

# JEA's Change Effort

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Every Morning in Africa,  
a gazelle wakes up.  
It knows that it must run faster  
than the fastest lion or  
it will be killed.  
Every morning a lion wakes up.  
It knows that it must outrun the  
slowest gazelle or  
it will starve to death.  
It doesn't matter whether you are a  
lion or gazelle.  
When the sun comes up, you  
had better be running!

- Author Unknown

# Outline

- Introduction
- Jacksonville/JEA Overview
- Strategy
- Culture Change
- JEA Way
- Pitfalls
- Results
- New Organization & the Future
- Conclusions

# Jacksonville/Duval County

- Governments Consolidated in 1968
- Population within City Limits = 750,000
  - Metro Area = 1,000,000 +
- Public W&S Utility formed in 1879
- Public Electric Utility formed in 1895
- > 100 W&S Utilities @ Consolidation
- Currently Experiencing Economic Boom

# JEA

## ELECTRIC

- 355,600 Customers
- 1500 Employees
- 4 Power Plants
- 100 Substations
- 700 mi. transmission
- 5200 mi. distribution
- \$794,000,000 revenues

## WATER & SEWER

- 192,250 & 143,600
- 500 Employees
- 6 & 27 Plants
- 700 Lift Stations
- 2500 mi. collection
- 2900 mi. distribution
- \$139,000,000 revenues

# Motivation

- Competition Coming?
- Privatization Coming?
- Purchase by Others?
- Customer Expectations
- City Expectations

# Strategy

- Integrated utility
- Value to City
- Value to customers
- Value to community
- Pay for best & brightest
- Leverage unique strengths
- Culture change

