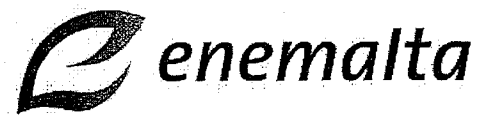
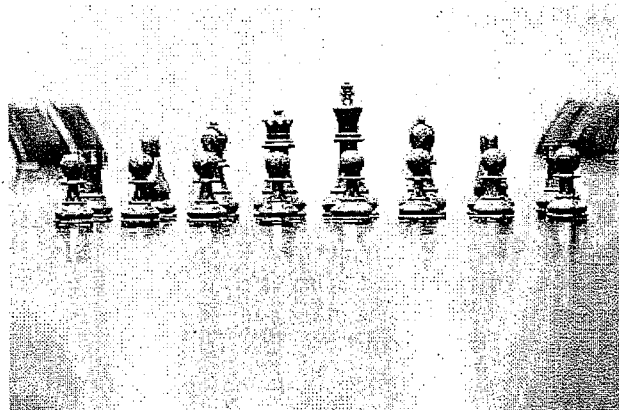


PA 22707



# Strategic Plan 2011

January 2011



Enemalta Corporation  
Church Wharf  
Marsa MRS1000  
Malta

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Classification : Highly Restricted

## 1. Introduction

Enemalta Corporation currently owns Malta's only electricity generation plant and distribution infrastructure, serving the Maltese Islands with its electricity requirements. The liberalisation of the electricity generation, gas and petroleum sectors, together with growing environmental concerns and more stringent emissions regulations, have seen the Corporation embrace a number of new challenges and opportunities. This has directed the Corporation to progressively become an entity operating in a liberalised market.

In response to a transformed industry, the Corporation is going through a major restructuring exercise and is expected to embark on a number of ambitious projects that will seek to yield higher levels of customer satisfaction, enhanced levels of efficiency and value for money, increased transparency and greater compliance with emissions and other environmental standards. In this context, this document shall set out the principles and values expected from the members of the Corporation in order to uphold the right culture to be able to accomplish with success the strategic objectives and key initiatives that will be undertaken by the Corporation as of 2011.

It is Enemalta's intention to make clear its aspirations and targets for the forthcoming months and thus project very clear expectations to its stakeholders as well as its customers.

## 2. The Paradigm Shift

The Corporation is going through an on-going process of shifting its paradigms. A paradigm is the entire framework for the process of thought. It can be considered as the way in which we think and develop our thoughts and opinions on a particular topic. The paradigm is typically shared amongst people working in the same context, as in the case of Enemalta whose members have particular "common" ways in which they view different aspects.

The following table lists these paradigms and illustrates the shift that is being undertaken.

<i>Old paradigm (from...)</i>	<i>New paradigm (to...)</i>
Diversified energy organisation	Focused player in electricity generation, transmission and distribution
Full vertical integration	Focus on core competencies
Monopolistic culture	Competitive organisation
Production orientation	Customer / market orientation
Production orientation	Green orientation
Functional approach	Process approach
Manual systems	Automated systems
Rule of thumb decision making	Informed decision making
Centralised decision making	Empowered and motivated workforce
Seniority based organisation	Merit based organisation
Role culture	Learning culture
Emphasis on continuity of supply at all costs	Commitment to ensure continuity of supply at the least costs

The shift in paradigms is relevant to all members of the Corporation, not only management. Whilst some of them may originate or be driven by particular levels within the hierarchy, the paradigm must be valid, accepted and shared by all.

### **3. The Strategic Blueprint**

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During a number of workshops and debate sessions, a new vision statement and brand promise were discussed amongst members of the organisation attending these workshops. Based on the feedback gathered, the revision of the existing mission statement was also discussed to reflect the modern realities of Enemalta. The workshops were considered successful as their outcome directly influenced the vision and mission statements together with the strategic principles that will be explained later.

#### **3.1 The Vision Statement**

A vision shows an organisation where it wants to be in order to build a competitive advantage and establish itself in the market. It is idealistic while being grounded in reality, not easily achievable, is emotionally compelling and worth pursuing. The vision answers the question "why would we want to do this?"

Using an analogy of a sailor, "a vision allows you to steer by the stars (act strategically) rather than by the light of every passing ship (tactically)."

Although the vision is a very high level statement, it nonetheless gives the entire organisation its long term direction and motivation to strive towards achieving those goals.

