

## Competitive Utility Management Capabilities

At IP3, we set ourselves apart from the competition by integrating capacity building and training with specialized consulting services to create successful and sustainable PPP, regulation, and utility reform projects. We believe that success should be measured not only by the advice provided but also by the capacity developed and left behind with our clients, and the impact that our work has on the community at large.

### Competitive Utility Management Practice

IP3's services in the field of competitive utility management apply the private sector principles of efficiency and accountability to public sector management. When public enterprises underperform, the quality of service to customers declines, there are insufficient funds to meet the expanding demand for service, and state budgets are burdened by the need to provide ever-increasing subsidies. This can hamper economic growth, discourage private investment, and divert funds needed for investment in critical areas such as housing, education, and healthcare.

Whether a utility is being managed by the private or public sector, IP3 believes that sound commercial business management practices should be applied in the daily running of the business. At IP3 we are well aware of what it means to run a utility effectively and have been engaged by numerous clients to assist in achieving sustainable utility management.

Our Competitive Utility Management Practice advises on all forms of corporate restructuring, from enhanced and more streamlined management structures, to workforce redeployment, and benchmarking. From our experience around the world, we know how sensitive these changes can be. By effectively integrating all stakeholders - from general staff to middle and senior management - we help our clients create "enabling strategies" that ensure the process of change is not only a smooth one, but that it produces the desired results in terms of enterprise performance.

In addition to helping underperforming utilities to enhance their competitiveness, we have a long track record of advising top performers on how to expand their market through mergers and acquisitions.

Our core competencies include:

- Restructuring, commercializing, and corporatizing utilities
- Corporate governance planning and implementation
- Utility financial management, budgeting and investment planning
- Customer service and communication strategies
- Employee redeployment and workforce productivity
- E-government and IT solutions to expand and improve services
- Mergers and acquisition planning

IP3 has been actively involved in advising utilities in a range of sectors to improve their efficiency and enhance their competitiveness. The following sections describe our recent technical assistance and training projects in this area.

## Technical Assistance

IP3 experts have advised Governments and donor agencies around the world on a range of issues relating to the competitive management of utilities operating in a variety of sectors including infrastructure (water, energy, solid waste, roads, rail, and telecommunications), healthcare, education, agriculture, banking, and pensions.

### Croatia

#### **Business Planning for Water Utilities in War Torn Areas**

**2003 – 2004**

For the United States Agency for International Development (USAID), IP3 conducted a thorough evaluation of water services in the towns of Drniš, Kostajnica, and Pakrac and developed business plans to assist the publicly-owned water utilities to recover from damage incurred during the Balkans War.

### Eastern Europe

#### **Regional Competitiveness Initiative**

**2004 – ongoing**

The goal of the Regional Competitiveness Initiative (RCI) is to encourage job expansion through competitiveness, SME development and economic growth in the countries of South East Europe and the Former Soviet Union. RCI will complement and create regional synergies between competitiveness activities including those supported by USAID missions, other international donors, local organizations and local and international businesses. IP3 was engaged by USAID to manage RCI and assist USAID and its client countries to enhance industry competitiveness through innovative programs such as regional cluster initiatives, multinational supply and market chains, and regional corridor cluster development. Our tasks also include the launching of six to twelve competitiveness communities of practice that develop detailed business plans with benchmarking and performance measures, commitments by the membership and partners; and, detailed funding and resources needed to realize the business plan.

### The Gambia

#### **Study on PSP and the Regulatory Framework: Design of Utility Benchmarking Indicators**

**2003**

As part of a PPIAF-funded project to advise the Government of The Gambia on the design and creation of a new multi-sector regulatory framework, IP3 developed a set of key performance indicators (KPIs) to measure utility performance and customer service. Our work also included the design of mathematical formulae to be used in calculating performance vis-à-vis KPIs. The indicators we developed will be used by Gambia's new multi-sector regulatory authority to review the technical and financial performance of the country's water, energy, and telecommunications utilities.

### South Africa

#### **Institutional Development of a Water Board for Bushbuckridge**

**2000 - 2004**

An expert from IP3 is assisting the management and staff of the Bushbuckridge Water Board as they assume responsibility for water service provision, a function previously handled at the national level. Bushbuckridge is a former homelands area near South Africa's Kruger National Park. As a result of post-apartheid reforms, the Bushbuckridge local government has been given responsibility for water service provision. Our project is assisting local government with the creation of a water board, which will provide bulk water services in Bushbuckridge. IP3 is helping the Bushbuckridge local government assess the baseline needs for the creation of the new Water Board, design water sector public awareness strategies and instruments, and determine

human resource development needs and strategies to address those needs. We are also providing capacity building in the areas of policy-making and planning; management systems development; customer outreach, service, billing, and collection; operations and maintenance; and institutional and staff development.

