

Fulfilling the Promise: Leadership Differentiators for the Energy Transition



Russell Reynolds Associates recently hosted a virtual panel interview bringing together four top global business leaders who have successfully navigated the challenges and opportunities of the energy transition. Our expert panelists were assembled to answer the question:

What are the leadership attributes and culture shifts needed to develop the transformational leaders of the future energy landscape?

RRA's purpose is to improve the way the world is led, and as society embarks on a quest to eliminate global carbon emissions and transform how energy is generated, stored, distributed, and consumed, we at RRA are committed to helping our clients fulfill their promise in transitioning towards a more sustainable energy future. It is for this reason that we launched the global energy transition practice. The pace of change is accelerating, creating opportunities for our clients to redefine not only their business models, but the leadership skills, mindsets, and organizational culture needed to lead successfully through this energy transformation.



Event Panelists

Elisabeth Brinton

EVP Renewables & Energy Solutions, Royal Dutch Shell

Elisabeth Brinton is EVP of Renewables and Energy Solutions at Shell. She is responsible for steering the company's work in power, renewables, and lower-carbon technologies. Prior to Shell, Elisabeth led Strategy and Transformation roles with U.S. utilities PG&E and AGL Energy. Elisabeth resides in the United States.



Gwenaelle Avice-Huet

SVP Corporate Strategy, Schneider Electric

Gwenaelle Avice-Huet is the SVP of Corporate Strategy at Schneider Electric. For the previous decade, Gwenaelle worked at ENGIE as EVP of the company's renewables business where she managed a global portfolio including hydro, power storage, green hydrogen, offshore wind, and geothermal solutions. Gwenaelle resides in Boston.



Jérôme Pecresse

President & CEO GE Renewable Energy, General Electric

Jérôme Pecresse is the CEO of GE Renewable Energy. GE has installed capacity of over 400GW of clean, renewable energy and has equipped more than 90 percent of utilities worldwide with grid solutions. Jérôme served as President of Alstom's Renewable Power business prior to GE's acquisition of the company in 2015. Jérôme resides in Paris.



Jim Hughes

Managing Partner Energy Transition, EnCap Investments

Jim Hughes is the Managing Partner of Energy Transition at EnCap Investments, a global private investment firm. Jim previously served as the CEO of First Solar. Jim also carries significant experience as a corporate Director, currently sitting on the Boards of TPI Composites and Alcoa. Jim resides in Houston.



Key Themes and Takeaways

Culture Enables Business Transformation



The energy sector is grappling with an extremely rapid pace of change. To navigate these seismic shifts, an organization's response must go beyond just shifts to the operating model; it requires a fundamental transition of culture. Before focusing on new business strategies or investment, **it is incumbent upon leaders in the energy transition to first foster and shape their organization's culture.**

- The energy transition is ultimately a shift from a defined and centralized environment to one that is more decentralized and diffused, with a broader set of external stakeholders than ever before. In this increasingly complex environment, **effective leaders carry the 'soft skills'** of empathy and authenticity in their communications to cultivate a shared sense of purpose and accountability across all levels of the organization.
- **Not all aspects of culture must change** – leaders should look to build bridges between areas of excellence already core to their business (i.e., commitment to safety), and where the organization intends to go.
- It is essential for leaders at the top to **empower others to serve as 'change agents'** themselves and unleash the power of the talent that exists within the organization – when individuals feel heard, respected, and part of the solution, they are willing to work that much harder to drive towards the shared vision.

"[In the integration of General Electric and Alstom] what proved to be successful was defining 'what is the culture we want to achieve' and then the objectives to align the organization around. From there, you can't communicate enough about it. There is no risk to overcommunicating in this kind of cultural change and transformation."

- Jérôme Pecresse, President & CEO GE Renewable Energy, General Electric

Leading by Example – Future Skills and Competencies to Assess and Develop



As the energy industry transforms, so too must organizations evolve how they **evaluate, promote, and acquire future leadership**

- The more that an organization grows and evolves, **the greater the need is for leadership to be 'ambidextrous'**, simultaneously delivering on short-term execution and financial results, while also having a vision for the future and innovating to create competitive advantage in the long-term.
- Executives carrying foundational 'soft skills' along with the desire to learn and make a difference in the world may be best equipped to enact change. Organizations should **search for avenues to creatively re-tool and re-train existing expertise** from both within and outside of their organization (i.e., E&P project management skills applied to offshore wind; Innovative Aerospace talent applied to improvements in materials science; Automotive manufacturers carrying the skills of operational excellence and production management).
- At the Board level, emerging energy companies will uniquely require **experience and influence over the regulatory and legislative processes** in the regions where the company operates, compared with conventional energy organizations which operate in a relatively more stable regulatory environment.

"It is a never-ending journey in terms of developing your leadership style. The industry is moving fast, and we are in a war for talent. As leaders, we have to anticipate the interests of talent looking to join the industry, as a way to attract and retain talent into the future."

- Gwenaelle Avice-Huet, SVP Corporate Strategy, Schneider Electric

Key Themes and Takeaways

Financial Implications of Energy Transition



Energy industry transformation will require a similar **evolution in the financial approach** taken by both investors and corporations.

- The challenge from the investor perspective is that there are tremendous flows of capital flooding the market seeking the opportunity to gain exposure to the energy transition. The problem is that much of this capital is not experienced at investing in emerging energy assets, and fundamentally does not understand the associated risks and complexity arising from government mandates, incentives, tax credits, and regulations – each of which differ country-to-country. **It does not do the industry or the environment any good for capital to be deployed in imprudent ways.**
- For corporations evolving in the energy transition, just as much **transformation will be required in the financial organization** to effectively assess risk and return in this increasingly complex environment.
- In an environment with such high enthusiasm, it is imperative for energy organizations moving further into renewables to **demonstrate they are good custodians of investor capital**, remaining disciplined and rigorous in their financial operations.

“The energy transition sector is the single most exciting emerging asset class today”
- Jim Hughes, Managing Partner Energy Transition, EnCap Investments

Enabling Diversity, Equity and Inclusion (DE&I)



An intentional DE&I focus in transforming organizations offers the **opportunity to break away from past stereotypes** within the energy industry.

- When setting up an organization, it is important for leaders to think consciously and intentionally about their hiring process, **ensuring there is flexibility in the remit** (location, requisite industry exposure) to guard against excluding candidates from a diverse background because of an unconscious bias.
- Specific to gender, the energy transition with its associated shifts in culture carries an opportunity for organizations to transcend past stereotypes – supporting women to be strong and visionary leaders and supporting men to be humble and more authentic – **enabling the organization as a whole to be better and more well-rounded.**
- Similarly, geographic diversity amongst the team is essential to cultivate. Not every project, particularly in developing markets, can be evaluated through the same national or Western viewpoint. **Successful projects are those that take the specific local challenges and opportunities into account**, and craft solutions informed by discussions with the local population. A Leadership Team that is itself geographically diverse will be best positioned to adapt to the demands of specific local situations and uncover solutions.

“You have to create site-specific solutions in order to create sustainable value”
- Elisabeth Brinton, EVP Shell New Energies, Royal Dutch Shell

RRA Energy Transition Practice Leadership

Mauro Gimenez leads Russell Reynolds Associates' Global Energy and Natural Resources practice. He is based in Houston.

Abigail Skerrett co-leads Russell Reynolds' Associates Energy Transition specialty practice and is a member of the Energy and Natural Resources practice. She is based in London.

Marc Baca co-leads Russell Reynolds' Associates Energy Transition specialty practice and is a member of the Energy and Natural Resources practice. He is based in Houston.

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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