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Residential Contracting Business Boot Camp
Foundations of Marketing and Sales

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Thumbnail Bio:
Mike Rogers
• Grew up in a residential contracting family – swearing that I’d never do this!
• Got degrees in engineering and business
• Led development and implementation of Home Performance with Energy Star for EPA (and DOE)
• Helped launch GreenHomes America
• Provide consulting support to contractors and programs
My goal—and I hope yours, too:

Happy, profitable contractors doing great work for their customers

Why are you here?
What are key obstacles to the growth of your business?
Agenda

Today

• Foundations
• Marketing Overview
• Messaging
• Mix
  – Some of the old
  – This thing called the internet
  – The secret weapon
• Management

Tomorrow

• Consultative selling
• Questioning to understand
• The in-home sales process (B2C)
• Closing
  – Presentations
  – Objection handling
• Sales management basics

What should you take away from this training?

1. The importance of business fundamentals
2. Effective marketing and lead generation
3. Keys to successful consultative selling and closing
4. Measuring and improving
What this is NOT

• Technical
  I *won’t* be talking about blower door diagnostics, airflow across the coils, or the impact of radiant heat transfer on occupant comfort.

• A Magic Bullet
  You *won’t* learn all you need to know about marketing, sales, or business systems. And your business won’t improve unless you work on it constantly.

The basics apply regardless of your residential service business…and regardless of whether you participate in a program or not.
Corollary:

No utility program will grow (or save) your business.

YOU have to do that.

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The Market Opportunity

- Market is huge and largely untapped
- Most of the 7 million homes in California need our services
- Increasing demand on our energy infrastructure means need for EE
- Refocused attention on climate change

Home Performance with Energy Star

* The blue-shaded states above have Home Performance with ENERGY STAR programs. However, the program within each state may only operate within a certain region of that state. Click on the program’s link to learn more.
SOTU:
“Let’s cut in half the energy wasted by our homes and businesses over the next 20 years.”

It *shouldn’t* be a partisan issue, and some hints at potential

Rep. Fred Upton (R-MI)
“I think there is some room where we can come to some agreements. Who wouldn’t like to [lower] their home energy costs by 50 percent?

Rep. Ed Whitfield (R-Ky.)
“Energy efficiency--I totally think we have a lot of areas there that we can agree on, and everyone supports energy efficiency,”
Big weather raising attention...

It’s not just hurricanes and snow storms...

California reservoirs in dire need of a wet winter

By Mark Graf — The Fresno Bee

Pine Flat Reservoir is a ghost of a lake in the Fresno County foothills — a puddle in a 320 billion-gallon gorge.

Holding only 7% of its capacity, Pine Flat is the best example of why there is high anxiety over the approaching wet season.

Came is the healthy water storage that flooded California through two dry years. Major reservoirs around the state need gully-washing storms this winter.

“However the storms bring this winter, that’s what we will have to cope with next summer,” said Steve Hegarty, water master at the Kings River Irrigation District, which stores water...
And homeowners’ have problems!

- Poor Air Quality
- High CO
- Hot Rooms
- Cold Rooms
- Drafts
- Noise from Outside
- Excessive Dust
- High Energy Bills
- Old HVAC
- Wet Crawlspace or Basement
- “Foggy” Windows
- Mold & Mildew
- Ice Dams
- Allergies

Most Houses Don’t Work
Air leakage Robs You

Poor Insulation Doesn’t Maintain
Leaky Ducts Don’t Deliver

Inefficient Lighting and Appliances Fight HVAC and Raise Bills
Recessed Light Fixtures, trouble spot

What Business Are You In?

It may seem like an obvious question:

GreenHomes America
http://www.youtube.com/watch?v=N24fyXgXBJc
What business SHOULD you be in?

Box Swapping?
HVAC Service?
Rating? Auditing?
Shell Work?
Existing Homes?
New Construction?
Residential?
Commercial?
Training?
R&D?

Very few companies can do all of these things well at the same time!

What business should you be in?

But Will You Put in the Hours?

Market Opportunity

What You Care About

The Sweet Spot

What you can do well

You Can Make Money Here!!
Decide Where You Want To Be

• Make a plan
• Weigh opportunities against fit.
• Sometimes you have to walk away from a short-term opportunity for long-term health.

WHY HOME PERFORMANCE NOW?

$ Higher revenue, higher margins, and…
$ Higher profits!
$ Opportunity to capture the flag
$ Separate yourself from competition
$ Higher customer satisfaction — Happy Customers
$ Lower seasonality & fewer callbacks
$ And here in California: exclusive incentives
Let’s talk about how...

**Working IN the business:**
Going from 1-2 crews and knowing every project and every customer.

**Working ON the business:**
Delegating to departments and managers and letting them know what success looks like.
Owner (GM) must focus ON the business NOT IN the business

• Process, training, and mentoring become critical – others must “do”
• Remember, as you add employees:
  – Leads are critical to “feed the beast”
  – Sales are needed to keep everyone busy
  – Profit keeps the doors open and fuels growth
  – Quality is critical to for profits and referrals…and referrals and profits
• Charting the course—with a plan!

If you fail to plan, you are planning to fail.

--Ben Franklin
Your Annual Operating Plan (or “The Budget”)

- Starting point reflects your current economics
- Goal setting: What does growth path look like?
- It’s about setting up a plan so that your business can be measured.
- How much capital will take?
- Just because it works on paper, doesn’t mean you can make it work. **BUT** if you can’t make it work on paper, you probably can’t make it work.

[Template available at www.nhpci.org]
The Operating Plan (or “Budget”) is the starting point

You must track and measure yourself and your team against the plan

If you don’t measure it, you can’t improve it
Your Annual Operating Plan is also...

- The basis for company-wide understanding
- What you’ll track and measure against
- Adjusted as you refine assumptions over time—and as your company and the market change.

How do you know how you’re doing?

- How many leads do you need today to meet your production targets the week of December 10?
- Halfway through the month, are sales on target for November?
- What margin did we make on the Rogers job? If it was high or low, why?
- What is our expected profit for December?
The take away: You need a plan.

- The plan should tell you how you reach your goal. And what to measure.
- You execute against the plan, and measure how you’re doing.
- Learn from your mistakes.
  - Understand where you missed it.
  - Fix the plan as you go.
  - Fix your business as you go!

Unless your business is a one-person show, you need others to play their parts
Hiring to Win

Get The Right People on The Bus
Example

• Because of screening, lost almost 30% of staff at time of acquisition.
• Five years out, with fewer staff, higher revenue, higher margins, and happier people.
• Bad apples not only don’t contribute—they hold everyone else back too!
• Pay more for the right people.

Make it easy to attract and retain good people

• Pay well
• Offer good benefits
• Challenge your employees to find new ways to be better, faster
• Make work fun and rewarding.
“The Things That Get Rewarded Get Done”

- Pay-for-Performance
- Incentivize what you want to see, e.g.:
  - Quality
  - Customer Satisfaction
  - Sales volume
  - Margins
- Align incentives—we row the boat together
- Make sure every employee understands and works toward the same goals

Rewarding good work pays off

“Your crews were amazing! They did a great job, kept the house clean, and I can already feel the difference!”
Keeping your people happy isn’t just about the money

• Catch somebody doing something good every day, and let them know about it!
• Call out performance that aligns with company values regularly
• Introduce a bit of friendly competition
• Involve everyone, ask for ideas—and implement the good ones

If you want to succeed

You must train your people
“What if I train them, and they leave?”

