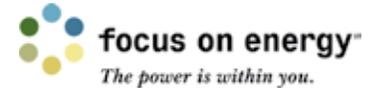




## Food Service Equipment Distributor Leverages Energy Efficiency Program to Reach Profit Goals



Kessenich's Ltd., a food service equipment distributor based in Madison, Wisconsin, has turned the promotion of ENERGY STAR® qualified commercial food service (CFS) equipment into a highly successful business strategy. Like any good business strategy, Kessenich's current promotion of energy-efficient CFS equipment has increased total profits and enhanced the company's reputation for excellent customer service. Kessenich's business strategy also has the benefit of helping customers increase the environmental sustainability of their commercial kitchens by selling them ENERGY STAR qualified CFS equipment. This strategy has not only raised Kessenich's visibility in the marketplace, but also significantly augmented sales, resulting in nearly a 60 percent sales increase of ENERGY STAR qualified CFS equipment in one year.

A key element of Kessenich's business strategy was partnering with Wisconsin's energy efficiency and renewable energy initiative Focus on Energy. Focus on Energy offers a wide range of incentives for ENERGY STAR qualified CFS equipment, as well as other energy efficiency solutions for commercial kitchens. In 2006, Kessenich's management teamed with an energy advisor from Focus on Energy to leverage shared interests in cutting costs and energy use in commercial kitchens. This relationship became the basis of Kessenich's fruitful business strategy promoting energy-efficient equipment.

To maximize the benefits of this partnership, Kessenich's employed a number of internal strategies to increase profits and help sell energy-efficient equipment. Some of these key steps to success included:

- Educating staff on energy-efficient equipment benefits and available incentives.
- Educating customers on the cost-saving benefits of ENERGY STAR qualified and energy-efficient CFS equipment, which included placing signage on the showroom floor highlighting Focus on Energy incentives.
- Taking steps to make the incentive application process easier for their customers.

- Expanding staff expertise beyond equipment to include other energy-saving opportunities for commercial kitchens (e.g., lighting), and sharing this information with customers.

Another key element of Kessenich's business strategy was providing sales staff with the tools, information, and education needed to effectively sell energy-efficient equipment. Two staff members researched and created a master book that provided important information for the entire sales process. This book included information about equipment models eligible for Focus on Energy incentives, as well as comparisons of quality, performance, and energy savings between energy-efficient and standard equipment models.

The master book was supplemented with information and links to the ENERGY STAR and Focus on Energy online calculators to help estimate the monetary savings achieved with energy-efficient CFS equipment. Kessenich's sales staff was then trained on this information, notified of the available sales tools,



Kessenich's Al Augustine with an ice machine displaying rebate and energy efficiency signage.

### What is Focus on Energy?

Focus on Energy, Wisconsin's energy efficiency and renewable energy initiative, works with Wisconsin residents and businesses to manage rising energy costs, promote in-state economic development, and control the state's growing demand for electricity and natural gas. In recognition of Focus on Energy's continued excellence in energy efficiency program delivery, the program has received its third ENERGY STAR Award for Sustained Excellence in 2008. Focus on Energy currently offers incentives for ENERGY STAR qualified steam cookers, fryers, hot food holding cabinets, ice machines, and commercial refrigerators and freezers. The cornerstone of Focus on Energy's success has been working closely with equipment suppliers on coordinated promotions for energy-efficient equipment—a strategy on which Kessenich's Ltd. capitalized. Focus on Energy ensures that equipment suppliers are informed about available incentives, and provides information and tools to help them promote savings opportunities to their customers.

and encouraged to explain the benefits of energy-efficient equipment to customers.

In order to educate its customers, Kessenich's sales representatives made side-by-side comparisons of the costs and savings associated with owning standard versus energy-efficient CFS equipment on a model-by-model basis. For example, opting for an ENERGY STAR qualified commercial refrigerator can translate into savings of around \$185 annually. Saving \$185 a year might not seem like much until considering the slim profit margins in the restaurant industry. If a restaurant operates with a profit margin of 5 percent (an approximate industry average<sup>1</sup>), the restaurant will need roughly \$3,700 in sales to earn \$185.<sup>2</sup> Equipment sales representatives find this kind of illustrative example easily demonstrates which piece of equipment will provide customers the greatest long-term value for their business.

