



Aboitiz Power Distribution

Challenging organisational thinking

The Aboitiz Group is one of the largest conglomerates in the Philippines, focusing on the electricity, financial, and food sectors. Aboitiz has been involved in the Philippine electricity industry since the 1930s. It has several hydroelectric and geothermal assets in its generation portfolio and also has non-renewable power plants located across the country. The company also owns distribution utilities that operate in the high-growth areas of Luzon, Visayas and

“The Renoir engagement has highlighted many areas of operations where we needed to improve, challenged our organisational thinking and structure, and clarified our roles & responsibilities, creating a platform and method with which to improve existing and develop new operating systems. We are confident the management control systems and methods will allow us to sustain the gains made by the engagement.”

**Jim Aboitiz, COO
Aboitiz Power Distribution**

Key Results

Increase in number of work order tasks completed by more than 50%

Reduction in implementation lead time for work order completion by more than 33% for DLPC

Reduction in lead time for case resolution by more than 60% for VECO

ANALYSIS

The price of electricity had been increasing and Jim Aboitiz, COO for Aboitiz Power Distribution (APDU), was predicting that the government will get the utility companies to reduce the price in the future. Besides, APDU was having difficulty bringing together the different management systems for each of their six (6) distribution units. Future acquisition would add to that complexity if they were not harmonized. Accordingly, management was looking for sustainable solutions to streamline and harmonize business processes in engineering, customer service and administrative support across all distribution units. Renoir Consulting had worked with other Aboitiz companies and APDU invited Renoir to conduct an Analysis of its business. Jim was impressed with the Analysis findings with respect to the approach and opportunity for improvement and authorized the implemented Project. Following were some of the major opportunities identified:

- Work order processes were not managed as well as they should be resulting in progress being hampered and significant time being wasted;
- The harmonization process was being tackled in the wrong way;
- There was no clear understanding between responsibilities and accountabilities for each of the process steps;
- Current spans of control for some departments were too high or too low;
- There was a strong belief within the organization that the solution would come forward by just letting employees do their jobs as they felt best.

SCOPE of WORK

To improve the operational efficiency, transparency and effectiveness of the organisation through:

1. Synchronising and optimising of processes leading to increased Customer Service levels, increased Efficiency and significant Cost Optimization;
2. Review and Development of own personnel and contractor standards to drive increased efficiency and reduce overall personnel and contractor spend;

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“Project Shift has instituted a more collaborative work place in the different departments in our Customer Service Group (CSG) through the management control system. Overall, the elements drive performance and make the meaning of success visible.”

**Engr Bailey Del Castillo, AVP
CSG Visayan Electric Company**

“Project SHIFT is a very structured and more focused way of doing things in DLPC. A positive step in our quest of achieving operational efficiency and service excellence.”

**Art M.Milan, EVP and COO
Davao Light**

3. Development of Harmonised Organisation Structure for increased transparency, improved roles, responsibilities and accountabilities; horizontal and vertical communication processes.

Major geographies were Davao and Cebu, plus four smaller units, covering:

- Engineering;
- Customer Services;
- Administrative Support

APPROACH and FRAMEWORK

Based on the agreed scope of work and improvement areas identified, practical tools were developed and customized to address those issues. A full time task force from APD worked hand-in-hand with the Renoir team, throughout the project, to ensure that the knowledge and experience gained through the implementation, remained with the organization.

Following are some of the systems implemented:

1. Improved Management Practices

- Management Control System (MCS) A new MCS was introduced and implemented, which helped organize APD’s management activities within a Global framework, for all distribution units to implement. It assisted the management team, through a closed-loop management system, to improve its operations with better transparency.
- Plan-Do-Check-Act The tool was customized to fit APD’s operations requirement, which management can use for planning, execution, checking (with a number of analysis models) and action taking. The tool was genuinely effective in driving engineering and customer service teams to work efficiently and effectively. KPIs and scorecards were defined for each department to monitor progress, procedures and training manuals were written, and employees were trained in the new ways of working.

2. Improved Operational Practices

- End to end work order (WO) processing;
 - Sharing of best practice across distribution units
 - Shorten lead time by eliminating non value added process steps ie unnecessary handling of documentation
 - Increased transparency of WO status through one platform
- Contractors and gang management;
 - Establish new standard times for work order activities
 - Enable contractors to update work order progress on a daily basis
 - Review contractor proficiency test requirements and frequency
- Implement and define reporting tools;
- Root cause analysis and monitoring of open work orders
- Improved Customer Service Level;
 - Implement capacity planning
 - Integration of call centers
 - Manpower forecasting and planning for call center
 - Established call quality review and monitoring
 - Weekly complaint review between engineering and customer service
 - Established case management with departmental SLA
 - Review of case handling for each department
- Clarity of roles and responsibility

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- Harmonized SLA setting for key operational processes across distribution units
- Setting of RACI at corporate level for each key step of key corporate processes
- Increased clarity in relationships of matrix organization
- Supply Chain Management
 - Established supplier evaluation model and penalty system to monitor their KPIs
 - Conducted gap analysis to identify user requirement on inventory management
 - Review Inventory Monitoring Report for weekly coordination meeting
 - Finalization of Min-Max levels and setting-up in EBS system
 - Input of alerts in ERP for upcoming deliveries
- Review of organization structure
 - Established proper spans of control
 - Improved efficiency in departmental manning
 - Enabled centralization of some of the departments
 - Enabled the planning and finalization of a new structure

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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