What if you don’t train them, and they stay?

“Champions do not become champions when they win an event, but in the hours, weeks, and months, and years they spend preparing for it. The victorious performance itself is merely a demonstration of their championship character.”

- Michael Jordan
50

100
We forget 85% of the training content within one month.

So, if you want it to stick, you’ve got to keep reinforcing.
Training is not a one-time deal.

It’s an ongoing and regular process. You need to make sure it happens every week, every day.

The old adage holds,

“If you don’t train them, don’t blame them!”

This applies to all employees, not just the technical folks. Don’t ignore those in marketing and sales!

We’ll show you examples of how to do this.
Training...

• Isn’t voluntary
• Is “on the clock”
• Is regular—week in and week out, not once a year
• Focuses on the practical and relevant

“We lose money on every job, but we make it up on volume”

Price to stay in business!

Many experts and owners alike think getting pricing wrong is the biggest reason contractors fail.
Which costs you more to install?

- New furnace
  
  OR...

- New furnace
- Duct redesign and balancing
- Duct-Sealing

What about adding

- Air-sealing
- Insulation
- Add lighting?

If it costs you more to install, you have to charge more!

To charge more, you have to differentiate and build value...

...and be able to consistently deliver on that value

Getting Marketing and Sales Right are Important!
You also need to know the numbers!

• Your costs
• Not just some of your costs, ALL of your costs
A STANDARD MISCONCEPTION

PRICING = MATERIALS + LABOR

This may be a reasonable starting point.

But there is much more to it!
PRICING = MATERIALS + LABOR

PLUS

Office/Warehouse Rent  Cell Phones
Utilities  Office Supplies / Coping / Postage
Building Maintenance & Repairs  Accounting Fees
Vehicle Lease/Payment  Legal Fees
Gas  Financing and Credit Card Expenses
Auto Insurance  Permits
Utilities  Front Office / Back Office Salaries
Building Maintenance & Repairs  Training
Vehicle Lease/Payment  Computers / Software
Gas  Equipment Purchase / Lease /
Auto Insurance  Depreciation
Building Maintenance & Repairs  Warranty Reserve
Vehicle Lease/Payment  Bad Debt Expenses
Gas  & More!

Make Sure The Numbers Add Up!

• Hard work, passion, and hitting everything else right aren’t enough if the numbers don’t work.
• And if the numbers don’t work, neither does the business.
After all that, if all goes well,
And the market supports it,
There’s a little bit left over for

PROFIT

For a job well-done, and the
risk of doing business,
YOU DESERVE PROFIT!

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**Labor Cost Example**

When is $20/hour not $20/
hour?

All the time!
Labor Cost Example

Base Wage: $20/hour

<table>
<thead>
<tr>
<th>Non-revenue generating time</th>
<th>Hours</th>
<th>Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid Holidays</td>
<td>64</td>
<td></td>
<td>$1,280</td>
</tr>
<tr>
<td>PTO (Vacation/Sick)</td>
<td>80</td>
<td></td>
<td>$1,600</td>
</tr>
<tr>
<td>Training</td>
<td>50</td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td>Meetings</td>
<td>24</td>
<td></td>
<td>$480</td>
</tr>
<tr>
<td>Total</td>
<td>218</td>
<td></td>
<td>$4,360</td>
</tr>
</tbody>
</table>

Hours in the year: 2,080
Hours worked: 2,080 – 218 = 1,862

Real Hourly Wage: $20/hour * (2080 / 1,862) = $22.34

Labor Cost Example

Real Hourly Wage: $20/hour * (2080 / 1,862) = $22.34

<table>
<thead>
<tr>
<th>Labor Expenses</th>
<th>Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA</td>
<td>6.20%</td>
<td>$1.39/hr</td>
</tr>
<tr>
<td>Medicare</td>
<td>1.45%</td>
<td>$0.32/hr</td>
</tr>
<tr>
<td>State/Fed Unemployment Tax</td>
<td>3.00%</td>
<td>$0.67/hr</td>
</tr>
<tr>
<td>Workers Comp</td>
<td>13.35%</td>
<td>$2.98/hr</td>
</tr>
<tr>
<td>Total</td>
<td>24.00%</td>
<td>$5.36/hr</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$6,000/year</td>
<td>$3.22/hr</td>
</tr>
<tr>
<td>Education</td>
<td>$500/year</td>
<td>$0.27/hr</td>
</tr>
<tr>
<td>Total</td>
<td>24.00%</td>
<td>$3.49/hr</td>
</tr>
</tbody>
</table>
Labor Cost Example

<table>
<thead>
<tr>
<th>Pure Labor Expense - $20/hour nominal wage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Wage Cost</td>
<td>$22.34/hr</td>
</tr>
<tr>
<td>Expenses</td>
<td>$5.36/hr</td>
</tr>
<tr>
<td>Benefits</td>
<td>$3.49/hr</td>
</tr>
<tr>
<td><strong>Total Hourly Cost</strong></td>
<td><strong>$31.19/hour</strong></td>
</tr>
</tbody>
</table>

So, even without applying overhead burden and markup to determine a fair labor price, your labor cost shows that

$20/hour = $31.19/hour

Keys to Growing Successfully (It’s not just Marketing & Sales)

- Work on the business!
- Set targets, measure, track, incentivize and adjust
- Hire the right people
- Train and mentor – then do it some more
- Implement incentives that pay for the result you want
- Know your pricing
- Communicate, communicate, communicate

The Plan
Lead Generation: Marketing Strategy, Tactics and Management

Topics to Cover

• Changing World of Marketing
• Figuring out Who You Are
• Tactics
• Planning
• Call Management
• Tracking and evaluation
Leads are your lifeblood

If the phone doesn’t ring, nothing else happens.

If you want leads, you must market.

You can’t rely on any program to do it for you!
“The stimulus was my marketing program.

Now my marketing program
Is my marketing program.”

Richard Burbank
Evergreen Home Performance
Grew his company 25% since stimulus ended
What is Marketing?

Marketing = Advertising

The common response:

Marketing
...
Earned Media
Referrals (relationships)
Product/Service
Feedback/Refinement
Customer Service
Social Networking
Mass Media
Advertising
Events/Contests
P. R.
...and more!
Or as I put it,

Everything you do is Marketing!

The question is how well you do it.

4P's: The classic business school model

Product  Price
Promotion  Placement
5C’s: More Customer-Centered Model

- Commodity (Service!)
- Communication
- Customer
- Channel
- Cost

Professor Koichi Shimizu's 7Cs Compass Model Adds...

Circumstances
Circumstances

- National and International
- Weather
- Social and Cultural
- Economic
The Energy Debate

Snowmagedon
Behavioral Economics Study:
Biggest Motivator behind energy-efficiency improvements

The fact that their neighbors had made improvements!
Typical Marketing Mix, Back in the Day

Marketing Mix Today

“Inbound” approaches on the rise
While “Outbound” effectiveness shrinks
Market demographics and characteristics are a big factor.

Do you know yours?

Who are your customers?
In Your Marketing, who are you talking to?

- Eligibility profile
- Socio-demographic profile
- Housing Characteristics

What type of housing is your target?

