

An Enterprise Approach to Change-the-Business

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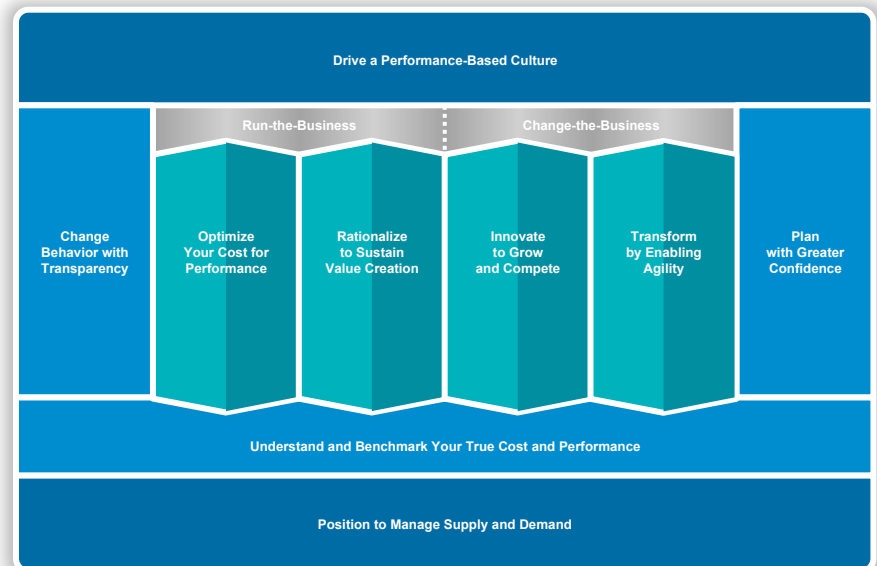
Principal Member, TBM Council





Goals for this Session

- Share how PG&E is improving our change-the-business capability, and correlate it with the TBM Framework
- Provoke additional insights from the members in this room





Setting the Table Today

"Technology drives decisions for leaders all around the world."



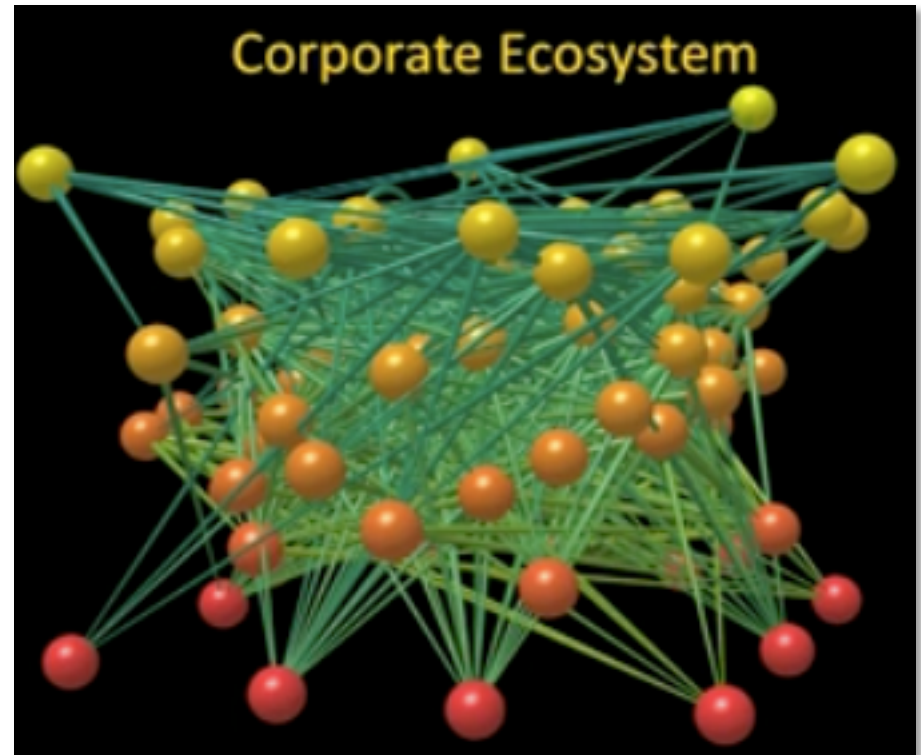
- **John W. Thompson**, CEO of Virtual Instruments, former CEO of Symantec, and former VP of IBM.

How do you make technology decisions in your company?



