

# Designing consultancy on energy

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## Abstract

There is a wide tradition for using energy consultancy in all end-using sectors and in various models. A lot of aspects have to be taken into consideration when a consultant scheme is to be launched.

This paper will contribute to the discussion of the role of the consultant in the different energy end-use sectors:

1. Energy consultancy is defined.
2. The process for energy consulting is related to the eight fundamental objectives for effective management consulting (Arthur N. Turner): responding to a client's request for information; providing solutions to specific problems; giving an in-depth, accurate diagnosis; presenting a program of recommended corrective actions; implementing changes; building consensus and commitment; facilitating client learning; and enhancing organizational effectiveness.
3. The role of the consultant is divided into 4 categories (expert, diagnostician, sparring partner, process consultant) depending on the consultant's focus (process or cases) and methodology (analysis or dialogue).

Designing energy consultancy should reflect the end-use sector (household, industry etc.).

## Introduction

When promoting initiatives for conserving energy, the energy sector has traditionally used different types of consultants at different levels in the decision-making process. Often the task is approached head-on and consultants are invited to participate in different schemes without much thought being given to the role the consultant is to play in the entire decision-making process. This is most often the case because the consultant has been involved in the process due to an assumption that failure to implement energy conservation is a result of inadequate technical guidelines or knowledge.

This paper will in part develop a definition of consultancy that can be applied in the energy sector in general, and in part discuss what role the consultant is actually required to play with regard to promoting energy conservation.

## DEFINITION OF CONSULTANCY

In general consultancy can be defined as:

A service requisitioned, the objective of which is to provide individual advice and support to the requisitioning party. The service, which is paid for, is provided by an individual (or several individuals) with specific skills. The consultant will normally only represent the interests of the requisitioning party, and the relationship between the consultant and the requisitioning party is one characterised by cooperation and mutual trust<sup>1</sup>.

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1. This understanding of consultancy is common among a lot of references on consultancy, e.g. Poulfelt (1982) and Andersen, PLS.

The above definition of consultancy covers the general perception of the concept within the area of social studies. Consultancy is provided by an external or professional consultant, the requisitioning party requisitions the service him/herself based on a need for advice and guidance he/she has identified.

As regards the energy area this definition must be seen in a broader light, as situations may occur where a consultant provides advice on how to achieve energy conservation without having been asked for such advice.

Seen from a Danish perspective the energy area is an area subject to significant public (state) regulation. In Denmark, the substantial advantages society has achieved by reducing energy consumption (both economic and environmental) in the last several years have led to targeted planning for both energy supply and energy-conservation initiatives in all sectors and with regard to all types of supply.

There has also been an initiative for energy conservation where end users have been given advice and guidance from a professional. In the energy world this is called consultancy.

The first 'general' definition of consultancy does not really apply in several of the cases where the professional offers individual advice and guidance, as this definition stipulates that the party receiving advice must requisition and pay for the service. As the objective of any definition is to provide a practical analytical tool, it seems logical to develop a revised definition of consultancy, taking into account the specific conditions that apply to the energy sector.

Bearing the above in mind, the first part of the definition of consultancy can now be corrected, to what can define consultancy within the area of energy:

A service provided by an individual with special skills (a consultant), the objective of which is to increase the consumer's knowledge about and understanding of energy conservation. The service is adapted to the individual and targeted at the individual consumer. The service can be requisitioned by the consumer, however it can also be requisitioned by the supply companies or the state, and in such instances the consumer does not necessarily bear the costs<sup>2</sup>.

This definition emphasises that the service is adapted to the individual, is targeted, and that a professional individual (the consultant) has been involved in the process. This is in contrast to what we can call ordinary information activities, which to a greater degree are characterised by mass production of information material that is distributed more widely. However, as soon as the consumer receives individual treatment, the consultancy definition will apply.

#### *An example of consultancy:*

A net electricity company receives forms that have been filled in by their consumers concerning the consumer's electrical appliances (type, number, year of make, frequency of use etc.). The supply company's consultancy service re-

views the information and responds to the consumer, reporting individual information and giving advice.

#### *An example of information:*

The household consultants from the net electricity company's make a cookbook with recipes including advice on how to cook using as little energy as possible. The cookbook is distributed / sent to all interested parties.

#### *A final example of information:*

The net electricity company provides invoices that make it easier for consumers to follow their consumption, e.g. the invoice may include the consumer's consumption for the same quarter the previous year.

