



HVAC School

Industry Pulse 2025



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EXECUTIVE SUMMARY

There are many reports in the HVAC industry, but none of them look specifically at the day-to-day realities of what it's like to run your own small HVAC business. That's why HVAC School and WorkHero partnered on the new Industry Pulse Survey, which polled over 1,300 industry professionals.

MEET SKYWALKER HVAC

Ryan and Tom are the co-owners of Skywalker HVAC. Like thousands of skilled technicians, they started their business three years ago seeking independence. Today, they employ three technicians and use Jobber and Quickbooks Online. Their business is growing through word-of-mouth referrals, but they feel more anxiety than ever before because of the increasing administrative work - quotes, invoices, equipment registrations, permits, and customer follow-ups. Their story reflects a widespread pattern we call the administrative growth trap.

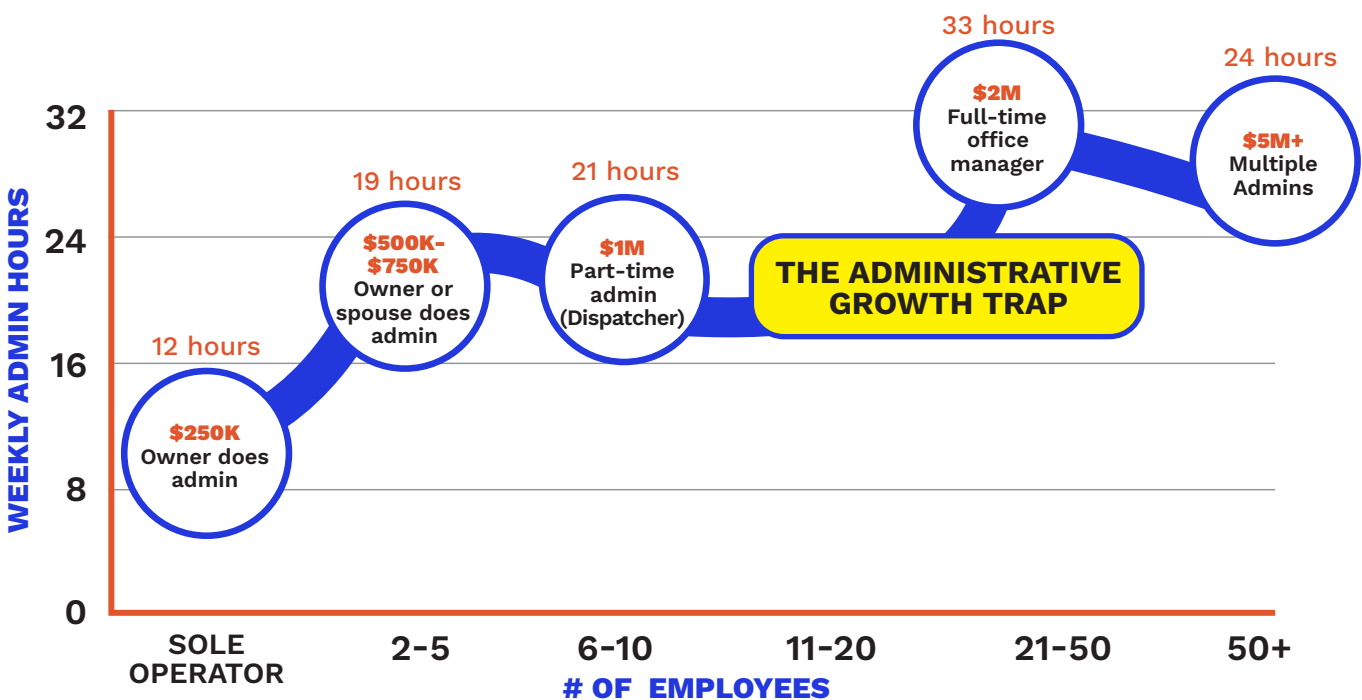
THE ADMINISTRATIVE GROWTH TRAP

It's a story that has played out countless times in the industry: a skilled technician leaves a larger company to start his own business, wanting to be his own boss and create wealth for himself and his family. At first, things are simple and he likes owning his own job. After a year or two, he hires another technician or two, and the work picks up. Suddenly, he has new responsibilities like running payroll, finding health insurance, and managing cash flow. He works over 80 hours a week, half of them in the field and the other half in the office. Even with his wife helping with the books, he struggles to stay above water.

Data from our survey emphasizes just how common this story is. **Small HVAC companies are 6.5 times more likely than larger companies to cite administrative work as their primary challenge.** For the purposes of this report we define a smaller company as having fewer than 10 employees.

On average, owners of these small shops spend over 15 hours per week on paperwork like quotes, invoices, and ordering equipment. The data shows that this administrative burden peaks as companies pass the \$1-2M revenue mark. At this stage a typical HVAC business has 6-10 employees and often still doesn't have a full-time dedicated office admin. The owner and/or their spouse handles all of the admin, which means late nights, inefficient operations, and no time to focus on growth objectives like finding new customers.

ADMINISTRATIVE GROWTH TRAP ILLUSTRATED



Compounding Problems

This report also digs into the labor challenges facing the industry. For small companies, this technician shortage often forces owners back into the field, creating a vicious cycle that leaves owners scrambling between emergency calls and overdue invoices.

We then look at adoption rates of software tools like FSMs and fractional support services like accountants and bookkeepers. While operational efficiency ranks as owners' #1 priority, we find that small businesses underutilize these available solutions. And despite all of the buzz about AI, we find that only 5.1% of contractors are currently using LLMs like Claude and ChatGPT.

