PPL Electric Business Energy Efficiency Program

Trade ally sales toolkit

Your guide to selling more premium energy-efficient equipment

PPL Electric Utilities

Navigating constant change in today's sales environment is challenging. We can help.

Use the suggestions, examples and inspiration in this guide to facilitate higher-value conversations by helping your prospects understand how and why their business needs to change and why your premium solutions offer the best way forward.

The challenge

With an unlimited supply of information at their disposal, most business customers are more than halfway through the buying process before they approach a trade ally. The sheer number of people involved in the purchase — currently up to seven, on average — brings further scrutiny to proposals while disrupting the decision-making process.

Learning how to navigate these challenges successfully can put you at a very useful competitive advantage.

The three keys to success

1 Engage early

Your prospects are likely engaging with your marketing content long before speaking with a trade ally. With that in mind, it's essential that your marketing materials and website successfully convey the value you can offer.

In the early stages, prospects are often overwhelmed by the amount of information, opinions and choices available. Through smart marketing tactics, industry events or other networking opportunities, find a way to engage with your prospects before they enter the buying window and help them connect the dots between their problems and your proposed solutions.

It's important to be as neutral as possible during these early stages. Helping your prospects navigate this confusing terrain could be your first opportunity to display your subject matter expertise.

2 Differentiate yourself

In the eyes of most business buyers, vendors rarely differentiate themselves. To stand out, you must truly get to know your prospect and prove to them that you're uniquely positioned to solve their problems. That means researching their industry, competitive advantages, opportunities and weaknesses.

Understand how your product may qualify for incentives. Bringing this up when building the relationship can set you far apart from your competition. Energy efficiency and sustainability are drivers in today's businesses.

Do your research, look for common pain points within their business segment, then confirm that this is a problem for them as well. Be open-minded, curious and empathetic when communicating, and try to get to the root of their specific problems by asking open-ended questions. Then, tie your solution to those same issues.

If possible, talk to previous customers within the same industry to learn more about their buying journey and how you helped them solve specific business needs. Most salespeople aren't willing to do this kind of homework, giving you an early opportunity to stand out.

Discuss your projects with the PPL Electric Business Energy Efficiency team early in the process. The program team can often find other projects that can bring in additional incentive dollars to help fund the purchase order for the next project.

3 Become a subject matter expert

Buyers often look to subject matter experts first for problem-solving resources. Ninth on the list? Salespeople. To present yourself as an expert rather than simply a salesperson, you must have an in-depth understanding of their business needs and their problems and demonstrate how you can help solve them.

Remember, the value you provide your prospects is in what you're teaching them, not what you're selling. Be proactive with advice and information as you guide them toward the best buying decision for their business. Use relatable statistics to call attention to benefits beyond utility cost savings (productivity, comfort, higher rent, higher sales volume, etc.) that your prospect may not have considered.

Once you've helped them realize the impact your recommended actions can have on their business goals, highlighting the available rebates and financial incentives can help upsell your premium solutions. While the process isn't difficult, taking the time to build your expertise can pay off when your prospect is finalizing their decision.

Utilize your team

Collaborate with marketing to help:

- Attract more prospects
- Target the right accounts and help sales pursue them
- Develop the right content to increase brand awareness
- Provide sales tools to help frame conversations that resonate with prospects
- Bring customers and prospects together to explore topics and educate
- Share customer and sales successes
- Align with sales on goals, incentives and handoffs

Curiosity pays off

Ask prospects questions about previous purchases to reveal:

- Sources they consulted to inform their decisions
- Valuable information they gathered — what intel was most or least helpful
- The people on their buying teams, and when each member got involved
- Obstacles they encountered and when
- Information that would have helped expedite progress or come to a better conclusion
- Whether anyone was missing from the buying decision process who should be involved in the future
- What they would do differently if they had the opportunity to do it all again
- Advice they'd give to others pursuing a similar purchase

Industry insights

A customer-centric approach is the best way to maximize energy-saving opportunities, improve customer satisfaction and sell premium solutions. Use the examples below to fine-tune your messaging for your prospects' specific industry segments.

