

Reaching Hard to Reach Small Businesses Using Associations and Non-electric Wholesalers to Deliver the Message

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Introduction

Marketing energy efficiency to small businesses has never been an easy task as small business owners have many other priorities. In Maine this task of reaching small businesses is even more daunting because over 90% of businesses in Maine have fewer than fifty full time employees, the criteria used by the Maine Public Utilities Commission (MPUC) to define small business. Additionally, Maine is a very large state with a small population that is widely dispersed in many rural communities. This paper describes how Efficiency Maine developed and now uses a network of non-traditional program allies and market intermediaries to market and sell energy efficiency to businesses in Maine. These key market actors, such as distributors, trade associations and a large milk processor, have existing relationships with small businesses, and these can be utilized to inform businesses throughout the State of Maine about the financial incentives available to them for upgrading the energy efficiency of their electric equipment. Though the network also includes traditional “trade” allies, great success has been achieved by working with non-traditional allies such as warehouses that supply small grocery stores, superettes and convenience stores, the State Department of Agriculture, a national supplier of food products to restaurants and institutions and more than seventy-five trade associations, including the Maine Real Estate & Development Association, the Aquaculture Association and the Maine Metal Products Association.

As noted above, over 90% of the businesses in Maine are small businesses as defined by the MPUC. Though their individual use of electricity may not be substantial, in the aggregate they use a significant amount of energy, often inefficiently. Unless their business is uniquely energy intensive, they are just too busy with other priorities such as keeping their business afloat, finding and keeping staff, building their customer base, obtaining raw materials or inventory, staying on top of state and federal regulations, finding affordable health insurance for themselves and maintaining their banking relationship to spend time worrying about their lighting, HVAC systems, small motors, or refrigeration. This paper explains how the Efficiency Maine Business Program, a statewide Public Benefits program funded by rate payers, administered by the Maine Public Utilities Commission and delivered through a consortium of contractors selected by competitive bid, has found a successful method for reaching the small business market as well as the larger commercial and industrial businesses and has begun significant transformation towards a self sustaining market for energy efficiency.

Results to Date

Efficiency Maine launched the Business Program on September 1, 2004.¹ In its first year and a half of operation, Efficiency Maine’s Business Program has paid more than \$2.2 million in incentives to Maine businesses. This has proved to be a very good investment of State Public Benefit Funds. On average, the \$2.3 million of incentive dollars spent to date (spent since July 1, 2004) by Efficiency Maine’s Business Program will result in electric bill savings of \$27,812,847 (based on the retail electric bill savings realized over the life of the energy efficiency measures installed). Thus the ratio of total electric

¹ Prior to September 2004, two interim programs existed: one for small businesses and one for large businesses.

bill savings to Efficiency Maine incentives paid is over 12 to 1. Maine businesses have received incentive checks from Efficiency Maine and have improved the energy efficiency and the bottom lines of their businesses. Incentive checks have ranged from under \$100 to the annual maximum incentive per business per year of \$50,000.

The energy efficiency steps taken to date by Maine businesses through the Efficiency Maine Business Program (since July 1, 2004) are estimated to **save 20 million kWh** annually. That energy savings is the equivalent of the annual **electrical needs of approximately 3,237 Maine homes**. The electric efficiency improvements will improve the profitability of participating Maine businesses. Everyone in Maine benefits when we have a stronger business community and reduced power plant emissions. The reduction in carbon emissions from the first year and a half of Business Program projects is equal to **removing 8,913 cars (on an annual basis) from Maine roads**.

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Table 1 below provides the highlights of program accomplishments for first 18 months of the Business Program.

Table 1 – Highlights of Efficiency Maine Business Program Accomplishments July 1, 2004 through December 30, 2005		
#	Item	Statistics
1	Cumulative annual kWh savings	20,071,200
2	Number of approved program allies	365
3	Incentives Paid by Efficiency Maine	\$2,283,790
4	Annualized Retail Electric Bill Savings (\$) (savings to date for program participants)	\$1,937,599
5	Total Retail Electric Bill Savings Over Life of All Measures (\$)	\$27,812,847
6	Number of Maine Businesses receiving incentives (July 2004 through December 2005)	327
7	Ratio of Electric Bill Savings (over the life of efficiency measures) to Efficiency Maine Business Program Incentives Paid	12.2 : 1

Of the 327 Maine businesses that have received incentives since July 1, 2004, 235 are small businesses and 92 are large businesses.

