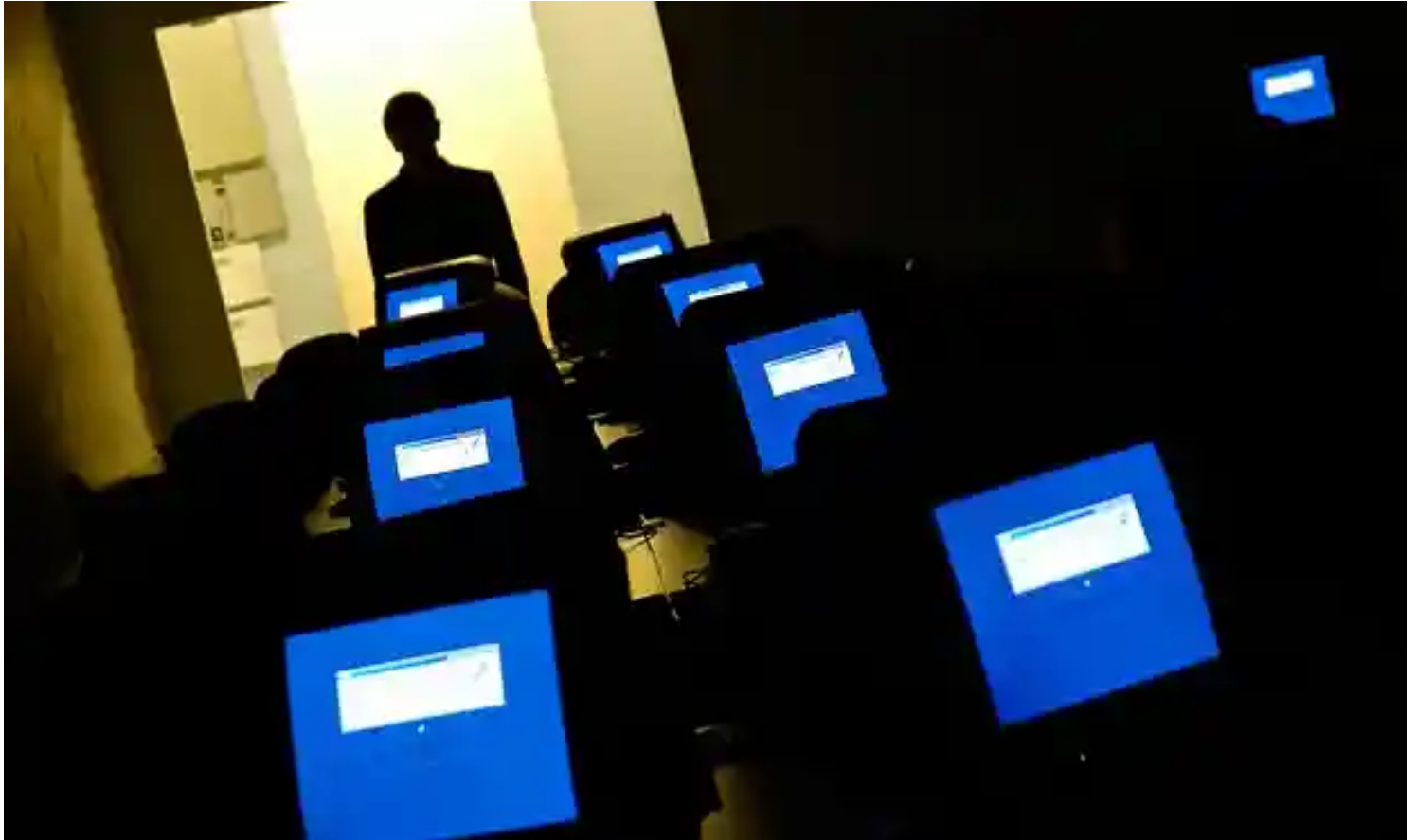


## Small businesses call for trustworthy advice on energy efficiency

Small and medium-sized businesses are under pressure to hit carbon-reduction targets and cut their energy usage, but many are being kept in the dark over the best way to turn off the lights



Screen test: businesses need better information from energy providers and better government guidance on how to be greener and more efficient. Photograph: Alamy

David Benady

Fri 14 Nov 2014 12:37 GMT

**S**piralling costs of electricity and gas, combined with a lack of transparency around tariffs from the major energy suppliers, are forcing small businesses to take a serious look at how they can cut their energy usage.