Enemalta's vision statement is the following:

***"As the key support to the country's economy, we will achieve the nation's challenging energy milestones and contribute to an improved quality of life in a safe environment."***

The new Vision Statement is made up of the following key aspects:

- Energy is the basis of any infrastructural success in any country therefore, the implications and support that tie the Corporation to the economic success of the country are self evident;
- The "challenging energy milestones" are:
  - a. To meet and improve emissions targets set by the authorities and thus ensure a healthier and safer environment;
  - b. Maintain and ensure security of supply;
  - c. Strive towards the lowest possible cost per kWh generated;
  - d. Improve the quality of life for the employees, increase their morale and pride in being part of Enemalta. The employees will be the Corporation's ambassadors to the public in all aspects of the Corporation's operations;
  - e. Constantly improve the service level and quality being offered to all our customers;
  - f. Ensure that any services offered by the Corporation are able to meet projected demands for the next five years;
  - g. Invest in every aspect of the infrastructure including the network;
  - h. Diversify the availability of energy sources for the provision of electricity;

- i. Define and improve the image of the Corporation with the public;
- j. Communicate clearly and effectively with the public to clarify and explain the Corporation's values, targets and objectives, educate the customers on the products and services available and meet realistic expectations.

### **3.2 The Mission Statement**

The mission statement is a charter that defines the basic business or businesses in which the organisation will engage; the type of products it will make or the services it will provide, the markets it will serve, and perhaps how the company will conduct its affairs – in other words, its purpose.

The previous mission statement stated:

***“To meet the energy needs and expectations of the customer in a safe, efficient and profitable manner whilst safeguarding the environment.”***

This has been updated to the following:

***“We invest in cleaner, safer and sustainable energy solutions, whilst striving to meet and exceed our customers' expectations by empowering our employees and providing them with development opportunities.”***

The new mission statement is based on the following concepts:

- Our customers come first and foremost;
- Reduce costs responsibly;
- Generate and provide safer and cleaner energy;
- Empower staff through development, ownership culture and a drive for excellence;
- Position the Corporation to be competitive and able to sustain any potential competition not by acting as an incumbent but by being a truly competitive commercial provider.

### **3.3 The Brand Promise**

A brand promise is the essence of a brand, outlining the benefits that a customer will experience when interacting with employees, products, services and company. It is a vision of what the brand must be and consequently do for the customers. It is a promise made to the customer.

It is what Enemalta stands for, what we believe, who we are, how we do what we do, why we do it, how we want and endeavour to do it, in which areas and to whom we want to make this.

In its endeavour to achieve the mission and attain its vision, Enemalta promises:

***“To provide our customers a reliable service whilst being committed to a cleaner environment through engineering excellence, improved efficiencies and a continuous drive for change.”***

There are various channels through which the Corporation can deliver this brand promise such as distribution services and quality of supply.

### **3.4 The Brand Tag Line and Motto**

***“For cleaner energy”***

The Corporation tag line and motto “For Cleaner Energy” was launched in 2009 and throughout 2010 Enemalta has endeavoured to pass on a consistent message. It is not just about the regulation, but also about cost sensitivity and cleaner energy, modifying both available systems and investing in new clean technologies.

### **3.5 The Strategic Principles**

The following 3 principles shall be the foundations of the entire strategy. Just like a personal conscience, they shall guide our actions as individuals and employees of Enemalta. Originating from within, these will have an effect on our behaviour and decisions, ultimately resulting in improved performance and attitudes which our customers will feel and be satisfied with.

#### **3.5.1 Cultural change of ownership**

As persons employed within an organisation, we all have duties to perform and tasks which are assigned to us on a regular basis. The delivery of the results expected of us should not be seen in isolation; if our work needs the inputs from others, these should be managed accordingly to provide just one output, not giving only our part and leave it for someone else to compile all the parts together; if in the course of our duties we note some issues, these should be tackled in order to avoid problems from getting bigger, or avoid passing problems over to others. This is ownership, when we see a task from beginning to end; when we make sure that the person requesting the task is fully satisfied with our work and does not need anything else (beyond our deliverable) to work; when we are confident that everything along the process has been verified and that the system works as it should for the next requirement.

The Corporation intends to change this culture throughout. All staff will be trained, encouraged, motivated and mentored to own tasks assigned to them together with the associated responsibilities, deliverables, problems and customer satisfaction. Management shall delegate more responsibilities and expect more solutions rather than simply assigning tasks and managing on a hands-on basis. This shall help the Corporation move from a top driven approach towards a leadership by delegation and operations by ownership model. This shall also provide the Executives with more time to focus on the strategic positioning and alignment of their respective departments rather than day to day issues.

