Briefing Paper
Organization Redesign Update

September 2, 2009

Summary

This summary describes a comprehensive redesign effort completed by the Energy Trust of Oregon in summer, 2009. It introduces the purpose of the redesign, approach used and conclusions reached by the design team and the management team. It also describes actions now being taken and planned for the future to implement the design and achieve results.

Background

- In December 2008, Executive Director Margie Harris challenged the organization to build upon our strengths and achieve even greater results - double or triple - sooner. The two keys to unlock these results were to be more productive and efficient internally and to focus more on customers externally.

- To ensure Energy Trust is ready to meet future challenges where even greater expectations for conservation, efficiency and renewable energy development are anticipated, Energy Trust embarked on the organization redesign effort.

- Much of the organization redesign work was completed by an eight-person, multi-disciplinary design team comprised of Energy Trust staff, guided by consultants Chuck Ensign and John Runyan and supported by a steering committee comprised of Margie Harris, newly appointed Energy Programs Director Peter West and newly appointed Operations Director Steve Lacey.

- With the intention to build upon Energy Trust's strengths, the steering committee provided the design team with a list of "imperatives" - fundamental challenges to guide the redesign process and describe how to:

    - ✓ Achieve dramatic increases in results by attracting more and different types of customers and by encouraging all participants to take more actions at one time
    - ✓ Deliver "one-stop" integrated efficiency and renewable energy services, especially for those customers interested in being "green," sustainable, and reducing their carbon footprint
    - ✓ Enhance the customer participation experience through more customer-friendly, simplified requirements and processes
    - ✓ Improve work flow to gain efficiencies, eliminate unnecessary steps and otherwise improve both ease and speed
    - ✓ Create a flexible, nimble and scalable organization, ready to address market conditions and future opportunities

- An integral part of the design team methodology was learning how to "map" a sampling of major work processes representative of how services are designed and delivered to customers. This process revealed "variances", where internal work slows down and results in inefficiencies, stemming from upstream "root causes." The design team spent

considerable effort identifying ways to resolve root causes and eliminate variances so that staff workload, productivity and the experience of customers would all improve.

- The process for completing the redesign was very inclusive. The design team presented preliminary results of their work-process mapping to 40+ Energy Trust staff and contractors engaged in several "Creative Juices" meetings. During these all-day sessions, participants reviewed preliminary design team findings and generated observations and ideas to inform redesign work.

Discussion

- In early June 2009, the design team completed a substantive draft written report describing issues, opportunities, variances, root causes and recommended organizational changes to address steering committee imperatives.

- The management team reviewed and discussed the report with the design team and supported many of the recommendations as proposed. In other instances, alternative ways to address the needs identified by the design team were brought forward.

- Redesign findings and proposed follow-up actions fall into four major categories: (1) work process and productivity improvements; (2) customer focus improvements; (3) cultural changes and (4) structural changes. Major highlights are summarized as follows:

1. Work Process and Productivity Improvements

Major Finding	Proposed Actions
Existing IT systems are insufficient to collect, store and allow easy analysis of the current and projected volume and type of data required and used.	Complete Enterprise Resource Project and data warehousing project, incorporating future data requirements and continuing to automate forms.
Data collection needs to conform to Energy Trust standards and be consistent with our established business practices.	Revise PMC contracts to include responsibility and accountability for accurate data entry and consequences for poor quality data entry. Seek input on program requirements and ways to simplify and improve data gathering from trade allies.
Energy Trust needs to remain competitive and keep costs as low as possible by continuously improving our productivity to gain operational efficiency and effectiveness.	Provide staff training on how to map workflow and other processes, identify variances and root causes and resolve them. Through budgets, PMC and other efforts, reinforce expectations and recognize creative ways to reduce costs while still achieving goals. Integrate continuous improvement practices into processes and work plans.

Current procedural requirements for internal controls can lead to cumbersome forms and administrative time that can delay projects.	Revisit the benefit/risk ratio associated with program forms and procedures and consider reduced requirements where customer impact is high and risk is low.
Each program continuously innovates in decentralized ways without always linking to overall Energy Trust strategies, securing necessary corporate level prioritization, or coordinating with those impacted to make joint decisions.	Assign planning and evaluation the responsibility to define and establish a new, more formalized approach to evaluate innovative opportunities and decide whether and when to launch new pilot initiatives.

