

Case Study: Erongo RED

Towards the Vision for the Future: Electricity for all by 2020

March 2016

Industry: Energy

of Employees: 320

Revenue:
860,998,221 N\$

Country: Namibia

Website:
www.erongored.com

Consultant:

Anita Verster
The E-Path Consulting
Johannesburg, South
Africa

www.anitaverster.com

THE SITUATION

In 2004, Namibia established Vision 2030 which *aims to have a prosperous and industrialized Namibia, developed by her human resources, enjoying peace, harmony & political stability.*

Because a primary characteristic of industrialized nations is access to electricity, the Namibian government embarked on a Regional Electricity Distribution (RED) model to distribute electricity effectively. Erongo RED was formed in 2005 by merging four municipalities, three town councils and NamPower distribution in the Erongo Region to provide electricity to rural, urban, industrial, business, and residential customers.

Erongo RED is, hence, an organisation of mixed resources, skills and cultures from different areas within a highly regulated and price sensitive industry. The individual entities are all important shareholders of Erongo RED and are represented on the Board of Directors in varying capacities.

During 2012, a number of important stakeholders showed their disapproval of Erongo RED at a public shareholders meeting. There were threats of closing Erongo RED down due to dissatisfaction from customers about service and unacceptable price hikes. The image of the organisation was poor, and the struggling relations between leadership and external stakeholders was regularly reported on in the media.

Staff were fearful of losing their jobs. Those who migrated from the different municipalities battled with integration into a different structure.

At this particular shareholders meeting, a list of remedies was demanded by shareholders and the public, which were tabled before the Leadership of Erongo RED.

Disgruntled shareholders, dissatisfied customers, and low morale in the organisation prompted the need for a Culture Change journey.

In light of the untenable situation regarding Erongo RED and its key stakeholders and shareholders, the Chairman of the Board requested an intervention that would turn the situation around. The chairman enlisted the help of The E-Path Consulting to intervene based on their culture work at an insurance company in Namibia.

THE PROCESS

After discussions with the Chairman of the Board and his Senior Management team, the consultant suggested conducting a Cultural Values Assessment (CVA) to bring light to what was really going on within the organisation. The initial assessment was conducted companywide in July 2012.

Due to the many rumours about 'closing us down,' staff were naturally very sceptical and fearful. They had never done any formal assessments or staff satisfaction surveys before. Since they did not know what the results would be used for, they were very concerned about the process. Being a highly unionised environment, meetings had to be held with the unions, the board, and staff in the region from head office to all the various small towns and municipal areas to explain the process, answer any questions, and allay fears of what the results of the survey could be used for.

The HR department was instrumental in this process and dedicated quality time was spent with all their different stakeholders to provide context, answer questions, and even translate the customised values list into different languages. Different indigenous languages made it difficult (culturally and politically) to conduct the survey in any other language than English, as 'favouring' a specific language would have been viewed as bias and preferential treatment.

Leadership buy-in was key, both from the Board as well as the Executive Management team. Management, in general, was very cooperative in allowing their different teams to spend time with the facilitator and consultant (reiteratively) for open and often outspoken dialogue about the process - the need for the survey as well as how the results would be used. Building trust was paramount in the early stages of this project.

The results of the CVA was initially discussed with the CEO and Chairman of the Board prior to a two-day workshop involving the Board and Executive Management team.

The two-day results discussion workshop not only focused on unpacking the actual results, but also started the journey towards better understanding and communication between the Board and the Executive Management team. Honest and direct conversations

flowed over the two days with both 'parties' given opportunities to articulate and discuss their expectations from each other. This was the first step towards rebuilding and restoring trust as these relationships were very strained at the time of the CVA.

The results were also delivered to all staff in the whole region (head office and small towns) during different feedback sessions. Each feedback session focused on the Current and Desired Culture values as well as the potentially limiting values that were causing cultural entropy within the organisation.

These sessions unpacked three key desired culture values (*employee recognition, accountability and employee development*) as well as two predominant potentially limiting values (*non-feedback and confusion*).

Once again, the HR department was instrumental in the feedback sessions and used these sessions to facilitate conversations about regional and divisional issues. These feedback sessions proved to be very successful and effective as 'quick wins' were identified that went a long way towards building trust and showing management and leadership commitment towards a culture shift.

