

A busy September doesn't mean a cash September. Run the shop for capacity and margin — not call count.

THE THESIS — OPERATING MEMO

- **Stale pricing was last week's risk.**
- **This week's risk is capacity leakage.**
- **Busy does not equal healthy.**
- **Priorities 1–3 below decide whether activity becomes margin and cash.**

MONDAY MORNING — THE FIVE ACTIONS THAT MATTER THIS WEEK

#	ACTION	OWNER	BY
1	**Put callback hours per 100 calls on the operating dashboard — by tech, crew, cause, equipment type**	Service + Install Mgr	Mon
2	**Audit financed replacement economics — GP dollars after dealer fee, by lender and plan**	Sales Mgr + Controller	Tue
3	**Pull "jobs done, not billed" and AR over 45/60 — one named owner, weekly review**	CFO / Controller	Wed
4	Bucket open **replacement quotes by age** (0–3 / 4–7 / 8–14 / 15+); reprice anything 15+ days against current cost	Sales Mgr + Sales Ops	Thu
5	Pull the **call-handling dashboard** before approving any incremental marketing spend	Service Mgr + CSR Lead	Fri

Actions 1–3 are this week's ranked priorities. Everything else in the brief supports these three.

WHAT CHANGED THIS WEEK

1. Channel is moving. Contractor margin isn't proven.
HARDI July distributor revenue **+6.7%**. AHRI July shipments (released **Sept 11**): **503,151 unitary AC**, **413,679 heat pumps**, **265,810 gas furnaces**. The

operator issue is not whether equipment moved — it's whether that movement produced **installed GP dollars and collected cash**. Distributor revenue is not contractor revenue.

2. Heat is now regional, not national.
NWS on **Sept 14**: 188 total alerts, **14 heat-related**, **3 frost/freeze** — vs 9 EHW + 13 HA a week ago. National marketing playbooks stop working here. Re-rank each market by cooling urgency, install-crew coverage, and heating readiness before allocating late-September and October spend.

3. Financing pressure ticked up.
Freddie Mac Sept 10: 30-yr **6.76%** (up from 6.71%), 15-yr **6.09%**. NAHB August HMI held weak at **35** (35% of builders cutting prices, 63% using incentives). Payment presentation protects close rate. What it can quietly hide is that the financed close is landing at lower GP dollars per job after dealer fees. **The field question:** are advisors stretching terms, dropping upgrades, or relying on payment masking to hold close rate?

4. For many shops this month, the deciding variable is not whether demand exists — it's whether operations can convert it cleanly.
Every external signal points inside: whether channel movement converts to GP dollars comes down to callback hours (Signal #1), financing margin after fees (Signal #2), and jobs done but not billed (Signal #3). The rest is backdrop.

SIGNAL SHIFT VS ISSUE 27 (SEPT 7)	NOW	WHAT IT MEANS FOR THIS WEEK
Heat alerts 9 EHW + 13 HA (9/7)	14 heat + 3 frost/ freeze (9/14)	**Regional capture matters more than national demand assumptions**
Supplier increases going live	Distributor sell-through +6.7%	**Volume is available; margin discipline decides who captures it**
30-yr mortgage 6.71%	30-yr mortgage 6.76%	**Payment presentation stays the close-rate tool; watch margin after dealer fees**

01 CEO/PRESIDENT/OWNER/GM READOUT

STANCE

Margin-and-capacity control week, not "demand is back." The external data is constructive but uneven; anyone who reads it as "push volume" will spend October explaining why revenue rose and gross profit didn't. Run the shop like a CFO — answer the phone before

buying leads, reprice aged quotes, watch callback hours, and check financing margin *after fees*.

THREE DECISIONS THIS WEEK

1. Bucket open replacement quotes by age (0–3 / 4–7 / 8–14 / 15+). 8+ days = active follow-up; 15+ = manager review and likely reprice. **2.** Pull the call-handling dashboard *before* approving incremental marketing — fix CSR/dispatch first. **3.** Measure **callback hours per 100 calls** (not count), tag by tech/crew/cause, and reallocate senior-tech time to replacement diagnostics and repeat-call customers.

