

Wass Consulting Group, Inc.

Management Insight

Management Consultants

Vol. 7, No. 1

Executive Search in the Energy Industry

Finding top talent requires special search skills

Summary

The energy industry is changing as never before, and the need to obtain top-notch management talent is one of the industry's critical challenges. Competition for customers has also developed into competition for the best people to run the businesses that deregulation has spawned. Finding and attracting such executive talent requires special knowledge and skills if the recruiter is to be successful.

A Changing Industry

In years past, America's energy companies were stable organizations, and transfer of executive talent among companies was minimal. Most executives were "home grown" and began their careers at the same companies from which they retired several decades later.

Energy companies, particularly today's utilities, bear little resemblance to their predecessors. The effects of deregulation, competition, mergers, acquisitions, and divestitures abound. Separate regulated and unregulated companies have been formed. Regulation is in a state of flux and difficult issues such as power and gas supply are on the nightly news. And more and more companies enter into unregulated ventures.

To keep up with these changes, companies need to retain, attract, and hire executive management talent from outside the company as never before. Even recently merged companies can find

themselves short on executive talent if lucrative "early out" packages entice experienced managers to leave prematurely.

"The Wass Consulting Group has a high degree of professionalism and vast knowledge of the energy industry. I enthusiastically endorse WCG being considered to meet a company's search requirements."

James J. O'Connor
Chairman and CEO (Retired)
Unicom Corporation

Executive Search

Executive Search consulting can have a profound influence on the client organization. Hiring decisions are often the most important decisions executives make, and their own success or failure often hangs in the balance as a result of those decisions. The Wass Consulting Group believes that your search consultant must bring a number of strengths to the table to get the best people to fit your needs. These include:

- *Industry knowledge and contacts* - Your search consultants must know the challenges you face on a day-to-day basis, and have access to those who can be of help to you. The energy industry, particularly the utility industry, is changing too quickly to leave your search to professionals who don't have an in-

depth understanding of the challenges you face.

- **Company knowledge** - Optimally, your search professional will know your company beforehand. If not, he should at least be familiar with other utilities, industry associations, etc. in order to quickly get up to speed on your company, culture, and business environment.

“WCG’s search process is the most disciplined and thorough in the search industry; even the candidates remarked about it and were very pleased.”

John F. Riordan
Chief Executive Officer
Gas Technology Institute

- **Search priority** - Finding well qualified and motivated candidates with the right mix of skills, experience, and cultural traits is crucial. Your recruiter must assign its most experienced, senior staff for your search. Do not entrust your recruiting process to support personnel in the firm as some recruiters do.
- **Confidentiality and professionalism** - Adherence to the professional and ethical standards prescribed by the Association of Executive Search Consultants, Inc. (AESC) is a must. These standards include integrity, objectivity, confidentiality, and avoidance of conflicts of interest.
- **Comprehensive search process** - Avoid recruiters that merely wish to fill the position and move on to the next search. There is no substitute for a comprehensive search from beginning to end. Your position requirements and the unique needs of your organization must be identified, documented, and reviewed with you. A “Management Prospectus” or similar document should be prepared to

describe all relevant aspects of the position, your company, and your needs to the likely candidates. Sourcing should be done only by experienced search professionals, not the recruiter’s support staff. Candidate screening must ensure only motivated and qualified candidates are brought to you. In depth reviews of the candidate’s personal, educational, and professional qualifications and references must be made to avoid expensive and embarrassing mistakes. Finally, the recruiter must assist both you and the candidate in negotiating employment arrangements. There is much more to a successful search than merely locating a few people who might fit the bill.

“I would definitely recommend the Wass Consulting Group for any senior executive search that was important to you.”

J. Phillip Bayne
President and CEO (Retired)
Nuclear Energy Institute

The Wass Consulting Group (WCG)

The principals of WCG have been serving the utility and energy industries for over 30 years, and have lived through the changes the industry has encountered.

Our mission has remained to provide general management consulting services that address the challenges that boards of directors and senior executives face in their daily operations, including matters of mission, governance, strategy, organization, business process transformation and re-engineering, operational improvement, competitive analysis, due diligence, post-merger integration, market entry, litigation support, and others.

As a complement to these consulting services, we also provide Executive Search consulting for our energy clients.