

Georgia Business #424

Guest: Suzanne Sitherwood President, AGL Resources

Richard Warner: Welcome and I'm Richard Warner and on Georgia's Business this week, she is one of the state's most dynamic executives. Not only leading the company where she has worked for twenty-five years but also working with state leaders on issues that affect Georgia's future, issues like water and transportation business development. As president of Atlanta Gas Light, the oldest corporation in the state, Chattanooga Gas and Florida City Gas, she also confronts energy issues head on. Our guest who has more than 1.5 million customers in Atlanta alone, Susanne Sitherwood, joins us this week. Welcome.

Susanne Sitherwood: Thank you, Richard; it's good to be here.

Richard Warner: How's business?

Susanne Sitherwood: Well business is good. We've got cold weather so that's always a good thing for us.

Richard Warner: This is the best time the year for you.

Susanne Sitherwood: I grin all winter.

Richard Warner: There doesn't seem like there is a whole lot of press about supply issues when it comes to natural gas as the way that it is for gas, gas. Is that true?

Susanne Sitherwood: Well, we saw pressure at the pump this summer obviously and usually when there is pressure at the pump there is pressure at the gas meter. So gas prices, methane prices were higher this summer, but now we have seen prices come down at the pump but have also seen natural gas prices come down. And for me that am good because that means consumers are paying less in the winter to heat their homes.

Richard Warner: But not necessarily good news if you're...what's the old joke about watching your mother-in-law drives your Cadillac off the cliff? Lower prices are great for Georgian's but at the same time you've got numbers you want to meet, I would presume.

Susanne Sitherwood: Well, we at Atlanta Gas light company; we do not make a profit off the commodity, the methane you burn in the home. Atlanta Gas Light's responsibility is really making sure that the gas gets out of the well and gets to your home or your place of business. And so our profit really is driven off the infrastructure that's in the ground and we really don't want to make a profit off the commodity itself.

Richard Warner: I was looking at the different constituencies you have. You've got people watching right now who heat their homes with gas and pay the gas bill. You've got the politicians who regulate it, you've got the PSC. What skill set do you find yourself having to draw on to deal with all these different interests?

Susanne Sitherwood: That is an interesting question. And actually I get asked that with some degree of frequency. Really it is the idea of breath, and not getting too out of balance. Really it is creating that balance and not getting too deep in to the details unless necessary but really having a large visual landscape around all the special interests. Because it's really keeping that balance over time that matters, to our consumers, it matters to the political constituents, and so forth.

Richard Warner: Some how you have to be able to, for lack of a better term, dumb it down to a consumer who might have concerns about a high gas bill in February. And the PSC which going to drill down right into as much detail as their capable of doing in determining rates and things like that. You've got to be able to talk all these people on different levels.

Susanne Sitherwood: We do but each one of those constituencies has different interests. For example the consumers, they are interested in how much and I have to pay and is that service reliable? And so that's our obligations to our consumers. With the policy makers we're really talking to them about what is current policy and what is necessary for future policy, such as supply, such as infrastructure, and those sorts of things. So we are working side by side with the policy makers to make sure over time that we are setting the best policy for the state of Georgia. But at the same time complete cognizance of our consumers interests and what they are having to pay, what service levels we are providing them they are getting the things they need at the right price.

Richard Warner: You are guaranteed that a certain rate of return, a certain profit not matter what?

Susanne Sitherwood: Oh no, we're not guaranteed

Richard Warner: This is you're, I mean as a utility you have much more protection than say a car company.

Susanne Sitherwood: Yeah we're not guaranteed the commission, the public service commission, when we go in and file a rate case. They set our quote revenue requirement, how much revenue it takes to operate the company. And then it is our obligation to operate the company around that revenue requirement if costs us more to operate that company then profit is less. The reciprocal of that is if we can run it in a more efficient manner then we can earn a little bit more. But the rate case process is as such and it's a six month process where a lot of things are looked at to establish a cost structure for that utility.

