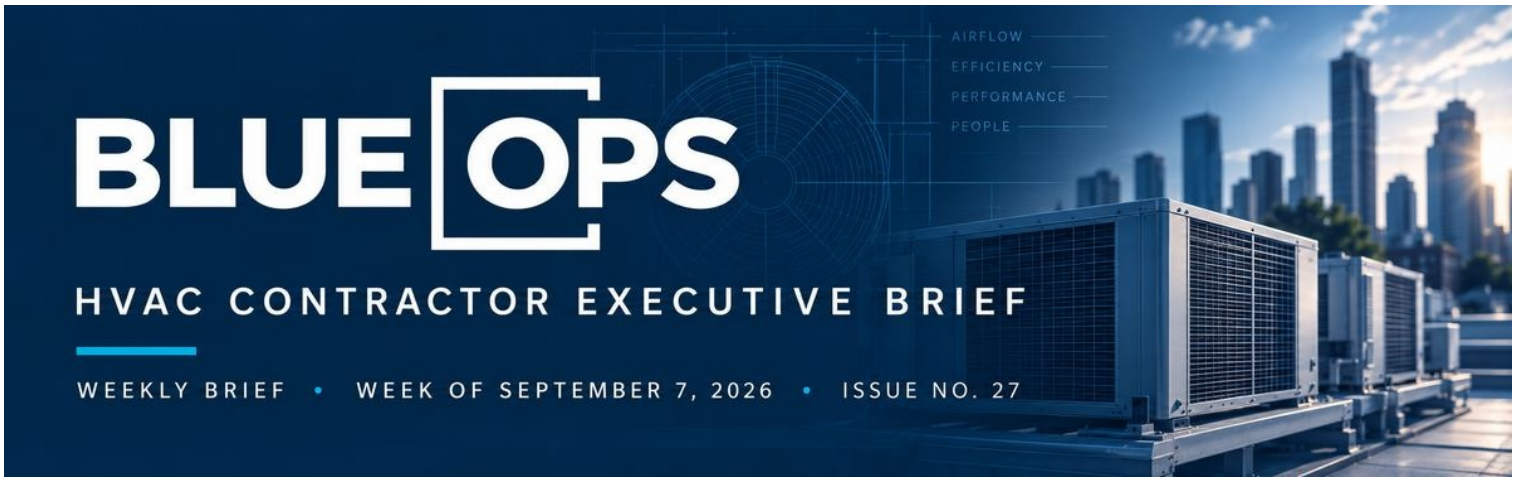


Heat is back. Supplier prices went live. Reprice old quotes or eat the hike.



WHAT CHANGED THIS WEEK

1. Supplier increases are now live. HVAC inputs moved Sept. 1, with additional moves scheduled later this month — Bard service parts (Sept. 1), OmegaFlex/TracPipe **+6%** (Sept. 1), Jones Stephens **+5%–15%** (Sept. 3), M&M Manufacturing up to **+6%** (Sept. 21), Snappy up to **+6%** (Sept. 21). If quotes are sitting open from August, your margin is already exposed.

Operator read-through: *quote aging is now a pricing-control issue, not just a sales follow-up issue.*

2. Heat-driven urgency is back. NWS active alerts on Sept. 7 showed **9 Extreme Heat Warnings** and **13 Heat Advisories**. NOAA's 6–10 and 8–14 day outlooks lean **above-normal across most of the country**, with the strongest ridge over the central and eastern U.S. in week two.

Operator read-through: *demand helps the top line; sloppy dispatch, rushed installs, and substitutions destroy the gross profit.*

3. Heat pump demand held without the $2,000 federal credit. AHRI shipments through June: heat pumps **418,538 units, up 15.1% YoY**, YTD **2.16 million, up 3.8%**. The subsidy expired Jan. 1 and demand did not fall apart.

Operator read-through: *the sales story has to move beyond tax-credit urgency — sell on payment, comfort, humidity, cold-weather performance, and operating cost.*

What it means: Run September as a margin-protection month. This week's priorities are simple: (1) revalidate open quotes touched by supplier increases, (2) protect installed margin and callback rate as heat-driven demand returns, and (3) retrain comfort advisors to sell heat pumps on payment, comfort, and operating economics — not on a federal credit that is already gone.

