

Member Insider

Women in HVACR March Newsletter



Presidents Corner:

As I sat and thought about what message to share with our members this quarter I decided on celebrating the opportunities made available to us through the many women in history who came before us. **March is Women's History Month** and I began to reflect on what that really meant to me and how during my lifetime I took for granted the opportunities I had in High School with competitive gymnastics, but recently realized that many of these opportunities came from a little known law called Title IX. Title IX opened the door for the well-known exhibition match between Billy Jean King and Bobby Biggs in September of 1973, a match that ended up changing the world, and how women are viewed.

Title IX is a portion of the Education Amendments of 1972 that states-(No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance...) Title IX was a game changer and opened the door to so much more than just sports for women.

I firmly believe that sports is important in the development of successful women today, giving women and girls the opportunity to develop their leadership skills, develop teamwork, self-esteem, drive and determination. Success is often mirrored by participation in sports in school and is an important influence in the development of a woman's competitive spirit. I for one know that the ability to participate in sports in school helped make me who I am today. I implore each of you to take a moment and reflect on all the women who came before us changing history in many ways allowing us the rights we take for granted today.

Patti Ellingson – National Sales Manager, Cooper Atkins Corp

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Mid-Atlantic Regional Meeting & Educational Session



Join us for Breakfast and a
Morning of Education and
Industry Updates!

DATE: April 25, 2013
TIME: 8 a.m.-12 p.m.
LOCATION: Aireco Supply - 8860 Gorman Rd Laurel, MD

PROGRAM

Welcome Note - Patti Ellingson- Women in HVACR President
Regional and National Regulatory Changes Happening in our Industry - David Calabrese- AHRI General Counsel & Sr. V.P of Policy

Geothermal 101 - Warren Linnerooth, Senior Design Engineer and Project Manager, Harvey W. Hottel, Inc.

**Certificate of Course Completion provided.*

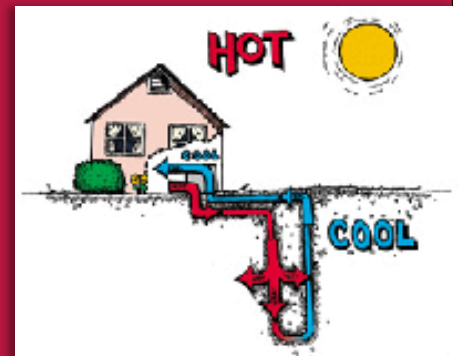
Free to WHVACR Members

- Non-members \$10.00

(Open to All Industry Men and Women)

Register online at www.womeninhvacr.org or
by email at womeninhvacr@gmail.com

Register Early – Space is limited



AHR EXPO DALLAS UPDATE:



2013 AHR Expo Set New Records

There was an air of optimism on the exhibit floor in Dallas. Based on the preliminary report from our registration company, we are pleased to confirm that the 2013 AHR Expo set 2 new attendance records for Shows held in the Southwest:

Total Visitors – 33,891 (not including Exhibitor personnel)

Total Attendance – 51,337 (including exhibitor personnel)

The 2013 Exposition has also set 2 new Southwestern Records for size:

Exhibiting Companies – 1,953

Total square feet of exhibits – 396,564



The AHR EXPO was a success for Women in HVACR, our booth drew interest from both new members and sponsors alike. Our organization made new industry contacts with partner organizations that will allow us to continue to bring our members more value and ways to network with other members through the year, outside of our annual meeting.



The Tuesday morning educational session hosted by Women in HVACR “Making you Company Whole with Home Performance”- was well received. I had several people come find me during the show to tell me what a great presentation we had. They were impressed with our guest speaker Blaine Fox from Warm Thoughts Communication and got a lot out of the presentation.

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RSES Annual Conference HVACR Technology Expo

As keynote speaker at the 2012 RSES Annual Conference and HVACR Technology Expo held at the Wild Dunes Resort in Isle of Palms, S. C., **Ruth Ann Davis' remarks focused on "Making a Difference in a Changing Industry".**



During her address, she discussed the challenges our HVACR industry faces from government regulations, changing standards, and economic uncertainty while sharing her "out of the box" thinking that has made her 20+ years in the industry the most rewarding years of her life.

Ruth Ann encouraged each attendee to commit to reaching out to at least one person during 2013 to share the vast opportunities that our industry of over a **million-strong** has to offer. Each of us can "make a difference" when we decide to get involved.



We need leaders, business owners, management, technical, sales, service, contractors, installers and much more. Over the next five years our industry must attract 86,000 new people; the needs are so great, eight industry associations have formed a Workforce Development Foundation.

Member **Spotlight** Questions

Jenn Laughlin, National Sales Manager - Arzel



1. What was your motivation to get into HVACR?

I had 2 motivators for getting into the HVACR industry - #1 I needed a job and #2 my father. Graduating from college with a degree in Fashion Merchandising, I dreamed of being a buyer for a department store, or working behind the scenes at a large retailer, helping to make buying and merchandising decisions. The reality was that those positions required a Masters degree or 10+ years of industry experience.

