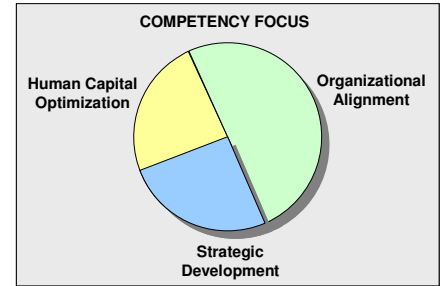


CLIENT: EMPIRE DISTRICT ELECTRIC COMPANY

INDUSTRY: UTILITY

COMPETENCIES:

- Competitive Positioning Process
- Strategic Analysis & Planning
- Re-Staffing/Resource Redeployment
- Corporate Restructuring
- Strategy Development



CHALLENGE

To develop and execute a comprehensive, strategic and immediately impactful business plan allowing Empire District Electric Company to remain independent, competitive, and financially sound.

RESULTS

Ellen E. Colemire, acting as the project lead, drove the development of a new business strategy leveraging Empire’s key strengths and resources. The strategy called for both outsourcing of non-core services (e.g., janitorial and vehicle maintenance) and in-sourcing others (billing, the use of their call center, and meter reading).

The realignment of the organization resulted in a net reduction of about 6% of the number of positions. A zero-based staffing approach allowed those in the “outsourced” areas to compete fairly for positions in the remaining areas based on skills and experience. Early retirement was also offered.

The resulting savings projected for the first year were exceeded. The company is still independent and financially sound today.

BACKGROUND

The company had made very few changes in its 94 year history. Most of the employees had been there since finishing school. The Executive Vice President (and named successor to the CEO) had started as a lineman at age 19. The company operated four fossil plants and one hydro plant in southeastern Missouri to produce electricity.

The deregulation of the electric industry was just underway. A number of small, independent utility companies like Empire had already been bought up or put out of business by large companies or consortia. The CEO at Empire wanted to keep Empire independent or, failing that, to get the most for its employees out of any action. (At that time, more than 90% of the stock of the company was held by employees.) The company had less than 900 employees. They were financially sound but would not be competitive in a deregulated industry. The key element was the unrestricted costs that, in deregulated terms, could not be simply passed on to the rate base.

The CEO was within eighteen months of retirement. He felt very strongly that it would be better for him to take the hard steps and leave the way clear for his successor.

PROCESS

The project was named the Competitive Positioning Process. The Process was described in three steps ... Strategy, Structure and Staffing. The Leadership Team developed a new business strategy then the employee teams designed a streamlined structure which supported that strategy. The new structure was then staffed using zero-based staffing.

The team led by Ellen Colemire (President / CEO of Executive Consulting) facilitated an in-depth analysis of the competitive marketplace, with complete positioning development of the client company brand/products/service in context of other key competitors and related market segments.