

Lessons from NEEA's Hospitals Market Initiative

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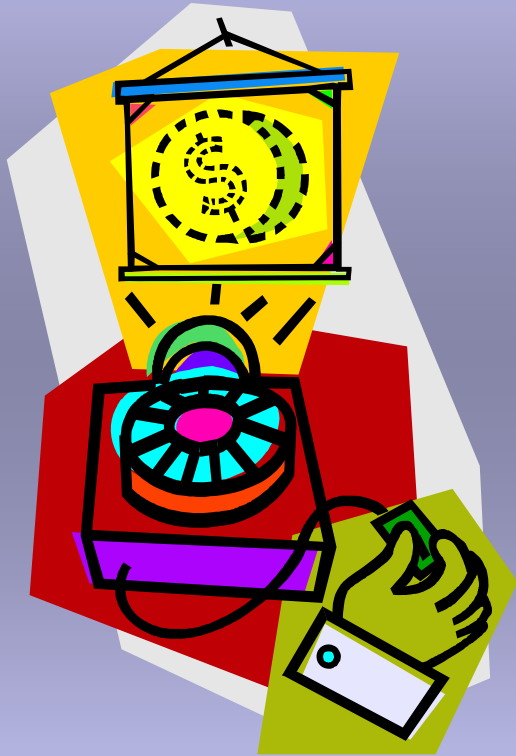
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Project Sponsor: Northwest Energy Efficiency Alliance

TODAY'S PRESENTATION



- **NEEA's Hospitals and Other BetterBricks Initiatives**
- **Activities, Achievements, Challenges**
- **Lessons Learned**
- **Priorities and Opportunities**
- **Discussion**



BETTERBRICKS



→ **Market-specific Activities**

→ **By Vertical Market**

- **Hospitals**
- **Grocery Stores**
- **Real Estate**

→ **By Cross-Cutting Market**

- **Design & Construction**
- **Building Operations**



BETTERBRICKS GOALS



- Make energy efficiency an integral part of business decision-making (vertical markets)
- Transform trade ally products and service offerings within the cross-cutting Design & Construction and Building Operations markets to deliver high performance buildings

BETTERBRICKS

BetterBricks

Vertical Target Markets

Hospitals &
Health Care

Grocery

Real Estate

Cross-Cutting Markets	Design & Construction				Other Buildings
	Building Operations				Other Buildings



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Zeroing In On:

HOSPITAL AND HEALTH CARE SECTOR



INITIATIVE GOAL



→ **Hospitals will develop and implement Strategic Energy Management Plans**

→ **What is a SEMP?**

- **A business case for cost effective energy efficiency**
- **Policies and practices**
- **New construction practices**
- **Lifecycle cost analysis**
- **Team to implement; resources to implement; accountability for implementation**



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What Does NEEA Deliver?

→ Market Specialists Provide Intensive Support

- Ranging from one to five days per month per hospital, depending on stage of SEMP
- One market specialist (or team) per state

→ Technical Advisors Provide Project-Related Support as Requested

- Facility scoping studies
- Benchmarking assistance
- New construction design assistance



What Else Does NEEA Deliver?

→ Tools

- SEMP framework, methods, guidebooks

→ Analyses

- Organizational structure, processes, facilities, equipment

→ Motivation, Facilitation, Encouragement, Nudging

→ Initiative Management (behind the scenes)



HOSPITALS ACCOMPLISHMENTS

- Most SEMPs plan for 10% to 30% savings of baseline energy over 3 to 5 years
- 36 hospitals have signed SEMPs = 24% of hospital beds in region
- 8 additional hospitals are working with the initiative = 36% of hospital beds
- Three years of NEEA effort to date



HOSPITALS CHALLENGES

→ Complex Organizations

- High degree of staff specialization → fiefdoms, unique perspectives and vocabulary, differing constraints

→ A Low-margin, Highly Regulated, High Stakes Business

- Energy issue competes with such issues as patient death, government-mandated disaster preparedness



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HOSPITALS SURPRISES

→ Portion of NEEA Market Research Led to Blind Alley

- Hospital sector has strong professional and industry groups
 - *Societies for healthcare engineering and state hospital associations*
- NEEA expected to partner with these groups
- To date, all relationships fall short of partnership



