



# Guidebook for organizational tools

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[www.epcplus.org](http://www.epcplus.org)

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## 1. Introduction

The EPC+ project aims at developing and promoting new business models for the implementation of energy efficiency services through cooperation between Small and Medium-sized Enterprises (SMEs).

Through cooperation innovative energy efficiency services (EES) can be offered. Cooperation enables SMEs to offer novel and high quality energy services which they could not provide as stand-alone companies. Such services are serious alternatives to standard energy efficiency services provided by large energy service companies (ESCOs) and may provide promising opportunities in terms of innovation and services.

The cooperation of SMEs with the aim to offer joint EES to the market is described as a SPIN.

A SPIN (SME Partnerships for Innovative Energy Services) is an organized cluster of independent companies, mainly SME's, that jointly supply energy efficiency services and that have a structured long-term collaboration with commonly agreed objectives.

While the benefits of SPINs are clear the creation of a SPIN is a difficult process. SMEs will not engage in collaboration unless there is a strong feeling of Need, Trust, and Control. Sustained commitment from parties involved can only be achieved when all the parties see a clear need to collaborate. Trust is needed to limit self-interest actions. The SME's ability to largely control its own destiny is a prerequisite for SME decision makers to engage in a collaborative network.

This guideline is developed to support the creation of a SPIN. It describes the sequence of different phases in the creation of a SPIN and the organisational tools that can be used in each phase. The guideline builds on previous tasks and deliverables in work package 2 and 4 and more in particular on report 2.02 Organisational tools for SME Partnerships for Innovative Energy Services.

## 2. Phases in the creation of a SPIN

Earlier in the EPC+ project we learned that SPINs can have different organizational structures and relationships between the different actors. To understand these differences and its consequences for management decisions we introduced a categorization of SPINs in Simple, Complicated and Complex SPINs and clarified the various roles of SPIN members per SPIN type.<sup>1</sup>

A Complex SPIN is the most appropriate organisation in a pre-market situation to foster the benefits of collaboration between SMEs and to support the creation of Simple or/and Complicated SPINs.

Simple and Complicated SPINs are created to provide innovative energy services when there is a potential willingness of parties to collaborate and a market for EPC services or an expectation that the market will take-up these services in the short to medium term (6 months to maximum 2 years).

Each type of SPIN will have its own sequence of decisions and tasks as showed in the table below. These decisions and tasks are defined from the perspective of the party that takes the initiative to create a SPIN.

Phase	SPIN type		
	Complex	Simple	Complicated
0	Decision on the need to collaborate		
1	Decision on the most appropriate SPIN type based on the market situation (pre-market, market expected in the short term or existing market) and own strategic choices.		
2	Define objectives of the SPIN Define role and interest of the coordinator	Initial business plan	
3	Identification of members	Identification of associates	Identification of partners
4	Initial contact with other parties and invitation to meet		
5	Clarification of intentions and objectives	Bilateral meetings	
6	Common meetings	SPIN Contract	Common meetings
7	Decision on the continuation of the SPIN or transition to another SPIN type	Common meeting	Business plan
8	See phases 1 to 8 for other SPINs	Business plan	SPIN Contract

<sup>1</sup> For more information on the categorisation of SPINs read Organisational tools for SME Partnerships for Innovative Energy Services.

## Preparatory phase

Before a decision is made about the creation of a SPIN the initiating organisation or company should evaluate the need for collaboration. A company should collaborate only if it will enhance its competitive positioning in the market place. If the evaluation shows that collaboration within a SPIN is the best strategic option the company should define its own role in the future SPIN and its potential relationship with the other parties.

## Phase one

Phase	SPIN type		
	Complex	Simple	Complicated
1	Decision on the most appropriate SPIN type based on the market situation (pre-market, market expected in the short term or existing market) and own strategic choices.		

The first phase in the creation of a SPIN is common for all SPIN types. It includes an initial analysis of the market situation, the own competitive situation, the opportunities for a potential SPIN and the most appropriate SPIN type.

The two major organisation tools in this phase are the Business Model Canvas and the Guidelines on SPIN categorisation.

### Organisational tool 1 - The Business Model Canvas

The Business Model Canvas is a strategic management and lean start-up template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or SPIN's key partners, activities, resources, customers, cost structure and revenue streams. The Business Model Canvas can be printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with post-it note notes or board markers. It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.

The business model canvas is described in the book "Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers" by Alexander Osterwalder and Yves Peigner (co-author), 2009.