The following principles will be the key drivers of this cultural change:

- Passion and Commitment
- Pro-activeness
- Sense of urgency

#### ***Passion and Commitment***

As members of the Organisation we are constantly encouraged to perform our duties with passion, deriving satisfaction from the process and pride upon completion. There shall be commitment towards everything we do, both directly and indirectly with an understanding that our performance and actions will have an effect on others (colleagues, customers and the environment).

#### *Pro-activeness*

A pro-active individual identifies and rectifies issues before these become a problem. He or she is open to new ideas and innovative practices to always improve work methods, competitiveness and positively impact the environment. He/she takes an active interest in what happens around him/her and has the initiative to act, either directly or indirectly, on those issues or ideas that need attention.

#### *Sense of urgency*

Another very important principle in all our activities is the sense of urgency with which work gets done. Valid ideas, projects and good work lose their benefit if carried out late or take a long time to be implemented. Working with urgency does not mean carrying out tasks with low quality of workmanship; on the other hand, it acknowledges the importance and pride that we put in our work by doing it right the first time, in the shortest possible timeframe, and to challenge oneself constantly on how things can be simplified and shortened whilst achieving the same satisfactory result.

#### **3.5.2 Drive for Excellence, focusing on Performance and Targets**

Excellence demands superior and outstanding performance and results, which shall not be acceptable unless they meet the Corporation's customer expectations. The Corporation shall demand and expect nothing short of excellence in all the activities and work carried out at all levels, by employees, by suppliers and business partners. In turn as the Corporation's employees, we shall strive to carry out our assignments to the best of our knowledge and abilities, deliver to the highest quality within the expected timeframe and budgets. Gone are the days when everything else is to blame and if targets are not met, the cause shall be identified and tackled so as not to be repeated.

The Corporate Restructuring exercise will increase the variety and availability of adequate skills which in turn enables better distribution of objectives. With the appropriate allocation of duties, employees will develop a sense of ownership which carries with it a certain level of pride and satisfaction. This sense of ownership also leads to better consideration of the financial implications of every business action or decision.

The procedures followed by the Corporation are also under constant review in order to identify areas of improvement. With this exercise being done in the context of known best practices, the improved process will incorporate checkpoints and benchmarks with the aim of maintaining tighter monitoring and control over the respective activities. These shall help the employees in their review of the progress, self assessment, self criticism and identification of the areas for improvement.

In its endeavour for excellence in each core function, the Corporation will harvest several benefits and attain characteristics such as an improved financial performance and customer centricity. With these characteristics, the Corporation will create an environment focused on result orientation and constancy of purpose, consequently increasing efficiency and effectiveness in all of its functions.

#### **3.5.3 Reinforced Customer Orientation**

The Vision statement of Enemalta specifically mentions "the contribution that the Corporation is to give towards "an improved quality of life". This aspiration drives the Corporation to focus on customer centricity demanding a high level of joint commitment from all levels of employees.

As Enemalta is the only provider of electricity, virtually every inhabitant or visitor to Malta is either its customer or direct stakeholder. This translates into a mammoth task for the Corporation to deal with the large variety of cultures, views and expectations that differ from one client to another. Notwithstanding, Enemalta puts the customer at the centre of its operations and strives to achieve excellence in the area of customer care.

As members of the organisation, we all have an active role in customer care. Every person in every role and position within Enemalta has customers. These can be colleagues requesting your input, your manager requesting a task, a client asking a question over the telephone or a client present during the installation of the meter or other service. There should not be a distinction between internal and external customers as it is one chain of events; inappropriate service anywhere along the line will result in an unpleasant experience for the end client.

The above 3 principles and the messages they are conveying can be summarised in the following statement:

*Work as if for your own, and deliver to others (colleagues and clients) like you would like to have delivered to you.*

### 3.6 Core Values

Every organisation has its set of core values, the values everyone believes in, the values held in common by all and that form the essence of the organisation's culture. Such values, when introduced, have to be held common by all, championed by everyone and aligned with the Corporation's strategy. In other words, core values are the key generic building blocks to empower and drive a strategy within this Corporation - a strategy that requires ownership, flexibility and customer centricity.

Enemalta's core values, as listed in this section, have emerged through a series of workshops with members of staff to define what is held common, and what core values are needed to achieve the ambitious goals of Enemalta. These core values are the principles, the process and the principal goal to transfer our culture within the Corporation and keep it alive to be able to adapt successfully to change and further Strategies.



