



An Approach for Corporate Energy Strategic Planning

Challenges

Some of the challenges of developing and successfully implementing a corporate energy strategic plan include

- Employee and management engagement and commitment,
- Setting goals that are ambitious but realistic and attainable,
- Normalizing facility performance,
- Achieving acceptable return on investment / payback,
- Knowledge, skills, and tools available in the organization,
- Follow-through, accountability, and performance,
- Cost and availability of tools, equipment, methods, and approaches,
- Large numbers of facilities, managers, and employees, and
- Competition for management and staff time and attention.

Elements of an Effective Approach

An effective approach should

- Promote, empower, and enable managers and employees to operate self-sufficiently with minimal subsequent external support from consultants and suppliers,
- Use a structured process based on a systems approach to organization,
- Apply best practices in strategic planning and organizational improvement,
- Promote organizational learning and adaptation,
- Engage managers and, at appropriate time and level, employees in the process,
- Increase understanding and awareness of managers and employees,
- Leverage a broad set of managers and employees,
- Encourage effective collaboration and teamwork,
- Ensure buy-in, commitment, and accountability,
- Provide clear “line-of-sight” linkage of individual to corporate goals using concepts such as Norton and Kaplan’s Balance Scorecard,
- Be facilitated by an experienced facilitator but with a clear executive ownership and sponsorship within the client organization,
- Develop organizational skills and capabilities for problem solving in other business areas, and
- Allow for adjusting strategies based on results and the changing business environment going forward.

Benefits of the Approach

The benefits of the approach outlined in this paper include:

- Self-sufficiency and capabilities of management, engineering, and staff to manage facilities, energy, and environmental impact with minimal outside support in the future,
- Contributions—ideas, experience, practical considerations, operational constraints, and opportunities—from a broad set of managers and employees (and the consultant staff),
- Practical application of best principles and practices based on substantial knowledge and experience with strategic planning and organizational development,
- Leverage of executive and management time and leadership against consultant time and experience in organizational change,
- Buy-in and commitment of management and employees,
- Common understanding and basis (“the same page”) for implementation without continuous management intervention and for additional adaptation and learning,

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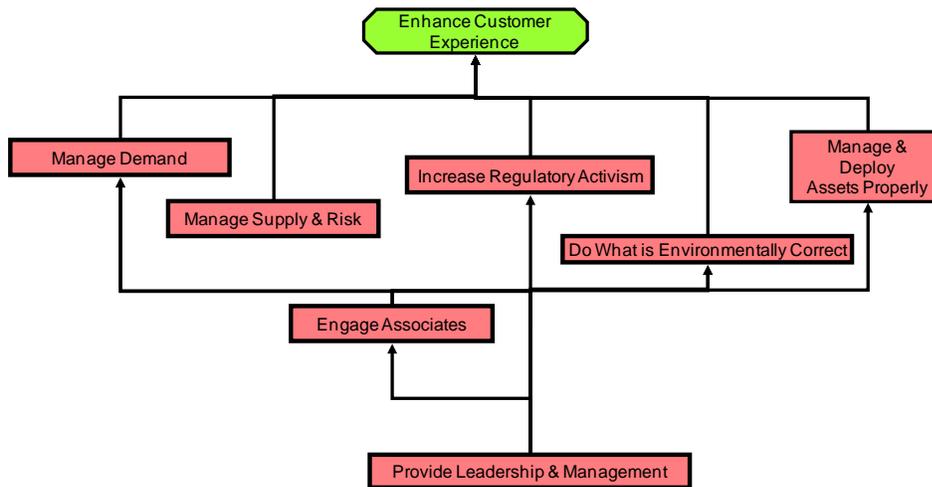


- Clear “line of sight” linkage of corporate, organization, facility, and individual goals,
- A sound framework and basis for accountability,
- Management and employee self-initiative,
- Promotion and improvement of teamwork and collaboration for all areas of performance,
- Realistic and achievable goals for success, and
- Integration of sustainability into the corporate culture.

Deliverables

- Sound proven process for ongoing strategy implementation and periodic future reviews and adjustments
- Self-assessment of organization strengths, areas for improvement, opportunities, and challenges,
- Corporate Energy Strategy Map – See Figure 1.