### THE CONSULTANCY PROCESS

The scope and nature of consultancy may vary:

The service may cover all or part of the decision-making process, from diagnosing the problem to the final implementation and any processing of findings.

The consultant may enter an active dialogue with the consumer or merely present solutions based on a personal assessment.

As an illustration of how long a consultancy process can be – if the consultant is to assist in the entire process of change, including strengthening the capacity to solve problems permanently – the process is as follows (here in hierarchical order)<sup>3</sup>:

In most cases where a consultant is involved, the first four steps in the above figure are usually aimed at. Steps 5 and 6 concern implementation (respectively technical-instrumental aspects and cultural-attitudinal). Step 7 involves a learning process for both the consultant and the consumer on the basis of the experience achieved. This is with a view to strengthening the consumer's capacity to implement savings in the future, while step 8 signals that the consumer's foundation for using energy more efficiently in the future has been qualitatively improved<sup>4</sup>.

The technique-oriented consultant of the »expert category« (more on this in the following) will most probably convey his/her messages as a technical solution, however there is a significant risk that the solutions suggested will reflect the consultant's own premises rather than the actual problem being addressed. It is often the case that the information requisitioned does not reflect the information that is actually needed, and the »expert consultant« will often overlook this or, as seen in the figure, the »expert consultant« will address the first three steps as one step. This one step will include an acceptance of the description of the problem given by the requisitioning party and based on this the problem is diagnosed. It may well be that the requisitioning party does not have a clear understanding of what the information is to be used for, or may not want an external consultant to present facts that are already well known.

It is the consultant's responsibility to find out why the client needs the information, how the information is to be

2. Own definition

3. Inspired by: Andersen, PLS., and Turner (1982).

4. "The term organizational effectiveness is used to imply the ability to adapt future strategy and behavior to environmental change and to optimize the contribution of the organization's human resources." Turner (1982) p 128.

