EY Strategy
**Why EY strategy?**

Our clients today face constantly changing and increasingly complex environments, which call for timely and effective decision-making.

We help our clients implement actionable responses to these changes, while building their internal capacity to deliver sustainable business results in an uncertain world.

**Typical client challenges**

### Business Performance Challenges
- Anemic growth, especially among target markets and customers
- Margin erosion, due to increasing competition and/or lack of differentiation
- Reducing enterprise cost profile to increase competitiveness and/or generate efficiencies
- Achieving and maintaining customer/client satisfaction in light of challenges

### External Challenges
- Competitor strategic moves (e.g., acquisition, partnership, global expansion)
- Disruptive threats (e.g., new competitors, technologies, regulations, changing customer expectations, commoditization)
- Global growth and emerging markets challenges

### Internal Challenges
- Leadership changes (e.g., CEO, BU president, Board of Directors)
- Strategic planning approach no longer able to keep up with external realities
- Internal capabilities no longer aligned with strategic needs

**EY Strategy:** value through differentiation

**What we bring**

- Globally integrated firm with access to global client experience
- Local, sector-focused professionals with global reach
- Professionals that can address organic and inorganic growth agendas in collaboration with our transaction professionals
- Solving with you, not for you

**Our approach**

- Assist clients to accelerate profitable strategies
- Complex problems solved
- Help translate strategy into action
- Support strategy execution and unlock value
- Businesses transformed

Innovation realized

- Businesses transformed
Case study

Alberta Energy Regulator - Merger Integration and Business Transformation

Situation

The Alberta Energy Regulator (AER) needed to adhere to new mandates set forth by the Alberta government, grouped under the Regulatory Enhancement Project (REP). REP is the collection of programs related to the transition of overall energy regulation to a single “one-window” organization for the province of Alberta. In simple terms, this essentially meant combining and transforming the regulatory functions of the Energy Resource Conservation Board (ERCB) and the energy-specific regulatory functions of Alberta Environment and Sustainable Resource Development (ESRD).

Business issue

While the foundations for the REP transition were set previously in 2010, new Government of Alberta legislation known as the Responsible Energy Development Act (REDA) in December 2012 catalyzed the need to combine decision-making and oversight related to upstream oil, gas, oil sands and coal projects in Alberta under a single regulator, to be known as the AER. In order to execute on this mandate, the AER required specific skills in organizational transformation, project management, organization design, change management, process redesign, strategic planning and target operating model definition.

EY value delivered (Business Transition)

• Process strategy and performance improvement support for Public Lands Act, Environmental Protection and Enhancement Act, and Water Act; including metric development and performance management that allowed management during the merger integration to have visibility and control over performance supporting corrective actions to ensure business continuity.
• Performed an external customer and stakeholder survey both before and after the transition to gather input on performance of the AER against different dimensions. This survey served as a critical input into the strategic planning and transformation management activities.
• EY supported REP through transitioning of the regulatory components of ESRD to the AER according to a government-set timeline, using a three-phased approach. EY’s role was leading the Integration Management Office (IMO), which served to coordinate the REP transition by leading and holding accountable the leaders of several workstreams.

After completing REP Phase 3, the AER decided to focus on initiating transformation efforts as it continued its evolution to a best in class regulator, in accordance with its vision. The decision to engage EY was made due to concern that pursuing transformation efforts for the existing business infrastructure would be most effective with the structure, discipline, methodology and expertise that the firm could deliver. There was also concern that projects, as either part of core business or other special projects, would be improperly selected, prioritized, monitored and controlled, uncoordinated, not well communicated, and the AER would lack awareness and understanding of what transformation is and how they could help.

