

Increased Profitability Through Learned Facts

Al Ciuffreda

About Al Ciuffreda



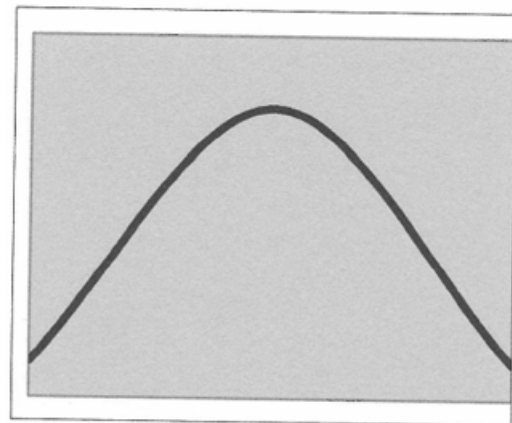
Mr. Ciuffreda established “Customer Choice” in 2005 and has assisted many companies over the past 25 years. His past employment started as an in home residential HVAC salesman while supporting his wife and daughter and completing his education at George Washington University earning a degree in Economics (major) and Math (minor). His employment spans over 40 years in the HVAC industry and includes positions as Regional Sales Manager with several manufacturers, Commercial Sales manager at Lennox Industries and Project manager with ICF Consultants overseeing the EPA Energy Star project during early stage development.

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The *Normal Distribution Curve* represents how data, like consumer purchases of products; TV's, home appliances, automobiles or heating and air conditioning products (once purchased) should be represented. This article will concentrate on HVAC product sales. The first graph represents how Industry sales should be. You might track your sales for 10 or 15 jobs and see how your percentages look.

Normal Distribution Curve



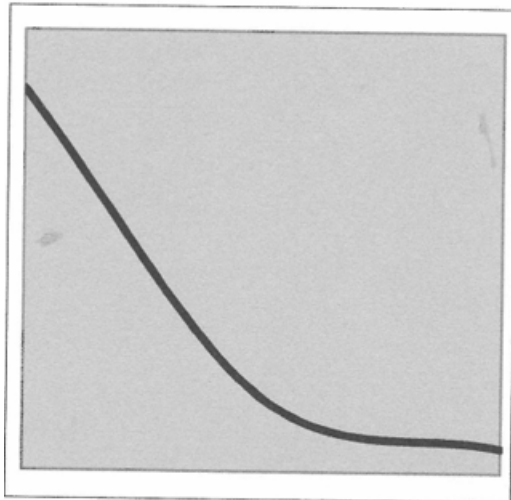
Good Better Best

How do Industry sales really look? ARI and GAMA have tracked unit sales and their numbers for many years and are represented in this second graph. The Industry unit sales consistently show that lower priced products are typically the majority of sales and sales trends go down as moderate to top line products fall off.

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ARI/GAMA Historical Data



Good Better Best

The HVAC industry is a much fractured industry with more than 60% of contractors in the one million to six million dollar range. Some of these contractors are successful, but many just merely survive year after year. So, what causes this contradiction to the normal distribution curve? Below are my observations over 40 years of experience.

- A misconception that more sales bring more profits and the best way to insure more sales is to always present the lower price (product). This may produce increased Gross sales but it will be done with lower net profit dollars.

- Consider: if you sell 100 jobs a year at \$8,000.00 with a desired net profit of 5% - you earn \$40,000.00.
- However, if you sold 100 jobs a year at \$10,000.00 with a desired net profit of 5% - you earn \$50,000.00.

Same work more dollars!

These small contractors typically do not know their true overhead costs or how to capture these costs in the sales price. Many times they present their sales price by assuming what their competitor sells for and assume they can meet or beat the price of their competition (after all, they are smarter). The reality is that if they are not capturing their overhead, they may actually be ***paying the customer to do the work.*** ????!!!

- Customers want to buy and turn off when being sold. How many times have you sought to buy something and the sales person tried to sell you something else?

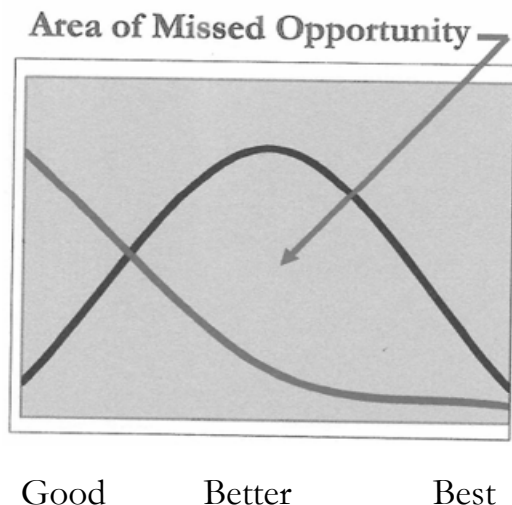
How did you feel?

So let us look at the opportunity that the HVAC industry is missing. The simplest way to present this is to present both graphs into one. Consider **Good** would be 14 SEER/80% AFUE,

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Better would 15+ SEER/90% AFUE and **Best** would be 18+ SEER/94% products.



The area of missed opportunity is easily recognized as being more than twice as large as the current area that is being captured. Obviously twice as many, about 80% of prospects would purchase these products if presented as the benefits outweigh the cost.

Facing the next Chasm...

These 60% of HVAC contractors once stood at the edge of a chasm – *do they continue to work for others or start their own business?* They believed – no they knew, they could do better and satisfy customers. They accepted the challenge and they made the leap to start their own business. Now they stand on another chasm's edge. Do they continue where they are now or make the leap again to grow their profits and

their business? This new leap will have its own challenges? They will need new tools:

- What will be the goals
- Where can the guidance be found
- How will they grow the company and obtain the funds necessary
- What new business knowledge will be required
- What new beliefs will replace old false beliefs

CUSTOMER CHOICE can assist and guide you:

- To dispel false beliefs and capture more sales and profit dollars.
- To understanding and capturing of true overhead in each sale.
- To take advantage of the “Area of Missed Opportunity” – customer desire for “Better” products.
- To provide you a path of better financial prosperity to obtain the growth you desire.

If you would like a consultation, email me at ac4364@verizon.net.