

Tips From Industry Survey – Building A Profitable Contracting Business

Type Of Business

- Renovation & General Contractor – 33 years
- Manufacture, sell, supply and install – 26 years
- Non-profit organization – 9 years
- Replacement window and door contractor – 20 years
- Renovator, home improvement, energy retrofit, with retail storefront – 15 years
- Renovator, home improvement – 28 years

Products & Services Offered

- All inclusive renovations
- Windows, doors, energy retrofit and cladding
- Energy efficiency & green building “services” (no products/installs) – Residential & commercial
- High quality vinyl windows, doors, and related products
- Home energy renovations - Windows & doors, insulation, ventilation, heating upgrades
- Roofing, siding, gutters, insulation, decking, railings, patio covers, sunrooms, deck repairs, windows and doors

Annual Sales Volume

- 5 Million
- Not provided
- 2 Million
- 3 million
- 5 million
- Lots

Tips On Business & Financial Management

- Always take your own salary first
- Always take a holiday without access to business etc.
- Invest in technology
- Go with loyal personnel
- Diversify your services
- Get good staff and keep them
- Decide when you start if you plan to generate sales based on price or quality...you can't do both successfully. This decision will direct every other choice you make, so you need to be committed and certain. Like the restaurant business: both MacDonalds and Earls sell hamburgers, both are very busy, both are successful; but they have totally different models.
- Be clear what type of business you are in. We replace windows in older homes, but we are not in the 'window business'...we are in the 'service business'. People can buy windows anywhere, but if they choose to buy from us it is because of expectation of complete service they will receive. If you understand service is all you have to sell, it will direct all of your other choices.
- Understand your customer needs & give good complete service
- Use quality products only
- Understand the market you are in
- Understand margins and receivables
- Profit is not a dirty word
- Shared ownership brings loyalty
- Every mistake teaches you something
- Have fun

Tips On Marketing & Lead Generation

- Past customers are your best source of leads

- Site signs on ALL your sites show that you are active in an area and people can see the work you are doing as well as the condition of your site
- Internet and invest in every aspect
- Always market yourself, with branding that is true to what your company and staff are, and say that loudly and clearly in all promo materials
- Create strong partnerships
- Leverage your uniqueness – “We are the only _____ offering _____ products/services”
- In the service industry satisfied customers will determine the success of your business
- No business can afford to continually advertise to find all of their new business; and good companies are able to reduce their advertising costs as they mature because their good name carries them
- We spend less every year on advertising, and our business grows every year, as do our margins - Because we are driven by legions of happy clients
- The internet has incredible power. In just the last few years the web has dramatically changed the way all of us go through the buying process. From cars, to real estate, to travel, furniture, etc. etc.; the purchase process has changed for ever. If you don't totally grasp this fact, you are doomed to struggle.
- Keep marketing focused and simple
- Be consistent in your message to the potential customer
- Know what your customer needs and attract their needs with the right message
- Promote quality products and service
- TOMA
- Utilize as many different types of marketing as possible
- Track your leads to see what is working or not working

Tips On Sales

- The first person you have to sell is yourself. Make the client feel comfortable with you as a person then gradually move into the sale
- Always be clean, neat, respectful, knowledgeable
- Service the client with great service and design
- Provide outstanding customer service
- Listen to the customer
- Ask for the job
- Follow through with your promises on the job
- Follow up after the job and ask for referrals
- Quality of sales leads is very important - We are not estimators!
- Customers will not buy from you if you haven't sold yourself first
- Listen to what your customer is saying - Don't be in such a big hurry to get your story out
- The age old “ask for the order!”
- In our business, almost everything revolves around our website. This is a dramatic change in just a few short years. We do almost everything by email, and it continues to evolve rapidly. Just 5 years ago it wasn't this way, but the changes are profound. If you don't have a great website, you don't understand how business works today.

Tips On Personnel Management

- People are the key to any business. Everyone says this...very few run their businesses as though they mean it. Customers like to do business with a company that obviously treats their people well.

- Never park in the clients driveway
- Never take an offered drink with a client during a sales or progress meeting
- Spend time on things that matter most
- Teach management to think outside the box but within the parameters of the business
- Keep your staff motivated
- Compensate people as best you can
- Provide a flexible and enjoyable workplace
- Get rid of negative influences
- Provide lots of training and opportunities for job diversity and advancement
- Seek out quality people
- Look for positive and assertive attitude
- Pay the appropriate price for a person's abilities
- Keep a day book and use the darn thing every day
- Get organized, don't waste time just being busy
- Keep yourself clean and tidy, as well as your vehicle - This is your customers first impression of you and your company
- Be conscious of your customer's first impression of you and your company.

Tips On Job Site Management

- Always keep a clean organized site
- Keep your well preserved sign in a prominent position
- Be strong and know your site inside and out
- Track progress with jobs and address problems quickly
- Good communication with the customer
- Be timely
- Be clear with direction of job
- Ask if needed.....to be able to do your job
- Keep site clean, safe and organized
- Phone your customer prior to starting work - Introduce yourself or your installer
- Don't smoke on your jobsite
- Clean up after yourself
- Don't play a blaring radio
- When you are finished your job, let your customer know you're done, don't just leave
- We are in the home renovation business, and the highlight of my day is the time I spend going to visit crews working on jobs. I really like the people who work for me, and I never come to a site without food and refreshments. This shows them respect for their efforts, and impresses our customers as well.
- The crews like to be able to discuss issues on site, to be congratulated in front of the customer for their great work, and to know that we truly appreciate what they do

Tips On Working With Government & Utility Programs

- Dependency on Federal and Provincial rebate programs is a dangerous thing
- Correspond regular with communication - Don't be scared
- I dislike anything bureaucratic, but I recognise that the different government agencies we deal with hold the power, so we play our part. If given the choice, I try to avoid government programs

- Understand their mandate - Do not over or under estimate programs
- Look for knowledgeable people to work with...if not watch your commitments
- Long term sustainability of programs is not to be counted on
- Be patient
- Never get caught working without a permit
- Always try to cooperate with the authority having jurisdiction - If you piss them off they can make life miserable. That is not to say that if you are not getting service you should not go above their heads once you have explained your position to them.