Figure 1 Example Strategy Map



- Associated key performance measures (KPM) and goal levels in a format to incorporate “Balanced Scorecard” principles,
- Corporate Energy Strategies (PowerPoint format) – See Figure 2

Figure 2 Example Individual Strategy

Strategy: Manage Demand

- Objective: Manage, monitor, & control enterprise-wide energy consumption & demand
- Measures & Goal Values
 - Total Same Store Consumption (mmBTU or kwh and therms):
 - Consumption per area (mmBTU/ft²)
 - Corporate survey questions regarding energy & store environment impact
- Leader & Team:
 - Leader: Mike Manager
 - Garry Main
 - Ed Wills (ECM Coordinator)
 - Vicky Cost
 - Larry Buyer
 - Charley How
 - Tim Logistician
 - Others
 - Pedro Lopez (ECM Coordinator)
 - Neal Smart
 - Doug Wilson (procurement)
 - Greg Checker (internal audit)
 - Steve Culp (Energy Analyst)
 - Consultant
- Approach:
 - Energy Conservation Measures (ECM)
 - Develop and approve ECM project performance guidelines
 - Develop external/internal project management systems
 - Put prioritization, approval and implementation process in place
 - Implement ECMs
 - Review and adjust
 - Energy Management Information Enhancement & Utilization
 - Implement energy management portal
 - Hold brainstorming & planning session with key team participants
 - Develop process & accountabilities for action based on information
 - Pilot the approach
 - Implement more broadly based on results

a commercial building energy self-assessment methodology that incorporates analysis of billing data, some simple modeling, training, guidelines, and a catalog of energy/environmental conservation measures that would enable employees, who may not be technical professionals, to conduct their own energy self-assessments. The results could be incorporated in this step of the planning process or it could be implemented as a part of one of the resulting corporate energy strategies.

5. **Prepare for and conduct a planning workshop** – The planning workshop ranges from one to two half day sessions attended by the core team and key stakeholders (10-20 participants). Preparation may include some form of “homework” on the part of the participants or formatting the results of the self-assessments. The workshop segments include some initial review of the overall corporate strategy and management approach, review of the energy/facility analysis, an exercise reviewing and associating the self-assessment results, mapping the initial strategy elements, and outlining the “broad strokes” of each individual strategy.
6. **Prepare to and charter action teams** – Executives sponsors or core team members prepare for, select members for, and then charter action teams.
7. **Prepare action plans** – Team leaders lead their team in developing detailed actions plan.
8. **Review and finalize action plans** – Executive sponsors and the core team review and provide feedback on each team’s plans. Teams revise, prepare, and publish final plans.
9. **Execute plans** – Teams execute action plans
10. **Develop accountability and performance management framework** – The core team develops the process, reports, participants, and schedules for periodic performance review and adjustment.
11. **Prepare periodic progress reports and conduct periodic performance reviews** – Teams provide periodic performance reports in the format specified by the core team. Executive sponsors and the core team hold periodic accountability meetings using a virtual or live format.
12. **Adjust plans** – As appropriate, based on results and the changing business environment, the sponsors revise the overall strategies and the teams revise their plans.

Basis for Approach

The approach is based on substantial management research as documented in the literature as well as practical experience developing and applying the approach in more than 35 engagements/companies—as a consultant and as a line manager/executive:

- Systems Approaches to Organizational Development and Management as developed and published by Sloan School of Management faculty members Jay Forrester, Ed Schein, and others,
- Learning and Adaptive organizations by Peter Senge and other Sloan faculty,
- Integrating Information Technology in organizations by Michael Scott-Morton, and other Sloan faculty,
- The Balanced Scorecard and the Strategy-Focused Organization by Robert Norton and David Kaplan,
- Experience in 24 major performance improvement or integration projects for clients like those in Table 1
- Application to development of 8 major corporate energy management strategies/programs as shown in Table 2, and
- Application of the approach numerous times as an executive in four different companies.

Table 1 Major Engagement Examples

| | | |
|-----------------|--------------------------------|--|
| President | Progress Energy | Major performance turn-around |
| President | Entergy Operations | Three performance improvement programs and an acquisition |
| Senior VP | Florida Progress Corporation | Major performance turn-around |
| President | New York Power Authority | Major strategic repositioning & turn-around |
| Senior VP | Exelon | Major performance turn-around |
| Senior VP | Nebraska Public Power District | Plant turn-around |
| President | Dominion Nuclear Generation | Developing strategy to manage under contract and acquire generation assets |
| Executive VP | Ontario Hydro | Enterprise management information system & process improvement project |
| VP, Integration | Constellation Energy Group | Acquisition/integration of a nuclear plant |

Table 2 Energy Strategies/Programs

| | |
|-------------------------------|-----------------------|
| J.C. Penney | ShopKo |
| American Axle & Manufacturing | Champps Entertainment |
| Boston Market | Kohl's |
| Kmart | Target |