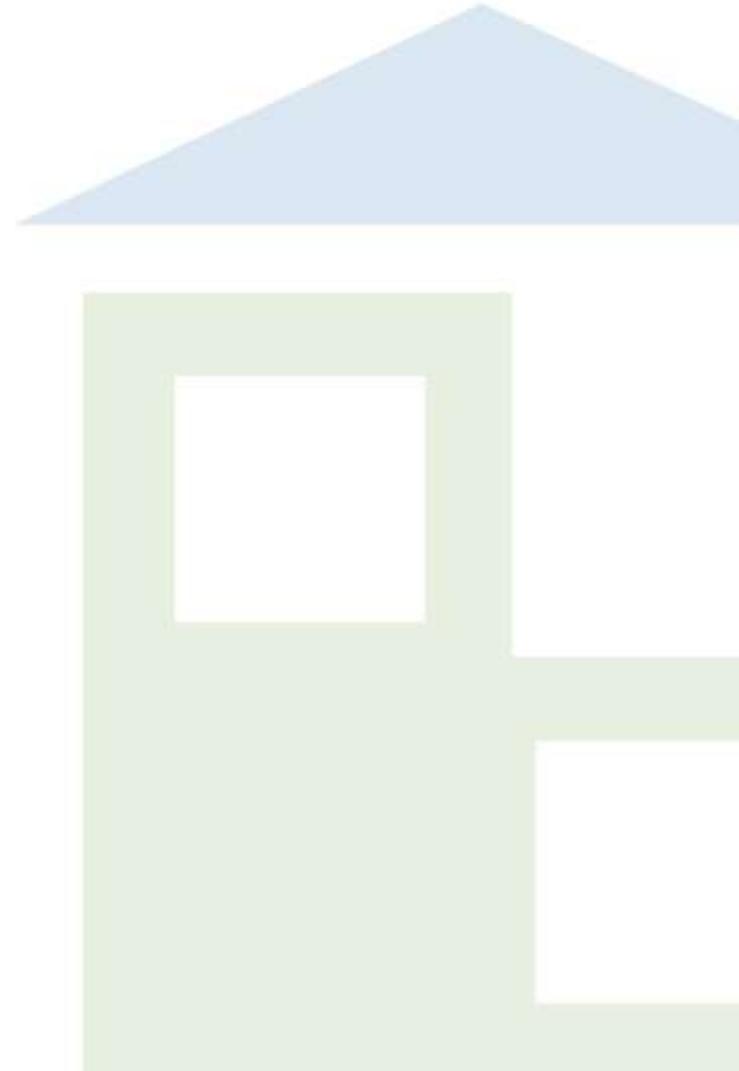


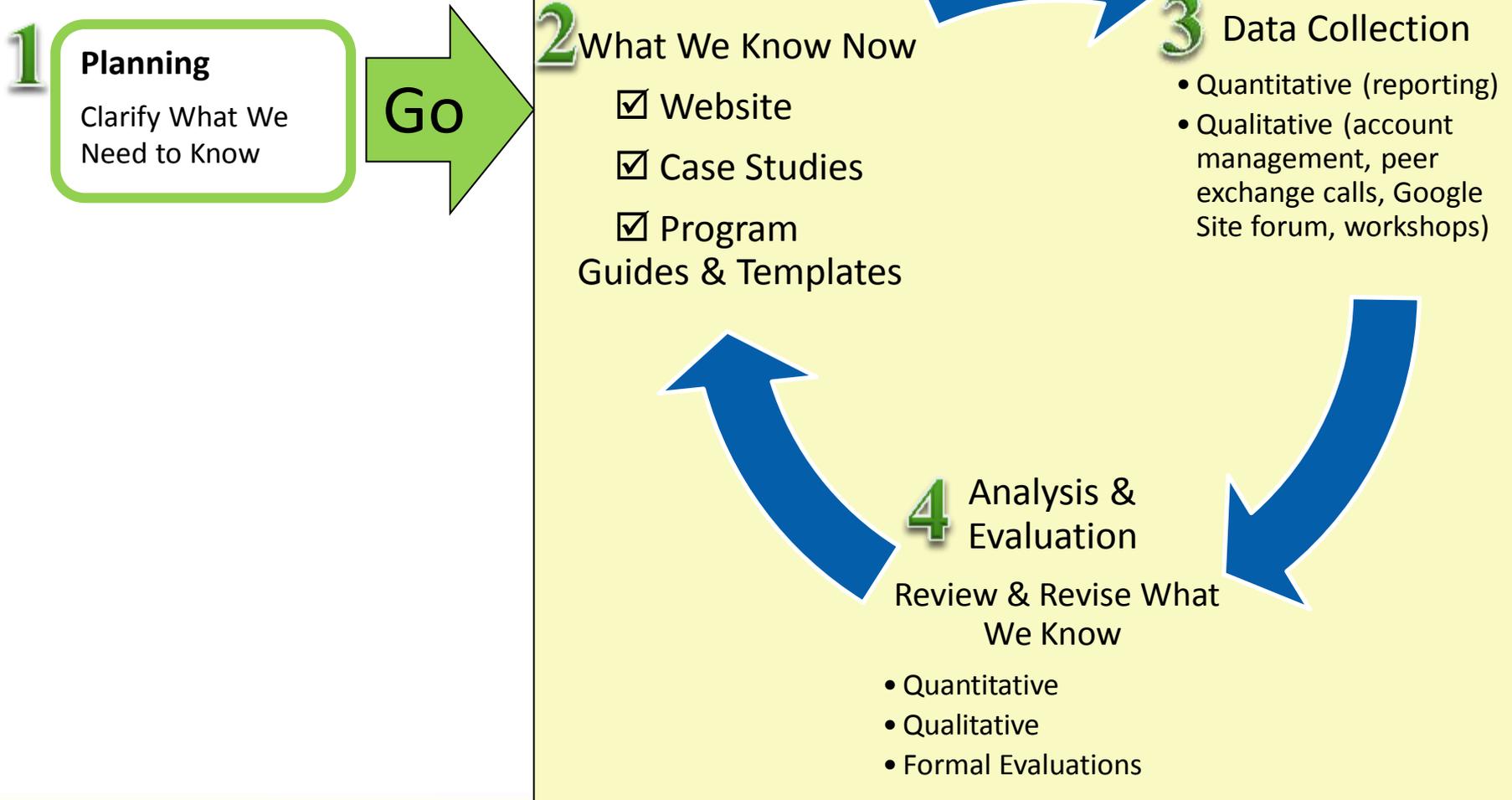


Better Buildings Neighborhood Program Lessons Learned (so far)

