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Using energy efficiency to run a better business

How industry professionals are adapting to market trends



BY KARA RODGERS

With the market's increasing focus on high-efficiency technology, there's a lot of opportunity for businesses to help homeowners save energy. As consumers seek out energy-saving appliances, a number of companies are finding ways to thrive by adapting to the changing market.

The water heater market is changing in the face of this trend as well. Tankless water heaters have gained popularity over the past several years because they offer consumers both energy savings and a continuous flow of hot water, and solar water heaters have been on the market for several years. There are now even more options available with the new higher efficiency gas storage and electric heat pump water heaters. All these highly efficient options are easily recognized by the ENERGY STAR® label. Be sure to work with your customers to identify their hot water needs and to make well-informed decisions on which unit best meets their needs. Offering ENERGY STAR water heaters is just one part of taking advantage of the trend towards efficiency.

Challenges in the face of change

Although businesses are developing various ways to work within a changing marketplace, industry professionals across the country are encountering similar challenges along the way.

• Meeting the needs of the energy-conscious consumer

Local utilities, state governments and even the federal government are making efforts to educate consumers about the benefits of energy efficiency, and the spikes in energy prices over the past few years have helped to get their attention. "A large majority of our customers are aware of energy savings," said Sean McDonald, the program support manager of New Business Development for Public Service Electric & Gas in New Jersey. "When you have educated customers, you have to have the answers." To meet the needs of customers seeking higher efficiency water heaters, McDonald not only provides the latest models but he also explains the benefits.

Some customers will say that they want to go "green," which can mean a lot of things to a lot of different people. It can mean saving water and other natural resources or it can mean seeking to reduce your carbon footprint. It can also mean being energy efficient, although those same customers interested in energy efficiency may be more motivated by the notions of saving money or energy independence. No matter what your customers' motivations, incorporating highly efficient models and high quality installation into your business can help you meet the needs of these demanding customers.

• Facing resistance to change

Although customers may be seeking energy

savings, many may be resistant to purchasing higher efficiency water heaters once they are faced with the difference in price points. Dick Wilcox, the supervisor of the Design Build Department at Vermont Heating and Ventilating, has seen the struggle firsthand. "Everybody is thinking green. Everybody wants green," Wilcox said. "Unfortunately, there can be cost ramifications associated with green technology."

This resistance to change isn't limited to customers. As installers are finding innovative ways for their companies to adapt to the increased attention to energy efficiency, many are facing resistance from their employees and technicians. Angela Hines, vice president of Rubino Service Company, decided to take the plunge into high efficiency and earn certification from the Building Performance Institute (BPI). "It was originally hard to convince the company that it was the right thing to do," Hines said. "There was pushback at first as to why we were doing this and whether there was too much work involved. I overcame the objections by changing the corporate culture, the way we handle business."

• Meeting the challenges of the new market

In the face of the changing market, some companies are adjusting their business model to provide their customers with energy efficiency. Hines has taken the whole-home approach, selling high efficiency water heaters as only one part of a whole-home solution.

"I knew this was the right thing to do, not only for the customer but also for the future of my business — to be able to take it to the next level," Hines said. "When customers call to have their equipment replaced, we're educating them about the whole-home approach and about having an energy audit done before installing the equipment."

• In-house education and training

You don't have to redefine your business to thrive in the new marketplace and to offer your customers energy efficiency. Taking steps toward self-education and company-wide education as well as understanding newer models can help you sell higher-efficiency, higher-profit units. Part of that education is learning the newer installation and venting techniques and educating your technicians on these changes.

For Vermont Heating and Ventilating, education is a top-down process. "With the new technology, we're trying to stay ahead of the curve," Wilcox said. "We keep a pulse on the industry to see what the newest equipment is." Professionals like Wilcox are making self-education a

top priority by actively seeking information. Keeping an eye on legislation, trade journals, manufacturer's new products and local changes and rebates will help you stay up-to-date on the latest in the industry.

As you educate your employees, you can overcome resistance to change by reminding them of the benefits of incorporating higher efficiency technologies into your business. Not only does it mean more money for the company but it is also an opportunity for them to gain knowledge and for the customer to be more satisfied. In addition to in-house training, a number of businesses are also seeking certification, giving them a competitive edge over other companies in their area. As they invest in education, gaining certification assures their customers of their expertise.

• Customer education

Equipping yourself and your employees with these tools makes it easy to help customers understand the benefits of higher efficiency technologies. Fred Hutchinson, CEO of Hutchinson Plumbing Heating Cooling, breaks the savings down by month for his customers rather than projecting just lifetime savings. "Some models can save seven, eight, nine cents of every dollar spent to heat water," Hutchinson said. "Those are strong numbers, and people hear them."

How the efficiency trend helps you

As you begin to provide higher efficiency technologies to your customers, you will be able to position your company as a leader in your market. Certification and in-house training can help set you apart from your competition by allowing you to offer your customers knowledge they can trust when it comes to energy efficiency.

By keeping an eye on the latest technology, you can also provide your customers with more options. "This is a more dynamic industry. It gives customers more choices, providing different types of water heaters and a variety of venting options," McDonald with PSE&G said. "It gives us more business. It's a win-win for customers and companies. Businesses benefit from higher profit and customers get more choices."

Hutchinson Plumbing Heating Cooling has already seen significant growth since it began adapting to the changing market. "The industry has dropped 24 percent in the past two years," Hutchinson said. "But we have grown by 26 percent. Adopting a whole-home approach

has given us more opportunities and more revenue."

The future looks energy efficient

It's not too late to start bringing energy efficiency into your own business. Education and training are the first steps toward new business opportunities.

"I feel that the green movement

will not be slowing down," Hines said. "My company's already being educated, trained and certified to be able to offer this will put us ahead of the curve and our competitors.

"It does take a lot of time and money to make changes, but in the end, if you believe in it, it will work. During the last year and a half, my business has gone through its biggest growth in our history. Why? Because

we found a way to have homeowners want our products and services, and we have made ourselves one of the select few able to offer them." ■

Kara Rodgers is Natural Gas senior program manager for CEE and directs a three-person natural gas team responsible for guiding and growing CEE's initiatives focused on natural gas savings.



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