The First Word



Strategic Planning for HVACR Contractors: Heat Pumps, Hybrid Systems and Smart Service

As economic conditions fluctuate, HVACR contractors are encouraged to adopt data-driven strategies, diversify service offerings, and incorporate smart diagnostics to enhance reliability and customer satisfaction. The focus is on smart growth through innovation and market awareness.

Nicole Krawcke

Personally, I'm not one to usually set a New Year's resolution, unless you count how many books I plan to read in the annual Goodreads Reading Challenge. However, I know plenty of people who love setting personal goals. As the year comes to an end, it starts coming up more in conversations with friends and family.

It's easy to draw parallels between personal goal-setting and the strategic planning HVACR contractors must undertake for the year ahead. Resolutions may be rooted in ambition, but real progress — whether at home or in business — comes from structure, accountability, and clarity of purpose. In our industry, success isn't driven by wishful thinking or broad intentions. It's built on data-backed forecasts, disciplined processes, and a willingness to evolve with market demands.

As economic conditions shift and consumer expectations evolve, contractors face important decisions about where to focus their time and resources. Should they broaden their offerings to include high-demand categories such as heat pumps, hybrid systems, and renewable HVAC technologies? Or, in a year marked by uncertainty, is it wiser to narrow their menu of services and double down on what they do best?

Doug Widenmann, senior vice president of marketing at Daikin, says contractors can continue to grow — even in

uncertain economic conditions — by selectively diversifying their offerings. He emphasizes that providing multiple brand options, varying price points, and a mix of technologies such as ducted and ductless systems can open new revenue opportunities.

Widenmann notes that service work becomes even more important during tougher economic periods, especially when paired with smart diagnostics and remote monitoring that improve reliability and reduce callbacks. "Contractors that embrace new technologies and take an early adoption leadership approach can have an advantage over contractors that choose to stick with the same-old-stuff."

According to Kevin Ruppelt, senior vice president and general manager, U.S. Air, Rheem North America, heat pumps will remain one of the fastest growing categories, with lots of opportunity for HVACR contractors. Increased adoption is being drive by DOE efficiency standards, electrification goals and increased consumer awareness.

"Contractors who can install and service both heat pump and dual fuel systems will be well-positioned for growth," he says. "Beyond HVAC, there's a rising interest in integrated plumbing and HVAC offerings, creating a one-stop-shop model that simplifies service for homeowners and builders. Rather than narrowing offerings, contractors should consider smart diversification that builds expertise across connected, efficient, and multi-trade systems."

Chris Forth, vice president, regulatory, codes and environmental affairs at Bosch Home Comfort, also predicts the heat pump trend will continue in 2026. "Particularly in regions where regulation is favorable, climates are moderate, and contractors are familiar with the technology. However, contractors in colder climate regions that have been slower to warm to heat pumps or in areas with limited electrical capacity should take a closer look at dual fuel systems, where a heat pump replaces a one-way air conditioner to pair with a traditional furnace. Benefits include fuel choice flexibility, fewer electrical upgrade requirements, and lower upfront and operation costs, mitigating several key barriers customers cite as preventing their switch to electrified home comfort."

Economic uncertainty doesn't have to stall growth for HVACR contractors — it can be a catalyst. By carefully assessing market trends (aka heat pumps), diversifying strategically, and leveraging technology to deliver smarter, more reliable service, contractors can uncover new opportunities even in challenging conditions. For more on our 2026 HVAC Market Outlook, click here.

Nicole Krawcke is the Editor-in-Chief of* Contracting Business *magazine. With over 10 years of B2B media experience across HVAC, plumbing, and mechanical markets, she has expertise in content creation, digital strategies, and project management. Nicole has more than 15 years of writing and editing experience and holds a bachelor's degree in Journalism from Michigan State University.