The Path Forward

At the end of the report, we discuss the path forward for small HVAC owners. It's clear that owners realize the importance of streamlining operations to increase profitability and reduce their own headaches. However, making this transition requires a fundamental shift in how they spend their time and investing in new systems and support.

In this industry, the saying is repeated often: work on your business, not in it. But how do we actually help more owners achieve this goal?

This report is an attempt to define this problem concretely and identify possible solutions.

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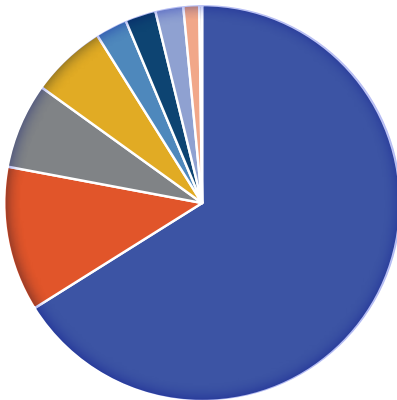
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A INDUSTRY SNAPSHOT

Size and Structure

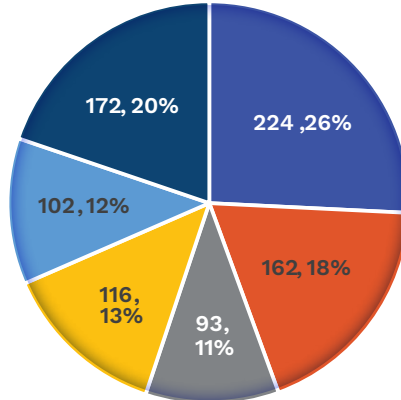
We surveyed more than 1,300 industry professionals, including more than 850 HVAC/R contractors. The data shows an industry dominated by small businesses. 44% of contractors employ 5 or fewer employees, and 69% have 20 or fewer employees. These independent operations are the backbone of this industry.

WHO WE TALKED TO



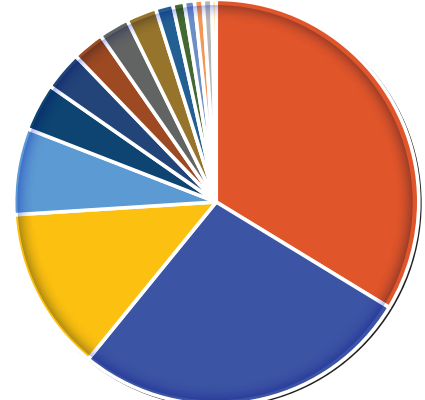
- HVAC/R Contractor
- Other
- Education/Training/Trade associ
- Other trades contractor
- Manufacturer
- Controls/Building Automation
- Energy/Environmental Services
- Wholesaler/distributor
- Software/Service Provider

HVAC/R COMPANIES BY SIZE



- just me
- 2-5
- 6-10
- 11-20
- 21-50
- 50+

HVAC/R CONTRACTOR ROLE BY BREAKDOWN

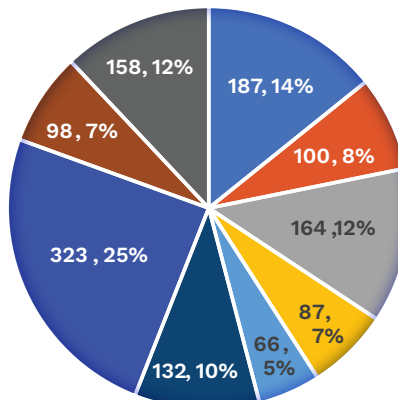


- Business Owner
- Service Technician
- Lead Technician
- Service Manager
- Installation Technician
- Operations Manager
- Other
- General Manager
- Install Manager
- System Designer/Engineer
- Apprentice/Helper
- Estimator
- HR/Training
- Sales rep/Comfort specialist
- Office Manager

Geographic Distribution

The geographic distribution shows strong representation across regions, with 25% concentration in the high-demand Southeast.

HVAC/R COMPANIES BY GEOGRAPHY



- East North Central
- East South Central
- Middle Atlantic
- Mountain
- New England
- Pacific
- South Atlantic
- West North Central
- West South Central

Service Mix

As we know, the service mix can vary dramatically by size:

- Small businesses (under \$500K revenue) focus primarily on residential
- Mid-size operations (\$500K-\$2M) balance residential and light commercial
- Large companies (\$10M+) show the most diverse portfolio, with 55% in heavy commercial and 25% in controls work

Growth Patterns

While 82% of companies report some growth, we see that size accelerates growth rates: **33% of large companies (21-50 employees) report rapid growth, but only 13% of the smallest companies (0-5 employees) report the same.**

The numbers tell us what many small shop owners already know: it's hard to compete with bigger companies that have dedicated teams for marketing and sales.