EY value delivered (Business Transformation)

• Following a disciplined process, EY’s support enabled the transformation team to develop a charter and plan for the transformation program through extensive engagement efforts with senior leadership of the AER.
• Implementation of the necessary project management and governance structure and tools to enable the Transformation Management Office (TMO) to support and ensure the success of transformation projects. EY also developed the organization’s first benefits tracking and realization plan documentation, as well as providing change management support for TMO projects and the program itself.
• Throughout the engagement, EY played a critical role in supporting the AER as it defined its transformation goals and built a long-term roadmap to illustrate how the transformation initiative would unfold through 2017 and beyond.
• Working closely with the Executive Leadership Team, EY facilitated the development of the AER’s strategy map for 2020 and the AER’s first target operating model that defined how business would be executed in the future.

Support provided

• Provided structure and rigour to the transition process to achieve objectives of the merger
• Helped build capacity of the AER team by closely collaborating at different levels
• Acted as strategic advisors for workstreams when issues were encountered to drive success
• Developed tracking tools and reporting mechanisms for high-focus areas, such as IS and HR
• Supported transparency and visibility of risks and issues to ensure the project met the goals set out by government
• Provided subject matter expertise and facilitation support to the Executive Leadership Team at strategic planning off sites and other strategy sessions

“The professionalism and leadership shown by the entire team was outstanding. Our executive leadership was particularly impressed.”
– VP Strategy, Alberta Energy Regulator
Our services

**Innovation strategy** – Innovation health check and opportunity assessment; operating model integration and performance measurement; digital strategy

**Strategy development, value driver analytics and KPIs** – Enabling strategic decision-making and planning by linking strategy, value drivers and metrics to decision-making

**Strategic planning services** – Integrating the strategic and business planning process with other decision-making, and increasing relevance on an ongoing basis

**Business integration** – Accelerating the integration of business entities through effective planning and execution support to optimize performance, day 1 readiness, and post-day management

**Target operating model design** – Streamlining business functions, organization structure, governance and performance metrics; driving operational excellence

**Process improvement strategy** – Defining target enterprise process maturity; driving process transformation strategy and roadmap; developing business case and implementation approach

**Benchmarking and market studies** – Improving business performance through market studies and external benchmark comparisons and analysis to identify specific opportunities to optimize performance

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**The EY strategy stack**

**Typical strategic questions**

- How is the organization challenging conventional wisdom, creating disruptive business models and delivering differentiated customer experiences?
- Has the organization built the organizational capabilities and culture to accelerate innovation and capture economic value?
- How to avoid becoming obsolete in the face of disruptions?
- Where to play and how to win in the future?
- What position, markets, regions, offerings and customers hold the most growth and profit potential?
- What is the optimal portfolio of offerings, channels, capabilities and assets necessary to achieve strategic goals?
- What is the optimal strategic plan to profitably grow and protect the business?
- Is the potential impact of the business unit’s strategy socially and environmentally aligned with the brand?
- How well does the target operating model support strategy and business transformation priorities?
- How to stay ahead of the competition?
- How to strategically reduce costs to improve profitability and fund new investments? How to manage investments for benefits realization?
- Are critical business functions designed to support delivery of the strategy?
- How is the organization building and prioritizing “the right” processes, technologies and organizational capabilities to improve competitive positioning?
- How can business analytics help to better understand the drivers of future performance?
- What critical capabilities are required to deliver the strategy?
- Are there strategies for both the foundational and enabling parts of the organization?
- Are capabilities in systems, enterprise information and analytics, and people development aligned to the business strategy?
Case study

Health Services Provider – Strategic Alignment and Target Operating Model

Situation

The client, an integrated health care services company, aims to become Canada’s leading health care provider with a complete range of whole-life solutions centred on patients and health care providers. It provides physiotherapy, surgery, medical assessment, pharmacy, and seniors’ wellness services.

Business issue

The organization had grown rapidly through a series of acquisitions and faced the challenge of integrating disparate and distinct businesses into a cohesive operating model that would reduce the overall cost structure and position the organization for sustainable growth. The legacy business also did not have a history of collaborating or sharing resources, so there was also a significant cultural change component to the project to build a common vision of the future state of the organization.

