



Hey HVAC dealer,
you're doing it wrong!

Success with
Financing



Goodman Manufacturing Company, L.P. does not offer consumer financing programs. The programs referred to in this e-book are offered by EGIA, an independent, third-party provider. Additional information is available by contacting EGIA at 888.691.0387, or <https://www.egia.org/partners/goodman>. Participating dealers are solely responsible for compliance with all consumer protection and personal information laws applicable to consumer financing programs.

TABLE OF CONTENTS

- 3** Before We Begin – Are you Doing it Wrong?
- 5** Who Has Extra Cash?
- 7** A Tale of Two HVAC Sales
- 9** Higher Tickets, Higher Profits, Easy Peezy
- 11** The Price is Correct. Right?
- 13** How to Do It Right – A Real-Life HVAC Dealer Success Story
- 16** Financing and Sales at the Kitchen Table

Before We Begin – Are You Doing It Wrong?

Being an independent HVAC dealer can be a tough job, especially when you aren't positioning your sales team for success. If consumer financing isn't offered on **every single sale**, then there is a good chance that you're probably doing it wrong — leaving money and potential business growth on the table.

- Have you had several fleeting conversations with other dealers, financing folks, and HVAC manufacturers about financing, but shrugged those off with some excuse?

Then you're probably doing it wrong.

- Do you believe that your market is unique, that your typical customer actually prefers to pay cash, or that they have savings because they're retired, young professionals, or independently wealthy?

Then you're probably doing it wrong.



Hey HVAC Dealer, You're Doing it Wrong!
Success with Financing
(continued)

- Are you worried that it will be difficult to align your company's sales and business processes to incorporate consumer financing in every sales call?

If so, then you're probably doing it wrong.

- Are you including extended service agreements, maintenance packages, and high-efficiency offers as part of every prospective sale?

If not, then you're probably doing it wrong.

Quit doing it wrong!

Do it right! Align your business processes and position your sales team with the knowledge to utilize consumer financing! If you are doing it right, consumer financing can be simple, fast, paperless and profitable for your business. With the right coaching, sales process and financing partner, you can provide customers with your best possible service and establish a path to your financial success.

Get ready to DO IT RIGHT!

Who Has Extra Cash?

Can you accurately estimate your customers' financial state? Probably not.

Did you know that six out of 10 American homeowners have less than \$1,000 in savings?¹ Many HVAC customers live paycheck to paycheck without the savings to cover an unexpected expense — this includes replacing an HVAC system. And because heating and cooling equipment purchases are rarely planned, the financial stress of your visit can be overwhelming for a cash-strapped homeowner.

If you believe that you serve affluent customers, you may think that financing would not be required. But appearances can be very deceiving! In fact, 70% of homeowners have less than \$5,000 in savings.² To keep some peace of mind, a homeowner with some savings may try to extend the life of an HVAC system with a temporary repair (which isn't always the best long-term solution) or collect a series of replacement bids from your competitors.



¹ Bankrate. (2017, January 12). Nearly 60% of Americans Can't Afford Common Unexpected Expenses. Retrieved from bankrate.com: <https://www.bankrate.com/pdfs/pr/20170112-January-Money-Pulse.pdf>

² Huddleston, C. (2017, September 12). gobankingrates.com. Retrieved from Go Banking Rates: <https://www.gobankingrates.com/saving-money/savings-advice/half-americans-less-savings-2017/>

Even if your prospective customers have the cash in the bank, they may not want to use their savings for the purchase of a new heating or cooling system! Many of these households would rather use someone else's money to finance a system and keep their available cash for a different type of emergency. This is often referred to as cash-separation anxiety, and you can provide a cure!

Understanding your customer is an important part of the HVAC sales process. If you can make an HVAC replacement system more affordable, a homeowner may likely accept and appreciate your winning bid.

And, you'd be doing it right!

There are different types of financing customers in the marketplace

CASH BUYERS

Customers that have the cash and are hesitant to write that big check

PAYMENT BUYERS

Customers that need the lowest monthly payment to purchase an HVAC system



CHALLENGED CREDIT

Customers that can't be approved by "A" paper lenders

HVAC dealers must comply with all applicable laws regarding financing including personal information and consumer protection laws.

