

Utilities Look

to Women,

Fast-Growing

Populations

By Gary M. Stern

Illustrations

by William Rieser

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ith an aging workforce and a scarcity of skilled talent, utilities are facing a real headache, and many will be caught in the squeeze.

“When you’re searching for talent and face a scarcity, you have to optimize and search every source. And for many utilities, that means recruiting minorities and women,” noted Kenneth Arroyo Roldan, CEO of Wesley, Brown & Bartle, a New York-based executive recruitment firm that has conducted searches for several large utilities.

Utilities have done an effective job of recruiting minority workers, “but are way behind at promoting minorities to senior manager ranks,” Roldan said. “When you move up to supervisor, manager and above, there’s a paucity of minorities there,” he stated. He suggests that utilities have to step up promoting more minorities to senior positions or face an increasingly disenchanted workforce that has options of moving to other companies.

REACHING OUT

He also recommends that utilities recruit former military personnel, who are 43 percent minorities and women who possess the skills that utilities seek.

The winners in the next few years will be the utilities that recruit, train and acclimate minorities into the utility’s culture. The utilities with the best chances of success will be those located in big cities with large minority populations, such as New York, Los Angeles, Chicago, Miami, and San Antonio. The losers will be the utilities that operate in a business-as-usual mode and think that recruiting generically on the Internet or the classified will be sufficient.

When Wanda Reder was vice president of asset management at Exelon Corp. and saw how the aging



workforce was beginning to impact utilities, she surveyed 20 of the largest investor-owned utilities in 2004 and 2005. Reder is currently a vice president at S&C Electric Co., a Chicago-based manufacturer of switching equipment. She discovered that less than 10 percent of utility workers were under 35 and that most utilities would lose an average of 20 percent of their staff in five years and some will lose 40 percent. “Without hiring the right talent and without enough people to get the job done, the reliability of their entire electrical infrastructure is at stake,” Reder said.

Reder also noted that the vast majority of most retirees are Caucasian, but many of the new hires would likely be minority candidates and women. “The group in its 20s that needs to be attracted into the industry is heterogeneous and female,” she said. Hence, utilities must learn to fit minorities into their culture and provide equal opportunity to advance if they want to retain them. For many utilities, that will require a cultural adjustment.

How substantial is minority growth in the United

and a vice president at Progress Energy in Cary, N. C. She points to membership in AABE, which rose in five years from 750 to 1,350 in 2006 — nearly a 40 percent hike, as evidence of the increased hiring of African Americans. Despite the fact that some utilities recruit at minority and bilingual job fairs and take out ads in *Essence*, *Black Enterprise* and *Hispanic* magazines, she describes utilities as “somewhere in the middle,” but not yet leaders in recruiting minorities.

One leader may well be Southern California Edison, which was included in *Fortune’s* 50 Best Companies for Minorities in 2004. Frank Quevedo, its vice president of workforce diversity, called hiring minorities a “business imperative” in order to sustain SCE’s future. Quevedo noted that minorities at SCE already numbered 46 percent and would likely rise to 60 percent in the next few years. “We’re trying to make sure we have a robust pool of applicants who possess the right skill set,” he said. SCE was focused on replacing skilled workers who are linemen, electricians, and plant equipment managers.

SCE has tried to create an entire culture that would be open to minorities rather than attacking the issue in a piecemeal way. To stoke the pipeline, SCE supports after-school programs in Orange County public schools in underserved communities and has developed partnerships with vocational programs at community colleges, which serve a large minority population.

Targeting its minority employees, SCE offers mentors, leadership training, career advancement seminars, and educational reimbursement — all aimed at allowing employees to rise to their natural ability. SCE recognizes that if it doesn’t reach out to minorities “it won’t produce the next generation of leaders at every level including top managers,” Quevedo said.

DTE Energy was also listed in *Fortune’s* 50 Best Companies for Minorities in 2004. “Customers have an electric choice in Michigan. To retain customers, you must hire people who have the same face as the community and understand the community,” noted Therese Alfara, company director of human resources in Detroit. She describes DTE Energy’s multifaceted approach to recruiting minorities as a process that includes posting jobs on targeted minority Web sites such as Black Planet, Migente and AsianAmerican, creating cooperative education program at colleges in Michigan with large minority populations, and developing a leadership training program.

The rising number of retiring baby boomers, however, has not triggered its minority recruitment strategy. “We’re going to do what we do regardless of what the retirement focus looks like,” Alfara noted. “The community we serve is very mixed and we want our workforce to reflect that,” she added.

