

# Business Performance Tune-up

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[www.egia.org](http://www.egia.org)

# Who Is EGIA?



## Contractor Services

- \*Residential Financing
- \*Commercial Financing
- \*Sales & Marketing Training
- \* Discounted Business & Insurance Services



## Manufacturers Distributors & Energy Partner Programs

- \*Residential Financing
- \*Commercial Financing
- \*Sales & Marketing Training
- \* Discounted Business & Insurance Services



## Homeowner Services

- \*Home Makeover Contests
- \*Approved Contractor Referral Program
- \* Energy Store

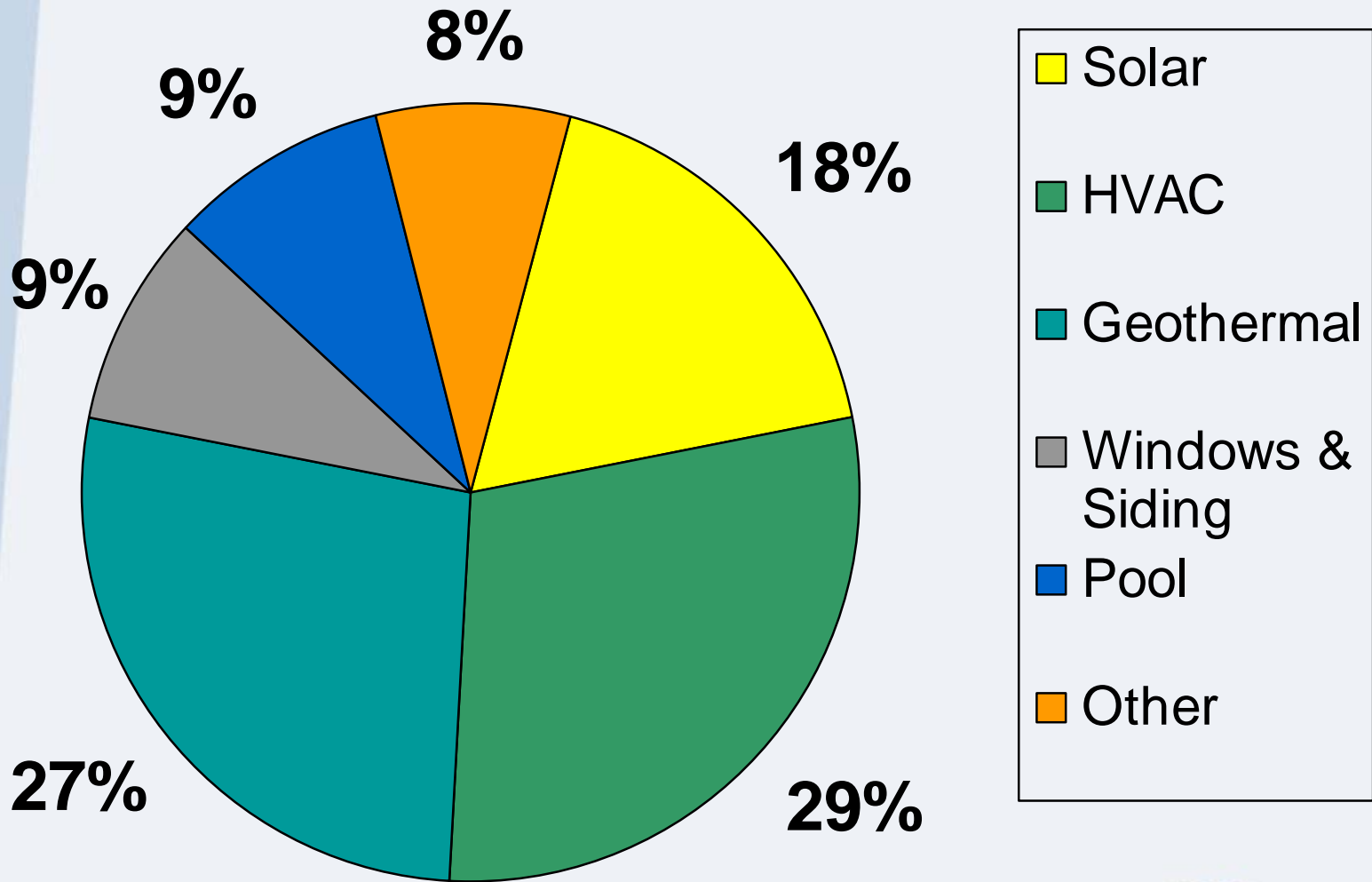


## Utility & Government Program Administration

- \*Rebates
- \*Financing
- \*Field Services
- \* Utility Exchange



# 3,500 Member Contractors Nationwide



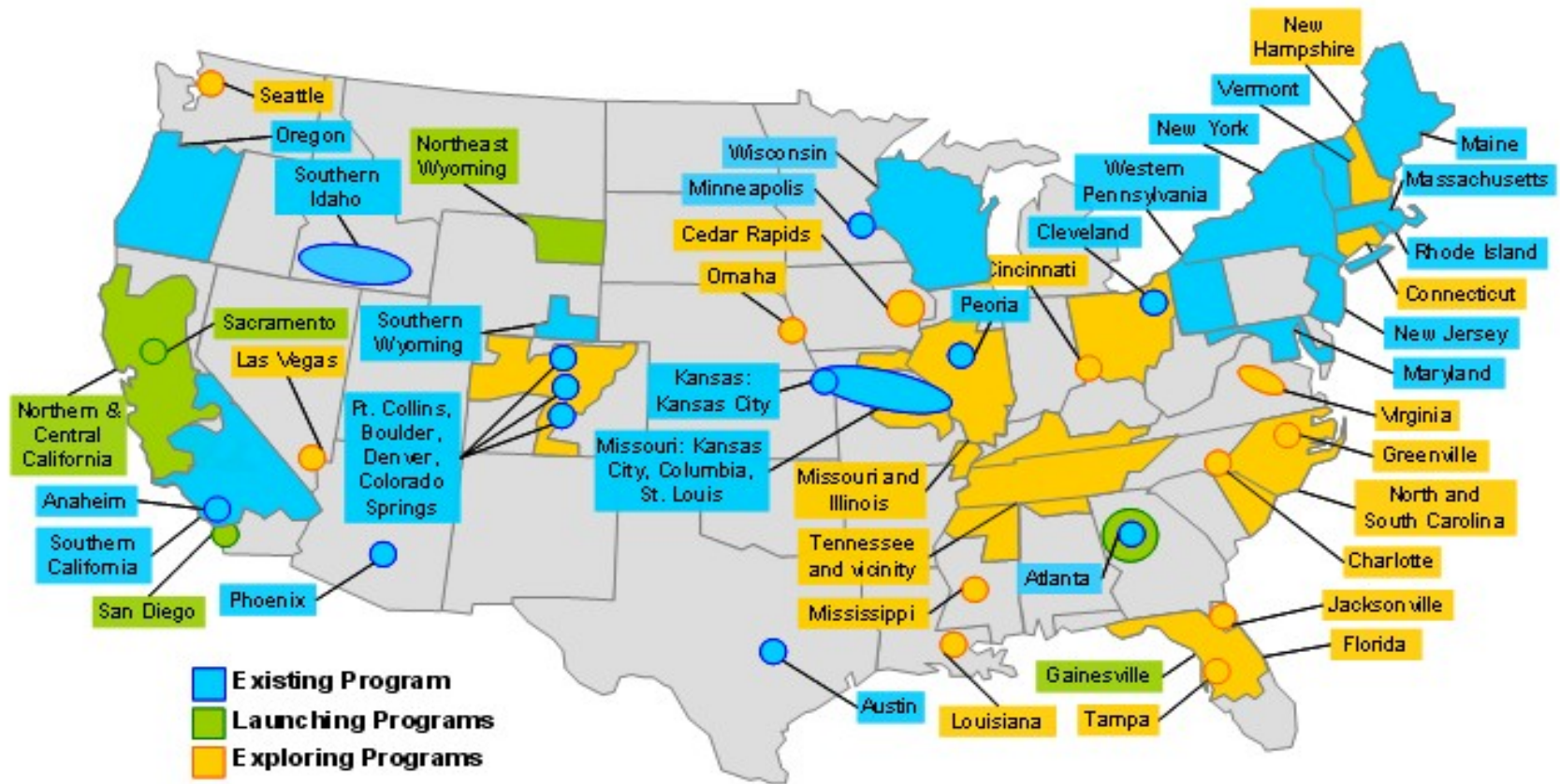
# Why Business Performance Tune-up?