Danielle Sass Byrnett
U.S. Department of Energy
July 11, 2012
version 2



Learning Process Cycle



Lessons Learned Purpose and Scope

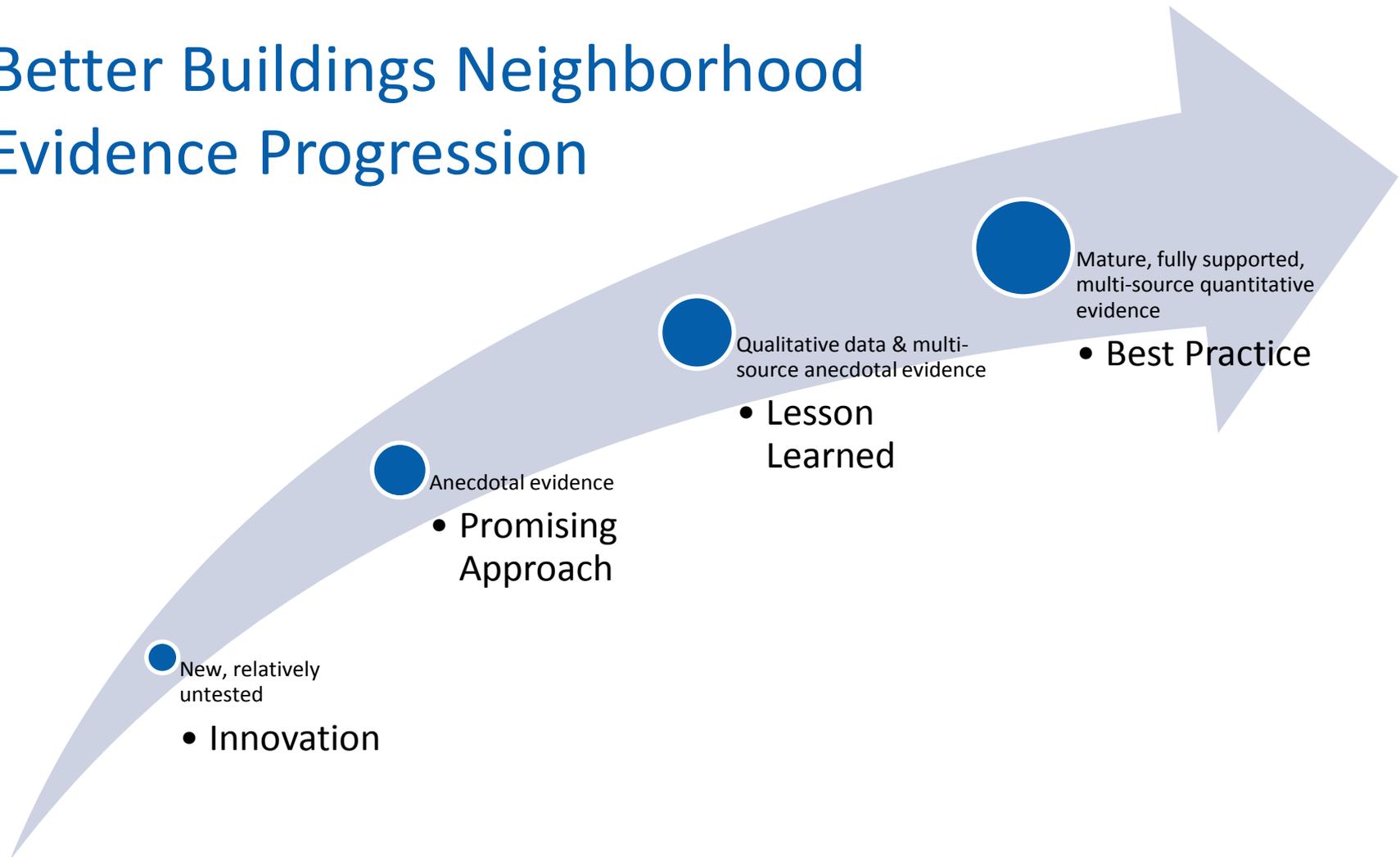
- Capture key lessons for residential energy efficiency programs based on learning from rapid expansion and experimentation in the field
- Generate presentations, web content, and related resources that communicate lessons for new and existing programs
- Supply key content for future Decision Tool



