



The small business program with the one-two punch

By Joy Zins, ICF

The all-in-one program design delivering impressive results for small business customers in two states.

Executive summary

The number of energy efficiency programs targeting the small business sector has increased significantly over the last 10 years. Utilities and program implementers recognize that traditional commercial and industrial programs do not provide the support and meaningful financial incentives that are imperative to influence small business customers to implement retrofits in their establishments.

In order to be successful, small business energy efficiency program offerings need to provide a delivery model that minimizes the burden of paperwork and project management on owners. Higher incentives (often ranging from 70%-90% of total project cost) provide the additional financial support needed to motivate a small business owner to move forward with upgrade projects. With the maturation of these programs in the market, program implementers should now consider leveraging existing delivery prototypes to provide additional benefit to other segments of utilities' non-residential market.

This paper examines a unique delivery model for Entergy Mississippi's Small Business Solutions Program that provides additional benefits to small business installation contractors serving the target community. ICF interviewed four of the top-performing small business trade allies to collect firsthand feedback on the impact the Program has had on their business. We also highlight how a similar model helped better serve Dominion Energy South Carolina's small business customers in underserved areas of its service territory.

The launch of the Small Business Solutions Program

In July 2013, the Mississippi Public Service Commission issued a final order regarding the implementation of energy efficiency programs and standards in Mississippi. [Rule 29](#) applies to both electric and natural gas service providers subject to its jurisdiction. The rule defines “Quick Start” to encourage the early implementation of energy efficiency programs and to provide experience on which Mississippi’s service providers and the Commission can build long-term energy efficiency programs.

In compliance, Entergy Mississippi launched a suite of energy efficiency programs in November 2014, selecting ICF as its program implementer. The Entergy Solutions for Business Program provided prescriptive and custom incentives to all non-residential customers in its service territory.

During the latter part of 2016, however, Entergy Mississippi recognized that its small business customers were not taking advantage of its offerings to the extent anticipated. As part of our work together, ICF helped Entergy Mississippi design and launch the Small Business Solutions Program in 2017.

Big-time synergy

Also in mid-2017, Public Service Commissioner Brandon Presley introduced the “Hire Mississippi Rule” to boost the state’s economy and support local contractors. The mandate requires rate-regulated, investor-owned utilities to expand contracting and business opportunities to Mississippi-based companies. The intent is to provide more opportunity for state-based companies to bid on contracts worth more than \$200,000. Utilities are asked to provide their prime contractors with the Hire Mississippi list of contractors for awarding subcontracts.

The timing of the launch of the new Small Business Solutions Program and the introduction of the Hire Mississippi Rule created a propitious opportunity. Entergy Mississippi was able to leverage the Small Business Solutions Program to support both the targeted small business customers and the small business contractors typically providing services to this market.

The “small” trade allies in Mississippi

Entergy’s Small Business Solutions Program leverages the local, Mississippi-based network of contractors and lighting service providers known as “trade allies.” Their role is to procure and install the lighting equipment, while ICF staff are responsible for carrying out the small business facility audits.

The Program provides an “open network” of trade allies to serve the small business community. To become registered as a Small Business Solutions trade ally, a contractor must attend a training session and execute a Memorandum of Understanding (MOU) stipulating their role and responsibilities. Trade allies are not under contract with Entergy Mississippi nor are they subcontractors to ICF.



As of August 2019, there were 42 Small Business Solutions trade allies registered, 90% of which are Mississippi-based small businesses. The top ten trade allies for the Program account for about two-thirds of the number of projects and energy savings achieved. Since 2017, these small business contractors have been paid over \$6 million of combined customer and program share of the project. This represents a large contribution to Mississippi's small business enterprises, providing a significant opportunity to supplement the livelihood of these trades.

Testimonials

Kennedy Electrical Services

Rickey Kennedy opened Kennedy Electrical Services in Tylertown in 1996, serving as its only licensed electrician. His business consisted of residential electrical work, additions to homes, and electrical maintenance and ballast changes for such small businesses as convenience stores and banks.

In March 2018, he was looking to downsize and considering retirement because business was not as robust as needed to support himself and his two full-time employees. After enrolling in the Small Business Solutions Program in 2018, the business gained the stimulus it needed.

"It was a lifesaver for my little business, it was great timing," says Rickey Kennedy. "I'm making a living; my guys are getting a paycheck. I give the Program a lot of credit for what it's done for my business and our community."

Adam Kennedy Electrical

Adam Kennedy grew up working for his dad, Rickey, and eventually started his own business providing electrical maintenance work for residential, commercial, and industrial companies. His company became a Small Business Solutions Program trade ally in 2018, increasing his participation in the Program significantly in 2019.

Adam Kennedy focuses on small businesses in Grenada, a town with a population of about 12,000. The customers that he targets are eligible small business accounts for cities, counties, rental properties, and some retail. Most are new customers with which he has not worked previously. His conversion rate from lighting audit to signed participation agreement is over 85%, which is above the average for the Program.

For Adam Kennedy, the business he's conducting under the Program is a "whole new thing" as he finds himself moving away from maintenance work and toward selling LEDs. The work has proven to be more profitable, so he decided to give up some of the maintenance contracts to accommodate the extra work for the Program. He estimates that approximately 50% of his business now is through the Program. The Small Business Solutions Program has helped Adam Kennedy Electric support community growth and grow the business.



