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Selling on the Benefits of Residential Geothermal

Sean Dillon
Vice President | Residential Sales
WaterFurnace International
Sean.Dillon@waterfurnace.com
260-442-6581 – direct

Tim Wright
Residential Sales Manager
Enertech Global
Tim.wright@enertechgeo.com
706-508-2374 - direct
Learning Objectives

Features
Benefits
Current HVAC Market
Financial
Selling
It’s Not About US?
YOU SHOULD CHANGE BEFORE YOU HAVE TO!

JACK WELCH

Company Vision
Sales Approach
Marketing
Refocusing – With Purpose, Net Zero, High Performance
Rolex – Know your customer
One Stop Shop…take away

Payment Plans
Dsireusa.org
Ask for referral…even if they say NO or not right now..
Is savings always a motivator?
Climate Change?
Sustainability
Healthy Home importance?
Geothermal Heat Pump

Stages of market development
<table>
<thead>
<tr>
<th></th>
<th>WLHP (Standard Range)</th>
<th>GWHP &amp; GLHP (Ext. Range)</th>
<th>TOTAL MARKET</th>
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<td>2011</td>
<td>90556</td>
<td>116</td>
<td>90672</td>
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<tr>
<td>2012</td>
<td>84841</td>
<td>83</td>
<td>84924</td>
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<tr>
<td>2013</td>
<td>101876</td>
<td>63</td>
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<tr>
<td>2014</td>
<td>118906</td>
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<td>2015</td>
<td>126226</td>
<td>0</td>
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<td>Jan-16</td>
<td>9024</td>
<td>0</td>
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<tr>
<td>Feb-16</td>
<td>10162</td>
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<td>Mar-16</td>
<td>11621</td>
<td>6</td>
<td>11627</td>
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<td>Apr-16</td>
<td>10729</td>
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<td>May-16</td>
<td>11971</td>
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<td>Jun-16</td>
<td>13005</td>
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<tr>
<td>Jul-16</td>
<td>10593</td>
<td>0</td>
<td>10593</td>
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<td>Aug-16</td>
<td>10452</td>
<td>0</td>
<td>10452</td>
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<tr>
<td>Sep-16</td>
<td>9869</td>
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<tr>
<td>Oct-16</td>
<td>10029</td>
<td>0</td>
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<td>Nov-16</td>
<td>9147</td>
<td>5</td>
<td>9152</td>
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<td>Dec-16</td>
<td>9018</td>
<td>0</td>
<td>9018</td>
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<tr>
<td>2016</td>
<td>125620</td>
<td>11</td>
<td>12563</td>
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REPORT CARD..... 6 YEARS IN REVIEW.

<table>
<thead>
<tr>
<th>Year</th>
<th>Geothermal Package &amp; Split</th>
<th>Geothermal Water-to-Water</th>
<th>Geothermal (Package/Split/Water-to-Water)</th>
<th>Air Source Heat Pumps</th>
<th>Unitary Air Conditioners</th>
<th>Gas Warm-Air Furnace</th>
<th>Oil Warm-Air Furnace</th>
<th>Total Annual Units</th>
<th>WSHP/Geo M.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>176,615</td>
<td>3,868</td>
<td>180,483</td>
<td>1,765,002</td>
<td>3,532,097</td>
<td>2,216,160</td>
<td>48,247</td>
<td>7,741,989</td>
<td>2.33%</td>
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<tr>
<td>2012</td>
<td>161,826</td>
<td>3,310</td>
<td>165,136</td>
<td>1,697,796</td>
<td>3,915,869</td>
<td>2,243,393</td>
<td>35,868</td>
<td>8,058,062</td>
<td>2.05%</td>
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<tr>
<td>2013</td>
<td>175,519</td>
<td>2,952</td>
<td>178,471</td>
<td>2,035,459</td>
<td>4,134,241</td>
<td>2,601,760</td>
<td>32,144</td>
<td>8,982,075</td>
<td>1.99%</td>
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<tr>
<td>2014</td>
<td>191,446</td>
<td>2,640</td>
<td>194,086</td>
<td>2,353,990</td>
<td>4,499,660</td>
<td>2,734,713</td>
<td>34,725</td>
<td>9,817,174</td>
<td>1.98%</td>
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<tr>
<td>2015</td>
<td>197,838</td>
<td>2,273</td>
<td>200,111</td>
<td>2,491,509</td>
<td>4,323,511</td>
<td>2,814,203</td>
<td>38,181</td>
<td>9,867,515</td>
<td>2.03%</td>
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<tr>
<td>2016</td>
<td>199,632</td>
<td>2,260</td>
<td>201,892</td>
<td>2,265,919</td>
<td>4,619,585</td>
<td>2,623,585</td>
<td>32,233</td>
<td>9,743,214</td>
<td>2.07%</td>
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HOPE IS NOT A STRATEGY.
ELEANOR ROOSEVELT

