

case study

Sustaining World-Class Performance
STP Nuclear Operating Company



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OVERVIEW

The two reactors at the South Texas Project (STP) went into commercial operation in 1988 and 1989, respectively, and by the early 1990s the facility had achieved high operational standards and was setting electrical production records. But these early accomplishments could not be sustained. Morale and production declined, undermining performance until the facility came to a standstill.

In February 1993, the Nuclear Regulatory Commission (NRC) stepped in at STP, citing six major reasons for the suspension of operations. The agency assigned a Diagnostic Evaluation Team (DET) and placed STP on the NRC’s “Watch List”.

vital statistics

- Nuclear power facility
- One of the nation’s largest electrical generation facilities
- Approximately 1600 employees and contractors
- Serves nearly two million Texas homes
- Improved managers’ ability to effectively lead change

Through a series of interviews, the NRC identified the root causes of STP’s decline. Surprisingly, the source of the problems was not primarily operational, but had more to do with the business climate that had developed. As the facility’s difficulties intensified, the management team had inadvertently created

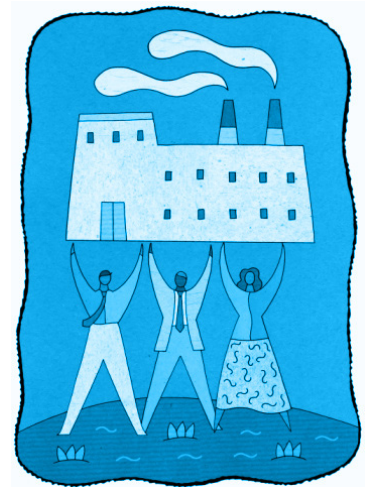
an atmosphere of distrust by operating in a top-down, authoritarian style. Employees at STP had so little trust in leadership they often camouflaged problems and were afraid to speak the truth.

The DET report declared that the facility’s management was the fundamental problem. The Chairman of the NRC later stated that STP’s difficulties were “a prime example of what bad leadership can do to an organization.”

A NEW MODEL OF SUCCESS

To address this challenge, STP brought in a new management team consisting of a new leader and six

industry experts. This new team quickly concluded that the old command-and-control approach to management could not continue. Benchmarking other power facilities, the team learned how Interaction Associates had helped in the successful turnaround of several utilities across the country.



The facility’s leaders knew that in order to change their results, they would have to change their culture. They selected Interaction Associates as their culture change partner and decided to focus their efforts on building a “collaborative culture” based on the behaviors of their leaders, both formal and informal, at all levels.

Interaction Associates and the STP team developed a new organizational and leadership model that emphasized employee involvement, collaboration and continuous improvement. Key elements of the change process included:

- Adopting the Interaction Associates’ *Facilitative Leadership*® model for all leaders in the organization.
- Immediately training all leaders (in a cascading process) in the collaborative tools of *Facilitative Leadership*.
- Reorganizing the facility into teams chartered to address specific corrective actions identified by the company and the NRC.
- Chartering cross-functional teams to address work processes.
- Supporting team-based decisions throughout the operation.
- Partnering with outside consultants to coach leadership teams through the change effort.
- Actively promoting a trusting work environment.

INCREASED EMPLOYEE PERFORMANCE AND SATISFACTION

To make the culture change permanent, STP relied on Interaction Associates to transmit skills in leadership, teamwork and facilitation throughout the facility. STP’s senior managers were the first to attend Interaction Associates’ *Facilitative Leadership* workshop, a leadership forum that embodies seven leadership practices proven to increase employee engagement, performance and satisfaction. The STP team felt that *Facilitative Leadership* best expressed and explained the behaviors necessary for continued success. Realizing that skills were very practical and could be applied immediately, the STP team quickly extended the training to two more levels of facility leadership. That group of leaders in turn recommended that *Facilitative Leadership* training be

provided throughout the organization to establish a common “language” and quickly implement the culture change so critical to STP’s recovery.

