

Management Attributes of the Best Managed Companies

Client Case Study

Presented by:



Energy. Knowledge. Results.

Problem

The Client Wanted to Gain an Outside Perspective to Identify New Opportunities for Improvement in the Area of Management

- **Our Client**

- A Regulated Utility Focused on the Transmission and Delivery of Electricity and Natural Gas
 - Electric: 30M MWH representing \$2B in revenue in '01
 - Gas: 122M DTH representing \$680M in revenue in '01
 - Over 1M gas and electric customers (Residential, Commercial, and Industrial) and nearly \$5B in assets

- **The Challenge**

- Identify improvement opportunities to continue our clients transformation to an operationally excellent company
- Inject fresh perspective while remaining relevant to a regulated utility
- Focus the effort on management practices and competencies that can be leveraged across the organization and be relevant for the long term

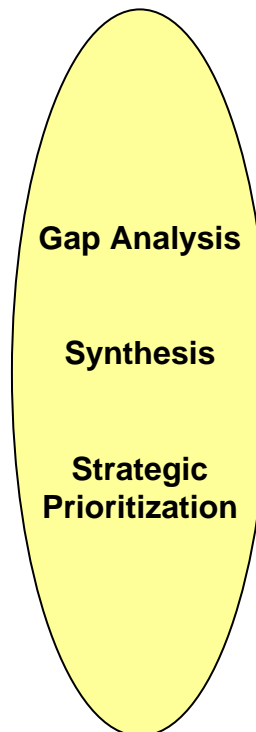
Process

First We Defined the Business Objectives and Identified What Key Questions Our Analysis Needed to Answer

Benchmarking Efforts

Best Managed Company Analysis

- Designed to compare our client against common attributes of success derived from 'best managed' companies
- Seeks to draw management insight and 'key learnings' from consistently high performing companies
- Designed to breakdown and measure management attributes and intangibles that have driven success
- Seeks to identify concepts and programs with greatest impact and with most applicability to our client



Identify Strategic Initiatives

Programmatic Recommendations

Specific Gap Closing Initiatives

Striving for Operational Excellence

Where Are Our Opportunities?

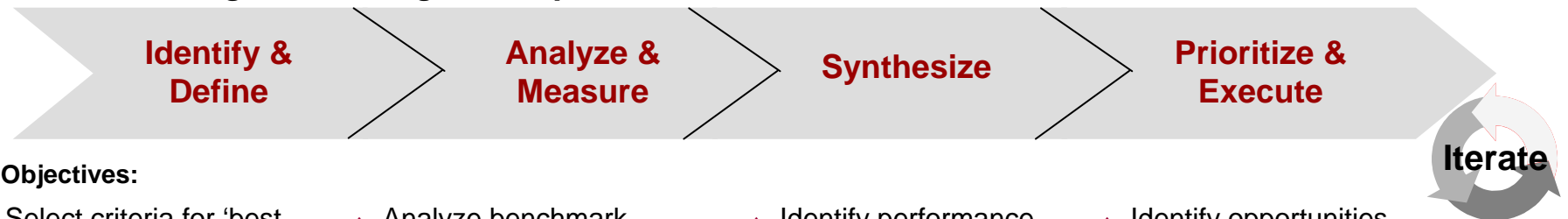
Which Are Most Important?

How to Address them?

Process

Our Benchmarking Approach Identifies Opportunity Areas While Also Developing a Repeatable Process

Benchmarking Best Managed Companies



Key Objectives:

- ◆ Select criteria for 'best managed' companies
- ◆ Develop 'best managed' benchmark company list
- ◆ Identify 'attribute areas' of excellence
- ◆ Define 'attribute areas' to scope analysis
- ◆ Decompose 'attribute areas' to enable measurement
- ◆ Analyze benchmark companies for:
 - ◆ Success drivers
 - ◆ Programs/initiatives
- ◆ Based on 'best managed' performance, identify core and distinguishing performance in each of the 'attribute areas'
- ◆ Develop detailed supporting anecdotes in each of the 'attribute areas'
- ◆ Measure client in each 'attribute area'
- ◆ Identify performance gaps as identified by analysis and study
- ◆ Develop perspective on desired attribute mix
- ◆ Prioritize attribute areas gaps based proposed 'client specific mix' and gaps
- ◆ Identify key implications
- ◆ Identify opportunities with greatest impact
- ◆ Develop detailed initiatives to remedy and drive performance
- ◆ Prioritize initiatives and identify proper phasing/timing
- ◆ Create repeatable process for future iteration and measurement of progress

Recommendation

Focus Improvement In The High Impact Areas Where the ‘Best Managed Companies’ Distinguish Themselves

Best Managed Company List



We bring good things to life.

Johnson & Johnson

WAL★MART®

Microsoft®

intel.



Distinguishing Attributes

1. Leadership
2. Innovation
3. Strategic Planning
4. Customer and Market Focus
5. Human Resource Management
6. Organizational Culture
7. Quality Focus
8. Business Results Orientation
9. Technology Management
10. Change Management

Note: The distinguishing attributes list is not designed to be mutually exclusive, we acknowledge overlap among the attributes

Results

We Generated a Set of New Initiatives to Close Identified Gaps as well as the Adjustment of Existing Initiatives to Reflect our Findings

- **Key Deliverables**
 - *Management Attributes Defined* For each attribute Rich Consulting provided a concise actionable definition, hallmarks of distinction, an inventory of programs & drivers, and detailed case examples
 - *Benchmarking vs. Current/Planned Performance* A benchmarking of our clients performance in each of the management attributes and an analysis of current initiatives underway and projected improvements
 - *Prioritized Set of Next Steps* Based on an assessment of our client's strategic objectives Rich Consulting provided a prioritized, actionable set of next steps, estimated resource requirements, and proposed timeframes

- **Outcome**
 - The client has launched our recommended initiatives and incorporated recommended modifications to existing efforts
 - Rich Consulting will partner with our client periodically to reassess performance and gauge improvements



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