

WELCOME!

**TENANT FOCUS:
Winning Efficiency Projects
in the Commercial Space**

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Event code: #CTP

TENANT FOCUS:

Winning Efficiency Projects in the Commercial Space

- Elihu Dietz, ERS
- Dr. Anastasia O'Rourke, IEc

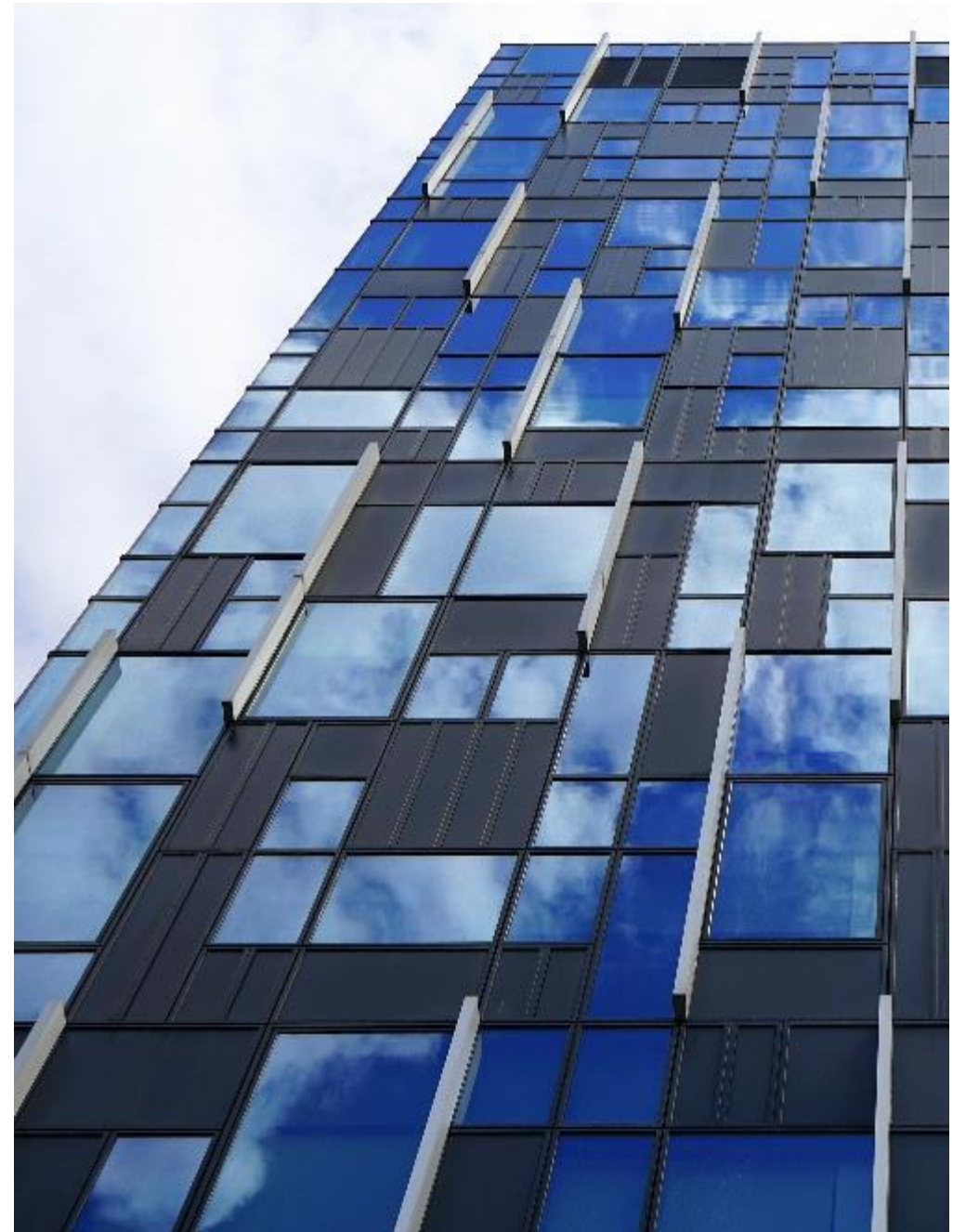


NYSERDA
Supported



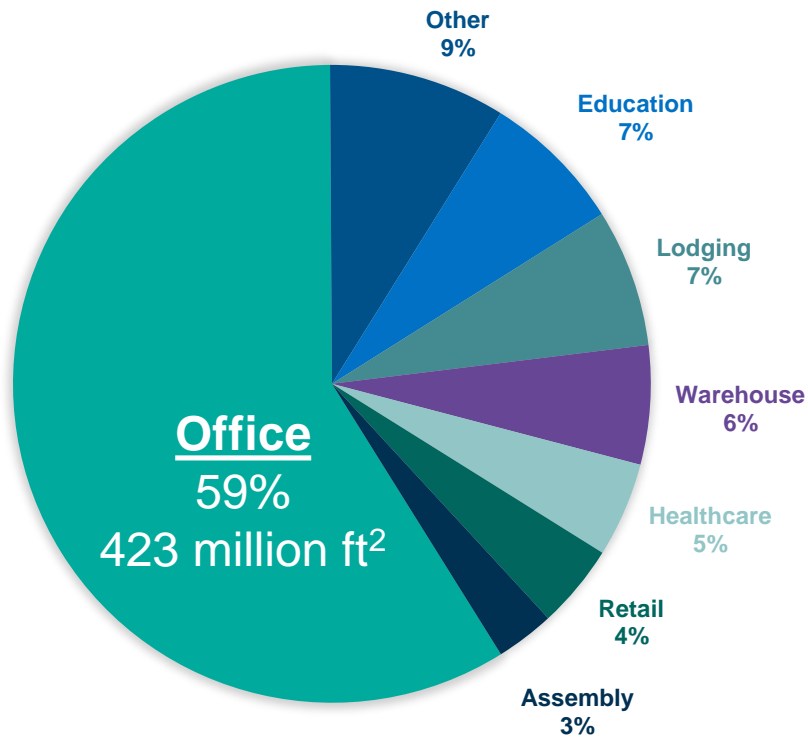
TODAY'S AGENDA

- Poll
- Market potential
- Myths and realities
- Adding value to your firm
- Building a value proposition for your clients
- Pitch workshop
- Available resources
- Recap
- Post-workshop survey

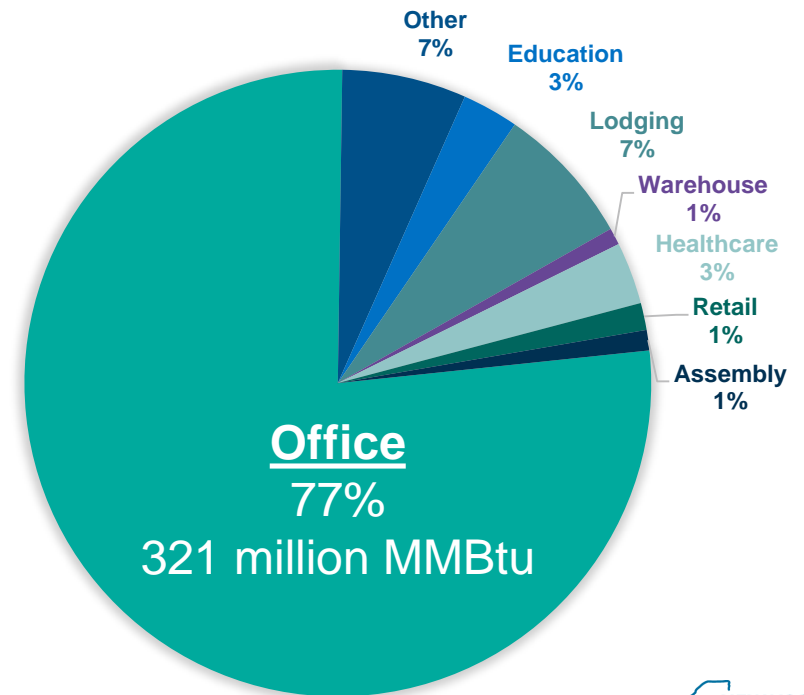


COMMERCIAL OFFICES HAVE MAJOR MARKET POTENTIAL

NYC SQUARE FOOTAGE



ENERGY USE (MMBTU)



Source: NYC LL84 Benchmarking (Residential property removed)

SCALE OF OPPORTUNITY

“We are always looking for fast, replicable ways to present energy saving measures to our clients alongside first cost, ROI and operational energy savings. Moreover, with building codes prescribing higher levels of energy savings each year, it’s becoming increasingly critical that we model energy performance on all of our projects, including tenant fit outs.”

David Briefel, Sustainability Director, Gensler

“The Commercial Tenant Program has resulted in increased engagement between landlords and tenants. Landlords can provide their tenants 'multiple choice' energy efficiency scenarios in a concise and efficient manner to shorten tenant decision making cycles and nudge them to implement energy efficient options.”