WHAT CHANGED FROM LAST WEEK

A week ago: protect margin under a heat push. This week: heat moderated, channel data came in constructive, and the binding issue moved inside the shop. Same discipline, different pressure point.

02 SIGNAL BOARD · RANKED

Five signals ranked by margin-and-cash impact. The top three are **internal** — where margin actually leaks this week. The bottom two are **external** — the market conditions creating the pressure. Fix the top three; watch the bottom two.

INTERNAL · THE THREE LEAKS — RANK THEM, OWN THEM, FIX THEM SIGNALS #1–#3

#1 Callback hours are this week's capacity destroyer ▲ LEAD SIGNAL

TAG: OPERATOR SIGNAL · UPGRADED FOCUS See Featured Insight for the math

Callbacks are not quality anecdotes — they are **capacity destruction**. Every callback hour a senior tech spends on rework is an hour not available for diagnostics, sold repairs, maintenance conversion, or replacement lead generation.

In a shoulder week, that leakage decides whether you convert HARDI/AHRI channel movement into GP dollars or spend the month treading water. Track **hours** per 100 calls — not count. One 20-minute return and one 5-hour mess should never be treated equally.

DO THIS → CALLBACK HOURS PER 100 CALLS ON THE MONDAY DASHBOARD, BY TECH/CREW/CAUSE/EQUIPMENT TYPE; SENIOR TECHS ON REPLACEMENT DIAGNOSTICS AND REPEAT-CALL CUSTOMERS, NOT FIRST-IN-FIRST-OUT; ONE SENIOR-TECH DAY PER WEEK REALLOCATED TO COACHING THE CREWS CREATING THE MOST CALLBACK HOURS

#2 Financing margin after fees is where GP dollars quietly disappear ▲ OPERATOR SIGNAL

TAG: OPERATOR SIGNAL Backdrop: 30-yr 6.76% (9/10) up from 6.71% (9/3); 15-yr 6.09%

Most contractor content treats financing as pure sales support. It is also a **margin risk**. A financed close rate can climb while GP dollars per financed job fall — and no one notices until the monthly close. With rates back above 6.75% and homeowners payment-sensitive, the sales team needs to know financed margin *after* fees per lender, per plan, per advisor.

SAME $16,000 INSTALL · $12,000 EQUIPMENT COST · $4,000 GROSS PROFIT	GP $	Δ VS CASH
Cash sale	$4,000	–
Financed, 6% dealer fee ($960)	$3,040	−24%
Financed, 9% dealer fee ($1,440)	$2,560	−36%
Financed at 6% + priced to hold cash GP → sticker ~$17,020	$4,000	flat

Illustrative. Real dealer fees vary by lender, term, credit tier, and promotion. Substitute your own numbers — the pattern holds. Financed sales cost real GP dollars unless price or mix offsets the fee.

The diagnostic questions a veteran operator asks this week: is financing approval rate changing by lender? Are advisors moving to longer terms to hold the payment? Is the mix shifting down to lower equipment tiers? Are IAQ, accessory, and duct attach rates falling on financed sales? Are cash buyers behaving differently from financed buyers (close rate, average ticket, accessory attach)?

DO THIS → SEGMENT CLOSE RATE, ASP, GM %, AND GP DOLLARS AFTER FEE BY LENDER, PLAN, AND ADVISOR; EVERY FINANCED SALE MEETS MINIMUM GP $ AFTER FEES OR REQUIRES MANAGER APPROVAL BEFORE SCHEDULING; CELEBRATE FINANCED CLOSE RATE ONLY ALONGSIDE NET ECONOMICS

#3 Jobs done, not billed — and AR aging that no one owns ▲ OPERATOR SIGNAL

TAG: OPERATOR SIGNAL Especially on commercial & builder work

Backlog is not cash. In busy months, jobs get completed but not billed, change orders get executed without approval, retainage builds, and AR quietly slips past 45 and 60 days while everyone is heads-down on production. Cash quality decays before revenue quality shows any sign of stress.