2. Customer Focus

Major Finding	Proposed Actions
Our products and services need to be reoriented from a focus on individual program offerings to a focus on customers	Use workflow mapping to drive customer focus enhancements at sector and program levels. Provide customer service training to key staff.
Market research decisions and timing need to be more intentionally integrated and prioritized with sector and program planning, design and delivery decisions to better align programs with existing and new customers and to further motivate customer actions.	The planning and evaluation group will coordinate, solicit and determine market research ideas and budget priorities annually, with shorter-term market research ideas reviewed through a new development function.
Current marketing activity largely corresponds to individual programs and opportunities within them; whole energy solutions need to be promoted.	Using market research and intelligence, develop new strategies and messages that encourage customers to take comprehensive actions.

Our current PMC delivery model and individual program design can lead to missed opportunities to provide similar types of customers with more integrated, comprehensive solutions.	Modify PMC and PDC contracts to require promotion of cross-program and cross-sector initiatives. Include cross-program and cross-sector initiatives in marketing and website. Provide training to enhance greater awareness and communication of services to customers. Transition to more of an account management approach emphasizing "one-stop shopping."
Energy Trust programs are more challenging for people who need more guidance and decision making assistance.	Evaluate energy advocate role through Clean Energy Works and EEAST pilots. Consider having trade allies prioritize and recommend specific measures; and rating trade ally performance. Assess risk to trade ally relationships against the value to customers. Modify trade ally and customer focus strategies and tools pending outcomes of opportunity/risk assessment.
Our Portland location can limit perceptions of available services.	Set market penetration goals for geographic areas where activity could be greater. Continue to leverage utility, local government, community, trade association and local media contacts to diversify outreach strategies and attract participants. Effectively communicate geographic activity and investments to stakeholders.

3. Cultural Changes

Major Finding	Proposed Actions
Improve efficiency by clarifying authority, decision-making and accountability, shifting responsibilities to lower levels within the organization	Update position descriptions to clarify staff roles, decision-making responsibilities, authority and accountability.

New skills will be required to successfully transition to a future focused on customers and greater results.	Develop an annual prioritized and targeted training schedule in support of the organization redesign. Build opportunities for skill development into staff development plans.
Authority, responsibility and process for project sponsorship and management needs to be clearer and effectively communicated.	Design, adopt and use a project management methodology to initiate, plan, execute, control and close projects.
Instill a sense of accountability and ownership related to the new design.	Use annual work plans to clarify roles and responsibilities and strengthen accountabilities related to the new design and achievement of organization goals.
To remain competitive as the preferred service provider, require staff to continuously seek efficiency improvements and manage costs.	Adopt new project management and continuous improvement skills and employ their use on an ongoing basis.

4. *Structural Changes*

Major Finding	Proposed Actions
To attract customers that are more diverse and to entice existing customers to do more requires a deeper understanding of different customer needs and motivations. Beyond an incentive-based program-specific effort, the new design facilitates deeper understanding of markets, responds to individual customer types, provides more sales emphasis, and matches comprehensive energy solutions to like customer groups.	Shift from a program-centered structure to a customer-focused structure by organizing energy services into three distinct sectors representing Homes, Business, and Industry/Agriculture and focus on their distinctive, holistic needs. Each sector group will be responsible for strategic planning and service delivery to meet the distinctive needs and decision-making approaches of its specific customer group and achieve short and long-term goals. Begin to create an account management approach for public sector clients as part of the business group.
Solar is the one renewable that has distinctive residential and commercial applications. Solar staff currently focuses on one sector or another though remain housed within the renewables group.	Move existing solar staff to both the homes and the business groups reporting to the sector lead and tie performance goals to that group.