Leonardo Cutone, LC Associates



POLL RESULTS





Which of these statements sound familiar?

MYTHBUSTERS

“As a tenant, our energy use is only a small portion of the whole building’s.”



FACT:

**40%–60% OF A TYPICAL
BUILDING'S ENERGY
CONSUMPTION IS
CONTROLLED BY TENANTS**

MYTHBUSTERS

“Energy efficiency doesn’t work for my company. It cramps our style.”



“Sustainability is not our top priority.”



FACT:

Mindful design balances productivity, sustainability, and style.



MYTHBUSTERS

“As a tenant, we are stuck with the existing base buildings systems.”

“LEDs are the cutting edge in energy efficiency.”





FACT:

Tenants have a wide variety of measure options, both in their space and in conjunction with the building manager.

Some common measures include:

1. High-efficiency lighting & smart controls
2. Plug load control
3. ENERGY STAR office equipment
4. High-efficiency HVAC & motors (with building manager)
5. IT virtualization
6. Procedural improvements
 - a. Methodical team placement
 - b. Increase temperature setpoints (office, IT space)
 - c. Equipment power management

MYTHBUSTERS

“It will take too long for payback to justify the initial investment.”



“Landlords see most of the benefits from EE, not tenants.”





There are many no- and low-cost measures available.

