

Integrated Pro Forma Project

Modeling the impact of program marketing on contractor revenues

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National Home Performance Council



The National Home Performance Council

- National, non-profit organization
- Supports whole-house upgrade programs through research and convening projects
- Addresses problems that limit growth and development of whole-house programs

NHPC Stakeholders

- Federal agencies (DOE)
- State energy offices (NASEO, MD, NY, TX)
- Program implementers (CSG, ICF)
- Utility sector (EEI, LIPA)
- Industry (NAIMA, ABM)
- Real estate (Eco-Brokers / AEEREP)
- Non-profit stakeholders (ACEEEE, ASE, EPC)

NHPC Current Projects

- Cost-effectiveness testing
- Data collection and transfer standards
- Smart grid and whole house energy efficiency upgrades
- Incorporating energy efficiency data in MLS systems and appraisals

“Pro Forma Project:” Two Goals

- The project is designed to help program administrators:
- Understand contractor financials
 - Making a profit is challenging
 - Understanding key drivers of profit is important
- Understand the impact of program decisions on contractor revenues

Ideal Model

- Full integration of program and contractor finances
- Contractor side of the pro forma represents multiple contractors

Initial Project

- Integration of program *marketing* efforts and contractor pro forma
- Look at program marketing expenditures on a per channel basis
- Model how those expenditures will impact a contractor's financial situation

Quantifying Program Marketing

- What assumptions are made when a program implements marketing efforts?
- What efforts are made to quantify impacts?
- How are impacts conceptualized?

Brought to you by...

- NHPC as sponsor (and contributor)
- Sustainable Spaces / efficiency.org as prime contractor
- LEAP as participating program
- Funding from U.S. Department of Energy

– thank you, DOE!!!

Presentation Overview

- Review of contractor model
- Review of program marketing model
- Review of program marketing data collection and revenue generation issues
- Review of full integrated pro forma

Program Marketing Actuals

- For data entry on a per-channel basis
 - Number of leads, audits and retrofits
 - Average job size (or total revenue)
- *Question: Could you generate this data from your existing systems, and, if so, how much effort would it take?*

Program Marketing Costs

- For entering data regarding costs on a per-channel basis
 - Direct costs
 - HR costs
 - G&A costs
- *Important note: The period for the costs must match the period in which the lead/audit/retrofit totals were generated*

Program Marketing Costs

- Program marketing costs combine with data from “Marketing Actuals” tab to create key metrics
 - Average cost / lead by channel
 - Average cost / audit by channel
 - Average cost / retrofit by channel
 - Lead-audit conversion rate by channel
 - Audit-retrofit conversion rate by channel
 - Average job size per channel

Program Marketing Assumptions

- Take key metrics from Marketing Costs tab
- Project key metrics out into the future on the basis of assumptions about how each channel will perform in the future
- *The past does not always predict the future!*
- Writing out logic underlying the assumptions may be very useful

Program Marketing Pro Forma

- Shows implications of program marketing spend in terms of actuals leads / audits / retrofits
 - Leads, audits, and/or retrofits
 - And/or conversion rates
 - Average job size (weighted)
- Only point of contact between marketing and contractor model
- Costs not in original model, but built into integrated pro forma

Contractor Pro Forma

- Drivers derived off-spreadsheet
 - Lead to audit conversion rate
 - Close rate
 - Average project size
 - Revenue per hour per crew member
 - Crew utilization
 - Base wage

Contractor Pro Forma

- Drivers derived off-spreadsheet, cont'd
 - Lead to audit conversion rate
 - Close rate
 - Average project size
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Comments / Questions Please Contact Us

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Thank you!