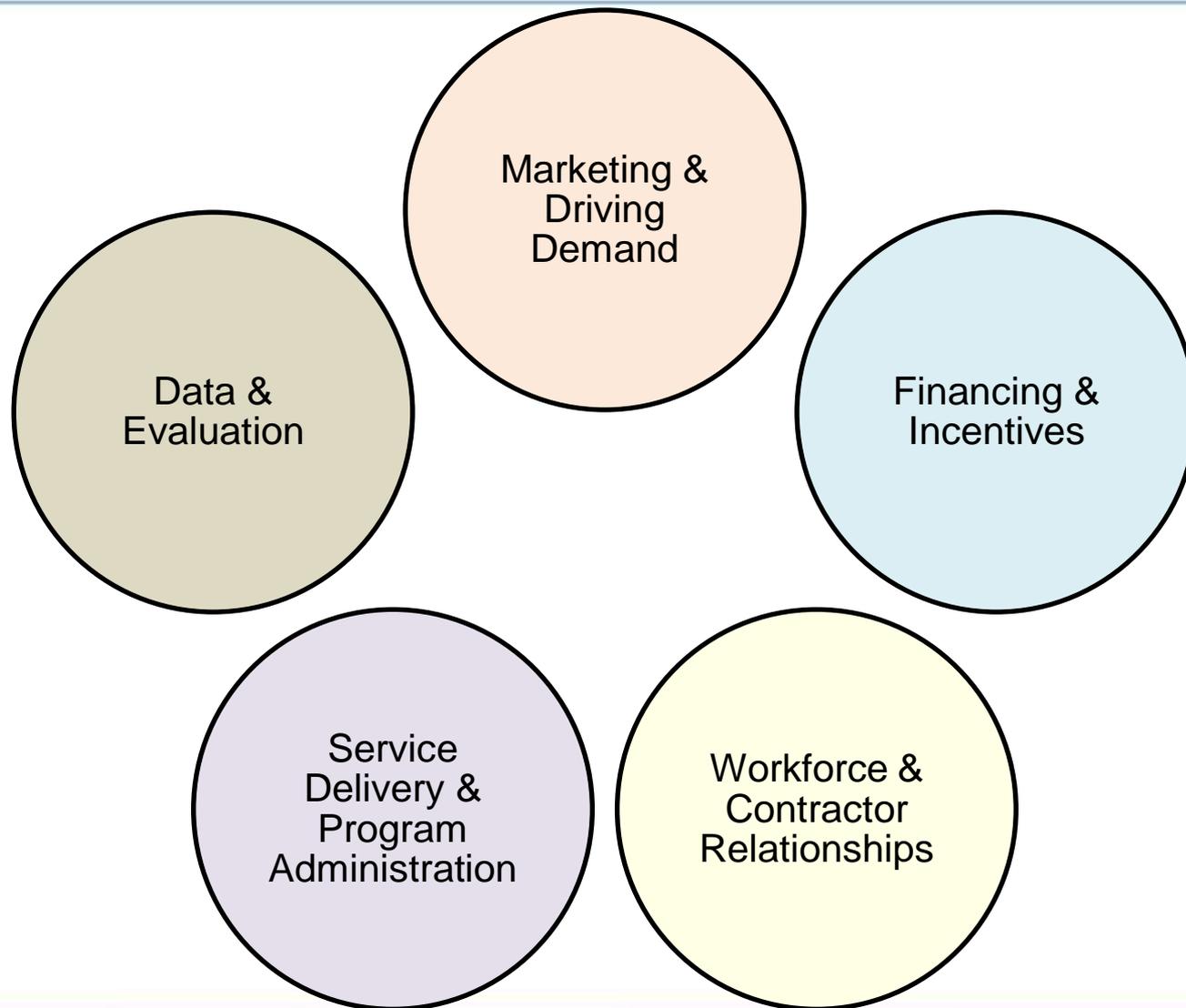
The screenshot shows the homepage of the Better Buildings Neighborhood Program website. At the top, it features the U.S. Department of Energy logo and navigation links for 'Home', 'About', 'Better Buildings Partners', 'Innovations', 'Join a Program', 'Tools & Resources', and 'News'. Below the header is a search bar and a main content area with a 'Quick Links' sidebar on the left, a central text block describing the program's impact, a 'Better Buildings in Your Neighborhood' map of the United States, and a 'New Materials and Resources' section on the right. The bottom of the page includes a footer with the text 'What's new with the Better Buildings Neighborhood Program?'.

What Do We Call “Lessons Learned”?

Better Buildings Neighborhood Evidence Progression



Lessons Learned Topic Areas

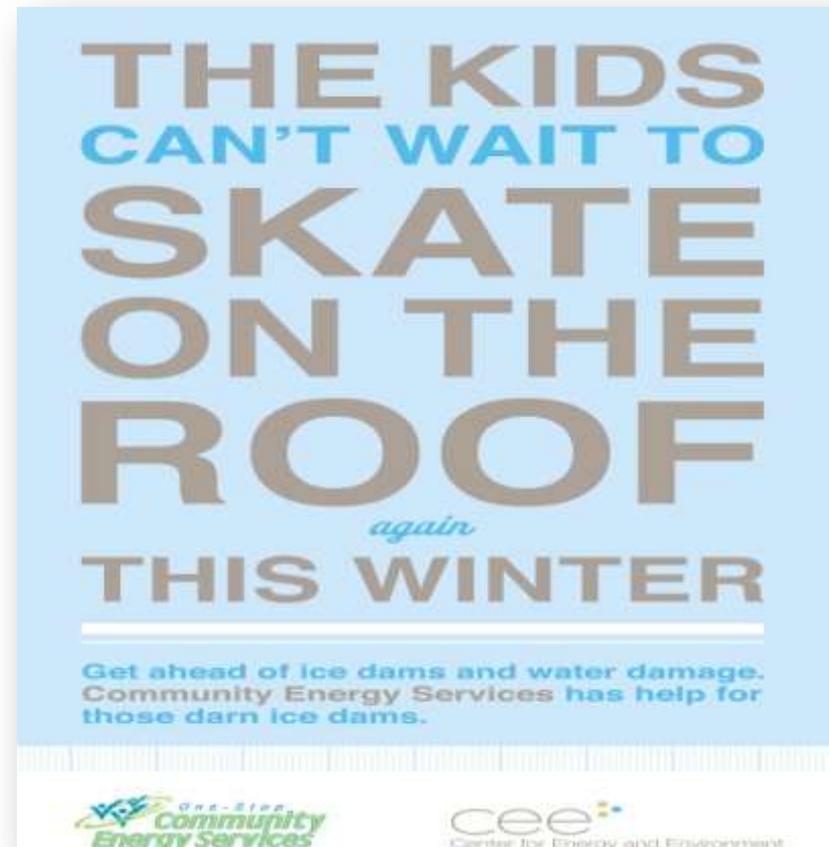


Lessons: Marketing and Driving Demand

1. Identify discrete target audiences; adapt your tactics & messages to their needs
2. **Offer what people want and value (not necessarily EE)**
3. Make it easy for homeowners to understand how to participate
4. **Contractors are your sales team—empower them & give them something to sell**
5. Leverage “early adopters” and engage trusted messengers to market the program
6. Work with your customers’ existing trusted partners for more effective marketing
7. Word of mouth is powerful, so give people something to talk about
8. **Use competitions, time limited offers, and other deadlines to motivate action**
9. Use language that resonates with your target audience
10. Make benefits visible by showcasing completed projects and actual results
11. Follow through with customers—one touch is not enough
12. Door-to-door marketing works better to advertise events than to “make a sale”
13. Follow up quickly on leads to take advantage of the “opportunity window”
14. Track and evaluate what works (and doesn’t), and adapt your marketing approach

