

What Are You Paying For?

When you walk into a store and buy something, you know that it is marked up to cover the cost and shipping of the goods, so the store covers its costs. But there are many other factors that go into that mark up, such as employee salaries and benefits and overhead expenses. As consumers, we have become accustomed to these mark ups and don't think twice about them.

The same mark up principle applies for professional HVACR contractors when they are setting prices for their services. Not only does a contractor need to cover the cost of the repair, tune-up, or installation; they need to make sure that they are covering all of the costs of doing business and make sure they are making a profit, so they can stay in business and continue providing you with outstanding service.

What Costs Do Professional HVACR Contractors Consider When Setting Prices?

The Cost Of The Service. Every service has a cost to be performed. Depending on the service that cost will vary. At a store this would be the cost of goods.

Employee Salaries & Benefits. Contractors have to take into consideration how much they pay all of their employees, plus the costs of benefits such as insurance premiums, uniforms, and tools.

Licensing, Bonding, & Insurance. Not all states require contractor licenses, but where they do, contractors must pay for the license, and ensure they have all the necessary training, policies, and on-going procedures in place to meet the requirements. Besides licenses, contractors should also have liability insurance and be bonded.

Training & Certifications. You wouldn't want someone who wasn't trained working on your air conditioner or heater, would you? Professional contractors spend time and money each year sending their employees to training and to get them certified to make sure they are up-to-date on the latest equipment, techniques, standards, codes, and requirements to get the job done right and safely the first time. The heating and cooling industry is

a rapidly-changing technology industry; good contractors know their technicians must receive continuous education to stay on top of their game and provide you with excellent service.

Fuel & Vehicle Maintenance. Vehicles are one of the most important assets of a contracting business, it's how they get to you, so they must keep their fleets in good working order. That means oil changes, vehicle tune-ups, new tires, state required inspections, and insurance. They also have to consider the price of gas.

Overhead Costs. These costs include the building the contractor's business is located in, utilities, and taxes just to name a few.

Government Regulations. Just like all businesses, contractors must comply with many government regulations. This includes requirements from the DOE, EPA, and OSHA.

How Can Some Contractors Offer Cheap or Free Tune Ups?

Yes, some contractors out there offer low cost tune-ups and repairs. But, buyer beware, when a contractor is consistently offering low-cost services, they are likely cutting corners. What corners are they cutting?

Training & Certifications. Many low-cost contractors are only concerned with getting a job and moving on to the next one, so they don't invest in education for their employees. Do you really want an untrained technician working on your system? You should always ask contractors to describe their training programs.

Licensing, Bonding, & Insurance. Many low-cost contractors are operating illegally without proper government licensing. They also often don't have liability insurance, which could mean additional costs at your expense, and a possible legal battle, if something goes wrong.

Professional Service. If a contractor is only concerned with being the lowest initial bidder, he or she is probably only looking to make as much money off of you as possible and then move on. The low-bid contractor may be more likely to require unnecessary repairs, so that he or she can increase the price you pay once the job starts. Since the low-cost contractor is probably not interested in a long-term business relationship, he or she has less incentive to provide quality, professional service at a reasonable price.

Your home's indoor environment plays a major role in your family's health, safety, and quality of life. As with most things, you get what you pay for. If it sounds too good to be true, it probably is. By working with a professional heating and cooling contractor, you will receive overall better service and you will be able to build a relationship with a contractor that you can trust to take care of you, your family, and your home.

ACCA is the nationwide nonprofit association of professional heating, ventilation, air conditioning, and refrigeration contracting businesses. For more than 40 years, ACCA has provided education and research in support of efficient, safe and healthy heating and cooling systems. We invite you to visit us at www.acca.org.



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For more information, contact:

Rightway Air Conditioning, LLC
 320 Hendrickson Avenue
 Lynbrook, NY 11563
www.Rightwayairconditioning.com