

The Niche to Nowhere

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ABSTRACT

We are gradually letting an incredible opportunity slip through our fingers. Mentally, top management has relegated energy managers to the catacombs. And we have let them.

In our industry, the word “manager,” as it pertains to energy, has become almost meaningless. How much management responsibility does the energy manager have in most organizations? How often does the energy manager sit at the management table?

Can you visualize the energy manager climbing the corporate ladder to be the next CEO? Unfortunately, we can easily paraphrase that old song about not letting our kids grow up to be cowboys by cautioning them not to become energy managers. There is just no future in it. It is a niche to nowhere.

The implications of having the energy manager in this dead-end-job are huge. It has an impact on our industry, our energy future, and even our political perceptions.

CREATING THE NICHE

A few of us can remember when “energy” suddenly hit our radar screens in the 1970s. After the infamous “oil embargo” of 1973, supplies were limited, lines at the gas station wrapped around the block, prices began to soar, and we had no idea what to do about it. Amid this chaos, came the frantic search for ways to conserve energy. We boarded up windows, turned off the lights, and, on orders from our federal government, turned back the thermostats. We desperately needed someone to tell us what to do to save energy. Out of this mess, came the energy manager.

We wanted, and needed, a “techie,” and we got one.

As a result of the Emergency Energy Conservation Act, people began to see conservation as synonymous with deprivation. The restrictions compounded management’s energy problems—problems from

which management was eager to distance itself. The business office was bombarded with strange jargon, such as kWh, Btu, and retrofit. The new lexicon drove the techies even farther away from the upper echelons and into the boiler room. Unfortunately, we let it happen. Even worse, the energy manager is still there!

THE GROWING CHASM

With the limited recognition that energy managers have received over the years, it's a wonder we have the caliber of people we do occupying those key positions. We are incredibly fortunate that so many have served so well, but they clearly need a bridge out of the techie trap.

Before we worry about building a bridge for the energy manager, however, we need to get some idea of just how wide that chasm is.

Top management does not speak "boiler room," but then the "techies" seldom grasp concepts like discount rate, net present value and recourse financing. Energy is money. Burning energy we don't need is the same as burning money. But the money people in an organization and the energy people in an organization seldom talk. Put them together in a room, and they still can't communicate.

Facility people, and energy people in particular, frequently express their frustration with trying to get management to understand and appreciate operation and maintenance problems. Thirty years ago, I wrote an energy management manual for the Texas state energy office. One chapter in that manual was titled, "Is Anybody Listening?" It is a sad commentary on our industry (and maybe my writing) that the concerns in that chapter are just as real today.

Energy is the lifeblood of our organizations, our economy, our national security, and our very way of life. It permeates every corner of our existence from the nearby elementary school to our most sophisticated industrial processing plant. It is an absolutely critical component of our life. But it typically does not get the attention it deserves. Unless the prices go up, or we have a 34-minute power outage delay in the Super Bowl game, few recognize the vital role energy plays in all we do.

The chasm is wide. The chasm is deep. All too many in our own industry don't really sense what a gigantic leap will be required to connect the energy managers of the world to the people in the business office.

The bitter irony is that energy managers are frequently called upon

to cut energy consumption. Occupants in a building, particularly operations and maintenance personnel, have a major impact on consumption. Clearly, they are critical to any attempt to reduce that consumption.

Energy managers are repeatedly asked by management to change the behavior of those occupants, but typically lack the authority to do so. Look where the energy manager is in the organizational chart. Contemplate for a moment how organizations work. It's hard to effect change when you are buried in the hierarchy.

Instead of bridging the gap, we are too often prone to actions that make our problems worse. Looking at the ripple effect, the lack of regard for energy within an organization takes on broader ramifications. Many, many years ago, I was asked to serve as a guest professor at a university to discuss how energy policy is set in Washington, D.C. I was tempted to ask, "What policy?" Today, we have a policy that takes us away from energy efficiency and into "greener" pastures. We merrily consume foreign oil while we are told to hate "big oil." In his book, *Why We Hate Big Oil*, John Hofmeister declares that oil and politics don't mix. In our current environment, he is right. Having rubbed elbows with all those folks in D.C. all those years, I would respond, however, that they would mix energy and politics if the public insisted on it. Politics and politicians do respond to the public.

