



## You Know Combustion Safety, Now What? Time To Blow Up!

Expand your Market Potential by Entering the Existing  
Homes Market

Ryan Burrell, ICF International  
Jamie McKenzie, ICF International

3/1/2016



## What are we going to talk about?

---

- **Market opportunities**
- **If you see this, If you hear that**
- **Understanding the homeowner**
- **Home performance proposals**

## Presenters

---

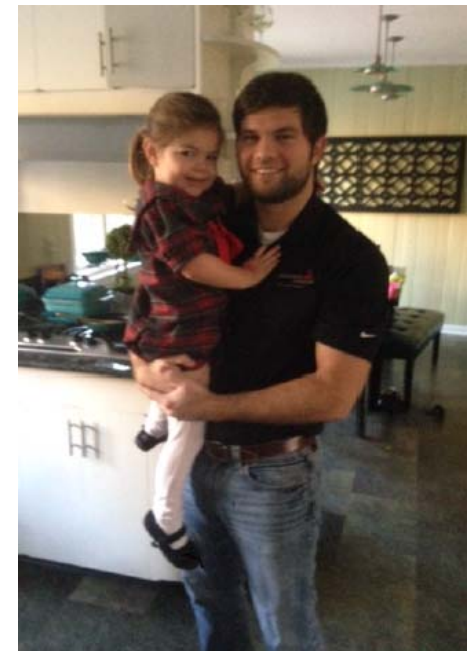
**Jamie McKenzie**

- [Jamie.McKenzie@icfi.com](mailto:Jamie.McKenzie@icfi.com)
- 770-608-9320



**(Uncle) Ryan Burrell**

- [Ryan.Burrell@icfi.com](mailto:Ryan.Burrell@icfi.com)
- 404-217-4880



## Role Call

---

Please raise your hand if you are a:

- HERS Rater
- Builder
- Utility/Program Administrators
- HVAC Contractor

And

- Business Owner
- Homeowner



sfo0466 www.fotosearch.com



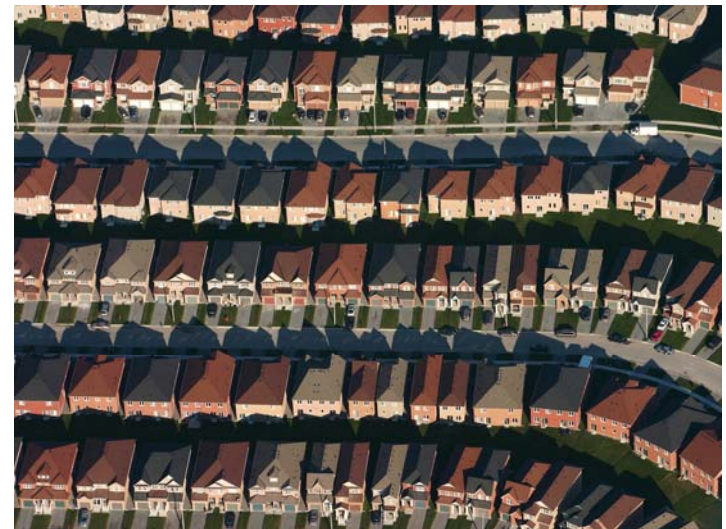
# Market Opportunities



# Understanding the Market

---

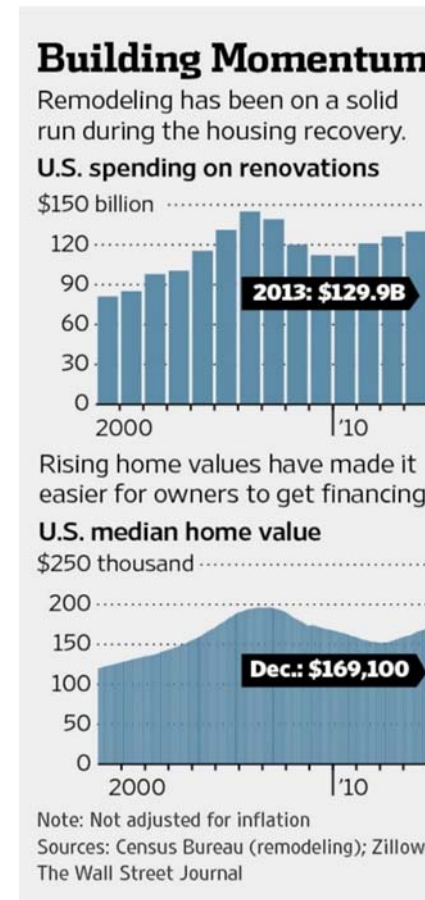
- **What do you think happened when builders started entering the retrofit market in 2006-2008?**
- **Product vs Service**
  - Idea of the Building Asset Rating vs Operational Rating
- **Builders understand efficiency, not process**
  - Jobsite cleanliness
  - Neighbor management
  - Follow-up
  - Branding
- **Client communication breakdowns**
  - Collaboration with the homeowner
  - Managing expectations



[https://upload.wikimedia.org/wikipedia/commons/thumb/8/8a/Markham-suburbs\\_aerial-edit2.jpg/220px-Markham-suburbs\\_aerial-edit2.jpg](https://upload.wikimedia.org/wikipedia/commons/thumb/8/8a/Markham-suburbs_aerial-edit2.jpg/220px-Markham-suburbs_aerial-edit2.jpg)

## Residential Retrofit Market – Building Momentum

- Homeowners spent \$130 billion on remodeling projects last year, according to data released by the U.S. Census Bureau.
- That was up 3.1% from 2012 and was the largest amount of home-remodeling spending since 2007, the year that the housing downturn began.
- Permits for remodeling jobs in the U.S. rose 5.1% last year from 2012, the largest increase since 2010 when the figures began their rebound from a 10-year low, according to permit-tracking company BuildFax.

