



NEEA Strategic Planning Key Strategies

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Strategy #1: Collaboration, Coordination and Communication.

NEEA's success will be based largely on how well it *collaborates* with other NW entities including utilities, NWPCC, Bonneville, regulatory agencies, state and local governments as well as the market actors who will ultimately be delivering the goods and services that generate the efficiency resource. However, if the NW Region is to achieve the maximum possible change in markets, collaboration will need to be followed by closely *coordinated* efforts by the appropriate parties. And to be effective, coordination requires excellent *communication*. Specific components of this strategy include:

1. *Working Groups*. In order to ensure that the best thinking possible is applied to its efforts, NEEA will develop and maintain regional working groups. These groups will consist of regional stakeholders, market experts and others that can help understand the market opportunities and provide guidance on options to intervene in the market. NEEA will be pro-active in reaching out to those in the market with the best knowledge, experience and stake in the outcomes. Although these groups will probably be focused on sectors or specific markets, NEEA may also bring similar groups together to help guide planning and policy development as appropriate. These groups will help identify market barriers and opportunities, review strategies and serve as a possible mechanism for further market outreach.
2. *Aggregated Market Interventions*. Where appropriate, NEEA will coordinate with regional utilities and other entities to consolidate regional market power to achieve maximum leverage with upstream market actors (manufacturers, distribution and retail channels, and corporate-level decision makers). Examples include DYS, SWAT, Firm Focus, and NWFPA. This may include activities such as coordinated utility program incentives to "jump start" the market demand in appropriate ways.
3. *Coordinated Customer Strategies*. In the commercial and industrial markets, NEEA will work with local utilities to coordinate efforts for large customers in a way that both enhances the relationships between the utility and the customer as well as increasing the end-customer's success. In mass-consumer markets (primarily residential) NEEA will work to coordinate its market efforts with local utility programs in order to create a seamless consumer experience. In these markets, NEEA's work with upstream

manufacturer and retail/distributor channels will be coordinated as much as possible with local marketing and incentive programs operated by local utility programs.

4. *Communication.* NEEA will develop and maintain multiple communications vehicles and channels that effectively support the collaboration of regional entities and facilitate the coordination of regional efficiency efforts. As regional entity operating in four states, effective communication is critical to the success of our collaborative efforts.

Strategy #2: Comprehensive market strategies based on sound market research.

In order to effectively intervene in markets, it is important to understand the structure of the markets. The most successful efforts are built on this understanding and are built around a strategic view of how efficiency is or is not currently incorporated into decision making in the market. This understanding has to be built on solid market data and analyzed using tools that can move past the obvious results to the fundamental barriers and opportunities for efficiency. Lastly, it is important to consider how markets overlap and how to gain synergies from efforts in distinct markets that share some common characteristics.

NEEA has developed tools to facilitate this process including the following:

1. *NEEA will maintain a core competency of in-house market expertise that will provide a regional resource of specific knowledge and capability.* NEEA believes that it is crucial to the region to maintain market specific knowledge and competency that can assist in designing and implementing market focused programs. In addition, NEEA will work to develop and maintain relationships with key market actors that provide the region with unique access to decision makers.
2. *Strategic Market Plans.* For each market targeted for intervention, NEEA will develop a strategic market plan that includes the following elements:
 - a. *Market research findings*
 - b. *Identified market barriers and opportunities*
 - c. *Defined market structures and key leverage points*
 - d. *Stated market transformation hypothesis*
 - e. *Logic models that describe MT hypothesis*
 - f. *Market diffusion model forecast including baseline and projected MT scenarios*
 - g. *Multi-year, high-level implementation plans, including roles and responsibilities, budgets*

- h. Stated project goals and objectives*
 - i. Defined market progress indicators and project specific milestones*
 - j. Evaluation plans and budgets*
 - k. Defined market tracking and savings verification methodologies*
 - l. Cost-effectiveness analysis*
- 3. *Integrated market implementation for leverage and efficiency.* In order to maximize operational efficiency and market leverage, NEEA will structure its implementation in markets in an integrated fashion. Some common tools used to achieve this integration include but are not limited to:
 - a. Common branding platforms.* Where there are key messages or market objectives that are common across projects, it makes sense to create common branding in order to maximize the effectiveness of marketing efforts. Examples include NEEA's ENERGY STAR, BetterBricks and Industrial Efficiency Alliance branding platforms.
 - b. Cross-market technical support.* Examples include the BetterBricks Integrated Design Lab networks.
 - c. Unified tracking systems.*
- 4. *Market Research.* NEEA's project work has distinguished itself on the basis of being grounded in solid, on-the-ground market research. This research is critical to identifying key market barriers and strategies to remove them as well as to identify opportunities and leverage points within markets. NEEA uses a number of market research vehicles that range from very focused, product specific market research to broad, sector level market characterization and opportunity assessments.
 - a. General market characterizations that identify and address key questions for market-level interventions (e.g. residential new construction)*
 - b. Market-specific research (e.g., residential water heater markets)*
 - c. Technology assessments.*