Keys To Your Success

- Treat people (your staff and your customers) the way you would like to be treated
- Always be respectful of others
- Profit is not a dirty word! Put some of those profits back into your company
- When your company makes a mistake, don't run away and leave it. Suck it up and make it right. Your customer will at least respect you for doing so.
- Doing what we say we will do, and if we make a mistake we admit it and deal with the solution
- Always look at things from the customer's point of view, and remember that you can't afford to have even one unhappy client
- If there is a choice on which way to do something, always pick the best way, not the cheapest or quickest way
- Focus
- Determination
- Understanding customer service
- Shared ownership and loyalty
- Offer solutions and better service than competition
- Form strong win/win partnerships with government, utilities, and contractors. Keep your partners content
- Hire and maintain motivated and keen staff and contractors
- Keep up with industry changes
- Education of all your employees is imperative
- Always keep selling no matter where you are, you never know where it's going to lead
- Look after past clients

Things You Would Not Do Again

- That's a tough one. How about we will never hire a lousy installer again!
- I have learned something from everything I have done, good and bad, so I can't think of anything I would choose to eliminate. If I didn't make mistakes, I wouldn't learn.
- Very little....except when people or programs try making radical change
- Don't know... every mistake teaches you
- Centralize services completely around federal/provincial government rebate program services
- Never keep a problem employee too long (they are not going to change) get rid of them quickly.

Other Comments

- A certain percentage of buyers are laydowns - They just want to get looked after and price isn't a big issue. Then you have a customer that if you are ten dollars higher than the next guy he's going with the next guy (a price only buyer). It's all the buyers in between these two types that your company will have to work to receive their business. They want to know why they should buy from you.
- We work very hard on trying to service our customers

- The customer isn't always right, but as long as you are dealing with a rational person you can generally solve most problems in a win win situation
- There are a lot of people in this world much smarter than me. It is important to learn from them what I can
- Still a good industry with lots to offer
- Have fun
- My experience with joining the Home Builders Association was very positive, I feel it was the best thing I did in the business.
- Another good move was to move the business out of my home, as it's well worth the cost in providing a professional atmosphere for yourself, and your employees

Online Resources For Residential Energy Retrofit Businesses

Basics & Theory Of Residential Energy Retrofits

[Glossary Of Energy Efficiency Terms](#)

Natural Resources Canada glossary of terms and abbreviations describe energy use, energy efficiency, and greenhouse gas emissions in the residential, commercial, and industrial sectors

[Canadian Energy Use Statistics Reports](#)

Natural Resources Canada provides a number of statistical reports on energy use in homes, commercial building, household equipment, and more.

[2003 Survey Of Household Energy Use](#)

NRCAN offers data on energy consumption habits of households in Canada including information on dwelling characteristics, usage of appliances, energy efficiency characteristics and energy consumption.

[List Of Possible Energy Efficiency Improvements](#)

US Rocky Mountain Institute offers list of things to save energy, including sections on things that are free, inexpensive, more serious, or major.

[Myths About Energy & Energy Savings](#)

Home Energy Savings gives insight into some common myths concerning energy and energy savings.

[Common Energy Efficiency Claims May Be Misleading](#)

Journal of Light Construction article describes some issues with common claims and myths about energy efficient products and building procedures.

[How John Straube Would Retrofit Or Build For Energy Efficiency](#)

Building Science Seminar presentation by Dr. John Straube describes how he would retrofit an existing home, or build a new one, for comfort, health, durability, and energy efficiency. (PDF)

[Low Energy Buildings Retrofits](#)

Building Science Seminars online slide show presentation by Dr. John Straube describes benefits and procedures of completing energy retrofits on existing buildings. (PDF)

[Considerations For Net-Zero Energy In Existing Housing](#)

CMHC research looks at existing homes of different types and ages in various climatic regions across Canada in an effort to determine the technical feasibility of retrofitting to achieve net-zero energy consumption. Building envelope upgrades are critical, with photovoltaic systems, high-performance windows, and high-efficiency heating and ventilation equipment also contributing to savings. Some existing houses could be transformed to net zero energy. The methods and costs are outlined in the report. (PDF)

[Energy Efficiency Improvements For Remodeling Projects](#)

US National Association of Home Builders offers online training modules that describe energy efficiency improvements that can be made in the course of any remodeling project.

[Renovating Different Types Of Houses For Energy Savings](#)

Canada Mortgage & Housing Corporation fact sheets describe 11 different styles of single family, duplex, row houses, mobile homes, and simple additions, with suggestions on renovating them to achieve your best energy savings.

[Top 10 Energy Efficient Remodeling Products & Projects](#)

US Partnership for Advancing Technology in Housing describes technologies with the most promise for making our existing homes more durable, stronger and more resource efficient. These include air sealing, ventilation control system, right-sized HVAC, high efficiency toilets, compact fluorescent lighting, high performance windows & storm windows, wireless controls, solar hot water, recycled & renewable flooring, and tubular skylights.

[Online Tool For Energy Efficient Rehab Advice](#)

US Partnership for Advancing Technology in Housing online tool calculates energy savings, approximate costs, and benefits of completing various retrofits on an existing home.

Basics & Theory Of Residential Energy Retrofits (cont)

[Toronto Bungalow Getting An Energy Redesign](#)

Now House, a project put forward by the Toronto sustainable housing community that came together with one purpose in mind: to discover the best ways to reduce the energy use of a 60 year old North Toronto home to zero.