A Tale of Two HVAC Sales

What would happen to your profits if your customers could accept your HVAC replacement bid immediately, or opted for the more efficient unit? Imagine what that could do for your business!

Unfortunately, you can't alter a homeowner's immediate financial situation. However, you **can** position your sales team to provide the best possible solution for your anxious, cash-strapped homeowner, boost your bottom line and gain a new customer.

Below are two sales process scenarios. Which outcome would be more impactful for your business and positive for the homeowner?

SCENARIO 1: Do It Wrong, Lose the Sale

Mrs. Anderson is stressed. The temperature inside her home is nearing 86°F. She has run out of costly temporary repair options and needs her 12 SEER air conditioner replaced ASAP.

Like most of your customers, a new air conditioner wasn't on this week's shopping list. Mrs. Anderson asks for the least expensive option, and you provide your lowest price bid on the installation of a new 14 SEER air conditioner.



Your bid will wipe out Mrs. Anderson's hard-earned savings so she wants to contact another HVAC dealer who may be able to beat your price. She decides to get multiple bids even if she has to wait another day or two for the installation.

RESULT: You leave the Anderson home without the sale. Mrs. Anderson contacts a competitor who will lower their price based on your bid. The other HVAC dealer likely wins the job, and you lose a customer!

SCENARIO 2: Do it Right, Gain a Customer

Mrs. Anderson needs an air conditioner replacement and is stressed over the unplanned expense. She isn't financially prepared to buy a new unit today.

To her relief, you offer Mrs. Anderson a replacement bid that includes a financing option with low monthly payments. She is reassured that the installation can be done soon and she won't have to use all of her savings on the purchase. Mrs. Anderson accepts your bid with financing, and you arrange to get the new air conditioning system installed ASAP!

RESULT: Mrs. Anderson is cool, comfortable, and a new happy customer. And the sale just added value and increased profits for your business. It's a win-win for you and your customer!



Higher Tickets, Higher Profits – Easy Peezy

Homeowners who need to purchase a new heating and cooling system often seek two things: immediate indoor comfort and the lowest possible price. As a business owner, you want satisfied customers and to sell equipment and services that lead to higher profits. How do you create a win-win situation for everyone?

Slightly altering your sales process to include 'same as cash' consumer financing and affordable monthly payment options empower you to provide the best possible HVAC solution for your customers and your business. Financing may allow you to increase your closing rate with higher tickets and greater profits.



Easy Peezy!

Consumer financing allows you the opportunity to close sales that you might have historically lost. However, the real power of financing comes from giving your customers the potential of greater spending power. When homeowners are presented with multiple payment plans, they often purchase higher-efficiency equipment, indoor air quality essentials, and extended service agreements because they become a more affordable option through financing.

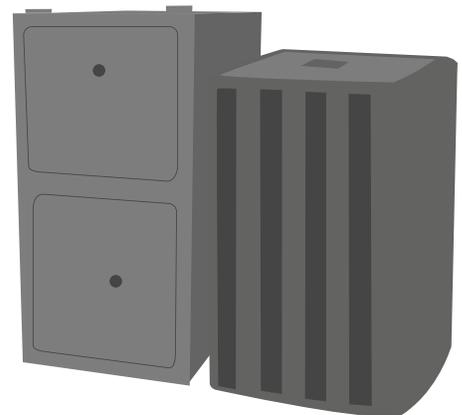
Financing not only allows homeowners to buy what they **NEED**, but empowers them to buy what they **WANT**. This can create a happy customer and is a game changer for HVAC dealers who have not sold high-efficiency HVAC systems and profitable add-on accessories in the past.

Financing with low monthly payments often gives a homeowner the opportunity to purchase:

- High-efficiency equipment
- Extended service plans
- Maintenance programs
- Indoor air quality solutions
- Smart home solutions

These value-added opportunities become a more affordable option for homeowners when bundled into monthly payments, especially when payments can be kept close to \$100 per month.³

Historically, successful HVAC dealers provide several financing plans that give the homeowner the power to choose what they want. In fact, financing could help drive your business cycle to new heights.