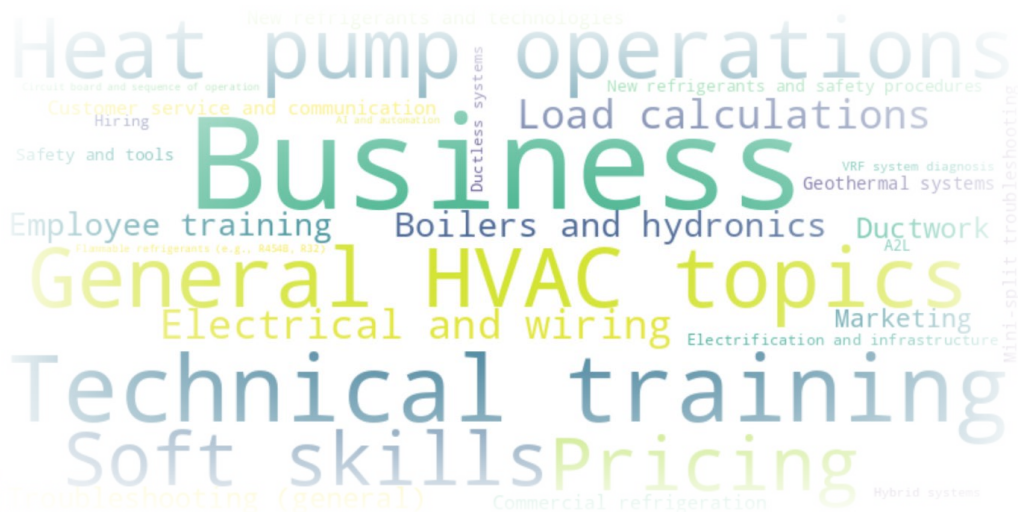
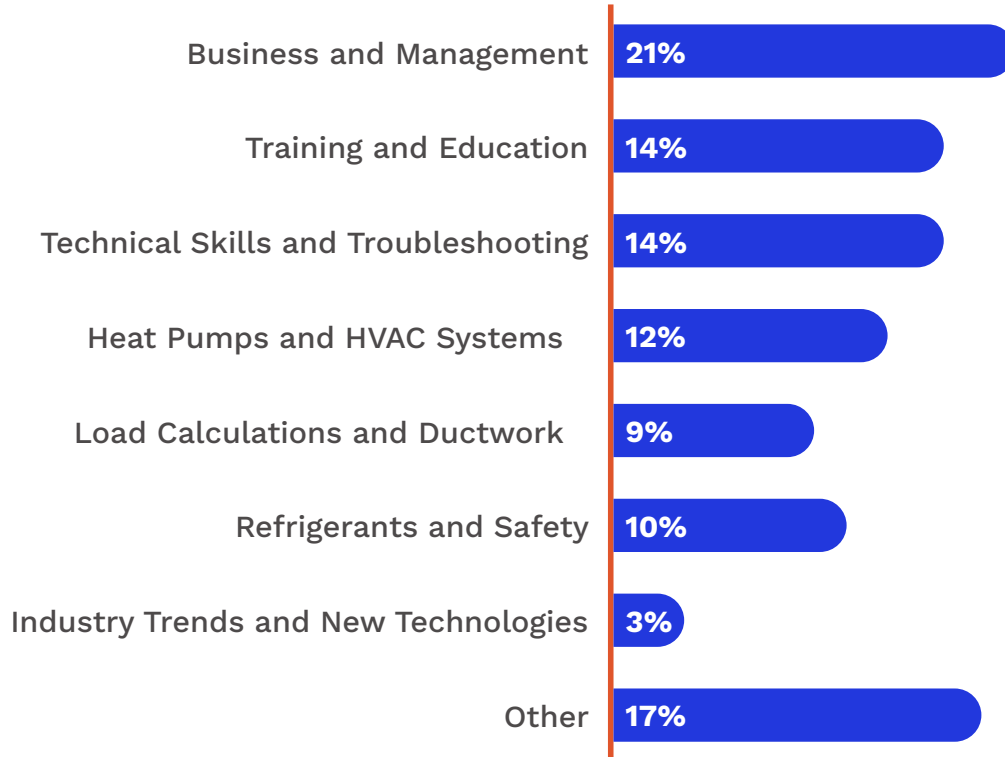
Industry Trends

Looking ahead to 2025, contractors express measured optimism. While 68% are optimistic about their own business growth prospects, only 15% are optimistic about broader economic conditions.

Experience level tells a clear story about optimism in the industry. New owners (less than 5 years) are far more optimistic about growth, with 51% feeling very positive about their prospects. In contrast, only 19% of veteran owners (20+ years) share this same level of optimism.

Requested Topics for HVAC School

Some patterns emerged when we asked what topics they'd like to see covered. Topics about how to grow and manage your business were most requested, followed by training and upskilling employees. Many also asked about changes in the industry, namely refrigerant performance and heat pump troubleshooting.



Revenue Patterns

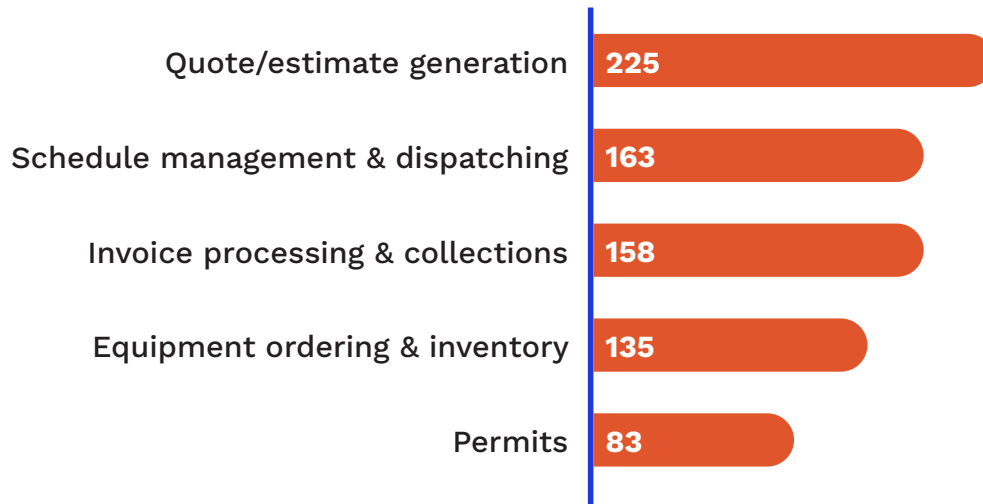
Revenue patterns closely track company size, but with a notable bottleneck around \$1-2M in revenue, particularly affecting companies with 6-10 employees. At the same time, of the 40% of companies that generate under \$250,000 annually, only 12.8% break through to \$5M+ in revenue. The challenging middle ground between \$500,000 and \$2M captures about 21.5% of companies – a range where many businesses encounter significant scaling challenges, as we'll explore in the next section.

