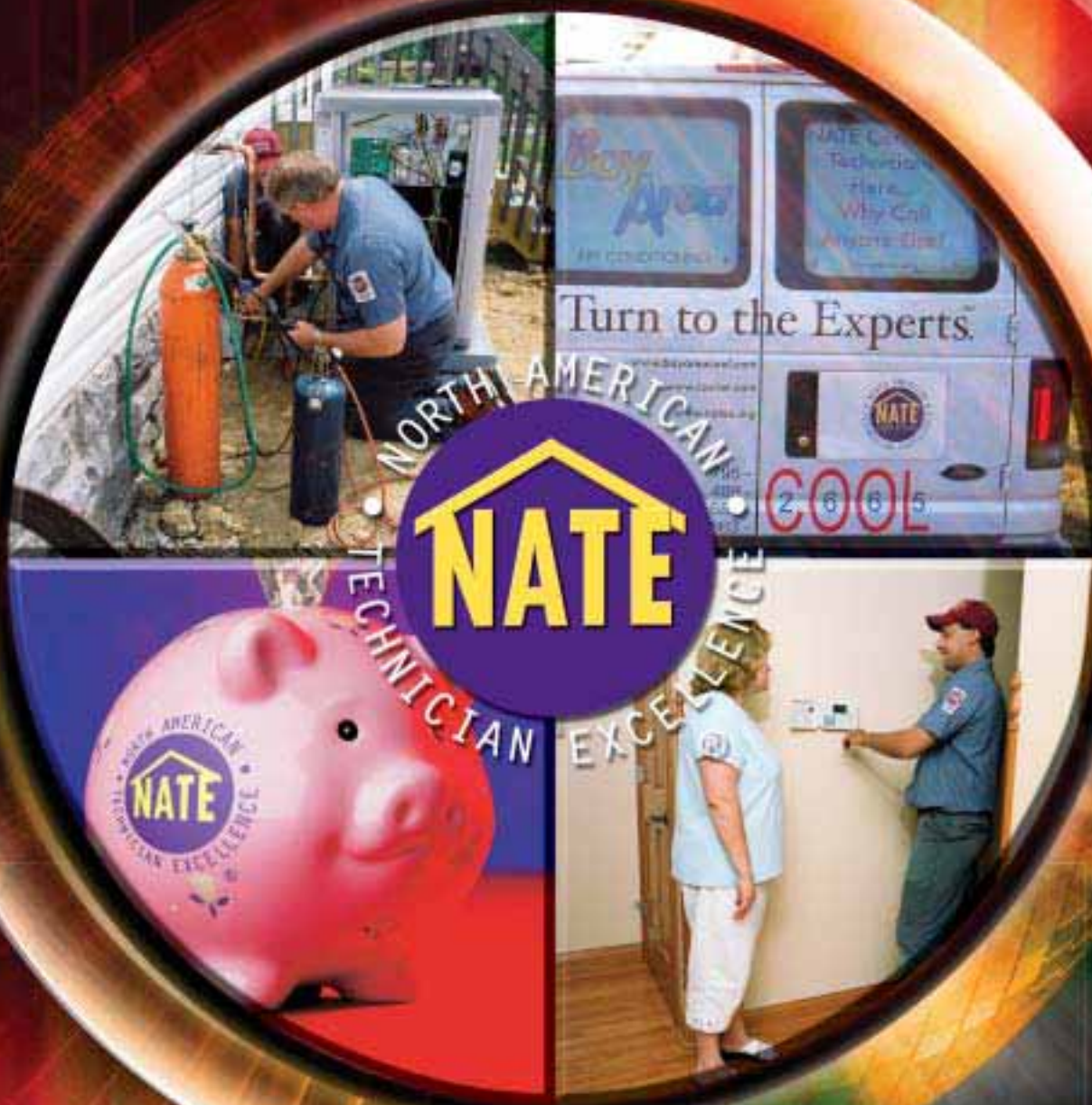


The Value of Certification



2007



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FROM THE CHAIRMAN OF THE NATE BOARD



NATE is embarking on a bold course of action: a venture named Vision 2010 which will take us into the year 2010 and see 150,000 technicians certified nationwide.

NATE certification is on the rise, with manufacturers and wholesalers offering testing, associations and others providing training and testing, and general industry-wide support. Surveys tell us NATE is widely known and recognized nationwide.

Today's HVACR technicians cannot be complacent with knowledge they learned 10 years ago. To stay abreast of technology, they will need to verify knowledge through certification, and then update that knowledge with continuing education. Learning, a lifelong task, ensures lifelong employment.

NATE is becoming synonymous with trust and value to consumers as well as those within the HVACR industry. Certification will soon be as indispensable to a technician as gauges or refrigerant. More members of the industry will see certification testing as a tool to identify technical knowledge and prescribe future advanced or remedial study. With certification, all can prosper.

NATE certification will become almost an industry requirement, and more forward-thinking companies and contractors will make NATE certification a condition of employment. More training programs will use a NATE test as their final exam, offering certification to their students and continuing education to help technicians retain their certification. Consumers will expect and demand NATE certified technicians. All of this will move our industry toward a more professional footing.

NATE's core values of pride, proficiency and professionalism are fundamental to our industry and its advancement.

Be a part of the cutting edge and plan to include NATE in your future. Support technician certification because NATE is helping make a better HVACR industry one technician at a time.

Scott J. Boxer, chairman,
NATE

FROM THE PRESIDENT OF NATE



NATE witnessed considerable change in 2006, but it will pale in comparison to our 2007 plans. The demand for properly installed and serviced units continues to climb, and, with it, the demand for certified technicians escalates.

NATE's goal is to certify 150,000 technicians by 2010, and prove to consumers that NATE technicians are the trusted installers and servicers of HVACR equipment.

