilators all represent excellent upsell ideas.
- **Pay for Priority:** If you don't already have emergency rates, you should implement them. I'm not talking about gouging people because they are in a bad place and need a specialist, but rather offering expedited service at a premium for customers who can't wait, like overnight delivery. Be careful not to disenfranchise your regular paying customers by neglecting their needs in service of priority money, though. That is a shortsighted financial play.

## Examine Your Policies

Many times, a few simple tweaks to the way you do business can result in tremendous returns. These aren't one-size-fits-all ideas, you'll need to consider the reality of your business before making the call if they are right for you, but they have helped contractors improve margins in the past.

- **Think Flat:** For common services, consider charging a flat rate instead of an hourly one. If calculated correctly, a flat rate can improve your profits and leave your customers feeling that they got a better value. This also removes the hassle of negotiating with a customer when they want to change or remove things on the invoice.
- **Think Flatter:** Customer pricing isn't the only place that deviating from hourly rates can help your profits. Consider moving your employees from hourly to salary; it can help prevent payroll fluctuations and give your employees peace of mind.
- **Raise Prices:** If it's been a while since you tweaked your prices, you should consider updating them. Take a look at the inflation rates of different goods and services in your area to get an idea of how much costs have increased since your last price hike. If you're nervous that you'll lose customers, you can grandfather your current clients into the old pricing and introduce new prices for new customers only.
- **Offer Financing:** Financing can be a great way to secure customers that you'd normally miss out on. Working with a reputable financing company is a great way to offset the additional effort, you may see a little less money overall, but the additional customers will make up for it. Obviously, receiving the money in installments rather than upfront will affect your budgeting, but getting regular payments when it is slow can be a blessing.

Between updating company policies and focusing on upselling, you can develop sustainable improvements to your company's margins and profits while improving your customer satisfaction levels and earning new customers. Implementing these changes this summer, when business is booming, will provide the best returns, so don't sleep on these suggestions.