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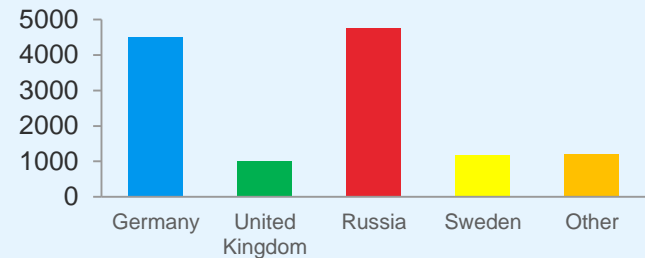
Case Study Operational Excellence in Uniper

Nigel Walker
Senior VP Operational Excellence
10:05 – 10:35

We are Uniper

- Uniper is an international energy company with approximately 13,000 employees and operations in more than 40 countries.
- Our portfolio comprises industrial-scale plants, trading activities and service provision.
- We provide a reliable supply of energy.
- Since September 2016, Uniper has been listed on the stock exchange and represented in the MDAX.
- With around 38 GW of installed generation capacity, we are among the largest global power generators.

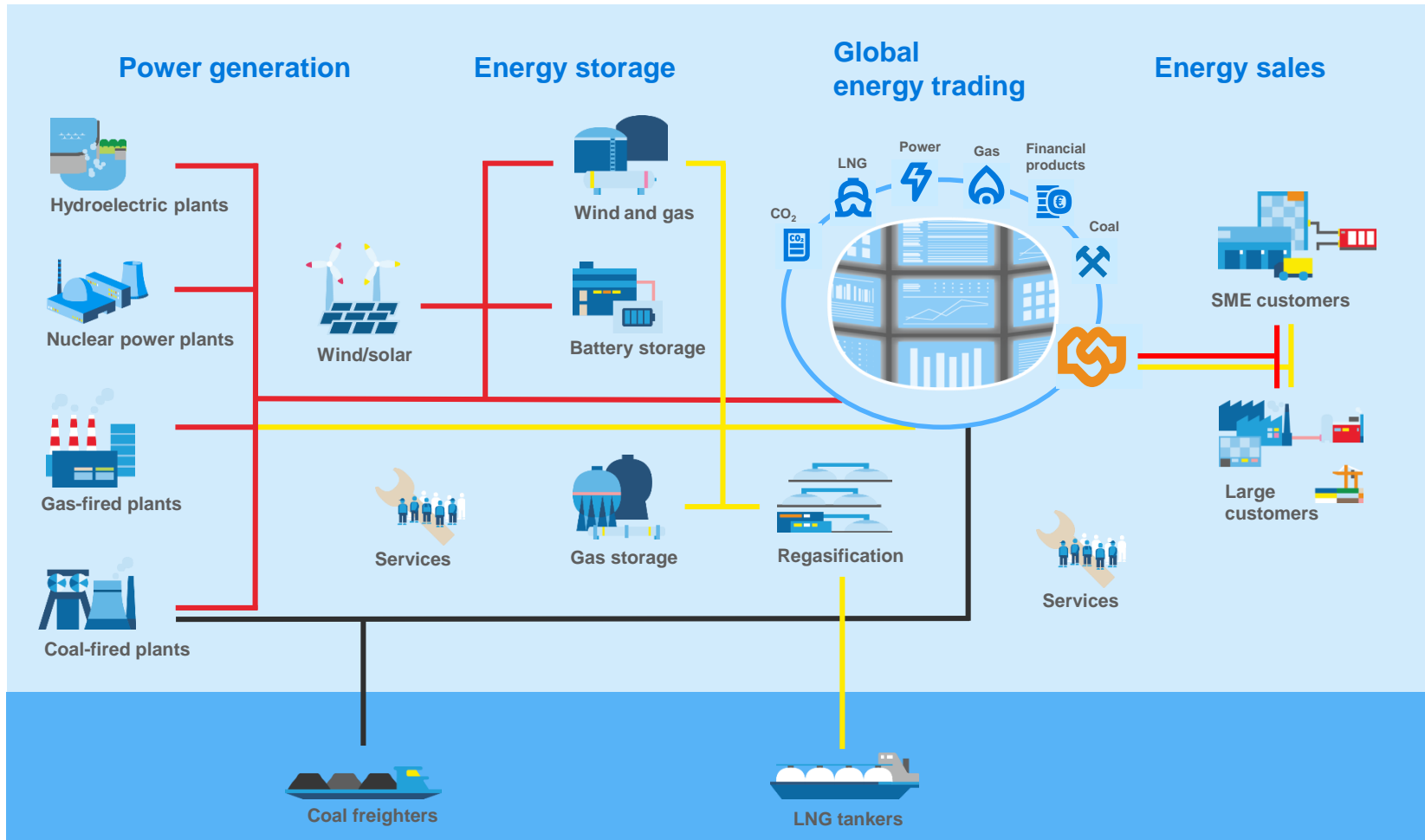
Employees



Share price development



From power plant to customer: Uniper ensures a secure energy supply



Operational Excellence History in E.ON and Uniper

Programmes and organisations



1. Fundamental
1a – Awareness
1b – Diagnosis and Analysis
1c – Implementation & Improvement

2. Technical

3. Strategic

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UNIVERSITY OF THE WEST OF ENGLAND

lcs lean competency system

Uniper accreditation will allow us to certify level 1 capabilities

- OE Practitioner (1a, 1b and 1c) to be taught through participation in a step change (13 modules and implementation) and assessed through online test and short report

