

A WINNER IN AUSTIN, TEXAS

Strand Brothers was an early champion the whole-house approach to energy efficiency in Texas, and considers it the best way to take care of the customer.

by **PATRICIA PLYMPTON**
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Ask Chris Strand of Strand Brothers, Incorporated, how the company is doing, and you are likely to hear, “We have grown into the largest and most respected air conditioning, heating, and weatherization company in Central Texas.”

He’s referring not only to the Austin, Texas, company’s remarkable 25-year history but also to its highly successful participation in the Home Performance with Energy Star program—a national innovative, whole-house approach to improving the comfort and energy efficiency of existing homes. Austin Energy, the municipal utility for Austin, is the local program sponsor.

Strand Brothers, a pioneer of the whole-house approach to energy efficiency in Texas, still considers it the best way to “take care of the customer,” as their motto states. The approach grew out of Strand’s early career interest in energy conservation and his growing recognition that the house must be treated as a system. Strand knows that if customers buy a piece of high-efficiency equipment, “they won’t get the maximum savings from the equipment unless everything associated with it is also high performing. Everything works together as a whole.”

Home Performance with Energy Star promotes using building science to understand the house-as-a-system approach to residential remodeling. It is part of Energy Star—a program sponsored jointly by DOE and EPA. One goal of Home Performance with Energy Star



is to transform the remodeling market by supporting home performance contracting to deliver whole-house improvements (see “What Is Home Performance with Energy Star?”). Strand has been extremely successful in combining his business model with the incentives offered by the local Home Performance with Energy Star program.

An Energy Conservation Pioneer

Strand Brothers exemplifies the success that contractors can have by embracing home performance contracting and mak-

ing the concept central to their businesses. Strand has a long history of seeing the value in energy efficiency and conservation. After graduating from Michigan State in 1976, in the middle of a decade characterized by oil crises and long gas lines, Strand moved to Austin to start what became a lifelong career in home performance and energy conservation. Some of Strand’s early influences emerged from his extensive reading, which showed him that oil and energy have a significant impact on the world.

Also shaping Strand’s career direction were his experiences in Venezuela and in Miami, Florida, which at that time had very different standards of living. During his travels, he noticed that Venezuela was plagued with energy shortages, power outages, and long gas lines. Miami, on the other hand, was brightly lit at night and traffic was busy. This dramatic contrast made clear to Strand the critical role that energy plays in social development as well as in economic growth.

Strand realized that there was tremendous potential for using energy conservation to help meet the nation’s energy needs. He learned that, at that time, the

What Is Home Performance with Energy Star?

Home performance contracting is a new kind of home improvement service that identifies and provides what each home needs most to provide better air quality, energy efficiency, structural soundness, and long-term value; and to improve the health, safety, and comfort of its occupants—all to meet the homeowner's budget, in a single transaction, and with a specially qualified professional contractor. Energy efficiency helps make the most of the nation's energy resources and reduce emissions of greenhouse gases. Home Performance with Energy Star, a program sponsored nationally by DOE and EPA, and available in select cities, offers a comprehensive, whole-house approach to making energy-efficient home improvements. Home Performance with Energy Star is managed locally by a program sponsor (typically a utility company, state agency, or local association promoting energy efficiency and renewable energy), which recruits and trains contractors and helps ensure that they deliver quality work. The local sponsor may also offer financial assistance to homeowners in the form of low-rate loans for construction projects. Participating contractors provide recommendations and services to homeowners to make their homes more comfortable and energy efficient, while reducing their utility bills and protecting the environment.

For more information about Home Performance with Energy Star, visit www.energystar.gov/homeperformance.



energy efficiency of most homes could have been improved by up to 50%, saving a significant amount of the nation's energy use. Dedicated to improving energy use, Strand began focusing on residential energy efficiency in Austin, first working for a company in the energy conservation field and then opening his own business, Conservation Unlimited. Over the years, Strand's family members joined the company one by one, and Conservation Unlimited became Strand Brothers.

Growing with Home Performance

Strand's company began by offering caulking, weatherstripping, and insulating services and installing storm windows as ways to increase energy efficiency. Strand soon realized, however, that to make a home truly energy efficient, he had to look at the entire house as a system, the better to understand and integrate the solutions to home energy performance problems. He expanded the company into the HVAC business, realizing that it was of little use to make the envelope efficient if people were cooling and heating their attics.

By concentrating on the existing residential remodeling market, emphasizing the whole-house approach, and leveraging its association with Austin Energy and Home Performance with Energy Star, Strand Brothers has grown substantially over the years. In 1999, for example, the company was generating \$4.5 million in sales, and by 2005, total revenues had reached \$9 million. Although it is now owned by Lennox International, a 100-year-old, \$3 billion corporation, Strand Brothers is still family operated with a staff of more than 60 employees.



The home performance approach has helped Strand to build business by creating very satisfied customers. Significantly, Strand Brothers gets 80% of its business from repeat work for previous customers and from referrals. Strand finds that his customers are happier with the whole-house approach. "Once they get the taste of how comfortable and efficient their houses are, and how they're saving so much more money," he says, "they almost can't live without it."

A Supportive Community

Strand credits much of his company's success to being able to work in a city that supports his business model. Strand's connection with the city of Austin can be traced back to 1982, when the city was seeking an alternative to a controversial nuclear plant project. Together, the city, citizen groups, and Strand worked to develop a plan for meeting energy needs by reducing the demand side of the energy equation.