ACHR PRICING UPDATES → | **NWS ALERTS (SEPT 7) →** | **ACHR HEAT PUMP ANALYSIS →**

STANCE SHIFT FROM ISSUE 26

LAST WEEK	THIS WEEK	WHAT CHANGED FOR THE OWNER
Heat had weakened nationally	Heat is back across most of the country	**Management week → weather-and-management week**
August cost increases working through inventory	September supplier increases now live	**Reprice old proposals → reprice today's quotes**
Public comps down on the week	Public comps rotated positive	**Buyers still see the category as durable — but they'll normalize weather revenue**

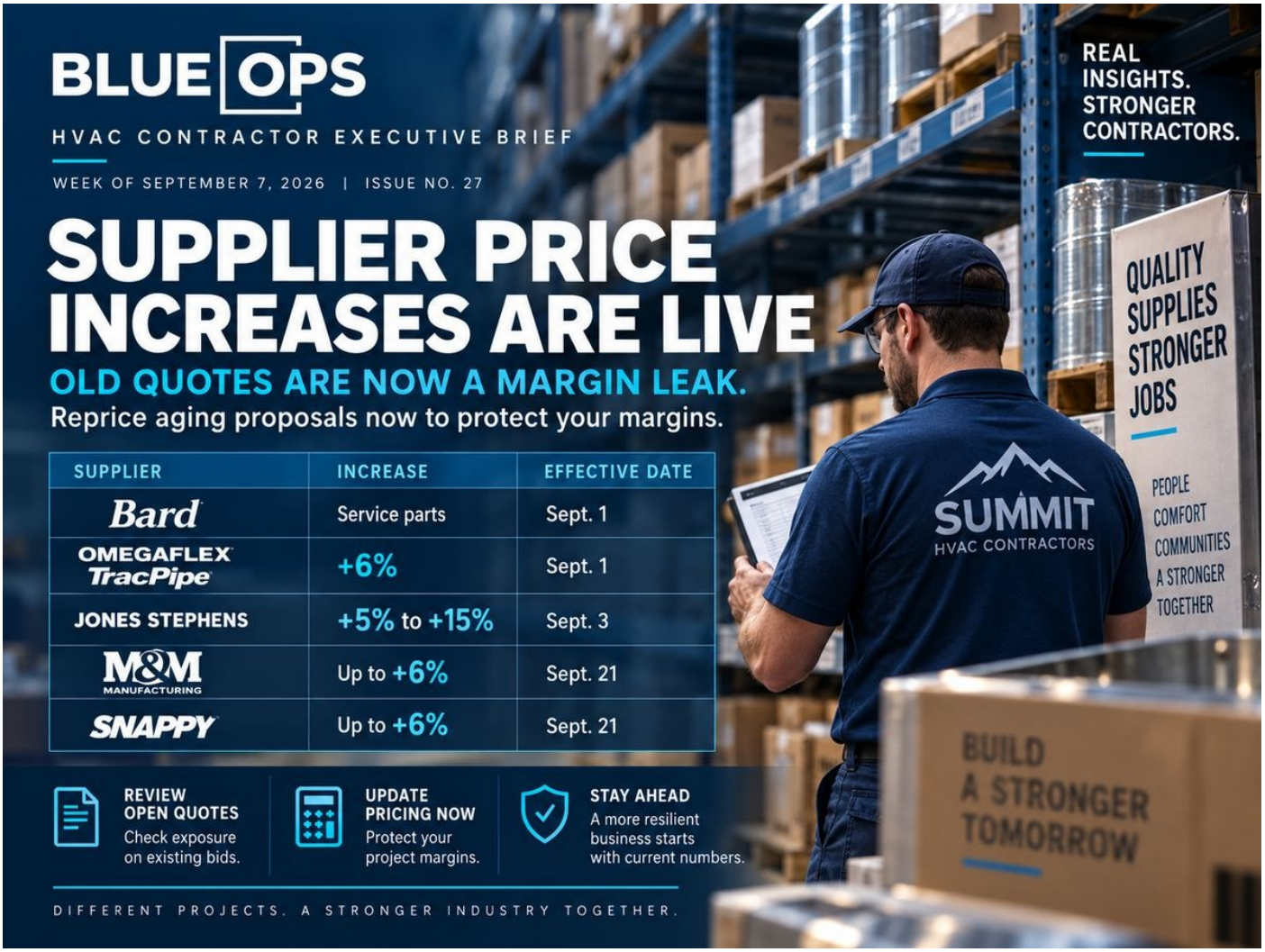
01 CEO/PRESIDENT/OWNER/GM READOUT

STANCE

Demand is on your side this week — the phones will ring and there's replacement work available. Margin is not on your side. Supplier increases are live, financing is expensive, GFCI compatibility is still unresolved in the field, and the labor base is barely growing. The contractor who wins this week protects installed margin under a heat push. The one who loses discounts old quotes, rushes bad installs, and books a great revenue number with a shrinking gross profit line.

