

## YOUR COMPETITIVE ADVANTAGE

Energy efficiency solutions for Australian transport and logistics SMEs



### How to guide no.4

## Implementing energy efficiency and 'Getting it Right'

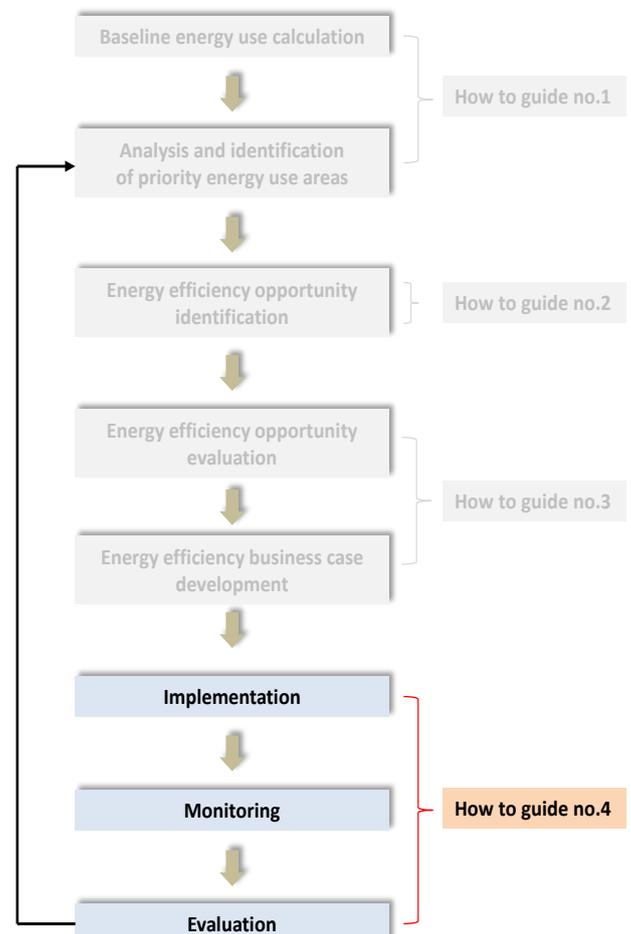
### ► Introduction

Within the context of the energy management process, this document covers the steps associated with implementing opportunities and ongoing monitoring and evaluation of their success.

This document provides information and guidance to help SMEs implement energy efficiency opportunities in their operations.

It is one of four How-To Guides and other resource material developed by the Supply Chain and Logistics Association of Australia (SCLAA) and its project partners for SMEs in the supply chain and logistics sector.

The full suite of resources can help achieve energy efficiency improvements and energy cost reductions, and is accessible from <http://energy-efficiency.sclaa.com.au>



Businesses typically take one of two approaches when looking to implement energy efficiency:

- i) The first sees businesses undertake an energy audit to quantify energy use, but implementation of opportunities is left as a follow-up step and may or may not occur.
- ii) The second approach is when businesses use a 'pick list' to choose particular energy efficient measures and trial them immediately with no real understanding about why or how they identified and implemented an opportunity

Ideally, implementation should sit between these two approaches, where a business takes steps to understand their energy use, identify improvements, and implement those improvements whilst monitoring their progress and impacts. There are also some pre-implementation requirements to ensure success.

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### ► 5 Steps to Pre-Implementation Success

1. Stakeholder buy-in (staff and management)
2. Transparency of project intent and process
3. Manage expectations
4. Communicate clearly and often
5. Plan, plan, plan

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### ► More than just data

Implementing energy efficient measures within a business is about more than just data capture (How-To Guide No.1 covers data issues). It's about integrating systems and people to get a meaningful result.

Although many businesses within the supply chain and logistics sector can have similar operations, the way they are managed can be quite different. The type of staff, management structure, location and operating conditions can vary significantly from one organisation to another.

Therefore a one-size fits all approach will not always work, but taking the time to consider the issues in this How-To Guide will assist the process.

### ► Management support

One of the common issues faced by champions of energy efficiency is lack of support or endorsement by senior management. That's why this was put forward as an essential element of the big picture in the Overview of the Energy Management Process. And it is in the implementation phase that this issue has primary importance.

