Being Unsuccessful in Energy and Telecommunications
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What makes some people spectacularly unsuccessful? In *Why Smart Executives Fail*, Finkelstein and Roth analyze why former high-flying companies like Enron, WorldCom, and Tyco failed and found seven habits that the senior executives had in common: (If you don’t have time for the book, Eric Jackson provides an excellent summary in Forbes.)

1. They see themselves and their companies as dominating their environment
2. They blur personal and company interests
3. They think they have all the answers
4. They eliminate anyone who doesn’t completely follow them
5. They are more obsessed with image than with results
6. They underestimate difficulties
7. They fail to let go of the things that worked in the past, but that now hold them back

It is easy for us with 20/20 hindsight to see the folly of these habits, especially when we are looking at others. What could happen if we looked for these behaviors in utilities and regulation today?

We might become more aware of our limitations. Sometimes regulators and policymakers see themselves as the ones who set direction for energy or telecommunications. However, a quick review of history finds fatal mistakes were made when governments followed their own visions, ignoring the forces of technology, economics, and customer demand. Utilities sometimes see themselves as the providers of service rather than as a part of a broader system with evolving boundaries and players.

We might also listen to outside voices more often. When Shell Oil experienced political and environmental disasters several years ago, its management engaged in an extended campaign of listening to the company’s harshest critics. This helped Shell recognize that its world had changed, and that the company needed to adapt if it wanted to be
successful in the future. Certainly there are many critics of utilities and regulation, and they speak often, but how well do we hear the song beneath the words that our critics share? It is tempting for each of us – academics, consultants, utilities, regulators, etc. – to trust our own understanding, and in doing so, miss some important themes that are cutting across all of our work.

We might spend more time thinking carefully about real impacts and less time on impressions. Sometimes enrollment rates in programs like Lifeline are used to define success while consumer impacts go unnoticed. Dollars invested in broadband or green energy are also used to measure success while economic and environmental value created or destroyed is ignored.

I have touched only on a few of the habits, and I am sure that I have missed many blind spots, especially my own.

What are we to do? I was impressed by a consumer representative at the recent Critical Consumer Issues Forum in St. Louis who asked whether the regulatory and infrastructure initiatives that are coming to a head in energy at this time make sense when taken together. This big picture view of the preponderance of initiatives and how they interact is too rare. His point was supported by my own informal survey of utility executives that found most of their attention is devoted to complying with regulations at the expense of business improvement and strategic planning.

I have also been impressed with regulators and utilities’ managers who have made a point to listen to their critics and process what they hear. The Australian Competition and Consumer Commission convenes an annual conference that features outsiders who are invited to assess what they see happening in the country. A regulator in the U.S. organized an annual dialogue with executives, policymakers, and researchers to shape her commission’s agenda, improve communications, and provide new policy and research directions. A utility executive in the U.S. invited leading thinkers from many walks of life to challenge how his company thought about itself and its future.

Above all, each of us should think carefully about these 7 habits and watch for warning signs in ourselves and in our organizations.