

NYISO

Excellence in Execution

A 2005 Implementation Strategy

Sector Meetings

June 2,6, 13, 14, and 15, 2005

Organizational Growing Pains

- ✓ NYISO is maturing as a business
- ✓ Our Customers are requiring improvements in efficiency and effectiveness
- ✓ Our employees need additional tools to be successful
- ✓ There are short term opportunities that must be addressed
- ✓ A plan is needed for long-term change that minimizes stress to the organization and provides a framework for accomplishment

Maturing as an Organization

- ✓ Moving from “startup” to “a well-oiled machine”



- ✓ Maturity can be accidental or deliberate, successful companies mature deliberately
 - *Growing pains are normal as an organization changes in size*
 - *It takes more planning and facilitation to empower 400 people to move in the same direction than it does 100 people*
- ✓ Simply put: where are we today, where do we want to end up, how do we get there?
- ✓ The Excellence in Execution initiative will answer “how do we get there?”
 - *A tool for management to direct the focus on excellence*
 - *A toolset for employees to help quantify and fix critical problem, permanently*
 - *A method for all employees to understand and contribute to the evolution of NYISO*

NYISO Excellence in Execution: A Vision for Success

Establish NYISO business excellence

✓ What is “*business excellence*”

- Achieving superior results, excelling at business goals; realized in:
 - *Delighted customers*
 - *Value add vs. expected results*
 - *Employee pride*

✓ Current perception of ISO/RTO model

- *NYISO board and customers have concerns about the NYISO's ability to deliver services that are a good value*
- *Recent publications question the efficiency and effectiveness of the ISO/RTO model for deregulation*

Process Quality and Change Management Vision

- ✓ Position Lean Six Sigma as a tool to provide NYISO staff with the know-how to execute NYISO Excellence program
 - Lean: Reduce complexity & cycle time
 - Six Sigma: Reduce process defects and variation
- ✓ Define performance measurement system (Benchmarking)
- ✓ Communicate quality awareness and process improvement across the organization and to our Customers
- ✓ Balance product and process improvement projects while maintaining momentum on both (prioritization tool)

We Studied What has Worked

It's been highly effective at successful companies around the world.



Lean Six Sigma Defined

Lean

- ✓ Reduce Complexity
- ✓ Reduce Waste
- ✓ Reduce Cycle Time
- ✓ Streamline Processes