Higher LCS Competency Levels 2 and 3 can be assessed directly by LCS



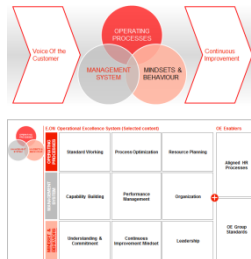
Methods

3 Lenses and 9 boxes

Uniper Way

3 Lenses and 9 boxes

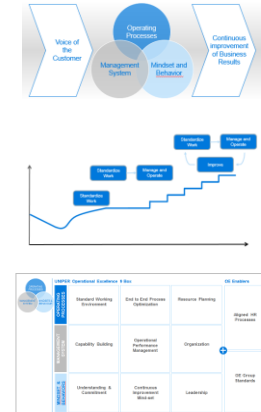
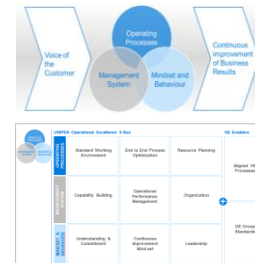
Continuous Improvement journey



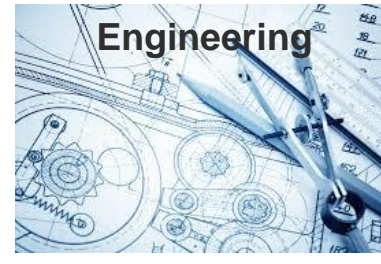
Leadership
Grow and empower people

Teamwork
Become one team and simplify

Your Individual Contribution
Act as if it is your own company



Operational Excellence has touched many parts of Uniper since January 2016



The Uniper Vision for Operational Excellence

The creation of Impact

Experimenting with different implementation approaches

Development of capabilities

Internally developed and delivery of full training material

Recognised accreditation approach

The journey of cultural change

The design of sustainability into the programme from the start

Understanding my part in the value stream

Mindset change to move to a business wide performance management system

We enable Uniper people to live a continuous improvement culture and to sustainably perform in the market thanks to strong OE capabilities, focus on customer and understanding our value stream.

Our OE Customer Journey

Engage

- Focus on Leadership Teams
- Vision and objectives
- Understanding the System
- Meeting Effectiveness

Deliver

- Diagnostic
- Build capability
- Create impact and change

Sustain and Grow

- Commitment to continuing the journey
- Coaching of leadership and management
- Focus on developing culture

The Uniper Route to Operational Excellence

Principles (The Uniper Way)

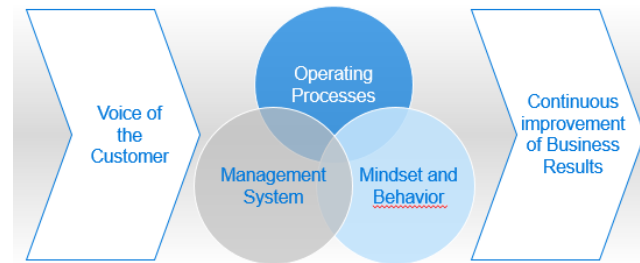


Leadership
Grow and empower people

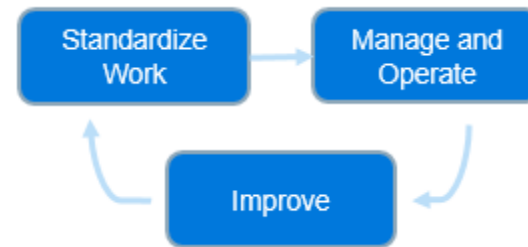
Teamwork
Become one team and simplify

Your Individual Contribution
Act as if it is your own company

System (What)



Method (How)



What's in it for Uniper?



A way of becoming **faster** and **more agile** as our business model evolves



Delivering **sustainable** performance improvement, not one-off cost savings

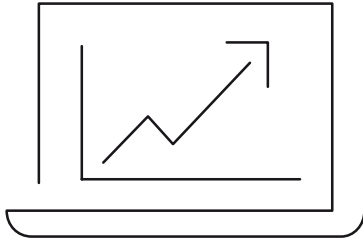


A **new mindset** to fit the environment in which we now operate

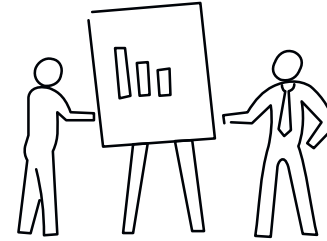


A **reputation** in the market for continuous performance improvement

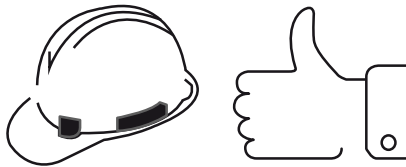
Operational Excellence is everyone challenging the status quo intelligently



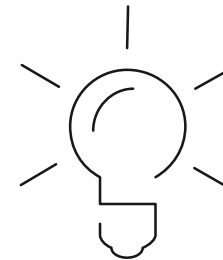
No matter how good we are, we believe **we can always be better**



