

Master Planning for Grid Transformation

Creating a journey for organizational improvement.

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A strategy needs a plan. And a plan needs a strategy.

A strategy may present an aspirational mission and stretch goals that are not truly attainable (the philosophy here is the journey, not the destination, improves the organization). This imparts a culture of constant, yet only incremental, improvement and change. However, utilities face a time of disruption to both the supply and demand side of their business model, which can no longer be addressed with incremental improvements and change. A step change is needed – one with a common singular objective and a definitive due date. This is where the strategy needs a plan to coordinate, to prioritize, and to execute toward achieving the strategic goal.

Grid modernization is one of many endeavors electric utilities have embarked upon to reduce operating costs, improve reliability, and provide additional value to their customers. The deployment of grid monitoring and control devices, sensors, meters, data networks, telecommunications infrastructure, IT applications, and the necessary organizational change management and training can be difficult to justify individually. However, when they are combined in a holistic plan, and then combined again with the plans for other endeavors, and aligned to achieve the strategic goal, their overall benefits can more readily be justified. This is where the plan needs a strategy – to provide that clear line of sight to a common destination for the alignment, guidance, coordination and execution of the plan.



Where to now?

Establishing a starting point, pinpointing the destination and developing a plan to get there – a roadmap, if you will – empowers the organization to determine the what, when and how to achieve objectives. This does not come without constraints; time, funding, budgets, personnel and regulations all present challenges in the utility business. However, having a strategy, plan and roadmap in place will help mitigate some regulatory constraints, enable optimization and provide the basis of understanding when future changes are required.



A strategic goal is needed.

It's complicated

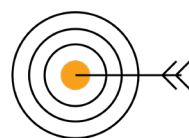
This isn't something entirely new, but it is complex, especially when addressing the organizational change required to be successful. Once the strategic objective is established, internal barriers need to be removed, exogenous forces need to be mitigated, silos need to be demolished, and efforts need to be realigned and refocused. Doing this in a coordinated manner across the organization can seem daunting without a proven approach and methodology that address the critical factors of success.

How to make it less complicated

A recent engagement with a Midwest (United States) client who was looking for an actionable plan and roadmap to achieve their strategic goal reinforced the following key factors:

Identify a strategic goal.

The strategy must provide a singular strategic goal that is a clear, common destination for the alignment, guidance, coordination and execution of the plan.



Agree on a common business framework.

The organization needs consensus on a common business framework that identifies functional areas and the capabilities required to deliver its functional value to the business. This provides the common platform to build upon and a common context to communicate within while doing so. The initial framework is used as a template and to provide traceability across the

function, sub-function and capability model.

See the business as a collection of capabilities.

The framework mentioned above provides a catalog of capabilities by functional area. These capabilities are not of equal importance and they must be prioritized with any duplication rationalized. When reviewed against existing capabilities and their maturity, the gaps to address will begin to emerge.

Initially focus on how to address the gaps, not the who.

Grouping the identified capability gaps through initiatives and sub-initiatives creates work that can be scoped. This creates the ability to maintain traceability to enable or enhance capabilities. Once created, many of these initiatives may span multiple groups or departments in the business, necessitating the next point.

Require organizational alignment.

Responsibility for executing the initiatives will span across organizational departments. The strategic goal is the common destination that each department will need to rally around to help align the actions taken. This does not erase the need for ownership and accountability; however, it does place responsibility with the most suitable party and identifies the support needed from others.

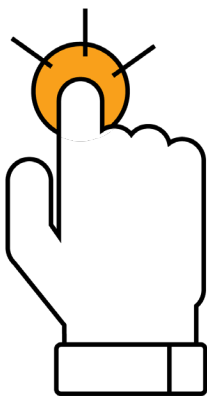
Initially be idealistic about constraints.

Constraints are unignorable and require identification and cataloging. When scoping and determining levels of effort and durations for initiatives or sub-initiatives, do not account for the lack of resources or external roadblocks. Do not allow the optimization of constraints process to hinder forward progress.

Identify them, catalog them, build using the ideal case, and move on. The constraints get factored in later.

Align technology with the business strategy and initiatives.

The conceptual technology platform to support achieving the strategic goal needs to be identified and compared to existing technology and application capabilities. Where changes are needed, they need to be aligned in scope, time and sequence with the business initiatives. This includes, but is not limited to data, networking, telecom, applications, security, computer devices, field intelligent electronic devices, grid devices and distributed intelligence.



Broaden the view of how to present benefits.

Many grid modernization efforts are difficult to justify in isolation. However, when the benefits are stacked and presented as a major component required to achieve a strategic goal, initiatives with marginal benefits can be offset by those with significant benefits. This enables the justification of foundational or enabling investments. These benefits should also be viewed across a broader spectrum to include utility, customer and societal benefits to truly capture the value created.

Work to achieve regulatory alignment and support.

The strategy, plan and roadmap together provide a compelling platform for communicating with regulators. The ability to demonstrate traceability, alignment and rigor in the process of creating each places the utility in a position of proactive ownership – defining their role as opposed to the regulator defining it for them.

Conclusion

The distributed energy future will disrupt the traditional utility business model. The role a utility chooses to play in that future, and how they achieve that role, should drive their strategy and associated strategic goals. Black & Veatch has the vision, experience, methods and resources to assist utilities in defining and executing on their strategy – across multiple business and technology domains and down to the detailed planning and execution level. During times of disruption and uncertainty, planning with a purpose is important, and having the detail to action those plans is even more so.

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