



Case Study:

GreenHomes America

SYRACUSE, NEW YORK

GreenHomes America uses the energy checkup or audit as an opportunity to educate the homeowner about home performance; 40% of homeowners choose to purchase some or all of the recommended upgrades.

CONTRACTOR PROFILE

Contractor:

GreenHomes America

Location: Syracuse, New York. With franchises in California, Maine, New Jersey, Utah, New York, South Carolina and Virginia

Home Performance Division Founded: 1981

Employees: 38-40 in Syracuse, 60-65 with franchises

Certifications of HP Staff:

35 BPI certified, 1 RESNET, GreenHomes America is a certified BPI contractor, ACCA member and EGIA member

Large HVAC company specializing in whole-house energy efficiency upgrades 400 homes per year

GreenHomes America, based in Syracuse, New York, is a full-service home performance company with franchises in seven states around the country. The Syracuse location has annual revenues of approximately \$4 million. Since 2001, GreenHomes America, Syracuse, has provided home performance upgrades on an average of 400 homes per year.

GreenHomes America of Syracuse began as two separate businesses in 1981, one focusing on insulation and the other on commercial HVAC systems. As attention to building science and energy efficiency in homes increased, these two companies merged in 2005 to form GreenHomes America, a full-service home performance contracting company. In 2008 GreenHomes launched a franchise offering with the first awarded to a heating and air conditioning company in Princeton, New Jersey. GreenHomes has since franchised to 15 businesses around the country and plans to have 30 franchises by the end of 2012. This case study will focus on the original Syracuse store.

While not an active participant in the Weatherization Assistance Program (WAP), GreenHomes America does some weatherization work through the People's Equal Action and Community Effort (P.E.A.C.E. Inc., www.peace-caa.org) program, which oversees WAP in the Syracuse area. This usually entails overflow jobs when there is too much work for contractors participating in the program. Mike Rogers, senior vice president of market development, notes, "Occasionally customers come to GreenHomes who qualify for WAP but choose to go forward and do business with us because they don't want to wait."



Many customers who contact GreenHomes America for HVAC installation or servicing end up deciding to have a whole house energy checkup as well.

“A customer may think they need new windows or a furnace when all they need is some attic insulation and air sealing.”

Michael Rogers, Senior Vice President
Market Development, GreenHomes America

Home Performance Services:

- Insulation
- Air Sealing
- Duct Sealing
- Full-Service HVAC
- Energy Checkups
- Equipment Replacement
- Windows
- Indoor Air Quality
- Water Heaters

GreenHomes America provides franchise possibilities for existing contracting companies and contractors looking to enter the home performance market. For more information about franchise opportunities see www.greenhomesamerica.com/9-greenhomes-franchises.aspx

GreenHomes America offers both full-service, home performance contracting and HVAC-only services. Often times, homeowners contact GreenHomes to purchase, repair, or get routine maintenance on furnace equipment then add home performance upgrades after discussing their goals with the service technician.

Business Metrics

Moving from offering only HVAC services to comprehensive home performance has allowed GreenHomes to increase its reach and its revenues. Offering home performance services with in-house employees as opposed to subcontracting work has provided further revenue opportunities for the company. All insulation and air sealing services are provided in house. “We put a lot of work into marketing and customer acquisition—why give the work away?” notes Mike Rogers, Senior Vice President of Market Development.

In 2011, GreenHomes America’s average project size is \$8,100, total revenues are \$4 million, and it employs 40 people in the Syracuse location. Its closing rate for home performance jobs is 40% (see Table 1). Although growth data is not available from GreenHomes America, revenue per employee is calculated at over \$100,000.

Public Programs

GreenHomes America recognizes the importance of public programs and is participating in both the Home Performance with ENERGY STAR program offered through the New York State Energy Research and Development Authority (NYSERDA) and the Green Jobs-Green New York, program, which was begun with legislation passed in 2009 offering low-interest financing and free home energy checkups to all homeowners in the state. Public programs in New York provide participating contractors with funding for approved advertising and reimbursement of home energy checkups. GreenHomes America takes advantage of the funding and uses the programs to help market its services.

Like other public programs around the country, Green Jobs-Green New York allows GreenHomes America to market program

Table 1. GreenHomes America Home Performance Division: Company Size and Business Volume

Employees	Average Project Size (\$)	Revenue (\$)	Total Number of Projects	Closing Rate (%)
38-40	\$8,100	\$4,000,000	400	40

Data Courtesy of GreenHomes America.

participation to its customers. Not only does GreenHomes America promote public programs, it also offers to complete the necessary steps, including paperwork, for its customers. Rogers notes, “If you make it easier for your customer, they are more likely to go through with upgrades and tell their families and neighbors about your services.” This one-stop-shop approach has allowed GreenHomes to use public programs as a sales tool. GreenHomes provides homeowners with information about the maximum benefit available to them through the program, uses that information during the sales process, fills out all paperwork, and acts as the liaison between the homeowner and the program.

