HOW TO SET UP A ONE-STOP-SHOP FOR INTEGRATED HOME ENERGY RENOVATION?

A step-by-step guide for local authorities and other actors

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innovate

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INTRODUCTION

About this guidebook

If you are part of an organisation that plans to launch a one-stop-shop, this guidebook is for you.

You will find **learnings from the project and recommendations** that will help you to kick start your project.

You will get answers to questions such as:

- What do we mean by 'one-stop-shop'?
- What different one-stop-shop business models have been identified and tested by the project partners? What are their (dis)advantages?
- How to design your own business model and business plan?
- What is the role of local and regional authorities in setting up a one-stop-shop? Can local one-stop-shops survive without public subsidies?
- The set-up: Where to start, what to expect, what to be careful about?

This guide is complemented by a series of **case studies from 11 European places.**
Each country and region is special. The starting points differ from one another. Therefore, each one-stop-shop is unique. INNOVATE experts describe their individual contexts, results, successes and mistakes.

The EU policy context

Ahead of the EU Renovation Wave initiative, an own-initiative report by the European Parliament's Committee on Industry, Research and Energy (April 2020)[1] reminds of the enormous potential that lies in buildings renovation. The report states that by renovating existing buildings, significant energy savings can be achieved. It also estimates that, through **integrated renovation programmes**, especially at local level, the EU's total energy consumption could be reduced by 26% and bring numerous co-benefits. In difficult times brought by the Covid-19 pandemic, one-stop-shops, which are guiding customers through the full renovation journey, are even more needed as their whole ambition is to help overcome uncertainties.

1. Report on maximising the energy efficiency potential of the EU building stock (2020/2070(INI)), Committee on Industry, Research and Energy, Rapporteur: Ciarán Cuffe (April 2020) https://www.europarl.europa.eu/doceo/document/ITRE-PR-648631_EN.pdf

Extract from the EU Parliament's report on maximising the energy efficiency potential of the EU building stock (April 2020)

"The European Commission's Renovation Wave initiative is part of the broader European Green Deal and can be significantly strengthened by actions at national, and critically, local level. Energy efficient buildings benefit all citizens; especially those at risk of energy poverty.
For this to succeed, best practices such as one-stop-shops for information, advice and financing, and as places to discuss specific community needs should be replicated in all Member States. Capacity building for municipalities, and the active involvement of local actors such as energy communities, housing cooperatives, local industries, and financial actors have also proven successful.
To this end, the proposed platforms on renovations are certainly a useful tool to develop inclusive community based integrated renovation programmes that can be replicated, scaled up elsewhere, and help create value chains at local and regional level."

About the INNOVATE project

Between 2017 and 2020, a group of 13 organisations (municipalities, regions, energy agencies, private companies and installers' cooperatives) from 11 European areas have accepted a dare: to develop and roll out integrated energy retrofit packages for homeowners of single family houses and condominiums, offered conveniently in one location. In short, to set up a renovation one-stop-shop. They were able to do so thanks to the INNOVATE project which was funded by the European Horizon 2020 programme.

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WHAT DO WE MEAN BY 'ONE-STOP-SHOP'?

A one-stop-shop is a virtual and/or physical place where homeowners can find all information and services they need to implement an ambitious global energy renovation project. In order to increase the renovation rate in one defined area, the one-stop-shop needs to cover the following services and propose them, ideally, 'under one roof':

- **Proactive engagement of homeowners:** market segmentation, targeted communication and marketing tools are a key to reach out to the right groups at the right moment (e.g. young families, elderly people, low-income households, etc.) with the right message.
- **Energy renovation and financial plan:** These tailor-made plans should aim at achieving deep renovation – implemented in one shot or planned step-by-step, depending on the financial means of each homeowner.
- **Coordination of the renovation process on behalf of the homeowner.**
- **Long-term and affordable financing** especially for low and middle income families, elderly people and other vulnerable groups who cannot access other financing means although the value of their energy savings is large enough to pay off.
- **Guaranteed results and post-work monitoring** including of the quality of works and, ideally, energy savings.

The full set of services proposed by a one-stop-shop

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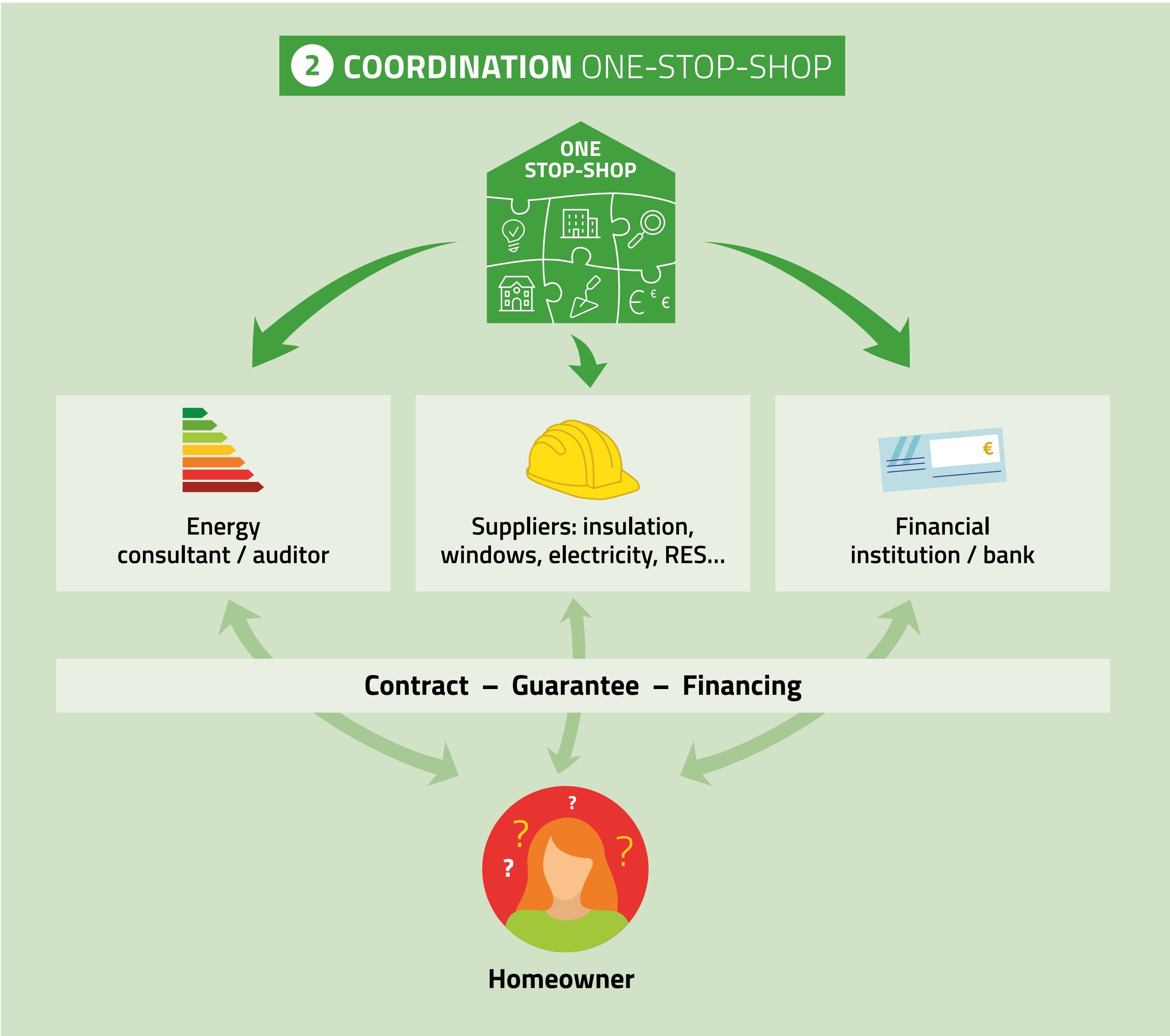
ONE-STOP-SHOP BUSINESS MODELS: OVERVIEW

