

Barriers for Energy Efficiency

Title:

Assessing the quality of services to fix the professional fees accordingly

Section:

Negotiation

Category:

Marketing of energy audit services and getting the right price for the services

Industry:

A large engineering industry

Summary:

Though this case is pertains to one unit, similar situations have been repeated several times in the past and are also happening in the present. The quality of the energy audit services can not be measured unless the user (client) is very conversant with the detailed methodology and has in depth knowledge about the service provider.

This shows that there is no scale to estimate the professional fees of the service provider.

Back ground:

One of the leading engineering companies (here after called as company) wanted to avail of the energy audit services of one of the leading energy firm (here after called as firm). In this regard the company called the representatives of the audit firm to have examine the manufacturing plant and to identify the areas required for the study.

During the plant visit, initially the representatives made a brief presentation about the firm, their strengths and resources etc. Subsequently, they visited the plant and found that many areas are existing which required a detailed energy audit study.

Based on the specific energy consumption levels, technologies adopted, huge load of auxiliaries and utility equipment, the firm anticipated that the energy saving potential is approximately above 10% of the total energy cost.

Based on the time and resources required the firm has quoted a certain fee to undertake the study and the audit firm was very optimistic in obtaining the contract. In the proposal, the firm indicated the approximate energy saving potential, their clientele list in that particular sector and the benefits achieved by the clients.

There was no response from the company and after three weeks when the company was contacted by mail, to the surprise of firm the company is willing to pay 10% of the quoted fee. They have also indicated that there is a mushroom of other firms, who can take up the job for just 5% of the fees. The company also mentioned these other firms are accredited energy auditors in that particular state (please note that the audit proposed by the company is not a mandatory energy audit).

The firm then again tried to explain about their in depth study, resources available with them, large number of references with in the sector and within that region. It can be seen that though

the firm put its best efforts to obtain the contract. In spite of all these efforts, the firm was not successful in getting the contract.

Message learnt:

The professional fee basically depends upon the

- ☞ The **awareness and exposure** to the detailed energy audit study and its benefits.
- ☞ **Assessment of firm's capability** in delivering the services
- ☞ **The quality of the energy audit services** purely depends up on the in depth data generation through instrumentation, detailed analysis and technical & economical evaluation of the energy cost reduction measures.
- ☞ **The success rate** of the measures and reputation of the firm
- ☞ **The resources** deployed for the data generation through instrumentation