SBI & Rural Organizational Resilience

Karen Graziano, NeighborWorks America, Moderator
Melanie Paskevich, NeighborWorks of Western Vermont
Taylor Hays, HomeSource East Tennessee
Jake Powell, Community Housing Partners

#InvestInRural
<table>
<thead>
<tr>
<th>Title of Workshop: SBI &amp; Rural</th>
<th>Note Taker: Brian Levinson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: September 10, 2019</td>
<td>Note Taker email: <a href="mailto:blevinson@nw.org">blevinson@nw.org</a></td>
</tr>
<tr>
<td>Presenters: Karen Graziano (moderator and presenter), Melanie Paskevich, Taylor Hays, Jake Powell</td>
<td>Approx # of Attendees: 25</td>
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</tbody>
</table>

**Workshop Description:**

Learn how SBI is being mainstreamed and how you can tap into dynamic tools and emerging best practices.

**Key Discussion Points**

Major differences implementing SBI in rural areas vs. urban areas.
- It might be harder to get to scale.
- Developing partnerships is critical.
- More important to leverage technology to serve customers virtually.

**Themes/Overall Impressions**

SBI greatly improved efficiency, revenue of Heat Squad energy efficiency program.
Sustainable Business Initiative

Karen Graziano, Sr. Manager, Innovations
Sustainable Business Initiative
Sustainable Business Initiative Objectives

- SBI is about creating greater sustainability for your NWO through adopting a social enterprise business model.

- SBI builds social entrepreneurs who strive to achieve a double bottom line: mission and profitability.

- SBI empowers NeighborWorks organizations to
  - Increase efficiency
  - Achieve scale in production
  - Attain self-sufficiency (sustainability)
  - Create exponential impact in communities across the nation
SBI - Mainstreaming

- Sustainable **Business Initiative** (SBI) grew out of the Sustainable **Homeownership** Project (SHP)
- Applicable to the WHOLE organization - it’s **not** just about Homeownership!
- Self-guided, self-paced journey from social service model to social enterprise model with help and tools from SBI
- No competitive application process
SBI - Mainstreaming

• Tools and Resources
  • Culture change coaching and Subject Matter Expert assistance
  • Online SBI Knowledgebase with:
    ▪ Interactive courses and assignments spanning 11 disciplines
    ▪ Peer discussion forums
    ▪ Library
  • Blueprints-in-a-box (tools and guidance for assessing and implementing new lines of business)
  • Salesforce-based application with customer portal
  • Regular convenings for training and peer engagement
Building Business Acumen

- Tested sequence of business disciplines broken down into milestones and actions
- Delivered via online curriculum and direct assistance from industry experts
- Reduces the challenges when adopting new processes and procedures
Transformation of organizational **culture is the foundation** for successful implementation of new tools, technology, and business strategies.

- Coaches help prepare NWO leadership to guide organizations through the significant changes in mindset, culture, and operations.
- Based on Kotter’s 8-stage framework.
# Leveraging Technology for Efficiency and Scale

<table>
<thead>
<tr>
<th>Subscription service</th>
<th>NeighborWorks Compass™</th>
<th>What it does</th>
<th>How it benefits participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What it does</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Customer-facing web platform (front-end)</td>
<td>Customer relationship management system (back-end)</td>
<td>• Customer-facing web platform (front-end)</td>
<td>• Offers consistent, accurate data to <strong>inform NWO decision-making</strong> about leads and sales</td>
</tr>
<tr>
<td>Facilitates self-service for better customer experience</td>
<td>Provides detailed, high-quality data on customer engagement via Google analytics</td>
<td>• Facilitates self-service for better customer experience</td>
<td>• Workflows and automations provide valuable efficiencies for getting to scale</td>
</tr>
<tr>
<td>Provides detailed, high-quality data on customer engagement via Google analytics</td>
<td>Better branding through use of online portal</td>
<td>• Provides detailed, high-quality data on customer engagement via Google analytics</td>
<td>• Provides detailed customer data for <strong>better customer service</strong></td>
</tr>
<tr>
<td>Better branding through use of online portal</td>
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</tbody>
</table>
For the NeighborWorks Network, features include:

