

# Five Steps to a Profitable Contractor Base

*Session 2: Engaging Business Partners*

Residential Energy Efficiency Solutions:  
*From Innovation to Market Transformation*

Tuesday, July 10, 2012

Arlington, VA

# Session Objectives

- Increase awareness of how to execute a program without causing undue burden to your contractors while facilitating their profitability
- Understand why creating a predictable and consistent operating environment supports your program's long-term sustainability
- Discuss how to maintain and support a sustainable home performance program with a high-quality contractor base, including training and supporting contractors

# 5 Steps to Building Your Contractor Base

Step 1

- Sensible Program Design and Administration

Step 2

- Certification and Credentialing

Step 3

- Communicating with Contractors

Step 4

- Contractor Requirements (Business vs. trade)

Step 5

- Training and Sales Support

# Moderator and Panelists

## Courtney Moriarta (moderator), SRA International, Inc., Home Performance with ENERGY STAR

- Home Performance with ENERGY STAR Technical Lead

## Emily Levin, Vermont Energy Investment Corporation

- Planning and Development Manager
- Leads program planning for Efficiency Vermont's existing homes services with a focus on Home Performance with ENERGY STAR

## Tiger Adolf, Building Performance Institute

- Program Design and Market Development Director
- Connects the dots between residential energy efficiency programs, trade ally networks, and government to create programs with viable business models for contractors that achieve program goals

## Brad Geyer, Fayette County Better Buildings Initiative

- Project Supervisor for the Private Industry Council of Westmoreland/Fayette Inc.
- Community Leader

## Sammy Chu, Suffolk County Department of Labor

- Commissioner, Suffolk County Department of Labor
- Former Director of Babylon NY's Long Island Green Homes program

## Sam Flanery, Building Science Academy

- Founder of Building Science Academy and Building Science Energy Services
- Business Development

*Step 1*  
*Sensible Program Design &  
Administration*

Presented by Emily Levin,  
Vermont Energy Investment Corporation

# Get In for the Long Haul

- Market transformation requires long-term commitment, sometimes at the expense of quick results

Here's what steady and sustained growth looks like in Vermont:

	2005	2006	2007	2008	2009	2010	2011
# Contractors	3	9	28	40	72	70	78
# Projects	7	44	123	322	471	588	799
KWH Savings (Annual)	7,087	33,903	109,980	160,143	280,923	258,242	383,502
MMBTU Savings (Annual)	389	1,584	7,623	10,233	21,105	22,212	32,041

# Avoid Boom & Bust Cycles

- When programs run out of money, contractors go out of business
- When programs ramp up suddenly, quality gets sacrificed and customers experience delays
- Balance supply and demand: Don't train a lot of new workers if there is no demand for their services



- If ramping up quickly, make a long-term commitment so contractors can justify hiring more workers

# Make Incentives Predictable

- Contractors should be able to predict the customer incentive for a given job
- Contractors should be empowered to use incentives and financing to sell the job
- Incentives should not end suddenly (i.e. avoid boom and bust cycles)
- Programs should incentivize the results they want to see (e.g. savings not audits; air sealing not windows)



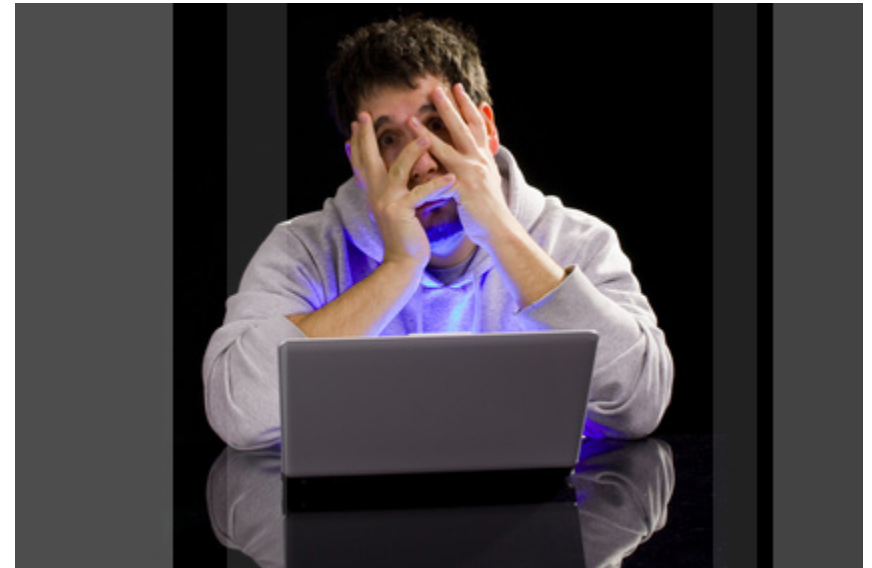


# Allow Contractors to Run a Business

- When in doubt, ask yourself: If my program didn't exist, would there be a home performance industry in my state/region? (***The answer should be yes.***)
- Allow contractors to market directly to homeowners and set their own prices
- Understand contractor business processes and minimize reporting and paperwork requirements
- Provide business development and sales/marketing support to contractors
- Help contractors with training and support for certification and re-certification