But look around. We have energy neatly categorized down in the boiler room. It is someone else's problem. If it were our problem, we would have a Keystone Pipeline underway.

In most cases, energy efficiency can more cost-effectively improve our environment than renewables. Yet, energy efficiency all too often takes a back seat to the exotic world of renewable and alternative energy solutions. If we have only limited amounts of money to invest in protecting our environment, we should be spending it where it will do the most good. Energy efficiency investments will actually leverage the available money. Energy efficiency can reduce pollution while it makes money. We can even use some of that money to buy down the cost of renewables. So why don't we? Why have the green proponents urged us to leave our energy efficiency needs wanting while we install more expensive solar power?

Much of the answer to this dilemma can be found by looking at the level of regard energy is given in an organization, and the focus of that ignorance can be found in the position the energy managers hold in our world.

BUILDING BRIDGES

If we are to elevate the energy manager's position, we have to bridge the gap.

The energy manager's seat at the management table is empty. When strategic planning is done at that table, the voice of energy is silent. Everyone in our industry pays a price when energy concerns are held in such low regard. If we are to bridge the chasm, the first step is to get people to understand that it is a problem we all share.

The second step, is to recognize the role energy plays in our world and elevate the role of those who manage it.

While I was the director of the Schools and Hospitals Conservation Division at the U.S. Department of Energy, we had a study conducted to assess the effectiveness of our Institutional Conservation Program (also referred to as the Schools and Hospitals Grants program). One surprising finding of that study was the vital role O&M (operations and maintenance) people play in our energy efforts. The study found that in an effective energy program nearly four out of every five dollars saved could be attributed to the energy efficiency practices of the O&M personnel. The big dollars are not in the equipment, but in the people.

The evidence is before us. And has been for over 30 years! The same blind eye we turn on the value of the energy manager is the blind eye we turn on the O&M people and the energy practices that the energy manager could facilitate.

Energy service companies (ESCOs) often complain that they have to educate management to get the contract signed, and then they have to educate the O&M folks to make the project operate effectively. Why are these two totally different groups? Who at the management table can talk O&M? Who can convey energy needs to all the layers of an organization? And what are ESCOs doing from the outside to facilitate that communication and to build up the energy manager's role?

By now, we all know that performance contracts pivot on the guarantees that ESCOs make, and those guarantees rest on the risk management capabilities of ESCOs. One of the biggest prevailing risks is the customer. The greater the perceived risks, the more money the ESCO sets aside to hedge those risks. When that happens, both the customer and the ESCO have a smaller project relative to the size of the investment. Everybody loses. An attractive ESCO customer is one that is in tune with its energy needs, and that only happens when the energy

manager is truly a *manager*. It is in the ESCOs' interests to use the project opportunity to leverage the position of the energy manager to a higher level in the organizational ranks.

As we seek ways to build that bridge, clearly the energy manager must play a key role. By his or her actions, the energy manager can create increasing respect and reliance. This will only happen, however, if they do their homework and become the energy information resource the entire operation needs. The challenges in our industry are: How do we help them gain that knowledge? How do we support their climb out of the boiler room? How do we help them find their seat at the management table?

CONCLUSION

Until the day comes that energy managers take their rightful seat at the management table, we all lose. Whether you sell energy efficiency equipment, energy services, or energy expertise, your job is made harder by the nearly total disregard top management has for the energy aspects of its operation. We all have a vested interest in enhancing the energy manager's position. But if we look around, we all have an even greater interest in the higher level of energy appreciation that goes along with a stronger regard assigned to the energy manager's job. This, in turn, will underscore the absolutely critical role energy efficiency should, and must, play in the health of our economy, our national security, and the planet.

There is room at the management table for energy. Let's work together to see it filled.

ABOUT THE AUTHOR

Dr. Shirley Hansen has been active in the energy efficiency industry since the mid-1970s. She led the project to develop energy auditing protocols and headed the task force at US DOE to promulgate the auditing regulations. She has been dubbed the "godmother" of performance contracting. Dr. Hansen was inducted into the AEE Hall of Fame in 1998 and was given a unique "Special Recognition" award at the 2012 WEEC. She is a member of the SPEE Editorial Board.

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