Program Description

Efficiency Maine launched the Business Program on September 1, 2004. The Efficiency Maine Business Program has become the “One Stop Shop” for Maine’s businesses, schools and other entities wanting to increase their electric energy efficiency. Small business customers receive support tailored to their needs, as do private and public K-12 schools undertaking projects on existing school buildings. A small Efficiency Maine field staff (only five persons) interacts with our many program allies and delivers the program to these businesses across the entire state of Maine. The field staff assists program allies with equipment selection, installation, calculations of savings, and filing for Efficiency Maine incentives. Larger commercial and industrial customers as well as energy intense small businesses receive assistance from other program staff members who have the sophisticated technical knowledge required for projects that are more complex.

This program structure allows Efficiency Maine and its contractors to funnel customers into the appropriate area of the program rather than overwhelming them with too many choices and application forms. Under the Business Program all Maine businesses are eligible for up to \$50,000 in incentives each calendar year regardless of their size. A list of pre-established cash incentives for qualified high efficiency electrical equipment is offered, including a select group of incentives available only to kindergarten through twelfth grade schools and small businesses. For more complex projects, incentives are based on engineering calculations of the savings, and need pre-approval prior to installation as well as post installation inspection.

Program allies, the manufacturers, wholesalers, retailers, professionals and contractors that work with Efficiency Maine to promote, install and service energy efficient equipment, are vital to the Business Program success. As of December 31, 2005, the Business Program had 365 approved program allies. As the primary delivery channel for energy efficient electrical equipment, the program allies continue to be an important part of the program’s market transformation effort. Efficiency Maine financial incentives, in turn, are an invaluable tool for the allies to use to catch the attention of their existing and potential customers.

Training programs, business association functions, and trade shows are proving to be an effective means of educating and creating change in the marketplace. Continual outreach with key business and trade associations has been an important component in building the credibility and reputation of Efficiency Maine programs. The events, at which Efficiency Maine staffed a booth, spoke or provided training, have included major trade shows attracting hundreds of people as well as select groups invited by Program Allies. Table 2 below shows an activity summary for major program events from September 1, 2004 through December 31, 2005.

#	Event Type	Number of Events Completed from July 1, 2004 to December 31, 2005
1	Trade shows where Efficiency Maine had a booth or exhibit	56
2	Speaking engagements	28
3	Training events	27
4	Telephone contacts with Maine businesses	1,979
5	Personal visits to Maine businesses	282

The communications plan for the Business Program includes monthly e-mail newsletters sent to all program allies. They also receive a quarterly printed newsletter, which highlights completed energy efficiency projects, program allies and projects they have installed, and technical information. The printed newsletter is distributed statewide to a list of over 6,500 businesses, associations, nonprofit and government contacts, as well as to program participants and program allies. The Efficiency Maine web site also features a growing list of resources that are geared to specific technologies or industries areas. The web site provides paperless access to the pre-established incentive list, applications, and technical resources as well as a searchable database of program allies available throughout the state. The Geographic Information System (GIS) linked database allows customers to easily locate appropriate program allies whose businesses are within a prescribed radius of their location.

Public relations efforts spotlight energy efficient practices used by program participants throughout the state in both statewide and local newspapers and on major Maine television programs. Additionally, we supply articles to any trade association that will carry our message as well as special stories about their members who have benefited through participation in the Efficiency Maine Business Program.

Using Program Allies to Sell Energy Efficiency

A key player in a market transformation program is the program ally. Program allies include energy efficient equipment manufacturers, contractors, distributors, wholesalers, retailers, suppliers, the installer/repair community, lawyers, accountants and trade associations. It is important that this segment understands its role in market transformation. Market transformation can be advanced if program allies embrace energy efficiency, stock energy efficient equipment, and recommend it to their customers and use energy efficiency as a marketing tool to differentiate themselves from their competitors. Accountants, lawyers and trade associations consider their recommendation of the program as a value added service they can offer their clients and members.

