

# Sample Business Plan Framework 1: A program seeking to continue operations in the post-grant period as a not-for-profit (NGO) entity

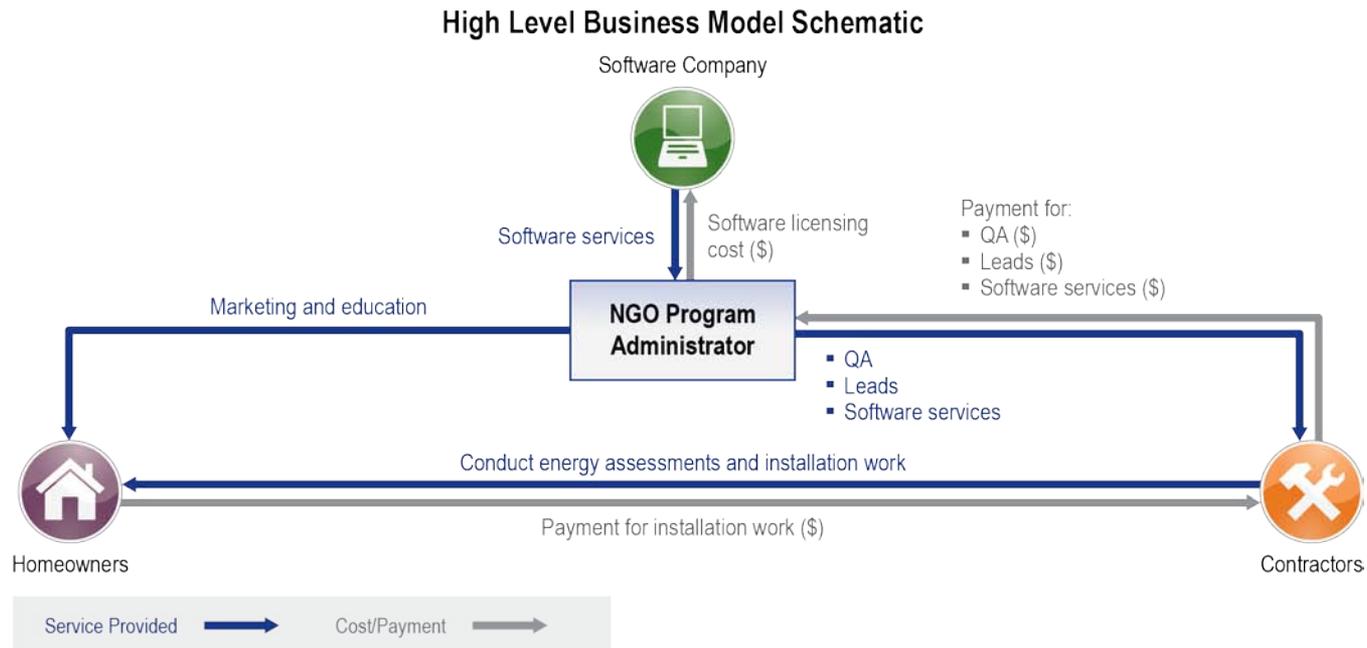
**Mission:** Create a sustainable, local home energy efficiency market in the greater city “X” region  
**Vision:** Recognized as key to building and connecting demand and market capacity, enabling the market to grow to its full long-term potential  
**Goal:** Operate in post-grant period by generating sufficient revenues to cover costs

| <b>Governance</b>                                                                                                                                                                                                                                                                                                                                                                            | <b>Financial Structure</b>                                                                                                                                                                                                                                                                                                                                                                                     | <b>Assets &amp; Infrastructure</b>                                                                                                                                                                                                                                                                                         | <b>Service Offering</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Customer</b>                                                                                                                                                                                                                                                                                       | <b>Partners</b>                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>Define internal responsibilities:</b></p> <ul style="list-style-type: none"> <li>A not-for-profit with a technical advisory board</li> </ul> <p><b>Define external restrictions (e.g., regulations, laws, etc.):</b></p> <ul style="list-style-type: none"> <li>Original grant funding requires the reporting and tracking of program progress.</li> <li>Revenues generated using grant funds must be used for same purpose as original grant rules mandated</li> </ul> | <p><b>Identify sources/uses of funds:</b></p> <ul style="list-style-type: none"> <li>Grant funding is used initially</li> <li>Post-grant period, additional revenues are generated by selling services created during the grant period to contractors</li> <li>Each service sold incurs both revenues and costs to the program</li> </ul> <p><b>Track financial performance:</b></p> <ul style="list-style-type: none"> <li>Profit is tracked through the use of an income statement</li> </ul> | <p><b>Identify assets (e.g., software, brand, etc.):</b></p> <p><u>Software:</u></p> <ul style="list-style-type: none"> <li>Customer relations management</li> <li>Home performance reporting</li> </ul> <p><u>Brand:</u></p> <ul style="list-style-type: none"> <li>Invested in the development of a strong brand image that can be recognized by consumers to assist in education and outreach</li> </ul> | <p><b>List services offered:</b></p> <p><u>For Homeowners:</u></p> <ul style="list-style-type: none"> <li>Energy efficiency education</li> </ul> <p><u>For Contractors:</u></p> <ul style="list-style-type: none"> <li>Lead generation</li> <li>Quality assurance (QA)</li> <li>Software services</li> </ul> <p><b>Articulate value of service offering:</b></p> <ul style="list-style-type: none"> <li>Makes finding qualified contractors easier for homeowners and ensures work quality</li> <li>Contractors reduce their marketing and QA costs</li> </ul> <p><b>Describe distribution channel(s):</b></p> <ul style="list-style-type: none"> <li>Program does QA and marketing directly</li> <li>Contractors conduct energy assessment and installation</li> </ul> | <p><b>Identify target customers:</b></p> <ul style="list-style-type: none"> <li>Homes &gt;1,500 sq.ft.</li> <li>Household income of &gt;\$80,000</li> </ul> <p><b>Describe outreach strategy:</b></p> <ul style="list-style-type: none"> <li>Host neighborhood events</li> <li>Train local “champions” to spread message</li> <li>Profile neighbors</li> <li>Use social media</li> </ul> | <p><b>Identify future partnering opportunities:</b></p> <ul style="list-style-type: none"> <li>HVAC contractors</li> <li>Remodelers</li> </ul> <p><b>Describe how program aligns with potential partner interests:</b></p> <ul style="list-style-type: none"> <li>Program provides marketing, software, QA and other ancillary services that are generally considered areas of difficulty for contractors; In return, the program receives contractor compensation of 4% of total job cost</li> </ul> |
| <b>Costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><b>List and describe costs:</b></p> <ul style="list-style-type: none"> <li>Cost of goods and services sold (e.g., marketing/lead generation, labor and materials for QA)</li> <li>Software licensing fees</li> <li>Overhead (e.g., rent, utilities, administrative costs, etc.)</li> </ul>                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>List and describe revenue:</b></p> <ul style="list-style-type: none"> <li>Federal grants (initial funding)</li> <li>Revenues from sales (long-term funding based on demand for services)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

