



# Powering culture change

**How Redding Electric Utility looked inward to better serve its community**

*By Matt Williams*

**I**t's no secret California's electric industry has been radically transformed the past decade through the rise of distributed energy resources, California's renewable energy mandates, net metering requirements, increased customer expectations and a swath of other factors.

Simply put, many local utilities—understandably—have been challenged to keep up with the times.

At the northernmost end of the Central Valley, Redding Electric Utility, like some other publicly owned utilities, came to realize its old model of doing business—where individual business divisions such as customer service, energy resources, and transmission and distribution worked separately and mostly independently—wasn't well suited

to an increasingly complex and interconnected industry.

When Barry Tippin became REU's director in 2011, he soon realized bold changes were needed. Staff were clamoring for a structural reorganization. But how to do it?

## **SITUATION**

In 2017, Tippin was promoted to the position of Redding city manager. When he arrived at REU seven years ago, he quickly discovered the utility had grown up in a piecemeal fashion over decades. When there were emerging needs, the utility tended to create an entirely new branch. REU became an odd mix of nine direct reports below the utility director, and created a managerial hierarchy that Tippin thought didn't make sense.

Organizational silos put in place long ago were entrenched. There was limited connection between what energy services was doing and what distribution was doing, and both were

disconnected from customer service and power resources. Generally, people from different divisions were not communicating. Tippin saw a benefit in moving away from a director-driven organization and toward a collaborative, executive team.

"We didn't reorganize because it was necessarily broken or put together in a poor fashion," Tippin said. "As everybody in the electric industry knows, the changes that took place between 2007 and 2015 were immense. We all need to be rowing in the same direction."

Dan Beans, who succeeded Tippin as REU's utility director in 2017, said at times the organization was built around politics, avoiding personality conflicts, and a path of least resistance to reduce internal friction. It wasn't always the most efficient, collaborative or logical structure.

## **SOLUTION**

About four years ago, under Tippin's



Courtesy Redding Electric Utility

*Dan Beans and Assistant Director Mark Haddad (left) talk with local radio show hosts at the REU open house event.*

leadership, REU started a strategic planning project and enlisted help from experts at an outside consultancy, Leidos. Eventually, REU's 2020 strategic plan identified five overarching issues:

1. *Our financial and business model must be enhanced to build a sustainable utility organization.*
2. *We must have an effective and healthy organization.*
3. *We must improve our technology to deliver increased value to our customers.*
4. *We must improve our communications.*
5. *We must attract, develop and retain a qualified workforce.*

Tippin knew the second strategic issue would be the foundational element from which all other success would flow. He directed Leidos to do an in-depth organizational review. The result was a top-to-bottom restructuring that reduced headcount at the top of the leadership ranks and moved day-to-day operational work back down to REU's managers and rank-and-file staff.

REU created an executive team consisting of the director and four immediate reports at the assistant director level. Those four were assigned roles and responsibilities across the entire organization to create

an easier pathway for decision-making. Beans, for example, became assistant director for transmission and distribution. Bernie Fargen was promoted to assistant director of a suite of centralized customer-focused initiatives—what is now called Enterprise Services.

Beans credited Tippin for “basically turning us upside-down.” Fargen said Tippin was the driving force, the one willing to take the risks associated with change.

Tippin moved a few of his direct reports a few rungs down the decision ladder. He gave promotions when merited, but was careful not to label reassignments as demotions. Beyond restructuring the organizational chart, Tippin also asked his new team to participate in training exercises.

“We had to look each other in the eye, be honest and yet be professional, about things we saw in each other, what was impacting our ability to function as a team,” Beans said. “This forced us to look in the mirror and at each other.”

They clarified managerial roles, which prompted tough conversations.

Through it all, work processes also were completely overhauled. Nearly all decision-making



## REU'S REORGANIZATION TIMELINE

### 2014-2015

- ◇ Kicked off strategic plan.
- ◇ Had a third party, Leidos, conduct a comprehensive organizational review as part of strategic issue No. 2.

### 2015

- ◇ Direct reports to the director reduced from nine to four, and created an executive team.
- ◇ Increased number of assistant directors from three to four.
- ◇ Reassigned staff based on effectiveness and ability.
- ◇ Began the transformation into a training organization instead of relying on outside or private-sector competition for journey-level utility personnel.

### 2016

- ◇ Provided leadership training for the executive team.

### 2017

- ◇ Reduced executive team by one member.
- ◇ Created a leadership team comprised of functional area managers.
- ◇ Provided leadership training for the leadership team.

### 2018

- ◇ Continue to evaluate the organization to ensure right-sizing and functional effectiveness as retirements provide opportunity.

Source: Redding Electric Utility



has been moved lower into the organization, empowering managers at all levels. This never would have happened in the hierarchical, director-driven structure REU had before—and one that many utilities still lean on today.

“It begins to change the culture of the organization in a lot of ways,” Fargen said. “One obvious one is we now have managers and supervisors who know they’re making decisions that lead to the success of our organization. It creates an entirely different approach to their jobs.”

#### OUTCOME AND LESSONS LEARNED

Today, there is greater community focus. As REU employees become accustomed to working within a team structure, those involved say it’s helping the utility become a service-oriented organization. REU’s operational managers have aligned goals, a common mission and shared solutions that are of value

to customers. The structure has enabled REU to improve everything from energy-efficiency rebate programs to community outreach and education. The guiding principle along the way has been serving REU’s local community.