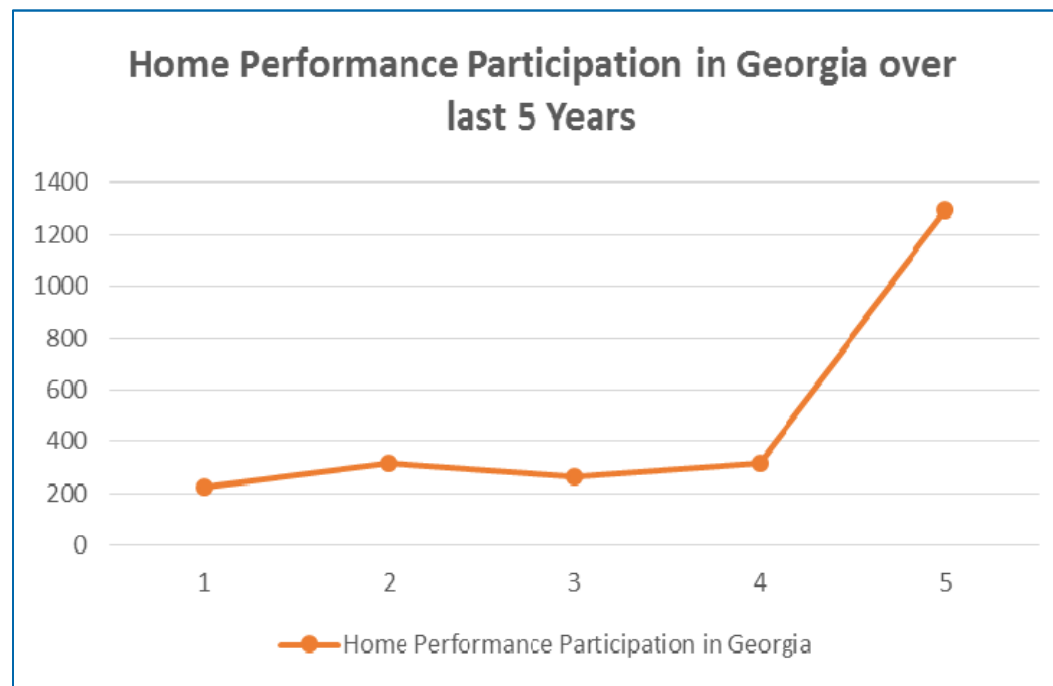


Source: "Americans Boost Spending on Remodeling", Wall Street Journal, Kris Hudson, Feb 2014

## Statistics & Quotes

---

### One Utility's Home Performance Program Participation in Georgia





# Residential Retrofit Market: Statistics & Quotes

---

Measuring value for residential, business, and utilities sectors

- Energy Savings are secondary
- Long term thinking vs instant gratification
- Single family and multifamily values



<https://www.google.com/url?sa=i&rct=j&q=&esrc=s&source=images&cd=-&cad=rja&uact=8&ved=0ahUKEwjK16Og0ZHLahWFTCYKHc4LDBAQjRwIBw&url=http%3A%2F%2Fwww.istockphoto.com%2Fvector%2Fdrafty-window-34763608&bvm=bv.115277099,d.eWE&psig=AFQjCNGwoovqQN86mFDqGJHJvAK7P1z8Cw&ust=1456445710730756>

## Residential Retrofit Market: Statistics & Quotes Cont.

- The overall value of participant benefits for single-family whole-home programs is between approximately 50% and 300% of utility bill savings (Amann 2006; Skumatz 2014; NMR Group 2011).
- For example,
  - If \$6,000 is spent, with an expected energy cost savings of \$400 a year over 15 years,
  - Accounting for (*non-monetary*) participant benefits at a value of 50% of utility savings
  - Improve a simple benefit–cost ratio from 1.0 to 1.5



<https://www.google.com/url?sa=i&rc=j&q=&esrc=s&source=images&cd=&cad=rja&uact=8&ved=0AHUKEWJWJEMF0PHLAHV8CYKHUUBFYQJRWIBW&url=https%3A%2F%2FITERATIVEPATH.WORDPRESS.COM%2F2010%2F07%2F16%2FWILLINGNESS-TO-PAY-IS-MALLEABLE-FOR-EXAMPLE%2F&bvm=BV.115277099,D.EWE&psig=AFQJCNFMJESHQJIVOS05CXDZW6MRVOB2G&ust=1456445881332572>

