



SPIN workshop template

English language

Month Year



Co-funded by European Union

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Partner logotype

This document has been elaborated within the
Energy Performance Contracting Plus (EPC+)
project and is available on the project website.

www.epcplus.org



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Introduction and process to be followed

The overall aims of the workshops are

- Establishment of a national SPIN.
- Carrying out a market assessment of potential cooperation fields
 - => 1st workshop
 - You will have to answer questions which are listed in the section “Questions to be answered”.
 - See also: https://en.wikipedia.org/wiki/Porter_five_forces_analysis.
- Development of your business model
 - => 2nd workshop
 - Clarification of your role and the roles of the (potential) SPIN members;
 - Type of SPIN;
 - Tools;
 - Business model canvas, which helps you to understand your business model. You are going to “draw” your BM on a canvas, see Figure 1.

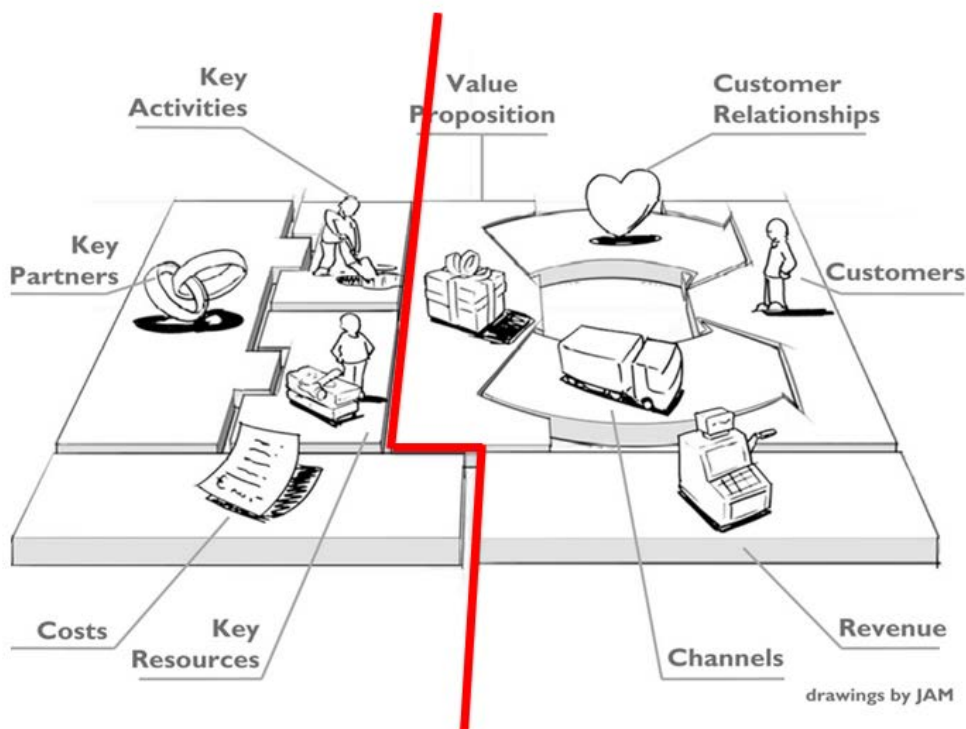


Figure 1: Business Model Canvas (Source: <http://www.zebtramc.com/tag/business-model-canvas/> with remarks by e7)

- The BMC comprises two sides – the right side and the left side.
 - The right side of the BMC answers questions what your customers are looking for, distribution channels and revenue streams. For simplification we call this side “**Value Proposition Canvas**” (VPC). See green and red circle of Figure 2.
 - The left side of the BMC deals with the organisation of the SPIN, costs and key resources and deals with e.g. the SPIN collaboration contract.

- Completion of both sides of the BMC represents your business model.

