JLM DATA CONSULTING

Findings Report

Client: Cedar Ridge Heating & Air (fictional) · Insight Engagement, SOW 2026-01 · May 11 – June 5, 2026 · Fixed fee: $4,500

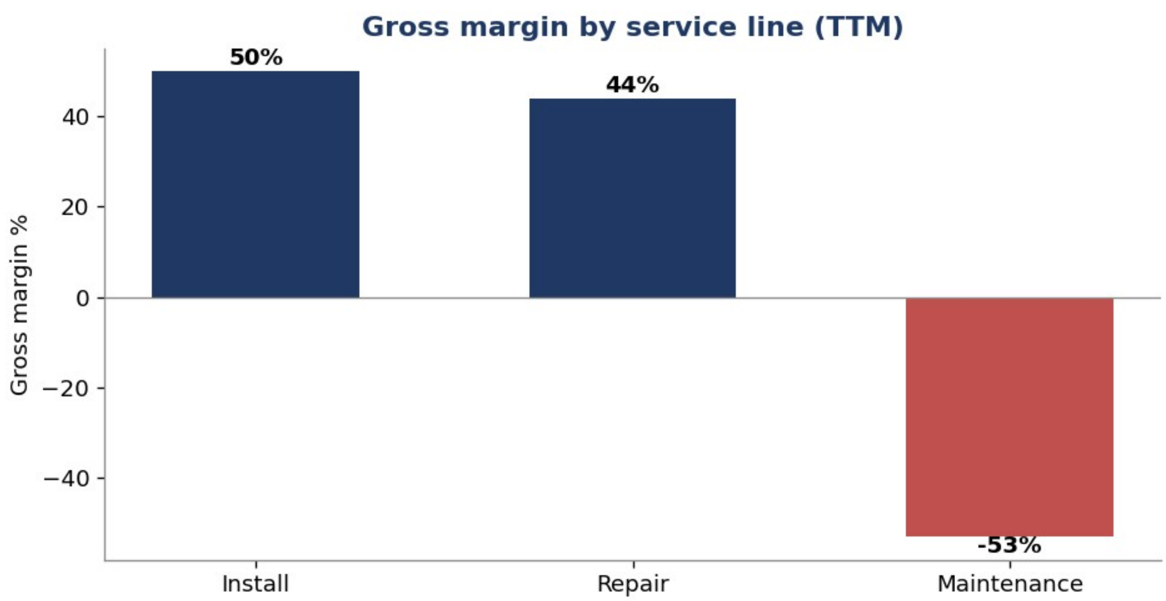
Executive Summary

Cedar Ridge grew revenue to $2.21M over the trailing twelve months, yet profit stayed flat. This engagement analyzed all 2,686 jobs from June 2025 through May 2026 — QuickBooks Online financials joined to Housecall Pro job records — to answer three questions agreed in the SOW: where margin is actually made and lost by service line and ticket size, whether the maintenance-agreement program is profitable, and how much billable capacity is trapped in technician utilization variance.

Three findings, worth a combined $72,700 per year in identified margin — roughly 16 times the engagement fee — with none requiring new hires, new software, or new trucks:

#	Finding	Annual impact
1	Repair jobs under $350 run at breakeven; a diagnostic-fee change fixes it	+$24,400
2	Maintenance agreements lose money at $149; repricing to $229 flips the program	+$30,900
3	Technician utilization spans 44–77%; zone dispatching recovers trapped capacity	+$17,500
	Total identified annual margin opportunity	+$72,700

Where the margin actually lives today: installs earn a healthy 50% gross margin, repairs 44% in aggregate (masking the small-ticket problem in Finding 1), and the maintenance line loses 53 cents on every dollar once labor, parts, and dispatch cost are counted.