Making Decisions in an Increasingly Complex Environment

- Just as our systems require interfaces & integration with each other to successfully complete a business transaction; so do our people, teams, and partners.
- As complexity increases, pressure grows more acutely in the interfaces between people, process, and systems.

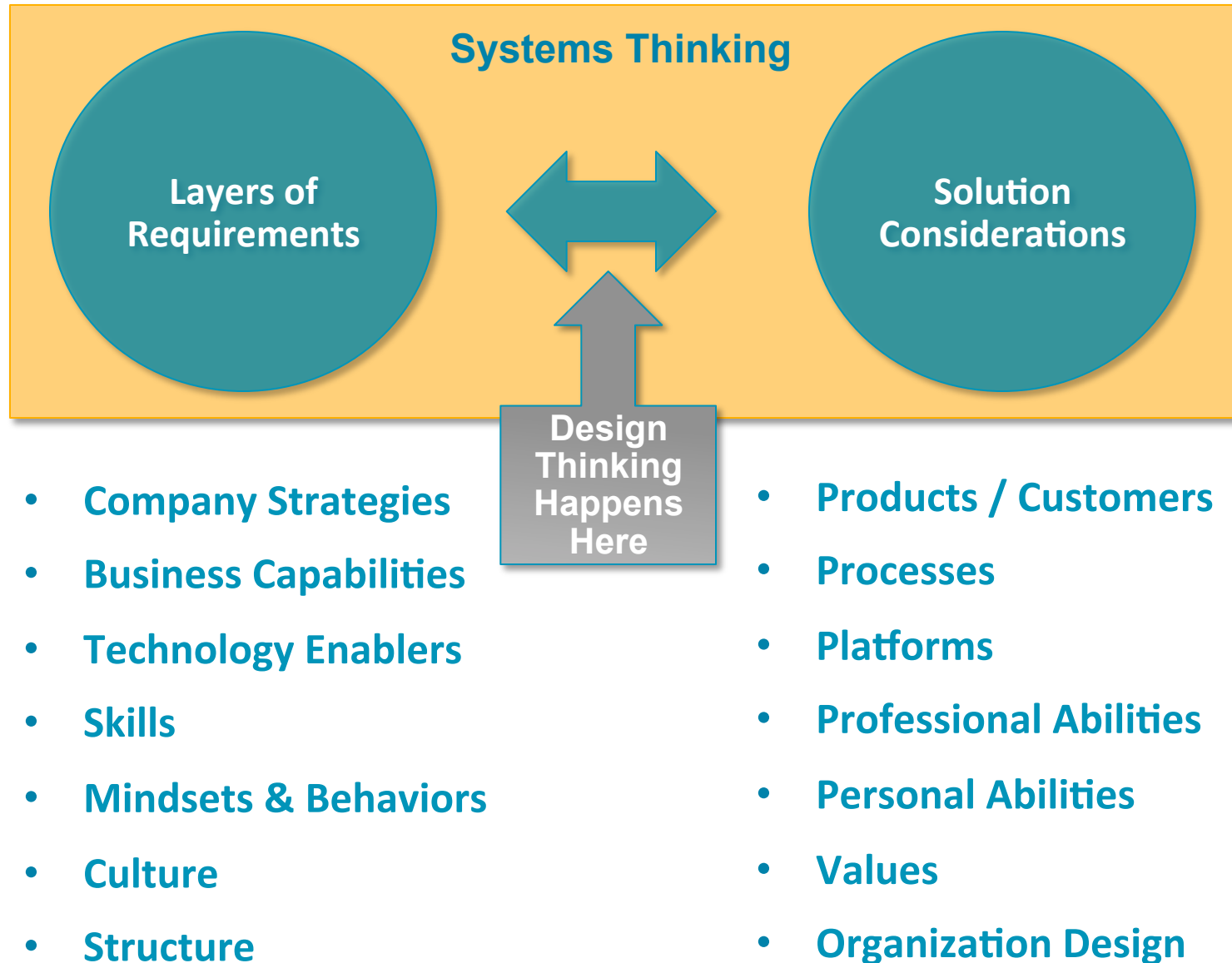


Our Systems and Culture Mirror

- With increased pressure on the interfaces, the environment begins to constrain the change more than the individual people, tasks, or components.
- An organization with an unhealthy environment must accept increased change risk across their people, processes, and systems, or do something about the environment!
- Conway's Law states that "organizations which design systems ... are constrained to produce designs which are copies of the communication structures of these organizations."



