



# How Commercial **HVAC Firms** Can Manage Customer Engagements More **Efficiently** While Increasing **Profitability**





Introduction:

# Industry Growth = Opportunities + Challenges

After five years of flat revenues from 2015 to 2020, IBISWorld projects steady growth for contractors in the HVAC industry from 2020 to 2025—forecasting an increase of 4.1 percent to \$85.3 billion.<sup>1</sup> The report also identifies two key trends:

- The total number of HVAC industry enterprises is forecasted to increase.
- The combination of revenue and profit growth is expected to attract new operators.

As outlined in the report, these trends are driven by the HVAC industry benefitting from government incentives. For example, HVAC systems qualify for bonus depreciation as a result of the CARES Act. In addition, increases in surplus revenue will support the trend toward commercial enterprises upgrading their HVAC systems. And the growth in the broader economy is accelerating spending and new construction projects that require HVAC equipment.

Because of these developments, commercial HVAC distribution and service companies are growing fast—organically and through acquisi-

tions. During these rapid expansions, managing customer engagements and maintaining profitability during sales and service cycles often prove daunting.

Without an effective method for gaining visibility into proposals and service engagements to know what's working well and what isn't, managers lack the data they need to proactively make adjustments when necessary. The results can include lost sales, decreased profitability, and degradation in customer service levels.

In this eBook, Velosio examines the challenges HVAC companies face when managing sales and field service processes during times of rapid growth and when contending with isolated data systems. We also present the key benefits HVAC firms gain by bringing all customer engagement processes into one centralized platform such as Microsoft Dynamics. This customer engagement platform—along with our experience in the HVAC industry and our knowledge of customer engagement best practices—helps HVAC firms run their sales and service processes more efficiently while also driving greater profitability.



## Lack of Visibility Into Sales Activity

Fast company growth in any industry can easily lead to data getting stored in multiple systems or on spreadsheets used by individual sales reps. As a result, sales managers lack visibility into close rates and margins on new system installations and unit replacements.

For the HVAC industry, this lack of visibility can greatly hamper partnering with general contractors to win the equipment installation component of new construction bids. And for commercial customers under service con-

tracts, managers may discover contracts that expire before renewals are put in place. Finding out why deals are lost and which general contractor partners have the highest win rates usually involves chasing down multiple people or manually compiling data. On-demand reports at the push of a button are simply not available.

Trying to manage institutional knowledge about future business is also difficult. Without visibility, management doesn't know which client meetings are about to take place, and if a salesperson leaves the company, they won't be able to proactively manage the client relationship.



## Difficult for Field Services to Forecast Future Resource Needs

On the field services side, managers are not always able to manipulate isolated systems to forecast how many technicians they need over the upcoming month, quarter, or throughout the next 12 months. If the company suddenly wins a contract for a large-scale installation, there may not be enough time to react.

Bringing on full-time employees might solve such a problem in the short term, but the technicians could go under-utilized if demand does not keep pace.

On the other hand, hiring sub-contractors could erode the margin on the project. And bringing in temporary resources always runs the risk of using technicians that don't possess the necessary skills. The quality of the customer engagement could decrease.

Challenges such as these are exasperated by manual processes and the large percentage of field technicians who work out of their home offices. Paper-based and whiteboard-based approaches to tracking technicians and projecting availability no longer work.





## The Struggle to Keep Projects on Time and Under Budget

Isolated data can also make it difficult for project managers trying to keep new installations on time and under budget. Cost overruns and the lack of sufficient resources may not be discovered until it's too late to take corrective action.

As a result, the company experiences margin bleed. That means either eating a significant portion of the project cost or going back to the customer to request more money. It's a no-win situation for both sides.

And if logistical errors cause products to sit in warehouses, highly-trained, expensive resources may sit idle. This reduces the firm's utilization rate and holds up revenue realization.

In addition to the problems caused by data stored in multiple systems or isolated spreadsheets, visibility issues can also emerge when an HVAC firm acquires smaller companies. As the parent company attempts to onboard new personnel, management contends with different sales and services processes and forms. If any of the acquired firms use legacy systems to manage sales and services, the applications may be too complex to adapt to modern technologies.

### 3 Operational Areas Benefiting from Integrated Data

Executive teams at commercial HVAC companies want to overcome these challenges and give their managers the ability to look at margins as installation and service projects go forward. This allows managers to see if there's a problem so they can proactively take corrective action. The executives don't want to find out after a job is done that the company did not achieve the projected profit.

Achieving this objective requires consolidating customer engagement processes and data into one centralized system such as Microsoft Dynamics. Based on-premises or in the cloud, the system is easily accessed from company offices as well as by technicians on the road and support staff working from home offices.

With all data and processes in one place, HVAC companies gain efficiencies in three key areas:

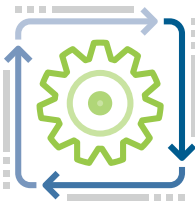




**Sales** — This includes new construction bids as managers gain visibility into the job bidding process. The company can also better manage the quote-to-order process as issues bounce back and forth among multiple individuals. This makes it possible to track the status of tasks and the documents that are shared internally as well as with customers.