- Basic assumptions:
  - Own a home
  - Home is at least 5 years old
  - High utility bills/consumption
  - Comfort issues
  - Environmental concerns
  - Home value
  - Household income
Who are your target customers?

• You know the housing stock...
• But who are your customers?
• How do you characterize them? Why?

Example: PRIZM segment data

• Customer segmentation system for marketing
  – Categorizes consumers into 14 distinct groups with 66 demographically and behaviorally distinct “types” (Segments)

• Clusters are developed via analysis of US Census data

• Examples:
  – Shotguns & Pickup trucks
  – Affluent Empty Nest
Example Socio-demographic –
Northern VA Home Performance

<table>
<thead>
<tr>
<th>Group</th>
<th>PRIZM Lifestage</th>
<th>US Households</th>
<th>% of Households</th>
<th>Northern Virginia Households</th>
<th>% of Households</th>
<th>% of Households</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1</td>
<td>MIDLIFE SUCCESS</td>
<td>14,679,315</td>
<td>13%</td>
<td>223,782</td>
<td>29%</td>
<td>230</td>
<td></td>
</tr>
<tr>
<td>Y2</td>
<td>YOUNG ACHIEVERS</td>
<td>11,551,914</td>
<td>10%</td>
<td>130,226</td>
<td>17%</td>
<td>170</td>
<td></td>
</tr>
<tr>
<td>M1</td>
<td>AFFLUENT EMPTY NESTS</td>
<td>8,092,790</td>
<td>7%</td>
<td>125,411</td>
<td>16%</td>
<td>234</td>
<td></td>
</tr>
<tr>
<td>F1</td>
<td>ACCUMULATED WEALTH</td>
<td>4,510,738</td>
<td>4%</td>
<td>114,201</td>
<td>15%</td>
<td>382</td>
<td></td>
</tr>
<tr>
<td>F2</td>
<td>YOUNG ACCUMULATORS</td>
<td>9,385,737</td>
<td>8%</td>
<td>84,097</td>
<td>11%</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>F3</td>
<td>MAINSTREAM FAMILIES</td>
<td>13,646,438</td>
<td>12%</td>
<td>24,378</td>
<td>3%</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>M2</td>
<td>CONSERVATIVE CLASSICS</td>
<td>10,648,172</td>
<td>9%</td>
<td>38,177</td>
<td>5%</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Y3</td>
<td>STRIVING SINGLES</td>
<td>12,295,454</td>
<td>11%</td>
<td>7,182</td>
<td>1%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>F4</td>
<td>SUSTAINING FAMILIES</td>
<td>6,998,954</td>
<td>6%</td>
<td>6,172</td>
<td>1%</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>M3</td>
<td>CAUTIOUS COUPLES</td>
<td>11,955,130</td>
<td>10%</td>
<td>6,799</td>
<td>1%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>M4</td>
<td>SUSTAINING SENIORS</td>
<td>11,541,461</td>
<td>10%</td>
<td>3,171</td>
<td>&lt;1%</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Sample Customer Profile

- Single family homeowners
- Age 35+, particularly 55–64 year olds
- College-educated
- Mid to higher incomes
- Male and female
- Primary PRIZM segments: Midlife Success and Affluent Empty Nest (also Mainstream Families and Cautious Couples)
Messaging implications

• Different messages resonate with different target audiences
• Know who you’re talking with!
• (Note, too, different messages resonate at different points in marketing and sales)
Why People Call

- Comfort Problems
- Because they want (one of:)
  - Windows
  - HVAC
  - Insulation
- Building Performance Issues, e.g.,
  - Ice Damming, Moisture issues
- High Energy Bills
- Almost never for an audit, a BD test

People don’t want heating fuel or coolant, people want cold beer and hot showers.

—Amory Lovins
Language Matters!

• The following words are gibberish to most homeowners:
  – Air handler, plenum, condenser, boot
  – Grade, footer/footing, sill plate
  – ACH50, cfm 50, cfm 25
  – ASHRAE 62.2
  – HERS, BPI, RESNET
  – HVAC
  – And Many Many More!
Using Words homeowners understand will help them...well, understand you

- These words make sense!
  - House, Home
  - Floor, Walls, Ceiling
  - Attic, Garage
  - Windows, Doors
  - Hot
  - Cold
  - Just Right
  - Comfort
  - Health and Safety
  - Air Conditioner, Heater, Thermostat
  - Energy Bill, Electricity, Gas, Oil, Propane
  - Hole, Leak, Inadequate, Incomplete

How do You Differentiate?

- Fully Insured? ✓ So is your competition
- Bonded? ✓ So is your competition
- Licensed? ✓ So is your competition
- Experienced Techs? ✓ So does your competition
- Free estimates? ✓ So does your competition
- Emergency service? ✓ So does your competition
- Guaranteed low prices? ✓ So does your competition
- Better Business Bureau ✓ So is your competition
How do you talk about your company?

Who am I?
Who are you? What Service do you provide?

- Subject Matter Expert?
- Energy-Efficiency Expert?
- Comfort Expert?
- Earth-Saving Expert?

Your Business model is part of your business identity

- Business models are not one-size-fits-all:
  - Energy Auditor
  - One-stop-shop Home Performance contractor
  - HVAC Contractor
  - General Contractor (the Maestro!): sell it and sub it
Educate them, but leave them wanting more

• Keep it short. What do you want the person to remember most?
• Help people understand how you add value above your competition
• What are your unique characteristics/benefits to a customer?
• Describe your immediate goals

Company Gas Pump Pitch

• Why is it important? You’re selling your services!!
• Basics of an elevator pitch: the 10C’s:

  Concise  Clear
  Compelling  Credible
  Conceptual  Concrete
  Customized  Consistent
  Conversational  Call to Action

• Don’t forget your company name!
Your turn: What is your Gas Pump Pitch?

Alright already, enough of the theory. What should I be spending my marketing dollars on?
My 100% Guarantee

That mix—along with the examples I’ll show—are not right for you today. Or tomorrow.

You’ll need to figure out what your marketing mix looks like

• Tracking is critical (you should be able to create the previous graph in two minutes.)
• Constantly trying new things. Playing with messages and mechanisms.
• Keeping what works and looking for the new.
• This never ends. What works today, may not be what works tomorrow.
Ok, ok, ...

Some approaches and examples

Yellow Pages?

- Clearly not what they once were.
- How do customers hear about you?
- If you use YP:
  - Which one(s)?
  - How big?
Your team’s appearance matters

This

Not this
Vehicles and Uniforms
Social Media 101: 6 Fundamentals

1. Make sure your NAP is on every page of your website.
2. Use good Titles and Descriptions
3. Have a Page for Each Service you offer.
4. Set up Google Analytics
5. Pay attention to your Google+ Local page
6. And, of course, provide good content!
"Snug Planet: Incentives for Energy Efficiency and Renewable Energy"

Each page should have a unique Title and Description.


Incentives

The “Home Performance with Energy Star” program includes 50% subsidies for income-qualified households, low interest loans, and rebates of up to 10%.

