

A Tale of Two Contractors

I WISH I had a dollar for every contractor who has told me, "That system performance approach might work where you are, but you don't understand our market here in (fill in the name of any city or state in the country)."

The truth is, system performance and delivered comfort are being sold at a premium in every state and city across the nation. Sure, less than 5% of HVAC contractors are delivering measured performance, but nearly all of them are making net profits 5 to 10 times the industry average — which is currently less than 2% of sales!

This paradox was illustrated to me just a few weeks ago when I was catching up with a contractor I hadn't spoke to in a couple of years. For the sake of anonymity, we'll call him **Mr. Performance**.

Mr. Performance is located in a major metropolitan area in the Southwest. As we talked, he described how his company had grown from under \$2 million in sales to just over \$5 million this year. He now has 50 employees and 30 trucks on the road.

When I asked about his sales approach, he explained that on average he charges \$3,000 per ton for air conditioning system replacements. He also mentioned business has been very brisk all through this past fall and winter, and his pre-season installations were already stacking up.

I was fascinated by these statements, especially since a few months ago, I spoke to another contractor from the same city who had a very different take on things. Let's call him **Billy Box Dealer**.

Billy's story was pretty much the opposite of Mr. Performance's account. Billy lamented that his customers wouldn't pay for anything. He rationalized that because he was constantly competing with low-price bidders he has to keep his prices very low.

Billy's been trying to break above the \$1 million sales mark for nearly 10 years, but always falls short. He makes a pretty good living, but it's never steady, and he's always on the brink of not being able to make payroll or pay his suppliers.

This is **NOT a made-up tale**. It's a very real account, and Mr. Performance and Billy will likely recognize themselves in this article. Unfortunately, Billy's story is one many of us have heard, and more of us than we care to admit are living year after year.

So why is Mr. Performance so successful in the same market in which Billy Box Dealer keeps failing? What's his secret? When I asked him, he told me it comes down to three factors:

- Customer Education
- Performance
- Attitude

Let's break it down further:

CUSTOMER EDUCATION: Mr. Performance and his salespeople spend most of their time educating customers about

their systems, and how he can truly make them perform the way they're supposed to. He discusses indoor air quality and humidity control. He doesn't try to sell Band-Aids and accessories, but uses real solutions to fix the entire system. Finally, he measures and involves the customer in investigating and solving comfort and IAQ problems.

PERFORMANCE: Mr. Performance delivers measured performance. In fact, he guarantees levels of performance on every job he sells. To date, he hasn't had a single customer call him to enforce a guarantee for non-performance. This contractor uses unique designs, accurate measurement tools, and specialty products to address system problems, ranging from the refrigerant side to the air delivery system.

ATTITUDE: This is a big one. Mr. Performance's attitude is very positive. He's positive he can fix a customer's problem and he has no reservations about charging what he's worth. He spends a great deal of time marketing his company's abilities through both advertising and public relations. He also works hard to instill the attitude of "we're different" in every employee.

The bottom line is Mr. Performance started with the exact same advantages as Billy — there are no excuses of different market or geographic conditions, being better financed, or being around longer. In fact, Billy has been around longer than Mr. Performance.

Most of us search for that silver bullet that's going to make us a huge success. Too many of us are looking for some new product or angle to boost the low margins associated with selling boxes. We're stuck in the paradigm of **selling more boxes and trying to make it up in volume**.

The truth is the only unique product we have is ourselves and our people's ability to educate customers and create comfort systems that work. Yes, it's more labor intensive than just selling boxes for manufacturers, but you can charge a premium and get much higher margins for that labor. The question any Billy should ask himself is, "am I getting anywhere, or am I on a treadmill?"

Motivational speaker Anthony Robbins describes insanity as "doing the same thing over and over again expecting different results." Isn't it time to stop the insanity? ■



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