NATE will introduce four commercial refrigeration exams and our senior-level certification, HVAC Efficiency Analyst. These tests extend the reach of our program and continue our commitment to recognizing the best technicians. Our expanded testing network includes Lasergrade electronic testing centers, making testing on-demand a virtual reality for technicians nationwide.

We recently completed several surveys which show NATE-certified technicians are assets to the industry's bottom line, have fewer callbacks and are integral to business success. We can conservatively state that NATE-certified technicians add about \$10,000 in value per technician, per year!

NATE's legislative and public outreach encourages governmental bodies to use certification as a component of HVACR contractor licensing. We have a goal of one city, municipality or state using NATE as a component of licensing each year.

NATE is *the* certification of value, and is a trusted name for homeowners, contractors, technicians, utilities, associations, manufacturers, distributors, trainers and builders.

NATE focuses on identifying, developing and promoting excellence in the installation and service of heating and cooling equipment. We are committed to continuous learning and applied knowledge that leads to excellence in job performance and job satisfaction. We pledge to help technicians realize their true potential. We want consumers to realize that no longer is finding a competent technician a matter of luck if the technician is NATE certified.

With NATE-certified technicians, everyone can offer value and trust to their customers and partners through the distribution chain.

Rex P. Boynton, president,
NATE

FROM THE EDITOR



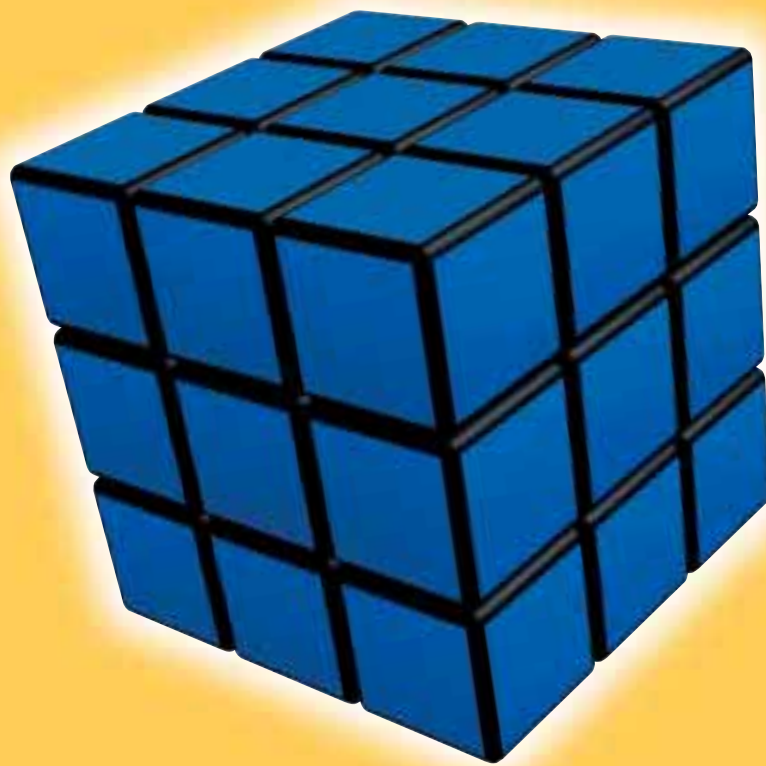
Welcome to the 2007 edition of The NATE Story. And what a story it is. In the past year, the organization has gone a long way

down the road toward strengthening the industry by confirming the educational efforts of many entities with a single, unified certification strategy. I've said it before and I'll say it again – the NATE program is unique and revolutionary in how it unites the entire HVACR industry.

2007 will be a big year for NATE: with its Vision 2010 plan, its marketing outreach initiatives and the introduction of several new testing products. None of this would be possible without the widespread support provided to its programs and efforts from utilities, manufacturers, contractors, distributors, industry trade associations, educational institutions, the trade press and the government.

You can read all about these items and more in this edition of The NATE Story. From an overview of NATE's roadmap to the future, to how certification benefits the entire industry, this issue is a must-read for any HVACR contractor planning for success in 2007 and beyond. Have a great year!

Michael S. Weil, editor-in chief,
Contracting Business magazine



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NATE is going places in 2007. As part of the Vision 2010 Plan, NATE announced several new initiatives and strategies.

**Vision
2010**

by Carl Smith

Where Is NATE Going?

Testing

NATE is improving its testing infrastructure. In 2007:

- Proctors and testing organizations (TOs) will only be able to order tests online, which will reduce human error.
- NATE has added Lasergrade as a TO, providing nationwide electronic testing on a virtually “on-demand” basis so technicians can test at a time and place more convenient to them.
- Testing organizations (TOs) will still offer paper-and-pencil testing and electronic testing, but Lasergrade provides the technician with the ability to test Sundays or evenings when no TOs have scheduled testing.

Marketing

NATE’s marketing initiatives include not only public outreach, but also outreach to the commercial refrigeration community and a coordinated initiative to help contractors who advertise that they employ NATE-certified technicians. In spring 2007, NATE will run an interstitial, an informative segment used to fill out the half-hour time slot between shows on television. In 2006, our PSAs (public service announcements) reached 140 million listeners and over 110 million readers. Adding sponsorship of a public television interstitial and a presence on MSNBC should increase public awareness in 2007.

■ NATE will sponsor the HVACR segment of the “Learning About...” series hosted by Michael Douglas on public TV stations in March-April 2007.

■ NATE’s air-conditioning interstitial release to MSNBC will reach 83 million homes in March-April 2007.

■ The same NATE interstitial will be released to the hospital and airport TV channels in March-April 2007.

■ Twelve 30-second radio public service announcements will go out (one per month) to radio stations nationwide in 2007.

■ Six print public service announcements will go out (every other month) to newspapers in 2007.

■ Two additional PSAs will be released to Spanish-language newspapers in 2007.