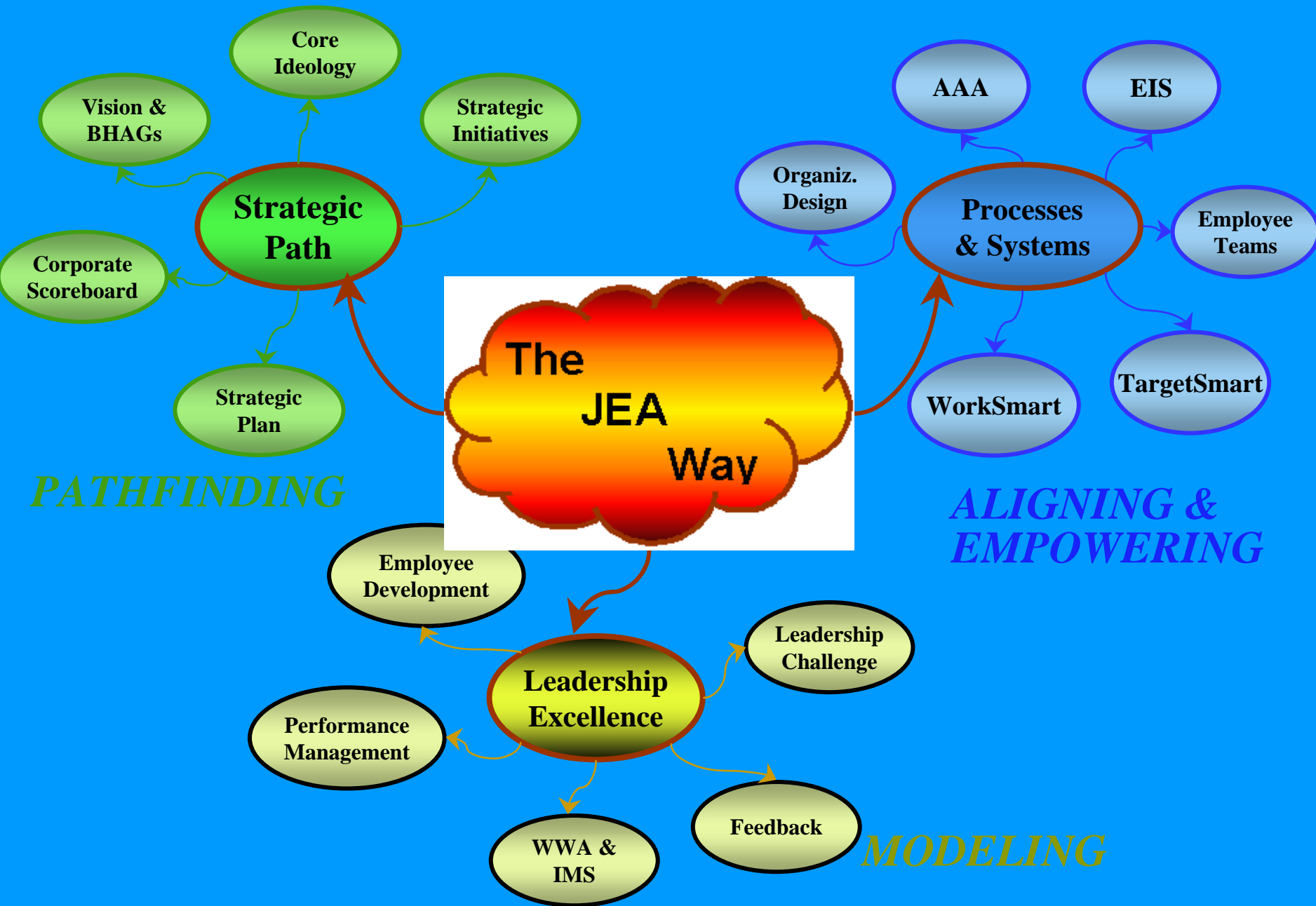
# Culture Change

(Clichés but true!)

- Extremely hard work
- Five-year program (at least!)
- Driven by upper management
- Make the hard decisions
- Pay for results
- Measure everything
- Communicate, communicate, communicate

# Communicate, Communicate, Communicate

- Two-Way Feedback
- Infotrons
- Staff Meetings
- *News You can Use*
- EIS
- Safety Meetings
- *Connections*
- Business Unit Meetings
- IPTV
- Management Meetings
- *Customer Connections*
- Bulletin Boards
- Posters
- Surveys
- *In the Loop*
- 360 Feedback
- *Consolidator*
- *Home mailings*



# JEA's Core Purpose

***“To improve the quality of life  
in the communities we serve”***

# Strategic Path

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## Vision:

"JEA will be the best service provider in the nation."

## BHAG:

"By 2004, JEA will be ranked the #1 utility in the nation for customer service. By 2007, we will be ranked #1 across all industries in the nation in customer satisfaction."

## Core Ideology:

- Doing the Right Thing
- Personal Safety, Well-Being & Development
- Honesty and Trust
- Innovation and Creativity

# Strategic Path

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## Strategies:

- Excel by capitalizing on its unique strengths...
- Focus service offerings to closely related/integrated utility product lines...
- Bring significant value to all stakeholders...support the community...
- Eliminate all debt on its electric generation assets...

## Strategic Initiatives:

- Increase utilization of assets
- Bring value to our customers
- Employee alignment and workforce satisfaction
- Embrace an injury free culture
- Support the city and communities we serve
- Increase customer loyalty