I was not interested in going immediately back to school for my masters, and I was not interested in spending another 8 years working in the fashion retail industry. My father knew I was sending out a lot of resumes and getting discouraged quickly. It was then that my father gave me some direction – he told me to stop pigeonholing what jobs I was applying for, and start thinking outside of the box. Start looking for jobs that you see potential in, and feel that you could have success with. Look to other industries – look for other ways to use your skills than the obvious. So that’s exactly what I did – I ended up finding a HVAC contractor looking to renew their focus on the residential replacement market, and in doing this they were planning to open a showroom and needed a residential salesperson who also could help setup and manage their retail showroom in Columbus, OH. That was the first job interview I went on, which ended up being the 1st position I held within the HVACR industry.

2. How long have you been apart of the HVACR industry?

I started working in the industry 9 years ago.

3. What would you say has been your greatest achievement, AND what has been your greatest obstacle?

My greatest achievement has been the relationships that I have established.



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Sponsor Spotlight Interview

Cosmos Air Purification & Environmental Systems, Inc. – Mickey Oudit, CAFS, President

How did you get started in this business? Started as a Sales Representative for National Capital Filter.

What is a good story about your business? How it all started. Working for National Capital Filters as a Sales Representative. After saving all my earnings, I was given the opportunity to buy National Capital Filter. I first started working in the garage of my home to a one room office in Maryland to now a 37,000 square feet facility in Landover, MD.

Who is your typical customer? Our typical customers include mechanical contractors, and building engineers.



What is unusual or unique about your business, in comparison to your competition? We have the capability to manufacturer any odd size throwaway or pleat and have it delivered as early as three days.

How would someone external describe your business? Dedicated, loyal and honest to the filtration industry. We provide a product to our customer that we believe in.

What are some interesting statistics? We are known in our region as not just a filter company but the "ONE STOP SHOP" for HVAC accessories, (coil cleaner, drain pan tabs, belts, rags, towels and etc.)

How would your customers describe their experience with you? The best and easiest company to deal with when purchasing HVAC air filters.

What is a customer experience you are proud of or an interesting story about a customer interaction? Georgetown Hospital was having problems with their HVAC filter change program. We went in and asked to be given the hardest building and if we do not perform the job best to our ability than it is free. We wanted them to know that it was not just about the \$ but the quality product and service that our company provide to make our environment a better place to live and breathe. I must say we know have Georgetown Hospital.

How do you keep in touch with your customers? Through telephone, fax, email, and visiting from time to time.

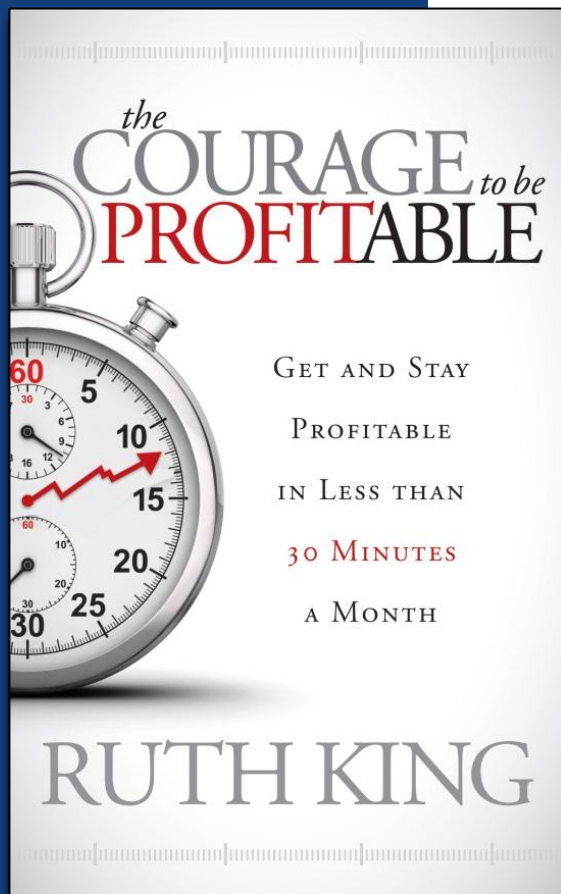
What challenges do you face in your business? Manufacturer increase prices for cost of goods. What are the effects and/or benefits of using your product? You get a quality product that does exactly what it should do.

Why did you choose to sponsor the Women in HVACR organization? This is a great way to get females involved in the industry. This is no longer a MANS world. It is a world where everyone is equal. This organization has brought a lot of insight to females within my company with their knowledge and leadership. Cosmos Air Purification will continue to be a sponsor of this great organization.



BOOK OF THE MONTH

Do You Have the Courage to be Profitable?
by: Ruth King



As an entrepreneur, you had the courage to start or purchase a business. You must have courage to profitably grow and survive. Survival takes understanding the financial part of your business including cash flow and what profit really is. Then it takes implementing a monthly financial review (less than 30 minutes each month) and taking action based on what the review tells you. This is a simple three stage process.

Stage 1: Understanding the financial part of your business

Learning the financial part of your business is like learning your ABC's

When you were a kid one of the first things you learned in school was your ABC's. You kept at it (usually because your parents drilled them into you) until you knew them. Then you turned those ABC's into words. Words into sentences. Sentences into paragraphs. Paragraphs into books...

In the beginning your ABC's were hard. You worked at it. Then they became easier. One day you knew them! You were really proud and usually wanted to recite them to anyone who would listen. You were excited because you could form words and read. A whole new world opened up to you because you could read.

Learning the financial part of your business is like learning your ABC's. As adults we don't have our parents to keep hounding us until we learn something. We just have our desire for profits, cash, financial freedom, and other goals we want to achieve.