Licensing and Government

NATE does not lobby; however, we provide materials for interested local groups who wish to include NATE certification as one component of any licensing legislation.

■ Model legislation template – This is a sample law with an implementation plan that anyone can download from the website’s Legislative page and use.

■ Legislative newsletter – This newsletter goes out annually to legislators to help put NATE on the legislative radar.

■ Grassroots initiatives – Many local and state organizations want to ensure that whoever installs and services heating and cooling equipment is competent according to national standards. NATE is a resource.

■ NATE wants to be part of the legislative process (using NATE test or creating a test that, although administered by NATE, would not lead to certification), which ensures that NATE is one avenue contractors can use to enact a license law that has a proof of knowledge or proficiency clause.

Utilities

Utilities have a responsibility to provide inexpensive power and economical power use. Having certified technicians install and service heating and cooling units to function in the manner in which they were designed means that consumers get the energy savings they deserve.

■ Utility Advisory Committee – This committee and our consultant help formulate articles and initiatives for utilities nationwide to use.

■ TVA contractors – As of January 2007, contractors must employ certified technicians to remain on the list.

■ Utility newsletter – *Energy Report* puts information about NATE’s initiatives into a utility’s hands, defining

how NATE-certified technicians ensure that high-efficiency units are properly installed so the units actually deliver the comfort they were designed to deliver. It is sent out twice yearly.

■ NRECA (National Rural Electric Cooperative Association) Initiative – NATE encourages to utilities nationwide to have a formalized, standardized methodology for adding contractors to their referral list, which will ensure the consumer gets good, knowledgeable service so home comfort systems function at the levels for which they were designed. The key component to this initiative is for a contractor to have NATE-certified technicians.

■ Contractor Referral Service – Consumers trust utilities, and to provide the partners who use their services with anyone less than a NATE-certified technician shortchanges the user-partner. NATE-certified technicians can *prove* they know heating and cooling, and they have fewer callbacks than noncertified technicians.

New Products

In 2007, NATE will continue to offer new tests (the totally new series of commercial refrigeration tests) and introduce our first senior-level certification test (HVAC Efficiency Analyst). Plus a test creation service for any licensing that requires a proof-of-knowledge competency component, as well as a review of potential certification exam topics based on “market” demand.

■ Commercial refrigeration tests serve contractors who deal with market drivers (McDonald’s, Wal-Mart, Safeway, etc.), and this test should address problems of inefficient system operation, refrigerant leaks, rising warranty costs while product quality increases and customer dissatisfaction decreases. End-customers demand higher-quality installation, consistent technician training and an industry certification program, which this NATE test will address.

■ The HVAC Efficiency Analysis test will be 100 multiple-choice questions, open-book and will be for the highest-level technicians. The test covers load calculation, equipment selection, air distribution, hydronics distribution, system performance, indoor air/environment quality and planned maintenance.

■ Beta testing for all commercial HVACR exams start first quarter 2007.

So, where is NATE going? Everywhere. We invite contractors nationwide to have their technicians certified and come along for the ride.

by Carl Smith



NATE

Stands for Value and Trust

What is trust? What is value? Can contractors take either to the bank? Research shows that if you want to make money, you have to create trust and convince the homeowner that the work and services you provide have value.

Webster's Dictionary defines value as "the worth of a thing in money or goods," and "the quality of a thing which makes it more or less desirable, useful, etc..." Trust is defined as "firm belief in honesty or reliability of another," or "responsibility resulting from the faith placed in one." NATE's goal is to position the NATE-certified technician as the trusted, knowledgeable provider of quality HVACR installation and service. Needless to say, contractors with NATE-certified technicians will be viewed as worthy of trust and providing value – and that's a good place to be.

Most contractors think their technicians are pretty good. Most technicians, certified and noncertified, take pride in their work. But facts, according to the *American Home Comfort Survey*, are sobering:

- One in three installations results in a callback.
- Replacement buyers have 30 percent callbacks.
- Add-on buyers have 36 percent callbacks.
- New home buyers have 41 percent callbacks.

Reasons for these callbacks include:

- Equipment would not run, 22 percent;
- Insufficient cooling, 16 percent; and
- Rooms are too hot or too cold, 11 percent.

This is not good news, because a few bad technicians color consumer impressions about all technicians. Contractors have to work uphill to imprint their company's trustworthiness and value. But this story takes on a radically different perspective when we look at contractors with NATE-certified technicians.



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From left: Tim Bordeaux, Gensco, Inc.; Kathy Corr, NATE; John Foster, Mingledorff's Inc.



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In a recent *American Home Comfort Survey*, 88 percent of Americans wanted to have a certified technician service or install their home comfort system. Furthermore, 55 percent of those respondents said they had some work they wanted done but were holding off because they didn't know which contractor to trust. Simply put, when asked, they currently rated their home as less-than-comfortable and they were enduring it because they were afraid they would be taken advantage of for revealing their lack of HVACR knowledge. That's because contractors don't spend time convincing customers that their technicians *know* heating and cooling, and when they do, what they offer is often not an *objective* assessment of their technicians' HVACR knowledge. But when contractors use NATE-certified technicians and advertise the fact that their technicians have impartial third-party certification, they can turn the negative impression around and reach a market which is currently fearful of being victimized.

What does that say about the average American's view of contractors and about who they trust? Interestingly, when responding to a concept survey about NATE-certified technicians vs. noncertified technicians, only two percent of homeowners felt noncertified and certified technicians were "all about the same," and only five percent said "certification didn't matter;" 90 percent said technician certification was important. Consumers said they would use certified technicians because they were confident of follow-up and felt they received the highest quality. Even though homeowners may not ask about certified technicians all the time, they know the difference!

How do homeowners find out about certification? The biggest determining factor is the technician and leave-behind materials the contractor uses. The top four methods were:

- The technician said so.
- The contractor's paperwork said so.
- The technician was wearing certification patches.
- There was a logo on business cards and/or paperwork.