Industrial manufacturing

In an industrial processing facility, producing cost-effective products without sacrificing quality is key. Tie energy efficiency upgrades to product quality, productivity and avoided costs to grab some attention.

Key messages

- Optimizing your production line with monitoring and control systems can save energy and decrease water use, raw material needs, production costs and time.
- Compared to standard equipment, variable-speed drive air compressors last longer, require far less maintenance, run quieter and use around 35% less energy.
- A single workplace injury requiring medical attention costs an average of $42,000. Enhanced LEDs with greater brightness and durability can improve safety and visibility, reducing injuries and costly medical expenses.

What success looks like

Adding variable speed drives to an air-handling unit with two 5-horsepower supply fans would pay back an estimated $6.30 for every dollar invested.

6.30
savings-to-investment ratio

$1,270
estimated annual energy cost savings

8.51%
average industry net profit margin

$14,923
revenue equivalent ($1,270 / 7.74%)

Grocery and retail

Keeping up with the competition is crucial in the grocery and retail business. Anything to help move products off the shelf, reduce spoilage and improve the customer experience will get attention.

Key messages

- Refrigeration upgrades go far beyond energy savings, including lower maintenance costs, less spoilage, longer equipment life cycles, greater customer comfort and more sales.
- Comfort is king. A modern, high-efficiency unitary HVAC system uses 30%–50% less energy and improves the shopping experience.
- In addition to using far less energy and lasting years longer, LEDs can improve productivity up to 3.2% over fluorescent lighting, dramatically extend shelf life and even keep flowers blooming 50% longer.

What success looks like

Retrofitting 15 typical 8-foot refrigeration cases with LEDs and case doors pays back an estimated $1.26 for every dollar invested.

1.26
savings-to-investment ratio

$6,778
estimated annual energy cost savings

1.96%
average industry net profit margin

$345,816
revenue equivalent ($6,778 / 2.85%)

Warehouses and distribution centers

Optimizing available space, reducing costly mistakes and improving air quality are top concerns for most warehouse and distribution center managers.

Key messages

- Improved light levels can reduce picking errors and other costly mistakes.
- Because LEDs are more compact and produce less heat than traditional lighting, they can strategically be placed closer to the ceiling to reclaim storage space.
- On top of cutting cooling costs, high-volume low-speed fans help maintain a uniform temperature and clear out exhaust fumes.

What success looks like

Replacing just 50 400-watt metal halide lamps with high-bay LEDs results in an estimated 65% return on investment. A typical warehouse would have to generate over $81,705 in sales to have the same impact on their bottom line.

4.2 savings-to-investment ratio	**$4,600** estimated annual energy cost savings	**7.30%** average industry net profit margin	**$63,013** revenue equivalent ($4,600 / 5.63%)

Healthcare facilities

Patient health and employee performance and retention are top of mind in healthcare facilities. Tailor your messaging to highlight how the most energy-efficient options can impact both in a positive way.

Key messages

- A high-performance HVAC system is essential to health and safety, and represents around 50% of the average inpatient facility's energy use. Because post-op patients are far more susceptible to airborne infections and pressure changes, a well-designed premium solution with proper ductwork and ventilation can have a surprising effect on recovery.
- LEDs eliminate ultraviolet and infrared light that can negatively affect surgeries. Improved lighting has also been shown to decrease prescription-filling errors by over 30%.

What success looks like

Upgrading a 400-ton chiller to a water-cooled centrifugal chiller could save an estimated $416,000 over the equipment's 30-year life span — effectively paying back $2.49 for every dollar invested.