Richard Warner: And if memory serves you won't be going back for higher rates or different rates because of something that happened the last time that you were involved in trying. and it's been a while...

Susanne Sitherwood: You have a very good memory. The last rate case that were in we agreed to a five year stay out. The next rate case we will file in November of next year. Atlanta Gas Light company has not increased its rates to it's' customers since 1993. And I dare say that there not many industries that could say such.

Richard Warner: How did you get away with that?

Susanne Sitherwood: Alot of efficiency, and we gained efficiency through really looking at our processes in terms of our service delivery. But we also deployed alot of technology over the years that enabled us to be much more efficient around our process.

Richard Warner: Like what?

Susanne Sitherwood: For example, when I started the company 28 years ago, everything we did was on paper. So if you as a customer called in, I would sit there and write that down on a sheet of paper and I would have to carry it across the room to give it to the supervisor in the field area and then he would decide who would take it out in the truck, they would take out in the truck, back in and reverse the process. Where now we are using technology, a customer calls in the CSR basically jests enters the order and it gets dispatched to the truck. The individual in the truck is home base so they leave their home in the morning and they work their orders. So there is alot less in between that order process.

Richard Warner: Hmmm, that entails a whole change in culture within a company too. Probably staffing, that means you don't have to staff as many people. How do you get people to buy in to culture change, even when it's better for most of the people involved?

Susanne Sitherwood: There is a cultural change aspect to it but it really centers around the technology. People who are accustomed to using paper and the processes that they have used for quite a while, when you're deploying technology projects, one of the things we've learned is get those individuals involved on those teams. Let them be apart of that change and development and also let them be apart of that change and the execution of the project. And then they become apart of it and the truth is as everybody knows, those that are doing the work understand it better and if you can pull them together as a team you are going to get a much better product anyway.

Richard Warner: I have always considered AGL to be one of more sane companies in terms of corporate culture; do you want to describe what you think the culture of that company is?

Susanne Sitherwood: Sure, like I said I have been there 28 years and the company, as you mentioned, one of the oldest, over 150 years old. There is a lot of deep culture there. And

one of the aspects of our culture is that we are very involved in the community, we would like our employees to be involved in the community because that helps us better understand our interests of our customers and the thing about our employees, they are very focused on our customers and what our customers want. And because they are so customer centric, I think it really creates a very enjoyable place to work and the second part of that is that our employees are very empowered. And most employees that I meet in our company or any where else, they just want to be able to do their job and do it well and understand what their job is. And all of that sort of embodied in the Atlanta Gas Light Company as well as our parent company.

Richard Warner: Every body is a customer. I don't think ever heard a CEO say that they are not customer focused. And yet what separates you from the typical guest who we would have on the show is that we don't have a lot of choice out there in terms of where I'm going to go to, apart from the marketing side of things, the Scanna's or whatever- natural gas is natural gas, and it comes from the same pipeline.

Susanne Sitherwood: It does but the thing about natural gas is that you don't have to have it in your premise, be it your home or your place of business. You can you have an all electric home or you can use propane so from day one, our employees in this company as always understood that you do have a competitive option. You do not have to have gas.

Richard Warner: Really? I mean are people going to do an all electric home these days?

Susanne Sitherwood: Well, they won't because of the quality of our product and our service so...

Richard Warner: Well, frankly I am thinking price. My impression is that an all electric home, you know my grand parents had, would be a quite bit more expensive.

Susanne Sitherwood: Well we work hard to keep the price advantage as well and that's why again, service and technology, we run Atlanta Gas Light Company like a commercial operation. And not a utility. We understand that very much that we are regulated and need to work along side of the policy makers but we also have a commercial acumen, in terms of understanding our customers and making sure that we're constantly being innovative and really have a delivery system that are customers are requiring and not think about our service as though we are monopolistic and therefore you have to have us. You know we will just sort of sit back and see what happens, that is just not in our culture as you were talking about earlier.

Richard Warner: So how do you get a culture of urgency in a utility?

