



# Memorandum

To: Jonathon Jackson, Ameren Illinois Company; Jennifer Morris, Illinois Commerce Commission Staff  
From: Opinion Dynamics Evaluation Team  
Date: January 12, 2018 Re: Findings from Small Business Program Ally Interviews

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## 1. Introduction

Program allies play an important role in implementing small business programs within the Ameren Illinois Company (AIC) service territory. They participate in many aspects of program delivery, including marketing, recruiting participants, conducting site assessments, and installing energy saving measures. The evaluation team conducted interviews with 30 contractors in the AIC service territory to characterize these companies and document their experiences, needs, and recommendations for future programs.

The evaluation team focused on current and former program allies associated with the small business programs authorized through the Illinois Power Agency (IPA), as they offer valuable insights into the participation process and opportunities for program improvement. We also included a sample of non-participating contractors in the AIC service territory to determine if they were aware of AIC energy efficiency programming, and why they may or may not want to participate. The specific goals of this research were:

- Characterize small business program allies
- Assess sources of market actor awareness of small business programs
- Determine the likelihood of participation in future small business programs and how AIC can improve the program ally experience
- Assess customer willingness to participate in small business programs
- Gauge satisfaction with PY9 small business programs and gather suggestions for improvement
- Determine barriers to market actor participation in energy efficiency programs

### Methodology

The evaluation team conducted in-depth interviews with 30 contractors, and details of the sampling approach are presented in Table 1. In addition to contractor segment quotas, the evaluation team aimed to speak with program allies active in a range of IPA Small Business programs (e.g., Small Business Direct Install, Cooler Savings, Small Commercial Lit Signage, Small Business Public and Private HVAC Optimization, and Small Business Linear LED Lighting). The Demand Control Ventilation Program did not utilize program allies, and as such, none of the allies we spoke with were associated with that program.

**Table 1. Interview Sampling Approach**

Contractor Segment	Segment Definition	Completed Interviews
Current small business program allies	Program allies participating in PY9 small business programs, who completed at least 5 projects in PY9	16
Inactive program allies	Program allies that (1) participated in IPA small business programs between PY6-PY8, but did not participate in PY9, or (2) program allies that completed <5 projects in PY9	7
Non-participating market actors	Contractors that are not listed in PY6-PY9 small business program databases. We identified non-participating contractors using the Illinois' chapter directory of Associated Builders and Contractors trade association	7
Total Interviews		30

## 2. Summary of Findings

Despite relatively minor operational challenges, program allies were grateful for the opportunity to participate in IPA small business programs. From their perspective, participation in the programs bolstered their businesses by creating reliable channels of new customers, and they expressed interest in continuing to work with small businesses through future AIC programs. Key findings from the interviews include the following:

- **Both current and inactive program allies were highly satisfied with the small business programs.** Program allies were satisfied with the impact of the programs on their businesses, their interactions with program implementers and AIC representatives, and the benefits they could provide to their customers by participating.
- **The existence of multiple, competing programs was challenging for some program allies.** Program allies that participated in more than one program reported difficulties with keeping paperwork organized across the various programs. Additionally, the existence of more than one lighting program created competition between programs, and in some cases, confusion on the part of customers who were approached by representatives of both programs.
- **Recommendation:** We recommend that AIC develop integrated and comprehensive program offerings for small businesses to ease participation from both the customer and program ally perspectives. This is likely to occur naturally with the phase out of IPA funding for energy efficiency programs and the consolidation of program delivery under AIC and their implementation contractors.
- **Program allies frequently reported difficulty establishing the credibility of the programs.** When approached by program allies, Illinois small business owners were skeptical of the legitimacy of the programs, with one business owner stating that it seemed “too good to be true,” and several others believing the program to be a scam.

