



International Centre for Organisational Management

MBA AND DIPLOMA IN ELECTRICITY MANAGEMENT

INTRODUCTION

In recent years, Electricity Supply businesses have changed radically in many parts of the world – from State owned monopolies to market driven, customer centred enterprises operating in regulated but competitive environments. Privatisations have improved performance, as costs have been cut, employee numbers reduced and non-core work dropped. Regulation has led to reduction in prices and margins. New technologies and new fuels have been introduced. Companies have restructured themselves and new entrants have joined the markets. An apparently staid and unexciting utility industry has been transformed into a fast-moving, intensely competitive business involving high stakes and considerable risk. The ability to initiate and respond to change has become a core competence essential for success.

Many electricity companies have viewed these changes as opportunities rather than threats. They have become innovative, responsive and have featured continuous learning in the creation of added value. Some have responded to international opportunities outside their traditional markets.

A new type of manager is needed who is not only “technically” competent, but also has the financial and commercial skills to raise capital, negotiate contracts and the interpersonal and leadership skills to motivate others to be innovative and seek process improvements. Skills are needed in working across cultural boundaries with foreign Governments, partners and administrators, to set up and execute large and increasingly complex, high-risk projects.

In response to these needs faculty of ICOM developed a Bradford MBA in Electricity Management for National Power (NP) in the UK and a Cambridge (UCLES) Diploma in Electricity Management for the Abu Dhabi Water and Electricity Authority (ADWEA). Dr Kinder was supported on these programmes by faculty members of the Department of Power Engineering at Strathclyde University, senior executives of NERA (National Economics Research Associates), former directors of United Utilities, PowerGen and Black and Veatch and senior managers of National Power (including power station managers) and ADWEA.

The programme consisted of group projects dealing with organisational issues for NP UK business, how to select regions for equity investment in NP International and how the COGEN business could be developed, how to encourage Foreign Direct Investment into ADWEA how to improve customer satisfaction, how to implement the business strategy of the Al-Ain Distribution Company and how to enhance the performance of the transmission company of ADWEA.

The approach to group projects, individual projects and personal development plans was the same as described under the telecoms product. The subject matter of the workshops was clearly different, given our policy of customising the workshops to the industry and the client’s precise needs. With both the clients mentioned here, we spent considerable time developing the material with professors from Strathclyde University and collecting articles, papers and case studies and recruiting a specialist team to deliver the following content for the workshops in each of the following 6 modules in the Diploma programme.



CONTENT OF WORKSHOPS

Workshop 1 - Business Strategy and the Learning Process

How to define and cascade a strategy. Diversification, vertical integration, segregation, mergers and acquisitions. Risk analysis, profit drivers and shareholder value. Customer focus. Characteristics of organisational excellence.

Privatisation and post-privatisation performance. Price and competition regulation. Environment regulation. Quality of supply. New players in the market.

The global business environment.. The supply chain and product development. Energy economics. Issues of survival and growth.

The action learning process. Group and individual projects, PDP's, set meetings and customised workshops. Lifelong learning and the learning organisation.

Workshop 2 - Electricity Supply Operations Management

The link between business strategy and operations. Capacity planning. Fuel supply management. Power station engineering and maintenance. Productivity. Flexible operation of marginal plan. Cogeneration.

Grid networks and access. Pool operations and contracts. The actions of competitors. The behaviour of a commodity market.

Customer services. Electricity trading. Multi-utility domestic customer markets.

Social and environmental obligations. The cost of being clean.

Workshop 3 - Management of People, Quality and Customers

Business strategy and its impact on people. Culture change in former utilities.

Excellence in HRM. Leadership, organisation structure, outsourcing, industrial relations, compensation systems. Performance management, added value training and career development. Building learning capabilities corporately and personally.

Quality management, delivery and service to the external and internal customer, cost of poor quality, process management, benchmarking, Baldrige etc. The management of change, characteristics of successful change.



Workshop 4 - Finance and Performance Management

The link between business strategy and finance. Key financial drivers. Modern measures of business performance. Management by fact. Investor relations.

Accounting principles and analysis of financial statements. Basic principles of corporate taxation. Budgets and tax flows. Investment decisions, financial markets, risk and investor relation.

The nature of generation, distribution and customer service costs. Capital asset pricing regulation.

Project finance. Rates of return and payback. Source of funds.

Workshop 5 - Project and Contract Management

Investment strategy and policy. Feasibility studies, consents and permissions. The development of a project strategy, the choice of technology. Optimising existing plant performance and re-planting options. The role and positioning of plant suppliers. Operating abroad, partnership models in the global economy.

Management of technical risk/reward, pre-contract site surveys, risk allocation and mitigation, problem solving. Project team management. Dispute resolution, commissioning and handover.

Innovative forms of contract strategy, forms of specification, pre-contract award considerations (contractors, tendering, negotiations, award, covering the risks), post contract award (site management, financial control, variations, extensions and claims measurement and valuation, quality assurance, progress monitoring and reporting).

Workshop 6 - Information Technology and the Management of Change

The linkage of business strategy and IT strategy. Information as a strategic resource and leverage for competitive advantage. IT projects for the development and implementation of specific systems. Customer service management.

Electronic commerce, the internet, multi-media, corporate communications systems and video conferencing, convergence of IT, telecoms, TV, publishing etc. Leveraging knowledge for competitive advantage.

Forces of change in the industry. Developing a culture of innovation and change. Why some change programmes fail. The role of leadership in overcoming resistance to change. The learning organisation revisited.

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