GREEN JOBS - GREEN NEW YORK ENERGY AUDITS

OGNY offers free and reduced-cost residential energy audits to income-eligible owners of 1 to 4 unit residential buildings. (Download an audit application.) Call or fill one out online here. If you choose to set out and pay for your audit directly, Snug Planet will deduct the cost of the audit to you if you hire Snug to perform contracting services on any workspace over $3,000. You do not need to get a “free audit” to receive $300 off services to any owner-occupant.

POWERSMITH

Putting our energy into saving yours.

(631) 593-6217

Furnaces

Solve with a new ENERGY STAR® Furnace!

We sell and install furnaces at affordable prices as part of our complete Residential Energy Management services! It only takes one of Long Island’s winter months to illustrate how important—and expensive— it is to have a dependable furnace. But with ever-rising fuel costs, “dependable” isn’t enough. It also needs to run as efficiently as possible to keep your fuel bills down. Fortunately, an ENERGY STAR® furnace will go a long way to warming your money-saving heart while it warms your family.
“Energy Audit Services – What to Expect”
Social Media 201: The Next 4 Steps

1. Pay attention to review sites—and (gently) encourage your customers to submit
2. Blog, use case studies, to build more rich content and freshen it
3. Facebook
4. Google+

PricewaterhouseCoopers study found that 80% of consumers looks at online reviews before making a major purchase

And a host of studies have shown the strong influence those reviews have on the decisions people make.

Turn Negative Reviews Into a Good Thing

You Get:
- Feedback
- Opportunity to build credibility and respond
- Chance to show that you care

But you MUST:
- Listen
- Be polite and professional
- Thank the reviewer
- Avoid selling—be helpful
But you don’t have to wait for someone else

**Earned Media**
Radius Marketing

- Vehicles
- Job Signs
- Door Hangers
- Mailing

Home Shows/Green Expos (not what they used to be)

**Might be good if:**
- Well-attended, by your target(s)
- Foot-traffic by your location
- In a convenient season (staff intensive)
- Reasonably priced

**But not if:**
- Attendance is drying up…
- …or it’s not the right crowd
- Distracts you in your busy season
- Costs too much
To make a home show work

• Stand Out
  – Good booth/banner
  – Eye candy like the blower door/IR
  – Appealing collateral

• Use Engaging Staff
  – Need to reach out
  – Don’t hide in booth
  – Ask questions!

• Offer tutorials
  – In the booth
  – At a show workshop?

• Cross-promote
  – Radio/Print/Online

• Collect Names
  – Harder than it used to be
  – Have a follow-up plan
Public Speaking

• Rotary Club
• Real Estate Agents
• Home Owners Associations
• Building and trade Associations
• Chamber of Commerce
• Host a Workshop

What are some topics that might resonate?
Evolutioning Environments eNewsletter

Vol. 6, Issue 6

November, 2012

Dear Michael,

Heating Costs Going Up!

The Energy Information Administration recently released their Short-Term Energy & Winter Fuels Outlook, predicting higher heating costs for the upcoming heating season. This outlook is especially important for those who heat with natural gas or oil, as prices are projected to increase. For those who heat with electricity, the outlook suggests that costs may remain relatively stable.

In addition, the Outlook suggests that higher heating costs will be felt across the country, with the Northeast and Midwest expected to see the greatest increases. For homeowners who are concerned about rising heating costs, there are several strategies that can help reduce expenses. These include:

1. Insulation: Proper insulation can reduce heating costs by as much as 25%.
2. Weatherstripping: This simple and affordable step can help prevent drafts and reduce energy loss.
3. Smart Thermostat: A programmable thermostat can help reduce heating costs by automatically adjusting temperatures when you are not home.
4. Maintenance: Regular maintenance of heating systems can help ensure efficient operation and reduce the risk of costly breakdowns.
5. Solar and Geothermal: These renewable energy sources can provide significant cost savings over time.

By considering these strategies and taking steps to reduce energy waste, homeowners can help manage the impact of rising heating costs. TerraLogos is here to offer guidance and support throughout the winter season.

Sincerely,

[Signature]

TerraLogos - Commercial Audits Awarded, Winter Fuel Costs, and more

Peter Van Buren

Editor: Mike Rogers
Host an Open House

After the Project

• Thank you notes
• “Happy Call”
• Customer Referral Program
• Newsletter
• Annual Mailing
  – Calendar
  – Magnet
Customer Referral Program

- Low cost / low risk
- You can be generous. What does your average lead cost?
- You **must** be able to handle added tracking complexity
- I prefer paying for real leads, not just names (I don’t want to annoy the prospect)
- Another use for the Gas Pump Pitch
- Have online forms or collateral that make it easy for customers to refer
Employee Referral Program

- Another use for the Gas Pump Pitch
- Better to pay your employees than the TV station. Great for you. Great for them.
- Consider two-part incentive
  - Smaller incentive for the appointment ($25)
  - Bigger incentive if the project closes ($100)
- Need ability to track!
A couple tools that I Don’t Like
(but if you’ve tried ‘em and they work, have at it!)

• Home Advisor and the like
• Services that build a shadow website for you
  – Often poorly done
  – I’d rather have the traffic directed to my own URL
  – Ownership—and power of any backlinks—lost when you cancel the service

Remember...

Marketing is not just Advertising. Or even Outreach.

It is everything you do.
Eighty percent of success is showing up.

–Woody Allen

(But when you do, don’t scare your customer)
Don’t Be the Stereotype!

- Answer the phone
- Return phone calls
- Show up on time
- (Call if you’re running late.)
- Don’t track doggie doo on the carpet
- Don’t smoke in the house
- Don’t let employees pee in the sink
- Clean up when you’re done

And if something goes wrong,

Fix it.
Fix it fast.
Fix it better than expected.
Getting the phone to ring is a necessary step. But it’s not the last step.

**Call Management**

*Who uses a Lead Form?*
*What do you do?*
*How?*
C. Johnson
658-6177
Audit?
The Lead Form...

- Separates the prospect from the suspect
- Identifies who in the home (or somehow attached to the home) is the “sponsor” of the project
- Helps you determine need and ability to make an improvement (and plants a seed to help your sales person build trust)
- A good chance to LISTEN and gather key information for the sales process
Understand Who’s Calling, Why, and How They Found You

• The napkin isn’t enough: capture the customer info!
• Reason for the call?
• Lead Source?
• How hard are you pressing to qualify the lead?

For the customer at the call-in, the CSR is your business!

• Training, practice, training, practice!
• You CSR’s must understand your business
  – They should spend a day in the field
  – Regular training
  – Role playing
• Appropriate knowledge and enthusiasm
• Plan B: What happens when the CSR is out?
  Lunch, vacation, sickness?
Planning, Analyzing and Evaluating

If you don’t know where you’re going, you might not get there.

-- Yogi Berra
Whether your company is large or small,

You’ve got to feed the beast

<table>
<thead>
<tr>
<th>Your company in 2013</th>
<th>Your company in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500,000 Revenue</td>
<td>$1,800,000 Revenue</td>
</tr>
<tr>
<td>• $7,500 Avg. Sale</td>
<td>• $8,000 Avg. Sale</td>
</tr>
<tr>
<td>• 200 Sales</td>
<td>• 220 Sales</td>
</tr>
<tr>
<td>• 35% Close Rate</td>
<td>• 40% Close Rate</td>
</tr>
</tbody>
</table>

So you needed...  
• **572 Leads**

So you need...  
• **563 Leads**
## How many leads do you need?

