



## Introduction

Facing increasing cost pressure from low natural gas prices, regulatory pressure from federal, state, and local authorities, and long-standing operational performance challenges, a large multi-unit nuclear operator turned to ScottMadden for guidance and assistance to transform its operation into a more cost effective source of safe, reliable, and emission-free electricity generation.

## The Challenge

While the nuclear operator had a history of safe operations, it was confronting regulatory pressures and operational issues. Its ability to attain operational performance targets on key industry measures was challenged. Historically, it had operated with significantly higher headcount and less efficient processes than its industry peers. As a result, the operator faced intense cost scrutiny, and market regulators required its senior leadership team to commit to reduce headcount, significantly, within 12 months. This created the immediate impetus to improve operations, so performance could improve while costs were reduced.

This nuclear operator asked ScottMadden to lead its management team through our proven approach to improve its processes and more closely align the nuclear operator's staffing complement to that of its peers and desired staffing model. When reducing staff, it is important to change how the work is done; otherwise, performance will degrade, cost reductions will not be sustained, or both. Secondly, the nuclear operator asked ScottMadden to assist it reduce headcount in a fair, ethical, and respectful manner that complied with all state and federal regulations.

## How We Helped

After conducting a thorough benchmarking assessment on a function-by-function basis that included all resources (internal and contractors), ScottMadden led the client through a four-phase process to implement its organizational realignment effort:

- We focused on understanding the current workload and work drivers, compared this workload and its related processes to peer operators, and designed an organization and processes that fit the priorities of the company for the long term. Extra care was taken to focus on the appropriate organizational structure rather than the employees or contractors who might fill the newly created positions in the redesigned organization (i.e., we started with the structure and aligned it to the functions and processes before thinking about how to staff the positions).
- We developed, documented, and received legal approval for the selection process, which would be used to staff the new organizational structure. This was done to ensure that all employees who were, or were not, selected for a position would be treated fairly, legally, ethically, and with respect.

- We facilitated the staffing process with human resources, legal, and the leadership team to ensure the process was conducted as planned and well documented. Key steps included maintaining the diversity analysis and executing the resolution process.
- We led the change management activities for the effort. We developed and executed the communications plan with the communications team, engaged key stakeholders to participate during the staffing process (e.g., security, media), and developed the content for mass and targeted communications.

## Results

ScottMadden led the client through every phase of the organizational realignment effort. Our process made it easier for the management team to identify and focus on critical decisions. We assisted the operator in developing an organizational design based on benchmarks of peer operators, adjusted to create an apples-to-apples comparison, and scalable for future workload. ScottMadden's re-staffing process resulted in a fully staffed organization that met all federal and state human resources regulations. There were no wrongful dismissal lawsuits against the client or its partners. Finally, ScottMadden assisted the operator institutionalize its staffing and selection process for future use. A hallmark of our service is that clients take ownership of new processes.

Because of the sensitivity of the effort, communication and alignment of the senior leadership team were a critical success factor. "ScottMadden's approach to work right beside us the entire way ensured that we all stayed well informed and on the same page during our organizational realignment effort," said the senior vice president and chief nuclear officer. "We made some tough decisions during this period in our operations and we were thankful to have a great team from ScottMadden leading with us during this process."

"ScottMadden's advice and approach were vital toward helping us conduct our re-staffing process that was fair, equitable, and respectful for our employees and our company," said the director of human resources for the nuclear operator. "This successful organizational realignment effort will ensure our local area, our employees, our shareholders, and our retirees have a successful business that is part of the fabric of this community for the long term."

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