THREE DECISIONS THIS WEEK

1. Pull every open replacement, IAQ, duct, and gas-line quote older than **7 days** — reprice against today's supplier cost before scheduling. **2.** Run a heat-week dispatch huddle every morning — prioritize no-cool, vulnerable customers, maintenance members, and aged systems that convert to replacement. **3.** Put a monthly payment on every replacement proposal above your threshold, at first presentation — not as a last-minute save.



02 SIGNAL BOARD

Five signals — each tagged NEW / CONTINUING / ESCALATING / STRENGTHENING, paired with one operating action, ordered by margin impact this week.

Supplier pricing / gross margin

▲ NEW · IMMEDIATE MARGIN RISK

TAG: NEW THIS WEEK Range: 5%–15% now, up to 6% more later this month

September increases are live across parts, gas-line components, sheet metal accessories, and controls: Bard service parts (Sept. 1), OmegaFlex/TracPipe +6% (Sept. 1), Jones Stephens +5%–15% (Sept. 3), M&M Manufacturing up to +6% (Sept. 21), Snappy up to +6% (Sept. 21). Every open quote written on August cost is now a margin leak. The biggest exposure isn't customers pushing back — it's your own team honoring old numbers because "we said we would."

DO THIS → AUDIT OPEN QUOTES BY AGE TODAY; ADD A 7-DAY REVALIDATION TRIGGER ON ANY MATERIAL-HEAVY PROPOSAL; UPDATE THE FLAT-RATE BOOK BEFORE THE NEXT DISPATCH SURGE

Late-season heat / service demand

▲ ESCALATING · CAPACITY & CALLBACK RISK

TAG: NEW THIS WEEK 9 Extreme Heat Warnings · 13 Heat Advisories · above-normal outlook wk1 & wk2

NWS active alerts on Sept. 7 showed 9 Extreme Heat Warnings and 13 Heat Advisories. NOAA's 6–10 and 8–14 day outlooks lean above-normal across most of the CONUS, strongest in the central and eastern U.S. next week. Heat brings call volume — and it exposes weak dispatch, thin truck stock, and callback drag. A busy week reduces gross profit if every truck becomes a triage unit and install crews wait on rescheduled jobs.

DO THIS → MORNING DISPATCH HUDDLE: NO-COOL TRIAGE, MAINTENANCE MEMBERS FIRST, AGED-SYSTEM DIAGNOSTICS ROUTED TO SENIOR TECHS; TRACK SAME-DAY COMPLETION AND CALLBACK RATE DAILY THROUGH THE HEAT WINDOW

Heat pumps / product mix

▲ STRENGTHENING · REPLACEMENT-MENU ITEM

TAG: STRENGTHENING June: 418,538 units, +15.1% YoY · YTD: 2.16M, +3.8% YoY

The federal $2,000 consumer credit expired Jan. 1 and heat pump demand kept going. That means heat pumps are a mainstream replacement option in more markets — not a subsidy product. The sales story has to move beyond tax-credit urgency. Sell heat pumps on **monthly payment, comfort, humidity control, cold-weather performance where relevant, utility economics, and replacement timing** — not on a credit the homeowner may already know is gone. Comfort advisors who only knew the "rebate pitch" will underperform this fall.

DO THIS → EVERY APPLICABLE AC REPLACEMENT INCLUDES A HEAT PUMP OPTION OR A DOCUMENTED REASON IT DOESN'T; RETRAIN COMFORT ADVISORS ON PAYMENT, COMFORT, AND OPERATING-COST FRAMING; TRACK HEAT PUMP CLOSE RATE SEPARATELY FROM STRAIGHT AC

Cooling shipments / OEM read-through

◆ CONTINUING · REBOUND OFF WEAK BASE

TAG: CONTINUING June AC+HP: 1.02M (+21.7% YoY) · AC only 605,033 (+26.8%) · Q2: 2.78M (+11.3% YoY)

AHRI's June data shows a real rebound, but a lot of it is comparison against a weak 2025 base — plus channel restocking and A2L transition normalization. Q2 heat pumps ran 7.4% above Q2 2024 while ACs were still 2.7% below Q2 2024. Translation: OEMs are shipping more, distributors are stocked, and homeowners are replacing. That's fine, but shipment growth is not automatically your gross profit — how you close and install is.