In shoulder season, billing lag matters as much as sales lag — payroll and vendor terms don't wait for paperwork. This is a billing-process and ownership problem more than a customer problem. It wants **one named owner** working a weekly list with named customers, dates, and escalation — not "the office."

> *Example: a $28,000 commercial job completed on Friday, billed Wednesday, invoiced at Net-30 — cash lands roughly 5 business days later than a same-day-billed baseline. Payroll runs Friday regardless. Do that across ten jobs a month and it becomes real working-capital drag.*

DO THIS → WEEKLY REVIEW OF JOBS DONE BUT NOT BILLED, AR OVER 45/60, RETAINAGE, AND UNDOCUMENTED CHANGE ORDERS; ONE ACCOUNTABLE OWNER (NOT A DEPARTMENT); IDENTIFY WHICH JOBS ARE CONSUMING CAPACITY WITHOUT TURNING INTO CASH

EXTERNAL · THE TWO BACKDROP SIGNALS — CONTEXT, NOT DECIDERS

SIGNALS #4–#5

#4 Channel activity: opportunity, not proof of margin ◆ BACKDROP · NEW DATA

TAG: NEW · HARDI + AHRI JULY Distributor rev +6.7% · 503K AC · 414K HP · 266K furnaces

HARDI July distributor revenue **+6.7%**. AHRI July shipments (released Sept 11): **503,151 unitary AC**, **413,679 heat pumps**, **265,810 gas furnaces**. Both are permission to run the playbook — not evidence that the playbook worked. **Distributor revenue is not contractor revenue. Shipments are not installed-margin dollars. Booked jobs are not collected cash.** Also open: how much of channel movement is contractor sell-through versus distributor inventory positioning ahead of the shoulder.



DO THIS → COMPARE JULY/AUGUST CHANNEL STRENGTH AGAINST YOUR OWN REPLACEMENT LEADS, SOLD GP DOLLARS (NOT CLOSE RATE), INSTALL MARGIN FADE, AND CALLBACK HOURS PER 100 INSTALLS — FORCE THE INTERNAL PROOF

#5 Weather & affordability: shoulder-season conditions, not a national wave

◆ BACKDROP · CONTEXT

TAG: BACKDROP NWS 9/14: 188 alerts, 14 heat, 3 frost/freeze · NAHB HMI Aug 35

Heat is **regional, not national** (14 heat alerts + 3 frost/freeze on 9/14 vs 9 EHW + 13 HA on 9/7). If your area is still hot, the constraint is answering, booking, and converting; if it's cooling, redirect senior-tech capacity to maintenance conversion, aged quotes, callback reduction, and commercial PM before conversion softens further. Meanwhile NAHB August HMI held weak at 35 (35% of builders cutting prices, 63% using incentives) — homeowners remain payment-sensitive on the discretionary layer (accessories, IAQ, duct, premium-efficiency).

DO THIS → DON'T RUN A NATIONAL PLAYBOOK ACROSS BRANCHES; RE-RANK EACH MARKET BY REMAINING COOLING URGENCY, MAINTENANCE BACKLOG, INSTALL-CREW COVERAGE, AND HEATING READINESS BEFORE ALLOCATING SEPTEMBER AND OCTOBER MARKETING

THREE RULES THIS MONTH — NO SUGARCOATING

1. **If callback hours are spiking, do not buy more leads to cover the problem. You will burn tech capacity twice.**

2. **If the financed close rate is holding but GP dollars per job are falling, do not celebrate the close rate. Fix the economics or stop selling those deals.**
3. **If jobs are completed but not billed, that is a management failure, not an accounting detail. Assign a name to it this week.**