Keys to Success
It will most likely look different every time…….
However, have a consistent system and message
It’s not just about having the right tool, it’s knowing how to set it up and use it properly! Just like your Company and your sales process.
SALES PROCESS OVERVIEW

Why do consumers buy?
  Gaining consumer trust
Uncovering the opportunities
Asking the right questions
Low pressure sales process
  Gaining commitment
How important is value?
The 8-step low pressure selling process
Contents of your presentation book
Developing a professional proposal
The success rate of selling geothermal goes up tremendously if the sales process follows a well thought out and planned presentation.

From the first call, setting the appointment, and through the presentation at the home is all very critical to the outcome of the sales call.
WHY DO CONSUMERS BUY?

The catalyst that starts the buying process

Without change nothing happens

To determine what will motivate a consumer to buy is an understanding of this change

Example: system failure, high energy costs
GAINING CONSUMER TRUST

Trust comes from respect and care of the consumer
ASKING THE RIGHT QUESTIONS

Asking the right questions will build trust. Trust is the key factor to successful selling.

Use a Comfort survey to uncover a comfort needs of the consumer.
WHAT IS A BETTER DEAL?

Truck?
- $42,999 Price
- 10% Down 6 Years @ 3.14%
- $697.78 Monthly Payment
- $8,170 value is lost in the first year (19% per Edmunds.com)
- Plus add fuel & maintenance costs
- Little to zero savings over older vehicle
- 0% Return On Investment

Geothermal?
- $42,999 Price
- 10% Down 7 years @ 6.99%
- $584.36 Monthly Payment
- Local/ State/ Utility/ PACE rebates
- Plus add electricity & maintenance costs
- Significant energy savings over existing system
- On Average 10% - 15% ROI

Why do they sell more trucks than we sell Geothermal?
Because many in the HVAC industry do not show the true cost of ownership of a new geothermal system!
Day 31 is when your “Payback” starts.

4% APR, 30 Year Mortgage. $47.74 per $10K Financed.
Geo cost $10-15K more than a good conventional Heating and AC system on a new home.

Can we show payback with a GSHP?

When does your Gas furnace and AC pay you back?
How about your $40K truck?
Stainless Steel Appliances?
• $300K Home-95% Gas Furnace & 16SEER AC
• 4%/30 years= $1432.20
• Average Heating/AC, hot water bills at 10Cents a KWh and $2 Propane

• $2396 per Year, $199.66 Avg. Monthly Bill

• $1478 per year for Natural Gas

• $310,000 Home with GSHP
• 4%/30 years= $1479.94
• Payment increases 3.3%, or $47
• Average Heating/AC, hot water bills at 10Cents a KWh and NO GAS!
• $983 per year, $81.91 Avg. Monthly.
• Saving $1413 per year, $117.75 a month.
• Cost $47 per month, saves $117= $70 “Payback”
A 4% price premium for newly constructed, green-certified homes was found in King County, WA for the 9-month period ending May 31.

Certified homes sold for 11% more than noncertified homes between May 1, 2007 and April 30, 2008 in the Portland metropolitan market.

