Shine a light on me



By Keith Lewis

ALTHOUGH a relatively young man, Simon Dudson is already something of a veteran - at least in UK terms. Most people living in Britain associate solar panels as high-tech devices that are only suited to hot, sunny climates like, for example, those enjoyed by residents of Spain or Greece. Not so. True, they work better in the sunshine, but it is daylight that powers the panels, not heat, according to Mr Dudson. And he should know because he has been following developments in solar power for around four years and has become something of an unlikely authority on the subject in a country not exactly noted for

An electrician by trade, Simon Dudson B Eng (Hons) has spent the best part of his adult life earning a living from taking on domestic and light commercial jobs, mostly locally which, in his case, is in and around his home and business base in Marden, just outside of Goudhurst. But in September last year he decided on a major change of direction and set up The Little Green Energy Company to specialise in Solar PV (Photovoltaic) technology. This was not simply to capitalise on his expertise in the field, or even to take advantage of the public's appetite for green, renewable energy. It was because the Government introduced massive financial incentives for anyone wishing to generate their own electricity via solar panels. The opportunity to make big money immediately became apparent when the scheme was first introduced in April, 2010.

The financial incentives are so attractive that the rewards on offer have brought in some of the big City guns - people who know nothing about renewable energy, and possibly care even less, but who do recognise a good thing when they see one. Multi-million pound funds have been set up to offer people free installation of Solar PV panels in return for those same people signing over their rights to the Government incentives. Deals offering handsome guaranteed returns for 25 years do not come along too often.

In broad terms, people who pay out to install solar panels have a meter inside the building which measures and shows the level of electricity generated by unit. The power thus generated and consumed in the home is free, and will remain so even if market prices for electricity soar. The deal under the FIT (Feed in Tariff) scheme is that the Government will pay 41.3p per unit generated, irrespective of whether it is used by the owner or whether it is fed into the National Grid. If it is used, the consumer obviously saves a significant amount of money by not having to pay for their electricity. If, on the other hand, it is fed into the National Grid, the consumer receives an additional 3p per unit, making 44.3p per unit in total. These payments are both inflation-linked and guaranteed by the Government for

Installation costs, however, are not cheap. It is difficult to generalise because there are so many variables, but a

domestic system in an average property would probably cost around £11,000. If this is correctly installed and the roof is South-facing, thus attracting maximum available sunlight, it might take around ten years before the system generates sufficient energy to pay for itself.

Many people are attracted by the green arguments alone; the reduction in carbon emissions would amount to something like 1.230 kilos of carbon per annum in an average home. Others may look at money they have on deposit and decide that, although installing solar panels undeniably represents a considerable outlay, an annual return equivalent to over 10 per cent from "day one" is a far better proposition than that currently offered by the banks. Faced with that sort of return, others may even consider that it is worth actually borrowing the money to install solar panels. As a final incentive, people also have the comfort of knowing that they will be protected from any future price rises in the energy

Either way, Simon Dudson reckons that the Government's scheme offers him a window of opportunity which is unlikely to be repeated. His problem is that he, as a one-man-band, is up against some stiff opposition.

His expertise is currently bringing in consultancy work which keeps his new enterprise ticking over and pays the domestic bills. Typically, he is brought in to design systems, to carry out feasibility studies on behalf of others, to train installers to know what they are doing (he has already trained over 140 engineers)

and even to help other installers gain accreditation. The latter is of particular significance because, in order to qualify for the Government scheme, installers have to be fully accredited and the panels have to be of certain specified standard.

However, by operating as he currently does, he is aware that it is his expertise that is enabling other, less knowledgeable peoples to enrich themselves at his expense. This is obviously a situation that he is hoping to change as his company becomes better known. His own marketing efforts have been concentrated locally. He has posted leaflets through the doors of residential properties to invite people in the local community along for free evening talks on the benefits of solar power and has even been invited by the local school to give a talk to the children on green issues. He has produced a slide presentation on how the Government incentives work which, by his own admission, is not so much a sales pitch as an explanation as to how it all works without the hype.

As he continues to use his knowledge to exploit the opportunity, he sees his main challenges as follows:

- 1) To develop brand awareness and reputation
- To access property developers and house builders for the bigger newbuild projects
- 3) To generate the budget for advertising and other marketing activity
- 4) To access local councils as an accredited installer in his own right
- 5) To develop his website as probably the most likely point of entry for new customers www. littlegreenenergycompany.co.uk



Our panel of experts says ...