- User friendly customer portal accessible from mobile devices
- Counseling and education CMS that mirrors the service delivery workflow of counselors, with HUD bridge for 9902 reporting
- Access to multiple other pre-configured homeownership service lines
- Ability to add and customize service lines unique to each NWO

- [www.neighborworks.org/nwcompass](http://www.neighborworks.org/nwcompass) - Sign up here to receive regular updates!
- Pricing model not finalized yet - working with Salesforce to get best pricing possible
- Questions, comments, suggestions - Email us at [nwcompass@nw.org](mailto:nwcompass@nw.org)
Increased Impact with Improved Financial Sustainability

- **Increase Efficiency**: 32% Reduction in cost to serve each customer
- **Achieve Scale**: 47% Increase in customers served
- **Attain Sustainability**: 77% Increase in costs covered by earned revenue
- **Accelerate Impact**: 33% Increase in new homebuyers

*Organizations transformed into sustainable, mission driven businesses*

Metrics as of 9/30/2018 for FY14 NWOs
Interested in SBI?

• SBI Readiness Grants
  • Grant provides for approximately 3-5 months of working with culture change coach on first three Kotter steps (Urgency, Vision, Coalition)
  • NWOs also take online organizational self-assessment and have access to Knowledgebase courses
  • At end of coaching, NWOs decide whether to continue with full SBI participation
  • Next grant round anticipated for Spring 2020
    • Coaching takes place over the summer
    • Final decision for FY2021 participation by early fall 2020
• Considering options on how to deliver SBI to the Network:
  ▪ “SBI Lite” for NWOs that don’t want to commit to full participation
  ▪ Building NTI course series from our existing discipline courses with possible certification
• Organizational culture change is the foundation to successful social enterprise transition

• CEO/E.D. and Board buy-in and support are essential

• Leverage technology for efficiencies and getting to scale

• Sustainability takes time - new ventures may take 3 years or more to break even

• Think creatively! Revenue-generating lines don’t have to be about mission, but their revenue can help support “mission-focused” lines.
Learnings and Success Stories

• Rural NWOs in SBI
  ➢ NeighborWorks Western VT (W. Rutland, VT)
  ➢ HomeSource East Tennessee (Knoxville, TN)
  ➢ Community Housing Partners (Christiansburg, VA)
Questions?

Sbiknowledgebase@nw.org
One-Stop-Shop for Energy Efficiency

Melanie Paskevich, Program Director
NeighborWorks of Western VT

- **Nonprofit** housing organization
- One-stop-shop
- Provide all the answers and support homebuyers and owners need - *We are all things home!*
- Keep customer’s best interest front and center
- **Realty, Lending, Financial Counseling and Education, Home Repair, HEAT Squad**
- Part of a national nonprofit network, *NeighborWorks America*
Meet the HEAT Squad

- Providing **support** to improve efficiency of homes/businesses, regardless of income, since 2010
- Reduced cost audits, same day audit reports, objective advice, help with contractors, in-house financing, QA/QC
- Available in **eight VT counties**
- Completed almost **5,000 audits; 2,000 projects**
- Partners: Efficiency VT, Local Utilities, Local Contractors, Energy Committees and Champions, Community Leaders, Other Agencies/Organizations
Comprehensive Energy Audit

3+ hour diagnostic analysis by our certified auditors:

- Blower door test
- Complete visual inspection
- Infrared imaging (temp. dependent)
- Heating system efficiency testing
- Health & safety checks
- Year-round service
- **Same day audit report**
Your audit report will show you:

- Current home performance
- Recommended energy upgrades
- Estimates & incentive eligibility
- Annual energy savings for upgrades, heat pumps, heating systems, renewables
- Financing scenarios
Helping at Every Step

- After the audit, HEAT Squad helps to connect with local contractors for estimates.
- We help to review estimates, determine scope of work, connect with sub-contractors.
- Work complete, we perform a second audit and inspection the work. Check for quality, confirm work is to code, all work completed.
- Submit paperwork for rebates. Efficiency VT offers rebates up to $2,000- $4,000 for completed energy improvements.
Statewide Energy Loans

2019 Heat Saver Loan Project Verification Form
Valid January 1, 2019 - December 31, 2019

Efficiency Vermont

The Heat Saver Loan is a fast, easy, and flexible way to finance home weatherization and heating improvements, up to $38,000.