We never stop challenging **why we do things the way we do**

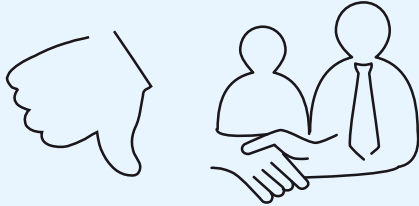


We only do work that keeps us **safe, adds value** to our customers, and keeps us **compliant**

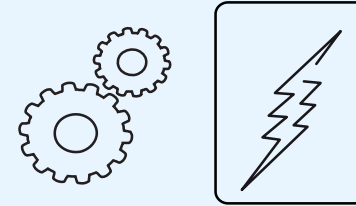


Everyone in the organization is responsible for **challenging** and **improving** the way we work

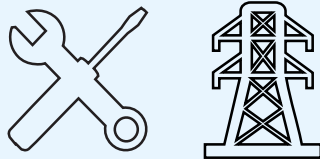
What's in it for our people?



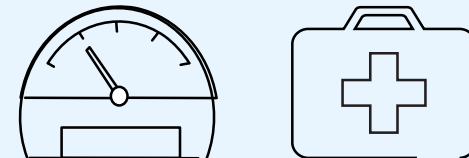
A chance to **do something** about things that **frustrate you** in your work every day



Learn a structured, **scientific** way of **solving problems** that happen again and again



Spend your time on work that makes **best use of your skills** and adds the **most value**



See **how your own efforts** can improve **safety** and **performance** in your area

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Engagement

The Purpose of Engagement

Through the Engagement activity the OE Customer

- gets more clarity on OE:
- gets understanding on the benefits OE can bring:
- Gets clear understanding of the current state and where to move forward
- Gets clarity on the key elements needed from the Customer to make the OE project successful:

The Engagement phase helps the OE team:

- To ensure that the Customer is ready for the Change:
- To get understanding of the business area and their current challenges:
- To engage Leadership and employees and build relationship:
- To have clarity on seamless handover between Engagement and Delivery:

Based on interviews and workshops with the OE team we derived 3 approaches of the OE Engagement work

1. "Increase of OE awareness"

Purpose

Engagement activity for Leaders from Business who are interested in OE but do not have detailed knowledge and who want to know how OE can help their business to improve.

Outcome

We increase awareness Of OE methodology and the benefits OE can bring by:

Main activities

- Delivering specialised "OE awareness" training course
- Running OE simulations to try OE tools on practice in the course of the simulation
- Internal and external visits to OE lighthouses to see the results achieved

2. "Leadership workshops"

Engagement activity for Leaders from Business who might experience difficulties being effective and who want to know and see in practice how OE can help their business to improve.

Facilitate Leadership Team to look at the current state from another perspective and think on what can be done differently. Based on this enable Leaders to formulate their vision, strategic goals and then run their performance discussions around their strategic targets.

- "Vision/Strategy" workshop to formulate the Vision and strategic goals
- "System mapping" workshop to describe SIPOC elements and develop department's short and long-term targets
- "Workshop on department's KPIs" based on the results of "Vision" or "System mapping" workshops

3. "Engagement prior to Delivery"

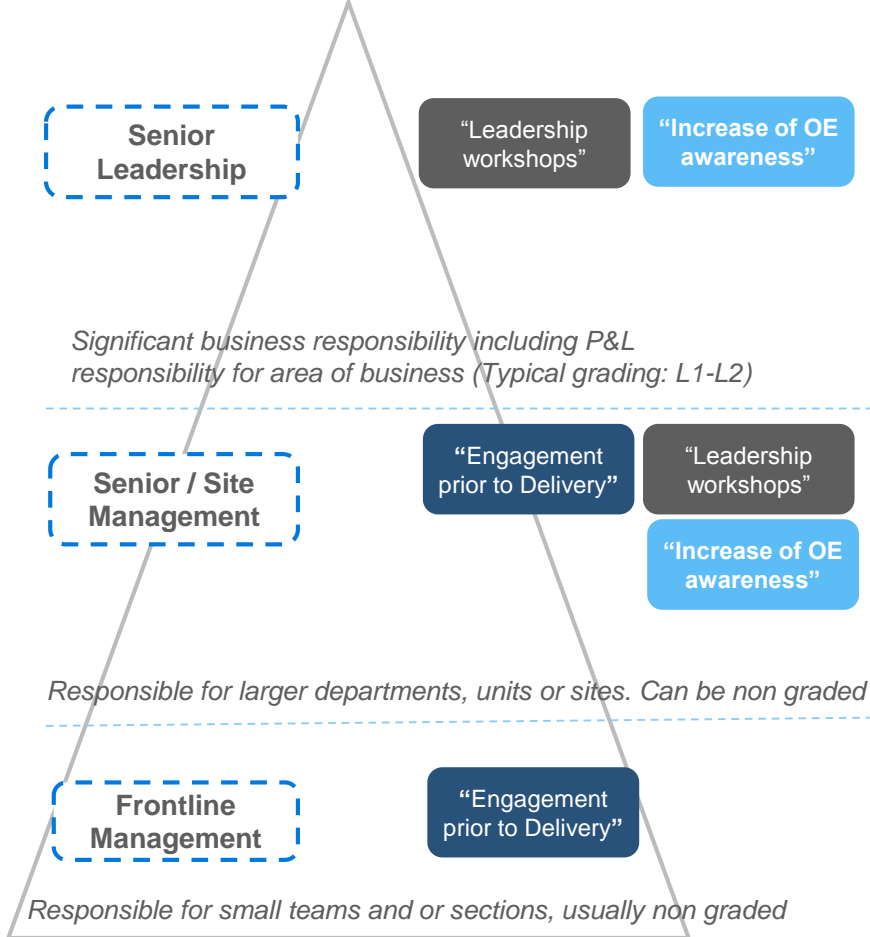
Engagement activity before the OE Delivery phase enables Leaders from Business to get more clarity on what is going to happen during the Delivery and what is needed from the Leadership to make the OE project successful.