A preview of the book is available on:

[www.businessmodelgeneration.com/downloads/businessmodelgeneration\\_preview.pdf](http://www.businessmodelgeneration.com/downloads/businessmodelgeneration_preview.pdf)

An explanation how to create a business model canvas can be found on:

[www.alexandercowan.com/business-model-canvas-templates](http://www.alexandercowan.com/business-model-canvas-templates)

## Organisational tool 2 - Categorisation of SPIN types

An important insight is that SPINs can be categorized in three significantly different types.

A good understanding of the different organisational SPIN types, the related management decision rules and how to choose the most appropriate SPIN type is a major factor in the ultimate success of a SPIN.

The Business Model Canvas can be used to compare the different SPIN types and to take a decision on the most appropriate type. When a specific SPIN type is selected this can be integrated in a next version of the business model canvas as the SPIN type will have an impact on all aspects taken into account in the Business Model Canvas.

An additional insight is that a SPIN can be situated near the border area between different types or can move from one type to another. A SPIN that is situated near the border area will have characteristics of two or more types which will make the interrelationships between the SPIN actors more difficult to define.

The categorisation of SPIN types is explained in “D2.02 Organisational tools for SME Partnerships for Innovative Energy Services”, available on:

[www.epcplus.org](http://www.epcplus.org)

### Phase two

Phase	SPIN type		
	Complex	Simple	Complicated
2	Define objectives of the SPIN Define role and interest of the coordinator	Initial business plan	

### Complex SPIN

The goal of a Complex SPIN is to become a Simple or a Complicated SPIN or to generate one or more of these SPINs. The coordinator should define the exact objectives of the Complex SPIN as well as its own role in the Complex SPIN and whether it has the intention to participate in a potential future Simple or Complicated SPIN. When a coordinator is already a service provider or has the intention to become one, it should define how a potential conflict of interests with potential members can be avoided and how its role and interest will be communicated to potential members.

In both cases the credibility as coordinator and the acceptance of its role by future members of the SPIN is an important success factor. Trust will be easier to achieve when the role of the coordinator is limited to supporting other companies to create a Simple or Complicated SPIN.

### Simple and Complicated SPINS

In a Simple and Complicated SPIN the second phase includes the development of an initial business plan by the Principal (Simple SPIN) or by the Leading Partner (Complicated SPIN). This initial business model could be used to present ideas to potential SPIN partners or associates later in the process.

The initial business model will also help to identify potential information gaps and will support thinking and the exchange of ideas as part of the planned process.

### Phase three:

Phase	SPIN type		
	Complex	Simple	Complicated
3	Identification of members	Identification of associates	Identification of partners

The third phase is about the identification and selection of potential parties. This phase is common for all SPIN types but totally different in terms of the most appropriate parties. Potential parties can be found on membership lists of national and international associations and chambers of commerce, via own networks, etc.

#### **Complex SPIN**

If a coordinator of a Complex SPIN will act as an independent facilitator it should select parties with a variety of expertise, services, resources and ambition.

The objective should be to bring together a pool of companies where new initial relationships (“circles”) can be created between these companies as a result of a dynamic interactive process generated and supported by the coordinator.

When a coordinator has the intention to become part of a future Simple or Complicated SPIN it should already take this intention into account in the selection of initial members to safeguard its own position.

#### **Simple SPIN**

The selection of potential associates in a Simple SPIN is based on the need of the associate in terms of additional expertise and services and the likelihood that selected potential associates will be willing to work in a Principal–Associate relationship.

#### **Complicated SPIN**

The selection of potential partners in a Complicated SPIN should be done with great care. Once created a complicated SPIN will act as a whole and partners will be largely interdependent.

## Phase four

Phase	SPIN type		
	Complex	Simple	Complicated
4	Initial contact to other parties and invitation to meet		

In the fourth phase the potential members, associates or partners should be contacted and invited for participation in a common meeting in a Complex SPIN or for initially bilateral meetings in a Simple and Complicated SPIN.

## Phase five

Phase	SPIN type		
	Complex	Simple	Complicated
5	Clarification of intentions and objectives	Bilateral meetings	

### Complex SPIN

The fifth phase for a Complex SPIN is a clarification of the objectives of the SPIN and of the intention and role of the Coordinator.

To create trust and willingness to participate in a Complex SPIN the potential members should know in detail what they can expect from participating and what is expected from them. This clarification can be under the form of a gentlemen's agreement, memorandum of understanding or contract. While non legally binding documents are appropriate for SPINS with an independent coordinator, legally binding documents are better for SPINS where the coordinator has a commercial objective.

### Simple and Complicated SPINS

The fifth phase in a Simple and Complicated SPIN are bilateral meetings with potential associates or partners to discuss potential collaboration, the role of each party and next steps.

