



# Rater/Home Inspector Business Models for Retrofit Home Performance Delivery

## *Ideas from the California Program*

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*Presented at RESNET by*

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*on behalf of*

California Building Performance  
Contractors Association



*California's HEALTHY HOUSE SOLUTION<sup>®</sup>*



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# Home Performance Business Models

## *The Conventional Alternatives*

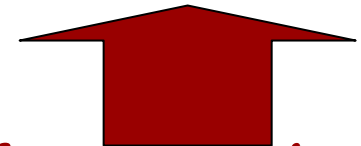
Independent  
“Home Performance  
Consultant” with  
Separate Contractors

Comprehensive,  
One-Stop Shopping  
“Home Performance  
Contractor”



*For the  
RATER*

*For the  
CONTRACTOR*



*Most Home Performance Programs focus on this one*



# But That's Not the Real Story

Independent  
“Home Performance  
Consultant” plus  
Contractor Allies

Comprehensive,  
One-Stop Shopping  
“Home Performance  
Contractor”



**There Are Important OTHER  
Approaches:**

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



# The CBPCA Programs

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





# CBPCA Training

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



# What Models Do We Actually Get?

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

**Lots of Business Model Experimentation**





# Who Shows Up for Training?

*A lot of Mostly Small HVAC Contractors*

*Some Remodelers*

*Misc.*      *Solar, new, etc.*

*Raters & Inspectors (LET'S HAVE MORE!)*

*Lots of contractors flame out...*



# How Are the Contractors Doing?

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

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





# Why Not More HP Consultants??

## *Raters' Situation in California*

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

## Challenges for “Consultants”

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



# The Future Could Be Different

## THINGS HAVE CHANGED FOR RATERS

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





# Let's Consider Some Rater Options

Independent  
"Home Performance  
Consultant" plus  
Contractor Allies

Comprehensive,  
One-Stop Shopping  
"Home Performance  
Contractor"



## Important OTHER Approaches:

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

# The Rater as Diagnostian-for-Hire

**None yet...but an option for raters**

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







# The Rater as Diagnostian & Owner Rep

## Doug Garrett (Austin)

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





# The Rater as Job Lead & Consolidator

## Sustainable Spaces, Inc. (San Francisco)

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



# The Rater as Job Lead & Coordinator

*(This is a non-California option for raters)*

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





# Business Model Options: Contractor

*(This is a California option for raters)*

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







# A Note: Opportunities in California

1. *Continued Training for PG&E*

(HVAC, remodelers, other specialties, raters, full scope)

2. *New Membership-Funded Services*

(for Northern California first)

3. *New Programs for SCE & Anaheim*

(2007-08 programs; Anaheim with CSG)

4. *CBPCA now a HERS Provider*

(focus on Title 24 verification and home performance)

5. *Title 24 Contractor Compliance Training*

(Income-producing service for quality control provider)



# What Lessons from All This?

## *Options, options, options...*

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

**Home Performance Programs can/should encourage alternative business models**





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# Thank You

*Questions & Discussion?*

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