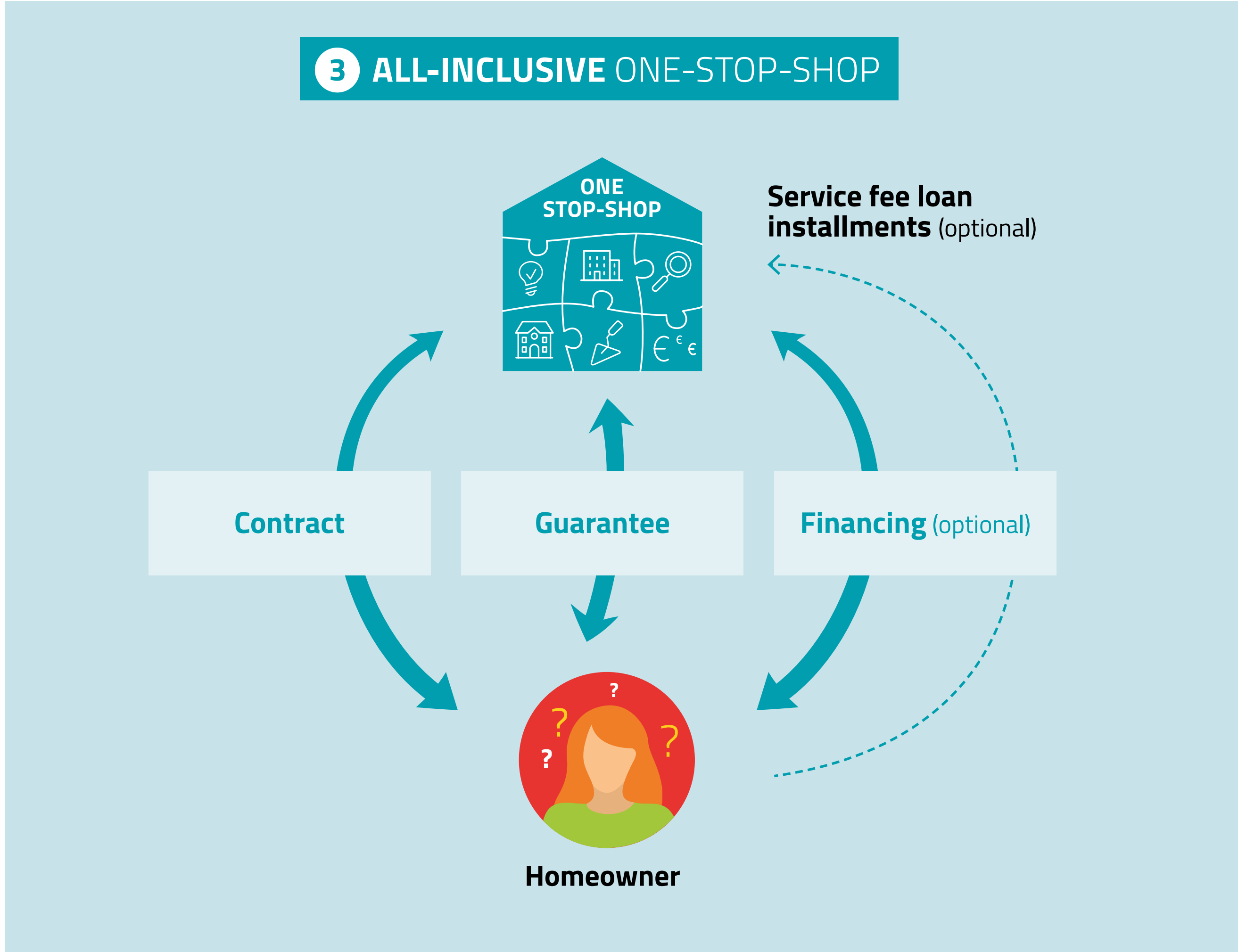
INNOVATE partners have identified four types of business models. **The main difference between these models is the responsibility the one-stop-shop bears for the result of the renovation works and for the overall customer journey.**

Business model	Roles & responsibilities	Practical example of what the one-stop-shop offers to homeowners
1 **Facilitation model**	• Raise awareness on energy renovation benefits • Provide general information on optimal renovation works • First advice at the 'orientation stage'	It advises on how to renovate your house and can provide you with the list of suppliers.
2 **Coordination model**	• Coordinate existing market actors (suppliers) • Make sure all one-stop-shop services are offered to homeowners • No responsibility for the result of renovation works (only overlooking the whole process) • No responsibility for the overall customer journey (just the first part)	It advises on how to renovate your house and will push suppliers to comply with their promises. Suppliers remain responsible for the final result.
3 **All-inclusive model**	• Offer a full renovation package to homeowners • Bear responsibility for the result of renovation works • Bear responsibility for the overall customer journey	The one-stop-shop is a contractor that sells you the whole service package and is your main contact point in case something goes wrong with suppliers.
4 **ESCO-type model**	• Offer a full renovation package with guaranteed energy savings to homeowners • Bear responsibility for the result of renovation works • Bear responsibility for the overall customer journey	The one-stop-shop sells you the renovation package and guarantees the energy savings for the contract duration. The one-stop-shop is paid through energy savings achieved.

The Coordination, All-inclusive and ESCO models may offer very similar service packages, however, only the ESCO model[2] guarantees energy savings and is paid through them. This extra service is one of the most expensive features though and therefore only suitable for big investments.



2. In this guidebook we do not elaborate on the ESCO model for private residential buildings as very few examples exist in the EU (and they only focus on condominiums). Moreover, except for AGENEX who plans to act as an ESCO in the future, none of the Innovate project partners tested it. If you are interested in exploring this model, we invite you to check the website of Horizon 2020 projects such as "Sunshine and Accelerate Sunshine" in Latvia: https://cordis.europa.eu/project/id/754080



The mobile one-stop shop in Frederikshavn (Denmark)

Depending on the maturity of the market (that can be explored through a market gap analysis) and the availability of financial and human resources, the one-stop-shop can offer different types and levels of services to homeowners.

Below you can find a **checklist with the services** that a one-stop-shop is likely to provide. They are arranged from the lightest to the strongest support level. The level correlates with the level of resources that the one-stop-shop needs to deploy.

This checklist will help you identify the one-stop-shop model that fits best your ambition.