# The Empowering & Aligning Roles

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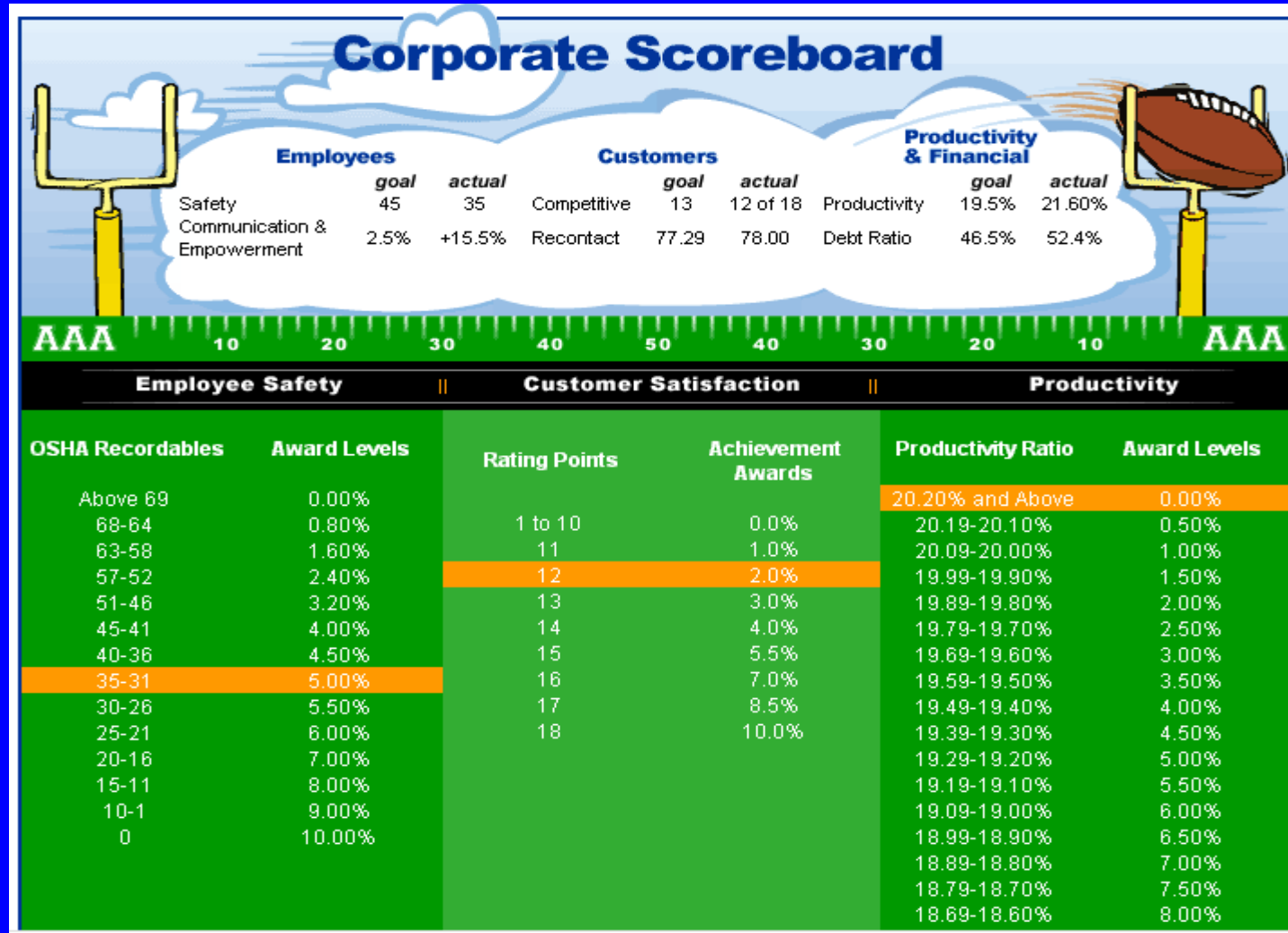
JEA's "Processes & Systems" are the Aligning & Empowering roles.