2.49 savings-to-investment ratio	**$9,755** estimated annual energy cost savings	**2.01%** average industry net profit margin	**$485,323** revenue equivalent ($9,755 / 0.78%)

Tips to make your message resonate

Step toward sustainability with incentives

As businesses set goals to become more sustainable, incentives on energy-efficient equipment help owners receive an early monetary benefit. Incentives are an opportunity to take the next step in achieving sustainability goals while realizing a faster return on investment when switching to efficient equipment.

While useful for putting their investment in perspective, also try to focus on the non-utility benefits rather than relying on the simple payback period as a deciding metric. Simple payback fails to convey the total value and ignores valuable information like equipment life span and the total savings' value in today's dollars. Refer to the "Do the math" section to paint a more accurate picture of their investment value over time.

Build consensus

Competing priorities are often the number one obstacle to finalizing a business purchase. Studies from the Corporate Executive Board have shown that the larger the buying group, the less likely they are to make the purchase. To be successful under these circumstances, you'll need to prove that your prospect's investment makes sense to everyone on the buying team. Identify who the mobilizers are and be ready to provide them with as much support as they need.

Mobilizers can exist at any level of the organization, but the more organizational power they have, the better. By understanding the acceptable risks and benefits, they're able to prioritize organizational health over individual departments. Most importantly, they're able to get others on board.

Are the decision makers aware of the potential incentives? When choosing which projects to approve, incentives are a strong motivator. If all things are similar in project cost, the decision to choose the energy-efficient project is even easier. Incentives lower the project cost, while energy savings reduce utility bills and bring sustainability goals into reach.

Employees are a business's most expensive asset

Productivity improvements can often save your prospects more dollars per square foot than utility savings alone. In fact, studies of LEED and ENERGY STAR® certified buildings have reported productivity gains of nearly 5% — equivalent to about $15 per square foot or an extra 100 hours of work over a one-year period.

Calculate potential savings from preventable accidents, errors, defective products, returns, recalls and more to deepen the case for energy efficiency upgrades. These non-utility financial benefits can also be added to the cost of waiting in order to move projects forward with a sense of urgency.

Bottom line: Convince your prospects that energy efficiency projects can pay off with a boost in productivity from improved lighting, comfort, ventilation, personal controls and overall better working conditions. They'll also know that they work for a company that uses energy responsibly and is making a difference in the big picture.

Non-utility financial benefits: What resonates?

Owner-occupied buildings

- Lower operating costs
- Healthier, more engaged employees (comfort, control, daylight, air quality, values)
- Improved safety (lighting design and quality)

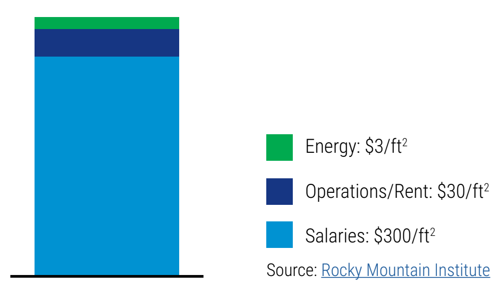
Leased buildings

- Increased rental rates and resale value
- Higher occupancy rates and net operating income

Key considerations:

- Who will be involved in the decision making?
- What are their individual and departmental priorities and expectations?
- Does the company face external pressures to change (competition, regulations, tariffs)?
- What internal pressures to change might exist (discontent with status quo, new management, new strategies)?
- What are the urgent business needs this change can address?
- Who are your mobilizers?
- Are the decision makers aware of the potential incentives?

Impact on productivity



Source: Rocky Mountain Institute

Do the math

Every dollar saved in energy costs is equivalent to $XX in revenue

Stats like this can be useful for helping prospects connect bottom-line utility savings with top-line revenue. A strong business acumen and understanding of key metrics will help you communicate the full financial value of energy efficiency.

Metrics matter

Find out the net profit margin of your prospect's business, then help them make the connection between your energy efficiency proposal and their top-line revenue equivalent.