Some of the 'quick wins' included:

- A combined annual year-end function for all staff (previously it was done at the discretion of the divisional heads)
- Combined team building for all staff
- Accurate and timely provision of safety clothing for new and existing staff members
- Presenting staff with various performance and long-service awards
- Employee preferred retirement gifts (instead of management preferred gifts)

The CEO and Chairman of the Board were instrumental in mobilising and implementing the above.

ACTIONS BASED ON THE CVA RESULTS

"At Erongo RED, we seek to be an employer of choice. During the financial period of 2012-2013, the company conducted a cultural assessment survey to evaluate the staff member's opinion about the company. The entropy level of this survey was not satisfactory, thus measures were put in place to improve the organisational culture by establishing a Cultural Transformation Committee. The

Committee engaged with staff members on a regular basis through various platforms in the quest to reduce the entropy level.”

Robert Kahimise, CEO – Annual Report

The first intervention, under leadership of the then CEO and Chairman of the Board, was to revisit the strategy, vision, and core values of the organisation.

During a participative strategy development process with Erongo RED's whole management and senior staff structure, the new vision was created: *Electricity for all by 2020*.

New core values, based on the Desired Culture, were selected through participation of the Board, Executive Management Team as well as the next two layers of management in a collaborative workshop. Erongo RED's core values:

- Accountability
- Teamwork
- Integrity
- Commitment
- Customer focus
- Empowerment

The overall strategy was adapted to enable Erongo RED to reinvest profits into capital intensive projects to support their new vision.

Based on the 2012 CVA results, the significant actions and interventions were undertaken to assist Erongo RED on their culture change journey.

During 2013

Leadership

- A new CEO was appointed during 2013. The new CEO was committed to the culture change journey and was initially the only sponsor for the culture change journey. He understood that organisational culture would be a key driver towards achieving the new vision.
- A new Chairman of the Board was appointed during 2013.
- Individual coaching was provided for Senior Management around accepting of the changes (realignment of roles and portfolios) and to assist them to move beyond the past.

Business re-structuring and alignment

- The existing business units were restructured with business functions realigned to avoid duplication. Portfolios were reallocated to the Executive team aligning their roles to their leadership and technical strengths more effectively.
- New roles were created throughout the organisation in various divisions which brought about new career opportunities for staff. This meant that lateral moves were made possible enabling employee growth and development

Culture Champion

- During the latter part of 2013, the CEO assigned the role of Culture Champion to one of his senior managers. This was suggested by the Barrett Practitioner / Consultant, and the senior manager took on this role in addition to his normal portfolio responsibilities.

During 2014

Communication

The following interventions and focused actions greatly assisted in improving communication and information sharing within the organisation and across divisions.

- More regular feedback on organisational performance and matters pertaining to the organisation were shared in larger forums.
- Quarterly Breakfasts sessions with the CEO.
- Strategy awareness roll-out and discussions / workshops.

Policy and procedures

- Certain policies were scrutinised through a collaborative effort across divisions in order to increase cooperation and decrease bureaucracy.

"The cash position of the company improved markedly given the continuous monitoring of policies aimed at cost containment and optimal working capital management."

*Freddie Vries
Executive Manager: Finance and Administration*

Customers

- Road shows held with customers to better understand needs and grievances.
- The Customer Care Centre was overhauled, and the Call Centre was upgraded and improved.

Leadership and Management development

- Extensive management development programs were held at tertiary institutions in both Namibia and South Africa for all three levels of management.
- Transformational and 'softs skills' development sessions facilitated by Barrett Practitioner / Consultant were provided to Exco, Senior and Middle Management focusing on building trust, communication skills, living the values, etc.

Culture Team

- A new culture team was created with five core members and volunteers within the geographical areas of the Erongo region.
- Workshops were held about what culture how, how it is changed, why it is important and what is impacted through an organisational change journey (whole systems change) with all culture team members.
- A culture change plan for 2015 with various activities, now undertaken by the culture team themselves, were brought into being towards the end of 2014.

Key roles

- Some key appointments were made in 2014 which greatly assisted Erongo RED in their culture journey: an internal auditor, legal advisor / company secretary as well as communications and PRO officer. These appointments greatly assisted in establishing better relations with stakeholders, shareholders, communities at large, the other RED's and brand promotion.

During 2015

Management and leadership development (continued)

Workshops to include & integrate different management levels within the organisation

- Different levels of management were integrated in workshops about living the values, how to provide feedback to staff about performance, discussing and brainstorming business issues, etc.