What do you have to learn?

What a balance sheet is and what it means.

What a profit and loss statement (P&L) is and what it means.

What cash flow really is and what it means.

What overhead cost per hour is and how to get it as low as possible.

Then decide what profit per hour you want to earn.

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Change Your Smoke Alarm Batteries with Daylight Saving Time



The International Fire Chiefs Association and Energizer want you to adopt a new habit; changing your smoke alarm batteries when you change your clocks for daylight savings time. Find out how you can get free batteries at your local fire department.

The International Fire Chiefs Association and the Energizer battery company have combined forces to promote a fire safety campaign "Change Your Clock Change Your Battery" encouraging people to change their fire alarm batteries with Daylight Saving Time shift—which occurs March 10th this year.

A properly installed and tested home fire alarm with a fresh battery is one of the simplest and most effective things you can do to protect yourself and your family from a home fire. Energizer is donating hundreds of thousands of batteries to fire departments across the US. Contact your local fire department to see if they are participating—even if you can't get your hands on a couple free 9v batteries, it only costs a few bucks to buy a new pack.

For more information about fire safety make sure to read up on [how to effectively use a fire extinguisher](#), [how to buy the right fire extinguisher](#), and [how to set up a household fire emergency plan](#).

Contributed by
Patti Ellingson
& lifehacker.com



Fun Tips & Quizzes Continued on Page 24!

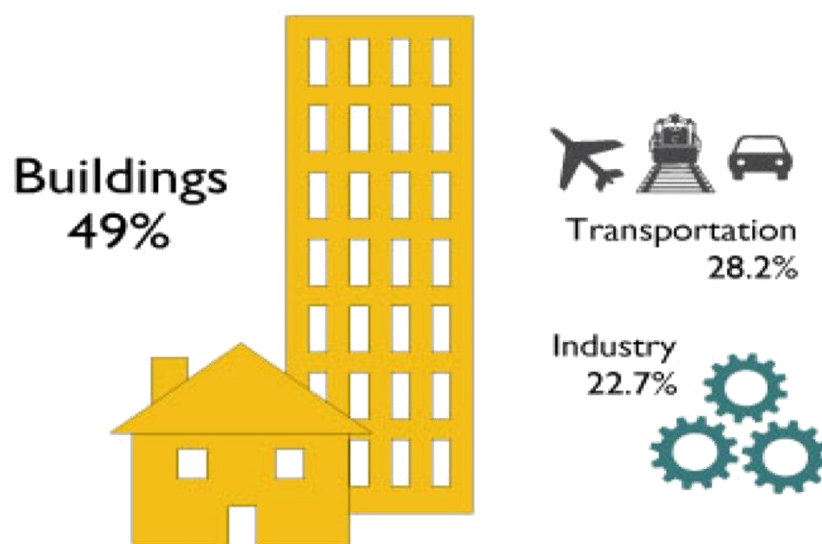
HVAC and Energy Savings

Do you remember your mother telling you to turn off the lights when you left a room? Or do you recall that the 55 mph speed limit would reduce gas consumption? While one concept seemed logical and one scientifically proven, both are financial reasons we started learning about saving energy at an early age.

More logical and scientific facts about energy are listed below:

The Building Sector consumes more energy than any other sector, approximately 77% electrical energy. Making this sector the largest emitter of greenhouse gases on the planet—and the single leading contributor to anthropogenic (human forcing) climate change. 81% of U.S. Electricity CO₂ Emissions Come From Coal.

Buildings consume over ½ the global demand of energy (\$) and materials that produce by-product greenhouse gases (GHG). Slowing the growth rate of GHG emissions and then reversing it is the key to addressing climate change and keeping the global average temperature below 2°C above pre-industrial levels.



U.S. Energy Consumption by Sector

Source: ©2010 2030, Inc. / Architecture 2030. All Rights Reserved.
Data Source: U.S. Energy Information Administration (2009).

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Tech Savvy

Contributing Article by Andy Potter, Technical Director, CPS Products

The Run Capacitor for the compressor is the most important component that assists the compressor to maintain its designed efficiency. It also is the most overlooked component for testing during a system check up when the complaint is a high energy bill.

My recommendation is to test the existing capacitor with the system running to capture the true activity of capacitor during operation. Testing the capacitor prior to installing it with a meter is great to be sure that it is safe to install but it is also important to test it each time the system is tested for operating efficiency. I do recommend that each time the electrical panel is opened check the capacitor.

The capacitor is so sensitive to insuring the energy needed to keep the compressor operating at maximum performance that the efficiency can begin to fail at any time. The run capacitor fails gradually and does not fail to perform all at once. This gradual failure can fail without an observable change in appearance. In the past it was common to change a capacitor only when it appeared to be failing. If it was swelled from internal pressure increase or rusted out and leaking then the tech would change it out and show the customer the old capacitor.

The capacitor does fail gradually in most cases and as it fails it raises the running amperage of the compressor. I recommend testing the capacitor active (while the compressor is running if it will run). If the compressor is just attempting to run then it will be necessary to test the capacitor with an instrument. After it is running then use the following test:

This test to be conducted by licensed technicians only!!!

Microfarads = 2652 X amps on the start wire ÷ by the volts from start to run taken from the capacitor leads (Common and Herm).

Compare the active microfarads to the rated microfarads. A six percent difference condemns the existing capacitor.

