

# The Ability to Hire and Retain Power Engineering Talent

## Industry State of Affair

The North American Electric Reliability Corp. (NERC) stated in its 2007 Long-Term Reliability Assessment report: "The loss of industry workers and their years of accumulated expertise due to retirements is a serious threat to the bulk of the power system reliability, exacerbated by the lack of new recruits entering the field."

Forbes reported that about 76 million baby boomers, or those born between 1946 and 1964, are set to retire in large numbers by the end of the decade. Boomers make up about 1/3 of the US workforce, and there are not enough younger workers to replace them. Their researchers say industries now suffering from a skills shortage include energy.

A survey conducted by the Center for Energy Workforce Development showed approximately 46% of all US electric utility engineering jobs could become vacant by 2012, due to retirement and other forms of attrition.

The results of a recent 2007 survey, conducted by Hay, on Attrition for all ISO's showed ISO's to be a source of talent not only for our industry, but for financial institutions and market monitors. The average cost of replacing this lost talent is approximately \$100,000 per technical person. Most of this cost is in lost productivity and training (6 months). For example, an ISO with 400 employees using the 2007 average turnover rate of 10.2% could suffer an estimated loss of \$4,000,000.

Our research shows that many University Programs are weakened by decisions to not replace retiring engineering faculty, forcing a decrease in vocational training and university-sponsored electric power programs. This does suggest that we may not have enough students in the pipeline to meet future industry demand. When you combine this data with the threat of the aging workforce we feel that it is necessary to rethink recruitment, retention and development, and retirement. We are focused on not only making ERCOT an industry leader, but a great place to work.

## ERCOT Initiatives

- Recruitment
  - College Career Fairs
  - Development and Mentor Program for College Recruits
  - University Relations Programs
  - Internship Program
- Retention and Development
  - Employee Recognition Program
  - CEO Lunch Program
  - Tuition Re-imbusement
  - Succession Planning
  - Casual Dress Code
  - Strengthen and review of benefit programs
- Retirement
  - Phased Approach

## **Recruitment – Program Highlights:**

### **College Career Fairs**

- The goal is to address potential workforce needs by stimulating interest in power engineering
- Recruiters and key Business Leaders create awareness of the opportunity and challenge that ERCOT and the Industry can provide

### **Development and Mentor Program for College Recruits**

- The goal of the program is to develop and retain college recruits to build industry expertise and a talent pool to promote
- 2 year program where graduates will be trained in the following areas: Market Operations, System Operations, System Planning, or I.T. Energy Management Systems
- Mentor is assigned from each of the other operational areas and is rotated every 6 months

### **University Relations Programs**

- The goal of the program is to partner with University Power Engineering Faculty to collaborate on developing a pool of experienced BS, MS, and PhD graduates with the knowledge and skills that are needed for Systems Planning, Systems Operations, and EMMS
- Student interns and student research projects
- Current Programs - University of Texas, Texas A & M University, University of Oklahoma

### **Internship Program**

- The goal of the program is to enhance ERCOT's ability to hire future qualified applicants
- Students gain work experience while developing their skills and knowledge

## **Retention – Program Highlights**

### **Employee Recognition Program**

- The goal of the program is to recognize and reward exceptional employee performance
- 3 Levels – Thanks Award, Team Player Award, Exceptional Performer Award
- Employee Service Awards to recognize tenure in the organization

### **CEO Lunch Program**

- The goal of the program is to provide a work environment/workplace practice that breaks down barriers, encourages creativity, and reinforces the value of our greatest asset – our people
- Monthly skip-level meetings with CEO in a small group setting
- 3 Levels – New Hire Lunch, Employee Lunch, Manager & Director Lunch

### **Tuition Re-imbusement**

- The goal is to support individual career development for current and future roles
- Current reimbursement level is \$2500 per calendar year
- Continuing education credit and licensing fees paid for by Company

### **Succession Planning**

- The goal is to identify and develop talent to promote from within
- Ready Now, Ready in 1-3 Years, and Ready in 3-5 years
- Employee development program for high potentials

**Casual Dress Code**

The goal is to expand workplace casual dress standard to provide an employee-friendly work environment. Allow employees to wear jeans unless business requires more formal attire

**Strengthen and review of Benefit Programs**

The goal is to align the benefits to meet the needs of you workforce demographics by incorporating the ROTH 401k option and provide incentives for Health care assessments in 2008

**Retirement – Program Highlights****Phased Approach**

- The goal is to lessen the impact of experience and knowledge loss
- Re-organization of work
- Reduced work hours

**Other Areas Which Could Impact Recruitment and Retention****Telecommuting****Flexible work schedules****Expanded Vacation for Industry Experience****Technical Career Paths**

In conclusion, our goal is to ensure that we retain our current level of expertise while cultivating a pipeline of available talent from Universities. We need to continue to create a culture of technical expertise by being the industry leader in Power Engineering. And we should always remember that PEOPLE are a critical part of our success.