# Supplemental Benefits from Energy Efficiency Retrofits

**Table 1. Multiple participant benefits of single-family retrofit programs**

Category	Benefit	Measure applies to	Calculation method	Value range (% of utility bill savings)
Readily quantified and monetized benefits				
Resource	Reduction in water and sewer costs	Faucet aerators, showerheads, clothes washers, dishwashers	Algorithm based on water savings from each device, and cost of water and sewer service	5-60%
Highly important to participants, quantified/valued by some				
Operations	Increased home durability, less maintenance	Retrofit programs	Survey	7%
	Reduced equipment and appliance maintenance	Retrofit, lighting, equipment, and appliance programs	Survey	2-26%
Comfort	Higher comfort levels	Retrofit programs (primarily insulation, air sealing, and HVAC)	Survey	2-25%
	Noise: quieter indoor environment	Retrofit programs	Survey	5-15%

<http://aceee.org/sites/default/files/publications/researchreports/ie1502.pdf>

## Supplemental Benefits from Energy Efficiency Retrofits Cont.

Category	Benefit	Measure applies to	Calculation method	Value range (% of utility bill savings)
Safety	Improved safety (fewer fires, reduced CO poisoning)	Retrofit programs	Incidence from program data	1-12%
Home improvements	Increased housing property value	Retrofit programs	Survey	2-20%, or quantified as a one-time value (NMR Group 2011)
Potentially significant, but less readily quantified				
Health	Reduced illness, fewer sick days	Retrofit programs	Survey methods have been used to report incidence of symptoms or occurrences of specific health problems pre and post retrofit.	0-36%
	Improvements in indoor air quality	Retrofit programs	Testing using sensors to measure indoor air quality	Not yet monetized.

*Sources:* NMR Group 2011; Skumatz 2014; Itron 2014; Amann 2006; Tonn et al. 2014; Pigg et al. 2014.

<http://aceee.org/sites/default/files/publications/researchreports/ie1502.pdf>

## Supplemental Benefits from Energy Efficiency Retrofits Cont.

**Table 2. Participant benefits in multifamily programs**

Category	Benefit	Measure applies to	Calculation method	Value range (% of utility bill savings)
Resource	Reduced water and sewer costs	Faucet aerators, showerheads, clothes washers, dishwashers	Algorithm based on water savings from each device, and cost of water and sewer service	Not available
Improved operations	Reduced need for lighting and equipment maintenance	Retrofit, lighting, equipment, and appliance programs	Survey and building financial data	3-150%
Vacancy and turnover	Lower vacancy rates	Retrofit programs	Building financial data	100% (few examples)
Building improvement	Improved property value and durability	Retrofit programs	Survey	Property value: 10%. Durability: 18%

*Sources: Cluett and Amann 2015; Elevate Energy 2014a and 2014b; Majersik 2004; NMR Group 2011.*

<http://aceee.org/sites/default/files/publications/researchreports/ie1502.pdf>



## Propensity

---

- “Only 3 percent of the homeowners surveyed in the U.S. Department of Energy’s 2009 Residential Energy Consumption Survey reported having had an audit in the past 4 years.”
- **Conversion from Audit to Improvement:**
  - **Seventy-nine** percent of the homeowners who received air sealing recommendations followed up on some or all of those recommendations, with about half doing all and half doing some.
  - **Sixty-four** percent of homeowners followed up on some or all of the recommendations for insulation—40 percent on all of the recommendations and 24 percent on only some.



## Keeping up with the Joneses

---

"The biggest factor that determines whether people go solar is not their income level or their monthly electricity bill, but whether or not someone near them has already gone solar."

### "Conspicuous Conservation"

Opportunities for you:

- Create homeowner referral programs
- Market to where your existing customer base is located
- Identify strategies such as Open House events



<http://www.goerie.com/article/20150626/BUSINESS05/306269977/why-keeping-up-with-the-joneses-is-keeping-you-broke>

# Potential Impact of Energy Efficiency on Indoor Air Quality

- Asthma is now the most common chronic childhood disease, occurring in approximately 54 of every 1000 children.
- The cause of asthma is complex and multifactorial; risk factors include genetics as well as exposure to environmental triggers.
  - Indoor environmental triggers include allergens from mold, dust mites, cockroaches, and pets; indoor air pollutants such as tobacco smoke; volatile organic compounds; and combustion by-products.
- **Research strongly suggests that controlling such environmental asthma triggers as allergens and air pollutants would substantially reduce childhood asthma.**



<http://sportandrecmanagement.com.au/consultation/>

Improvements in indoor air quality	Retrofit programs	Testing using sensors to measure indoor air quality	Not yet monetized.
<i>Sources: NMR Group 2011; Skumatz 2014; Itron 2014; Amann 2006; Tonn et al. 2014; Pigg et al. 2014.</i>			