Always use caution when doing this test since the system is active and the power is live!!

It is time to stock up for the Spring Season. Don't forget to include the 5-2-1 Compressor Saver® for your truck stock.

Andy Potter
Technical Director, CPS Products



Are Maintenance Agreements Really Magic?

Contributing Article by David M. Holt, National Comfort Institute

In the past 37 years working in the HVAC business, I've witnessed many owners grasping for straws, searching for the "magic wand" that will solve all of their problems. Unfortunately, that magic wand seems to always elude them because they're searching in all the wrong places. They talk to their buddies at the parts counter and find out that things aren't any better with their business. All they hear is gloom and doom. They begin to believe the lies. They assume that their fate is somehow controlled by outside forces and that all hope is lost. You know the outside forces I'm talking about. This economy is killing me. It's hard to find and keep good help. My vendors are putting me out of business with these prices. How can I compete when Joe Garage is charging half what I charge? I can't ask my customers to pay more than \$60 an hour for service and expect to get any business in this town. Flat rate won't work in my area. My customers don't want service agreements. I can't get my customer to see the value that my performance-based approach provides. Why should I train my people? They'll just get smarter and leave! (My question is this: What if you don't train them and they stay?)

So where's the magic formula?

Is the magic formula hiding somewhere in a locked vault, totally out of reach to the rest of the service contracting world? Is it only available to those mega-contractors that have enough money to hire big-time consultants and fund big-time advertising campaigns? Is the secret so hard to understand that you have to employ rocket scientists to get it all done?

How can you use your creativity and ingenuity to overcome these natural forces that make your personal life miserable and your business life a disaster? Where can you turn to find the answers to these common problems? How can you build a business that will grow in value over time so that you'll have something to sell when it's time to move on to the next phase in life? I've discovered an answer. The "magic" is found in maintenance agreements.

What's so magic about maintenance agreements?

Imagine this. You wake up on January 1 and, before you even get out of bed, your company has over 20,000 pre-scheduled appointments already on the books for the year. No advertising is required. No competition is involved. You don't have to pray for hot summers or cold winters. Your techs don't worry about "short weeks" because there's always plenty of work to do. You can plan the schedule so techs stay in the same part of town. Accessory sales are easy because your customers trust you. You get "first look" at plenty of replacement equipment opportunities. You're paid for the work in advance or on an automatic monthly basis. Your customers regularly recommend your company to others. Sounds pretty good, huh?

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It's Spring...Plant the Seeds for Summer!

By Ruth King

Winter is quickly leaving and spring is upon us. Take a page out of the farmers' handbook. Plant the seeds in spring for a good summer and a great harvest. What does this mean for your business? It is time to put the plan in place to decrease your dependence on the weather and increase customer loyalty.

This means start, implement, and continue a great service agreement program. Service agreements help you counter the effects of weather on business. With service agreements customers are tied to your company and will call when they have a problem. This decreases your dependence on the weather for work and cash. Over the past few years those companies who have had great service agreement programs have been profitable even when the weather didn't cooperate. I hear, "We wouldn't have made it without our service agreements," more times that I can count.

Here are five rules to follow:

Rule #1: Service agreement revenues should cover the overhead of your company. This is true for residential and commercial companies. If the company's total overhead is covered, then you can breathe easier when slower times come. Many times it takes several years to accomplish this. Do it and you'll sleep better at night.

Rule #2: Have at least 1,000 agreements for every \$1,000,000 in residential sales. Not there? Set the plan in place to have at least the minimum number of agreements within 2 years. As far as I know, there are no "averages" for commercial maintenance contracts. However, you should be selling one new contract per week with at least a 90% renewal rate.

Rule #3: Be your own bank. If you want to decrease your dependence on a line of credit, get the discipline to deposit all of the service agreement monies you receive in an interest bearing account. These funds accumulate quickly and can be your source when you are short of cash. Pay the interest to yourself rather than the bank!

Rule #4: Set a contest with your employees to reach a service agreement goal. Make sure that everyone has bought into the need for the agreements. Then, start small with a three-month contest period this spring. Take a piece of poster board or put a chart on a white board. Along the X-axis should be the months. For example, March, April, May. Underneath each month should be two columns, one labeled "estimated" and one labeled "actual". Along the Y-axis should be everyone who is in contact with customers: all service technicians, dispatcher, sales people, and others who have the opportunity to enroll service agreements.

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WHVACR "Go- VoTECH Career Launch" Scholarship Program

Beginning in 2013, Women in HVACR is delighted to be able to sponsor **(2) \$500 scholarships!**

Current industry estimates project a need for 86,000 employees over the next five years. One of WHVACR goals is to help the industry fill this demand now and going forward with deserving and qualified candidates.

Qualifications:

Open to female high school seniors preparing to enter into the HVACR industry either through a technical college, trade school or relating degree in a 4 year college.

- GPA of 2.0 or greater.
- Completed Application & Essay. Minimum of 500 words answering questions below.

In Essay format, please explain:

1. What motivated you to seek a career in the HVACR industry?
2. Discuss your long term professional goals relevant to the profession.
3. Describe how a career in HVACR will provide a positive impact to your professional goals and career path.
4. Explain the importance of (your major) in today's society, and for the future.
5. What do you feel are the most important issues facing your field today?