- Contractors don't fail because they can't do the work
- They fail (*or never get started*) because they
  - Don't commit to a business model or plan
  - Can't reach and qualify prospective customers
  - Are unable to sell the prospects they do reach... (or path of least resistance)
  - Don't build in acceptable margins to succeed



# Home Performance Nationwide

National HPwES Program Activity



# Advanced Home Energy, Berkeley

- **Started in 2006** as insulation-only company
  - Expanded to “whole house” to avoid being the low-cost bidder
- **Then and Now:**
  - 1 crew with \$1200-\$1500 jobs
  - 7 crews with \$7,000 - \$10,000 jobs
- **Biggest threats:**
  - High customer expectations
  - Organizational complexity
  - More work than we can handle



*News photo by Mike DiCarlo*  
Ori Skloot of Advanced Home Energy told members of the Rossmore Residents Association how they can help reduce their energy consumption.

# ABC Cooling and Heating, Fresno

- Differentiates our business
- Increases our margins
- Higher average tickets
- Customers for life
- Reduces Seasonality
- Reduces Callbacks



# Hartman-Baldwin, Los Angeles

**HARTMAN  
BALDWIN**  
design/build

- Remodeler integrate Whole House into every job
- Average job size \$60,000
- Open Houses at completed projects
- “Home Remodelers' Survival Guide” Workshop



**HARTMAN  
BALDWIN**  
design/build

**IS YOUR HOME A HUMMER OR A PRIUS?**

Home may be where the heart is, but a home is also a complex mechanical system that often runs inefficiently costing you money, polluting your home's air and leaving you uncomfortable year-round.

**HOW WE DO IT**

HartmanBaldwin is certified by Energy Star and the Building Performance Institute to evaluate your home from attic to basement with the latest in green technology to check the efficiency of your home's windows, insulation, Heating Ventilation and Air Conditioning system (HVAC), as well as the CO safety of all gas appliances.

**SUSTAINABLE BUILDING PRACTICES**

Our commitment to high quality construction includes implementing the best practices of sustainable building and its emerging technologies. A whole-system approach results in durable, comfortable and beautiful homes that are energy efficient and environmentally responsible.

**DID YOU KNOW?**

- A bigger air conditioning unit alone isn't the answer.
- Installing solar panels alone isn't the answer.
- Changing windows alone isn't the answer.
- Proper insulation alone isn't the answer.
- Proper installation and integration of all of these components is the answer; we can show you how.

**SCHEDULE A FREE HOME ASSESSMENT IF YOU'RE CONSIDERING THE FOLLOWING HOME IMPROVEMENT PROJECTS:**

- Solar Panels
- Roof repair or replacement
- HVAC repair or replacement
- Major Remodeling

CALL 907.679.1344 TODAY

100 West Foothill Blvd., Claremont, CA 91711 T 909.679.1344 / 626.484.9518 www.hartmanbaldwin.com



# Green Home Solutions by Grupe



## Pathway

Launched Carsten Crossings as Grupe's first "Zero Energy" community in 2006  
Created subsidiary to specialize in energy efficiency and solar in existing homes

## Then and Now:

Began with 5 Construction Staff  
Now have 20 full time

## Biggest Challenges:

Generating Volume  
Paperwork/Rebate Processing  
Finding our Market



# Top-Tier Contractor Traits

**1. Diversification-** Sells more than one product to help prevent seasonality and drive more profits through add-on sales.