# Strive for Consistency

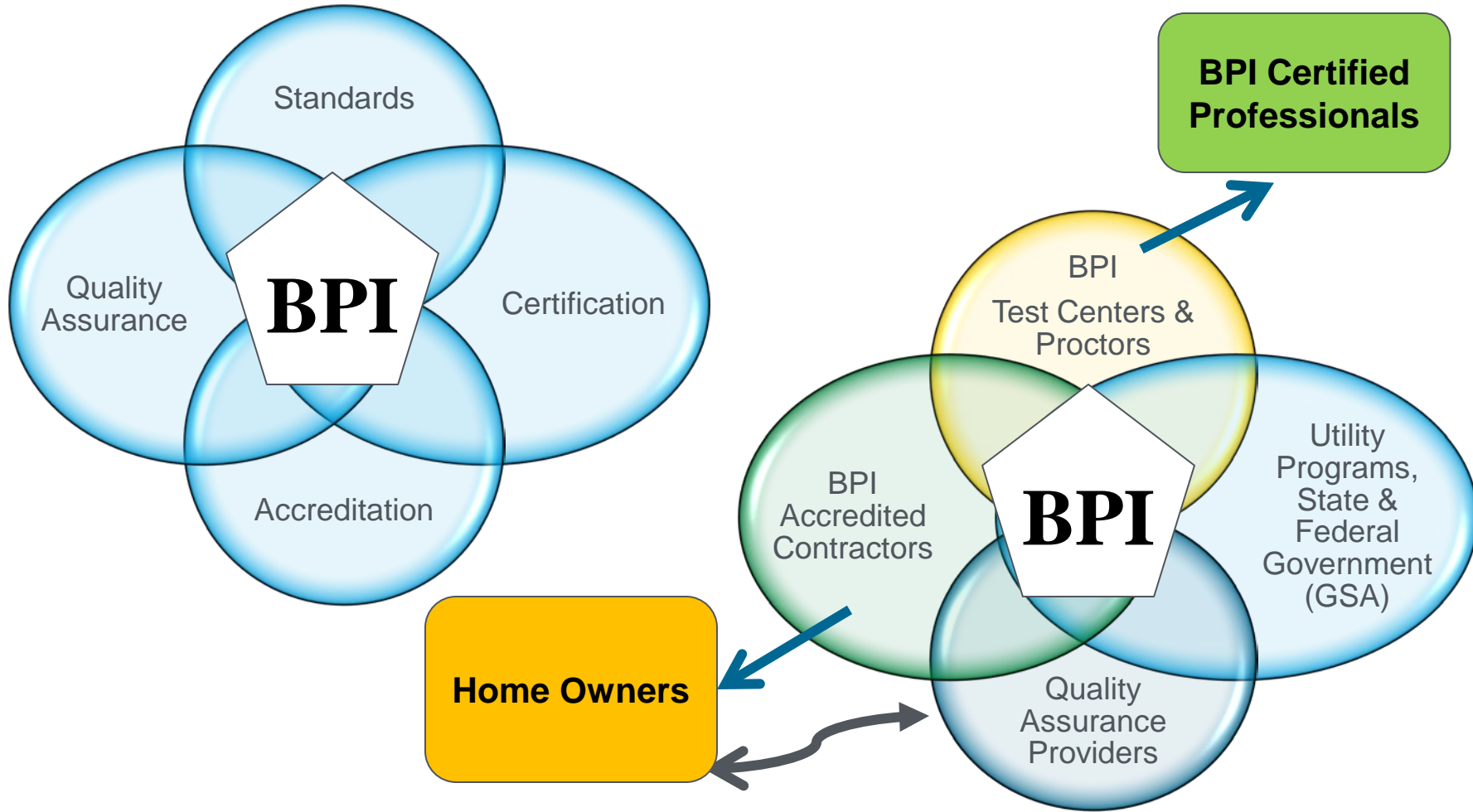
- Different requirements, incentives, and marketing in different regions/utilities lead to confused contractors who are not as effective at selling the jobs
- Programs should align with nationally consistent standards and protocols whenever possible:
  - BPI
  - DOE Home Performance with ENERGY STAR
  - HP XML
  - Home Energy Score
  - DOE standards for audits and work