CHECKLIST **services offered by your one-stop-shop**

	Model 1	Model 2	Model 3	You
Marketing & communication				
Awareness-raising of the benefits resulting from energy retrofits	●	●	●	
Promotion of existing services offered by other stakeholders (local authority, suppliers, etc.)	●	●		
Proactive demand generation through marketing and communication measures for specific target groups (e.g. low income, specific city districts, young families, elderly persons, etc.) based on a previous market segmentation		●	●	
Promotion of the one-stop-shop services in a physical shop, demonstration site, virtual platform	●	●	●	
Communication through a network of one-stop-shop partners – local actors who are present at the 'life-changing moments' of homeowners: real estate agents and banks (when a new house is being purchased), insurance companies and public institutions dealing with young families/elderly people (considering house extension/ adaptation), the authority issuing building permits, etc.		●	●	
Development of products adapted to consumers' concerns				
Customised home renovation products including house extension or adaptation to a specific life situation (e.g. flat adaptation for older / disabled person, new kitchen, maintenance needs, etc.)		●	●	
Standardised off-shelf ready-made products for a specific type of the housing stock (e.g. same type of houses in terms of age and construction techniques within the same neighbourhood)			●	
Independent technical assistance				
Recommend relevant energy saving measures, technologies and materials and provide the list of existing suppliers	●			
Preliminary building analysis / energy audit		●	●	
Development of an 'Energy renovation roadmap' aiming at deep renovation (NZEB standard)		●	●	
Supplier selection: Provide the list of suppliers that are certified by the one-stop-shop as 'quality suppliers', develop standard templates and requirements for suppliers' quotes and contracts, check the quotes and assist in selecting suppliers. All-inclusive one-stop-shops can work with their own supplier network and will take the burden of selecting the supplier from the client		●	●	
Preliminary contract proposal		●	●	
Tailor-made financial advice				
General advice on existing financing options for which the homeowner is eligible (subsidies, tax credits, energy efficiency certificates, etc.)	●			
Assistance to homeowners in developing a tailor-made financing plan and in preparing all documents necessary for accessing financial instruments s/he is eligible for		●	●	
Preparation of a tailor-made financing plan and all documents necessary for accessing financing on behalf of homeowner			●	
Coordination of renovation works				
Assistance to the homeowner with the coordination of suppliers and renovation works		●		
Coordination of suppliers and renovation works on behalf of homeowner			●	
Long-term and affordable financing				
Provision of products negotiated with partner technology suppliers and service providers (e.g. lower prices or 0% interest loans)		●	●	
Set up of local incentive schemes if the one-stop-shop is supported by local and regional authorities: e.g. a guarantee fund to cover eventual payment defaults by homeowners, a local revolving fund or 'advance payment fund' for homeowners who cannot overcome high upfront investment costs, subsidies, tax incentives, etc.		●	●	
Provision of one-stop-shop's own financial product (loans) to homeowners who have difficulties to obtain a bank loan and to make energy renovation accessible to all homeowners. These loans can be paid back via monthly instalments, service fees or tax payments that, ideally, take into account achieved energy savings		●	●	
Guaranteed results & post-work monitoring				
Development of a certification scheme for 'quality' suppliers: create a local label / charter / selection procedure to select only suppliers that provide works at the expected quality level		●	●	
Training of local suppliers and enabling them to collectively coordinate renovation works		●	●	
Responsibility for the quality of works and achievement of estimated energy savings			●	
Post-work monitoring		●	●	

4

ONE-STOP-SHOP BUSINESS MODELS: ADVANTAGES AND DISADVANTAGES

You X Ventures Studio

Cowomen on Unsplash

1 Facilitation one-stop-shop	
+ For homeowners	**−**
• Free of charge general advice (paid from public funds). • Physical or online energy desk. • Interesting for homeowners who only seek first information and advice (orientation stage) or who intend to do renovation works on their own ("DIY type of person")	• A potentially long list of suppliers with limited recommendation or guarantee of a good quality service. • Homeowners need to contact and meet different suppliers in different places (bank, suppliers, etc.). • Homeowners have to sign and manage contracts with different suppliers on their own. • Homeowners have to do all the paperwork to access financing. • Homeowners have to coordinate the renovation works. • Homeowners manage the monitoring and follow-up in case the works are not done properly.
+ For the one-stop-shop	**−**
• Easier to set up and less costly than the other two models. • Raises awareness of homeowners and different market actors about energy and climate issues, the benefits of energy renovation, etc. • If the one-stop-shop is set up by a public authority, it can be considered as a public service for homeowners and a contribution to the achievement of local climate goals.	• Rather difficult to reach ambitious energy and climate objectives: this type of service already exists at local, regional or national level, but experience has shown that it has not led to massive and ambitious energy renovation of private residential buildings. • The one-stop-shop does not provide its own financial product so it is difficult to reach (very) low-income households who have no access to financing.

2 Coordination one-stop-shop

For homeowners

+	−
• Virtual and/or physical one-stop-shop where homeowners can get information and direct access to all services. • Interesting for homeowners who seek limited technical and financial support for their renovation project. • Higher guarantee of a good quality service (certification scheme). • Assistance with the coordination of renovation works (if provided). • Access to attractive financing offer (via one-stop-shop partners or own financial product)	• Homeowners have to sign and manage contracts with different suppliers who are individually responsible for works and services. • Homeowners have to get in touch with a bank/ financial institution and apply for a loan or another financial product. • Homeowners might not have a guarantee of quality and energy savings; they deal with the follow-up of the works

For the one-stop-shop

+	−
• The possibility to establish relations and offer new market opportunities to existing market actors. • More flexible and less risky than the all-inclusive model, especially for local/regional authorities. • A one-stop-shop that is set up by a local authority, is usually recognised by citizens and local stakeholders as a trustworthy and neutral partner.	• Heterogeneous offer and actors difficult to put 'under one roof'. • Time-consuming coordination of stakeholders. • High political ambition and consensus needed to set up local incentive schemes with public funds. • Difficult to reach (very) low income households in case the one-stop-shop does not offer its own financial product to this target group.

Examples from the ground

Aradippou Municipality (Cyprus), **Brussels Capital Region** (Belgium), **Frederikshavn Municipality** (Denmark), **Heerlen Municipality** (The Netherlands) **Mantova Municipality** (Italy), **Litoměřice Municipality** (Czech Republic) **Riga Energy Agency** (Latvia)

3 All-inclusive one-stop-shop

For homeowners

+	−
• The one-stop-shop is a unique interface and the responsible body vis-à-vis the homeowner. • Interesting for homeowners who seek a project manager (coordinator) for the whole renovation project. • Homeowners sign a contract with one single legal person (one-stop-shop) – although in some cases they also sign contracts directly with suppliers. • Homeowners, including with (very) low income, can choose the one-stop-shop's own financing product or find their own way to finance the works. • One-stop-shop deals with suppliers and contractors. • One-stop-shop guarantees the quality of renovation works and eventually energy savings. • One-stop-shop ensures the monitoring and follow-up in case the suppliers do not carry out works properly.	• The service is not free of charge. • If the one-stop-shop does not offer its own financing, homeowners need to get it from other sources. • On the one hand, there is a risk that a commercial bank refuses to offer an attractive loan to some homeowners. On the other hand, quality and energy savings guarantees provided by the one-stop-shop will reassure a bank.

For the one-stop-shop

+	−
• Unique and clear mission of the one-stop-shop (KAW: "our head is on the block to produce results"). • Complete control over the process and thereby over the customer experience. • Better leverage effect on actors, economies of scale, access to attractive loans thanks to bigger investment volumes and project pooling. • One-stop-shop develops its own financial product, it can facilitate access to finance for (very) low income households.	• Cost and human resources intensive. • Time-consuming creation of a new legal structure (public, public-private or private). • If own financing offer is developed, the one-stop-shop must comply with banking regulations and assure its re-financing. Change in national legislation might be necessary (example: France[3]). • The service package directly competes with other market players; thus the EU state aid regulation applies. The one-stop-shop has to charge fees for its services, they cannot be offered for free.

Examples from the ground

KAW (The Netherlands), **Parity Projects** (The United Kingdom) **Linnaeus University / Kronoberg Country** (Sweden), **Extremadura Region Energy Agency – AGENEX** (Spain)

3. Article L381-1, Code de la Construction et de l'habitation : https://www.legifrance.gouv.fr/affichCodeArticle.do?idArticle=LEGIARTI000028783131&cidTexte=LEGITEXT000006074096&dateTexte=20140327

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ROLE OF LOCAL AND REGIONAL AUTHORITIES IN SETTING UP ONE-STOP-SHOPS

What is the status quo?

