

## ***Form follows function? Selling More, Not Less***

### ***(or who and what are the Energy Companies serving ?)***

In architecture communities, the phrase “Form follows Function” rings many bells...

*Form follows function is a principle associated with modern architecture and industrial design in the 20th century. The principle is that the shape of a building or object should be primarily based upon its intended function or purpose. (source: Lexington)*

At my speaking occasions, I like to speak of the effects company organizational forms have on their function(s).

It is my belief that the organizational forms create company's day-to-day actions, behaviors, decision making and hence their future.

So- in companies the rule is the other way around: *functions(s)* follows *form*.

Now- I would like to ask you to take a moment and to reflect on the organizational FORM your energy suppliers are in – right now- and what business processes (re: function(s)) are leading them.

Are they trying to sell More? Or Less?

Automatically.

Because of the form.

I have to agree- it may be nowadays a bit confusing time for energy companies.... as selling “more” may not feel any longer all so good...

Nevertheless, we continue to grow our leaders and managers, to -

Buy low- Sell High

Sell more value to your client.

Grow your market share.

Focus Focus Focus

More Profit. More Revenue. More Cost Control.

More More More

And as a consequence, Petrol stations and Utilities have been privatized, and marketeers and deal-makers have entered the industry. The focus is on quantity and profits- not on quality or sustainability.

It is very hard for energy companies nowadays to tell to their shareholders that they wish to change tack and start to sell less to their customer base and to help their customers to save their bills.

Duke Energy in the USA (amongst others) seems to be one of the exceptions- thanks to its visionary leadership. Germany's experiment with renewable(s) and gas energy may also lead to new examples at utilities (e.g. E.On). These utilities are opting with new service models.

Actually, and in the past, energy (and utilities) companies were simple and boring.

They were simply about oil and gas exploration and production, distribution and/ or electricity generating facilities- which supplied their customer base with reliable and cheap solutions. Engineers were leading these shops. They did their job with passion and annual (profit) returns were 3-5%.

Over time, this has changed significantly.

We are now clearly entering a new phase and are struggling to find the new 'mantras' for the industry.

The new Visions. And the new FORMS.

In order to implement our wish to use “less fossil fuel” in our western society (remember our poker game), western energy companies may opt to evolve in more co-operatives- serving their customers, their societies and their employees (managers) and shareholders in a more balanced way.

So- coming to this theme, my questions would be:

What *form* is your energy company in?

Who are they serving today? What are their goals for tomorrow?

Is it you- the customer ? Or is it their supplier(s) who have given them access to the (fossil fuel) resources to develop?

Or is it the state or shareholder, who asked them to provide a financial return?

Or are their partners and employees in the organization, to secure wages, bonuses and retirement funds?

Or is it society- who asked them to develop energy solutions which serve your economy and your communities- and takes into consideration the needs of others- for the next 100 years?

I don't know...

but what I do know is that you have to find the answer in your own environment and based on your own experiences.

To find out what you would like to see they do and who you would like to see them serve.

Consider the following:

A National Energy Company, with a large governmental stake in its ownership, generally speaking balances the interest of the company with the interest of the country. On jobs, securities of supplies, growth rates, returns from the company, etc.

An International Energy Company, with shares listed on the stock/exchange, generally speaking, aims to maximize the financial returns from its assets (human and capital). and works to serve its shareholders and its management (performance and bonus contracts)

A co-operative, a national bank in the Netherlands<sup>1</sup> a good example, are created to balance the interests of the customers with the company and society. The company is owned and governed by its customers.

Who do you want your energy company in your country to be?

Do you think your present energy company form serves you, your community , your country and our world energy future?

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<sup>1</sup> Rabo Bank Group