Values translated into behaviours

- The core values were translated into behaviours.
- Values awareness programs (including a corporate 'song' about the values, printed material and intranet) was developed to introduce and familiarise staff with the values and behaviours.

Performance management

- A performance management system was introduced for the first time in Erongo RED.

"A variety of Key Performance areas were developed as guided by the PMS policy in order to assess and measure the company on the following outputs and goals - transforming its organisational culture, implementing empowerment and retention strategies of staff."

*Bennie Nangolo
Senior Manager: Business Strategy and
Performance Management System*

Employee wellness awareness

- The organisation developed awareness programs around substance abuse, financial literacy, and general health.
- Health and safety programs were revisited and improved.
- All these programs were newly introduced since 2012.

"These interventions have had a positive impact on our workforce especially in terms of creating awareness for our employees to take control of and strive towards healthy lifestyles. Such an intervention is bound to also have an influence on their respective families."

*Monia Tjongarero
Senior Manager: Human Capital and Corporate Services*

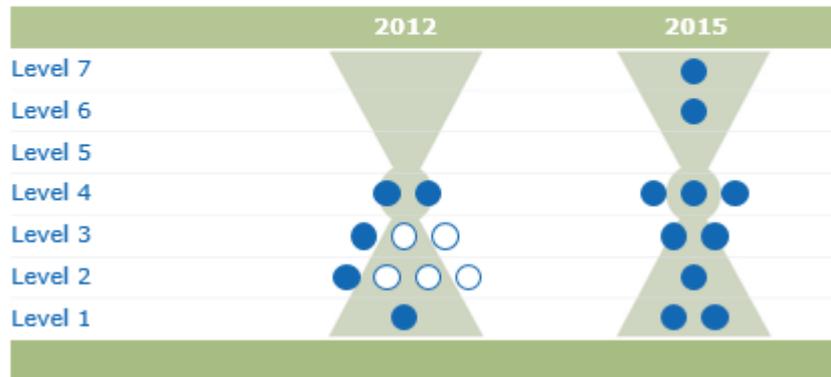
Orientation program and corporate video

- An orientation program for new (and existing staff) was designed to introduce new staff to the organisation and its culture.

OUTCOMES

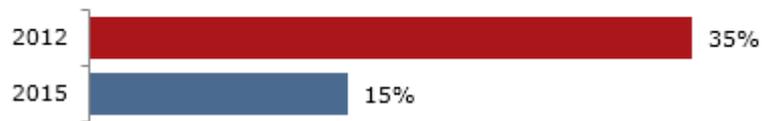
The CVA was repeated in July 2015 with remarkable results. The Current Culture values are nearly full-spectrum, indicating a balanced approach to organisational needs.

CURRENT CULTURE VALUES



Entropy has dropped from 35% to 15%, and no potentially limiting values are among the top values in the Current Culture.

CULTURAL ENTROPY



During the 2012 CVA, the two limiting values that got the highest votes were *non-feedback* (38%) and *confusion* (37%). During the 2015 assessment, *confusion* dropped to a low 8% and *non-feedback* to 18%. This is indicative of the effectiveness of their focused efforts on communication and information sharing.

PERCENTAGE OF POTENTIALLY LIMITING VALUES BY LEVEL	CC 2012 PLV % of participants voting for each PLV	CC 2015 PLV % of participants voting for each PLV
<p>3</p> <p>2012: 12% 2015: 5%</p>	<p>confusion 37% bureaucracy 26% information hoarding 16% incompetence 15% hierarchy 13% power 10% long hours 2%</p>	<p>bureaucracy 17% confusion 8% information hoarding 7% incompetence 6% hierarchy 5% power 4% long hours 4%</p>
<p>2</p> <p>2012: 14% 2015: 6%</p>	<p>non-feedback 38% disagreements 28% divisional non-cooperation 26% blame 22% manipulation 19% empire building 5%</p>	<p>non-feedback 18% divisional non-cooperation 11% disagreements 9% blame 8% manipulation 6% empire building 5%</p>
<p>1</p> <p>2012: 9% 2015: 4%</p>	<p>control 23% change resistant 21% job insecurity 15% cost reduction 12% short-term focus 10% exploitation 7% caution 5%</p>	<p>control 12% change resistant 9% exploitation 6% job insecurity 5% cost reduction 4% caution 3% short-term focus 3%</p>
% of Total Votes for PLV	775 out of 2210: 35%	352 out of 2360: 15%

There are now six matching values between the Current and Desired cultures, indicating a strong degree of confidence in the direction of the organisation.