Enable Business leadership to move from "have to" to "want to implement OE" and explain in the details what is coming next on the Delivery phase by:

- Running the "Vision/Strategy" workshop and making the link from business vision and strategy to OE
- Delivering specialised "OE Overview for Leaders" training course
- Defining project targets and choosing the approach for the Delivery phase
- Developing detailed project plan together with the Customer

Target audience of the Engagement

Target audience and OE Engagement approach



Further explanation

We start the Engagement activities with a set of the Leadership workshops around strategy, system mapping and KPI system.

We include in the Engagement with the senior Leaders the methods described in “Increase of OE awareness” approach.

Senior Leadership may not be directly involved in OE capability building program in the course of OE Delivery. However they will be involved in the Steering and sponsorship of the Delivery project. Therefore we include these senior leaders in the “OE Overview” training which gives high-level understanding of OE concept and is delivered as a part of “Engagement prior to Delivery” phase

“Increase of OE awareness” as well as “Leadership workshops” are not mandatory for the Senior/Site Management if they will participate in OE Delivery – in this case they will be involved in the specialised training and strategy workshops by default.

Where there is no OE Delivery in plan the use of the OE awareness training can act as an initiator to help the business understanding without the full OE project roll-out, both the “Increase of OE awareness” and “Leadership workshops” are recommended as mandatory for the Engagement

Some of the Frontline Leaders can be involved in the “Engagement” phase before the OE Delivery. They might participate in the Vision/Strategy workshops together with the Senior/Site management as well as OE project objectives development and design of OE plan.

Important to note that we do not deliver “OE overview” training course for the frontline Leaders if they are involved in OE capability building of the Delivery phase.

Three phases of the “Engagement prior to Delivery” approach

1

Defining project targets and approach

Alignment with the Leadership team on project scope, targets and approach:

- Development of Engagement plan
- Collecting information on current challenges and issues to create a list with first hypothesis
- Running “Vision & Change story” workshop
- Running “OE Overview for Leaders” training
- Defining OE project scope, objectives, success indicators and OE implementation approach

6 weeks

2

Making plans together

Developing detailed project charter which includes:

- Project steps incl. timeline and employees involved (from OE and Customer side)
- Communication plan incl. escalation and validation process

3 weeks

3

Getting ready for the Delivery

Mobilizing the project team (OE team + Navigators):

- Communication on project scope and priorities.
- Explanation on the first findings regarding main issues and hypothesis to be double checked and worked out during the diagnostics
- Developing capabilities of OE Navigators and key Experts from business

2 weeks

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Delivery

Delivery - OE Approach Objectives

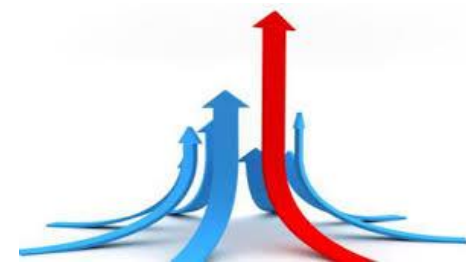
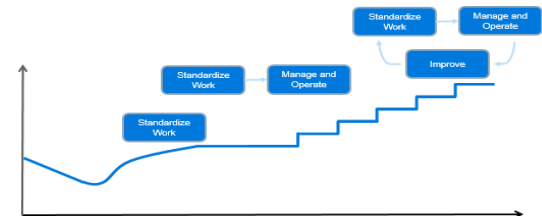
1. Embedding **OE ways of working** into our culture.

2. Building **OE capabilities** within our business to build customer focused high performing teams that are able to continuously improve our business.

3. Delivering **Impact** aligned to our OE vision creating additional value measured by cost reduction, value add and time saving.