For example:
Let's say your LED project is expected to save a convenience store 10,000 kWh annually. At a utility rate of $0.10/kWh, that's equivalent to $1,000 in energy cost savings.

10,000 kWh x $0.10/kWh = **$1,000**

The net profit margin of the convenience store is around 2.5%, which means every dollar saved in utility costs is the equivalent of $40 in revenue.

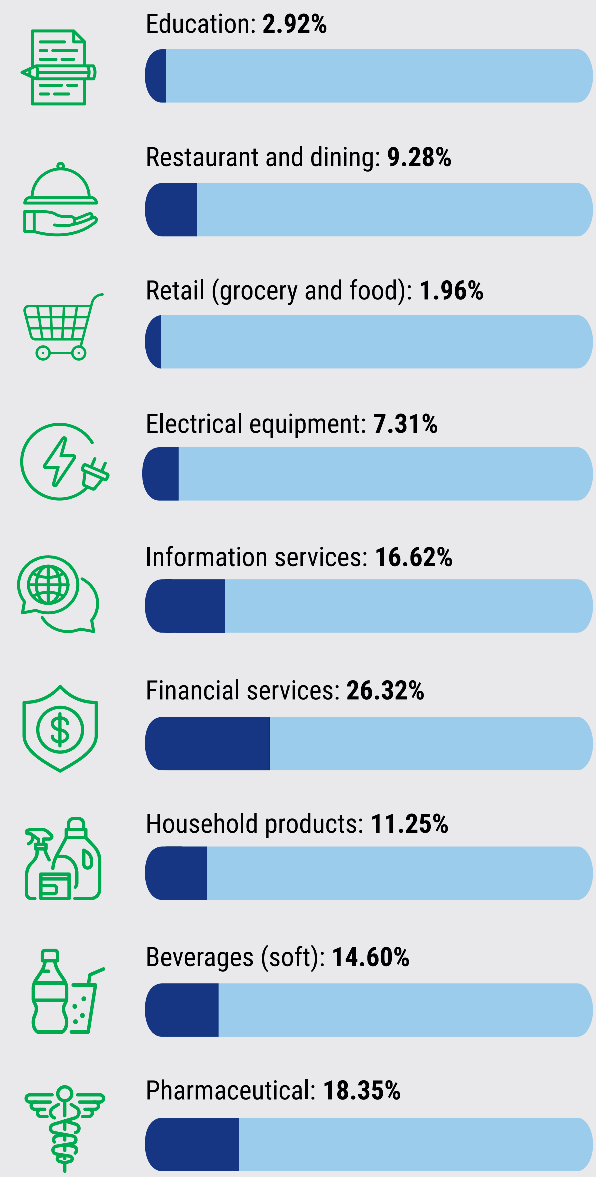
$1,000 energy savings / 2.5% net profit margin = **$40,000**

You can take this one step further and relate the revenue to the number of products sold. For example, if the same convenience store makes a 50% gross profit on a $2 candy bar, they'd need to sell 40,000 of them to have the same impact on their bottom line.

$40,000 / $1 profit per candy bar = **40,000** bars

Nothing but net profit

Net profit margins by industry



Published by the NYU Stern School of Business.

Paint the big picture

Calculate the full value of the energy efficiency investment over time and incorporate the present value of both the cash inflows (savings) and outflows (investment) over that time.

Savings-to-investment ratio (SIR)
SIR = PV (present value) of inflows / [PV of outflows]

SIR can be most easily understood by expressing it as a dollar figure — for every dollar invested in a project (sum total of all cash outflows), you will get $X back (X is the ratio of inflows to outflows). In order to calculate the SIR, you must first find out the prospect's discount rate.

Discount rate
The discount rate determines the time value of the customer's money. Also known as the hurdle rate, it's the minimum acceptable rate of return for an investor. The higher the risk, the higher the discount rate. Use this rate to calculate the present value.