2) Offer what people want and value (*not necessarily energy efficiency*)—and offer it when they want it

- Take advantage of seasonal opportunities to give homeowners what they need, when they need it



- Your program is delivering energy efficiency, but your customers are buying comfort, durability, value, cost savings, health, community pride, a sense of belonging, or a solution to a problem

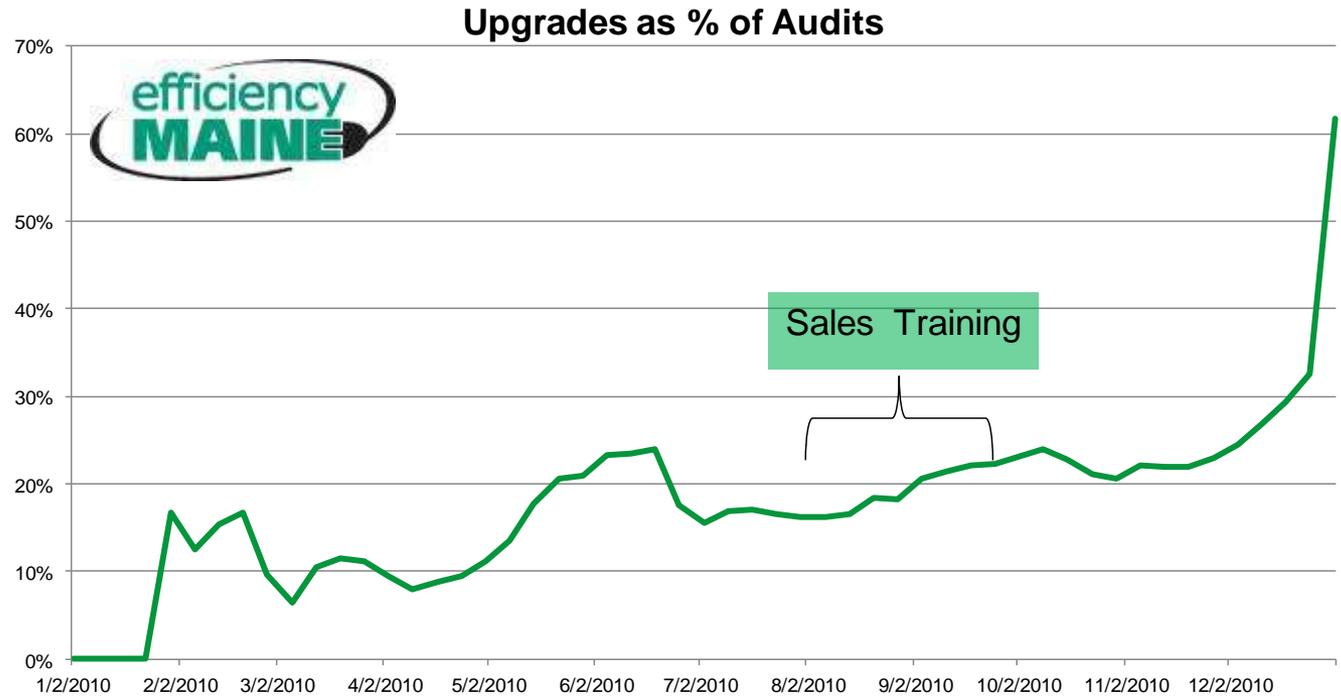
4) Contractors are your front-line sales force

...empower them with sales training



...and make sure the product is something they want to sell

- Get contractor input on program offerings
- Ensure that the program adds value to contractors and their customers
- Understand your contractors' business model



8) Use competitions, time limited offers, and other deadlines to motivate action

- Create time-focused reasons to motivate action

Our BEST OFFER Ever
Save Energy. Save Money.



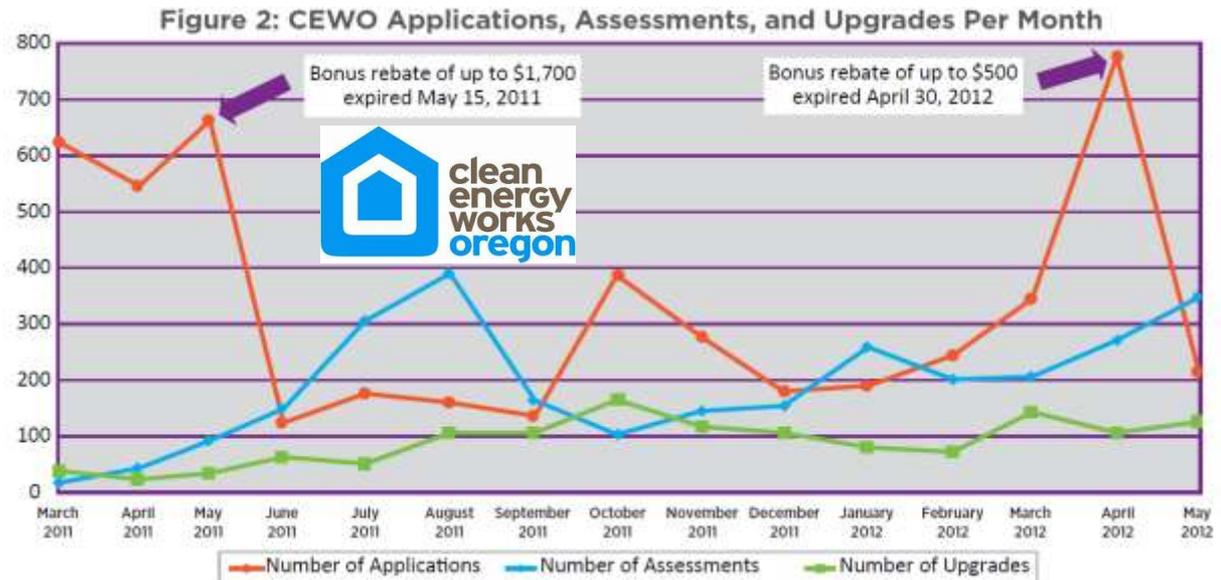
Save up to **40%** of total cost.

