

The Light Commercial Service and Service Agreement Business

BY **RON SMITH**

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By expanding your business offerings, you're doing your company a favor, as well as your customers. With proper planning and a little background, you can be successful with multiple programs.

HVACR residential retail contractors who wish to grow their profits have a natural and synergistic diversification opportunity. With proper guidance, planning and execution, it's not difficult to expand into the light commercial service and service agreement business. And there are a number of benefits for customers, co-workers and the company as a whole!

I advocate that service agreement **benefits for the customer** should include the following:

- Fewer expensive and inconvenient repairs.
Comprehensive precision tune-ups and cleanings result in fewer repairs.
- Quick response on any breakdowns.
A service agreement customer is a priority customer.
- Never an overtime charge.
Customers like this benefit and it helps greatly in selling service agreements.
- Extended equipment life.
Properly maintained equipment lasts longer.
- Lower utility bills.
With the comprehensive precision tune-ups and cleanings the energy savings can be significant.
- Tenant retention.
Lack of comfort and/or equipment breakdowns is the biggest reason that tenants move.
- More available cooling and heating.
Not only do the precision tune-ups and cleaning save energy they result in improved equipment capacity.
- Discount on any repairs, both labor and material.
Our discount is 15%.
- Discount on any replacement equipment.
Our discount is 5%.
- Emergency service 24 hours, seven days a week.
This is critical to most businesses.
- Increased coworker productivity.
Coworkers are more productive when working in a pleasant indoor environment.
- An informed customer.
This means furnishing customers with information, such as steps they can take to reduce their utility costs, how long their present equipment will probably last before needing to be replaced accompanied by a budget, and any other products and services that might interest them.
- Improved safety.
A properly conditioned space (indoor environment) is healthier and safer than one that is not.
- Service technician assigned to the account.
Customers really like this benefit. However, it must be explained that the assigned technician will not always be available, especially on an emergency service call.
- Account representative assigned to the account.
The customer has a "go to" person that thoroughly understands the account and has a relationship.

That's a total of 15 service agreement customer benefits!

Coworker benefits of the program are:

- Available work in the non-seasonal times of the year.
That's a good time to perform a lot of the precision tune-ups and cleanings.
- More work throughout the entire year.
A result of increasing sales with the service agreement program.
- Cleaner equipment to work on.
A result of the precision tune-ups and cleanings.
- Happier customers to deal with.
If you are taking good care of your customers and staying in touch with them even if they experience a breakdown they will rarely be angry.

The Light Commercial Service and Service Agreement Business *continued*

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- Opportunities to earn more money through spiffs.

Technicians can earn spiffs by turning in sales leads and/or making certain sales to the service agreement customers.

- Working for a more stable and growing company.
Your commercial service agreement contributes to the growth and financial strength of your company.

Company benefits of the program are:

- Increased company value.
Companies that have service agreement customers, whether it is residential, commercial or both are valued higher than companies that do not have a service agreement customer base.
- Improved cash flow.
There are various forms of payment for the agreements. Whichever terms

you choose and offer will improve your cash flow.

- Referrals from happy customers.
You can expect to get referrals from your commercial service agreement customers.
- Available work in the non-seasonal times of the year.
Just as this is a benefit for coworkers it also is for the company.
- Happier customers to deal with.
A result of your relationships.
- Happier coworkers to deal with.
Because you have available work when other companies do not, customers that do not tend to be angry when the technician arrives on the job and because they can earn money through the spiff program.
- Increased demand and emergency service.

Commercial equipment, even with the precision tune-ups and cleanings, experiences more breakdowns than residential resulting in revenues and profits.

- More and easier commercial replacement sales.
Think of a commercial service agreement as a deferred replacement sale. By forming and maintaining a relationship you are the logical company to install the replacement equipment.
- More and easier accessory sales.
One of your responsibilities is to keep your service agreement customers informed of products and services that may interest them.