The INNOVATE partners mapped the state of play of the renovation market. The status quo in 2020 can be summarised as follows:

- In 2020, most of the local and regional authorities in the EU do not know well the local market and/or still observe that **the demand of homeowners for deep renovation works is very low. The market is not yet mature**. However, when it comes to single energy renovation measures, in particular installation of solar panels or insulation of the building envelope, the market can be considered as mature.

- **The offer of integrated home energy renovation remains very rare**. If such an offer exists, it depends (at least partly) on public subsidies. They are crucial, especially in the start-up phase. Practical experiences (e.g. KAW in the Netherlands or Parity Projects in the UK) show that a one-stop-shop that decides to offer such a renovation package needs at least 5 to 8 years to close the existing market gaps and make its business model financially viable and self-sufficient.

How can local and regional authorities support the market development?

If local and regional authorities take the climate urgency seriously, they have to stimulate the renovation market and in particular the development of one-stop-shops. They can do it through a combination of measures:

- **Awareness-raising:** Local authorities play a key role in the pre-investment phase. They raise awareness of homeowners about the benefits of energy renovation, provide them with the initial advice and help them to move on from the planning to the implementation stage. They consider energy efficiency as a **public service** as this preparatory phase is time-consuming and with uncertain results, thus not profitable enough for private companies. This is particularly relevant in the immature market. National schemes with a strong brand and references to the state requirements and regulations could reinforce local initiatives and act as an entry point for homeowners.

- **Coordination and training:** Local authorities are best placed to coordinate, build capacities and provide support (e.g. through a market research) to local market actors. That way, the latter can organise themselves and provide high-quality renovation works to homeowners.

- **Policy and funding:** Local authorities can enforce strong and stable local policy and provide funding measures that foster global and deep renovation, the development of one-stop-shop services and specific support for vulnerable and low-income homeowners. They have a role to play when it comes to lobbying for effective and complementary policy measures at all levels – local, regional, national and European.

> In the framework of the INNOVATE project, partners have developed a very detailed set of **policy recommendations** for public authorities that wish to support integrated energy renovation programmes and, in particular, local and regional one-stop-shops. We strongly recommend you to consult them here.

3 steps to develop a business model for your one-stop-shop

Step 1 Carry out a market gap analysis for your local area

The very first step is to carry out a detailed analysis to understand the market in your area and its gaps. This analysis should give you answers to questions like:
- What kind of residential buildings do I have on my territory (type, age, necessity to renovate, energy saving potential, etc.)?
- What type of homeowners and tenants live in these buildings (low-medium-high income profile)?
- What are their home-improvement needs?
- What market actors are active in your area (suppliers, one-stop-shops, type of enterprises and their working culture)?

If the market is mature enough, meaning that citizens are keen to renovate and the private companies are present and ready to offer a one-stop-shop service (which is rather unlikely), you should just support and promote in a fair and inclusive way the existing private actors' activities. However, if the market is immature and fragmented, you may decide **to set up your own one-stop-shop** that will stimulate the market and motivate private companies to enter it.

Step 2 Choose your business model and legal structure

Choose the business model and a legal structure that matches best with your local context, the maturity of the market, your ambition as well as available financial and human resources. In general, the more mature the market, the less intervention is needed from the public sector as the private sector is ready to get involved.

As the markets are immature, local authorities will situate their intervention between the implementation of the **Facilitation model and the Coordination model**. Without public subsidies, the private sector will hardly get involved in these models. They are also relevant in cases where the local authority:
- does not have any experience in providing one-stop-shop services.
- has limited political support, financial and human resources.
- does not want to intervene in the market and be in competition with the private sector. Instead, it wants to build on existing stakeholders and services.

Starting with one of these 'lighter' models will also allow the local authority to start slowly. It will learn more about its market, test the one-stop-shop services, prove they are needed, and finally gain stronger political support and resources for its further development (e.g. towards an All-inclusive model). This can be an iterative process.
Think big while taking small steps!
Local authorities whose market starts to be mature, which have ambitious energy and climate targets, strong political support and corresponding human and financial resources at their disposal, can directly enter the market via an **All-inclusive model**.

When it comes to choosing **the legal status**, local authorities have several options at hand.
Before you create a brand new entity, double check whether one of the existing structures could take up this mission.
If you opt for an All-inclusive model you will very likely need assistance from external legal experts to help you define the one-stop-shop legal status, as the EU State Aid rules will apply.

Find out which legal status will best suit your business. You may even have further alternatives, depending on your national legal framework.

Legal status	Examples from the ground	(Dis)advantages for local authorities
In-house one-stop-shop integrated in the city administration	The Coordination models set up by the municipalities of Frederikshavn, Litoměřice, Mantova, Aradippou, the City and Metropole of Lille in France, etc.	+ Political support from the municipal council and visible political decision + Direct control + More attractive bank loans for the set-up of the one-stop-shop − Less agile organisation − Difficult to dedicate staff uniquely to one-stop-shop activities (other missions in parallel) − Dependence on the annual municipal budget negotiations − Key skills might be missing (marketing, sales, technical, finance etc.) and new staff need to be hired − Publicly less visible than creating a new organisation (municipal company, public-private company)
Municipal company local or regional (energy) agency or another public structure set up by local authorities and their groupings	'Public service companies for energy efficiency' set up by Haut de France Region (Pass Picardie Rénovation[4]), Local energy agency of Grand Lyon[5], Extremadura Region Energy Agency (AGENEX), Heerlen one-stop-shop	+ More agile structure (independent from the municipal administration) + Quicker to launch (no need to reach the agreement of different shareholders as in the case of a public-private company) + Independent budget + Visible political decision − No direct control
Public-private company	'Sociétés d'économie mixte' (SEM) set up by Grand Est Region (Oktave[6]), Ile de France Region (Ile de France Énergies[7]) or Nouvelle Aquitaine Region (Artéé[8]) in France	+ Private financial & human resources/independent budget + Lower risk for the local authority as the resources are shared with the private sector + Visible political decision − Set up is time and resources consuming − More challenging governance − Has to reach a financial balance
Private company (or their consortia), eventually selected by local/regional authorities via public procurement, a call for expression of interest or delegated via a concession contract	Parity Projects in the UK, KAW in The Netherlands Klimatfastigheter Småland in Sweden	+ Private financial & human resources + Lower risk for the local authority as the resources are shared with the private sector + More agile organisation − No direct control − You "bet your money on one horse" that can be risky − Less stability over time, stop-and-go effect imposed by the local authority

4. www.pass-renovation.picardie.fr
5. www.alec-lyon.org
6. www.oktave.fr
7. www.iledefranceenergies.fr
8. www.artee.fr