Steps to Apply for Your Loan
1. Ensure the form has been completed and signed by you and your contractor. Eligible contractors can be found at www.efficiencyvermont.com/HECN-Contractor.
2. Ensure your project meets the specifications for eligibility, outlined on page 2. Vermont Gas customers are also eligible to finance ductless, oil or electric heat pump projects.
3. Apply online or in person with one of the credit unions listed below. You will need to submit the completed form and a copy of your contractor’s proposals as well, including a quote from your Heat Saver Loan application.

Loan Terms

- **Occupied**: up to 10 years, up to 20 years, up to 30 years
- **Unoccupied**: up to 10 years, up to 20 years

<table>
<thead>
<tr>
<th>Household Income Qualification</th>
<th>Up to 5 years</th>
<th>10 years</th>
<th>20 years</th>
<th>30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $60,000</td>
<td>0%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>$60,000 - $100,000</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Over $100,000</td>
<td>5.49%</td>
<td>5.99%</td>
<td>6.49%</td>
<td>6.49%</td>
</tr>
</tbody>
</table>

Instructions: All projects must be approved by Efficiency Vermont and meet eligibility guidelines.

Customer Information

I certify that I have reviewed the eligibility requirements of the loan program and that all information submitted as part of this verification form, including the attached quotes, is correct to the best of my knowledge. I agree to allow my lender to share project information with Efficiency Vermont.

Customer Name

Customer Address of Installation Location

Customer Telephone

Customer Email Address

We did the insulation and a new heat pump, saw a 50% reduction in our heating bills and the house was so much cooler this past summer, almost halved our electric bill during summer months. Working with LoanWorks was not only educational and easy, but affordable because of the excellent lending products.

- Jonathan, Ludlow, VT

Neighborhood Works of Western Vermont offers affordable financing up to $40,000 unsecured so that you can make the energy upgrades that your home needs.

With loan pre-approval in as little as 3-5 days and on-site repayment for GMP customers, your home will be ready for the next season in no time.

**OUR ENERGY LOAN CAN BE USED FOR:**
- Air Sealing
- Insulation
- Heating Systems
- Health & Safety Repairs (siding, roofing, foundation, etc.)
- Heat Pumps
- Renewables

**CALL OR EMAIL TODAY!**
Tania Therrien (802) 797-8612 ttherrien@nwvt.org

**ENERGY LOAN AT A GLANCE:**
- 5.7%, unsecured, up to $40,000, up to 10 years
- August 2019

Rutland West NHS, Inc. dba NeighborWorks of Western Vermont NMLS #194008
Advantages to Efficiency Upgrades

• Lower heating & cooling costs, year round
• Improved comfort:
  • Less drafty
  • Warmer in winters
  • Cooler in summers
• Health & safety issues addressed
• Increase value of your building
• Cash incentive available from Efficiency VT:

  50% of project cost up to $2,000-$4,000!!
Health and Safety

- Reduce incidence of rodents and pests

Our house and cellar are toasty warm and the amazing thing is- we have not seen a single mouse. Thank you.

- Lee & Jane

- Lower outside noise
- Eliminate moisture/mildew/mold (asthma)
- Address dangerous gas leaks and carbon monoxide issues
- Verify building tightness limit, not too tight

Healthy Housing as Healthcare
Protect Your Investment

- Reduce occurrence of damaging ice dams
- **Eliminate moisture** from entering building
- Protect the structure and increase the longevity of the building
- Lower maintenance expenses (painting, roofing, siding, etc.)
- **Increase value** of the home
Support Your Community

“Make a Difference in Your Community. Your improvements support your local economy with local jobs for local folks.”