[Remodeling 150-Year-Old House For Energy Efficiency](#)

Building Science article from Fine Homebuilding discusses how a 150-year-old house can approach zero energy use.

[Toward Zero Energy Renovation Of 100-Year-Old](#)

Building Science slide show presents background and details of how a 100 year old house is renewed to last an additional 100 years, along with very high performance in energy efficiency. (PDF)

[Deep Energy Retrofit Of 1915 Sears Roebuck House](#)

Building Science describes 1915 Sears house renovations that used systems engineering principles to ensure good indoor air quality and longterm durability while providing deep energy reductions.

[Superinsulation Retrofit Of 80-Year Old Duplex](#)

Green Building Advisor article describes a retrofit of an 80-year-old duplex that ultimately evolved into part of an ambitious superinsulation pilot program for the Massachusetts Department of Energy Resources.

[US Demonstration Home With Energy Efficient Retrofits](#)

US Building Performance Institute and Affordable Comfort Home Performance Conference sponsored Home Revival, a national demonstration retrofit project in Pittsburgh. The renovation project features system solutions that could work in the tens of millions of older homes across the country that need home performance upgrades.

[European Passive House Retrofit](#)

Renewable Energy World article describes some European strategies and programs for passive house retrofit that significantly reduce energy consumption.

Ontario Hydro: Energy Efficient Renovation Reference Guide

Business Of Energy Retrofit & Home Performance

[Roles & Skills Of A Home Performance Contractor](#)

Home Energy magazine article describes the roles and skills of a Home Performance Contractor. A small but growing sector of our industry is specializing in using building science and the House As A System to solve problems.

[Overview Of Home Performance Contracting](#)

Affordable Comfort describes home performance contracting as a key to success for building or HVAC contractor.

[Tap Into Green Remodeling With Home Performance Testing](#)

US National Association of Home Builders article says remodelers can differentiate themselves and tap into a growing green remodeling market through home performance testing — a series of home assessment tests that can clearly demonstrate where energy losses in a home occur.

[Webinar On Contractor Success Stories & Marketing Tactics](#)

Contractor Web Exchange webinar covered low-cost, innovative marketing tactics from HVAC, insulation, and solar installation companies that have repositioned themselves to become leading-edge home performance contractors.

Industry Associations & Organizations

[Canadian Energy Efficient Contractors Network](#)

Energy Efficiency Contractors Network is an organization consisting of contractor associations and partners with an interest in delivering energy efficiency through contractors in Canada. EECN association members include Canadian Hydronics Council, Canadian Urethane Foam Contractors Association, Electrical Contractors Association of Ontario, Heating, Refrigerating and Air Conditioning Institute, National Air Barrier Association, and Ontario Electrical League.

[Canadian Net Zero Energy Home Coalition](#)

Net-Zero Energy Home Coalition is an organization comprised of Canadian champions in advanced energy efficient residential construction and building products, the utility sector, research and development, and manufacturing and

Industry Associations & Organizations (cont)

[Home Performance Contractor Association](#)

Efficiency First is a Non-Profit Trade Association dedicated to retrofitting US homes, building industry infrastructure to create jobs, and reducing energy consumption, carbon emissions, and dependence on foreign oil. Efficiency First represents the home performance industry including contractors, energy auditors, home energy raters, suppliers, and others associated with the industry.

[New York Building Performance Contractors Association](#)

Building Performance Contractors Association / NYS is a coalition of building performance contractors, home energy raters, building diagnosticians, energy auditors & consultants in New York State providing services which increase the comfort, health and safety, efficiency and durability of housing through the treatment of the house as a whole system.

[California Building Performance Contractors Association](#)

CBPCA is a non-profit organization that was formed in 2001 as an answer to our state's increasingly scarce and expensive energy supply. Funding comes from energy ratepayers under the auspices of the California Public Utilities commission. CBPCA is the only organization in California that delivers integrated training in energy efficiency, indoor comfort, healthier indoor air, and a safer, more durable building. Our Green Home Energy Upgrade training curriculum includes HVAC systems, attic and wall insulation, air infiltration, duct sealing and moisture control, just to name a few.

[New Hampshire Residential Energy Performance Association](#)

New Hampshire Residential Energy Performance Association is an organization made up of individual residential energy auditors and weatherization professionals providing energy efficiency services. Our objective is to improve and expand our understanding, skills, and delivery of the House as a System residential energy efficiency technology.

Education & Training Sources & Resources

[How To Become Certified Building Performance Contractor](#)

Building Performance Institute describes various competencies and courses required to become a certified building performance contractor in the US.

[Building Performance Institute](#)

Building Performance Institute is a US national standards development and contractor credentialing organization for residential energy efficiency retrofit work.

[Building Performance Institute Canada](#)

Building Performance Institute Canada is being designed to build on the model of the Building Performance Institute in the US. Under the umbrella of a site quality assurance program, it is intended to include access to: standards and specifications for products, material, installations and applications, identification of leading energy efficient product/material manufacturers, list of Contractors who have been accredited, access to training programs and training organizations across Canada, ability to obtain certification for the Installers of energy efficient materials and products, conflict resolution, and coverage by a third party warranty.

[Growing Your Business In Difficult Market](#)

New York Contractor Exchange goal is to facilitate networking and professional development for residential and small commercial building contractors. Contractors can learn more about innovative marketing tactics from leading-edge home performance contractors across the country. Learn about whole house solutions that address energy savings, comfort and health/safety while increasing your profit margins. Set your company apart from traditional home improvement contractor competition.

[Online Courses For Energy Professionals](#)

Saturn Resources offers online courses for test prep and continuing education for building performance professionals.