## Phase six

Phase	SPIN type		
	Complex	Simple	Complicated
6	Common meetings	SPIN Contract	Common meetings

### Complex SPIN

The sixth phase in a Complex SPIN are common meetings with all members. Based on a preliminary analysis of the characteristics of the members, observation during these meetings and/or by asking members, one or more self-organising circles of members can be identified. Once identified a decision can be made whether or not to continue with one or more of these circles.

### **Simple SPIN**

The sixth phase for a Simple SPIN is a Principal-Associate agreement. This agreement is needed to safeguard the position of the Principal and should be agreed before the Associates will meet each other in or outside common meetings organised by the Principal.

#### **Organisational tool 3 - Simple SPIN master contract template**

The Simple SPIN master contract template is based on the assumption that the Principal has a strong bargaining position. It is mainly a master subcontracting contract.

In reality a SIMPLE SPIN can be situated in the border area between the Simple and Complicated domains and have some elements of a partnership. Principals of a Simple SPIN are recommended to read the master contract template of a Complicated SPIN and to integrate parts of it in their master contract if needed.

A template of a Simple SPIN master contract can be found on the EPC + website:

[www.epcplus.org](http://www.epcplus.org)

An example of a memorandum of understanding is also available for EPC + partners.

### **Complicated SPIN**

The sixth phase for a Complicated SPIN are common meetings with all partners to discuss and agree the objectives and structure of the SPIN, the contribution, responsibilities and tasks of each partner.

**The business model canvas and initial business plan developed in phase 2 can be used to support this process.**

## **Phase seven**

Phase	SPIN type		
	Complex	Simple	Complicated
7	Decision on the continuation of the SPIN or a transition to another SPIN type	Common meeting	Business plan

### **Complex SPIN**

Phase 7 is the final phase in the life cycle of a Complex SPIN. In this phase a decision will have to be made about the continuation of the Complex SPIN or to start the process to become or to generate one or more Simple SPINs or Complicated SPINs. The Coordinator can decide to continue its role as a consultant to support companies to create a Simple or Complicated SPIN if it had not the intention to become a party in one of these SPINs.

### **Simple SPIN**

After the Principal has a contract with its different associates the Principal can organise a common meeting to discuss the market and business opportunities. The outcome of this meeting can be used to feed the business plan of the Principal.

### **Complicated SPIN**

Following the common meetings in the previous phase a business plan should be developed with a strong involvement of each partner. The final business plan will have to be accepted by each partner and will be the basis for contract negotiations in phase eight.

## **Phase eight**

Phase	SPIN type		
	Complex	Simple	Complicated
8	See phase 1 to 8 for other SPINs	Business plan	SPIN Contract

### **Simple SPIN**

After the Principal has a contract with its different associates the Principal can organise a common meeting to discuss the market and common business opportunities. The outcome of this meeting can be used to feed the business plan of the Principal.

### **Complicated SPIN**

The partners in a Complicated SPIN have to agree on the partnership resulting in a contract between all partners.

### **Organisational tool 4 - Complicated SPIN master contract template**

The Complicated SPIN master contract template is based on the assumption that the SPIN is a real partnership between equal partners. In reality a Complicated SPIN can be situated near the border area between Complicated and Simple and have elements of a Principal – Associate contract.

A template of a Complicated SPIN master contract can be found on the EPC + website:

[www.epcplus.org](http://www.epcplus.org)

### 3. Other organisational tools

There are a number of other tools that can be used during the creation of a SPIN and when a SPIN is active.

#### **The deontological code**

The European Code of Conduct for Energy Performance Contracting (EPC) launched by the IEE project Transparens<sup>2</sup> in 2014 defines the basic values and principles that are considered fundamental for the successful preparation and implementation of EPC projects.

The main role of the Code of Conduct is to bring confidence to the EPC market in the European Union taking into account its variety across the member states. Compliance with the Code of Conduct can be seen as a minimum level of required quality of implemented EPC projects.

The Code of Conduct is an important tool in the relationship between the actors in a SPIN and between the SPIN and its clients.

The Code of Conduct can be found on:

[www.transparens.eu/eu/epc-code-of-conduct/](http://www.transparens.eu/eu/epc-code-of-conduct/)

#### **Document storage and synchronisation cloud solutions**

Document storage and synchronisation solutions help people work together on a single document or file. It is software that allows teams to work on a single document, such as a business plan at the same time from different computer terminals or mobile devices.

Examples of document storage and synchronisation cloud solutions are Google Drive and MS Sharepoint.

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<sup>2</sup> [www.transparens.eu](http://www.transparens.eu)