Contractor marketing is the biggest source of consumer information, so when a contractor speaks, consumers listen for anything that might offer them assurance – and certification appears to be it. Only three

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Heating & Air Conditioning

percent said they would not use a certified technician, and 76 percent said they probably or definitely would use a certified technician. When asked what qualities set them apart, they answered that NATE-certified technicians represented:

- Rigorous testing.
- Manufacturer support.
- An exclusive, elite group.

Then they were asked what attributes a NATE-certified technician exhibited, and they responded NATE-certified technicians:

- Were thorough.
- Explained problems.
- Were professional.
- Checked other problems.
- Offered suggestions.
- Were helpful.
- Were caring.

Trust is a double-edged sword. The bad news is that noncertified technicians seem to rate slightly higher than



used-car salesmen; the good news is that there's a lot of untapped consumer market if we provide assurance that contractors have technicians who know what they're doing. NATE-certified technicians work hard to win the homeowner's confidence. Once a technician earns that confidence, the homeowner is suddenly more apt to have work (which is currently deferred) done. Why?

Trust. Rewards for technicians and contractors who win a homeowner's trust can be substantial.

Certification is not an expense, it's an investment in your company. In a survey, 73 percent of contractors said having certified technicians was integral to their business plan and strategy for success. They recognized the value of a certified technician. The contractor's dilemma when coming to the home of a consumer who has received poor installation or service to their home comfort system is that they get to be a hero, but at a price. They can be a hero by cleaning up another contractor's mess, but it means they have to be 125 percent as good as they normally would just to regain the consumer's trust because the earlier contractor

muddled the water with poor work. Once they win a consumer's trust, consumers tend to be loyal as long as they feel the contractor is treating them right. It costs contractors five times as much to win a new customer as it does to retain a current one. Every customer has at least 20 contacts because everyone has family, friends and coworkers, so both good and bad contractor experiences are shared.

Establish trust by giving consumers technicians who know what they're doing. Consumers trust NATE certification because third-party, independent validation proves that someone other than the contractor said those technicians knew heating and cooling – and they feel certified technicians are less of a gamble. When asked what deciding factors in choosing a contractor were, the two top categories were good reputation and certified technicians; nothing else came close.

The handwriting is on the wall – consumers buy from trust and choose contractors based upon how comfortable they are with the value of services the contractor provides. If you want more business, get your technicians NATE-certified to earn consumers' trust.

“We see a tremendous amount of pride on the part of our technicians.” They enjoy being recognized as professionals.”

*Dave Hutchins
Bay Area Air Conditioning & Heating*



by Michael Maynard

Contractors Agree: **NATE** Certification Is Very Good for Business

When you have a problem, you want to be helped by a professional – someone with the training and expertise who can provide a solution to your particular problem. So when you're sick, you see a doctor. If you need help with a legal matter, you seek out a lawyer.

For homeowners who are ready to make a major investment in a new heating and air conditioning system, they, too, want to work with a professional. That's where certification from North American Technician Excellence Inc. (NATE) becomes so valuable. After all, NATE is the leading certification program for HVACR technicians and is the only test supported by the entire industry.

Not only can NATE certification provide a high level of confidence to consumers, it also creates a more profitable business for the contractor. A recent survey by *Service Roundtable* found that contractors with NATE-certified technicians have fewer callbacks, lower warranty expenses and a higher billing efficiency rate.

Dave Hutchins, the owner and president of *Bay Area Air Conditioning & Heating*, which has two locations in west central Florida, didn't need the survey to tell him the value of NATE certification. Since Hutchins began

requiring his service technicians and installers to become NATE-certified within one year of employment, service callbacks have dropped by more than 20 percent. And that has made Hutchins, his customers and his 25 technicians happier. “We see a tremendous amount of pride on the part of our technicians,” he says. “They enjoy being recognized as professionals.”

Jim Farrell, the president of *JC Farrell Heating & Air Conditioning* in Freehold, NJ, who began the business with his brother, Chris, agrees. “Callbacks are virtually nonexistent with the NATE technicians I've employed,” he says. “As we all know, callbacks

can absolutely hurt your business. The old saying is true: Good news travels fast, but bad news travels faster.”

Farrell, who employs up to six NATE-certified technicians depending on the seasonal demands, says his clients feel better knowing that their systems are being worked on by a technician with a national certification. “Once clients are made aware of NATE, they don't want anyone other than a NATE-certified technician in their home or business,” he says.

NATE certification is an important point of differentiation that Scott Robinson, the president of *Apple Heating & Cooling*, which has two locations in north-

east Ohio, uses when he or his sales staff meet with customers and potential customers. "The customers understand the concept of certification. If you give a customer a choice between choosing a certified or noncertified technician, that's a pretty substantial difference," says Robinson.

"We're different in that we have 18 NATE-certified technicians, including the owners, in our company," Robinson says. "We try to plant the seed that if you're investing a substantial sum in a new system and the installers are not NATE-certified, then you're taking a risk." Contractors can also easily point to third-party endorsements about the importance of using only NATE-certified technicians, Robinson adds. "We'll refer customers to websites and literature from manufacturers like Trane and Carrier, both of whom recommend using technicians certified by NATE," he says.

Contractors with NATE-certified technicians find that displaying the NATE logo attracts attention. Hutchins says that three customers have told him that it was the NATE seal on his company's marketing materials, including his advertisements, which sold them on *Bay Area Air Conditioning & Heating*. "We think including the NATE logo on everything that we do is really coming to fruition," Hutchins says.

Companies with NATE-certified technicians are listed on the NATE website under Consumer-Contractor Connection (www.natex.org). This contractor locator on the website makes it easy for a consumer to find a nearby contractor with NATE-certified technicians. Type in a ZIP code, how many miles away you wish to search and you get contractor contact information. (Contractors who have more than 75 percent of technicians NATE-certified are listed under a special "NATE Quality Circle" heading.)

