

## Advisory Board meeting

18 June 2018

### Notes

We held a further Advisory Board meeting on 18<sup>th</sup> of June. Peter Lederer (Chair), David Howe, Nicola Megaw and Jaume Ferras Santin attended, along with David, Duncan and Karin (daily leaders of the business).

This was Jaume's first meeting and it was great to be able to welcome him and get very helpful advice around marketing strategies.

### Topics discussed

#### Where have we got to?

##### *Growth:*

- We have grown to nearly 9,800 customers of which 1,706 joined in May 2018. In terms of turnover, we are now at £10m ('forward annualised sales'). The recent customer growth was partly driven by a very competitive price, partly increased marketing activity.

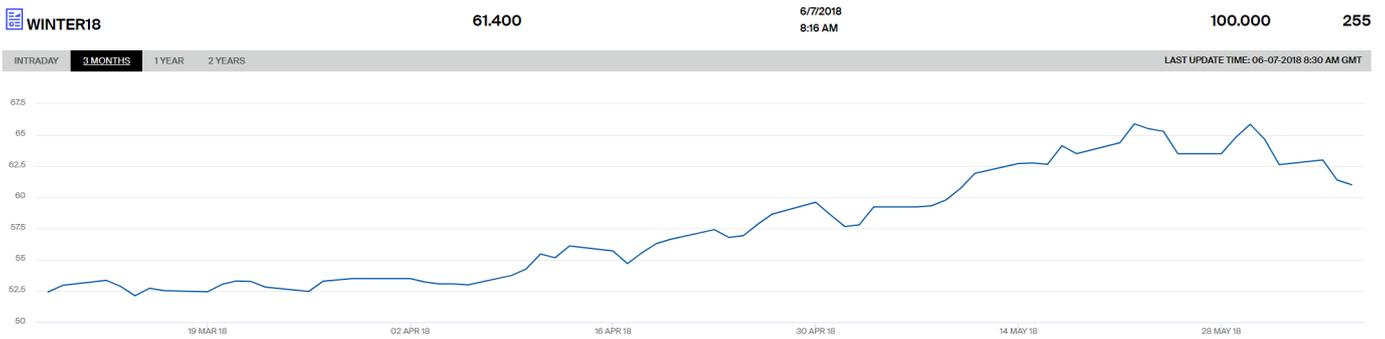
##### *Scale and stabilisation phase:*

- We continue to be in a phase of 'scale, and operational and financial stabilisation' (following the initial two phases of (1) getting funding and licenses, and (2) launch). We are not yet ready to move to phase 4: Innovation. It is also first in Phase 4 that we will be able to deliver on our customer promises of returning crowdfunders' money, returning profits, and taking on pre-payment meters. These remain key commitments that drive our focus on customer acquisition, as significant numbers will help us reach that stage sooner.

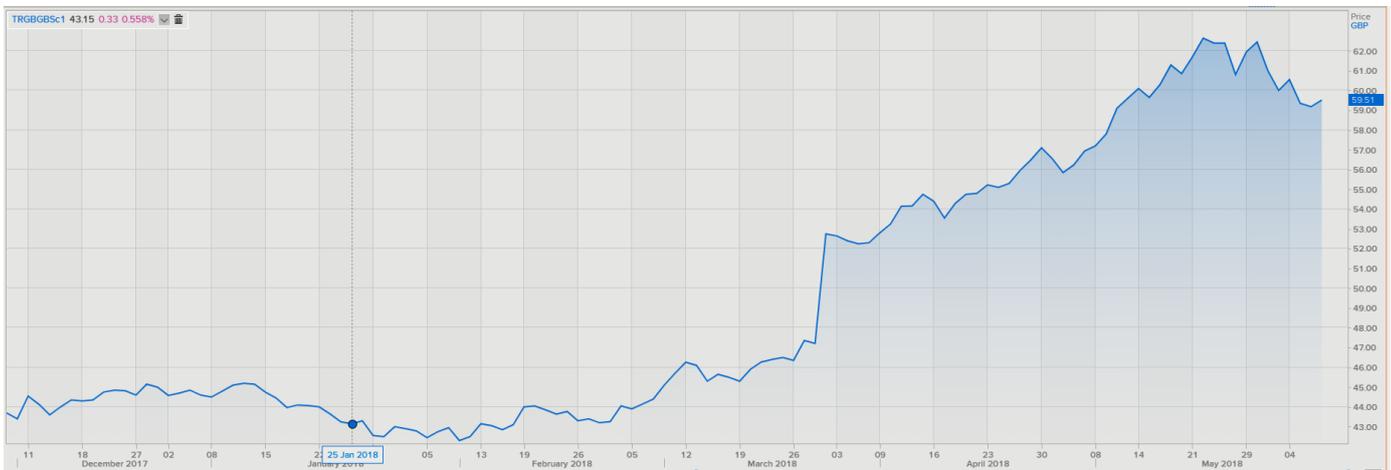
##### *The market:*

- The wholesale market is challenging. Energy wholesale prices have not come down from seasonally high winter prices as expected but have increased instead.

