



# Energy Efficiency – How to get it to work for you

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do not believe there is anyone in business that would deny the potential financial benefits of energy efficiency that can accrue within an organisation. Yet, time and again, experience shows sub optimisation of the multiple cost reduction and growth opportunities available, due to poor understanding of measurement, its analysis and connectivity. What gets measured (badly) gets managed (badly).

Indeed, it is universally acknowledged that getting cost cuts to prevail over the long term has always been a problem<sup>1</sup>. In a great many cases there is a lack of understanding as to the true drivers of costs and how to apply maintenance to any reductions over time. Additionally, there is a lack of motivation to conduct a robust examination of which costs can, and should be cut. At other times, severe measures are taken to cut costs with unrealistic targets set and no accountability of which cost cuts add or destroy value. Lastly, other cases show the use of inappropriate or incomplete data for tracking costs, so, missing opportunities, and throwing confusion into accountability.

To maximise the opportunities from energy efficiency, it is important to think of it as a three-dimensional process<sup>2</sup> and requires moving away from the lack of integration of efficiency projects and their registration on an activity-by-activity basis. Indeed, energy efficiency must be orchestrated through a sustainably viable focus making efficiency accountable, and treated with the same level of transparency as the financial metrics to make efficiency effective.

Also, from experience, while investment in low-carbon technologies, or more fuel-efficient fleets, will help reduce energy consumption, resource input and lower greenhouse gas emissions — to optimise

such investments, the procurement of such technologies must be connected to the sustainable viability of the firm's primary objectives. This creates greater visibility, inclusion and accountability of sustainable viability across functions and units: it evokes the ability to apply whole life cost analysis of asset ownership, and initiate post project measurement and verification, critical to deliver confidence in current and future energy and resource project savings claims.

Moreover, driving energy efficiency in a holistic manner illustrates the interdependence of all functional areas and units, and shows how they can react with one another to destroy value. In seeing this largely hidden cost and waste allows you to elevate both asset and operational optimisation. Hence, it allows ambitious organisations to capture, create and deliver more value and serve customers better.

So, in conclusion, to make energy efficiency work for you:

- ◆ Understand what the future horizon looks like in terms of accountability life cycle
- ◆ Develop clear, material and contextual key performance indicators
- ◆ Protect the organisation from random efficiency projects
- ◆ Create refined communications to capture, create and deliver more value **FME**

<sup>1</sup>Getting Energy Efficiency To Stick – Christopher Gleadle, Feb 2011

<sup>2</sup>Sustainable Growth Through Sustainable Business, Christopher Gleadle, 2010

