



4. Selling Motor System Efficiency – How to win approval for your idea

**Hugh Falkner,
Anibal T. De Almeida**



Selling It! Contents

- Identifying with your audience
- Worked Examples
- Are the financials convincing?

Why good projects don't happen

Energy Efficiency is perceived as:

- Discretionary
- Less important because small scale
- Technically risky
- Optional, as no legal drivers
- Costly

What do Decision Makers want to see?

Some common problems:

- Using unexplained jargon or ambiguous terms.
- Failing to address any issues of relevance to the board.
- Failing to consider other options.
- Failing to identify and deal with risk factors.
- Not using the appropriate financial appraisal method.
- Giving a rambling presentation.
- Not giving a single clear recommendation.

Understand the audience

- Who are you trying to influence?
- What are they interested in?
- What are their motivations?
- How do you need to present information to them?
- Can you engage their interest early on?

Can you find senior level support?

- Help you understand the decision makers' perspectives.
- Steer you away from options compromised. by factors you are not privy to.
- Be your ambassador during the development of the project proposal.
- Act as an advocate in the presentation.

Be Credible

- Evaluate projects diligently and never promote something you are unsure of.
- Never make exaggerated claims.
- Try to leave yourself headroom to deliver more than you promised.
- When you get approval for something, implement it without delay and do everything you can to ensure its success.
- Make sure people know what you have achieved, and keep it all on record.
- Keep up with the news. You want to be seen as the person in the organisation that knows about the world energy situation, the state of play with emissions trading schemes, the outlook for prices and so on. Let your superiors treat you as an authority on the subject.



Project Projections

Your data must be robust

Crosscheck where possible

Check assumptions are reasonable

Leave headroom for the unexpected

Take up references from other users of the technology

Check the view on forward fuel prices

Look for other benefits

- Reduced maintenance
- Free up supply capacity
- Improved quality
- Better environmental conditions
- Customers may value a reduction of carbon footprint
- Good publicity

Is the price right?

Get several quotes

Check what assumptions are being made

Allow for the cost of downtime

Is an independent assessment worthwhile

Financing

Capital budget – when is this considered?

Revenue – is it small and quick enough payback?

- Simple payback
- Life cycle costing methodologies
 - Net present value (NPV)
 - Benefit-to-cost ratio
 - Internal rate of return (IRR) or return on investment (ROI).

Risk

- Technical
- Cost
- Time to install and commission
- Economics

Other risks

- Closure or relocation of the business
- Redundancies or outsourcing
- Takeover of the business
- Change of product mix
- Entering into an energy services contract



Simple Payback Analysis

Workshop example

Discount Rates

Discount rate Present value of €1,000 five years in the future

4% €821.93

10% €620.92

20% €401.88



Discounted Cash flow Analysis

Workshop example of fitting a VSD

Plan for Objections

We are not convinced because...

- ...the problem is not clear
- ...we don't understand your solution
- ...there is no evidence it would work
- ...we disagree with your assumptions.

We like the project, but...

- ...installing it sounds like it would be disruptive
- ...we are not sure how long we are going to retain this building/process/equipment
- ...the workforce would not accept it
- ...we do not have any money available to fund the project
- ...the necessary staff resources are needed for other work
- ...one of us has got a better idea
- ...why haven't you done anything about this issue before?

Financial assumptions

Is sensitivity analysis needed on any of these?

- Fuel price Inflation
- Plant throughput
- Project cost
- Taxation
- Maintenance costs
- Project Lifetime

Writing a proposal

Create a template that fits with your organisation's style, but it should include the following clear sections:

- Financials
- Other benefits
- Risks
- Next Steps

Selling It! - Summary

Put yourself in their shoes – would you invest in your proposal?

What other benefits can you sell?

Is your proposal succinct, and does it address risks?

Have you portrayed the financing in the best way?

Are you credible?