

## 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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### Commercial Considerations and ideas to get you started...

#### 1. Maintenance & Infrastructure Investment

- Delay scheduled maintenance to cut costs, knowing it may lead to higher long-term repair costs?
- Renegotiate supplier contracts or seek alternative vendors for essential materials?

#### 2. Labour Costs & Efficiency

- Manage overtime costs without impacting service reliability?
- Implement smarter workforce scheduling to maximise efficiency without overburdening staff?
- What processes could be cut *or* optimised?

#### 3. Technology & Automation

- Invest in automation tools to improve efficiency, despite an upfront cost?
- Adopting predictive maintenance to reduce long-term failures and costs?

#### 4. Energy & Resource Management

- Optimise energy consumption in operations to lower expenses?
- 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 and team morale.**

### Instructions:

1. **Identify** and discuss areas where cost savings can be made. Please feel free to make any assumptions and base your thoughts on your own experiences.
2. **Nominate a spokesperson** to summarise your team's approach and recommendations with the group, explaining how it balances financial efficiency with potential consequences. You will have 2 minutes maximum to influence us of your strategy.