- Job creation
- Personal empowerment
- Energy independence
- Support the local economy
Beginning of HEAT Squad

- Received **$4.5m grant** US Department of Energy, ARRA Better Buildings Program in 2010-2014
- Goal: improve the energy efficiency of **1,000 rural homes** in Rutland County (pop. 63,000) serving all income levels

**Built upon base of existing NWWVT Home Repair/REHAB customer service model**

- Staff (4 FTE): Intake, Program Manager, (2) Energy Advisors. Work with independent auditors/contractors
- Funded **100% by grant revenue** from 2010-2014
- Work with Partners: Efficiency VT, Green Mountain Power, Local Contractors, Energy Committees and Champions, Employers, Other Agencies/Organizations
Driving Demand

- Work with local energy committees, town energy champions, conservation commissions, town officials, church groups, civic clubs, schools, local leaders, etc.
- Phone-a-thons, energy parties, competitions
- Outreach to employers, fuel dealers, utilities
- Ads, editorials, testimonials, social media, blogs, brochures, lawn signs, letter to editors, bill inserts

**KEY: encourage trusted source messengers!**
Engaging Contractors

- Critical program component that must not be overlooked
- Successful program = engaged, trained workforce
- Contractors were a part of the process and decision-making from the beginning
- We listened and responded to Contractor needs and wants; meet regularly

**RESULT:** helped (3) businesses start, created 62 jobs during grant, almost $9m in revenue to contractors
In 2014, Green Mountain Power $500k grant, expanded from 1-county to 5-counties in VT

During DOE grant, purchased energy auditing software- CAKE. Implemented in 2014, able to deliver report right at the home- game changer!

Funded 100% by fee-generated revenue as of 2015

As of 2015, hired (3) FTE certified energy auditors (5-FTE with intake and program manager). Purchased: blower door kits, infrared cameras, tools, vehicles, apparel, computers, cell phones

Revenue sources include: energy audit fees, contractor/customer fees, interest from energy loans, Efficiency VT payments, DIY fees
Struggle: Multiple Data Entry

Lori spends 45 min. processing (1) audit intake - CRAZY!
Struggle: Multiple Data Entry

Audit

Corey spends almost 2 hr. submitting (1) audit..... Just CRAZY!
Strategy: Streamline Data Entry

Intake goes from 45 min. to 15 min.- cut by 2/3!!
(For 1 audit processed, Lori can now process 3 audits)
HUGE INCREASE IN PRODUCTIVITY!

*Website form links with Salesforce- big time saver!
Audit data entry goes from 1 hr. 40 min. to 1 hr. 5 min.
almost cut in half!!!
HUGE INCREASE IN PRODUCTIVITY!
Synergy: Overall Program

“*The combined power of a group of things when they are working together that is greater than the total power achieved by each working separately.*” - Cambridge Dictionaries Online

- Expand with less resources (staff), streamlining data entry allows more customers thru the program = **more revenue $**
- Auditors spend less time with audit data entry to do more customer service, higher conversion rate = **more revenue $**

MORE REVENUE = SUSTAINABLE PROGRAM
Expansion of HEAT Squad

- In 2016, grant from NWA to work with Fahe, HEAT Squad expanded **4-counties in eastern KY** (working with 1-partner organization), completing several audits and projects- generating fees

- Worked with Fahe to expand to add. 5-counties in KY (**total of 9-counties**), working with 3-partner organizations, Appalachia Regional Commission grant

- Expanded to 3-counties in VT (**total of 8-counties**), Northern Borders Regional Commission grant

- **Other possible initiatives:** in-house weatherization crew, energy efficiency subscription service, different types of audits/fees (electrical, heating, health, aging-in-pace)- **continuing to generate revenue!!**
Thank You

Melanie Paskevich
802.797.8610
mpaskevich@nwwvt.org
About HomeSource

- Since 1991, HomeSource east tennessee has been enhancing communities by creating housing opportunities for residents. Our Vision is to provide all East Tennesseans with safe, affordable housing.

