

CHANGE OR DIE: Effective Utility Business Readiness Through Change Management

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Change Management is not new to enterprises facing challenges, either elective or forced upon them. It has evolved in its perspective, sometimes being considered simply re-training, targeted internal communications, or implementation of new automated systems. However, as with all companies striving for success, utilities now realize that Change Management must become a deliberate process that assists their organizations to achieve useful business transformation. Also referred to as Organizational Readiness, real Change Management provides a systematic approach for participants to embrace new ways of doing business.

Successful change management results in a flexible organization that fully embraces new methods of executing key business activities, adopts more efficient and responsive methodologies, and can efficiently utilize new tools and enterprise systems. Change management strategies are most effective when they are tailored to the unique characteristics, drivers, and business models of each utility.

Urgency for Change

Utilities have been traditionally characterized by a seasoned workforce and well established work processes. The industry has tended to be highly conservative, slow to change, and engineering oriented. They have operated with manual or quasi-automated processes for many years, relying on employees with specialized procedures, well-honed skill sets, and a deep reservoir of system knowledge in their heads.

The pressure of rapid technological evolution, coupled with an aging workforce, provides both challenges and opportunities for utilities. Utilities must capitalize on the potential of technological innovation to support the transitioning of the workforce pool, enhance customer services, and implement improvements in operational efficiencies.

Smart Utility implementations are providing data-rich systems for enhancing utility practices. Utilities are evolving to a proactive service model, equipping their workforce with information to restore outages faster, assessing data trends for optimizing

infrastructure changes, providing conservation consultation services to customers and offering pricing options and customer-behavior based plans.

As the utility industry transforms its business model, change management is becoming critical to realizing the immediate and long-term benefits of technology implementations. Internal change management is vital to the successful implementation of improved business practices, while external change management is critical to managing the expectations and communications with customers and external stakeholders.

Unique Challenges

In tailoring organizational change for utilities, some of the unique challenges to consider are:

- Staging a complex implementation over a long period of time to sustain focus and complete all envisioned process improvements
- Managing the impact to Business Units and ensuring realization of the business benefits
- Developing an effective communication plan to manage expectations, prudently inform stakeholders, and sustain motivation
- Realizing and sustaining business transformation to impart permanent business process improvement

Many utilities are embarking on very large initiatives involving complex implementations over an extended period of time. Typically, these systems and technologies have significant impacts to employees and processes as well as customers. Utilities must design their implementation programs to address large service territories with diverse needs, as well as to communicate effectively across this diversity. It may also be especially challenging to execute a transition plan, which may include both old and new systems operating in parallel, as well as to stage these transitions across multiple regions.

And, while utilities have worked to centralize some activities (e.g., call centers and control centers), other activities are decentralized, such as execution of capital construction and O&M activities – making running old and new processes in parallel even more challenging. All of this program implementation complexity is compounded by the coordination required with multiple vendors and aggressive schedules.

Successful program implementation requires proactively managing the expected impacts to the utility's key Business Units. Complex implementations often bring significant process change and usually have a large impact to a significant number of employees in many departments. The utility may potentially need to coordinate with one or more collective bargaining units. Critical elements to managing impact include workforce transition and training, and consideration of workforce demographics.

Change management is dependent upon developing a comprehensive change plan. The plan must set forth approaches to manage change internally within the organization (executives, stakeholders, and employees) as well as to manage the changes externally to customers, unions, regulators, community groups and other third parties. It is vital that external change management communications embrace the utility's long-term strategies regarding rates and its vision for Smart Grid implementation.

Once an effective plan is in place, the challenge becomes realizing and sustaining business transformation. This is dependent on building internal ownership of the transformation initiatives and promoting adoption of the new business processes and methodology. Ultimately the realization of benefits is dependent on implementing the improved business processes.

Two examples of successful utility change management programs follow.



Westar Energy – SmartStar Lawrence Program

Westar Energy is an investor owned electric utility (IOU) headquartered in Topeka, Kansas. It is the largest electric company in Kansas, employing approximately 2,400 employees and serves more than 687,000 residential, commercial and industrial customers in the eastern third of the state.

Westar Energy generates more than 7,100 megawatts of electricity, and operates and coordinates 35,000 miles of distribution lines. Their diverse energy mix includes wind, coal, nuclear energy, natural gas and landfill gas generation.

