

# A POWERFUL REFOCUS

Nearly three years ago, the most challenging conditions ever experienced in the national electricity market forced Stanwell, one of Australia's largest electricity generators, to radically change its operating model and become a diversified energy business.

Images by Fullframe Photographics

In July 2011, a restructure of Queensland's government-owned electricity generation companies took place, with CS Energy, Tarong Energy, and Stanwell restructuring into two companies—CS Energy and Stanwell. This change was designed by the state government to improve competitiveness within the industry.

CEO of Stanwell, Richard Van Breda, joined the company in 2003 and has led the company's recent restructuring. "It certainly has been an interesting part of the role, looking at the diverse cultures and making sure that we are all focusing on the right things, and evolving and changing the culture so that we do become one Stanwell.

"The restructure of the state's generators was very significant because it meant that we were dealing with three distinct corporate cultures. Immediately after the restructure, we had close to 1,200 roles in the organisation, based at a range of different sites. As you can imagine in a large industrial business, each of those sites also has its own culture. So it's been really important to focus on the right things and really drive our values and our strategies so that

people are aware of what we want to achieve."

Stanwell has been going through some major changes as of late, particularly as the company diversified from its core electricity generation business. "We just could not continue to compete purely as a generation business in such a challenging market, so we had to evolve the business. We had to make sure that we were more flexible, more nimble, and more responsive to the market. What we're seeing in the electricity market at the moment is an oversupply. There is competition from large vertically integrated players like Origin and AGL, and competition from subsidised renewables such as solar and wind farms. We needed to make sure that we could adapt our business so that we responded to changes in electricity prices and that we were responsive to demand and supply.

"We've worked very hard over the past two and a half years transforming ourselves from pure electricity generation into an energy business. We're now trading in coal and gas resources, and we are expanding our electricity retailing capability.

"We have had to consistently take advantage of opportunities within

the gas and coal commodity markets. We are expanding our retail business to include not only major industrial customers, but also small- and medium-sized businesses through Queensland, New South Wales, and Victoria.

"Our focus is on both revenue and costs: growing our revenue line and diversifying it as much as possible, away from pure electricity generation, but then also taking out a fair amount of fixed cost so our business is streamlined and we're able to respond when times are tough."

The company's shift in focus means Stanwell is a very different business from what it was before Richard took the top office in 2012. "This financial year, for the first time in four years, we will be returning our generation business to profitability, which is actually an exceptional result. And that has just been through a lot of hard work by our people. They understand why we had to change and what we've had to do differently.

"As a government-owned corporation, and given that we provide electricity to the market, I think people viewed our objective as being only about secure supply and keeping the lights on. The >



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- Richard Van Breda

commercial objective was viewed as secondary. What people now realise is that you can't keep the lights on if you're not profitable. If we are commercial and we're doing the right things—investing in our plant and our people—then we will be able to keep the lights on, but we can only do that if we're profitable. It really is about being commercial in every decision we make and the organisation standing on its own two feet.”

Following the company's restructuring, Stanwell agreed on three simple values that needed to be lived across the organisation: safe, responsible, and commercial. “Safety is a relatively easy value to hang your hat on, and our focus is on being a zero-harm business. We believe all occupational injuries and illnesses can be prevented. Just that in itself has been a huge journey for us. Over the past two and a half years, we've reduced our total number of injuries across the business significantly. That's

happened because people take personal accountability for safety.

“Our value around being commercial goes back to our change in focus from purely keeping the lights on to being an organisation that can keep the lights on because it's profitable. That has been a change in focus and a change in mindset for the organisation.

“And then the other one is about being responsible. That is about empowering our people, letting them have the opportunity, learning from mistakes, and being responsible to communities and the environment.

“In the past couple of months, we've gone out again to the organisation and had a discussion about what those values mean to our people and what language is meaningful for them. As a result, we've created some really good alignment right across the organisation. So it takes time, effort, and communication, and it's about continually reinforcing the messages. But if everybody is kicking the ball in the same direction, you will see results. I think that has really been key for us so far.”

According to Richard, collaboration is a crucial part of the business, because there is a wide range of stakeholders that Stanwell interacts with. “In terms of suppliers and vendors, we've really changed our strategy quite significantly. We have a number of very significant suppliers. Our mine services agreement for Meandu Mine is with Downer EDI. We've entered into more of an alliance-type arrangement, making sure that our goals are aligned and our suppliers see the benefit of continuing to work with us, but sharing some of the gain and some of the pain. As a result, we're more collaborative with our suppliers, and that has been very productive.”

Stanwell has been working closely with suppliers to create win-win arrangements. “That's something that has really evolved over the past two and a half to three years,

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*“Agreeing on a common philosophy and aligning our goals at the start has resulted in many positive, values-driven outcomes for the project. Our ‘one team’ relationship with Stanwell at Meandu clearly demonstrates the effectiveness of this partnership model of contracting.” - David Overall, CEO, Downer Mining*

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