ALSO WORTH WATCHING

- **A2L / GFCI / code friction under the surface.** ACCA and ACHR News continue to flag A2L and VRF complexity for contractors selling newer systems, light-commercial, refrigeration, and code-sensitive replacements. Install handoff notes, leak detection, documentation, and inspection readiness are margin controls now. **Action:** confirm what each AHJ is enforcing this month; document GFCI/equipment combinations on affected installs; triage nuisance-trip calls separately from HVAC callbacks. ACCA · ACHR News · Sept 2026

- **Shoulder season is process-repair season.** The temptation is to keep pushing volume. The better use of the next four to six weeks is install QA, startup/commissioning discipline, ride-alongs, and crew-level coaching on recurring failure patterns. Reducing October callback load is worth more than incremental late-September installs. Blue Ops operating note · Sept 14, 2026

03 FEATURED INSIGHT · CALLBACK HOURS ARE THIS MONTH'S HIDDEN CAPACITY LEAK



Last week the featured math was **quote aging** — how a 6% material move quietly shaves 270 bps off an unrepriced replacement. That risk is still live. This week's math sits on the other side of the P&L: **capacity**. Callbacks are

not incidents to log — they are capacity destruction. They don't show up as a bad job; they show up as a missing tech-day, a diagnostic slot not run, and a replacement lead not generated.

CHANNEL-TO-CASH WATERFALL · WHERE THE JULY MOVE GETS ABSORBED

→**Channel activity** — HARDI +6.7%, AHRI July shipments strong

→ *less* booked opportunities that didn't get answered (missed / abandoned calls, slow callback)

→ *less* aged-quote leakage (270 bps on an unrepriced $12K job — **last week's math still applies**)

→ *less* **callback-hour capacity drag** (~$9,000/week GP capacity at illustrative assumptions — **this week's math**)

→*less* dealer-fee drag on financed sales ($960 on a $16K install at 6%)

→*less* jobs done but not billed / AR slippage past 45–60 days

=Actual GP dollars and cash landing in the business

Each step is real. A shop that ignores any one of them can post a "busy" September and a mediocre EBITDA month.

ILLUSTRATIVE MATH · 500 SERVICE CALLS IN A WEEK AT 12 CALLBACK HOURS PER 100 CALLS

LINE ITEM	CALCULATION	RESULT
Weekly call volume	Assumption	**500 calls**
Callback hours per 100 calls	Assumption	**12 hrs**
Total callback labor	500 ÷ 100 × 12	**60 hours**
Converted to tech-days	60 ÷ 8 productive hrs	**7.5 tech-days**
GP capacity at risk	7.5 × $1,200 GP/tech-day	**≈ $9,000/week**

Illustrative only. Your call mix, productive-hour assumption, and GP-per-tech-day will move the numbers. Substitute your own trailing 8-week averages. This is a sensitivity, not a benchmark.

Assumptions: 500 weekly service calls (residential-heavy shop). 12 callback hrs/100 calls as an illustrative sensitivity — track your own. 8 productive hrs/tech-day. $1,200 GP opportunity per tech-day on diagnostic and replacement-lead work. Result: **60 callback hours** = 7.5 tech-days = roughly **30 diagnostic slots not run** and, at a 30% diagnostic-to-replacement conversion, **9 replacement leads not generated** — before warranty parts, overtime, or customer trust erosion.

THE COMPOUND BILL · ILLUSTRATIVE

Cost 1 — redirected tech capacity: 7.5 tech-days × $1,200 GP opportunity = **~$9,000**/week of GP capacity spent on rework

Cost 2 — sold-GP forgone: if 3 of the 9 lost replacement leads would have closed at $12,000 with 35% GM, that is **~$12,600**/week of sold gross profit that never gets created

Combined weekly GP exposure: ~$21,600 — before warranty parts, overtime, or the customer-trust cost of the callback itself

Illustrative sensitivity — substitute your own trailing 8-week close rate, average ticket, and GM. The point is that callback hours cost you twice: capacity you can't sell, and sold work that never gets created.

