

EXPERT LEVEL TRAINING ON TELECOM NETWORK COST MODELLING FOR THE HIPSSA REGIONS

Banjul

19-23 August, 2013

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Session 4: The Seven Habits of Highly Effective Cost Modelling



Agenda

- Aims and objectives of this session
- Identifying the habits
- Illustrating the habits
- Remembering the habits
- Implementing the habits



Aims and objectives



Aims and objectives of this session

- Provide an overview of good practice in regulatory cost-modelling
- Summarise the key elements for a successful process
- Provide examples to illustrate how any missing or malfunctioning element can cause disruption
- Provide a helpful way of remembering the 7 key habits



Identifying the habits



The Seven Habits of Highly Effective People

- Title of a best-selling management book by Stephen Covey, that has spawned many others.
- The Seven Habits move us through three key stages of growth.

Dependence (rely on others)

Independence (make our own decisions)

Interdependence (co-operate with others)



What are the Seven Habits?

1. Be proactive
2. Begin with the end in mind
3. Put first things first
4. Think win/win
5. Seek first to understand, then to be understood
6. Synergise
7. Renew and continually improve¹.

Each of these habits is relevant to the regulatory task of constructing network cost models

- 1. Covey calls this “sharpening the saw”



Applying the Seven Habits to regulatory cost modelling (1)

1. Be proactive

- The regulator must seize the initiative if cost models are ever to be built and be effective

2. Begin with the end in mind

- The type of models to be constructed depends principally on the services for which cost-based rates are needed.
- Don't build models unless you have cost-based tariffs in mind; and
- Determine the services before you construct the model

3. Put first things first

- Make sure the legal mandate to use a cost model is in place before you build it.



Applying the Seven Habits to regulatory cost modelling (2)

4. Think win/win

- If there is not “something for everyone” you will likely end up in court

5. Seek first to understand

- If you realise the incentives and take account of the interests of each stakeholder you will retain control of the process.

6. Synergise

- Use consultative processes to solve problems and find solutions without recourse to the courts.

7. Renew and continually approve

- Seek to update models annually as new data becomes available, and review the entire model every 3-5 years.



An alternative way to view the 7 habits

1. The regulator should take the initiative
2. Have a realistic time-plan and stick with it
3. Ensure there is a clear mandate in legislation
4. Assumptions (data inputs) should be verifiable and justifiable
5. The approach should deal separately with methodology and model construction
6. Hold a public consultation process
7. Use consultants to help you, but not too much.



