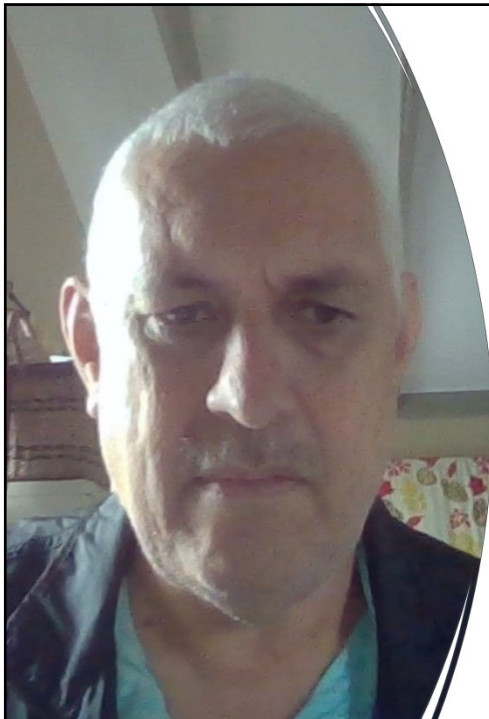




Benchmarking: Managing for Performance | A Simpson



Introduction: Abraham Simpson

- Over 18 years with the FEA with experience ranging from Electrical Engineer to Executive Management – Planning & Design, operations, System Planning, performance management, Corporate Change Management.
- Four years lecturing in Electrical Engineering
- Three years CEO of Land Transport Authority, Fiji
- Four years CEO of Bligh Water Shipping Limited
- Seven and a half years as CEO of Nauru Utilities Corporation
- Consultant for 7 years in the energy, performance management and corporate change management.

Participating Utilities

Utility			Data Period												
Acronym	Name	Country/ Territory	2001	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
			Year Data Collected												
			2002	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ASPA	American Samoa Power Authority	American Samoa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CPUC	Chuuk Public Utility Corporation	Fed. States of Micronesia (FSM)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CUC	Commonwealth Utilities Corporation	Commonwealth of Northern Marianas	x	✓	✓	✓	✓	x	✓	x	✓	✓	✓	x	
EDT	Electricite de Tahiti	French Polynesia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	
EEC	Electricite et Eau de Caledonia	New Caladonia	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
EEWF	Electricite et Eau de Wallis et Futuna	Wallis & Futuna	✓	x	x	x	x	x	x	x	x	x	x	x	
ENERCA	Societe Neo-Caledonienne D'Energie	New Caladonia	✓	x	x	x	x	x	x	x	x	x	x	✓	✓
EPC	Electric Power Corporation	Samoa	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	✓	✓
EFL	Energy Fiji Limited	Fiji	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	✓
GPA	Guam Power Authority	Guam	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	✓	✓
KAJUR	Kwajalein Atoll Joint Utility Resources	Marshall Islands (RMI)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	
KUA	Kosrae Utilities Authority	Fed. States of Micronesia (FSM)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MEC	Marshall Energy Company	Marshall Islands (RMI)	x	✓	✓	✓	✓	x	✓	✓	✓	✓	x	✓	✓
NPC	Niue Power Corporation	Niue	✓	✓	x	x	x	x	x	x	x	x	x	x	
NUC	Nauru Utilities Corporation	Nauru	x	✓	✓	✓	x	x	✓	✓	✓	✓	x	✓	✓
PPL	PNG Power Ltd.	Papua New Guinea (PNG)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
PPUC	Palau Public Utilities Corporation	Palau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PUB	Public Utilities Board	Kiribati	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	
PUC	Pohnpei Utilities Corporation	Fed. States of Micronesia (FSM)	✓	x	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓
SCE	Southern California Edison	Santa Catalina Island												✓	✓
SP	Solomon Power	Solomon Islands	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
TAU	Te Aponga Uira O Tunu-Te-Varovaro	Cook Islands	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TEC	Tuvalu Electricity Corporation	Tuvalu	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TPL	Tonga Power Limited	Tonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
UNELCO	UNELCO Vanuatu Ltd.	Vanuatu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
YEPSC	Yap State Public Service Corporation	Fed. States of Micronesia (FSM)	x	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓
Total			20	21	21	21	21	19	22	18	21	22	15	20	17

Why Benchmark?

Benchmarking is a tool for improving business performance!

Structured way of understanding past performance and identifying future improvements.

What is Business Performance?

The company's ability to make the best use of the resources it manages in its business activities.

Is a set of analytic processes that enables the management of an organization's performance to achieve pre-selected goals.

Performance Management is Management

Business Performance is set by Objectives

Our plans miscarry because they have no aim. When a man does not know what harbor he is making for, no wind is the right wind.

