

BUSINESS EDUCATION

Customised course imparts a powerful lesson; Kenan-Flagler Business School is helping a US energy company to develop its next generation of leaders, as well as enhance its talent pool, writes Rebecca Knight

By Rebecca Knight
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At a time when most companies are trimming travel budgets, Duke Energy is increasing its investment in management education.

Duke Energy, one of the largest electric power companies in the US with over 18,250 employees, is in the midst of its fourth round of a customised executive training **course** through the University of North Carolina's Kenan-Flagler Business School and is slated for more.

The company is not continuing with the programme because it has extra dollars to spare, however. Rather, this programme pays for itself.

"When we designed the programme for Duke Energy, we wanted to be able to show its return on investment," says Atul Nerkar, associate professor of strategy and entrepreneurship at the school. "We wanted activities that lead to either cost savings or an increase in revenues. We wanted to show where [the programme] impacts the top and bottom lines. This is **a** unique model in business education, we believe, because the programme pays for itself."

That the programme is self-sustaining is only one of the reasons Duke Energy has stuck with it. The course, which involves 30 participants at one time and takes place over two, week-long residencies, has enabled Duke Energy to mesh its corporate culture with another merged company, helped it to develop **a** new generation of leaders and helped those future leaders to understand better the changes taking place in the energy industry.

Duke Energy first approached Kenan-Flagler in 2007, not long after it merged with Cinergy, the Cincinnati, Ohio-based energy company.

The combined company management looked at ways to mesh the company cultures and bring employees from disparate businesses together. A customised business school programme that brought together a range of employees seemed to be the answer.

"It's been a way to get people thinking about how to move the company forward, not just their division or group," says Doug Esamann, senior vice-president of strategy and planning at Duke Energy.

Another goal of the programme was to enhance the company's talent pool by ensuring that the next cohort of leaders had basic general management skills, according to Susan Palmer, adjunct professor of strategy and entrepreneurship and programme director for UNC executive development. "When they came to us in 2007, they realised that a third of their workforce was eligible to retire within five years and they had not done much in the way of succession planning to prepare the next generation of leaders," she says.

Mark Short, managing director of organisational development at Duke Energy, says the company has historically done "a good job" developing the top 500 employees in the company, but enlisted Kenan-Flagler to help it "develop the skill set of our mid-level to VP-level employees. We needed to prep our leadership pipeline."

To remedy this, Kenan-Flagler and Duke Energy, based in Charlotte, North Carolina, created **a** programme that targets the company's middle managers with 10-20 years of career experience under their belts.

Perhaps the biggest test for managers at Duke Energy, according to Prof Nerkar, is to understand how the company can continue to be profitable in the short term and be at the forefront of the changes taking place in the energy industry in the long term. While oil and

natural gas remain a cornerstone of the US's energy base, energy companies are under pressure from lawmakers and stakeholders to develop alternative energy sources.

In designing the programme, Kenan-Flagler's professors who specialise in the energy industry worked with senior executives from Duke Energy to understand the critical issues it faces. Duke Energy executives also familiarised management professors with new technologies and innovation in the industry. And a professor from the UNC's School of Government who focuses on local, state and federal regulatory law also helped develop customised course material.

Prof Nerkar worked with the company to design the programme so that it would lead to either a cost reduction, or a boost to profit. A series of business challenges was included, where participants had to come up with viable solutions to problems their department faces.

"Not every problem is solved, but if we solve even one, the programme has paid for itself two or three times over," says Prof Nerkar.

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