B ADMINISTRATIVE GROWTH TRAP

Our data reveals a critical breaking point in HVAC business growth, what we are calling the administrative growth trap.

The Time Burden

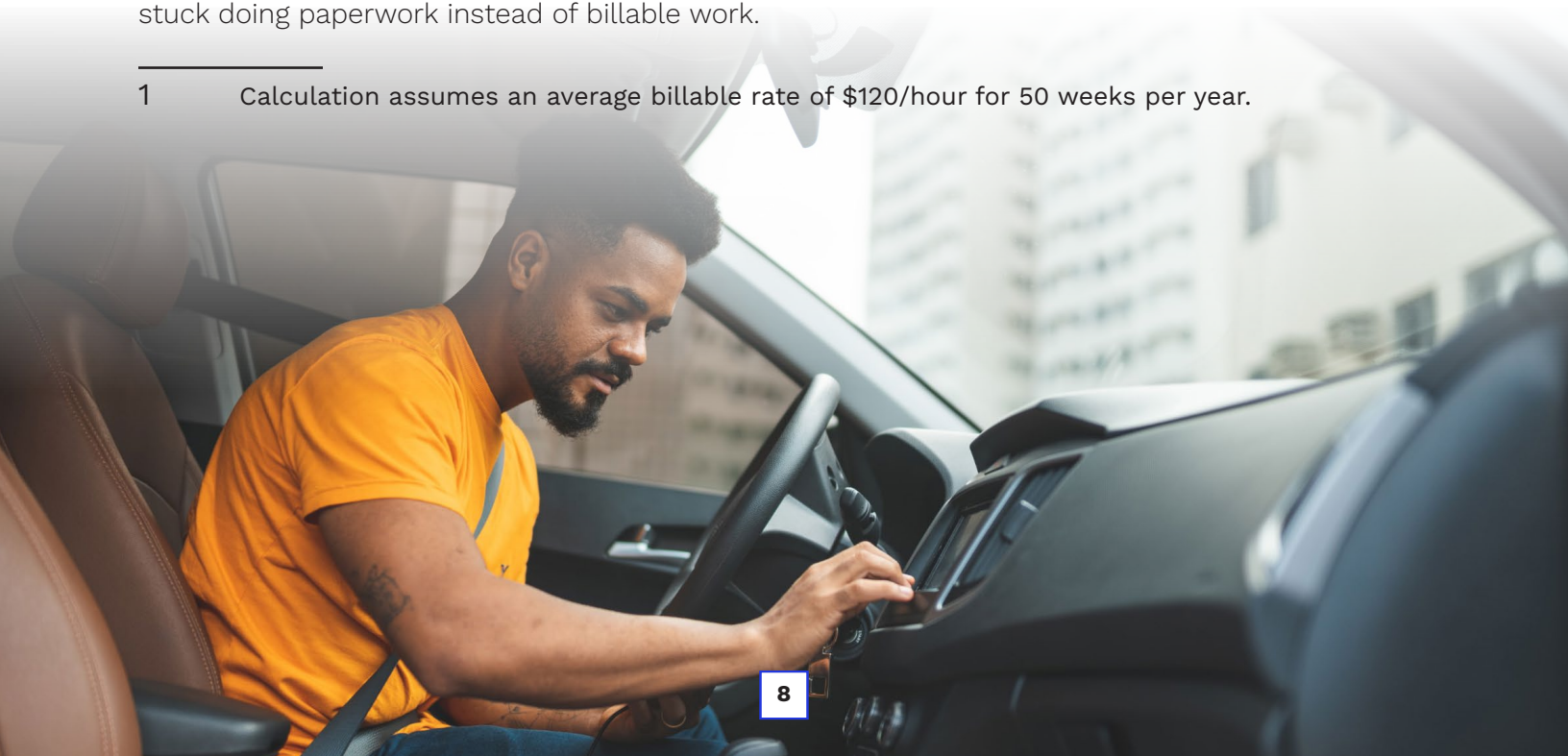
Administrative work consumes small businesses disproportionately. Companies with 1-10 employees average 15.4 administrative hours per week. According to survey participants, the most time-consuming administrative tasks are quotes, invoices, equipment & inventory management, and permits.



Financial Cost

For a small shop with under 10 employees, those 15.4 hours of weekly administrative time add up to nearly \$100,000 in lost revenue each year.¹ That's money left on the table because owners are stuck doing paperwork instead of billable work.

¹ Calculation assumes an average billable rate of \$120/hour for 50 weeks per year.