Systems & Design Thinking 101





Our Challenge

How do we improve our ability to change PG&E across our people, processes, assets (tools, trucks, and technology), and organization in an environment of rising complexity, increasing pace of change, and dramatic market pressures?





Our goal is to deploy an enterprise change system that will enable PG&E to plan and realize business benefits in a consistent, transparent, and measurable manner.



Electric
Ops



Gas
Ops



Energy
Supply



Customer
Care



Corp. /
Shared
Svcs.

S-1

S-2

Enterprise Change System*

1. Govern Change

Focus on the critical change priorities based on business benefits, risk, and strategic alignment via forums that manage initiative proposals, prioritization, and health.

2. Deliver Change

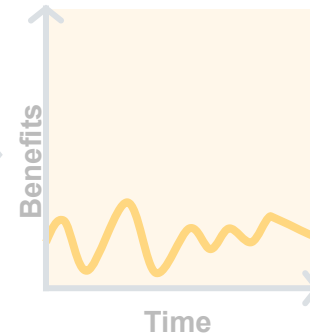
Establish a single PG&E Change Method and monitor change delivery on a monthly basis using the SVP BPR.

3. Energize Change

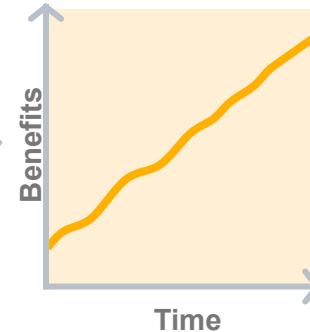
Through engagement, training, and performance management, raise the capability of our people to create an environment for better change.

*Non-Construction
Only

Today: High
Variability with
Delivery



Tomorrow:
Enterprise
Change System



Public
Safety



Employee
Safety



Reliable
Operations



Customer
Trust



Affordability



Our change placemat identifies a foundational set of capabilities required to govern, deliver, and energize change.

Govern Change

Capability

Change Planning

Benefit, Risk,
Strategy
Evaluation

Project
Prioritization

Change Health
Monitoring

Primary Deliverable

Roadmaps

Project Proposals

Scorecards

Deliver Change

Capability

Method-
ology

Change
Health
Measure-
ment

Partner
Alignment

Sponsor
Network

Change
Communic
ations

Change
Training

Change
Progress
Report

Partner
Scorecard

Sponsor
Playbook

Change
Communicati
on
Framework

Change
Training
Framework

Primary Deliverable

Energize Change

Capability

Change
Leadership
Model

Performance
Management
Integration

Change Circles

Change Skills
Training

Rotational
Assignment

Performance
Appraisal

Change Networks

Primary Deliverable



Integrating the TBM Framework

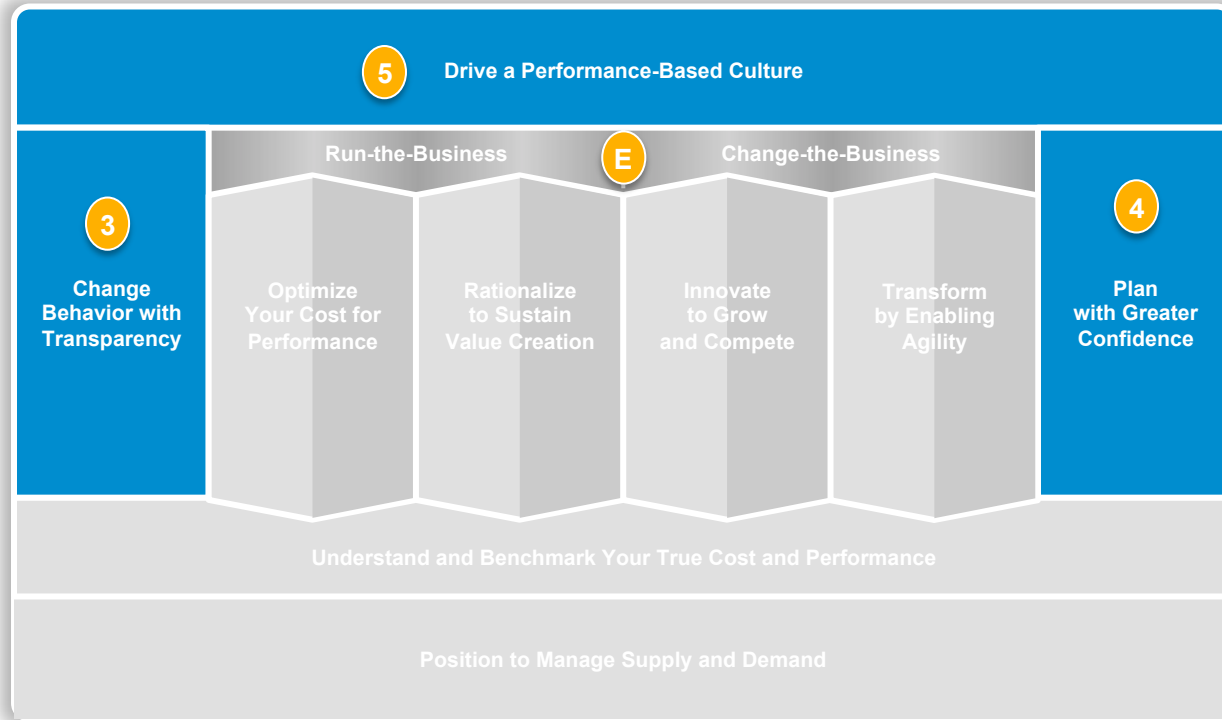
	Change Behavior with Transparency	Plan with Greater Confidence	Drive a Performance Based Culture	Optimize Run & Better Fund Change
	3	4	5	E
Govern	✓	✓	✓	✓
Deliver	✓	✓	✓	✓
Energize	✓		✓	

