

Energy and Water Efficient Portfolios for Homeowners and Managers



Jason Jannati - CCO

About greeNEWit

greeNEWit is an organization founded to help our society build more sustainable communities and better economies through energy efficiency and conserving the use of natural resources. We are transforming the energy landscape into an emerging, vibrant green marketplace. We help homeowners, businesses and municipalities adopt best practices to cut costs and achieve energy savings. Our mission is to reduce energy consumption, eliminate waste and save money while reforming our relationship with the environment.

We recognize the importance of sustainability and doing what you can to minimize the impact we have on our surroundings. Through collaboration, greeNEWit aims to inspire positive action and change the way we use, produce and think about our energy.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Jannati, what is the idea behind greeNEWit®?

Mr. Jannati: The main idea behind greeNEWit was that we felt, if we could enter the business of helping people save money and improving the impact on the planet. We would be building something that we could feel good about. Mainly, we help homeowners, commercial and government real estate owners/managers make their portfolio more energy and water efficient.

CEOCFO: What do you understand, fundamentally, about that process that perhaps others do not realize or understand quite as well?

Mr. Jannati: I think that many people can overcomplicate it. It is very easy to get kind of caught in the weeds in that topic of efficiency. We break things down into three components. I like things broken down simply for me, so I feel like I can do a great job of helping others with that. One is building envelope, how efficient is the structure from keeping your inside conditioned air separate from the outside unconditioned air. That is the first component.

The second component is building systems; how efficient is your heating, your cooling, your plumbing and your electrical. The third and the most fun, but the hardest to tame is the behavioral side of things; how you use those systems within the home. We feel that everything comes down to those three fundamentals. The biggest misconception is that it is really expensive to do these things and they do not have good return on investment ratios. I think that if people were looking at this five or ten years ago, they would be absolutely right. However, with technology advancing and with more and more financial institutions feeling comfortable with the actual value being found in the energy efficiency, it is exciting for us to see this become status quo for these energy efficiency projects take place.

CEOCFO: What types of people are turning to you for services and when? Is it prior to building?

Mr. Jannati: We have a couple of different customer types. The first you could categorize as business to business, these are either builders, architects and property managers/owners that are saying, "Hey greeNEWit, these are our plans. Can you take a look and let us know if we are doing everything to the best of the possibilities?" There are definitely customers that are coming to us from the new construction side that are looking to get the game plan right, from the beginning.

The other side of the business to business is multifamily owners and managers that are saying, "We feel like our utility costs are too big a portion of our bottom line and we know there has got to be something we can do to retrofit or improve what is going on."

In that situation we are going in and taking a look at what their utility costs are, the age of the equipment and all the basics of the building. Then we come back to them with a plan to say, "This is where you are, and this is where we think you can be and this is what the pay-back period or the breakeven point is, if you make the investment." Those are the two business to business types of customers that are mainly working with.

On the consumer side we are seeing two different things. We are seeing homeowners that are extremely uncomfortable in their homes in the extreme weather seasons when it is winter or summer and in addition they feel like their bills are high. Therefore, we are getting calls saying, "Not only is my bill really high, I think it is higher than it should be, but I am really uncomfortable in my master bedroom," or "My daughter's bedroom above the garage is unbearable in the winter time." Therefore, many times we are going to do an energy audit of the home, figure out exactly where the problematic areas are our energy audit report acts as a game plan to improve upon the areas that are needed.

CEOCFO: *What are some of the more common conditions you find that can easily be improved? What might be some of the more obscure areas that you are able to detect that can make a difference?*

Mr. Jannati: I will break it down into residential and commercial. In residential, the reason why we are so excited about this business is that when we first started and I was doing a ton of the energy audits, most people are horrified to hear, "We are going to need ten or twenty thousand dollars worth of windows." We have done thousands and thousands of these energy audits and what we found is that nine and a half out of ten times, it is not windows. Most times what is needed, is air seal and insulate the attic space. Heat rises. At least in this climate in the Mid Atlantic where we are based, the biggest season is the in the heating season, when you need to use heat to condition your home. We have seen many estimates from window companies. If you do the math, even if you do it at an elementary level, you realize that it is going to take hundreds of years to pay back, based on the actual difference that just the windows make. However, when you air seal and insulate the attic space, the comfort and the cost savings are much more immediate. Most times the attic space is connected to the interior space through interior walls and through many of these different cavities in the house that people are not aware of.