Present value (PV)
PV = cash flow / [1 + discount rate]

PV is based on the concept that money earns interest. Calculate what a future cash flow is worth in today's dollars to give your prospect a better picture of a project's payback potential.

Example: Present value of a future cash flow
In this example, we assume a 10% discount rate. Date 0 is today, Date 1 is the end of year 1, Date 2 is the end of year 2 and Date 3 is the end of year 3.

Date 1	$1 = $0.91 at Date 0
Date 2	$1 = $0.83 at Date 0
Date 3	$1 = $0.75 at Date 0
Total	**= $2.49 at Date 0**

Net present value (PV)
Net PV is the sum total of future cash flows discounted to PV of cash outflows + PV of cash inflows.

Internal rate of return (IRR)
IRR is a discount rate that makes the NPV of all cash flows from a particular project equal to zero.

Modified internal rate of return (MIRR)
MIRR is a variation of the traditional IRR calculation in that it computes IRR with explicit reinvestment rate and finance rate assumptions.

Simple payback period (SPP)
Period of time required to recoup the funds expended in an investment or to reach the break-even point.

SAMPLE: Financial analysis of efficiency improvements | Simulating streams of cash inflows and outflows

Discount rate: 10%   Finance rate: 10%   Reinvestment rate: 10%   Inflation rate: 3%

	Today	End of YEAR 1	End of YEAR 2	End of YEAR 3	End of YEAR 4	End of YEAR 5	End of YEAR 6	End of YEAR 7	End of YEAR 8	End of YEAR 9	End of YEAR 10
Date	0	1	2	3	4	5	6	7	8	9	10
CASH OUTFLOWS (after Date 0 rebates)											
Single investment	$ (13,750)										
Subtotal	$ (13,750)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rebate/incentive offset rec'd at Date 0[1]	$5,500										
SUBTOTAL OUTFLOWS	$ (8,250)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Use this same format to compare phased and financed investments as well.

CASH INFLOWS											
Energy savings		$4,600	$4,600	$4,600	$4,600	$4,600	$4,600	$4,600	$4,600	$4,600	$4,600
Maintenance savings		$1,015	$1,015	$1,015	$1,015	$1,015	$1,015	$1,015	$1,015	$1,015	$1,015
Other rebates/ incentives considered "cash inflow"[1]											
SUBTOTAL OUTFLOWS	$ -	$5,615	$5,615	$5,615	$5,615	$5,615	$5,615	$5,615	$5,615	$5,615	$5,615
Annual Cash Flow	**$ (8,250)**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**	**$5,615**
PV of Outflows (for SIR calculation)[1]	$ (8,250)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PV of Inflows (for SIR calculation)[1]	$ -	$5,105	$4,640	$4,219	$3,835	$3,486	$3,170	$2,881	$2,619	$2,381	$2,165
Annual Present Value	**($8,250)**	**$5,105**	**$4,640**	**$4,219**	**$3,835**	**$3,486**	**$3,170**	**$2,881**	**$2,619**	**$2,381**	**$2,165**

NOTE THAT CERTAIN RETURNS VARY DEPENDING ON THE LENGTH OF THE ANALYSIS TERM											
	10-Year	**1-Year**	**2-year**	**3-Year**	**4-Year**	**5-Year**	**6-Year**	**7-Year**	**8-Year**	**9-Year**	**10-Year**
NPV	$26,252	($3,145.45)	$1,495.04	$5,713.67	$9,548.79	$13,035.27	$16,204.79	$19,086.17	$21,705.61	$24,086.92	$26,251.74
SPP	1.5										
ROI	68.1%										
IRR	67.7%	-31.9%	23.3%	46.3%	56.8%	62.0%	64.6%	66.1%	66.9%	67.4%	67.7%
MIRR	26.9%	-31.9%	19.6%	21.1%	33.3%	33.0%	31.8%	30.5%	29.2%	28.0%	26.9%
SIR	4.18	0.6	1.2	1.7	2.2	2.6	3.0	3.3	3.6	3.9	4.2

Note 1: SIR calculation removes any rebate/incentive received at Date 0 from first cost prior to calculating SIR.

