












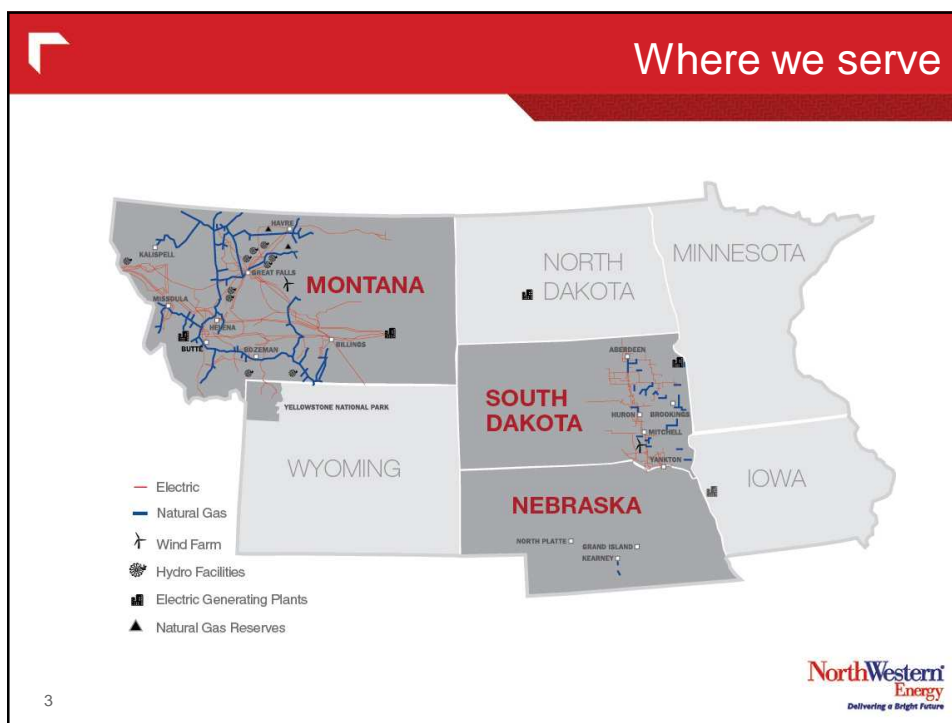
Transitioning Culture – NorthWestern Energy’s Experience

Curt Pohl and Barry O’Leary



What we do

<p>701,000 Customers</p> 	<p>SERVING 187 (electric) & 105 (natural gas) communities in MT</p> 	<p>1,550 Employees</p> 
<p>\$2.1 M In charitable donations</p> 	<p>\$8.3M In Low-income energy assistance to 14,583 households in 2016</p> 	<p>97,000 Avg. calls per month in two contact centers in Butte MT & Huron SD</p> 
<p>23 Walk-in customer service offices</p> 	<p>\$136M In 2016 property taxes</p> 	<p>\$87.97 Typical NWE residential electric bill per month – that’s \$16.61/month less than the national avg.</p> 



Our safety challenge

Why we value safety ...

- Background
 - Deregulation and break-up/divestiture of Montana Power
 - Company saw dramatic change between 2001-2008
 - Perception through 2006 – safety program was solid
 - 2003 to 2007 – main leadership challenge was maintaining the business through bankruptcy
 - Worker morale, and safety, took a backseat
- **18-month stretch of 2006/2007 – NorthWestern had three fatalities and an electric-burn incident**
- OSHA made visits, issued citations, and found lack of field compliance with safety rules
- After fourth incident, it was obvious that NWE had serious issues with safety behavior and culture

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The need for culture change

It takes time to change culture ... and mindset ...

- **Conforming culture**
 - Culture is set by individuals
 - You will take on the behavior of those around you
- **Compliance culture**
 - Culture is set by rules and procedures
 - Enforcement emphasis
- **Internalization**
 - Knowledge
 - Willingness
 - Commitment
- **2:00 a.m. rule** – what will you do when no one is watching?

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Our response

Things we've changed ...

- **Aggressive, participative emphasis on safety**
 - Formal safety plans
- **Employees and supervisors held responsible for safety rules and expectations**
- **Leadership team commits to safety process/culture and participation in safety training**
- **Company requires written tailboards, supervisor field observation reports and refresher training for all on work rules**
- **Established proactive, formal safety process at all levels, from executives to front-line supervisors**
 - Safety is agenda item at Board Meetings, Executive Staff Meetings, etc.
 - Operations focus – manager's meetings, incident reviews
 - Multiple incident review – high risk employees

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Our safety today

Human Performance

- Philosophy (not a program)
 - People will make errors
 - Key is to minimize the consequence of errors
- Continuous improvement
- Why people do what they do
 - Doesn't make it acceptable, but does help understand why
- Highlights
 - Normalized deviation, critical steps, defenses
 - Error precursors – situational influences that will increase errors
 - Complacency, time pressure, inaccurate risk perception, communication, etc.
- NWE approach –
 - Structured roll-out; focus on those who direct work
 - Analysis of incidents – organizational influence, culpability tree

