

# Transcript

Krystal Hobbs 0:04

Welcome to Beyond The Tools, the podcast that helps contractors attract more leads, grow their business, and finally get off the tools. In each episode, you'll discover marketing tactics that work. You'll get actionable insights from other successful contractors, and connect with experts to help you grow. I'm your host, Krystal Hobbs, owner of a social media agency that helps contractors attract and convert more leads. Get ready to take your business to the next level so you can finally enjoy the fruits of your hard labor. Ready, let's go!

Krystal Hobbs 0:46

Hey, contractors, welcome back to the Beyond The Tools podcast. I'm your host, Krystal Hobbs. And today's conversation is about giving your customers peace of mind and also protecting your HVAC business. Our guest today is Gus Vassilopoulos, who is the Digital Marketing Manager at Trinity Warranty Solutions. And Gus enlightened me that less than 5% of companies are offering an extended warranty. We know from a marketing perspective how important it is for customers to feel that they are protected and that they can trust your company. But one of the things that we don't often think about is how offering an extended service agreement can protect your company and your profitability. In today's conversation, Gus and I really dig into that and have an enlightening chat about the benefits of offering an extended warranty. And also how you can implement that in your business to be successful. So if you're a heating and cooling business that has thought about extended warranties or maybe it's something that's not really on your radar, this is definitely something that you want to listen to. So let's head on over and chat with Gus.

Krystal Hobbs 2:10

I am so happy to introduce today's guest Gus Vassilopoulos. Gus, welcome to Beyond The Tools. Super excited to have you here.

Gus Vassilopoulos 2:20

Happy to be here, Krystal, I'm excited as well.

Krystal Hobbs 2:22

So Gus, tell us a little more about Trinity Warranty Solutions and why having an extended warranty is so important in this industry.

Gus Vassilopoulos 2:34

Sure. Trinity Warranty Solutions were started back in 2010. Management has been in the extended warranty industry for gosh, over 20 years. It's been 12 years now since they've gotten started. We're a national provider here in the US and Canada. We provide extended service agreements as the actual term, but extended warranties are what everyone calls them. And basically, what our company allows contractors to do is extend labor and parts coverage. So if a manufacturer were to only offer five years of parts, we would be able to help the contractor take that up to 10 years to provide a 10-year parts warranty or coverage. And then we also come in and offer up to 10 years of labor. So if a contractor would like to offer that to their customer when they build that install offering that they have, we work with them to provide that solution. So in a nutshell, that's what we do. And we're based here in Lombard Illinois. And we've been here for 12 years. We're owned by a publicly traded company, Kingsway Financial. So we've got the oversight you could say that is there and then the backing of a larger company to help us do what we do.

Krystal Hobbs 4:09

Fantastic. And I know warranties are obviously from a homeowner's perspective. It gives them peace of mind and there are so many benefits there in terms of avoiding unexpected costs and that sort of thing. But from a contractor perspective, why do you think it's important to be able to offer an extended warranty?

Gus Vassilopoulos 4:32

Sure. So what's important to kind of know is that extended warranties have all types of different flavors. You hear them for cars, you hear them for all types of appliances nowadays, and everyone has their opinion on whether you should or shouldn't take them. I'm a risk taker and I'm super handy so I kind of put that stuff on my back a lot of times and I'm not too keen to grab that warranty when it's offered to me. But as a business owner, I don't have any HVAC company but if I did, anything would do I would want to say, "Hey, listen. I stand behind my work. I'm gonna sell you this system (for us it system HVAC systems). I want to make sure that you're taken care of for not just three months or one year. If you're going to be paying for this system for five or 10 years, I want to make sure that you're not worried about "Hey, I can't afford to spend a thousand dollars because that compressor blew two years out." I want to be able to build a product and stick behind it as long as I could. So for me, it's less a question of whether, putting myself in the contractor's shoes, whether I think I should or shouldn't buy an extended warranty. It's more a question of whether should I stand behind my work. And

that's where I think our product comes into play. Contractors want to be looking at "How do I position myself as a contractor of choice for my homeowner?" If you made your way into a customer's home and a year, you're looking at their system and you're understanding their needs, and you're going to be drafting a proposal. Obviously, you've done a lot of things, right? Because you're in the home.

