

1 **Undertaking Request (U-42)**

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3 *Transcript Reference: Monday, July 16, 2018, Pg. 97, line 24 to Pg. 99, line 3*

4 Undertake to provide the terms of reference/mandate for the productivity team.

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7 **Undertaking Response**

8 Please refer to U-42, Attachment 1 (Hydro Innovation & Productivity Team, Terms of
9 Reference).

Hydro Innovation & Productivity Team

Terms of Reference

Hydro is facing a time of immense pressure both internally and externally from stakeholders and customers to manage the business more efficiently and help manage electricity rates in the province. Hydro has heard from employees that there are opportunities to improve its business, improve service and save costs for customers. Now is the time for Hydro to take action and move forward with a company-wide approach to embedding innovation as a core driver of how it does business. The Innovation and Productivity Team is being established to drive productivity improvements, find efficiencies, eliminate waste, add value to customers and embed innovation as a sustainable part of Hydro's culture.

Team Purpose

The purpose of the Innovation and Productivity Team (the "Team") is to identify ways to make the operations, management and administration of Hydro more innovative, efficient and productive. The Team's mandate will be very broadly defined in term of what constitutes 'increased efficiency, innovation or productivity'. For example, increased efficiency, innovation or productivity can encompass (but is not limited to) outcomes such as:

- Changes in policies, practices, processes and/or activities to improve outcomes;
- Changes in policies, practices, processes and/or activities to reduce the effort and costs required to achieve desired outcomes;
- Eliminating low value or duplicative tasks, processes or activities;
- Implementing technological solutions to reduce costs;
- Changes to organizational structures to streamline supervisory and managerial efforts;
- Make changes that take advantage of new functionality presented by the JDE upgrade;
- Recommending changes that will create a culture of productivity and efficiency at Hydro; and,
- Changes to work processes to improve productivity.

The expectation is that the improvements made as a result of the Team's work will be sustainable over an extended period of time, and not short term in nature.

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Process

The Team will initially develop an *execution plan* that will be focused on both 'early hits' as well as identifying and assessing how to approach more difficult potential opportunities. The early hits are expected to be defined largely by the productivity work completed in 2017 by the leadership team as well as based upon executive assessments.

The development of the work plan is expected to be accomplished through outreach to all parts of the business and active engagement of many of Hydro's employees by the Team.

While early hits are being worked, the team will also be building a work plan to realize the harder to reach, structural type issues. This work plan will be approved by the executive sponsor. Due to the underlying nature of innovation containing elements of change, newness and sometimes experimentation, it is expected that the work plan will continue to evolve and change as new knowledge becomes available and or priorities change.

For each productivity opportunity identified and worked by the Team, they will be expected to produce or obtain all information required to:

- define the specific opportunities;
- achieve executive support for the initiative;
- identify the processes and activities required to make the changes and work with the Initiative Owner on a plan to ensure the changes are achievable;
- identify measures to track the success of the initiative; and
- identify reasonable timelines for execution.

In order to facilitate the work of the Team as well as follow on activities, it is expected that the Team will keep an active inventory of potential innovation/productivity ideas as they arise.

Execution of the approved recommendations of the Team will be the responsibility of an individual (or group of individuals with defined responsibilities) (the 'Initiative Owner'). The Team would not normally be responsible for implementing initiatives, however the Team will be responsible for obtaining and reporting regularly on the progress of implementation of

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initiatives. In many cases, it is expected that the Initiative Owner would be involved with the Team in the process of identifying and defining innovation and productivity initiatives.

Resources

- Core Team: a core team of 4-5 individuals who will be seconded full time to the Team.
- Team Lead: the leader of the Team, responsible for project delivery and management of the Team's work, as well as leadership of the Team.
- Team Co-Lead: leads the team in conjunction with the Team Lead.
- Executive Sponsor: the executive sponsor for the Team will be the Vice President, Financial Services, however the team will regularly engage with other members of Hydro's executive team.
- Champions: consists of other individuals, primarily those trained in lean six sigma and go-productivity, who support the core team. The Team is expected to develop and utilize an active and engaged team of innovation champions who will individually work with their supervisors to ensure that they are able to maintain an adequate balance between the work of the Team as well as ensure satisfactory performance of that individual's normal job duties. Where appropriate, it is expected that departmental and/or personal work plans will reflect the expected involvement of the champions in Team work.

Budgets

- The labour budget for the core team members will continue to reside in their home BU and division in 2018, and operating projects will be set up to capture the work activity. Team members will charge their time to the operating project using work orders.
- Non-core team members who are actively engaged in the work plan are expected to continue to charge to their home business unit, but will charge their time to a tracking work order
- Non-Labour - in addition to the labour budget, training and travel related budgets will be established for the team by the executive sponsor, and actual costs will be charged

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to the operating project business unit, or in the case of training to the HR training budget.

- Managers whose budgets are affected as a result of the re-allocation of their budget to a separate operating project business unit will have their annual performance assessed without reference to operating project business units.

Timelines

The Team will be established in early 2018 for an initial 18-24 month period, which may be extended or reduced base on the discretion of the executive.

Reporting

The Team will report regularly to Hydro's full executive team on plans, progress, activities and outcomes. This reporting is currently expected to be both determined by the work plan as well as a regular quarterly output, and is expected to include reporting on both progress against the work plan as well as innovation/productivity outcomes.

Reporting frequency to the executive team will be determined by the work plans. The Team will be expected to track both quantitative and qualitative results of their work so that outcomes are regularly reported and measured.

Definitions

Innovation can be defined as the application of better solutions and can be accomplished through the application of either new or existing products, processes, services, technologies, or business models that are more effective than what is currently used.

Productivity is the ratio of output to the resources consumed or costs incurred.

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