

Energy Saving Moves

By Scott Smith

It's no secret that today's record-high gas prices have had a major impact on the way Americans run their businesses. The economic circumstance of everyone from small business owners to major manufacturers has been affected. Even with the recent decline in the price of gasoline, energy prices still remain high, and that has led business owners across the nation to use energy-saving practices to cut costs as much as possible. There are many easy steps that will help you avoid the negative impact of high gasoline prices and improve your bottom line.

Saving energy is, of course, a great way to counteract rising gas prices. At today's prices, energy-efficient improvements pay for themselves much faster than in the past. One way to ensure a lower electricity bill is an old but often forgotten one—make sure lights are turned off when they're not being used. A common myth is that turning fluorescent lights on and off costs more than leaving them on, but this is not true. Turning off lights can save energy and extend the overall life of a lamp, thereby reducing replacement costs.

The same myth has been applied to computers. One thing that is overlooked, however, is that running a laptop on its own battery rather than using a desktop computer can save 80 to 90 percent in electrical use. Another idea is to replace the incandescent office "Exit" signs with LED signs. LEDs use about one tenth of the wattage and last 50 times longer than incandescent-lamp signs.

Temperature control is also important. Setting your thermostat



In these days of high-energy prices, cutting unnecessary fuel and electricity use is an important way to control costs

at 65° to 68° in the winter and 78° to 80° in the summer can save you around five percent on your heating and cooling bill. If you have a large facility or warehouse, you may also consider getting an energy management system to monitor the temperature and operating schedules of your equipment and storerooms, providing optimum energy-efficiency at a low cost.

The energy used by your manufacturing equipment is also important. One of the most overlooked areas where energy is wasted is with compressors. Controlling the amount of air left in compressors at night, along with making sure there are no leaks, can help you save on your electricity bill. Many framing companies drain all the air out of their compressors at night. Instead, if you leave the extra air in overnight and attach a valve to control the flow, you won't waste the energy required to build the pressure back up in the morning.

Keeping shipping costs at a minimum is also a top priority. When gas prices started rising, shipping companies had no choice but to raise their prices. Many airlines have also increased their cargo prices by more than 20 percent, making both methods of shipping more expensive than ever. To deal with this, many businesses have started to tack on a special energy surcharge or "tax" to their products. Depending on the amount of the charge, this can offset your rising costs. Restricting the areas you ship to or charging more to ship out of area is another way to manage your energy-related costs. If you deal in high-volume shipments, switching from truck to rail may also provide a lower-cost

way to distribute your products because railroads typically get several hundred miles per gallon of diesel fuel.

Travel has become very pricey in the past year. According to National Public Radio, in 1999 the average U.S. consumer spent about 1.5 percent of their gross income on gasoline. That number has now increased to over 6 percent. For sales calls, using a per-mile charge might work best to offset the high traveling costs. The standard IRS mileage rate for 2008 is 50.5 cents per mile. Using gasoline rebate credit cards is another good way to get back some money on your fuel costs, as you can get up to 6 percent cash back on what you spend.

Perhaps the best way to combat the high cost of travel is to simply cut down on outside sales calls. Striking the right balance in travel expenses versus additional sales is something that varies with each company's way of doing business, however. With travel expenses higher than ever, some sales calls may simply no longer be cost effective. Where possible, you can promote online ordering of products to reduce the number of sales calls, thereby reducing your travel expense. Fewer sales calls will probably mean more phone calls, e-mails, and mailing of sales materials to compensate for this decrease in sales. Monitor the results of all this carefully to see if you can successfully reduce your travel budget without reducing your sales. The benefits of reducing your travel budget are, however, greater than ever.

There are many other simple ways to lessen the effect of high gas prices. For any company vehicles you own, switching to a hybrid or driving vehicles with smaller engines will lessen the amount of gas you use. Hiring an outside shipper for small orders can often be cheaper than using a freight company. Employing new energy efficient technologies like light occupancy sensors, which turn lights on or off automatically can also cut your costs and save energy. Any of these methods offer you a good chance to deal effectively with higher energy costs and improve your bottom line. ■

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