- Founded under Knox Housing Partnership (still legal name), the group was formed by a coalition of lenders and community residents to fight redlining.

- Became a chartered member of NeighborWorks America in December 1998
Building a Social Enterprise
SHP-SBI Timeline

- August 2015 – Rebranding from Knox Housing Partnership to HomeSource east tennessee
- August 2016 – Joined SHP Phase 3
- September 2016 – Tennessee Valley Realty hires full-time Realtor®
- July 2017 – Go Live with CFT/Homebuyer Portal
- February 2019 – Creation of Aging In Place – For- Profit Business Line
Homebuyer Education &
Financial Capabilities Clients
2015 - 2018

- 2015 – 323 HBE Clients / 49 HCE Clients
- 2016 – 396 HBE Clients / 64 HCE Clients
- 2017 – 499 HBE Clients / 81 HCE Clients
- 2018 – 517 HBE Clients / 80 HCE Clients
Organizational Efficiency
Changes Made in the HOC

- Created a Client Computer Kiosk to assist Homeownership Center and Property Management Clients
- Moved the offices of 2 staff members to increase ease of client access and reduce wasted movement
- Added business machines to increase efficiency and reduce time to travel between offices and machines
Implemented electronic document completion and signing to reduce wait times for the return of documents and improve convenience for clients

Improved intake and triage of new clients to place them in the most relevant service line
## Cost Per Client 2015

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Homebuyer Education</th>
<th>Financial Fitness</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2015 - 12/31/2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCOME</td>
<td>$47,922.08</td>
<td>$416.19</td>
</tr>
<tr>
<td>DEPARTMENT EXPENSES</td>
<td>($64,461.10)</td>
<td>($5,860.50)</td>
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<tr>
<td>OPERATING EXPENSES</td>
<td>($94,554.31)</td>
<td>($35,954.21)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>($111,093.33)</td>
<td>($41,398.52)</td>
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</tbody>
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<table>
<thead>
<tr>
<th></th>
<th>Total Students 2015</th>
<th>Cost Per Student</th>
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<tbody>
<tr>
<td></td>
<td>323</td>
<td>($343.94)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>($844.87)</td>
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</table>
Cost Per Client 2018

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Homebuyer Education</th>
<th>Financial Fitness</th>
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</thead>
<tbody>
<tr>
<td>1/1/2018 - 12/31/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>$205,227.00</td>
<td>$2,000.00</td>
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<tr>
<td>Department Expenses</td>
<td>($120,256.23)</td>
<td>($19,576.59)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>($34,952.32)</td>
<td>($5,689.91)</td>
</tr>
<tr>
<td>Total</td>
<td>$50,018.45</td>
<td>($23,266.50)</td>
</tr>
<tr>
<td>Total Students 2018</td>
<td>517</td>
<td>80</td>
</tr>
<tr>
<td>Cost Per Student</td>
<td>$96.75</td>
<td>($290.83)</td>
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</table>

328% Revenue Increase 2015 to 2018
# Earned Revenue Ratio 2015 to 2018

<table>
<thead>
<tr>
<th>Earned Revenue Ratio</th>
<th>As of 12/31/2015</th>
<th>As of 12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>HomeSource east tennessee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Revenue</td>
<td>$1,119,268</td>
<td>$1,050,474</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$1,685,846</td>
<td>$1,267,346</td>
</tr>
<tr>
<td>Earned Revenue Ratio</td>
<td>66.00%</td>
<td>83.00%</td>
</tr>
</tbody>
</table>
Rural Pipeline Development

Jake Powell
Director of Homeownership
Mission
To create homes and communities that are healthy, sustainable, and affordable.

Vision
Healthy, sustainable communities for everyone.