How are we implementing components of the TBM Framework @ PG&E?



TBM Discipline Impacts

5 How do I create and sustain a performance-driven culture that continuously improves value delivery.



3 How can we use transparency to alter behavior and drive cost and quality trade-off decisions with our business partners?

4 How can we confidently translate business expectations into an accurate technology plan, in turn safely reducing excess capacity?

E OVERARCHING GOAL: Optimize run-the-business costs and better fund change-the-business investments.



The Integration Summary

	Enterprise Change System	③ Change Behavior with Transparency	④ Plan with Greater Confidence	⑤ Drive a Performance Based Culture	⑤ Optimize Run & Better Fund Change
Govern	Roadmaps	✓	✓		✓
	Project Proposals	✓	✓	✓	✓
	Portfolio Scorecards	✓		✓	
Deliver	PG&E Change Method	✓		✓	
	Change Health Measures	✓	✓	✓	✓
	Sponsor Playbook	✓		✓	
	Partner Scorecard	✓		✓	
Energize	Internal Change Skills Standards	✓	✓	✓	
	Rotational Assignments	✓	✓	✓	
	Change Circles	✓	✓	✓	
	Performance Mgmt	✓	✓	✓	



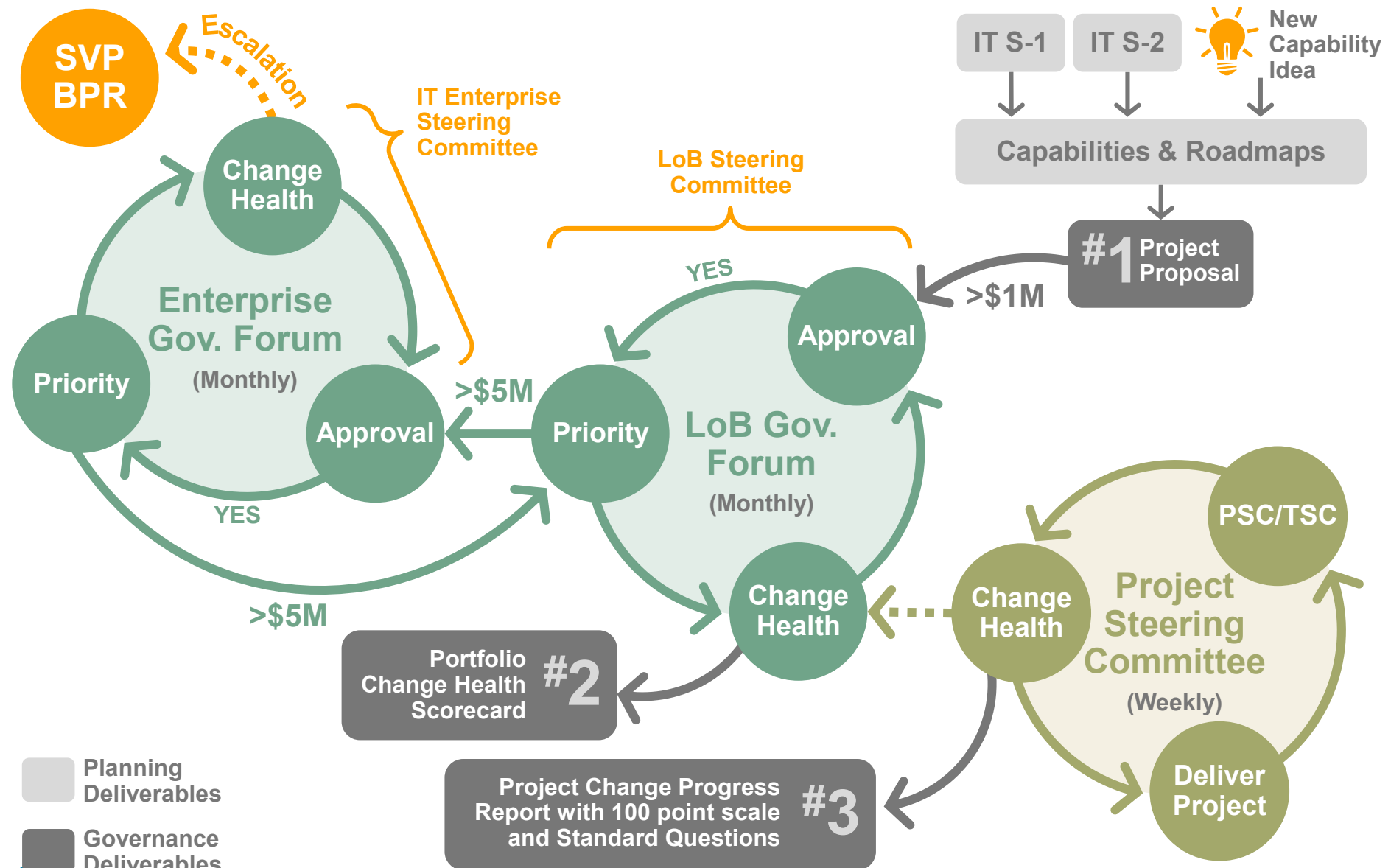
Govern Change Integration

Enterprise Change System	Change Behavior with Transparency ³	Plan with Greater Confidence ⁴	Drive a Performance Based Culture ⁵	Optimize Run & Better Fund Change ^E
Roadmaps	✓ Maximize awareness of business plans	✓ Identify features and timeline to maturity		✓ Clear line of sight for IT Strategy