# Step 2 *Certification and Credentialing*

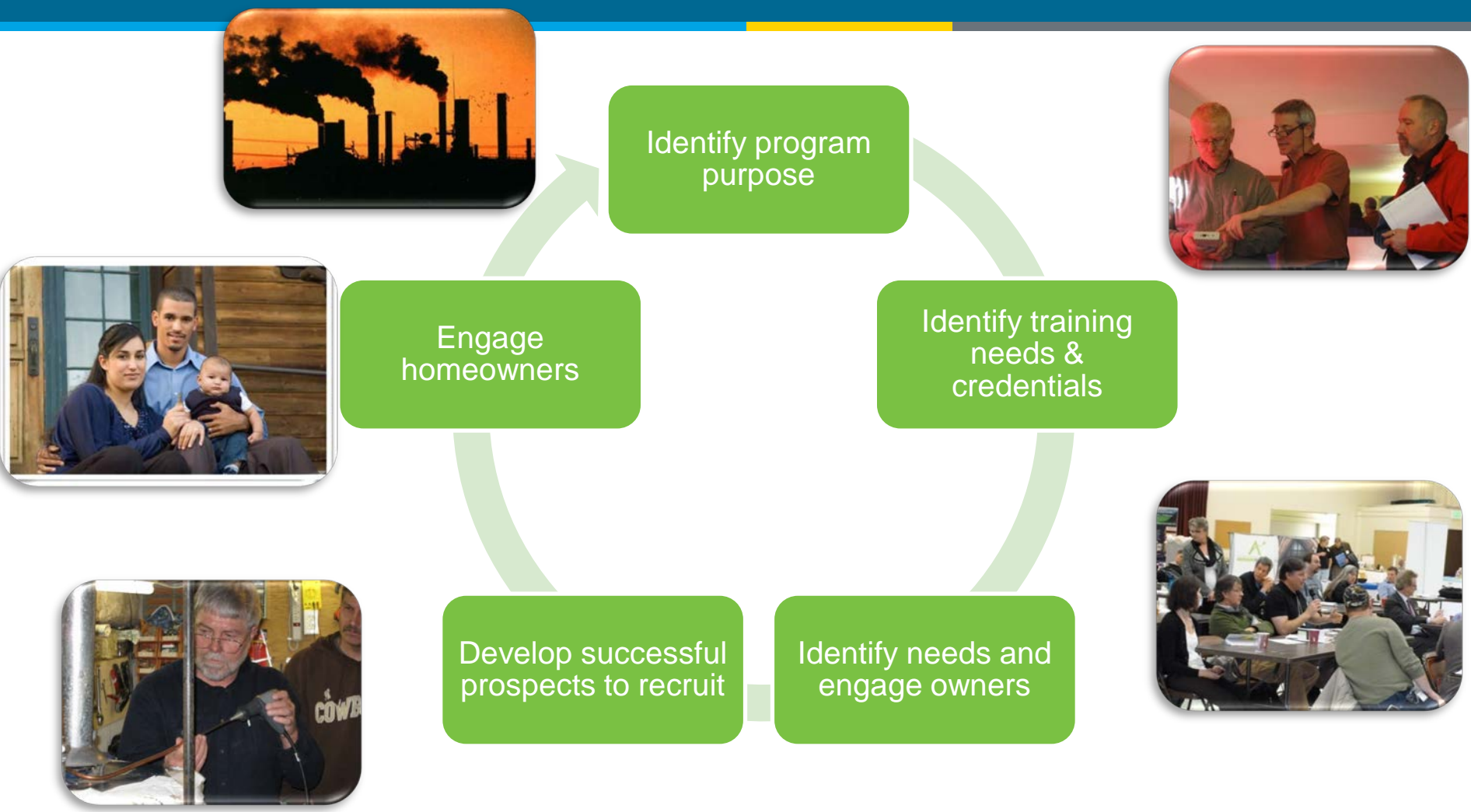
Presented by Tiger Adolf,  
Building Performance Institute