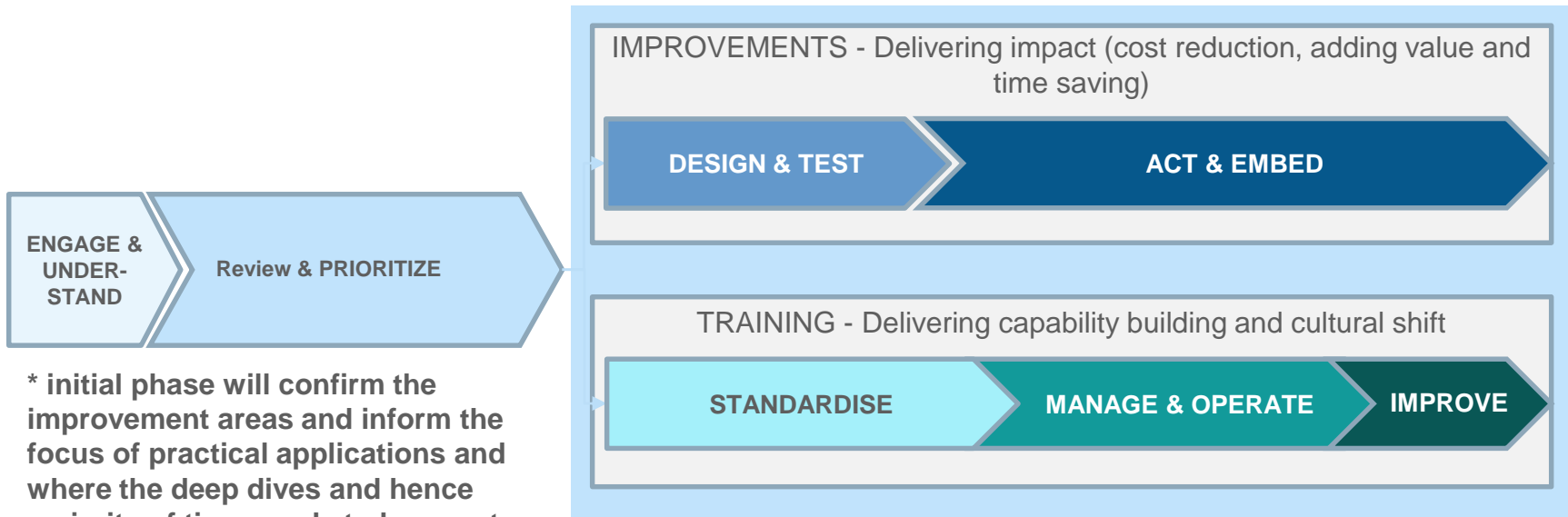
The detailed explanation of Uniper OE system

UNIPER Operational Excellence System			OE Enablers	
OPERATING PROCESSES	Standard Working <ul style="list-style-type: none"> Working standards Organizing the workplace/5S Visual Mgmt/ Making problem visible mistake proofing tools 	Process Optimization <ul style="list-style-type: none"> Standardize and externalize processes Identify and eliminate waste Focus on customer needs and value stream End to end (E2E) Process requirement optimisation. 	Resource Planning <ul style="list-style-type: none"> Capacity planning resource allocation Customer demand/ Flow & pull value Inventory mgmt Resource Flexibility 	Aligned HR Processes & Recognition <ul style="list-style-type: none"> Career paths Linking individual objectives to organisations targets Recruitment
MANAGEMENT SYSTEM	Capability Building <ul style="list-style-type: none"> OE Certification/MSA OE Capability building Skills matrix Developing people & skills building process 	Performance Mgmt <ul style="list-style-type: none"> Problem solving Performance mgmt tools (metrics, boards, dialog) Performance cascade Ambitious target setting & performance improvement 	Organization <ul style="list-style-type: none"> Skills gap & competency expectation Roles & Responsibilities Role clarity Decision rights & Empowerment Organisational structure and reporting mechanism 	OE Group Standards <ul style="list-style-type: none"> MSA Bronze/Silver/Gold standards Impact Trading Tools/ Approach/ Methods Knowledge exchange OE Community building Developing OE Navigators
MINDSETS & BEHAVIOURS	Understanding & Commitment <ul style="list-style-type: none"> Vision & Change story Communication shapes vision and strategic clarity Employee involvement/ Personal ownership Meaningful roles OE Community building 	Continuous Improvement Mindset <ul style="list-style-type: none"> Idea management Creating value for the customer Raising the bar/ Align behaviour with performance Relentless elimination of inefficiencies 	Leadership <ul style="list-style-type: none"> Guidance Coaching & Feedback culture Role modelling/ Inspirational leaders Leader Standard work Leader time usage/ Leader development 	



Delivery OE Approach – Indicative timeline

Ongoing Engagement	Week1-2	Week3-4	Week5-6	Week7-8	Week9-10	Week11-12	Week13-14	Week15-16	Week17-18	Week19-20
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* initial phase will confirm the improvement areas and inform the focus of practical applications and where the deep dives and hence majority of time needs to be spent.

Training modules will be delivered in **3 bundles**:

3 bundles of Capability Building will be done as 'Boot Camp Approach'

- **Standardise**: 2 days of training followed by 5 weeks of improving and standardising team's main processes.
- **Manage & Operate**: 2 days training followed by 5 weeks of embedding visual management, performance management and leadership behaviour into day to day ways of working.
- **Improve**: 1.5 days training followed by 2 weeks of root cause problem solving to set the teams up for continuously improving their ways of working and processes.

Delivery - OE Capability Building

STANDARDISE Modules 1 - 5

Work with the team leaders and team members to help them:

- Identify their customers and understand their requirements.
- Map their main processes and identify waste and issues within those processes.
- Come up with one best way and standardize the main processes.
- Organize their physical and/or virtual workplace.

