CASE STUDY No. 1534

WINNING GOODWILL FOR A COMPANY BY HELPING CUSTOMERS REDUCE COSTS

In times of serious inflation and tight money, cost control is a primary concern of every management. Compound that with shortages in essential raw materials and you have a situation that affects board rooms and executive suites throughout the land.

Confronted in 1975 by such a situation -- one particularly aggravated by the astronomical rise in the company's fuel costs engineered by the OPEC (from $1.69 to $12 per barrel, a jump of 610%) -- the Massachusetts Electric Co. (MEC), Westborough, decided to help its customers find new ways to conserve energy and reduce their costs of doing business. The increase was not only big on a percentage basis; in total dollars, it was 6.3 times what the company was earning for its owner, the New England Electric System (NEES).

The forward-looking utility reasoned that a series of energy conservation and load management seminars for important non-residential users in its heavily industrialized areas might be a constructive aid.

MEC's Charles H. Allan, Consumer Services Mgr., was assigned the job of developing a test of the concept. He was assisted by the MEC marketing department and by NEES' Bruce McCarthy, Assistant Dir., Information Services, and NEES' PR staffers Peggy Williamson, Jacqueline Hughes, and Tom Madden.

The decision was to stage two pilot seminars on successive days just before Thanksgiving, 1975, one in Andover and the other in Saugus, towns of about 25,000 population. Both took place at local restaurants.

To add interest and substance, Allan decided to invite the cooperation of three major manufacturers of electrical apparatus and controls (they are also MEC customers): Honeywell, Boston; Datametrics, a subsidiary of I.T.E. Imperial, Wilmington; and Apparatus Distribution Sales Div. of GE, Wellesley. Each company was offered a 90-minute segment of the program in which to describe its energy-saving products and techniques that could be of interest to the seminar guests. All three companies enthusiastically accepted the invitation and plans were quickly developed.

Personal and telephoned invitations to a selected list of the utility's commercial and industrial customers were confirmed in writing. The letters enclosed copies of the program, thumbnail bios of the 14 scheduled speakers, and post-paid reply cards. The response was far above MEC's expectations: 265 individuals from important firms accepted -- 125 (from 87 companies) for the Andover seminar on Wednesday, November 19, and 140 (from 82 companies) for the Saugus seminar on Thursday, the 20th.

One reason, perhaps, for the high degree of interest was that the events were timed to take place during a period which the Governor of Massachusetts had proclaimed to be "Energy Savings Month" throughout the state. Another was the fear that fuel shortages might develop if the upcoming winter should prove to be one of those severe ones which occasionally afflict New England.

A release, sent out two days before the Andover meeting, announced both seminars and their speakers and quoted Allan as saying: "Our aim is to help the business community in particular cope with the problem of energy availability and cost...." It also carried a statement from the man scheduled to be the Saugus keynoter, Henry Lee, Director of the state's Energy Policy Office. (At Andover, Paul Levy, the Office's Deputy Director, handled that role.) A follow-up story was released for the day after the Saugus seminar.

Both releases were picked up by dailies and weeklies in the Andover and Saugus areas (e.g., The Lowell Sun, Haverhill Gazette, and Beverly Times).

All three participating companies had somewhat similar stories to tell because the seminars' objective was "to present the overall importance of energy conservation and load management." Duplication was avoided by means of careful advance discussions and staging a "dry run."

In addition to the keynote speech and the three industry presentations, the program included a welcoming introduction by Allan, who also served as emcee. Lee complimented MEC ("for leadership among New England utilities in bringing the conservation message directly to the commercial and industrial community through the seminars"), noted the region's growing demands for energy and the rise in the cost of building new generating capacity, and endorsed the concept that "the solution to this dilemma is to make the most efficient use of new and existing capacity."

The Honeywell presentation described ways of saving energy in existing plants. It advocated a combination of use of modern control equipment and avoidance of waste and offered a five-step program for the economical management of energy.

After a mid-morning coffee break, the I.T.E. Imperial team described the "I.T.E. Watt Watcher." It demonstrated (with the help of a model) the device's ability to control loads within pre-set parameters. . . The morning agenda concluded with a discussion of installation of control equipment from the point of view of an electrical contractor.

Following luncheon, GE representatives showed how such products as their programmable energy controller, low-energy lamp ballasts, energy-efficient industrial lighting, and remote control switching can save power.

Each presentation was followed by a Q&A period.

The program concluded with a discussion, by MEC's District Marketing Mgr., of "The Role of the Utility in Energy Conservation and Load Management."

Upon adjournment (at 3:30 pm), the guests received information kits containing over a dozen items. Among these were brochures on: nuclear power; transmission and distribution; rates; and "199 Ways to Save Energy."

Out-of-pocket cost of the two seminars was $2,921 (less than $10 per guest).

Following the seminars, more than 30 big-volume energy users -- hospitals, schools, contractors, and a variety of industrial firms -- contacted MEC or the participating companies with inquiries. GE, for example, reported that, as a result of the seminars, it had received three active proposals on lighting and a number of remote-control low-voltage wiring inquiries and had sold (to Raytheon) several low-energy fixtures.

The other participating companies also commended MEC for taking the initiative in getting the vital energy-conservation story across. Wrote one: "It was certainly a pleasure to see a utility actively advocating energy conservation instead of just providing lip service.... The response of your customers is evidence of their appreciation."

Response from the MEC guests was equally good. . . One company said it found the seminar "profitable" and planned to "follow up on your suggestions". . . Others termed the activity "informative," "timely," and "well done."

There was a demand for additional seminars from smaller companies. MEC promptly approved budgets for a series of similar meetings. These are being developed with the Chambers of Commerce in their areas.

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PRoud to Serve PR,

Denny Griswold

Editor