Managing the increasing cost of doing business
The playbook

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

**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

**Workforce challenges**
- Supporting employees with the cost of living
- Recruitment challenges
- Productivity
- Skills
Adopt and implement energy efficiency measures

Some actions to consider:

- 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

Educate employees on the importance of energy efficiency

Some actions to consider:

- 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

Review the structure and timing of energy contracting strategies

Some actions to consider:

- 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.
### Explore demand management options

**Some actions to consider:**
- 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.

### Make the most of your data

**Some actions to consider:**
- Invest in analytics software to understand energy usage patterns in the business

### Think about your physical space

**Some actions to consider:**
- Could you downsize your office footprint?

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

**Some actions to consider:**
- 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

### Make use of support to manage costs

**Some actions to consider:**
- 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
Supporting employees with the cost of living

Some actions to consider:

- 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 which provides money off particular physical health provisions for employees.

Recruitment challenges

Some actions to consider:

- 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:

- 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.

Some actions to consider:

- 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.
**Supply chain**

### Get the full picture

- 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

### Consider the wider context

- 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
Strategize

Some actions to consider:

- 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

Take action

Some actions to consider:

- 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

Test and repeat

Some actions to consider:

- 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
Some actions to consider:

- 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.

**Learn more**

Some actions to consider:

- 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.

**Understand debt finance**

Some actions to consider:

- 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.

**Consider cash flow**
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

For more information and resources check out the CBI’s managing the increasing cost of doing business page