But their efforts are being hampered by a lack of trustworthy advice about the best ways of keeping costs under control. To complicate matters, small and medium-sized enterprises (SMEs) are coming under growing pressure to reduce their carbon emissions as part of the battle against climate change.

To discuss how small businesses can keep soaring energy costs under control and make best use of the advice available, energy supplier E.ON partnered with the Guardian to run a seminar entitled: "How to cut costs and make your business more efficient."

Some two dozen small-business owners heard from energy experts and small-business representatives about the best ways to cut their energy use. They also exchanged ideas on reducing bills and discussed how businesses could benefit from adopting more sustainable practices to improve energy efficiency.

### On the panel

**Jo Confino (Chair)** Executive editor, Guardian News and Media

**Iain Walker** Head of SME sales and marketing, E.ON

**Mike Cherry** National policy chairman, Federation of Small Businesses

**Adam Fairweather** Innovations director at Greencup

**Richard Rugg** Managing director, Carbon Trust Programmes

Small-business owner Tina Chang told the seminar that she and her husband had bought a "wreck" of a building in St Leonards-on-Sea in east Sussex to start a new business - they want to transform it into a guesthouse and cafe.

One of their biggest costs in the coming years will be energy, but they are struggling to get advice about the cheapest and most sustainable way of heating and lighting the building. "It's absolutely bewildering," Chang told the seminar. "There are so many choices out there, finding out exactly what is right for you is really difficult."

There are over 800 separate sources of energy advice for small businesses from central and local government, according to Mike Cherry, national policy chairman at the Federation of Small Businesses (FSB). He said that the FSB is asking government to rationalise the support to small business: "Give us a one-stop shop to make it easier to see what is available and give clear indications about how to go about it."

Cherry added that SMEs suffer from a lack of transparency from energy suppliers about the most appropriate tariffs for their companies. Some businesses suffer from direct debits that over or undercharge, leaving them with huge bills or rebates. Meanwhile, they need a clearer idea about support from schemes such as the Green Deal and the new European Energy Efficiency Fund.

"The issue that our members tell us is holding back growth, to some extent, is around cost-effectiveness and energy costs. We don't believe that the energy companies and providers are giving enough information and advice to small businesses on what can be done to reduce consumption," Cherry said.

E.ON's head of SME sales and marketing, Iain Walker, said the company holds regular sessions with small-business owners, who tell them that they want better guidance about keeping their bills down. To address this, he said, E.ON is launching a new tool to provide SMEs with greater transparency about energy costs. The Energy Toolkit is an online service where E.ON's half-million SME customers can gain an insight into their energy consumption. It allows them to monitor separate buildings and audit their energy use so they can make changes that will save them money - Walker said many enterprises could cut their energy bills by 15%.



While acknowledging that there is a lack of trust among small businesses about the motivations of big energy suppliers giving advice, Walker said schemes such as the Energy Toolkit can start to repair this.

“We can listen to customers and provide support, but it will take years to generate trust. We are genuinely trying to treat customers fairly,” he said.

Meanwhile Richard Rugg, managing director of Carbon Trust Programmes, told the seminar that energy efficiency is about more than just cost savings. The Carbon Trust seeks to accelerate the move to a sustainable, low-carbon economy and Rugg argued that there are huge advantages for SMEs in saving energy beyond simple cost-cutting.

SMEs can bolster their reputation as sustainable businesses if they adopt energy-saving strategies, Rugg said, and this can boost sales. They can also benefit by complying early with the increasingly stringent regulations on carbon usage that will be implemented in coming years.