Why it matters this month. HARDI and AHRI say equipment is moving. Freddie Mac and NAHB say homeowners are payment-sensitive. If senior techs are consuming their week on preventable rework, you cannot capture the replacement conversion a channel-positive month makes available — the leads never get created. Track *hours*, not count. Count treats a 20-minute return and a 5-hour mess the same. Hours don't.

WHAT DISCIPLINED SHOPS ARE DOING THIS WEEK

- ☐ Track callback **hours** — not count — by tech, crew, cause, and equipment type
- ☐ Assign senior techs to high-probability replacement diagnostics and repeat-call customers, not first-in-first-out
- ☐ Reallocate one senior-tech day per week to coach the crew(s) creating the most callback hours
- ☐ Match install schedule to actual clean-completion capacity — don't oversell a week you can't install without rework
- ☐ Pull the call-handling dashboard *before* approving incremental marketing spend
- ☐ Separate GFCI/nuisance-trip and A2L-related callbacks from HVAC workmanship callbacks in the reporting

WHO OWNS IT THIS WEEK

SERVICE MANAGER	Own callback hours per 100 calls, dispatch triage, and first-time-fix by tech
INSTALL MANAGER	Own install callback hours by crew, sold-vs-installed GM, and substitution QA
SALES MANAGER	Own aged-quote follow-up, financing margin after fees, and payment presentation discipline
GM / OWNER	Review a one-page weekly exception report: callback hours per 100 calls, sold-vs-installed GM fade, quote aging 15+ days, AR over 45/60 days

CEO question: *If your revenue grew with HARDI and AHRI, did your gross-profit dollars grow with it — or did callback hours, dealer fees, and margin fade eat the difference?*

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

NEXT 24–72 HOURS

1. **Bucket open replacement quotes by age.** 0–3 / 4–7 / 8–14 / 15+ days with cost status, financing status, close probability, GP dollars, advisor, and next follow-up on one view. 15+ days = manager review and likely reprice.

   OWNER: SALES MANAGER + SALES OPS · REVIEW: 72 HRS

   OUTCOME → MARGIN LEAK STOPS BEFORE JOBS SELL; AGED-QUOTE LIST SEGMENTED WITH GP RECALCULATED AT CURRENT COST

2. **Pull the call-handling dashboard before any marketing decision.** Calls in, answered, abandoned, booked, not booked, after-hours, and replacement-lead callback elapsed time on one view, trailing 7 and 14 days.

   OWNER: SERVICE MANAGER + CSR LEAD · TRIGGER: ABANDONED/MISSED RISING OR CALLBACK SLIPPING PAST SAME-DAY · REVIEW: 72 HRS

   OUTCOME → CSR/DISPATCH IS THE BOTTLENECK YOU FIX FIRST, NOT THE ONE YOU SPEND AROUND

3. **Run a callback-capacity review.** Pull callbacks by tech, crew, cause, equipment type, labor hours, and lost billable capacity for the trailing 4 weeks. Compute **callback hours per 100 calls**.

   OWNER: SERVICE MANAGER + INSTALL MANAGER · TRIGGER: CALLBACK HOURS RISING OR CREW-CONCENTRATED · REVIEW: 72 HRS

   OUTCOME → TECH-DAY CAPACITY LEAKAGE IS VISIBLE AND ASSIGNED TO COACHING, NOT LEFT IN THE P&L AS "BUSY MONTH"

4. **Dispatch triage refresh for the shoulder week.** Hot market: prioritize no-cool, vulnerable occupants, agreement commitments, repeat-call, aged-system diagnostics, skill match. Cooled market: senior techs on maintenance conversion, aged quotes, commercial PM. Never route on ticket size alone.