TENANT SAVINGS		MEASURE	DAY ONE	ESTIMATED SAVING		ESTIMATED SAVING	INCREMENTAL	
PACKAGE OF MEASURES		TYPE	COST	FUEL	ELEC	(\$)		% SAVING
Individual Energy Performance Measure (EPM)			\$ (indicative)	MBtu/yr	kWh/yr	Per Year	16yr Total	vs Baseline
GOOD (LOW DIFFICULTY &/or HIGH IMPROVEMENT)			\$245,000	0	304,137	\$60,827	\$973,234	10.4%
1.1	High efficiency LED lighting (as designed)	PLANT	\$162,500	0	30,386	\$6,077	\$97,233	1.0%
1.2	Efficient tenant HVAC and motors (as designed)	PLANT	\$82,500	0	136,920	\$27,384	\$438,147	4.7%
1.3	Lighting controls (reduce OS/VS delay to 15 minutes, as designed)	PROCESS	\$0	0	136,831	\$27,366	\$437,854	4.7%
BETTER (MEDIUM DIFFICULTY &/or MEDIUM IMPROVEMENT)			\$268,000	0	1,349,490	\$269,898	\$4,318,366	46.0%
all EPMs from Good Package (above); plus:			\$245,000	0	304,137	\$60,827	\$973,234	10.4%
2.1	Virtualized servers (reducing computer room from 54kW to 18kW)	PLANT	\$0	0	435,274	\$87,056	\$1,392,897	14.9%
2.2	Energy Star equipment (25% reduction in equipment power)	PLANT	\$23,000	0	178,139	\$35,626	\$570,023	6.1%
2.3	Reduce occupancy to regular business hours (turning off HVAC at 6pm)	PEOPLE	\$0	0	364,408	\$72,882	\$1,166,116	12.4%
2.4	Equipment power management (sleep mode as default)	PROCESS	\$0	0	67,532	\$13,506	\$216,097	2.3%
BEST (HIGH DIFFICULTY &/or LOW IMPROVEMENT)			\$448,000	0	1,555,748	\$311,149	\$4,978,388	53.1%
all EPMs from Good and Best Packages (above); plus:			\$268,000	0	1,349,490	\$269,898	\$4,318,366	46.0%
3.1	Raise comfort cooling set-point temperature (2F increase)	PEOPLE	\$0	0	17,361	\$3,472	\$55,559	0.6%
3.2	Enhanced LED Lighting	PLANT	\$0	0	74,569	\$14,914	\$238,624	2.5%
3.3	Enhanced Lighting Controls (reduce OS/VS delay to 3 minutes)	PROCESS	\$0	0	31,444	\$6,289	\$100,620	1.1%
3.4	Automatic receptacle control	PLANT	\$180,000	0	80,538	\$16,107	\$257,710	2.7%
3.5	Raise computer & IDF room cooling set-point temperatures (4F increase)	PROCESS	\$0	0	2,345	\$469	\$7,509	0.1%
Total:			\$448,000	0	1,555,748	\$311,149	\$4,978,388	53.1%
No Cost Measure Total:					1,055,195	\$211,041		
					68%			

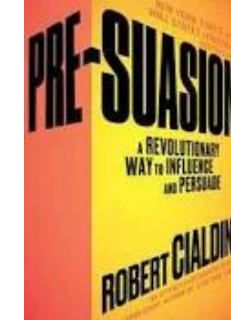
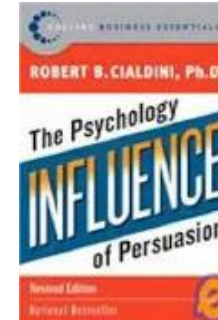
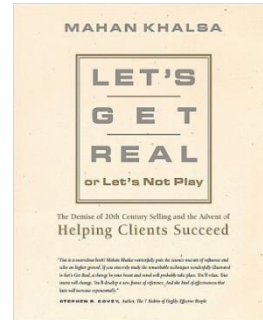
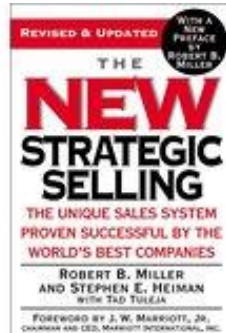
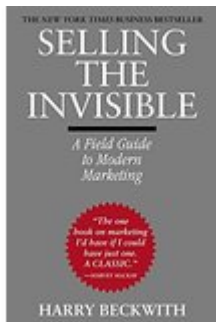
ABOUT YOU. RAISE YOUR HAND IF...

1. You are in a firm with less than 5 people; 5-100 people; 100-1000; over 1000?
2. You are in an: architecture firm; engineering firm; consulting firm; real estate; equipment provider; university; other?
3. Your clients are: mainly tenants/landlords/building owners, other prime contractor?
4. Your firm has a sales team that is distinct from the design and engineering team?
5. You typically win work through:
 - a. Personal connections
 - b. Referrals
 - c. Responding to RFPs
 - d. Repeat clients