[Ontario Workshops On Energy Efficient Retrofits](#)

Energy Efficiency Contractors Network is offering workshops in Ontario covering energy efficient retrofits. EECN contractor association members can learn; techniques to identify energy efficiency opportunities, quantify the annual energy cost savings, and evaluate the capital investment; how to prepare and price a proposal for an EE retrofit package; methods for quickly finding concise, comprehensive information on incentive programs offered by energy utilities and governments; background data on EE characteristics of specific building types and technologies that fit within the contractor's trade expertise. (PDF)

Education & Training Sources & Resources (cont)

[Training Modules On Energy Improvements For Remodeling](#)

US National Association of Home Builders offers access to their training modules that describe energy efficiency improvements that can be made in the course of any remodeling project. They cover introduction, building science & systems basics, house as a system, kitchens, bathrooms, space conversions, room additions, and mechanical systems.

[2009 Training Guide For Home Performance Professionals](#)

Home Energy magazine online 2009 Training Guide for Home Performance Professionals contains listings, by state, with contact information for the training organization and whether the training is offered regionally or nationally. The focus for the rest of the listing is on job skills needed for work in WAP, and on education that prepares one for certification through the Building Performance Institute (BPI), the Residential Energy Services Network (RESNET), national and local green building programs, and other programs. (PDF)

Financing & Incentives Available

[ecoENERGY Efficiency Initiative For Existing Homes](#)

Canada Federal Government ecoENERGY Retrofit Initiative offers a grant to help homeowners reduce air pollution and greenhouse gas emissions, through energy efficient renovations.

[ecoENERGY Retrofit For Homes: Program Quality Assurance Verification 2007/2008](#)

Canadian ecoENERGY Retrofit program for homes report summarizes the quality assurance homeowner verification for 2007/2008. It includes details on program results, homeowners who undertook work, homeowners planning to do work, and other information. (PDF)

[Listing Of Canadian Government Energy Efficiency Programs](#)

Natural Resources Canada site has links to information on the various federal government programs available for home, work, vehicles, various types of buildings, and more.

[Search For Canadian Incentives & Rebates For Energy & Environment](#)

Environment Canada allows you to search by province and program for grants, rebates, discounts, and other incentives to help you use less energy, switch to renewable energy and produce less waste at home and on the road.

[US States Weatherization Activities](#)

US Department of Energy provides information on the various weatherization and financing programs available in each of the US states.

[Possible Modest Financing Plan For Weatherization](#)

Fine Homebuilding contributor proposes a zero-dollar-down weatherization program that will be applicable to rental properties, fully mortgaged properties on the edge of foreclosure, and light commercial as well as all categories of residential, not just low-income. By keeping the loans small enough, in the \$5,000 range, and applying the right fixes to the right projects, the energy saved by the weatherization could balance the cost of the loan.

Industry Surveys & Statistics

[Canadian Survey On Importance Of Energy Efficiency To Clients](#)

Home Builder magazine survey of builders and renovators on how important energy efficiency is to their clients asked about level of importance, increase in profits, and sources of information.

[Homeowners Call For Energy Efficiency Upgrades](#)

According to results of National Association of Home Builders quarterly Remodeling Market Index, 33 percent of surveyed remodelers report that they are increasingly called on to improve the energy efficiency of homes.

[How Green Retrofits Could Save The World](#)

Solve Climate article says retrofitting existing buildings to make them more energy efficient is by far the most effective way to dramatically reduce the CO2 emissions associated with the built environment. It explores various financing strategies and business models that have been floated as solutions to the problem of scaling the building industry, including Energy Services Companies (ESCOs), Clean Energy District Financing, and direct loans from utility companies to finance energy upgrades.

[US National Policy For Energy Efficiency Retrofits](#)

Center for American Progress and Energy Future Coalition have just published the results of a joint survey of national

Industry Surveys & Statistics (cont)

[Home Remodels & Retrofits Are Key To Energy Efficient Future](#)

US National Association of Home Builders says a study shows even the most aggressive efficiency goals for new homes won't make a dent in overall energy consumption. Instead, remodeling and retrofitting older homes is by far the more efficient solution.

Conferences & Shows

[Energy Retrofits For Houses: Canadian Industry Conference](#)

The Canadian conference Energy Retrofits for Houses conference, held 28-29 October in Toronto, is modelled after the popular Affordable Comfort conferences in the US. The conference is for insulators, renovators, building inspectors, auditors, building scientists, and whoever else needs to know how to save energy in houses, and how to do this without jeopardizing the health and safety of the homeowners. There will also be a one day exhibition of products or services.

[US Conference For New & Existing Energy Star Homes](#)

Energy Star Summit brings together the best minds in the home building industry to discuss and educate home builders, contractors, architects, manufacturers, code officials, remodeling professionals, utilities, students and educators about cutting edge designs and techniques for construction of high performance homes.

[US National Home energy Audit & Building Performance Conference](#)

US Residential Energy Services Network annual Building Performance Conference is the national forum on home energy ratings, residential energy efficiency financing, and building performance business development.

[ACI Conference On Home Performance For Energy Retrofit Industry](#)

Affordable Comfort Inc., produces the annual US conference for the home performance industry, covering a wide range of building science topics, mostly relating to existing houses and buildings.

[ACI Northwest: Conference 2009 In Portland](#)

Affordable Comfort presents ACI Northwest 2009 conference covering energy efficiency, home performance, green practices, and building science for new and existing residential buildings.

[US National Weatherization Training Conference](#)

US National Weatherization Training Conference is sponsored by the US Department of Energy and is held every two years to address the national training needs of the staff, trainers and other individuals who have consistently contributed to the advancement of the Weatherization Assistance Program.

[EEBA Excellence In Building Conference & Expo](#)

Energy and Environmental Building Association annual Excellence in Building Conference & Expo brings together builders, remodelers, developers, architects, designers and manufacturers to learn the science behind green and sustainable building practices, to understand new regulations and legislative measures, and to capitalize on increasing opportunities.