   OWNER: DISPATCH LEAD + SERVICE MANAGER · TRIGGER: MAINTENANCE BEING DISPLACED WITHOUT A DECISION RULE · REVIEW: 72 HRS

   OUTCOME → SAME-DAY COMPLETION, AVERAGE TICKET, AND CALLBACK RATE VISIBLE DAILY; AGREEMENTS AND SAFETY PROTECTED

THIS WEEK

P1 **Financing margin-after-fee review.** Pull financed close rate, cash close rate, dealer fee by plan, margin after fee, average ticket by plan, and discount rate. Every financed sale meets minimum GP $ after fees or requires manager approval.

OWNER: SALES MANAGER + CONTROLLER · TRIGGER: POST-FEE GM BELOW TARGET · REVIEW: THIS WEEK

OUTCOME → FINANCING PROTECTS CLOSE RATE WITHOUT HOLLOWING GM; PLAN-LEVEL ECONOMICS VISIBLE WEEKLY

P2 **Sold-vs-installed GM audit on completed replacements.** Trailing 14 days. Fade >200 bps triggers a case review (materials, labor, substitutions, callback exposure).

OWNER: INSTALL MANAGER + CONTROLLER · TRIGGER: >200 BPS FADE · REVIEW: THIS WEEK

OUTCOME → SOLD ECONOMICS MATCH INSTALLED; FADE PATTERNS TRACED TO SPECIFIC CREWS, SUBSTITUTIONS, OR PRICING EXCEPTIONS

P3 **Commercial / builder AR review.** Pull AR over 45/60, retainage, undocumented change orders, billing lag, and jobs waiting on customer approval. Identify jobs consuming capacity without turning into cash.

OWNER: CFO/CONTROLLER + PM · TRIGGER: AR >60 GROWING OR UNDOCUMENTED CHANGE ORDERS OPEN · REVIEW: THIS WEEK

OUTCOME → BACKLOG QUALITY SEPARATED FROM CASH QUALITY; DOCUMENTED CHANGE ORDERS BECOME THE STANDARD

P4 **Segment heat pump economics from AC.** Track HP leads, quotes, close rate, average ticket, financing usage, dealer fee, and install callback rate as their own line — not blended with straight AC. Meaningful given July AHRI's 413,679 HP units.

OWNER: SALES MANAGER + CONTROLLER · TRIGGER: HP CLOSE RATE OR MARGIN DIVERGING FROM AC · REVIEW: THIS WEEK

OUTCOME → CLEAR VIEW OF WHETHER HP GROWTH IS PROFITABLE GROWTH; HP-VS-AC CLOSE RATE AND GM VISIBLE WEEKLY

THIS MONTH

P5 **Capacity allocation reset by operating model.** Owner-led: quote age, missed calls, callback hours, cash. Mid-sized: add advisor-level quote aging, financing margin after fees, dispatch triage, install QA. Multi-branch: branch-by-branch weather-adjusted performance, CSR, callback hrs/100, quote aging, AR, manager accountability.

OWNER: GM/COO · TRIGGER: MODEL-APPROPRIATE CAPACITY KPIS NOT VISIBLE WEEKLY · REVIEW: MONTHLY

OUTCOME → REPORTING CADENCE MATCHES THE OPERATING MODEL; NOTHING OVER-ENGINEERED, NOTHING MISSING

P6 **Segment September revenue quality.** Break the month into service repair, replacement, maintenance, commercial service, commercial project, and builder — with GM and cash conversion by segment.

OWNER: CFO/CONTROLLER · REVIEW: MONTHLY

OUTCOME → CLEAR LINE BETWEEN TRANSFERABLE EBITDA AND WEATHER-INFLATED REVENUE

05 THIS WEEK'S SCOREBOARD

This week, callback hours per 100 calls and financing margin after fees matter most — they decide whether channel activity converts to gross-profit dollars.