Project/Technology Overview

The U.S. Department of Energy recently awarded a Smart Grid Investment Grant to Westar Energy to develop its Smart Grid project in the city of Lawrence, Kansas. The SmartStar Lawrence Program involves the implementation of Advanced Metering Infrastructure (AMI) and Meter Data Management (MDM) systems and will result in smart meters, interactive web access, technology enhancements and improved electric service in Lawrence.

Business Transformation Challenges

Westar Energy is preparing to address expected people related impacts and issues of this transformation initiative by preparing their workforce, customers and the Lawrence community through their Organizational Readiness and Change Management effort.

Westar Energy has established the following key success factors for its transformation initiative:

- Active and visible sponsorship
- Establish leadership agreement on initiative direction and guidance
- Leverage strengths of individual leaders throughout the initiative
- Promote awareness, understanding and acceptance
- Equip workforce with knowledge, training and tools
- Facilitate transition and reinforcement for sustainability

Implementation Highlights

Westar Energy is proactively building internal and external awareness of the SmartStar Lawrence Program. Extensive customer and community outreach initiatives have been executed. External initiatives implemented to date include community open houses, media announcements, social media interactions, and customer surveys. While the project is in its early stages, socializing the notion of having a new smart meter installed and introducing the benefits allows the customers and community to ask questions and engages them in the effort. Future plans include enhancing employee engagement with employees residing in the Lawrence community. Preparing them as community ambassadors will not only serve to assist in communications effort, but also return feedback from the community to improve future efforts.

CPS Energy – GIS Migration Project

CPS Energy (San Antonio, Texas) is the nation's largest municipally owned energy utility, and provides both natural gas and electric service. CPS Energy serves 707,000 electric customers and 322,000 natural gas customers in and around the seventh-largest city in the nation. CPS Energy employs approximately 3650 employees.

CPS Energy customers' combined energy bills rank among the lowest of the nation's 20 largest cities. Their diverse mix of fuels includes nuclear energy which satisfies 34.6 % of greater San Antonio's electrical generation needs, followed by coal at 34.4 %. Natural gas and oil makes up 15% of the fuel generation mix while renewable energy, including wind, solar and landfill-generated methane gas, comprises the remaining 16%.

Project/Technology Overview

CPS Energy's GIS project aimed at enhancing their GIS systems by migrating from AutoCAD to ArcFM Designer. This transition involved migrating from a static manually driven system and processes to a dynamic system with increased automated real-time transactions. Implementing a new interactive GIS system allows real-time changes of infrastructure and services, resulting in current and accurate maps for field personnel to perform their jobs and services safely and efficiently.

Benefits from current and accurate maps also supported other internal departments dependent on current maps, thereby enhancing customer service. This migration also served as a prerequisite for the AMI initiative, preparing the landscape of real-time accurate mapping data. Project changes included:

- A shorter As-Built lifecycle
- Designers acquired entire As-Built process and learned the new tool
 - Process takes longer because of the inherent ownership, but overall life cycle is shorter
 - Performance metrics were revised to reflect process time
 - Enhanced communications between designers & foremen
- New Quality Assurance (QA) department was formed and staffed
- QA Staff were trained on the new tool and processes
- Employees were trained for new roles within their department or trained for alternative positions throughout the organization

Business Transformation Challenges

Introducing new technology where seasoned employees have worked their entire career in the same role creates

impacts and raises the challenge of how to best prepare them for a new way of doing business. The CPS Energy workforce possessed strong GIS capabilities and a strong work ethic. The transition from manual and paper-driven processes to automated and interactive processes required a varied and broad based training effort. Several roles and positions dissolved, due to reducing the backlog of modified maps needing to be entered into the system, while new positions with different roles and skill sets emerged to operate and maintain the new processes.

Implementation Highlights

Change Management was recognized early as an essential component for success, particularly in light of anticipated workforce impact. The initiative included assessments of current employee skill sets and roadmaps for implementing the new technology in a robust and scalable environment. This process revealed the need for new business processes and changing and dissolving of existing employee roles. Impacted employees were identified and prepared for the impacts to their roles, the new technology and the new processes required.

CPS Energy was mindful of positioning visible and active sponsorship throughout the initiative. Sponsorship and leadership involvement included regular town hall meetings, frequent face-to-face interactions with the project team and impacted employees and an extensive training effort to equip employees for success.

Managers and supervisors played a key role in the success of the initiative. They recognized the need for adopting new tools and took ownership of their respective areas to promote awareness and to equip their employees, which ultimately enhanced the speed of adoption.

ABOUT THE AUTHOR

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