To foster this type of behavior, the staff of the Efficiency Maine Business Program has found that it takes a lot of hard field work, face to face meetings, attendance at trade shows, technical training, and spending time in the field educating program allies on the benefits of energy efficient equipment. Using program allies as an energy efficiency sales force is an excellent marketing strategy, because it makes use of an existing and well-established distribution network.

Some of the techniques that Efficiency Maine staff use to educate program allies about energy efficient equipment include the following techniques:

- Working with allies and their customers to remove any perceived barriers, meeting with allies on a regular basis, offering to discuss with their customers the economic advantages of energy efficient equipment;
- Providing assistance to allies on how to use energy efficient equipment to increase their business and expand their technical sophistication;
- Providing training on energy efficiency products and services for allies, as well as training on “how to sell energy efficiency;”
- Participating in counter days or open house events at the ally’s place of business where Efficiency Maine staff provide information on energy efficient equipment and energy savings that can be achieved from installing this equipment to the trade ally’s customers;
- Providing speakers for programs which are sponsored by allies for their customers where Efficiency Maine staff discuss the advantages of installing energy efficient equipment and how it will benefit the customers business;

- Exhibiting at ally sponsored trade shows that are designed to educate ally customers as well as the ally
- Assigning a program field representative to each ally so each ally has a single point of contact for program questions; and
- Partnering with allies through joint promotions and events.

In order to achieve on-going ally satisfaction with the Efficiency Maine Business program, program staff continuously solicits feedback from allies regarding their understanding of and experiences with the program. In December 2005, five focus groups were conducted with allies in order to collect information on how the program could be improved in order to achieve higher energy savings and increase satisfaction of the allies with the program.

Examples of Energy Efficiency Projects Initiated by Program Allies

The Efficiency Maine Business Program has worked with several program allies to enlist their support in marketing energy efficiency projects in Maine. This section of the paper provides examples of the marketing that has been done in conjunction with program allies.

Associated Grocers of Maine

Associated Grocers of Maine (AG of ME) is Maine's only full service independent retail food distributor and has been serving members since 1953. AG of Maine's mission is "to support the operations and enhance the success and profitability of the independent retailers and Associated Grocers of Maine."

From the beginning, AG of ME understood that participation in Efficiency Maine would support the success and profitability of its members. AG of ME was among the first organizations to sign up as a Program Ally for Efficiency Maine's Business Program. In the past two years, AG of ME has run nine articles in its weekly newsletter informing its members about Efficiency Maine and our field staff has exhibited at four of the organization's semi-annual trade shows. Through its vigorous promotion of the program, AG of ME has already helped 17 of its members receive over \$80,000 in incentives for lighting and refrigeration equipment upgrades which have resulted in an annual savings of over 491,832 kWh. Another 28 members have been in touch with Efficiency Maine to learn more about electric energy efficiency opportunities. Several of the AG of ME participants have done one project and then come back to Efficiency Maine for an additional one, or for projects at a second store they own.

The Maine Public Utilities Commission (MPUC) recognized AG of ME by awarding this Business Program Ally with the first Philip C. Hastings Award. Established in memory of Efficiency Maine's first director, the award is given to the individual or organization whose exemplary efforts have furthered the goals of in the State energy efficiency and environmental enhancement of Maine.

AG of ME has not only promoted energy efficiency to its member stores, it practices what it preaches. In 2001, AG worked with a local contractor to undertake three major energy efficiency projects at its Gardiner, Maine warehousing facilities. The projects, lighting upgrades and controls, replacing rooftop heat pumps and installing load shifting controls has demonstrated to AG the economic value of energy efficiency.

McCormick's Thriftway

After learning about Efficiency Maine's Business Program from Associated Grocers of Maine, Barry McCormick of McCormick's Thriftway in Unity installed new high efficiency lighting, as well as high efficiency refrigeration controls and energy efficient evaporator fans on their walk-in cooler.

“Comparing our old lighting with the new is like comparing night and day. With both projects in place, we are seeing a significant drop in our monthly bill. The only way we could do these projects was with the incentives.”