THE CORE THREE — TRACK WEEKLY, REVIEW BY OWNER

#	KPI	GUARDRAIL	OWNER
1	**Callback hours per 100 calls**	Track by tech/crew/cause/equipment; concentration or rising trend = review	Service + Install
2	**Financing margin after fees**	GP $ after fee by lender/plan/ advisor; below min = manager approval	Sales + Finance

3	**Jobs done, not billed + AR over 45/60**	One named owner, weekly review with named customers and dates	CFO / Controller

SUPPORTING METRICS — TRACK BUT DON'T CROWD OUT THE CORE THREE

Quote aging (0–3 / 4–7 / 8–14 / 15+)	Active follow-up at 8 days; manager review + reprice at 15	Sales Ops
Sold vs installed GM (fade)	Fade >200 bps triggers case review by crew and substitution	Install + Finance
Missed / abandoned calls	Reviewed daily; rising or unowned = CSR/dispatch review	CSR Lead + Service
Replacement lead callback (elapsed)	Same-day healthy; 24–72h caution; 3+ days urgent review	Sales + CSR

Guardrails vary by service mix, system age, geography, technician experience, and commercial complexity. Use your own trailing history to set final targets — Blue Ops does not publish universal HVAC benchmarks.

06 BUSINESS QUALITY / M&A LENS

This week's signals reward **clean reporting and operating control** — you can see the leaks in the numbers — over weather- or channel-aided revenue.

STRONGER CONTRACTOR PROFILE

- Quote aging by bucket, booking rate by call type, callback hours per 100 calls all visible weekly
- Financing margin after dealer fees tracked at deal level; minimum GP $ enforced by manager approval
- Install margin fade by crew tracked; substitutions approved before install day
- Documented change-order process on commercial and builder work; AR over 45/60 owned weekly
- Management depth below the owner — someone other than the founder owns dispatch, sales, install, and finance day-to-day

WEAKER CONTRACTOR PROFILE

- "We're busy" — but cannot show GP per tech day, callback hours per 100 calls, or install margin fade by crew
- "Financing helps close" — but cannot show margin *after* dealer fees or discount rate on financed jobs
- "Callbacks are normal" — but cannot show callback hours by cause, crew, or equipment type
- "Backlog is good" — but cannot show AR over 45/60, retainage, and documented change orders
- "The owner watches it" — but no named manager owns the day-to-day process; founder is the fail-safe on every exception

THE DILIGENCE QUESTION THIS WEEK

Show me 30 days of quote aging, missed calls, booking rate, callback hours per 100 calls, financing margin after fees, and AR over 45/60. If those aren't visible, EBITDA quality gets discounted — regardless of what channel data or heat did for the top line.

SIX QUESTIONS A BUYER WILL ASK ABOUT YOUR SEPTEMBER

- Did installed gross-profit dollars grow with revenue — or did callback hours, dealer fees, and margin fade absorb the difference?
- What percentage of jobs sold came from quotes older than 14 days without a repricing check?
- Are GFCI, A2L, and heat pump callbacks tracked separately from general HVAC workmanship callbacks?
- Does the sales team know financed margin *after* dealer fees, per plan?
- Does management know actual GM by department, branch, and crew — with a named owner for each?
- What's the split between recurring service/replacement revenue and builder or low-margin project backlog — and what's the cash conversion on each?

07 NEXT MONDAY WATCHLIST · CONFIRM / WEAKEN / REVERSE

1. HARDI / AHRI CHANNEL FOLLOW-THROUGH

Confirms → next update shows continued channel strength and peers report GP dollars rising with it.

Weakens → distributor revenue decelerates or shipment YoY softens.

Reverses → channel holds but contractor GP dollars diverge — margin lost between distributor sale and installed job. *Decision:* shift from lead gen to pricing/close/install discipline immediately.

2. WEATHER PATTERN SPLIT

Confirms → heat markets keep producing profitable replacement opportunities into late September.

Weakens → heat alerts fade nationally; shift to shoulder-season maintenance accelerates.

Reverses → early cool-down flips focus to fall maintenance and heating readiness. *Decision:* reallocate marketing and dispatch by early October, don't wait for the first heating call.