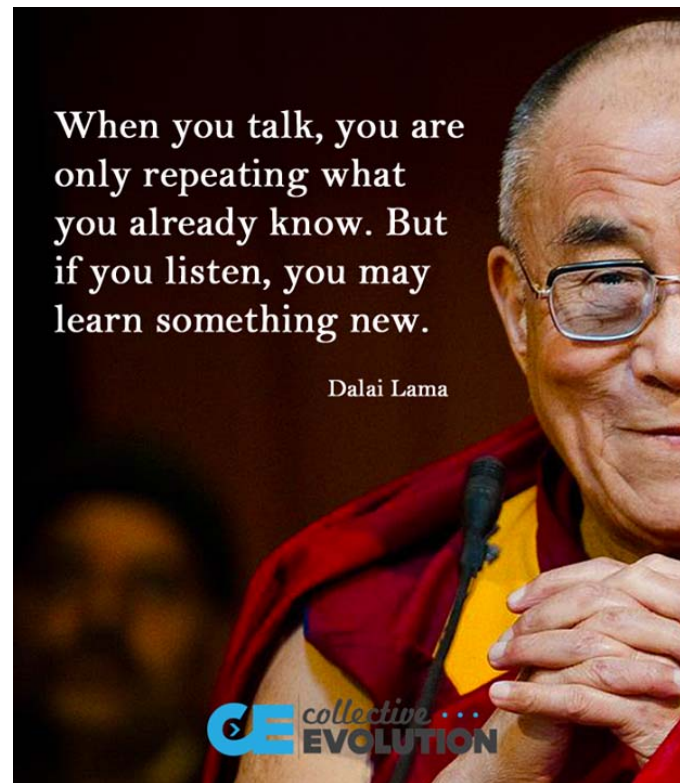
If you see this, If you hear that



## If you see this, if you hear that

---

Finding the problem behind the symptoms.



<https://s-media-cache-ak0.pinimg.com/736x/30/b2/41/30b241a663feb0bdf0eea4b013d56681.jpg>



# Comfort Motivated Customers

---

- My house is very uncomfortable



- Check for:

- Leaky, crushed or disconnected ducts
- Poor or no insulation
- Central returns / blocked registers



ICF Photos

# Thermostat Location Matters

---



ICF Photos

## Comfort Motivated Customers

---

- The room over the garage is uncomfortable



- Check for:
  - Leaky, crushed or disconnected ducts
  - Poor or no insulation
  - Air sealing issues with kneewalls, between floors, access points

<http://www.talkofthehouse.com/an-update-on-the-room-over-the-garage/> and ICF Photos



## Comfort Motivated Customers

---

- **My house is so drafty**



- **Check for:**

- Opportunity for air sealing / insulation
- Leaky windows and doors
- Open areas in attic and crawlspace
- Electrical and plumbing penetrations



ICF Photos

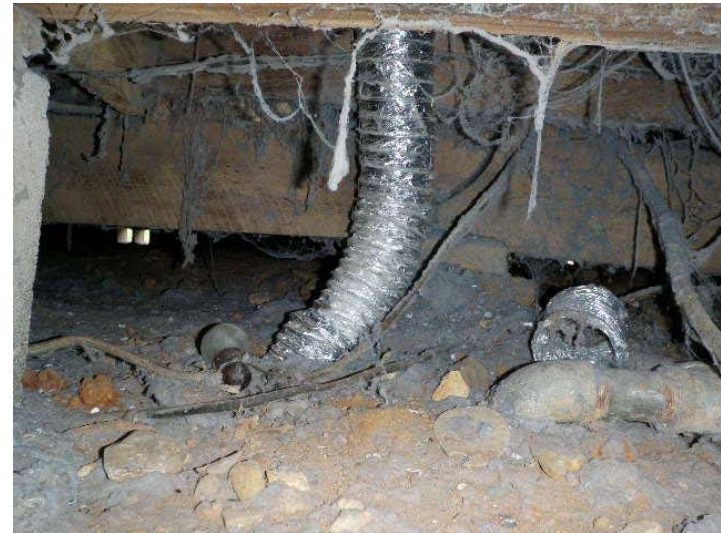
## Comfort Motivated Customers

---

- My house is very humid in the summer



- Check for:
  - Oversized HVAC
  - Air sealing
  - Uncovered crawl spaces





## Comfort Motivated Customers

---

- My heating / cooling runs all the time



- Check for:
  - Over / undersized HVAC unit
  - Leaky ducts (duct sealing opportunity)
  - Leaky house (air sealing opportunity)
  - Thermostat location, setting and accuracy



ICF Photos

# Money Motivated Customers

---

- **My bills are really high**



- **Check for:**

- Customer habits
- High amount of TVs, computers, game systems, and electronic chargers
- Lighting loads – can lights, flood lights
- Extra refrigerators / freezers
- Space heaters
- Hot water issues

ICF Photos

## Health Motivated Customers

---

- The folks in my house have severe allergies



- Check for:
  - Infiltration from attic and / or crawlspace
  - Pressure imbalances in the home
  - Mold, dust, pollen



ICF Photos



# Health Motivated Customers

---

- I have to dust all of the time



ICF Photos

- Check for:

- Opportunity for Air sealing
- Opportunity for Duct sealing
- Pressure imbalances in the home
- Air infiltration from attic and crawlspace



## Health Motivated Customers

---

- Headaches tied to carbon monoxide issues / flu-like symptoms
- If no one has been out to evaluate / perform diagnostics on the home
- Check for:
  - Backdraft of gas appliances
- Recommend the Home Energy Assessment