# What is BPI and Who Does BPI Work With?



**Goal: Raising the Bar in Performance Contracting**

# Contractor Credentialing

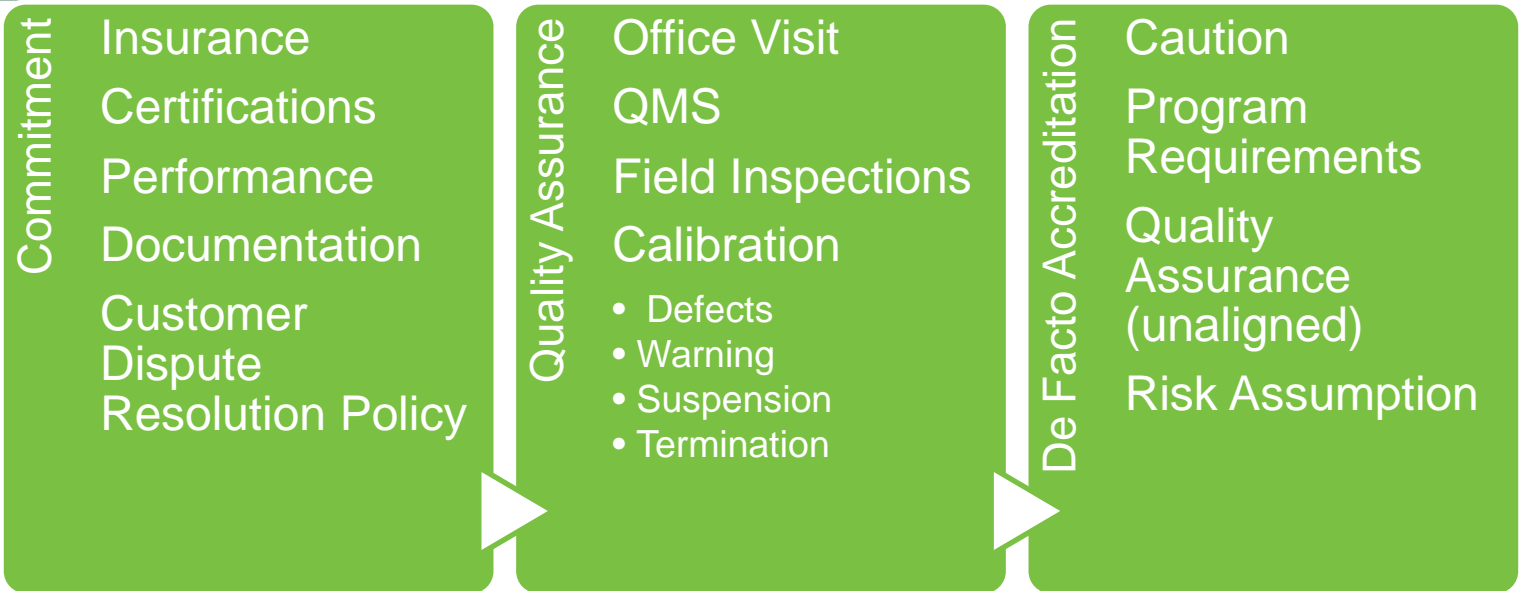


**Goal: Radical Inclusion**

# Accredited Contracting Company



**ACCREDITED  
CONTRACTOR**



***Goal: Reduces Program Risk, Increases Customer Confidence***

# Personnel Certification



## Individual

- Not a company
- Individuals do not receive QA from certifying body



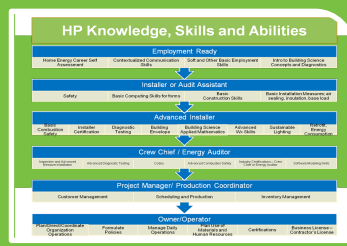
## Competence

- Specific tasks
- Proctored exams



## Continuing Education

- CEU hours (18-60)
- Recertification (Exam 1-5 years)



## Stackable Credentials

- Installer
- Auditor
- Crew Lead
- Quality Control Inspector

Note: Most complaints are consumer driven




CERTIFIED PROFESSIONAL

**Goal: Develop a Sustainable Career Path**

# Conduct Quality Assurance

- Continuing improvement
- Gotcha!

Purpose




- Missing skills
- Career paths

Mentoring



- Low advance rate
- Consistent deficiencies
- Inspector credentials?