- ✓ Austin Energy rebates up to \$1,800
- ✓ Austin Energy 0% loan up to \$11,000
- ✓ Texas Gas Service rebates up to \$500
- ✓ Federal tax credits up to \$1,500
(Must claim your tax credit to receive)

Complete all recommended energy efficiency improvements through the Home Performance with ENERGY STAR program and receive a rebate AND a 0% loan for the first time ever. Get started now. Call 974-7827 or visit austinenenergy.com for a list of participating companies.

 
austinenenergy.com

Offer Ends December 31, 2010



- Everybody loves a sale
- Time-limited incentives get people to 'act now' (possibly with lower rebate amounts)

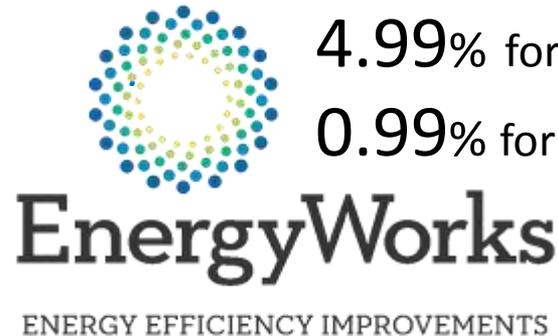
Lessons: Financing and Incentives

1. Focus financing offers on specific gaps and opportunities in the market
2. **Target financial incentives at desired behaviors and program priorities**
3. Simplify the process and criteria to help customers qualify for loans quickly
4. Work directly with potential partners; make a clear & specific business case
5. Leverage financial sector marketing channels and opportunities
6. Involve contractors in design to make them champions of financing options
7. **Speak like your customer—low payments, low interest rates, more lattes**
8. Adapt and refine based on feedback from financial partners and others
9. Relationships among partners are vital to success; interact regularly
10. Design your financing program now in light of long-term goals
11. Provide financing and working capital for contractors, not just customers

2) Target financial incentives at desired behaviors and program priorities



- Use tiered rebates or low interest rate offers to encourage deeper upgrades
- Use incentives to overcome data-collection gaps



4.99% for basic upgrades

0.99% for comprehensive upgrades

2 ways to save!

INSTANT REBATES

Our 3 rebate tiers are based on how much more efficient your home will be when it's complete.

NO MONEY DOWN FINANCING

Our lender partners offer low APR loan options for every region.

Click a region in the chart below to find out exactly how much our program can save you.

7) Speak like your customer—low payments, low interest rates, or more lattes?

- Many programs have had success with interest rates in the 3–6% range
 - <3% is expensive and hard to sell on secondary markets
 - Customers haven't shown much preference between 3% and 6%

0% = 1.99% = ?



How you sell it matters

- Low monthly payments may be more important than specific loan terms and interest rates
- Translate for customers: number of lattes or movies per month

Lessons: Workforce & Contractor Relationships



1. Tap existing resources to identify qualified contractors and recruit & train
2. Help your contractors drive sales; they are the obvious ambassadors
3. Start with enough trained contractors to launch, then decide on training
4. **Help smaller, local contractors enter the market by lowering the cost of entry**
5. Support in-field learning and mentoring for newly trained (/ all) workers
6. Don't be afraid to differentiate contractors based on certification or skills
7. Create value for contractors through leads & coordination so they give you value
8. If you establish a high road agreement, help contractors comply w/requirements
9. **Listen to your contractors to evaluate and adapt your program**
10. Ensure program integrity through QA and ongoing feedback from homeowners
11. **Have clear rules and systems for rewarding contractors and remedying problems**
12. Help contractors educate customers on effectively using equipment post-upgrade

4) For local economic development, help smaller, local contractors enter the home performance market



Lower barrier to entry by:

- “Loaning” qualified workers to smaller contractors
- Mentoring new contractors
- Providing equipment loan or low-cost purchase programs



Share information by:

- Maintaining a database of local minority or women-owned businesses
- Hosting contractor networking events



Redevelopment Authority
of the County of Fayette, PA

9) Listen to your contractors (and customers) to evaluate and adapt your program



- Communicate regularly with contractors to monitor implementation and get suggestions
- Ask contractors for feedback during program setup before rolling out new offers, approaches, etc.



- Host regular open meetings or contractor breakfasts
- Hire or assign a full-time contractor liaison within the program
- Support contractors as they get organized

11) Have clear rules and systems for rewarding effective contractors and remedying problems



Charlottesville hosted a BBQ to recognize and thank contractors

- Make requirements crystal clear to set contractor expectations from the early stages of a program (e.g., contractor participation agreements & codes of conduct)



- Have a consistent system for rewarding high quality contractors and addressing low performers

NeighborWorks HEAT Squad BPI Contractor Results as of April 15, 2012

	Completed Home Energy Checkups	Dropped Out of Program	Completed Home Energy Upgrades	In Upgrade Process	Completed and In Upgrade Process Conversion	Average Cost of Energy Upgrade	Ave. % Heating Energy Savings	Winter 2011/2012 Competition
Red Barn Design and Build LLC	122	30	50	14	52%	\$8,000	36%	23
Weatherization Works	166	34	64	13	46%	\$5,077	31%	35*
Vermont Foam Insulation	9	0	4	0	44%	\$8,850	35%	3
Harrington Custom Building	77	15	24	10	44%	\$8,137	40%	12
Shaping Energies	66	17	16	12	42%	\$7,148	35%	15
Thermal House	12	7	5	0	42%	\$5,487	24%	3
Vermont Energy Works, Inc.	165	69	37	17	33%	\$5,774	33%	17