**2. Sales Consistency-** Has pitch book or laptop in-home presentation that keeps salespeople consistent and helps overcome hidden objections.

**3. Diverse Marketing-** Spend money on mix of traditional advertising and social media outreach with a clear call-to-action message.

**4. Sales Culture-** Start with receptionist to installation team

**5. Financing-** Offer low monthly payment and/or “same as cash” options

***Top-Tier Contractors have  
the tools and training to close the sale  
“at the kitchen table”***



# Review Your Business Plan

## Define Success!

- Where do you want to **go** in 2011?
- Where do you want to **be** in 2012?

## Create a 90-Day Plan to Get There!

1. Define Yourself
2. Introduce Yourself as the Subject Matter Expert
3. Get into the Community
4. Celebrate your Customers
5. (Repeat application as needed)

# Business Performance Tune-up

- Financial Management
- Marketing Management
- Sales Management
- Service/Operations Management

# Financial Management

- **Total revenue and expenses by category for last year?**
  - What areas made more than they cost?
- **Cash flow and gross profit by month for last year?**
  - What is your burn rate?
- **Business plan/model working?**
  - On-track to be where you want to in 6 months? 12 months?

# Financial Management

- What is biggest threat to business (that you can control)
- What is biggest opportunity to business (that you can control)
  - Where would be the best place to invest in your business for growth?
    - New hires, systems, branding, etc.

# Financial Management

- Are you acting like the company and the boss you want to be? If not, why not?
  - What should you/company stop doing?
  - What should you/company do more of?

**Is all this worth it?**

# Marketing Management

- What is your “elevator pitch” to customers, employees, investors/bankers?
  - Do all your marketing materials reflect that?
- Who is your competitor and what makes you different?
  - How are you “inoculating” your prospects to not buy from them?
- Who do you most want to emulate (nationwide or locally)

# People Buy from People

Customers can view a tech's credentials via an e-mail, which includes a photo, license number and personal information.

**Your WINNING  
service team!**



**BRIAN NIERODE**

**Master Plumber #187242**



**PLUMBING • HEATING • COOLING  
DRAIN CLEANING • ELECTRICAL**  
*Repair Services for the Homeowner*

You won't find a more knowledgeable or professional team anywhere else. Our licensed technicians are carefully background-checked and drug-tested. We guarantee they will treat you, your family and your home with the highest level of respect. And, it is our commitment to every customer we serve that we'll do the job right the first time.

## **ABOUT BRIAN...**

- Master Plumber #187242
- Years of Experience: 15+
- Married since 2007
- Father of one little girl
- Likes going to sporting events with his family -especially hockey
- Enjoys skiing, snowshoeing and hiking
- Is proud of becoming a Master Plumber at age 23, and of being a great dad
- Dreams of seeing his daughter graduate from college

*"What I like most about being a Master Plumber is being a hero for my customers. And, the new challenges I face everyday."*



# Marketing Management

- What's working and what's not?
  - Are you tracking effectiveness of every marketing activity
- Are you leveraging all your manufacturer/distributor/utility/govt resources?
- Are you seeking appropriate third-party endorsements/certifications?
- How do your employees respond to frequently-asked questions?
  - What incentives are available

**Don't build your business to rely on federal/state/utility incentives.**



# 3. Leverage Your Credentials



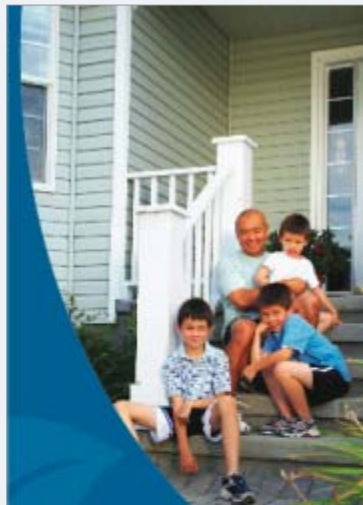
Your house is trying to tell you something.