Project Proposals	✓ Define operating metric impacts, business benefits, and budget up front	✓ Gated funding approvals	✓ Projects approved and prioritized based on business value	✓ Complete lifecycle CAPEX and OPEX funding of projects
Portfolio Scorecards	✓ Create enterprise & LoB visibility into the change portfolio metrics		✓ “Competitive” positioning of change projects	

The ultimate measure of change is the achievement of business benefits.



Governance Process





Deliver Change Integration

Enterprise Change System	Change ³ Behavior with Transparency	Plan with ⁴ Greater Confidence	Drive a ⁵ Performance Based Culture	Optimize ^E Run & Better Fund Change
PG&E Change Method	✓ One “playbook” for change enables our desired behavior		✓ Clear expectations for change behaviors	
Change Health Measures	✓ 0-100 point score for 8 change measures enable corrective actions	✓ Portfolio health as indicator of capacity for change	✓ Health performance data to identify systemic improvements	✓ Improved understanding of change capacity
Sponsor Playbook	✓ Tools, behaviors, and roles & responsibilities for Change Sponsors		✓ Change sponsor role re-positioned as an honor within the company	
Partner Scorecard	✓ “Map & gap” external change methods from 3 rd party partners		✓ Measurement of 3 rd party change partners performance	

Great change starts with great change sponsorship.