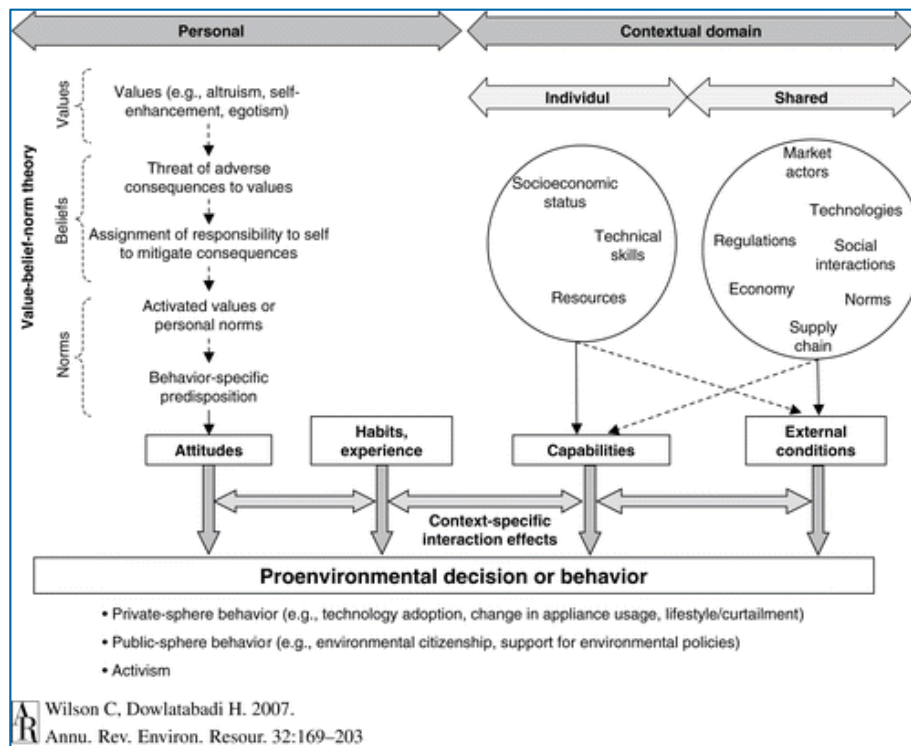


ICF Photos



# Energy Efficiency Motivated Customers

- I want to reduce my carbon footprint



## Recommend:

- Air sealing
- Duct sealing
- CFLs / LEDs
- Water conservation strategies
- High SEER HVAC

Reduce before you produce!



<http://www.annualreviews.org/eprint/mbkndFDcke3he4RxYDHx/full/10.1146/annurev.energy.32.053006.141137> and ICF Photo

## Energy Efficiency Motivated Customers

---

- If they mention “Solar” or “Geothermal” or “ENERGY STAR® Appliances”
- **Talking about new windows.**



These customers have the money to invest:

- Provide suggestions on where they can get the most for their money
- Example: “Premium Green Energy” program, or similar, a rate contract where consumer can purchase blocks of green energy from the utility



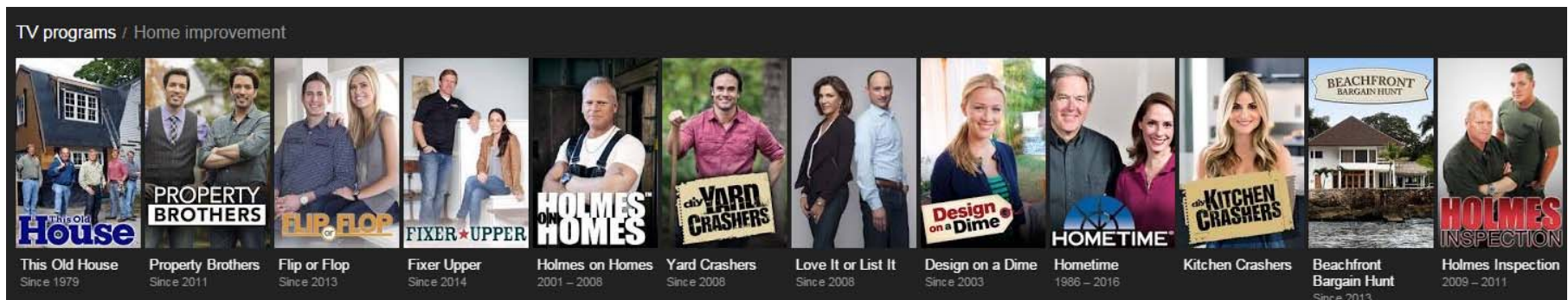
[http://www.proudgreenhome.com/static\\_media/filer\\_public\\_thumbnails/filer\\_public/13/c7/13c7de5a-ca2b-44a1-b7e8-952a8c62d747/solar\\_panels\\_on\\_home.png\\_\\_640x360\\_q85\\_crop.jpg](http://www.proudgreenhome.com/static_media/filer_public_thumbnails/filer_public/13/c7/13c7de5a-ca2b-44a1-b7e8-952a8c62d747/solar_panels_on_home.png__640x360_q85_crop.jpg) and ICF Photo



## Understanding your Customer

# Customer Expectation

---



Google Search Result

# Psychology of Sales

---

- **What drives a buying decision?**

- Left vs. Right?
- Six Principles of Influence
- Start with “Why?”