**But don't fear.** Now you can get up to **\$4,000** in **REBATES** and **INCENTIVES** for Energy Upgrades.


Learn more:  
[EnergyUpgradeCA.org](http://EnergyUpgradeCA.org)  
Bay Area Call Center (855) 464-8484



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CALIFORNIA  
IN ALAMEDA COUNTY



**Get Comfortable with Energy Savings**  
Rebates up to **\$4,000!**



energy upgrade  
CALIFORNIA  
IN THE BAY AREA

Upgrade your home. Conserve. Save money.



**BPI Accredited Contractors** get it done right—the first time.

We deal with home performance issues like:

- Comfort Problems
- Mold and Mildew
- Poor Indoor Air Quality
- High Energy Bills

We're in your neighborhood. Ask us what we can do for you.

CONTRACTOR DEFURMATION



Raising the bar in home performance contracting.

# Success is About Total Bases

- Number of At Bats
  - If you get in front of more Prospects – revenue will increase
- Batting Average
  - If you raise your close ratio or winning percentage – revenue will increase
- Slugging Percentage
  - If you increase the average value of your contracts – revenue will increase

Marketing

Selling

Business  
Model/Plan



# Sales Management

- **What is typical customer?**
  - Typical sale?
- **What is best type of customer?**
  - Best type of sale?
- **How many “sales” last year?**
- **What do you want to sell more of?**
- **What don't you want to sell?**
- **Does your sales presentation match what you said above?**

# Customer Case Studies



## Root Home in Rockville, Maryland

Mrs. Root grew up in this 1800 square foot Cape Cod style home built in 1912 and purchased it from her widowed mother in 2003. Today, she is retired from the Federal government and lives here with her daughter. There have been no major home improvements to the home in over 25 years. A recreation room was added onto the back of the home in 1990. The side house was further expanded in 1968 with the addition of a dining room and a laundry room.



- Cape Cod style 2-story with crawlspace
- Built in 1912
- 1800 square feet
- Occupied by 2 adults
- \$170 a month on average, combined energy utility bills (total annual cost \$2,064 in electricity and about \$1,300 in gas)

### Their Home Energy Makeover

#### Comprehensive Energy Analysis

The owner of The Home Energy Detective conducted a comprehensive home energy analysis using diagnostic equipment. The analysis looked at how the different components of the home energy system worked together compared to national "whole house" energy efficiency and safety standards. They found the home to be a "total loss" with about 43 air changes per day, more than 3 times what should be expected, through the outside walls, attic and crawlspace areas. They determined what improvements would have the greatest impact for energy savings, health and safety, and comfort.

After Energy, another local home energy audit firm, did similar analysis on other finished homes in the area. Comprehensive national standards are set by the Building Performance Institute.

#### Heating and Air Conditioning System

F.H. Fort provided a system tune-up for the gas furnace and electric air conditioner. The home has an additional gas heater in a room addition, and two portable air conditioners in both upstairs bedrooms due to comfort issues.

#### Sealing and Insulation

In the attic, ACEI Insulation used spray-on urethane product to air seal all leaks where conditioned air could exit the home, and then re-insulated the attic for an overall insulation value of R-49. Also, they insulated the attic hatch to prevent heat from entering or escaping through the closet area.

In the vented crawlspace, ACEI Insulated the inside of the foundation walls, sealed the crawlspace and added a ground cover to reduce moisture entering the home and reduce energy losses through the floor. ACEI Insulation also insulated all exterior pipes to prevent insects as well as unwanted air from entering the home.