Processes & Systems consist of:

- AAA
- EIS
- TargetSmart
- WorkSmart
- Employee Teams
- Organizational Design



# Processes & Systems (AAA)



Annual Achievement Awards

# Processes & Systems (EIS)

Quest Express - Microsoft Internet Explorer  
 Address: http://quest.jea.com/

QUEST JEA Way | EIS | Find It | Corporate | Links | JEA.com  
 Employees | Projects | How To | Reports | Applications

EIS JEA WAY AAA SCOREBOARD

**EIS** **Employee Information System** **JEA**

Customer Connections		Update	FY00	FY99
<a href="#">CIC Customer Call Wait Time</a>		8/21/00	3 mins 25 secs <a href="#">(click for details)</a>	
<a href="#">Customer Satisfaction Comparative Ranking</a>	Residential - Electric	8/18/00	4 of 6	3 of 6
	Commercial/ Industrial	8/18/00	4 of 6	2 of 6
	Residential - Water/Wastewater	8/18/00	4 of 6	4 of 6
	Total Score	8/18/00	12 of 18	9 of 18
<a href="#">Residential Customer Re-Contact</a>		8/18/00	78.00	76.88
<a href="#">Monthly Average Troubleshooter Response time for all electric devices</a>		7/31/00	47.211	108
<a href="#">Monthly Total Customers affected by Electric Outages</a>		7/31/00	486,789	371,379
<a href="#">YTD Total Customers affected by Electric Outages</a>		7/31/00	2,410,956	2,277,893
<a href="#">YTD Number of cave-ins</a>		7/31/00	966	982
<a href="#">YTD Number of sanitary sewer overflows</a>		7/31/00	69	100
<a href="#">YTD Equivalent forced outage rate</a>	JEA Steam Units	7/31/00	<a href="#">5.39%</a>	<a href="#">1.23%</a>
	SJRPP	7/31/00	<a href="#">3.04%</a>	<a href="#">2.56%</a>
<a href="#">Monthly Zero Defect Billing Status</a>	Electric	7/31/00	99.52%	99.63%
	Water	7/31/00	98.98%	98.95%

Employee Information System

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# The Modeling Role

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JEA's "Leadership Excellence" is the Modeling role.

Leadership Excellence consists of:

- Leadership Challenge (LC)
- Employee Development
- Two-way Feedback
- WWAs & IMS
- Performance Management
- 360 Performance Reviews

# Institutionalizing Improvement: The Six Sigma Process

- JEA pursues two types of change
  - Process Change/Re-engineering (WorkSmart) - these are changes that cut across business units
    - Lead by black belts
  - Incremental Change (TargetSmart) - improvements within a work process - Lead by green belts
  - Both approaches utilize process mapping

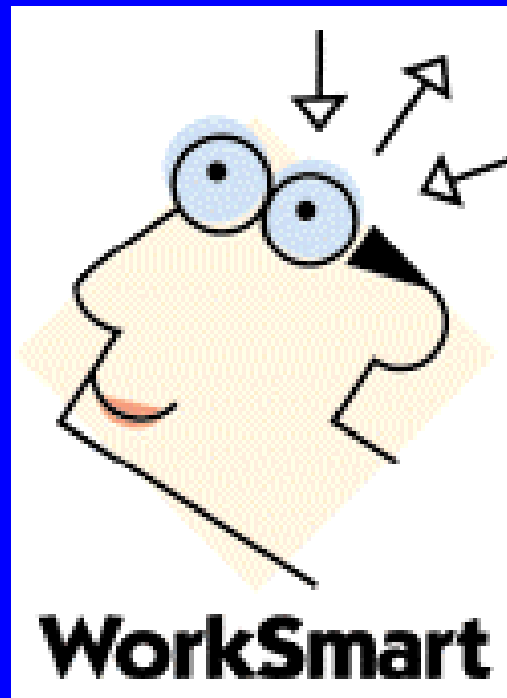
# Processes & Systems

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## WorkSmart:

WorkSmart is our way of accomplishing major process changes at JEA.



# Processes & Systems

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## TargetSmart:

TargetSmart is our way of improving quality by minimizing defects and reducing cycle times.



# TargetSmart (JEA Six Sigma)

- All employees trained
- Green Belts receive significant training (3 weeks)
- Black Belts receive intense training (8 weeks)
  - These are profit centers with charge numbers
  - At least two projects per year
  - At least \$200,000 improvement per project after expenses (goal)

# Leadership Excellence

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## Leadership Challenge (LC):

The LC was developed as a way to assess the degree to which each appointed employee has an acceptable level of knowledge and expertise relative to the material generally comprising *The JEA Way*.

