

# Influencing the Board – An Energy Managers Guide

## An EMA Working Group Paper

### Introduction

#### Why is Energy a Boardroom Issue?

Energy has become a Boardroom issue as the cost of energy and new legislation are increasingly affecting the bottom line of businesses. Quite simply, business cannot afford to ignore energy and carbon reduction any longer – the financial and risk implications are too large.

Experts report that around £0.5bn (21%) of the UK's energy spend is being wasted. To make matters worse, energy costs have risen by around 30% since January 2011. This trend is not expected to slow down in the near future, analysts predict further rises of 40% or greater over the next 5 years. It is clear that good **Energy Management is essential for business survival.**

### Contributors:

#### The EMA Behavioural Change Working Group

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## PREPARATION IS KEY!

Your business case needs to get the Board's attention by standing out from other submissions which battle for attention. If your idea is not well thought through and presented, Board Members will not take you, or your ideas seriously.

When you've got to a mature idea, engaging with Board Members individually to get getting buy-in from them, before you formally approach the Board with your idea is beneficial. It will:

- Ensure there are no surprises on the day of your presentation
- Allow the Board to digest your idea and its benefits over a longer time
- Allow you to test your idea with the key decision makers
- Help you tailor your message appropriately
- Gain an advocate(s) on the Board
- Give the Board a sense of 'ownership' over your idea – they have been part of its development already.

From the engagement work, you should already have one or more Board Members on side who have an interest in your idea. An advocate on the Board can get you and your business case a slot in the Board Meeting, particularly if they feel it's in their interest.

Alternatively you can go up the existing chain of command to the Board. However, the most effective advocate is and Board Member who backs you. This approach means that you will have a powerful ally to support and lend weight to your suggestions.

*"In my experience of engaging with the Board I have found that talking in their language without Energy Management jargon is hugely beneficial; for example positioning energy management and reduction in line with business plans, goals so they can see direct linkages. You could also balance financial benefits of reducing energy with other CSR benefits and brand protection/enhancement etc. Put simply the business case needs to be easy to understand and contain a compelling story about why it needs to happen."*

**Tim Snaith, Head of Engineering and Energy, Alliance Boots**

## GET YOUR STORY TOGETHER

Clearly and concisely define and understand what it is that you're suggesting and why. What are the benefits and why should the Board be interested in it – if you don't know then how can you convince others.

- What is needed? – Clearly describe your idea
- Why is it important? – What benefits will it give the company?
- How will it benefit the Company? - Does it improve Profit, CSR, Shareholder Value etc.?
- Prove that it fits with company strategy and mission – (find this on your website!)

Your message needs to be concise yet compelling, delivering both the idea itself and the benefits of adopting it. If you can add a third factor which addresses the dire consequences of NOT adopting your idea, then all the better!

On the following page are some tips to help you get a strong and compelling business case together:

## PUT YOURSELF IN THEIR SHOES

You will need to understand and meet the drivers of the various people involved.

Generally there are a number of business areas represented on the Board and all of them will have different drivers and ultimate goals. While an improved CRC rating may get the Corporate Responsibility Director excited, the Finance Director will just want to know if it will save or earn the company any money.

## ADDRESS YOUR COMPANY STRATEGY

An important thing to remember about the CEO is that his or her role involves in ALL aspects of the business. Therefore they only have time for the headline issues.

CEO's tend to focus on all three major groups of stakeholders and are typically driven by:

- Shareholder Value
- Sustainable Business Success
- Creating a legacy

You need to focus on how your idea helps to achieve the company strategy and mission, so you need to emphasise the overall positive impact that your idea will have on the business and the negative consequences of NOT adopting it.

## IT'S A NUMBERS GAME

It is no surprise to find that Finance Director's drivers centre around financial benefit. They need to ensure that the business is as profitable as possible and that they don't fall into any pitfalls relating to tax and other such regulations. Finance Directors could see energy saving measures in general as a cost rather than a benefit, despite the longer-term rewards.

Point to benefits of saving carbon in terms of costs rather than just tonnes of carbon, emphasise how little it costs to make employees aware of their impact on energy consumption, and how much money can be saved by simply encouraging people to behave differently.