EY value delivered

• EY worked with the client to help articulate the strategic direction, conducting an environmental scan, along with reviewing historical performance information, to identify the services and patient segments the organization should focus on. This included customers/patients, services, channels, and geographic markets. We collaborated with the client to identify underperforming business units, assess their future prospects, and prioritize where they should place their future bets in terms of business strategy. From this exercise, we identified which businesses should be retained, which should be exited, and where partnerships should be sought to deliver services more effectively.

• We subsequently developed the target operating model to execute on this strategic direction, and developed an organization design that addressed the executive layer, as well as two layers into the organization. This exercise included the strategic and foundational capabilities that the organization needed to build, identification of gaps in supporting infrastructure, implications for performance management, and the cultural shift required to work within the new model.

• Finally, we developed a detailed business case quantifying the benefits of moving to the new model, looking 5 years into the future, along with an implementation roadmap and series of key initiatives that needed to be executed to deliver on the strategy.

• As part of the exercise, we conducted a deep dive and developed a more detailed operating model for their HR and Field Administrative Services functions.

Support provided

• Integrated disparate businesses within a multi-service environment
• Developed a sustainable target operating model aligned with strategy
• Holistic approach to organization design with change management considerations
• Business case demonstrated quantifiable benefits
• Change management and knowledge transfer embedded throughout
• Detailed HR and Administrative services operating model that enabled the business and supported the long-term transformation goals
• Supported the C-team to create common understanding across the organization on the organization’s strategic direction
How we can help you

• Create common understanding of current situation and key issues
• Provide an issue-based approach to developing innovative strategies and solutions
• Unlock value by envisioning uncommon solutions to common problems
• Work collaboratively to find the solution that works for you
• Support you from issue to solution to implementation
• Build internal capacity to execute
• Provide a team composed of the right people and capabilities aligned with your needs

Five ways EY Strategy drives insights to action

1. Focus on results

Our team has the real world experience and depth of industry insights to design and operationalize your strategy. We know what it takes to get things done and understand the realities of managing transformational change to your global processes, technologies and organizational capabilities.

“We use the expertise that’s brought to the table. EY’s team was more experienced, had a lot more focus in the areas we were looking at, and that proved to be a differentiating factor.”

Senior Director, Financial Planning and Reporting
Consumer packaged goods company

2. Collaborative approach

Core to who we are as a firm and how we define ourselves is our collaborative approach. We have found the best solutions result from “group genius” – great minds working together.

“The thing that I liked the most about what we did with Ernst & Young is I really feel like their senior team and the managers really joined arm-in-arm with us and really wanted to partner with us and see us be successful.”

President and COO
Health care organization

3. Speed to impact

The global economy is moving fast. Your strategy needs to move faster. We accelerate the execution of your strategy by “taking the next step” – moving beyond insights to action through our global network and external business relationships.

“When I look at the innovation process and what it takes for a business to be successful in challenging themselves to think beyond their normal boundaries, I couldn’t think of a better partner, than Ernst & Young, to do that.”

Executive Vice President
Business process outsourcing company

4. Analytics and insight

The EY brand is built on trust. This trust relies on our integrity and effort to bring you fact-based insights to support your strategic decisions. Our clients appreciate the analytical rigour and open, honest objectivity.

“When you use a consulting firm it’s all about the expertise that’s brought to the table. EY’s team was much more experienced, had a lot more focus in the areas we were looking at, and that proved to be a differentiating factor and key element of success.”

Senior Director,
Financial Planning and Reporting
Consumer packaged goods company

5. People and culture

We attract and grow bright and diverse professionals who share in a culture of exceptional client service. What this means for you is that we bring the highest-performing teams who are insightful, connected and responsive, and work with you and your team to drive action.

“The EY team we had on this project really owned and drove it within the organization and became part of the fabric of our team and that’s different, they aren’t consultants, their team was part of our team.”

President
Global car and truck rental company
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About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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