<table>
<thead>
<tr>
<th>Your company in 2013</th>
<th>Your company in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500,000 Revenue</td>
<td>$1,800,000 Revenue</td>
</tr>
<tr>
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<td>• 200 Sales</td>
<td>• 220 Sales</td>
</tr>
<tr>
<td>• 35% Close Rate</td>
<td>• 40% Close Rate</td>
</tr>
</tbody>
</table>

So you needed...

• 572 Leads

So you need...

• 563 Leads

---

## The Budget?

<table>
<thead>
<tr>
<th>Your company in 2014</th>
<th>Also from your Operating Plan....</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,800,000 Revenue</td>
<td></td>
</tr>
<tr>
<td>• $8,000 Avg. Sale</td>
<td>• 8% marketing budget. (8.5% in 2013)</td>
</tr>
<tr>
<td>• 220 Sales</td>
<td>• So, marketing spend is $144,000</td>
</tr>
<tr>
<td>• 40% Close Rate</td>
<td>• Or $256 per lead ($210 in 2013) ✓</td>
</tr>
</tbody>
</table>

So you need...

• 563 Leads

OK, we’re in the realm of reasonability!
Now, start mapping out that total by month and by activity.

I spent $4,000 on a campaign. Was it successful?

- Not enough information!
- I want to know:
  - Number of qualified leads (cost/lead)
  - Number of jobs sold (cost/acquisition)
  - Revenue generation (revenue/$ spend)
- And also
  - Cancellations / no-shows
  - Qualitative Feedback from Advisors

### Marketing Planning and Evaluation Tool

#### Annual Plan

<table>
<thead>
<tr>
<th>Marketing Campaign</th>
<th>Description</th>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Expected Leads</td>
<td>Cost</td>
<td>Expected Leads</td>
</tr>
<tr>
<td>Total</td>
<td>$9,920.00</td>
<td>56</td>
<td>$9,970.00</td>
<td>49</td>
</tr>
<tr>
<td>Sample Campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 1 - Website</td>
<td>200.00</td>
<td>10</td>
<td>200.00</td>
<td>10</td>
</tr>
<tr>
<td>Sample 2 - Social Media</td>
<td>500.00</td>
<td>6</td>
<td>500.00</td>
<td>2</td>
</tr>
<tr>
<td>Sample 3 - Yellow Pages</td>
<td>720.00</td>
<td>5</td>
<td>720.00</td>
<td>2</td>
</tr>
<tr>
<td>Sample 4 - Newsletter</td>
<td>650.00</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 5 - Envelope Lead Program</td>
<td>600.00</td>
<td>8</td>
<td>600.00</td>
<td>8</td>
</tr>
<tr>
<td>Sample 6 - Customer Referral Program</td>
<td>600.00</td>
<td>6</td>
<td>600.00</td>
<td>6</td>
</tr>
<tr>
<td>Sample 7 - Door Hanger</td>
<td>25.00</td>
<td>1</td>
<td>25.00</td>
<td>1</td>
</tr>
<tr>
<td>Sample 8 - Jobs Signs</td>
<td>200.00</td>
<td>1</td>
<td>200.00</td>
<td>1</td>
</tr>
<tr>
<td>Sample 9 - Vehicle Wrap (Adjusted Expenses)</td>
<td>320.00</td>
<td>1</td>
<td>320.00</td>
<td>1</td>
</tr>
<tr>
<td>Sample 10 - Radio, Be Clear Ltd</td>
<td>3,500.00</td>
<td>14</td>
<td>4,900.00</td>
<td>18</td>
</tr>
<tr>
<td>Sample 11 - Radio, Ice Cream Sponsor</td>
<td>3,600.00</td>
<td>14</td>
<td>4,900.00</td>
<td>18</td>
</tr>
<tr>
<td>Sample 12 - Radio, Gel Ready For Winter</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 13 - Radio - 15 second branding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 14 - Direct Mail, Tax Info Reminder, Last Year’s Customers</td>
<td>300.00</td>
<td>1</td>
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<td></td>
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<td>Sample 15 - Direct Mail, Spring Offer, New Customer</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Sample 16 - Direct Mail, Be Prepared, New Customer</td>
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<tr>
<td>Sample 17 - Home Show</td>
<td>4,600.00</td>
<td>20</td>
<td>4,600.00</td>
<td>20</td>
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<tr>
<td>Sample 18 - Garden Show</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Event 1</td>
<td>800.00</td>
<td>800.00</td>
<td>800.00</td>
<td></td>
</tr>
<tr>
<td>Event 2</td>
<td>800.00</td>
<td>800.00</td>
<td>800.00</td>
<td></td>
</tr>
<tr>
<td>Sample 20 - Online Lead Referral Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 21 - Professional Referral</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample 22 - Reserve</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Total</td>
<td>$9,920.00</td>
<td>56</td>
<td>$9,970.00</td>
<td>49</td>
</tr>
</tbody>
</table>

Download at http://omstout.com/2013-marketing-plan/
Of course, it’s helpful if you started with a plan.

**Marketing Planning and Evaluation Tool**

<table>
<thead>
<tr>
<th>Marketing Campaign</th>
<th>Description</th>
<th>January</th>
<th>February</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cost</td>
<td>Expected Leads</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$4,400.00</td>
<td>24</td>
</tr>
<tr>
<td>sample 1 - Website</td>
<td></td>
<td>120.00</td>
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<tr>
<td>sample 2 - Yellow Pages</td>
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<td>400.00</td>
<td>2</td>
</tr>
<tr>
<td>sample 3 - Be Cost Radio Ad</td>
<td></td>
<td>3,500.00</td>
<td>14</td>
</tr>
<tr>
<td>sample 4 - Ice Cream Special</td>
<td></td>
<td>375.00</td>
<td>6</td>
</tr>
<tr>
<td>sample 5 - Employee Lead Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sample 6</td>
<td></td>
<td></td>
<td></td>
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<td>sample 7</td>
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<td>sample 9</td>
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<td>sample 18</td>
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<td>sample 19</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>sample 20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$4,400.00</td>
<td>24</td>
</tr>
</tbody>
</table>

*Build some persistence into your approach*
Consider this list...

1. The first time a man looks at an ad, he doesn’t see it.
2. The second time, he doesn’t notice it.
3. The third time, he is conscious of its existence.
4. The fourth time, he faintly remembers having seen it.
5. The fifth time, he reads the ad.
6. The sixth time, he turns up his nose at it.
7. The seventh time, he reads it through and say “Oh, Brother!”
8. The eight time, he says, “Here’s that confounded thing again!”
9. The ninth time, he wonders if it amounts to anything.
10. The tenth time, he will ask his neighbor if he has tried it.
11. The eleventh time, he wonders how the advertiser makes it pay.
12. The twelfth time, he thinks it must be a good thing.
13. The thirteenth time, he thinks it might be worth something.
14. The fourteenth time, he remembers that he wanted such a thing for a long time.
15. The fifteenth time, he is tantalized because he cannot afford it.
16. The sixteenth time, he thinks he will buy it someday.
17. The seventeenth time, he makes a memorandum of it.
18. The eighteenth time, he swears at his poverty.
19. The nineteenth time, he counts his money carefully.
20. The twentieth time he sees the ad, he buys the article.

