

**Better Buildings Neighborhood Program October 2011 Workshop
Summary of Revenue Streams from Breakout Sessions (11/20/11)**

Contractor-Based Revenue Streams

General Considerations:

- Contractors will generally pass fees on to customers, which means there is a strong relationship between consumer-based and contractor-based revenue streams.
- Contractors will pay for services that add value for them, such as high quality leads, project tracking, training, etc. In some cases, they are already paying *someone* for these services.
- While contractors do most of the sales work, programs have a role in making it easy for customers to get work done, to “nudge” homeowners to act, to ensure clarity and consistency of information, etc.
- There are some restrictions on generating fee revenue from contractors using grant funding; programs should check with DOE about any questions.

Potential Revenue Streams:

- *Cooperative marketing fee.* These fees are based on the benefits contractors receive from using the program brand, which indicates quality, reliability, etc. Contractors can have access to the brand through certification or other program requirements, which helps limit marketing benefits to program-approved contractors. Cooperative marketing may be more attractive to smaller contractors; larger contractors generally do their own marketing.
- *Lead generation fee.* Contractors indicated a willingness to pay \$200 to 300 for a high quality lead. Pre-approval for financing, detailed home preview reports, and other factors can add value to leads.
- *Fee to use program financing.* Exclusive access to financing is attractive for contractors.
- *Fee for quality assurance services.* Some programs link quality assurance fees to financing. For example, Michigan has a monthly financing fee of 1.99% of loan amounts, which is used to cover the program’s quality assurance expenses.
- *Software licensing/use fee.* Some contractors are already paying third parties for software services to track and report on projects. This is a value-added service for small contractors in particular because many don’t have their own systems.
- *Program concierge services.* Like software licensing/use fees, program concierge services reduce some of the administrative and other burdens on contractors, which reduces time and/or cost. Contractors suggested training concierge service providers and contractors together for consistency of information and message. Contractors also suggest training concierge service providers in the sales process.
- Other revenue streams:
 - Fees for program concierge services
 - Fees for training and other events
 - Fees for contractor networking opportunities
 - Fees for equipment lease