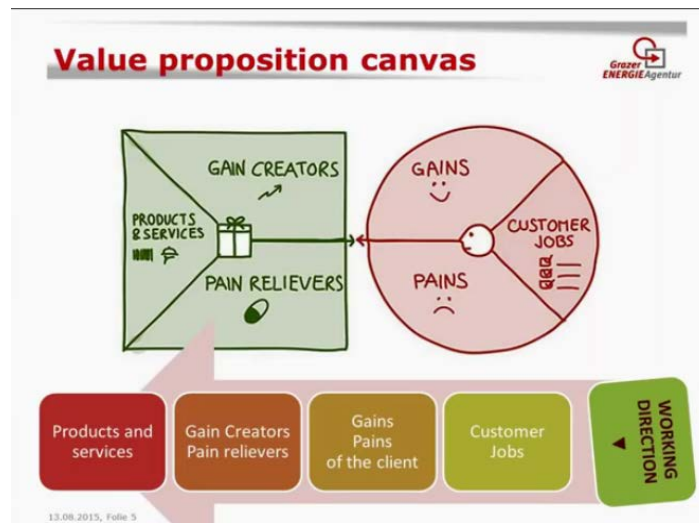


Figure 2: Value Proposition Canvas (GEA; <https://www.youtube.com/watch?v=pqM4ZSVrlg0&feature=youtu.be>)

1st workshop

a) General information

Title of the event: SPIN development and market assessment

Organized by:

Date:

Duration:

Location:

Invited SPIN partners

- SPIN partner 1 (name of company, name of contact person, position of contact person, specialization of the company)
- SPIN partner 2 (name of company, name of contact person, position of contact person, specialization of the company)
- ...

b) Recommended agenda

- Send out SWOT analysis of SPINs in advance http://epcplus.org/upload/ue/wp2/D2_1_Analysis_Report_150715_FINAL.pdf
- Present and discuss the SWOT analysis of SPINs => see presentation in Annex
- Present and discuss the categories of SPINs => see presentation in Annex
- Discuss model contracts
 - “Simple model contract”: http://epcplus.org/upload/ue/wp2/D2-03_SimpleSpinMasterContractTemplate_2015-11-25_fin.pdf
 - “Complicated model contract”: http://epcplus.org/upload/ue/wp2/D2-03_ComplicatedSpinMasterContractTemplate_2015-11-25_fin.pdf

c) Guiding questions for the market assessment

- Assessment of your potential cooperation fields
 1. Threat of New Entry: If a new businesses can be easily started up in your sector without substantial investment - then this is a threat. The Internet has made this a reality in many sectors, especially publishing! So ask yourself the questions:
 - What’s the threat of new businesses starting in this sector?
 - How easy is it to start up in this business?
 - What are the rules and regulations?
 - What finance would be needed to start-up?
 - Are there barriers to entry which give you greater power?

2. Buyer Power: Where there are fewer buyers, they often control the market. Questions here include:
 - How powerful are the buyers?
 - How many are there?
 - Can the buyers get costs down?
 - Do they have the power to dictate terms?
3. Threat of Substitution: If there are available alternatives then the threat of substitution increases.
 - How easy is it to find an alternative to this product or service?
 - Can it be outsourced? Or automated?
4. Supplier Power: Markets where there are few suppliers means the suppliers retain the power
 - Examine how many suppliers are in the market?
 - Are there a few who control prices?
 - Or many so prices are lower?
 - Do your suppliers hold the power?
 - How easy is it to switch, what's the cost?
5. Competitive Rivalry: Markets where there are few competitors are attractive but can be short-lived. These are highly competitive markets with many companies chasing the same work reduce your power in the market.
 - What's the level of competition in this sector?
 - What's the competitor situation? Many competitors and you're all in a commodity situation or a few?

From the outcomes of the questions above, please make a SWOT analysis:

Strengths ■	Weaknesses ■
Opportunities ■	Threats ■

- About the SPIN => Probably the answers have to be revised during the second workshop
 - What makes you stronger through collaboration?
 - What is the aim/objective of your SPIN?
 - Is there a common understanding that one or two pilot projects need to be carried out and organisational tools have to be applied?
 - What is/are the focus areas of the SPIN?
 - Which type of SPIN (simple, complex, complicated) are you going to choose potentially?
 - Are there further SPIN partners required?
 - Are there any resource and capability gaps?
 - What are the potential roles of each partner?