DO THIS → WATCH INSTALLED GROSS MARGIN BY EQUIPMENT TYPE, NOT BOOKED REVENUE; PUSH AGED QUOTE FOLLOW-UP BEFORE THE WEATHER TURNS AND URGENCY FADES

Consumer financing / affordability

▲ NEW · MODESTLY WORSE

TAG: NEW THIS WEEK 30-yr fixed 6.71% (Sept 3) vs 6.66% prior wk vs 6.50% YoY · 15-yr 6.04% vs 5.98%

Freddie Mac's Sept. 3 PMMS: 30-year fixed mortgage at 6.71%, up from 6.66% the prior week and 6.50% a year ago. Higher housing costs keep homeowners cautious on the discretionary side of the ticket — accessories, IAQ, duct upgrades, premium-efficiency swaps. Base replacement still happens when the system fails. The upgrade portion needs a payment on the page.

DO THIS → PRESENT A MONTHLY PAYMENT ON EVERY REPLACEMENT PROPOSAL ABOVE THRESHOLD AT FIRST PRESENTATION, NOT AS A SAVE; TRACK FINANCED CLOSE RATE AND APPROVAL FALLOUT SEPARATELY FROM CASH/CHECK JOBS

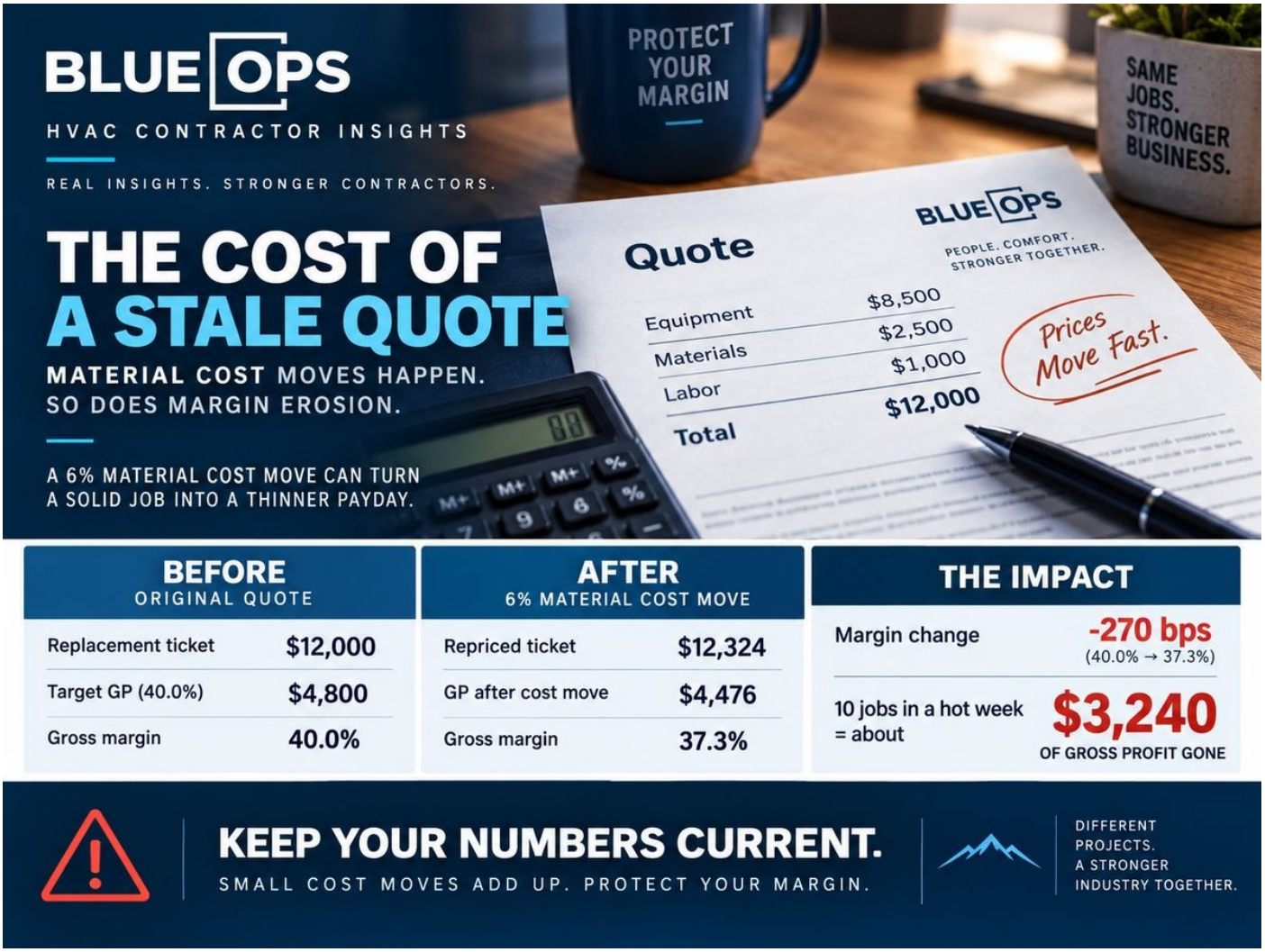
ALSO WORTH WATCHING

- **A2L / GFCI uncertainty still matters — because field confusion shows up first in install delays, documentation misses, failed inspections, and avoidable callbacks, well before it hits the P&L.** AHRI and ACCA are pushing to extend the NEC 210.8(F) HVAC GFCI exemption from Sept. 1, 2026 to Sept. 1, 2028, citing nuisance trips and compatibility. AHRI Phase II testing was reportedly **112 pages**; ACCA cited testing where **5 of 12 GFCIs** tripped below the required must-hold current above 60 Hz. Public comment ran through **Sept. 9**. AHJ enforcement varies. **Action:** ask each AHJ what they're enforcing now; document GFCI/equipment combinations on every install; train CSRs to triage nuisance-trip calls so they don't default to free HVAC callbacks. ACHR / AHRI / ACCA · Sept 2026
- **Residential construction soft; private nonresidential steadier.** Census July: total construction **$2.16T SAAR, –0.5% MoM, –3.8% YoY**; residential **$859.0B, –1.3% MoM**; private nonresidential **$755.2B, +0.4% MoM**. If your revenue mix leans on production builders, don't expect that segment to carry volume — commercial retrofit, PM, and replacement look like higher-quality backlog. **Action:** segment backlog by customer type; tighten credit and change-order discipline on builder-heavy work. Census · Jul 2026