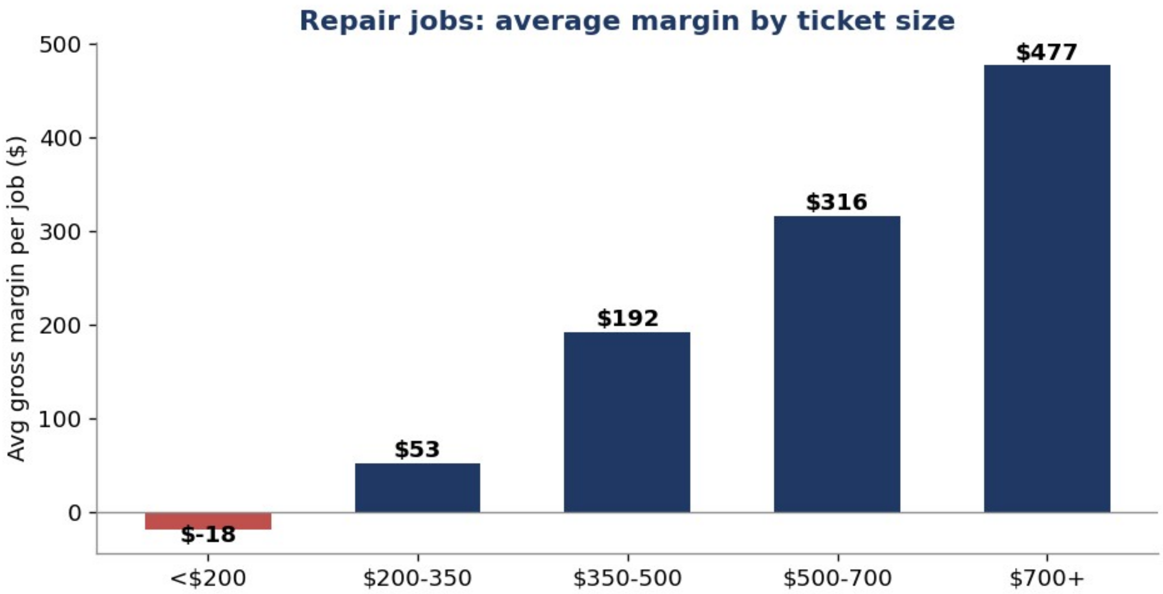


Recommended sequence: implement the diagnostic fee change immediately (Finding 1, zero risk), announce membership repricing at the fall renewal cycle (Finding 2), and pilot zone dispatching for two months before rolling it out (Finding 3).

Finding 1: Small repair jobs are working for free

What the data shows

717 of 1,698 repair jobs — 42% of repair volume — billed under $350. Those jobs produced only 22% of repair revenue and averaged $23 of gross margin per job after parts, loaded labor (including drive time), and a $31 per-job dispatch allocation. Jobs under $200 lose money outright; the $200–350 band is breakeven before any billing or admin cost touches it.



Why it happens

A small repair consumes nearly as much drive time, diagnostic time, and dispatch overhead as a large one, but the $49 diagnostic fee hasn't changed since 2019 while loaded labor cost has. The truck roll is the cost driver, and the current fee doesn't cover the truck roll.

Recommendation

- Raise the diagnostic fee from $49 to $89, waived when the customer proceeds with a repair over $350 — the waiver keeps the fee from suppressing larger tickets.
- Script the change for CSRs: the fee covers a certified technician's full diagnostic, applied to qualifying repairs.

Expected impact

At 717 qualifying jobs per year and an assumed 85% booking retention after the change: +$24,400 per year. Measure it monthly: small-job count, booking rate on quoted diagnostics, and average margin per repair job.

SAMPLE DELIVERABLE — Cedar Ridge Heating & Air is a fictional demonstration company. All data is synthetic, built to mirror a typical $2M residential HVAC contractor.

Finding 2: The maintenance program pays customers to be members

What the data shows

The Comfort Club runs 410 members at $149/year for two visits. Delivering those visits costs $189.60 per member — 1.6 hours of loaded labor per visit, consumables, and drive cost — before any dispatch allocation. The program loses $16,600 per year on the member model, and shows as a –53% gross margin line in the service-line view on page 1.

Per-member economics	Current ($149)	Repriced ($229)
Annual delivery cost (2 visits)	$189.60	$189.60
Margin per member	−$40.60	+$39.40
Members (12% churn assumed on reprice)	410	361
Program margin per year	−$16,600	+$14,200

Why it matters beyond the line item

Members are still worth keeping — they convert to repairs and replacements at higher rates. The point is not to kill the program; it is to stop subsidizing it. At $229 the program remains below the local market range for two-visit plans while flipping from a $16,600 drag to a $14,200 contributor: a $30,900 annual swing.