### BASICS OF THE LEADERSHIP CHALLENGE

#### JEA's model for the future:

Built To Last

Deep Change

Re-Engineering Revolution

Wide Angle Vision

7 Habits

PCL

MARC

CST White Paper

JEA Vision & Corporate Strategy

Corporate Scoreboard

Strategy Article, Michael Porter

Power Point Material

Study Guide

# Pitfalls

(Unauthorized Version)

- Communication--You can't do enough
- False Starts
- Change disorientation
- Not managing expectations
- Trying to do too much

# Selected Results After 3.5 Years

- W&S staffing down from 754 to 472 with no lay-offs
- Overall safety improved from 119 to 44 OSHA recordable accidents
- Significant increases in training hours per FTE (0.5 hours to 20 hours)
- Overall productivity ratio (O&M : Revenues)
  - 22% to 19%

# Staff Reduction Strategies

- No lay-offs
- Enforce drug policies
- Automation (and innovation in general)
- Unattended operations (water only)
- Workforce flexibility and cross-training
- Improved business practices in purchasing and logistics

# Benefits went hand-in-hand with reductions...

- Base pay increases of 3% each year
- Bonus payouts each year--as high as 10% (in 1999)
- Labor classification adjustments and associated salary adjustments

# Improving Line Operations

- Reduce events requiring O&M corrective work
  - Sewer cave-ins down from 1550/yr to 900/yr
- Move troubleshooter concept from electric to W&S
- Integrate electric, water, sewer dispatch
- W&S Line O&M budget reduction
  - From \$24.8 mil in FY 98 to \$14.3 mil in FY 00/01

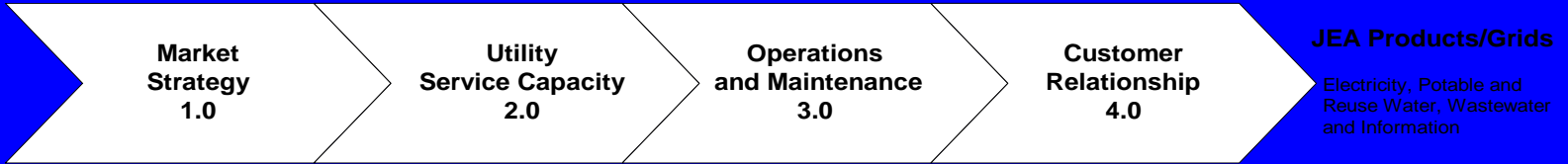
# Improving Plant Operations

- Workforce flexibility and training
- SCADA
- Twelve-hour shifts
- Unattended operations for water with review being done for wastewater

# Merger Benefits

- Increase scale of operations
- Four utilities acquired
- Four utilities in negotiations
- W&S Apprenticeship Program
- Improved access to financial markets
- Increased non-operating earnings resulting from more active money management

# Core Process Business Model



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JEA's core process that delivers the research, competitive intelligence, and customer understanding necessary to define, evolve and manage the brand. Responsible for research, analysis, support and implementation regarding product entry/exit, territory and customer acquisition/disposition, and methods/approaches necessary to achieve the JEA Corporate Strategy and Strategic Initiatives.