- **Plumbing/HVAC employment barely moving.** BLS: **1.3382 million** in July 2026, up from 1.3347M in June and 1.3150M in July 2025. The headcount base is growing, but qualified diagnostic techs, installers, and sales-capable service techs are not easy to add on a heat call. Labor stays the binding constraint. **Action:** measure revenue per tech/truck and callback hours before you add a truck; use this heat push to identify which techs can diagnose, communicate, and protect margin. BLS · Jul 2026

> **WHAT THE TAPE IS TELLING US — 5-DAY MOVES THROUGH SEPT 4**
>
CARR	+2.6%	TT	+0.8%	LII	+2.1%
WSO	+1.7%				
>
> Four of the majors green on the week. Public tape isn't your valuation, but the signal is that investors still see HVAC demand and pricing power as durable. A hot September can lift revenue. It does not create transferable earnings. Buyers pay for repeatable margin, maintenance density, replacement conversion, and management depth — not weather luck.

03 FEATURED INSIGHT · QUOTE AGING IS THE HIDDEN SEPTEMBER MARGIN LEAK



The number to watch this week is not call count. It's the age of your open quotes. During supplier-increase windows, quote aging stops being a sales-follow-up issue and becomes a pricing-control issue.

ILLUSTRATIVE MATH · ONE $12,000 REPLACEMENT JOB AT 40% TARGET GROSS MARGIN

LINE ITEM	PRICED ON AUGUST COST	SAME QUOTE AFTER 6% MATERIAL HIT	Δ
Revenue	$12,000	$12,000	Same
Materials (45% of revenue)	$5,400	$5,724	**+$324**
Other COGS (labor, etc.)	$1,800	$1,800	Same

Gross profit	$4,800	$4,476	−$324
Gross margin %	40.0%	37.3%	−270 bps

Illustrative only. Your real material share, labor burden, and installed accessories will move the numbers. Do the same math with your own averages.