ABOUT ME: ANASTASIA O'ROURKE

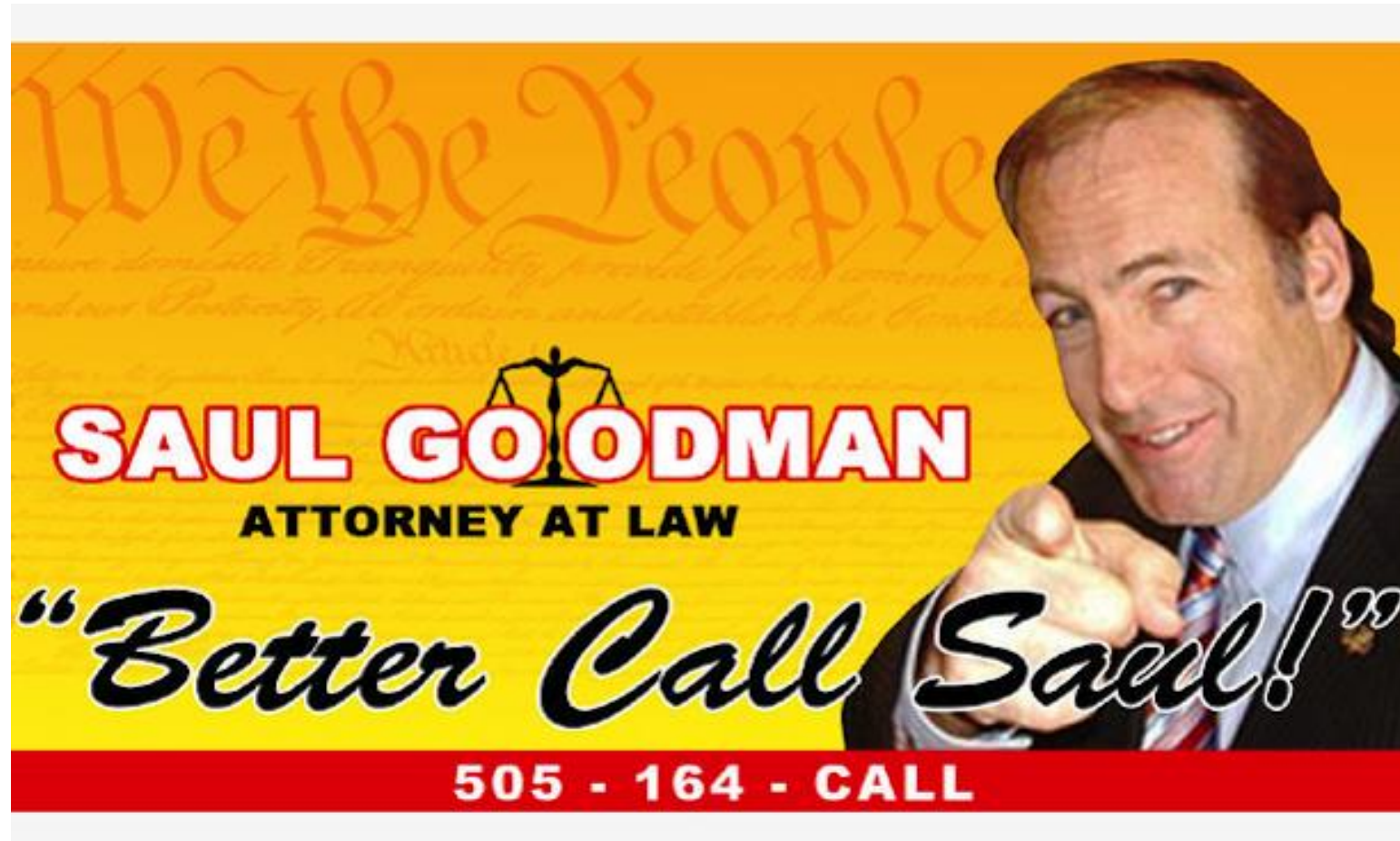
IEC

- Almost 20 years working in sustainability, starting with the Sydney Olympics “Green Games”
- BA from Sydney University, MSc from Lund University, and PhD from Yale University
- Senior Consultant with Industrial Economics, Inc. in Cambridge MA www.indecon.com
- My focus is on sustainability and energy: program strategy design and evaluation.
- Clients include: GSA, EPA, NYSERDA, California Energy Commission, Microsoft, Samsonite, Dunkin', UN Environment Program, others.
- Taught courses in business development, green marketing, and making the “business case”
- Influenced by:



What comes to mind
when you hear the word “sales”?

SHADY CHARACTERS?