Marketing

Marketing efforts at GreenHomes America are constantly adapting to reach an optimal number of potential customers. “The exact same ad in the exact same paper that works well for us for two years, may not work the third year,” said Rogers. Thus, GreenHomes America monitors its marketing efforts closely, tracks the most effective methods, and changes its approach accordingly. Marketing efforts at GreenHomes America include a variety of media such as the Yellow Pages, websites, vehicle decals, television, radio, newspaper, and social media. The company also markets to previous HVAC clients and relies on word-of-mouth and other referrals.

GreenHomes America also gets financial support for marketing through public programs. In New York, Home Performance with ENERGY STAR pays 50% of qualifying ad campaigns, and Green Jobs-Green New York pays contractors \$250 per home checkup conducted through the program. To date, GreenHomes has received \$60,000 to \$70,000 in advertising funding through Home Performance with ENERGY STAR.

GreenHomes America has found that its HVAC service is a key pathway for obtaining new home performance jobs. All HVAC service technicians are trained so they can identify energy-related issues in homes and recommend a whole-house energy assessment and possible upgrades. Because the technicians are already in homes performing service on HVAC units, this becomes a perfect opportunity for educating homeowners and encouraging them to pursue a comprehensive energy assessment. GreenHomes America offers commissions on home performance sales to its employees. Rogers notes, “It’s not just about selling more—helping homeowners resolve their comfort issues is a win-win. Our employees really believe in delivering benefit to homeowners, not selling them something they don’t need.”



GreenHomes America listens carefully to find out what the homeowner really cares about because “that is what they will be willing to pay for.”

Figure 1. Breakdown of Home Performance Upgrades at GreenHomes America, Syracuse

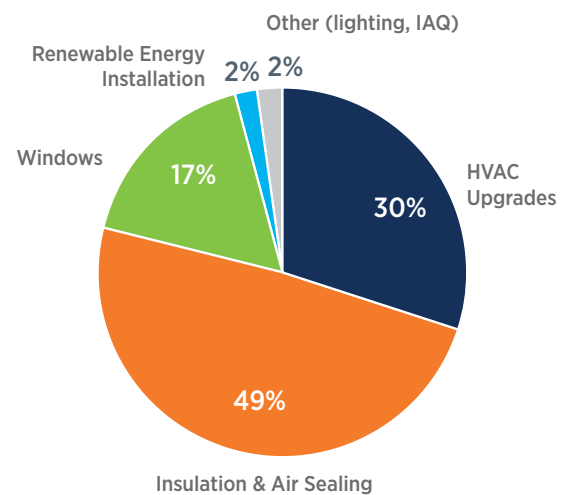


Figure 1 illustrates the typical breakdown of home performance projects performed by GreenHomes America. According to GreenHomes, almost half of all customers get air sealing and insulation upgrades, followed by HVAC upgrades at 30%.

“Insulation and air sealing are done in-house, we don’t subcontract that work. This is an additional revenue opportunity for us. But more importantly, it allows for better quality assurance and better control of the customer experience.”

Michael Rogers, Senior Vice President
Market Development, GreenHomes America



<http://nyserda.ny.gov>

www.nyserda.org/GreenNY



www.energystar.gov/homeimprovement

Marketing Strategies:

- Word-of-Mouth
- Previous HVAC Clientele
- Search Engine Optimization
- Vehicle Details
- Website
- Local Programs
- Newspaper
- Newsletters
- Trade Shows
- Home Shows
- Social Media
- Radio
- Television

“Advertising is only part of being successful—the fact that we are in lots of homes every day as an HVAC contractor will be the key to our future success.”

Michael Rogers, Senior Vice President
Market Development, GreenHomes America

Like many other successful home performance contractors, GreenHomes America focuses its sales process on homeowner comfort, not energy savings. “What we are doing is part diagnosing the house, but mostly educating the homeowner,” says Mike Rogers. The assessment process helps identify homeowner comfort issues and also allows the advisor to include the homeowners in the assessment and educate them about home performance. This educational approach helps GreenHomes America close deals; on average, the closing rate for home performance is 40%.

In order to promote its assessment findings, GreenHomes America has developed its own reporting process, which focuses specifically on the homeowner concerns and objectives. The report is detailed and discusses the benefits of the proposed measures, including utility bill savings and the payback periods, but the primary focus remains homeowner comfort. Rogers notes, “What really drives homeowners are their comfort issues. Energy savings is not the primary reason most homeowners move forward with upgrades.”

Once homeowners make the decision to move forward with upgrades, GreenHomes America offers multiple financing options including in-house financing, bank loans, program financing, seasonal loans, and financing through EGIA and other partners. GreenHomes America has also built relationships with a few banks in the Syracuse area, whether by directly facilitating or steering customers to the best financing tool for their needs. Financing is an important consideration for continued industry development. GreenHomes America’s approach of offering many options along with its ability to complete financing and program paperwork makes the entire process smoother for the homeowner. GreenHomes America’s process for providing service to homeowners has allowed it to grow into a franchised organization, and remain profitable during a recession, while continuing to provide high-quality HVAC and home performance services.