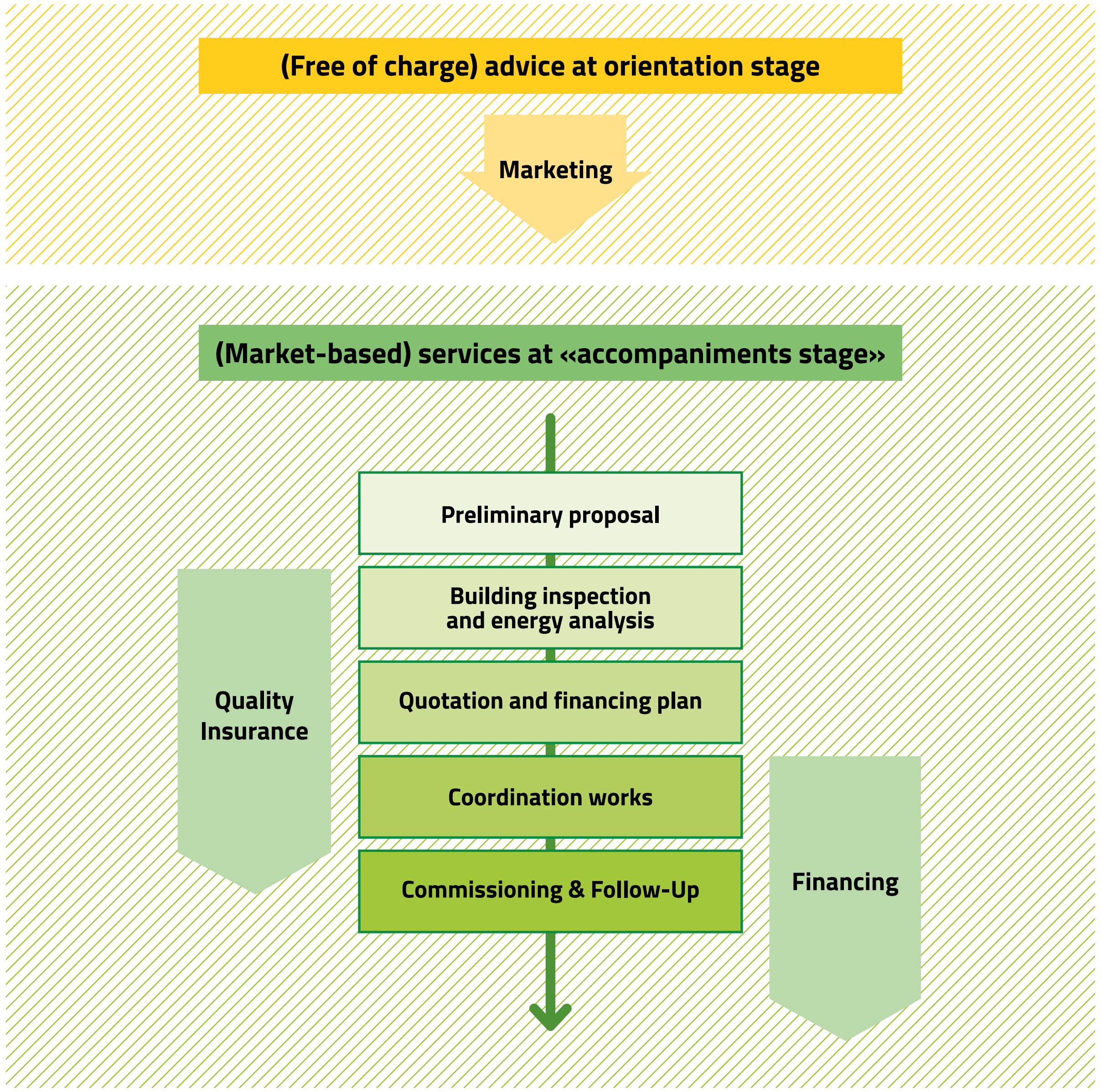
Get to know the legal requirements when the one-stop-shop is fully or partially **financed by public funding**

Free of charge information and advice at orientation stage including independent advice on home energy renovation including recommendation of measures, the list of existing suppliers and financing options.

☒ **EU state aid rules do not apply.**

Market-based services at accompaniment stage: a service provider that recommends specific suppliers or financing institutions and develops a preliminary renovation proposal and financial plan, carries out building inspection and energy analysis, coordinates the works and ensures commissioning and follow up, is in direct competition with the market actors and has to charge a fee to homeowners.

☑ **EU state aid rules do apply.**



Step 3 How to work out the details of your business model and plan?

The devil is in the detail and there are many details when it comes to the one-stop-shop business model and the business plan. We cannot specify them all in this guidebook. However, you will find below at least a couple of the most important tips, tricks and questions that you should ask yourself before you start.
For the rest, feel free to check the case studies and get in touch with the project partners if you would like to know more.
In order to develop a viable business model and business plan, it is useful to start with the common business model canvas:

CUSTOMER SEGMENTS WHO WILL BE YOUR CLIENTS?

Which market segment are you addressing? Who will be the beneficiaries of the model?

- **Single Family Houses (SFH) vs Condominiums:** the project complexity, legal framework and the time you will spend with clients are not the same. Neither are the objectives of homeowners.

Example: the homeowners of SFH want the one-stop-shop to accompany them through the whole customer journey, esp. in case of problems or conflicts with suppliers; they want to achieve energy savings and need access to adapted financing products. Condominiums face the challenge of multi-stakeholder decision-making and project management,regulatory obligations and cost control.

- **Deep renovation vs single measures:** these are different markets. Should your revenues depend on the fees charged to clients as a % of total renovation costs, your one-stop-shop may face difficulties if the clients mostly opt for single measures.

- **Very low to low – middle – high income homeowners:** your approach, key messages and the level of support (especially access to a long-term and affordable financing) should be targeted to each group.

- **Life-changing moments:** seize the opportunity when people are more open to energy renovation: home acquisition, extension or adaptation (young families, elderly people), mandatory maintenance & renovation, etc.

Bonus tips

> It could be a good idea to learn on simpler segments such as SFH before moving to condominiums. If your one-stop-shop is a private company and depends mainly on fees, you may focus on SFH and higher income clients who can afford deep renovation.

> Carry out a deeper market research of each segment, organise debates and surveys to understand better their needs and challenges, adapt your services before you launch the one-stop-shop.

ONE-STOP-SHOP KEY ACTIVITIES

Specify what key activities the one-stop-shop will carry out to reach specific market segments.

See the checklist on page 12-13.

VALUE PROPOSITIONS

What benefits do you offer to the selected market segments?
Why will customers use the service? How are these benefits different from other offers available on the market?

Examples:

'Pass Rénovation' in Haut-de-France Region, France: A one-stop-shop with focus on financial support

- It covers the full cost of the renovation works and pays directly to suppliers
- It collects subsidies on behalf of homeowners (SFH and condominiums)
- Homeowners start to pay back only once the works are finished (over 15-25 years) at a reasonable interest rate (2.5%). There is no penalty in case of early repayment.

Parity Projects / Retrofit Works: A one-stop-shop with focus on technical support

- Advice through a whole house plan – it identifies the best measures for the homeowner and includes a long-term renovation plan
- Quotes are collected by Retrofit Works through its membership of checked installers. They arrange and chase quotes.
- Support comes from a dedicated Retrofit Coordinator who manages the project from initial advice to signoff

KAW / Reimarkt: Product-market-combinations: standardised products marketed at different segments

COST STRUCTURE

What are the most important costs (fixed and variable)? Which key activities and resources are the most expensive?

- **Fixed costs:** admin and management, communication and marketing, product development, market analysis, staff training, physical shop and office costs, IT costs, other.

Bonus tips

> You may foresee different fixed costs in the start-up phase and in the 'business as usual' running phase.

- **Variable costs:** proportional to the work load and time spent with clients.
> Variable costs grow with the number of clients and their complexity (e.g. a SFH is easier and faster to deal with than a condominium)!

Bonus tips

> The conversion rate and duration of the customer journey are two key indicators that will affect the costs of your one-stop-shop. Experience shows that in average, the conversion rate is between 0.5-10% and the journey duration of at least 11 months.

> The one-stop-shop should find a way to reduce its variable costs. This can, for example, be done by reducing the time spent with clients in the first phases of the customer journey. Thanks to an online advice, planning tools and quotes, advisors can dedicate more time to clients who already decided to renovate. For the one-stop-shop to be viable over time fixed costs should grow slowly and variable costs faster (more and more clients who renovate).