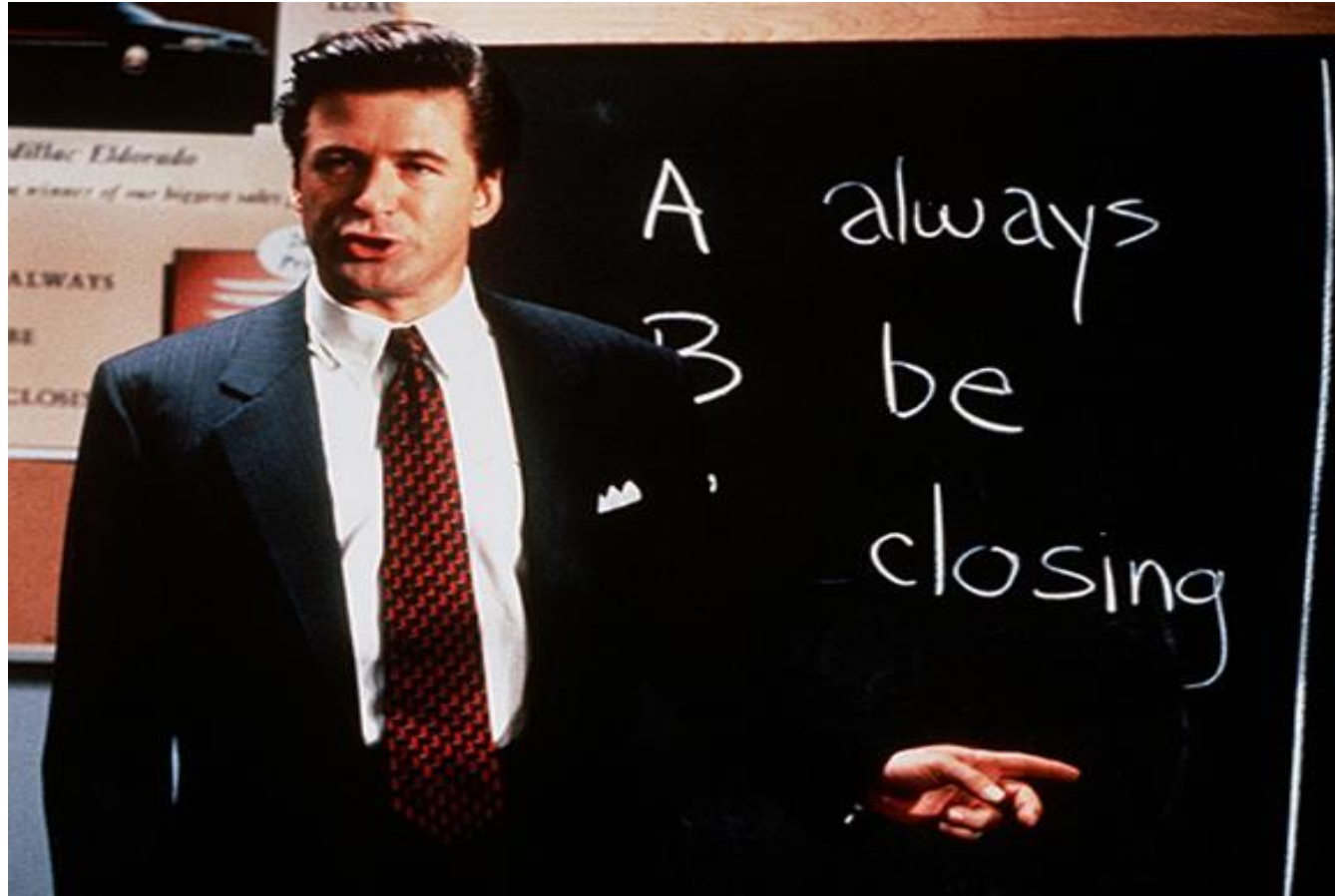
CHEESY CLIP ART AND STOCK PHOTOS?



CLEVER TRICKS?



MOTIVATIONAL SPEAKERS?



How we “sell” tenants and building owners on energy efficiency has nothing to do with any of that.

There are ways to increase the effectiveness of how we pitch energy efficiency, and add value to our firms and our clients.



WHAT IS VALUE?

$$\text{Value} = \text{Benefit} - \text{Cost}$$

Financial Value, Non-financial Value, Societal Value

What is a “Value Proposition”?

A clear statement of how your service adds value and solves a problem for the client.

FIRST RULE OF BUILDING VALUE IN THE SALES PROCESS

1. It's not about you!

- Understand what drives your audience, who do they look to, what are their needs, how your work can contribute to meeting their goals.
- They may have misconceptions about energy efficiency.
- They may not care at all about energy efficiency or even know that it's something they could do.

COMMUNICATING THE VALUE OF ENERGY EFFICIENCY

1. To your own firm

2. To your clients →

Building owners

Tenants

Consultants/Contractors

Brokers

COMMUNICATING THE VALUE OF ENERGY EFFICIENCY

1. To your own firm

2. To your clients →

Building owners

Tenants

Prime contractors

WHAT IS VALUED IN YOUR FIRM?

EXERCISE 1

Q1. How is success usually measured or discussed? This may vary based on the group you are in.

- New clients
- Repeat clients
- Diversification of existing business lines
- Sales
- Referrals
- Profitability
- Client satisfaction with design
- Client satisfaction with operational performance
- Marquee, high-profile projects
- Time utilization, activity level
- Other

TAILORING YOUR VALUE PROPOSITION

EXERCISE 2

1. Write down your key value proposition messages for energy efficiency work on page 1 of the worksheet.
2. Turn to your neighbor and take turns sharing:
 1. Describe your company.
 2. Describe what is valued there.
 3. Give your pitch to incorporate energy efficiency into your work.
3. Individually, reflect and take notes:
 1. What came easily, what seemed awkward?
 2. What information and resources would you like to have a better handle on before doing this “for real”?

COMMUNICATING THE VALUE OF ENERGY EFFICIENCY

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CREATING VALUE, EVEN IN THE SALES CYCLE

Buying Cycle: The stages customers go through when making significant purchase decisions.

Align what we do (how we act, what we say, who we involve, how we ask questions) with where the client is in their decision-making.

Understand where the client is as they navigate their buying process.



The Buying Cycle, © Huthwaite, 2005

UNDERSTAND YOUR CLIENTS: OBJECTIVES, MOTIVATIONS, TIMELINE, PRESSURES, UTILITY BILLS

- What organizations are involved in the project?
- Who are the deciders and who influences them?
- How do they measure success in general? For this project?
- When will the key decisions be made?
- Why might they consider incorporating energy efficiency?
- What are the sustainability, energy savings, and/or carbon reduction goals?
- Do they value external recognition?
- On the more tactical front: Who pays the bills and how?

UNDERSTAND WHO ARE THE KEY DECISION MAKERS AND INFLUENCERS?

- Who will make the decision to select your firm?
- Who/what influences them? Motivates them?
- Once you win, who will work with you on project execution?
- Do they have the same vision?
- What barriers do you expect this client to face in relation to adopting energy conservation measures? (Are these a myth or a reality?)