- **Conversion Best Practices**

- Set the agenda
- Customer Needs Assessment (CNA)
- Delivering the results



# Purpose

---

- **Why does this matter to you?**
  - Give you some insight into the buying process.
  - Present theory on “Why people make buying decisions?”
  - Find ways within your company to increase conversion.





## What Drives a Buying Decision?

---

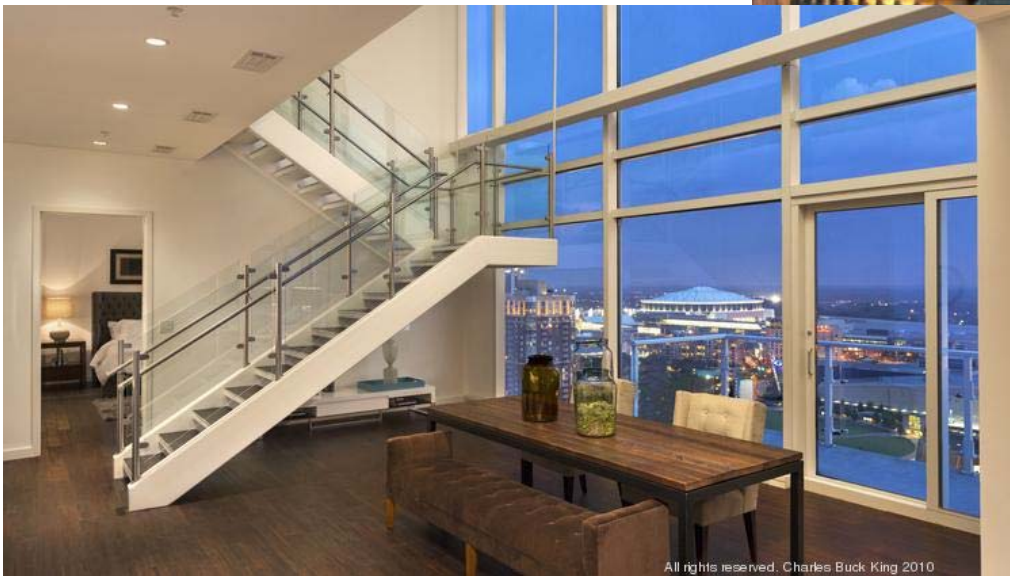
- Think about the last large purchase you made.
- What made you choose that specific product/model?



# What Drives a Buying Decision?

---

- What I wanted:



All rights reserved, Charles Buck King 2010.

# What Drives a Buying Decision?

---

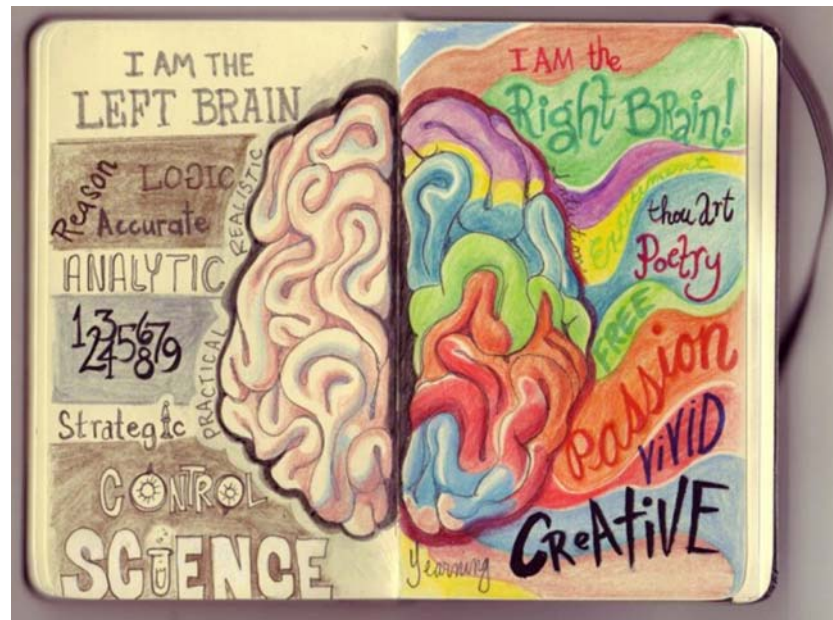
- What I actually bought:



## Left vs Right

---

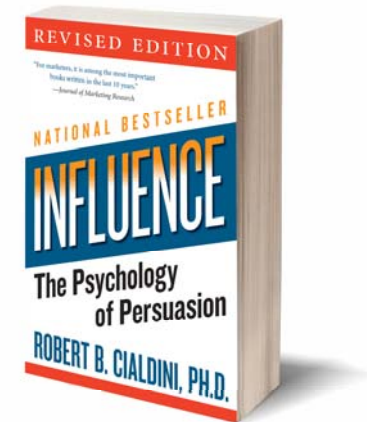
- **Which side drives buying decisions?**
  - Left, Right, both?
- **People make decisions with emotion.**
- **People justify their decisions with logic.**



## Six Principles of Influence

---

- **Robert B. Cialdini is Regents' Professor Emeritus of Psychology and Marketing at Arizona State University.**
- **He spent three years going "undercover" applying for jobs and training at used car dealerships, fund-raising organizations, and telemarketing firms to observe real-life situations of persuasion.**



# Six Principles of Influence

---

## 1) Reciprocity

- People tend to return favors.
- If you help them, they will help you.

