

## We need to control our energy costs better

Many British manufacturers make little effort to minimise their energy costs. As Victoria Montag, Gambica's sector head\* for industrial automation, points out, if they paid as much attention to these costs as homeowners do, they could make significant improvements to their bottom lines with very little effort.

**F**or my sins, I spent four years of my life as a project manager. Amongst other things, I managed projects to design and build bespoke equipment and facilities for third parties. Usually the requirement specifications for these projects were immense. The minuteness of detail defined by our customers, down to the size, position and font of labels, when printed out – if you will allow me the hyperbole – would no doubt have decimated swathes of rainforest.

The technical requirements were just as demanding. I once had a customer ask that an

instrument, required to do nothing more taxing than sit on an optical table somewhere in northern Europe, should be able to withstand similar conditions to being bolted onto a satellite in orbit. However, within all of these volumes of specifications, I never saw a requirement for energy efficiency. Not once.

This is not particularly surprising because businesses don't seem to make purchasing decisions in the same way that the public do, especially when it comes to considering the

reducing waste or energy costs. Oddly, one way in which individuals and companies are similar is that they don't regularly shop around. I have no idea why; laziness perhaps? But regularly shopping around for the best deals is the simplest way to reduce non-human costs. Adopting company-wide practices where considering the running costs of an asset as well as its purchase price would dramatically change how we purchase equipment. After all, when you consider that 95% of the cost of owning

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running costs of purchases. As private citizens, many of us buy diesel rather than petrol cars (or at least weigh up the mpg of a petrol car). We examine the energy efficiency labelling on TVs and fridges, and look for double glazing and loft insulation when we buy a house. But, as individuals, we have to pay the bills; in businesses, the utility bills are often someone else's problem.

Hands up! I too am guilty making wasteful or inefficient choices at work that I simply wouldn't make at home.

This behaviour is all the more frustrating because the UK is experiencing a prolonged stagnation in its productivity levels. For a typical UK manufacturer, energy, material and water costs can be up to four times their labour costs. So less wasteful practices are one of the easiest ways to add to the bottom line. Yet very few businesses appear to realise that non-human resources are controllable costs.

Take electricity, for example. The UK has the highest industrial energy prices in the EU and while our prices have flat-lined, prices in other countries are dropping. That means that British companies will face an increasing disadvantage simply because of their energy costs.

Changes in behaviour and the application of technology are at the root of

something as common as an industrial motor goes on the energy it consumes, it seems mad that this generally doesn't happen already.

Smart technologies allow us to monitor energy usage much more easily which, in turn, makes it easier to identify where technology and changes in behaviour can make a difference. And for all of the appeal of having onsite renewable energy generation within a business, it is energy efficiency projects that have quicker payback periods.

This is a great argument to make in encouraging the adoption of automation technology, particularly as material and energy efficiencies are just as important as – but often play second fiddle to – the benefits of human resource efficiency. But it is also an important idea to consider across all businesses – even trade associations. Are we really doing any better than industry?

Companies that think about their resource efficiencies and have energy and waste reduction strategies in place that everyone in the business is responsible for, will not only have an advantage now, but will be more resilient in the future, since their behaviours will make them more agile in the face of increasing costs, changing supplies and tighter regulation.. ■



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