The degree of difficulty in obtaining management buy-in will vary by organisation and depends on a number of factors including the business structure, organisational culture, and ultimately individual paradigms and biases.

However, the following five change management actions provide a useful approach to obtaining buy-in.

► **Industry best practices:** Being familiar with best practices in the industry will enable you to answer questions about implementation with confidence and credibility, and speak about competitors with credibility. If you don't have a factual answer, commit to finding one and follow up.

► **Be realistic:** Be realistic and specific with support and resource requirements. Don't deliberately underestimate the time and costs required for a project to gain approval, as this can erode trust, reduce credibility, and reduce the likelihood of future project approvals. If it was done properly, your business case can be your greatest ally here. Make sure the benefits align with strategic business priorities, values or goals.

► **Be assertive:** Senior management need to hear less about problems and more about solutions. When backed by facts from best practice examples and an understanding of the business case, you can be assertive and propose bold ideas.

► **Bring in an expert:** If needed, obtain the support of an external (independent) expert experienced in the area, to challenge traditional thinking and help quantify the benefits of implementation.

### ► Engaging staff

Implementing a successful energy efficiency measure requires the right mix of people and skills. Engaging a diverse range of key personnel in the roll out is an important step towards a smooth transition between the identification and implementation phases. It will also help to minimise the impact of internal staff barriers.

One of the key barriers to implementation is when staff or departments sit in 'silos' and don't communicate on decisions or processes that may affect the success of a project or the entire business. Experience shows that the most successful projects have received input from a range of staff/areas within the organisation. For this approach to take place however, management buy-in is often needed.

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### ► TIP: Ensuring Stakeholder Buy-In

Obtaining stakeholder buy-in is one of the critical steps in the communication process of project management. It enables management to support the effort, ensures the project team have the enthusiasm to do the project, and enables external stakeholders to understand and accept the project. Two steps towards ensuring stakeholder buy-in include:

- Align the implementation or project with the company vision, mission and values, and communicate this connection to staff.
- Gain both rational and emotional buy-in by identifying the economic benefit of a particular energy efficient measure as well as identifying a shared and worthwhile purpose in doing so.

## ► Trialling & monitoring

Once an opportunity has been identified the decision may be to implement it as an initial trial. A supplier may be prepared to contribute to the cost of a trial (e.g. by providing equipment) if they are confident in their product and can see the possibility of a sale.

Measures need to be in place to monitor the actual performance of the equipment or process in a real application. This will validate or correct the estimated savings predicted in the business case (or provided by suppliers).

This is particularly important from a transport logistics perspective, as external factors can influence technology performance and energy consumption (e.g. drivers, routes, vehicle, load, weather).

Don't forget to amend and report differences from the business case if the actual savings differ from those predicted. And if the supplier has contributed to the trial cost, also factor that into corrections.

When the time comes to run a trial, steps need to be taken to manage how the trial is run and monitored (Figure 1 below).

Having a framework in place ensures that:

- i) The project can be trialed and evaluated in a way that is representative of real-world operating conditions; and
- ii) Any environmental and financial benefits of the energy efficiency measure can be clearly understood and quantified.

When setting up a trial framework the following points should be considered:

- › Where is the trial located?
- › Who will be involved?
- › How long will the trial run?
- › Will any business practices need to change during the trial period?
- › How will the trial be monitored and reported?
- › What will the results be compared against?

