

## Enigin Update - Energy Efficiency an Executive Dilemma



*UNLOCKING the benefits of energy efficiency: An executive dilemma* - is a new research report produced by the Economist Intelligence Unit highlighting the importance and challenges of energy efficiency for corporations.

The report claims that while around half of executives say energy efficiency initiatives have already helped improve their organisation's bottom line over the past three years, with four in five believing that energy efficiency will play a more important role in their business in the future, most are still wrestling with how to implement enterprise-wide energy saving measures.

The research also suggests that less senior executives do not always agree on the effectiveness of energy-saving efforts in their companies, while 61 percent of senior executives, C-suite, are far more likely to say that their organisation does not do enough to integrate energy efficiency initiatives into business strategy.

This difference in view is significant, as without support of the less senior executives, energy-efficiency initiatives may not be adequately resourced. The data indicate that the C-suite, Chief level executives, may need to take another look at whether or not their company's efforts are as successful as they perceive them to be.

Enigin Distributors like **Energy Partners Australia** have the ideal solutions for all executives, managers and decision makers to be able to manage, monitor and act on energy use, saving power, money and the environment

### The report's other key findings include:

- Business leaders generally see regulation as a good thing. Large companies argue that legislation will create a level playing field, helping foster a market for energy-efficient systems. Half of surveyed executives see regulation as a benefit, compared with only 28 percent who deem it to be a burden. Only 27 percent of executives cite compliance with legislation as currently a prime spur to cutting energy consumption, with the vast majority (69 percent) citing cost savings as the chief motive. However, legislation is expected to play a bigger role in the future and become such a spur for many companies.
- The incentives for energy efficiency vary significantly by global region. Payback times and the price of electricity are key considerations determining the willingness to invest. In Europe the business case for saving energy is particularly clear, since taxes are applied to electricity sales. This is reflected in our survey, with more Europeans (almost 90 percent) than North Americans (77 percent) citing cost savings as the biggest benefit of energy efficiency.



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- Companies seem to underestimate the value that their investors assign to energy efficiency. Only 16 percent of survey respondents felt energy efficiency was "very important" to their investors, and only 7 percent of survey respondents cite pressure from stakeholders such as investors as spurring energy efficiency initiatives. Yet, in fact, institutional investors and pension funds are pushing the firms they invest in to address their carbon footprint.
- Firms find it difficult to assess their energy use and make progress in reducing it. Only 26 percent of respondents say their organisation has conducted an energy audit; some 22 percent do no measurement at all. Although experts agree that the best efficiency strategies need to cut across functional lines, at present few companies outside the largest organisations have a chief energy officer co-ordinating such initiatives.
- Firms' supply chain is too often overlooked when assessing energy efficiency initiatives. For many companies, particularly retailers and those who outsource their manufacturing, much of their total energy consumption occurs in their supply chain. Yet our survey shows that most firms tend to focus internally, with few looking outside their direct operations to their supply chain. Just 8 percent said energy efficiency was a priority for suppliers, and only 4 percent said they had worked with suppliers in this area.