"There is no rocket science here. It is just that we do what we say we are going to do and our customers appreciate the fact that they can trust us to get things done on the timetables that we say we are." - Jason Jannati

Therefore, when they say that, "I am uncomfortable in my bedroom, I think my windows are leaking," what you can see with an infrared camera is that all that hot attic air is actually travelling down through the wall. Therefore, in a nutshell, the biggest thing in an existing residential space is the "building envelope"; air sealing inside the attic space. Most times for a 2500-3000 square foot home, that will cost about \$4000-5000 and most places that are covered with a fifty percent rebate. Out of pocket, you are two thousand, twenty five hundred dollars to drastically improve the way that your home feels as well as the way it performs. Less common, but still pretty prevalent, is that we find a lot of issues with gas leaks and back drafting of hot water heaters. Health and safety is really the front end of the whole energy audit. That is because is there is a health and safety issue, that takes priority over an energy efficiency issue. What we see is that with many of these homes, sometimes what they will do is they will have a neighbor or a contractor that they know that will come and air seal their whole home and they feel like they have done the right thing. We applaud them for that effort. However, the challenge is that you can seal a home too tight. You can back-draft the exhaust of the water heater or the furnace into the living space and create a situation that is extremely dangerous. We have seen enough of that situation for it to be a concern of ours.

On the commercial side or the multi family side, specifically, water fixtures are huge. Most properties have to cover water out of their own pocket and water costs are consistently going up. We are seeing this across the board, no matter where you are in the country. We have some customers in Arizona, California and Texas as well as Maryland and New Jersey. Water is their biggest priority. Simply, if your toilet or toilets are older than about four or five years old, there is a tremendous opportunity. We are seeing, with the multifamily industry specifically, projects that pay back within three years are no brainers. Replacing toilets, if they are older, would certainly fall into the three year payback period.

CEOCFO: *The kinds of things you are talking about are less sexy alternatives. When you are speaking with prospective clients, does that somehow bother them? Are people looking, in addition to being efficient, to kind of showcase what they have done?*

Mr. Jannati: That is a great question! We do see that. Again, it usually comes down to the customer's demographics. I will start with commercial, multifamily first. We consider multifamily commercial. For them, there are usually two approaches. One is bottom line oriented. What is the cost and what is it going to do to my bottom line. They are not as concerned with the upgrades being sexy. They are concerned with them being effective. Now, the other side of that topic is that they are very aware that, especially in the urban areas that people are looking for eco friendly, sustainably designed living spaces. Therefore, it is kind of two different conversations. What we usually do is we will say, "Look, let us do the things that are effective, that have the really strong impact on the bottom line and use those savings to fund the pretty things that do not necessarily have an extremely strong payback, but maybe have a marketing value or a brand value." What we like to do is set the stage for this thing to be a process as opposed to just switching out lights. That is because the math is pretty simple. As I said, I am a simple guy and I enjoy the simplicity of the business. Let us say that someone's annual lighting cost is \$100,000 annually and we are able to save twenty percent of that through retrofit

(\$20,000 savings) and that retrofit breaks even in the first year (lighting retrofit costs \$20,000). After that first year, they are working with twenty percent savings that they can reinvest as well as show on the banking side that the net present value of that improvement just adds equity to their project. The multifamily side is much more concerned with the dollars and cents first, but they are aware that the trends are shifting. I think we are going to start seeing more of, "Can we do solar?" here or "can we do a green roof" there. However, at this stage in the industry, I think everything is still being driven by what the cost effect is and what the numbers look like.

On the residential side it is almost the same thing, where people are not looking to spend any more money than they need to. We are usually hearing a gasp of relief when we come in and say air seal and insulation as opposed to new windows. Some people in the residential side are interested in the new cool technologies and we are starting to see many solar projects take off. I think that there are new financing models for solar that have really opened the floodgates up. We have not had any frustration that the recommendations are not sexy. We have more had the conversation where they say, "Okay, great. If we do that and we have this dollar amount savings from that, what else can we do?" That is usually where we are able to continue the relationship towards renewables or geo-thermal etc.

