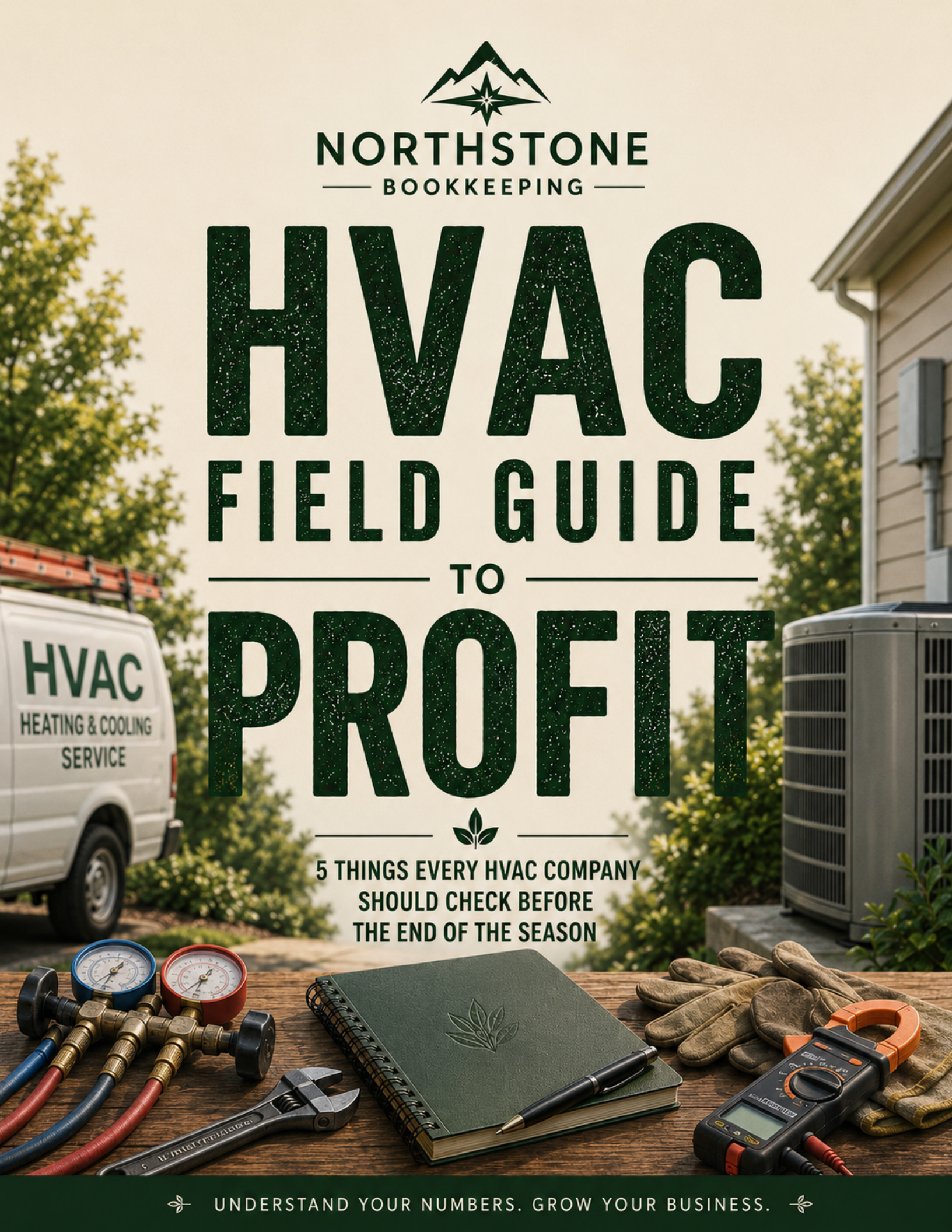
NORTHSTONE
BOOKKEEPING

HVAC FIELD GUIDE TO PROFIT

5 THINGS EVERY HVAC COMPANY SHOULD CHECK BEFORE THE END OF THE SEASON



UNDERSTAND YOUR NUMBERS. GROW YOUR BUSINESS.

01 ARE YOU MAKING MONEY ON EVERY TECHNICIAN?

Your company can be profitable overall while one technician quietly eats away at your margins.

One technician may consistently complete profitable service calls while another requires more labor time, uses more parts, or generates more callbacks. If you're only looking at total company profit, those differences can disappear.

QUICK CHECK

Can you compare each of these by technician?

☐ Revenue
☐ Labor hours and labor cost
☐ Parts and material costs
☐ Callback and warranty costs
☐ Gross profit

YOUR SCORE: ___ / 5

HOW TO SCORE THIS CHECK

Look at two or three similar service calls or installations completed by different technicians in the last 30 days. Your job-costing report is the best place to start, but you may also find this information in technician time records, invoices, parts records, payroll reports, or your accounting software.

Check the box **only if you can confidently identify and compare that number by technician.** If the information isn't tracked, is difficult to find, or you're not sure it's accurate, leave it blank.

The goal isn't to get a perfect score. It's to find out what you can learn from these numbers.

02 ARE PARTS AND MATERIALS DISAPPEARING INTO OVERHEAD?

Capacitors, contactors, refrigerant, filters, thermostats, fittings, wire, and other materials add up fast.

When all of those expenses get lumped into general supplies or cost of goods sold, it becomes difficult to see what each service call or installation is actually costing you. A job can look profitable on paper while untracked parts and materials quietly eat away at the margin.