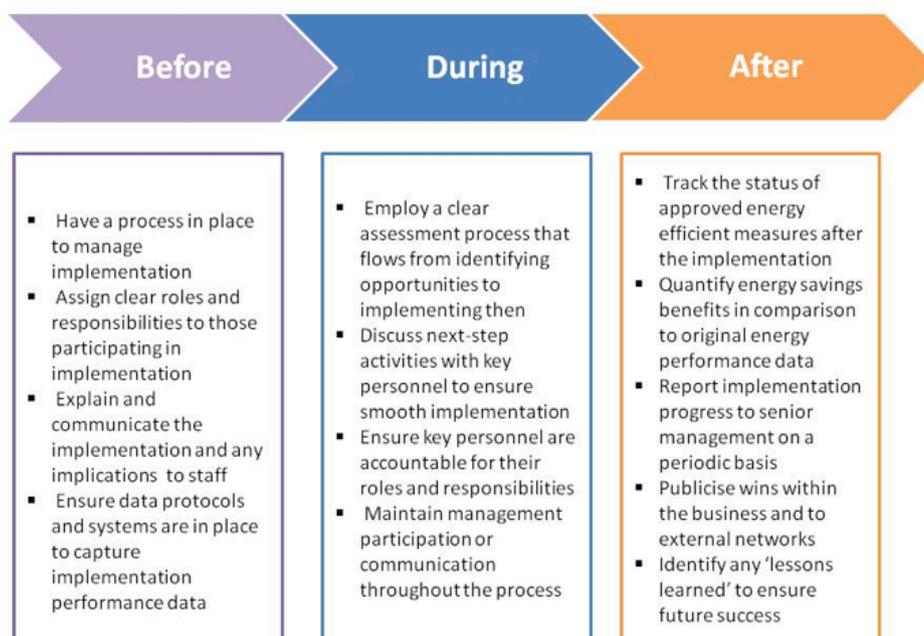
## ► Demonstrating results

Following the trial and monitoring of energy savings, results need to be quantified and reported. Data for this report can be obtained from fuel or electricity bills, equipment data downloads, financial records, and anecdotal feedback from staff who use equipment or work in the facility. Data sources are discussed in How-To Guide No.1.

With data collected from the trial, it can be compared with performance data of the facility or equipment before and after implementation of the project. When calculating the results, care should be taken to ensure that the trial period reflects typical operation of the facility or equipment to ensure a fair comparison is being made.

If significant anomalies are observed that are not typical of business operation (either in the data, or through feedback from operating staff), then steps should be taken to try and remove those data results to make the results comparable between new and old measures.

**Figure 1:** Key steps in the implementation process



## ► Evaluate and promote

This is often the final stage of the process after an opportunity has been identified, implemented and monitored within a business operation. This is also the stage when some of the benefits can be gained from working across a multi-stakeholder project team.

Evaluating the benefits of an energy efficiency project will take a number of different forms whether it be from a financial, environmental, economic, OH&S or business marketing perspective.

Each project team member involved in the implementation process will be able to give input and feedback on how a particular measure may or may not have merit based on their particular business area.

This qualitative evaluation should be reviewed along with the data captured through the trial to determine the overall whole-of-business benefit from the particular energy efficient measure.

If a measure is deemed to be beneficial (financially, environmentally or otherwise), then the benefit and an overview of how it will be rolled out within the business should be communicated to all staff along with the reasoning/justification for doing so.

Following this step the cycle starts again to understand how energy is used within the business (as this will change over time).

Additional opportunities from the priority list should be considered as new projects to further improve the financial and energy performance of the company.

## ► Further information

### **Case Study No.1 - Keysborough Spec 1**

New warehouse purchase case study

<http://energy-efficiency.sclaa.com.au>

### **Case Study No.2 - McGills Transport**

Transport company case study

<http://energy-efficiency.sclaa.com.au>

### **Save Energy, Cut Costs: energy efficient warehouse operation**

A UK based guide to enable organisations to identify prioritised opportunities, develop a business case and implement an energy reduction programme

[http://www.ukwa.org.uk/\\_files/23-carbon-trust-23.pdf](http://www.ukwa.org.uk/_files/23-carbon-trust-23.pdf)

**The following is a private site. SLCAA does not endorse this site but is supplying the link for user reference only.**

### **Linfox – Business Case and Beyond**

Case study of Linfox's implementation of their eco-driving program

[http://eex.gov.au/case-study/linfox-eco-driver-training/#Linfox\\_Eco-Driver\\_training-8](http://eex.gov.au/case-study/linfox-eco-driver-training/#Linfox_Eco-Driver_training-8)



Learn more on how to make your business more energy efficient at [sclaa.com.au](http://sclaa.com.au)

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