That's how *Kettle Moraine Heating and Air Conditioning* in Geneseo Depot, WI, which was reopened last year by Bill Brink and his sister, Sarah Brink, got one of their first customers. A customer would only go with a contractor who had a NATE-certified technician, and the NATE website connected that person to the Brinks.

Bill has been NATE-certified since 2004, and Sarah says that as they grow the business, which was founded by their late father, they will seek out technicians who already have their certification or are willing to become NATE-certified. "As an employer, it gives us confidence in who we hire," she says. "It also gives your company a sense of legitimacy with customers."

For Larry Smith, the owner of *Right Now Air Conditioning* in Las Vegas, NV, an employee who is willing to take on the challenge of becoming NATE-certified demonstrates his determination to become part of the HVACR industry. *Right Now Air Conditioning* technicians must become NATE-certified within six months of being hired as a condition of employment.

"As a business owner, it gives me a level of confidence that the technician truly knows what he's doing," says Smith, who is also a NATE instructor at the local community college. "It's important for our clients to know that the people working on their equipment know what they're doing." *Right Now* technicians proudly wear the NATE certification patches on their uniforms, which only serves to reinforce their professionalism.

Contractors say that their NATE-certified employees are more than just a statement of technical competence – it demonstrates professional pride in what they do. "Technicians embrace it wholeheartedly because it's an investment in themselves," says Smith, who currently employs nine NATE-certified technicians and two who are working towards their certification. "The NATE certification is theirs, not mine. They can take it wherever they decide to go."

The advertisement is for the UEi Phoenix Clamp Meter Series. It features a red background with the UEi logo at the top left and the phone number 1.800.547.5740 at the top right. The word "PHOENIX" is prominently displayed in large, bold, blue letters, with "CLAMP METER SERIES" in smaller text below it. Two circular images are shown: one on the left showing a hand holding a wire, and one on the right showing a yellow clamp meter with a black probe. The text "Still use this tool to isolate wires?" is written in white over the left image, and "Discover the Solution!" is written in white over the right image. Below the images, the word "hook" is written in a stylized, bold font, with "EXTENDED CLAMP HEAD" in smaller text below it. At the bottom, the text "PLUG IN AT UEITEST.COM/PHOENIX" is displayed. A small copyright notice at the very bottom reads: "COPYRIGHT © 2007 UEi. The Hook extended clamp head patent pending. The Hook works exclusively with Phoenix Clamp Meter Series and is sold separately."

Farrell says that he sees the NATE-certified technicians carry themselves with “a sense of pride and confidence that they will excel in their industry.” That, he adds, is sorely needed in the HVACR industry today. Too many technicians fail to get the proper training, and that sullies the reputations of those contractors and their technicians who work hard to achieve excellence. “It seems that we are coming across more uneducated technicians in the field than I have ever seen,” Farrell says. “This has to change if our industry cares about its customers.”

At *Apple Heating & Air Conditioning*, Robinson saw the difference in his technicians once the company began NATE certification. “They feel like they’re the elite, like they’ve accomplished something,” he says. “I think it shows the person has committed themselves to something that is special and different from their peers, and those things absolutely enhance their self-esteem.”

It also comes across loud and clear in their interactions with customers: the technicians are more confident and that, in turn, makes the customers feel like they are dealing with knowledgeable professionals. Robinson makes no apologies that *Apple Heating & Air Conditioning* is not the cheapest contractor in the area. Because his technicians are certified, they understand that *Apple Heating* customers get tremen-

dous value because they get tremendous service.

“We’re worth it and let’s prove it to our customers,” Robinson says of his company’s philosophy of doing business. “We charge more because we’re better, and NATE certification fits in well with that. Our company mission revolves around dominating the market by providing the best service experience for the customer, having the highest-paid technicians and treating the customer right.”

HVACR technicians are on the front lines when it comes to a contractor’s business. They are the ones who work directly with the customers, and future business hinges on how they carry out each job.

“Their ability to find a solution to a customer’s needs in a timely fashion and without a callback is critical to the success of a good HVACR company,” Farrell says. With a NATE-certified technician in the field, a contractor can have confidence that he is getting the most out of every job and generating new business along the way.

Michael Maynard is a business writer based in Providence, RI. He writes frequently for HVACR Distribution Business and on construction and architecture issues. He can be reached at michael.maynard@lycos.com.

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by Carl Smith

Who Benefits from NATE Certification?



Who benefits from NATE certification? At the risk of sounding glib, *everyone* who comes in contact with NATE-certified technicians benefits.

NATE certification can be thought of as consumer assurance and compliance with an industry standard. Manufacturers, wholesalers/distributors, educators, associations, government, utilities, contractors, technicians and homeowners all experience an improved quality of life because of the often far-reaching impact of technician certification. This year, NATE has collected results from independent surveys completed by *Decision Analyst*, *Service Roundtable* and *Business News Publishing*. Each targeted a different facet of the industry, but all indicated one thing: NATE-certified technicians benefit everyone in the HVACR industry.

In the mid-1990s, manufacturers had a problem – one-third of units returned as “defective” were actually installer error. This problem was a potential public relations nightmare. Not only did it impact the manufacturers, but it also hurt distributors and everyone else down the chain to the end-user. Many contractors were telling homeowners, “We’ve had a lot of problems with that XYZ unit.” And it was true, as far as it went. Some contractors had problems with the unit, but the problem wasn’t that the unit was poorly manufactured (which was implied), but that technicians consistently made mistakes in that unit’s installation.