A big headache that Dynamics solves is the difficulty of setting up multiple commission structures for sales reps. The system can easily handle complicated non-standard commission structures. And for service maintenance subscriptions, managers can easily see when renewals are coming—far in advance and across all business units—and implement a new quote-to-order process to extend customer commitments before contracts expire.

Another key sales-process benefit provided by Dynamics is the collection of proof-of-service upon completion of a ticket. The system automatically routes the information to billing to generate an invoice or to accrue the time against a service contract.



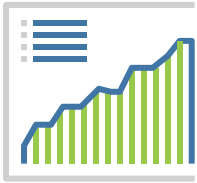
**Delivery** — Once deals are won and the service department takes over to deliver installation services, Dynamics streamlines backlog management. Service managers can assign resources and coordinate product delivery to synchronize technician availability with equipment arrivals. They can also prioritize which customer tasks warrant the highest priority.

As projects get underway, Dynamics enables project managers to monitor the margin of both fixed-fee and time & materials projects. They also gain visibility into the progress of each project overall and the individual tasks within each project.

In addition, project managers can validate change orders and manage the necessary resources to react to the change orders. And as project milestones are achieved, Dynamics automatically notifies billing to kick off any invoices associated with each milestone.

For field services, Dynamics helps manage technician schedules and make adjustments as emergencies arise. Technicians can also track their schedules remotely and document their break-fix and maintenance tasks on their mobile devices. This immediately triggers any necessary billing to customers rather than waiting for technicians to return to the office. And if a customer requests additional services during a service visit, technicians can easily add the task to their work order submission to accrue the time against the service contract or to generate an additional invoice.

HVAC companies can also deliver benefits to customers through the customer self-service portal that Dynamics enables. Customers can submit service requests by creating incident tickets in the portal and then track when technician visits will occur as well as any open issues on each incident.



**Measurement** — for both sales and service managers, Dynamics offers dashboard reports that provide visibility into all operations so the company can take corrective actions before issues impact customers. This includes forecasting resource and equipment availability as business models change the mix of new construction versus break-fix and maintenance subscriptions.

Management can also better evaluate the profitability of strategic relationships, not only with customers, but also key business partners. This includes construction developers, vendors, suppliers, and building architects. Dynamics tracks the revenue, costs and profitability of each relationship so the company can determine which customers and partners facilitate opportunities and which ones drain resources.

With the improved ability to sell, deliver and measure by accessing vital KPIs, HVAC companies can leverage Dynamics to greatly enhance their ability to re-engage with customers.

Another key benefit is the integration between Dynamics and other Microsoft solutions. Whether it's ERP, the Office suite, Outlook email, Teams, or PowerBI, data flows automatically across all applications. End-users can easily access customer engagement data and files from the other Microsoft applications. This fosters internal collaboration and enables the company to respond quickly to customer inquiries.

## Key Dynamics Functions for HVAC



- **Sales Management**—view status of bids, bids in the pipeline, close rates, projected close dates, bid revenue, and margins—by salesperson, office, region, and other business units.
- **Partner Management**—evaluate bids with general contractors and identify opportunities involving multiple partners bidding on the same job.
- **Performance Analysis**—identify areas of improvement by evaluating amount of business closed to date, forecasts, sales quotas, win rates with general contractors, and reasons for losing bids.
- **Project Management**—check the status of active projects while tracking milestones and the status of issues and delays.
- **Client Management**—manage accounts receivables and initiate work orders to address issues by monitoring for project delays.
- **360° Customer Views**—track customer touchpoints and view all activity by customer—open bids, projects in progress, and issues.
- **Field Services**—schedule and dispatch technicians while also managing resource skill sets, staff, and contractors.
- **Job Management**—manage backlogs by sorting by job locations, material pain points, required resources and equipment, and project milestones.

## The Velosio Difference : Test Methodology and Domain Expertise

Critical factors to the success of Dynamics deployments—and making sure they drive efficiencies throughout customer engagements processes—are implementation methodology and the expertise of the implementation team. A tested methodology based on previous deployments ensures the project is completed on time and under budget. High-level expertise provides the required best practices based on lessons learned in deploying Dynamics for other clients in the HVAC industry.

That's where Velosio can help. Our team of design, implementation and support professionals offers deep domain expertise and years of experience—not only in Dynamics, but also in customer engagement deployments for HVAC clients. We serve as your trusted advisor to plan your Dynamics deployment, and we can configure Dynamics to meet your requirements today, and to adapt as your company grows.

In addition to sales and field services, we can program Dynamics to handle all of your accounting, marketing, customer service, warehousing and fulfillment processes. Our solutions ultimately help you produce the business outcomes you require: increased revenues, greater margins, and improved field services.

And the efficient customer engagements processes enabled by Dynamics improve customer experiences by helping your firm respond quickly to customers and resolve issues quickly. This leads to loyal customers who keep coming back!



For more information on how Velosio helps commercial HVAC firms manage customer engagements more efficiently while operating profitably, or to see a demo of Microsoft Dynamics in action:



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