

# The Trade Ally Approach to Growing the Green Workforce

*Duane Whitehurst, Portland Energy Conservation, Inc.*

## ABSTRACT

“Green jobs!” is the rallying cry for economic growth, but where will they come from and how will they be created? Training existing trade allies in new and improved energy efficiency technologies is a core component of increasing the market’s capacity to deliver energy savings. This education can expand a trade ally’s service offerings, leading to increased opportunities for business growth and revenues.

PECI trains trade allies as part of the EnergySmart Grocer Program, which it administers in the Pacific Northwest for the Bonneville Power Administration, Puget Sound Energy and Avista Utilities. PEGI has developed three approaches for the training and education of trade allies.

- **Tell:** One-on-one discussions about new technologies with PEGI staff
- **Show:** On-site installation labs on anti-sweat heat controls (ASHC) and electronically commutated motors (ECM)
- **Get to know:** Trade show style breakfasts on ASHC, ECM and LED lighting

Each approach has benefits and shortcomings, but the trade show approach is a clear winner, providing the most benefit per time invested for all parties. This approach connects two groups with complementary goals, helping trade allies increase their staffing and customer base, and helping suppliers increase the orders coming in and drive down costs.

This presentation will review in more detail the three trade ally training approaches, with a specific emphasis on the trade show approach. We will review key concepts for hosting trade shows and provide suggestions for future enhancements. We will also highlight how two trade allies facing the economic downturn increased their offerings and revenue to play a tangible role in growing the green economy.

## Introduction to the EnergySmart Grocer Program

PECI would like to thank our clients for their partnership and collaboration in making the EnergySmart Grocer (ESG) Program a continued success. We would specifically like to thank Bonneville Power Administration and their partner public and municipal utility customers, Puget Sound Energy and Avista Utilities.

Since 2006 in the Pacific Northwest, PEGI has been designing, refining and implementing the EnergySmart Grocer Program, an energy efficiency retrofit program focused on the traditionally hard-to-reach and electricity-intensive grocery sector. One of the main goals of the ESG Program (and PEGI as a whole) is to transform the market’s capacity to deliver energy efficiency. The Program drives toward this goal by raising the various participants’ awareness of energy efficiency opportunities in commercial refrigeration systems and the methods for capturing them.

The Program is, at its core, an instance of Malcom Gladwell's archetype of a Connector. It brings together different stakeholders and demonstrates how completing energy efficiency retrofits in businesses with commercial refrigeration systems can fulfill their common goals. Our customers include utilities, grocers, suppliers and trade allies, each with a specific motivation for participating.

- **Utilities: The more energy efficiency, the better.** Along with needing to address increased load growth, utilities are frequently legislatively mandated to pursue all cost-effective energy efficiency measures before pursuing additional generation capacity. Consequently, they have funding to offer in the pursuit of energy efficiency as they strive to meet load growth.
- **Grocers: The lower the power bill, the better.** Grocers are continually seeking ways to increase margins and become more competitive. Electricity is often a grocer's second largest expense after labor costs and is seen as a fixed cost like rent (i.e. they have to pay for the same amount of power no matter how much product they sell). So, any reductions grocers can make to their power bill are reflected dollar for dollar in their bottom line.
- **Suppliers: The more orders, the better.** Suppliers make significant investment in energy efficiency product R&D and seek exposure to qualified customers to increase market share and capitalize on their investment.
- **Trade allies: The more projects, the better.** Trade allies are the technicians designing, installing and, most importantly, maintaining the equipment at the heart of any retrofit project. Typically specializing in technologies or market sub-segments, trade allies are hired by the grocers to bid and complete jobs as simple as replacing gaskets for refrigerated cases to deploying complex refrigeration systems for the largest supermarket chains. By increasing their expertise and portfolio of services, trade allies increase their value proposition and become more competitive in an increasingly price conscious market. The ESG Program relies on qualified trade allies to implement the projects promoted to the Grocers.