*** The focus of practical applications and deep dives will be decided based on the business needs and the current maturity.**

MANAGE & OPERATE Modules 6 - 10

Work with the team leaders and team members to help them:

- Design and track the most appropriate KPIs for effectively managing operations.
- Design and implement performance dialogues and visual management
- Effectively manage capacity and resource planning.

Train team leads to effectively manage change and coach their teams.

*** The focus of practical applications and deep dives will be decided based on the business needs and the current maturity.**

IMPROVE Modules 11 -13

Work with the team leaders and team members to help them:

- Learn to continuously improve their business by looking beyond symptoms and addressing the root causes of their problems.
- Learn different strategies to effectively handle customer demand and smooth out customer demand variation where relevant.

*** The focus of practical applications and deep dives will be decided based on the business needs and the current maturity.**

We offer a “Continuous Improvement Practitioner” certification - LCS

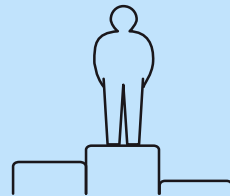
What is LCS?

- An industry-recognised OE certification
- Developed by Cardiff University, a European leader in OE
- A flexible, universal OE standard that is adopted widely



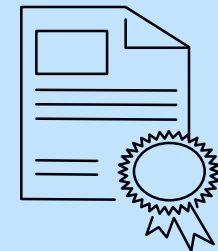
What are the benefits?

- An acknowledged and relevant OE qualification, recognised outside Uniper
- Guarantee that your OE training meets rigorous industry standards
- A framework around which your OE competency can develop and improve



How do I get accredited?

- Attend the training for all 14 of the OE modules
- Complete practical applications covering content of all 14 modules
- Prepare for and complete an exam

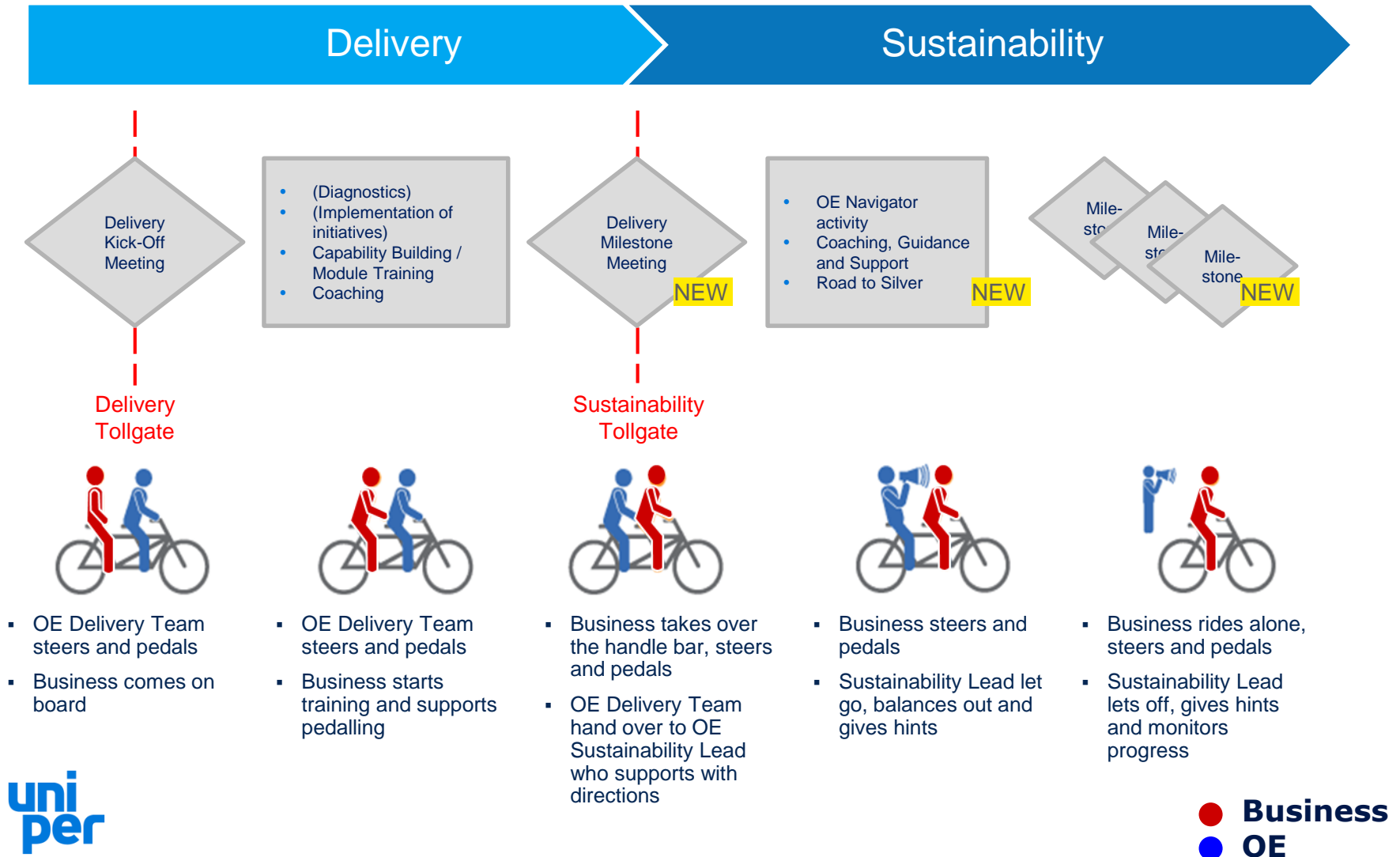


You could be ready for LCS Level 1 accreditation after the Delivery phase






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Sustainability and Growth

The Delivery Phase provides the foundation to strive for Operational Excellence



The Sustainability Phase focus on the application of OE approaches to drive business performance

