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Erik Birkerts Q&A **New**

Partner Evergreen Growth Advisors

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It's little wonder that [Evergreen Growth Advisors](#) Partner Erik Birkerts has such a keen interest in energy efficiency, advanced building materials, and smart lighting.

"My dad is an architect and he has always pushed the envelope on new ideas, particularly on ways of making buildings more expressive and maximizing daylight," Erik Birkerts explained when we caught up with him recently. "So, my interest in those issues developed early on."

Saying Erik's dad is always pushing the envelope is an understatement. Way ahead of his time, Gunnar Birkerts is one of the most acclaimed American architects of the last half of the twentieth century, known for bold forms, stratified walls, and bringing daylight in interior spaces. Some of his designs include the Corning Museum of Glass in Corning, NY, the Federal Reserve Bank of Minneapolis, and more recently the Joint Library of the City of San Jose and San Jose State University – the first institutions in the country to combine the repositories of a city and a university under one roof – and the Latvian National Library.

So, it should be no surprise that his son Erik is up to his eyeballs in today's energy efficiency movement. Prior to co-founding Evergreen Growth Advisors, the Chicago-based business strategy and sales consultancy, he was Chief Operating Officer and EVP of Orion Energy Systems, a leading maker of energy efficient lighting systems and renewable technologies.

Later this month, Erik will be among the speakers at the [Smart Lighting Value Chain Summit \(June 20-22\) in Santa Clara, CA](#). As a prelude to the conference, we posed a few questions to get Erik's insight and perspective:

(1) Over the past five years there has been much buzz and excitement about clean technologies and a significant amount of capital invested in new companies promising dramatic improvements in how energy is used and consumed. How have things played out thus far?

From a business standpoint there have been some remarkable successes – Cree in advanced lighting, EnerNoc in demand-side management, and Sage Electrochromics in advanced building products, to name a few – that have grown fantastically from start-ups to relatively large companies. Equally impressive, these companies have changed industries and dramatically altered the market landscape.

Unfortunately, these companies and some others are the exceptions. The majority of companies in the clean tech sector are underperforming relative to the expectations placed on them a few years ago. Granted, it has been a difficult operating environment. The economy has been in severe recession, the carbon trading market failed to take wing and partisan politics have slowed the "green" movement.

But we believe that this underperformance cannot be ascribed solely to external factors. From our vantage point working in the industry, we have also witnessed some business strategy breakdowns that have really held back some promising companies.

(2) Can you provide some examples?

Sure. We consistently see companies struggle to develop effective sales strategies. For instance, many companies correctly identify that building a network of channel partnerships is an effective way to take their products to the market. However, these companies often fail to realize that they need to invest time, effort and resources in building relationships and mindshare within these partner organizations in order for these partners to actively sell and promote their solutions. All too often we see companies enter partnerships and then get frustrated that sales don't immediately materialize. Yet, when we ask these companies about the level of training, sales support and marketing assistance they are providing we frequently get blank stares.

(3) Companies sell through partnerships in a host of different industries. Why do you think many clean tech companies are struggling with this?

It is important to take a close look at some of the dynamics that are taking place in the marketplace. These new energy efficient and clean technologies have essentially re-set the market lifecycle for many product categories. Mature and well understood products sold through low-cost/low-support channels – like Grainger or Graybar – are being replaced by more sophisticated and complex technologies that require significantly more customer support and hand holding. Consider lighting. Until recently, it was a mature product category, sold and installed by a network of agents, architects, specifiers, distributors, contractors and installers. It involved shipping palettes of fixtures into new construction. Pretty straightforward, and an industry that hadn't changed in decades.

Now, with the introduction of advanced lighting technologies such as LED as well as the complexities surrounding lighting controls, not to mention dealing with how to retrofit existing buildings, these "old school" channels are struggling. Their business models are not set up to evangelize new technologies or to handle the technical complexity of the sales cycle.

You see this happening right now in lighting, HVAC, building materials – all over. With the amount of change taking place in these product categories and the pressure the channels are facing to adapt – it's no wonder that sales are disappointing if companies simply turn products over to a partner and hope for the best.

(4) Given what you just said, what is a recommendation you might make to help one of your clients successfully navigate through these challenges?

One imperative is to closely align with channel partners, to engage with them more actively. Many channel partners have long standing relationships that can be invaluable for customer acquisition. The key is to become an integral part of the business development process vs. waiting passively for sales. In other words, they bring the lead and you bring the sales and technical expertise and together you close the deal. Everybody is happy. It is a much more engaged and hands on model.

(5) Energy efficiency projects and sustainability initiatives seemingly make good business sense. Are customers in the marketplace embracing these benefits?

There is no doubt that corporations are becoming more sophisticated about their energy spending and how to minimize it. Most large companies now have "energy czars" with sizable authority to push through important efficiency projects. And, when building new facilities,

companies are looking to embrace sustainability and energy efficiency. There is also growing realization that beyond energy savings, sustainable buildings lead to productivity gains and other so called "soft" benefits.

(6) If that's the case, it would seem closing sales would be getting easier.

Unfortunately, economics and company finances still play a major role. Many of these new technologies are expensive to acquire and deploy despite the paybacks they ultimately deliver. They involve upfront capital costs and these dollars compete with other corporate initiatives. When trade-offs need to occur, investments in "core" operations usually win the day and clean technologies and energy efficiency projects are viewed as "nice to haves" and get pushed off to another day.

(7) As you mention, the upfront capital cost for many of these technologies is significant. How are successful companies overcoming this challenge?

Some of the smarter ones are moving quickly to establish partnerships with some innovative finance companies. For instance, there are several – Metrus Energy, Transcend Equity, Green Campus Partners – that have strong appetites and new business models for financing energy efficiency projects, including retrofits, and getting paid from the savings created. Interestingly, Metrus Energy and Transcend both provide energy savings under a services agreement structure in which projects are funded off-balance sheet using the operating budget of client companies.

(8) Do you have any final thoughts on strategy that might benefit our readers?

I believe it is important for our client companies to explore partnerships with companies providing complementary technologies and products. Impactful sustainability and energy efficiency projects are multi-faceted, involving a variety of different strategies and technologies. Some interesting combinations can be and should be created as a result.

When I was a senior executive at Orion, we were successful deploying lighting retrofit projects for large corporate customers. By offering paybacks in less than 24 months while improving lighting conditions, Orion had a powerful value proposition. And, we grew rapidly.

After we would complete a lighting retrofit, it became increasingly apparent that customers were continually searching for additional ways to save energy. They were hooked. Orion moved quickly to take advantage of this by incorporating other energy efficiency and renewable technologies into its portfolio, and could then sell added solutions into its existing customer relationships. Today, Orion is a highly successful solar integrator in addition to selling lighting and other efficiency technologies. That's an excellent example of a company that expanded its network of strategic channel and technology partners.