GOOD GOVERNANCE, EXAMPLES OF BEST PRACTICES OF OPERATION AND MAINTENANCE IN POWER COMPANIES

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OUTLINE
I- BACKGROUND AND DEFINITION OF GOOD GOVERNANCE
II- BASIC GOOD GOVERNANCE PRINCIPLES AND PRACTICES
III- MANAGERIAL PRACTICES IN FORCE AS REGARDS OPERATION AND MAINTENANCE
IV- REQUIREMENTS FOR GOOD GOVERNANCE

I- BACKGROUND AND DEFINITION OF GOOD GOVERNANCE

- The 1997-2001 financial crunch in South-east Asia, Russia, Brazil and Argentina;
  Led to:
- An unstable international financial system (with the castigating of chummy capitalism and poor governance);
- A loss confidence in partners (investors, wage-earning employees, suppliers);
- A questioning of the traditional governance approach

Hence the coinage of an invisible asset known as corporate governance defined as «the search for the corporate management and control system that aims at reconciling at best management efficiency and the security of stakeholders amongst whom shareholders rank first. The very purpose of corporate governance is to ensure as an efficient management as possible over time while taking due account of the shareholders’ interests, minimising as much as possible the risks for shareholders. » Mr. Cadbury
II- BASIC GOOD GOVERNANCE
PRINCIPLES AND PRACTICES

Common principles
1. Efficiency
2. Transparency
3. Freedom
4. Accountability
5. Ethics

Leverages
1. Jointly defined strategy
2. Separation of management function from monitoring
3. Monitoring of the managers’ performance

II- BACKGROUND AND DEFINITION OF
GOOD GOVERNANCE

Good governance practices
- Adoption of codes of ethics;
  (Financial, corporate, etc.) information disclosure;
  Development of a legislative and regulatory framework that ensures investors’ security;
  Development of a code of good corporate governance;
  Development of new indicators for performance measurement (triple assessment; social, economic and environmental aspects);
  Benchmarking;
  Publication of blacklisted companies.

III- MANAGERIAL PRACTICES IN FORCE
AS REGARDS OPERATION AND MAINTENANCE

Context
1. Specialization-based rationale
2. Labour division, source of productivity
3. Functional anchorage of operations and maintenance;
4. Separation of development from implementation activities

Practices determined by the managed resources

Physical/Material/Financial: Budgeting and budget execution monitoring, preventive-maintenance program development and monitoring, execution of corrective maintenance works, and development and implementation of supply programs

Technological: Process designs, knowledge updating and training, monitoring and control of the technical efficiency of facilities, collateral management, development of investment and divestiture plans,

Informational: Exploitation of collected data, drafting and dissemination of various reports, cost tracking, procedure development

Human: Recruitment, posting, control, training, evaluation, internal communication, intervention timing
III- MANAGERIAL PRACTICES IN FORCE AS REGARDS OPERATION AND MAINTENANCE

Identified weaknesses

1. Difficulties of coordination and motivation
2. Centralization of decisions
3. Extra work for the general management
4. Unawareness of various stakeholders’ expectations

IV- REQUIREMENTS FOR GOOD GOVERNANCE

Definition of what a company is

In the past
Set of functions and trades contributing to the achievement of production

In terms of good governance
Set of operational processes and projects anchored on value-adding support processes or functions

Structure

In the past
Top-down structure with many line authority levels and distributed in functions
Governing committees comprised of professional managers/functions
One leader for 7-10 associates

In terms of good governance
Reduction in line authority levels with staff distributed in the processes and the setting up of semi-autonomous teams
Governing committees comprised of process, project leaders and professional managers
One coordinator for several teams, that is 30-50 individuals

Coordination Mechanism

In the past
Coordination/Regulation ensured by the leader
Top-down vertical style of communication
Net demarcation between the development stage and operation or maintenance

In terms of good governance
Coordination all along processes
Regulation by the customer/supplier relationship
Two-way transversal style of communication
Involvement from the development stage of the representative of operation and maintenance functions
IV- GOOD GOVERNANCE REQUIREMENTS

Ultimate purposes

In the past
Focus on functional performance
Improvement in the quality and productivity of each trade
Optimizing investment use through ROA, ROI or ROE

In terms of good governance
Focus on process command and performance
Improvement in processes to enhance quality
Improvement costs, timeframes and staff development
Optimizing resource use by EVA type indicators

Additional practices

Physical/material/financial: Subcontractor management

Technological: Informational intelligence management, series change management

Informational: Management of the relationships with suppliers and manufacturers, informational intelligence management

Human: Team work, corporate identity management, external communication, skill management, target specification, conflicts management, management of customer relations and satisfaction, integration of operation and maintenance functions

Measurement indicators

Physical/material/financial: Staff productivity, stock flow rate, lead time

Informational: Duration of corrective maintenance, preventive maintenance, operating or maintenance costs/turnover ratio, le MTBF, MTTR, D, synthetic productivity rate (SPR)

Human: Individual skill assessment, rate of absenteeism, staff turnover rate, number of implemented staff-initiated ideas, loss rate, internal and external customer satisfaction rate.

CONCLUSION

The adoption of good governance as a basic management policy enables:

1. An efficient and effective resource management;
2. A better partner information;
3. Financial, economic and social sustainability for African power companies.
CONCLUSION

“Each general is endowed with qualities that instill new blood into human history. It befalls all each us to make good and wise use of such qualities for the good of the continent.”

Kofi Anan

Thanks for your attention