



Case Study:

Renewal System Solutions

DECATUR, GEORGIA

Yard signs are a great way to reach out to neighbors during construction projects. These efforts have helped Renewal System Solutions grow from \$78,000 in revenue in 2009 to \$394,000 in 2011.

Design-build firm sees number of home performance projects increase by 53% in 2 years

CONTRACTOR PROFILE

Contractor:

Renewal System Solutions
(404) 378-6962
<http://renewalsystemsolutions.com>

Location: Decatur, Georgia
(serving the greater Atlanta area)

Home Performance Division Founded:
2009

Employees: 3

Certifications of HP Staff:
3 BPI certified, EarthCraft accredited

Renewal System Solutions entered the home performance industry in 2009 as an extension of a design-build firm in Atlanta, Georgia. Since then, the company has seen annual revenues increase from \$78,000 to \$394,000, average project size jump from \$7,100 to \$9,600, and total number of annual upgrade projects rise from 12 to 41.

Renewal System Solutions opened in 2009 as an offshoot of an already well-established remodeling firm in Atlanta, Georgia, called Renew Design Build, a full-service residential remodeler, specializing in major renovations, additions, kitchens, and baths.

Entering the home performance market made sense to Renew Design Build because of the incentives available to Atlanta area homeowners and because of the company's close relationship with Southface, an Atlanta-based non-profit that focuses on residential and commercial building sustainability. "Our relationship with Southface is important to us," said Joe Thomas, general manager of Renewal System Solutions, who noted that 10% of the company's leads for home performance upgrades come from Southface as a primary source and nearly half as a secondary source. In addition, Renewal System Solutions also participates in the City of Atlanta's Sustainable Home Initiative in the New Economy (SHINE) project, a weatherization program that offers rebates for home performance upgrades.



Renewal System Solutions, a spinoff of an established Atlanta, Georgia, remodeling firm, has grown from one employee in 2009 to 3 employees in 2011. The staff perform home energy checkups and manage subcontractors for the home upgrades, although their goal is to bring these services in house.

“Only a small percentage of homeowners are interested in payback or return on investment calculations—comfort is the primary motivator for home performance upgrades.”

Joe Thomas, General Manager,
Renewal System Solutions

Home Performance Services:

- Energy Checkups
- General Contracting
- Test-out Procedures

Although Renewal System Solutions is a full-service home performance contracting company, currently it performs the assessments with in-house staff and manages subcontractors for all home energy improvements. Since its parent company is well-established in the Atlanta area, Renewal is able to use the same contractor network for many of its upgrade projects. Although this system has been beneficial for the company, Joe Thomas notes “We eventually want to bring some of the work in-house. We will start with the entry-level things like air sealing and duct sealing then move forward from there.”

Business Metrics

Currently, 45% of all leads move forward with scheduling whole-house energy checkups, and 75% of those assessments lead to home energy upgrades.

Startup costs for Renewal System Solutions included equipment, certification, insurance, marketing, brand development, and general overhead. Testing equipment was purchased so that assessors could follow Building Performance Institute (BPI) protocol when conducting checkups and test outs. Total equipment purchases amounted to approximately \$12,000. Training and testing for BPI certifications equaled \$2,500 per employee. Other significant costs are those associated with company branding; for Renewal System Solutions this included logo wear, brochures, job-site signs, and publications.

Total revenues for Renewal System Solutions equal approximately 10% of the revenues of its parent company, Renew Design Build. Since opening in 2009, Renewal System Solutions has continued to grow, increasing revenues, average project size, and total number of home performance projects completed.

Renewal System Solutions tends to sell its home performance upgrades in packages. The distribution of projects by type of upgrade is illustrated in the pie chart; notice that the majority of homeowners opt for air sealing, duct sealing, and insulation upgrades.

Table 1. Renewal System Solutions: Company Size and Business Volume by Year

Year	Employees	Average Project Size (\$)	Revenue (\$)	Total Number of Projects	Revenue per Employee (\$)
2009	1.5	\$7,100	\$78,000	12	\$52,000
2010	2	\$8,068	\$234,000	29	\$117,000
2011*	3	\$9,600	\$394,000	41	\$157,600

* Data as of November, 2011
Data Courtesy of Renewal System Solutions

Public Programs

There are many public programs available to Atlanta-area residents, including federal, state, local, and utility-sponsored initiatives. In general, these public programs are an important source of leads for Renewal System Solutions. Approximately 50% of all customer acquisition comes from participation in these programs. Some programs are run through utilities; some offer rebates directly to homeowners; and others compensate contractors directly.

DECATUR WISE: This American Recovery and Reinvestment Act (ARRA)-funded program offers contractors direct rebates for home energy improvements such as air sealing, duct sealing, and insulation. The program is partnered with the Georgia Power Earthcents program and offers up to \$1,000 for qualifying upgrades. Renewal System Solutions has received \$16,000 in rebates through this program.