TYPICAL STEPS FOR TENANTS

1 Pre-Lease

- Select team
- Select office space
- Negotiate lease

2 Design/Construction

- Design
- Commissioning
- Specification
- Procurement
- Build out / construction

3 Occupancy

- Move in
- Maintain equipment
- Use space
- Retro / continuous commissioning
- Expire lease (start over)

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Opportunities for Integrating Energy Conservation Measures (ECMs)

- Criteria for team selection
- Criteria for site selection
- Add ECM terms to lease

- Set ECM goals
- Model ECM options & potential ROI
- Make decisions on ECMs
- Select construction contractor
- Monitor construction
- Integrate ECMs into O&M plan

- Execute occupancy plan
- Equipment maintenance
- Training & communications
- Measure, track, verify performance
- Communicate results
- Gain recognition

VALUE PROPOSITION FOR ENERGY CONSERVATION MEASURES

FOR TENANTS

Reduced:

Operating expenses

Moves (& cost associated with moving)

Increased:

Employee satisfaction

Employee productivity

Employee comfort

Access to favorable financing

Accelerated depreciation

FOR BUILDING OWNERS

Reduced:

Operating expenses

Tenant turnover

Duration of vacancies

Increased:

Asset value

Net Operating Income (NOI)

Occupant satisfaction

Rental rates

Quality tenants (superior credit-worthiness)

Access to favorable financing

Accelerated depreciation

PREPARE YOUR SALES PITCH

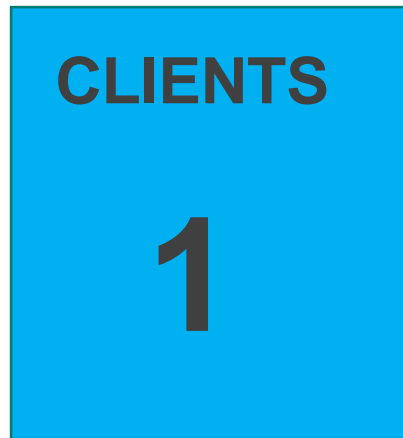
EXERCISE 3

1. Get into groups of 4 people. In each group, 2 people to act as clients, 2 people to act as sales team.
2. Each group is pre-assigned a type of firm that is commissioning a type of fit out:
 - Law firm
 - PR agency
 - Green marketing firm
 - Coworking space
 - Boutique investment bank
 - Realtors industry association
3. Preparation (in pairs)
 - **CLIENTS:** Create a vision for the project.

Make up selection criteria for this example; decide where in the sales cycle you are; decide a scenario for who pays the utility bills/separately metered or not.

- **SALES:** Come up with value proposition for this type of client. Create a set of questions to lead discussion to figure out where clients are in the sales cycle, their success criteria, and how EE fits into their vision.
4. Role play a meeting.
 - Sales team will ask questions.
 - Sales team will pitch.
 - Client teams will evaluate responses.

ROLES



GROUPS

- 1. Law firm
- 2. PR agency
- 3. Green marketing firm
- 4. Co-working space
- 5. Boutique investment bank
- 6. Realtor industry association



DISCUSSION FOLLOWING

EXERCISE 3

CLIENTS: What did you find most compelling? Was the pitch in sync with where you were in the sales cycle?

SALES: Did you uncover their criteria? What did you leave as the next step?

If you were to do it again:

- a. What additional research or preparation would you do?
- b. What value propositions would you focus on?

Would you alter the way you made the pitch if this was a previous or existing client?

What other barriers might you have to overcome?

TIPS:

- Ask “discovery questions” at the start of the meeting. Don’t lead with a pitch until you understand:
 - Where in the sales cycle they are
 - Their level of interest in, and sophistication about, energy efficiency
 - Their overall goals for the fit out.
 - Example: So I know you wanted to discuss X, which I promise you we will do, but before we jump in, could you set some context for me around what you’re trying to accomplish and how energy efficiency fits in?
- Then dig deeper. Example questions:
 - You mentioned X was a major focus for you, can you help me understand how addressing that will impact your goals? What do you hope this fit out will yield for your organization next year? In 10 years?
On your own priority scale, where does energy efficiency reside? Must address, nice to have, fired if I don’t...?
- People tend to believe and remember what they hear themselves say, more than what they are told. So ask good questions!
- People tend to value information they request more than information that is offered freely.
 - It should be scarce, to the point, or something they’d likely not have the time to look up themselves.
 - You can trigger reciprocal feelings by sending something useful.

TIPS:

