

## Exercise Brief Worksheet: Financial Decision-Making in Utilities

### Scenario

You are a **Regional Operations Manager** for a **water and energy utility company**. Due to increased **regulatory costs** and **supply chain disruptions**, your department must reduce operational expenses by **10% (£5,000)** while maintaining **customer service quality** and ensuring compliance with industry standards.

### Department Budget Overview

- **Annual Budget:** £50,000
  - **Current Spend Breakdown:**
    - **Labour Costs:** £25,000 (50%)
    - **Infrastructure Maintenance & Repairs:** £10,000 (20%)
    - **Energy & Resource Costs:** £5,000 (10%)
    - **Technology & Automation:** £3,000 (6%)
    - **Training & Development:** £2,000 (4%)
    - **Miscellaneous Expenses (subscriptions, admin, etc.):** £5,000 (10%)
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### Financial Impact Factors & Considerations

#### 1. Maintenance & Infrastructure Investment

- Should you delay scheduled maintenance to cut costs, knowing it may lead to higher long-term repair costs?
- Can you renegotiate supplier contracts or seek alternative vendors for essential materials?

#### 2. Labour Costs & Efficiency

- Can overtime costs be reduced without impacting service reliability?
- How can you implement smarter workforce scheduling to maximise efficiency without overburdening staff?
- What processes could be cut or optimised?

#### 3. Technology & Automation

- Should you invest in automation tools to improve efficiency, despite an upfront cost?
- Would adopting predictive maintenance reduce long-term failures and costs?

#### 4. Energy & Resource Management

- Can you optimise energy consumption in operations to lower expenses?
  - Are there alternative processes that reduce waste and improve sustainability?
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### Decision-Making Challenge

Each team must decide how to achieve the **10% cost reduction target (£5,000)** while minimising risks to:

**Service quality**

**Compliance**

**Team morale**

#### Instructions:

1. **Identify** areas where cost savings can be made. Please feel free to make any assumptions and base your thoughts on your own experiences.
2. **Discuss & justify** your choices – what will you cut or optimise, and why?
3. **Present** your strategy to the group, explaining how it balances financial efficiency with operational performance. You will have 3 minutes maximum to influence us of your strategy.