- **Recommendation:** We recommend providing program allies with co-branded marketing materials to improve the credibility of similar programs in the future. Further, once small business program offerings fall under AIC's program umbrella in 2018, the AIC's existing Program Ally search<sup>1</sup> will help customers verify program allies' association with AIC programs feel reassured about the program's legitimacy.
- **Inconsistent data tracking methods and customer in-take processes created challenges for allies working across programs.** The use of different data collection methods (e.g., iPads, Windows-based platforms, or hard copy data entry) across program implementers and program years created challenges for allies. Program allies also noted that the use of tablets strengthened the participant recruitment process considerably, as allies can calculate potential energy savings for the customer in real time.
  - **Recommendation:** We recommend that AIC encourage their program implementers to use tablets for enrollment and administrative processes, which allow for on-the-spot audits, demonstration of energy savings to potential participants, and improved project tracking.
- **Some program allies found it difficult to attend in-person trainings.**
  - **Recommendation:** We recommend providing web or telephone based training options whenever possible so that program allies can readily attend from across the service territory.
- **Program allies see customer demand for LED lighting measures.** Many program allies noted customer interest in LED lighting measures.
  - **Recommendation:** AIC should consider including a variety of LED lighting measures in any future small business offerings, as customer interest in and demand for this technology is high.
- **All program allies are interested in future participation.** All program allies, both current and inactive, expressed interest in continuing to work with the small business programs. Of the inactive program allies that were included in the study, most became inactive because they did not realize the program(s) still existed, or they were simply too busy to participate. Only two inactive participants dropped out due to time or cost-effectiveness constraints. Of the seven non-participating contractors that we spoke with, four of them were interested in becoming program allies.
  - **Recommendation:** AIC should leverage the existing relationships between their customers and program allies to expand the reach of their programs. AIC might also consider conducting a general outreach campaign to formally notify program allies about future programs.

### 3. Detailed Findings

Sections 3.1 through 3.4 report the detailed findings from interviews with both current and inactive program allies (totaling 23 respondents). Section 3.5 describes the findings from our seven interviews with non-participating contractors.

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<sup>1</sup> <https://amerenillinoisavings.com/for-my-business/find-a-contractor>

### 3.1 Characterizing Program Allies

Overall, the allies of the IPA small business programs were small (<10 employees), geographically dispersed across the AIC service territory, and focused on lighting and electrical work. Of the 23 allies we spoke with, the majority were lighting (15 of 23) and electrical (11 of 23) experts, while only three market actors had refrigeration expertise, and another three specialized in generators. These trends are reflective of the fact that most of the program allies had worked with the Small Business Direct Install and Small Commercial Lit Signage Programs. Table 2 details the program participation of the interviewees.

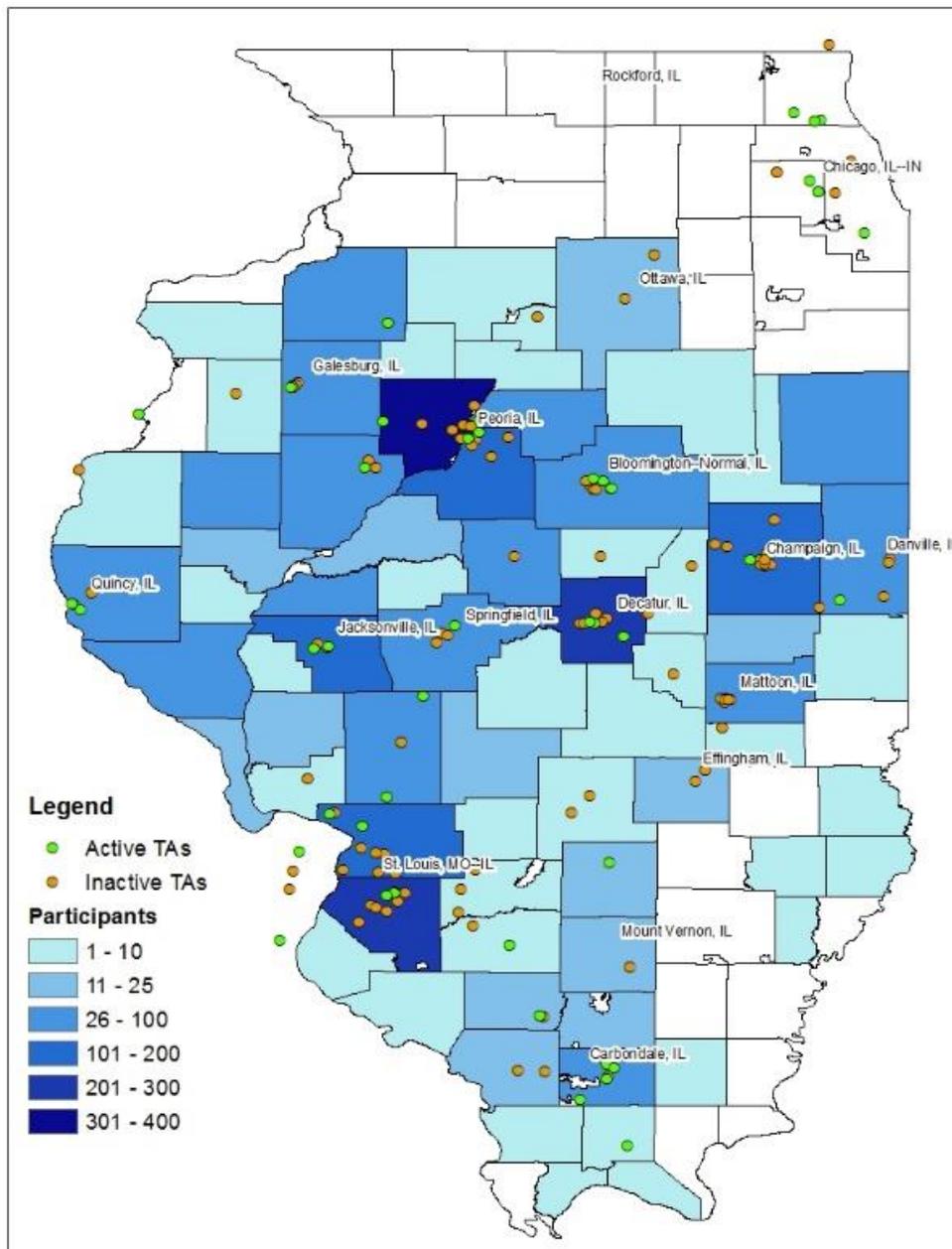
**Table 2. IPA Small Business Program Participation by Allies**