Though current resources from the communications and customer services group are assigned to residential and commercial marketing roles, they remain a step removed from the strategies and goals of their respective sectors.	Dedicate and fully integrate existing resources for residential and commercial marketing to the homes and business group. Provide marketing support to the renewable resources group and industrial and agriculture group through the Communications and Customer Service team.
Program managers spend too much time on administrative and operational tasks, including fixing data problems, at the expense of time to think strategically, plan, manage and problem-solve.	Select a sector lead for the Homes Group, the Business Group, and the Industry/Agriculture group to focus on and develop longer-term customer-focused strategies, set priorities, manage contractors, develop business relationships, manage the budget and meet goals. Transition to operations analysts within the homes and businesses groups to work with IT and ensure high quality data collection through PMC's, data management, analysis and reporting, making more program management time available to strategize, plan, manage PMC's, monitor budgets and ensure achievement of program goals.
The Renewable Resources Group provides individual assistance to project developers using market development strategies and financial incentives, all of which are greatly influenced by changing policies, legislation and technology costs.	Maintain the Renewable Energy Group to focus on distinctive markets and technologies for all renewable energy assistance except for solar. Appoint a group facilitator from the existing team to coordinate the group as a whole.
There is insufficient capacity to provide assess of cost-effectiveness of individual measures, causing a bottleneck and delay in programs. In addition, program staff need quicker feedback on how well programs are working and need more strategic information on customer segments and market intelligence.	Create additional capacity within the Planning and Evaluation Group to assess program measures in a timely manner, complete shorter-term evaluations, generate feedback in support of program design, and improve management of pilot initiatives.

Support, training and management of over 1200 trade allies is currently combined with the customer service management and call center responsibilities of a single manager.	Split the customer service function apart from trade ally function and assign to existing (vacant) position in the communications and customer services team. Create capability to further support and engage trade allies as our front-line sales force, especially in outlying geographic areas of the state.

Conclusions and Recommendations

To summarize, the majority of the identified opportunities and recommended changes from the redesign will be internally addressed by existing staff. Some individuals will be reassigned to fulfill new and different duties and responsibilities consistent with the redesign. Still other topics will appear in updated contracts, new policies and procedures and new ways of doing business.

Realignment of existing resources will carry us most of the way toward completing the redesign and realizing corresponding benefits in all four areas identified (above). To realize the full potential of the redesign requires not only reallocation and distribution of existing resources, it also requires additional resources. These are needed to match our strength and capacity with growth and potential in engaging area leads and program managers in strategic planning, measure evaluation, management of innovation and pilots, data analysis and customer service for production efficiency.

A total of four positions are identified to jump start the redesign. They are:

1. Two sector leads, one each for the homes and the business groups, whose responsibilities span strategic thinking and planning, research, analysis, budgeting and goal achievement for these sectors as a whole. Program managers will benefit by having more management time available to apply strategic concepts and market intelligence, manage PMC's, monitor budgets and ensure achievement of program goals.

2. Add a development engineer in planning and evaluation to provide faster analysis of cost-effective program measures to alleviate current bottle-necks, help prepare for commercial code changes, and realize IRP goals. The intent is to accelerate measure development and free up time for other existing planning and evaluation staff to conduct market research and develop pilots in support of programs.

3. To address growth in volume stemming from the small industrial program initiative and inclusion of NW Natural Industrial gas pilot in the (internally managed) production efficiency program, permanently hire our production efficiency intern as a full time production efficiency coordinator. In addition to providing data entry and forecasting roles, he will also undertake more communications, marketing and outreach activities with program delivery contractors. This will enable the current program coordinator to assume operations analyst roles similar to the business and homes groups while also performing project management duties for lighting and the small industrial initiative.

These changes address current demand but do not fully address expanded potential and scalability in the industrial sector.

In the course of completing the upcoming 2010 budget and action plan, additional redesign components will be included. These will expand on the cost-savings opportunities from work flow productivity and efficiency gains as well as customer focus and service. In addition, the level of program acceleration will be linked to final decisions regarding funding levels for both gas and electric efficiency and a better understanding of our strategic role for renewable resources.

Next Steps

To implement the organization redesign and realize its full benefits requires an ongoing team effort throughout the organization. Many activities will be initiated starting this fall. The Steering Committee (Margie Harris, Steve Lacey and Peter West) will remain in a leadership role, working in concert with all management team members to implement the redesign. As originators of this effort, the Design Team will lend their expertise and provide background, helping "keep the flame." A full implementation plan will be prepared by the end of this year and will clarify, prioritize and assign tasks for completion within a specific schedule. Many of the actions will be incorporated into the final strategic plan and included in the 2010 budget, the 2010-2011 action plan, individual assignments and work plans. Planning and evaluation will also develop metrics to help assess progress and measure improvements over time.