Barry McCormick, Owner of McCormick's Thriftway

Maine Innkeepers Association

The Maine Innkeepers Association represents 650 lodging properties of all sizes and types across Maine. The Association's mission is to improve, promote and protect the welfare of the lodging industry in Maine. Through communication, education, promotion and government affairs, the Association helps its members achieve prosperity and deliver a quality product to the consumer. Efficiency Maine has partnered with this Association to promote energy efficiency. Efficiency Maine has placed energy efficiency articles appropriate to hotel, motels and inns in the Association's newsletter and initiated a direct mail campaign to the members of this Association with a special piece highlighting energy efficiency projects of members who have received incentives from the program. Efficiency Maine also has participated in the Association's annual trade show. Listed below are several examples of hotels other lodging establishments that have participate in Efficiency Maine due in part to these special marketing efforts with the Association:

- **Nonantum Resort** -When the Nonantum Resort in Kennebunkport, Maine needed to replace the HVAC system in its lobby, General Manager Tina Hewett said they worked with their contractor to identify a good, efficient HVAC unit. “Hewett said, “After I heard through the Maine Innkeepers Association about Efficiency Maine's cash incentives, we talked with our contractor about taking the incentives into consideration. While the unit we had discussed qualified for an incentive, we learned that we were able to purchase an even more efficient unit because of the Efficiency Maine Program incentive, and we will continue to benefit from the greater energy savings.” (Tina Hewett, General Manager, Nonantum Resort)
- **Winds of Change Resort** – This resort installed LED exit signs, T-8 lighting, and compact fluorescent light bulbs.
- **America's Best Inns** - This group of inns installed programmable thermostats and compact fluorescent light bulbs
- **Maple Hill Farm Inn** - A combination Bed and Breakfast and Conference Center, Maple Hill Farm installed high efficiency lighting, exit lights, a high efficiency walk-in cooler, and a high efficiency HVAC system.

Maine Department of Agriculture

Steve Belyea, the Potato Storage Consultant for the State of Maine Department of Agriculture, assists Maine's 400 potato farmers with a variety of business issues. Mr. Belyea helps farmers design and manage their potato storage buildings and he encourages them to install energy efficient equipment. For example, the ventilation fans that are used in potato storage buildings are large energy users, and they may operate constantly from October to May (the typical potato storage season). Because high efficiency fans driven by variable speed motors do not have to run at full capacity all the time, they can save a considerable amount of electricity.

Mr. Belyea worked closely with the Efficiency Maine program staff to demonstrate the savings of the variable speed fan motor drives to potato farmers. As a result, Efficiency Maine designed a set of pre-established incentives and a Quick and Easy incentive application forms for the agriculture community. Since offering these forms, at least ten farmers have taken advantage of the incentives for this high efficiency fan equipment, which has resulted in an annual electricity savings of 193,770 kWh. According to Mr. Belyea, "Efficiency Maine's incentives are very helpful for farmers. The variable speed drives provide tremendous electricity savings opportunities and the cash incentives make it very attractive for the farmers to install new equipment."

Trask Descrow

Trask-Decrow Machinery, an electrical equipment supplier located in South Portland, Maine, sells pumps, compressors, and vacuum pumps. This company has been an active program ally and has helped a number of businesses across the state complete energy efficiency projects involving variable speed air compressors. Trenton Bridge Lobster Pound, Parker Lumber, Northeast Packaging, AC Electric Corporation, L. L. Bean and Plas-Tech, Inc. are examples of firms that have worked with Trask Descrow to install variable speed air compressors and received Efficiency Maine incentives.

Gilman Electrical Supply

Gilman Electrical Supply, a wholesaler to contractors across Maine with several branch offices, has been an active program ally since Efficiency Maine began. Gilman Electrical Supply has assisted with the completion of 58 energy efficiency projects that have received Efficiency Maine incentives. Gilman customers have received over \$120,000 in incentives from Efficiency Maine, and these 58 projects are savings 1.2 million kWh annually.