There was training galore, but one huge problem – most of the training available was fractionalized. In fact, all trainers seemed to have the inside track on what a technician should know, but there was no agreement between trainers and no consensus as to what the basic skills and tasks for an HVACR technician were. Everyone was running 90 miles an hour training technicians, but there was no task analysis of a technician’s work, so everything being done was basically reinventing the wheel or taking sections from text and reference books and omitting others. There was no industry-wide, consistent standard. No technicians had a unified job description or job analysis, and no training toward creating a more knowledgeable technician was coordinated among all industry factions. None of it was wrong, but because it wasn’t integrated, none of it was right. With no central knowledge base, there could be no agreement because there was nothing to agree with. Lots of training, lots of goals, lots of people spinning their wheels.

North American Technician Excellence Inc. (NATE) did not create a knowledge base for the air-conditioning industry. NATE took widely varying views, brought a 100+ subject-matter experts together, and codified an industry referent, the KATEs (Knowledge Areas of Technician Expertise). The KATEs give trainers and educators a common knowledge base so that when the industry discusses training for an HVACR air-conditioning installation technician or a heat pump service technician, everyone is talking about the same job, meaning the same skills, tasks and items a technician should know. NATE brought the parts together so a technician who installed air con-

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ditioners in Massachusetts and those who installed them in Wisconsin, Florida, Texas or Oregon all had a standard referent when they needed to know what elements comprised the job of an air-conditioning installer, for example. Many think NATE created the standard, instead of serving as an arbitrator who assembled bits of knowledge. When assessing a technician's knowledge, we have the KATEs as a standard of what technicians should know. Because of the KATEs, the industry can create training and tests independent of each other, and yet related because of their common referent.

Consistency and commonality are important in all technical matters. Consider the problem a couple of years ago with the space station effort between the United States and Europe. It was a simple miscommunication with wide-ranging effects – one side used metrics and the other used inches. The resulting problem was that nothing fit the way it was supposed to. No one was wrong – but no one was using the same knowledge base. We know how long it took and how much it cost to correct that problem.

Many wonder when the NATE test will be translated into a Spanish version. Why does it take so long? NATE can translate a test fairly fast. But what good is a translated test if there is no training to prepare Spanish-speaking technicians for the test? The objective is not just to test but to provide proof of a better-trained technician. Before we can create a training program, we need a consistent knowledge base and a common technical vocabulary. Of the translations and glos-

saries NATE looked at, some of the most common ones failed to agree on specific terms in multiple instances. With no agreement, you cannot have a commonality and cannot create training that is consistent nationwide. Without adherence to training with the same referent, how can a test be objective? NATE's mission is first to create a common glossary of terms, and once that is done, trainers can create Spanish training with a common source. Once technicians have access to unified training, NATE can create a unified test to evaluate their knowledge.

So What Does Everyone Need?

Manufacturers need better-trained technicians to reduce returns. Wholesalers/distributors need better-trained technicians working their counters to better inform those buying products. And if there were fewer returns, more of the distributor's time could be allocated to training instead of handling avoidable warranties.

If a contractor had verifiably better-trained and better-certified technicians, the contractor would have fewer callbacks. Fewer callbacks mean more profit for the manufacturer and better consumer confidence. Consumer research has shown that consumers are willing to pay 16 percent more for certified technicians. Technicians who are certified have more self-confidence and know heating and air-conditioning, so they aren't just changing out parts and hoping they solve a problem.



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Consumers are getting the system and performance they paid for, are missing fewer workdays because of repetitive-problem callbacks and are happier with their purchase because they are assured that the technician who works on their home comfort system is knowledgeable. With fewer complaints from unhappy taxpayers, both government and utilities are better able to balance work loads and control energy waste. Units which are properly installed/serviced function in the manner in which they were designed (meaning that an energy-efficient unit is actually installed so it is energy-efficient) and consumers actually get the energy savings that their high-efficiency unit can deliver.

Everyone gets something they want and need.

Manufacturers with a better bottom line have more dollars for improvements and “next-phase” technology. Distributors can catalog and identify real problems with units returned because they aren’t inundated with technician-created problems. Contractors are more profitable, technicians know what they’re doing and can make more calls (because their number of callbacks drops), and consumers see more comfort and energy bills that reflect real energy used to make them comfortable.

So, who benefits? Look in the mirror.

Distributors, Take Note – Counter People, NATE Is For You, Too

by Richard Wirtz

NATE technician certification has been around for some time and is now an established program. Some have asked why a counter person should earn NATE certification. The answer is simple: Because they are consultants to the trade.

Installation of equipment should be “per manufacturers’ instructions.” Instructions are based on national code requirements for safe operation of the equipment. Consumers can buy quality in a “box,” but what assurance do they have of the quality of the product’s installation? No matter how well-designed a unit, it only performs well if it’s installed properly. A knowledgeable counter person can advise and help interpret manufacturer guidelines to correctly install the equipment.

13 SEER equipment is the new “standard” for split-system air conditioners. Several questions come to mind:

- What impact does this have on existing systems?
- What are the differences between an R-22 and R-410 system?
- Will the evaporator and refrigerant line set need to be changed?
- Will the TEV (Thermostatic Expansion Value) need to be changed?
- What about the refrigerant charge?

These are some of the questions that must be answered by the friendly folks at THE COUNTER. In fact, the folks at the counter may become the #1 source of information relating to the proper installation and maintenance of HVACR systems. Being the #1 source of information for the HVACR industry, counter personnel need to be knowledgeable to properly assist their customers. NATE certification ensures that counter personnel know what they’re talking about.

Case in point: At a recent visit to a supply house, I overheard a conversation between Bill (a senior counter person) and John, a well-regarded HVACR contractor. John had purchased an electronic leak detector but

had brought it back because he thought something was wrong with it. After a minute or two of back-and-forth discussion about the instrument, Bill asked John if he had installed alkaline batteries in it. John said he had changed batteries but didn’t know what type he put in. Being familiar with the instrument, Bill explained that only alkaline batteries could be used. Opening up the electronic leak detector’s battery compartment revealed the obvious – John had used common AA batteries. Bill pulled some alkaline batteries off the rack and placed them in the instrument – it activated. Ain’t it amazing – with alkaline batteries the instrument was working as it should.