- Who is able to do what?
- Who is not able to do what?
- How should/could the SPIN approach the client? One-face-to-the-customer? Different persons?
- Who should be the main contact for the client (several scenarios: SPIN member brings contact, SPIN coordinator brings contact, general request to the “office” of the SPIN)

2nd workshop:

a) General information

Title of the event: Business model development

Organized by:

Date:

Duration:

Location:

Invited SPIN partners

- SPIN partner 1 (name of company, name of contact person, position of contact person, specialization of the company)
- SPIN partner 2 (name of company, name of contact person, position of contact person, specialization of the company)
- ...

b) Recommended agenda

- Send out
 - minutes from 1st workshop in advance and
 - Guidebook for Organisational Tools http://epcplus.org/upload/ue/wp2/D2-03_GuidebookForOrganisationalTools_2016-05-11_fin_update.pdf
- Review and repeat the outcomes of the last workshop;
- Develop your business model
 - Right side of the Business Model Canvas: Value Proposition Canvas (see Figure 1, Figure 2 and Figure 3) => see presentation in Annex
 - Left side of the Business Model Canvas: the organization of your SPIN and its tools (D2.2 and D2.3) => see presentation in Annex

c) Questions to be answered

- Value Proposition Canvas => How will you earn money?
 - Red Circle (Figure 2)
 - Who is your target group? E.g. a Facility Manager
 - What are the jobs of your target group? E.g. Running the facility without complaints.
 - What are the problems (pains) of your target group? E.g. High maintenance
 - What are the desires (gains) of our targeted clients? E.g. Easy reporting tools
 - Green Circle (Figure 2)

- What are the gain creators of your target group? E.g. Subsidy acquisition is included.
 - What are the pain relievers of your target group? E.g. a performance based contracting, or proper “after sales” by the SPIN
 - About the services? What does the client want? E.g. High quality appliances, or performance based remuneration
 - What are the different features of the product / service?
 - What are the basic features to fulfil the contract? E.g. Poor technology, failing after one year, unhappy client.
 - Performance based features? E.g. SPIN receives more remuneration the better the service is.
 - What produces excitement on the clients side? What does he love to talk about? This is the best for word of mouth. What can the client also sell as his idea?
- About the organizational tools in detail => revise the outcomes of the last workshop if necessary and discuss the organisational tools
 - What is the final focus area of the SPIN?
 - Which type of SPIN (simple, complex, complicated) are you going to choose?
 - What are the final roles of each partner?
 - Who is the first contact person?
 - Who is going to approach the client?
 - Is there a common understanding on the SPIN contract?
 - Risk sharing (Pure functionality, functionality + performance, several levels of warranty?)
 - Know-how sharing
 - Remuneration sharing
 - Etc.
 - How can costs and invoices be dealt with? Delayed payments, partly payments, covering retentions?
 - What are the requirements regarding competence-protection between SPIN-partners?



Energy Performance Contracting Plus

Partner logo

1st SPIN development workshop

Energy Performance Contracting Plus Project

Marekt assessment for potential cooperation fields

Place and date

Partner company name

Person name



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First results of a SWOT analysis

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Strengths

- services can be offered in higher quality compared to services offered by ESCOs;
- services can be provided at lower cost to the customer;
- allow a quick and efficient response upon customer needs and market demand;
- allows transfer of know-how among SPINs to persist in fast changing environment;
- SPINs face less project risk in contrast with ad hoc cooperation forms;
- allow access to wider customer groups.

First results of a SWOT analysis

Partner logo

Weaknesses

- insufficient identification of the staff with the offered service and the SPIN;
- insufficient definition of an appropriate SPIN-management structure;
- different approaches from experts lead to higher development costs;
- absence of a SPIN-framework leads to:
 - less transfer of sales opportunities;
 - limited know-how sharing.
- transfer of a sales opportunity creates higher overhead cost;

First results of a SWOT analysis

Partner logo

Opportunities

- there is growing demand for specialized, innovative and high quality energy efficiency solutions;
- Small scale services providers seem to be less anonymous;
- local SMEs are likely to be preferred by some clients;
- SPINs can be also capable to cover bigger areas;
- various backgrounds of SPIN members helps to be more resilient.

First results of a SWOT analysis

Threats

- Little or no identification with the SPIN can result in the collapse of the SPIN:
 - retention of know-how of SPIN experts due to mistrust;
 - interest of the own company is seen as more important as the success of the SPIN.
- Know-how sharing may leads to a growing number of competitors;
- unfavorable market conditions may hinder the supply of services of SPINs.