Recommendation

- Reprice new members to $229 immediately; move existing members at their renewal date with 60 days' notice and a locked second year to soften churn.
- Track actual churn monthly against the 12% assumption; the breakeven churn rate on this reprice is 35%, leaving a wide margin of safety.

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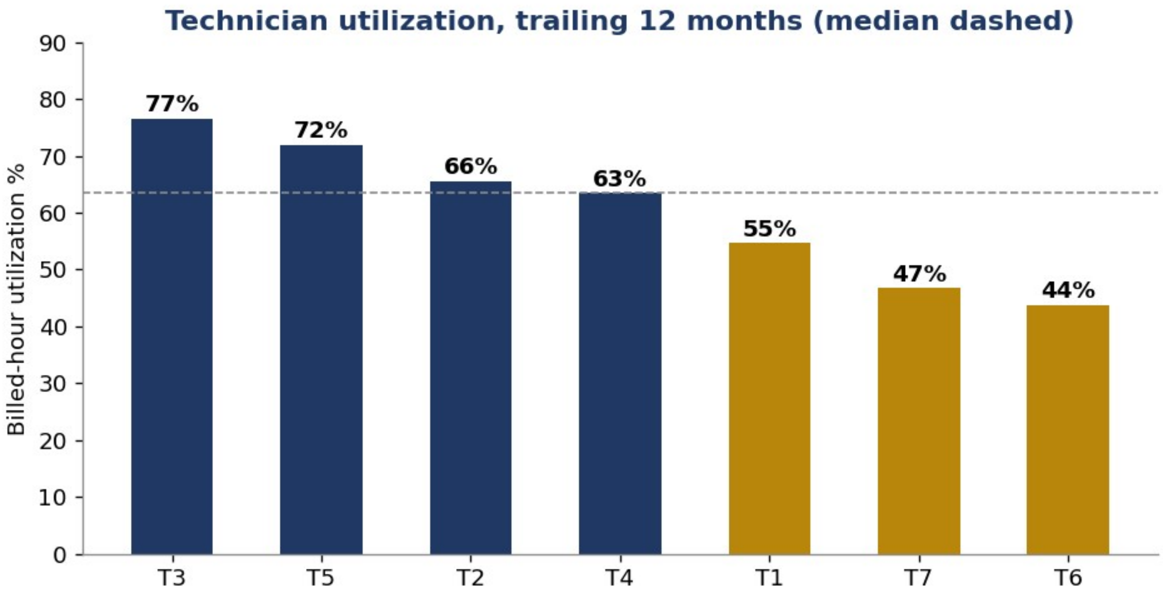
Finding 3: A third of the crew's week is trapped in windshield time

What the data shows

Billed-hour utilization across the seven technicians ranges from 44% to 77% against 1,880 available hours each. Three technicians sit at 44–55% while the top performer runs 77%. Job records show the low-utilization pattern follows geography, not skill: the bottom three average 41% more distinct ZIP codes per day than the top three — they are driving, not billing.



Recommendation

- Zone-based dispatch: assign each technician a home zone by day (e.g., Sandy/Draper Mondays, West Valley Tuesdays) and batch non-urgent calls into zone days at booking.
- Pilot for two months with the three below-median technicians before full rollout; no software purchase required — Housecall Pro's existing tagging handles it.

Expected impact

Recovering four points of utilization on the three below-median technicians, with 60% of recovered hours converting to billable work at the $129 standard rate: +$17,500 per year, before any effect on response times for urgent calls, which zone days deliberately protect.

Method & Data

- Sources: QuickBooks Online (P&L and transaction export) joined to Housecall Pro job export — 2,686 job records, June 1, 2025 – May 31, 2026, plus the 410-member Comfort Club roster.
- Gross margin per job = revenue − parts − loaded labor (actual hours × $38 fully-loaded rate) − $31 per-job dispatch allocation. Utilization = billed hours ÷ 1,880 available hours per technician.
- Cleaning: 61 records deduplicated or corrected for missing hours; membership visits reconciled against the roster. Analysis performed in Python (pandas); the cleaned dataset and refresh instructions are delivered with this report.
- All dollar impacts are annualized, stated before tax, and use the assumptions listed in each finding. They are identified opportunities, not guarantees; the measurement plan in each finding is how Cedar Ridge verifies capture.

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