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Price increases: How to keep them at bay - by Gamble Wiseman

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Gamble Wiseman

The cost of EVERYTHING has risen substantially over the last two years. I'm sure I don't need to tell you that. But with all these crazy prices, how do we take care of our capital expenditures?

Many business owners are surprised when they hear from their HVAC company, "Your system needs to be replaced." Even more so when they hear the price! As a result, many of our customers end up waiting to put the capital together to pay for the work in cash. The problem here is this: Once we get approval for the job, prices have already increased again. The solution here is financing. Companies like Ascentium Capital, GreenSky, and Service Finance all would allow you, to move ahead with the project and break down the payments—if even temporarily.

Take this for example: We have a client whose equipment has been neglected for some time. As a result, three of their large make-up air units need to be replaced, a nearly \$200,000 endeavor. They have decided Cotti-Johnson is the preferred vendor to do these replacements, but the price has already increased since we first quoted the job. They are still waiting on funding approval to get the job moving.

What if they took a different route? Before January 1st, the price of this job was under \$190,000. Let's say they knew they wanted to use us for the work, and just needed to figure out how to pay for it. If they went through a financing company they could have the equipment installed and pay a small interest rate until they paid off the loan. Oftentimes these loans have no pre-payment penalty. This would have enabled them to get the work done, pay less in interest than they would with the price increase, and only be worrying about how to run their business more effectively.

The point is, while sometimes financing can sound like a dirty word, it may also be the biggest tool you have to saving you money.

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