

## Managing the increasing cost of doing business

### The playbook

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Use this playbook to learn from the actions other businesses are taking, and consider if these could work for your firm.

The CBI is working with members to identify the areas businesses are facing increasing costs (across size and sector), and the measures they are taking to adapt to and address these increasing costs. Every business is different and will be meeting the various challenges they are facing in their own way. This playbook should not be considered advice, nor is it exhaustive, it offers an overview of the actions being taken by businesses to address the increasing cost of doing business.

This is an interactive resource. Use the list below to navigate through the playbook and tick the actions your business has taken.

#### Energy costs

- ✓ Adopt and implement energy efficiency measures
- ✓ Educate employees on the importance of energy efficiency
- ✓ Review the structure and timing of energy contracting strategies
- ✓ Explore demand management options
- ✓ Make the most of your data
- ✓ Think about your physical space
- ✓ Build an energy-resilient business fit for the future
- ✓ Make use of support to manage costs

#### Workforce challenges

- ✓ Supporting employees with the cost of living
- ✓ Recruitment challenges
- ✓ Productivity
- ✓ Skills

#### Supply chain

- ✓ Get the full picture
- ✓ Consider the wider context
- ✓ Strategize
- ✓ Take action
- ✓ Test and repeat

#### Access to finance

- ✓ Learn more
- ✓ Understand debt finance
- ✓ Consider cash flow

#### Cyber security

- ✓ Boost your cyber security

## Energy costs

### Some actions to consider:

#### Adopt and implement energy efficiency measures

For a quick win, consider changing lighting across a building to more energy-efficient options such as LED bulbs and lighting control – this can make a big difference and have long-lasting effects

Ensure proper insulation of buildings. Check out the IMA's [Insulation for Sustainability guide](#) to learn more about what you can do

Source on-site renewable energy generation (such as installing solar PV panels on roofs)

Use energy storage units to maximise the yield of such technologies, while allowing it to be stored and released when needed

### Some actions to consider:

#### Educate employees on the importance of energy efficiency

Bring in sustainability experts to shed light on broader issues

Run interactive sessions to explain your business' targets

Create practical toolkits to demonstrate how sustainability can be a part of everyday business

### Some actions to consider:

#### Review the structure and timing of energy contracting strategies

Be clear on how higher energy prices will impact your business. Can you pass costs on, or is it a direct EBITDA hit to your bottom line? If you can take the risk, consider a floating spot contract. If you can't, cover out 2022 and look at your options for future years

Look at longer-term options. Can you reduce consumption by investing in self-generation or energy efficiency measures? Are you eligible for grants? Are you open to and big enough for a Power Purchase Agreement (PPA) for onsite or remote generation? Can you implement increasing monitoring and control to limit how much energy you consume?

Green Energy Supply Contract – buy residual electricity from a supplier offering a green tariff. Many energy suppliers offer green tariffs for any additional grid-supplied power and gas. But beware – not all green tariffs mean the energy supplied has originated from a renewable source

Select the optimal supply contract mix – it's all about managing volatility - select from fixed contracts, flexible contracts, power purchase agreements, financial instruments, self-generation etc. The options will depend on your business size.

**Some actions to consider:**

**Explore demand management options**

Power down or switch off electricity to reduce demand; and /or using on-site generation or stored energy instead of grid supply  
Businesses with heavy equipment and factory equipment might consider the feasibility of running this equipment during the evening and/or early morning hours, for example, while conserving energy throughout the day  
Explore the use of flexible revenue streams from demand-side management.

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**Some actions to consider:**

**Make the most of your data**

Invest in analytics software to understand energy usage patterns in the business

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**Some actions to consider:**

**Think about your physical space**

Could you downsize your office footprint?

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**Some actions to consider:**

**Build an energy-resilient business fit for the future**

Generate your own energy. The business case for onsite renewables has never been more compelling, the key is to size a renewable technology (or combination of) with energy storage to meet the energy demand on the site  
**Check out this guidance** on generating your own energy for small businesses

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**Some actions to consider:**

**Make use of support to manage costs**

**Get help** if your business can't afford its' energy bills  
Could your business benefit from further **government support**  
**Find** support and funding  
**Find funding** to help your business become greener  
**Reduce the impact** of rising energy costs  
Use the **CBI's resources** to help you manage rising energy costs

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## Workforce challenges

### Some actions to consider:

#### Supporting employees with the cost of living

Review your ways of working. Hybrid working and/or flexible hours could give employees the flexibility to work from home, travel off-peak or to support childcare arrangements

Review the impact of transport costs. Consider support measures such as helping employees purchase seasonal rail tickets, or a cycle-to-work scheme

Adopt systems that allow employees to access the percentage of wages that they've already earned during their pay cycle

Review your expenses policy and how quickly employees are being reimbursed

Assess your business' capacity for support funding for employees struggling to pay their bills/ meet unexpected costs

Review your benefits and wider Employee Value Proposition

Review your well-being provision including the information you have available on Mental Health support as well as advice guides

Use the [CBI's mental health toolkit](#)

Invest in incentives like gym flex Gym flex which provides money off particular physical health provisions for employees

### Some actions to consider:

#### Recruitment challenges

Invest in pay and conditions you can afford and/or bring forward pay reviews if you can

Improve your brand for example through partnerships, ESG credibility and commitment to ED&I

Attract staff from a broader demographic pool to boost the diversity of your workforce

