Briefing Paper
Organization Redesign Status Report

June 12, 2009

Background and Introduction

Energy Trust came into being in 2001, formed its board and advisory committees, hired initial staff, crafted a strategic plan and budget, camped out in surplus office space at the Climate Trust and got to work. A handful of pilot programs were launched in early 2002, coinciding with the initial collection of public purpose revenue. They previewed what was possible to achieve in energy savings and renewable energy generation.

Seven years later, programs for every type of customer are well established, customer satisfaction ratings are consistently high and results are measurable and reliable. Drawing on the expertise of contractors and staff, Energy Trust has gained credibility as a neutral, third-party source of information to customers, assisting them in understanding and encouraging investments in clean energy options.

In 2008, 60,000 diverse projects were completed, representing a 22% increase over 2007 activity. Cumulatively, Energy Trust has saved and generated enough clean energy to power 221,000 Oregon homes and heat another 18,300 homes with natural gas. That translates into $144 million in annual savings to utility customers who have participated in our programs. In addition to direct energy benefits, Energy Trust programs have helped eliminate one million tons of carbon dioxide from our atmosphere, equivalent to removing 175,000 cars from our roads. In the most recent report to the Legislature of public purpose funds investments, ECONorthwest stated that Energy Trust activities have resulted in 1,800 new jobs, stimulated $60 million in wages and $9.1 million in new business income. All told, we have gained traction and the wind is at our backs.

But for the SB 838 extension of the public purpose funding mechanism through 2025, Energy Trust would now be in a declining mode, winding down services and closing our doors in early 2012. Instead, by all measures and from all vantage points, there is terrific growth in the demand for, type and volume of activity engaged in by Energy Trust. In our short history, our services have expanded, diversified and changed in many ways, witnessed by:

- Adding natural gas efficiency services in 2003 and 2004
- A doubling of electric efficiency funds through SB 838 supplemental funding (2007-2008)
- Transitioning from utility scale wind farms to projects 20 MW or less (2008-2009)
- Extending services for some BPA commercial customers (2008)
- Adding services for NW Natural industrial customers (2009)
- Anticipated expansion to Washington state residential and commercial customers of NW Natural (2009)

In December 2008, executive director Margie Harris shared a vision with the staff and board, one that echoes the need to acquire double and triple the volume of energy savings and renewable energy at a much faster rate in order to prepare for the increased demands and opportunities that will accompany a more carbon-constrained future. A path was outlined for how to build upon the organization's skills and strengths to become even more productive and effective at the work we do. In early 2009, Energy Trust began a process of organization review and redesign with the goal of enhancing our ability to be scalable, responsive, and ready to contribute to the challenges of a more carbon-free energy future.

Purpose and intention of the organization re-design
The design project set out to:

- Dramatically increase results by encouraging current customers to do more ("going deeper") and by attracting more diverse customers
- Package our product offerings and services differently for different customers
- Provide "one-stop" integrated efficiency and renewable energy services for those customers interested in being "green", sustainable, and reducing their carbon footprint
- Enhance the experience of customers participating in our programs, making the requirements and the process easier and more transparent
- Simplify our work flow processes to gain efficiencies, eliminate unnecessary steps and otherwise improve ease and speed
- Position Energy Trust to be flexible, nimble and scalable, ready for changing market conditions and future opportunities

Specific outcomes or "imperatives" guided the work:

- How can we increase volume with marginal staff increases?
  - Attract more of the same customers by sector
  - Attract more from the same customers by sector
- How can we "expand" with limited new staff?
  - New customers
  - New products
  - "Whole"/integrated efficiency and renewable solutions
  - Double then triple the amount of clean energy we acquire

Throughout the effort, we remained focused on our primary mission to obtain cost effective energy efficiency and pay the above-market costs of renewable resources to benefit customers of Oregon investor-owned utilities.

Approach used
The organization design review was conducted by our own staff, not by external consultants. A carefully selected 8-person Design Team represented a cross section of staff most directly connected to our program efforts. Chuck Ensign and John Runyan were retained to teach the design process and its methods and to facilitate and guide the process. In a flexible and iterative approach, the Design Team worked collaboratively to complete their design work. At several times through the course of the design work, large numbers of staff and contractors engaged with the Design Team in special "Creative Juices" meetings to review preliminary findings and generate observations and ideas to inform the Design Team's work.

