

# Case Study : Energy sector

## Profit Modelling

### Focus on Profit Modelling

Over the last couple of years, Bord Gáis engaged in a change programme spearheaded by the 'The Big Switch' campaign which focused on the growth opportunity in the electricity business. Bord Gáis is now firmly established in the Irish electricity market and is Ireland's first dual-fuel provider.

Bord Gáis Energy's transformation to become a competitive, customer-centred and highly successful all-island energy company has led to unprecedented growth. To ensure that the business growth was based on profitable customer market segments, they called in the expertise of StaffBalance.

Using profit modelling techniques, StaffBalance helps companies to understand true profitability and know which markets are profitable and which markets are not. To date, it has delivered cost savings and improvements to a value of 10 times that invested in profit modelling methodologies.

### What is the cost-to-acquire a customer? What is the cost-to-serve a customer?

Bord Gáis wanted to know, with detailed accuracy and fact, the difference between customer acquisition costs and customer servicing costs in each of the markets that it operated in. It also needed to understand the stack of costs in great depth within each market segment.

Bord Gáis is an organisation that prides itself on exemplary customer service at a competitive price, so the StaffBalance forensic evaluation of their business was vital.

*'We needed facts and detailed business insights into our costs for each market segment at a net margin level. We needed an accurate and true cost and profitability view that was accepted and owned by each department within the business.'*

**Miriam Doyle, Head of Finance,  
Retail and Trading, Bord Gais Energy**

### Strategic Target Marketing and Pricing

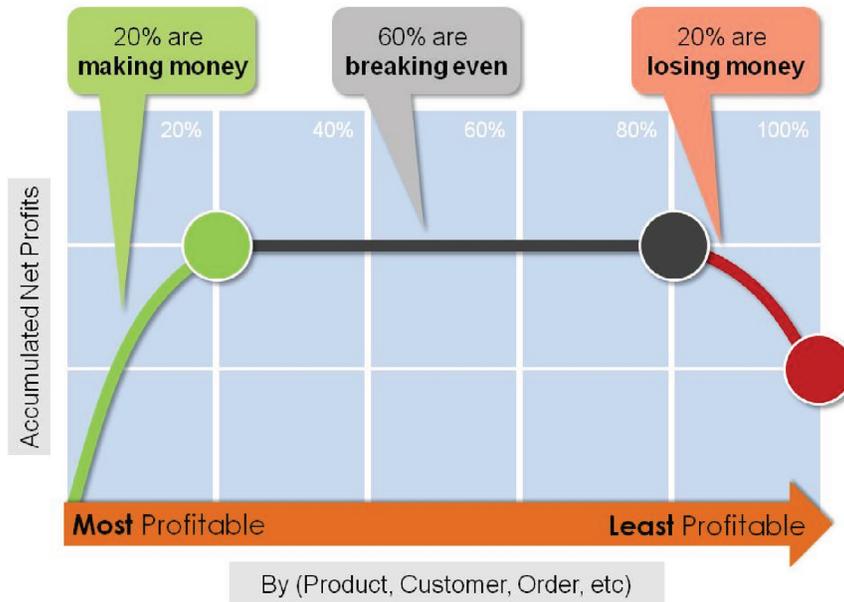
The energy company was able to make intelligent, fact-based decisions about their segmented target market and about strategic pricing.

*"The real question is," says Professor Robert Kaplan, "can business leaders think strategically – and do they know which customers are profitable and which aren't? Do they really know the microeconomics of their businesses?"*

### Forensic Analysis

Bord Gáis needed to conduct a forensic analysis of their business to truly understand which of their markets were profitable by modelling every activity carried out across each department within the business. The profit modelling by StaffBalance provided that insight.

### Market Segment Profitability



### About StaffBalance

StaffBalance™ has helped businesses realise a 10 times return on their investment through cost savings as a result of applying business modelling techniques. StaffBalance delivers a great value for money cost and profitability management solution to financial services, utilities and government organisations.

We help companies to seize profit opportunities by reducing their costs, balancing their staff resources and maximising the profitability of their customers, products, and channels: all without disrupting mission-critical systems or people.

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