3. CONSUMER FINANCING PRESSURE

Confirms → mortgage rates stay mid-6s; payment presentation remains the close-rate tool.

Weakens → rates ease and homeowners become more willing on discretionary upgrades.

Reverses → financed close rate falls even with a payment on the page, or dealer declines rise. *Decision:* re-scope plans, revisit dealer partnerships, sharpen cash-close and repair-vs-replace scripting.

4. CSR / DISPATCH DISCIPLINE

Confirms → answered-call and booked-call rates hold through the shoulder.

Weakens → abandoned/missed calls creep up as staffing thins post-heat.

Reverses → lead-source conversion collapses while marketing spend stays flat. *Decision:* freeze incremental marketing; invest in CSR coaching and callback speed first.

5. CALLBACK CAPACITY LEAKAGE

Confirms → callback hrs/100 flat or lower; senior-tech time on high-value work rises.

Weakens → callback hours creep on rushed late-summer installs.

Reverses → October callback surge concentrated in specific crews. *Decision:* pause new-install growth for the affected crew(s); redirect senior-tech capacity to coaching and install QA before heating season.

6. COMMERCIAL AR / CHANGE-ORDER DISCIPLINE

Confirms → AR over 45/60 held or improved; documented change orders keep pace with field work.

Weakens → retainage and 60+ AR grow without a named owner working them weekly.

Reverses → jobs completed but not billed, or change orders performed without approval. *Decision:* stop taking new work under those contract terms until AR and change-order process is fixed.

08 BEFORE FRIDAY

- [ ] Pull open replacement quotes by 0–3 / 4–7 / 8–14 / 15+ day bucket with GP dollars visible
- [ ] Publish the call-handling dashboard for the trailing 7 and 14 days
- [ ] Compute callback hours per 100 calls by tech, crew, cause, and equipment type for the trailing 4 weeks
- [ ] Audit financing margin after dealer fees on every financed sale this month
- [ ] Review AR over 45/60, retainage, and undocumented change orders on commercial/builder work
- [ ] Publish sold-vs-installed GM fade on replacements completed in the trailing 14 days

FINAL BOTTOM LINE

Busy is not the same as healthy. The channel moved, but distributor revenue is not contractor revenue. The market is active enough to make money and unforgiving enough to expose sloppy operations. The contractor who wins this month isn't the one with the most calls — it's the one who controls callback hours, watches financing margin after fees, and gets sold and completed work billed and collected fast. Channel data and heat build the top line. Only systems build transferable value.

ABOUT THIS BRIEF

Built for HVAC contractor owners, CEOs, presidents, and GMs. Every material claim sourced and dated. Recurring themes get a full section only with new evidence, a changed risk level, or a new operating implication.

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

HARDI — July distributor revenue +6.7% · AHRI — July 2026 U.S. Heating and Cooling Equipment Shipment Data (released Sept 11, 2026) · NOAA/NWS — Active Weather Alerts (Sept 14: 188 total, 14 heat, 3 frost/freeze, 10 flood) · Freddie Mac — Primary Mortgage Market Survey, Sept 10, 2026 (30-yr 6.76%, 15-yr 6.09%) · NAHB/Wells Fargo — Housing Market Index, August 2026 (HMI 35) · ACCA — Newsroom (GFCI/HVAC code resources, contractor context) · HVACR Business — Contractor cash-flow, change-order, slow-pay, and operational risk coverage.

Source limitations: HARDI's public news page carries the +6.7% headline; detailed distributor breakout and degree-day data are member-restricted. Weather counts are point-in-time from the NWS active-alerts API on Sept 14 and change intraday. Freddie Mac PMMS is a national average and does not reflect jumbo, non-QM, or state-level variation. NAHB HMI is a builder sentiment index, not a demand measure. Callback-capacity math in the Featured Insight is labeled illustrative — no universal HVAC benchmark is claimed.

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