

Communications Lessons from the PURC/World Bank International Training Program on Utility Regulation and Strategy

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Teachers learn from their students, and students learn from each other. To date, over 2500 infrastructure professionals from 148 nations have attended the two-week PURC/World Bank International Training Program on Utility Regulation and Strategy. During the concluding session of the program, participants share their reactions to formal presentations and informal networking. The PURC team is always impressed the dedication and energy exhibited by participants: attendees bring insight and understanding to the sessions and share their ideas with all of us.

Note that while most of the lessons refer to regulatory agencies and to those developing infrastructure reforms, the principles apply to operators as well. Organizations face the same challenges: creating a sustainable infrastructure system where all stakeholders have confidence in the integrity of the process and have a shared vision of improved infrastructure performance. Communication is a crucial part of this process.

As PURC's Director, Mark Jamison, observed: "Many of the lessons tend to be strategic rather than technical in nature – suggesting that many of the important ideas involved how regulators, representatives from government ministries, infrastructure managers, and consumer advocates needed to 'get on the balcony'." Intentionally stepping back from the "give and take" of regulation and operation allows leaders to see how various stakeholders limit or promote reform. *Sandy*

- 1. Communication is crucial:** expertise is necessary but not sufficient for sound decisions. While technical skills related to finance, accounting, and engineering are necessary to document the reasons for a decision, "soft" skills (like negotiation, communication, and political sensitivity) are also essential. "Soft" does not mean "easy" or "unimportant." Finally, commissioners need to know enough to not be intimidated by specialists. "Experts should be on tap, not on top." (Winston Churchill)
- 2. Sector specific lessons inform and inspire decision-makers.** Since reform is a continuous process and context-specific, do not "copy" what others have done, but learn from the successes and mistakes of others. Adapt and revise tactics utilized by others. Water, energy, telecommunications, and transportation each have unique problems and opportunities that are shaped by the stage of development, geography, topology, demography, and other factors. Continuing education is necessary if we are to be effective on our jobs.
- 3. Due Process is very important for the legitimacy and predictability of regulation.** Following the law is crucial if agencies are to avoid long court battles and bad publicity. There is no single recipe for improving infrastructure performance: leaders in each nation must develop their own strategies, consistent with national priorities and their

own legal systems. However, there certainly are principles that must be followed if regulation is to lead to improved outcomes for citizens.

- 4. Rate-making is central to public acceptance and to financial sustainability of operators.** Regulation can facilitate sustainable development that makes infrastructure *Available, Accessible, and Affordable*. Water, energy, telecommunications, and transportation impact the everyday lives of all citizens. Poor performance by suppliers damages the social and economic fabric of a nation. That means regulators and operators seek credibility in the eyes of some groups (investors, government ministries, development banks), legitimacy in the eyes of citizens (acceptance of decisions), and efficiency (reducing waste, expanding access, and improving service quality).
- 5. Personal capacity-building helps maintain organizational effectiveness** (as well as professional development). A positive attitude can help during the **regulatory process**: it facilitates the development of comprehensive strategies and sound procedures that promote improvements in infrastructure performance. Every person in the agency can contribute to the effectiveness of the organization.
- 6. Take care when discussing critical issues in public.** Premature release of information (that has not been checked) can cause problems. Furthermore, regulators need to be sure that they maintain neutrality with regards to controversial issues. Their rulings need to be based on fact and their legal mandates.
 - a. Never use the phrase “No comment.”
 - b. **MAP** (have your **M**essage, **A**udience (build a connection) and **P**roof (examples, stories, analogies, vivid details)
 - c. Avoid jargon
 - d. Preparation, preparation, preparation
- 7. Messages and objectives must be prioritized.** There are many potential objectives, but not all can be given equal weight. The weights depend on current levels of performance, the particular sector, and citizen attitudes.
- 8. Be mindful of needs and priorities of stakeholders.** For example, communications require those delivering the message to understand the goals of all stakeholders. Communication is both an Art and a Science. Many options are available for those preparing messages: the art involves selecting (when possible) the approaches that generate win-win outcomes. The science involves applying conceptual frameworks that have stood the test of time. These frameworks draw upon economics, finance, law, engineering, and many other fields.
- 9. System-specific strategies are necessary (there no single recipe that works for everyone).** Learn from others and seek allies. In addition, we need to learn from our own mistakes and from the mistakes of others. Lessons provided by others give us hope, since regulators face similar challenges and opportunities around the world.