Recruit more entry-level staff and offer on-the-job-training

Relax candidate requirements if possible

Establish and communicate a strong company purpose

Assess opportunities for automation in your business and where investing in new technologies could help

### **Some actions to consider:**

#### **Productivity**

Embed a performance management approach that keeps staff accountable for goals that contribute to organisational success, while not being administratively onerous

Set people management objectives for leaders and managers and put them on a par with commercial targets

Ensure leaders and managers regularly communicate clear expectations around organisational priorities and know about staff workload and wellbeing

Regularly recognise and reward staff to appreciate what the team does

Keep track of staff's engagement levels, and establish ways they can provide feedback and ask questions

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### **Some actions to consider:**

#### **Skills**

Train and upskill your existing staff – especially in things like digital skills to make the most of automated processes. This can also boost retention and promotion to access higher pay

Establish job mentoring and coaching networks among staff to improve retention

Recruit apprentices to help secure the future supply of skills

Invest in leadership and management training and development, with a particular focus on people-management and leadership of hybrid teams

Recruit skills from industries undergoing structural change if they could be a good lateral fit for your business

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# Supply chain

## Some actions to consider:

Get the full supply chain picture by speaking to operational heads and supply chain managers. Discuss what aspects of procurement are working well, what's not and why

Identify where the largest gaps in your supply chain are occurring

Communicate with customers on the impact of delays to delivery and/or lead times

Identify what, if any, changes have been made to your business' procurement strategy in response to supply chain challenges

Identify the impact price rises and raw material shortages are having on your output

Establish if long increased cost pressures can be absorbed, and for how long

Implement any business continuity plans in place to deal with supply chain disruption

Identify the greatest threat to your long-term business objectives

### Get the full picture

## Some actions to consider:

Undertake an assessment of the picture in your sector using data and insights – including intel from CBI or trade associations as useful sources of information

Establish the impact energy price rises are having on your costs.

Is your business protected against price rises, or is your supplier contract up for renegotiation?

Determine the aspects of your supply chain strategy that are better or worse than your competitors

Investigate if/where diversifying your supply chain could reduce your input costs

Understand if increased costs are impacting your supply chain partners

Review how your business works with suppliers to maximise flexibility and minimize disruption

### Consider the wider context

### **Some actions to consider:**

#### **Strategize**

Brainstorm how the business can improve its' strategy to navigate raw material shortages and energy price rises with Board members or operational heads

Explore any opportunities for business growth arising from this long-term disruption

Discuss the supply chain challenges facing operational heads to inform an organisational strategy that has Board agreement

Assess the financial resources your business has to invest in minimizing disruption, including new skills and technology, and over what time horizon

Interrogate the financial forecast, and assess the people, operational and technology budget against long-term forecasts and business objectives

Attend events, initiatives, campaigns or business-education partnerships to tackle disruption in your sector

Identify your peers, in the same sector or different, that are best placed to kick the tires on your approach

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### **Some actions to consider:**

#### **Take action**

Set out the strategy for changes to your approach to supply chains and energy, and challenge teams to deliver a plan

Communicate the role of relevant operational heads and line managers in delivering a new strategy, and how they should prioritise accordingly

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### **Some actions to consider:**

#### **Test and repeat**

Identify the supply chain and energy risks that require ongoing Board discussion and decision-making

Establish an appropriate measurement and monitoring framework, and regularly assess

Agree the metrics new approaches be evaluated against and what success looks like

Decide the trigger that will result in further adjustments to your approach to maximise opportunities or challenges presented by supply chain disruption

Evaluate the impact have changes in your approach had on productivity and costs

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## Access to finance

### Some actions to consider:

#### Learn more

EY has identified six key drivers behind the need for financing. Check if any apply to your business: Meeting working capital requirements; Refinancing capital borrowed during the COVID-19 crisis; Resuming business; Capitalising on growth opportunities; Adapting your business model; Responding to new market and customer expectations like sustainability. Learn more about the key traditional financial products and services available in the market, and establish if they could be right for you, in the EY/CBI [Powering Growth](#) guide

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### Some actions to consider:

#### Understand debt finance

Do your research. Various debt financing options are available to businesses, with a vast array of different providers

Ensure you have a well thought through business plan

Establish how will you repay any debts

Construct and share a 3-year forecast model that you could share with lenders

Think about what your business might look like in a “downside scenario” (e.g., an economic downturn)

Brainstorm how you will articulate your business’ story

Demonstrate the strength of your business and its management team

Identify any other wider macroeconomic factors currently affecting or expected to affect your business. E.g., Has Brexit led to staff shortages or supply chain pressures?

Learn more about the debt finance, and key considerations, in the EY/CBI [Powering Growth](#) guide

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### Some actions to consider:

#### Consider cash flow

Understand the key issues to be aware of around cash flow, and how to address them. [Catch up](#) on the CBI’s SME webinar on cashflow resilience

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## Cyber security

### Some actions to consider:

- Take a risk-based approach to securing your data and systems
- Collaboratively build security that works for people in your organisation
- Know what data and systems you have and what business need they support
- Design, build, maintain and manage systems securely
- Keep your systems protected throughout their lifecycle
- Control who and what can access your systems and data
- Protect data where it is vulnerable
- Design your systems to be able to detect and investigate incidents
- Plan your response to cyber incidents in advance.
- Collaborate with your suppliers and partners
- Use the [CBI's action plan](#) and discover National Cyber Security Centre resources to boost your business' cyber security

### Boost your cyber security