	Delivery	Sustainability	
	<i>Operational Excellence approaches are in place</i>	<i>The Operational Excellence approaches are consistently used and driving business results</i>	<i>Continuous Improvement is embedded in the DNA and is synonymous with how we work</i>
OE Principle	At Bronze 🏅	At Silver 🥈	At Gold 🥇
 We understand the needs of our internal and external customers	Internal customer focus"	"Evolving external customer focus"	"Value stream customer focus"
 We understand the value we deliver and optimise what we do to maximise that value end to end	"High levels of interaction within teams" "Efficient and effective team processes"	"High level of interaction across 'close by' teams" "Clear optimised cross-stream interfaces"	"Value is optimised end to end or across multiple teams or functions" "End to End customer focussed work flows"
 We solve problems in our day to day and measure our performance against customer needs and the Uniper strategy	"Measurement is happening at the local level" "Team problem solving" "Internal benchmarks are defined"	"Measurement & KPI's are area aligned towards BU level and are shared towards the Uniper level" "Cross team problem solving" "Benchmarking to our industry"	"Measurement & KPI's are orientated towards the voice of customer and aligned to the Uniper strategy" "Embedded problem solving mind-set across value streams" "Benchmarking against other business areas & enterprises"
 We live OE as part of our day to day - it's in our DNA	"OE driven by specialists and experts" "Individuals understand their role in the organisation"	"OE is actively driven by business leadership" "Individuals understand the roles of their business partners and actively collaborate"	"Operationally excellent way of life" "Individuals understand the Uniper strategy and collaborate across the full value chain"
 We continuously improve towards the future state	"Learning new tools to continuously improve"	"Common ways of working and seeking opportunities to continuously improve"	"Continuously improving mind-set in everything that is done"
	OE Tools Focus	Results and Continuous Improvement Focus	

Tollgate
Sustainability Phase
(minimum Bronze**)

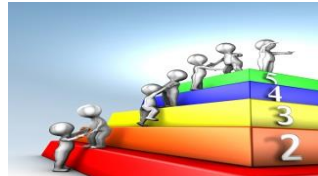
Key Enablers for Sustainability (Pillars)

Continuous Improvement



- Continuous Improvement of core processes is integrated to the Uniper Way of working.
- CI Processes ensure that deviations trigger Problem Solving activities and Initiatives to close KPI gaps.
- Tools & methodology to support CI are developed (PDSA logic, Problem Solving, A3 Culture etc.).

OE Capabilities



- Defined Strategy to maintain, transfer & develop Operational Excellence Capabilities further.
- Embed OE Navigators and certified users in the business.
- Encourage leadership behaviour and empower employees to make decisions where the work takes place.

Performance Management



- Translation of strategic goals into objectives and tangible deliverables.
- Monitor progress against plan and tracking of results against targets through KPI's.
- Structured processes integrated to ensure core process control
- Prioritization, sequencing, and planning of new improvement initiatives.

End-to-End System Thinking



- Cross functional collaboration and value stream customer focus.
- Visual flow of value to the customer.
- Promote "One Team" Behaviour
- Clear roles & responsibilities with defined value proposition.
- End-to-End Performance Management.

Best Practice sharing



- OE approaches & tools are consistently documented and available to the business.
- Best Practice is shared through the OE Navigator Community.
- Communication of OE stories and case studies to inspire others to work the Uniper Way.
- Integrate Best Practice sharing & learning with Uniper HR-Strategy

Managing key enabling behaviours to deliver sustainable business results

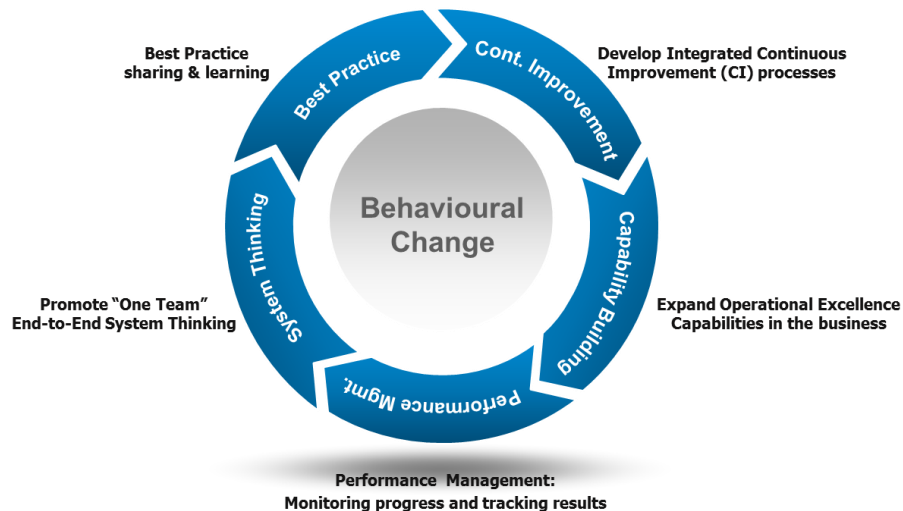


Change Management Process to be implemented:

- Using behaviour metrics as leading indicators for Business Results

Key Enabling Behaviours in focus:

- Continuous Improvement Culture
- Structured Problem Solving mechanisms embedded in core processes
- Leadership, People Development & Empowerment
- Ownership and Accountability for Performance
- Opportunity driven and solutions focused mind-set
- Challenge the status quo ► Strive for excellence
- Value stream system thinking
- Routine Best Practice sharing and transfer
- Open Feedback Culture



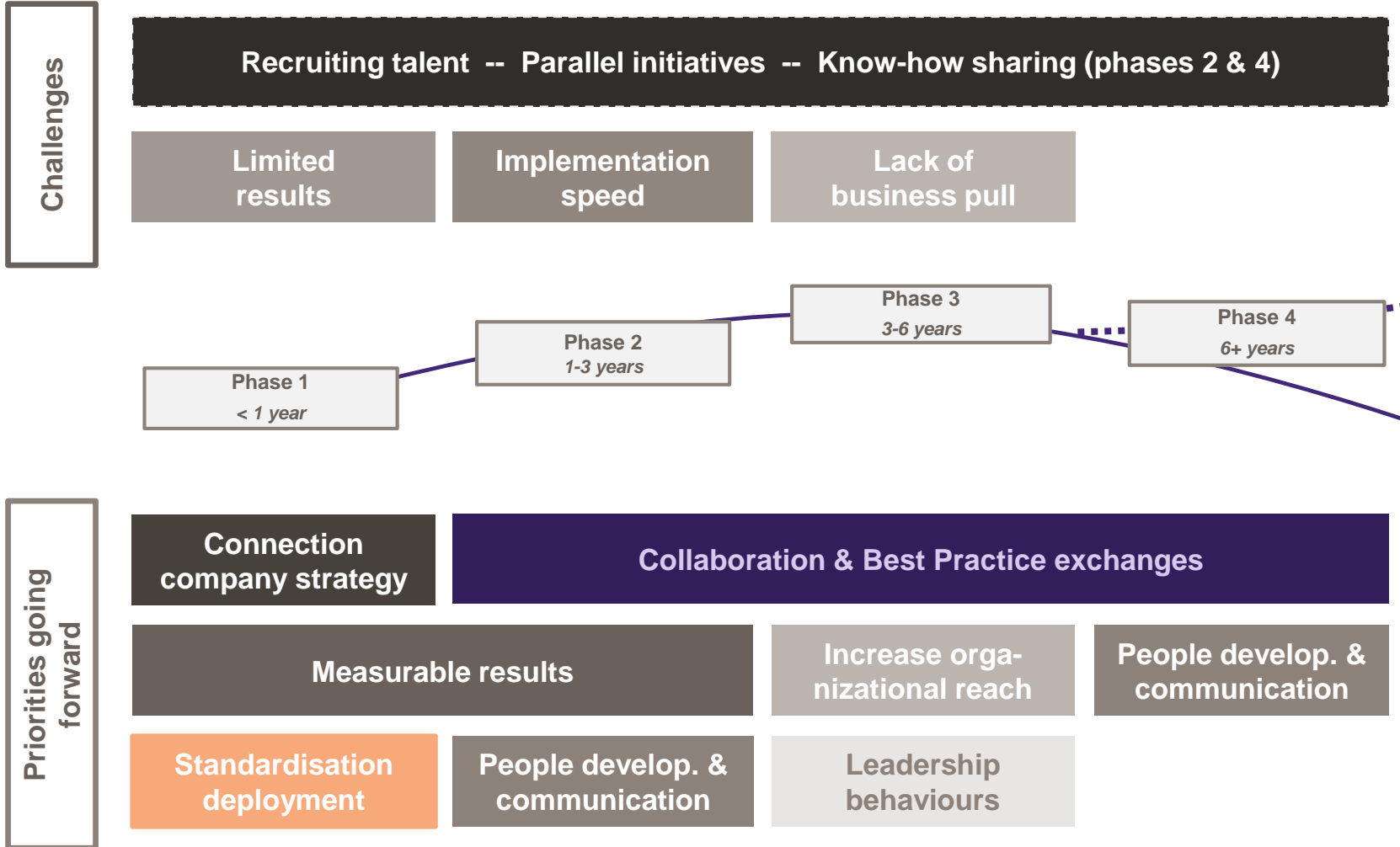


Final Remarks

Where we are and where we go next



Typical life cycle of OPEX programmes & challenges/priorities per phase



Source: ICIS/Hitachi Consulting survey 2014/15 around challenges and priorities of OPEX programmes in the Chemical industry (110 company responses)