Certified homes stay on the market for a shorter period of time, selling 18 days faster...
Lessons Learned from a South Western Utility …

<table>
<thead>
<tr>
<th></th>
<th>Projected kW Reduction</th>
<th>Actual kW Reduction</th>
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<tbody>
<tr>
<td>Air Source Heat Pumps</td>
<td>0.33 kW/ton</td>
<td>0.165 kW/ton</td>
</tr>
<tr>
<td>Ground Source Heat Pumps</td>
<td>0.66 kW/ton</td>
<td>0.65 kW/ton</td>
</tr>
<tr>
<td>(2.6 kW/4T home)</td>
<td></td>
<td></td>
</tr>
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</table>

93% of rebates paid on “Replacement “& “New Construction”
Value added selling where a candidate attempts to create interest by highlighting the various features of the product which make it desirable

“This pen is gold – that positions you as a person of value to your peers.”  
“This pen has refillable ink cartridges so you never need to buy a new one.”  
“Compared to other pens, this pen is very smooth and comfortable to hold in the hand.”

The problem with value based selling is that you show zero knowledge of what the buyer feels is important to them and thus are simply shooting in the dark with your assertions of value.  
95% of people who have never had any experience selling will utilize this method.
Solution based selling: rather than just promoting an existing product, the salesperson focuses on the customer's problems and addresses the issue with appropriate offerings (product and services).

“What is the most important thing for you when it comes to buying a pen?”
“What color pen are you in the market for?”
“What were the strengths and weaknesses of the last pen you owned?”

Solution selling can work. Sales reps uncovered buyers’ needs and sold them “solutions” based on those needs. Armed with sophisticated data gathering tools and resources - today’s buyer defines his/ her own solutions.
Price-based selling is a selling technique in which a Contractor reduces their price in attempt to close the sales cycle. It is recommended that commodity items like petroleum be sold exclusively by price.

The goal of price based selling is to capture the business of price sensitive sellers. Customers who shop purely based on product cost will have the most interest in bargains.

-criticized as being misleading to consumers
Customer can sense that the original price must be inflated if the business is so quick to slash the price.

The customer may lose respect for the business and realize the prices are too high to begin with. Good customer service companies lead with VALUE.
Problem creation

Instead of asking open questions, they establish a clear ‘ladder’ for buyers to follow using questions which place the prospect in a mental state where they begin to feel a problem they didn’t realize they had originally. Ultimately the buyer arrives at a pre-set conclusion which the sales representative has orchestrated.

It is one of the oldest techniques in the book: Create a problem, then sell the solution. Or more often, create the appearance of an upcoming possible problem.
THE PURCHASING POWER OF WOMEN

When it comes to buying, women are more often the decision makers and motivators. Recently, women have gained ground in earning, spending, and influence on household spending.

FLOODING THE MARKETS

$7 trillion

Of all personal wealth in the U.S. is held by women.

60% of all personal wealth in the U.S. is held by women.

2/3 of consumer wealth in America will belong to women within the next decade.

91% of women say they think

80%

Of healthcare decisions are made by women.

68%

Of new car purchase decisions are made by women.

75%

Of women identify themselves as the primary household shopper.

85%

Of all consumer purchases in the U.S. are made by women.

CONTROL OF WEALTH

Women own 40% of all American private businesses.

Senior women age 50+ have a combined net worth of $19 trillion.

1.3 million women earn more than $100,000 in annual salary.

Over the course of a family’s life, 90% of married women will control its wealth.

91% 66% 92% 89% 93%

New Homes PCs Vacations Bank Accounts Food

of market goods in America.

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Conclusion

Benefits to the Home Owner

1. Lowest operating costs (highest efficiencies)
2. Best comfort (staged compressors)
3. Quietest system (ECM fans, variable and quiet 2 spd compressors)
4. Best protection (warranty)
5. Environmentally friendly (refrigerant)
6. Reduces carbon footprint (CO2 Emissions)
7. Best IAQ (with add on components)
8. Best ROI (monthly loan payment vs. monthly utility savings)
9. 3rd party efficiency certification (ARI)
10. The BEST Customers!
Sean Dillon
Vice President | Residential Sales
WaterFurnace International
Sean.Dillon@waterfurnace.com
260-442-6581 – direct

Tim Wright
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Enertech Global
Tim.wright@enertechgeo.com
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