Assumptions on the page: $12,000 replacement ticket; 40% target gross margin ($4,800 GP); materials 45% of revenue ($5,400); labor and other COGS the remaining 15% ($1,800). A 6% cost move on the material line alone adds $324 to job cost — 2.7% of the ticket. If the quote is not repriced, gross margin falls from 40.0% to 37.3%, roughly **270 basis points**.

Scale it across a week. On one job, nobody notices. On ten replacement jobs in one hot week, that's about **$3,240** of gross profit gone — before labor overruns, callbacks, financing fees, or permit slips. The price to hold the dollars is **$12,324**. Most homeowners don't notice a 2.7% move on the ticket; most CSRs and comfort advisors don't reprice.

That is why quote aging this week is not an admin issue. It is a margin-control issue.

WHAT DISCIPLINED SHOPS ARE DOING THIS WEEK

- ☐ Revalidate quotes older than **7–10 days** if they include equipment, accessories, or material touched by September increases
- ☐ Require manager approval for any legacy price hold
- ☐ Cost sold-not-installed jobs at current replacement cost, not last month's assumptions
- ☐ Flag substitutions before install day, not when the truck is in the driveway
- ☐ Review callback exposure by crew before loading an already hot board
- ☐ Put payment options on every replacement proposal at first presentation

WHO OWNS IT THIS WEEK

SALES MANAGER	Revalidate aged quotes and control unauthorized price holds
INSTALL MANAGER	Review sold-vs-installed margin and substitution risk
SERVICE MANAGER	Watch callback load and protect first-time-fix discipline during heat-driven demand
GM / OWNER	Review exceptions daily until supplier changes are fully reflected in the field

CEO question: *How many jobs sold this week were priced against a proposal your team wrote before September 1 — and who's authorized to say yes to that?*

04 OPERATOR'S AGENDA · 72 HOURS, WEEK, MONTH

NEXT 24-72 HOURS

1. **Freeze stale pricing exposure.** Pull all open replacement and install quotes older than 7 days; flag anything with meaningful material or equipment exposure to the September increases.
   OWNER: SALES MANAGER + INSTALL COORDINATOR
   EXPECTED OUTCOME → MARGIN LEAK STOPS BEFORE JOBS SELL; OPEN QUOTE LIST SEGMENTED BY AGE (0-7, 8-14, 15-30, 30+) WITH GROSS MARGIN RECALCULATED AT CURRENT COST
2. **Run a heat-week dispatch huddle every morning.** Prioritize no-cool, vulnerable customers, maintenance members, aged systems that convert to replacement, and high-probability sales calls.
   OWNER: DISPATCH LEAD + SERVICE MANAGER
   EXPECTED OUTCOME → HIGHER REVENUE PER TRUCK WITHOUT UNCONTROLLED OVERTIME; SAME-DAY COMPLETION, AVERAGE TICKET, LEAD TURNOVER, AND AFTER-HOURS MARGIN VISIBLE DAILY
3. **Confirm parts and materials on the affected list.** Check availability and current cost on service parts, TracPipe/gas-line materials, sheet metal, and install accessories.
   OWNER: PURCHASING / WAREHOUSE MANAGER
   EXPECTED OUTCOME → FEWER INSTALL DELAYS AND FEWER SURPRISE COGS HITS; INVENTORY EXCEPTIONS LIST PUBLISHED; POS NOT YET REPRICED IDENTIFIED; JOBS SCHEDULED WITHOUT CONFIRMED MATERIALS FLAGGED

4. **Triage GFCI-related calls separately.** Give CSR/dispatch a short script for nuisance-trip complaints and AHJ questions so compatibility issues aren't automatically written up as HVAC workmanship callbacks.

OWNER: SERVICE MANAGER + CSR LEAD
EXPECTED OUTCOME → GFCI/NUISANCE-TRIP CALLS COUNTED SEPARATELY WITH WARRANTY DISPOSITION AND UNPAID CALLBACK HOURS TRACKED

THIS WEEK

P1 **Reprice September install packages.** Update the flat-rate book, proposal templates, good-better-best options, and accessory/IAQ add-ons for the current supplier numbers. Do not let the sale close on old costs "one more time."