Strategy #3: Building market demand.

Successful market-based efforts must effectively address the barriers to increased market demand for the efficient product or service. These are classic marketing issues that are often addressed in a sequence of changes in the end-consumer including building awareness of the product, increasing their interest based on connections with their stated values, educating them about the product

so that they can make an informed choice and providing them with positive opportunities to experience the product and finally to take the action to purchase the product. There are several components to this strategy that will make a significant difference in the ultimate success or failure of the effort including:

1. *Understanding consumer/decision maker attitudes, values, and issues.* Success of any marketing effort is built on an understanding of the targeted audience and their underlying attitudes and values towards the product or service being offered. There are a variety of tools available to assess these end-consumer attributes that should be deployed before any intervention in the market is considered. NEEA's efforts will be based on market research that identifies what end-consumer attitudes, values and issues need to be addressed and how these can most successfully be leveraged or changed to influence their behavior to adopt the efficient products and services in those markets. This research also provides a key basis for identifying appropriate roles for local versus regional intervention and efficient allocation of resources to address consumer issues in the most effective way.
2. *Linking efficiency to existing consumer and business values.* Market research and NEEA's own project experience have confirmed that the most successful efficiency efforts are those that effectively link efficiency to other "non-energy" related issues that are of high interest to the market. In mass consumer markets, this takes the form of additional "benefits" such as improved clothes washing performance or longer-life light bulbs. For businesses, this more often takes the form of bottom-line and top-line interests such as enhanced profitability, increased reliability or sustainability. Accordingly, NEEA's efforts need to deliberately seek to identify the "non-energy" benefits for a particular market and develop a specific strategy to align efficiency and market the "dual" benefits to the targeted consumer or business.
3. *Supporting "umbrella" differentiation strategies.* Given the amount of messaging crowding most market spaces, a common challenge is creating a distinction for the product that is great enough that consumers/decision makers will pay attention. One strategy to address this problem is through common branding platforms like ENERGY STAR that make a clear and easy distinction for the consumer.
4. *Providing consumer and business decision-maker supporting resources.* Even when the appropriate link between efficiency and consumer/business non-energy benefits is established there is often a need to help the decision makers translate that understanding into actions to realize those benefits.

Where appropriate, NEEA's efforts will develop the resources necessary to support the consumer or business's decision to adopt the efficiency opportunity. These resources may take many different forms ranging from information resources such as buyer guides for consumers to training opportunities for operations staff to technical tools for service providers.

Strategy #4: Increasing supply by working with and through market channels.

A key indicator of success in market transformation is changes within the market actors that are responsible for manufacturing, distributing and selling the products or services targeted for increased efficiency. Regardless of whether the innovation is a new product or an enhancement of existing products, it is important to work with the key leverage points in these market channels. Some of the primary activities necessary to work with these market actors include:

1. *Developing a "go to market" plan.* The first step in developing market channels is to understand the relationships between market channels and their influence on the delivery of the efficiency opportunity. It is critical to understand which market actors are able and interested in facilitating change as well as which have vested interest in the status quo and will likely be resistant to any changes. A "go to market" strategy will identify the strengths and weaknesses of each of the current channels and identify how to approach them to create the maximum likelihood of success for the efficiency opportunity at hand.
2. *Cultivating and maintaining market channel relationships.* In order to work effectively with markets channels it is necessary to viewed by them as a trusted, reliable partner that understands their business interests. Building that kind of relationship takes time and long-term commitment to a market. This requires a stable, reliable effort on NEEA's part that is perceived as bringing value to the market over the long-term. NEEA's efforts need to recognize and capitalize on this principle in order to have maximum effect in the market.
3. *Connecting efficiency with top-line and bottom line interests.* NEEA's experience over the past ten years has documented the effectiveness of bundling what the utility world calls "non-energy benefits" with energy savings. In virtually all of NEEA's success stories, the economic or perceived value of the non-energy related product benefits are often as large or larger than the value of the energy savings. Accordingly, NEEA's success in working with the delivery channels will be largely a function of how well NEEA can demonstrate the link between efficiency and those things that the market channels already

value. For example, in commodity markets, showing manufacturers and distributors how efficient new products can be differentiated to end-consumers as “high-value” products that have a higher profit margin will create significant motivation to participate.

