

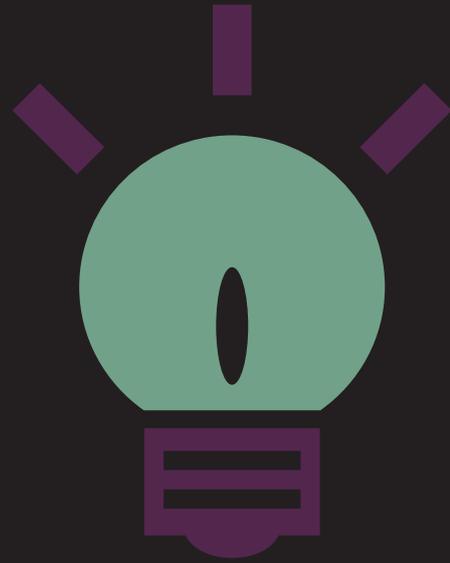
Survival of the fittest.

**It's time to change
how you play the
game.**

**Talk to
Boxwood.**

Realise step-change cost savings in your business.

For many of you the hard work is done. Contracts have been let and secured for new regulatory periods, capital plans are laid out and customer complaints are decreasing. So, you can sleep easy. Or can you? It's not usually the big external issues that cause sleepless nights, such as regulation, increased competition and economic reform, as usually these can't be directly influenced. Instead, what's keeping leaders awake at night are the things they can control like driving the performance of their business.



In the utilities sector there's been one universal truth for years now.

Costs must fall. The relentless mantra of 'more for less' is yielding smaller and smaller incremental savings from larger and larger contracts. Salami slicing, penny shaving or trimming the fat. Whatever your chosen metaphor, there comes a time when incremental cost savings are no longer enough - the existing operating model has no more to give.

But if you thought that setting up your business to operate in AMP6, or operating effectively with Ofgem's new price formula RIIO, was difficult, well think again. Imagine being additionally challenged to do all of this whilst delivering a step-change 20% cost saving to your customer.

Well, don't imagine it.

Think hard about how you are going to achieve it. National Grid set this demanding challenge a while ago to several of its gas alliance partners and history is sure to repeat itself. So why not get ahead and change how you play the game now?

This level of step-change is no longer the remit of isolated tactical projects. It requires a business to radically transform its operating model, put in place an effective organisation and execute a programme of cost reduction across the entire supply chain. It sounds daunting, but in our experience it needn't be.



To realise step-change cost savings in your business, in our experience there are 5 critical success factors;

Strip out the theoretical 'fluff'.

So, assess your operating model top-down and bottom up. Get to the root causes of inefficiencies and cost variances. Define and design new processes that radically change the way you do business, then roll up your sleeves and make it happen.

There will always be ways of becoming more efficient and at considerably lower operating costs, especially if you haven't previously reviewed your business operations using a systematic and end-to-end approach.

You should focus on the key Lean techniques that are prevalent in many other sectors - it's all about running an efficient operation at minimum cost. In utilities, where the focus is predominately programme management, capital replacement and project delivery, there are always elements of a repeatable 'production system' that form the core of the business.

Change how you play the game by questioning everything you know.

Read on to see how we helped Balfour Beatty Utility Solutions transform themselves against the challenge set by National Grid.

1.

Building leadership commitment and business engagement.

2.

Establishing the cost baseline and benefits tracking.

3.

Effective assessment and prioritisation of options.

4.

Holistic solutions that tackle problems cross functionally.

5.

Implementation of change from the 'front-line' operations back.

Unlocking £1.2 billion of opportunity.



Boxwood designed and led an efficiency programme that delivered 20% cost efficiencies in an existing contract thereby securing a further £1.2 billion eight-year contract.

Summary

When National Grid challenged their supply chain partners to make a step change in performance by radically cutting costs in an already efficient operation, Balfour Beatty Utility Solutions engaged Boxwood to help. Boxwood led a joint team to design and successfully implement a programme around the necessary changes. 13 projects transformed every element of the business from the front line to the board room. National Grid and Balfour Beatty staff were coached, supported and challenged to take real ownership and work collaboratively to find solutions that they would go on to deliver together. The efficiency challenge was met. More importantly, the success of the programme was a key factor in winning a tender for significant additional work with National Grid. The result was a combined total of £1.2 billion in revenue for Balfour Beatty over the next eight years.

“Our work with Boxwood not only helped us secure more work with National Grid, we have also introduced the innovations across other contracts - benefitting our clients and making us a more competitive organisation.”

Colin Kelly, Managing Director, BBUS



What we found

When National Grid went to the markets to secure £3 billion of funding for new gas and electricity construction projects, they knew they had to offer exceptional returns to investors. That meant getting their supply chain partners to make a step change in performance by radically cutting costs in already efficient operations.

For Balfour Beatty Utility Solutions, the power behind the North West Gas Alliance, the choice was simple. Failure would put renewal of their existing contract at risk. Success meant not only retaining that business, but the potential to win significantly more.

With so much at stake, Balfour Beatty engaged Boxwood to help. It was clear that achieving savings on that scale required a fundamental change in mindset. It also required complete commitment from the entire workforce – the people who knew best how the business operated.

What we did

Boxwood led a joint team to identify and prioritise the areas from across the business with the most potential. We designed a sequenced programme that pulled together the necessary changes.

More importantly, we empowered Alliance staff to think in new ways. The programme created an environment where both National Grid and

Balfour Beatty staff took real ownership and worked collaboratively to find solutions.

From the outset, Boxwood's role was one of coaching, training, supporting and facilitating staff who themselves delivered the required changes, learning and taking on new skills along the way.

What we achieved

The programme succeeded in saving millions of pounds in year and Balfour Beatty succeeded in meeting their client's highly demanding challenge. But more importantly, their success convinced National Grid of Balfour Beatty's ability to deliver business change – a key factor in them winning a tender for significant additional work in another area.

The result was a combined total of £1.2 billion in revenue for Balfour Beatty over the next eight years - a wonderful example of what can be achieved when an entire organisation is united behind a single goal.

Boxwoods work with Balfour Beatty won the Management Consultancy Association (MCA) award for Change Management in the Private Sector and was chosen as Project of the Year 2014.

**Talk to
Boxwood.**

We work with ambitious leaders to drive growth, improve profitability and unlock value. We do this by combining our world class business transformation expertise with deep industry insight and our results-orientated culture.

Why Boxwood?



Talk to Boxwood.

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