



# Winning Strategies Need Winning Mechanisms

## How to avoid becoming an April Fool

**W**hile the origin of April Fools' Day has been much disputed, one of the most popular theories traces it back to the sixteenth century. In 1564, according to this version, Charles IX decreed that France would move the once universal festivities surrounding the New Year from an eight-day period that began on March 25th and ended on April 1st, to January 1st. Those who disliked or did not hear about the change continued to celebrate their New Year beginning with the vernal equinox. They were called "April Fools," a moniker that left them exposed to all sorts of surprises, providing plenty of amusement for others at their expense.

More than four centuries later, both January 1st and April 1st continue to hold great significance. The former is the day you're supposed to commit New Year's resolutions to paper, and the latter is the day when you might unfortunately find that things are not what you expected them to be.

This point-counterpoint of earnest planning and shocking surprise is an apt metaphor for too many energy-savings campaigns. If January 1st is a time for setting energy-savings targets for the next 12 months, then the embarrassment of April Fools' Day is as good a reward as any for making little or no progress toward those targets in the first quarter. Why is it that so many managers miss the energy savings goals they set?

If January 1st is a time for setting energy-savings targets, then the embarrassment of April Fools' Day is as good a reward as any for making little or no progress toward those targets.

I'm convinced the answer can be found in a bestselling book by Jim Collins called *Good to Great: Why Some Companies Make the Leap...and Others Don't*. One of his most powerful messages comprises only five words: "Winning strategies require winning mechanisms." It's easy to see how his advice applies to energy-savings campaigns.

With energy prices still rising and pithy phrases like "cleaner and greener" echoing in boardrooms across the nation, it's becoming increasingly common to hear senior management proclaim, "We will reduce our company's energy usage by xx% by the year 20xx!" Ever notice how the savings percentage is almost always keyed to the last two dig-

its in the date? Start printing the bumper stickers: "Save 10% by 2010!" or for that matter, "Save 20% by 2020!"

Unfortunately, even if these goals are perfectly defensible "winning strategies," all too often there isn't a "winning mechanism" in sight when they're announced! No wonder April Fools' Day brings such terrible surprises for so many well-intentioned managers.

So what sorts of "winning mechanisms" should be coupled with a "winning strategy" like "Save 10% of energy spend by 2010"? Well, how about the following for starters:

1. Within the next 30 days, we shall set capital availability and payback requirements for energy-saving projects. Then, we shall share those requirements with any managers, vendors, and service providers we recruit to help us with this energy-savings campaign.

2. Within the next 90 days, we will have every one of our eligible facilities benchmarked using the Energy Star portfolio manager tool. Each of those facilities will continue to be benchmarked at least once a year.

The building engineer of any facility that scores lower than the 75th percentile in that benchmarking shall complete a comprehensive questionnaire on building systems and operating practices. Seven to ten days later, an experienced energy engineer shall interview the building engineer over the telephone for two hours using the completed questionnaire as a guide. Less than two weeks after that, the energy engineer shall



compile and submit a brief report that ranks the building according to the following factors:

- potential for cost-effective retrofits of energy-related capital equipment (CapX),
- potential for retro-commissioning (RCx) enhancements,
- utility cost intensity,
- and the availability of rebates where the facility is located.

The report shall also include two or three sentences on each potentially cost-effective CapX or RCx measure that was discovered.

3. If the remote assessment suggests that further study is warranted, the building shall have a one-day site visit performed by a qualified energy engineer, ideally the same person who conducted the remote interview. After no more than one day on-site and two additional days of calculations, said engineer shall produce a brief report that confirms or dismisses each of his initial suggestions and highlights any new findings that were discovered during the walk-through.

4. Any building still exhibiting high potential for cost-effective energy-efficiency improvement shall immediately commence an investment-grade audit that includes both CapX and RCx dimensions. If the building is an income-producing property, the engineering team shall partition

the costs and savings of potential upgrades according to each leased space, so that the final payback analysis properly allocates costs and savings between landlord and tenants.

Do you think you could save 10% of your total energy spend if you first did a normalized ranking of each of your buildings, and then focused your attention on sites where the combination of upgrade potential, utility cost intensity, and rebate availability supported the best returns on engineering time and invested capital?

Whether you adopt this proven approach or some other, the more time you spend creating and enforcing "winning mechanisms" that deliver your "winning strategies," the less time you'll spend looking "foolish." *e&pm*

**About the Author:** Bringing the perspective that comes with more than 20 years in commercial real estate and 12 years in energy efficiency, **Mark Jewell**, founder and president of RealWinWin ([mjewell@realwinwin.com](mailto:mjewell@realwinwin.com)), is a national expert on the role of energy-efficiency economics in commercial real estate.

**REPRINTS OF THIS ARTICLE** are available by contacting Jill DeVries at [devriesj@bnprmedia.com](mailto:devriesj@bnprmedia.com) or at 248-244-1726.

Visit us online at [www.energyandpowermanagement.com](http://www.energyandpowermanagement.com)