

HVAC Case Study

Improving Cash Flow Through Better Decisions — Not More Risk

Company Profile

Industry: Residential HVAC

Years in Business: 17

Annual Revenue: Approximately \$3.7M

Engagement: Fractional CFO

The Situation

This was a stable, established HVAC business with solid margins and consistent demand. Accounting and payments were handled through QuickBooks, with reporting largely treated as an annual exercise. Operationally the business was busy and growing, but cash flow did not feel commensurate with the effort and risk involved.

The question was not how to grow faster, but why growth was not translating cleanly into cash and profitability.

The Engagement

I was retained as a Fractional CFO to provide owner-level strategic and financial support, improve visibility into the business, and establish a more frequent and actionable reporting cadence.

Data Consolidation and Visibility

Financial data lived in QuickBooks, while operational data was fragmented across spreadsheets and paper records. These included sales outcomes, equipment installed, job costs, and time spent. Consolidating these sources was necessary to evaluate unit economics and decision quality.

Owner Priority: Cash Flow Quality

The owner's stated priority was improving cash flow, not simply increasing revenue. We focused on low-risk, repeatable changes that would improve how revenue translated into cash and profit.

Key Initiatives Implemented

Improved lead capture and qualification through a 24/7 call-handling workflow, increasing qualified lead flow by approximately 12%.

Structured pre-visit qualification eliminated roughly 12% of low-quality site visits and improved conversion rates by more than 15%.

Supplier and purchasing analysis reduced cost of goods by approximately 7%.

Results (First 12 Months)

Revenue increased by 12.7%.

Operating expenses declined by approximately 4%.

Incremental revenue collected (cash received): \$617,900.

Net profit increased by \$75,383.

Because payments are collected at or near the time of service, revenue improvements translated directly into cash receipts. At a 15% discount rate, the present value of the profit improvement exceeded \$375,000.

Ongoing Focus

The business now operates with weekly KPIs and monthly management reporting. Current initiatives include launching a warranty service offering and evaluating disciplined expansion without margin degradation.

Takeaway

This engagement focused on improving decision quality rather than pursuing aggressive growth. The result was modest, durable improvement driven by better judgment, not higher risk.