Rutland, VT monthly contractor reports: incentives provided for top performers

Lessons: Data and Evaluation

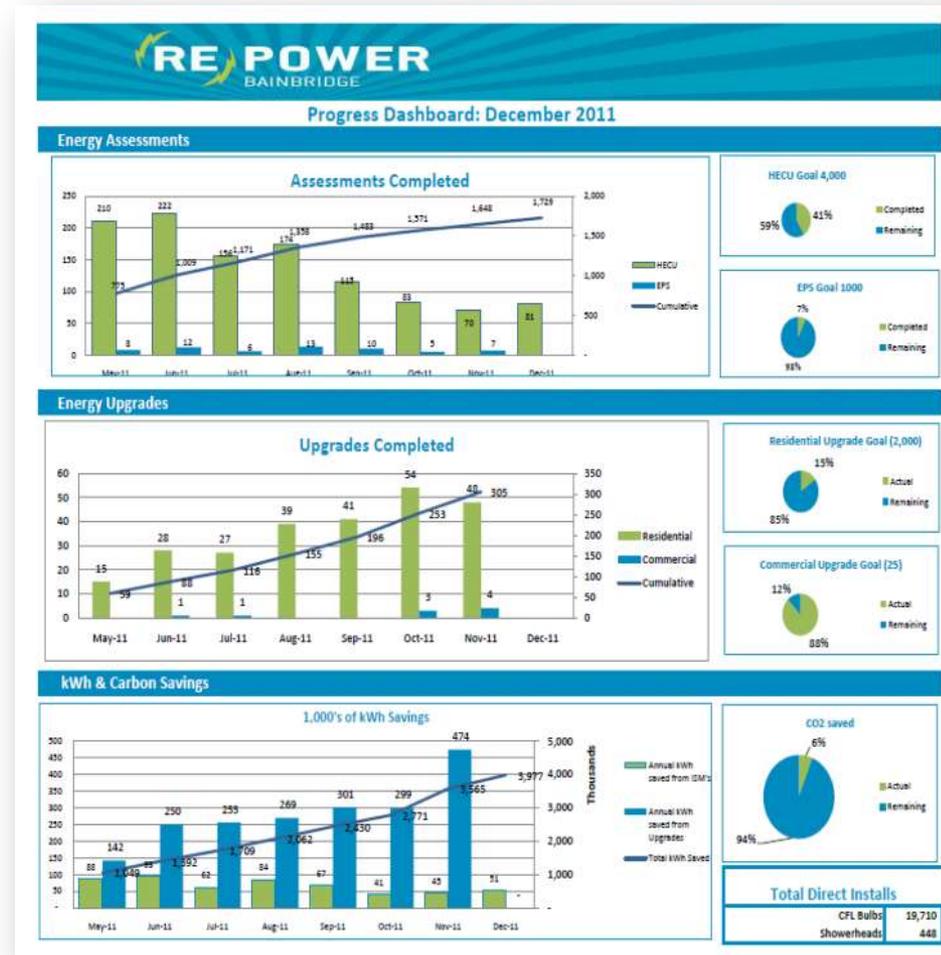
1. Identify info needs early and establish a data collection & evaluation plan
2. Approach utilities and other potential data partners early in the program
3. Choose a system to collect & sort information across partners and activities
4. Use systems to streamline the program process for homeowners & contractors
5. **Develop a program “dashboard” of your most important metrics & track them**
6. Recognize that data has considerable value—and requires resources
7. Provide adequate time and resources to ensure quality data
8. **Ask & listen to customers and contractors to evaluate your program**
9. Set realistic expectations about program milestones
10. Ensure data collection supports your ability to perform cost-effectiveness tests

5) Numbers don't lie: develop a program "dashboard" of your most important metrics

...and review it regularly to identify bottlenecks in the program process

Must track:

- How many customers are at each stage
- How much time each customer is at each stage
- Who is responsible for next steps



8) Listen to customers and contractors to evaluate your program on an ongoing basis

EnergySmart Residential Survey

Your Service

1. What appeals to you the most about this service in terms of helping your home?
Please select the TWO (2) responses that MOST appeal to you.

- increased comfort
- reducing the impact I have on the environment
- lower energy bills
- quick installation of energy-saving items
- assistance from a knowledgeable energy advisor to help me make decisions
- financial incentives and rebates available to me
- Other (please specify)



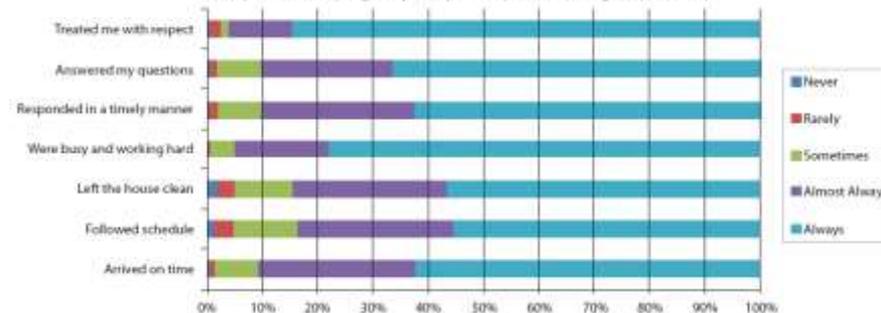
- Survey homeowners (and non-participants too!) to gauge program satisfaction and improve service delivery

- Reach out to homeowners & contractors at several “touch points” in the sales, assessment, and upgrade process
- But, be careful not to impose too much burden



Figure 1: Customer Feedback on their Experience with Contractors

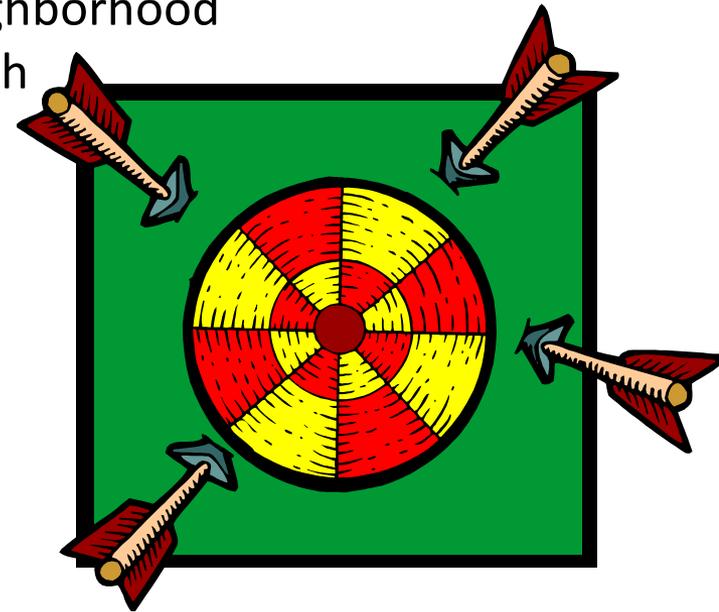
(Responses from program participants April 2011 through March 2012)