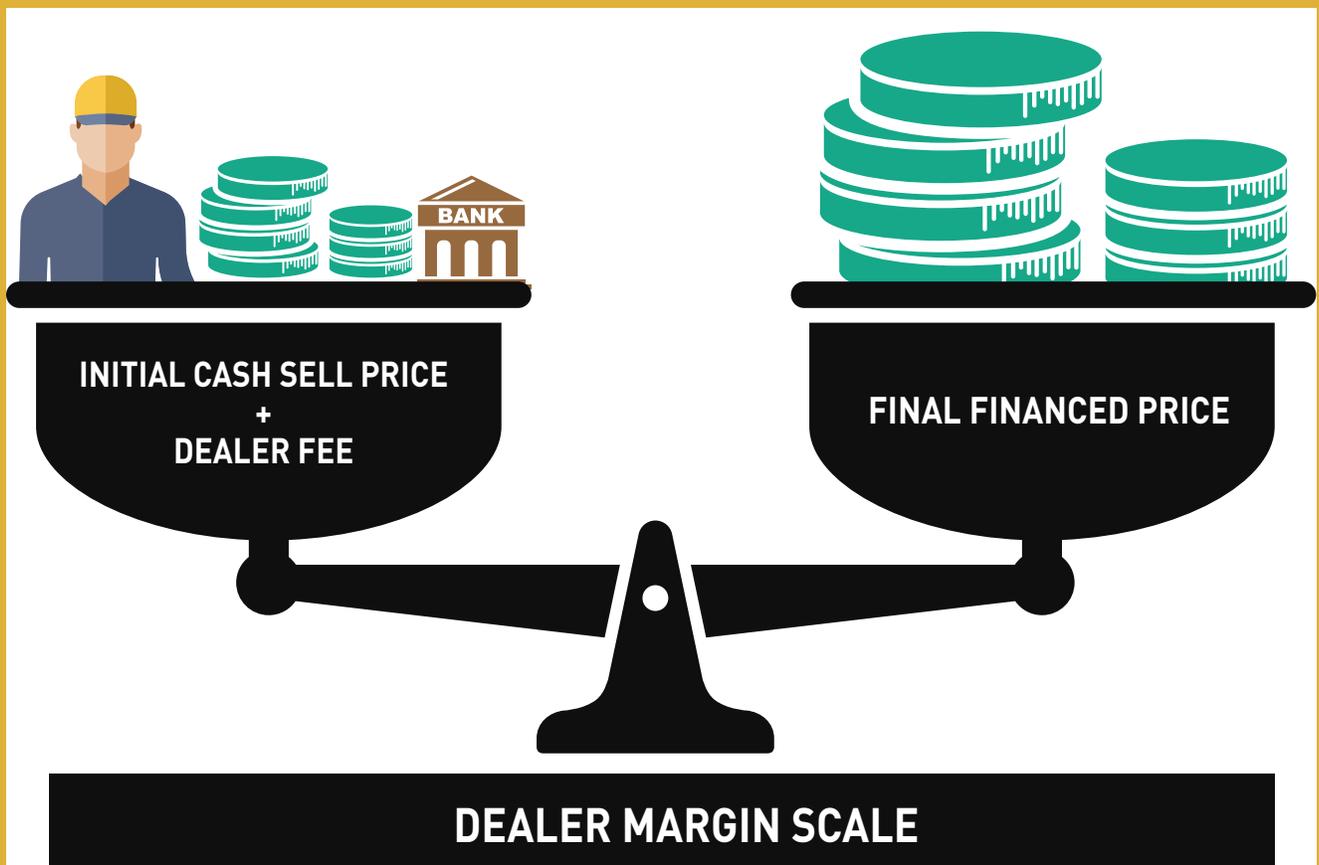


³ EGIA. (2018, May 16). Ask the Experts. Retrieved from EGIA: <https://egia.org/ate-financing-cash-buyers/>

The Price is Correct. Right?

Proper pricing is a critical component of an HVAC dealer's sales, profits, and potential growth. When consumer financing is offered to homeowners, the exact or average of dealer financing fees should be included in the bid or quote, the same as you would include your marketing or labor costs.