Lucius Annaeus Seneca Roman Stoic philosopher, statesman, dramatist, and, satirist

- S Specific Focus: on one issue that is well expressed
- M Measurable: One or few measures can track progress
- A Achievable: Given enough effort and resources
- R Relevant; strong relationship to vision and mission
- T Time: incorporates a time horizon

Balanced Scorecard Framework



Look at performance balancing
between different perspectives



Balance between the short term
and long-term interests

What is Business Performance? Objectives

Balanced Score Card		
Finance Perspective	Result	How do we look to our owners /shareholders? Are we producing the right financial results?
Customer Perspective	Result	How do customers judge our product and services? Are we exceeding their expectations? What specifically must we excel at if customers are to be satisfied?
Process Perspective	Driver	What changes do we need to make to our processes to become more competitive and improve customer satisfaction?
Learning & Growth Perspective	Driver	What objectives do we need to have to pursue to develop our people, information management & technology, and leadership for the future?

Financial Perspective: Objectives -

- Two Strategic Elements
 - Grow Revenue
 - Connect off-grid demand to the grid
 - New Business
 - Improve productivity
 - Reduce energy loss and non-revenue energy.
 - Improve revenue collection
 - Reduce costs while maintaining service level.

Financial Perspective: Objectives -

- Are shareholders looking for a commercial profit?
- Are they looking for a sustainable profit?
- Are they wanting to stimulate the economy by providing a competitive tariff?


Financial Perspective: Objectives -

Most utilities are Government owned; some are private sector owned and one is jointly owned by government & private sector.


Is your utility earning sufficient income to cover all expenses?

Is your utility earning sufficient income to service loans for future investments in infrastructure replacement and augmentation?

What is the minimum profit margin required to satisfy the owners?



Exercise 1: List the Financial Perspective
Objectives for your utility



Customer Perspective: Objectives

Is the Price at the right level?

Is the product provided at the right Quality?

Is power Availability acceptable?

Are customers happy with the reliability of power?

What is the quality and accessibility of your Service?

What is your Brand/ Public Image?



Exercise 2: List the Customer Perspective Objectives for your utility




Process Perspective: Objectives

Michael Porter remind us that firms can do things differently or do the same things but with superior execution.

Kaplan & Norton Core Processes	Description	Alternative Names for Core Processes
Innovation	The processes that create or improve products, services and the processes behind them.	<ul style="list-style-type: none"> • New Product Development • Renewal • Service enhancement
Operations	The day to day processes that deliver products and services based on customer orders.	<ul style="list-style-type: none"> • Supply chain management • Service provision • Project management • Assets management • Solutions delivery
Customer Management	The development and deepening of relationships with customers that are at every customer contact opportunity	<ul style="list-style-type: none"> • Customer engagement • Customer service • Account Management • Customer Relationship management
Regulatory & Social	The collection of processes that enable a firm to satisfy its regulatory, social and environmental responsibilities.	<ul style="list-style-type: none"> • Governance • Compliance management • Corporate social responsibility • Risk Management

Targeting Process Improvement according to Strategic Choice

	Lowest Total Cost	Product Leadership	Complete customer solutions	System lock-in
Innovation		<ul style="list-style-type: none"> • First to market • Market research 		<ul style="list-style-type: none"> • First to market • Patents & proprietary technologies
Operations	<ul style="list-style-type: none"> • Cost • Time • Quality • Supplier performance 			
Customer Management			<ul style="list-style-type: none"> • Flexibility • Depth of Relationship • Contact time 	



Exercise 3: List the Process Perspective Objectives for your utility

Learning & Growth Perspective



Asks the questions:

- How can a firm sustain the rate of improvement it requires in its core processes to meet its growth targets?
- What investments does it need to make in its workforce, leadership capabilities and technologies to deliver superior performance over a long period?
- What work culture is required to sustain the firm's business?

Three Principal Components of the L&G Perspective

- **Human Capital:** strategic competencies, technical and behavioural, required for the firm to deliver on its strategy.
- **Information Capital:** strategic technologies, particular the information systems, databases, application software and communications network required to support strategy.
- **Organizational Capital:** development of organizational climate that motivates management and staff to support the strategic direction of the firm.

Organizational Capital

Organizational Capital has four components:

1. **Culture:** Beliefs and practices that internalize the elements of the firm's strategy and values it espouses.
2. **Leadership:** Key change agents who can develop vision for the future and craft strategies to fulfill the vision and motivate and inspire people to follow.
3. **Alignment:** The alignment of goals and incentives at all levels.
4. **Teamwork:** sharing on knowledge and pooling of Human resources at the team level to achieve the strategic potential of the firm. Communication ethos in the organization.





Exercise 4: List the Learning & Growth
Perspective Objectives for your utility