Program	Count of Interviewed Participating Allies
Small Business Direct Install	16
Small Commercial Lit Signage	13
Cooler Savings	9
LED Linear Lighting	5
HVAC Optimization	1

Trade allies primarily served the commercial sector and estimated that, on average, 62% of their work came from small businesses. One program ally reported that participating in the programs increased their service to small businesses, and another said that small businesses comprise 100% of their work, as they built their business around the IPA programming.

Because the AIC service territory is large, and some rural areas may be difficult to reach, we asked trade allies about their willingness to travel to job sites. Most program allies served a wide radius within the state—between 50 to 200 miles, or one to four hours of travel from their headquarters. As such, projects completed through the small business programs covered most of the central and southern counties of Illinois, with the highest project densities occurring in Decatur, Peoria, and St. Louis counties. Figure 1 shows a density map of all IPA small business program participants, as well as the headquarter location of all the current and inactive program allies.

Figure 1. Map of Small Business Participants and Program Allies in PY9



Note: IPA small business participants were defined by having unique AIC service account numbers.

### 3.2 Program Awareness and Motivation to Participate

Most program allies heard about the IPA small business programs from a program representative or through previous work with AIC (16 of 23, Table 3) and were motivated to participate by the prospect of gaining new business leads (9 of 23). Additional financial motivators included the incentives provided through the program (5 of 23), and the ability to provide customer benefits (7 of 23).

**Table 3. How did you learn about the AIC Small Business Program(s)?**

How did you learn about the program(s)?	No. of Program Allies (n=23)
Program Representative	10
Previous Work with AIC	6
Distributor	4
Customer	1
Another Contractor	1
Another Utility	1

### 3.3 Participation Processes

We explored multiple aspects of the program ally participation process from initial training to program outreach and delivery.

#### Training

While most of the respondents reported that program training was sufficient (14 of 23), there were some concerns raised regarding training methods, particularly requirements to travel to in-person training sessions. Program allies were willing to travel several hours to reach project sites, but since training hours conflict with normal business hours, allies were reluctant to forgo potential jobs to travel for training. Based on this feedback, we recommend providing web or telephone based training options whenever possible so that program allies can readily attend from across the service territory.

#### Program Promotion & Marketing

Most program allies recruited customers to the small business programs through word of mouth marketing (16 of 23). Word-of-mouth marketing included reaching out to networks of customers, friends and family, and community groups (e.g., churches). Program allies also employed door-to-door canvassing to recruit customers (10 of 23). Table 4 reports the most common marketing strategies utilized by program allies.

**Table 4. How do you promote the program to participants?**

Marketing Strategy	No. of Program Allies (n=23)
Word of Mouth	16
Door-to-Door Promotion (Canvassing)	10
Advertised on Company Website	4
Flyers & Pamphlets	4
Cold Calling	3

In addition to marketing strategies, we asked program allies about the marketing materials they used and/or received from AIC. Most respondents recalled the program flyers they received from AIC to advertise the program; however, few program allies utilized other forms of marketing support, even if they knew of other available materials. When asked how AIC could improve marketing support, several program allies cited the

challenge of proving credibility for themselves and the program. One respondent reported that, in some cases, potential customers believed the program to be “too good to be true.” Multiple respondents expressed that AIC could give credibility to the programs by sending direct mailers or bill inserts to potential customers, so they are more willing to participate when they are approached by the program allies.