Susanne Sitherwood: Well, it is very much apart of our culture and so is innovation and it really centers around employing gagement, communication between the management and with those employees. And really communicating to them how well we are providing service, in other words how fast are we answering the phone for our customers. If they want their gas meter turned on are we going to tell them it is ten days or are we going to tell them within 24 hours? Are we going to tell them it is a eight hour window, we'll get

out there sometime this day or are we going to tell them we'll be out there in the morning and we will call them 30 minutes in advance. And providing this type of information to our employees with some regularity. Because they want to provide good service to our customers, then their engaged in the process and want the sense of urgency to deliver the best service to those customers.

Richard Warner: Who have your mentors been? There was the CEO of your company that was very high profile, in fact you were just telling me that this individual is taking on a very important role in a very high profile situation in this country, maybe you can go into Paula's background and what impact did it have on you.

Susanne Sitherwood: Paula is a quite colorful leader as you know in this city and within our business and when she came into Atlanta Gas Light Company; she was not from Georgia, not from Atlanta, so she brought a newness in terms of a leadership style that we had not seen from her predecessors. And she was sort of a non-stop get it done type of leader.

Richard Warner: Paula Rodsped, had she started in this industry or was she just one of those managers who could go from one to another?

Susanne Sitherwood: No, she was in the pipe line industry.

Richard Warner: Cousin...

Susanne Sitherwood: Yes, then she moved into the electric side, more of a trading type environment in Texas, and then moved here to the utility side, the retail side. So a lot of similarities.

Richard Warner: What did you learn from her? Paula was very highly regarded in the Atlanta before she moved on before she moved out to the west coast to run an insurance company. What did you learn?

Susanne Sitherwood: Several things, but in particular, I learned that to quickly assess situations and understand what the consequences of those are so you don't get so far behind the curve that you can't recover on something. Often times there could be trepidation and making a decision and I tend to be fairly decisive to. And so I have learned from her now you also have to be a little careful about that too. But it's a plus but it can also be a negative. As an executive you have to sort those things you need to move quickly on.

Richard Warner: When has it bit you? Bitten you?

Susanne Sitherwood: Probably more in my yearly stages of my career. The wonderful thing about getting older, you become a little bit more patient and a little bit more thoughtful. So I am glad to there is some upside to the maturing process.

Richard Warner: You have been there long enough then the mistakes become something you truly own. And factor in to how you manage moving forward. Were you smart enough in those days, those early days, when you were making the mistakes to realize what your shortcomings were?

Susanne Sitherwood: Oh Absolutely. After 28 years in business, I know what my shortcomings are but.. and we all have them.. but the thing that I've also learned is to surround yourself with people that close those gaps and for example because of what I was talking about earlier, the breath, I need to sort of look up and look wide. I usually have someone on my team that is sort of looking deep and very narrow at the matrix so they can keep me fully vetted on those types of things. So it is really just surrounding yourself with people and diversity is an interesting thing, I certainly stay focused on social diversity within an organization but there is also a diversity of thinking and creating diverse teams to me is one of the biggest areas an executive to focus on. Not just create success for themselves but for projects, for the organization, for the investors and for customers.

Richard Warner: How do you, you know, walk that fine line between variety of input and hostility in the work place? Because it's so easy for all those different points of view, sounds great and you have to have it. But the reality is it can also go to far and create dysfunction.

Susanne Sitherwood: Well, it goes back to what you were saying earlier around the culture if teaming and diversity becomes apart of the culture within the organization and people learn how to have debates and it's not a personal thing. But also understand there is a time to stop the debate, which is the execution, stop the debate, close out and move forward.

Richard Warner: And is that, that's your roll.

Susanne Sitherwood: That's my roll...

Richard Warner: Do you finally say okay, enough...

Susanne Sitherwood: That's my roll

Richard Warner: This is what we are going to do.