## PEOPLE POWER

The HR Director's role is centred around people and today it includes a more holistic approach to people management and can include areas such as training and development, communication, and CSR. You should remember that energy can be important to the HR director as...

- People want to work for responsible companies
- People are generally more aware of the environment than ever and many already want to 'do their bit'
- Energy Management fits in with wider CSR objectives

The HR Director will be interested to know how this fits with employee engagement and communications. What training requirements are there, and how will these be fulfilled, i.e. in house or by a specialist advisor.

## ENERGISE YOUR OPERATIONS

Operations Director's generally have the majority of the workforce directly under their authority and they have a large influence over the energy behaviours and culture. They are key stakeholders when it comes to the softer side of Energy Management – behaviour change.

The primary concern of an Operations Director is to deliver products and services and they will have targets set in terms of output cost per unit delivered. Any initiatives need to have minimal/zero negative short term impact on operations, whilst providing a benefit in efficiency and cost in the longer term. Behaviour/Culture change can deliver this goal and the challenge is to demonstrate this to the OD effectively.

*“Key to getting Boardroom backing is to recognise the drivers of your audience and channel your idea to fulfil these needs.*

*So, for example, if your CEO is motivated by shareholder value and legacy (most CEOs are motivated by these), say how your idea meet these drivers.*

*The same would be true for your Finance Director, who is largely driven by profit or your Line Managers who would need to see what opportunities you can offer them. So in essence think ‘what can I do for them’ rather than ‘what can they do for me’.”*

**Haydn Young, Sustainability Programmes Director, GAIA Active**

## INTO THE DRAGONS DEN...

You’ve done your homework, gained some valuable insight and support and now you find yourself inside the Boardroom with a presentation to give.

You are on your own now – or are you? Your preparation will mean you have a good understanding of your idea, the benefits and reasons for doing it and may even have one or more Board Members onside already. Therefore you just need to take a deep breath, relax and get talking! Remember:

- Be yourself – it will make your presentation and message more believable
- Listen carefully to responses, comments and questions and record any questions as you go
- Refer to previous conversations and agreements from your preparation to transfer some ownership
- Don’t forget to thank them for their time

## MAINTAIN MOMENTUM

Obviously the preparation and execution of your presentation to the Board is important, but it is just as important to keep momentum going after the event. This maintains the sense of urgency and keep up interest.

- Write up (or check someone else's minutes) from the meeting and recap all key points
- If any of your meeting notes are unclear, or if you don't remember a key fact, clarify these as soon as possible. Things will get worse the longer you leave them
- Make sure you keep on top of any actions arising from the meeting
- Give regular feedback and progress reports to the Board, preferably during the Board meetings to keep it on the agenda
- Ensure all successes, however small, are highlighted to the Board to pressure them that backing your idea was/will be good decision by them
- Keep up the network of important connections you have made during this exercise, especially anyone who has been an advocate

## ABOUT THE ENERGY MANAGERS ASSOCIATION

The EMA was established in February 2012 and it now represents Energy Management professionals from companies with a collective energy spend of around £3 billion.

### THE AIMS

- Improving the standing of those working in the Energy Management industry.
- Raising Energy Management as a Board Level issue.
- Building a career structure in Energy Management.

Working with government and industry, the EMA realises its goals through three broad channels:

- **Policy:** Energy Management is becoming an area of priority for government and OFGEM. The EMA is working to develop policy with civil servants to make sure that we are not writing responses to consultation but instead helping government to ask the right questions in the first place.
- **Best Practice:** Energy Managers are regularly finding innovative new solutions to problems and they are often happy to share their secrets. The EMA gives members the chance to share their experiences and learn from the experiences of others.
- **Networking:** Regular EMA meetings and get-togethers are held across the country and provide great opportunities to discuss Energy Management at an individual and industry level.



## EMA WORKING GROUPS

The EMA runs working groups in a number of areas to provide a platform for discussions around best-practice and policy. Through consultation, debate and ultimately the publication of EMA Working Group Reports, we build unified positions and foster new ideas to take the industry forward.

Places on working groups are only available to EMA members, except where the group is seeking specialised knowledge from outside the industry. To find out more about EMA membership and working groups please contact [alec.falconer@theema.org.uk](mailto:alec.falconer@theema.org.uk)