Looking at this situation, what could have happened if the unit was simply accepted back as defective? First, someone would need to write up a return material tag for the instrument. The instrument would be packaged and sent back UPS to the factory under warranty. The factory technician would go over the instrument and find nothing wrong. It would then be sent back to the supply house with an explanation that nothing was found wrong. Bill then will inform John that his leak detector is back and he must return to pick it up. This could take weeks. Meanwhile, John’s work is interrupted because he is without the much-needed leak detector.

Bill’s knowledge saved the day. Time and effort was not wasted returning a perfectly good tool and his time was better spent waiting on other customers instead of enmeshed in unnecessary paperwork. John was in and out in a flash with a better understanding of his leak detector and he could keep up with his installation and service work. He was happy. So who won? Everyone – the contractor, his clients, the manufacturer and the supply house.

Oh... did I mention that Bill behind the counter was NATE-certified?

Richard Wirtz is Professor Emeritus, Columbus State Community College, NATE-certified in all categories, a CMS, test proctor and trainer.



by Carl Smith

What's in Certification for Contractors?

NATE certification is for technicians, isn't it? There's no such thing as a NATE-certified contractor, but contractors *employ* NATE-certified technicians.

Even though the certification ultimately is owned by the technician, many times contractors pay the cost of certification or reimburse technicians who earn it. Sometimes, the contractor provides in-house training, and some even pay for training that leads to technician certification. Under the Montgomery GI Bill, technicians who have benefits can be reimbursed for the cost of the NATE test. When technicians attend training, some contractors let them attend on company time.

Some contractors who think in matters of dollars and cents might see the certification process as an expense. Many ask, "What do I get out of it?" They tally the following:

- Cost of the NATE certification test.
- Cost of training.
- Time off to attend training.
- Time lost (technician is not "on the road") because of training/testing.

But certified technicians are not an expense. They're an investment. Read on.

Considering technician training as an expense is penny-wise, pound-foolish. "What if I train them and they leave, or what if I don't and they stay," is a realistic concern for contractors. "A contractor is known by the company he keeps;"

reword this to, "A contractor is known by the quality of technicians he has."

The technician is the face of both the contractor and the industry, and the industry should be scared stiff of putting inadequately trained technicians in front of consumers. Why? Every time there is a glitch, callback, error or misunderstanding, that situation directly impacts both the contractor and industry. Unhappy customers often seek help elsewhere. Ignorance may be bliss, but it can also be economically devastating, eroding clients through ineptitude. A well-trained technician is essential in keeping business. With contractors scrambling to even find technicians to hold a screwdriver, many are happy just to have bodies, but this is a short-sighted, short-term solution. Just because you get coal or a diamond in the rough doesn't mean you can't put it under pressure to change or polish it so it glistens.

Is there a difference between technicians with all the same attributes except that one is NATE-certified and one is not? Any technician can claim to be good, but the NATE-certified one can prove his/her worth. Contractors need technicians. Do contractors train them or not? Fact: Technician performance directly affects contractor profitability. Well-trained technicians have better performance. Therefore well-trained technicians are an asset to the company. The logic is simple, yet many contractors have long wanted proof. They should be skeptical, because facts are hard things to argue with. Let's look at the facts.

A recent comparative survey conducted by *Service Roundtable*, with contractors who had two technicians working for them (one of whom was NATE-certified and one who was not) showed distinct, quantifiable advantages to having a NATE-certified technician. The survey was administered blind through a third-party website. Hundreds applied but only 40 random pairs (one per company) were used. The conditions were that the contractor had to have employed both technicians for the same time period (January 1, 2005-present) and both had to have had similar experiences and jobs. One had to be NATE-certified and one was not, otherwise their years of experience and job situations were parallel. Both sets generated the same amount of jobs during the day.

The results were conclusive. *Service Roundtable's* survey showed that NATE-certified technicians:

- Generated fewer callbacks than noncertified technicians.
- Had less warranty expense than noncertified technicians (28 percent lower).
- Were more experienced than noncertified technicians (over 25 percent more).
- Were higher paid than noncertified technicians.

- Were more highly valued than noncertified technicians.

NATE-certified technicians are a win-win-win situation.

Contractors win because they see a direct reduction in expenses because their verifiably knowledgeable technicians have fewer callbacks and they can charge more for a technician with proven ability (NATE certification). Any callback time is reduced and therefore more revenue-generating calls can be made.

Consumers will pay 16.2 percent more for proven quality, according to *Decision Analyst's* survey. Contractors said certified technicians gave their company a competitive advantage. Certified technicians are more valuable to contractors. *BNP Media's* survey showed 75 percent of contractors (both those with and those without NATE-certified technicians) said that technician certification played a part in future business strategies and was expected to have a positive impact on their bottom line.

Technicians win because they are now valued better and are better compensated. Homeowners win because they are happier with work done right the first time and experience

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John Ruskin, 19th century scholar



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Contractor Marketing Checklist

Do you have NATE-certified technicians? Are you getting the word out, or are you hampering your own success? If contractors provide a service and don't tell customers about it, how are they to find out?

A rule of thumb is that if you don't tell the consumer about it so they can find it, you don't have it. Consumers often don't even know what questions to ask, but 88 percent of them want certified technicians to work on their heating or cooling system, and 55 percent of them hold off on having work done because they don't know who they can go to that will do the work right. They know that certified technicians are a good thing (76 percent said they would use them when told about NATE certification), and it's money in the bank for you as a contractor to tell them you have highly trained, NATE-certified technicians. Over 140 million consumers heard a NATE message in 2006, and over 110 million readers read one. This year, NATE will run an interstitial (an informative segment used to fill out the half-hour time slot between shows on television) on public television and on MSNBC. (Tie in to that exposure to increase your company's visibility and profits.) A single NATE-certified technician can add \$10,000 value to your company, so why not tell consumers you've got the best technicians?

