

## THE BENEFITS OF ENERGY MANAGEMENT

Some organizations pursue energy efficiency improvements while others remain disengaged and noncommittal. Why? Energy costs are the largest expense behind labour costs in many organizations. Staffing is nearly always considered a strategic issue, but not energy. Why not? Despite its prominence, energy does not typically get managed like other major cost centres. What are the barriers?

Among the most common of reasons are the following:

1. Executives consider energy to be unmanageable. Their attitude is that energy is the “cost of doing business”. Energy is needed simply to keep the doors open and to keep the business in business.
2. Extracting energy cost and consumption information from utility bills can be time consuming and onerous. Organizations with several sites and accounts have an especially difficult task getting a corporate view.
3. It is assumed that reducing energy waste is always about technology investments – changing the lights or bringing in a more efficient piece of equipment. The assumed capital outlay and potential disruption to operations puts energy efficiency down the priority list.



For most organizations, energy efficiency is not a management priority, nor commonplace. What will overcome the barriers that are preventing organizations taking action on energy efficiency?

It is unlikely an organization will put energy management on its corporate radar until someone on the executive team takes the initiative. When the corporate office starts to worry about the cost of wasted energy, or the impact of the organization’s energy practices, something will be done. Finding or having an executive champion is the first step.

There’s a management principle that you can’t manage what you can’t measure. An organization has to develop a baseline or inventory of energy use. Just as importantly, costs also need to be captured. This process can be daunting. But having a clear picture is necessary. Investing to get basic information is the second step. Corporate teams should expect to be surprised by what they discover.

Energy is ubiquitous. It impacts every aspect of an organization. Energy management takes this reality into account. Managing energy is not just an operational issue. The CFO, procurement, communications, logistics, CSR and other functional areas all play roles. The third step is to create a C-Suite energy team. Some larger enterprises will hire an energy manager – usually without senior executive responsibilities, often into a lonely, silo position. Many opportunities for process improvements are lost by relying on this approach.

Corporate energy management, once best practices are followed, provide a myriad of benefits. Foremost, it uncovers waste. Energy management helps uncover process improvements; identify redundancies, faulty equipment, inaccurate utility accounts and inefficient practices. Energy management reduces costs, often without any impact to operations or production. Organizational behaviour change with regard to energy use can mean big savings and operational improvements without major capital investments being required at all.

Energy management can unlock some other, unexpected benefits as well. The risks of climate disruption are becoming obvious to more and more people. Evolving social, political and technology contexts are disrupting the business environment. More and more organizations are treating their energy use and corporate greenhouse gas (GHG) emissions as a strategic issue. Those that proactively manage their energy are realizing additional benefits around improved regulatory compliance, risk mitigation, and employee engagement.

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