QUICK CHECK

Review your parts and material purchases from the last 30 days.

Can you separate:

☐Refrigerant
☐Replacement parts and components
☐Installation materials and supplies
☐Filters, thermostats, and accessories
☐Other direct job materials

YOUR SCORE: ___ / 5

Then compare those costs to the service calls, installations, or technicians actually using them.

You don’t need a perfect tracking system. The goal is to find costs that are currently invisible when you look at job profitability.

HOW TO SCORE THIS CHECK

Review your parts and material purchases from the last 30 days. Start with your accounting software or expense reports, then use supplier invoices, receipts, purchase orders, and job records to fill in any gaps.

Check the box only if you can clearly identify the cost and connect it to the service call, installation, or job using it. If the expense is buried in a general category like “Parts,” “Supplies,” or “Materials” and you can’t tell where the cost belongs, leave it blank.

You’re testing whether your material costs are visible enough to understand what your work actually costs.

03 ARE YOUR MAINTENANCE AGREEMENTS ACTUALLY PROFITABLE?

Maintenance agreements can feel like some of the safest revenue in your business. The visits are predictable, the customer is established, and the work helps keep your schedule full.

But an agreement that was profitable when you priced it may not be profitable today.

Labor rates increase. Fuel costs change. Parts and materials get more expensive. Some customers require more time than expected. Meanwhile, the agreement price stays exactly the same.

QUICK CHECK

Pick your five oldest maintenance agreements.

Can you identify each of these for those agreements?

☐ Current agreement revenue
☐ Actual labor hours and labor cost
☐ Parts and materials
☐ Travel and vehicle costs
☐ Current gross profit

YOUR SCORE: ___ / 5

HOW TO SCORE THIS CHECK

Look at your five oldest maintenance agreements and compare what each customer is paying today with what it actually costs you to provide the service.

Your job-costing report is the best place to start, but you may also find this information in service agreements, technician time records, payroll records, invoices, supplier receipts, or your accounting software.

Check the box only if you can confidently identify that number for each agreement. If you're estimating, relying on what the agreement used to cost, or can't separate the expense from the rest of the business, leave it blank.

04 ARE CALLBACKS AND WARRANTY WORK EATING YOUR MARGIN?

A finished job doesn't always mean the cost of that job is finished.

When a technician has to return to diagnose a problem, replace a part, correct an installation, or handle warranty work, you're spending labor, fuel, materials, and valuable schedule time without generating new revenue.

One callback may not seem significant. Several throughout the season can quietly turn into thousands of dollars in lost profit.

QUICK CHECK

Review your callbacks and warranty work from the last 90 days.

Can you confidently identify each of these?

☐ Number of callbacks
☐ Technician labor hours
☐ Parts and materials used
☐ Vehicle and travel costs
☐ Total cost of warranty and callback work

YOUR SCORE: ___ / 5

HOW TO SCORE THIS CHECK

Review your service records from the last 90 days. Your dispatch or job-management system is the best place to start, but you may also need to compare technician time, payroll records, parts invoices, warranty claims, and your accounting software.

Check the box only if you can confidently identify that information and connect the callback or warranty work to the original job. If return visits aren't tracked separately, labor disappears into regular payroll, or you can't tell what the return trip actually cost, leave it blank.

Catching a callback is important. Knowing why it happened is better.

A simple review now can help prevent the same profit leak from following you into next season.

05 DO YOU KNOW YOUR CASH POSITION FOUR WEEKS FROM NOW?

A profitable HVAC company can still run out of cash.

Payroll, equipment payments, parts, fuel, insurance, and supplier bills don't wait for customers to pay. If you're only looking at today's bank balance, you may not see a cash shortage coming until you're already in it.

Knowing what's likely to happen over the next few weeks gives you time to make decisions **before cash gets tight.**

QUICK CHECK

Build a simple four-week cash forecast.

Can you confidently identify each of these?

☐Cash currently available
☐Customer payments you expect to receive
☐Payroll and payroll taxes
☐Supplier, loan, and equipment payments
☐Recurring expenses and upcoming purchases

YOUR SCORE: ___ / 5

HOW TO SCORE THIS CHECK

Look at the next four weeks using your bank balance, open invoices, upcoming bills, payroll records, and accounting software.

Check the box only if you can **confidently estimate that amount and when it will affect your cash.** If you're unsure what's coming in or going out, leave it blank.

You don't need to predict every dollar perfectly. **You're looking for the week where things might get tight.**

YOUR PROFIT VISIBILITY SCORE

Add together the scores from each of the five checks.

YOUR TOTAL SCORE: _____ / 25

21–25 ★★★★★ STRONG VISIBILITY

Your numbers are giving you a clear picture of where your profit is coming from. Keep reviewing these areas regularly as your business grows.

16–20 ★★★★ GOOD FOUNDATION

You have a solid handle on your numbers, but a few blind spots may be keeping you from seeing the whole picture.

11–15 ★★★ SOME BLIND SPOTS

Important information is missing or difficult to find. Pick your lowest-scoring area and start there.

6–10 ★★ TIME TO DIG IN

Several areas of your business are difficult to measure. Better tracking could uncover costs or profit leaks you aren't currently seeing.

0–5 ★ LET'S TALK

Your numbers may not be giving you enough information to make confident decisions.

That's fixable.

NORTHSTONE BOOKKEEPING

Understand Your Numbers. Grow Your Business.

If you'd like a second set of eyes on what you found, reach out.

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