- In order to identify potential cooperation fields

- **Threat of New Entry:** If a new businesses can be easily started up in your sector without substantial investment - then this is a threat.
 - What's the threat of new businesses starting in this sector?
 - How easy is it to start up in this business?
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- **Buyer Power:** Where there are fewer buyers, they often control the market.
 - How powerful are the buyers?
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- **Threat of Substitution:** If there are available alternatives then the threat of substitution increases.
 - How easy is it to find an alternative to this product or service?
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- **Supplier Power:** Markets where there are few suppliers means the suppliers retain the power
 - Examine how many suppliers are in the market?
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- **Competitive Rivalry:** Markets where there are few competitors are attractive but can be short-lived. These are highly competitive markets with many companies chasing the same work reduce your power in the market.
 - What's the level of competition in this sector?
 - What's the competitor situation? Many competitors and you're all in a commodity situation or a few?

- From the outcomes above - draw your SWOT analysis

Strengths ...	Weaknesses ...
Opportunities ...	Threats ...



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SPIN design and operational tools

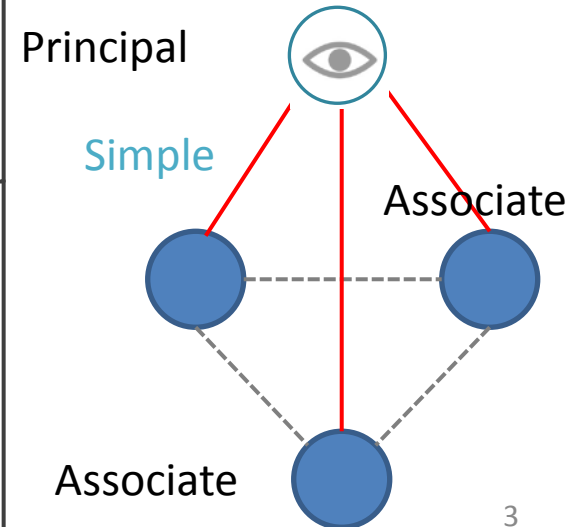
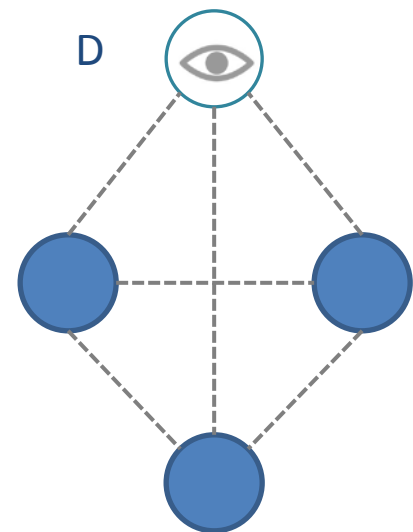
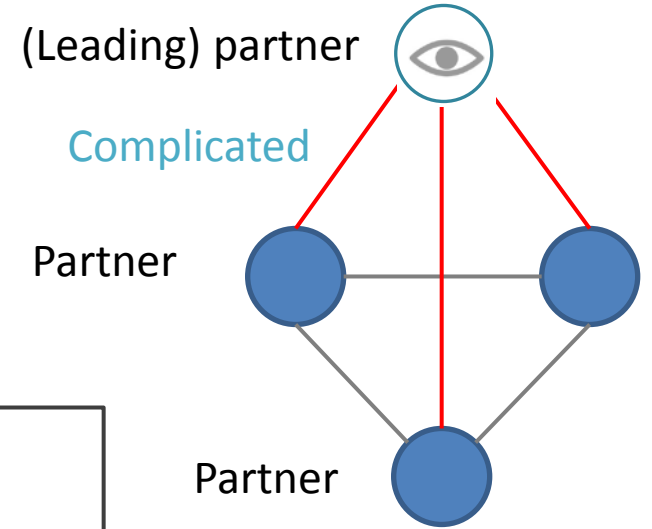
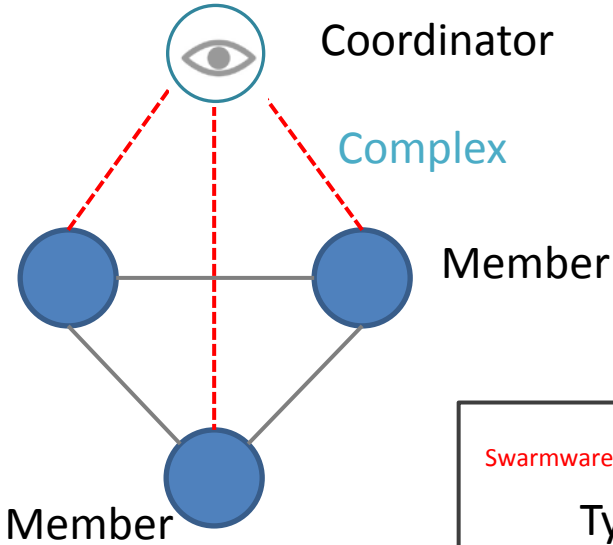