Typically, ESG Program field staff, known as Field Energy Analysts (FEAs), perform the connector role and become a trusted energy advisor through an Inform-to-Invest process developed by PECEI. The Inform-to-Invest process is iterative, with the FEA leading the progression. Typical steps taken by the FEA include the following:

- Inform the grocer of the Program and the expectations and obligations from both parties, highlighting the benefits of completing a no-cost site audit
- Perform a site-appropriate audit to identify potential energy saving retrofit measures
- Explain the audit findings and categorize the measures into different phases based on the initial investment required by the grocer
- Ask for permission to secure bids for the first-phase measures that require little to no investment
- Arrange for bids from trade allies
- Help the grocer decide what course of action to take based on bids, payback, funding and realities of the grocer's situation
- Estimate the utility funding available for the project

- Assist in scheduling work to be done
- Perform an on-site verification check of the trade ally's work to ensure compliance with terms and conditions
- Submit paperwork to the ESG Program for processing and payment
- Leverage the success of the first phase to encourage the grocer to implement the next phase of measures using the financial savings from the initial, inexpensive retrofits to help fund the next round

While this approach is primarily focused on the grocer, the FEAs also invest significant time building relationships with refrigeration and lighting trade allies to educate them and leverage their existing reach within a geographic market.

The ESG Program uses three approaches to share information with trade-allies and help transform the market's capacity to deliver energy efficiency: one-on-one meetings, on-site installation demonstrations and trade ally breakfasts.

### **One-On-One Meetings: Tell**

During the typical Inform-to-Invest process described above, an FEA engages with a trade ally around a specific project for a specific grocer. Although Program FEAs generally do not come from a refrigeration trade ally background, they are trained to identify and quantify energy saving retrofit opportunities.

FEAs are also aware of the products that can be employed to capture the opportunities. When working with a grocer's preferred trade ally, the FEAs can introduce those inexperienced with energy efficiency projects to the various products, explaining in general terms how they work and assist the trade ally in seeing the value of adding the energy efficiency retrofits to their service offerings. This is similar to the education and outreach the FEAs do for the grocer when explaining the energy saving opportunities in their store.

In addition, if the trade ally does not have a supplier for the energy efficiency products, the FEA can provide supplier contact information. Trade allies can then request more specific information on the products so they can prepare a site-specific bid for the grocer.

The one-on-one approach is very effective in building trust and relationships with a trade allies. It allows for individual attention to all parties regarding a specific project. It is also highly effective for engaging new trade allies with no previous experience with the ESG Program or the technology.

However, one-on-one meetings are time consuming with linear growth; you need twice as much time to reach twice as many trade allies. Additionally, trade allies are generally busy with "regular" work. They don't have the bandwidth to evaluate several suppliers' energy efficiency products for the best fit for each customer and will typically select their current supplier's product. So, while one-on-one meetings are essential to reaching and educating trade allies, the approach must be paired with others that have a broader reach.

### **On-Site Installation: Show**

In early 2008, the ESG Program established an internal goal to increase the market's capacity to deliver electronically commutated motor (ECM) and anti-sweat heater control

(ASHC) retrofits in rural markets. After collecting data from program FEAs on the market's limited awareness of these two energy saving technologies (based on their one-on-one interactions with trade allies), the ESG Program chose to sponsor a handful of on-site installation demonstrations at small stores across the region. The goal of each demonstration was to educate the local trade ally base about the technologies and train them on the specifics of installation and the benefits to their customers.

The demonstrations required a store to act as the lab, a supplier to provide product and on-site installation training, and trade allies interested in learning. Selecting and ensuring the participation of each group presented its own challenges.

The store had to:

- Have a reasonable-sized opportunity for the retrofit
- Be located in a convenient geographic area to attract the local trade ally base
- Be large enough to handle a small group of students
- Be willing to host during regular business hours

To help lower the participation barrier for the store, the ESG Program decided to supplement the existing rebate to ensure the retrofit projects would be completed at no cost to the store owner. However, this offer limited the pool of eligible stores, since the ESG Program could not absorb the cost of a high quantity retrofit. The offer to upgrade the grocer's equipment at no cost turned out to be crucial in securing the site, and we worked with convenience stores at all the locations.