Values
- Quality
- Collaboration
- Service
- Sustainability
- Integrity
- Innovation
Where is CHP?

Virginia
Florida
North Carolina
South Carolina
Kentucky
Maryland

Headquarters:
Christiansburg, VA

Corporate Offices:
Richmond, VA and Inverness, FL
SBI

Pipeline Development
SBI is more than technology. The primary value for us came through refining our process through the lens of social enterprise.

Technology
- Online customer portal
  - Creates a modern access point to your organization
- Salesforce CRM
  - Allows for a high degree of customer and organization management
- These are great efficiency tools

Pipeline Development
- What good is efficiency if your customer base isn’t growing?
- How do we leverage these tools to create value and grow our business?
Social Enterprise

Capturing Value
Social Enterprise

Do you know your value, are you communicating it, and are you capturing it?

- Know your value
  - Build your Brand

- Communicate it
  - Show your Brand

- Capture it
  - Own your value
Develop your Brand
Refine the process
What’s your Brand?

• Branding is the most important discipline to change/grow your business

• What do you do better than anyone else?
  • What makes you unique?
  • Define your competitive advantage

CHP Homeownership
• Counseling, Education, Lending, Realty, Development
• Individual services < Full service homeownership experience
• One delivery point to administer housing solutions
Digital and Content Marketing are important complements but they cannot be your solution

- Relationship Building
  - If it’s everyone’s job, it’s no one’s job

Community Relations Coordinator
- Focus on brand awareness and communicate value to the public
- Relationship Marketing
  - Networking
  - Visibility
- Target employers
- “Sales” calls, pitch packet
Building Internal Influence

- Who do you know and who do they know?
- Who have you helped?
- Be seen to build brand recognition and trust
  - Lean on your non-profit banner
Adapt your Delivery

- 2016 - CHP became an official partner of “Hokie Wellness” and invited to provide lunch and learns

- “Intro to Homeownership”
  - Failed

- We changed our view on this to 100% a marketing function
  - Lower the barriers of entry as much as possible

- Topic based “water cooler” approach led to success
  - “No down payment, No problem”
Adapt your Delivery

**NO DOWN PAYMENT? NO PROBLEM!**

Buying a home is one of the biggest financial decisions you may ever make!

Don't let the fear of no down payment keep you from owning a home.

Come join us to learn about the various loan products available in the New River Valley, including special financing that requires little to no down payment!

**PURCHASING A HOME WHEN YOU HAVE STUDENT DEBT**

**Tuesday, February 6th**
**12:00 - 1:30 p.m.**
**Presented by Hokie Wellness!**

Are student loans holding back your dreams of homeownership? Don't let them be an obstacle anymore! Come join the experts from CHP Homeownership to learn about new and existing mortgage products that are designed to work alongside student debt. We will discuss the advantages/disadvantages of these products and how to use them to increase your borrowing power.

Register at www.training.vt.edu
Capture the Story

• Build Campaigns in Salesforce to track Leads, understand Conversion Rate, and know when/how you’re helping that Organization’s employees

• Get the testimonial, ask them to tell their friends and COWORKERS

• You are building your case to show your worth
Show your Impact
University-Town Housing Partnership:
A Concept Proposal to
Address Mutual Housing Needs
Employer Assisted Housing

• University and Town funded loan pool for Acquisition/Rehab and DPA
  • Recruitment/Retention Benefit

• CHP to administer and service loan fund, act as rehab specialist, provide counseling/education, and service realty transactions
  • Fee for Service

• Provides a pipeline for all CHP Homeownership services with regions largest employer
  • Counseling, Education, Lending, Realty, Development

• Future expansion plans to satellite campuses (Roanoke, VA & Arlington, VA)
Lesson’s Learned

- Brand Trust and Relationships are critical in lightly populated areas
  - Competitive Advantage
  - Strategic marketing
    - SBI

- A relationship this big takes time
  - Track your data, capture your impact
    - SBI

- Don’t compromise your values, position them to other audiences
Questions?

HOMEOWNERSHIP