Sources Of More Information

[Home Performance Conference Handouts & Presentations](#)

Affordable Comfort Conference offers free online access to many presentations made at their various conferences, courses and shows.

[Energy Efficiency In Home Improvement](#)

Natural Resources Canada explains how your home works, how to improve its energy efficiency and comfort, and sources of financing and incentives.

[US Weatherization Technical Assistance](#)

Weatherization Assistance Program Technical Assistance Center site provides weatherization practitioners and other energy conservation professionals with information related to the Weatherization Assistance Program (WAP), its on-going operations, and its partnerships with stakeholders.

[US Weatherization Assistance Center](#)

US Department of Energy offers information and resources on home weatherization issues and measures.

[Energy Star Home Improvement Toolkit](#)

Sources Of More Information (cont)

[Purchasable Renovators Technical Guide](#)

Canada Mortgage and Housing Corporation technical guide for renovators using the House-As-A-System concept considers how all systems in a house interact and how changes made to one system can impact on the performance of one or more of the other systems in the house. \$35 CDN

[Purchasable Books for Professionals On Residential Energy Efficiency](#)

Saturn Resource Management sells a wide range of books on energy efficiency, many targeted to the building industry and trades.

[Purchasable Contractor Book On Insulating & Weatherizing](#)

Journal of Light Construction book Build Like a Pro: Insulate and Weatherize, offers explanations, photos, and detailed illustrations to guide you through upgrading residential buildings and their systems for improved energy performance. It includes guidance on, finding and sealing sources of air leakage, choosing the right insulation, preventing costly moisture damage, troubleshooting windows, doors and skylights, maintaining HVAC systems, curing foundation problems, and much more. \$20 USD

“So You Are Considering Marriage” by Ken Farrish

This paper, presented at a utility conference, provides tips for developing and managing networks of trade allies. Contact Ken if you would like a copy.

I hope you find a wee bit of value somewhere in this list of resources. All the best in your future efforts.

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SO YOU ARE CONSIDERING MARRIAGE
“TIPS FOR DEVELOPING AND MANAGING TRADE ALLY NETWORKS”

By Ken Farrish

Introduction

With the dramatic changes evolving in the utility industry many energy service providers are taking the opportunity to develop new products and services. The advent of these new products dictates a need to find the most efficient and effective sales channels to deliver them to a specific marketplace.

Energy services are a product, not unlike all other products offered to consumers. There are different paths or structures (channels) through which goods and services move from the producer to the consumer. There are many well-schooled and experienced professionals who can help you with the high-level management decisions of sales channel selection. This paper provides you with some tips on things to consider after you have decided to use a network of trade allies as your primary sales channel. It specifically covers the challenging time “when the rubber hits the road”.

This paper is not a Ph.D. thesis filled with big words or sophisticated management philosophies. Neither was it authored by someone who never had to live well or lose weight based on commissions from their sales channels. A former contractor and sales manager who is now a consultant (a person between real jobs) wrote it. It is based on 25 years of mistakes (learning opportunities), failures (bigger learning opportunities), and eventual successes working with contractors, retailers, wholesalers, agents, and other such trade ally networks. It provides you with some common sense, street-level tips that most people usually learn only from experience.

It is no small challenge to build a successful trade ally network. In fact you can compare it to getting married. If you decide you want to get married, find the right person, treat them with respect, support them, communicate well, face challenges fairly and honestly, celebrate success, plan the future together, and have fun, your chances enjoying a successful, mutually rewarding partnership are very high.

Trade Ally Options - Where Is My Marriage Partner?

Trade ally networks can be developed within any specific sector of an industry distribution chain. For example in the construction industry the different sectors include:

- Independent contractors - Value added resellers who market, sell, install, and service the product
- Retail outlets - Stores that inventory product and sell it to consumers who then install it or use it
- Wholesalers/distributors - Warehouses that inventory and sell to independent contractors or retailers
- Agents/brokers – Non-inventory sales companies who sell to regional clients (usually wholesalers)

Regardless of the industry or the sector you choose as your sales channel, most if not all of the tips and suggestions in this paper will apply. Remember that all customers basically want the same things, so ensure your trade ally network is positioned to deliver;

- Quality work, by reliable and professional workers, at a reasonable price
- The best solution to their problem, with the least amount of hassle

Are You Sure You Want To Consider Marriage?

Although this paper does not focus on the process of deciding which sales channels to use, here are some tips to consider when considering trade ally networks as one of your options.

Are you really, really, really, aware of the challenges of marriage?

- Being married means you are no longer single, or in full control of the partnership's destiny
- There is now a second party who you will be living with. They are an asset, not a liability
- Don't underestimate the time, energy, and resources required to make a partnership work

Do your parents (upper management) want you to get married?

- You will need the direction, understanding, commitment, and support of upper management
- Is your company is committed to this distribution channel for the long term, if it works?

Are you already engaged to somebody?

- Is your company currently using other channels that will be competing against your network?
- People prefer not to partner with those who are competing against them

Are your friends or acquaintances getting married?

- Check out what others have been doing. Find out what has worked and what has not
- If all your friends are married are there any good single partners (trade allies) left available
- If none of your friends are married your are either leading the pack or missing something

What do expect out of a marriage?

- Be honest, forthright, and clear about your short and long term objectives
- If you are not honest now, you will pay big time for it later

What Do Allies Want Out Of A Marriage?

Each partner must see benefits to themselves if a relationship is to work over the long term. Ensure these are clearly stated up front and that both parties are committed to delivering them.

