

'Here's My Plan?'

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7 Steps to Take Now to Address Energy Concerns

One of my all-time favorite cartoons showed two guys, trussed from ankle to neck in ropes, plunging off a bridge toward the water. The one man says to the other, "Now here's my plan?"

It struck me as funny on two levels: first, that was the hero's stock line in all those old serials and B-movies I used to watch as a kid; and second, it reflects the way so many of us respond to a crisis -- wait until everything's beyond saving and then hatch some preposterous way to get out of it. I've got a gut feeling we're going to be hearing a lot of those plans in the coming months.

Winter is on its way, and with it an uncertain energy situation. Will gas and oil prices spike like they did in a lot of places last January? Will there be temporary supply curtailments when a cold snap hits? Will your gas broker renege on his contract, or worse, go belly up if his supply costs exceed what his customers pay?

I can't give you those answers, but one thing seems sure -- last winter's problems probably weren't a freak circumstance. Energy supplies are getting tighter and prices are certain to reflect it. All we can hope is that it doesn't get as bad as it was back in the late 1970s and early 1980s when plants faced supply interruptions and consumption caps. A lot of companies did nothing until they were figuratively dropping off the bridge. Then panic -- not coherent plans -- became the word of the day. After 20 years, maybe it's time to review those hard-earned lessons.

Start Planning Now. No one knows if or when an energy supply or price crunch will hit, so assume it will happen tomorrow. Otherwise, it's too easy to put off.

Know Where Your Energy Is Going. Conduct an internal energy audit. Identify where the energy goes and how much each piece of equipment uses.

Benchmark the Energy Consumption of Your Processes. Now that you know how much energy each oven and dryer consumes, see how they stack up against industry standards. If some of them appear to be energy hogs, find out why. Are they obsolete, in need of a tuneup, or simply poorly scheduled?

Set Priorities. All things being equal, your largest consumers of energy probably will give the greatest return on efforts to make them more efficient. You're not likely to have the resources to tackle everything at once, so focus your attention on the heavy hitters first.

Get the Underperformers Up to Snuff. What you do depends what you found in step three. Perhaps a round of equipment tuneups is all that's needed. (You ought to be doing this anyway.) Maybe it's time to replace some old clunker with a new oven, or at least rebuild it with more modern combustion equipment or controls. Perhaps you've treated yourself to the scheduling luxury of having equipment empty but idling, ready to take on that rush order. Figure out how to discard this crutch. Your goal should be to have the minimum number of ovens in operation as production requirements will permit, and then run them as close to full capacity as you can.

Play "What If?" Plan on a crisis. Create a scenario and devise your response to it. What would you do if you were suddenly faced with a 20% reduction in your gas supplies? What equipment could you shut down to have the least impact on production schedules? What jobs could you shift to another line to get the maximum out of a limited fuel supply? Will job switching require any alterations to existing equipment? Temperature controls? Conveyor speeds? How would you prepare your customers for the prospect of delayed shipments? How much of your product cost is energy? What impact would a sustained energy price increase have on your margins and

pricing?

Run A Drill. Plans won't help if you can't carry them out. Back in the days when fuel oil backup was the most common response to a gas curtailment, we'd recommend people go through a periodic "curtailment drill" to see how well they could carry out an emergency switchover. Many of these drills stumbled on the most mundane stuff -- an unfilled oil tank, a critical valve frozen shut or a power switch hidden behind a stack of unused pallets?tupid things. If you can't make it through the drill when you choose to run it, you certainly won't when a real emergency hits.

No one can say what the energy supply and cost situation will look like, but expect some unpleasant surprises. How well you cope with them will depends on how thoroughly you've prepared yourself.