REVENUE STREAMS

Are the clients going to pay for the services? Are the suppliers going to pay for the services? If yes, which ones, how much and how? What other revenues can you expect (from subsidies, tax credits, energy efficiency obligation schemes, etc.)?

- **Fixed revenues:** subsidies

- **Variable revenues:**
  - Fees charged to clients: a fixed or variable (e.g. depending on number of hours spent) advisory fee, a fee calculated as a % of total cost of the renovation (example: Picardie Pass Rénovation, KAW/Reimarkt)
  - Fees charged to suppliers (example: Parity Projects/Retrofit Works)
  - Economies of scale negotiated with suppliers
  - Energy Efficiency Certificates (example: French Regional one-stop-shops)
  - Bank loans (example: 'Pass Rénovation' in Haut-de-France Region : loans from Caisse des Dépôts and the European Investment Bank)

Bonus tips

> If subsidies are only available for a start-up phase, make sure you think about it in your business plan.

KEY PARTNERS

Who are the key partners of your one-stop-shop and how will they contribute?

- **Local and regional authorities:** promotion of the one-stop-shop, favourable policy measures, funding

- **Professional organisations (construction companies, architects, other suppliers):** dialogue and training to reach volumes and quality works

- **Real estate agencies:** promotion of the one-stop-shop

- **Banks, financial agents:** promotion of the one-stop-shop, dedicated financial products

- **Insurance companies:** insurance for the one-stop-shop/suppliers guaranteeing the quality of renovation works, products (in the future: energy savings achieved)

- **Local charity, social workers, medical centres:** identification and communication with vulnerable homeowners

- **Other partners** (e.g. the post office, media): promotion of the one-stop shop

KEY RESOURCES

What key resources (physical, human, financial, intellectual) does your one-stop-shop require?

- IT support tool: one-stop-shop back office to manage contacts, leads, offers, deals, etc. – customer relationships management
- Data related to buildings and homeowners
- Website and online tool: first advice and marketing, a tool for initial planning of the renovation project with cost estimation
- Office, shop, demonstration space
- Advisors, sales and communication experts, marketers, product developers, retrofit coordinators, project managers, IT developers, etc.
- Start-up subsidies...

CUSTOMER RELATIONSHIP & CHANNELS

What type of relationship will you establish with different market segments? What channels will you use to reach your customers, in terms of communication and sales? Which ones work best? Which ones are the most/least cost-efficient?

- One-to-one meetings with targeted clients
- Information sessions
- Uniquely virtual relationship (phone, online) /physical one-stop-shop
- Communication via website, newsletter, social media, Google advertising/analysis, banners, blog posts, neighbourhood events, etc.
- Key partners' channels incl. advertising in local media
- Pop-up stores (renovated houses open for visiting neighbours)
- Other

Example: 'Pass Rénovation': channels used to reach homeowners
- 35% of contacts come from internet
- 20% word of mouth
- 15% press
- 10% local press
- 9% national energy agency (ADEME) information desks
- 3-4% door-to-door by trained postmen, fairs & exhibitions
- 1-2% public meetings

Reimarkt pop-up store

YOUR BUSINESS PLAN

Tips from David Shewan (Parity Projects)

The main point is that **you need a shape for your business** – the business model canvas – but you also need the accounts to stack up. You do this by costing the various parts of the business activities against the likely income. The **best way of doing this is in a spreadsheet** where you can vary things like the conversion rate.

When we did this, we found that there were two big things where relatively small variations could completely make or break the business model:

1. The funnel of death
A lot of the costs are up front, before the client commits. This means that if many clients drop out before the renovation works start then the cost per job rises radically. There are various answers to this:

- Take a non-returnable deposit, perhaps as payment for initial assessment. This can come off the cost of the works.
- Automate the early stages to reduce timewasters.

2. Size of job
There is a certain amount of admin to arrange a job. Our model has a percentage fee from the final payment of the job. We found that:

- The income from small jobs is lower than the admin cost unless we change our process and significantly reduce the admin for small jobs.
- 1000 small jobs bring in as much income as 10 big jobs. We'd prefer the 10 big jobs as they are much easier to manage.

CONVERSION RATE AND DURATION OF THE CUSTOMER JOURNEY

Example from KAW/Reimarkt

Every step of the customer journey takes a certain time and at every step, some clients drop out off the process. Experience shows that in average, the conversion rate is between 0.5-10% and the journey duration of at least 11 months.

Conversion and duration of customer journey	Conversion		Duration	
	Step	Total	Step	Total
	%	%	Month	Month
Approached in target group				
Contacts: got in touch with Reimarkt	10	10	1	1
Leads: proactive process support	25	2.5	2	3
Offers: price proposal asked	60	1.5	2	5
Deals: price proposal accepted	25	0.38	3	8
Ambassadors: agree to tell the story	33	0.12	3	11

ONE-STOP-SHOP COST STRUCTURE

Example from KAW/Reimarkt

Fixed costs	Startup	Running
	€/year	€/year
Communication - Marketing	19,000	24,000
Product development	60,000	40,000
Market analysis	10,000	-
Staff training	14,000	2,000
Shop and office costs	-	14,000
IT costs	14,000	3,000
Partners fees	-	-
Other	3,000	3,000
TOTAL	120,000	86,000

Variable costs	Cost	Medium			
	Average	Building		Apartment	
	€/hour	Hours	€	Hours	€
Approached in target group	40	0	-	0	-
Contacts: got in touch with Reimarkt	55	1	55	0	-
Leads: proactive process support	60	5	300	0.5	30
Offers: price proposal asked	60	5	300	1	60
Deals: price proposal accepted	60	0	-	0	-
Execution and coordination	60	6	360	0	-
Evaluation and aftersales	40	6	240	0.5	20
Ambassadors: agree to tell the story	40	0	-	0	-

BUSINESS PLAN

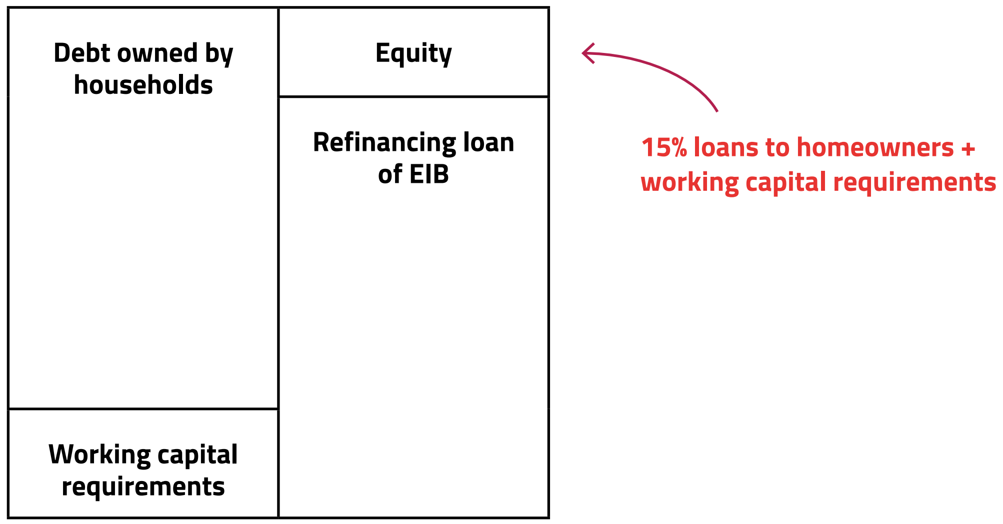
Example from KAW/Reimarkt

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total apartments renovated	#	-	118	236	514	1,029	1,029
Total capacity need	Hours	-	1,468	2,936	6,554	13,107	13,107
Total cost variable	€	-	86,306	172,612	385,134	770,268	770,268
Total cost fixed	€	120,000	86,000	86,000	86,000	86,000	86,000
Total cost	€	120,000	172,306	258,612	471,134	856,268	856,268
Total revenues variable	€	-	47,946	95,893	215,357	430,714	430,714
Total revenues fixed	€	300,000		-	-	-	-
Total revenues	€	300,000	47,946	95,893	215,357	430,714	430,714
Business result	€	180,000	-124,360	-162,719	-255,777	-425,554	-425,554
Business result cumulative	€	180,000	55,640	107,079	-361,856	-788,409	-1,213,963