### **Croatia** **Water Project Formulation for the City of Varazdin** **2001**

Under contract to USAID, IP3 carried out a review of the Varazdin Water Company (Varcom) in order to assist the utility in the development and implementation of a rehabilitation and expansion plan. IP3 participated in the review of Varkom's existing rehabilitation and expansion plan, and assessed the plan's adequacy to accomplish stated goals and objectives. TORs were developed to enable selection of consultants to carry out a commercial and financial feasibility study. Interviews were conducted with key stakeholders; Varkom's investment plans and financial documents were analyzed and reviewed, and consultations were held with potential lenders (e.g., HBOR, Croatia Water) to perform an assessment and make recommendations for action.

### **Kuwait** **Reinventing Government Management** **1995**

The Civil Service Commission of the Government of Kuwait and the United Nations Development Program selected IP3 to serve as special advisors on governmental organizational restructuring and human resources development. IP3 analyzed the organizational and institutional conditions throughout all branches of the Government of Kuwait and developed a work plan for restructuring and "right-sizing" a series of government departments and agencies. IP3 assessed the new management skills and capabilities that will be required by the senior and mid-level managers who will direct and implement the Government's Reinventing Initiative. IP3 also developed a comprehensive training and human resources development action plan to provide Kuwait Government managers with the necessary management skills.

## **Training**

IP3 is world renowned for its training programs in the field of competitive utility management. Since our founding ten years ago, we have trained more than 10,000 individuals from over 175 countries, and worked with public and private utilities alike. But our focus is not just on numbers – to us, it is the results that count. IP3's attention to quality and rigorous training methodology have enabled us to be one of the only international training providers in this field to meet the high standards required for accreditation by the International Association of Continuing Education and Training (IACET). This accreditation authorizes us to provide students who successfully complete our training programs with Continuing Education Units (CEUs).



In addition to the IACET accreditation, participants to any IP3 training course are also eligible to become Certified Competitive Utility Management Specialists™. This accreditation program is jointly administered by IP3 and the Water, Engineering and Development Center of Loughborough University in the United Kingdom. The goal of the certification program is to create a world class standard in utility management training and research and to provide participants who complete the requirements of the program with a comprehensive body of knowledge on competitive utility management. Further information on this certification program can be found at [www.ip3.org](http://www.ip3.org) or at [www.globalcertifications.org](http://www.globalcertifications.org).

The following is a selection of IP3's training programs in the field of competitive utility management.

### **Iraq**

#### **Training on Financial Management, Budgeting and Investment Planning for Utilities 2004**

For Iraq's Ministry of Municipalities and Public Works, IP3 designed and implemented a training program on strategies to improve utility financial performance including financial planning and commercialization strategies; financial statement analysis for utility managers; budgeting and forecasting methods; investment planning strategies; managing the revenue side; and tariffs, subsidies, and cost recovery planning.

### **Barbados**

#### **Training on Price Cap Regulatory Regime for Cable & Wireless 2004**

When the Fair Trading Commission, the independent telecommunications regulatory agency in Barbados, announced that it would move from a Rate of Return to a Price Cap regulatory regime and issued an October 2004 deadline for compliance with the new regime to regulated utilities, Cable & Wireless of Barbados engaged IP3 to help it prepare for the coming regulatory changes. IP3 first implemented an in-house training program covering key topics including the price cap methodology; designing a price cap in alignment with company objectives; determining the baskets and the X factor; incentives and the price cap period; preparing for the review; cost of capital; quality of service and revenues; and assessing future efficiencies. Following the training, IP3 conducted an on-the-job consultation to assist C&W to formulate a strategy for response to the FTC's forthcoming consultative document that sets the regulator's position on the Price Cap, including setting the X factor.

### **Georgia**

#### **Public Relations Training for the Energy Sector 2004**

USAID and World Learning engaged IP3 to design and implement a training event on public relations in the energy sector to support greater stakeholder involvement in energy sector reform. The training program that we designed and implemented was targeted to public relations officials within government and utilities and covered key media and PR skills; strategies for an effective PR campaign; how to write press releases and feature articles; key aspects of communications theory; how to pass the right message to public; what questions are important and how to ask them; how to arrange a press conference; how to conduct research, prepare materials, maintain contacts and respond to inquires; and a code of ethics for PR workers.