- Product/Service Development, Assessment & Pricing (metered and non-metered)
- New Territory, Utility & Customer Acquisition/Disposition
- Product/Service Demand Forecasting & Bulk Product Supply (build or buy decisions)
- Strategic Partnerships & Alliances (requirements, development & implementation)
- External Corporate Research
- Brand Management

**EXAMPLES:**  
 Electric, water and wastewater rates  
 Long-range demand forecast/supply plan  
 Water distribution system modeling for plant & line locations  
 Acquisition of another W/S utility  
 Support & implementation of strategic decisions (e.g. natural gas, divestiture of a current product/service, pursuit of distributed generation, National Accounts program, ...)  
 Alliance development and implementation (e.g. TEA, Power Partners, ...)  
 Purchasing alliance analysis with other utilities/organizations  
 Community Outreach, SchoolWorks, Museum of Science & History projects

JEA's core process that drives the work to build new and rehabilitate existing infrastructure, and integrate new service territory infrastructure into existing JEA. Responsible for actions taken to design, construct, and turn-over to operations all production, delivery and collection infrastructure associated with JEA products (electric, water, wastewater, reuse, information).

- Project Planning--Cost & Scheduling (tactical planning)
- Design, Construction & Material Standards
- Projects--Electric, Water & Wastewater Plants
- Projects--Electric, Water & Wastewater Dist/Collection Grids
- Projects--Better Jacksonville Plan
- Projects--Facilities
- Projects--Info Grid

**EXAMPLES:**  
 Build Briarwood water treatment plant  
 Build Oceanway substation  
 Renovate Highlands water treatment plant  
 De-commission Southside Plant  
 Manage GroundWorks  
 Integrate JEA projects with the Better Jacksonville Plan  
 Design/install system infrastructure changes associated with integrating new service territory (e.g. Baldwin)  
 Work with Developers to implement new projects (e.g. Nocatee)  
 Expand JEA fiber optics and wireless communication networks

JEA's core process that drives the day-to-day production, delivery and collection of electric, water, wastewater, reuse and information from the respective grids to/from the customer/employee. Proactive activities associated with ensuring the efficient and reliable real-time operation of grids and associated facilities in compliance with all environmental requirements.

- Water, Wastewater & Reuse Treatment
- Electric Production--Operations
- Electric Production--Maintenance
- Electric Production--CTs
- Electric Production--SJRPP
- Water, Wastewater & Reuse Delivery/Collection
- Electric Delivery
- Facilities
- Information Grid

**EXAMPLES:**  
 Operate and maintain the SJRPP plant  
 Operate and maintain the Buckman St. plant  
 Operate and maintain the electrical distribution system  
 Operate and maintain all JEA back-up generators  
 Lead response to and manage environmental incidents  
 Provide up-keep and landscaping for JEA facilities  
 Operate and maintain facility HVAC systems  
 Operate and maintain JEA phones, fiber optics and wireless communication networks

JEA's core process that manages all wholesale, retail and community interactions/contacts with JEA products, services and people (new services, connections, service restoration, and all direct, customer-specific contact & interaction). The activities associated with ensuring the acquisition, retention and expansion of the customer relationship and long-term viability of the JEA brand.