OWNER: PRICING / SALES MANAGER · REVIEW: THIS WEEK
EXPECTED OUTCOME → SOLD GM VS TARGET GM MATCHES BY EQUIPMENT TYPE AND PACKAGE

P2 **Separate heat pump economics from AC economics.** Track heat pump leads, quotes, close rate, average ticket, financing usage, and install callback rate as their own line — not blended with straight AC replacement.

OWNER: SALES MANAGER + CONTROLLER · REVIEW: THIS WEEK
EXPECTED OUTCOME → CLEAR VIEW OF WHETHER HEAT PUMP GROWTH IS PROFITABLE GROWTH; HEAT PUMP VS AC CLOSE RATE AND GM VISIBLE WEEKLY

P3 **Put a payment on the page.** Require a monthly payment option on every replacement proposal above your threshold, at first presentation. Not as a last-minute save.

OWNER: SALES MANAGER · REVIEW: THIS WEEK
EXPECTED OUTCOME → CLOSE RATE PROTECTED IN A 6.71% MORTGAGE ENVIRONMENT WITHOUT DISCOUNTING; FINANCING OFFER RATE, APPLICATION RATE, AND FINANCED CLOSE RATE TRACKED SEPARATELY

P4 **Match booked installs to actual crew capacity.** Don't oversell a hot week you can't install cleanly. Reschedules and callbacks cost more than the extra sale.

OWNER: INSTALL MANAGER + SALES MANAGER · REVIEW: THIS WEEK
EXPECTED OUTCOME → INSTALL BACKLOG DAYS, JOBS PER CREW PER WEEK, CALLBACK RATE, AND FAILED INSPECTION RATE ALL INSIDE GUARDRAILS

THIS MONTH

P5 **Build an A2L / GFCI field-readiness score.** Rate every tech and install crew on A2L handling, heat pump setup, evacuation/charging discipline, electrical diagnostics, and documentation.

OWNER: OPERATIONS + TRAINING · REVIEW: MONTHLY
EXPECTED OUTCOME → LOWER WARRANTY LEAKAGE; CALLBACKS BY EQUIPMENT TYPE AND WARRANTY HOURS PER INSTALL TREND DOWN

P6 **Segment revenue quality for September.** Break the month into service repair, replacement, maintenance, commercial service, commercial project, and builder/new-construction — with gross margin and cash conversion by segment.

OWNER: CFO / CONTROLLER · REVIEW: MONTHLY
EXPECTED OUTCOME → CLEAR LINE BETWEEN REPEATABLE EBITDA AND WEATHER-INFLATED REVENUE

05 THIS WEEK'S SCOREBOARD

Open quotes older than 7 days. Sold-vs-installed gross margin on completed replacements. Callback rate by crew. First-time-fix rate. Revenue per tech day. This week, quote age and sold-vs-installed margin matter most — supplier increases turn delay into gross profit leakage.

KPI	MANAGEMENT GUARDRAIL	OWNER
Quote aging ◄ THIS WEEK'S FOCUS	Revalidate at 7 days; manager review at 14	Sales Ops
Installed GM vs sold GM ◄ THIS WEEK'S FOCUS	Installed should track sold; fade > 200 bps = review	Finance + Install
First-time fix rate	Residential push toward 80%+	Service Manager
Callback rate (7 / 14 / 30 day)	Install callbacks > 5% = immediate review	Service + Install
Replacement close rate (HP vs AC)	Track by lead source; compare HP vs AC	Sales Manager
Revenue per tech / truck	Watch daily during heat events vs callback hours	Service Manager
Financed close rate	Track offer / application / approval / close separately	Sales + Finance
Maintenance-plan conversion	Conversion + retention by cohort	Ops / PM

Guardrails vary by service mix, system age, geography, technician experience, and commercial complexity. A specialty refrigeration or controls-heavy shop will land in a different band than a residential replacement business. Use your own history to set final targets.

06 BUSINESS QUALITY / M&A LENS

This week's signals reward process-backed earnings over weather-backed earnings.

STRONGER CONTRACTOR PROFILE

- Replacement-heavy with documented pricing discipline
- Converts heat-driven service into replacement without discounting
- Heat pump competence and A2L readiness in the field
- Clean department-level gross margin reporting
- Maintenance base that produces real access — not just discounted tune-ups

WEAKER CONTRACTOR PROFILE

- Builder/new-construction heavy — exposed to soft residential spend
- Aged quotes and informal pricing exceptions
- Owner personally approves every unusual job, callback, discount, or supplier issue
- Install team with rising callbacks hidden inside high demand
- Claims "market strength" without evidence of conversion, margin, and cash quality

THE DILIGENCE QUESTION THIS WEEK

How much of your September revenue came from heat urgency — and did your gross margin hold after the supplier increases went live?