In addition, Atlantic Duct Cleaning applied Aerasol duct sealant to the interior of all the existing ductwork in order to be sure the conditioned air was delivered efficiently through each vent.



## Colbert Home in Fort Washington, Maryland

The Colbert's have lived for 28 years in their 2500 square foot home built in 1973. They now have two children attending nearby colleges. Their uncomfortable family room and bedrooms, and high energy bills, led them to add an attic fan to rid replace their heater's whistles and stop a couple of years ago. But their utility bills didn't get lower - in part because of their 13-year old air conditioner and poor insulation.



- 2-story with partially finished basement
- Built in 1973
- 2500 square feet
- Occupied by 2 adults and 2 adult children attending college nearby
- \$245 a month on average, combined energy utility bills (total annual cost \$1,960 in electricity and about \$1,000 in gas)

### Their Home Energy Makeover

#### Comprehensive Energy Analysis

Just before the home energy audit, the owner had a comprehensive home energy analysis using diagnostic equipment. The analysis looked at how the different components of the home energy system worked together compared to national "whole house" energy efficiency and safety standards. Scott found that air leakage through the home's outside walls, attic and crawlspace was over two times greater than should be expected. Scott determined what improvements would have the greatest impact for energy savings, health and safety, and comfort. Comprehensive national standards are set by the Building Performance Institute.

#### Heating and Air Conditioning System

F.H. Fort replaced the home's 18-year-old 80% efficient gas furnace and 13-year-old 8 SEER air conditioner with a Lennox 95% efficient insulating furnace and Lennox H21 SEER air conditioner. They also installed a hospital grade air filtration system to help with the air.

Colbert's ductwork problems, which cause her to take medication weekly.

#### Sealing and Insulation

In the attic, Southland Insulators removed the existing insulation, and used Johns-Manville products to spray a layer of foam insulation over the entire attic floor to seal all leaks where conditioned air could exit the home, and then re-insulated the attic for an overall insulation value of R-49. Also, they insulated the attic hatch to prevent heat from entering or escaping through the closet area.

Southland also insulated the inside of the foundation in the basement, and added additional insulation to an outside wall of the family room. Southland Insulators also sealed all exterior pipes to prevent insects as well as unwanted air from entering the home.

In addition, Atlantic Duct Cleaning applied Aerasol duct sealant to the interior of all the existing ductwork in order to be sure the conditioned air was delivered efficiently through each vent.

#### Water Heater

Bankless Concepts replaced the existing 40-gallon natural gas storage water heater with a Rheem 3000W condensing tankless water heater with a 95% thermal efficiency.



## Lockett Home in Ashburn, Virginia

The Locketts and their two pre-school aged children have lived for 10 years in this 1700 square foot home built in 1984. They realized that the home was too hot in summer and too cold in winter, especially in the child's room upstairs. They knew their energy bills were too high to be this uncomfortable in a newer home.



- 2-story with crawlspace
- Built in 1984
- 1700 square feet
- Occupied by 2 adults and 2 children
- \$275 a month on average, combined energy utility bills (total annual cost \$3,300 in electricity and about \$1,200 in gas)

### Their Home Energy Makeover

#### Comprehensive Energy Analysis

Robert Brown of VaHome conducted a comprehensive home energy analysis using diagnostic equipment. The analysis looked at how the different components of the home energy system worked together compared to national "whole house" energy efficiency and safety standards. Robert found that air leakage through the home's outside walls, attic and crawlspace was two and a half times greater than should be expected. Robert determined what improvements would have the greatest impact for energy savings, health and safety, and comfort. Comprehensive national standards are set by the Building Performance Institute.

#### Heating and Air Conditioning System

F.H. Fort replaced the 16-year-old 80% efficient gas furnace and 10 SEER air conditioner with a 95% efficient furnace and a Lennox Performance Comfort System which controls water energy and electricity to reduce peak demand on home electric usage. They also installed a hospital grade air filtration system to help improve indoor air quality, and they added a zoning system so that the Locketts could separately control the temperature of the upstairs and downstairs with a single heating and cooling system. At the author's suggestion, the homeowners trimmed the bushes around outside air unit so it would work properly.