CEOCFO: *How do you reach potential customers?*

Mr. Jannati: We have been fortunate to do a really good job on the customer service side. Therefore, at this point a large majority of our work and customers are coming from referrals. We still do a good bit of networking, however we are very fortunate to have been able to serve large national customers that see value in what we can do across their entire portfolios.

CEOCFO: *Would you tell us about community involvement for greNEWit and why that is important for you?*

Mr. Jannati: We started greNEWit because we wanted to do more than just have a business that was making money. I came from the real estate industry as a realtor and my two partners came from real estate and we wanted to do something that was fulfilling. When you look at it, the only way movements have taken off has been when people really believed in what the mission was and taken ownership. Therefore, for us, we truly believe that if we can start educating the younger generation on the benefits of being sustainable as well as the power that they have with the choices that they make, we would be able to empower a movement that would be self sustaining in itself. We would not have to re-teach the population to remove all of these bad habits again down the line. For us, we got heavily involved in the school systems and getting kids excited about sustainability, science, technology, engineering and math and creating a connection in the elementary school math / science system on what energy auditing is and what it means for these kids, moving forward. We can call it marketing, but for us it is really an outlet to do much of the community development and much of the giving back that we believe in as people.

CEOCFO: *How is business these days?*

Mr. Jannati: Business is great! We are expanding! We are fortunate that some of our commercial customers have portfolios that cross the country. We have proven ourselves here and they are saying, "How else can you guys help us". Therefore, they are putting the onus on us to say where and how we can deliver value. Our residential business is growing. Again, when we started in 2008 people did not even know what an energy audit was. Now the questions are "Why is this valuable." Therefore, we are much happier at answering why an energy audit is valuable than we are explaining what it is for. We are more than happy to educate customers, however the new types of questions show that the baseline has notched up. To me, that says that people have accepted that energy efficiency's value is real. Now we are moving towards figuring out how we can scale it for the masses.

CEOCFO: *How might greNEWit be different a year or two down the road?*

Mr. Jannati: Right now we are really focused on starting to work with our multifamily customers and really explore all of the opportunities that are locked within their portfolios. However, as the industry evolves, we are seeing much more of a way to add value to the multifamily customers. Therefore, I think what we are going to see is that greNEWit involved in distributing new proven technologies to our customer base.

CEOCFO: *Why take notice of greNEWit?*

Mr. Jannati: For us, we are never going to waste anyone's time. Therefore, if we are working with someone, we are going to immediately say if we can or cannot add value. I think the biggest thing is that many people try to make this into rocket science and it is not. What our business comes down to is proactive customer service and our customers knowing that they have one point of contact that is going to get things done ahead of time. It is kind of the old credo; under promise and over deliver. There is no rocket science here. It is just that we do what we say we are going to do and our customers appreciate the fact that they can trust us to get things done on the timetables that we say we are. There have been many burned bridges, or bad experiences with traditional contractors and I think that people are refreshed to work with us. We are energized and we are excited about what we do. Therefore, we take a lot of pride when a customer gives us a chance to prove ourselves and work with them.

BIO: Insightful, driven and passionate—Jason Jannati is a devoted brand strategist and leader in energy efficiency. Jason plays a key role in fostering the development of important relationships within the energy efficiency industry.

As co-founder and chief communication officer of greenNEWit, Jannati is responsible for defining the high-level strategic direction of marketing and affiliate partner initiatives. He has helped greenNEWit reach revenue goals by communicating concept-to-reality ideas that bring brand awareness and sales to new heights.

Recognized by the White House as the top young entrepreneur of 2011, Jannati is devoted to developing social programs that have an environmental focus. Some of his endeavors include co-creating the first solar powered music festival in 2008, starting the OUR Schools Program and Agents of Change division within greenNEWit, along with establishing the Baltimore franchise of AArrow Advertising in 2009.

Jannati was recently recognized at the White House for his contributions to entrepreneurship and the nation's economy and by the Association of Fundraising Professionals for his philanthropic work at greenNEWit.



greenNEWit
6851 Oak Hall Ln. Suite 300A
Columbia, MD 21045
866-994-7639
www.greenewit.com