

# Belk, Inc. – Seeing is Believing LED Pilot

RILA Retail Energy Management Program: Updated February 2017



## Implementation Model:

### Inviting Senior Executives to Visit LED Retrofit Pilot Strengthens Buy-In for Future Projects

#### **BARRIER**

New technologies often face skepticism; and once proven, there is no path to scale them across the portfolio.

#### **SOLUTION**

Design a pilot to measure the full benefits of a technology and invite company decision-makers to see the positive impacts firsthand.

#### **OUTCOME**

Belk reduced its in-store energy consumption at a single location by more than 27% after retrofitting the lighting system with LED lights. After seeing the project firsthand, executives wished to see LED projects in more stores.

## Overview

Belk, Inc., a private department store company based in Charlotte, N.C., is the home of Modern. Southern. Style. with 293 Belk stores located in 16 Southern states and a growing digital presence. Belk is a portfolio company of Sycamore Partners, a private equity firm based in New York. Belk and [www.belk.com](http://www.belk.com) offer a wide assortment of national brands and private label fashion apparel, shoes and accessories for the entire family along with top name cosmetics, a wedding registry and a large selection of quality merchandise for the home.

Belk has shown its commitment to corporate sustainability and continues to do more each year to

reduce its total energy usage and overall carbon emissions. Lighting accounts for 35% of energy consumption and \$1.05 billion in potential savings across the retail industry. After a successful LED retrofit pilot program and in-person store visit from senior leadership, Belk identified additional energy efficiency projects for the company.

## Process

*"We are pleased with the result and the project benefits: energy savings, cost savings, and better comfort for customers."*

**Amy Baenen**

*Senior Vice President & Director of Stores*

*Northern Division, Belk*



This Implementation Model was completed with support from the Department of Energy's Office of Energy Efficiency and Renewable Energy and the Better Buildings Initiative to highlight innovative proven energy solutions from market leaders in the Retail sector. Find more ideas at the Better Buildings Solution Center at [betterbuildingssolutioncenter.energy.gov](http://betterbuildingssolutioncenter.energy.gov)

Belk’s Sustainability Team planned for its Crabtree Valley Mall location in Raleigh, NC to be the site of the first LED retrofit pilot project. After studying the success of other LED installations at a nearby shopping mall, Belk’s Director of Sustainability Candace Taylor Anderson coordinated the pilot’s design in collaboration with the Store Manager, Regional Vice President, Executive VP and Head of Division, and Facilities Vice President.

Belk leadership considered the following criteria before approving the project: upfront costs, lighting quality, alignment with existing company lighting standards, and energy savings. In order to ensure these criteria were met, the project was required review by (1) the Store Planning and Design department, (2) the Financial Planning and Analysis department, and (3) a third-party vendor familiar with the rebate landscape.

In researching the LEDs, Anderson found that the risk profile for the project was reduced thanks to existing utility rebates from Duke Energy. Many ENERGY STAR-certified LED bulbs are eligible for utility rebates. Belk also took advantage of the Section 179D Commercial Building Tax Deduction of the Federal Tax Code, which provides a tax deduction for energy efficiency improvements to commercial buildings. Thanks to these cost reductions, Belk’s Finance team and other relevant executives approved the pilot since it was clear that the project was an efficient allocation of resources with a strong return on investment.

With strong financial projections calculated and the pilot lighting project implemented, Anderson organized a site visit with the Vice President of Facilities, the Executive Vice President, and head of the operating division to showcase the technology and all of its benefits. During the site visit, the senior executives were able to observe possible changes to customer experience firsthand and approve the aesthetic impacts of the new lighting on the store. In addition, two performance evaluations, at three- and six-months after the project initiation, showed significant cost savings that confirmed the

financial performance projections. After reviewing the cost saving and in-store performance, senior leadership was able to approve a redesign of the company’s entire lighting infrastructure. Since then, customers have confirmed senior leadership’s assessment of the LEDs’ lighting quality, commenting that the stores look even better.

## By the Numbers:

Total LED Bulbs Installed Across All Belk Stores To-Date	100,000
Energy Savings To-Date per store	15-30%
Payback Period	1.5 - 2 years
Return on Investment (ROI)	30-50%

## Outcomes

A key success factor for corporate buy-in was the pilot site visit by senior executive staff, where they confirmed the positive impact to the store’s look and feel.

Belk was able to reduce its total energy use at the pilot store by over 27% to-date with an expected ROI of 50% (including utility and government incentives). In addition to cost and energy savings, Belk has been able to save on labor costs by reducing the frequency of incandescent bulbs change outs.

The operations department at the store has been thrilled with the initial results and reported that some customers have noticed the change as merchandise shines brighter under LED light. The success of this pilot project inspired a redesign of Belk’s complete lighting infrastructure; and it decided to increase the number of full-store LED retrofit projects across the company.

Belk [offers many ways to connect](#) via digital and social media, including Facebook, Pinterest, Twitter, Instagram, YouTube and Google Plus, and provides exclusive offers, fashion updates, sales notifications and coupons via email or mobile phone text messages. Customers can also [download the latest Belk mobile app](#).

## Internal Process Spotlight: Securing Executive Engagement in Energy Pilot Projects

It is important to communicate the success of a pilot project to senior executives in order to establish credibility and prove the financial viability of energy investments – particularly when the project could impact the shopper experience. Establishing thoughtful engagement methods can foster shared success stories, save on approval time for future energy efficiency projects, and build credibility for the energy department.

### BEST PRACTICES

- ✓ Organize site visits of pilots with senior executives and company decision-makers
- ✓ Share energy success stories with the Executive Team on a regular basis
- ✓ Provide post-audit results, including total cost and energy savings, return on investment, payback period, and anecdotal feedback from store staff and customers

## RILA Energy Management Program

### Program Background

Retailers have a significant opportunity to reduce the energy consumption and associated greenhouse gases of their vast portfolio of locations, to the benefit of both companies and the environment. The Retail Industry Leaders Association (RILA) is committed to helping its members overcome barriers to enhanced energy performance across their building portfolio through its [Retail Energy Management Program](#).

### Program Workstreams:

RILA and its program members are working to (1) Develop Implementation Models, (2) Educate the Industry, and (3) Spur Adoption of Implementation Models with a focus on three key areas:

1. **Financial management**, by exploring how to “speak finance”, improve project proposal and piloting processes, create innovation funds, and utilize external financing.
2. **Leased store management**, by engaging landlords and internal real estate, construction, and store associate teams to overcome the additional energy management challenges faced in leased store locations.
3. **Renewable energy**, by partnering with existing renewable energy organizations to educate energy managers on the landscape of renewable energy procurement options.

### Join the Program

Retail energy managers interested in participating should email Erin Hiatt, Senior Manager of Sustainability & Compliance, at [Erin.Hiatt@RILA.org](mailto:Erin.Hiatt@RILA.org).

Learn more at [rila.org/energy](http://rila.org/energy)

Find more Better Buildings resources at [betterbuildingssolutioncenter.energy.gov](http://betterbuildingssolutioncenter.energy.gov)

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