The supplier had to:

- Offer product that met program terms and conditions
- Conduct training installations at several locations around the territory at no cost

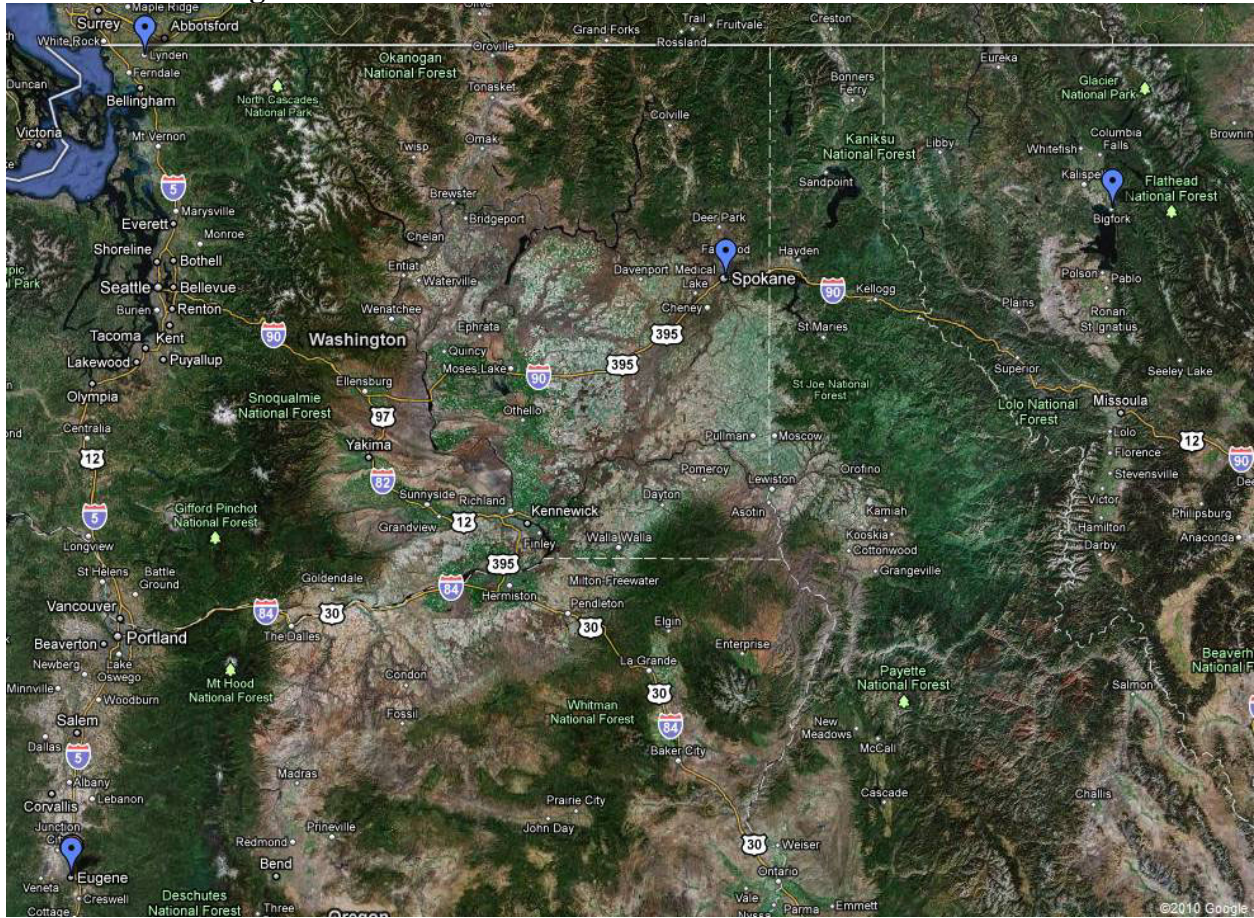
The selected supplier was initially concerned about training the competition; they had a team of installers that could be sent across the territory. However, the opportunity to have the local trade allies recommend and install their product in rural markets was valuable enough to ensure their participation. Additionally, the Program shared the cost of air travel for the supplier to help secure their participation.

Trade ally participation was arranged using the FEAs' existing relationships and the lure of the potential new business the training would facilitate. As part of their regular engagements, the FEAs recruited a total of 24 trade allies (17 companies) for the events.

We selected a total of eight convenience stores in four locations throughout the Pacific Northwest (Figure 1). The Spokane, Wash., area trainings were completed over two days. The Eugene, Ore., Bellingham, Wash., and Bigfork, Mont., trainings were completed over four days, with the supplier flying from city to city to meet pre-shipped product.

The on-site installation approach had some strong advantages. For trade allies new to the technology, it can be incredibly helpful to have practical experience with the product. Also, the direct interaction between trade ally and supplier is rich in information flow. However, each player had feedback about how to improve the process.

**Figure 1. Cities for Convenience Stores On-site Installations**



For instance, the total training time in the store took longer than originally anticipated, creating a larger impact on the store than expected. The experience indicated that it typically takes at least two times longer to “teach and do” rather than to just “do.” Store owners felt the Program needed an approach with less impact on their business.