“You need to understand your energy consumption and bills. You need to be monitoring your energy and understand what the opportunities are of getting rid of inefficient technology and replacing it with efficient technology, although it will cost you in the short term. The cheapest technology will rack up more energy bills over its lifetime,” he said.

Rugg added that one of the biggest advantages of adopting an energy-saving strategy is that large corporations increasingly require their SME suppliers to have genuinely strong sustainability policies. So being energy efficient is increasingly important if SMEs want to do business with the biggest companies.

But the FSB’s Cherry said it would be bad news for SMEs if they were discriminated against by big corporations for failing to be sufficiently sustainable. “It is good that they stimulate thought and consideration of the issues, but where it is unhelpful is where it is imposed without giving help and support,” he said.

Rugg took issue with Cherry’s call to prune the number of advice points available to small businesses on how to reduce their energy consumption. He feared that if this went ahead, the government may use the process as an excuse for making cuts to services.

But one problem in encouraging SMEs to cut energy usage and cost is a lack of interest from some business owners. There are some who are more concerned with boosting customer numbers and developing marketing strategies than the intricacies of energy usage. However, Guy Porteous, a director of Dancol Solutions, a consultancy that specialises in helping businesses cut costs, told the seminar: “If you reduce energy consumption by 20%, it is equivalent to a 5% increase in sales, so is that boring?”

One of the practical steps that businesses can take to slash energy costs is replacing standard fluorescent tube lights with LED versions. Jack Bedell-Pearce, managing director of 4D Data Centres, said his business replaced 192 fluorescent lights with LED tubes and halved its lighting bill overnight. “There are quite easy wins you can make,” he said.



The panel discussed a number of points raised by delegates at the seminar. Photograph: James Drew Turner

Bedell-Pearce added that data centres, which house internet servers for other businesses, are some of the most energy hungry businesses around, second only to airlines, as they require systems for cooling the servers, on top of the costs of running the servers themselves.

He said that most people don’t understand the huge costs of running internet services. If a small business has a communications room with four or five servers in it, that is equivalent to two or three electric heaters running 24 hours a day. The air-conditioning units that are needed to cool the rooms use the same amount of power again.

“So a small business’s typical communications room would be generating five to 10 electric heaters worth of energy 24/7, the entire year round,” he said. Any dent that could be made in that energy use could save an organisation some serious money.

Bedell-Pearce added that his company had made use of a zero-interest loan from the Carbon Trust to install a new, efficient cooling system for its servers, but said that such loans had been axed and now they charge interest, which he saw as a backwards step.

The seminar heard from Adam Fairweather, innovations director at Greencup, a company that recycles used coffee and turns it into a variety of products, such as furniture and plant-fertiliser pellets. He said that one of the important new ways of cutting energy usage is through the circular economy, which recycles and re-uses resources in efficient ways.

“The idea is to try and take the circular economy framework, where you never lose the value of the product - it is always retained,” Fairweather said.

“The difference we have focused on is trying to redefine what material is at different points in its life, so traditionally [coffee] has been classified as unusable after someone has taken the liquor out of it; we’ve been learning how to sell that back again.” Such approaches will be vital if the economy overall is to cut down on its energy usage.

But most small businesses would welcome clear and easily accessible advice on energy saving and guidance on how they can cut carbon emissions. Because if energy prices keep rising at current rates, some small businesses wonder whether they will still be economically viable in 10 years’ time.



E.ON's Iain Walker (left) and Greencup's Adam Fairweather debated how small businesses can become more energy efficient.  
Photograph: James Drew Turner

### In focus

Energy costs are a major headache for small businesses. Prices have risen rapidly and some enterprises are struggling to cope with the outlay. On top of that, trying to find the best deal from the many electricity and gas tariffs and contracts on offer can be a nightmare.

But whatever the tariff, there are big benefits to becoming energy efficient - with savings of up to 20% on offer for those who can find ways of cutting their energy use.

This could involve switching to low-energy lighting or updating business equipment with more efficient technology.

And there are benefits beyond simple cost savings: enterprises that cut carbon emissions can label themselves as “sustainable businesses”, which can significantly boost their reputation.

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