E-mail:

womeninhvacr@gmail.com

Mail:

Women in HVACR
P.O. Box 386
Damascus, MD 20872

Applications are due June 1, 2013

Scholarships awards will be announced by the end of June.

A letter of acceptance must be presented prior to award payout.



Blaine did an outstanding job sharing ways to enhance your business bottom line by incorporating home performance as part of your business strategy.

(Continued from page 3)

Our guests learned how to:

- 1. Improve their retail sales and marketing strategy** to generate more leads, close more upgrade and retrofit sales, and achieve the lowest Cost per Customer Acquisition (CCA) possible.
- 2. Understand and apply the core principles of labor management** to ensure profitability on each job.
- 3. Key Performance Indicators (KPIs)** and what the progressive home performance contractor manages and measures in a profitable business.

Below is an email from one of the attendees

Blaine,

I attended your HPC presentation at the AHR show. You did an excellent job! I was educated, inspired and re-energized. Best free session I have ever attended and better than many that I have paid for.

For me your presentation was really more like "100 great tips and reminders for HVAC contractors", with bonus info about how to market Home Performance. I just wanted to let you know that I was impressed and really appreciate the boost. Also I personally just really enjoy watching anyone do a really good job at anything, such as: sports; music; a trade; or in this case public speaking and educating. My wife happens to make a living doing equestrian workshops, clinics, and presentations, so I have a particular interest in public speakers.

In case you care, here are some specific things I was impressed by:

Your presentation skills and ability to connect with the audience.

Your no nonsense, no gimmick, no BS information. Everything you presented rang true with my experience or my common sense.

Your confidence without excess ego. You came across as competent and sincere.

I operate a tiny, 3 man, company. I choose to serve a tiny rural geographic area and most of my business is by referral. I doubt I will ever be in the situation where I would be able to use your company's services, but I will use any ideas I can, from what you showed us.

Thank you!

Chuck Wilson

Chuck's Heating & Cooling

Meriden, Kansas

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Tuesday night Women in HVACR hosted our annual Meet & Greet at the AHR EXPO

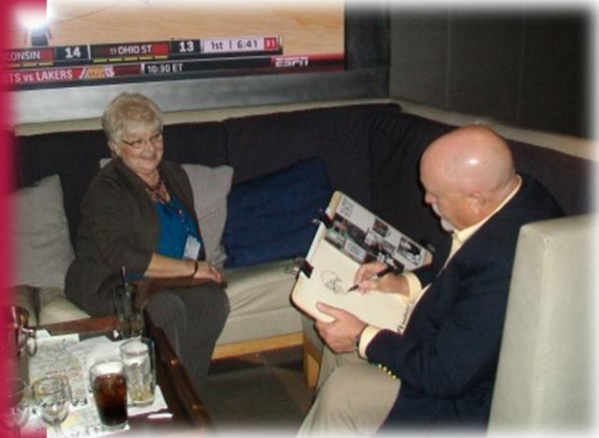


Women in HVACR Annual Meet and Greet
Dallas OMNI Hotel - Dallas, TX
January 29th, 2013



This year's event was held at the Owners Box at the Omni. The event was well attended and a good time was had by all.

The event was sponsored in part by Cosmo Air Purification & Environmental Systems Inc. and Mickey Oudit, President of Cosmo Air was there to celebrate with us. Southwire provided a cartoonist who drew charactures of our guests throughout the evening.



We hope you will join us next year at AHR EXPO in New York, NY- we will keep the same schedule for our educational session Tuesday morning from 10-12 and our Meet & Greet on Tuesday night from 6-9 so watch for details later this year.

**Contributed by: Patti Ellingson-
President WHVACR**



Member Spotlight Questions

(Continued from page 5)

I have grown a lot throughout my career at Arzel, and a lot of the growth I have experienced and progress I have made is a direct reflection of the opportunities that were given to me – through our company, our customers, industry organizations, and industry peers. My greatest obstacle has probably been finding a balance between my personal life and professional life – I still haven't quite mastered that yet.



4. How would you sum up your experience in the industry?

I love working in this industry. Having a college degree in Fashion proves that I had NO intention of going into HVAC when I was in college; however in taking the opportunities that were presented to me, I was able to find a job and form what has developed into a successful career path. I have grown a lot both personally and professionally from my HVAC career experiences have met some of the most warm-hearted, kind, and fascinating people during my 9 year journey through this industry – I cannot wait to see what the future holds.

5. What benefits do you feel being a Woman in the HVACR industry has had for you?

I love being underestimated – not a lot of people say that, right? Well it's true – so many times I have showed up for appointments, trainings, or sales calls when – at the end of the day – the person turns to me and says "Wow – you really know your product and your market...I wasn't expecting that!". Being underestimated can be perceived as a negative – but I see it as a huge opportunity. It is an awesome feeling knowing that you #1 – just completely knocked someone's socks off because they weren't expecting your professionalism and knowledge, and #2 – you just changed their perception of women in this industry.

6. Tell me about your company and your roll within the company, how has that changed over the years?

I have been with Arzel for close to 8 years. Arzel Zoning is a manufacturer of retrofit zoning products for both residential and light commercial applications. We are based out of Cleveland, OH and market our products throughout the US and Canada. I started with Arzel as an inside salesperson & territory manager, working closely with contractor customers in a select grouping of states.