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Why SPIN categorisation

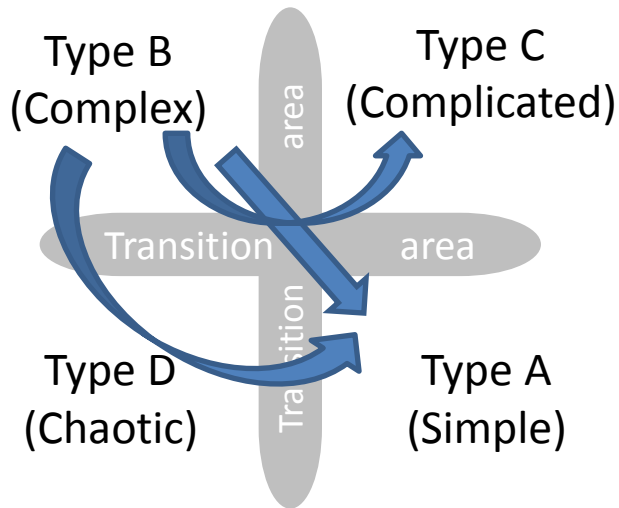
- Categorisation helps to understand significant differences
- Market circumstances will determine most appropriate type
- Each type (domain) ask for a different management approach.
- Spins can be combinations of different types or move from one type to another. Management approach should take this into account and adapt accordingly

SPIN categories



<p><i>Swarmware tools</i></p> <p>Type B (Complex)</p> <p>Cause and effect relationship perceivable retrospectively</p>	<p>Knowable</p> <p>Type C (Complicated)</p> <p>Cause and effect relationship separated over time and/or space</p>
<p>Type D (Chaotic)</p> <p>No known cause and effect relationship perceivable</p>	<p><i>Clockware tools</i></p> <p>Type A (Simple)</p> <p>Known Cause and effect relationship</p>

Moving from one domain to another



Source: Factor4, 2015

When a market starts to take-up EPC services a Complex SPINs could become one or more Complicated SPINs or/and Simple SPINs.

This could be the outcome of a managed process but also of a more disordered process. The transition phase is a moment that could be used by early adopters to move faster than others. It could be used by participating SMEs to create new partnerships to strengthen their competitive advantage versus other service suppliers (e.g. large ESCOs) or versus previous partners in the Complex SPIN.

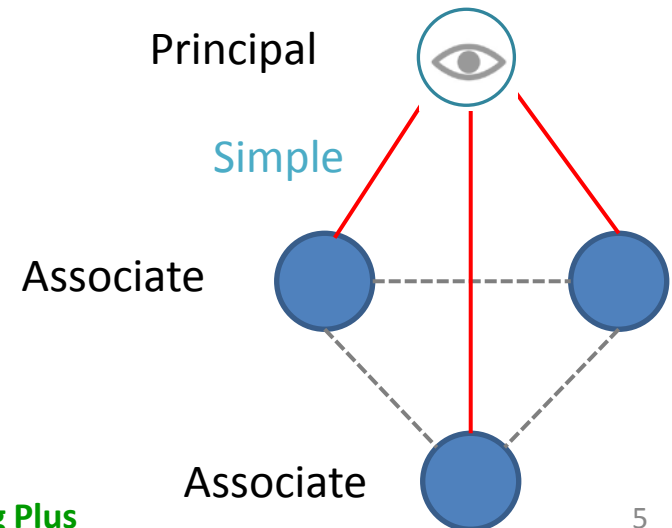
Simple SPIN

A Simple SPIN concept is appropriate under the following circumstances:

