



RENOIR CONSULTING

CASE STUDY

Sabah Electric Stn Bhd

Sabah Electric Stn Bhd is the state-wide electricity company for Sabah in Malaysia, and is jointly owned by Tenaga and the State Government. Renoir's involvement with SESB came about as a result of the work carried out previously with Tenaga.

OVERVIEW

Sabah Electric had been losing money for many years. The excellent results that Renoir had brought about at the parent company, Tenaga, prompted Sabah to see if Renoir could help them, as well.

THE ASSESSMENT

The Renoir team identified significant opportunities in 5 key areas with an objective to create a more professionally managed, results orientated culture and to realise financial and operational benefits within:

- Power Generation
- Distribution
- Supply Chain Management
- Cash Flow Management
- Outages

FOCUS PROCESS™ & IMPLEMENTATION

Complementing the three man Renoir team were six full time task force members from SESB. Using Renoir's Focus Process™ the team engaged the workforce, establishing buy-in and ownership, and delivering the following results:

Generation

A new loading and control system was installed that reduced the reaction time to any changes in the grid, including fuel prices, from weeks to days. This improvement was vital as fuel costs were particularly volatile at the time and the cost of different fuel types determined which generation sets were more efficient to run.

Generation key performance indicators were reviewed constantly

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to ensure speed and accuracy of response.

Procurement and Stores

In the 12 months prior to the start of the project, the value of stock holding had been increasing, on average, by RM 2 million per month. In order to stop this trend, and bring the value of the stock holding down, re-order levels were set for high value / fast moving items. This quickly brought the value of stock down from RM 145 million to RM 119 million.

Distribution – Accounts

Activities in this area enabled the client to reduce their debtor days, improving the company's cash flow, and reducing theft. Planning of work for the meter readers was re-organised, spreading the workload more evenly, to ensure that meters were read on time and bills issued far more consistently. Internal performance indicators were put in place to increase individual accountability.

Distribution - Maintenance, Trippings and Outages

Maintenance of the infrastructure was not being done on a regular basis. Key performance indicators were put in place and reviewed weekly, thereby ensuring accountability. Response times to outages were improved, and the incidence of outages overall was reduced to a level that bettered the business plan.

"The transfer of technology from your company to SESB has been a great success, thus enabling us to undertake the continuation of the programme on our own at a very much earlier date" Haji Abdul Nasir Bin Abdul Jabbar, Managing Director

Key Results

Improvements (RM millions)

- Generation 4.45
- Procurement 0.73
- Distribution 0.38
- 15-20% decrease in Trippings and Outages
- Planned savings: 4.51 vs. Actual 8.10

THE CAPACITY TO SEE
THE POWER TO CHANGE