GEORGIA POWER EARTHCENTS: This utility-operated program offers homeowners rebates for energy improvements of up to \$2,200 depending on the upgrades and energy savings. Earthcents rebate amounts vary and are based on whether homeowners choose a whole-house approach or individual upgrades such as air sealing or insulation.

CITY OF ATLANTA SHINE: Associated with the Georgia Power Earthcents program, SHINE promotes energy efficiency by providing rebates for approved upgrades to homeowners. The program is available to homeowners within the city of Atlanta only.

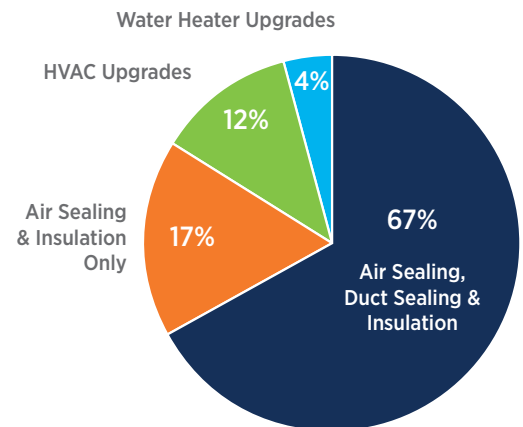
SOUTHFACE: This program oversees the Home Performance with ENERGY STAR initiative in the Atlanta area. There are no rebates associated with this program, but BPI training is available along with free advertising. “There’s brand recognition with the Home Performance with ENERGY STAR program. As a certified contractor we can use that as a marketing tool,” said Thomas.

Marketing

As noted above, Renewal System Solutions gets approximately 50% of its customer leads through participation in one of the Atlanta-area public programs. About 25% are generated through its parent company and about 25% come from its own independent marketing efforts.

Marketing efforts for Renewal System Solutions are primarily focused on ads in local publications and community participation. “We are very active in our local community,” said Thomas who

Figure 1. Renewal System Solutions: Distribution of Home Performance Upgrade Measures in Typical Projects



www.uecaturga.com/index.aspx?page=616



www.georgiapower.com/earthcents/residential/home-improvement-program/home.asp



www.atlantaga.gov/index.aspx?page=150



www.southface.org



Comfort issues and high utility bills are primary reasons homeowners call Renewal System Solutions. The company reaches out to existing clients of its parent company, and also connects with potential customers through community involvement, tradeshow, seminars,

“We offer free energy efficiency seminars to the public; those have been very successful.”

Joe Thomas, General Manager,
Renewal System Solutions

Marketing Strategies:

- Community Involvement
- Tradeshow/fairs
- Seminars
- Newspaper
- Existing Remodel Clientele
- Websites
- Search Engine Optimization
- Tradeshow
- Word-of-Mouth
- Networking

“We act as consultants, not sales people.”

Joe Thomas, General Manager,
Renewal System Solutions

noted that among other things, the company sponsors energy-efficiency awareness events in community centers for local residents. The city of Decatur has an annual Old House Fair that Renewal System Solutions participates in. Other events include tradeshow, neighborhood association meetings, seminars in local libraries, and other city-sponsored events. Renewal System Solutions believes its community participation helps both with marketing efforts and residential energy-efficiency education.

Georgia has experienced abnormally hot summers and cold winters for the past few years. Thomas noted that comfort issues with homes that are too hot or too cold are primary motivations for homeowners to get home performance upgrades. “Comfort issues and high utility bills are the primary reasons homeowners call us,” Thomas said. Renewal System Solutions conducts an in-depth interview with each homeowner prior to their energy assessment in order to determine comfort issues. Typically, two people go to the home for the energy assessment. This allows one person to act as an educator and interact with the homeowner during the process. This system is important for closing deals. Joe Thomas notes, “We act as consultants, not sales people.” This helps keep the close rate on assessments high.

Each home energy checkup takes 3 to 5 hours. During that time, assessors have the opportunity to develop an action plan that will address all homeowner issues. Renewal System Solutions follows up with homeowners after one week, and, together with the homeowner, designs the path forward for upgrades. For most public programs in Atlanta, test-in and test-out documentation is required. This allows homeowners to see the before and after energy savings of their upgrades. “One of the attractions of our type of home performance business model is there are measurable improvements between test-in and test-out,” notes Thomas.

Renewal System Solutions does not offer financing options for homeowners. According to Thomas most customers pay with credit cards and personal checks, in part because most of the company’s customers come from mid to higher end income brackets. Even though it does not offer financing, Renewal System Solutions achieved a profit at the end of its first year in business and has aggressive growth forecasts for 2012.