# Sample 1 Schematic: A program seeking to continue operations in the post-grant period as a not-for-profit (NGO) entity

Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its model and schematic

**Mission:** Create a sustainable, local home energy efficiency market in the greater city "X" region  
**Vision:** Recognized as key to building and connecting demand and market capacity, enabling the market to grow to its full long-term potential  
**Goal:** Operate in post-grant period by generating sufficient revenues to cover costs



Once a high-level plan is in place, the organization can identify its data needs for each business model element, starting with finance

## Financial Structure: Detailed Steps

### How to build out a financial plan:

1. Design high level financial structure
2. Identify data needs
3. Track financial performance (conduct profit analysis)

1

## Design High Level Financial Structure



### Sources/Uses of Funds:

- Grant funding is used initially
- Funding is used to create services that can be sold to contractors in the future
- Each service sold generates both revenues and costs to the program

### Tracking Financial Performance:

- Profit is tracked through the use of an income statement

2

## Identify Data Needs

### Sources of Funds: Revenues

- Federal grants (initial funding)
- Revenues from sales (long term funding based on demand for services)

### Uses of Funds: Costs

- Cost of goods and services sold (e.g., labor and materials for QA, marketing materials)
- Software licensing fees
- Overhead (e.g., rent, utilities, administrative costs, etc.)

3

## Track Financial Performance: Profit Analysis

- Revenue and cost data for each individual service offering can be rolled up on a year to year basis; These data can be captured in the form of an income statement
- Use of an income statement allows a business to monitor its profits or losses over time
- It is critical to monitor the profitability of individual services to determine where a program is really adding value

**See sample income statement on following page**

# Once program financial data are gathered, they can be used to evaluate program performance over time

## Key Inputs

|                                    |            |
|------------------------------------|------------|
| Total Average Jobs per Year(2010)* | 500        |
| Average Job Size                   | \$ 5,000   |
| Average Cost to Program per Job    | \$ 1,250   |
| Gross Profit Margin                | 15%        |
| Total Program Cost per Year        | \$ 625,000 |

\*Grows at 2% per year

In this scenario, a pre-overhead margin of **15%** yields an overall profit for the program annually

A simple variation of this rate illustrates that the break-even point for this program is **11.1%** gross margin

This scenario assumes that all service lines are profitable (before accounting for overhead), though that may not always be the case

This net profit for the program can be reinvested into the business to expand its service offerings or be distributed to customers as direct incentives

## Sample Income Statement

| Revenues                                     | 2010                | 2011                | 2012 (Forecast)     | Total                 |
|----------------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Software Usage Fees                          | \$ 115,000          | \$ 117,300          | \$ 119,646          | \$ 351,946            |
| Quality Assurance Fees                       | \$ 265,938          | \$ 271,256          | \$ 276,681          | \$ 813,875            |
| Lead Sales                                   | \$ 265,938          | \$ 271,256          | \$ 276,681          | \$ 813,875            |
| <b>Total Revenues</b>                        | <b>\$ 646,875</b>   | <b>\$ 659,813</b>   | <b>\$ 673,009</b>   | <b>\$ 1,979,696</b>   |
| <b>Cost of Goods Sold (COGS)</b>             |                     |                     |                     |                       |
| Quality Assurance Labor                      | \$ (231,250)        | \$ (235,875)        | \$ (240,593)        | \$ (707,718)          |
| Software Licensing Fees                      | \$ (100,000)        | \$ (102,000)        | \$ (104,040)        | \$ (306,040)          |
| Education and Outreach Materials             | \$ (231,250)        | \$ (235,875)        | \$ (240,593)        | \$ (707,718)          |
| <b>Total COGS</b>                            | <b>\$ (562,500)</b> | <b>\$ (573,750)</b> | <b>\$ (585,225)</b> | <b>\$ (1,721,475)</b> |
| <b>Gross Margin (Tot Revenue - COGS)</b>     | <b>\$ 84,375</b>    | <b>\$ 86,063</b>    | <b>\$ 87,784</b>    | <b>\$ 258,221</b>     |
| <b>Overhead Costs</b>                        |                     |                     |                     |                       |
| Program Admin                                | \$ (43,750)         | \$ (44,625)         | \$ (45,518)         | \$ (133,893)          |
| Rent and Utilities                           | \$ (18,750)         | \$ (19,125)         | \$ (19,508)         | \$ (57,383)           |
| <b>Total Overhead Cost</b>                   | <b>\$ (62,500)</b>  | <b>\$ (63,750)</b>  | <b>\$ (65,025)</b>  | <b>\$ (191,275)</b>   |
| <b>Net Margin (Tot. Revenue - Tot. Cost)</b> | <b>\$ 21,875</b>    | <b>\$ 22,313</b>    | <b>\$ 22,759</b>    | <b>\$ 66,946</b>      |