### **Saudi Arabia**

#### **Training Program on E-Government 2003**

For the Saudi Computer Society and Future Technologies Ltd., IP3 delivered a training program for Saudi Arabian government and private sector representatives on the fundamentals of E-government planning and implementation. The program addressed the common definitions, applications, and domains of E-government. The "three phases of E-government implementation" were discussed through case study analysis, and the processes of achieving a government's E-government policy goals were highlighted including; process reform, leadership, strategic investment, collaboration, civic engagement, and public-private partnerships. Finally, the challenges and opportunities in developing and implementing E-government projects were explored, with special focus on the Middle East context.

**Russia****Corporate Governance Training Program and Study Tour****2002**

For 8 officials from RAO UES of Russia, IP3 designed and implemented a training program and study tour on corporate governance strategies. Specific training topics included: the impact of corporate governance on investment and the economy; duties of the board of directors; corporate conduct in respect to shareholders; corporate structure; transparency and information sharing procedures; disclosure practices; and financial management and dividend policy. The workshop included numerous site visits to meet with industry practitioners, such as the Securities and Exchange Commission (SEC), Institutional Shareholder Services (ISS), Council of Institutional Investors (CII), and American Public Power Association (APPA). The training workshop was combined with a practical study tour to San Francisco, where participants met with Pacific Gas and Electric (PG&E) to discuss shareholder relations; North California Public Utility Commission, California Independent Service Operator (ISO), and Stanford Law School Corporate Directors Program. The course was conducted in the Russian language.

**Armenia****Health Care Reform Training Program and Study Tour****2000**

For USAID, IP3 designed and implemented a training program and study tour on health care reform for public and private sector officials from Armenia. The training focused on a number of health care reform issues, including strategic planning, financing reform, and public-private partnership opportunities and included site visits to health care organizations to familiarize participants with the “best practices” in health care reform.

**Georgia****Contracting and Legal Agreements for the Oil and Gas Sector****2000**

For USAID, IP3 designed and implemented a training program on Legal Agreements in the Oil and Gas Industry. The training focused on key topics for oil and gas utilities such as procurement and the tendering process, structuring oil and gas contracts, and contract monitoring of projects.

**Ukraine****Strategic Planning for Power Utilities****2000**

For USAID, IP3 designed and delivered a training program to help prepare Ukrainian power company officials for the onset of a newly created market power environment. The training focused on key topics such as separating generation, transmission, and distribution functions; privatizing generating and distribution companies; setting up a competitive wholesale market for electricity; and establishing an independent agency to regulate the industry.

**Nigeria****Water Board Management and Operational Training Series****2000**

For the World Bank and the Federal Ministry of Water Resources of the Government of Nigeria, IP3 conducted a training needs assessment and implemented a series of training programs on the management of water utilities, water policymaking strategies, utility operational strategies, and water utility CEO management strategies. The programs were attended by more than 100 senior staff from Nigeria’s water boards and the FMWR.

**Bosnia**

**Competitive Water Utility Operational and Financial Management Training**

**1999**

The Water Utility Management Program in Bosnia-Herzegovina was designed to optimize water utility services by improving organizational efficiency, improving water treatment, and cost recovery through training and capacity building of water utility staff and management. IP3 water sector and financial management specialists designed and implemented a utility management training program and assessed the existing conditions in Bosnia-Herzegovina's water sector to fully understand the constraints local water utility managers experience and to structure viable solutions (systems, tools, practices) to improve organizational efficiency, including improving treatment performance, capacity, and cost recovery.

**Ghana**

**Effective Process for Restructuring, Regulating, and Overseeing Competitiveness of State-Owned Enterprises**

**1998**

For the State Enterprise Commission, the Public Utilities Commission, the Ghana Water & Sewerage Corporation, and the Ministry of Communication, IP3 designed and delivered a customized capacity building program on restructuring strategies for the utilities sectors. The program consisted of sessions on the fundamentals of market-oriented provision of goods and services, designing a corporate restructuring action plan, and introducing appropriate legal and regulatory environment for private sector participation in infrastructure.

**Indonesia**

**Reinventing Municipal Government in Jakarta**

**1995 – 1996**

IP3 advised the Jakarta Capital City Government (DKI) on strategies to reinvent municipal government. This project included capacity building programs as well as technical assistance to develop and implement specific "reinventing government" pilot projects in various departments and agencies of DKI.

**For More Information**

For more information on IP3's capabilities in the field of competitive utility management, for to find out how to access our services, please contact:

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