As a result, twelve employees chosen for their leadership abilities were trained to deliver the workshop to their peers. Interaction Associates’ consultants worked with STP

leadership challenges

- Operations suspended by the Nuclear Regulatory Commission in 1993
- Atmosphere of distrust among employees
- Command-and-control, hierarchical management model

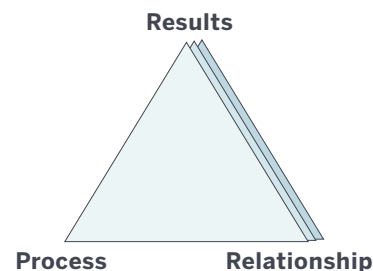
executives to customize the workshop to address the facility’s unique issues and to incorporate the continuous improvement model.

Since then, hundreds of employees – every manager and leader - have been trained in, and are successfully using, this collaborative leadership style. An additional fifty employees were taught the skills of *Essential Facilitation*, enabling them to guide problem-solving sessions, build agreements, resolve conflict and ensure productive, efficient group interactions.

To ensure that training and education become a process for behavioral change and not just a series of isolated events, Interaction Associates continues its partnership with STP to reinforce skills and identify new areas of growth. Together, the two organizations work to continuously integrate the principles of leadership in a high-involvement workplace into the day-to-day activities at STP.

DRAMATIC SUCCESS ON MULTIPLE DIMENSIONS

Leaders who are accountable for results tend to focus their attention on reaching a goal as quickly as possible. However, leaders at STP learned that by limiting their definition of success to achieving goals, they were undermining the long-term performance of the operation. *Facilitative Leadership* taught them that one of the seven practices of a facilitative leader is measuring success in not one, but three critical dimensions: results, process and relationship.



Results - Is the task accomplished? Is our goal achieved?

Process - How is the work getting done? Is the process designed and managed well? How is the process monitored and evaluated? Can the process be replicated?

Relationship - How are people relating to each other? How are they relating to the organization? How do they feel about their involvement and contribution? Leaders in STP now collect and evaluate data related to these measures and make conscious choices about where to focus the organization’s attention to have the greatest impact.

FOR MORE INFORMATION ABOUT STPNOC visit www.stpnoc.com

RESULTS

- One of nuclear industry's most honored facilities. Received American Nuclear Society Utility Achievement Award for prolonged safe and economic generation.
- Named one of 12 companies to the EHS Today 2010 List of America's Safest Companies. Nation's first nuclear facility to achieve this award.
- In June 2010, STP reached 12 million labor hours without a restricted duty or lost time injury.
- Set industry record by completing five consecutive breaker-to-breaker production runs – operating continuously between refueling outages.
- For seven consecutive years (2004-2010), produced more electricity than any other two-unit facility in the nation.

PROCESS

- A redesign of the outage contractor In-processing system saved the facility \$1.8 million. The average time to complete in-processing was reduced from more than seven to fewer than two days.
- The outage team, a cross-functional one responsible for refueling the facility and concurrent maintenance tasks, improved processes so dramatically that outage time was slashed from 75 days to an average of 22 days.

RELATIONSHIP

- STP has integrated the facilitative culture expectations into its Core Values and Performance Management Reviews. Culture Assessments, performed every two years, remain consistently high.

our solutions

- Collaborative Culture Change
- Facilitative Leadership®
- The Coaching EDGE™
- Essential Facilitation®

 **Interaction Associates (IA)** is a 40-year innovator in advanced methods for developing Facilitative Leaders — the exemplary and unique talent within organizations who demonstrate advanced skills in self awareness, strategic thinking, and with a unique capacity to engage others. Facilitative Leaders are adept at addressing complex, interconnected business issues that feature multiple business variables and affect numerous stakeholders. IA has offices in Boston and San Francisco. More info is available at www.interactionassociates.com