

Organisation redesign for an electricity distribution business

the challenge

Our client is a regionally dispersed electricity distribution business undergoing significant organic growth.

A recent divestment coupled with a significant volume of underlying issues drove the Executive to undertake a detailed review and realignment of the organisation's structure. These issues included the duplication of a number of support functions, a failure to capture previous integration synergies, and a substantive 'drift' away from the business's Strategic Asset Management (SAM) model.

what Marchment Hill did

Marchment Hill Consulting undertook a comprehensive review of the client's strategy, operating environment, existing organisation structure and ability to change. It validated that there were significant impediments to performance built into both the existing organisation structure, and the way in which it was working in practice throughout the business.

Marchment Hill Consulting then helped our client define criteria and principles against which optional structures could be assessed. Working closely with the Executive, we not only utilised their deep experience with alternative structures, their rationale and their challenges – but also injected clear views on the most appropriate variant for the client.

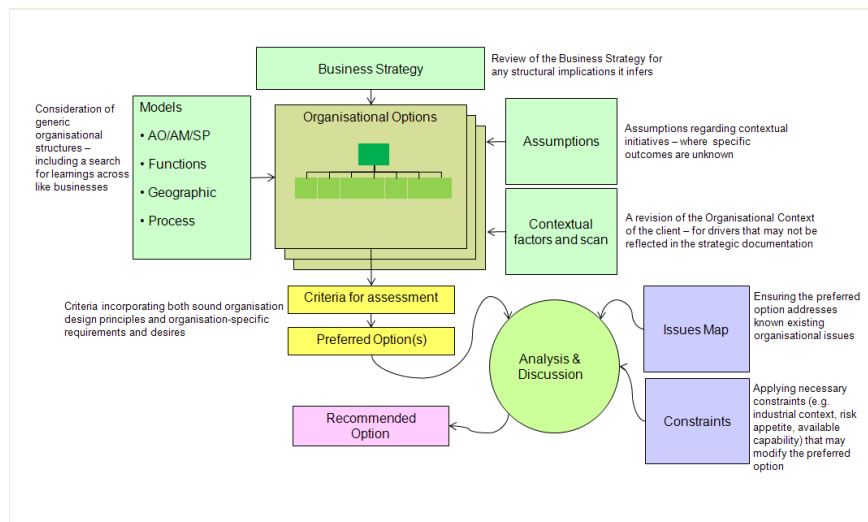


Figure 1: High-level methodology

Marchment Hill Consulting apply a comprehensive methodology that ensures preferred options are not constrained by subjective input, and that constraints are applied late in the process where there impact can be readily identified and understood.

Marchment Hill Consulting engaged all levels of the organisation throughout the redesign to ensure that the ensuing recommendations were comprehensive, based on fact, and supported throughout all functional and geographic divisions.

The changes to the organisation structure recommended by Marchment Hill Consulting were substantial and included the creation of a number of new Executive and General Manager roles, as well as a raft of process and system changes. These changes were focused on clarifying accountabilities, leveraging greater benefit from centralised corporate functions, eliminating duplication, and facilitating greater individual focus on specific strategic outcomes.

the benefit

Marchment Hill Consulting recommended changes that delivered a structure aligned to its client's business strategy and business model, enabled a cohesive process for strategic planning and eliminated a number of duplicated roles at levels two and three of the organisation. Significant direct savings are attributable to these changes, but more importantly the process has removed a significant number of impediments to an additional estimated \$50 million in operational savings.

Marchment Hill Consulting has subsequently been retained by the client to support the implementation of the recommended structure, including the definition of the new Operating Model, KPI Framework, and coordinating the accompanying program of System change.

For further information, visit marchmenthill.com