Build exact dealer fee into each transaction



Build average dealer fee into each transaction*

Dealer fee is calculated on the final financed *Sell Price*.

For example:

- Initial Cash Price: \$10,000 (prior to offering Financing)
- Average of Financing Plan Dealer Fees: 8%

This example uses the estimate that 50% of jobs will be financed.

$8\% \times 50\% = 4\%$ as the average dealer fee.

DEALER FEE CONVERSION	
Initial Cash Price (without financing)	\$10,000
Average Dealer Fee of 4%	\$400
Final Price with dealer fee built in	\$10,400

Many dealers use the estimate that up to 50% of jobs will be financed, therefore they add 50% of their average dealer fee into every price.

* Information provided as illustrative examples. For complete details ask your independent financing provider.

How to Do It Right – A Real-Life HVAC Dealer Success Story

After your sales staff is trained and new business processes are in place, implementing consumer financing for HVAC systems can be simple, fast and paperless. Financing applications can be submitted online or by phone, and often get approved within seconds and right at the point of sale.

Here is a real-life success story of an HVAC dealer whose company began to offer financing to customers.*

Company Profile:

- Established in the mid-1930's
- 4th generation owner/operator
- Business was fine but could be doing better
- Less than 10% of their jobs were financed
- Believed their market of affluent customers wouldn't use financing

Back in 2016...

The company started to put more focus on financing and infused the concept into weekly sales meetings. Training included outside sources that taught employees about financing, the different types of customers in their market, and how to incorporate it into the sales process.

As the year progressed, the company started to offer financing to customers more and more frequently, to the point that most estimates included financing.

*Provided as illustrative information. Actual results may vary. Consult with your independent financing counselor for complete information.

According to this case study, the results during 2016 were clear:

- Close rate increased to 35%
- Average ticket increased to \$7,666

Consumer financing offerings started to impact the bottom line.

By the end of 2017...

Financing offers were included in advertising, and the business started to gain even more traction. It was as simple as stating “Financing Available.”* The HVAC dealer discovered that customers called his business just because of the financing option. He concluded that, “Maybe we weren’t getting those phone calls before!”

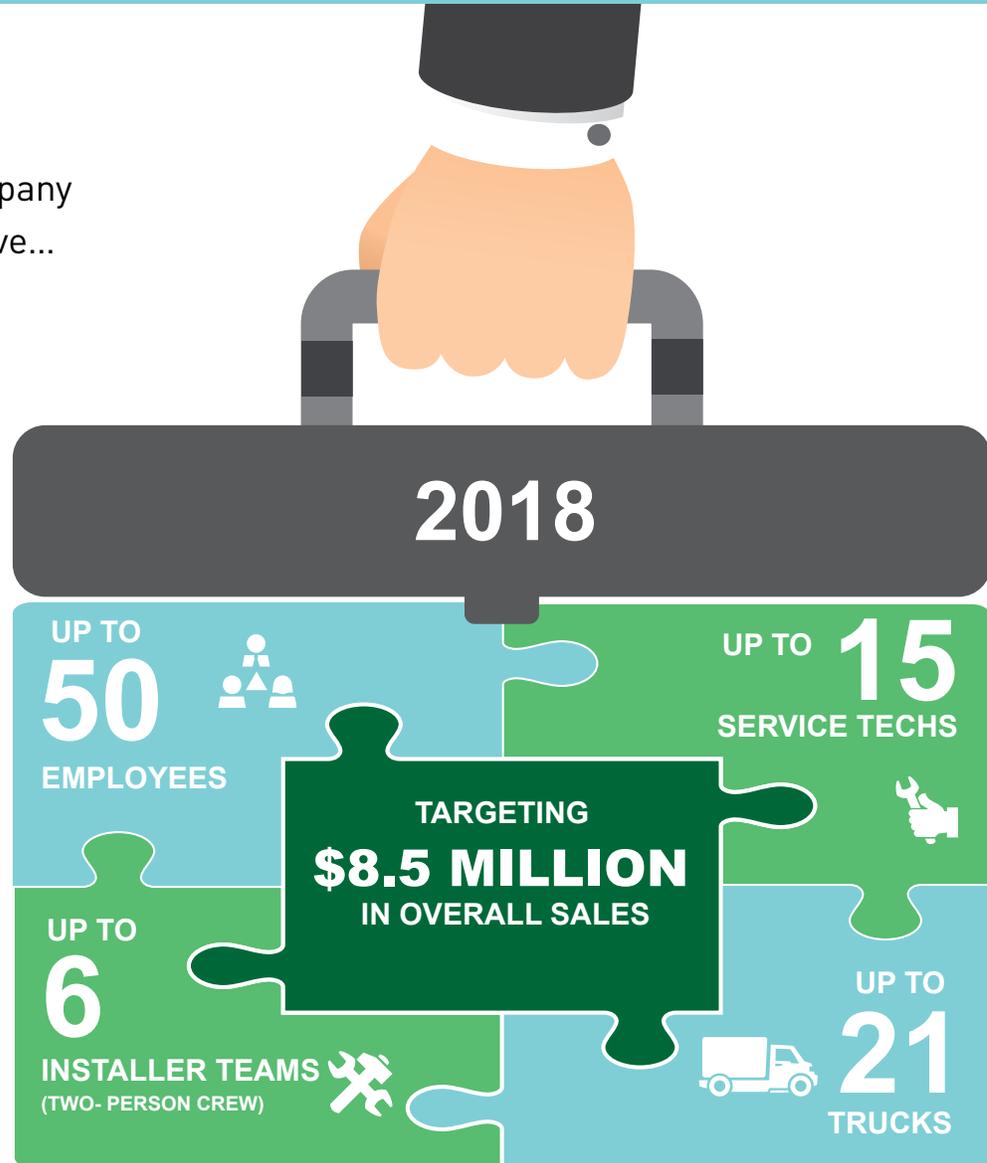
Financed sales increased 432% from 2016 to 2017.