Energy Savers of Mississippi

Scott Collver started Energy Savers in 2014. His firm was a trade ally for other small business programs outside of Mississippi. Unfortunately, the other programs did not offer a volume of work sufficient to sustain the company.

Then Collver developed a relationship with one of the trade allies supporting the Small Business Solutions Program in Mississippi. He decided to resurrect Energy Savers and registered as a trade ally in late 2018. Business increased for Energy Savers to the extent that he took on a partner and established Energy Savers of Mississippi as an offshoot of the original Energy Savers.

Collver states that if the Program did not exist, he'd still be selling, but not at the volume of business he sees with the Program. "I love the Small Business Solutions Program," says Collver. "It helps the customer and helps our company. If you do it right, you're going to make money."

Robinson Electric

David Robinson grew Robinson Electric from a small mom-and-pop business to about 60 full-time and 20 contract employees. While larger than many other Program trade allies, it's still considered a small business by Small Business Administration standards.

Robinson Electric participates as a trade ally in both the Small Business Solutions and Energy Solutions for Business Programs. Though the combined programs account for about 15% of Robinson Electric's business, the offerings provide the company with business growth opportunities and fostering of new business relationships in the community.

Robinson Electric's reputation and long-term relationships over three generations with its customers in Northern Mississippi has been a key factor in its growth. Robinson states that he can call up a customer and say: "I think I've got a program that makes sense for your business. Can I come out and do a survey to see if it does? If it doesn't make sense, I'm not going to recommend that you do it." Usually the customer will welcome the visit.

Small businesses in small-town South Carolina

Dominion Energy South Carolina was a few years ahead of Entergy Mississippi, launching energy efficiency programs for its electric customers at the end of 2010 under its legacy entity of South Carolina Electric & Gas (SCE&G). SCE&G developed, delivered, and launched a traditional small business program model in 2014. As the program implementer, ICF then hired subcontractors to provide program field services related to lighting and refrigeration service providers. Subcontractors are often out-of-state service providers who perform the small business audits, procure the retrofit equipment, and arrange installation.

The company's service territory is marked by two primary metropolitan areas,



Columbia and Charleston. As with most densely populated regions of any utility's service territory, the majority of outreach, sales, and participation under Dominion Energy South Carolina's Small Business Energy Solutions Program has been highest in these two areas. These two areas accounted for 82% of total Program participation through March 2019.

Recognizing that other parts of its service territory were not seeing the benefits of its Program, Dominion Energy South Carolina and ICF began an initiative to increase participation in historically low participating, rural regions. In March 2019, ICF launched a "hybrid" program design in which the underserved counties of the service territory are supplemented by local small business lighting service providers. The existing lighting service subcontractor continues a more concentrated, targeted focus in the Charleston and Columbia metropolitan areas.

ICF engaged with four lighting service providers (LSPs) that signed MOUs. Each LSP was engaged to work with an ICF auditor to provide turnkey installation services through the Program. The four LSPs were excited and motivated by the opportunity to increase their sales focus to small business customers by leveraging the available incentives through the Program. They use their ties to the communities in order to provide leads to the ICF auditor, resulting in a noticeable participation stimulant within these regions.

There's been a 45% increase in projects overall for the Program in the nine-month period of March–November of 2019, as compared to all of 2018. The Program produced almost twice the number of projects in the targeted outlying rural areas during the same period. Overall, Dominion Energy South Carolina is on track to exceed 2019's goals while simultaneously boosting the participation of both small business and local, small contractors in the South Carolina market.

Conclusion

ICF, Entergy Mississippi, and Dominion Energy South Carolina have designed a model that works within each utility's unique service territory and regulatory environment. This model has successfully provided an economic boost to small business customers and the small business contractors engaged to serve them.

While this small business program model has been successful, it is not without its challenges. A large network of trade allies, as is the case in Mississippi, requires a higher level of contractor management and oversight compared to the more traditional closed network of subcontractors. It's important to track and monitor the performance, pricing, and accurate representation of the program by the trade allies and service providers. In



addition, varying regulatory requirements, geographic limitations, or financial constraints may preclude the model's applicability in every utility service territory.

In some instances, local trade allies may leverage longstanding, existing relationships to motivate small business customers to participate in the program. In other cases, the program provides these trade allies with a compelling value proposition that gains new customers and opens new opportunities within the market.

Dedicated small business programs have shown to be a financial enabler—allowing small business customers to invest in high-efficiency lighting while lowering operating costs and improving their bottom line. Entergy Mississippi's and Dominion Energy South Carolina's small business programs are proving to be a growth catalyst for many of the local contractors and lighting service providers in the communities served.

About the author



Joy Zins is a certified energy manager (CEM) with a degree in civil engineering and 21 years of experience in the technologies and practices related to commercial industries. She has worked in commercial HVAC sales, Building Automation Technology, and has been involved in procurement activities for public entities throughout the country. Joy has worked with ICF for 9 years and serves as strategic advisor for ICF's commercial and industrial (C&I) markets in energy efficiency and works to share best practices in implementation, technologies and new program design. She has been responsible for C&I program design, startup and transition, budget tracking, ongoing program development and staff management.



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