





THE TEAM PLAY BOOK

Making a template for operations across your territory helps build consistency, instill corporate values, and gain competitive advantage. By John Grippman, Stuart Pearman, and Christopher Vlahoplus

Would a McDonald's employee turn to the shift manager and say, "How do you think we ought to cook the fries today?" Probably not. Why change something that's worked well before? Yet every day, the equivalent occurs in every industry: Employees reinvent the wheel as they devise strategies or perform other important tasks.

To counteract this, many in the utility industry are looking to a playbook—a set of written guidelines to achieve operational and management excellence. Why? They do it to improve business results, address underlying cultural issues, and realize their strategies. For instance, several firms have been (and are being) changed through mergers, acquisitions, and rapid plant development. Usually, companies have made these moves in the name of synergy and economies of scale; moreover, they have promised Wall Street they would achieve such synergies and economies. But how can a company actually *do* it efficiently and across the board? The same goes for companies that, like utilities, are spread over large geographic areas: How can you ensure that staff perform work in one place as efficiently as work performed across the state?

In the world of scale operations, if you cannot put it on paper, you probably cannot communicate it and do it. A playbook describes how to leverage that scale by identifying the organization's key areas and providing a roadmap to maximize performance in those areas.

Accordingly, playbook development and deployment creates the means to improve performance concurrently at many locations and for many employees. The playbook also provides the template for consistent assessment of the organization's performance to facilitate and sustain top results.

Some Basics

The written guidelines help the company implement proprietary, competitive operating methods on a consistent basis. That's one of the reasons the McDonald's fries you order in Alta Vista, CA, taste the same as those you get in Zion, IL. Along with creating consistency, organizations can also improve results. Through a playbook they

- identify best practices and transplant them across their system;
- ensure resources and priorities are

aligned to common goals;

- train new employees to perform within the guidelines, become a part of the desired culture, and develop shared values;
- ensure that important expertise, on which their business results depend, does not walk out the door when employees leave the company;
- ensure that their best business performance is replicable, meets high standards, and is not unique to one

location or manager; and

- accelerate growth through opening or assimilating new facilities and getting them up and running quickly and effectively.

To a large degree, this kind of template provides a means for leaders and key employees to work together to change the corporate culture. From a patchwork quilt of procedures and processes, a more cohesive and coherent set of values, beliefs, behaviors, and

COST FRAMEWORK

Many companies find that in standardizing cost frameworks, they run into many more inconsistencies than they bargained for. The cost framework area of a playbook would address such areas as standardizing accounting policies, cost definitions, budgeting process, financial system, and cost reporting. Having a playbook for this area provides a number of advantages:

- improved management and control over costs across the entire organization;
- consistent roll-up and reporting of costs by division, generating unit, new operations, etc.;
- improved ability to benchmark and identify best practices;
- ability to recognize managers for financial performance (good and bad);
- cost structure consistent with and reinforcing maintenance and other operations processes (described in other sections of the playbook);
- improved rationalization of and ability to challenge the budget; and
- maintenance of fewer financial systems.

Here is a sample of a playbook breakdown. It covers topics and the areas of consideration when it comes to standards and definitions.

Topic	Standards and definitions
Accounting policies	<ul style="list-style-type: none"> ■ Capitalization policy ■ Cost allocation approach for stores handling ■ Accrual policy
Cost definitions	<ul style="list-style-type: none"> ■ Consistent definitions for each element of cost important to manage the business (e.g., definitions for tracking cost by activity, by organization, by resource type) ■ Consistent approach for tracking costs needed for the economic dispatch of generating units ■ Cost responsibility for allocated costs for shared resources and corporate support
Budgeting process (usually supports another area in the playbook dealing with planning)	<ul style="list-style-type: none"> ■ Definition of what cost elements to budget and at what level (i.e., how much detail needed) ■ Definition and timetable for the budget process
Financial systems	<ul style="list-style-type: none"> ■ Identification and capabilities of financial systems to be used
Cost reporting	<ul style="list-style-type: none"> ■ Monthly cost report format and expectations ■ Year-end cost projection requirements ■ Commitment tracking

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practices will emerge. At the same time the organization sows the operational seeds for improvement in the here and now, it sows the cultural seeds to make the improvement process a sustainable part of everyday work.