# Sample Business Plan Framework 2: A program that builds private sector capacity, then phases out and stops operating

**Mission:** Create a sustainable, local home energy efficiency market in the greater city “X” region  
**Vision:** Train enough private sector stakeholders to take over and drive the local home performance market moving forward  
**Goal:** Build sufficient private sector capacity so the market will no longer require program services in the post-grant period

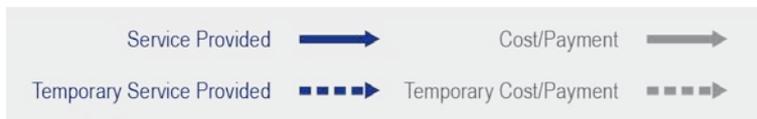
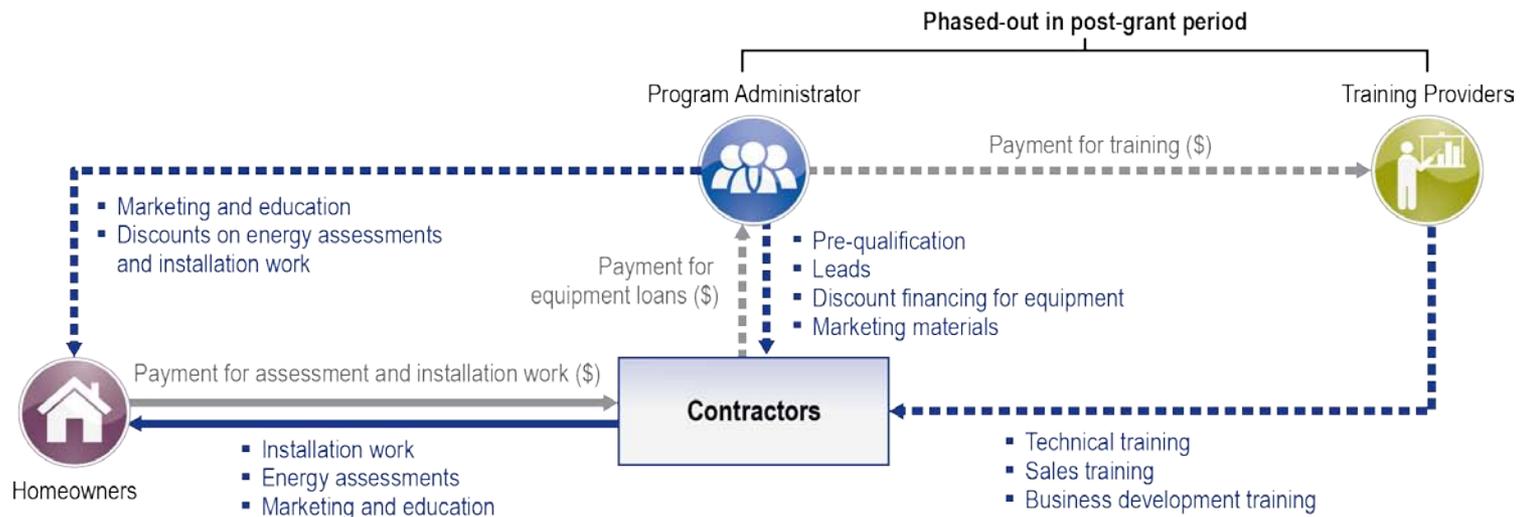
| <b>Governance</b>                                                                                                                                                                                                                                                                                                               | <b>Financial Structure</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Assets &amp; Infrastructure</b>                                                                                                                                                                                                                                                           | <b>Service Offering</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Customer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Partners</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p><b>Define internal responsibilities:</b></p> <ul style="list-style-type: none"> <li>Governmental organization with an implementation contractor supporting it during the grant period</li> </ul> <p><b>Define external restrictions (e.g., regulations, laws, etc.):</b></p> <ul style="list-style-type: none"> <li>Original grant funding requires the reporting and tracking of program progress</li> </ul> | <p><b>Identify sources/uses of funds:</b></p> <p><u>Sources:</u></p> <ul style="list-style-type: none"> <li>Grant funding is used initially</li> <li>Services provided are teaching and marketing materials</li> <li>Post-grant period, no additional confirmed funding</li> </ul> <p><u>Uses:</u></p> <ul style="list-style-type: none"> <li>Provide discounted services to homeowners</li> <li>Cover cost of training to contractors</li> </ul> <p><b>Track financial performance:</b></p> <ul style="list-style-type: none"> <li>Track loan issuance and repayment schedule</li> </ul> | <p><b>Identify assets (e.g., software, brand, etc.):</b></p> <p><u>Brand:</u></p> <ul style="list-style-type: none"> <li>Investment in brand image centered around: <ul style="list-style-type: none"> <li>Job creation (to recruit contractors)</li> <li>Energy efficiency expertise (to credibly convey benefits of energy efficiency to homeowners)</li> </ul> </li> </ul> | <p><b>List services offered:</b></p> <p><u>For Homeowners:</u></p> <ul style="list-style-type: none"> <li>Discounted energy audits</li> </ul> <p><u>For Contractors:</u></p> <ul style="list-style-type: none"> <li>Contractor pre-qualification</li> <li>Free tech, sales, and bus. development trainings</li> <li>Leads to new work</li> <li>Low-cost loans for equipment</li> </ul> <p><b>Articulate value of service offering:</b></p> <ul style="list-style-type: none"> <li>Provide homeowners with no-cost financing and subsidized services</li> <li>Provide contractors with free training, additional revenue, and low-cost equipment funding</li> </ul> | <p><b>Identify target customers:</b></p> <ul style="list-style-type: none"> <li>Homes &gt;1,500 sq. ft.</li> <li>Household income of &gt;\$80,000</li> <li>Homes developed late 1960s-1990s</li> <li>Primarily well-educated and female</li> </ul> <p><b>Describe outreach strategy:</b></p> <ul style="list-style-type: none"> <li>Neighborhood sweeps: demand creation among homeowners in particular neighborhoods</li> <li>Education sessions</li> <li>Mass marketing through print, radio, and social media</li> <li>Outreach to contractors through Efficiency First chapter</li> </ul> | <p><b>Identify current/future partnering opportunities:</b></p> <ul style="list-style-type: none"> <li>Partners during grant period include: <ul style="list-style-type: none"> <li>Remodelers, HVAC contractors</li> <li>Training agencies</li> </ul> </li> <li>Future potential partners include: Realtors</li> </ul> <p><b>Describe how program aligns with potential partner interests:</b></p> <ul style="list-style-type: none"> <li>Program trains enough contractors to sustain market post-grant period</li> <li>Contractors get free training and new business</li> <li>Training programs get steady source of funding</li> </ul> |
| <b>Costs</b>                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                               | <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>List and describe costs:</b></p> <ul style="list-style-type: none"> <li>Cost of goods and services sold: labor and materials for energy assessments, cost of training, financing costs</li> <li>Overhead (e.g., rent, utilities, administrative costs, etc.)</li> <li>Marketing and branding investment</li> </ul>                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                               | <p><b>List and describe revenue:</b></p> <ul style="list-style-type: none"> <li>Federal grants (initial funding)</li> <li>Loan repayment</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