### ▪ Example: Timeshare



# Six Principles of Influence

---

## 2) Authority

- People defer to experts and to those in positions of authority (and typically underestimate their tendency to do so).

- **Example: Doctor on infomercials**

# Six Principles of Influence

---

## 3) Scarcity

- People value things more if they perceive them to be scarce.

- **Example: Limited time offer!**

## Six Principles of Influence

---

### 4) Liking

- If people like you—because they sense that you like them, or because of things you have in common—they're more apt to say yes to you.

- **Example: Girl Scout Cookies**

# Six Principles of Influence

---

## 5) Social Proof

- People will do things they see other people doing—especially if those people seem similar to them.

- **Example: Gym Memberships**

## Six Principles of Influence

---

### 6) Commitment/Consistency

- People want to be consistent, or at least to appear to be.
- If they make a public, voluntary commitment, they'll try to follow through.

#### ▪ Example: New Year's Resolutions

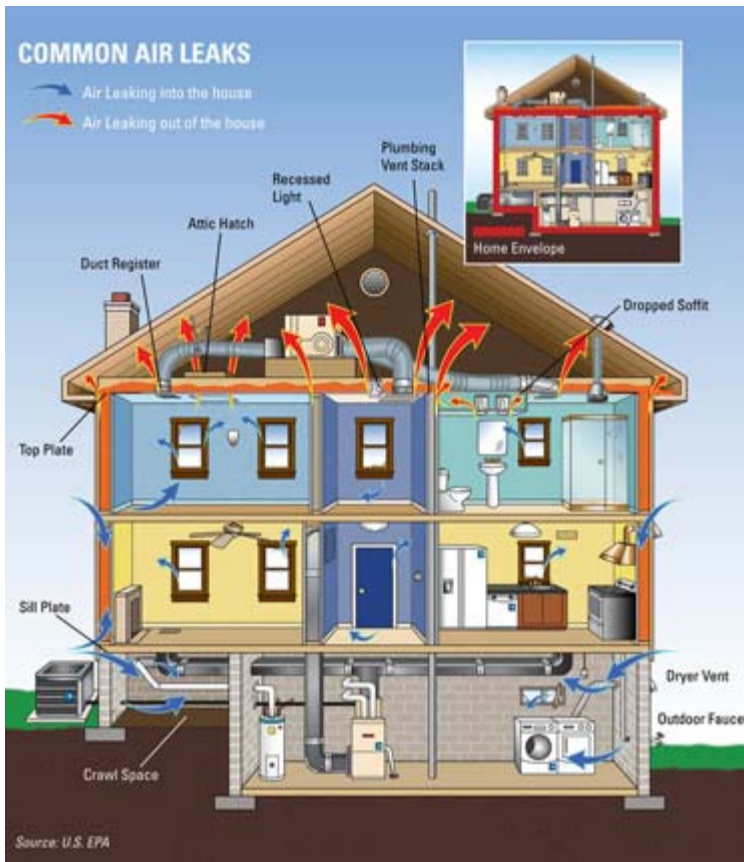


## The Energy Audit and your Customer

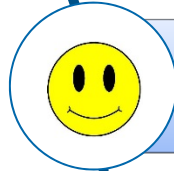
---

- **How do you incorporate the energy audit into your sales process?**
- **Engage your customer**
- **The more educated your customer is about their home, the more likely they are to keep doing business with you and improving their home.**

# The Home Energy Audit



Save Money



Improve Comfort



Reduce Carbon Footprint



Health and Safety Check

**Slide 47**

---

**BR9**

sell from these key benefits, these are solutions you are offering to your customers

Burrell, Ryan, 11/30/2015

# Intro, Agenda, CNA

---

- **Set expectations from the start.**
  - A few key points of what you will do.
- **Timeframe of how long it will take.**
- **Confirm what you should already know.**
- **Customer Needs Assessment (CNA).**
  - Proactively engage the homeowner.
  - Ask questions about their home and living habits and LISTEN!
- **Use Branching Questions.**

## Combustion Safety Test (CST)

- **Stress importance of CST.**
  - Use simple terms to explain why it's necessary.
- **Encourage homeowner to participate.**
  - Help set up worst case scenario.
- **Give them the opportunity to see what you're doing.**
- **BE THE AUTHORITY!**
  - You know more about their systems than they do.



ICF Photo



## Slide 49

---

**BR20** consider audience, find out who is doing the assessment, are they partnering w/ an assessor?

Burrell, Ryan, 11/30/2015

**BR21** intro at high level and add to business practices

Burrell, Ryan, 11/30/2015

## Keep 'Em Engaged

---

- **Use tools to educate them and keep their attention.**
  - IR Camera
  - Smoke Stick
  - Blower Door
  - Combustion Safety Equipment