"Even the best plant cannot be the best in everything," says Bill Sewell, plant manager for Southern Company's Plant Wansley. "I'd like to know what is the best way." Southern Company developed a generation playbook and credits it with improvement in generation business performance.

"Our large generation fleet and many experienced employees are a potential source of advantage," according to Kim Flowers, plant manager for Southern Company's Plant Bowen. "Our playbook work gave us a systematic way to tap that potential."

Moreover, she says, "the process to create the playbook involved people from every area and level of the com-



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pany. To us, the cultural impact was almost as significant as the business benefits".

Exelon Nuclear considers its playbook, "Management Model," a "one way, best way" approach and a source of competitive advantage. It is how the company clarifies and communicates a proven, proprietary way of doing things. Exelon Nuclear pegs results, like increases in capacity factors and record refueling outages, to the playbook. In fall 2000, the company completed not only a record 15-day outage, but also eight straight refueling outages in under 30 days. It made this improvement by applying a proven outage "template" to each unit.

The book was not an end to itself, but the means for change. By documenting the model, Exelon is better able to implement change: accelerating merger integration, assimilating a new acquisition, or ensuring maxi-

mum leverage from the current fleet. “Exelon Nuclear’s size and scale give it great advantages for operational and commercial excellence, industry leadership, process improvement and innovation,” says Sue Wallace, Exelon Nuclear’s assistant to the chief nuclear officer. “This model describes how we leverage that scale,”

Playbook Contents

The content for each company will depend on its needs and opportunities, but a typical playbook will include such topics as

- vision and values;
- organization structures;
- business processes;

- cost framework;
- management controls;
- performance stewardship and accountabilities;
- operational standards and guidelines;
- business planning;
- goals and incentives; and
- systems and tools.

The heart of the typical playbook is operations; that section is often organized around the major processes. For a distribution company this might include distribution operations, reliability management, outage and emergency management, construction management, new business management, and customer care. For a powerplant fleet, the focus might be operations, maintenance, plant modification, and major outages. A company’s playbook can specify key processes, controls, and improvement methods within each of these areas.

For each area discussed in the playbook it is important to begin with what success looks like and how the company measures it. Equally important is to state clearly what the organization needs to do and under what guidelines it will operate. For instance, several large generation organizations have discovered the benefits of developing disciplined water chemistry programs and applying them across the fleet. The playbook will define the common elements of such programs, i.e., systems included, specifications to be documented, measurements to be taken, etc.

It is important that the guidelines not be overly prescriptive. The playbook’s objective is to provide best practices for major areas, not to substitute for plant management and leadership. It is absolutely critical to balance the importance of standards and guidelines with the value of local management discretion and individual employee creativity.

Discussion of performance stewardship—actual results and resources compared to plan—can be especially important. Ultimately, the organization must link the playbook to accountability, or it cannot be effective.



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Six Rules for an Effective Playbook

Developing and sustaining an effective playbook takes time and discipline. Several rules can help ensure that the it is effective and the process to develop it is as efficient as possible.

RULE 1

Balance prescription with latitude. The first rule is the most important and the most difficult to follow. Strike the right balance between prescription and latitude. If the manual is overly prescriptive, managers will rebel, feeling that they are giving up too much discretion and power. On the other hand, if there is too much latitude, the book will have little impact on results.

The first key to achieving this balance is to use the employees who actually do the work to write the playbook. Then ask the most respected leaders in

the organization to review and sponsor it.

The second key is to define clearly what must be the same at each location and what can be different. For instance, the manual might require that a critical equipment maintenance strategy be in place at each location. It may prescribe the criteria by which

critical systems and equipment are prioritized. It may also set standards for balancing predictive, preventive, and corrective maintenance within that strategy. But at each location the list of critical equipment and (therefore) actual maintenance strategies could be quite different. The list must be broad enough to compensate for this.

THE BASIC RULES OF WATER CHEMISTRY

One small example of a playbook's advantages can be found in a powerplant water chemistry program. The playbook might address (for example) analysis and reporting for boiler water, cooling water, drinking water, and wastewater. Developing a consistent approach for such a program provides a number of advantages:

- prolonged production equipment life;
- reduced impact on the environment;
- improved ability to benchmark and identify best practices;
- reduced operating costs; and
- improved management and control over the chemistry program.

Here is a sample of a playbook breakdown. It covers topics and the areas of consideration when it comes to standards and equipment.