The supplier told us they received good exposure and access to the local trade ally base but also felt they traveled long distances to do often complex installations at no cost, essentially “breaking even.”

Additionally, while the first or second motor or controller retrofit was informative, watching the sixth proved to be of little value to the trade allies. Given the original time commitment, the on-site lab was designed as a demonstration versus a hands-on lab for the participants. The Program needed an approach that produced the same rich information exchange at less expense to the suppliers and requiring less time from the trade ally as well.

### **Trade Ally Breakfasts: Get to Know**

With the pros and cons of the other approaches in mind, PECI organized a series of early morning trade show style events around the territory. These brought together suppliers and trade allies to share information and start relationships in a welcoming environment over a hot breakfast. The events were again focused on ECM and ASHC retrofits.

In some ways, the logistics for the trade ally breakfasts were easier to coordinate than the on-site demonstrations. Much like any party, the key aspects of a successful event were location, food and conversation.

## **Location**

The site should be centrally located to provide the greatest access for the trade allies in the area. Additionally, the site should be a large enough room to support tables for each supplier and the sponsoring program(s) to display their offerings, a buffet breakfast and ideally places to sit and eat. The event's value comes from the interactions among attendees, and the more a sponsor can do to encourage those interactions—such as providing chairs, quiet space for conversation and ample lighting—the better.

Local utilities are often interested in hosting the event and make for excellent partners if they have the required facilities. However, in selecting a site, it's important to prioritize the needs of the suppliers and trade allies over a utility's desire host the event.

In the Pacific Northwest, several public utilities are in close geographic proximity, and PECO was concerned it might appear that the Program was giving preference to the hosting utility. However, PECO discovered the utilities frequently work together and did not exhibit any "turf concerns" over the events being held at a neighboring utility. Hosting the event at a supplier's or trade ally's location is not advised due to perceived preferential treatment. Some examples of utility-hosted locations include: public hearing meeting rooms, gymnasiums and warehouses.

Although there is an additional cost, hotels with meeting facilities are the preferred venue due to easy access, ample parking, general infrastructure for these type of events, catering and accommodations for one-on-one conversations around the facility.

## **Food**

"Good coffee turns strangers into friends."

- Anonymous

Along with being reportedly the most important meal of the day, a good breakfast provides a welcoming environment to the attendees. PECO scheduled the events at 7 a.m. to reduce the impact on the trade allies' business day and, by offering a "real" breakfast, helped them incorporate the event into their day.

The utilities and trade allies themselves were excellent sources of recommendations for catering, especially in a new territory. The selections have ranged from no nonsense eggs, potatoes and meat, to fresh fruit and warm quiche, but anything beyond a continental breakfast increases the event's professionalism and sends the message that the participants are valued. Based on the positive comments FEAs received about the food after the event, the Program believes the reputation for offering a good meal helps increase attendance the next time you host an event in the area.

## Conversation

Think back to the last time you were invited to an event. How long did it take you to wonder, “Who else is going to be there?” The success or failure of an event hinges on having participants who can provide valuable and actionable information leading to increased business. Those participants are mostly suppliers. Consequently, it is crucial to secure at least three reliable suppliers with quality products and experience.

Trade allies want exposure to products and information from suppliers, and the more suppliers they can meet at one time, the more likely they are to participate. On the other hand, suppliers want introductions to potential customers, and the larger the trade ally audience you can garner, the more likely you are to get high quality suppliers.

Unfortunately, sponsors need to secure the participation of both simultaneously. However, once you establish a track record of sponsoring valuable events, future events in the area are easier (but not easy) to populate with suppliers and trade allies.

Program FEAs were able to leverage the relationships from their one-on-one interactions with trade allies to encourage them to attend. The ESG Program called each trade ally to secure a commitment to attend. Once the momentum started to build and we could answer the question “Who else is going to be there?” the more people were willing to commit.

To further encourage attendance by trade allies, the Program tied the events to the announcement of general ESG Program changes and enhancements (new energy saving measures, new rebate levels,<sup>1</sup> expanded service territories, etc.)

To lower the barrier to participation for suppliers, the Program offered to share the cost of travel expenses if they were traveling from the East Coast. The Program also contacted suppliers that did not yet have a strong presence in the territory and made them aware of this avenue into the market. Finally, we asked for tentative commitments from suppliers so we could use their attendance in marketing the event to trade allies.

