When a major energy utility identified a number of operational deficiencies
We helped them develop a vision and implement a new operating model that delivered a 25% cost reduction and positioned the business to succeed in a more competitive environment

The Challenge
A major energy utility identified a number of operational deficiencies in a recent productivity review. The company wanted to halt the erosion of value by refocusing the business to be more effective and efficient in the way it operates in its current markets and to capitalise on the disruptive change that will affect the business going forward. In doing so, the company set a notional cost reduction target of over 20% and sought help from a professional service provider to achieve this target through the implementation of a new operating model.

How we helped?
Building on the initial productivity review, Deloitte designed a set of initiatives focused on developing and validating a target operating model, improving the effectiveness of processes and developing capability to increase revenue.

The new operating model for the energy provider was designed with a number of objectives:

- Lowest-cost position (through cost reduction, optimal use of assets, optimal service and capability development)
- Flexibility to scale up or down effectively
- Phased performance improvement.

During the engagement, Deloitte used a range of methods, including benchmarks and workload analysis, to develop and validate the organisational sizing and indicative savings of a revamped organisation. Deloitte then used a Value Driver Tree to identify key process areas to improve the end-to-end processes across the business. In addition, Deloitte performed end-to-end process analysis to identify areas of inefficiency and to inform future process design and transition approach. Furthermore, Deloitte worked with the business closely through the transition of all level 1 to 4 roles, successfully implementing the new business model and associated organisation structure whilst Business As Usual was fully supported.

Value delivered
The new operating model provides the business with the ability to prosper in the fully contestable market and to capitalise on new products and markets.

The engagement had a rapid start with over 40 initiatives and delivered a 25% cost reduction through the transition to a Business As Usual state with acceptable levels of business risk, appropriate spans of control and improved revenue realisation capability.