Anatomy of an Event

The diagram illustrates the 'Anatomy of an Event'. At the center is a gear labeled 'Event'. To the left, a person is shown with a thought bubble containing 'Health, Breath, & Values' and a box labeled 'Mission Goals, Policies, Procedures, Programs'. Below this is 'Latent Organizational Weaknesses'. To the right, a person is shown with a thought bubble containing 'Vision, Breath, & Values' and a box labeled 'Initiating Action'. Above the event is a traffic light labeled 'Flawed Defenses'. Below the event is a hand holding a gun labeled 'Error Precursors'. Arrows indicate the flow of influence between these elements.

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Our Safety – present and future

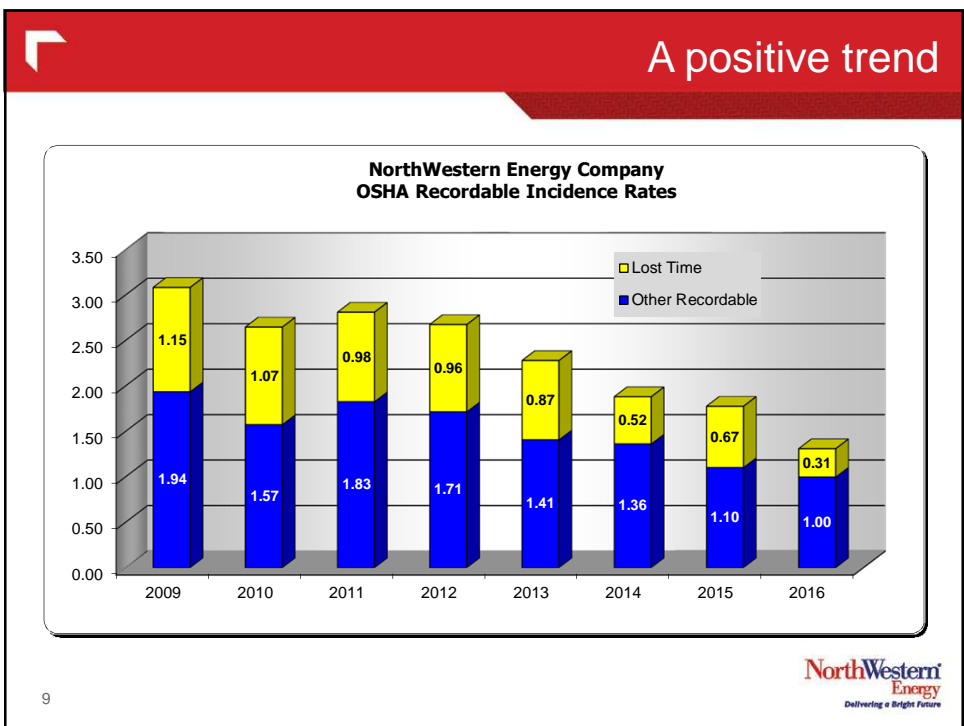
Are we there yet ...

- Absolutely not ...
 - 2015 incident
 - Still need to work on the small things
- Safety is an ideal that's never finished
- Commit to the process
 - Follow it to the tee each and every time
 - Focus on communication – all sorts
 - Front line, bottom up, top down, reporting, everything
- Don't ever take things for granted
 - Complacency is the devil
- Constant focus and consistency
- Everyone must have the willingness and commitment

A photograph showing a construction site with a large yellow excavator in the foreground, a white truck, and several workers in hard hats and safety gear. The background shows a clear blue sky and some trees.

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Aggressive safety leadership is critical

What leaders can do ...

- Safety should be common ground with employees
- Demonstrate how everyone can be involved
- Must be positive and receptive when people bring up safety issues
- Communicate openly and often about safety
- Have the right people in the key positions
 - Especially in operations leadership
- Make sure everyone “owns” safety
 - Get out amongst them; inquire about safety
- Keep a pulse on the culture
 - Must understand what is really going on
- Lead by example

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Today at NorthWestern Energy

NWE's investment in leadership ...

- “Effective Leadership”
- “Human Performance Improvement”
 - Fundamentals Course (8 hrs)
 - Practitioners Course (24 hrs)
- Foremen's Leadership Seminar
- Front Line Supervisors' Seminar
- What's next ...
 - “MoveSafe” initiative

... continually re-energize the culture!

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Today at NorthWestern Energy

Safety is a “value” ...

- Constant focus and continuous improvement
- Celebrate success, but never “rest on laurels”
- React to failures – ideally when they’re small
- Strive to create a “Just Culture” – where people are comfortable to bring issues forward (reporting)
- Can’t separate the “safety culture” from the overall “company culture” – important to have positive morale – people must feel good about themselves and the organization
- Manage safety just like any other business process - consider the return on investment
- Safety is “the right thing to do”

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