- A market for EPC services or a market uptake of the EPC concept expected in the short term (6 months to one year);
- The principal (with its associates) should already have a market share or be able to acquire a market in the short term;
- The associates should accept central role of principal;
- **The associates should not be expected to become competitors of the principal.**
- **Principal will try to avoid that Associates develop direct relationships with each other**

Without business (in the short term) it is obvious that associates will not be interested to join a Simple SPIN or they will lose their interest after some time.

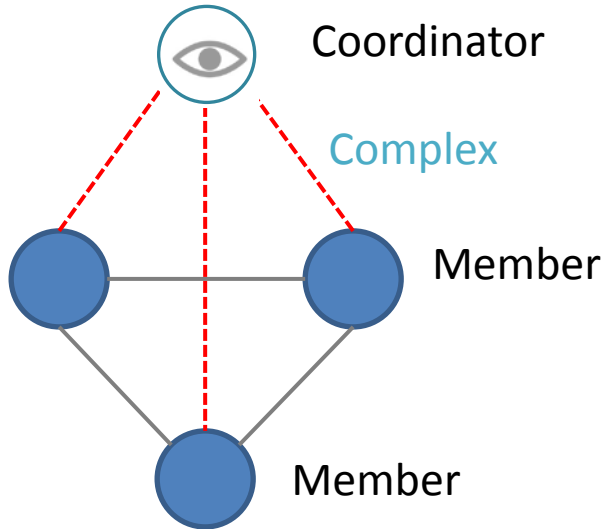
PRINCIPAL IS IN CONTROL OF THE SPIN



Contract

- Contract for simple Spin
 - Principal - Associate contract
 - First version of framework model is available
- Specific clauses to protect position of Principal
 - Clients
 - Network of strategic partners
 - Network of preferred Associates
 -

Complex SPIN



Simple and Complicated SPINs can be members of a complex SPINs

A Complex SPIN concept is appropriate under the following circumstances:

- Pre-market situation where the EPC concept is not well known or used;
- An expectation that the EPC-concept will be taken up by the market in the medium term (2 to 3 years);
- The expectation that the Complex SPIN can have an impact on the market growth (via lobbying and/or marketing) and/or on the future competitive position of the SPIN partners in this market.

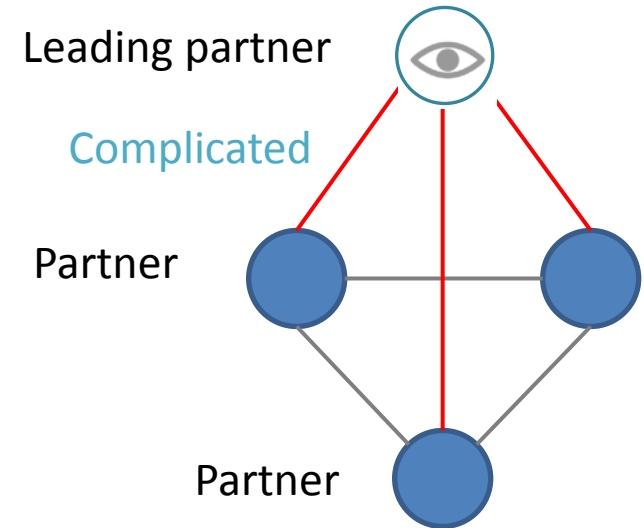
A Complex SPIN is also appropriate to promote and facilitate innovation between SMEs and/or as a platform to support business transactions between non-competing partners.

Complicated SPIN

Complicated SPIN

A Complicated SPIN concept is appropriate under the following circumstances:

- A market for EPC services or uptake of the EPC concept expected in the short term (6 months to one year);
- Competitors (other SMEs ESCOs and/or large ESCOs) are present in the market;
- Partners in the Complicated SPIN see a need to strengthen their competitive position by working together;
- Partners are complementary in terms of knowledge, resources or/and market focus;
- Partners in the Complicated SPIN are willing to share costs, risks and benefits.