#### HAPPIER EMPLOYEES

While progress has been difficult at times, Beans said a recent employee survey shows REU’s workplace satisfaction has improved. Nevertheless, he and Tippin know work remains to continue the upswing. The reorganization is also helping REU transform into a training-based organization where the focus is developing and retaining existing staff. Headcount has decreased as the reorganization continues forward, Beans said.

It takes time, trust and some courage. Tippin said change management of the sort REU is implementing can take as long as

seven years to fully take root, given there will always be a few holdouts who cling to the old way of doing business.

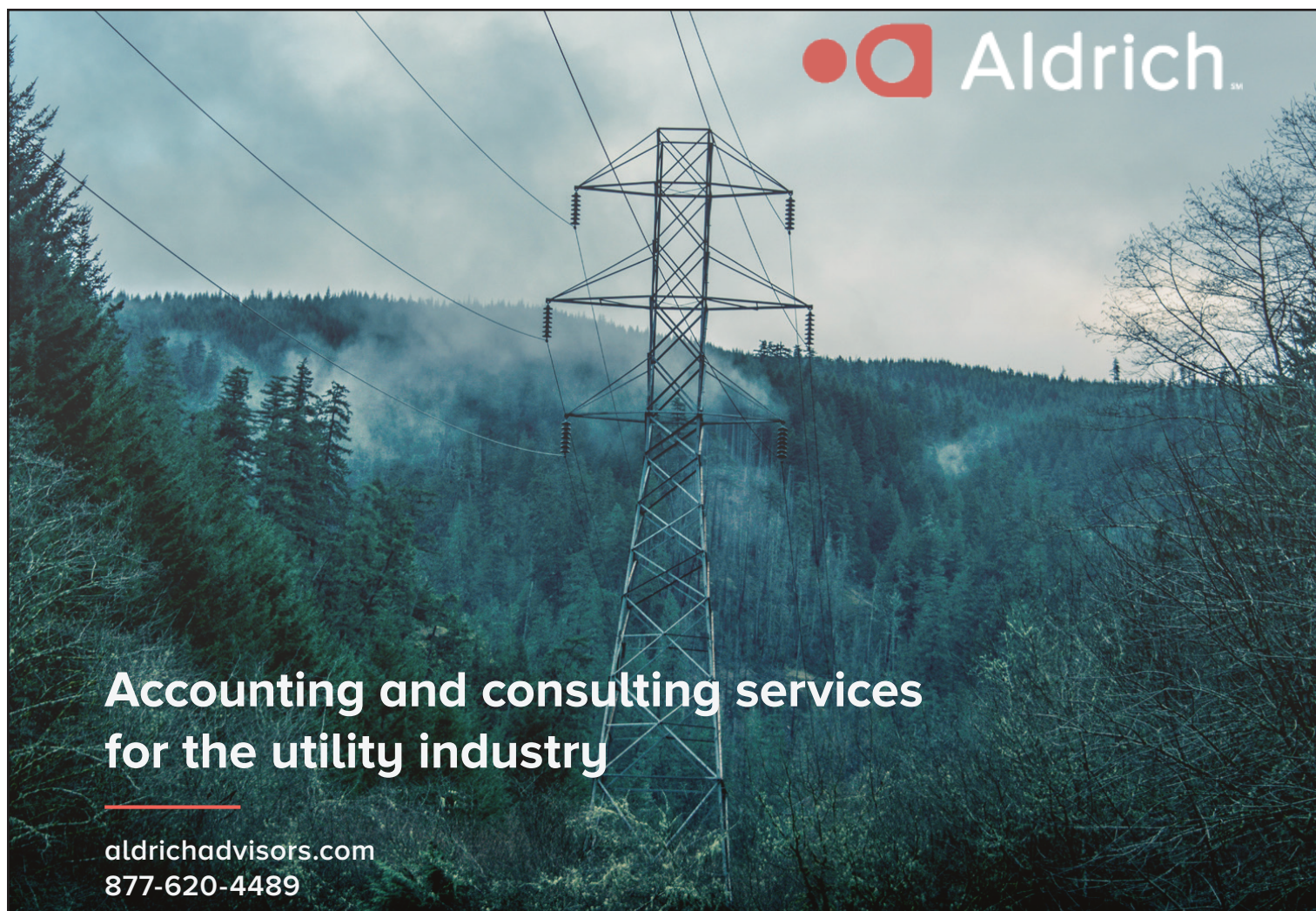
REU is still a few years away from that milestone. Even then, Beans said further adjustments will be made as needed, all in the name of continual improvement.

Beans and Fargen said trust is a key element, and leadership must extend it to their managers and staff. If you don’t have that trust, your restructuring may not be successful.

“Trust is huge,” Beans said. “You have to get that. You’re dead without it.”

Perhaps the biggest challenge is having the conviction and patience to try such a project in the first place.

“There’s no barrier there except yourself,” Tippin said. “You have to have a willingness to move forward and believe what you’re doing is in the best interest of the utility and the community.” **CWP**

The advertisement features a large photograph of a high-voltage power transmission tower standing in a dense, misty forest. The sky is overcast. In the top right corner, the Aldrich logo is displayed, consisting of a red circle and a red square followed by the word "Aldrich" in white. In the bottom left corner, the text "Accounting and consulting services for the utility industry" is written in white. Below this, a red horizontal line is followed by the website "aldrichadvisors.com" and the phone number "877-620-4489" in white.

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