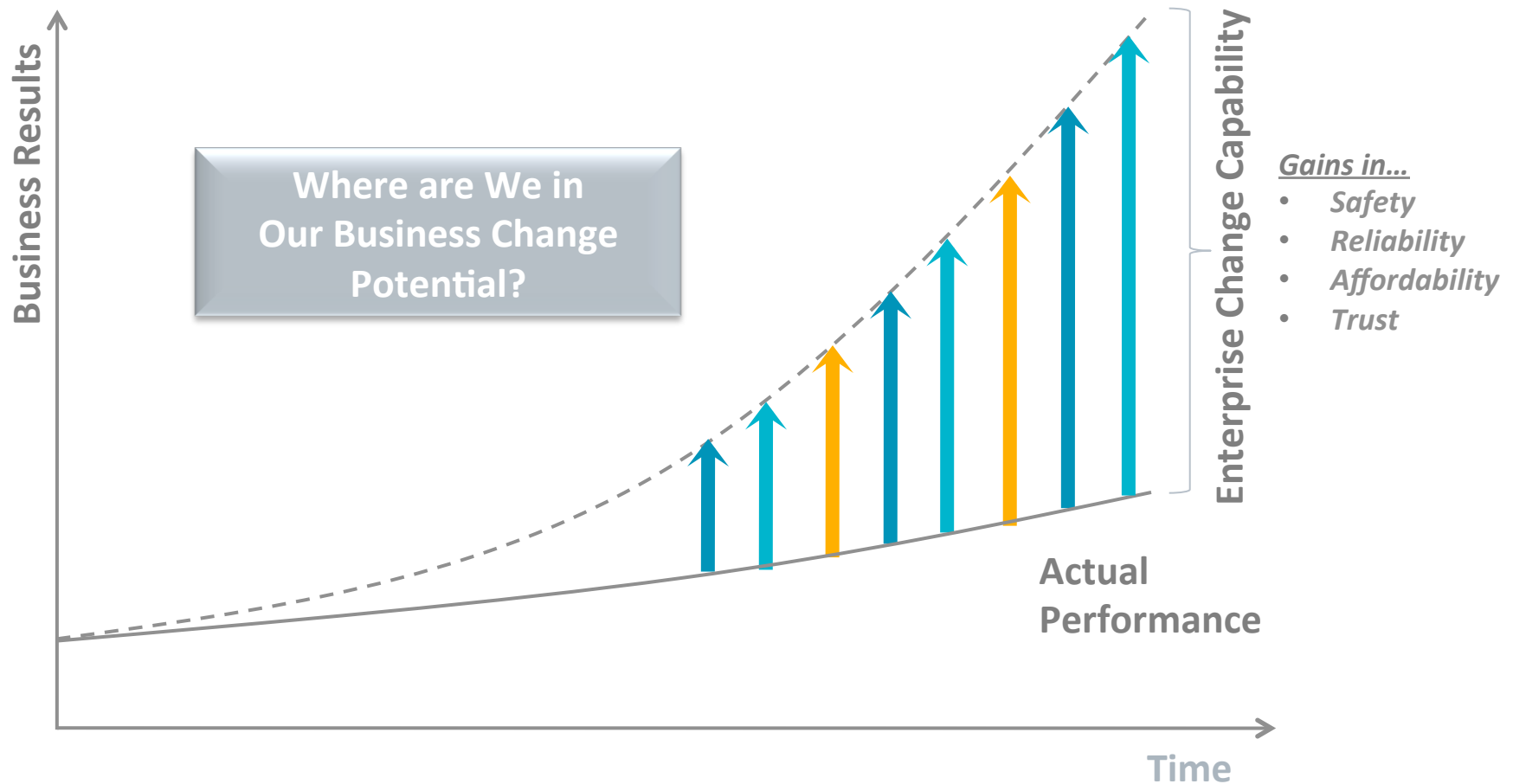
Energize Change Integration

Enterprise Change System	Change Behavior with Transparency ³	Plan with Greater Confidence ⁴	Drive a Performance Based Culture ⁵	Optimize Run & Better Fund Change ^E
Internal Change Skills Standards	✓ Define “leading change” behavior targets	✓ Align change challenges with desired skills	✓ “What good looks like” is predetermined	
Rotational Assignments	✓ Rotate in offers “mini-Change MBA” developmental opportunities	✓ High-potential development opportunities	✓ Rotate out to the field embeds change leadership into the operations	
Change Circles	✓ Create “birds of a feather” networks	✓ Pre-work change plans		
Performance Management	✓ Hire and grow “leading change” behavior targets	✓ Inventory change skills & experiences	✓ Measure and reward desired behaviors	

To grow our change IQ & EQ, we treat the patient and the family.



PG&E's Change Opportunity



Our goal with Enterprise Change is to unleash human potential within PG&E to achieve our strategic goals.



Thank you for your time!