1. **Set geographic boundaries large enough for your customer & contractor base**
2. Be flexible and embrace change—an entrepreneurial spirit is a job requirement
3. Engage all stakeholders and develop true partnerships
4. Keep the program simple for the customer
5. **Develop process flowcharts that show the necessary steps for each partner:**
 - **Customer**
 - **Contractor**
 - **Financial partner**
 - **In-house program staff**
 - **Call center / support center**
6. Success requires investment up front, and it's worth it

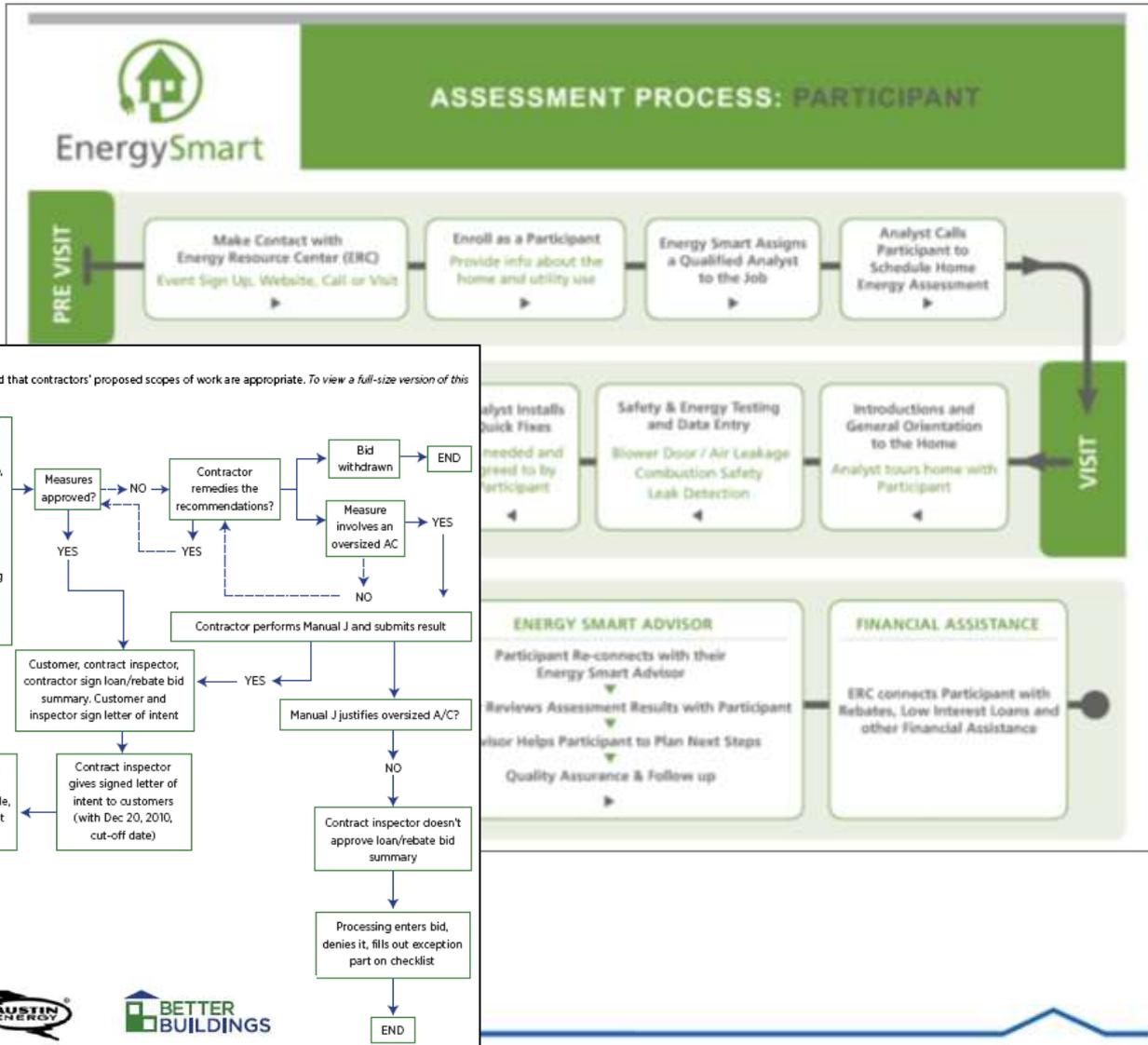
1) Set geographic boundaries large enough for your customer & contractor base

- **For customer acquisition**, a neighborhood is generally too small
 - Programs that were focused on a discrete neighborhood have needed to expand citywide to find enough interested participants
 - Focusing on a geographic area with few early adopters as the target market segment will complicate efforts to generate interest
- **For contractor acquisition**, a city is often too small
 - Larger contractors are not able or interested to engage with varying qualifications and incentives
 - To bring scale to the market, they need uniformity across a state or region



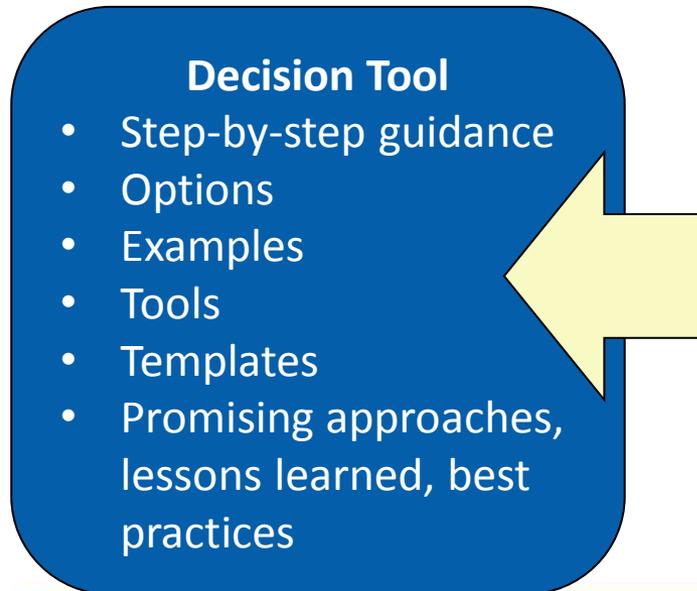
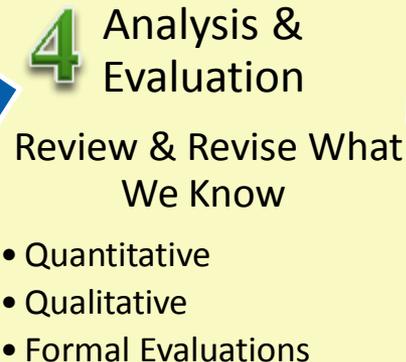
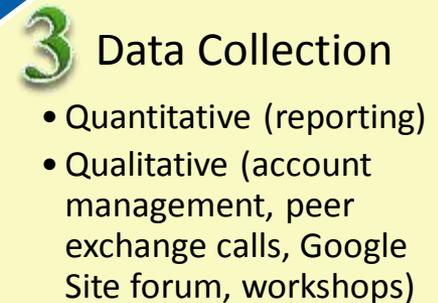
5) Develop process flow charts that show steps for each partner type to move through the program