Business Management and Administration Benefits That Partners Expect

- Increased profit
- Ability to network with others and cooperate for the benefit of each and all
- Access to resources which can improve their business
- Path of least resistance - The least amount of bureaucratic procedures and paperwork possible
- Supply of product and support materials in a timely manner

Marketing and Sales Benefits That Partners Expect

- Increased sales
- Ability to leverage a strong brand name for increased credibility
- Quality customer leads, thereby lowering their costs of marketing
- Limited direct competition from others selling the same thing in their territory
- Professional and effective promotional materials and activities

Operational and Technical Benefits That Partners Expect

- Operational procedures, systems, and forms that are simple and standardized
- Product knowledge training and easy access to qualified technical support
- Quality work and a high level of customer service, based on standards and specifications
- Quality assurance system with a feedback loop to training and other support resources
- Few problems. along with a fast. fair. and consistent conflict resolution process

What Kind Of Ally Do You Want To Marry?

Would you go out and marry just anybody? Before you begin the search take the time to decide what kind of company and people you want on your team. Create a vision of your ideal partner.

When You Find A Prospective Ally Ask:

- Are they already established and running a successful business?
- Are they currently making money?
- Is it a smooth running company?
- Are they well financed to handle the cash flow requirements of the projected sales volume?
- Have they demonstrated an ability to maintain margins when times are tough?
- Are they considered leaders in their field?
- Are they well respected by their peers?
- Do their current product and/or service offerings harmonize with yours?
 - Do any of their product lines conflict with yours?
 - Are they capable of selling value-added products (if that is your offering)?
- Do they have the right organizational structure and operational systems to serve your needs?
- What is the caliber of the person who heads the company?
- Will they appoint at least one executive to concentrate on your product and be responsible for it?
 - Who is he/she and what are their qualifications?
- Are their team members professional, committed and well trained?
- Are they capable of generating targeted and qualified customer leads?
 - Do their marketing tactics and materials harmonize with yours?
- Do they have an adequate and well-informed sales team?
 - Do they have a sales training program and can you participate in one of these sessions?
- Do they cover the required territory thoroughly?
 - Both geographically and to all of your targeted customers
- Do they have a good setup for providing quality assurance and customer service?
 - Who is in charge of this and do they have written policy and procedures?
- Do they have all of the required licenses, certifications, registrations, etc.?
- Do they have all of the required equipment, etc.?
 - Communications systems, computer equipment, Internet capabilities
 - Resources for performing any testing, design, installation, and troubleshooting
 - Are their vehicles well kept. Would you want your name and logo stuck on the side of them?
- Do they have or qualify for any required insurance and/or performance bonding?

How Many People Do You Want To Marry?

Many people think that “the more the better” when building a trade ally network. Wrong! There are always a maximum number of members in an effective network. Simply put, you marry as many as you want as long as in each case the partners are receiving the benefits they expect.

To Decide On the Ideal Number of Trade Allies Ask:

- What is the business/sales potential for your product (in dollars or units) both now and in the future?
- How much business/sales can each trade ally handle when they are “up and running” effectively?
- How many allies do you need to have total coverage of your target markets?
- Is it best to have a mix of allies based on size of companies and the types of markets they serve?
- The bottom line is; is there enough business for everyone to make money?

Where Do You Find A Date?

Now that you know the kind of trade ally you want, and how many, where do you go to find them? You should always be on the lookout for the top performers in the industry. Your ability to find the right dates will significantly improve your chances of marriage and dramatically lower your divorce rate.

Tips On Where to Find a Date

- Industry meeting places such as association dinners, committee meetings, and social activities
- Industry and consumer events such as trade shows, home shows, training courses, and seminars
- Trade associations membership lists
 - Ask the Executive Director of the association for his suggestions
 - Don't forget to ask the secretary. They know the "skinny" on association members
- Trade magazines and trade association newsletters
 - Feature articles are usually written on top industry performers. But watch out for imposters
 - Advertisements are good for finding allies, as well as learning how others try to attract them
 - Authors of articles are usually well connected and quite willing to share industry secrets
 - Editors are very knowledgeable of the industry, its key players, and skeletons in the closet
 - Put in an announcement that your company is expanding and looking for new partners
 - Placing an ad will attract all kinds of companies. Be prepared to filter them out
- Your competition. They will likely be looking to steal your trade allies too
- Municipal and state inspection departments know who does good quality work, and who doesn't
- Specialized headhunting firms and consultants are effective if they have industry experience
- Manufacturers and suppliers know the top performers in their industry. Again ask the secretary
- Ask your existing trade allies who they would like as partners, and who they wouldn't
- Ask your outside sales staff if they know any companies that have a good reputation
- Other departments in your company may have contacts they have worked with in the past

When Asking For a Date You Should;

- Provide the other party with an honest and clear understanding of the business opportunity
 - Have a brief "1-pager" outlining the opportunity, benefits, and requirements
- Be sure they genuinely understand what kind of business you are in, and where you are going
 - What is the state of your industry past, present, and future?
 - What are the key challenges they may face?
 - What are the key skills and resources that make a successful player?
- Be very clear on expected level of performance on key items
 - Are higher levels of customer service expected because you are a utility?
- Put the word out that you are expecting allies to perform to high standards.
 - With any luck this may scare off most of the bottom feeders
- Not take anybody that comes along. Make sure they meet the criteria you have established
 - Keep out companies like "Bert's Bending & Bashing"
 - The high performers always know the "Berts". They don't want to be on the same team
- Realize the good prospects won't be forceful in selling themselves to you, the others will
 - Good prospects will ask you the most questions. They will interview you
 - If they have had a dealer or ally relationship before they may be skeptical. This is good
- Ask them for recent references from their customers, their suppliers, their competitors
- Check references thoroughly, possibly even asking your competitors for their opinion

The Dating Game

Dating is important. Remember your first date. Remember how long it took to get to know whom the other person really was, what they liked and didn't like, how they acted in different situations, and how you felt being around them. Here are some tips on getting to know each other.