Other suggestions to improve the credibility of the program included the use of AIC logos for business’ promotional materials and company apparel, a certified program ally list that is available to view on the AIC website, and offering educational seminars for customers, like the seminars for program allies.

Overall, we recommend the use of co-branded marketing materials where feasible that offer credibility to both the program and the contractors as they recruit participants. We also recommend that AIC consider employing marketing strategies such as bill inserts, which may broaden customer reach and make small business owners aware of programming prior to ally recruitment efforts.

### Challenges and Barriers to Participation

In-depth interviews with program allies uncovered a range of challenges and barriers to participating in small business programs in AIC territory. Table 5 highlights these findings along with specific recommendations for improving future small business programming.

**Table 5. Challenges and Barriers to Ally Program Participation**

Challenges and Barriers	Program Ally Feedback	Program Improvement
Measures Offerings	Several program allies expressed concerns with the quantity of each measure that was available, as some programs ran out of certain, popular measures. Additionally, eight program allies said certain types of LEDs were either not offered, or there were too few available in the programs they participated in. Another program ally said that the incentives were not in line with what customers wanted, where the CFLs were incentivized but customers would prefer LEDs even if there was a co-pay.	AIC should explore expanding LED measure offerings in future small business programs.
Enrollment and Data Tracking Processes	Multiple program allies reported challenges resulting from inconsistent data tracking technology across programs, reporting that some implementers used iPads, while others used Windows-based programs and paper applications. Overall, program allies reported multiple benefits of using tablets, including offline data tracking, which is helpful in rural areas with poor service, on-the-spot audits, real-time energy savings demos for customers, and customer enrollment.	AIC should consider utilizing an app that can be run on tablets, computers, and smart phones to improve the enrollment process and data tracking capabilities.
Incentive Levels	Ten program allies who had worked with lighting programs said that some incentives offered through the programs were too low.	We recommend conducting further research on customer preferences for LEDs and other technologies to create an optimal menu of offerings based on customer demand.

### 3.4 Satisfaction and Future Participation

Overall, program ally satisfaction was high, with program allies rating their satisfaction with the programs they participated in as an 8.7 out of 10, on average. Detailed in this section are some of the key areas of program satisfaction.

- **Impact on Business:** In some cases, respondents stated that their business was largely, if not completely, in existence because of the small business programs. Impacts included increases in profits, the ability to hire new employees and more crews, and the development of clientele.

One program ally reported “*my business survives and thrives because of the [small business program] ...I went from doing, probably, \$50,000 a year of gross work to doing over \$250,000 to \$300,000 a year now.*”

Another program ally reported working with the program through another company, then being able to leave and start his own business: “*[I]t's increased [my business] tenfold...I didn't do anything outside of the program. It was a full-time job to me.*”

- **Interactions with Program Implementers:** In general, the program allies had a positive experience interacting with the program implementers. Interviewees cited the program improving from an administrative perspective as they worked with the programs year after year. Overall, interactions with program implementers were described as available, communicative, helpful, trustworthy, responsive, and easy to work with.
- **Benefits for Customers:** Program allies referenced the incentives and deals that customers receive through the programs as both a motivation for participating and a strength of the program overall. They highlighted the benefits that the customers receive in the form of energy savings, bill savings, and the discounts on the technology installations.

To develop a better understanding of what drives program participation, we also asked “inactive” program allies why they decided not to complete any projects in PY9. Four inactive program allies were either unaware that the programs were continuing or were unaware that certain projects were covered by the programs. One inactive program ally said that the paperwork was not worth completing for the small jobs and they could not make enough money to compete with labor union project wages.

#### Customer Willingness to Participate

When asked about the support that small businesses need to invest in energy efficiency, the majority of program allies said they typically need a financial incentive to make these types of investments. In addition, some noted that small businesses need to be informed about the savings they can achieve since they often do not realize that inefficient lighting results in higher energy bills.

### 3.5 Non-Participating Contractor Findings

We conducted interviews with seven electrical contractors who had never participated in IPA or AIC business programs, six of which had expertise in lighting services. Of these non-participants, only two were aware of IPA or AIC small business programs. To increase awareness of AIC programming, AIC could advertise with the Illinois’ chapter of the Associated Builders and Contractors trade association. Further, marketing materials could highlight positive business impacts by showcasing quotes from current program allies.

When asked about their interest in and potential motivation for participating in energy efficiency programs, four of seven expressed interest in becoming a program ally if the projects were large enough to provide a financial payoff. Two of the three uninterested contractors thought that, though they were in the state of Illinois, their proximity to AIC customers would be a barrier to participating effectively. The other uninterested respondent reported that he worked primarily with large industrial clients, not small businesses.