# Sample 2 Schematic: A program that builds private sector capacity, then phases out and stops operating

Defining a program’s mission, vision, and goals is critical to determining what an organization’s basic characteristics are, and by extension, its schematic

**Mission:** Create a sustainable, local home energy efficiency market in the greater city “X” region  
**Vision:** Train enough private sector stakeholders to take over and drive the local home performance market moving forward  
**Goal:** Build sufficient private sector capacity so the market will no longer require program services in the post-grant period

## High Level Business Model Schematic



# In considering a transition model, building partner capacity is the critical business plan element to focus on

## Partnership Structure: Detailed Steps



### How to identify potential stakeholders for partnership:

1. Research local market to identify partnering opportunities
2. Compare your business plan with that of potential partners to identify areas of common interest and program value
3. Develop and implement a value proposition that helps partners achieve long-term program goals

**Goal:** Build sufficient private sector capacity so the market will no longer require program services in the post-grant period

### 1 Identify current/future partnering opportunities

- Research local market to identify potential opportunities for partnership
- Research should allow you to identify common areas of interest (e.g., adding new services, enhancing marketing capabilities, etc.)

### 2 Comparative partner analysis

- Compare the business plan of the grantee program to the business plan of potential partners **(see partnership evaluation framework doc.)**
- Look for areas where mission, vision, and goals align
- Identify areas that are critical to partner success

### 3 Develop program value proposition and partnerships

- Select partners most likely to be interested in working with the program and/or those critical to program success
- Design program service offerings around critical partner priorities and needs
- Reach out to potential partners to generate buy-in on program services
- Form partnerships around building private sector home performance capacity

**Program Goal:  
Privately Driven Market**

# Sample Business Plan Framework 3: A government entity running a Commercial PACE program in the post-grant period

**Mission:** Transform energy use through innovative, cost effective, and sustainable energy efficiency program delivery and financing  
**Vision:** Recognized as a primary source of low-cost financing for residential and commercial retrofits  
**Goal:** Operate in post-grant period by covering costs through loan origination fees and interest charges collected via the city and county tax assessment process

| <b>Governance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Financial Structure</b>                                                                                                                                                                                                                                                                                                                                                                                              | <b>Assets &amp; Infrastructure</b>                                                                                                        | <b>Service Offering</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Customer</b>                                                                                                                                                                                                                                                  | <b>Partners</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p><b>Define internal responsibilities:</b></p> <ul style="list-style-type: none"> <li>A government funded program</li> <li>NGO administrative body that conducts planning and screens building projects</li> <li>Board of directors staffed by program and city/county appointees</li> </ul> <p><b>Define external restrictions (e.g., regulations, laws, etc.):</b></p> <ul style="list-style-type: none"> <li>State and local laws allow for repayment of loans through property tax assessments</li> <li>Mortgage holders must be willing to cede another lien on their property to finance upgrades</li> </ul> | <p><b>Identify sources/uses of funds:</b></p> <ul style="list-style-type: none"> <li>Grant funding is used initially</li> <li>Post-grant period, additional revenues are generated through up-front financing charges and interest rate payments</li> <li>Costs are primarily administrative in nature</li> </ul> <p><b>Track financial performance:</b></p> <ul style="list-style-type: none"> <li>Incoming cash flows are tracked over time to help cover bond payments and issue new loans</li> </ul> | <p><b>Identify assets (e.g., software, brand, etc.):</b></p> <p><u>Cash on Hand:</u></p> <ul style="list-style-type: none"> <li>Funds allocated to seed bond fund represent a significant asset to this program</li> </ul> | <p><b>List services offered For Commercial Building Owners:</b></p> <ul style="list-style-type: none"> <li>Free energy assessments</li> <li>Low-cost financing</li> </ul> <p><b>Articulate value of service offering:</b></p> <ul style="list-style-type: none"> <li>Removes first cost barrier from building upgrades</li> </ul> <p><b>Describe distribution channel(s):</b></p> <ul style="list-style-type: none"> <li>Program issues financing and manages loan payment process</li> <li>Program does direct outreach to customers</li> <li>Utility provides rebates</li> <li>Contractor does energy assessment and installation</li> </ul> | <p><b>Identify target customers:</b></p> <ul style="list-style-type: none"> <li>Commercial buildings with high energy savings potential</li> </ul> <p><b>Describe outreach strategy:</b></p> <ul style="list-style-type: none"> <li>Work in conjunction with city and county governments to do direct outreach to large commercial users</li> </ul> | <p><b>Identify future partners or partnering opportunity:</b></p> <ul style="list-style-type: none"> <li>Financial partner administers bond funds</li> <li>Construction firms perform energy upgrades</li> <li>City and county governments collect payment for funding through property tax assessments</li> </ul> <p><b>Describe how program aligns with potential partner interests:</b></p> <ul style="list-style-type: none"> <li>Program expertise in customer education and marketing fills a niche that utilities (limited by cost-benefit regulations) have not developed internally</li> </ul> |
| <b>Costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                            | <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>List and describe costs:</b></p> <ul style="list-style-type: none"> <li>Cost of goods and services sold (e.g., bond issuance charges, loan admin. costs, marketing and education costs)</li> <li>Overhead (e.g., rent, utilities, program administrative costs, etc.)</li> </ul>                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                            | <p><b>List and describe revenue:</b></p> <ul style="list-style-type: none"> <li>Federal grants (initial funding)</li> <li>Bond issuance charges (one time)</li> <li>Interest fees (recurring)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