Here's a checklist to help your business:

- List your company on NATE's [Consumer Contractor Connection](#) (must have 25 percent + of your technicians NATE-certified).
- Use your free contractor marketing kit.
- Put NATE logos on your vehicles – it's a traveling billboard seen by customers county-wide.
- Have technicians wear NATE patches on all their uniforms.
- Encourage technicians to show their credentials (wallet card) to homeowners.
- Use NATE's customizable newsletter to keep in touch with your customers (it's easy to use and keeps your company in a front-of-mind position).
- Put the NATE logo on your certified technicians' business cards.
- Put the NATE logo on your estimates, invoices and other company literature.
- Use NATE's customizable "Rest Assured" brochure to tell customers about certification and why it's good for them.
- Have technicians/company personnel mention that your company has NATE-certified technicians in all presentations to business and consumers.
- Use the NATE logo in your Yellow Pages ad.
- Use the NATE logo in your print advertising.
- Mention NATE-certified technicians in your radio and TV ads.

Marketing increases your visibility. Contact Carl Smith at casmith@natex.org or call 703/600-0361 for marketing materials. Consumers listen when your technicians tell them about certification, and certification makes your company stand out. And that is money in the bank!

fewer call backs. Most importantly homeowners' costs drop because they are paying for work actually performed and not just for the changing of parts and the hope that parts-changing fixed the problem.

So what does this translate to in dollars and cents? What is the impact on contractor's overall?

Service Roundtable used the following conservative figures. Calculations included the direct and indirect cost of callbacks, revenue generated, and billing efficiency.

Assumptions:

- 800 calls/technician/year.
- Callbacks = 2 percent of calls.
- Average revenue/call = \$230.
- Gross margin = 45 percent.
- Direct labor burden = 25 percent.
- Warranty expense:
 - Direct cost = 2 percent of sales.
 - Indirect cost = direct cost.
 - Opportunity cost = half of direct cost.
- 2,000 paid hours/year.

	Noncertified Technician	Certified Technician	Monetary Difference
Callbacks	16	14	\$261
Billing Efficiency	78.7%	84.0%	\$12,391
Direct Warranty Cost	\$3,680	\$2,635	\$1,045
Indirect Warranty Cost + Opportunity Cost	\$5,520	\$3,952	\$1,568
Pay	\$17.18	\$19.27	-\$4,180
Labor Burden	\$4.40	\$4.82	-\$1,045
Net			\$10,040

Add to this the cost in goodwill lost for callbacks, excessive billing for changing parts, that callbacks do not generate revenue and that certified technicians earn more.

So what's in certification for contractors?

Over a \$10,000 value per technician per year!

Compare that to the cost of certification training and testing, and consider that certification keeps giving and giving as long as the technician is employed and that most technicians have some sort of training yearly, and you have a clear-cut answer.

Don't leave money on the table. Have your technicians earn NATE certification. It will help them. It will help the consumer. It will help contractors. So what's in it for you?

More profits. Fewer callbacks. Happier customers.

Certification is a matter of big dollars and cents...or maybe just dollars and sense.

NATE-Certified Technicians



Are Worth \$10,040 More Than Noncertified

by Matt Michel

The question, “What’s NATE worth to me?” has been answered. The answer is NATE certification is valued at \$10,040 per technician per year.

The number wasn’t grabbed off a light bulb. It was the result of a research study involving contractors who employed both certified and noncertified technicians. The contractors reported callbacks, billing efficiency, warranty expense, technician pay and other measures of performance. Added up, the difference between a certified and noncertified technician was \$10,040.

NATE Technicians Boost the Bottom Line

By comparing technicians from the same companies, across the same time periods, variables were kept to a minimum. The primary variable was NATE certification. There is no longer any debate. Contractors make more money with NATE-certified technicians.

Certification Boosts Technician Pay

Not only do contractors benefit when technicians are certified, technicians benefit. Certified technicians are paid an average of \$2 more per hour. Technicians who attain NATE certification earn thousands more than their noncertified peers.

Manufacturers, Distributors and Homeowners Also Benefit

Because NATE-certified technicians generate less warranty work, manufacturers save money when their dealer base becomes populated with contractors employing greater

numbers of certified technicians. Distributors find they process fewer warranty claims, reducing their paperwork. Homeowners evade the hassle of callbacks and warranty failures.

13 SEER Enhances the Value of NATE

Air-conditioning systems are remarkably forgiving. Mismatched systems may not deliver nameplate efficiency, but they usually manage to deliver cold air year after year. With 13 SEER, the tolerances are tighter. The equipment may be less forgiving in the future.

It’s likely that NATE certification will be more important in the coming years as we face a potential wave of sluggish compressors resulting from poor installation practices, mismatched systems, 13 SEER high sides matched with legacy 8 and 10 SEER low sides, and no expansion valves.

Top-shelf contractors will use NATE to reassure customers and to position their companies. Strong support of NATE by these contractors will help attract conscientious technicians who seek improvement in their craft.

Intuitively, everyone knew there was some value from NATE certification. The question was, how much? Now we know the answer. On average, NATE certification is worth \$10,040 to contractors, per technician, per year.

Train ’em. Test ’em. Pay ’em. Reap the benefits. Reap over \$10,000 of benefits, year after year.

Matt Michel is a member of the NATE Board of Trustees and recipient of NATE’s Inaugural Golden Toolbox Award, recognizing industry leadership. Matt is the CEO of the Service Roundtable, the nation’s largest private contractor group. Contractors join the Service Roundtable for only \$50 per month and receive new sales, marketing and business tools every week. Visit www.ServiceRoundtable.com or e-mail Matt at matt.michel@serviceroundtable.com for more information.