In addition to telling its customers about the benefits of energy efficiency, Gilman Electrical Supply in Medway, Maine convinced its new landlord to improve the electrical energy efficiency of the facility in which it is located, thereby becoming a secondary beneficiary of the program. Chris Ballard, Manager of the Medway store said, "This past winter, we moved. Our old building had High Output 8' fluorescent lights, limited motion sensors, and no dimming. We encouraged our new landlord to install T5 Highbays, motion sensors, and dimming fluorescent in the building. He received a very nice incentive check from Efficiency Maine, and we are now seeing the results as the electrical consumption in this building is down 30 percent compared with our previous building, which was the same size and operated the same number of hours."

Oakhurst Dairy

Oakhurst Dairy of Portland, Maine is New England's largest dairy company. This family owned business works with almost 100 Maine dairy farms. They understand that their business is dependent on the health of the dairy farms that provide the milk for their products. With this in mind, they included information about Efficiency Maine's Business Program with the farmers' checks. They also distributed a copy of an Efficiency Maine case study about one of their farms who received incentives for replacing the fans in their barn with large high volume, low speed efficient fans

Outreach Activities with Accounting and Law Firms

As part of the program outreach activities in 2005, Business Program staff have spoken to a number of accounting and law firms to educate them about how the Business Program can benefit them and their business clients. In October 2005, Efficiency Maine developed a direct mail program to 500 tax preparers across Maine. The mailing included a letter from the program director as well as a Business Program brochure with a table of the incentives offered by the program. The letter's call to action was a request that the accounting firms include the Efficiency Maine brochure and incentives insert in their year-end tax preparation packages sent to their business clients. As a result of this mailing, for example, Efficiency Maine received a phone call from a CPA in Bangor, Maine, who requested 300 brochures and inserts to send to his clients. Another accounting firm requested an article about Efficiency Maine which it could place in its newsletter to clients.

Feedback From Program Allies

In December 2005 the Efficiency Maine Business Program completed five market research focus groups with program allies. The focus group participants represented a sample of the Program's approved program allies. Each focus group was designed to have ten to twelve participants. In total, fifty-two program allies participated in the five focus groups. The main objective of these focus groups was to understand how well the Efficiency Maine Business Program is (1) helping program allies, and their businesses, promote, sell, install and service energy efficiency projects as well as (2) helping allies to overcome energy efficiency market barriers experienced by program allies. Specifically, the focus groups were designed to gain a more complete perspective on the following issues:

- The relevance of energy efficient products in today's market as perceived by the program allies.
- The effectiveness of the Efficiency Maine Business Program in meeting program ally expectations
- The usefulness of Business Program resources and materials
- The types of market barriers to energy efficiency that currently exist, as well as any potential responses by the Business Program that could help to overcome these barriers.

The five focus groups collected a substantial amount of data regarding the effectiveness of the program, including suggestions for future operations. Four common themes were consistently found in all five of the groups:

- program allies overall are very satisfied with the Business Program
- the high initial up-front cost of energy efficiency equipment remains a barrier for allies
- the Efficiency Maine Business Program should be encouraged to more actively educate the end user rather than simply relying on program allies to sell the program; and
- While the prescriptive incentives offered by the Program are excellent and work well, the custom incentives that require pre-approvals and lengthy calculations were regarded by the program

allies as impediments to the promotion and installation of energy efficient equipment through the program. Allies stated that they found the application process for custom incentives to be too complex and too time consuming.

Conclusions

In its first eighteen months of operations, the Efficiency Maine Business Program has saved over 20 million kWh annually, and the projected lifetime electric bill savings exceed the incentives paid to date by a ratio of **12.2 to 1**. Three hundred and twenty-seven (327) Maine businesses have participated in the program, and hundreds of energy efficiency projects have been completed. The current budget of the program supports a field staff of only two full-time and three part-time workers, and they need to cover the entire state. Early on the program Operating Committee recognized that it would be necessary to leverage the program's field staff with the technical and sales support of a strong program ally network. This approach of working with program allies to augment the program's field staff has worked very well, and the Program now has numerous examples of energy efficiency projects that have been sold and/or installed through program allies. Feedback received in December 2005 from focus groups with program allies is providing useful information to the program staff on where the program is working well and where program modifications should be considered.