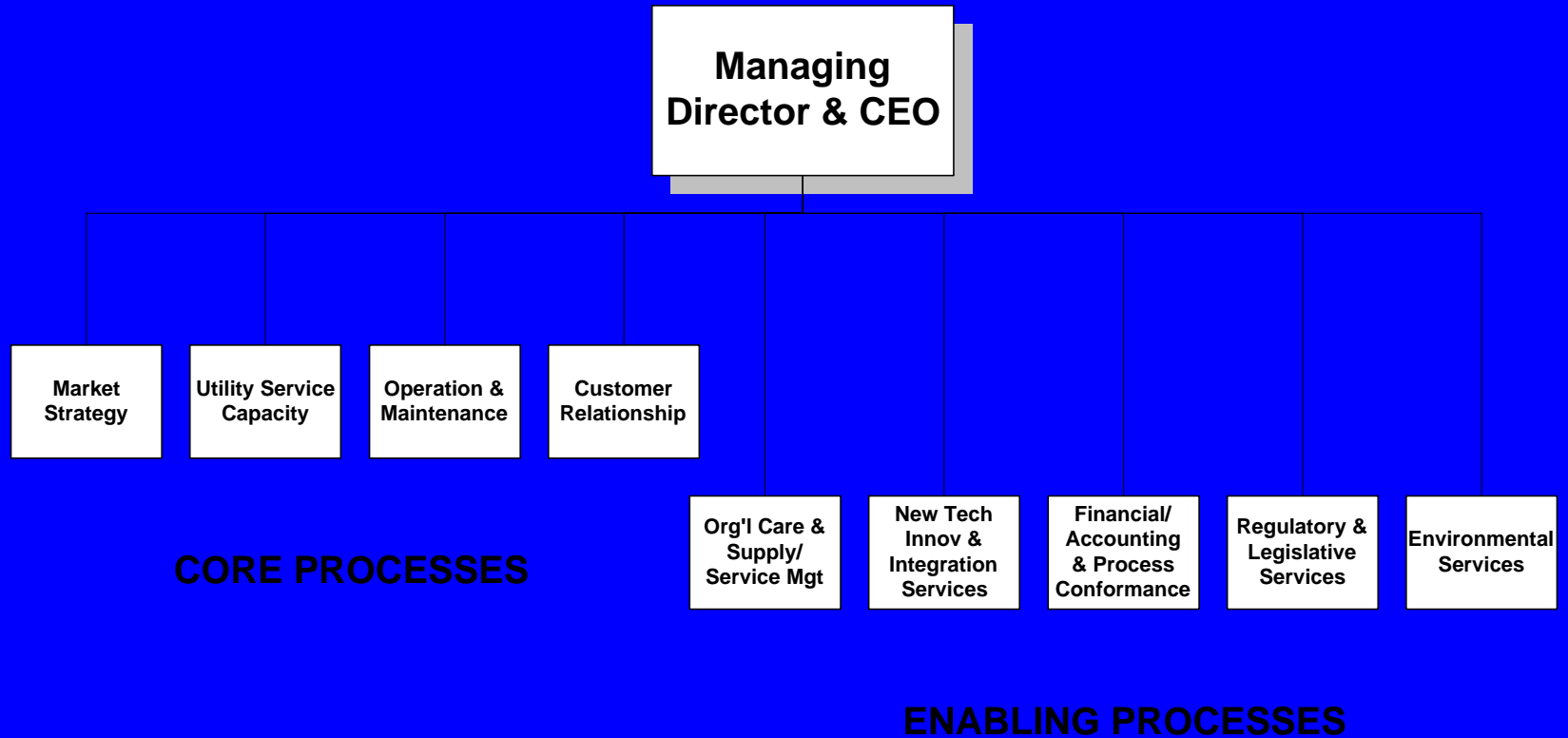
- Customer Care Center (initial contact point, 665-6000)
- Customer Sales & Order Management
- Customer Service
- Billing & Collection
- New Development Projects
- Local Legislative Affairs & Economic Development

**EXAMPLES:**  
 Operate the call centers and branches  
 Restore service outages (troubleshooters)  
 Respond to cust. water pressure problems  
 Fix pipe cave-ins  
 Read meters, issue bills & collect payments  
 Bill for BellSouth pole attachments  
 Manage constr. project customer outreach  
 Review plans from Developers  
 Install service connection for new customers  
 Install backflow preventers  
 Monitor industrial discharge for pretreatment compliance  
 Manage public liability claims  
 Manage Economic Development activities  
 Respond to inquires from the City Council

- Organizational Care A.
- Supply & Service Management A.
- New Technology Innovation B.
- Integration Services B.
- Information Management B.
- Financial Management C.
- Accounting, Budget Management C.
- Process Conformance C.
- Environmental Services D.
- Regulatory & Leg Services E.

# JEA Process Realignment

## Proposed Structure for Level 2



# Conclusions

- It can be done (must be a culture change)
- Must face some type of extinction
- Top management driven
- Takes a long time
- Very difficult to do
- Very rewarding

*“It’s probably good to get up in the morning and know that someone is chasing you.”*

**-Author Unknown**