Susanne Sitherwood: Yes, and depending on your position in the organization, even then quote the president of Atlanta Gas Light, I play that role selectively and let others play that role when necessary and some things find their way to me. But at certain project levels you want that level to have the debate and the project lead play that role.

Richard Warner: That's another one of those fine lines between letting them take it, run with it and own it and shirking your responsibility because you are too busy doing other things.

Susanne Sitherwood: Well that's where the experience comes in, knowing when you need to insert yourself and when you are inserting yourself to early or unnecessarily. And that just aging comes with maturity of leadership and also having the right feeder system where people are informing me to say hey this is an issue, did you know that. And to really have proactive listening skills when people are coming to you, sharing things that maybe now is the time to get involved and listen to that and take action.

Richard Warner: If I'd interviewed your reports, your direct reports would they say yes Susanne welcomes bad news?

Susanne Sitherwood: Truthfully, Yes, I think they would. It almost becomes a little bit of a joke amongst us so, yes they would.

Richard Warner: A jokes of?

Susanne Sitherwood: You go tell her, no you go tell her or I'll go tell her. Then they all come tell me. But again I've been there 28 years, most of been together 15, 20 years so it's not as though we don't really know each other. One of the things that has kept me there is a very strong family orientation, we go to football games together our kids know each other. Alot of the field force, I started in the field, alot of the field force, raised me quite frankly. Alot of what I know today is taught to me by them, so...

Richard Warner: There alot of UPS top executives who still have the driver uniform

Susanne Sitherwood: I have a hard hat..

Richard Warner: in the closet

Susanne Sitherwood: I have a uniform

Richard Warner: Is it necessary to or at least highly advantageous to have that background?

Susanne Sitherwood: I don't think it's necessary, in the early days of utilities, anyone that come usually had an engineering background or maybe an accounting background. Again it was pre technology, it's engineering intensive it's not quite as necessary today but again it also takes awhile to work your way through an organization, learn different aspects of it and you know you can be successful if you are a CIO. You can be a CIO in a gas utility, or a CIO at an insurance company or a CIO at Home Depot.

Richard Warner: And yet when you mentioned the CIO, your CIO for quite sometime was a woman who recently departed. You worked your way up an engineering focused company, women are not known for being engineers. It's a male dominated field. Has that changed that culture evolved since you began 28 years ago?

Susanne Sitherwood: It has, when I started 28 years ago, I was the only female. Especially they went to the orientation positions that were traditionally male focused. So that is much different today. In fact at Georgia Tech today 40% of the freshman class is female.

Richard Warner: Really?!?!

Susanne Sitherwood: That wasn't the case in 1978, so..

Richard Warner: Did you know from a young age that this is what you wanted to do? Engineering?

Susanne Sitherwood: Not work for a utility company but I grew up on military bases and you know, my father was in the military and so a lot of interaction with men and leadership and so forth and my father, I have a sister and a brother, was interested in my sister and getting an education and get an education in something that we could have a career in. It was just one of his ethos with his daughters and so accounting, engineering, legal and I was just okay with math and science so engineering it was.

Richard Warner: Very interesting. One thing about not only AGL but you in particular where our paths have crossed with the Georgia Chambers of Commerce, you're very active in trying to figure out what Georgia's going to do about water and in addition to a number of other public good roles. Talk about water. It rained a few days ago so now water is off everybody's mind so water must not be a problem. How bad is it?

Susanne Sitherwood: I don't if water is off everybody's mind but rain doesn't make it go away, nor even from an energy perspective. The prices now have come down doesn't mean that we still don't as a nation as a state have policy issues around energy. And part of the reason I'm so involved with the Georgia Chamber it is the business group that really works with the policy makers. To direct policy around transportation, trauma, energy, water, education and so we are aggressively trying to work with the policy makers to help solve some of these problems for Georgia. I mean we all like to see Georgia very successful in terms of all of those elements. I believe and a lot of the members of the Georgia Chamber believe that success is really between the public/private partnership. It's a philanthropic community, the political community and the business community coming together, rolling up their sleeves everybody being around the table and let's get these things solved and move forward.

