



A UK Water Company

Benchmarking of Asset Operations

Project Brief

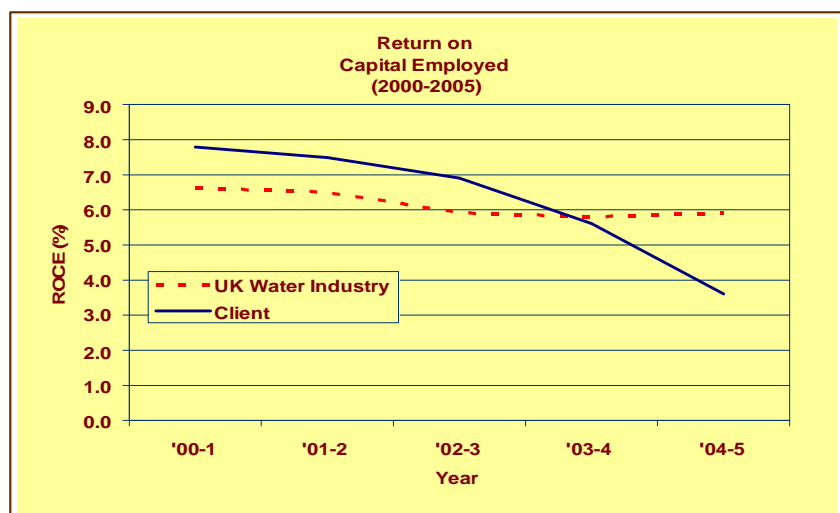
Our client is a UK water company who had seen a steady decline in business performance over recent years. Fact based analysis of performance had been clouded by confusion of internal roles and responsibilities.

Barnsnake Consulting was contracted to provide a benchmark review of the business performance.

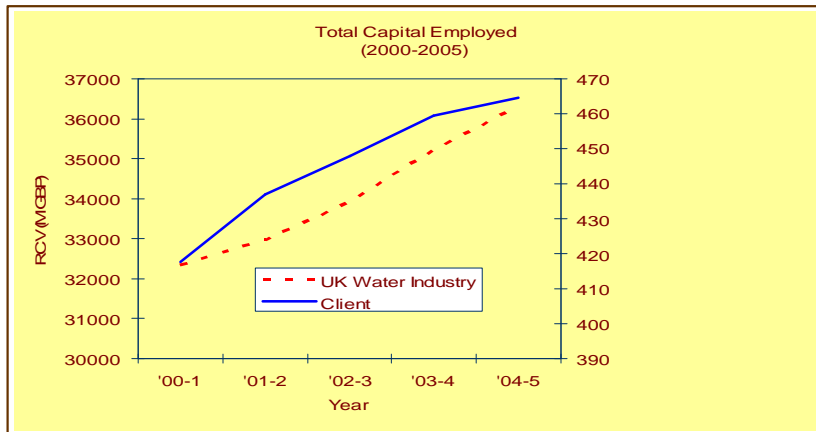
What Barnsnake Did

Our client had seen a declining relative return since 2002-3. The key question was is this a turnover; investment or an opex problem? We assembled a number of reference benchmarks to address the question.

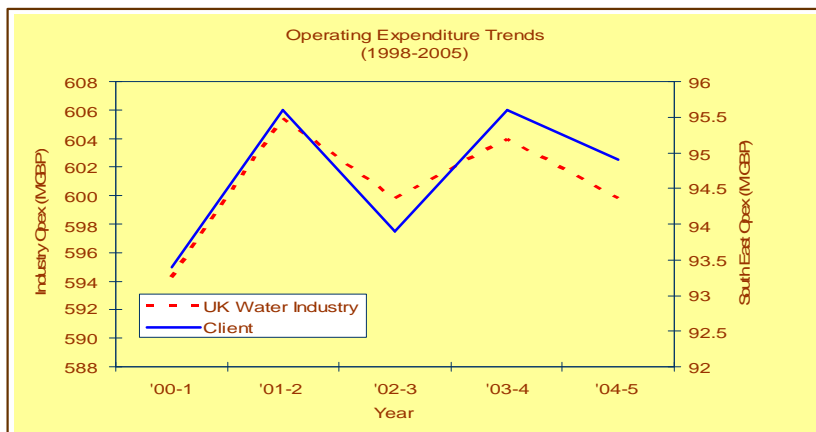
Initially we addressed overall business performance by considering the Return on Capital Employed versus the industry norm.



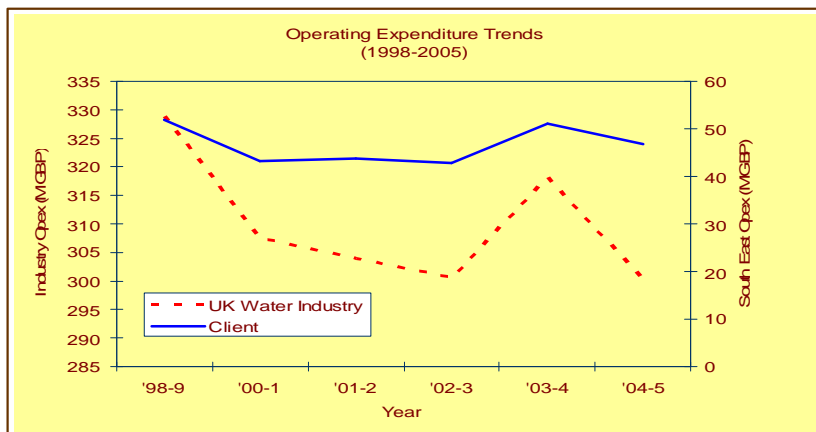
It was apparent the problem had started well before 2004. So we went on to address the total capital value of the business;



and concluded that given its normal growth and investment patterns our clients declining return suggested either an opex or turnover problem.



Our next analysis clearly showed that our clients turnover had behaved consistently with the overall industry trend; hence turnover issues had not hampered our clients profitability. Leading to a final assessment



For more information

Call Barnsnape Consulting on:

+44 207 993 6560

Or email:

info@barnsnape.com

www.barnsnape.com

Copyright © 2006 Barnsnape Consulting
All rights reserved

that clearly shows the eventual conclusion that our client had seen rising opex, while the industry in general had been falling.

Outcome and Benefits

Barnsnape deployed rapidly to deliver a benchmark based factual assessment. That concluded that our client performed well but its opex may be excessive. In essence it may be over-serving its customers. Further analysis should be conducted to assess:

- Is opex expended at the correct level?
- Is the renewals expenditure appropriate and is it offsetting the opex?