Communications Tools and Strategies for Utilities

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Effective communication within a utility is a necessary skill set for the presentation of information to stakeholders and the public, but also for the development of utility policy and procedure. Here, Sanford Berg outlines valuable lessons for customer and business management.

This article summarizes some of the lessons related to communicating with stakeholders, based on work with regulators and operators, and ideas distilled from over 30 deliveries of the PURC / World Bank International Training Program on Utility Regulation and Strategy. While most of the lessons refer to regulatory agencies and to those developing infrastructure reforms, the principles apply to operators as well.

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, board members need to know enough not to be intimidated by specialists. “Experts should be on tap not on top.” (Winston Churchill)

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.

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.

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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. 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).

Personal capacity-building helps maintain organizational effectiveness (as well as professional development).

One source for technical information about infrastructure reform is the Body of Knowledge on Infrastructure Regulation [http://www.regulationbodyofknowledge.org/](http://www.regulationbodyofknowledge.org/). In addition, a positive attitude can help during the processes designed to strengthen performance, as it facilitates the development of comprehensive strategies and sound procedures that promote improvements in infrastructure performance. Each person in the regulatory agency or the operating company can contribute to the effectiveness of the organization.

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 they maintain neutrality with regards to controversial issues. Their rulings need to be based on fact and their legal mandates. Never use the phrase “No comment.” Instead use “MAP” (have your Message, Audience (build a connection), and Proof). Avoid jargon, and be prepared.

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. Being explicit about the priorities makes the organization more accountable to those affected by regulatory and managerial decisions.

Be mindful of the needs and priorities of stakeholders.

For example, communications require those delivering the message to understand the goals of all stakeholders. 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.

System-specific strategies are necessary.

Learn from others and seek allies. In addition, learn from your 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.
In addition to putting issues in perspective, think outside the box.
There is no single approach to communication that works everywhere. The enabling legislation, 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. 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.

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.

Regulation is a comprehensive subject: resolving issues requires collaboration.
Of course, legal mandates must be followed, which requires relevant bodies such as commissions to act within the law, recognizing the importance of deadlines and communicating in a clear and transparent manner. 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.