The question now is how do you do when you sit down with the customer apart from being knowledgeable and being courteous and doing all the things right, how do you convey that you are there for them for the long term? And when you're sitting down with the homeowner and explaining, "Hey, these are the solutions I could offer to you and this is the way I stand behind my work. And I stand behind my work by offering 10 years with everything that I do" or five years, right? There are a lot of different options you have when you're going to pick the type of coverage you'd like to offer. "I stick behind in my work for several amounts of years. And that's just the way I do business. This is how I think business should be done." I think it should be more of the long-term comfort and peace of mind for the homeowner rather than, "Hey, let me just get this sale." But then what? Right? "Then you might be stuck having to call me a year or two later with a large repair." The larger brands, understand the power that gives them while equipping the sales folks with the ability to really speak to the credibility of their installation and how they stand behind it. So they use it inclusive. So rather than give an option to the homeowner, they actually will say, "Hey, this is how our product is set up. You know, it gets 10 years of parts from the manufacturer, this is the brand that we install. And you also have a 10-year labor guarantee from us that it's backed by either a company like us." Or maybe a manufacturer that they work with might have the option of adding labor as well. But that's just the way they've decided to mold their home comfort solution. So I guess the main importance is, how do you equip your team? How do you position your brand so that when you are talking to your customer, they're more willing to buy from you than the other guy? Right? and I think that at its core, how it's being used today, it's a way to really set somebody apart. And just to kind of give you an idea of the power that positioning has in the marketplace, I'm going to take a look at another industry where there are some really nice metrics here.

So in 1999, one car manufacturer, had a five-year (I think it was 60,000 miles) powertrain warranty with their vehicle, and then they changed that in 1999 to 10 years with 100,000 miles. That year, they increase their market share by 263%. Maybe there were other things that played into that but that kind of goes to show you the power that extending whatever you currently have, (maybe you're at a one-year or two-year, or

here in the states, some states require you to offer standard covers like you got to give at least one year of labor) and improving that labor does have an impact. Now the question that comes in is, what is the value that that brings from a price-conscious standpoint like price sensitivity? Like, what would I pay for that? So that's where the contractor needs to decide. We obviously sell our product to the contractor and it's kind of like wholesale, and then they decide what to do with it. Some contractors, they'll pass along the costs or some contractors will then mark it up. So it's really at the discretion of the contractors how they're going to be using the product. I'd like to get into all the different options that are available in the market today, and even how this actually works, like, process-wise. But before I do that, any thoughts? I mean, did you have any questions so far, as far as how it's being used? And anything I've already said?

Krystal Hobbs 10:55

I think everything there makes sense. Years ago, everybody was doing a one-year workmanship guarantee. But now to the homeowner, that doesn't mean a whole lot. And I know from talking to my clients that warranties are becoming more and more I think of expectations from the customer's standpoint, as well. So I think you bring up a good point there that it does not only help you to take care of that customer but also to be competitive because they're going to go with a company that does ultimately protect them for a longer-term period.

Gus Vassilopoulos 11:43

So just to piggyback on that, another huge pain point for contractors is the sales staff or even a technician that may be doing sales within an HVAC company, they make sure the customer knows that it comes with 10-year parts, right? And what the customer hears is "I'm covered for 10 years." And the problem that creates is, let's say two or three or five years down the line, maybe not even that far off, let's say somewhat recent, less than two years down the line, there's a malfunction with the compressor or the coil or the computer board. And now you're playing tug of war with your customer because they're like, "Hey, what's this bill? I mean, I thought I was covered for 10 years." And they call you a crook and this and that. I don't fully remember and hundred percent but it was on another podcast that we were on, and they were saying that some over 50%, of the sentiment around HVAC contractors, is that they've left a bad taste in their customer's mouths. It's not the contractor's fault if there's a faulty coil or faulty compressor. It's their fault that they didn't install it properly. They then will go on the website, leave a bad review and tell their friends about this and that. And that really hurts a brand. I guess having built your home comfort solution to kind of factor in that

possibility and have a solution for it that can solve that altogether rather than being hounded down that you're taking advantage of your customer. Now you're the hero who stood behind their work and did the repair and they're raving about you. So that's also one of the reasons contractors will reach out to us because they find that to be a pain point for them.

