

## Damage Policy

It is the goal of HVAC Distributors Inc. to deliver all of your products damage free

We take this goal very seriously, with inspection processes in place at the Receiving, Shipping, and Delivery segments of our Operation.

In the event that you get a piece of equipment or product that is damaged:

1. We apologize that it happened
2. Please contact your inside sales-person, or branch location and we will work with you to correct the problem promptly.
  - a. On damaged equipment – you do NOT need to fill out a warranty tag – just contact us and a return Sale Order will be generated and sent to you.
  - b. Please return all packing materials with the damaged equipment – if they were torn, trashed or discarded – please consider returning the replacement equipment packaging with the unit.

### Win / Win Damage Control

If you read below you will understand that unfortunately damage will be a part of both our businesses. How we handle it together as partners will determine how much of an impact it will have on our bottom lines. Even if you decide to return all damaged units to HVAC Distributors – you are still incurring costs. The cost of returning and getting another unit, the cost of down-time on your install, the opportunity costs of your installers being able to do something else, somewhere else, Etc. Damaged Equipment costs both of us Money – please consider the following tips:

1. What type of damage do you have? Will it matter to the functionality of the unit?
  - a. If the damage is minor ,cosmetic , and likely hidden after install– consider keeping the unit
    - i. Example would be a furnace with a small dent or scratch in the back
  - b. If the damage is minor, cosmetic, but visible – consider these options:
    - i. Can I complete the install – and have a panel or replacement door sent out?
    - ii. Can I make minor repairs to the unit myself to complete the install?
      1. We will be happy to discount the unit to help cover your time
    - iii. Have the unit replaced – always an option depending on you or your customers wishes

- c. Delivery Options – just let us know
  - i. Best for us – is to deliver on the next business day as part of our normal delivery run
  - ii. We will react to your immediate problem when you need us to – by sending a special delivery vehicle from our closest branch that can solve the problem.
    - 1. Can you help by meeting us part way?
- d. Damaged Special Ordered Non-stock Equipment – occasionally the unit you ordered from us was custom built to your specifications and is “one of a kind”. In the event that these units or items become damaged – we will need to work together closely, with the manufacturer to resolve the issue. These units are almost always repaired – and the solution usually takes a bit longer.
- e. Do you have an extra special delivery request? A unit for the owner’s house, or a very “sensitive” customer? Just let us know when you place your order – we will take the extra step to make sure you get a flawless one. This will help us help each other – before it becomes an issue.
  - i. These requests should be rare to be effective – 95%+ of your business should go normally.

### **Why Damage is so hard to prevent:**

On average a piece of equipment is handled a minimum of 10 times – from Manufacturing through installation.

1. Fork-lifted from the MFG’s assembly line to a warehouse storage area
2. Picked from MFG storage area and loaded onto a truck to be delivered to the distributor
3. Less than truckload orders go to freight consolidators and are removed from MFG truck
4. They are loaded on a regional or local delivery truck
5. They arrive at the distributor and are unloaded for check-in and Receiving.
6. After Receiving they are put away at Distributors warehouse
7. They are picked from the distributor’s warehouse for specific contractor orders and loaded on our trucks
8. The distributor’s truck unloads at contractor’s dock / warehouse area.
9. After Receiving - the contractor stores in their staging area.
10. Contractor loads onto one of their vans or delivery vehicles to go to the job-site
11. Product is unloaded at Job-site
12. Product is placed at the proper install position at the job-site (basement, side of the house, attic, roof)

\*\*If a contractor returns un-used equipment due to over-ordering, size, voltage, air-flow, or other issues – add 6 more touches.

## **Damage Stake Holders**

With all this handling there are 4 main stake holders where damage can occur

1. Manufacturer
2. Trucking Company / Freight Hauler
3. Distributor
4. Contractor

Since all of the stake holders can only control 25% of the damaged problem – and it becomes very difficult to determine at what phase of this handling the actual damage occurred, we at HVAC Distributors Inc. have decided to help you solve any issues that you experience.

## **Manufacturer Packaging**

Our internal processes are looking for the “obvious” damage – when we receive, store, pick and deliver your equipment

Some manufacturers package equipment better than others to prevent damage.

In most cases we choose not to remove this packaging during our inspection process for the following reasons:

1. It makes the product more susceptible to damage
2. Cutting straps and then re-banding is time consuming and costs us both money
3. By doing this – we still can not guarantee that damage did not occur after inspection – making you doubt the inspection process.

## **Common Misconceptions on Damaged Equipment and HVAC Distributors**

1. Is Damaged Equipment that is returned to HVAC Distributors Inc. – sent back to the manufacturer to repair and /or replaced free of charge?
  - a. NO – Due to the high costs of freight – all damaged equipment is to be repaired by the distributor
    - i. The manufacturer will supply the repair parts free of charge – but the distributor must supply the supplies and labor.
2. For reason stated above – Fixing equipment is a necessary department at HVAC Distributors Inc. Our Repair Department is much like a body repair shop. Most of the work is cosmetic, replacing panels, pounding our dents, re-painting and repackaging.
  - a. This is why we will always need all the original packaging back with any damaged equipment return. This includes any interior packaging, box and skid.

- b. If you damaged or discarded these packaging materials – then consider sending back the replacement unit packaging materials with the damaged unit to avoid a repackaging fee.

### **Damaged Unit Metrics**

1. Our internal inspection system is working.
2. We shipped over 20,000 pieces of equipment last year
3. We repaired 500 pieces of equipment in house last year
  - a. 400 of those were discovered in house – and repaired prior to shipping
  - b. The remaining 100 were returned by customers as a damaged equipment issue.

We would like to personally apologize to those customers that experienced those 100 units.

Some of those units should have been caught by HVAC Distributors prior to shipping and were not

Some of those units were missed by the MFG prior to packaging; some were knocked over by the freight company, but set back upright without anyone knowing; and some were damaged by your staff as they moved them to a job-site and got them in place.

Our hope is that after reading our policy – that you have a better understanding of the complexity of the “damage” problem and what we can all do to minimize its affect on our businesses.

Our Bottom line is this:

We will strive to eliminate all the damage that is in our control – and work hard to quickly solve any that you experience.

Sincerely,

Jeff Krueger

Facilities and Operations Manager