- The wholesale gas price when purchasing ahead has increased from 52p/therm to 60p/therm, as seen in the graph below:



- The wholesale electricity price when purchasing ahead has increased from £44/MWh to £66/MWh – see the graph below:



- As a response, most of the Big Six have raised their prices over the past couple of months, and a number of other suppliers too.
- We have held the price (for now – see below), which is giving us an additional competitive advantage, particularly against the Big Six (but isn't sustainable for the long term – we considering a summer price lift if wholesale costs do not return to earlier norms).

*Customer acquisition:*

- With support from Jaume, we have embarked on a 'Fail Fast, Fail Cheap' strategy, trialling a range of messages, channels and audience groups at pace, measuring which work best and increasing spend on effective methods, killing off ineffective campaigns quickly. This has driven

significant extra traffic to our website and also more sign ups.

- We have engaged a creative agency to help us create a viral campaign – to go live in c 3 weeks.
- Customer growth at this time of the year is important to help us build up cash reserves for the Winter, where customers' direct debits often are lower than what is required to cover their usage (the direct debits are higher than their usage in the Summer). Being a new organisation, focusing marketing activity carefully at different times of the annual cycle is important to help us manage cashflow. Our plan is to move into 'brand awareness' mode from September onwards and then switch back to 'customer acquisition' mode again in March 2019.

*Customer service and performance against industry standards:*

- We are pleased to report that we are excelling in reviews (Facebook and Trustpilot), despite some system challenges. The team is doing a fantastic job and are demonstrating commitment and a real 'We are On It' attitude (one of our four values).

*Team:*

- We now have 22 individuals in employment, with two more to start on 18<sup>th</sup> June in Customer Service. We continue to operate a very lean organisation with lower costs than is typical for this kind of business, although we have deliberately driven customer service recruitment to ensure that we can always meet customer needs and give a 'Human-to-Human' service (another of our values).
- We are recruiting for a further two roles: Billing Specialist and Data Analyst.

*Finance:*

- We are carefully monitoring our cash position. While moving towards profitability is very important, ensuring that we have a positive cashflow is even more important in these early stages of the business. In addition, we will need to continue our customer acquisition curve for the next three months, and Duncan is focusing on exploring further finance, as an 'insurance policy' in case of a cold Winter, similar to the Beast from the East. With those measures in place, we are in a good position.

## What are our plans?

### *Renewable Energy*

- We plan to get more involved in the public discussion around renewable energy, in particular green gas and storage of both gas and electricity. We want to lobby the government for a tax break for green gas, for example.

### *Marketing/Customer Acquisition*

- We discussed how we can ask individuals who are bought into the idea to actively invite 2-3 people each to join too. Our challenge currently is that the new Data Protection law (GDPR) makes it harder to communicate with people, except on very specific business relevant matters (e.g. customers' bills). This makes it more challenging to galvanise support to build the movement, and we will need to strike a fine balance.
- We agreed to appoint 2-3 more people to the marketing team to help increase particularly social media engagement.

### *Finance and legal matters*

- The Advisory Board encouraged us to share with our customers some of the challenges we face, for example the sustained high wholesale prices. While we would all like to maintain low prices, to make energy as affordable for all as we can, we can only provide the fair, green offering if we are financially sustainable. Explaining some of the factors leading to the price increase will hopefully make sense to most customers.
- We also discussed issuing preference shares or bonds which would be time bound. This would allow customers and other individuals to get involved without us having to give out ownership shares. It is vitally important that any fund raising does not dilute our commitment to give all our customers' joint ownership.
- We are still investigating with lawyers the best way of offering customers ownership without it becoming an administrative burden that takes our focus away from giving the customer a fair deal, great customer service, and a voice. As we explore funding options, there is complete agreement among the Directors and within the Advisory Board that no option can take away the say, ownership and profits from our wider customer group.

## Next Advisory Board meeting

Our next meeting will take place on the 20 August. By that time, the process of customers electing their Representative for the Advisory Board will have ended, and the elected individual will be invited too.