Member Spotlight Questions Continued

A few years later I was promoted to Sales Manager and began managing inside salespeople and also working with distributors to help grow their zoning business. Since 2010 I have had the title of National Sales Manager and currently manage our inside sales/customer service department, and also manage our independent manufacturer reps as well. I work primarily with our existing distributor partners to develop & implement sales and marketing plans to help grow their Arzel business. It is also my responsibility to develop new distribution relationships and open new wholesaler partners to add to Arzel's current distribution market presence.

7. What would be your advice to a female someone new to our industry?

There are no limits – this industry is extremely open to women and the opportunities are endless. I have met so many men who have said that they would love to see more women in the HVAC industry and that a group like Women in HVACR is a great way to start creating some buzz for our industry and help to increase awareness in the opportunities that are available. Take advantage of the openness of our industry – make as many relationships as you can...we have some great people.

8. Tell me about yourself personally- Hobbies, Family, Sports, How do you stay grounded.

Any down time that I have is spent with my family, which consists of my son Colton and boyfriend Brian. My son Colton is 8 ½ and involved in lots of sports – therefore I am involved in lots of sports 😊 The majority of our weeknights are spent at any combination of baseball, basketball and/or football practices. We also are big fans of college and professional sports, so we try to take in as many local or semi-local sporting events as we can. Oh...and martini's help me stay grounded 😊

9. Where did you go to school? Degree?

I earned my college degree from Ashland University in Ashland, OH. I have a Bachelors of Science degree in Fashion Merchandising with a double minor in Business Administration and Music Performance.





BOOK OF THE MONTH

Do You Have the Courage to be Profitable? (Continued from page 7)

Stage 2: Implementing your monthly financial review

Now that you understand the financial part of your company, take less than 30 minutes each month to review your P&L and Balance sheet. First, your financial statements must be timely and accurate. It does you no good to receive January's statement in April. What ever minor issues you would have spotted in January will have become major crises by April.

If your statements are not accurate, you can't make good business decisions. You need to get accurate financial statements by the 15th of the following month. So, January's statement should be in your hands no later than February 15th. Calculate 10 operating ratios (Current ratio, Acid test, Accounts receivable to Accounts Payable, Debt to Equity, Long term debt to equity, Compensation percentage, Receivable turns, Receivable days, Inventory turns, and Inventory days). These ratios tell you what is going on with your business. Do you have a collection problem? Can you pay your bills? Are you taking on too much debt? Are your employees productive? Do you have too much inventory?

Then look at the trends – which you see with trailing information: Reviewing a year's worth of data one month at a time. Look at trailing sales, gross profit, overhead, and net operating profit. What is happening long term with your business? Are you getting more profitable? Are sales decreasing? Is overhead creeping up?

Stage 3: Implementation

Once you do your monthly review, take action based on what your ratios and trailing data are telling you. Quite frankly, this can be the most difficult part. If the data show that a department is constantly losing money, you must turn it around or eliminate that segment of your business. This is hard, especially if employees in that department have been with your company for many years.

Have the courage to be profitable – take action on what your financial evaluation reveals. If you don't take action, you could watch your company slip into bankruptcy.

Founder and former Women in HVACR President Ruth King is the author of *The Courage to be Profitable*. For more information go to www.TheCouragetobeProfitable.com or email rking@ontheribbon.com.



Are Maintenance Agreements Really Magic?

(Continued from page 11)

The real magic comes when it's time to "cash out" of the business at retirement. The ONLY thing that has lasting value in your business is your **MAINTENANCE AGREEMENT** customer list. People that buy HVAC service businesses don't care about old, used service vehicles. They don't care about obsolete stock in your warehouse. They don't care about your desks and old computer systems. They don't care about a list of names or addresses where you have installed a piece of equipment or repaired a unit ten years ago.

The only thing they really care about is the predictable income stream associated with a strong maintenance agreement customer base. **That's the magic.**

Sounds like a magical dream come true, doesn't it?

This dream really can come true in your business if you decide to do what it takes to make it happen. I know several companies in our industry that are living this dream right now. Due to their focus on maintenance agreements, they haven't suffered like many businesses during these tough economic times. In fact, many of them have flourished and tell me they had their best years ever – even in tough economic times! These company owners tell me that their maintenance agreement customers are the "magic" ingredient in their success formula.

It makes sense when you think about it. Most people don't buy new houses when the economy tanks. When new houses aren't being bought, new houses aren't being built. When new houses aren't being built, new HVAC systems aren't being installed. When new houses aren't being moved into, existing homes are getting older. Older homes have older HVAC equipment and older HVAC equipment breaks down more often.

The number one cause of HVAC system failures is the lack of regularly scheduled manufacturer-recommended maintenance. The easiest time to enroll a customer in a maintenance program is when their existing system is broken down. Regularly maintained equipment breaks down less often so your agreement customers survive the extreme temperatures better. Since maintenance customers don't call as often during peak seasons, you have more capacity to take care of non-agreement customers that are breaking down. Once again, the easiest time to enroll a customer in a maintenance program is when their existing system is broken down. This helps grow your maintenance agreement customer base.

So why aren't more contractors living the dream?

The number one reason most contractors aren't living this dream is because they think maintenance agreements are a nightmare rather than a magical dream come true. They have all sorts of wrong ideas about the value of a maintenance agreement program and, as a result, don't actively embrace this important facet of the service business. That's a terrible mistake.