The effort focused in two major areas:

1. An exploration of the *technical systems* we have in place, including an analysis of our key, representative work flow and processes to help us save time and resources, simplify and better fulfill our requirements while improving the customer's experience
2. Expanded attention to customer service as a way to motivate existing customers to do more and to attract and better serve new and different customers, keys to unlocking greater volume of activity and results

High Level Outcomes
The following highlights summarize ideas to a) increase productivity of technical systems and work flow and b) to enhance customer service:

A. Increase Productivity

- ✓ Clarify roles and responsibilities of program managers to reduce duplication and to increase delegation and allow managers to focus on strategic planning, thinking and effective contract management rather than administrative duties
- ✓ Where needed, dedicate and assign some functions, such as marketing and solar program services, to particular programs to engender greater familiarity with program needs and capacity to efficiently and effectively integrate them
- ✓ Further align planning and evaluation activities in support of program activities, needs and priorities, ensuring market research and analysis functions are addressed
- ✓ Clarify and separate responsibilities between PMCs and Energy Trust staff to better align available resources, streamline activity and eliminate any duplication
- ✓ Create a new development function to assess, design and launch pilot activities and new innovative initiatives linked to short -term market opportunities and technologies
- ✓ Establish improved systems and protocols to collect accurate, quality data, ensuring availability of the right data to serve program, evaluation, reporting and other analytical needs and to reduce the administrative problems created by data quality issues
- ✓ Instill a culture of continuous improvement of our work flow processes through training in identification of problems and empowerment of staff to make necessary adjustments

B. Customer Focus

- ✓ Create an organizational culture that gives priority to customers' needs and uses processes that maximize customers' ability to access Energy Trust programs
- ✓ Add market intelligence capabilities to sharpen our understanding of dynamic market opportunities and different customer needs and provide more immediate feedback and insights on how well programs are working, helping us better plan and effectively strategize
- ✓ Realign our organization to include single points of contact and clear account management roles, greatly improving pre-screening, cross-promotion, routing and service to customers based upon their interests and needs
- ✓ Create a structure capable of serving distinct customer types – public sector, business, home, industry and agriculture, and unique renewable energy applications – integrating comprehensive energy solutions that recognize the differences in customer needs, opportunities and how they make decisions

- ✓ Invest even more in our trade allies as our front line sales force to customers, gaining better understanding of their business models and equipping them with the tools they need to best represent our products and services

Next steps

The work of the Design Team is now being transitioned to the steering committee (Margie Harris, Steve Lacey and Peter West) and then to the full management team. An extensive draft report detailing the Design Team's efforts, findings and recommendations was presented to the steering committee on June 3rd at a joint meeting of the group. At least one additional meeting will be scheduled later this month to further clarify and discuss parts of the report and ensure understanding. (June)

The Design Team will continue to function in a consultative role to the steering committee the full management team and staff, helping interpret aspects of their recommendations and further refine them based upon input from others. Out of this dialogue, a final draft of the Design Team's report and recommendations will be shared with staff. (July)

Once agreement has been reached and final decisions made on the design and recommendations for changes to processes and organizational capability, an implementation plan will be developed. The management team will identify and sequence the activities and priorities necessary to transition to the new design and new ways of working. To the extent possible, initial changes will be dovetailed with the mid-year budget discussion at the July 29 board meeting. The design will also provide the foundation and structural elements to help achieve the new strategic plan, to be adopted by the board no later than this Fall. (July-August)

To shift from how we do our existing work to a series of improvements requires a thoughtful transition and implementation plan. Specific elements of the Design Team recommendations will become an integrated part of the organization's priority setting, teambuilding activities, training and skill building. This will require extensive internal communication and engagement with staff and external contractors. It also will potentially address a variety of carefully managed changes, including: some modest changes in office seating arrangements, new reporting relationships and work teams, new position descriptions, updated work plans and corresponding training and staff development activities. Where appropriate and necessary, these activities will be reflected in the 2010 budget and action plan. (August into 2010)