VALUES MATCHES



Three of Erongo RED's core values appear among the top Current Culture values: *accountability*, *customer satisfaction* and *teamwork*.

The Business Needs Scorecard showed immense improvement in culture: specifically trust, engagement and supportive environment scores.



Interestingly, the personal values almost identical in both assessments. *Honesty*, *commitment*, *accountability*, and *respect* form the top four values in both the 2012 and 2015 CVA.

The relationships with all stakeholders have improved. The Board and Executive Management team are working together more effectively. Union relations have strengthened, with a Union member currently serving voluntary on the Culture Change team. Prior to 2012 one of the main shareholders, Walvis Bay municipality, withdrew from Erongo RED. They have since then returned and is actively taking part as majority shareholders on the Board.

Customers are making mention of improved service and better premises with the newly build customer care centre and call centre.

"Frustrations with waiting times on the phone, long queues and no straight answer as to can lead to stress and annoyance for both parties. We are happy to note that this has been resolved. For the period under review, 96% of the Calls logged were resolved immediately while only 4% were resolved afterwards."

Nico Niemand, Executive Manager, Supply Business Unit

The organisation is even winning awards!

"During the period under review, Erongo RED was awarded the Diamond Arrow Award in the category of Electrical Suppliers from Professional Management Review Africa (PMR Africa). This award was for Erongo RED's contribution to economic growth and stimulation of development in Namibia. Erongo RED also received an award for best customer services in the electrical category from Customer Service Management Association (CSMA). These awards are testimony that there is a lot of goodwill prevailing at Erongo RED and one can confidently say that we are on the right track."

Mr Isac Tjombonde, Erongo RED Board of Directors Chairperson

Customer focus, teamwork and employee development now feature as the top three values in Current Culture 2015. This is a massive turnaround from 2012 and also supports the reason for best customer service award.

Negative press releases about Erongo RED is generally now a thing of the past.

The culture work done on this culture journey is helping Erongo RED towards its vision: *Electricity for all by 2020*. Of the electricity prepayment installations done in 2015, 63% of them were free and fully subsidized by the organisation despite the prevailing economic challenges.

"Given the importance of electricity to the region, Erongo RED recognised the need to upgrade the network capacity of various towns within the region. Notably, the Walvis Bay bulk upgrade is now in full swing. This is the single largest project with the most significant capital injection made and being undertaken by Erongo RED thus far. While pursuing this project, Erongo RED will remain committed to the "Power to the People" project, and is pleased to report that during the period under review, numerous residential houses in Karibib, Usakos, Omaruru and Otjimbingwe have been connected with electricity."

Mr Isac Tjombonde, Erongo RED Board of Directors Chairperson

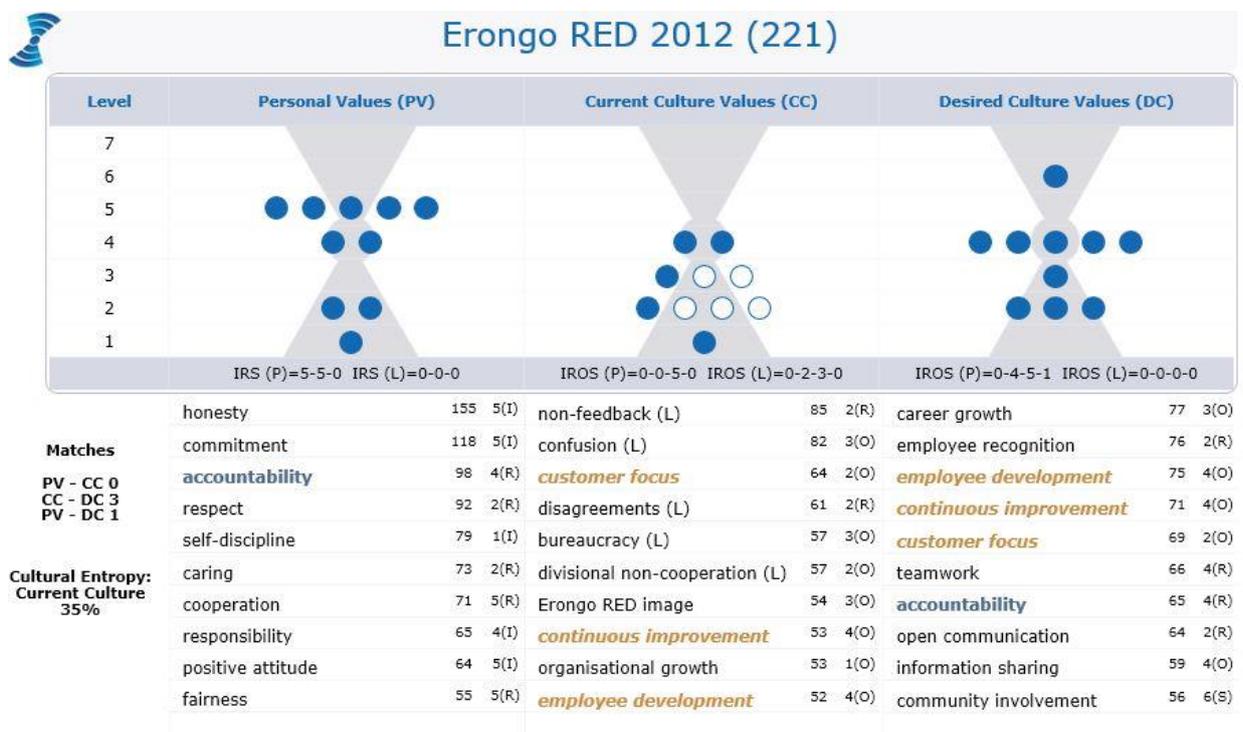
The awards they are now winning, the assistance provided to pensioners and low income communities, as well as the progress