—Thomas Smith, 1885

From Guerrilla Marketing by Jay Conrad Levinson, 1998

How do I know what to put in the plan?
What’s your average lead cost (for a new customer)?

So is $25 per lead a good cost?

• What if that $25 lead closes at 9%
• What if the ticket is half your normal?
Is $1,000 per lead a good cost?

- What if you only pay that on completion?
- And it represents a $20,000 average project?

You track every campaign to learn what works and how well
At least weekly... Are You On Track?

- Make sure staff know the targets!
- Track actuals vs. targets on a weekly basis
- Create incentives for exceeding targets?

---

Keeping Close Tabs on Leads

### 22-Oct

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>Week</th>
<th>MTD</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calls</td>
<td>3</td>
<td>26</td>
<td>110</td>
<td>1230</td>
</tr>
<tr>
<td>Goal</td>
<td>6.5</td>
<td>36</td>
<td>104</td>
<td>1300</td>
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<tr>
<td>Appointments Set</td>
<td>3</td>
<td>24</td>
<td>92</td>
<td>1042</td>
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<tr>
<td>Goal</td>
<td>6</td>
<td>30</td>
<td>87</td>
<td>1090</td>
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<tr>
<td>Cancellations</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>62</td>
</tr>
<tr>
<td>Goal</td>
<td></td>
<td></td>
<td>Less than 3</td>
<td>Less than 10</td>
</tr>
</tbody>
</table>
It never ends!

Competitors, the “7C’s”, message fatigue, saturation and much more are always in flux

With a constantly changing landscape, you need to watch

• What is successful today, might not be tomorrow...and vice-versa!
• What is cost-effective today, might not be tomorrow
• Effective messages change
• Effective vehicles change
Sales for the Residential Services Contractor

From the first phone call, starting preparing the lead for the sales visit

• Don’t: start selling
• Do: Set expectations (and meet them later!)
  – Verify the reason for the visit
  – Let them know how they need to prepare
  – Provide information (a good place to collect an email address)
Sales training is not an event

Sales training is an ongoing and never-ending process

Consider Everything You Do. Does it help or hurt the Advisor in the home?

- Marketing supports the message?
- Phone call delivers enthusiasm and professionalism?
- Vehicles say “We’ll take care of your house?”
- Arrived on time?
- Online reviews support you?
- Previous customer happy?
- Did you keep the neighbors yard/house clean during project?
I will

• Provide a basic sales framework
• Give examples of approaches and process
• Connect sales to management

If you want to succeed, you must

• Build (or buy) your system and process
• Practice this every week, for the rest of your company’s life
• Actively manage the process and your sales team
“What if I train them, and they leave?”

What if you don’t train them, and they stay?

Consultative Selling

An approach where you carefully position yourself as—and actually behave as—an objective, trusted advisor
People don’t want heating fuel or coolant, people want cold beer and hot showers.

--Amory Lovins
Exercise #1

In a successful sales call, who does most of the talking?

A. The Homeowner

B. The Contractor
Asking and Listening as the Foundation of Your System
In a successful call, the homeowner talks most

- The easiest way to get the homeowner to talk is to ask questions!
- The questions you ask matter.

<table>
<thead>
<tr>
<th>Exercise:</th>
<th>Write 5 examples of questions you normally ask during your visit to the home</th>
</tr>
</thead>
</table>

Mark your questions in one of two groups.
- **Factual questions** about the home or homeowners
  - *What is the square footage of the home?*
  - *How long have you lived here?*
- **Problem-focused questions** about things the homeowner is concerned or unhappy about
  - *Are there rooms that you sometimes find difficult to heat or cool?*
  - *Would you like to be more comfortable in these rooms year round?*
Factual Questions

• Absolutely necessary!
• But focusing on these questions prevents you from getting to the more important questions.

**Do your homework**—get as many of these questions answered before you show up. (square footage, age of house, ownership, etc.)

For example, City Tax Records

<table>
<thead>
<tr>
<th>Most Recent Sales Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantor</td>
</tr>
<tr>
<td>HART ALSTIN D</td>
</tr>
<tr>
<td>Sale Date</td>
</tr>
<tr>
<td>Sale Price</td>
</tr>
<tr>
<td>Book &amp; Page</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade</td>
</tr>
<tr>
<td>Acres</td>
</tr>
<tr>
<td>Gross Area</td>
</tr>
<tr>
<td>Finshed Area</td>
</tr>
<tr>
<td>Building Type</td>
</tr>
<tr>
<td>Year Built</td>
</tr>
<tr>
<td>Square Feet</td>
</tr>
<tr>
<td>Bathrooms</td>
</tr>
<tr>
<td>Bedrooms</td>
</tr>
<tr>
<td>Foundation</td>
</tr>
<tr>
<td>Zoning</td>
</tr>
<tr>
<td>Depreciation</td>
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</table>
City Tax Records

<table>
<thead>
<tr>
<th>Grid #</th>
<th>Area</th>
<th>Description</th>
<th>Basement Area</th>
<th>Main Area</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>LGT</td>
<td>ATTIC/LM</td>
<td>12277</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>BOY</td>
<td>WARDROBE</td>
<td>197</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>CIR</td>
<td>CRAWL SPACE</td>
<td>285</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>HPL</td>
<td>1ST FLOOR</td>
<td>12277</td>
<td>12277</td>
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<tr>
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<td>GARD</td>
<td>GARAGE/DET</td>
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<tr>
<td>1</td>
<td>CHM</td>
<td>OPEN PORCH</td>
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<td>0</td>
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<tr>
<td>1</td>
<td>BFL</td>
<td>2ND FLOOR</td>
<td>12277</td>
<td>12277</td>
</tr>
</tbody>
</table>

Problem-Focused Questions

- Help tease out real issues and real motivators!
- You can’t provide a solution if you don’t know the problem.
- “Prescription before diagnosis is malpractice”…and this applies to customers’ concern, not just technical problems.
- Features and benefits gain value when tied to a solution that the homeowner cares about.
Gathering information is only one reason to ask questions

- **Implication Questions** help people focus on the bigger meaning of the problems they’re facing.

- **Value Questions** help homeowners assign worth to the solutions to these problems.

These are the most important questions you will ask! But we’re not ready to go here yet.

Example Implication Questions

- **How much are you paying to heat the house and still run the space heaters?**

- **How do you deal with safety of the space heater in the play area?** *(careful—touchy subject!)*

- **What happens when your bedroom gets too hot to sleep in the summer?**
Example Value Questions

• How much would you save if you didn’t have to run the space heater?
• What sort of hassle could you avoid if you didn’t have to move into the living room every August?

Let’s visit the home
The Opening

• Introductions—but don’t make yourself the focus.
• The main purpose is to get agreement to ask questions!
• Yes, a “warm-up” is nice, but get on to business quickly.
• Don’t talk about solutions (remember prescription without diagnosis is...)

The Opening

• (Variation on the Gas Pump Pitch) Practice your 30-second opening.
• And practice some more so you can cover the key points without sounding like a robot.
• You’ll know you’re doing it right when the customer is ready to answer questions.
Identifying Needs

• This is the crux of it.
• If you can nail this part, the rest follows naturally.
• If you can’t, you’re swimming uphill in a snowstorm (add whatever “really hard” metaphors you want!)

