



## Program Development Process

This guide illustrates the typical steps a program administrator takes to develop a Home Performance with ENERGY STAR program.

### STEP 1 – MARKET RESEARCH

Market research can help to create a solid foundation for a successful program.

#### **Establish Advisory Board**

Some program administrators report that establishing an advisory board was a valuable first step toward program development. The role of an advisory board is to provide assistance and insight in developing the program’s design. An advisory board is also an important bridge of communication with local stakeholders.

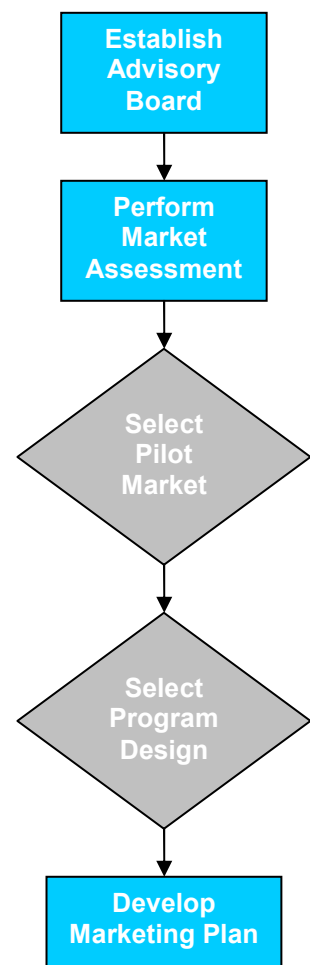
This group, typically 8-12 people, may include HVAC specialists, insulation and remodeling contractors, building science experts, and other industry professionals. Representatives from the State Energy Office, local utilities, energy efficiency and renewable energy stakeholders, and non-profit organizations may also be appropriate.

#### **Perform Market Assessment**

Every market has different challenges and opportunities that will shape the program design and implementation strategy. An evaluation of local market conditions can provide useful background information, including:

- Local energy issues, such as projected cost of energy, utility deregulation activities, and energy delivery and supply capacity;
- Population and housing stock demographics, including predominant age and style of homes, average homeowner income, average homeowner buying habits, and projected cost-effective energy improvements;
- Existing local contractor environment, including number of contractors skilled in residential energy assessment, local licensing requirements, and contractor training and education opportunities.

### Step 1- Market Research



### **Select Pilot Market**

Consider selecting one pilot market for initial launch of the program based on the results of the market assessment. Selecting a pilot market to launch the program can help to focus available resources, allow for testing of ideas and refining the program's design and delivery, and increase the overall likelihood of program success

Selection of a pilot market should be made based on the motivation of existing contractors and other industry professionals to adopt home performance contracting, the availability of contractor training and educational resources, presence of conditions that encourage homeowners to improve energy efficiency, and marketing opportunities.

Once the program has shown to be successful in the pilot phase, consider opportunities to expand to additional markets. Be sure to involve the advisory board in program expansion planning as well.

### **Select Program Design**

There are two basic business approaches for delivering Home Performance with ENERGY STAR:

- The Home Performance Contractor Model – A contractor performs whole-house projects from start-to-finish, including assessing and performing diagnostic testing on all of the home's systems, recommending solutions, and delivering home improvements.
- The Home Performance Consultant Model – A consultant performs whole-house assessments and recommends solutions, but coordinates with other qualified contractors to actually perform the home improvements. The consultant also conducts an assessment of the house after the improvements are completed.

Hybrid models that combine aspects of both approaches can also be considered. Although one model may be selected as the basis of your program design, consider allowing business model diversity to encourage innovation.

Several contractor success stories are available on the ENERGY STAR web site to help prospective program sponsors better understand home performance consulting and contracting. A contractor business development guide is also available. To request a copy, contact Chandler von Schrader at 202-343-9096; [vonschrader.chandler@epa.gov](mailto:vonschrader.chandler@epa.gov).

### **Develop a Marketing Plan**

A marketing plan that addresses how the local program will be promoted to local homeowners is essential. Even though contractors are responsible for marketing their company and selling renovations, a program sponsor should promote the program and the value of a whole-house approach using a variety of tactics including: advertising, public relations campaigns, utility bill inserts, Web site, media interviews, and special promotional events.

