



Rater/Home Inspector Business Models for Retrofit Home Performance Delivery

Ideas from the California Program

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Presented at RESNET by

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on behalf of

California Building Performance
Contractors Association



California's HEALTHY HOUSE SOLUTION[®]



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Home Performance Business Models

The Conventional Alternatives

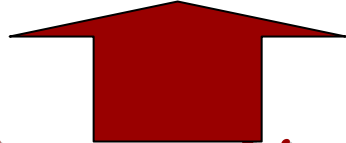
Independent
“Home Performance
Consultant” with
Separate Contractors



Comprehensive,
One-Stop Shopping
“Home Performance
Contractor”

*For the
RATER*

*For the
CONTRACTOR*



Most Home Performance Programs focus on this one



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But That's Not the Real Story

Independent
"Home Performance
Consultant" plus
Contractor Allies

Comprehensive,
One-Stop Shopping
"Home Performance
Contractor"



**There Are Important OTHER
Approaches:**

Different Mixes of In-house Capacity,
Subcontracting, Trade Alliances and
Referral Networks



The CBPCA Programs

- *Funded by California utilities (north & south)*
- *6-day training emphasizing diagnostics*
- *Includes contractors, raters, inspectors*
- *Extensive field assistance and support*
- *Further training in marketing and business*
- *Variety of business models*



CBPCA Training

- *1-Day Management & Business Orientation*
- *6-Day Tech Training*
 - 2 Days in Actual Homes
- *1-Day Marketing & Sales Workshop*
- *Field/Phone Mentoring & Job Verification*
- *Encourages BPI Certifications*





What Models Do We Actually Get?

- *Fully integrated contractor/tester*
- *HVAC contractor/tester with subs*
- *Remodeler/tester with HVAC sub*
- *Marketing/testing/selling firm with affiliated contractors*
- *Test-only and supervisory consultants*
...but very few of these

Lots of Business Model Experimentation



Who Shows Up for Training?

A lot of Mostly Small HVAC Contractors

Some Remodelers

Misc. Solar, new, etc.

Raters & Inspectors (LET'S HAVE MORE!)

Lots of contractors flame out...





How Are the Contractors Doing?

- *Most either include the diagnostics or quit*
- *About 25-30% invest and work at it*
- *Biggest problems are diagnostics & business*
- *Dropouts tend to be small, underfunded*
- *Best contractors do all work in-house, no subs*
- *Even dropouts report improved quality work*
- *Remodelers seem to do better than HVAC*

**The diagnostics are hard for many contractors
...but raters could learn it easily**



CHANGE FOR THE
BETTER WITH
ENERGY STAR



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Why Not More HP Consultants??

Raters' Situation in California

- Historically busy with new home ratings programs
- Apparent skepticism with “consultant” model

Challenges for “Consultants”

- Selling diagnosis-only for adequate fee
- Connecting to capable contractors
- Marketing and getting enough customers



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The Future Could Be Different

THINGS HAVE CHANGED FOR RATERS

- *New Title 24 retrofit verification opportunity*
- *New-construction slowdown*
- *Some contractors finding diagnostics difficult*
- *Home performance becoming more credible*
- *HPwES expansion into more areas nationally*
- *Variety of business models for non-contractors*
- *Some re-fi EEMs require independent raters*





Let's Consider Some Rater Options

Independent
"Home Performance
Consultant" plus
Contractor Allies

Comprehensive,
One-Stop Shopping
"Home Performance
Contractor"



**Important OTHER
Approaches:**
Different Mixes of In-house Capacity,
Subcontracting, Trade Alliances and
Referral Networks





The Rater as Diagnostian-for-Hire

None yet...but an option for raters

- *Works as independent expert consultant*
- *Markets diagnostic services to contractors*
- *Charges hourly rate or flat rate per job*
- *Provides report and recommendations*
- *Takes no fee from contractors*
- *Could do independent test-outs*





The Rater as Diagnostian & Owner Rep

Doug Garrett (Austin)

- *Works as independent expert consultant*
- *Markets as radio guest and word-of-mouth*
- *Charges a high hourly rate for services only*
- *Does diagnostics, represents client on job*
- *Assigns jobs to qualified contractors*
- *Takes no fee from contractors*





The Rater as Job Lead & Consolidator

Sustainable Spaces, Inc. (San Francisco)

- *Advertises, also gets CBPCA leads*
- *Trains & hires independent home inspectors*
- *Established a standardized program process*
- *In-office analysis, report, and cost estimate*
- *Initial sales proposal and tentative sale*
- *Assigns job to CBPCA contractors for a fee*
- *Does job quality verification*



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The Rater as Job Lead & Coordinator

(This is a non-California option for raters)

- *Does marketing, diagnostics, and job sale*
- *Finds and develops needed trade contractors*
- *Assembles a project team, coordinates all*
- *Could use separate contracts with each trade*
- *Takes a prime-contractor profit or fee*
- *Does all job quality review and verification*



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Business Model Options: Contractor

(This is a California option for raters)

- *Gets a general contractor license (not too hard)*
- *Does marketing, diagnostics, and job sale*
- *Finds and develops needed subcontractors*
- *Assembles a project team, coordinates all*
- *Takes a prime-contractor profit*
- *Does test-outs; job verifications by others*





A Note: Opportunities in California

- 1. Continued Training for PG&E***
(HVAC, remodelers, other specialties, raters, full scope)
- 2. New Membership-Funded Services***
(for Northern California first)
- 3. New Programs for SCE & Anaheim***
(2007-08 programs; Anaheim with CSG)
- 4. CBPCA now a HERS Provider***
(focus on Title 24 verification and home performance)
- 5. Title 24 Contractor Compliance Training***
(Income-producing service for quality control provider)





What Lessons from All This?

Options, options, options...

- *Independent raters-for-hire can do diagnostics for contractors who do marketing and retrofits*
- *Home performance consultant model needs to find good contractors but they're becoming available*
- *Consolidator model is attractive innovative option for some non-contractors (marketing + alliances)*
- *Coordinator and Contractor roles are other good options for the right kind of person*

Home Performance Programs can/should encourage alternative business models



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Thank You

Questions & Discussion?

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