Identifying Needs

• You are trying to identify needs in part so you know, but also in part so the homeowner knows!
  – Factual questions
  – Problem-focused questions
  – Implication questions
  – Value questions
• Don’t put showing your capabilities ahead of trying to understand.
Use your technical expertise to investigate the home

Involve the Homeowner!
IR helps with diagnostics and communication

Identifying Needs

Document what you find

233

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Finding the technical problems is part of your job

Trying to understand how these problems relate to what the homeowner cares about is just as important

Telling versus asking*

• Telling is quicker
• Telling is easier
• Telling feels safer
• But asking is more effective
• And keep asking questions until the homeowners identifies the need

*SPIN Selling does a great job on this concept
Unfortunately, this is NOT easy or automatic

• You have to practice
• And practice so more
• Most people hate practicing this.

Ask Yourself:
What Motivates the Customer?

Specific events or items
Comfort
Indoor air quality
Durability
Environment
High energy bills
Others
What are some examples of problems you might find?

Now, rephrase as a question.

Showing What You Can Do

• This actually starts much earlier—remember, sales (and marketing) are part of every thing you do.

• Did you:
  – Answer the phone professionally?
  – Show up on time?
  – Look and act like you’re ready to take care of the homeowner and their home?
Explaining Features is Not Enough

“This is a multistage furnace with an electronically commutated motor.”

“We offer a 10-year warranty on labor.”

• Not usually the clincher.
• Too early, features may get in the way, especially if you haven’t taken the time to build understanding.
• But be prepared with the facts if needed.

Even Explaining What Features Mean is Not Enough

“With an AFUE of 96 you’ll save energy and money.”

“The higher R-value will keep the attic heat out of the bedroom.”

• Not usually the clincher.
• Too early, features may get in the way, especially if you haven’t taken the time to build understanding.
• But be prepared with the facts if needed.
Best: Relate Solutions to Problems that Homeowner Identified

“The variable speed motor means you’ll almost never have the noise issue you mentioned.”

“We’ll fix the duct work so that you can actually get heat to your daughter’s room and keep it comfortable.”

• Highlighting benefits that the homeowner is looking for trumps all.
• It’s best when the homeowner can offer that benefits in connection to the solution you offer.

Closing the Deal

• Without an agreement to proceed, you starve.
• The close should be the logical outcome of building the mutual understanding.
• If not, have you finished with the earlier steps?
Closing the Deal

- Did you set expectations?
- Has the homeowner identified needs?
- Have you established your ability to deliver?
- Have you made sure you’ve addressed concerned? Summarized the benefits?

- Have you offered a realistic solution, whether simple or complex, based on the homeowner’s needs?
“It’s been three weeks, and I don’t have the audit report.”

“I never heard back.”
Classic Energy Nerd Presentation Mistakes

- Never presenting the findings and offering an agreement
- Or just mailing it in
- Overwhelming the client with possibilities
- Forgetting this is about cold beer and hot showers
- Not offering a few good options

Don’t phone it in!!

- 2/3 of contractors in one program area don’t present the assessment results in person!
- We see the bump in satisfaction with an in-person presentation....

<table>
<thead>
<tr>
<th>Differences in Satisfaction by Assessment Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Person Assessment (n=35)</td>
</tr>
<tr>
<td>Satisfied (4 rating)</td>
</tr>
<tr>
<td>11%</td>
</tr>
<tr>
<td>Very Satisfied (5 rating)</td>
</tr>
<tr>
<td>83%</td>
</tr>
<tr>
<td>No In-Person Assessment (n=65)</td>
</tr>
<tr>
<td>Satisfied (4 rating)</td>
</tr>
<tr>
<td>15%</td>
</tr>
<tr>
<td>Very Satisfied (5 rating)</td>
</tr>
<tr>
<td>74%</td>
</tr>
</tbody>
</table>
Close rate went from 28% to 52% in just three months by delivering the presentation in person instead of mailing/emailing it.
### Jam Study

**Test 1: 24 Jams**
- 60% of customer passing stopped to sample jam
- On average, customers tasted two jams
- 3% of those who stopped bought jam

**Test 2: 6 Jams**
- Only 40% of customers stopped to sample jam
- On average, customers tasted two jams
- 30% of those who stopped bought jam

*Almost 7x the sales!*

---

### Audit Report

- Summarize your findings
- But remember often less is more
  - *Mike’s Rule of Thumb: 78 pages is too many*
- Capture the laundry list...
- But **make concrete recommendations!**
  - You’re the expert—use your expertise
  - Help the customer
At introduction, sales were flat. After introducing the more expensive model, sales of the original model doubled.

**I don’t sell bread machines**

<table>
<thead>
<tr>
<th>Best</th>
<th>Better</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfort and system upgrade</td>
<td>Daughter, kitchen, and dining room comfort</td>
<td>Make daughter’s bedroom more</td>
</tr>
<tr>
<td>• Replace duct run and seal all</td>
<td>• Replace duct run and seal all ducts</td>
<td>comfortable</td>
</tr>
<tr>
<td>ducts</td>
<td>• Insulate and air-seal attic</td>
<td>• Replace duct run and seal</td>
</tr>
<tr>
<td>• Insulate and air-seal attic</td>
<td>• Insulate garage wall/ and weatherstrip door</td>
<td></td>
</tr>
<tr>
<td>• Insulate garage wall/ and</td>
<td>• Correct water heater venting</td>
<td>• Correct water heater</td>
</tr>
<tr>
<td>weatherstrip door</td>
<td>• Furnace tune-up and PM plan</td>
<td>heater venting</td>
</tr>
<tr>
<td>• Correct water heater venting</td>
<td></td>
<td>• Furnace tune-up and PM plan</td>
</tr>
<tr>
<td>• Replace furnace w/ 96% model</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>$9,689</strong></td>
<td><strong>$4,986</strong></td>
<td><strong>$3,940</strong></td>
</tr>
</tbody>
</table>
Good, Better, Best (Best, Better, Good)

- “Yes or No?” versus “Which...?”
- All options focus on priority areas you’ve identified with the customer
- Better is my best guess, but I give them the option to do more
- A tool to help understanding, not a crutch to replace it

Your competition isn’t just the high-quality guys. It’s more than Bubba, too.

It’s EVERYTHING else your customers could spend their money on!
Think in terms of packages, not equipment

Bad
• Correct water heater venting
• Replace furnace
• $4,000

Better
• Correct water heater venting
• Replace furnace with 96% variable speed model
• $4,196

Good
• furnace w/ standard efficiency unit
• $3,250

First Call Close?

• Can’t happen every time
• But when it can, why no proceed!? 
• Certainly can’t happen if you can’t build and price a work scope on the spot
  – Simple contract boilerplate
  – Standard unit pricing
  – (Maybe some standard contingencies in a program environment)
Handling Objections

- Acknowledge the objection
- Find out what is driving it
- Address the root causes
- Move them back into the buying conversation

Acknowledging the Objection

- Respect the customer’s opinion
- Don’t argue
- Don’t get defensive—and don’t attack and make the customer defensive
- If possible, validate the objection

“Several of our customers have inquired about this, and it’s a valid consideration in making your decision...”
Find out the real drivers

• Don’t jump right in to an “answer”
• Instead, try to find out the real motivation behind the objection.
• This means questions instead of statements

“Can you tell me a little bit about why this concerns you?”
“Has this been an issue in the past?”