Topic	Standards and equipment
Chemistry practices	<ul style="list-style-type: none"> ■ Start-up and shutdown operations ■ Variable load operation ■ System lay-up
Manual chemistry monitoring	<ul style="list-style-type: none"> ■ Sample collection ■ Sample handling and preparation ■ Sample analysis ■ Results reporting
Automated continuous monitoring	<ul style="list-style-type: none"> ■ Monitoring strategy ■ Application of instrumentation ■ Instrumentation calibration and maintenance ■ Comparison with wet chemistry analysis
Chemistry controls	<ul style="list-style-type: none"> ■ Chemistry parameters ■ Tracking, trending, and reporting of parameters ■ Establishment of action levels ■ Chemistry excursion response plans ■ Validation through equipment inspections
Quality assurance/quality control program	<ul style="list-style-type: none"> ■ Bench instrumentation ■ Online instrumentation ■ Reagents and bulk chemicals ■ Injection and feed equipment
Personnel development	<ul style="list-style-type: none"> ■ Management expectations and standards ■ Theory training ■ Practical job factors ■ Qualifications



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RULE 2

Be concise. To achieve business results across the organization, and to get everyone on the same cultural page, you must make a persuasive argument to a large audience. One challenge is the temptation to try to capture everything in one document. But the playbook should concentrate at the level of policies, programs, and processes. You can house implementing procedures and detailed requirements in supporting documents. With today's web publishing techniques, this information can be placed just a click away from the manual itself.

How do you know if you have become "overly" comprehensive? If an employee cannot read a playbook chapter in one sitting, it is too long. Because many of us come from engineering-driven cultures, often the first draft can be quite detailed and lengthy. Should this happen, it is simple enough, using Rule 3 as a filter, to distill the actual chapter from the first draft. Once you have distilled the content, the first draft can still be extremely useful as backup or reference material for those wanting to know more.

RULE 3

Make the playbook the law. One reason to get rid of detailed procedures is that whatever is in the playbook must become the law: If it is to be law, it is essential to avoid the inclusion of items that will water down the playbook or require frequent updating to remain current. Also, business plans, departmental performance indicators, and individual accountabilities must reflect playbook standards. Success depends on including only the items that will be standard. Senior managers must be involved upfront in deciding what content and level of detail the playbook should include.

RULE 4

Communicate. Spend time and attention on communication. "We spent an enormous amount of time carrying the message to the many audiences who would ultimately ensure implementation success," says Joy Jennings, project manager for Southern Company's generation fleet playbook. "We used both traditional and creative means—videos, events, etc.—to spread the word persuasively. You simply cannot over-communicate."

RULE 5

Use a template and a disciplined process. The fourth rule is to use a template, consistent structure, and disciplined development process. There are two reasons for this. First, if you cannot create consistency in your playbook, how can you hope to achieve it across your operations? Second, it is easier for the employees who will write your manual if they have a template to go by. It is too difficult to dream up format, process, and content all at once. Give them the template and process; let them concentrate on the content.

Tim Banks, plant Manager at Southern Company's Plant Hammond, served as steering committee chair-

man during the development of their generation fleet playbook. He recalls the importance of a disciplined process. "We already had the knowledge to accomplish everything we did in the playbook," he says. "And we knew that we had to do these things. What made the difference was using a disciplined process to get it on paper and implement it."

Exelon Nuclear's vice president of operational projects, Joel Dimmette, leads the company's "Management Model Implementation" effort: "We realized that if the purpose of the model is to promote standardization, we must have a disciplined, standard way of implementing it."

RULE 6

Continue to improve the manual. After developing the playbook, it is important to define a process for updates and improvements. You need to create a living document. The passage of time and development of creative solutions will lead to improved practices. To accommodate changes, each section of the manual should be "owned" by a sponsoring executive. He or she should coordinate changes as needed. In most cases, at least an annual checkpoint review is also in order.

Everyone Should Know All the Plays

For almost all industry participants, competitive pressures are increasing. This can take the form of heightened regulatory scrutiny or wholesale or retail energy supply competition. All that raises the performance bar. Plus, the promise of economies of scale often proves to be elusive if those economics are not aggressively pursued. This puts the burden on leaders to improve performance today and create the mechanism and culture for sustained improvement tomorrow. Playbooks are an important tool to improve performance, expedite effective growth, and facilitate culture change.

That is why a company needs to get everyone to play the game using the same playbook. ♦