Needless to say, the values that Enemalta shall embrace will be the performance drivers of each and every employee and the benchmarking values to work towards the vision, accomplish the mission and the delivery of the brand promise. It is of great comfort and with great appreciation that we see these values emerge from the workshops, as it means

that the employees are already aligned with the strategies of the Corporation, and that only minor efforts will be required to get the corporate culture where it is required. The last bit required is for all of us to acknowledge that our behaviour must reflect what we believe in, and act accordingly.

### **3.6.1 Cost Effectiveness**

We shall provide cost effective solutions whilst also meeting our clients' requirements. We do this by ensuring that we are constantly efficient in our operations, responsibly managing our resources to maximise value whilst guaranteeing a value for money service.

#### *We shall:*

- Adopt engineering solutions that are recognised to be technically excellent.
- Balance short term costs with long term benefits.
- Streamline our operations to avoid unnecessary actions and processes.
- Strive to complete our tasks right first time.

#### *We shall not:*

- Be wasteful in our work.
- Repeat tasks and functions.
- Have to rework tasks because of negligence, omissions or any other low quality workmanship by others.
- Adopt cheaper solutions at the expense of long term reliability or expensive solutions instead of a pragmatic delivery.

### **3.6.2 Credibility**

We are committed to remain ethical, honest and consistent in the quality of our standards and principles as well as in our commitment towards the environment. We are to remain fair in all activities carried out with trust and respect, deliver our promises and hold ourselves accountable for all our work and actions.

#### *We shall:*

- Be clear, transparent, honest and open in our internal and external communication.
- Always remain ethical and consistent in our quality of services.
- Work to the highest ethical standards in our relationships with our customers, suppliers and the general public.
- Readily admit mistakes when these are committed.

#### *We shall not:*

- Be inconsistent in our communication with our customers.
- Act unfairly towards our customers, suppliers and employees.
- Seek to give untruthful messages to our stakeholders.
- Fail to recognise our responsibilities to the country in all our work.

### **3.6.3 Excellence**

We ensure high levels of professionalism and quality in our work. We ensure we are trained and equipped with the most appropriate skills and competencies and continuously seek to improve through innovative approaches. We will continue to provide a service that fully responds to what our customers want and anticipate customer needs whilst providing them with a safe and comfortable service. Hence, we place the highest priority on health and safety of our employees and the protection of the environment.

*We shall:*

- Commit ourselves to increasing our environmental consciousness and awareness.
- Listen attentively to our customers and manage their expectations effectively.
- Continuously work towards creating a service for improving the quality of life for our customers.
- Do our work to the best of our abilities.
- Seek to set an example to the community that we strive in upholding health and safety standards.

*We shall not:*

- Fail to understand our customer needs and requirements and create barriers that reduce our accessibility to our customers.
- Manage by crisis.
- Lose focus of our core competences.
- Fail to protect the environment when providing our services.
- Short cut in our quality.
- Promise deliverables which are not realistic.
- Seek to do anything for which we do not have the required competences.
- Adopt an unprofessional attitude in our relationships with stakeholders.

### **3.6.4 Innovation**

We strive for innovation. Through our people and the latest technology, we are committed to ensure that we embrace change by being brave and innovative; willing to take on new challenges and consequently, improve on our efficiency and our service.

*We shall:*

- Provide opportunities to continuously include innovation in our agenda and consequently be proactive when facing changes and challenges.
- Strive to stay up to date with the latest developments in technology and work practices.

*We shall not:*

- Retain the status quo.
- Resist change in technology and work practices.
- Discourage the generation of new ideas, feedback and discussion.

### **3.6.5 People Development**

We regard our employees as our most valued resource and treat them with dignity and respect. We are committed to developing our employees by identifying the potential of each and every individual and providing them with continuous professional development opportunities and the best tools to deliver our service. We guarantee an inclusive work setting with priority given to team work to embrace a variety of ideas and talent in a working environment which is free from prejudice, and strong in fairness, equity and impartiality.

*We shall:*

- Provide an inclusive teamwork environment.
- Empower our employees appropriately.
- Recognise the strengths and weaknesses of each individual.
- Establish practices that create a fair work environment and build a corporate culture that facilitates equal opportunities for everyone.

- Provide a continuous development platform to enable our employees to excel in their work.

*We shall not:*

- Create a blame-culture, internally and externally.
- Create an environment in which people cannot grow and succeed.
- Adopt any measures that seek to exclude certain categories of employees.
- Ignore the needs of the employees to feel motivated in their work.

