

Why Renewable Energies Need A Renewable Mindset

Written by Dr. Liborio F. Nanni

Energy is by definition an exciting thing. We use that word not only to describe the motor of our everyday life, the very essence of how our world works, but also to define spirit, character, even a conversation. It's too bad if we happen to fail in comprehending the latter (that's life), but if we also fail to understand energy as the primary and complex matter and industry that it is, then we are bound for catastrophe. As simple as it may sound, this is what has been happening in the past 10 years in the energy industry worldwide: the idea that business can apply to energy like any other, that its experts are such even if by unverified proclamation and that if we end up paying a lot for renewables it is because it's just an unprofitable idea, at least for now.

As an executive with thirty years of managerial experience in multinational companies, working in the energy field for the last ten of my career has been a welcomed challenge. I believe in progress, in sustainable and profitable solutions, in the future. But as energy business scandals unfold in the news in these last days, I am prone to bitterness to say the least – it seems as if though we had the solutions ready, but we kept ignoring the problems. And now all hell is breaking loose.

Even if we are currently stuck in the recurring paradigm for which progress and innovation take a social and economic toll that hopefully will pass once we are forced with no other possible choice, anyone who works in the energy business knows (at least deep down) that it's not the industry that is at risk, but rather the mindset that is behind it. Oil keeps reigning but it won't forever. The sun and its daily irradiation of 12.000 times the energy needed by the *whole* planet are bound to be more reliable, for example. If we haven't yet found a way to exploit that, we will.

But only if we adopt a renewable business mindset as well. Historic energy companies are falling in front of our eyes - such as self-styled world leader solar plants developers, gas producers, coal miners and so on, that until "yesterday" were considered as milestones of our society, compasses for anyone, from institutional investors to common savers, willing to navigate the meanders of technology and investments. And so we are bewildered. We read of financial analyses, interviews, briefs. But it appears that no one is actually describing the simple truth: companies are made of people, and if people don't understand the game they're playing, they will lose. You can't fit a square through a circle hole, despite all the money you may have or be willing to lose in trying.

Speaking of money, the knowledge you may have of it will do you nothing in the renewable energies market if you don't have a deep awareness of how it works. The risk of turning it into an economic bubble was obvious early on, but it was deemed a problem of tomorrow. Incentives in many countries paved the way for billions in investments, until national agencies closed the faucets and wished investors a good (sunny) day. In Italy for example, solar energy accounts for 18 GW of installed power, covering some 7% of the Italian energy need. It's a lot less than what we could do, but nonetheless people have stopped to take interest or have even started to complain heavily of prices.

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I doubt most of my Italian fellow citizens know that their energy bill might have hidden costs that account to approx. 0.40€ per quarter for them, but may mean a total of much over 8M€ for that utility in the business. They are barking at the wrong tree.

But not all are blind. Germany has done an amazing job in simply looking at the big picture, the long run. In sustaining the energy growth at all levels, from residential to industrial, it is perfectly in line with its intent to get rid of nuclear power within the next 30 years. On the other side of the revolution we have Italy for example, a champion of bureaucracy that has attracted developers and investors from all over the world thanks to the quality of its sun and the abundance of its incentives (included some of those 'stars' recalled above, who set up in North-East Italy one of the largest solar plants in the world with a power of 70 MW), and managed to fail them all.

I understand that being that thing that runs through copper cables (electric energy), or that hot fluid that flows through pipes (thermic energy) to name a few, it is hard to grasp. An oil barrel is much more reliable for our brains, you can touch it, and you can sell it by the gallon, which is still a much easier measure than a kilo-watt-hour. But that is no excuse for linking the price plunge of oil to the insecurity of a renewable future. The recipe for success here is to account for *all* aspects of the energy industry, not just one (money). Investment, ROI, environment, development, growth, wealth, economic stability and most of all – a long term mindset, able to adapt and see beyond the easy money of an easy investment. There is no room for neither anymore.

I had proof of all this when I was called for a consultancy about an international major project concerning a solar plant that had three different countries involved as parties, and that wasn't performing as planned making banks and investors extremely anxious (not to say raging). I was expected to spend at least two days examining the plant and the business behind it, which instead I managed to do in no more than half an hour. There wasn't any dark secret to be unveiled, no inexplicable economic loop that it had fallen in, no conjecture of lack of sun and poor panel quality. The simple truth was that there had been made simple mistakes. People who knew and understood almost nothing about energy decided to become energy makers. And that is why we are now left with "the result of cheap money and excessive financialization of the economy", as Bezek said recently in one of his articles. I was never called by those investors again, for them what I stated was just too simple and too easy to be true!

My hope is that we will stop thinking just until the next bubble, the next scandal, the next problem. Great things are happening right now with renewables, like the startup [Watly](#) who doesn't build panels or solar plants, but cleans water with the energy of solar panels, just to name one. The technology is ever-growing, and nevertheless amazing as the first day we realized we could harvest the power of the sun. I urge any and all managers that do not 'understand' energy and are after the great money and great career to stay away from the energy industry.

Not because it wouldn't do it for them, but because they wouldn't do it for her.

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About the Author: Dr. Liborio F. Nanni



An accomplished, multi-lingual and growth focused Senior Executive with a proven track record of international large-scale (\$300M+ USD) contract successes leading General Management, Change Management, Business Development, Sales, and Operations Teams within various sectors of industry such as high-tech field with late focus on the Power and Energy, Renewable Energy, and Utilities sectors with significant exposure to the operating environments of US multinational corporations and the effective management of dispersed multicultural and multifunctional teams within multi-country environments.

A mature and credible leader with long P&L management experience, strong negotiations and market penetration skills, and highly developed customer facing skills across the entire value chain: from OEMs to key ends users, from distributors to EPC including responsibility for multi-million euro budgets. Equipped with a hands-on mind-set and a Group mind-set; employs excellent presentation, demonstrated ability to communicate and C-Level stakeholder management skills, together with whilst developing teams and individuals using a mentoring philosophy to exceed the business objectives.

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