After learning more about energy efficiency opportunities and available incentives, Kessenich's drove sales of energy-efficient equipment by packaging easy-to-understand information about the equipment's cost-saving benefits together with information outlining Focus on Energy's incentive application process. When a customer now goes to Kessenich's and purchases CFS equipment that qualifies for a Focus on Energy incentive, at the time of sale Kessenich's staff supply the customer with the following documents: 1) the appropriate Focus on Energy incentive application form; 2) the qualifying CFS equipment invoice; 3) a clear and concise instruction sheet that Kessenich's developed to assist customers with filling out the incentive forms correctly; and 4) the contact information for Kessenich's and Focus on Energy staff if customers require further assistance.

Kessenich's packaged all of this information to make it easy for its customers to apply for energy efficiency incentives from Focus on Energy. This strategy has led to impressive results: to date, roughly 70 percent of all CFS incentive dollars requested from Focus on Energy have been from Kessenich's customers. Kessenich's has found that this extra commitment to customer service not only helps to retain existing customers, but also brings in new business via word of mouth from satisfied clients.

Kessenich's also employed energy efficiency efforts beyond the realm of CFS equipment. Kessenich's sales representatives often recommend that customers investigate Focus on Energy's other energy efficiency offerings, such as incentives for efficient lighting and ventilating equipment. Since facilities

with commercial kitchens consume approximately 250,000 British Thermal Units (Btus) per square foot of energy—roughly 2.5 times more energy per square foot than other commercial buildings—there are many areas, both in and out of the kitchen, where energy efficiency improvements can have a large impact.<sup>3</sup>

Kessenich's product knowledge and its steadfast commitment to customer service is a winning combination that keeps customers returning to the company for their CFS equipment needs. Director of Sales Al Augustine commented on Kessenich's business philosophy saying, "Promoting energy-efficient equipment proves our dedication to the customer. Customers appreciate it when we take the time to explain equipment to them and show them how they can save money."

**Selected CFS Equipment Sales for the 1st & 2nd Year of Kessenich's Energy-Efficient Business Strategy**

Equipment Type	Number Sold 1st Year (07/06 to 07/07)	Number Sold 2nd Year (07/07 to 07/08)	Percentage Sales Increase (1st to 2nd year)
<b>ENERGY STAR</b>			
Refrigerators	53	77	45%
Freezers	36	39	8%
Hot Food Holding Cabinets	3	21	600%
Steamers	1	7	600%
Fryers	0	2	200%
<b>Energy Efficient</b>			
Ice Machines	11	38	245%
Convection Ovens	40	71	78%
Combination Ovens	1	4	300%
<b>Total Equipment Sold</b>	<b>145</b>	<b>259</b>	<b>79%</b>

### How You Can Get Involved

- 1) Work with ENERGY STAR to train your staff about ENERGY STAR qualified equipment.
- 2) Determine if there are energy or water utilities offering rebates in your area by using the ENERGY STAR CFS Incentive Finder at [www.energystar.gov/cfsrebate\\_locator](http://www.energystar.gov/cfsrebate_locator).
- 3) Assess your inventory—Do you already stock ENERGY STAR qualified or energy/water-efficient CFS equipment?
- 4) Visit [www.energystar.gov](http://www.energystar.gov), [www.cee1.org](http://www.cee1.org), and [www.fishnick.com](http://www.fishnick.com) to learn more about energy- and water-efficient equipment and how to stock it.
- 5) Promote ENERGY STAR and energy- and water-efficient equipment for your customers. ENERGY STAR can assist in developing point-of-sale (POS) and promotional materials for your distributorship.

### For more information, please contact:

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### Footnotes

<sup>1</sup> National Restaurant Association (2008). 2007/2008 Restaurant Industry Operations Report, as cited in National Restaurant Association's 2008 Restaurant Industry Forecast (page 17).

<sup>2</sup> Using base case assumptions in the ENERGY STAR calculator for refrigerators. [www.energystar.gov/ia/business/bulk\\_purchasing/bpsavings\\_calc/Commercial\\_Refrigerators\\_Bulk.xls](http://www.energystar.gov/ia/business/bulk_purchasing/bpsavings_calc/Commercial_Refrigerators_Bulk.xls)

<sup>3</sup> ENERGY STAR Commercial Food Service Web site. [www.energystar.gov/index.cfm?c=commercial\\_food\\_service.commercial\\_food\\_service](http://www.energystar.gov/index.cfm?c=commercial_food_service.commercial_food_service)