

Direct Energy Case Study

Leading Change through a Multi-Phased Digital Transformation

How the Support of Structured Change and Learning Guided Direct Energy through its Multi-Phased Implementation of Microsoft Dynamics AX and Field Service Automation.

Who is Direct Energy?

Direct Energy is a retailer of home and energy services. The company was founded in 1986 and has grown to provide a vast array of services in its industry, including HVAC, plumbing, and electricity, while also providing warranty and protection plans for its customers.

With more than four million customers across North America, Direct Energy is the largest energy retailer in North America. It is a size and scale they have achieved, predominantly, through acquisition.

What was the challenge?

Rapid Growth Through Acquisition

Direct Energy's success was largely driven by its growth-through-acquisition strategy. The result being an organization comprised of small businesses with 4000 employees based out of hundreds of locations and offices. The focus and success on growing the business came with the ongoing challenge of developing and standardizing the culture, processes, and data streams that ran through the enterprise. As their expansion continued, it became increasingly apparent that Direct Energy needed to unify in all these ways to continue growing sustainably and to maximize the output from each branch. This was particularly true for their home services operations—with 300 plus franchisees, 17 business units, 12 owned retail operations, and three distinct brands.

Key goals in truly realizing the benefits of their growth included:

- Deriving customer insights and understanding how to move customers along the path to purchasing more services
- Optimizing the supply chain and truly leverage the power of a franchisor procurement engine
- Consistently delivering an exceptional customer experience

Different franchises had different operating practices for their employees on how to do their jobs, including most importantly, customer interaction. This resulted in customers having varying experiences of the Direct Energy brand, including even differences across channels. For example, Direct Energy's chat function offered one piece of advice, the expert on the phone would offer another, and the in-home technician would often then offer up a third conflicting idea. It became clear that Direct Energy was struggling to up-sell its services because customers lacked trust due to this inconsistency. Direct Energy needed to create a consistent experience in the home, on the phone, and on the web.

To begin the process, Direct Energy planned to implement Microsoft Dynamics AX across the entire business with the belief that standardizing the business processes and supporting technology solutions would improve the experience for customers across all touchpoints. This kind of enterprise transformation would require a shift in the organization's culture. The nature of the franchise model and relationships with diverse franchisees would make this additionally challenging.

Direct Energy engaged Harbinger to lead the change management, communications, and training efforts. Our mandate was clear: Build out an enterprise mindset—unifying the organization.

What did we do?

Stakeholder Engagement and Analysis

We kicked off with a listening tour of their offices and retail operations, to gain an on-the-ground understanding of the stresses and strains that employees were feeling. We learned that many stakeholders had an enthusiasm for the change. However, there were significant areas of risk in three key areas: change fatigue, lack of collaboration between divisions, and little clarity for the future.

Change Agency and Enablement

With this information in hand, we set about creating a change agency. This community was strategically developed with representatives from all stakeholder groups. Their charge was to represent their peers, provide business expertise, share the business pulse, and communicate (not only back to the project on behalf of the project). The success of this team was then provided with a full change enablement toolkit:

- Talking points for huddles and team meetings, providing local context not only on the why, but also the “what’s in it for me”.
- A rolling roadmap—not only articulating what the project would be doing, but how and when the business would participate (a critical artifact given significant resource constraint and business seasonality).
- Transparent communication with realistic messages of the good and the bad—what the solution would and would not do.
- Early access to demonstrations and system walkthroughs, providing a forum for feedback, participation, and engagement.

Change Readiness Assessment

Change Readiness assessments were deployed at quarterly intervals over the life of the engagement. At its core, the assessment was a series of questions used to drive conversation about where people (and the organization by extension) were on the change curve. More importantly, it was a tool used to engage and listen to stakeholders.

It was a recipe for success that evaluated the critical success factors of a successful change program. These measures of success address domains such as:

- Past change history and change culture
- Visible and aligned leadership

- Compelling need for change
- Involved workforce
- Accountability
- Targeted and effective communications and training

The survey achieved a 45-55% response rate, provided a baseline prior to the initiation of the OCM plan, provided executive leadership with a digestible dashboard view of areas of opportunity, risk, and resistance. It provided tangible and consumable data to not only drive decision making but to empower the change agency to act. It was one of the tangible data-points used in the go/no-go assessment.

Change Leadership Development

Workshops were also delivered to build change leadership competencies across the organization—not only targeting executives but managers, supervisors, and informal leaders in a position of influence. The sessions provided:

- Clear definitions of their roles pre, during and post go-live.
- Practical tools to communicate awareness and drive and individuals desire to embrace the change.
- Examples of common communication pitfalls leaders experience.
- A framework to assess their position on the change adoption curve, and where change barriers exist.
- A structure to identify and overcome resistance.
- A leader-developed change action plan with a prescriptive, defined plan to follow.

Shifting Culture

Transformations of this nature require a shift in organizational culture to be successful. Some of the shifts were tied to behaviours and decision making as the organization grew beyond its small business mindset to instill enterprise-class processes. Other shifts were tied to core values, like building a community based on gratitude and appreciation. In all cases, the OCM program was designed to encourage cultural evolution.

As an example of our activities towards this end, we leveraged Yammer (Direct Energy's Office365 social media platform) to help create positivity and recognize the efforts of employees on the ground. We put in place a program to allow people to nominate their colleagues for awards that highlighted their excellent work, work ethic, and positive influence in their respective offices. We encouraged everyone to vote for their winner, as well as read up on all the initiatives that were going on in different offices. The winners got a prize and acknowledgement for their great work, and the rest of the employees gained a feeling of connection and belonging to the wider business.

Communications and Business Readiness

A comprehensive communications plan was also developed and executed, supporting the initiative—from the beginning through to deployment and the post-go-live support period. We ensured communications were distributed in digestible quantities, throughout the implementation. In preparation for launch day of the transformation including the new Microsoft Dynamics solution, a kick-off package for every employee was distributed. This package included information on logging in to the system, where to go for resources

linked directly to the individual's job, where to seek help, FAQs, a welcome letter, and words of encouragement and inspiration about the company's future. Ongoing post-implementation communications were managed and executed in a timely manner, in response to the typical post-go-live challenges.

What was the outcome?

Legacy of Change Enabled Leaders

The change program developed a community of 90+ change agents educated in the prescriptive steps associated with leading a true business transformation. These tangible skills were not only successfully applied in delivering 6 additional deployments over a 36-month period but provided a framework for these same change leaders to apply in other change initiatives.

New Gold Standard for Direct Energy's Approach to People-Based Business Transformation

With our approach to enabling their teams and leaders to lead the change, we delivered Direct Energy's first structured OCM program—serving as the new gold standard for people-driven change for the organization. The initial proven, templated, and results-oriented OCM model was used to ground future deployments of their ongoing release roadmap with a robust people-centric strategy.

The strategy ensured that Direct Energy's people engagement activities were useful, impactful, and oriented towards transforming the organization into a unified and stable business, positioned for ongoing growth. Five years on, this foundation continues to position Direct Energy to successfully and self-sufficiently champion change well into the future.



"Working with Harbinger really helped me gain an appreciation for what "Change Management" is – and how effective it can be. In the past, CM was never really part of any project or change I've experienced – we had more of a 'here's the new game plan – figure out how to execute it' mentality. Having a thoughtful process to help identify impacts and then in a meaningful/ collective way resolve them – allows for what could be a stress-heavy training/go-live period instead be an engagement opportunity where the user community has a voice in both."

John Gorbach, Senior Manager & Functional Lead

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