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States? Carl Haub of the Population Reference Bureau in January 2006 noted the U.S. population was growing at the rate of 1 percent a year and will reach 300 million by 2006. “The number of Hispanics is growing faster than any other racial or ethnic group in the country, and its relative youth means that Hispanics will supply much of the U.S. population growth for decades to come,” he wrote. Hispanics number close to 40 million people and constitute 14 percent of the population but 49 percent of its four-year population increase. Hence, the United States is “growing more minority and less majority,” he said.

In his 2004 Conference Board study “Keeping the Energy Pipeline Filled,” Howard Muson noted that baby boomers constitute 77 million people while Generation X has only 45 million people. Utilities are facing a personnel crisis with its aging workforce. To make matters worse, engineering school enrollment has declined, and many new workers are not developing the advanced skills that utilities require.

Not everyone agrees that utilities are making minimal progress in their diversity efforts. “Over the last five to 10 years, utilities have made significant progress in hiring minorities,” declared Hilda Pinnix-Ragland, who is chairperson of the American Association of Blacks in Energy

on topic

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At Birmingham-based Alabama Power, Robert Holmes, senior vice president of ethics and business practices who is also on the board of AABE, acknowledged that Alabama Power in its 100-year existence “did not have a history of diversity in its workforce. As we became enlightened, we introduced a strategy to recruit from a wider demographic.”

Yet Holmes, who has been with Alabama Power for 28 years, also emphasized that “we recruit talent, not minorities. We’re trying to form a marriage of diversity and skills.” He noted that even the “people who hang wires and drive trucks” require a two-year associate degree to be considered for the position.

To overcome the glass ceiling, Pinnix-Ragland would like to see utilities match minority employees with “mentors who can help them understand the corporate culture and develop a targeted career development plan.”

Hiring more minorities isn’t just the right thing to do; it will help utilities improve their bottom line, Pinnix-Ragland said. A diverse workforce brings more innovative thinking and strong team results which yield greater profits.

Gary Stern, a staff writer for EnergyBiz, is the co-author of Minority Rules: Turn Your Ethnicity into a Competitive Edge, co-written with Kenneth Arroyo Roldan, (Harper Collins, August 2006), a how-to business guide to help minorities climb the corporate ladder.

View From the Trenches

HR MANAGERS ON EMPLOYEE SHORTAGES
BY MATTHEW FOSTER

Within five years, half of the nation’s electrical line workers will retire. That was the grim report on National Public Radio this spring.

Three years ago, the Tennessee Valley Public Power Association reported that 62 percent of rural electric cooperative general managers were age 50 or older, as were 61 percent of line superintendents and 43 percent of line foremen.

To further probe the looming problem, *EnergyBiz* in recent weeks contacted human resources representatives of 15 companies employing approximately 160,000. They all report that they anticipate a serious shortage of workers in the next few years. Skilled tradesmen — specifically line technicians, but also mechanics — are where the shortages are expected to be most severe. A lack of engineers is also an area of concern.

To keep these positions filled, the most common new recruiting strategy being developed by human resources specialists is to reach out to young workers.

“Staffing for utilities in general has become more challenging; we are all competing for the same dwindling resources because less people

Women Strong in IT

BY MARTIN ROSENBERG

There is Beth Perlman at Constellation Energy.

Wendy Welsh is at LG&E Energy.

Patricia Lawicki works at PG&E.

And Rebecca Blalock is at Southern Company.

All head up strategically important information technology at their utilities. In fact, chief information officers at 21 percent of the top 100 utilities are female, according to new data assembled by Accenture.

Kathryn Sanders, who heads up global systems integration for utilities at Accenture and is based in Atlanta, said that she ordered up the study of CIO ranks when she noticed that many of the utility CIOs she encounters are female. Like many, Sanders believed utilities are male dominated. Furthermore, she said, “we are constantly hearing that women are falling behind in math and science.”

Despite those views, the new evidence of the growing importance of women in addressing utility technology needs makes sense. “Women are very good at putting technology needs into bigger contexts,” Sanders said. Utilities will increasingly pay attention to female job applicants for management assignments as they deal with attrition caused by an aging workforce, Sanders predicted. Still, women have not gained easy access to the “C” suite of executive jobs.

Accenture also studied the ranks of utility chief financial officers and discovered just 3 percent are woman. “We see women doing well at the controller level but having difficulty making the final jump to the CFO level,” Sanders said.

Susan Tomasky, CFO of American Electric Power, is one of the few who successfully made the leap. Tomasky said that utility executive management is traditionally recruited internally from engineering and operations personnel, where most are male. A decade ago, women entering the professional ranks gravitated to technology companies — and that is probably why a healthy proportion of the utility CIOs today are female, she said. “The financing area is still hard for women to crack,” she said. Tomasky, a lawyer, has experience in regulatory and corporate finance work. “There still is a lot of breaking through to do,” she said. “I expect incremental improvement.”