Krystal Hobbs 13:48

Well, let's dig into that a little bit more because I think that's interesting. For most of the contractors that you work with, are they giving customers the option to take the warranty? Or how does that work?

Gus Vassilopoulos 14:04

Sure. So there are a few different ways we've seen go to market. So first it's just included. They're going to say, "Hey, we're going to put you in the system that comes with 10-year parts and comes with 10-year labor, that's our product. And here's our price." Now, they may have different solutions, they might have platinum and gold as far as what kind of system they're going to put in, and maybe some bells and whistles that they could add or couldn't. But one approach is to say "Hey, this is the way we offer our products." So the other approach is a good, better best. So within that platinum or however they've had their price book set up, they will add different levels of coverage for different solutions that they provide. So they'll say "With this package, you get two years with this, you get five on this, and with this, you get 10." And then you see where that kind of comes together where they say, "Everything we do comes with three years, that's just the way our standard is." And then you can add to that an additional two years, or an additional seven years to take you up to 10. So those are the three ways we see them go to market. Let's say you don't feel that you need to go to a 10-year, you can start at a three-year and see what effect that has on your close rate. See if it affects your ability to turn those proposals into sales. And if it does, then you'd also get some feedback from the customer saying it was great, and then you can adjust your offering based on where you feel you need to be. Basically where the needs of your customers are and also where, you know, how you'd like to design your installation. The biggest driver is customer support. So the bigger brands want to make sure that they don't get any red flags to their brand. And the smaller guys, they're looking to grab more of that market share.

Krystal Hobbs 17:04

Absolutely. And I'd love to go back a little bit on the customer education piece because I think you've brought up a couple of interesting points there, whether it's the homeowner

not understanding that being covered on parts doesn't mean they're covered on labor. And also, even when these issues do pop up, and then it's the contractor's fault that their issue isn't being resolved or that they have to pay for that service. So when it comes to offering extended service agreements, what kind of customer education goes into rolling that out or even presenting some of the available options?

Gus Vassilopoulos 17:49

Sure. So we support that process from the standpoint of giving the contractor material that conveys what it is that's covered with this labor coverage. So it goes through all your most common repairs that are covered through this agreement. It also goes with some of the restrictions, I wouldn't say restrictions but things that the homeowner is responsible for so that this agreement to be effective. So it's the same thing that the manufacturer requires for their parts warranty to be effective. So if a contractor shows up to the home, and four years out, they haven't changed the filter in four years and the blower motor goes, well, that's a maintenance issue. He should have maintained that equipment, or if they show up and the condenser outside has an inch of Cottonwood around the condenser, of course, it's going to blow because there's no air being circulated. So things like that are exclusions. Also, things like acts of God. So if there was flooding or if there was a lightning strike that hit your unit that wouldn't be covered by these agreements. But they would be covered typically by your homeowner's policy. Those are some of the exclusions. But we do support the contractor in being able to not just offer 10 years of labor, but really articulate the value that that brings to the homeowner so they know what's covered, not like a two-second "Oh, and you're covered for 10 years." Well, what exactly is that like? Can you spend a little bit of time there and let us know how that separates you from the guy who's offering you one? Right? And being able to understand that there's no deductible when the contractor shows up, there's no call for approvals like your home warranty companies where you have to wait in the app to see if they're gonna let you do the repair and they're gonna see how much they're going to charge you. Even though you're covered under warranty, there's some sort of deductible and then there's all this back and forth. It's really, the contractor comes to your home, there's a malfunction and he repairs that malfunction. And he says you're all set, thank you for picking us up and asking for a referral. And that's the contractor homeowner experience, I would say, and it's really rewarding for the contractor because it really sets them apart. So it's a nice opportunity to say, we'd love to hear you share this on your social platform. "Joe's HVAC just came to my home,

didn't take \$1, and they took care of everything for us." And that's a huge kind of way to grow your business organically.

Krystal Hobbs 20:46

And I imagine not only the positive word of mouth and referrals but also helping you to retain customers because they feel like they're being taken care of.