Karen Johnson, former Director of Gainesville Regional Utilities, noted that “within the most dysfunctional system, someone is benefitting from the status quo.” Thus, changing current institutional arrangements requires a number of groups to take on those benefitting from low levels of infrastructure performance – whether that is a political group benefitting from a patronage system, a group of workers who benefit from rigid work rules, managers with excessive discretion, or particular customers benefitting from prices below cost. Identifying opponents and potential allies is the first step in the reform process.

- 10. In addition to putting issues in perspective, we need to think outside the box.** There is no single approach to communication that works everywhere: “One size does not fit all.” The enabling legislation, the judicial system, national income, and investment climate all affect opportunities facing operators. However, the same principles apply in most situations: institutions, ideas, information, incentives, and individuals (leadership) matter. Finally, the “ideal” is the enemy of the “good.” No proposal is perfect. Communication requires thoughtful investigation and presentation of the various points of view. Operators must master the art of politics, which involves assembling coalitions that see the positive impacts of the initiative and addressing any potential problems that could arise from change. Efficiencies delayed are efficiencies denied.
- 11. The answer to most questions is “It depends.”** However, this answer must be followed by identifying the many factors on which the outcomes depend: institutional endowments, information, incentives, resources, and other factors. A comprehensive analysis must then be presented without jargon and without pointing fingers.
- 12. Regulation is a comprehensive subject: resolving issues requires collaboration.** Of course, legal mandates must be followed, which requires commissions to act within the law, recognizing the importance of deadlines and communicating in a clear and transparent manner. Professionals do not work in silos: leaders recognize the importance of different skill sets and utilize input from others. Regulators and policymakers have only limited information about firms’ commercial activities and opportunities for cost containment. The design of regulatory institutions and incentives needs to recognize this information problem – utilizing competitive markets where feasible and benchmarking when necessary.
- 13. Living in political environment: think politically without being political.** Operators should seek input from all stakeholders: all the groups affected by a pricing or network expansion decision need to be able to participate in the process: providing information, identifying concerns, and learning about the consequences of different scenarios. No one has all the information that may be required for sound regulatory rulings, so seeking that information is crucial to the process. When groups have some ownership of an acceptable package, they are more likely to implement the decision.

**Finally, “Nobody can do everything.
Everybody can do something,
And together we can change the world.”**

Answering Questions: Here are five steps for effectively answering questions (while avoiding jargon):

- (1) **Begin with an honest direct answer;**
- (2) **Position your message (“our role or goal”);**
- (3) **Provide evidence through a specific example, story, analogy, or facts;**
- (4) **Connect to the audience – recognize concerns or interests of listeners/readers;**
- (5) **Conclude with a summary or memorable image.**

For more, see Intermedia Communications Training Inc. www.IntermediaCT.com

Other resources:

[The World Bank Infrastructure and Law Web site](#). This website is designed for government officials, lawyers and project managers who are involved in the planning, design and legal structuring of infrastructure projects, especially projects with private sector participation

The volume, [Handbook for Evaluating Infrastructure Regulatory Systems](#) (Brown, Stern, and Tenenbaum, World Bank, 2006), provides an overview of why, what, and how to evaluate regulatory systems. A CLASSIC!

International Benchmarking Network for Water and Sanitation Utilities, <http://www.ib-net.org/> .

Check out other web-links at www.purc.ufl.edu and at www.regulationbodyofknowledge.org .