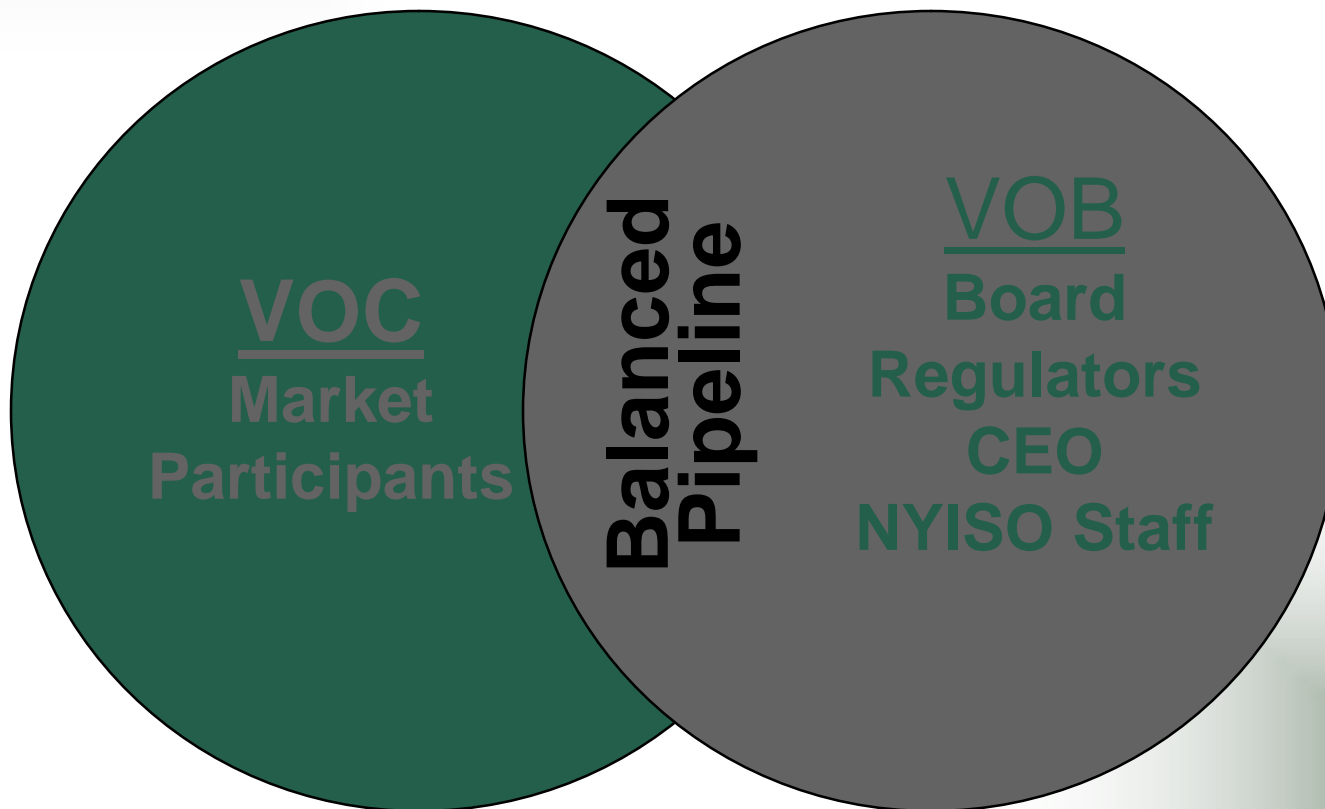


Six Sigma

- ✓ Reduce Errors
- ✓ Reduce Variation
- ✓ Focus on Customer
- ✓ Control Process

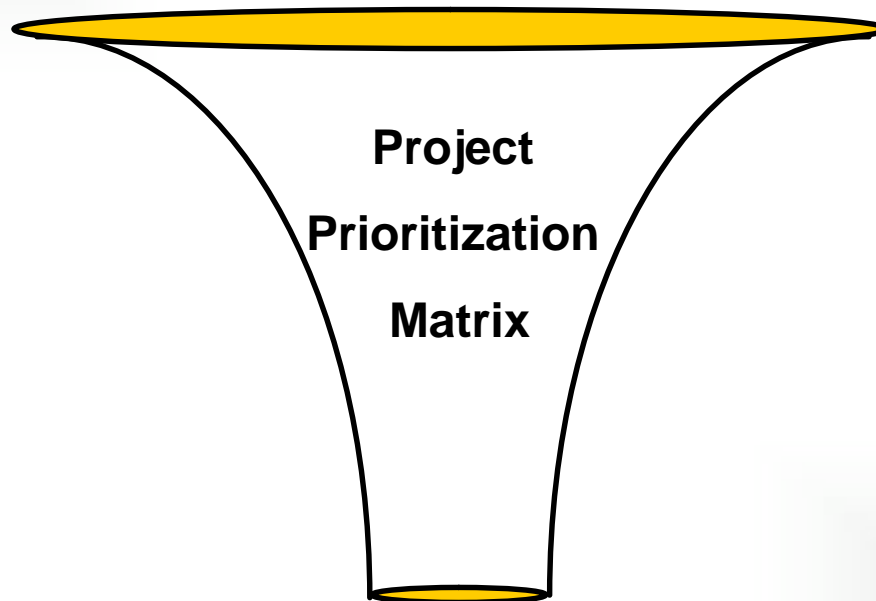
Voice of the Customer - Voice of the Business

Well balanced pipeline of process improvement
(Lean Six Sigma) projects



Balance Product & Process Improvement Projects

Product Innovation + Process Improvement Projects



Project Pipeline

Roles



NYISO Success Equation

$$\text{NYISO Success} = f(\text{Green Belts}, \text{Projects}, \text{Infrastructure})$$

Right Green Belts

- Identify GB selection process
- Select Green Belts (GB)
- Announce selected GB's
- Put together a transition plan
- Match project complexity with GB skill set

Well-defined Projects

- Mapping Bid to Bill process
- Identify Green Belt projects
- Identify data constraints
- In depth data analysis
- Identify project complexity
- Filter projects thru project calculator

Strong Infrastructure

- Create Financial Validation Guidelines, Select Champions & Process Owners
- Validated Data & Measurement Systems, Define Communications Strategy
- Start Change Management Strategy & Cultural Assessment
- Define Green Belt Strategy and Career Pathing

