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Managing Energy

Rising energy costs are causing retailers to step up their efforts to reduce consumption across their portfolio. Dan Sharplin, CEO of Site Controls, which provides on-demand energy and asset-management solutions for chain retailers, spoke with *Chain Store Age* editor Marianne Wilson about how chain retailers can cut energy usage and improve their facilities operations.

Chain Store Age: What are some of the challenges retailers face with regard to energy and facilities management?

Dan Sharplin: The two biggest are the runaway cost of energy and the increasing cost of facilities management, with the latter being impacted by high energy costs.

Another challenge is a lack of actionable information, specifically the type of information that would allow retailers to appropriately manage their facilities. Physical assets such as HVAC and lighting are largely invisible to the retailer. But all too often, these assets are wasting dollars from an energy consumption and asset-utilization standpoint. Unfortunately, this often goes unnoticed until it reaches a critical level.

CSA: What—if anything—can retailers do with regard to increasing energy costs?

Sharplin: First, retailers need to understand that there is a lot that they can do, and cost-effectively at that, to lessen the problem. Their biggest opportunity, or the main way in which energy costs can be impacted, has to do with controlling the operation of a building in a way that lowers consumption.

CSA: What is the most common mistake retailers make when it comes to energy management?

Sharplin: They fail to take a holistic view of the design, operation and maintenance of their assets across the chain.

Chain retailers need to take an enterprise-level approach to controlling energy. In order to do this, they need, in effect, a tool set that allows them to manage energy use across the chain and enables their extended enterprise, including external and internal resources, to access data that allows them to better manage and control energy use in their facilities.

CSA: How can Site Controls help a retailer manage its energy consumption?

Sharplin: Site Controls is totally focused on multi-site energy management for chain stores. We bring an end-to-end set of solutions that control energy usage on site, move data above site in a very efficient format via a hosted data center, and provide real-time information and access to a retailer and its extended network—including consultants, service contractors and energy providers—that allow them to reduce annual energy consumption across the chain by a significant amount.

In addition, Site Controls is a leader in the area of demand response. We work with retailers to manage their buildings in such a way that, during peak periods, we can reduce their energy usage in ways that go unnoticed on site and then sell the energy back to the utility. By so doing, we can sometimes earn a customer as much as several thousand dollars per site, per year.

Finally, we can help manage a retailer's green branding initiatives, and get them public relations credit for doing the right thing.

CSA: How extensive is the IT overhead?

Sharplin: Minimal. Our platform features an intuitive, user-friendly interface that is accessible from any Web browser, or Web enabled PDA. Eighty-five percent of our existing customer base use their existing corporate network to eliminate the telecom costs. One of the reasons that so many IT leaders like our program is that, in addition to generating a hard return, it also allows them to create more value for their existing network.

CSA: How much energy on average can a retailer expect to save with Site Controls?

Sharplin: I've never seen a situation where we failed to save a customer less than 15% on annual energy consumption. In many instances, the savings are as high as 25%.

CSA: What about maintenance costs?

Sharplin: On average, retailers can expect maintenance costs to be reduced more than $1,000 per site per year with Site Controls.

CSA: What type of return on investment can a retailer expect?

Sharplin: The ROI is always more than 50%, and that is a demonstrable hard-dollar savings from energy consumption and maintenance reductions. The primary savings, of course, comes from the reduced energy consumption, which is easy to measure and quantify.

In some areas of the country, the ROI is further accelerated by utility rebates that can drastically reduce the upfront cost of equipment. In such cases, the ROI can be well north of 100%.

In addition, there are the soft dollar returns that come with managing equipment more efficiently and reducing the wear and tear on the same, as well as the positive PR associated with green branding.

CSA: What about payback time?

Sharplin: It can be as short as 10 months or, in rare circumstances, as long as 24 months. Typically, we show an 18-month payback.