Effective sales approaches for resource efficiency opportunities, based on the certainty of the outcome

High **Search** Attributes   High **Experience** Attributes   High **Credence** Attributes

Effectiveness of Sales Approach

New Vehicle · Electricity Supply · Motors · Lighting · Voltate Optimisation · Controls · Process Change · Maintenance · M&T · Facilities Management · Waste Minimization · Behaviour Change

Technology   *Systems*   *People*

Supply Side / Expensive / Easier to Evaluate   Demand Side / Cheaper / Harder to evaluate

Economists can explain the observed bias towards technical fixes for resource efficiency as a consequence of the ease of evaluation or certainty of these solutions.
Easy to evaluate opportunities can be sold using a search goods approach, shown in Orange. As the effectiveness of this approach decreases because there is less certainty, an experience goods approach is suggested, shown in green. Finally, a credence goods sales approach is recommended, shown in purple, where there is very little certainty of the benefits, even after the project has been completed.

Economic category	Search Good	Experience Good	Credence Good
Usual type of proposal	Detailed business case.	← in between →	High -level or conceptual.
Uncertainty	Low	← in between →	High
Key Success Factor	**Clear Cost-Benefit Quantification**: A search good enables the buyer to be confident of the pros and cons of the alternatives in advance of making a decision. Provide detailed cost-benefit case based on systematic audit to fully quantify resource use and applicable technologies for improvement. Give clear evidence for improvement (and performance guarantees where possible) for key technologies to be used in the programme. Use statistical techniques to quantify scale of behavioural savings possible. Provide full costs of all programme elements including design, procurement, training, installation and commissioning costs for technologies and indirect costs such as cost of capital, management time and opportunity costs (such as production interruptions).	**Measurement and Control**: For an experience good, the buyer needs to be confident that they can evaluate their choice after making the purchase. In order to achieve this we should incorporate measurement at the centre of the programme, using proven techniques such as Monitoring and Targeting (M&T) or Measurement and Verification (M&V) to give the decision-maker confidence that they will be able to assess the programme's performance at any point and control the inputs in line with the benefits.	**Endorsement**: for a credence good, the buyer will be looking at attributes such as the reputation of the seller to provide assurance that the project will achieve the claimed benefits. Thus if the initiator of the resource-efficiency proposal does not have sufficient credibility with the decision-maker, they need to engage with people the decision-maker trusts to gain their endorsement for the programme. This situation is common for a high-level or conceptual proposal, so it is important that this type of proposal receives the strongest possible support from multiple "experts" around the decision-maker
Programme Design	**Regular Review**: As we ask for ongoing approval for the programme or projects we need to maintain the credibility of our assessment by updating the business case in light of (usually rising) resource costs, (usually falling) technology costs, and newly emerged technologies. Our decision-maker needs to be confident that a robust quantification of benefits is being undertaken at every stage.	**Staged Implementation**: Not quite "try before you buy" but we should introduce every opportunity to confirm the programme's success - either through a pilot project or through a phased roll-out, at which point the decision-maker can verify the savings (using M&T or M&V) prior to more confidently committing to further work.	**Trustee Led**: Given the level of uncertainty a decision-maker may well put in place a governance structure that involves people they trust. Typically we would create a Steering Group where the decision-maker or his trusted experts can regularly oversee progress and take corrective action if they feel the programme is not performing.
Initial Request	**Full Programme Request** (usually with clear hurdle rate): Here it is customary having credibly demonstrated the benefits in advance of a decision to proceed to ask for approval for the full programme, albeit with an agreement on the total spend, IRR, maximum payback or other hurdles that the project should meet.	**Staged Request**: Ask for support just until the first milestone - e.g. propose a pilot programme or create a definite threshold for further commitment (e.g. "if we achieve 5% savings with a year's payback, then we can roll this out further").	**Deferred Decision**: For this kind of proposal we will usually seek agreement to actions that can decrease uncertainty, such as undertaking audit process or establishing an expert panel to design the programme, prior to seeking approval for an initial pilot or milestone-based programme.

Energy and Resource Efficiency *without the tears*

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