Gus Vassilopoulos 20:58

Yes. So that kind of leads in if I could into how that would work from a contractor standpoint. So what the contractor would do, after that service call, they'd go back to the office. And what's really neat, is we have a portal that they would just log into, and they would find their agreement. They'd click on it, they would upload the assigned work order from their customer. They would upload any part maybe a receipt that they put in and then they would just click what repair was made, and description, if they need to add additional details. Then they would submit that claim to us, and then we would reimburse them for the work that they did. So it's not that the contractor is eating that service call, they're gonna get paid for it, and how much they get paid for is really dictated by the contractor. And so the way our products are set up, you're able to pick the reimbursement rate that you're looking for. So as a contractor, if you feel you should be at \$100 an hour depending on your market and the way to position your business, then that's what you pick. You buy coverage at \$100 an hour, if you're at a market where you need to get \$150 an hour, then that's the coverage that you pick, or if you want \$75 an hour, wherever you feel you need to be from a reimbursement standpoint, the contractor is in charge to decide what type of reimbursement they're looking for.

And then also, as far as what kind of coverage they want to offer, again, you have anywhere from one year all the way up to 10 years, depending on what you'd want to offer. The other piece of how this works is a program guide. So when you do get enrolled in a program like this, you go over the number of hours that are paid for a specific repair. So what I like to do, especially when I have a new contractor coming on board, is it's nice to kind of know how much money is coming into my pocket for this type of repair or for that type of repair. So what's tricky, and there are several people in this industry I found that some providers market a \$ 100-hour reimbursement rate, and I found our \$75 an hour is greater than their \$100 an hour and then you're like, how's that even possible? So, the way it works is your total reimbursement is a product of the hourly rate that you pick. And then that's multiplied by the number of hours that are allotted for the repair. So you need to see, well, this provider saying I'm changing out a capacitor in half an hour, this other one is saying I'm taking an hour to change that same

capacitor. So you could see well at \$75, if they're giving me an hour, I get \$75. The other company, they're giving \$100 an hour, but they only give half an hour for the repair. Well, I'm only gonna get \$50 for that repair or at least the labor portion of that repair. So the way our product is set up, it's a combination of different things.

Gus Vassilopoulos 24:25

So first, you have a breakdown of all the different hours allotted for repairs. So whether it's a capacitor, or let's say it's an evaporator coil that's leaking. So we'll say four hours for this type of repair and one hour for that type of repair. Now in addition to that, we offer a trip charge. So you still need to pay to get the technician out to the home. So we typically pay an additional hour for the trip. So whatever the repair is, whatever hours are allotted in the program guide, that's where you start. You get an additional hour for the trip. And anytime that you open up the sealed sitz system, if you're going to pull a vacuum, we also provide an additional hour for that type of repair. So a compressor will be one of those, if they have to change out a coil, that would also be one of those repairs. And then we also do a process or parts allowance. So it's typically \$35 standard for most of the plans. So that kind of then brings you to an idea of what you get reimbursement-wise. So for contractors that are considering using a provider, it's important for them to understand not just what the reimbursement rate is, but also what the total reimbursement for a certain type of repair would be. So it would be good for them to ask, what would I get if I show up at the home and then you change a capacitor, like how much money is coming into my bank account, because there can be a lot of tricks played for people to be able to maybe be disingenuous, and in the labor rate, nobody can do anything at a half an hour. By the time you diagnose and you show up and you put on your boots and your mask, you need more time to diagnose and then make the repairs.

So get actual dollars into your pocket for a specific type of repair. And what I usually do is I give them a low simple repair, like a capacitor contact or something simple, thermal couple igniter. And then I'll go somewhere heavy, like a compressor change out. And then at least I know, hey, this fits my pricing model, the contractor will say, right, and then we want to make sure it fits their pricing model. And some contractors, what they'll do is, and this is kind of segueing in how the business owner will decide, "We don't get many callbacks, because we're really good at doing what we do, and we install a top-notch brand. So we understand that we may be getting less reimbursement than we would if we did a service call. But we'd rather pay a little bit less for that coverage. So we can make more on the sale rather than on the claim." So there are a lot of different

ways to incorporate that into your business. And I spend a lot of time understanding where the contractor is, and where his mindset is, as far as how he wants to approach the product. And then once we understand where he needs to be, we try the best we could to make sure that the decisions are made before the contractors are kind of on their own trying to figure out what to do. We kind of help them along that process, what works, and what doesn't work, depending on what their needs and goals are.