4. *Changing supplier and service provider business practices.* While making connections to non-energy interests of the market are important, in some cases the market channels may need assistance to think differently about how to approach their customers in order to take advantage of the business opportunity embodied in the efficiency changes. One way NEEA can bring value to the table is by helping market channels to re-think their own business models and leverage the efficiency opportunity as a way to restructure and increase the profitability of their business.

Strategy #5: Raising the bar and locking in gains through Codes and Standards.

In order to work effectively, markets need a “level playing field” of minimum requirements that allow products to clearly differentiate themselves. The Northwest has a long legacy of recognition for the importance that codes and standards play in setting a level playing field for markets at a relatively high level of efficiency by working to change manufacturing standards for appliances/equipment and energy codes for buildings.

Strategy #6: An open door to innovation.

The introduction of new efficiency products and services is crucial to the long-term success of efficiency as a viable resource alternative to supply-side energy options. However, many innovative alternatives have a difficult time making the transition from good-ideas in the laboratory or garage to a fully commercialized product offering. In some ways, the barriers faced by innovative products in efficiency are not any different than any other new product or service. On the other hand, there are new opportunities that may not be of interest to the conventional market resources for new products that could be viable if the additional value of the efficiency impacts of the products were identified and supported by organizations like NEEA. NEEA will facilitate the introduction and development of new efficiency products and services through several key components including:

1. *In-market development: encouraging innovation in the markets NEEA is engaged in.* In the course of operations in markets, NEEA’s programs often create new approaches to solve problems or new ideas may simply be

identified as program operation progresses. These new opportunities arising from programs that are already “in-market” operations may simply be incorporated into the existing program or may lead to new programs that may or may not be linked to the program where they originated. In either case, these new ideas are not only encouraged but actively sought as part of NEEA’s efforts to encourage the continued generation of new efficiency opportunities for future development.

2. *Unsolicited product development: Stimulating the market to bring ideas to NEEA.* Given that NEEA’s operational efforts will never be all-encompassing there will likely always be new efficiency opportunities that arise “off the radar” screen of the current set of operational programs. Historically, NEEA has maintained an “unsolicited proposal” process to allow the market to bring these opportunities forward regardless of their origin. NEEA will continue to maintain a mechanism to encourage these ideas to be brought from outside the realm of the current operational programs.

Strategy #7: High Performance Organization.

NEEA will need to perform at a level that justifies the investment of funds in a regional entity that would otherwise be spent on local programs. Accordingly, NEEA will need to make optimal use of the resources available to it and to manage those resources in a way that provides long-term value to the funders and stakeholders. Further, NEEA will need to ensure that relationships with funders and other regional stakeholders are carefully cultivated and maintained to ensure the highest level of partnership possible. Specifically NEEA must:

1. *Operate as a learning organization:* Operations reflect a high-performance organization where skilled and dedicated staff are focused on results and quality. As an organization, NEEA will employ the best practices of a learning organization.
 - a. continuous improvement,
 - b. adaptive management,
 - c. focus on managing performance rather than activity.
2. *NEEA sustains an open, supportive workplace that values its people, their development and their contributions.* The most valuable resource at NEEA is its human capital. Its people are the critical ingredient to successfully achieve the strategic goal of delivering the region energy efficiency through market transformation. The management team will work to foster a high performance

workplace that helps people reach high levels of productivity, greater motivation, and quality results. Management will look to create incentives to reward and recognize staff to encourage the consistent delivery of excellent results, as well as generate behavior in alignment with organizational goals and standards.

3. *Reporting.* Management will report annually to the Board and staff on the progress of achieving the goals and objectives laid out in the Strategic Plan and Business Plan, proactively identifying any risks and solutions to overcome challenges that may inhibit NEEA from achieving its desired outcomes.