Address the root causes

“I understand. Here’s what we are doing to make sure that isn’t an issue for you…”

Now, outline how you can address this, what the customer should consider, etc.
• “We do the project in phases, to reduce the initial size and cost”
• “All of our work is done by our own full-time employees.”
Move them back to buying

• First, verify you’ve addressed the concern
• Then try to find additional objections, if any
• Ask them what they need or if they’re ready to move forward

“How can I help you make sure you have an apples-to-apples comparison?

“Our next installation appointment is available in about two weeks. Will you be ready to proceed?”

Exercise: Handling Objections

List some of the objections you’ve encountered.

• Work through one objection as a team for 10 minutes
• We’re get a report out from each team on some of the approaches.
Better than Handling Objections, Preventing Them!

- Did you set expectations?
- Has the homeowner identified needs? Or do you need to ask more questions?
- In the course of asking questions, have you established your ability to deliver?
- Have you made sure you’ve addressed concerned? Summarized the benefits?
- Have you offered a realistic solution?

In other words, follow the process BEFORE asking for the sale

Financing Solutions
Why do homeowners need financing?

• Many improvements are too big to put on a credit card, too small to take out an equity loan
  – Reactive customers ($3,000-$15,000)
  – Proactive customers – big jobs need big loans
• UNC survey in Philadelphia
  – 80% of loan users who completed home upgrades would not have done so without affordable financing


Why should YOU offer financing?

• Increase average ticket size
• Increase your close rate.
• Reduce competition from things like new cars, boats, vacations, man caves, and more!
• If you offer it, you can stay in control of the sales process
Make it simple!

• Have multiple financing options to fit a variety of needs.
• Understand the options – and make sure anyone answering the phone does too!
• Do as much as you can, so that all the homeowner has to do is sign

Managing Your Sales Process
If you can’t measure it, you can’t improve it

Set Goals

Advisor

- Close Rate
- Sales Volume
- Paperwork
- Specific Skills

company

- Leads per week
- Support
- Training Commitment
Tracking Weekly

Week of: 22-Oct

<table>
<thead>
<tr>
<th></th>
<th>David</th>
<th>Kate</th>
<th>Alex</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointments Run</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Goal: 8 Appts/Week</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agreements Signed</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Agreement Signed - Dollars</td>
<td>$19,831</td>
<td>$38,472</td>
<td>$37,591</td>
<td>$96,284</td>
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<tr>
<td>Goal - Agreements Signed</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Goal - Agreement Signed - Dollars</td>
<td>$20,000</td>
<td>$30,000</td>
<td>$35,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Close Rate</td>
<td>29%</td>
<td>50%</td>
<td>43%</td>
<td>41%</td>
</tr>
<tr>
<td>Average Ticket</td>
<td>$9,916</td>
<td>$9,618</td>
<td>$12,664</td>
<td>$10,699</td>
</tr>
<tr>
<td>Goal - Close Rate</td>
<td>40%</td>
<td>55%</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>Projects Pending Service Order</td>
<td>4</td>
<td>6</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Projects Pending Service Order - $</td>
<td>$23,784</td>
<td>$53,827</td>
<td>$140,405</td>
<td>$218,016</td>
</tr>
<tr>
<td>Self-Generated Leads</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>
Making sure agreements don’t die

- Track where each job is in the process
- Are bottlenecks caused by a process issue or an individual?
- How can projects be moved to production?
  - Are paper-pushing roadblocks being knocked down?
  - Are Advisors following through?

How does the YTD look?

<table>
<thead>
<tr>
<th>Week of: 22-Oct</th>
<th>David</th>
<th>Kate</th>
<th>Alex</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD - Appointments</td>
<td>320</td>
<td>305</td>
<td>322</td>
<td>947</td>
</tr>
<tr>
<td>YTD - Agreements Signed</td>
<td>114</td>
<td>163</td>
<td>148</td>
<td>425</td>
</tr>
<tr>
<td>YTD - Agreement Signed - Dollars</td>
<td>$876,564</td>
<td>$1,337,651</td>
<td>$1,510,232</td>
<td>$3,724,446</td>
</tr>
<tr>
<td>YTD - Close Rate</td>
<td>35.7%</td>
<td>53.4%</td>
<td>46.0%</td>
<td>44.9%</td>
</tr>
<tr>
<td>YTD - Average Ticket</td>
<td>$7,619</td>
<td>$8,213</td>
<td>$10,196</td>
<td>$8,759</td>
</tr>
<tr>
<td>Goal - Close Rate</td>
<td>40%</td>
<td>55%</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>Goal - Average Ticket</td>
<td>$7,500</td>
<td>$8,000</td>
<td>$9,500</td>
<td>$8,500</td>
</tr>
<tr>
<td>YTD - Self-Generated Leads</td>
<td>72</td>
<td>68</td>
<td>108</td>
<td>248</td>
</tr>
</tbody>
</table>
Sales Performance is more than your Advisors

• Is the Company meeting its lead commitment?
• Are the leads being qualified properly?
• Are confirmation calls made?
• Are pre-call packets being mailed on time?
• Is support system in place?

Sale Volume is Important, but so are Margins

• You (or your installation manager) should do a “cost-up” on every job as soon as completed.
• Did it hit margin targets?
• If not, why or why not?
  – Sales issue?
  – Production issue?
  – Pricing issue?
When Jobs Lose Money, Learn Don’t Blame

- The classic tension: Production blames Sales, and Sales blames Production
- Aligning incentives fosters teamwork
- Regular meetings with sales and production help – as long as they focus on solutions not fights

Sales Training
Role-play Weekly

- Arrival and Greeting
- Explaining the home energy assessment
- Trial closes
- Recommendations and Proposal
- Describing finance options
- Asking for the business
- Handling objections

In-field Observation: The Ride-Along

- How is theory translated to the field?
- Observe as “fly on the wall”
- Debrief immediately
- Use results to inform ongoing training plan

Advisor In-field Evaluation Form

- Check the appropriate box for the section:
  - Preparation
  - Opening
  - Technical Assessment
  - Identifying Needs
  - Customer Presentation
  - Closing
  - Action Plan
  - Other

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OmStout Consulting
When Something Goes Wrong

Customer Complaints

• Embrace the opportunity to learn, improve, and build loyalty
• Take every complaint seriously
• Like everything else you want to improve, set goals, document, track, and measure yourself
• Resolve quickly!
How to Handle Customer Complaints

• Like the sales process, listen to understand.
• Don’t blame or duck.
• Paraphrase and document.
• Find out what the customer wants.
• Propose a reasonable solution – and try to exceed expectations.
• If that doesn’t work, ask them.
• Follow-up to make sure you’ve left them satisfied.
• Don’t argue!

Sometimes you’ll spot the problem before the customer

• Apologize quickly, take responsibility, and make it right
• Let the customer know the remediation plan
• Make sure to mention the positive elements you’re adding
Don’t let new things surprise you

Know what’s coming around the corner

Mark Your Calendar!

2014 ACI National Home Performance Conference

Creating a Better America

April 29 - May 1, 2014
Detroit, MI
Thank you

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http://omstout.com

twitter: @EnerGMatters

Drop me a line if you’d like to read more on HVAC-2-HP