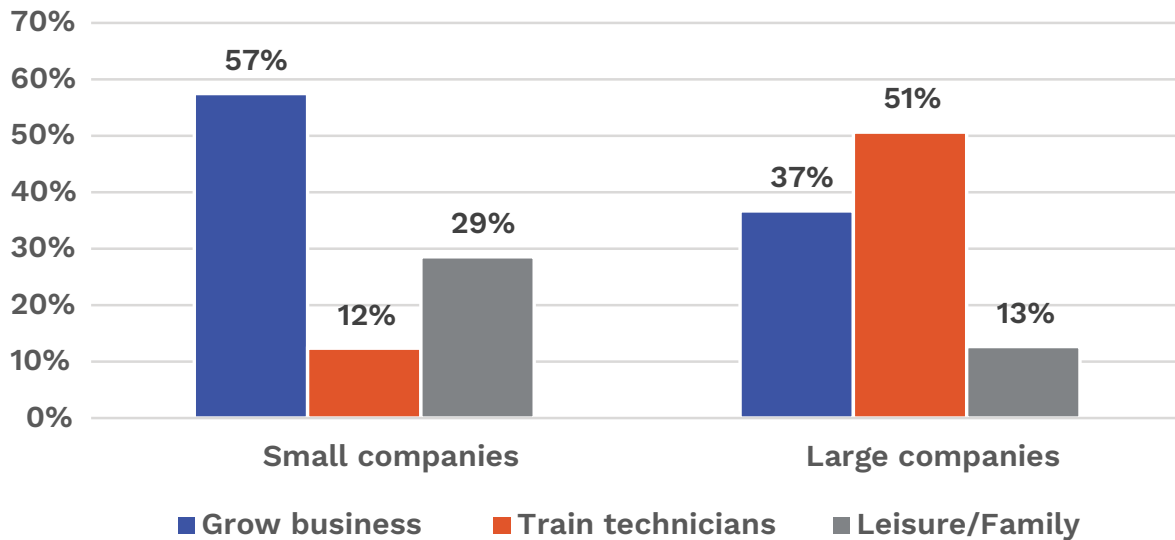


Opportunity Cost

We asked respondents, “If you could eliminate all administrative work tomorrow, what would you do with that extra time?” Over 50% of all owners said they would focus on growing the business.

These responses varied significantly by company size. The diversity of priorities highlights how the administrative growth trap prevents owners from realizing professional and personal goals.

HOW WOULD YOU SPEND YOUR ADMIN TIME?



The Transition Challenge

When companies hit \$1M in revenue and 6-10 employees, they face a critical transition point. The business becomes too complex for owners to handle the administrative work alone, but making the shift to proper office support isn't easy. Here's what happens:



The paperwork explodes - administrative hours jump by 50% to over 30 hours per week



Owners can't keep up - the percentage handling admin themselves drops from 56% to 8%



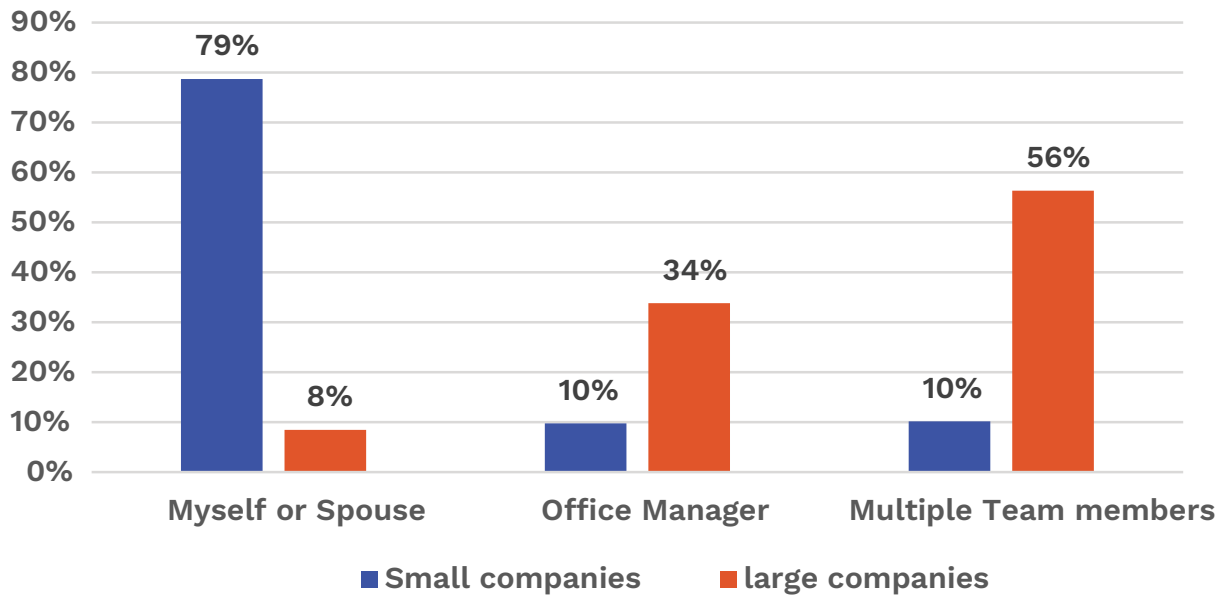
Teams try to adapt - sharing administrative work among employees rises from 15% to 38%



Some hire help - office manager adoption increases from 9% to 38%

But most small businesses struggle to make this transition successfully. 79% of these small shops are still trying to handle all the administrative work themselves rather than hiring dedicated office support. It's a painful transition that many owners aren't prepared for - both financially and operationally.