ENERGY STAR provides marketing materials such as brochures and a marketing toolkit to help program sponsors and participating contractors educate homeowners about Home Performance with ENERGY STAR.

## STEP 2 – DEVELOP POLICIES & PROCEDURES

Policies and procedures must be developed to ensure the success of the local program and compliance with national ENERGY STAR requirements.

### **Quality Assurance Program**

To maintain Home Performance with ENERGY STAR's reputation for quality and value, quality assurance is a required component of all locally-sponsored programs. All programs must develop strategies to ensure that participating contractors are qualified and that completed work meets program standards.

A Quality Assurance Program must include either:

- A rigorous technician certification and contractor accreditation process; or
- Third-party inspections on at least 15% of completed work.

### **Contractor Recruitment Strategy**

A strong network of professionals skilled in whole-house assessment, diagnostic testing, and installation best practices is essential for a successful Home Performance with ENERGY STAR program. Program sponsors will need to develop contractor recruitment and participation strategies to help to identify highly-motivated and successful contractors to participate in Home Performance with ENERGY STAR.

### **Contractor Participation Agreement**

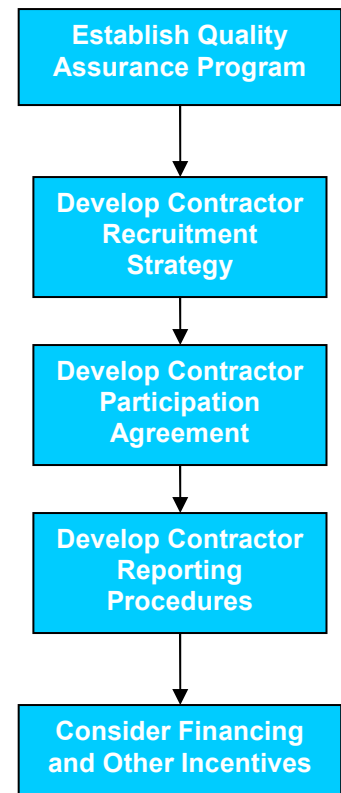
Participating contractors should be required to sign a participation agreement with the program sponsor that explains all program policies and procedures. The agreement should cover issues such as general liability insurance, maintaining appropriate business licenses, and homeowner complaint/dispute resolution procedures.

The contractor participation agreement should require the contractor to commit to:

- Following an approved whole-house assessment process;
- Presenting cost-effective recommendations to homeowners, based on findings from visual and diagnostic inspections;
- Meeting consensus-based building science standards for all work performed;
- Following program quality assurance procedures;
- Reporting completed home performance projects to the program sponsor;
- Training staff to respond to customer inquiries about Home Performance with ENERGY STAR; and
- Following Home Performance with ENERGY STAR's logo use guidelines.

**Note that participating contractors are not ENERGY STAR partners and are not certified by ENERGY STAR, U.S. EPA or U.S. DOE.**

### **Step 2 - Develop Policies & Procedures**



### ***Contractor Reporting Procedures***

Reporting of completed Home Performance projects to the program administrator is an essential element for success because this information can be used to perform ongoing program evaluation, measure program results, and make needed improvements to the program.

Reported information can include results from diagnostic tests, utility bill analysis, findings of the whole-house inspection, or proposed and completed scopes of work. Some program administrators have required participating contractors to use home energy analysis software to provide consistency and streamline the reporting process.

Financial incentives have been helpful in some programs to encourage contractors to report the jobs they have completed. Another incentive is special recognition of contractors that reach certain milestones such as 25, 50 or 100 completed jobs.

### ***Financing and Other Incentives***

Low-cost financing can be an effective incentive to encourage homeowners to follow-through and complete the improvements recommended in the whole-house assessment. Because home performance projects typically include comprehensive renovations, costs frequently rise above the level that homeowners are able to pay out of pocket. The availability of a quick, attractive financing solution will help homeowners purchase all or most of the recommended improvements. Cash rebates can also motivate homeowners to complete more recommended improvements and increase the likelihood of comprehensive whole-house projects.

### **STEP 3 – PARTNER WITH ENERGY STAR**

Submit a signed Partnership Agreement and Program Implementation Plan to ENERGY STAR. The Program Implementation Plan will document how the program's policies and procedures meet national program requirements.