Krystal Hobbs 27:45

And I think that's really interesting. Based on some conversations with clients, if they are taking the warranty program that their manufacturer or supplier offers, it doesn't seem like they get that same level of choice. But it sounds like with Trinity, they're different options and you're really in control of choosing your rate and what you want to be covered, is that fair to say?

Gus Vassilopoulos 28:17

Yes. So there are a few different ways customers can buy these products. So the first way is to use a company like ours so you would purchase whatever you purchase. We're brand agnostic, so when you buy coverage whether it's Carrier or whatever you're installing, we don't have different pricing for different brands. It's kind of across the board. You can purchase it no matter where you are in Canada or the US. So you come directly to us and what's really neat (and I think that's something that kind of sets us apart) is the technology behind it. It's very easy to buy coverage. It's very easy to place an order, pay with it online, have all your agreements in one place, and super easy to file a claim. So that's really important because time is always hard to come by, you know, with anyone that has a business. So making it as easy and user-friendly as possible is something that we put high on our priority. So a company like us, you're not gonna have to worry about let's say you go to one supply house and then you have to go to another supply house because you're out at systems or let's say you just don't like doing business with them anymore, now you have agreements that are two different supply houses and that's again, more cumbersome. With us, you're done. One and done, all brands, all suppliers, it doesn't matter. And then as you mentioned, you can go to the supplier and you can buy directly from your supplier. Sometimes it's us that are actually partnered with a supplier and you're buying our product. It's somewhat white-labeled. And then third is the manufacturer. So some manufacturers have their own programs but the same nuances, I would say are there, they're very strict and kind of stringent on what they offer and how they offer it. And you have to kind of fit in that box. And also, if they have a supply chain issue, and you can't get a condenser or a system,

and you're stuck going to another provider, then you're trying to figure out what am I going to do now, I've built my business around five years labor or 10 years labor, and then you're just kind of scrambling to make that work. So it's another thing that you have to worry about. So with a company like ours, you would be all set, so to speak from the standpoint of not having to worry about where you get your equipment or you have coverage available to you, regardless of where you get it.

Krystal Hobbs 30:51

Well, Gus, this has been incredibly informative, especially for someone like me. I was joking before this. I was like, "I know very little about warranties. I'm just a marketer." But I think this is super helpful for any contractor who is evaluating adding a warranty, or even looking at different options when it comes to offering an extended warranty or extended service agreement. So, Gus, I'm sure our listeners are going to want to connect with you and learn more about what you're up to at Trinity Warranty Solutions. So what's the best way that they can do that?

Gus Vassilopoulos 31:33

So the best way would be to come on our website. So it's [trinitywarranty.com](http://trinitywarranty.com), you can get a lot of information there, a lot of things that we covered are there, and you can reach out to us through that website. Again, [trinitywarranty.com](http://trinitywarranty.com).

Krystal Hobbs 31:51

Excellent. And we'll put all that information in the show notes as well. So if you're listening, you can head on over to [beyondthetoolspodcast.com](http://beyondthetoolspodcast.com) You'll see the show notes there and be able to connect with Gus. Thank you so much for being on the show, Gus. It's been awesome.

Gus Vassilopoulos 32:08

Thank you, Krystal.

Krystal Hobbs 32:13

Thank you so much for listening to this episode of Beyond The Tools. If you liked what you heard, please subscribe, rate, and review wherever you get your podcast. I'd love it if you could also share this episode with a fellow contractor who is ready to get off the tools and grow their business. And if you want more leads, sign up for our email list at [reflectivemarketing.com](http://reflectivemarketing.com) where we share weekly marketing insights that you can't get anywhere else. I'm Krystal Hobbs and I hope you'll join me on the next episode of Beyond The Tools. See you next time!