LESSONS LEARNED



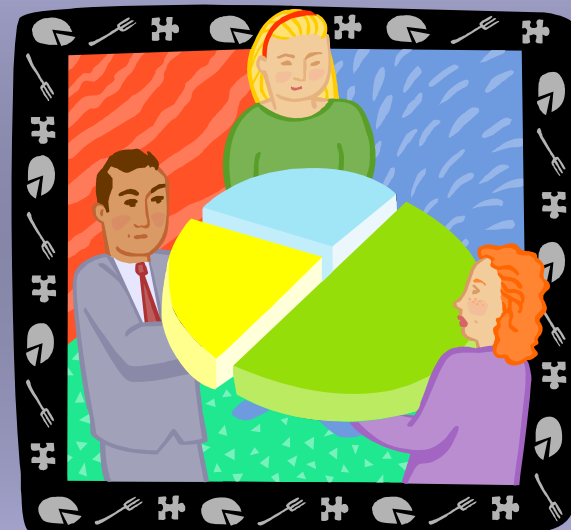
→ Change Won't Happen without Relationships

→ Change Can't Happen without Tools and Information



RELATIONSHIP BUILDING

**Market
specialists bring
the capability to
pay attention to
energy!**



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RELATIONSHIP BUILDING

Market specialists:

- Bring sustained attention
- Bring an organized, strategic approach
- Reach people at multiple levels in the organizations (and speak their languages!)
- Bring skills and resources



RELATIONSHIP BUILDING

Where to start?

Identify the “Value Proposition”

\$50,000 in energy savings = \$1,500,000 in revenues (given a 3% operating margin)



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TOOLS AND INFORMATION

*Hospitals Need
Information, Tools
and Services –
Not Just
Relationships*



TOOLS AND INFORMATION

→ A whole-organization approach requires:

- Benchmarking tools and relevant benchmarks
- Lifecycle cost analysis tools and guidelines
- Language and specs for procurement (RFPs, RFQs, contracts)
- Energy tracking tools (metering, software)
- Staff awareness training materials



WHO PROVIDES THE TOOLS AND INFORMATION?

→ The cross-cutting markets should be able to provide the tools and services

- Building operations
- Design and construction

→ Yet even the energy-efficiency community is scrambling to deliver

- (Who knew people would finally ask us for what we've been recommending?)



TOOLS AND INFORMATION



- Finding true experts for hospitals has been difficult
- Finding tools specific to hospitals has been difficult
- It is critical to engage the market in the process



TOOLS AND INFORMATION

→ Sampling of tools developed by NEEA for hospitals:

- Energy Practice Assessment Tool
- Tips of Getting Executive Attention
- Template for Developing a Strategic Energy Management Plan
- Manpower Needs for a SEMP
- SEMP Implementation Plan
- Executive SEMP Presentation



TOOLS AND INFORMATION

→ More tools developed by NEEA:

- **Guide to Optimizing Facility Investments**
- **Guide to the Design and Construction of High Performance Hospitals**
- **High Performance Building Design Charrette and Sample Agenda**
- **Request to Vendor for Total Cost of Ownership Information**
- **Daylighting Hospital Patient Rooms**



TOOLS AND INFORMATION

- Even with all the tools NEEA has developed or identified, gaps still remain
- Additional tool development still needed in:
 - Benchmarking
 - Lifecycle cost analysis
 - Procurement
 - Energy tracking



INCENTIVES



- Incentives are still needed
- Too many projects are competing for funds

BETTERBRICKS HOSPITALS



Conclusions



CONCLUSIONS

- Specific focus on hospitals is necessary for comprehensive energy savings
- Hospital focus has been essential to:
 - The progress made
 - Understanding and addressing market failures and gaps
 - Continuing progress



CONCLUSIONS

- Truly changing business practices is hard
 - For end-users
 - For efficiency organizations
- Many tools to facilitate the transition do NOT exist in the market
 - Need to develop or identify for subsector
 - Need to be deployed by subsector experts



CONCLUSIONS

- **Strong indication of huge savings**
- **It takes a long time to yield results**
 - **1+ years to start seeing savings**
- **It's costly to the sponsoring organization**
 - **Relationships and tools**
 - **Impossible to satisfy all demands**
 - **Hospitals will need to commit additional staff or hire consultants (private sector will need to provide)**



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