Who Handles Administrative Work



C LABOR MARKET REALITY

Labor Shortage

The technician shortage compounds the administrative growth trap. Finding qualified technicians ranks as owners' second overall highest concern, although not surprisingly, we see the problem increase in importance for companies as they grow:

Company Size	Finding qualified technicians
just me	17%
2-5	45%
6-10	76%
11-20	58%
21-50	58%
50+	72%
Grand Total	38%

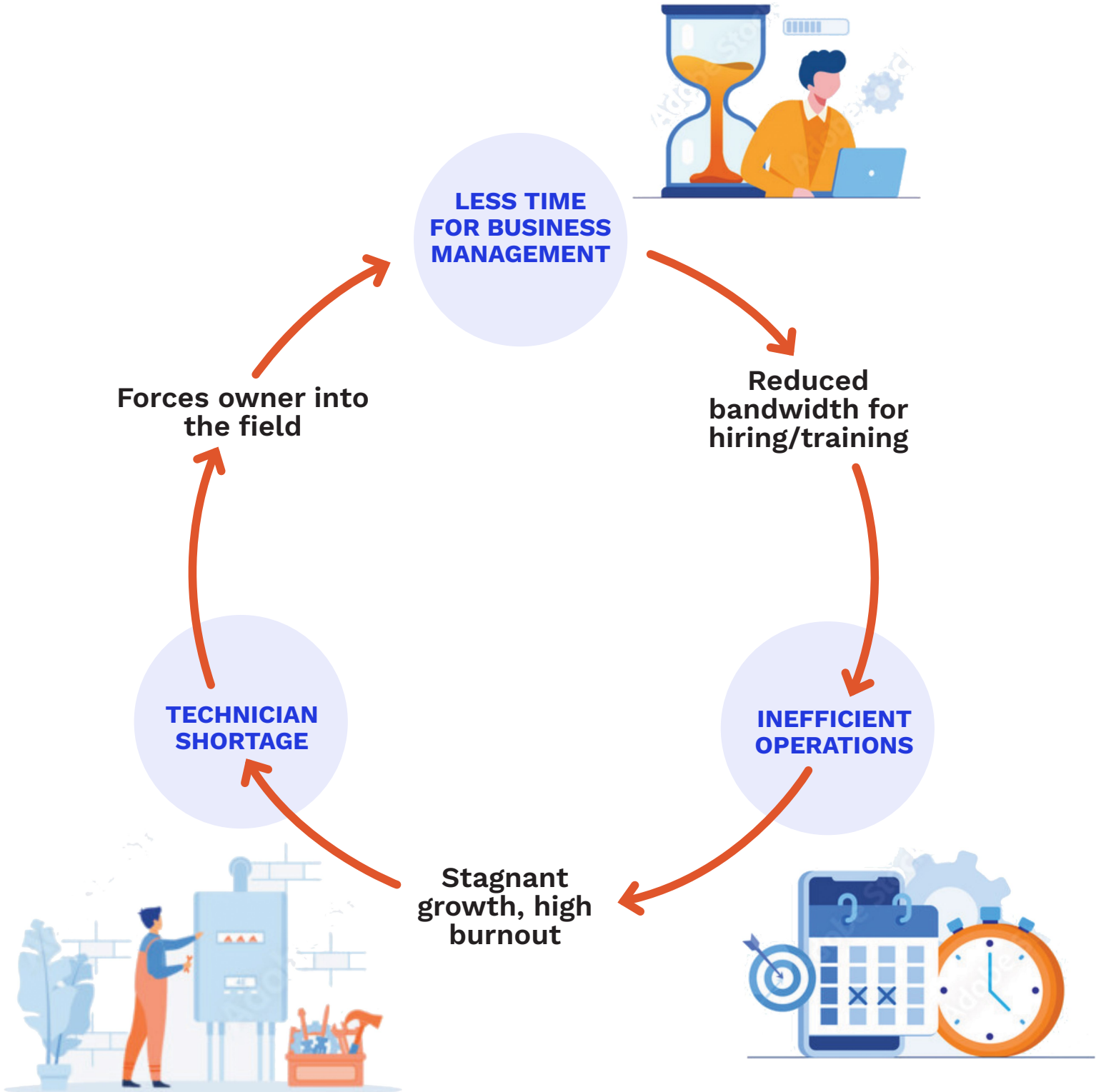
The impact intensifies based on company size:

- Small companies suffer most from single departures and struggle to compete on benefits
- Mid-sized companies need specialized roles but lack robust training resources
- Large companies maintain resilience through better benefits and established training programs



The Operational Impact

This shortage creates a vicious cycle: owners return to field work, reducing their capacity for business management. With less time for recruiting and training, growth stagnates and burnout increases.



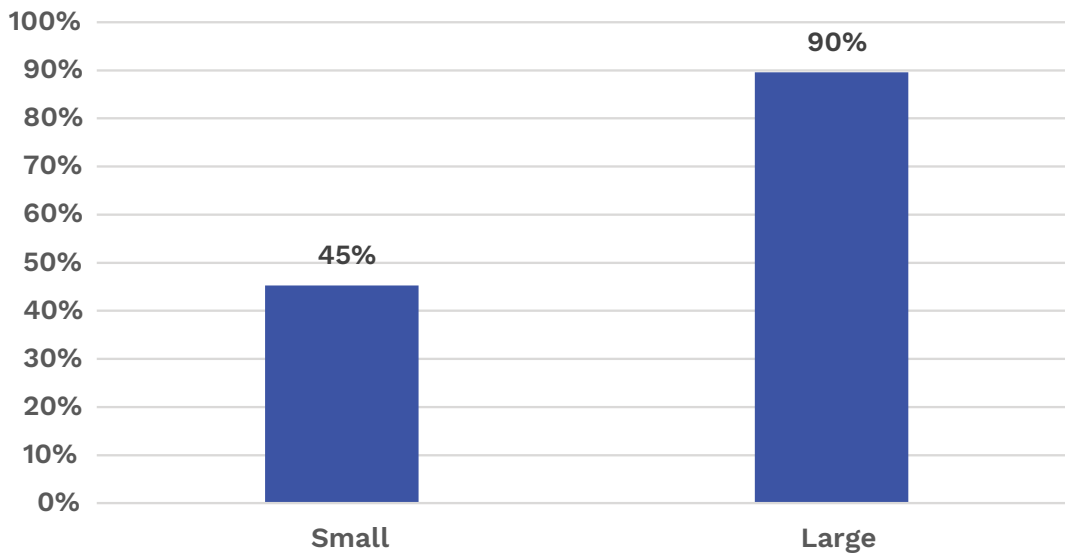
D CURRENT SOLUTIONS

While operational efficiency ranks as owners' #1 priority, most small businesses underutilize available solutions.