# Sample 3 Schematic: A government entity running a Commercial PACE program in the post-grant period

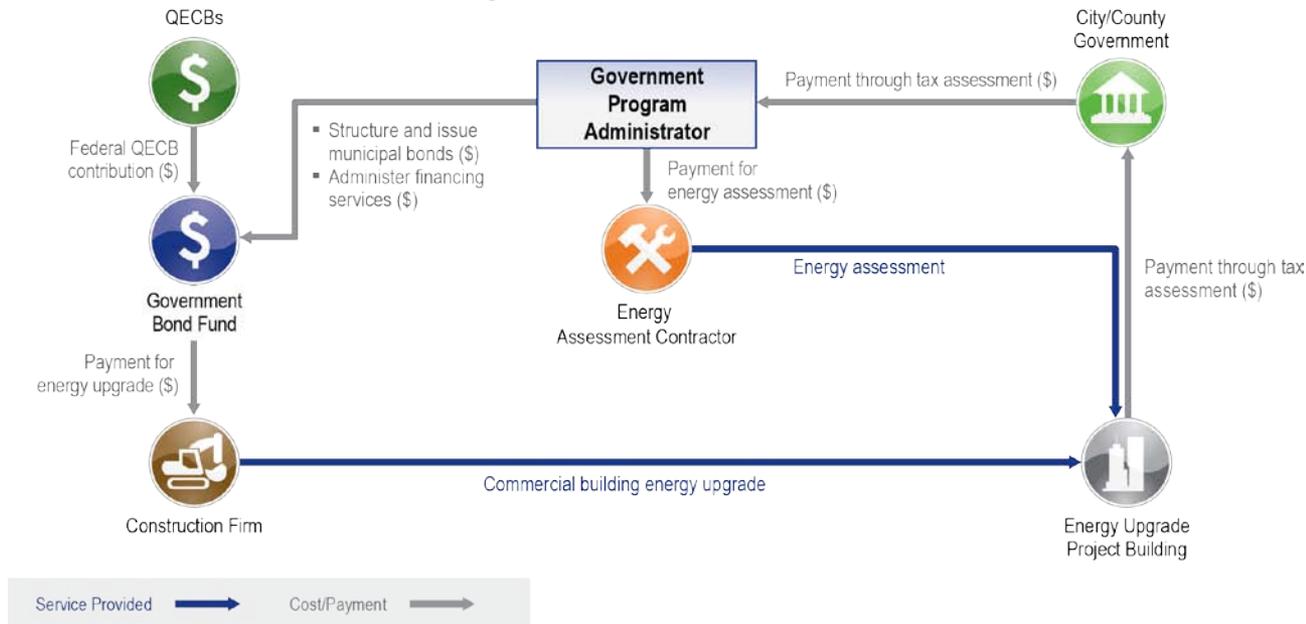
Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its schematic

**Mission:** Transform energy use through innovative, cost effective, and sustainable energy efficiency program delivery and financing

**Vision:** Recognized as a primary source of low-cost financing for residential and commercial retrofits

**Goal:** Operate in post-grant period by covering costs through loan origination fees and interest charges collected via the city and county tax assessment process

High Level Business Model Schematic



# The key element of this business model is the specialized governance model necessary to allow the financing to occur

## Governance: Detailed Steps



### How to coordinate service offerings with utility programs:

1. Define internal responsibilities
2. Define partner responsibilities
3. Define external restrictions

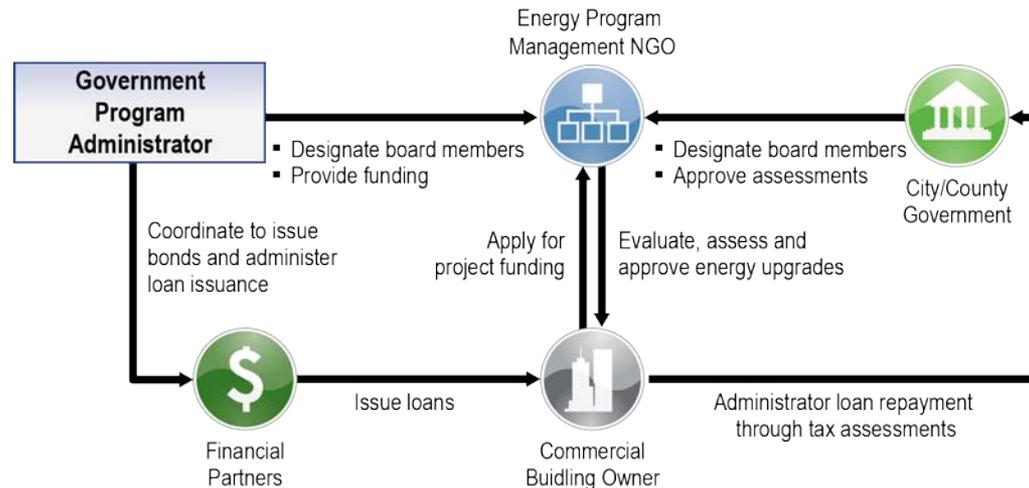
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### Program Administrator

