

## Re-Organizing Distribution to More Cost Effectively Achieve High Reliability and Safety

### Industry & Client Situation

The electric distribution business of a mid-size utility needed to create an organizational structure to deliver the strategic goal of operational excellence while driving out costs. That meant:

- Increasing focus on safety and improving safety performance and culture
- Maintaining overall high reliability and reducing the duration of outages
- Improving the productivity and utilization of work crews across the service territory, including restoration crews and contractors
- Significantly improving cost performance from third or fourth quartile

### Approach

With a new utility CEO and head of Distribution at the helm, Bridge was added to the team to re-structure the rest of the Distribution group, using the guiding principles of a renewed focus on safety, enhanced management accountability and a new system-wide orientation. We worked hands-on with the Distribution client team to evaluate alternative organization designs and debate their merits.

The recommended design was road-tested with other key leaders throughout the organization. Then we defined the roles and responsibilities of each key position, as well as the necessary interactions across positions. By developing specific job profiles, the client was able to recruit and hire, and in some cases hire from within, the right talent to fill the newly created roles.

The most significant changes in process and structure occurred in four key areas:

- **Distribution Safety Group:** Newly created group owns all safety-related training and leads safety performance monitoring efforts. The group reports to one manager who reports directly to the Distribution VP
- **Resource Management:** Complete work management process developed from scratch to manage work scheduling and contractor programs, enhance field efficiency and reduce O&M costs per customer
- **Field Operations:** Narrowed scope to focus on customers and crew efficiency. Territory-wide management (under one Director) to help remove the silo decision making of the service centers
- **Restoration:** Supervisors added to manage field efficiencies and further drive safety performance. Supervisors provide the ability to perform additional maintenance work between trouble calls

### Results

The re-organization has created substantial benefits for the organization:

- **Safety:** 60% reduction of OSHA incident rate from prior year
- **Reliability:** SAIDI improved to top quartile
- **Productivity:** Overtime reduced by over 10%
- **Cost Savings** (within 1 year):
  - Line clearance – cost per mile reduced by 80%
  - Strategic alliances for materials – reduction of \$2.8M annually
  - Contracting strategies – 15% cost overruns replaced with favorable variances