

## **Energy Price Comparison Websites: Are They the Best Way to Save on Business Energy Costs?**

Energy often represents a business's biggest overhead cost, and it's an area where every Finance Director is likely to be seeking savings. Energy price comparison websites are often seen as a quick fix, enabling an organisation to switch quickly and efficiently to what appears to be a better deal.

In reality, the truth is rather different. As many businesses have found, a price comparison website in no way guarantees them the best solution.

There are a number of reasons for this.

- Energy price comparison websites are not supplier-neutral. They are programmed to provide the quote that gives them the highest commission. The deals they recommend are the deals that are best for them, not for the client.
- Price comparison websites are, by definition, focused purely on price. But in business, price is just one of a number of factors taken into account when deciding on the best deal. Service levels and payment terms can be equally important, particularly when cash flow is an issue.
- Energy price comparison websites look only at your headline costs, not the detail. Many sites will ask for the total from your last bill and for your postcode, then calculate savings based on the assumption that you are on the highest rate with the default supplier on your area. As a result, the savings figures they quote are not based on accurate information and can be extremely misleading.
- Price comparison websites will generally only give one quote. There is no opportunity to make comparisons between different energy suppliers on pricing or indeed on any element of the contract.
- Energy price comparison websites have no interest in the wider ways in which money can be saved on energy within a business.

If energy price comparison websites aren't the answer, what other options are available to those seeking to reduce energy costs?

The first, and obvious, step is to analyse usage and reduce it where you can. But there are also a number of other tactics used by energy management specialists that can make a huge difference to bills very quickly.

These include:

- Consolidating billing across multiple sites.
- Analysing usage patterns and researching for tariffs that best meet the organisation's needs.
- Negotiating with a wide range of suppliers.
- Arranging short contracts of non-standard durations in order to consolidate all your spending power from a single date for the next contract.
- Developing a knowledge of the energy markets, and taking advantage of price fluctuations.
- Planning for the long term, buying ahead when it makes sense to do so.
- Optimising procurement administration processes.

To do this successfully takes time and expertise, and many organisations find that it's not practical or indeed desirable to attempt to develop this specialism in-house.

An effective solution is to work with a procurement specialist operating on a 'no savings, no fee' basis. Because they are incentivised to find savings for the client, they will analyse previous bills and provide a range of quotes from both dealers and energy companies. Proposals should be transparent and give information on all the elements involved in the contract.

A good consultant will have strong relationships with all the main suppliers and brokers, and will use all the tactics above and more to ensure that their clients get the deals that best match their needs.

Whilst energy price comparison sites may seem an attractive option, it's easily possible that an organisation could go through the process of switching supplier only to find no real savings result.

Working with a specialist consultant gives genuine opportunities for comparisons between suppliers and will provide a far better outcome for a business seeking effective and sustainable cost reductions.

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