Nonetheless, having an internally set minimum number of attendees and suppliers to justify the event is advised. Hosting an event with a low turn-out can damage future events.

Finally, PECI recognizes that the idea of hosting events for trade allies is not new. Utilities have been doing this type of thing for years. However, the special feature of the ESG Program is its focus on following up with the trade allies to assist them in capitalizing on the information received. Phone calls and in-person check-ins help to reinforce the awareness of the technology. Just as the Inform-to-Invest approach includes following up with grocers to move them to the next stage, the trade ally breakfasts allow FEAs to follow up with trade allies and encourage action.

During the fourth quarter of 2008 the Program hosted the first series of trade ally breakfasts focused on ASH controls and ECMs for walk-in freezers and coolers. Three events were held in Tacoma, Wash., Everett, Wash., and Milton-Freewater, Ore. with three suppliers traveling to each site meeting with, on average, 13 trade ally and utility participants (max. 17, min. 11).<sup>2</sup> While not a landslide, the Program considered it an acceptable first-run showing.

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<sup>1</sup> While many energy efficiency programs do not have the ability to modify rebate levels during the Program period, finding some worthwhile news to announce at the events can greatly assist with adding value to the event and the Program in general.

<sup>2</sup> Including utility representatives in the attendee count reflects the marketing-extension opportunity the utility representatives offer to the suppliers as they interact with other trade allies and customers on projects outside of the ESG Program.

In the fourth quarter of 2009, the Program hosted five events across the region (Missoula, Mont., Tacoma, Wash., Spokane, Wash., Eugene, Ore., and Portland, Ore.) with nine suppliers traveling to each site meeting with, on average, 18 trade ally and utility participants (max. 27, min. 14). The focus technologies were LED case lighting, ASHCs and ECMs for cases. In just one year, the number of sites had almost doubled, suppliers had tripled, and average participants had increased by 40%. And, as predicted, it was easier to attract the participants. In the second year:

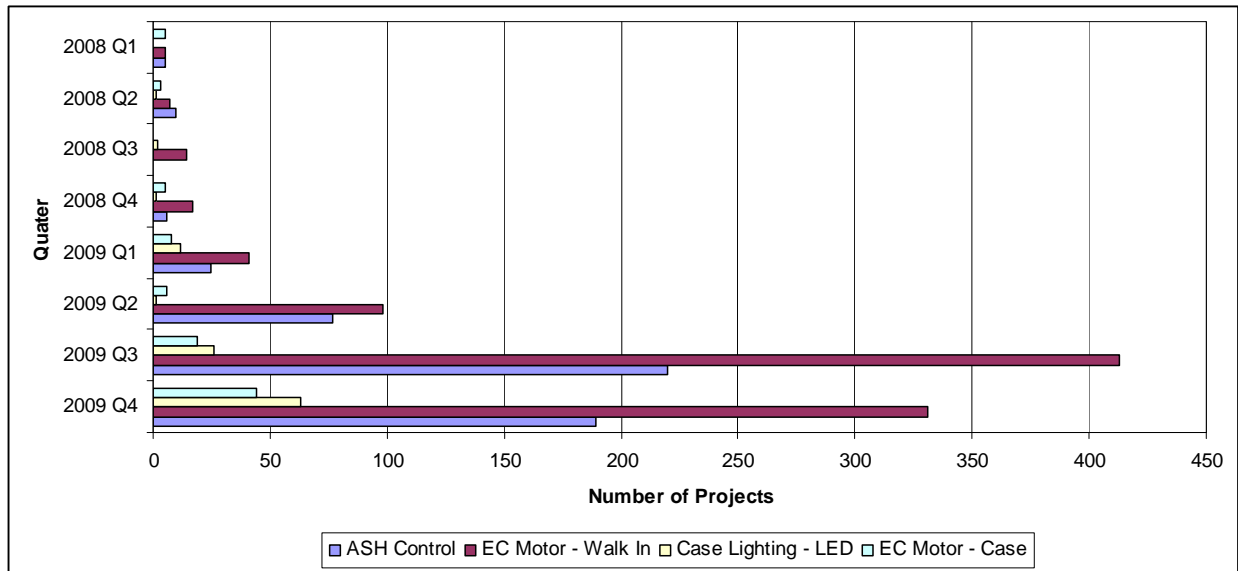
- The Program did not supply travel incentives to the suppliers
- It took six weeks to organize five events instead of seven weeks to arrange three

While the increased number of participants and sites in the second round of breakfasts were considered a sign of success, the smaller increase in trade ally participants per site was disappointing. Finding a way to bring more trade allies to the events to ensure suppliers' continued participation would be crucial for the next round of events.