Richard Warner: I would ask why the company would be willing to allocate some of your precious bandwidth to something that is not going to have any where close to an immediate pay out.

Susanne Sitherwood: Again, we're a utility company over 150 years in this state our success is driven by the most part is how successful Georgia is. If Georgia's not growing, if we're not increasing housing and commercial establishments. If industry is not locating

here then Atlanta Gas Light Company does not grow. We grow as Georgia grows. And so we are very much involved in relying upon the success of this state.

Richard Warner: So Susanne, when it comes time to try and get some company to move here that's going to be an AGL customer, or Georgia Power customer, or anybody, what's the number one reason that they might not do it.

Susanne Sitherwood: Today?

Richard Warner: Yeah..

Susanne Sitherwood: It used to be location, location, location. And today we hear things like transportation, water, education, in other words, work force readiness and so it's all of those issues. Like I said about 5-10 years ago you would hear location, location, location. There's a lot more areas of focus and partly because it's becoming so competitive. If there's a Kia plant, there are many states that would be interested in Kia plant

Richard Warner: So what are you doing through the chamber. The chamber just raised a whole bunch of money for the first time the chamber's got teeth in terms of financially, it's got the ability to affect change much more so than it had. So what are we going to see as a result of that?

Susanne Sitherwood: As a result of that fundraising what we've done is one we've taken some of that money and greatly expanded the staff. We've brought in some very talented individuals that understand PR, understand communication, understand member services, understand policy positions and under those executives they are improving the staff, so that staff can work better with the business community. In terms of the business community, what we've done is created executive committees around some of these really significant issues, like transportation, like healthcare and I chaired last year as you know the environment energy committee and we dealt with the water issue. And so these committees are working committees, they're executives across the state that have their sleeves rolled up and working with our policy makers and others to see if we can't solve some of these issues.

Richard Warner: Targeting Georgia law makers, ultimately that is apparently the sweet spot in how to determine how to move the ball forward fix water, fix transportation, education, seems like the cause and affect is the cause is the chamber and the affect is the general assembly.

Susanne Sitherwood: Well, I think we have to work together, I don't think it's our job necessarily to tell the governor, speaker, Lt. governor here's how you fix transportation, here's the plan. We certainly have ideas, but I think it's the collective thought. they study issues greatly, we study the issues greatly and having that conversation and really pulling ourselves together to do get an A plan for Georgia and what we were talking about earlier start, start moving, start executing on some of these. Even the water issue, we're

never going to get everything 100% right. But we know some percentage of that is right, so let's get started on the things that we know are right. It's a live document and keep improving on it.

Richard Warner: There is something going on as we, as this program is aired, the general assembly in session. What's going on right now, as it relates to water and something that a viewer could do. As I understand there is a whole state wide initiative to try and find the right people to create this think tank.

Susanne Sitherwood: There is, by the time this airs, most of those people will be assigned to a committee. There are several regions across the state that will have a council around water and it will be a three year responsibility and they will be studying water in their region and through the EPD and other agencies, they will come together and really develop a plan for the region and those regional plans will be connected up for the state plan. While the sessions' in, I believe that they will predominately be focused on really our budget issue and the state budget. And while I think water and transportation and trauma and other things will certainly be top of mind for our leadership, I think they understand their primary goal is to think about how they balance the budgets so I think that will be the primary activity this session.

Richard Warner: Susanne Sitherwood is senior vice-president of southern operations and president of Atlanta Gas Light, thanks for being with us.

Susanne Sitherwood: Well thank you for having me, it's good to see you.

Richard Warner: And uh, thank you, thank you for watching. You can catch a replay of this broadcast on the radio in Atlanta WCFO that's 1160 AM. You could also listen in on iTunes, just do a search on the term Georgia's Business and you can sound off to me directly at RichardWarner.com. And now for all of us at here at Georgia Public Broadcasting I'm Richard Warner. Thanks for watching and until next week, don't sell yourself short.