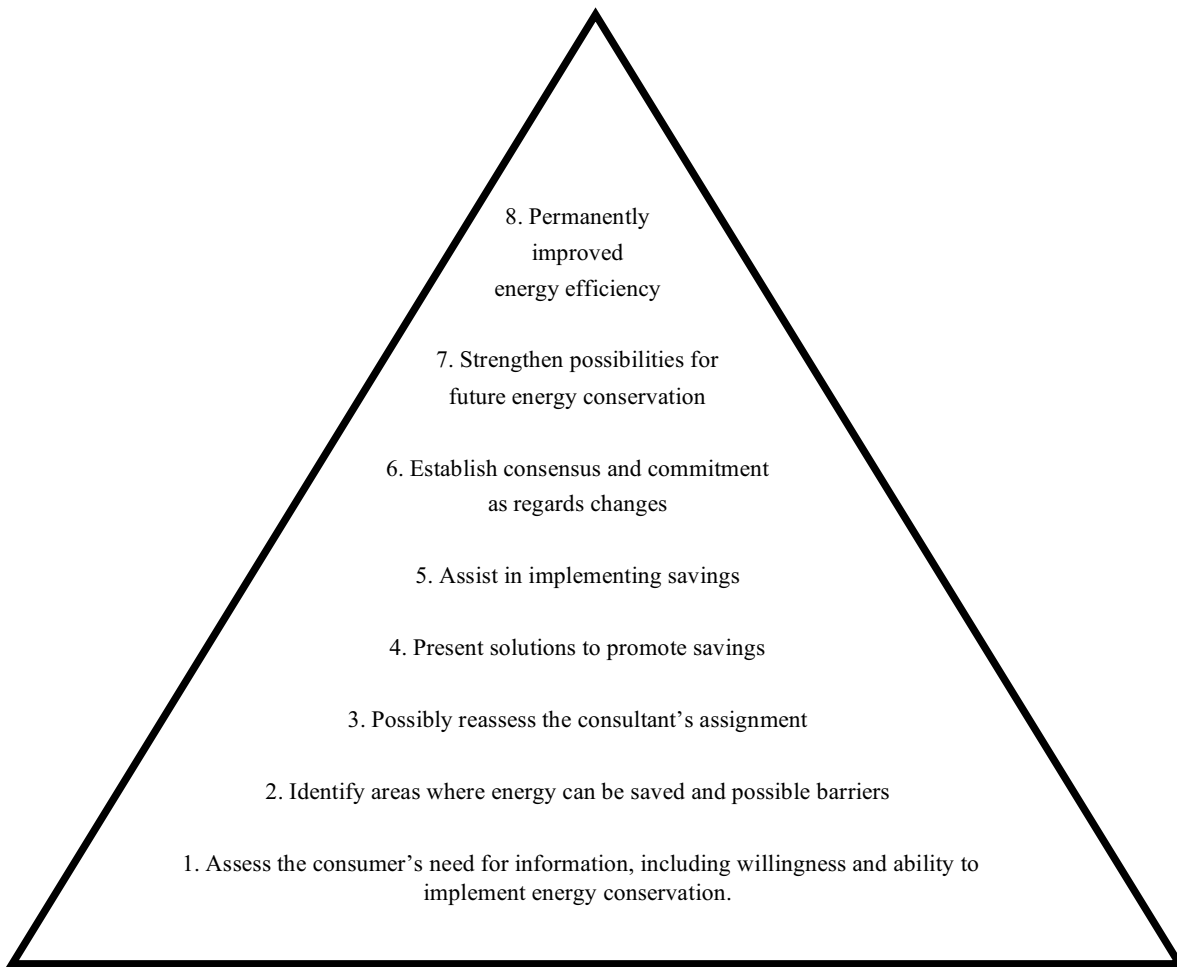


Figure 1. 8 steps of the energy consultancy process.

used, as well as what information the consumer already has (first step in the figure). There may be a conflict of interests between the consumer and the requisitioning party, particularly in cases where the consumer has not requisitioned the consultant him/herself. In such cases it is extremely important that the consultant is aware of these differences.

This problem especially presents itself in cases where, for example, a supply company has trained its own consultants. One could question whether the consultant has the consumers' interests at heart, particularly in cases where these may be in conflict with the supply company's. A similar conflict may be seen in situations where consultants are hired by the state to perform a task that bridges private and societal interests.

The consultant bears the professional responsibility to ask questions and investigate what is the actual core of the assignment. If the assignment is accepted by the consultant without further dialogue, there is a risk that the consultant will focus more on symptoms in his/her work than establishing the actual cause. When identifying key problem areas the consultant should collaborate with the consumer (step 2). Technical shortcomings that entail unnecessarily high electricity consumption can be symptomatic of an inflexible

decision-making structure or incorrect division of responsibility.

**THE ROLE OF THE CONSULTANT**

In the consultancy process described above, it is implicit that in his/her work the consultant is in constant dialogue with the consumer and that the consultant both can contribute to solving the problem itself as well as diagnosing it. For example, in cases where intervention is required in the implementation process itself. Some consultants may have a more limited role.

The role of the consultant can be divided into four prototypes depending on the focus during the process as well as how the consultant is included in the process.<sup>5</sup>

- Focus on the process: advice may be given concerning changes in the process at the receiver's end, e.g. changed decision-making structures (as regards conserving electricity: e.g. changes in behaviour and attempts at breaking 'vicious cycles'), and
- focus on tasks: advice can also be given for more specific tasks (e.g. advice about the most energy conserving appliances).

5. · Poulfelt p.44

Table 1. 4 Consultancy roles.

	<i>focus on:</i>	<i>task</i>	<i>process</i>
<i>using:</i>			
<i>analysis</i>		expert	diagnostician
<i>dialogue</i>		sparring partner	process consultant

\* Poulfelt .

The way in which advice is given can also be divided into two principal types:

- Analysis: refers to the traditional way of solving problems where a thorough analysis is carried out, choices are made, things are split up and priorities are given leading to a solution, and
- dialogue: refers to a more dynamic methodology where the problems are solved through an active dialogue, an exchange of views or negotiation.

With regard to consultancy within a technical area such as the energy conservation area, the tendency is to place too much emphasis on the consultant role that we normally call the expert role. Meaning that the consultant bases his/her assessment and solution for a defined task on specialist knowledge.

Due to lack of dialogue and knowledge about the process, the expert consultant cannot contribute to solving implementation problems, as these often concern conditions other than lack of technical information.

In spite of this one general requirement is that electricity consultants possess specialist expert, however this is just one of many requirements.

The diagnostician aims at getting to the heart of the problem through his/her own observations, gathering of information and analyses, after which a report containing solutions to the problem is prepared. The diagnostician's role can be summed up as one of analysis and observation.

The sparring partner solves the task through close collaboration with the client, and both parties contribute with their expertise and knowledge about the area. The idea is to make room for a positive synergy effect through deeper involvement. This role is very active; the consultant may be faced with a situation involving personal demands, e.g. solving any conflicts that may arise in the process.

