

What a Difference a Differentiated Service Message Can Make

Using Energy Services to Gain Access to 1.7 Million Sq. Ft. Portfolio

by the Building Advisor™

LIMBACH
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Limbach recognizes an opportunity when they see one. Shortly after joining Limbach Company from another contractor, Steve Bauman successfully used an energy services approach adopted by Limbach to create a differentiated service message and make significant inroads with a customer where he had previously failed to gain traction.

Same Old, Same Old

Early in 2011 when Bauman was working for another Columbus, Ohio area contractor, he approached the Director of Operations at Paradigm Properties, a Boston-based real estate services company, managing a 19 building, 1.7 million square-foot portfolio out of their Columbus office. He presented his company's preventive maintenance offering, emphasizing all of the good work they do in the area. Bauman felt it was a good meeting, but in the end heard the all too common and difficult to overcome objection, "We're happy with our current service provider and aren't interested in making a change at this time."

New Tools and a New Message

When Bauman joined Limbach in June 2011, he was briefed on their new energy services initiative. The company had recently purchased the BuildingAdvice energy services delivery platform and was in the process of rolling it out to their service and project sales team. Lisa Schultz, Limbach's Service Sales Manager for the Ohio Branch explains their decision to implement the BuildingAdvice program, "Limbach has extensive experience in developing and delivering large scale energy solutions for our clients. Based on the needs of our maintenance clients, we wanted to find a way to combine our Energy Solutions with our Proactive Maintenance Programs. BuildingAdvice became the solution for our service team. They offered a simplistic approach along with technical and sales resources."



Steve Bauman

As Bauman learned more about the tools that were available to him through the BuildingAdvice program, he immediately began to build a list of prospects he could approach – and Paradigm Properties was near the top of the list.

He was able to get another meeting in September 2011 with the Director of Property Management as a direct result of articulating the positioning statement Limbach had developed for their energy services offering. His message was, “I know you’re happy with the contractor that is currently providing PM services. I would like 20 to 30 minutes to share some information about a program we have at Limbach that has helped a number of customers like you reduce their operating costs and improve the financial performance of the building asset. We do this through a unique energy services approach that complements your existing PM program.” With this simple introduction Bauman was able to establish two important factors that enabled him to get the meeting:

1. Limbach was bringing something innovative – not just another PM proposal
2. The focus was on a top-of-mind need – the financial performance of the building asset

Timing is Everything

Since a PM program was off the table for now, Bauman approached the initial meeting as an opportunity to ask questions and uncover pain points that he could address. He focused on issues driving the financial performance of the portfolio such as trends in leasing rates, vacancy rates, and specific tenants. A significant issue facing the Paradigm Properties quickly emerged – a major tenant in one of their buildings, occupying 1/3 of the entire building, had notified them that they would require that the building achieve the ENERGY STAR label as a condition of their January 2012 lease renewal. Bauman says, “While they were aware of the ENERGY STAR program, no tenant had ever approached them with a demand like this. They really had no idea where their buildings were, from an energy perspective.” Bauman agreed to provide an ENERGY STAR benchmark for the building currently occupied by the tenant, and two other nearby buildings to see how the buildings rated.

The building currently occupied by the tenant rated a 76, just above the level required to achieve the ENERGY STAR label. Even though the other two buildings scored significantly lower and offered more immediate opportunity for operating cost reductions by reducing energy waste, the immediate focus of Paradigm Properties was securing the tenant lease renewal. Bauman says, “Tenant renewal is a great motivator to take action.”

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Creating an Action Plan

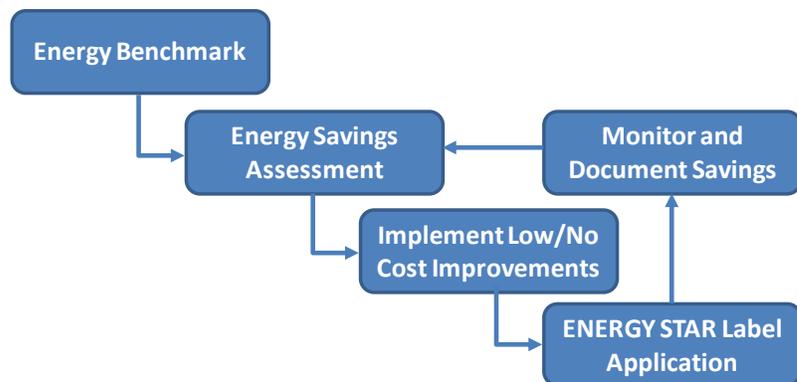
Bauman then worked with Paradigm to create an action plan for achieving the ENERGY STAR label for the higher performing building, following the energy services delivery model outlined in the BuildingAdvice sales training. After the energy benchmark, the next step in the process was to conduct an Energy Savings Assessment to identify any additional energy savings opportunities. This was important because of the low margin of safety



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(current ENERGY STAR rating of 76 vs. the minimum requirement for labeling of 75) in the building's energy performance. Any slippage in performance and the building would be at risk for not meeting the minimum requirement.

Limbach conducted the Energy Savings Assessment using the BuildingAdvice wireless sensors and web-based software and found a number of low and no cost improvements that could be immediately implemented by Paradigm's in-house maintenance staff.



Once the recommendations were implemented, Limbach initiated the process to gain the ENERGY STAR label for the building. Following the award of the ENERGY STAR label in early 2012 the tenant signed a 7-year lease, guaranteeing the reoccurring revenue for Paradigm Properties over the term of the lease. As of May 2012 the ENERGY STAR rating had already improved to 86 and the annual energy cost had dropped by nearly \$25,000, a reduction of 17%.

One Thing Leads to Another

Through this process Bauman saw the impact that an energy services approach had on the customer relationship. "Because we were able to solve a business issue for them in a way that none of our competitors could, we were able to move from being one of many contractors fighting for a PM contract to the role of a trusted advisor," says Bauman.

Bauman and Limbach are not stopping here. Currently an effort is underway to complete an energy benchmark analysis of the entire portfolio.

From there Paradigm and Limbach will build out an action plan to determine which buildings will be the next to have the Energy Saving Assessment completed. In order to get the most out of our partnership, Limbach is looking to combine the assessment with the preventive maintenance agreements. Bauman says, "While we know that there may not be a good fit with all the buildings, we are going to do whatever we can to help Paradigm lower their energy cost. Due to the consultative role we've played to get to this point, we have developed a new partnership that we would not have had without using the energy services approach that AirAdvice gave us."

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Jay Sharp, Vice President of Limbach Facility Services explains the strategic importance of their energy services initiative, "This shows the power of a differentiated service message – how bringing a solution not typically thought of as being part of a mechanical contractor's domain can drive a significant amount of revenue back into our core service and retrofit business."