## Results

The Program experienced a three- to six-month delay between hosting the trade ally breakfasts and seeing results in our completed projects. Three months are attributed to building momentum and relationships initiated at the breakfasts. The other three months are from the average time necessary to arrange, complete and process a project.

**Figure 2. Program Delivery of Targeted Measures**



In terms of kWh, savings from the two measures highlighted at the Q4 2008 trade ally breakfasts made up 50% of the Program's total 2009 kWh saved; 10.6 M kWh for ASH control and 14.9 M kWh for ECMs in walk-ins.



The large uptake starting in Q2 2009 of both these measures cannot be entirely allocated to the Q4 2008 trade ally breakfasts; the Program was applying several approaches such as breakfasts and rebate levels simultaneously to drive activity in the market. However, the impact of bringing together the suppliers and trade allies around a shared goal focusing on two measures can be compared to the uptake of the other two measures (LED case lighting and ECMs in cases) which did not receive focus at the 2008 Q4 breakfasts but did receive rebate increases.

Additionally, the market responded to the increase of orders with suppliers offering special trade show pricing to attending trade allies. Over 2009, the Program saw a double digit decrease in the average price for electronically commutated motors in walk-ins.

## **Future Improvements**

The Program sees value in continuing to host trade ally breakfasts around the territory. This format has an unparalleled ability to maximize information flow in a short amount of time and establish connections between two of the crucial players in the ESG Program. While these events are more social compared to traditional training, we've found that the majority of our trade allies simply need exposure to product information to capitalize on the opportunity.

After hosting eight trade ally breakfasts and gathering feedback from previous attendees, the Program sees several potential enhancements that could increase trade ally participation:

- Establish a regular schedule of events
- Provide awards and recognition for trade allies and suppliers
- Provide online resources for the participants

## **Make it a Habit**

Establishing a consistent schedule for these events makes it more likely that suppliers and trade allies will attend. Like all industries, the refrigeration trade has high and low seasons. The low seasons tend to be early spring and mid-autumn. Summer is full of emergency service calls as the higher outside temperatures stress refrigeration systems. The winter is filled with holidays and vacation schedules. April and October are generally in the "regular maintenance" time of year and appear to be the best months to reach this audience.

## **Make It Congratulatory (and Competitive)**

Trade allies are competitive. PECEI believes that establishing a few competitive categories will drive both attendance and overall energy efficiency activity in the area. While we are limited in financial awards we can offer, a professional plaque and trophy for performance appears to be a meaningful motivator based on the number of awards on display at the trade allies' offices. Additionally, an award presentation provides an example of a general program announcement recommended for a program that cannot modify measures or rebate levels.

PECEI is considering a system of competitive awards based on trade ally employee-size to provide motivation across the market. Some potential categories include Most kWh Saved, Most Projects Completed and Fastest Growing Trade Ally. Our challenge will be to generate friendly competition instead of negative behavior.

## **Make It Available 24/7**

Business cards get lost. Notes are hard to decipher three days later. And sometimes, participants can't make it to all the trade show tables. These simple truths point to the value of making certain core information about the trade show available online before and after the event. A good start would be posting the names and contact information of the suppliers along with links to their sites. Including photographs of the individuals, with their permission of course, makes it easier for participants to put names to faces after the fact.

## **Conclusion**

While each training approach has benefits and shortcomings, our experience shows that the trade show approach is a clear winner, providing the greatest reach, information exchange and relationship generation per time invested for all parties. This approach connects groups with complementary goals, helps trade allies increase their staffing and customer base, and helps suppliers increase the orders coming in which drives down costs.

The one-on-one approach between FEAs and trade allies is a core component of the ESG Program and will continue to drive individual projects. However, when the Program needs to bring information on new technologies and measures to the market, the Get To Know approach of trade ally breakfasts is our preferred method to spread the news widely and quickly, while reinforcing the value of the ESG Program.