#### Sealing and Insulation

In the attic, Melborne air-sealed all recessed lights, fans and vents that are accessible from the attic. They moved insulation around to seal the cracks where conditioned air could exit the home easily. Then they added about 1000 square feet of R-19 insulation to the attic for an overall insulation value of R-39. Also, they added an insulated attic hatch to prevent heat from entering or escaping the closet area.

On the home's outside and lower floors, Melborne air-sealed all exterior pipes with foam to prevent bugs and pests as well as unwanted air from entering the home. In the crawlspace, Melborne insulated the side walls, sealed the crawlspace and installed a ground cover to keep out moisture and mold. They also air-sealed all visible ducts to make them air tight.

#### Water Heater

The existing water heater was just 4 years old so no change was made.

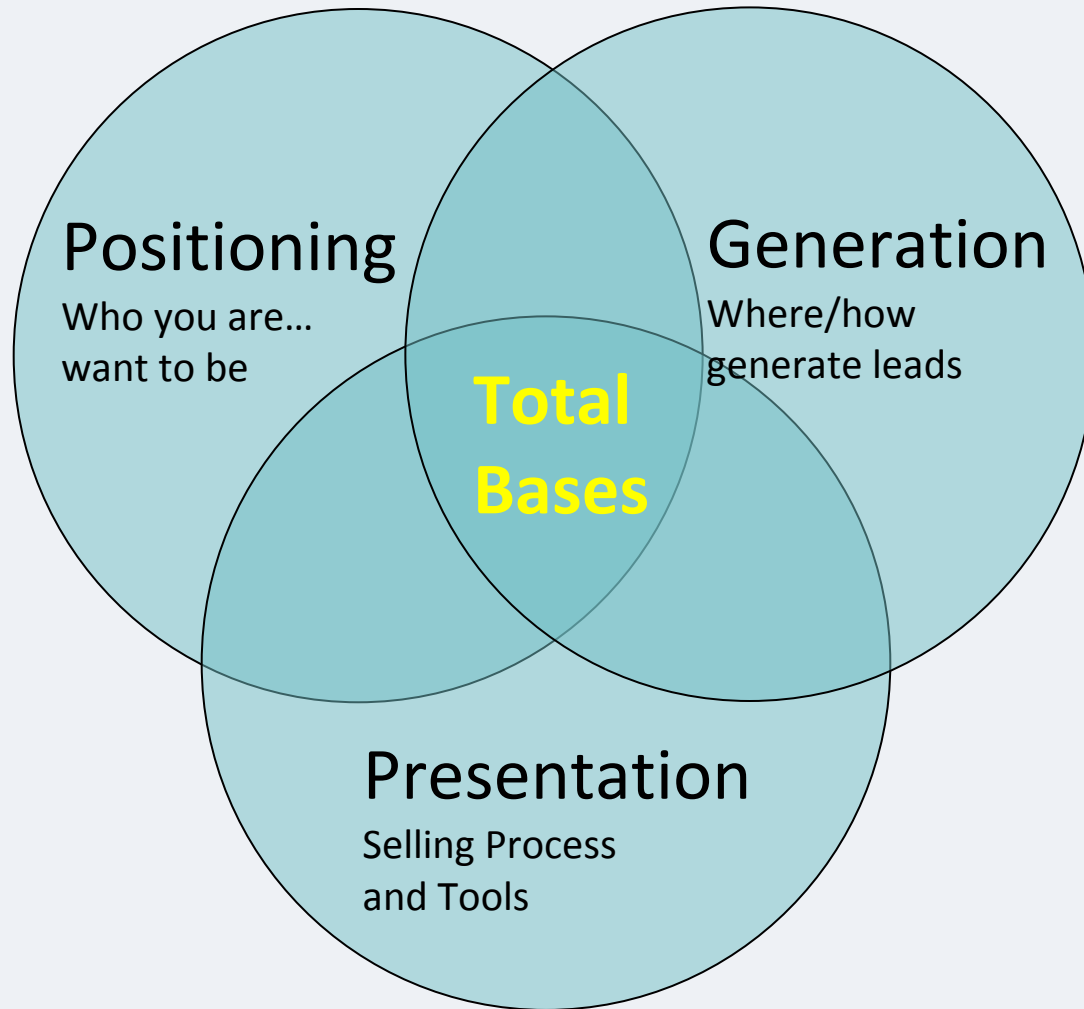
See examples at [www.wjla.com/homeenergy](http://www.wjla.com/homeenergy)  
See template at [www.encyfirst.org](http://www.encyfirst.org)