Illustrating the habits



Brainstorm on each of the 7 habits

1. *The regulator should take the initiative*

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



1. The regulator should take the initiative

To be revealed during the presentation



Brainstorm on each of the 7 habits

2. Have a realistic time-plan and stick with it

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



2. Have a realistic time-plan and stick with it

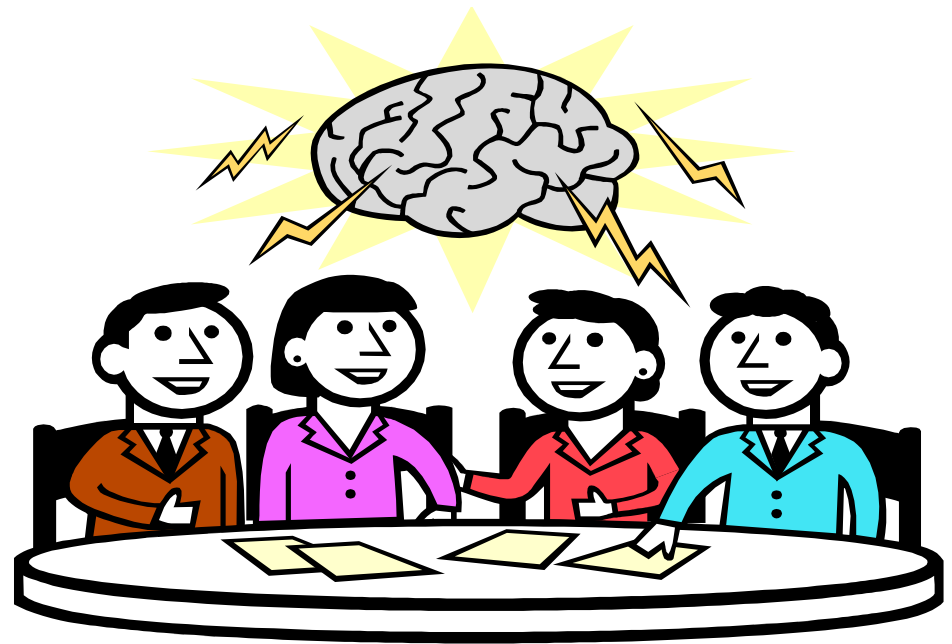
To be revealed during the presentation



Brainstorm on each of the 7 habits

3. *Ensure there is a clear mandate in legislation*

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



3. Ensure there is a clear mandate in legislation

To be revealed during the presentation



Brainstorm on each of the 7 habits

4. *Assumptions should be verifiable and justifiable*

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



4. Assumptions should be verifiable and justifiable

To be revealed during the presentation



Brainstorm on each of the 7 habits

5. The approach should separate methodology and construction of the model

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



5. The approach should separate methodology and construction of the model

To be revealed during the presentation



Brainstorm on each of the 7 habits

6. Hold a public consultation process

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



6. Hold a public consultation process

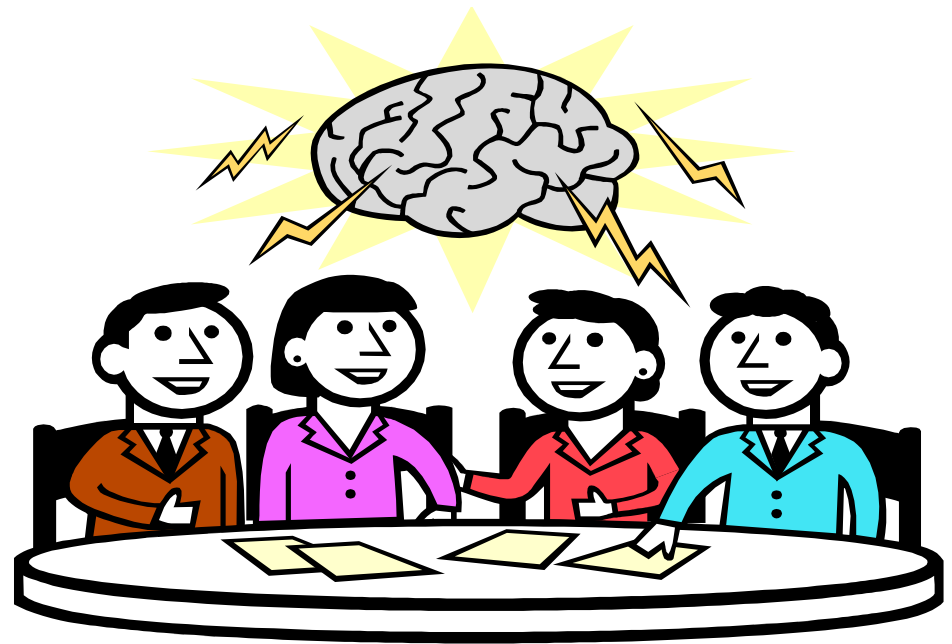
To be revealed during the presentation



Brainstorm on each of the 7 habits

7. *Make proper use of consultants*

- Why is this habit important?
- What might happen if this habit were ignored?
- Have you any experience that helps illustrate this problem?



7. Make proper use of consultants

To be revealed during the presentation



Remembering the habits



A review of the 7 habits of highly effective cost modelling

1. The regulator should take the **initiative**
2. Have a realistic **time-plan** and stick with it
3. Ensure there is a clear mandate in **legislation**
4. **Assumptions** (data inputs) should be verifiable and justifiable
5. The **approach** should deal separately with methodology and model construction
6. Hold a public consultation **process**
7. Use **consultants** to help you, but not too much.



Spot the key words

Initiative

Time-plan

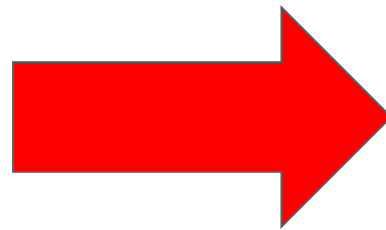
Legislation

Assumptions

Approach

Process

Consultants



Consultants

Approach

Process

Initiative

Time-plan

Assumptions

Legislation



Remember:
CAPITAL cost modelling is
effective cost modelling

