

# Accurate Utility Budgets Equal Fiscally Responsible Spending

## Using Energy Data and Market Expertise to Improve Utility Budget Accuracy.

The annual energy and utility budgeting process can be extremely challenging to a company's internal resources. Staff must take time away from regular tasks to analyze previous years of data, and dive into complex, custom spreadsheets or provide a "best guess" budget for the next fiscal year.

Either way, they often lack critical information about probable upcoming price changes, with few tools and clear methods to handle baseline data outliers, extraordinary weather changes and supply contract volatility. As a result, many of these surprises surface later in the year as variance to annual budgets. In periods when higher price volatility drives substantially larger and more frequent variances, these issues often compound as teams must defend budget processes, assumptions and baseline adjustments that have not been well-documented.

One of the nation's largest grocery supply chains is not immune to these budget planning hurdles. This company has a network of more than 3,000 stores, some served by the company's food distribution business and some traditional retail locations, and annual sales which total approximately \$17 billion. Such a geographically and physically diverse chain can make budgeting—and predicting variances—a time-consuming and nearly impossible task.

The company's Environmental and Facility department oversees the total facility management, including electric expense, conservation, waste and recycling. Like every multi-facility company, this business unit keeps close tabs on the numbers. "Our budget needs to be what we say it is going to be. Our financial team uses this information for management and planning to develop their annual goals and projections, and it affects our bottom line," stated the department's director.

## The Cost of Going It Alone

In the past, this annual budget process involved input from several of the company's business units, all of which took a different approach. While some units tasked internal resources to meticulously review past year budget numbers and trends and make their best assumptions, others took a less proactive approach and simply adjusted the previous years' budget.



## At a Glance

### Results:

The company's long-range, strategic goal was to make better use of the exhausted internal resources and achieve greater accuracy across all business units, and that required a different solution for the budget process.

ENGIE Insight supports over 6,000 grocery locations across North America, gaining data insights representing over \$1.1 billion in annual spend.

*"Our budget needs to be what we say it is going to be. Our financial team uses this information for management and planning to develop their annual goals and projections, and it affects our bottom line."*



## CASE STUDY

Even though the company was reaching their targets, people internally were beginning to ask “At what cost?” Overall, the company’s long-range, strategic goal was to make better use of the exhausted internal resources and achieve greater accuracy across all business units, and that required a different solution for the budget process. It was becoming clear that the excess time and money allocated to the budgeting process could be invested more strategically.

### ENGIE Insight Brings Valuable Expertise

Because the company had been a longtime ENGIE Insight client for expense and data management, a wealth of detailed cost and consumption data was available to review and analyze. During the budget process, ENGIE Insight can leverage this data to remove variables like extra-ordinary hot or cold seasons that may have impacted a budget cycle in previous periods. Further comparison of each location’s baseline to its four year history, helped ensure that anomalies were removed and newly emerging trends were projected into the budget year.

Beyond bill data, ENGIE Insight’s experience in the energy market brings extra intelligence to the financial management process; specifically regulated energy markets. “ENGIE Insight can look at any planned rate changes for the coming year in all the areas our facilities operate and use this insight to adjust the budget where prices are going to change,” said the director. “We can’t possibly know about every rate increase and decrease in every state, but ENGIE Insight does, and they back up their budget assumptions and variances to help us manage budget risk.”

Once the budget year is under way, customized accruals help to minimize erratic swings in monthly expenses due to vendor bill timing and seasonality. By incorporating predictive patterns specific to each location’s energy profile and intensive analyst review, the company has been able to gain internal efficiencies, with both facilities and finance stakeholders knowing that the figures and methodology are sound and proven. These figures help the company narrow the causes of variances to budget, knowing that faulty accruals are not contributing to the issue at hand.

### Increased Accuracy and Credibility

With ENGIE Insight’s help, the company’s facility management budget now utilizes ENGIE Insight’s “good data” for resource usage and spending that can be broken down by region and/or division.

ENGIE Insight’s data analysis, energy expertise and dedicated team members all combine to make the company’s budget more accurate. Energy expenses are one of the company’s top line items, so it’s important to get it right. Now the company’s internal resources, previously tasked to build the budget, are only utilized in this process to review and approve ENGIE Insight’s budget, giving them more time to focus on the company’s greater goals. Accurate numbers are then shared out with external stakeholders to show that the company has a data-driven budget, increasing its credibility and demonstrating why efficiency projects are worthwhile.



#### See More

Accurately track how your facilities are managing energy, water and sewer costs versus budget.



#### Save More

Avoid overspending on utility costs by enhancing the accuracy of your energy financials.



#### Sustain More

Create more accurate budget and accrual forecasts with tools and expertise to account for anticipated fluctuations.

### CONTACT US TODAY

1313 N Atlantic St #5000  
Spokane WA 99201

800 791 7564

[info.insight@engie.com](mailto:info.insight@engie.com)

[engieinsight.com](http://engieinsight.com)