- Consider a trial period of 3 - 6 months for both parties to judge the relationship
- Have a standard, documented, step-by-step method of "start-up" for new network members
 - Have all support materials (manuals, equipment, literature, etc.) ready for them to use
- Provide an initial orientation session covering all operational policies and procedures
 - Don't make assumptions about what people know or don't know
 - Involve your staff in the training and have them get to know the new team members
- Have existing trade allies help you with the start-up and training of new network members
 - Consider a mentor program delivered and/or supported by your top performing allies
- Set your standards early. Put your company values out "front and center"
 - Be firm and let new network members know your expectations, and your boundaries
 - Be fair and consistent with all parties. Word travels fast
 - Walk your talk. No double standards. Remember they are dating you too
- Do not stretch the truth or over-promise. Deliver more than you promised
- Get to know their key people who will be representing your product line
 - Do they have the same vision and values as their leader, and as you?
- Provide honest and concise performance feedback to all parties, in a positive manner
- Decide what information will you (and will not) share with them
 - Will you share with them what you want them to share with you? (i.e. financial information)
- Reflect on how each party handles different types of problems
 - Are they honest, do they over-react, and do they hold themselves responsible for solutions?
- Do you sense a mutual respect for each other?
 - Do you sense you can build trust and a long-term relationship with them?
- Is there a partnership attitude? Will they cooperate with other team members in the network

Tying the Knot

When you decide that you are right for each other it is time to commit to the relationship. Here are some tips to consider when drafting contracts or agreements.

- The best type of contract to parallel is that which a franchiser would have with their franchisee
- Treat the contract as a mutual performance agreement
 - It should state what both parties must do to maintain the relationship
- Include a Code of Ethics. It contains the "values" of your company and guides ethical performance
- Detail any arrangements for exclusive territories, territory boundaries, and specific target markets
- Note any specifics on the customers they must serve, or cannot serve
- Note any products or services they must provide, or cannot provide
- Confirm pricing policies and any methods used to ensure compliance
- Are there any special policies for usage of brand names, trademarks and logos?
- Include standardized procedures for dealing with conflicts (i.e. negotiation, mediation, arbitration)
- Detail the agreement on assignment or selling of territorial rights
- Document the length of term, renewal procedures, and termination methods
- Is the contract automatically renewed based on performance?

The Honeymoon Is Over

Now that your relationship is ongoing there will be many day-to-day challenges to face. These are not usually the result of anyone acting corruptly, but more likely stem from a lack of ability, poor planning and execution, or inadequate communications.

- The most important short term need is to understand your management and reporting systems
 - New network members need to learn how to operate according to your systems
 - Be patient. It may take 3 to 6 months for a new network member to get up and running
- Some people may perceive honest mistakes as unethical behavior “They are not following the rules”
 - Rely on your Code of Ethics to guide you in deciding which actions are unethical
 - Set up an ethics committee (with trade ally members) to deal with major issues
- Issues over product and service offerings are usually the result of absent or unclear policies
 - Be clear and specific about what and how products can (and cannot) be sold
 - Have a policy for when and how new products will be considered, or old ones dropped
- Operational and technical issues usually arise from work not being completed to standards
- Are there standards? Did they follow them? Is more training needed?
- Sales performance issues usually include inadequate follow up on customer leads
 - Lead tracking is important to both you and your trade allies. But make it simple
- Customer service issues can grow out of proportion if not dealt with fast, fairly and firmly
 - ALWAYS REMEMBER: There are two sides to every story. Check both of them
 - Surprise!! You may run into “customers from the other side of heaven”
- Communication over a broad network of people is a challenge
 - Information must get to a large number of people in a short period of time
 - Specific information must get through to the right people in each company
 - E-mail is a blessing. Websites are even better
- Managing conflict takes more time than anybody ever thought it would. Conflict can arise from:
 - Varying goals of different people in the chain
 - Different perception of roles, responsibilities, and authority
 - Communication failure between network members
- Significant issues and conflicts must be managed in a consistent manner with all parties
 - All parties must trust that they will be treated equitably
 - Have a standard process for handling disputes (i.e. negotiation, mediation, arbitration)
 - Use an advisory council, or elders council, made up of respected network personnel
 - Do not allow major disciplinary decisions to be made arbitrarily by any one individual
- Non-performers will take advantage of you. Improve, discipline or remove them from your network
 - The high performers then realize you are committed to high performance. They respect this

Considering Divorce

There are many reasons for parting company, and not all of them are bad. If you must part company do so in a professional way. Disputes take time, cost money, and spread bad energy throughout a network.

- In all cases follow the termination policies and procedures outlined in your contract
- Be factual and not emotional. Do not let the egos come into play
- Do not create enemies. You may want to do business again some time in the future
- Ask the other party for their advice on how you could improve, based on their reason for leaving
- Ask them if they know anyone else who might be interested in filling their role

Making the Marriage Work

Making a relationship work is not rocket science. It is more challenging than that. Here are some tips on things that make a trade ally relationship successful.

Management Tips

- Provide a vision for all team members to follow
 - Keep it front and center in all of your communications
- Set up an advisory panel or council to provide input into your business planning
 - Made up of respected network members and your key management personnel
 - Use it, don't abuse it. Magic is created when partners plan together and the plan is followed
- Set and meet mutual performance expectations
 - Set targets mutually, document them, and review them at predetermined intervals
 - Walk your talk. You must perform to the standards you expect from others
- Performance expectations can be customized to address the different objectives
 - Marketing: Generating a minimum percentage of their own leads
 - Sales: Meeting their projected sales volumes (sales targets mutually set)
 - Quality: Maintaining a specific level of quality assurance (% of jobs free of deficiencies)
 - Customer Service: Maintaining a specific level of satisfaction (% of jobs free of complaints)
- Send regular performance reports to all network members
 - How are they doing compared to other team members, or to the team average?
 - How are they doing compared to their projections?
- Host regular team planning and review sessions for all network members. Include some fun
- Always be asking for advice on how things can be improved. Then do it, or don't ask again
- Be aware of what is going on in your industry
 - Have your network look to you as a key source of industry information
- Provide network members with updates on factors affecting their business
 - New products and technology, industry changes and challenges, market data, etc.
- Allow some flexibility in policies and procedures for unique situations
 - But ensure these are either developed or approved by your advisory team
- Consider having a "Preferred Partner" status for those with higher levels of performance
 - Quicker payment, more marketing support, lower Service Fees, etc.
- Continue networking with other companies in the industry
 - How do they perceive your company, your products, and your current network members?
 - Would they be interested in joining your team if the opportunity arises?
- Strive to make your trade ally's relationship with you a proven path to success
 - Compared to what they may get from your competitors