**3.6.6 Pride**

We find satisfaction, gratification and take pride in what we do mainly by providing energy in an efficient and sustainable manner which satisfies the needs of our customers. We are passionate in achieving results and drive towards these results with energy and enthusiasm in order to exceed our customers' expectations.

*We shall:*

- Be proud of providing energy in an efficient and sustainable manner.
- Be passionate about our work.
- Strive to encourage a spirit of enthusiasm and pride amongst our people by ensuring a positive engagement in all tasks undertaken.

*We shall not:*

- Hide behind our processes, procedures and systems.
- Let external influences affect the passion for work and pride of our people.
- Act passively in response to constructive criticism.

**3.6.7 Reliability**

We embrace our responsibility to provide a reliable energy supply for the benefit of all our stakeholders. We take ownership and are reliable and disciplined in our working procedures in order to ensure a safe environment for our customers, employees and the community within which we operate.

*We shall:*

- Do whatever possible to maintain an uninterrupted supply of energy to the community that we serve.
- Do whatever possible to restore any service in case of a fault or problem within the shortest period of time.
- We shall engage with everyone to listen to new ideas, solutions and options.

*We shall not:*

- Fail to act promptly in the event of disruption of supply.
- Discount any preventive maintenance.
- Divest on security and do the bare minimum.

#### **4. Corporate Strategic Objectives**

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The High Level Strategic Objectives of the Corporation for 2011 to 2013 are as follows:

1. Turnaround the Corporation's Finances and not only be in black but also gain the required ROCE to fund the next 3-5 years capital projects on a healthy balance sheet;
2. Reduce operational costs through increased efficiencies following process transformations and organisational reforms. This will include:
  - a. the reorganisation of the workshop and generation sections;
  - b. a reduction in overtime and sick leave;
  - c. improve inventory turnaround and reduce stock levels;
  - d. a reduction in total communications costs; and
  - e. review and update all policies and procedures in line with SAP and aimed towards cost reduction and customer satisfaction.
3. Reduce non-Technical Losses between 2011 to 2013 to less than 30% of present losses;
4. Facilitate the commercialisation of the Gas (2012) and Petroleum Division (2011);
5. Endeavour to minimise system outages and provide an uninterrupted supply of electricity to customers other than from planned maintenance activities;
6. Decommission the Marsa Power Plant starting in 2013;
7. Gain access to alternative sources of energy by the year 2013 through the interconnector;
8. Measure and Improve the level of client satisfaction through increased customer centricity on a yearly basis;
9. Reduce emission levels to achieve full compliance with emission directives by 2013;
10. Promote and endeavour to improve the position and perception of EMC with members of the public;
11. Overhaul and restructure the debt and financial structure of the Corporation to minimise the cost of capital;
12. Enhance, strengthen and fully implement the governance of the Corporation.

##### **4.1 Joint Objectives**

For 2011, a new set of operational objectives will be introduced throughout the organisation and will be given a value of 20% on the performance related pay appraisal. The concept is new but such objectives are of a corporate nature and as such, each one of us will be able to.

contribute, although not always directly. This concept is key to ensure that no division or individual can run their own deliverables, irrespective of the impact that this can cause to the organisation, and at all costs achieve deliverables at the detriment of other sections, while homing in on the two key concepts that support our new vision and values – that we are one organisation and that financial targets are everyone's concern. At the same time, such common objectives, which are pivotal to the Corporation, will focus further more on the individuals assigned to manage those tasks, as well as be able to muster support from all over the Corporation, as it is in everyone's interest to see their projects/deliverables/initiatives succeed.

Each division will contribute an objective. Each objective will have its individual weight and the overall result for the corporation delivery with respect to the 20% assigned will be decided by the CEO.

The following objectives are being tasked within this, and even if in some cases, this will also reflect in separate objectives (or duplicate) in some scorecards, in this case their outcome will be a collective result not a single entry, also known as the Joint Corporation Targets.

- Technical Department – Boiler modifications made in house to save €20m.
- Human Resources – Implementation of new values and deliver three 1-to-1 by end of year for each professional and one 1-to-1 appraisal review in Q4 2011 for all other staff.
- Finance Department – Cost Cutting
- Commercial Department – Reporting against budgets on CAPEX for all departments by cost centre.
- Corporate Services – Environment Management System
- ICT – Deployment of dark fibre connections
- Privatisation Department – Ensure a clean and total handover in under 3 months prior to the signing of the petroleum privatisation.