- Programs that keep the customer's perspective and the contractor's perspective central at all times, find the most success



DECISION TOOL

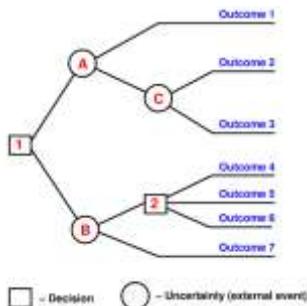
Learning Process Cycle



Step-by-step Guidance

- Step #1: [Set Goals and Objectives](#)
- Step #2: [Create an Evaluation Plan](#)
- Step #3: [Conduct Audience Research](#)
- Step #4: [Identify Target Audience and Behavior Change](#)
- Step #5: [Create Effective Messages](#)
- Step #6: [Build Partnerships](#)
- Step #7: [Develop a Marketing Plan](#)
- Step #8: [Implement Your Marketing Plan](#)
- Step #9: [Assess Your Progress](#)

Options



Examples



Promising Approaches, Lessons, and Best Practices

Use professional, compelling messaging

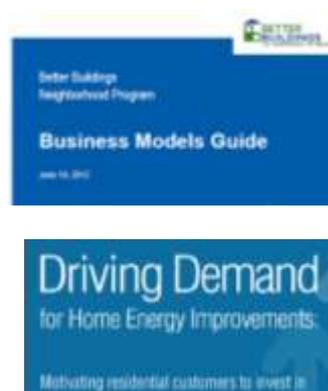
- Using behavioral research
- Avoiding “audit” and “retrofit”
- Tapping into social norms
- Attention-grabbing messages

California - Statewide Campaign



Decision Tool Resources

Tools and Guides



Case Studies



6 new releases

Templates



Decision Tool Purpose and Scope

- Provide an easily-accessed repository for key lessons, resources, and knowledge
- Help program administrators plan, implement, manage, and evaluate residential energy efficiency programs as effectively as possible

- Intended audiences:
 - 1^o Program Administrators and Implementers
 - utilities, state energy offices, municipal governments, NGOs
 - 2^o Program and Service-Delivery Partners
 - contractors, financial institutions, marketing firms
 - 3^o Program Evaluators



- Multiple pathways to information:
 1. Searchable resources/content
 2. Comprehensive step-by-step guidance
 3. Combined: decision points with tagged examples
- Information tagged for local market variables:
 - Contractor availability (e.g., nascent vs. mature network of HP contractors)
 - Target market segment (e.g., moderate income, single-family, multi-family)
 - Source of funding & budget (e.g., grant vs. ratepayers vs. market-rate)
 - Policy environment (e.g., EE favorable utility policies, building energy disclosure)
 - Price of energy (e.g., high oil prices in NE vs. low electricity rates in SE)
 - Organization type (e.g., utility vs. NGO vs. state/local government)
 - “Start-ups” vs. mature program
 - Pilot vs. full scale



Accessing: Filter Results

Example: Market Variables “Quiz”

What are your target markets?
 Single family Multi-family Low income Commercial

How mature is your market?
 No/few HP contractors Some HP contractors Robust HP market

What are your primary sources of revenue?
 Grants Utility rate payers Market rates

What type of organization administers the program?
 Government Utility NGO Other

How mature is your program?
 New/start up 1-2 years 3-4 years 5+ years

Example Results:

- ≈ 60% Type A (Blue)
- ≈ 30% Type B (Green)
- ≈ 0% Type C (Yellow)
- ≈ 10% Type D (Purple)

“We anticipate you will find blue examples most relevant and green examples also of interest. Yellow examples are not likely to reflect experiences in your local market.”

Anchored by Lessons Learned

3) Engage trusted messengers



2) Language matters



1) Identify the target audience



Promising Approaches



Promising approaches have been identified based on research and past experience

1 **Segment Audiences:** Focus resources on key stakeholders and tailor tactics to meet their needs



2 **Using the "Right" Words:** Use plain language and create messages that resonate with the audience such as cost savings, comfort, health, and convenience.



3 **Trusted Messenger:** Leverage opinion leaders or trusted members of the community to promote key message s



4 **Word of Mouth:** Give people something to talk about, point to, and share with their friends and networks.



5 **Peer-to-Peer Comparisons and Incentive Structures:** Use group social behavior to incentivize users to commit and follow through with actions



6 **Make it easy.** The fewer steps, the more likely someone will follow through.



NEXT STEPS

Path Forward for Lessons Learned Presentations and Decision Tool

July-August 2012:

- Feedback on Lessons and Decision Tool from Key Partners & Intended Users

August-September 2012

- Develop Lessons Learned Presentations

May – Dec. 2013:

- Decision Tool Release

July – Dec. 2012:

- Assess Decision Tool User Needs and Design Options

Dec. 2012 – May 2013:

- Decision Tool Development

SESSION 6

Session 6 Discussion Questions

- Have we identified the right lessons?
- What is missing?
- What can we do collectively to develop and share experience/lessons in key areas?
- What Decision Tool functions would be most useful?
- What information is still needed to get from “innovation to market transformation”?