# Sales Management

- Lead management?
- Lead conversion?
- Lead pipeline?
- Best referral source?
  - Are you doing everything to leverage past customer testimonials?

# Alignment: Message and Method



# Preferred Payment Options

1. **Cash** - Better return-on-investment than any other investment. But don't let it be limiting factor – take cash as a “down payment.”
2. **Home Refinance or Equity Line-of-Credit** - Lowest interest rate and longest payment term (longer than life of improvement itself)
3. **Subsidized Loan** - Interest rate buy downs and same-as-cash promotions and from government, utility, manufacturers... or the contractor
4. **Market Loan – Credit Card** type (revolving) with variable payment/rate to **Car Loan** type (installment) with fixed payment/rate (better payback than other purchases)

*Doing Nothing is the most common choice for homeowners when facing an energy-saving investment*

# Nationwide Access to Financing

## Allows EGIA member contractors to:

- Make comprehensive upgrades affordable for customers
- Close more sales at kitchen table
- Differentiate themselves from competition
- Improve cash flow
- Finance start-up expenses and business growth



<b>GEO Smart Long Term Residential Financing</b>	<b>GEO Smart Short Term Residential Financing</b>	<b>Commercial Leasing</b>
<ul style="list-style-type: none"><li>• Fixed Interest Rates From 11.99% to 0%</li><li>• Unsecured Loans To \$25,000</li><li>• Low Monthly Payments</li><li>• Instant In-Home Approvals</li><li>• Direct Deposit Funding</li><li>• Branded GEO Smart Support Materials</li></ul>	<ul style="list-style-type: none"><li>• 90 Or 180 Days Same As Cash / No Payment Options</li><li>• Unsecured Loans To \$25,000</li><li>• Instant In-Home Approvals</li><li>• Direct Deposit Funding to Contractor</li></ul>	<ul style="list-style-type: none"><li>• Loans To \$5 Million</li><li>• Terms From 1 To 5 Years</li><li>• 1 Page Application Up To \$100,000</li><li>• Direct Deposit Funding To Contractor</li></ul>



# Service/Operations Management

- Are you meeting customers' expectations?
  - What do your surveys or customers and employees and partners say?
  - What does third-party quality assurance providers say?
- Job cost/labor/profit performance actual vs. estimate? Need to update cost estimating?

# Service/Operations Management

- **How much do you pay for stuff?**
  - What are your 5 greatest fixed costs and can you control them?
  - What are your 5 greatest variable costs and can you control them?
  - What is top 5 things you could do to reduce overhead?
  - Who are your top 5 suppliers/subcontractors? Should you renegotiate rates or shop around?

**What do you do in-house that you might be better to out-source?**

# Learn More at Leadership Academy

Workshops produced online or in-person by EGIA are designed to help contracting company owners and key management staff grow their business. Industry topics include:

- Internet Marketing for Contractors
- Home Show and Community Event Marketing for Home Improvement Contractors
- The Internet – In Your Own Hands
- Developing Listening Skills To Increase Sales
- Getting Quality Leads from Your Website

**Free Archive Access at [www.egia.org/acioffer](http://www.egia.org/acioffer)**



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