## **Case Studies**

### **John Wilson and North Sound Gasket Guy**

John Wilson founded North Sound Gasket Guy, a Washington State franchise of Gasket Guy®, the country's largest installer of commercial refrigeration gaskets, after 20 years in the grocery business. The company quickly established a customer base with local restaurants, but had trouble breaking into the grocery market. "I had an understanding of the grocery business, but even with my history, the market segment was difficult to reach," said Wilson.

Then the ESG Program approached him. "Working with EnergySmart, I've gained direct access to grocers and significantly grown my product line and business," said Wilson. "Now, one-third of my customer base is grocers participating in the EnergySmart program.

"Our method is a one-two punch, where the FEA helps the grocer understand the benefits of energy efficiency and identify equipment retrofits and upgrades that will improve functionality and save money in electric bills," said Wilson. "Then I complete bids and install the measures."

The one-on-one relationship with Program FEAs has allowed John to create additional opportunities for his company in the market. "As I learn more about energy efficiency, I am able to educate grocers too," said Wilson. "As a result, I've found additional opportunities to work with EnergySmart clients after the EnergySmart projects are completed."

Driven by the Inform-to-Invest process, once grocers see the energy savings results from investments in replaced door gaskets, they ask for more complex measures such as electronically commutated motors (ECMs) and anti-sweat heater controls (ASHC), which can deliver even

greater energy savings. “The FEAs encouraged me to expand my product offerings to include these popular retrofits and I followed their advice,” said Wilson. “As the market has changed, I’ve been able to expand my business and remain competitive.”

By partnering with EnergySmart Grocer, North Sound Gasket Guy has grown its business and helped the Program grow as well. “John is great to work with because he does good work at a reasonable rate, and he always makes sure that the customer is completely satisfied,” said Mark Larson, ESG Program FEA. “Plus, because he’s been willing to learn and grow with the Program, he’s increased his business and helped us reach more grocers with more energy efficiency measures.”

As of May 2010, North Sound Gasket Guy has completed 347 projects with the Program, securing \$694,321.50 in rebates for his customers and saving over 6.7 million kWh.

### **Terry McChesney and Mac Electric Inc.**

Started in 1982 as a part time endeavor, Mac Electric became a full-time operation in 1989. Located in Vancouver, Wash., and serving primarily SW Washington, Mac Electric’s primary business had been residential new construction. Their work spanned the gamut from commercial buildings, to underground projects installing primary wire and transformers in subdivisions, to low voltage work, like security, home theater and distributed audio systems.

Then, in early 2009, with the new home construction market in decline, the company was forced to reduce their employees from 38 to eight and look for other markets to help keep the business going. Brian Murphy, an electrician/low voltage specialist at Mac Electric was charged with developing new business. He contacted the local utility to learn more about their rebate programs and learned of the EnergySmart Grocer program. “I question if it would’ve been worthwhile to stay in business without the EnergySmart program’s contribution,” said Terry McChesney, Mac Electric’s general manager.

In March of 2009, the Program started a promotion with aggressive rebates on electronically commutated motors and anti-sweat heat controllers. Soon ESG Program FEA Kevin Cote had more convenience stores than he could visit wanting immediate information about energy efficiency retrofits. As part of the FEA and trade ally relationship building, Cote and Murphy put together a plan to canvass the Vancouver area, identify opportunities and present bids to customers. “Kevin needed someone reliable and we needed his referrals; we aligned for the common benefit of everybody. Kevin’s been great and it doesn’t always work out that way in today’s world,” said McChesney.

In just one year of participation in the Program, Mac Electric has added several energy efficiency products to their service offerings, including electronically commutated motors, anti-sweat heater controls, LED lighting for refrigerated cases, and LED canopy lights for gas stations.

The expansion of their offerings is a direct result of being exposed to new products and suppliers, both through Cote and at Program-sponsored events. For example, McChesney and Murphy attended the 2009 trade ally breakfast and came away with new product ideas and relationships.

“Being able to see two or three product lines at one time really helped us make a decision or confirm our previous choice,” said McChesney. “It’s a great time saver. Also, meeting the suppliers face-to-face changed the nature of the relationship; it’s not just an email address after that.”

Mac Electric understands the power of relationships and has adopted the Inform-to-Invest approach. “They’ve developed relationships with several stores. They follow up and try to move customers to the next step,” said Cote. “They do great work and they’ve been really responsive to their customers. It’s great to see.”

That work is paying off. As of May 2010, Mac Electric has completed 62 projects with the Program, generating \$222,471.31 in rebates for their customers and saving over 1.6 million kWh.