



B.6 Developing the organizational structure

Short description	You develop a long-term structure for the organization, ownership, membership and revenue flows of your collective.
Tools provided	—

In this section, we will look a bit deeper into how you expect to fund or finance your activities within the local energy collective. Probably you will combine different revenue streams, e.g. from regional or national funds, subsidies, and direct payments from SMEs.

Considering your revenue structure can help you for multiple reasons. Firstly, funding may be required to make it possible for you to spend time and effort in the initiative. Secondly, potential revenue streams (e.g. subsidies or funds) can be used for kick-starting new projects with local SMEs. Thirdly, some forms of revenues (membership fees) can create more commitment of SMEs towards the local SME energy collective and future willingness to pay for energy efficiency measures. If a local SME energy collective has overcome its first kick-off and initiating hurdles, you want to grow (both in maturity and in success of implementing measures). We know from past experiences that a good way to make a collective grow and be successful is to have SMEs actively contributing both financially and in-kind to a collective (see Section B.6.1).

If you have decided to opt for creating a legal entity (see Section **Error! Reference source not found.**), part of your revenue streams are already set. Still, these revenue structures should fit your value proposition and the (near future) level of engagement of your SMEs. In Section B6, we combine potential revenue streams and zoom in on how to determine the size of the revenue streams (i.e. fees or service payments). We would also like to note here that you will need to operationalize your chosen revenue structure and make sure proper reporting to authorities is in place, e.g. you would have to collect member fees, report to governmental agencies that proved you with funding, make an annual financial statement, etc. And you need to organize the legal boundary conditions, such as keeping relevant registrations up-to-date and organizing general meetings for your members.



B.6.1 Revenues from SMEs

First, you want to determine how to organize the SMEs in your collective. A common method is to work with a membership structure in which SMEs can become a member. Each member then pays a membership fee and services and activities are only offered to the members. A membership fee can be a fixed price per year, per month, or depend on the size of the SME. You can also think of a membership fee structure that decreases when SMEs implement more measures to motivate them even further. In some collectives, participation is free for the SMEs.

There are plenty of variations possible to this standard 'membership' model. In the table below, you can find an overview of options and their advantages and disadvantages.

If your ambition level is high and you involve already strongly motivated SMEs that are rather familiar with the topic of Energy Efficiency, we recommend developing towards a membership structure, in which SMEs become a member and pay a monthly or annual fee for this membership. But if SMEs are not yet clearly motivated towards this topic, starting with a competitively priced service or activity might fit better.



Revenue source	Description	Advantage	Disadvantage	Legal entity
Membership fee	SMEs become a member of the collective and pay a membership fee	Keep SMEs engaged and motivated, creating a sense of 'us' as members	Can be a barrier to participate if fee is too high or added value is not clear	Direct result from being an <i>association</i> or <i>cooperative</i>
Payment per activity or service	Each SME that participates in an activity or service of the collective pays a small fee	SMEs only pay for what they actually use in a direct way	You need to convince SMEs to join for every new activity or service	Works for any legal entity Also if the payment is direct to Energy Service Suppliers, a legal entity for the collective is not necessary
Percentage of EE saving	If SMEs apply EE measures through your network or advice, they pay a percentage of their monthly savings	'no-cure no-pay', they only spend money they saved	You want SMEs to really feel how much more can be gained from applying EE, this omits insights in the non-energy benefits	Works for many legal entities Also if the payment is direct to Energy Service Suppliers, a legal entity for the collective is not necessary
Completely free	The services and activities you offer are free and you are funded by government subsidies or other type of funding	SMEs do not need to pay anything, to them activities, advice and other services are free	When SMEs pay for things they might be more motivated to make it a success (if it is for free it can be easily taken for granted)	Not necessary
A mixture of the options above. For example, members pay a small membership fee, and in return they get a discount on the services offered that can also be used by non-members.				



B.6.2 Revenue structure

In the previous section, we talked about revenues collected from SMEs. But determining the exact combination and the size of e.g. a membership fee is dependent on two other important items:

- The other potential revenues, such as subsidies and grants.
- The cost structure of your organization (marketing costs, labor costs, utility costs).

To get an overview you can set up a balance sheet, including an indication of all the costs that you have as a collective and a list of all expected revenues through funds, fees and so on. In the following table, a list of potential costs and revenues is included. From a balance sheet tool, you can determine the size of the revenue streams that you can influence, and also to roughly assess if your collective is financially sustainable. Note that once your collective grows, a simple balance sheet tool is not sufficient anymore. Then you might want to hire professional support (e.g. an accountant and a business analyst) for running your business.

Relevant questions include: how high does a potential membership fee need to be to cover your costs? Would this be low enough that SMEs would want to participate? If I can find other types of revenues (such as additional payment for certain services or activities), then what would happen? Are there available subsidies from my local or national government or entrepreneurial funds in my surroundings? Can I arrange for in-kind contributions from local stakeholders or partners for specific services or activities?

Potential costs	Potential revenues
Communication and marketing costs	Membership fee
Building rental or mortgage	Payment for activities
Utility costs (energy, water, internet)	Subsidy from European, national or regional governments
Material supplies	Subsidy or grants from local or national entrepreneurial organizations
Labour costs	In kind contributions
Tax and insurance	Energy savings rewards
Activity or service specific costs	



Example: The energy collective of companies in Utrecht (ECUB)

ECUB (in Dutch: EnergieCollectief Utrechtse Bedrijven) is a non-profit energy collective in Utrecht, the Netherlands. ECUB regards their role to be a connector between various parties, such as companies, governments, business organizations, installers, and knowledge institutions. ECUB builds a network of SMEs, provides financial support, information, and serves as a link with Energy Service Suppliers and governments.

ECUB has a strict membership policy and only admits SMEs as member if (i) they are also member of a partnering business association, and (ii) they agree to an energy audit. Based on this audit, ECUB and the SME together decide what the energy efficiency priorities of the SME should be for the coming years. Each SME is assigned a certification of maturity when it comes to energy efficiency, which is reevaluated each year. The results are published through newsletters, the ECUB website, and partner websites, unless the SME objects to this.

Obtaining a level of certification will contribute to a positive sustainability image for ECUB members. But apart from that, it also aims to ensure that certified companies are less likely to be visited by municipal enforcers. This is an important and unique benefit, since enforcement agencies do have the right to inspect randomly. In practice, however, they appear to be more lenient towards ECUB members.

The main revenue streams of ECUB are via membership fees and additional funding from the 'Utrecht Entrepreneurs fund'. ECUB is also supported by the Municipality of Utrecht, the Utrecht Economic Board, The Utrecht Energy Fund, and The STIP (Innovation and Promotion Foundation De Wetering-Haarrijn).

ECUB did not start out with this membership fee strategy straight away. In the beginning, they experimented with a percentage fee, i.e. a percentage of the member's financial savings as a result of energy saving projects facilitated by ECUB was paid to ECUB to cover its costs. However, this proved to be a barrier for SMEs to use ECUB's services.