



A 'PEP' Talk on House Doctoring

by Alex Wilson

Princeton Energy Partners might seem as if it's a company whose time has come...and gone. With low oil prices, everyone talks about how no one is interested in saving energy anymore. But that's not the case.

Princeton Energy Partners (PEP), a New Jersey-based "house doctor" company, is doing a booming business. It currently has eight franchises and plans to expand to 25 within a year. More significant, company president David Brown says that his firm has not been hurt by the lower oil prices. Even I, the eternal optimist when it comes to energy awareness, was surprised to find such an upbeat company attitude and thought it appropriate to tell the story of Princeton Energy Partners.

As long ago as 14 years, some of the most important research on building heat loss was being conducted by researchers at Princeton University. The work helped to provide a sound technical base for all the weatherstripping, caulking and insulating prompted by the Mideast oil embargo. Out of this research emerged the much-heralded house-doctor approach to analyzing and reducing building heat losses.

In the Beginning

Kenneth Gadsby and Gautam Dutt, two of the original Princeton University researchers, were the principal founders of PEP in June 1981. David Brown, who had served PEP from the beginning as a business consultant, became president in March of the following year. Brown, with two business degrees from the University of Pennsylvania and past positions with Morgan Guaranty Trust and Atlantic Richfield, had the business skills such a company requires.

With marketing help along the way from such people as Tom Mooney, a professional salesman who some might remember for his rousing talk at the 1984 Energy Retrofit Conference sponsored by the Northeast Solar Energy Association, Princeton Energy Partners seems poised for success.

Most of PEP's work involves new construction. At a cost of about 25 cents per square foot of living space, PEP goes through a house three times during the course of construction to seal it up. The company's treatment reduces the energy consumption of the house by 25 to 40 percent and, more important from a marketing standpoint these days, dramatically improves the comfort. Builders who use PEP's services, Brown reports, have experienced fewer callbacks from clients and a high level of satisfaction and referrals.

The PEP Approach

The three-step treatment during new construction is as follows: PEP comes in for the first visit after the rough framing, wiring and plumbing are completed to seal up all electrical and plumbing chases and penetrations along with other holes and gaps in the framing.

Workers visit again after the drywall is up, this time concentrating their efforts on attic "bypass" leaks. Air leaks through the attic are among the most significant contributors to home heat loss.

The third and final visit is made after



the house is fully completed and, preferably, after the buyers have moved in. Using sophisticated equipment such as blower doors, infrared scanners, thermometers, smoke guns and combustion analyzers, PEP thoroughly tests the house and makes any final tune-ups that might be necessary. After completing

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the tests, PEP awards the owners a certificate and a window sticker (yes, like the kind used by auto rustproofers).

This "show-and-tell," as Brown calls it, is important from an image and marketing standpoint. It gives the buyer a good feeling about the builder, which helps with referrals. And that in turn creates more business for the house doctors.

PEP has been involved in a major utility program with the Philadelphia Electric Company since March 1985. The power company, which is pushing energy conservation, pays for PEP to treat a builder's sample house and subsequently provides financial incentives for the builder to similarly upgrade other homes the builder constructs. In most cases, these builders contract with PEP for the energy work. So far, some 4,000 homes have been house-doctored through this program.

PEP offers house-doctor services for existing homes as well. The company sees tremendous growth potential in the existing-house market, but for the moment it is continuing to rely primarily on new construction.

Franchise Opportunities

Starting a PEP franchise is not a cheap undertaking. There is an initial \$15,000 franchise fee and a cost of about \$20,000 for equipment, plus a 5 percent royalty payment off the top to the parent company. In return, each franchise receives technical training and support, marketing packages and a protected territory of at least 100,000 dwelling units.

Two of the eight PEP franchises currently gross more than \$500,000 a year, and one should top \$1 million this year, Brown says, adding that PEP hopes to have 25 franchises grossing an average of \$1 million a year by the end of the decade.



A PEP employee seals a potential "attic bypass" where a plumbing stack penetrates the top plate in a new home.

Six of the eight franchises are in the Delaware Valley of Pennsylvania. The others are in Troy, N.Y., and in Grand Forks, N.D. (where a military base provides most of the business). Brown plans to expand primarily into other mid-Atlantic and New England states, and he is looking for "strongly entrepreneurial businesspeople" to start the franchises.

Brown doesn't seem too worried about the competition. Other companies are selling blower doors, but he believes that no one else offers as much marketing or technical support as PEP. The company has come a long way from its academic beginnings to its shiny, white trucks with bold, red logos. What this says is not just that one company seems to be thriving in the uphill battle against energy apathy. It also says that energy savings and comfort are still very marketable commodities.

Considering that PEP is able to gross several million dollars a year through house-doctor services in southeastern Pennsylvania—not an area known for its energy awareness—the opportunities in places such as Massachusetts and Connecticut seem tremendous. These need not be PEP franchises, of course, though a parent company's marketing and technical expertise might provide advantages to a start-up company.

For further information, write Princeton Energy Partners, P.O. Box 1221, Princeton, N.J. 08540, or call 215/493-5737. ■

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