Alan Williams, Senior Partner, Buss Murton Law advises:

It is often good business to spot an opportunity to leverage off someone else spending money, particularly if that someone else is the taxpayer. The construction industry fared very well on the back of local authority improvement grants thirty-plus years ago, and it looks as though Simon Dudson has identified something similar with the solar panel feed-in tariff.

As a small company, The Little Green Energy Company will be able to generate a steady income from fees for both the consultancy and the training that Simon is currently carrying out.

More profit (and probably higher risk) will be created by having other people contribute to his turnover. This could be by using sub-contractors, or even employees, carrying out the actual installation work (although this will start raising management issues); and there may be opportunities for referral fees or commissions arising from introducing suitable customers to specialist investment funds.

The economies of scale that would accrue from an expansion of the business, whether by acquisition or organic growth, could be substantial, and there are several venture capital providers who specialise in



renewable energy investment and who could support such expansion. Any form of expansion will have its downside - the additional burden of complying with employment legislation, or partial ceding of autonomy to a provider of capital - but sensible use of contracts should make any of these processes tolerable. And venture capitalists are very keen at the moment to identify good investment opportunities.

For The Little Green Energy Company, with the right backing and good management - the sky's the limit!

Alan can be reached on 01892 510222 or by email: awilliams@bussmurton.co.uk. For more information visit www.bussmurton.co.uk

Neil Edwards, Managing Director, The Marketing Eye advises:

The acceptance of a new product or technology follows a curve - from innovators and early adopters through to the late majority and laggards. There is a lot to be said for being in at the beginning of a market, but equally Simon must recognise that early adopters and innovators are typically only 15% of the total and it asks a lot of a small business to deliver the awareness and education that is needed.

Simon needs to structure his marketing activities so that he captures the early adopters on the one hand and contributes to the education of the late majority on the other.

The early adopters will go to exhibitions, read articles and seek out peer group comments to inform their purchase decision. Simon needs to place The Little Green Energy Company in the places where these people will go for knowledge. This includes augmenting his online presence with pay-per-click advertising to ensure his business is visible when people are actively looking for an installer.

Simon's broader marketing needs to continue to inform his target audience about government schemes, industry developments and the benefits



of solar energy, which in turn will build an association between the new approach and his brand. This isn't an overnight process. A constant flow of content rich information is needed for distribution via seminars, press releases, direct marketing and social media.

To begin building relationships with property developers and house builders, Simon should make a list of such businesses in the area and begin a targeted programme of direct communication with them. This could be via direct marketing and networking.

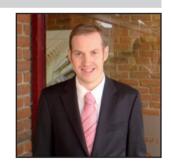
Neil can be reached on 01825 765617 or email: neil@themarketingeye.com For more information visit: www.themarketingeye.com

Andrew Thomas, Senior Manager, Armida Chartered Accountants advises:

With the Government needing to meet a legally binding target of 15% of total energy coming from renewable sources by 2020, public awareness of Green Schemes such as "FITTS" are likely to increase in the next few years.

This provides The Little Green Energy Company with fantastic marketing and financial opportunities at local level. particularly given the recent British Gas proposals for installing free 'solar' panels in schools and with local councils themselves keen to promote their own green credentials. With the current shortage of MCS accredited installers this is an ideal opportunity for Simon to gain council recognition as an approved installer, thereby increasing the company's profile, and creating potential opportunities with developers.

To create such openings, the company will need to educate its audience through a clear presentation and will also require finance and a strong business plan. Whilst the current company website is both informative and contains a clear mission statement, the company may wish to make further developments by including a promotional video and customer testimonials. To secure financial support, their business plan should illustrate clearly how their mission will be achieved with supporting



financials demonstrating how the business will be profitable and how potential investors would generate a return.

Investment may be achievable through traditional routes - family and friends or a small business loan. However, given its green credentials and expected rates of return, Simon should also explore the availability of government or EU grants or consider entering into partnership arrangements with the developers whereby they receive a proportion of the government incentive. Tax schemes such as the Enterprise Investment Scheme are also available if Simon is comfortable with diluting his equity in the business.

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If you would like your business to be featured in our Business Profile and receive advice from our experts please contact Sean Loram on 01892 686981 or email sean.loram@courier.co.uk