on infrastructure and electrification of areas within the region show commitment towards reaching their vision.

"Because electricity is a cornerstone of economic growth and social development, the construction division worked hard to ensure that the planned capital and operational projects were completed."

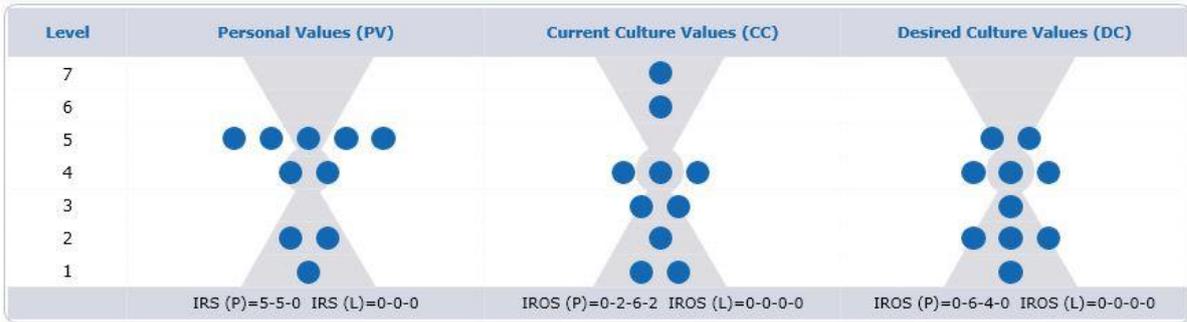
*Claude Tjizo
Executive Manager: Network Operations and
Maintenance Business Unit*

This turnaround would not have taken place without the commitment and conviction of the CEO that Erongo RED can be an awesome place to be and work in!





Erongo RED 2015 (236)



Matches	PV - CC 1	CC - DC 6	PV - DC 2
honesty	133 5(I)	<i>customer focus</i> 116 2(O)	<i>teamwork</i> 93 4(R)
commitment	131 5(I)	<i>teamwork</i> 107 4(R)	<i>employee development</i> 91 4(O)
<i>accountability</i>	121 4(R)	<i>employee development</i> 78 4(O)	<i>accountability</i> 87 4(R)
respect	106 2(R)	Erongo RED Image 76 3(O)	<i>customer focus</i> 76 2(O)
responsibility	95 4(I)	<i>accountability</i> 64 4(R)	employee recognition 67 2(R)
cooperation	83 5(R)	community involvement 60 6(S)	<i>career growth</i> 62 3(O)
self-discipline	74 1(I)	<i>career growth</i> 59 3(O)	transparency 61 5(R)
<i>fairness</i>	69 5(R)	<i>employee health and safety</i> 54 1(O)	open communication 60 2(R)
positive attitude	60 5(I)	social responsibility 51 7(S)	<i>fairness</i> 55 5(R)
family	59 2(R)	organisational growth 50 1(O)	<i>employee health and safety</i> 54 1(O)

Cultural Entropy:
Current Culture
15%