

How to turn the cost of energy into widgets?

Widgets is a fine generic term for anything a company produces, or is being used in this article as such. The problem for most energy managers is that the core purpose of a company is the production of widgets or, to use a more specific example, a supermarket chain sees their purpose as selling as many groceries as possible. Energy is often seen as a commodity that is needed in the running of a supermarket but otherwise ignored, a number on a balance sheet.

So how does the energy manager engage the directors of a board in an issue most show little interest in or understanding of? The answer is really quite simple, instead of using cost of energy or Kilowatt hours which is frankly meaningless to most people; convert the cost into the price of a widget. The widget might be a service, a piece of fruit, a cinema ticket, whatever is the main product of a company that can be unit costed, then divide the energy bill by the widget. This will give you a

clear way of expressing energy against the activity of the company. The board will be aware of the cost associated with a widget and it is a compelling argument to say if you as a company reduced your energy bill by x, you would not have to sell y amount of widgets.

A further refinement is to divide the yearly total into a short time scale: a year, a month, a week even a second. Dotted around the page are some examples with the answers at the end. The psychology of this approach works because the board can convert a bill into a metric they really understand.

Have a go with your own organisation; the potential savings can always be converted into profit or a reduction of sales projections or even the wages of staff. All these suddenly get quite a lot of interest and could put energy reduction finally at the top of the board's agenda.

Questions for the board

As a member or Trustee of a Board you are expected to understand all financial risks. Whilst energy may not be your largest cost, it could be the most variable next year.

Here are three simple questions to test your knowledge:

1

How much does your company spend on:

Electricity?

Gas?

Water?

2 What does this cost mean to your company?

To help you, see examples below:


**X
2**



A supermarket has to sell two full shopping trolleys per second to pay their energy bill.

= 1s

**X
1**



A construction company would need to build one mile of road a week to pay its road fuel bill.

= 1w

**X
7,200**



A pub has to sell 7,200 pints an hour to pay their energy bill.

= 1h

**X
432,200**



A hotel has to sell 432,200 hotel rooms per year to pay their energy bill.

= 1y

Try the calculation for your business! How much of your product/service would you need to produce in order to pay for your annual energy bill?

SHORT ENERGY MANAGEMENT TRAINING COURSES

FUNDAMENTALS OF ENERGY MANAGEMENT-ENERGY AUDITING-
PROCUREMENT-MONITORING, TARGETING & VALIDATION-HVAC
CONTROL & OPTIMISATION-WATER MANAGEMENT-
BEHAVIOURAL CHANGE-ONSITE GENERATION-LIGHTING-DATA-
BUILDING SERVICES-BATTERY STORAGE-STRATEGY AND MORE