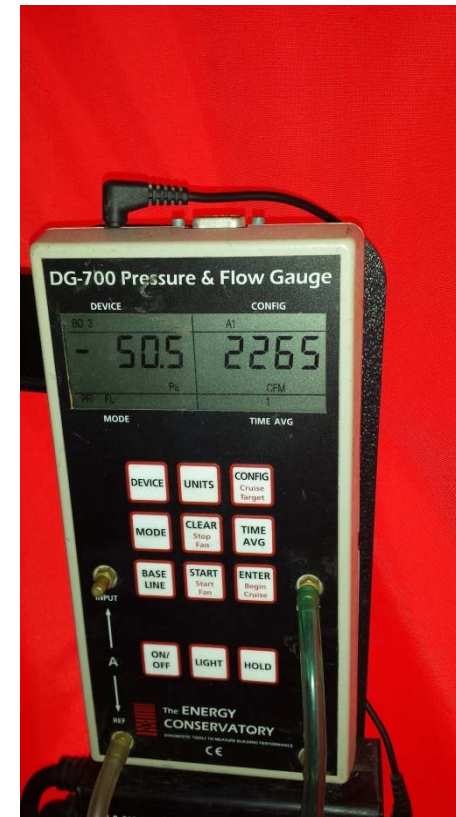
## Slide 50

---

- BR14**      business practices deck  
Burrell, Ryan, 11/30/2015
- BR15**      sales / business practices  
Burrell, Ryan, 11/30/2015
- BR16**      consider the audience when you deliver the slide as well  
Burrell, Ryan, 11/30/2015

## Help People See the Problems

---



Take Pictures of  
EVERYTHING!

ICF Photos

**Slide 51**

---

**BR22**

photos will make modeling in beacon hea easier

Burrell, Ryan, 11/30/2015

## Delivering the Results

---

- **Good rapport = easy delivery.**
- **Is there any reason other than price?**
- **Give them options.**
  - Good, better, best.
- **Create a situation where they feel comfortable saying yes.**



**Slide 52**

---

**BR24**

reframe the importance of good qualification conversation, business practices

Burrell, Ryan, 11/30/2015

# Delivering the Results

---

## Same Day

## Return Trip



- Eliminate time and cost to return
- Content is fresh
- Build confidence with customer

- Time to prepare
- Have time to think about how to properly address the issues and give the homeowner options



- Homeowner wants you out
- Missed business opportunities

- Lead grows cold

# Package Selling & Differentiating your Service Offerings

---

## Current Products & Services:

- Home Assessments (Existing and New)



## Add-On Products & Services offset by Federal or Utility Rebates:

- Air Sealing Services (Ex. Weather Stripping, Attic Tents)
- Smart Controls/Home Automation Services
- Lighting
- Water Heater Improvements – Temperature Setting, Pipe Insulation, Tank Insulation and Low Flow Devices
- Insulation Services
- Venting, Moisture Management, and Safety products
- Duct Sealing

# Customers Buy on the Sense of Value

---

## Movie Theatre Popcorn Sizing and Pricing Model Experiment

- The first test group was offered a small popcorn for \$3 and a large popcorn for \$7. The majority chose to buy the small popcorn because \$7 was too expensive or the small was a better size for their appetite.
- The second test group of customers were offered three sizes. A small for \$3, medium for \$6 and large for \$7. The majority chose to buy the large because of the value!



## Customers Buy on the Sense of Value Cont.

---

### Your Basic Proposal

- Home Energy Assessment

Total: \$600

**Which Proposal  
has the  
Greatest Value?**

### Your Value Package Proposal

- Home Energy Assessment
- Replacing 12 lights w/ LEDs
- Attic Tent
- Weather-Stripping
- Low Flow Showerheads
- Water Heater Tank Wrap

Total: \$1000

Rebate: Utility Rebates Available?

Annual Savings by Add-ons: \$250

## Delivering the Results Cont.

---

Another option is providing an A La Carte style Home Performance Menu!

- Offer your customer a base Home Energy Assessment price.
- Let the customer check off what they feel is most important to them.  
Must select at least three options below:
  - Home automation products
  - Duct sealing
  - Attic tent installation
  - Insulation upgrade
  - Air sealing improvements
  - Water heater low flow devices
  - Lighting
  - ERVs & Exhaust fans
  - HVAC system servicing
  - Water heater tank wraps



## Congratulations! You've made the sale!

---

- You've put in all the hard work to make the Home Performance sale, now you're going to let them go?
- What are additional long term sales opportunities?
- What are some long term needs of your home?

## Offer Home Maintenance Plans and Agreements

---

- **Turn the Assessment into Repeat business.**
- Keeping up an old home is a burden on your customer! You can fill the void by offering a home maintenance contract. Homeowners pay for convenience and you've already built a relationship with this homeowner!
- Improving an older home is continuous! If homeowners make improvements using additional contractors, the house needs to be tested again.
- **Consumers don't like to shop around!**



## Home Concierge +

---

- **Become THE trusted advisor for your homeowner**
- **The list goes on:**
  - Programming the new smart devices in the home
  - Quarterly home deep cleaning
  - Annual refrigerator coil cleaning
  - Annual ice maker maintenance
  - Annual water heater maintenance
  - Appliance repair / replacement
  - Annual chimney sweep
  - Re-testing after other renovations have been performed
  - Water filtration systems
- **Utilize CRM tools to manage customer relationships**

## Takeaways

---

- **People are staying in their homes longer**
- **Home Remodeling is on the rise**
- **Connect with your homeowner**
- **Make the home performance sale**
- **Become THE Trusted Advisor**

## Discussion & Questions?

---

