FOUR CRITICAL SUCCESS FACTORS
FOR DELIVERING RETAIL ENERGY PROJECTS

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"REPs can look to leading organizations in other industries for inspiration on how to improve precision in project execution and increase their internal project success."

– Sally Rouse, Principal Consultant

Most Retail Energy Providers ("REPs") have suffered through the painful effects of unsuccessful projects. Whether replacing whole platforms, individual systems, or adding much-needed automation, delivering technology transformation efforts in the REP space is no easy task. Furthermore, the impacts of failed projects extend beyond the immediate hit to the bottom line. These failures can end careers, demoralize employees, impact ongoing business operations, halt organizational momentum, and adversely impact the success of future initiatives.

So, what can a REP do to improve their chances of successful technology transformation engagements? While this is not an exhaustive list, the four critical success factors listed here are ones that are commonly missed, ignored, or underestimated when delivering retail energy projects:

1. ESTABLISH AND COMMIT TO A REALISTIC BUDGET

Retail energy providers operate a tight margin business in a highly competitive landscape. Because of this, they often struggle to secure adequate capital budgets needed to fund large transformation initiatives.

To get estimated project costs below a target budget threshold, cost estimates are often manipulated and/or the required scope is trimmed to get the project approved. These approaches fail to meet expectations and often lead to project failure requiring additional work and associated budget to deliver what was missed on the initial project. While a multi-phase approach is not inherently problematic, using it to get a project started that doesn't have full funding commitment will often result in a Phase II that never starts, leaving the organization in a worse situation than they were in with the previous system.

2. ASSIGN DEDICATED PROJECT RESOURCES FOR KEY ROLES

Delivering major transformation efforts is not a part-time job. A common mistake many organizations make when operating under budget constraints, is attempting to rely on internal resources to manage and work on project teams while still performing their full-time job. This leaves a project at a disadvantage from the start and results in a drag on performance on operational teams. This is also a key contributor to why some projects fail to meet the final delivery expectations. It takes highly skilled resources with targeted experience, training and a dedicated focus to lead significant transformation efforts to a successful conclusion.

3. ESTABLISH A REALISTIC PROJECT SCHEDULE AND RESOURCE PLAN

Doing too much, too fast, with too little will not lead to successful results. Since even the best project delivery professionals don't have a crystal ball, your resource plan should include dedicated time from resources across your organization to identify all areas of impact and shore up process gaps across the impacted functional areas. For retail energy providers who operate in a fast-paced and often changing landscape, the impacts associated with keeping up with changing trends and operational requirements have a significant effect on how you should approach any large project. The larger the primary initiative, especially when forced into a compressed timeline, the more likely teams are to miss critical factors along the way. When high-profile, high-cost projects deliver short on expectations, it leaves lasting marks across the organization.

4. DON'T UNDERESTIMATE THE IMPACT OF M&A ACTIVITY

As the retail energy industry matures, many, if not most, mid-size and large REPs focus on leveraging merger and acquisition opportunities to drive growth. While this strategy is often key to achieving growth targets, it can also drive a sustained cycle of change management, project portfolio, and systems portfolio adjustments and considerations. Usually, the accelerated timeline for M&A activity gives organizations little time to account for upstream and downstream integration points and can lead to painful exception management processes. Over longer periods of time, sustained change can lead to change fatigue and a negative impact on morale.

Ongoing M&A activity can redirect focus for key leaders, including the temptation to pull the key resources you've dedicated to existing project(s) (e.g., Sally is our resident C&I billing expert, and we know she's tied up in the CIS project, but we need her for due-diligence on the XYZ acquisition). It can also lead to indecision on previous platform choices during a re-platform effort (e.g., "This acquisition target has this amazing XYZ system/platform. Perhaps we should reconsider our current path").

Past M&A activity often results in a patchwork of legacy teams, processes and/or systems performing similar, yet nuanced functions and the costly overhead of running them concurrently. A typical strategy to resolve this is the significant undertaking of implementing a unified platform for the organization. While this is a logical strategy, integrating a legacy organization into the unified platform is often a full-scale project in-and-of itself yet one that is easy to underestimate and oversimplify as repeat of the initial implementation effort (e.g. after we replace system A it will take us a fraction of that time to do systems B and C). Recognizing the differences in and requirements of the legacy businesses' processes, systems, integration points, and cut-over path is a key factor that will take budget, focus and resource allocation to deliver a successful result.

LEARNINGS

REPs can look to leading organizations in other industries for inspiration on how to improve precision in project execution and increase their internal project success. Many are actively implementing the agile approach and accompanying best practices for project execution. These include continuous prioritization refinement and reducing the 'rinse and repeat' iterations of completing multiple development cycles that result when working from lengthy, but potentially stale or incomplete requirements gathered months in advance.

Upfront investment in the right resources for dedicated project management and key delivery roles reduces the burden on internal teams that may already be stretched to capacity. Using the right resources from the start mitigates risk for future budget expenditures and delivery failure that can arise when you depend on strategy and coordination from resources without the requisite training, experience and bandwidth required to make any project a success.

Develop a plan that gives adequate time and attention to understanding cross-functional handoffs and addressing the process gaps that result from M&A integrations, rapid growth and/or siloed organizations that often go unaccounted for when planning for new system implementation and integration projects.

Lastly, involve an integration partner from the beginning of the effort who specializes in delivering transformation efforts with a specific focus on the retail energy space and a deep understanding of the vendor landscape for the work at hand. A qualified integration partner will reduce delivery risk and help ensure success by managing through the common shortcomings of transformation efforts; helping resolve resource bandwidth and market knowledge constraints; and bringing best practice transformation delivery skills, experience, and expertise to the effort.

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ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the energy, commodities and financial services industries. Our professionals combine innovative thinking with unrivaled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in energy, commodities, banking, capital markets, wealth and asset management and insurance. We serve our clients from offices in leading market centers across the Americas, Europe, and Asia Pacific.

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