The process consultant bases the approach on the philosophy of "help for self-help", and both the client and the consultant have a very active role. The consultant intervenes in processes (social processes, decision-making processes) to much a higher degree than the sparring partner does. The

process consultant may unwittingly question established structures and social networks and should therefore for ethical reasons also be very conscious of his/her role.<sup>6</sup>

#### The role of the consultant in industry, trade and the service sector

Having in-depth technical knowledge, particularly within industry, trade and the service sector can be decisive. Complex technical systems are often used in these areas, and any operational interruptions due to incorrect technical advice can be fatal<sup>7</sup>.

The type of consultancy that is most often needed here is the »sparring partner«, where the consultant and the requisitioning party enter into an active collaboration.

It can be difficult to find one single person who can cover all the areas required of the consultant. On the one hand a specialist with specific technical and financial knowledge is needed, and on the other hand a sparring partner who is skilled in areas such as organisation and psychology is needed. Having said that, it is not an ultimate requirement that the role of the consultant be filled by one and the same person. In some instances the core of the problem the consultant is to solve may have to do with process or structural conditions in an enterprise, and in such cases a process consultant is needed.

#### The role of the consultant in the public sector

In the public sector the barriers to implementing savings are often found in the bureaucratic decision-making processes as these inhibit implementation of the proposals for savings.

When dealing with savings in the public sector the consultant often has to focus on the barriers that may exist in the divide between the administrative and the political level, between users (of electricity) and decision makers, between short- and long-term economic interests and so on. This is when the process consultant is needed.

However there is no real need for the process consultant until a specialist/technical review has been carried out of where savings can be made in the organisation in question. Identifying areas where savings can be made and calculating the economic consequences of these etc, requires

6. Poulfelt's main stress is on the role of the process consultant in a therapy context where the primary focus is on human interaction seen from a psychological point of view. In this context, the focus is more on the type of process consultant who intervenes in political and administrative structures than in the personal and psychological structures.

7. Naturally this also applies in the public sector, where technical interruptions can cause considerable obstruction to work processes.

**Table 2. Different consultant roles in different sectors.**

SECTOR:	PRIMARY CONSULTANT ROLE	SECONDARY CONSULTANT ROLE
TRADE, SERVICE, INDUSTRY	<i>sparring partner</i>	<i>expert</i> <i>process consultant</i>
PUBLIC SECTOR	<i>process consultant</i>	<i>expert</i>
HOUSEHOLD SECTOR	<i>process consultant</i> <i>sparring partner</i>	

specialist consultant knowledge; that is an expert consult is needed.

#### The role of the consultant in the household sector

In the household sector the most appropriate role of the consultant is one where the consultant provides advice and indicates new approaches to solutions in close collaboration with one or more of the members of the household. The technical-specialist knowledge required of a consultant in the housing area is not as extensive as for the consultant in for example industry. A lot of the advice given concerns changing habits with regard to the use of household appliances, as well as psychology skills paired with an understanding of the dominant cultures / ways of living that are of great importance to the savings result.

Giving advice that seems provocative and possibly questions the leading norms in a household can, if delivered correctly, give rise to a constructive dialogue within the household and may lead to a change in behaviour. A large number of the appliances about which advice is given are appliance used for cooking and cleaning purposes. Therefore it is important that the consultant can instil trust in his/her advice by giving the user the impression that s/he actually knows how to use these machines. It does not do for a man who does none of the washing at home to give advice on how to use the washing machine.

The consultant role that is needed here is a combination of the sparring partner and the process consultant.

In cases where consultancy is used in energy-consuming sectors, the following consultant roles should be included:

#### DESIGNING THE CONSULTANT SCHEME

The significance of the role of the consultant and the level of involvement of the consultant in the process that this entails is often underestimated when consultant schemes are designed within the energy sector.

Huge potentials on energy efficiency might lead to stay unaffected if the role of the consultant are not carefully reflected into the designing process.

Furthermore it is of course important to be more precise as regards a number of other areas when a consultant scheme is to be launched. Examples are:

- whether the consultant scheme should be voluntary or compulsory,
- whether the scheme should be isolated or be linked to other instruments (financial, pedagogical or normative),
- which interests can/should the consultant represent (or be seen to represent),

- how should the scheme be managed,
- how should consultant expenses be deferred, and
- how should the scheme be evaluated.

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