FSM Software Usage

Field Service Management (FSM) software is a powerful tool for streamlining operations and reducing administrative burden. Our survey found that 53% of HVAC businesses use some form of FSM like ServiceTitan or Housecall Pro. However, usage varies dramatically by size.

FSM ADOPTION BY SIZE

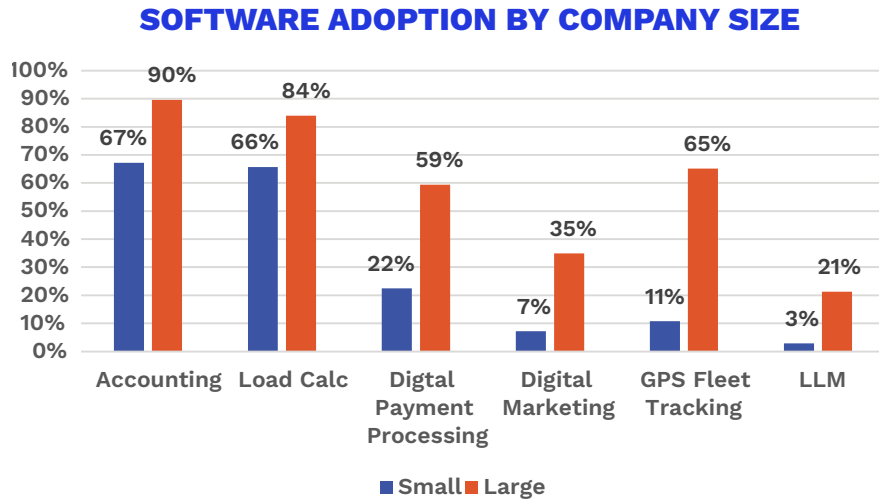


These tools can automate scheduling, dispatching, invoicing, and customer communication, potentially saving owners significant time each week.

However, many owners tell us that managing their FSM takes time. The constant software updates, employee training, and customer data management can consume hours each week. As the COO of one small commercial refrigeration business described to us, “Sometimes I feel like I’m working for my FSM, not the other way around.” For small teams without dedicated admins, the efficiency gains can get eaten up by platform management overhead.

Other Software

Other software adoption also varies significantly by company size. Even for a category like load calc software, smaller companies are underusing the latest tools out there compared to their larger competitors.

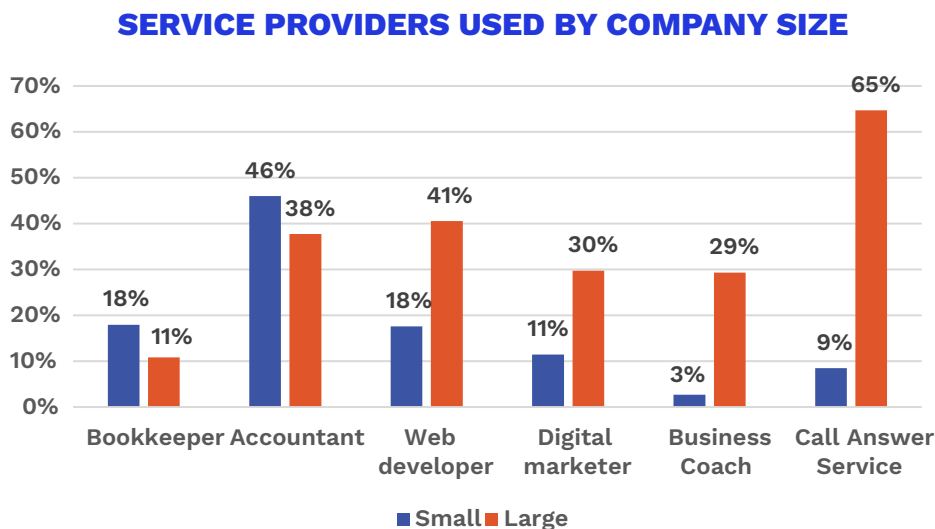


Artificial Intelligence (AI)

Another emerging solution that gets talked about a lot is AI. New AI-powered tools like LLMs (Large Language Models) can automate many time-consuming tasks like dispatching, invoice processing, and inventory management. However, despite the hype, our data shows that only 5.1% of HVAC businesses use AI today.

