

Here Comes the Sun

A faltering housing industry sees possibilities in solar

Two years ago, Robert Green and Gary Fairhead took a look around California's home construction industry and saw trouble. Years of unprecedented growth had been replaced by an historic downturn in new home construction. The housing bubble had burst and Green, who'd run his own plumbing and electrical business for 27 years, and Fairhead, with 20 years at the helm of his own roofing company, were on the lookout for business opportunities.

They didn't have to look far. Like most of the country, California had experienced energy shock. Electricity rates were soaring, oil prices were out of control, and an old energy source – solar power – was about to take off as it never had before.

Fairhead and Green recognized the tremendous potential in the suddenly booming solar installation market. They also understood that people with a well established knowledge and experience in the building trades were a natural choice for expansion into the solar installation field.

Green, who in addition to his general builders contractor license also carried licenses for electrical, plumbing and air conditioning, had managed 15 crews installing work for pool builders, general contractors, architects and homeowners. He added a solar electrical certification when the solar business was started.

Along with his roofing enterprise, Fairhead also did a substantial business consulting in the roofing business. As an industry expert, he consulted with attorneys and clients such as the Contractors State License Board on projects ranging from \$100 million class action lawsuits to simple homeowner disputes. Fairhead carries two general building licenses along with his roofing license. The longtime friends formed a partnership and decided that, with the help of AEE Solar, one of the top solar wholesale distributors in the country, they had a chance to make their mark in the newly burgeoning clean energy industry,

Exploding Market Growth

There is no question that solar is booming and the U.S. market is poised to become the largest in the world within the next few years. A recent market analysis by J.P. Morgan projected the U.S. will overtake Germany as the world's largest solar market by the year 2011. The report said the U.S. accounted for just 8 percent of the world's solar panel sales in 2007. Germany (47 percent) and Spain (23 percent) accounted for more than two-thirds of the world's 2007 PV panel demand. Even better for the new solar partners, the report noted that California alone is expected to represent the world's fourth largest market by 2011.

Congress passed a bill late this year extending the 30 percent federal income tax credits for residential and commercial solar installations through 2016. This will no doubt play a large role in convincing more home and business owners that the time to invest in solar is now.

Add to that the many rebates and other incentives offered by utilities, and state and local governments and the pot has been considerably sweetened for solar consumers.

Building the Business

With the solar market growing at a remarkably fast rate, the industry is having trouble providing enough knowledgeable installers to meet the demand, a fact that Fairhead said makes solar a good fit for smaller and larger companies alike.

“Many companies that enter the solar industry will be able to install one or two jobs a month,” Fairhead said. “But the potential to build over 10 jobs per month is there. Our average job in the Fresno office is \$70,000. The possibility of opening multiple, profitable offices is very real.”

Most contractors who make the move to solar will face a learning curve when confronted with their first attempts at designing and installing solar power systems, Fairhead said. But many of the fundamentals of running a successful contractor’s business work just as well in building a successful solar company. Got a contractor’s license in hand? The right insurance and good organizational skills? Then you’re already well on your way, Fairhead said. And he recommends “a close relationship with a good banker and a CPA” as well. “Proper capitalization and credit are a must in most businesses,” he said. “Solar is no different.”

Targeting Your Market

Even in a market as filled with opportunity as this, Fairhead said it’s wise to approach it with a marketing plan to make the most of it.

“Marketing and sales may be the biggest obstacle most contractors face when entering the renewable energy industry,” Fairhead said. “You’ve got to find someone who can set up a marketing plan and then be very diligent with carrying that plan out.”

First on Nova West’s agenda was getting a website (www.novawestsolar.com) together, Fairhead said. Second was putting to use all the relationships they’d developed through their combined 55 years in the building trade.

“We were able to start our venture by just contacting everyone we knew in the contracting industry,” Fairhead said. “We were also able to contact longtime customers who already knew and trusted us.”

Nova West has also focused a portion of its marketing specifically on business owners.

“These people already were familiar with investments and normally had higher utility bills than most people,” Fairhead said. And doing business with businesses, he added, helped send more commercial installations their way.

Hiring a sales force that “knows how to sell solar” is also a vital early step in setting up a solar contracting business, Fairhead said. To attract better sales people Nova West decided to pay better than the rest of the industry.

“Solar is not as easy to sell as one might imagine,” he said. “The sales people will need to have a basic understanding of construction and also be able to explain the advantages of investing in their own power plant as opposed to more conventional investments.”

Building a Quality Workforce

Once a new solar company has a smart marketing plan in place and a crack sales force in the field, Fairhead believes they are bound to get busy. In fact, Fairhead said the demand for solar is easily outpacing the supply of competent, reliable, knowledgeable installers. In building their workforce, Fairhead and Green brought to solar the same formula they'd used for years in the conventional building trade.

“We have built construction companies in the past and having journeymen type employees is an investment that should not be overlooked,” Fairhead said. “I have found that a man making \$20-\$40 per hour will protect that job at all costs.”

Workers who take pride in their work and project an attitude of service will instill confidence in consumers, Fairhead said. “A high degree of professionalism often brings customers to brag on what a great decision they made in choosing ‘their’ solar contractor.”

The Importance of a Good Distributor

With their staff and organization in place, Fairhead said Nova West Solar still lacked one vital piece of the puzzle. They needed a solar supplier and distributor they could rely on to keep their crews supplied and their projects moving. Fairhead said his ideal supplier would also need to be a kind of one-stop shop where he could get virtually everything he needed at competitive prices.

Fairhead said they got all that and more when they decided to go with industry favorite AEE Solar. The Redway, California, based solar wholesaler has spent the past 30 years building a reputation for the most technically savvy sales force in the industry. And Fairhead said AEE's know-how would prove itself a crucial part of Nova West Solar's success, particularly during its critical first year.

“We were very surprised at the amount of help we needed to truly start building a successful solar contracting business,” Fairhead said. “For us, AEE Solar was a perfect fit. The sales representative assigned to our account, Jack Tuttle, has been instrumental in helping us build our business.”

Tuttle handles accounts for AEE Solar in Southern California and the southern portion of the state's vast Central Valley, which includes Fresno.

“For the first 8 months, Jack was on the phone with us almost daily. No question was too small or too large. And the support AEE gave both Jack and our business was and will continue to be a major part of our success,” Fairhead said.

Good training, a helpful wholesale partner, good business sense and construction know-how are all fundamental to making a successful move into the lucrative solar installation industry. And as the market continues to grow more experienced contractors will come to learn what Fairhead and Green already know: It's a new day in the solar industry and those who catch on early will be the first to reap its rewards.