Examples of savings

Organizations that they admire

Source: R.Cialdini *Influence*

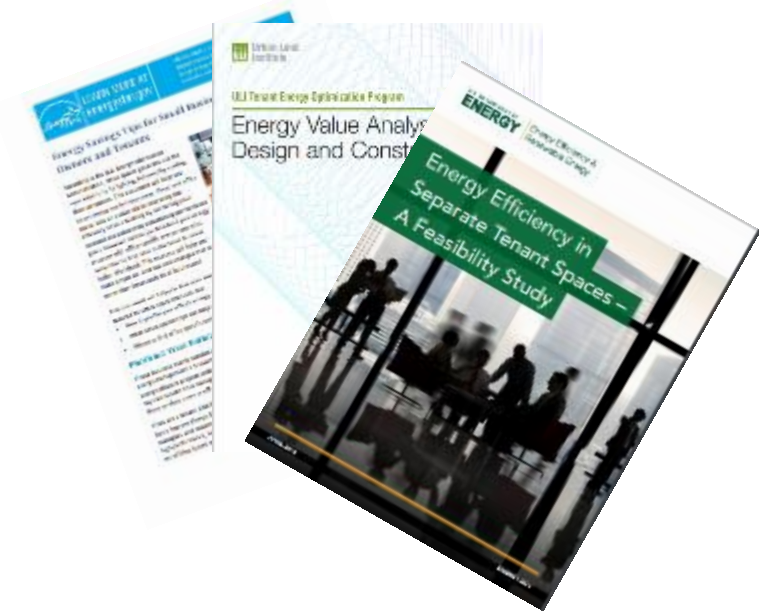


Give useful information

Cite large numbers:
“Total \$1M over 10 years,”
rather than “100K in one year”

RESOURCES

- [Urban Land Institute \(ULI\)](#)
 - Tenant Energy Optimization Program
 - Case studies of projects completed in NYC
- [ENERGY STAR Guide for Energy Efficiency in Tenant Spaces](#)
 - Energy-saving tips for small businesses
- [Department of Energy](#)
 - Energy efficiency in separate tenant spaces



INCENTIVES

■ Con Edison's Commercial & Industrial Program

- Applies to most types of equipment, including lighting, HVAC equipment, and some kitchen appliances
- Payment is received after installation
- Custom incentives available for unique projects



■ NYSERDA Commercial Tenant Program

- Applies to the energy analysis
- Programs can be combined





NYSERDA COMMERCIAL TENANT PROGRAM

Less Restrictions = Easy & Fast Process

- Program covers up to 100% of energy study costs
- Applications processed in under 2 weeks
- NYSERDA directly reimburses applicant (low out-of-pocket expenses for client)
- Projects are eligible to receive Con Edison incentives