Simple SPINs can be partners in complicated SPINs

Organisational tools

Organisational tools	SPINs		
	Simple	Complex	Complicated
Business Model Canvas	*****	**	*****
Insight in different SPIN types	*****	*****	*****
Market analysis	*****	*****	*****
Business Plan	*****	*	*****
Deontological code	**	***	*****
Digital platform for data and info	*****	*****	*****
Contract	*****	****	*****
- Objectives	*****	*****	*****
- Admission and drop-out rules	**	***	*****
- Allocation of tasks	*****	*	*****
- Risks sharing	**	*	*****
- Cost sharing	**	***	*****
- Benefit sharing	*	***	*****
- Service level agreement	*****	*	*****
- IP rights	*****	**	*****

Value proposition canvas



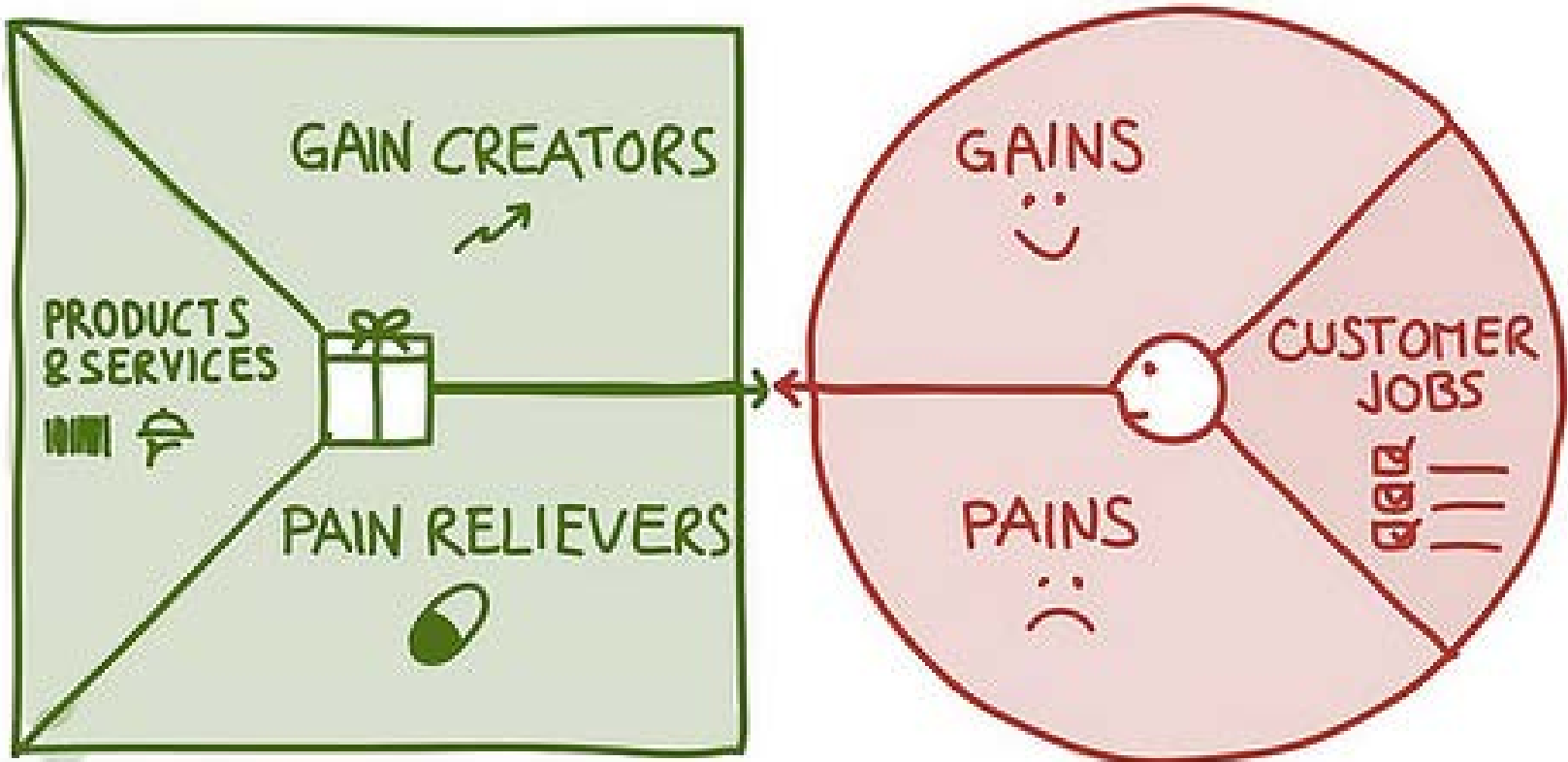
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Value proposition canvas

