



TATA POWER-DDL

TATA POWER DELHI DISTRIBUTION LIMITED

A Tata Power and Delhi Government Joint Venture

Total Cost Management Assessment @Tata Power-DDL

28th November 2020

with you *Non-Stop*



Excellence through TQM...



- Tata Power-DDL Introduction
- Objective of TCM Assessment at Tata Power-DDL
- Process and value addition of TCM assessment
- Key Learnings

ABOUT TATA POWER DELHI DISTRIBUTION LIMITED

Delhi

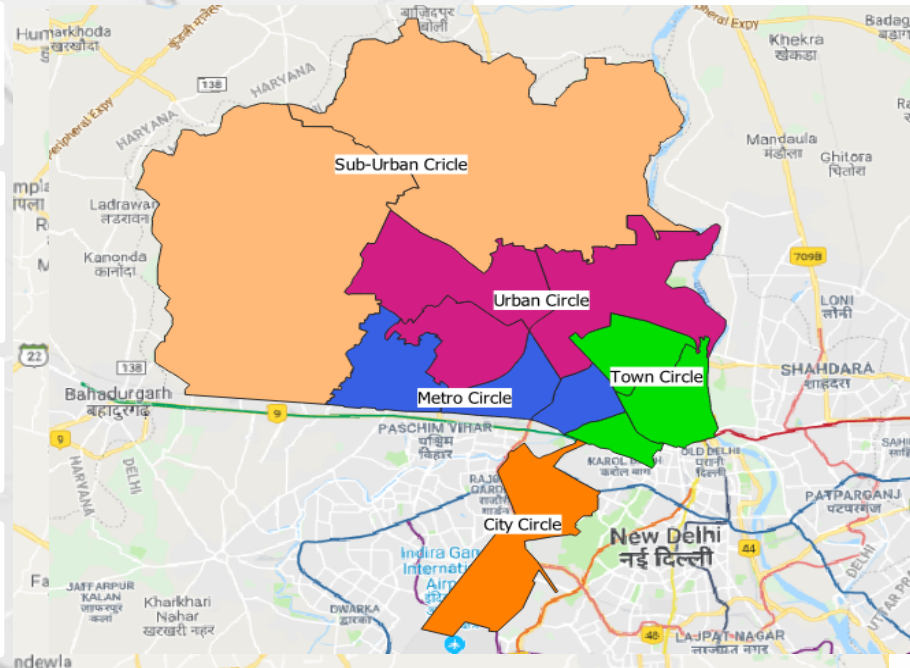
**3 Private Utilities
+ 2 Public Utilities**

510 sq. km

**1.8 Million
Customers**

**9750+
Million Units**

**2069 MW
Peak Load**



51:49

**JV of Tata Power
Company Limited
and the Government
of Delhi**

25

years

License Period

... one of the most successful Public Private Privatization Model

OBJECTIVES OF TCM ASSESSMENT AT TATA POWER-DDL

- Electricity distribution operates under regulated business model
 - includes 16% return on equity, subject to meeting the regulatory targets
 - Costs subject to prudence check
- Highly Regulated
 - Normative OPEX
 - All CAPEX to be approved by regulator
- Socio-political subject
 - highly price sensitive with masses
 - Government / Regulatory uncertainty

Operational Efficiency

TATA Power-DDL has successfully adopted **Tata Business Excellence Model (TBEM)**, **ISO 9001 (QMS)**, **14001 (EMS)**, **45001 (OHSAS)**, **27001 (ISMS)**, **22301 (BCMS)**, as part of Operational Excellence Journey

Cost Optimization

TATA Power-DDL is now adopting **Total Quality Management (TQM)**, **Total Cost Management (TCM)** as part of driving Quality and Cost consciousness to next level

Tata Power-DDL's goal is not only to run business profitably but also operate it in a manner so that to reduce costs for the end consumer, in terms of lower tariffs

Total Cost Management Maturity Model shall facilitate **benchmarking of Tata Power-DDL's cost management system and develop roadmap for moving forward in the maturity curve of cost management practices...**

PROCESS AND VALUE ADDITION – TCM ASSESSMENT

- Highly Professional Team of Assessors bring outside-in perspectives from various sectors
- Focused agenda on assessing alignment and integration of cost measurement and management system across organization covering all key aspects viz. Business Strategy, Customer, Workforce, IT, Operations etc.
- Structures and effective assessment approach followed by CII – proper understanding of existing / evolving business context and evaluation of the same under TCM Framework.
- Assessment approach aligned with organization context
- Helps organizations to pursue upon a journey focused on “**cost excellence**” - enable Tata Power-DDL to be future ready and face the competitive environment (separation of wire & content business)

We acknowledge and value CII efforts in selecting Tata Power-DDL as the first company (pilot basis) from service sector to go through TCM Assessment

PROCESS AND VALUE ADDITION – TCM ASSESSMENT

TCM Assessment
Modules

1 Service Strategy

2 Customer Service & Market Segmentation

3 Business Process & Operational Efficiency

4 Business Model Innovation

5 Commercial Delivery Model
(made Not Applicable for Tata Power-DDL)

6 Human Resource Management

7 ICT & Business Analytics

8 Cost Measurement & Management Information

9 Enterprise Risk Management

10 Environmental Sustainability

Assessment Team demonstrated good understanding of Business and identification of Key Business Factors working well for Tata Power-DDL

- Business model is enabled by comprehensive detailing of key partners, key activities, key resources, value proposition, customer relationship & customer segments
- Cost structure in terms of partially controllable and fully controllable are detailed
- Comprehensive mapping of profit drivers available both for regulated and non-regulated business available
- Cost optimization method for direct impact on bottom line is spelt out
- The cost optimization is ingrained in the procurement function
- The performance parameters for customer servicing are monitored closely in terms of Operational and Customer related performance
- Proactive approach is adopted as the service delivery model chain. With IT/OT integration, the services are delivered by testing & quality assurance dept. and then by the project delivery team

KEY LEARNINGS FOR IMPROVED COST MATURITY

- Develop Strategic plan for mapping **key cost drivers** across business processes - **Targeting activity costs (business process costs)**
- Building '**competitive strategy**' dimension – **Segmented (customer level) cost structure** analysis to identify price-cost gaps for cost correction / improve profit lines
- **Higher focus to Variable and Indirect Costs (Non-power procurement cost)** with strategies for managing manpower, repair and maintenance costs etc.
- **Developing cost ownership for key cost elements** can bring in a structured process of cost efficiency, radical solutions and efficiency run business (benchmarking opportunity with Group Company – Tata Motors)

Thank You!



TATA POWER-DDL

with you *Non-Stop*