

## No Pain, No Gain

Written by Robert C. Baldwin, CMRP, Editor  
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Robert C. Baldwin, CMRP, Editor Yesterday, I paid more than \$2 a gallon for regular gasoline in Chicago. Each time I fill up, I see motorists muttering under their breaths. If you listen closely, you hear words such as "oil company greed," "environmentalists," "President Bush," and "energy crisis" sprinkled among the expletives.

Conversation at a neighborhood social can easily move from the price of gas, to rolling blackouts, to energy crisis, to energy conservation, with all the "depth" of understanding that goes with such discussion. I've also noticed an increase in the number of press releases with energy conservation themes in our mail.

With all the talk, the articles, and the news stories, the conservation idea has likely reached the executive suite where it may ricochet back down the chain of command as an order to do our part by conserving energy.

Energy shortages and high prices are emotional issues, prone to emotional rather than rational responses. First of all, the current energy situation is not a crisis when compared with the shortages of the 1970s. Where are the lines at the gas pump? Prices are indeed high, but not so high as in other countries. We gripe, but we continue to buy our SUVs and light trucks.

Yes, heating bills were very high this winter, and cooling bills may be even higher this summer. It is the economic principle of supply and demand at work. We gripe, but we continue to leave the thermostats set at the comfort levels to which we have become accustomed. (Speaking of

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comfort levels, I have never been so chilled as in a meeting room in the South during summer, nor as uncomfortably hot as in a meeting room in the North during winter.)

At the plant, we grip about the stupid "turn out the lights" conservation promotion, but we continue to run leaky unregulated compressed air systems, steam systems with faulty insulation and traps, and electrical systems powering old motors driving throttled systems.

Conservation is patriotic, but waste and poor management of productive resources is just plain dumb.

Why don't we start managing our energy systems like rational managers, engineers, technicians, and operators? Perhaps it is because of another basic principle of free markets--rational people think at the margin, that is, they take action when they believe the marginal benefit of the action will exceed the marginal cost. Perhaps the price is not high enough to make us change our behavior.

Although "no pain, no gain" may be the operative phrase, the rational asset manager will start managing energy now so that economic discomfort never reaches the threshold of corporate pain. **MT**