Example from Pass Rénovation

Charges	Hypothesis (for 2,000 SFH projects – 3y)	Done 2014-2018 (≈1,700 projects SFH + MFH)
Works	56.9 M€	38 M€ (25 M€ already engaged)
Service activity (internal staff, renovation technicians, operating costs...)	9 M€	8.5 M€

Resources	Hypothesis (for 2,000 SFH projects)	Done 2014-2018 (≈1,700 projects SFH + MFH)
Regional council Initial provision	8 M€	8 M€
Refinancing loan	47 M€ (EIB and CDC)	35.5 M€ (18 M€)
PSEE service	3.4 M€ 1,550 €/SFH project)	1.5 M€ (1,550 €/SFH project & 750 €/app.)
Subsidies (ELEAN, ERDF/CPER, other projects)	3.3 M€	3.8 M€
Energy savings certificates	4.2 M€	2.3 M€



6

15 RECOMMENDATIONS FOR NEWCOMERS

INNOVATE partners tell you what really matters when starting your one-stop-shop project.

1 Be aware that it might take a lot of time before you see the first results of your one-stop-shop.

"Attracting the interest of homeowners continues to be the biggest barrier. Although the one-stop-shop is very advantageous for homeowners, they are very careful to accept its offers. Our experience shows that, after the launch of the one-stop-shop, it may take up to two years before homeowners become interested in renovating their homes."
Frederikshavn

"It may take at least two to three years for the one-stop-shop to reach its breakeven point; hence, the challenge is to keep moving during this period. The one-stop-shop needs assurance and support from the partner organisations to sustain in the market."
Linnaeus University

"Consider the time that different stakeholders, especially public administrations, require to take decisions and implement certain measures. Different stakeholders have different time constraints."
AGENEX

"The downside of our one-stop-shop development process is the time it took to work out a concept and to make the hierarchy approve it. Also, the complexity of the system of players and stakeholders in Brussels does not allow an easy set-up of a new service or new products; we have to navigate between the existing schemes and coordinate with internal and external services."
Brussels Capital Region

2 Think big, start small: prove that your concept works and scale it up.

"In the beginning, when setting up the one-stop-shop, the biggest milestones were opening the first shop, helping the first customers and creating the first products together with contractors and suppliers. One of the first mistakes was to establish the shop before the products. However, Reimarkt gained valuable experience from these milestones for finding a viable formula, without any precedents. After our first physical shop, the second biggest mistake of Reimarkt was to upscale to five shops at once. Looking back this was too soon as we did not have a viable process or strategy at that moment, nor was the process scalable. On the upside, this made Reimarkt into a well-known brand in the Netherlands. The overall biggest challenges for Reimarkt were:

- *changing the mind-set of contractors and suppliers,*
- *making the process viable and scalable,*
- *move along with the highly dynamic political and social context of the energy transition."*

KAW

3 Take time for your local stakeholders and homeowners.

"Do not to be afraid of 'losing time' with early consultations and long discussions with your target groups. Even though they might seem time-consuming, these meetings are very helpful for adapting your actions to reality."

Brussels Environment and Litoměřice

4 Consider the geographical location, size and attractiveness of your territory.

"In large cities with strong population growth, the value of residential real estate is increasing month by month, therefore the motivation for home renovations is much greater than municipalities like ours. As population is declining we have more empty homes with negative housing values."

Frederikshavn

"If you opt for the 'facilitation model', you can provide the services on a smaller territory with local focus. However, it is more efficient to join forces and create regional or national one-stop-shop networks to mutualise their resources (online tools, communication materials, etc.)."

Énergies Demain

"The so called 'sales funnel' says clearly: the more people you reach, the higher your chances to increase the conversion rate. You have to estimate your costs and revenues as accurately as possible."

KAW

"Smaller cities might completely lack local suppliers. However, it is important to first evaluate the renovation potential and only then think of available suppliers."

Riga Energy Agency

Bonus info

In 2017, the French association of notaries carried out a study on green value of housing[9]. The results show that houses with A or B energy label are sold on average 6% to 14% more expensive than houses with D label while apartments are sold 6% to 22% more expensive. The situation is also very dependent on the real-estate-market. Where the demand for houses and prices are rather low, energy efficient houses are not more expensive, but are easier to sell. While where the demand for houses is higher, sellers can increase the price of more efficient buildings. However, where the demand is extremely strong, like for example in Paris, people are ready to buy «anything», so the price is very high although the energy performance is very bad.

5 Local suppliers might not be able to meet your quality criteria.

"The service area of the one-stop-shop is defined even more by the presence of qualified suppliers than by homeowners' interest in energy renovation. Everything starts with the quality level KAW is able to ensure. We started to work with five local suppliers but ended up working with bigger companies at national level that were able to meet our quality criteria."

KAW

6 Offer innovative services to your citizens.

"We extended the existing municipal registry of the housing stock and included data on energy and CO_2 savings resulting from home renovations and clean energy produced from photovoltaics. Thanks to the registry, the city is able to monitor the citizens' progress on the Near Zero Energy Building Roadmap developed for each registered house. The municipality is now developing an innovative financial reward mechanism for citizens who implement energy efficiency and renewable energy measures – a municipal credit card that contains a monetary equivalent of achieved CO_2 savings."

Aradippou

7 An online platform is a MUST to increase the one-stop-shop efficiency and conversion rates.

"An online portal is the key for reducing initial inquiries that our advisors would have to deal with. We need to get enough revenues to cover the costs. We need to be efficient so as to engage customers, while reducing costs and increasing conversion rates at every stage of the customer journey."

Parity Projects

"The biggest milestone was the launch of the online shop (www.reimarkt.nl) in combination with a tool that made refurbishment accessible to anyone at any moment: people can compose their own renovation package online. This milestone was essential in creating a scalable and more viable process. But please bear in mind that the most decisive factor is TRUST. "TRUST is a MUST". So don't put all your money in a platform and tools, but make sure you have (visible) trustworthy personnel."