Are Maintenance Agreements Really Magic? **Continued.**

Here are some of the excuses I've heard from contractors when I asked them why they don't have a strong maintenance agreement program:

- My customers don't need maintenance agreements
- My customers don't want maintenance agreements
- My techs hate doing maintenance work
- I can't afford to discount my work as an agreement benefit
- I'm afraid I'll forget to perform the scheduled visits
- I don't see the value when they have a 10-year warranty
- I have a hard enough time just fixing them when they break
- I can't keep up with who has agreement and who doesn't
- My competitor rips people off selling maintenance agreements
- Customers will abuse me if I offer no overtime charges
- If I stay busy all year long, I won't have time for hunting and fishing
- If I grow my customer base, I'll have to hire more techs

Most these excuses are pretty lame but they're actual excuses I've heard personally from owners, service managers and service techs over the past 37 years in this business. They're victims of a lie and they'll go down the path of lack-luster business performance as a result. When their "Cash out" date arrives, they'll wonder why they didn't get the big payout they were expecting for all the hard work, blood sweat and tears they've invested. It's sad, but true.

The truth about maintenance agreements

The HVAC industry leaders have known this truth for years. Build your business on a strong maintenance agreement customer base and you'll enjoy a more predictable success rate. Look at the largest and most successful businesses in your area and across the country. They rely on their strong maintenance agreement customer base for their success, not the weather. Sure, weather extremes enhance their business, but they don't rely on the weather to have a great year. These successful contractors have recognized the real "lifetime value" of a maintenance agreement customer and they treat them accordingly.

For a performance-based contractor, the value of maintenance agreements is even more important!

When your maintenance techs perform their ComfortMaxx QuickCheck tests twice a year, they are building up a tremendous lead generating machine that your company can leverage. How cool would it be to have a whole database full of QuickCheck reports that your sales staff can review to identify potential candidates for a complete system renovation? Collecting those measurements twice a year and analyzing them with ComfortMaxx can turn those visits into a veritable gold mine!

Are Maintenance Agreements Really Magic? Continued.

The lifetime value of a maintenance agreement customer considers annual maintenance agreement enrollment fees + repair fees + accessory sales + system renovations + add on and replacement equipment sales over the life of the relationship with the customer. When you add it all up, you can easily see that the value of a maintenance agreement customer with a single HVAC system could very easily top \$15,000 over a ten year period of time. If your customer base has multiple units per house or building, the numbers are even more phenomenal.

Imagine having just 1,000 maintenance agreement customers. Over ten year, that would translate into 20,000 pre-sold, scheduled maintenance calls (at least); hundreds of billable repair calls; hundreds of accessory sales; and the vast majority of these systems would be replaced in a non-competitive sales environment. The end result: \$15,000,000 in sales over the next ten years to a group of people who love you, trust you and will help you grow your business for years to come. When you factor in the reduced need for advertising expense, unapplied labor time and a non-competitive sales environment, the profitability on these sales should be terrific! Are maintenance agreements really magic? You bet they are!

Contributed by Nita Brooks- NCI

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It's Spring...Plant the Seeds for Summer! By Ruth King

(Continued from page 12)

Ask each person how many they think they can enroll during that three month period. Put that estimate in the "estimated column" for each month. On average, you will get two no's for every yes. So, if a technician thinks that he can enroll 30 in March, he has to have 90 opportunities in March. After you get everyone's estimates, total the estimated agreements for the company. This is your three month goal.

At the end of each month, record the actual numbers on the chart. At the end of the three-month period, determine the results. Did the company reach the goal or not? Is there a bonus or a penalty?

Rule #5: Get your technicians ready for spring. It's likely that they have had reduced hours and are probably looking forward to getting more work too.

Remind your techs that they are your eyes and ears in the customer's home or office. As they are performing their maintenance procedures, they should write down and discuss with the customer everything they see. The customer might need service work or even a system replacement.

Remember, maintenance is the foundation for ensuring the system is operating properly and is in the best possible shape for its age.

Service agreements are the seeds that you plant this spring. A great maintenance program helps you have a great harvest this fall and for years to come.

By-line: Former Women in HVACR President Ruth King is passionate about helping contractors increase revenues, profits, and year round productive work through maintenance agreements.