Management Personnel Should:

- Have a strong business management background
- Have experience in managing a network of some kind (i.e. sales, service)
- Have good interpersonal skills and be a "people" person.
- Be consistent in the application of policies and procedures
- Spend time out in the field meeting people and reviewing field operations
- Be a "servant leader"
- Set the example for performance of all team members

Making the Marriage Work

Marketing and Sales Tips

- Have an experienced sales manager or network manager who is primarily **out in the field**
 - Directly responsible for trade ally selection, training, support, and performance
 - Experience in running a field sales or service network should be mandatory
 - This person should be paid based on performance of the network (i.e. sales volume)
- Provide allies with qualified leads that create less competitive, higher margin transactions
 - Repeat this often so it becomes a pattern your partners can rely on
- Integrated marketing (Co-op) creates mind share and loyalty. Do lots of it
- Co-operative marketing research saves both parties a lot of time and money. Do lots of it
- Demand consistency in the use of your message from all partners (i.e. terminology and graphics)
- Provide professional, effective advertising and promotional materials that support your branding
 - Ask the trade allies what works. Don't depend on your ad agency to know
 - Provide shirts, hats, jackets, job site signs, vehicle decals, certificates, business cards
- Keep asking yourself "Why would their sales person choose to sell my product?"
 - They will always sell that which is the fastest, most profitable, and least painful
- Use a sales information system with integrated lead tracking. But don't make it too cumbersome

Operational and Technical Tips

- Develop and maintain a "dynamic" Operations Manual as your key reference tool for all parties
 - Use it religiously for holding of all operations procedures and materials. Call it your bible
 - Keep it updated as your business grows and changes. Keep everyone's updated
- Develop and document product standards, installation specifications, and operational policies
 - These are the basis for judging performance and quality assurance
 - Make them simple, accessible, and readable by all parties. Use lots of pictures
 - Treat them as "dynamic" and always be looking to improve them
- NOTE: It's "quality assurance" and not "quality control". Control is a bad word to use with partners
- Keep paperwork to a minimum. Always be asking how you can simplify things. Then do it
- Provide open, honest, two-way communications to all network members on a regular basis
 - Use faxes, newsletters, e-mail, website, conference calls, regional meetings, etc.
 - Communicate good news and bad news. Don't let them find out about bad news from others
- Have your key personnel visit your trade allies place of business to "walk a mile in their shoes"
- Always be asking customers how your product and service could be improved
- Do not make too many changes too fast. Run a pilot before full rollout to all of the network
- Provide regular training and opportunities for team members to upgrade their skills
 - Use professionals, charge for it, and share the costs
- Help your allies find resources to make their job easier

Attitude Tips For All Team Members

- All of your team members must have an attitude of support towards your allies
 - Think "servant leadership", starting at the top of your management team
 - Your trade allies are your lifeblood. Your success depends on their success
- Offer critiques and accept criticisms. Treat mistakes as learning opportunities
- Have both patience and persistence
- Don't take yourself too seriously

Happy Anniversary!!

When you do manage to develop a relationship that is working, celebrate it!!

- Provide motivation and rewards for meeting specific goals
 - Certificates, awards, prizes, gifts
- Recognize people in front of their peers
 - Catch them doing something right. Acknowledge them for it
- Provide recognition to all team members
 - Management, office staff, sales reps, installers and service reps
- Celebrate successes of the whole network as a team
 - Have special events or getaways that all team members can attend
- Celebrate failures by sharing them as “learning opportunities”
 - Remember the only people who never mistakes are those who never do anything
- Once you have remembered one anniversary, don't forget the next one

Resources Available To Help You

There are many places you can find tips and resources to help you in developing and managing your trade ally network.

- Consulting firms who specialize in sales channel development
- Business schools
- Established manufacturers and franchisers
- Industry associations and agencies
- Trade magazines
- Trade shows and conferences such as AESP
- Seminars and training courses
- The internet
- Competitors

Top Ten Tips for Trade Ally Networks

Out of all of the items discussed previously, these ten tips have proven time and again to be most important in developing and managing a successful trade ally network.

1. Hire a Sales Manager, and make sure they get their butt out in the field
2. Ensure accountability of senior management. Where does the buck stop?
3. Have an “in service” attitude. Be a servant leader
4. Plan together as a team. Don't send “tablets down from the mountaintop”
5. Develop and maintain an Operations Manual as your “business bible”
6. Be firm, fair and consistent with all members of your network
7. Don't over promise. Over deliver
8. Communicate honestly, frequently, and constantly ask for ways to improve.
9. Have your goals clearly defined and keep promoting them as the vision for which to strive
10. Pick your partners well. You will have to live with them

A successful trade ally network can become one of your company's strongest assets. That is why most major corporations strive to have them. With a valid vision, the right kind of attitude, a little luck, a pile of patience, and plenty of persistence you can build a distribution infrastructure that will knock the socks off of your competition. Oh, and by the way, stay so naïve that you never consider it might not work, kind of like many of us did when we first got married.