#### Responsibilities:

1. Establish program management NGO
2. Provide board members to evaluate potential projects
3. Coordinate with financial partners to issue bonds and administer loan payments

## High Level Business Model Schematic



2

### External Partner

#### Responsibilities:

1. Establish program management NGO
2. Provide board members to evaluate potential projects
3. Administer loan repayment process through property tax assessment process

3

### External Restrictions:

1. A primary restriction is the willingness of the original mortgage holder to cede an additional lien on the commercial property to help finance the energy upgrades
2. The tax assessment repayment system must abide by all local and state tax laws; amendments may be required to ensure the option is fully legal

# Sample Business Plan Framework 4: A program seeking to continue in the post-grant period as a marketing contractor to a utility

**Mission:** Create a sustainable, local home energy efficiency market in the greater city “X” region  
**Vision:** Recognized as an essential utility partner in generating demand for home energy upgrades  
**Goal:** Operate in the post-grant period by using utility program funds to conduct customer marketing that drives demand for utility rebates

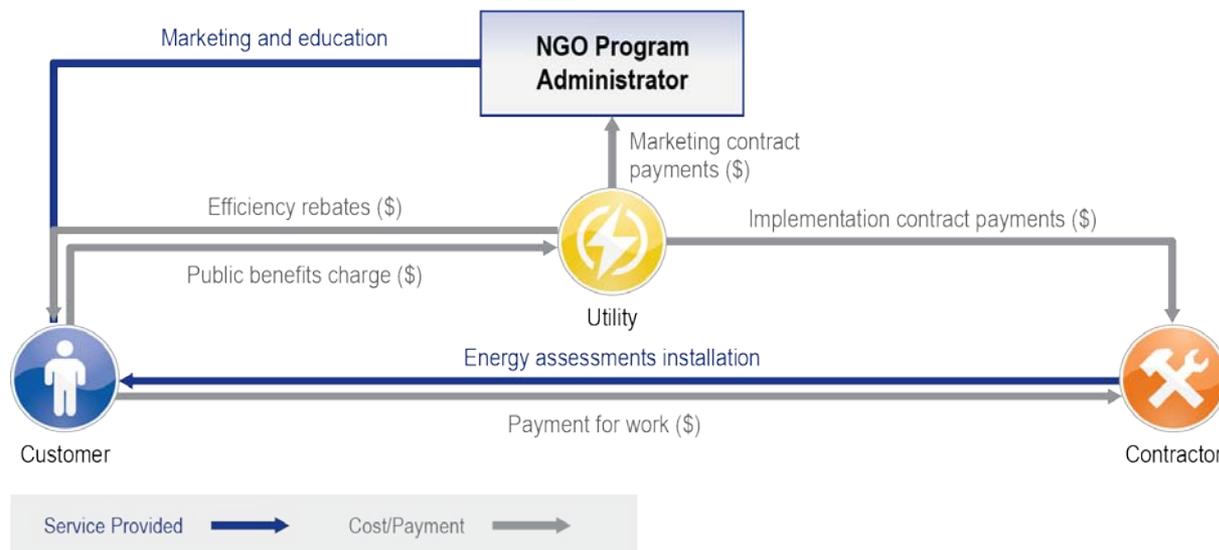
| <b>Governance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Financial Structure</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>Assets &amp; Infrastructure</b>                                                                                                                                                                                                                                                                                         | <b>Service Offering</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Customer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Partners</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <p><b>Define internal responsibilities:</b></p> <ul style="list-style-type: none"> <li>A not-for-profit with a technical advisory board</li> </ul> <p><b>Define external restrictions (e.g., regulations, laws, etc.):</b></p> <ul style="list-style-type: none"> <li>Original grant funding requires the reporting and tracking of program progress</li> <li>Revenues generated using grant funds must be used for same purpose as original grant rules mandated</li> <li>As utility contractor, must abide by public utility commission (PUC) regulations</li> </ul> | <p><b>Identify sources/uses of funds:</b></p> <ul style="list-style-type: none"> <li>Grant funding is used initially</li> <li>Post-grant period, additional revenues are generated by sale of customer marketing and education services to utility</li> <li>Each service sold incurs both revenues and costs to the program</li> </ul> <p><b>Track financial performance:</b></p> <ul style="list-style-type: none"> <li>Profit is tracked through the use of an income statement</li> </ul> | <p><b>Identify assets (e.g., software, brand, etc.):</b></p> <p><u>Software:</u></p> <ul style="list-style-type: none"> <li>Customer relations management</li> <li>Home performance reporting</li> </ul> <p><u>Brand:</u></p> <ul style="list-style-type: none"> <li>Invested in the development of a strong brand image that can be recognized by consumers to assist in education and outreach</li> </ul> | <p><b>List services offered:</b></p> <p><u>For Homeowners:</u></p> <ul style="list-style-type: none"> <li>Energy efficiency education</li> </ul> <p><u>For Utility/Contractor Partners:</u></p> <ul style="list-style-type: none"> <li>Lead generation</li> </ul> <p><b>Articulate value of service offering:</b></p> <ul style="list-style-type: none"> <li>Makes finding qualified contractors easier for homeowners</li> <li>Provide customer outreach expertise on behalf of utility program to help stimulate demand in local area</li> </ul> <p><b>Describe distribution channel(s):</b></p> <ul style="list-style-type: none"> <li>Program does direct outreach to customers</li> <li>Utility provides rebates</li> <li>Contractor does energy audit and installation</li> </ul> | <p><b>Identify target customers:</b></p> <ul style="list-style-type: none"> <li>Homes &gt;1,500 sq.ft.</li> <li>Household income of &gt;\$80,000</li> <li>Households that use an above-average amount of energy</li> </ul> <p><b>Describe outreach strategy:</b></p> <ul style="list-style-type: none"> <li>Utility can use customer energy usage data to better target ideal customers</li> <li>Program can use utility bills to help market utility efficiency programs</li> <li>Program can conduct separate education and outreach activities to steer customers to utility programs</li> </ul> | <p><b>Identify future partners or partnering opportunity:</b></p> <ul style="list-style-type: none"> <li>Expand beyond local utility region to support other utilities seeking marketing assistance</li> <li>Partner with implementation contractors to provide full suite of services to a utility, rather than just marketing</li> </ul> <p><b>Describe how program aligns with potential partner interests:</b></p> <ul style="list-style-type: none"> <li>Program expertise in customer education and marketing fills a niche that utilities (limited by cost-benefit regulations) have not developed internally</li> </ul> |
| <b>Costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>List and describe costs:</b></p> <ul style="list-style-type: none"> <li>Cost of goods and services sold (e.g., marketing/lead generation materials, education/outreach labor cost)</li> <li>Software licensing fees</li> <li>Overhead (e.g., rent, utilities, administrative costs, etc.)</li> <li>Investment in marketing materials/brand image (e.g., logo, etc.)</li> </ul>                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>List and describe revenue:</b></p> <ul style="list-style-type: none"> <li>Federal grants (initial funding)</li> <li>Revenues from utility support contract</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Sample 4 Schematic: A program seeking to continue operations in the post-grant period as a marketing contractor to a utility

Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its schematic

**Mission:** Create a sustainable, local home energy efficiency market in the greater city "X" region  
**Vision:** Recognized as an essential utility partner in generating demand for home energy upgrades  
**Goal:** Operate in the post-grant period by using utility program funds to conduct customer marketing that drives demand for utility rebates

### High Level Business Model Schematic



# The key element of this business model is the specialization in service offerings between the various partners

## Service Offering Analysis: Detailed Steps

### How to coordinate service offerings with utility programs:

1. Understand program and utility strengths and weaknesses
2. Identify opportunities for collaboration and threats to achieving goals
3. Design program around services utility requires

### 1 Conduct service offering Strengths and Weaknesses Analysis

#### Determine Program Strengths:

- Brand image as neutral third party that can validate utility programs
- Flexibility in how to design/execute marketing plans

#### Weaknesses:

- Require sustainable funding and access to market and energy data
- No installation or energy assessment capacity

#### Determine Utility Strengths:

- Dedicated funding source
- Access to customer energy usage data
- Have dedicated installation/audit contractors

#### Weaknesses:

- Restricted by regulatory requirements (e.g., benefit-cost tests)
- Customers generally perceive utility as profit-seeking at the expense of consumer interests

### 2 Conduct Opportunity and Threat Analysis

#### Opportunities:

- Program has experience and skill at structuring and implementing marketing plans
- Program has established brand image as neutral 3<sup>rd</sup> party (e.g., customer trust)
- Can utilize remaining grant funding to develop marketing materials that are limited under utility regulation restrictions

#### Threats:

- Utility does not realize need for improved marketing services
- Inability to utilize utility energy data for marketing purposes due to consumer privacy concerns

### 3 Design program around utility needs

#### Key Service Needs:

- Marketing and branding for program service offerings

# Sample Business Plan Framework 5: A program that establishes itself as a government entity, then operates using a fee-based structure

**Mission:** Create a sustainable, local home energy efficiency market in the greater city “X” region  
**Vision:** Recognized as key to building and connecting demand and market capacity, while operating as a reliable and reputable government entity  
**Goal:** Operate in post-grant period by generating enough fee-based revenues to cover costs