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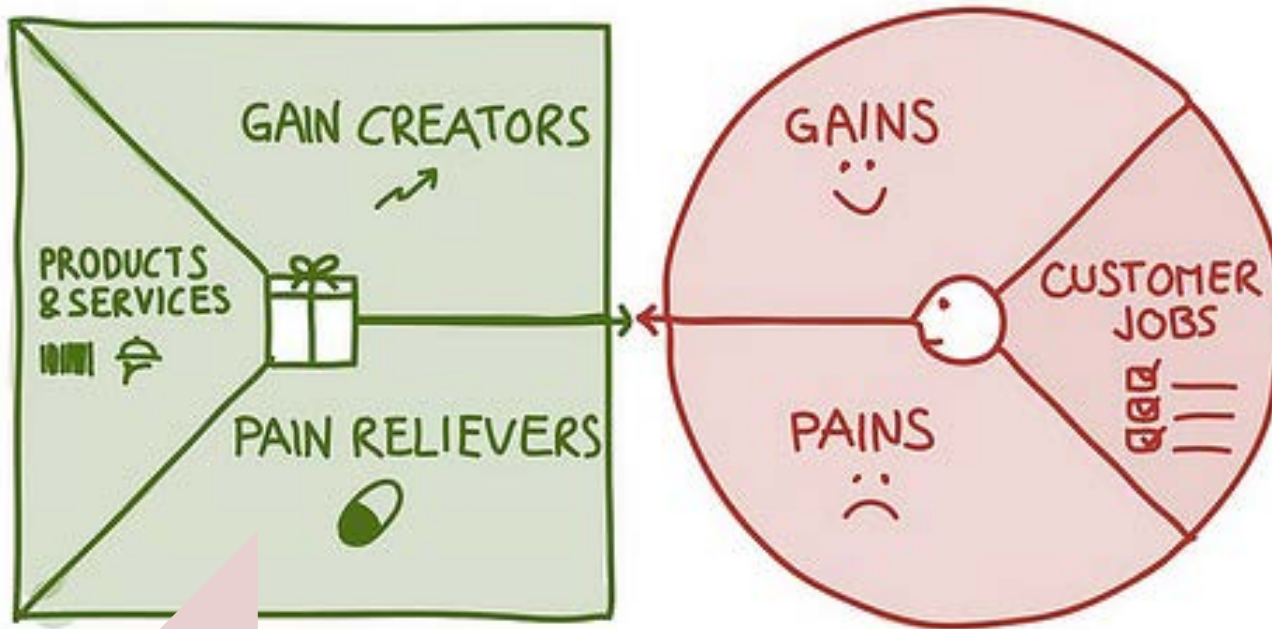




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Value proposition canvas

Partner logo



Example

Facility manager:

- Underperforming appliances
- High maintenance level
- High number of interfaces

CFO:

- Financial optimization

Facility manager:

- Running the facility without complaints
- Low cost for upkeep

Facility manager:

- Underperforming appliances
- High maintenance level
- High number of interfaces

Example

Partner logo

Facility manager:

- high quality appliances
- Quick interventions
- Standard contract

Facility manager:

- remuneration performance based
- Bonus/malus for technical failure

Facility manager:

- Advice on further saving potential included
- Internal reporting material (e.g. ppt) included

GAIN CREATORS

Facility manager :

- subsidy akquisition included
- Improved standing towards superiors

Facility manager:

- performance based contract
- Proper „after sales“
- Reduced paper work internally and externally

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