



**Better Buildings Residential Network  
Workforce/Business Partners Peer Exchange  
Call Series: *Contractor-Funded Incentives***

***Call Slides and Discussion Summary***

November 21, 2013

# Agenda

- Call Logistics and Introductions
- Peer Exchange Call Overview and Announcements
- Lessons Learned: Featured Speakers
  - Michigan Saves
  - EcoWorks (formerly WARM Training center)
- Discussion
  - Has your program shared (or considered sharing) funding with contractors for incentives (e.g., reduced cost energy assessments)?
  - What approaches work well for shared funding arrangements with contractors?
  - What does *not* work well?
  - What, if any, types of incentives are contractors more likely to help fund?
  - Other ideas or questions about contractor-funded incentives?
- Future Call Topics

# Call Participants

- Austin
- Cincinnati
- Michigan
- New York

# Contractor-Funded Incentives

## Lessons Learned:

- Michigan Saves
- EcoWorks

# Examples of Contractor-Funded Mechanisms from Michigan Saves

- Loan closing fee
  - Contractors pay 1.99% fee when customer closes a loan (in place of a loan origination fee)
  - Fee is analogous to credit card processing fee
- Shared support of Employer-Sponsored Programs
  - Michigan Saves offers incentives (e.g., special interest rates) to employees at Herman Miller and Dow
  - Contractors participate by offering employees free or discounted services (e.g., free audits)
- Discounted services for qualified leads
  - Energy efficiency public service announcement (PSA) campaign drives demand and facilitates leads to contractor pool
  - Contractors provide whole home assessment with blower door test for \$99 (has limited value proposition for contractors who do not do improvements)
- Utility rebate match
  - Contractors were offering to match utility incentives as one of their sustainable program elements
  - Was not sustainable after 60 days of implementation (too costly to maintain)

# Examples of Contractor-Funded Mechanisms from EcoWorks (Michigan)

- **Fee for qualified leads**
  - \$50 fee for every lead delivered
  - Leads are turned directly over to contractors to manage, but fee not charged until customer schedules appointment
  - Contractor also pays 6% fee on customer upgrades from those leads

# Lesson Learned: Contractor-Funded Incentives in Michigan

- Definition of “qualified lead” is art, not science
- Demonstrate the value proposition: program support can benefit both contractors and customers
  - Contractors value leads and customers gain a trusted source
  - Requires quality controls and appropriate criteria
- Set up fee structures and incentives in a way that is sensitive to the market
  - Talk with contractors to learn what business model works for them and understand their concerns
    - For example, offering discounted home energy assessments can de-value contractors who only do audits, so offer discounts for a short period to make sure the consumer does not get used to low prices

# Lesson Learned, cont.

- In a shared funding arrangement, consider giving preferred work to contractors who are most successful at getting work done
  - This encourages contractors to report the work they've done, which helps the program get paid
- Contractor funding can be a balancing act....
  - Contractors will only want to help fund program activities if they believe they provide value to their business (e.g., qualified leads, incentives)
- ...and there are no guarantees.
  - Some employer-based outreach programs take off and yield high conversion rates for participating contractors, others falter
  - Supplementing existing outreach or other EE programming may work better than stand alone efforts



# Discussion Questions

- Has your program shared (or considered sharing) funding with contractors for incentives (e.g., reduced cost energy assessments)?
- What approaches work well for shared funding arrangements with contractors?
- What does *not* work well?
- What, if any, types of incentives are contractors more likely to help fund?
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# Other Contractor Funding Approaches: Austin Energy

- Co-marketing and discounted assessments
  - Contractors provide free energy audit (visual, high-level) in exchange for co-marketing services (utility provides content wording, hard copy materials)
- Co-sponsored A/C tune-up program
  - Program gave \$29 rebate for AC tune-up: contractors collected data for the utility and conducted deeper dive whole home audit
  - Contractor did not charge program for deeper dive audit, but were able to follow-up with upgrades and additional measures for some customers
- Contractors function as on-the-ground sales team
  - Contractors share utility rebate and loan incentive information with customers
- No need to implement a fee-for-lead-generation model (yet)
  - For-profit utility has somewhat different situation: captive customer set and stable set of contractors that promote incentives
- City of Austin ordinance creates separate demand for energy audits
  - Energy audits are required for single- or multi-family home sales: this separate demand minimizes competition between auditors and contractors

# Other Contractor Funding Approaches: Greater Cincinnati Energy Alliance

- Loan fee
  - Program is implementing a loan fee – and letting contractors know how this will directly benefit them (funding for direct marketing services, sales training, etc.)
- Contractors funding incentives
  - One contractor sets aside marketing budget to advertise special promotions, and when special promotions not available they periodically create an incentive pool out of their marketing dollars to help customers
  - Other contractors share incentive funding with the program (e.g., covering initial loan payments)
- Program provides marketing materials that promote the loan that the contractor can customize with their name, colors, graphics
- Considering a lead-generation fee
  - Want to be able to generate high quality leads without incentives
  - Trying to take on more of a clearinghouse/traffic cop role to ensure demand and also meet homeowner expectations

# Future Call Topics

- Potential future Workforce/Business Partners call topics
  - Quality Control, Standardization of Upgrades, and Workforce Expectations
  - Contractor Rating & Feedback Systems
  - Home Performance Training Resources & Program Experiences
  - Assembling Contractor Teams for Whole Home Upgrades
  - Incubating New Home Performance Businesses
- Email other suggested call topics to [peerexchange@rossstrategic.com](mailto:peerexchange@rossstrategic.com)