KAW

9. www.notaires.fr/fr/immobilier-fiscalit%C3%A9/etudes-et-analyses-immobili%C3%A8res/performance-%C3%A9nerg%C3%A9tique-la-valeur-verte-des-logements

"On the one hand, it is good to have an online presence. On the other hand, some people who do not find the information they are looking for (e.g. cost/benefit analysis, etc.) could drop out of the process. Also, people who prefer to talk face-to-face could drop out of the process. On the other hand, the one-stop-shop has to be careful about the amount of information on the online platform: if there is too much, the development costs are high and people might be lost."
Linnaeus University

"There could be a single entry point at national level (internet and a call centre) that will provide basic information to homeowners and redirect them to a local one-stop-shop. This could be more efficient as all homeowners have the same questions, especially about subsidies. Also, it would make advisors' work in local one-stop-shops more valuable and attractive, as they do not have to repeat the same information all the time and can spare their time and competences for the later stages of the customer journey."
Énergies Demain

8 If you have sufficient financial resources, it is a good idea to build a physical shop.

"A physical shop can attract people walking in the street, who discover this shop by chance (perhaps people who we would not reach through other communication channels) and people who like (window) shopping. You need to animate the shop through events, parties, product demonstrations, exhibitions, etc.
French one-stop-shops have offices. However, not all of them have an open shop. They rely rather on the network of local stakeholders (real estate agencies, municipal services, etc.) who have offices open to the public and who can direct homeowners to the one-stop-shop. This network is particularly important for those one-stop-shops that are operating at regional level."
Énergies Demain

"It is necessary to have a flesh-and-blood advisor at the project definition stage, but s/he can also be available on the phone, or s/he can visit the home. An office is practical to make appointments."
Mantova

Bonus info

You may want to create an **open space dedicated to housing in general**, not only to energy renovation. In this place, homeowners can prepare contracts with tenants, building permits, etc. Example: The city of Lille in France and its La Maison de l 'habitat durable[10]. This space was set up 10 years ago and allows different stakeholders to showcase their services and products related to housing. The one-stop-shop is located in the very city centre, in an exemplary renovated building, which also shelters offices of local associations that regularly organise events on different topics.
The one-stop-shop could also be part of neighbourhood 'open centres for citizens' where one can access services and information on other topics related to city life (waste, food, etc.), giving it a less 'administrative' feel.

10. www.maisonhabitatdurable-lillemetropole.fr

"We want to provide a 'living experience' to homeowners. In our one-stop-shop they can see things of which they have only heard: products and technologies, services, housing innovations, etc. The Rotterdam model Woon Wijzer Winkel inspired us[11]. The fact that the local authority runs the one-stop-shop reassures homeowners, as it is an independent body. All interested private companies have the opportunity to display their products and services."
Heerlen

9 Get 'real' marketers and salesmen on board.

"Engage communication and marketing experts if you want to attract homeowners to your one-stop-shop. Market segmentation is key. You will not treat property owners in the same way as owner-occupiers. Local authorities do not always have such experts in-house."
Frederikshavn

"Your biggest effort should focus on attracting homeowners. There is not a simple or single way to do that, you should implement different approaches and tools."
AGENEX

"Energy counsellors and energy efficiency technicians also need to be involved in your one-stop-shop. In France we lack these experts, more people need to be trained."
Énergies Demain

"We will be hiring professional salesmen and marketing experts who can sell and convince people. If we only had technicians or manufacturers in the shop, the information would be too technical and confusing for homeowners. We will make use of the marketing tools developed by the Rotterdam one-stop-shop."
Heerlen

"'Sales engineers' who master the technical issues and sale practices as well as the 'renovation coordinators' are the future jobs that need to be created."
Linnaeus University and Parity Projects

10 If your one-stop-shop can get subsidies, use them to develop your infrastructure and partnerships.

"The creation of our one-stop-shop has been a very long endeavour. Before we got to the stage supported by able-to-pay homeowners, we had to find a business case to support the development of the basic one-stop-shop infrastructure, advice services and our installer network. Initially, Parity Projects focused on the implementation of energy efficiency measures that benefitted from the national grant scheme."
Parity Projects

11. www.woonwijzerwinkel.nl/

"At the development stage we first focused on social housing organisations that are easier to deal with and from which we could learn (flywheel of standardised products)."
KAW

"Public support is necessary in the start-up phase which can be longer than 3 years (also called a death valley). After this experimental period, you should reassess if your one-stop-shop concept is relevant and profitable (number of leads, clients, refurbishments, payments….). This monitoring is very important to be able to re-position yourself on the market. Either the one-stop-shop delivers a public service (awareness raising) and is rewarded for that or it becomes profitable and should streamline its services appreciated by the clients and improve the conversion rates. It is not obvious to choose one of the two ways as they are interlinked. Local authorities should have both types of actors in their territory and provide public support to both."
Énergies Demain

11 If your one-stop-shop is a private company or a cooperative, try to get support from local or regional authorities on which area you operate.

"What has been key in getting the one-stop-shop started were partnerships with the Greater London Authority and other local authorities as well as building trust and momentum with installers and partners. Local authorities are keen to support actions that result in energy and carbon savings. It is just difficult to get their logo on the scheme, unless they fund the one-stop-shop".
Parity Projects

"It is good to have public support, but this is not always very stable due to the stop-and-go effect that unfortunately occurs quite often. Private companies should not rely only on this cooperation and subsidies."
Énergies Demain

12 Consider alternative revenue sources for your one-stop-shop, in addition to service fees you charge to homeowner.

"We based our business model on taking a fee from installers in return for marketing, advice and coordination (which will provide them with value). The one-stop-shop is run by a partnership between Parity Projects, which focuses on marketing, advice and IT, and Retrofit Works cooperative, which manages the installers."
Parity Projects

"In France, Energy Efficiency Certificates (EEC) partly finance one-stop-shops. In the future, part of these financing instruments could be allocated to the financing of one-stop-shops as a 'reward' linked to the actual completion of works and their energy impact."
Énergies Demain

13 Deep renovation or step-by-step approach?

"We talk about two types of works which are not mutually exclusive, but these are two different markets (different services, different clients). The one-stop-shop has to develop strategies to capture them both. It should also take advantage of the life-changing moments during which people are more likely to take energy performance on board (e.g. when buying or extending their house due to a new family or health situation). The development of so-called building passports is also key so that investments are properly valued."
Énergies Demain

"We prefer the step-by-step approach. Promoting deep renovation can have a reverse effect on homeowners and we risk to lose the clients. In any case, each energy renovation plan contains measures leading to deep retrofit. It also describes the order of implementation, so that the homeowner can renovate progressively without a lock-in effect."
Frederikshavn

"We recommend a step-by-step approach and, in parallel, we build the capacities of stakeholders to implement deep renovation measures and raise the awareness of homeowners. It is easier to catch people who want to do small things and then convince them to do more."
Mantova

"It is necessary to educate people as they do not always understand which technical solution is the best."
Riga Energy Agency

14 The one-stop-shop can facilitate project bundling and act as an interface vis-à-vis financial institutions.

"Retail banks do not want to lose contact with their clients. They are ready to deal with them individually and are ready to finance their projects (for some type of customers). However, investment and development banks are more and more interested in developing another way of financing energy retrofits. They become ready to lend money to regional or local one-stop-shops who are able to bundle individual projects in bigger investment packages (for example, the European Investment Bank provided loans to some French one-stop-shops)."
Énergies Demain

15 You may want to opt for a neighbourhood approach in energy renovation.

"In Brussels, we opened six one-stop-shops in different neighbourhoods to be closer to homeowners. Later on, the region made a political decision to regroup the shops in one single location in the city centre. However, we are now about to reconsider this approach and decentralise the one-stop-shops again."

Brussels Capital Region

"There is an interesting case study of 'neighborhood renovation' going on in Nouvelle Aquitaine Region (France). In 2019, the Region published a call for projects to test a ***'grouped energy renovation'*** *of single-family houses. 74 homeowners of the Municipality of Canejan (Department of Gironde) have applied. The dwellings are located in two residential areas, built mainly in the 1970s and 1980s. The global operation, coordinated by the regional one-stop-shop 'ARTEE', is split in two phases:*

- *Phase 1: audits took place from December 2019 to April 2020 and consisted in auditing all the dwellings.*
- *Phase 2: implementation will take place from July 2020 to March 2021.*

At the end of Phase 1, 46 owners expressed their interest to continue with Phase 2. The homeowners aim at reaching the low energy standard and integrating renewable energy sources and sustainable building materials in their refurbished homes."

Learn more (in French): *www.artee.fr/actualites-home/renovation-energetique-groupee/*

Énergies Demain

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