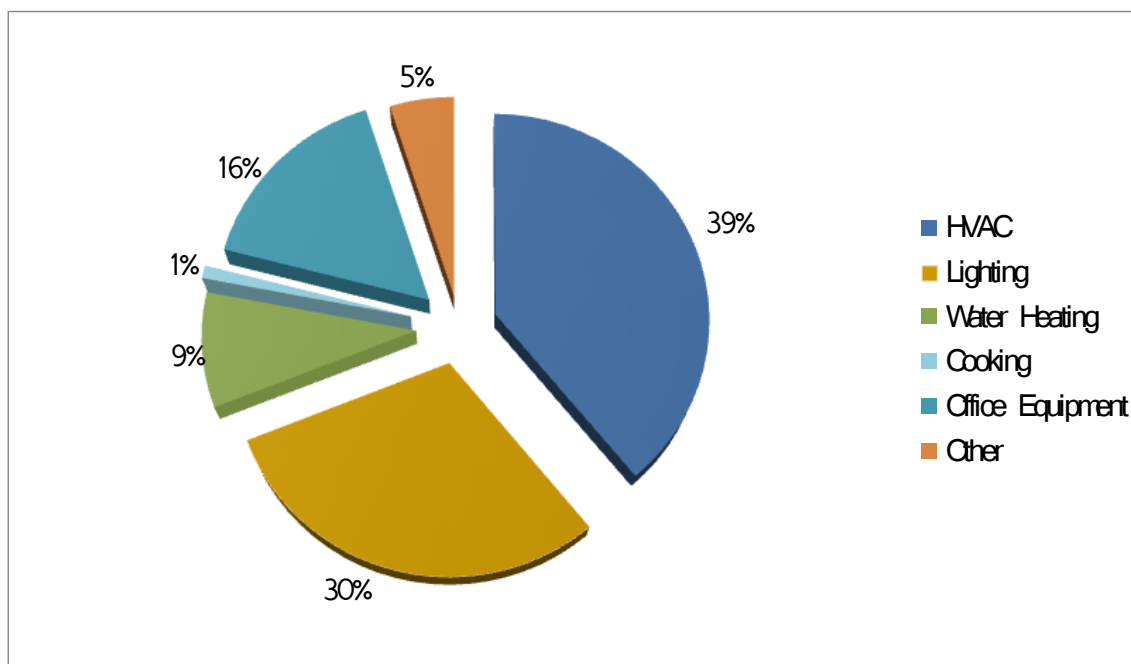
To join her planned maintenance inner circle go to www.hvacchannel.tv or call 877-520-4321.

HVAC and Energy Savings (Continued from page 9)

Of the electricity we consume, over three-quarters (77%) goes just to operate the buildings we live and work in every day. By comparison, industry uses 23% and transportation, less than 1%.

If we narrow down these staggering percentages to our HVAC industry, we realize the importance of high efficiency equipment, controllable thermostats, sealed ductwork, and other energy saving products. These products reduce energy but also help to improve the comfort of our homes and buildings.

The chart below indicates that 39% of the energy used in a building is related to HVAC while lighting comes in second at 30%. Staggering to think about?



Source: DOE, 2011 *Buildings Energy Data Book*

This highlights the importance of our industry and the impact to our society. Each product we manufacture, sell and install that focuses on energy savings will pay off dividends now and in future generations.

Contributed by Julie Decker- Distribution Sales Manager, Carlisle HVAC Products

Daylight Saving Time Tips & Quiz

(Continued from page 8)

Daylight Savings Time is March 10th....



How much do you know about Daylight Savings? Take the quiz and find out.

1. Who conceived the idea of Daylight Saving Time?
 - ☐ [A. Thomas Jefferson](#)
 - ☐ [B. John Adams](#)
 - ☐ [C. George Washington](#)
 - ☐ [D. Benjamin Franklin](#)

2. In 1907, William Willett had the idea to advance clocks a certain number of minutes on four Sundays in April and turn them back by the same amount of four Sundays in September. How many minutes did he suggest?
 - ☐ [A. 10](#)
 - ☐ [B. 15](#)
 - ☐ [C. 20](#)
 - ☐ [D. 30](#)

3. As of March 2008, how many states do not observe Daylight Saving Time?
 - ☐ [A. 0](#)
 - ☐ [B. 2](#)
 - ☐ [C. 4](#)
 - ☐ [D. 6](#)

4. In some parts of the world, Daylight Saving Time is known by what other name?
 - ☐ [A. Greenwich Mean Time](#)
 - ☐ [B. Daytime Savings Period](#)
 - ☐ [C. Summer Time Period](#)
 - ☐ [D. Daylight Extension Period](#)

5. What is the biggest reason that we observe Daylight Saving Time?
 - ☐ [A. because other leading countries do](#)
 - ☐ [B. deters crime](#)
 - ☐ [C. saves energy](#)
 - ☐ [D. safety](#)



Daylight Saving Time Tips & Quiz

Daylight Savings Time is March 10th....

6. When was the Uniform Time Act signed into law?
- ☐ [A. 1960](#)
 - ☐ [B. 1963](#)
 - ☐ [C. 1966](#)
 - ☐ [D. 1968](#)
7. Which states must observe Daylight Saving Time according to federal law?
- ☐ [A. none](#)
 - ☐ [B. all southern states](#)
 - ☐ [C. all northern states](#)
 - ☐ [D. all states above the Mason-Dixon Line](#)
8. Which President signed Public Law 99-359 which changed the beginning of Daylight Saving Time to the first Sunday in April?
- ☐ [A. H.W. Bush](#)
 - ☐ [B. Ford](#)
 - ☐ [C. Nixon](#)
 - ☐ [D. Reagan](#)
9. What law passed by Congress and signed by President G.W. Bush changed the beginning of Daylight Saving Time to the second Sunday in March and the ending to the first Sunday in November?
- ☐ [A. Energy Policy Act of 2005](#)
 - ☐ [B. Energy Saving Act of 2005](#)
 - ☐ [C. Daylight Extension Act of 2005](#)
 - ☐ [D. Daylight Savings Policy Act of 2005](#)
10. What phrase helps people remember how the time change affects their clocks?
- ☐ [A. "spring ahead, fall backwards"](#)
 - ☐ [B. "spring up, fall down"](#)
 - ☐ [C. "spring forward, fall back"](#)
 - ☐ [D. "march ahead, fall back"](#)

ANSWER KEY

1-D, 2-C, 3-B, 4-C, 5-C, 6-C, 7-A, 8-D, 9-A, 10-C