The perfect proposal

With so many options to consider, prospects can sometimes suffer from information paralysis. To avoid this, provide your prospect with a succinct single-page proposal that clearly communicates your capabilities, goals and recommendations. Supplemental appendices like scope of work or financial information can be included as supporting documents.

The key components

Headline — Don't bury the main point of the story. Grab attention with the most compelling stats.

Subhead — List the potential key benefits.

Goal — Develop one succinct statement that clearly defines the project and support it with a bulleted list of key stats.

Narrative — In 3–4 short paragraphs, state the problem and describe how your proposed upgrade can solve it. Describe the logistics and success of similar improvements and the potential risks of not completing the upgrades.

Financial implications — Include less obvious stats the customer may not have considered.

Current status — Indicate where the customer is in the approval process.

What's next — Clearly outline the next steps and who is accountable.

Reduce produce spoilage by 5% and annual energy costs by 37% with LED and refrigeration upgrades at ABC Store, 123 Main Street

Improve productivity, sales, customer experience, technology reliability and security; reduce energy use, spoilage and operating costs

Goal: Replace outdated lighting technology with efficient LEDs and add doors to refrigeration cases

- Reduce operating costs by $6,779 in the first year.
- Receive $4,225 in incentives, supplementing first-time project costs by 8%.
- For every dollar invested in this project, you'll get $1.26 back.

Avoid 54 metric tons in CO_2 emissions annually, and let your customers know about it. That's equivalent to taking more than 11 cars off the road for a year.

Since lighting and refrigeration account for 50% of ABC Store's energy use, it's wise to look there for operational cost savings — but as outlined below, there are more benefits to this project than just energy cost savings.

XYZ Company has worked with more than 30% of the grocery stores in Allentown and has conducted a thorough analysis of ABC Store's lighting and refrigeration cases. By replacing overhead and refrigeration case lighting with LEDs and adding doors to refrigeration cases, ABC Store expects to improve productivity, sales, customer experience, technology reliability and security while reducing energy use, spoilage and operating costs.

Past customers of XYZ Company have reported increased productivity up to 3.2% thanks to similar overhead lighting upgrades. In addition, two stores reported flowers have kept blooming up to 50% longer and shelf life of produce has been dramatically extended. Ten have seen increased spending in the refrigeration aisle, likely due to the reduced cold air loss — up to 80% in some cases — which also improves customer comfort.

Given the 2% increase in spoilage at ABC Store and stagnant spending in the refrigeration aisle, it's imperative that corrective measures are taken now to improve the customer experience while reducing operational costs.

Financial implications: When you include the financial incentive from PPL Electric Utilities, your project cost is estimated at $41,565. When you look to the future, a five-year analysis shows a savings-to-investment ratio of 1.26. Another way to look at it is that you'd have to sell more than 800,000 boxes of cereal (based on $0.50 revenue per box) annually to receive the same $6,779 in annual energy savings. So when you consider the whole picture, $4,225 in incentives is a lot to leave on the table.

Current status: Joe Smith received a detailed scope of work contract (attached) from XYZ Company on September 1, 2024. Joe has received comparable quotes and has approval from procurement to move forward with XYZ Company.

What's next: Joe Smith will present project details to Mary Young from accounting on September 15, 2023. On October 1, 2024, Joe Smith will confirm with XYZ Company whether to place the order for equipment and move forward with scheduling.

Let's talk

Whether you have a paperwork question or need additional tips, tools and resources to share with prospects, we're here to help you move your premium solutions forward.

Visit **pplelectric.com/businessrebates**, call **1-866-432-5501** or email **PPLBusiness@clearesult.com**

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