SIX QUESTIONS A BUYER WILL ASK ABOUT YOUR SEPTEMBER

- How much of the month's revenue came from heat/weather urgency?
- Did installed gross margin hold after supplier increases?
- What percentage of jobs sold came from quotes older than 14 days?
- Are A2L and heat pump callbacks tracked separately from general service?
- Does management know actual margin by department, branch, and crew?
- What's the split between replacement/service revenue and builder or low-margin project backlog?

07 NEXT MONDAY WATCHLIST · CONFIRM / WEAKEN / REVERSE

1. NOAA HEAT PERSISTENCE

Confirms → above-normal probabilities stay broad across central/eastern U.S.; service volume and replacement urgency hold.

Weakens → outlook normalizes quickly; urgency fades and quote aging accelerates.

Reverses → early cool-down across major territories flips focus to fall maintenance, heating readiness, and furnace/heat pump tune-up conversion.

2. PRICE INCREASE IMPLEMENTATION

Confirms → more distributor/OEM notices land; price-book discipline stays the central margin issue.

Weakens → limited pass-through or narrow SKU exposure eases immediate risk.

Reverses → broad equipment-level increases force full replacement package repricing and customer communication.

3. HEAT PUMP SHIPMENTS AND OEM COMMENTARY

Confirms → next AHRI release keeps heat pumps positive YTD despite the loss of the federal credit.

Weakens → shipment growth slows materially or contractors start reporting repair deferral over replacement.

Reverses → evidence of financing-driven close-rate deterioration or product availability constraints.

4. GFCI / NFPA OUTCOME AND AHJ ENFORCEMENT

Confirms → continued uncertainty keeps callback and documentation risk elevated.

Weakens → clear extension or local non-enforcement reduces near-term disruption.

Reverses → strict enforcement without product compatibility clarity creates immediate install, inspection, and warranty exposure.

5. CONSUMER FINANCING PRESSURE

Confirms → mortgage rates stay high; payment presentation stays the close-rate protection tool.

Weakens → rates ease and homeowners get more willing on full-replacement upgrades.

Reverses → approval/decline rates deteriorate materially and financed close rate falls even with a payment on the page.

08 BEFORE FRIDAY

- ☐ Pull every open quote older than Sept. 1
- ☐ Reprice — or manager-approve any exception price hold
- ☐ Audit sold-vs-installed margin on completed replacements
- ☐ Review callback load by crew
- ☐ Confirm every replacement proposal includes payment presentation
- ☐ Identify any install substitutions not yet customer-approved

FINAL BOTTOM LINE

The market is giving contractors enough demand to grow revenue. It is not giving them margin for free. This month, the winners will be the shops that reprice fast, control quote age, protect install quality, and keep payment presentation disciplined. The rest will report strong top-line activity and wonder where the gross profit went. Weather can build the number. Systems build the value.

ABOUT THIS BRIEF

Built for HVAC contractor owners, CEOs, presidents, and GMs who need to know what changed this week, what it means, and what to do about it. Every item sourced and dated.

Blue Ops supports HVAC contractors and their investors across the operating and investment lifecycle. **See our HVAC practice →**

TALK TO A BLUE OPS HVAC ANALYST



SOURCES THIS WEEK

ACHR News — September supplier price increases (Bard, OmegaFlex/TracPipe, Jones Stephens, M&M, Snappy) · Heat pump market post-tax-credit analysis (Sept 4) · AHRI — June and Q2 2026 shipment data (via ACHR reporting) · NOAA/NWS — Active Alerts (Sept 7), 6–10 and 8–14 day outlooks · Freddie Mac — Primary Mortgage Market Survey (Sept 3) · U.S. Census — Construction Spending (July, released Sept) · BLS — Plumbing, Heating, and Air-Conditioning Contractors employment series (via public API, July 2026) · AHRI/ACCA — NEC 210.8(F) GFCI exemption extension filings (comment window through Sept 9) · Yahoo Finance — 5-day price data for CARR, TT, LII, WSO (through Sept 4).

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