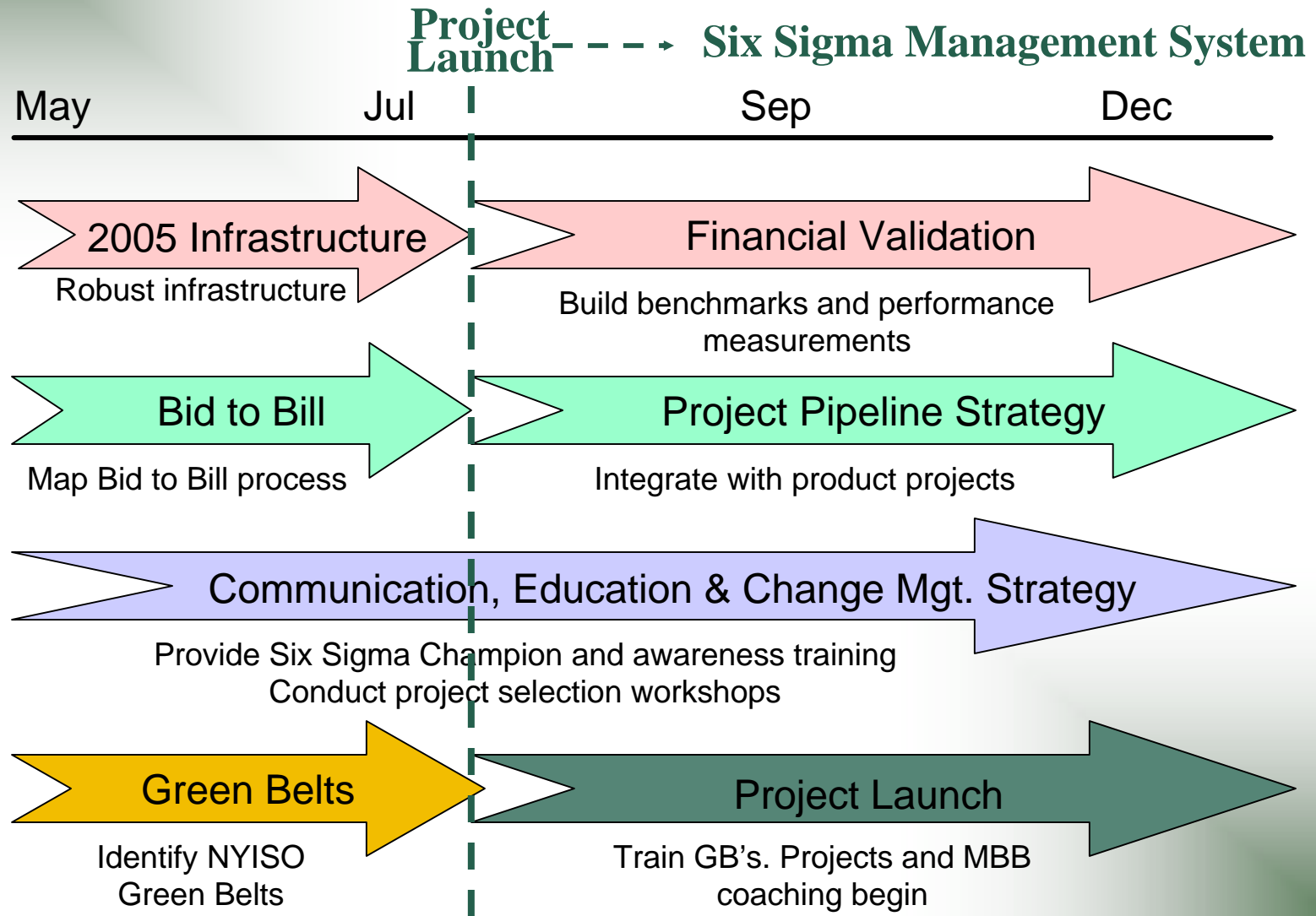
NYISO Excellence in Execution: Learning the Process

*Phase 1 Goal:
Learn and apply Lean Six Sigma tools to start improving
critical Bid-to-Bill processes*

- ✓ A timely and accurate bill for NYISO customers is the focus. This focus is brought to light by:
 - ✓ Largest volume of customer inquiries in the CriTar system
 - ✓ Stated as area of opportunity by customers on surveys

- ✓ Phase 1 goal accomplished through short (3 to 6 month) process improvement projects

Excellence in Execution 2005 Deployment Plan



Thank You