Issues



- Gap assessment
- Business practices

Training



- Workforce
- Industry

Long Term Goals



**Goal: Document Contractor Success Stories**



# Reporting

## Be Reasonable & Be Consistent

- Define purpose and standard

## Streamline Data

- Avoid double entry

## Software Selection Counts

- HPXML, calibration, data collection

## Web Portal

- Uploads
- Tied to rebate/incentive forms

## Desktop Reviewer

- Credentials
- Scheduling



***Goal: Balance Data Needs with Tools that Help Close Jobs***

## Step 3

# *Communicating with Contractors*

Presented by Brad Geyer,  
Fayette County Better Buildings Initiative

# Find 'Em

- Current Contracts
  - Who are you using in other ventures?
  - Who are your colleagues using?
- Builders and Contractor Associations
  - Is there a county association?
- Yellow Pages
  - They still print phone books!



# Entice 'Em

- Education
  - Free trainings
- Food
  - Breakfast meetings
    - Feed them and they will come!

**Contractor Questions and  
Quality Control**

**Date: 3/2/2012**  
**Time: 9 a.m.**  
**You are invited to  
Breakfast at:**  
Private Industry Council  
FCP Room  
480 Coolspring Street  
Uniontown, PA 15401

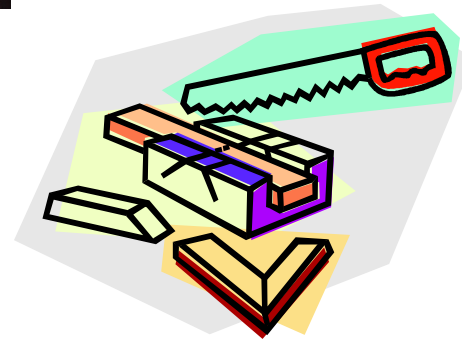


**BETTER  
BUILDINGS**  
Fayette County Better Buildings Initiative

**R.S.V.P. by 2/29/2012:  
Brad Geyer  
724-437-2590, ext. 327**

# Support 'Em

- Money
  - Grant
  - OJT
- Equipment
  - Make it available
- Leads
  - Are they generating?
  - Are you generating?



## Step 4

# *Contractor Requirements: Business vs. Trade*

Presented by Sammy Chu  
Suffolk County Department of Labor

# Why qualify contractors?

- Consumer protection
- Preservation of limited program resources
- Optimize opportunity for reaching primary program goals
- Worker protection

# How to Qualify Contractors

- Licensing
  - Statutory
- Participation Agreements
  - Contractual
- Reciprocity
  - Recognition of qualification by another authority



# Possible Qualifications

- Insurance
  - Liability
  - Auto
  - Bonding
- Professional Licenses
  - Home improvement
  - Plumbing
- Skills Qualification
  - Thermography
- Workforce Requirements
  - Targeted hiring
  - Wage & benefit standards
- Performance Requirements (process, homeowner engagement)

# Methods for Improving Contractor Standards

- Probation periods
- Provide incentives for higher qualifications – gradually move toward requirement
- Creation of tiered contractor categories – rewards for higher qualifications

# Caution – Potential Pitfalls

- Public Contractor Ratings
- Inadvertent over regulation
- Limiting contractor pool by number of contractors, not qualifications

# Step 5

## *Training and Sales Support*

Presented by Sam Flanery,  
Building Science Academy

# Who makes the best HP salesperson?

- People trained in building science
- Construction Experience
- People that can educate on a simple level
- Good people skills
- Do not use high pressure sales tactics
- Honest and dependable
- Love what they do and believe in it
- Must have sold value in prior job

***People buy from people they like & who know what they are talking about!***

# Simple Requirements to Sell a Job

1. Return customer calls promptly
2. A good start to conversation leads to a closed deal
3. Make an appointment
4. Keep the appointment to the minute
5. Build trust and instill confidence
6. Spend time educating your customer
7. Evaluate the house with great interest
8. Provide a proposal before you leave, if possible
9. Outline a timeframe of the project
10. Collect a deposit and schedule the job

# Home Performance Sales

- A whole-house approach to retrofit existing homes for health, comfort and energy savings
- The homeowner interview is the first step to success as a performance contractor
- An energy assessment is *a physical* of the home to determine what *surgery* is needed and in what order **BASED** on **VALUE** of the **HOMEOWNER**

# The Homeowner Interview

- Show the customer your certifications
- Make a connection to your customer
- Identify the customer concerns and needs
- LISTEN TO THEM! (2 Ears and 1 Mouth rule)
- Determine the Level of assessment needed based on customer needs
- Start the educational sales process
- Be a consultant performing an assessment not a contractor or energy auditor
- Explain what's next and define the time frame needed



# Contractor Performance & Incentives Matter

- Quality
- Sales uptake
- Proposal delivery
- Paperwork processing
- Programs should monitor performance
- The best contractors should get the most work

# Questions and Answers

- Courtney Moriarta, SRA International, Inc.
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