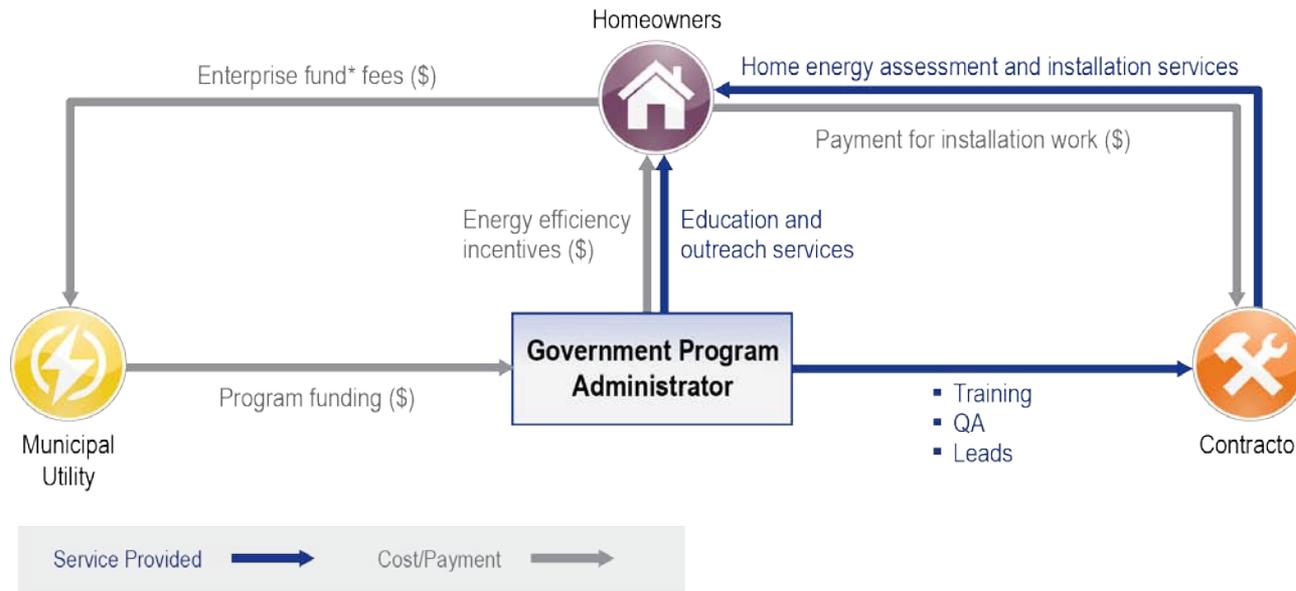
| <b>Governance</b><br>                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Financial Structure</b><br>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Assets &amp; Infrastructure</b><br>                                                                                                                                                                                                                                                      | <b>Service Offering</b><br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Customer</b><br>                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Partners</b><br>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Define internal responsibilities:</b></p> <ul style="list-style-type: none"> <li>Governmental organization supported by a fee-based revenue system</li> </ul> <p><b>Define external restrictions (e.g., regulations, laws, etc.)</b></p> <ul style="list-style-type: none"> <li>Regulations for enterprise fund activities vary by state</li> <li>As a Home Rule state, do not require express permission to operate an enterprise fund</li> <li>Local government must approve and amend the proposed fund and fee structure</li> </ul> | <p><b>Identify sources/uses of funds:</b></p> <p><u>Sources:</u></p> <ul style="list-style-type: none"> <li>Grant funding is used initially</li> <li>Post-grant period, the fund generates fee-based revenues with no additional grants</li> </ul> <p><u>Uses:</u></p> <ul style="list-style-type: none"> <li>Provide subsidized services for homeowners and contractors (no charge)</li> </ul> <p><b>Track financial performance:</b></p> <ul style="list-style-type: none"> <li>Track fee-based revenues and operating expenses for budgetary purposes</li> </ul> | <p><b>Identify assets (e.g., software, brand, etc.)</b></p> <p><u>Brand:</u></p> <ul style="list-style-type: none"> <li>Investment in brand image centered around: <ul style="list-style-type: none"> <li>Job creation (to recruit contractors)</li> <li>Energy efficiency expertise (to credibly convey benefits of energy efficiency to homeowners)</li> </ul> </li> </ul> | <p><b>List services offered:</b></p> <p><b>For Homeowners:</b></p> <ul style="list-style-type: none"> <li>Subsidized energy assessments and installation services</li> <li>Education and outreach services</li> </ul> <p><b>For Contractors:</b></p> <ul style="list-style-type: none"> <li>Tech, sales, and bus. development trainings</li> <li>Leads to new work</li> </ul> <p><b>Articulate value of service offering:</b></p> <ul style="list-style-type: none"> <li>Provide homeowners with subsidized services</li> <li>Provide contractors with training, new potential sources of revenue, and quality assurance (QA)</li> </ul> | <p><b>Identify target customers:</b></p> <ul style="list-style-type: none"> <li>Homes &gt;1,500 sq. ft.</li> <li>Household income of &gt;\$60,000</li> </ul> <p><b>Describe outreach strategy:</b></p> <ul style="list-style-type: none"> <li>Neighborhood sweeps: demand creation among homeowners in particular neighborhoods</li> <li>Education sessions</li> <li>Mass marketing through print, radio, and social media</li> <li>Outreach to contractors through Efficiency First chapter</li> </ul> | <p><b>Identify current/future partnering opportunities:</b></p> <p><i>Partners during grant period include:</i></p> <ul style="list-style-type: none"> <li>Remodelers and HVAC contractors</li> <li>Training agencies</li> </ul> <p><i>Future potential partners include:</i></p> <ul style="list-style-type: none"> <li>Realtors</li> </ul> <p><b>Describe how program aligns with potential partner interests:</b></p> <ul style="list-style-type: none"> <li>Program trains enough contractors to sustain market in post-grant period</li> <li>Contractors get free training and new business</li> <li>Training programs get steady source of funding</li> </ul> |
| <b>Costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                              | <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>List and describe costs:</b></p> <ul style="list-style-type: none"> <li>Cost of goods and services sold (e.g., marketing/lead generation; labor and materials for QA)</li> <li>Overhead (e.g., rent, utilities, administrative costs, etc.)</li> <li>Marketing and branding investment</li> </ul>                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                              | <p><b>List and describe revenue:</b></p> <ul style="list-style-type: none"> <li>Federal grants (initial funding)</li> <li>Enterprise fund fees (post-grant period)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# Sample 5 Schematic: A program that establishes itself as a government entity, then operates using a fee-based structure

Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its schematic

**Mission:** Create a sustainable, local home energy efficiency market in the greater city "X" region  
**Vision:** Recognized as key to building and connecting demand and market capacity, while operating as a reliable and reputable government entity  
**Goal:** Operate in post-grant period by generating enough fee-based revenues to cover costs

## High Level Business Model Schematic



\*An enterprise fund provides goods or services to the public for a fee that makes the entity self-supporting

# In considering a transition model, ensuring the entity's legality and legitimacy are the critical business plan elements to focus on

## Governance: Detailed Steps

### How to identify potential stakeholders for partnership:

1. Determine the legal eligibility of the program at the state level
2. Seek approval of the entity's legal formation at the local level
3. Design a self-sustaining and legally justifiable fee-based business model, and obtain final approval at the local level

**Goal:** Operate in post-grant period by generating enough fee-based revenues to cover costs

### 1 Determine eligibility at state level

- Research whether or not a similar program already exists
- Determine what types of fee activities are allowable
- Find out if the state is a Home Rule state or a Dillon's Rule state (Dillon's Rule states require express permission for enterprise funding)

### 2 Seek approval from local government

- Establish the structure of the new enterprise fund or amend the structure of an existing fund
- Submit required documentation for review and approval at the local level

### 3 Design fee structure and obtain final approval

- Ensure that the proposed fee-generating activity is legally justifiable at the state and local levels
- Determine if the proposed revenue stream meets the local definition of "fee-driven"
- Make certain the proposed fee directly results in the intended market impacts

**Program Goal: Self-Sustaining Reputable Entity**