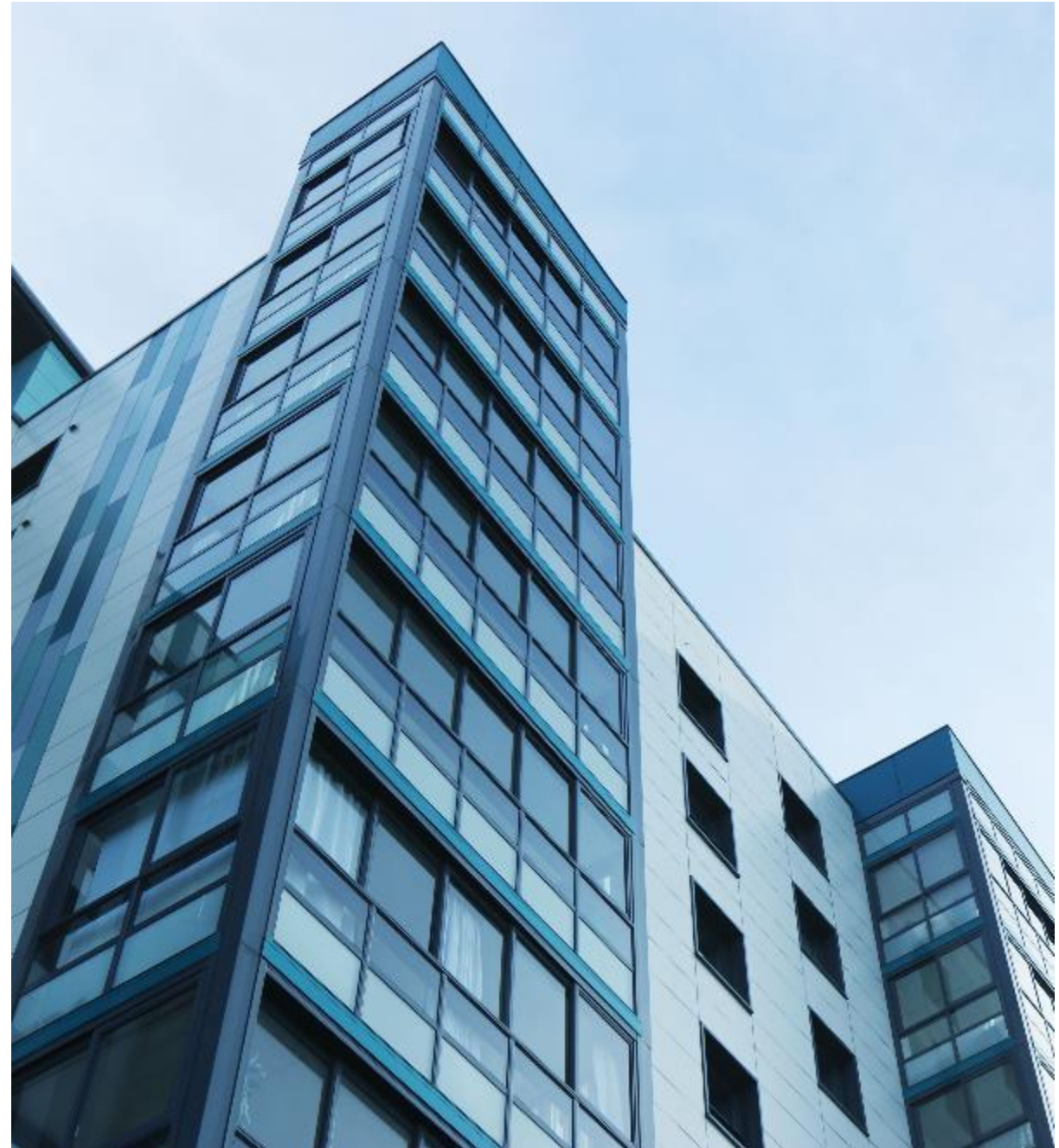
RECOGNITION PROGRAMS

- [LEED Interior Design and Construction, Commercial, Retail](#)
- [NYC Mayor's Carbon Challenge](#)
- [Local Law 33 in NYC](#)
- [NYSERDA Case Studies](#)
- [Energy Star for Buildings](#)
- [Better Building Challenge \(DOE\)](#)
- [Green Lease Leaders](#)
- [Green Globes](#)
- [Living Building Challenge](#)
- [WELL Buildings Standard](#)



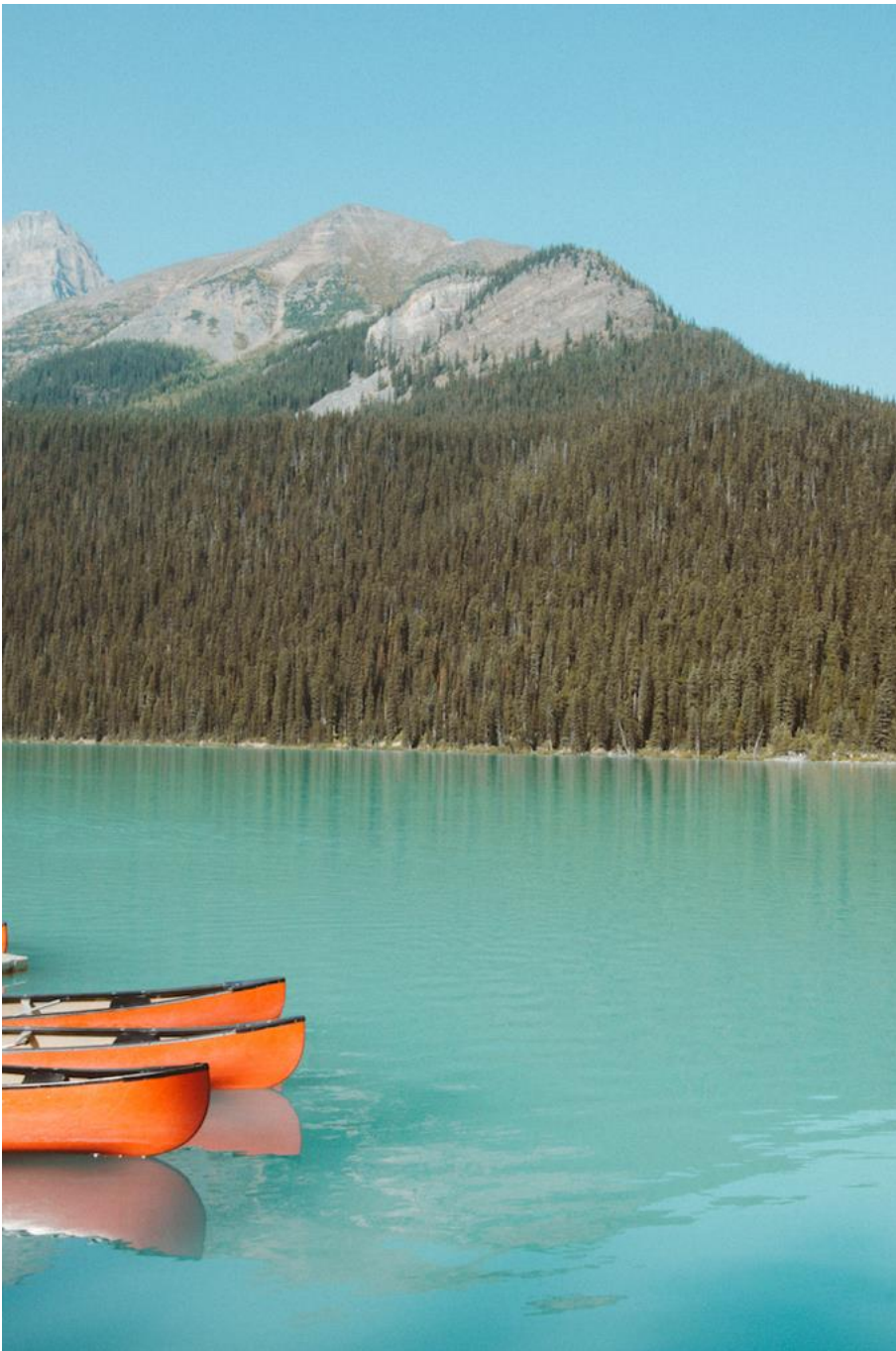
RECAP

1. Learning outcomes for training, reflect on those
2. Range of tenants, range of drivers and barriers
3. Key concepts in building an effective value proposition
 - a. Within your firm
 - b. For your clients
4. Helpful resources, worksheets, and handouts
5. Follow-up survey
6. Next session: October 26



QUESTIONS?



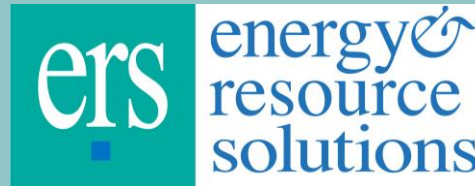


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