- Close rate increased to 42%
- Average ticket increased to \$8,293
- 40 active employees
- 11 active service techs
- 3 ½ install teams (2-person crew) required
- \$6.3 million in gross sales

The results were clear. Financing offerings impacted the bottom line for this independent HVAC dealer.

* Provided as illustrative information. Actual results may vary. Consult with your independent financing counselor for complete information. The consumer finance program is separately administered by a third party entity. Financing eligibility, dates, details and restrictions apply.

In 2018, the company
is on track to have...



Correct Financing Execution + Correct Pricing = Sales, Profit & Growth

“Financing has expanded the customer base that we wanted to reach. Personally, I see financing as another tool to build my business and reach the growth goals that I set for my business — it’s my passion.” The Case Study HVAC Dealer

Provided as illustrative information. Actual results may vary. Consult with your independent financing counselor for complete information.

Financing and Sales at the Kitchen Table

Do not go into any sales opportunity with preconceived notions about a homeowner's financial portfolio, energy-efficient equipment preferences, or the need for long-term peace of mind. According to an Electric & Gas Industries Association (EGIA) spokesperson*, successful HVAC dealers finance over 70% of jobs. The additional sales and higher profits often allow these companies to infuse more resources into their business – allowing it to grow faster over time.

The added profits have empowered successful companies to elevate:

- Marketing efforts
- Employee pay and benefits
- Training
- Infrastructure (trucks, equipment, IT)
- And more

Being a successful HVAC dealer isn't just about selling heating and cooling equipment. A successful HVAC dealer provides the solutions to help homeowners acquire affordable indoor comfort. For many, part of that solution is consistent consumer financing!



*EGIA is a nonprofit organization dedicated to contractors' success and the advancement of the home services industry. For additional information, visit egia.org.

With training, a methodical sales process approach, and the right financing provider, you have an opportunity to create your own HVAC success story. As outlined in the case study HVAC dealer, consumer financing may help YOU:

- Close HVAC jobs at a higher rate
- Increase your average sales ticket
- Become a more profitable HVAC business
- Get on the path to financial independence and a higher quality of life!



SIGN UP FOR A FREE 1-ON-1
COACHING SESSION ON HVAC FINANCING