Outsourced Providers

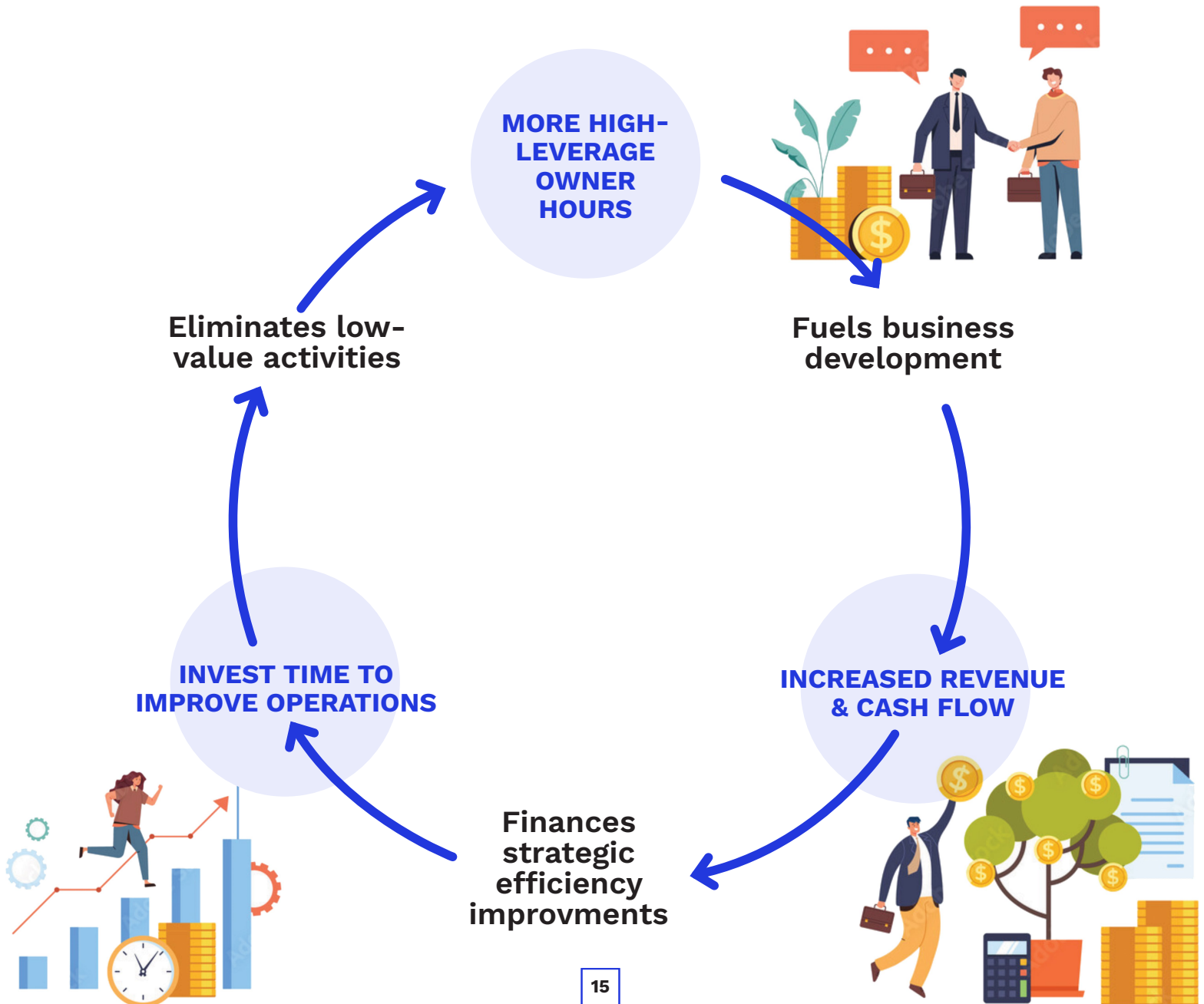
The use of bookkeepers and accountants are relatively similar between small companies and large while larger companies have significantly higher usage of marketing, coaching, and call answering services. The most dramatic difference is that large companies are 9.8x more likely to use a business coach than small companies.



Success Principles

So, what is the most effective combination of support for an HVAC business? The answer will vary based on each company’s size and unique situation, but there are some common principles that every owner should implement:

1. **Focus on your highest-leverage activities as the owner.** Ruthlessly eliminate, automate, or delegate admin tasks that don’t directly generate revenue or grow the business.
2. **Implement core software tools before you need them,** not after. Get your FSM and core tech stack in place before operational problems arise. Migrating later gets exponentially harder.
3. **Delegate to experts; don’t abdicate.** Hiring an office manager or admin support is one of the most important decisions you can make, but it doesn’t replace your role in guiding the business. Coach your team to operate based on your vision.



E CONCLUSION

Every day, skilled technicians leave their jobs to start HVAC businesses, dreaming of independence. But as this report confirms, this dream often turns into a trap. Without the right operational systems, owners end up working longer hours with more stress, not less. In his book *The E-Myth*, Michael Gerber highlights how common this pattern is for lots of small business owners: former craftsmen turned small business owners who excel at the technical part of their trade but struggle with business management.

The good news is that there's a clear path forward. Today's owners have more options than ever before, including software tools, outsourced providers, and the latest AI technologies. The future of the HVAC industry belongs to those who can make these investments and build the thriving businesses they first set out to create.



F**APPENDIX**

Survey Methodology & Statistical Validity

STUDY PARAMETERS

The January 2025 study leveraged HVAC School's professional community through an online survey, achieving:

SAMPLE METRICS

- 1,316 complete responses
- 87% completion rate
- $\pm 2.7\%$ margin of error (95% confidence)

DEMOGRAPHICS

- Full U.S. geographic coverage
- Company sizes from solo to 50+ employees
- Role distribution: 33.7% owners, 27.2% technicians, 39.1% other professionals

QUALITY CONTROLS

- Industry-specific screening questions
- Duplicate response prevention
- Manual review of open responses
- Cross-validation of company size and revenue data





About HVAC School

HVAC School (www.hvacrschool.com) provides free technical training to HVAC/R professionals, built on founder Bryan Orr’s 13+ years of training experience. The platform delivers practical “For Techs, By Techs” education through:

- Technical podcasts
- Diagnostic guides
- Industry interviews
- Advanced training modules

Content spans historical perspectives to emerging technologies, serving both new technicians and seasoned professionals.



About WorkHero

WorkHero (www.workhero.pro) was launched in 2024 to address the administrative challenges facing small HVAC businesses. The company combines experienced office managers with AI technology to help contractors escape the administrative growth trap.

CORE APPROACH

- Industry-experienced fractional office managers
- HVAC-specific AI tools
- Flexible support scaling
- Focus on contractor independence