Through Austin Energy, the city began an aggressive home and business energy conservation program. Out of this program grew Austin Energy's local sponsorship of the Home Performance with Energy Star program (see "Austin Energy Works to Ensure Quality"). The municipally owned utility currently has approximately 320,000 residential customers, and each year approximately 1,500 homes participate in Austin Energy's Home Performance program. The utility now has more than 60 participating home performance contractors working with it.

To help strengthen the local market for a whole-house approach to retrofitting, Austin Energy offers rebates of up to 20% of the cost of certain improvements, to a maximum of \$1,400, or 0% fixed-interest rate loans so customers can finance the improvements. The Austin Energy Home Performance with Energy Star program offers incentives for the following improvements: home sealing, duct sealing, duct replacements, duct air flow balancing, solar screens, window film or low-e windows, attic insulation, radiant barriers, heat recovery (desuperheater) units, correctly sized air conditioning units, and heat pumps.

Marketing with Incentives

While Strand has been involved with the whole-house approach for most of his career, he finds that the incentives offered by Austin Energy through the Home Performance with Energy Star program have definitely helped him to build his business. As Strand says, "Marketing has to be promotion driven. People want to buy something on sale. It just works perfectly that the city has these incentives, so that we can market them."

Strand Brothers performs approximately 1,000 whole-house retrofits a year through its building performance department. Strand credits the company's ability to sustain a full department focused on home performance services to the incentives provided by Austin Energy. Without these financial incentives, Strand says, "the work could still be done as part of our air conditioning business, but it would be more difficult to get people to do a whole package."

Marketing help for home performance contractors often originates with the national Home Performance with Energy Star program. The national program develops strategies that its local sponsors and contractors can use to promote the program in their regional mar-

kets. These include a marketing tool kit with predesigned sales and marketing materials, and sales training for participating contractors. As Marsha Quinn, with the DOE Building Technologies program says, "Local sponsors and contractors such as Strand Brothers are delivering services that are transforming the way people use energy. Homes are more comfortable and America is on the road to energy independence."

Quality and Training Are Key

Quality assurance is an important part of Strand's use of the whole-house approach, and he uses a two-part method to make sure that his customers get the highest-quality work. First, he gives his technicians and installers a "huge monetary incentive" by offering them a 20% bonus when they meet specific quality goals. The customer must be completely happy, there must be no callbacks, and the work must pass all required inspections. Strand finds that when "20% of their pay is based on quality control," his crews are even more dedicated to meet-

Austin Energy Works to Ensure Quality

Quality assurance is an essential part of whole-house retrofitting; it helps to ensure unbiased recommendations and high-quality installations. The contractors who participate in Austin Energy's program and use the Home Performance with Energy Star label know that the program sponsor is holding them accountable for their recommendations and their work, and is reviewing samples of their work on a regular basis with on-site inspections. Home Performance with Energy Star also connects homeowners with qualified contractors who will make the improvements following best industry practices.

There are currently 60 home performance contractors registered with Austin Energy. These contractors are listed on Austin Energy's Home

Performance with Energy Star Participating Contractors list, which is mailed to thousands of Austin Energy customers. Austin Energy supports these contractors by offering discounted training and joint cooperative advertising, and by promoting the home performance contractor concept.

Contractor incentives include a salesman incentive program and a home performance equipment incentive program. The utility also conducts monthly contractor meetings to discuss program updates, new technology opportunities, and any other concerns that contractors may have.

Through Home Performance with Energy Star, Austin Energy works with contractors so that they see the opportunity to transform their successful

HVAC, remodeling, or insulation business into a home performance contracting business. Home Performance with Energy Star works with partners to develop their programs so that they can offer the kinds of mentoring contractors need most. Home performance contractors who transitioned from traditional HVAC and insulation work say that the mentoring element has been essential to their success. Jerrell Gustafson, director of Home Performance for Austin Energy adds, "To maximize the savings for Austin Energy's existing residential customers and to improve the indoor air quality of the home, Home Performance with Energy Star is the only way to go!"

To learn more about Austin Energy, visit www.austinenergy.com.

House ad .5

ing the highest quality standards possible.

Second, Strand Brothers has two internal quality control inspectors who meet with the homeowner on every job and go through a checklist of the work. Strand does a 100% quality control inspection internally, and part of the bonus is awarded only if the job passes this inspection as well as the others. Testing out the retrofitting project is an important part of the Home Performance program, and Strand Brothers fully integrates the test-out into its work.

Strand is also a strong believer in training. Every Strand Brothers technician is North American Technician Excellence (NATE) certified, and the company's building performance people go through National Comfort Institute (NCI) Air Balancing training so that they are Air Balanced certified.



The city of Austin sponsors the NCI training in association with the Home Performance program and Austin Energy has recently started training contractors to Building Performance Institute (BPI) standards and offering the BPI certification testing. Strand Brothers makes good use of this training and goes even further by holding regular weekly meetings where quality con-

trol issues are presented and discussed by the company's own quality control managers.

Home Performance with Energy Star is moving aggressively toward its goal of transforming local and regional markets. As Strand says, "Austin Energy's Home Performance with Energy Star program has been a huge market-changing force. Because of their incentives, our customers routinely retrofit their entire house instead of using a piecemeal approach. Everyone wins: The homeowner is more comfortable with substantially lower energy bills, the city of Austin offsets the need for more power plants, and

Strand Brothers is able to do what is best for the customer."



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