



Leadership in Renewable Energy

**Richard T. Stuebi
President, NextWave Energy
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It is critically important that participants in the renewable energy continue to push for better-performing and lower-cost products, more favorable public policies, increased supply of capital, and greater education of the populace and the marketplace about clean energy. However, at the root of these four thrusts is one common essential element, which therefore should elevate it to the most urgent priority for the renewable energy industry to address: **the renewable energy sector needs stronger leadership.**

Given that renewable energy plays but a minor role in today's energy sector, a dramatic departure from the *status quo* will be required before renewable energy becomes a major player in its energy contribution. For such a radical shift to occur, many fundamental forces of change – economic, regulatory, demographic, technological – must be harnessed, and each of these domains has a large human component. No meaningful change in our world happens without people – individually and collectively – taking new actions. And, ultimately, the mobilizing force behind anyone taking any new action is leadership.

What is leadership? In contrast to charisma – the ability to charm and persuade people – true leadership is characterized by deep competence in two respects:

- Leaders are able to envision and articulate the future. Leadership is not about the present, analyzing the current situation. Nor is leadership about the past, looking for the cause of (indeed, often seeking to place blame for) the current situation. Rather, leadership is all about the future: assessing how and where the forces of change are evolving to reshape the future environment, identifying threats and opportunities that emerge from the future environment, and telling this story about the future to listeners in a way they can understand. By helping listeners better understand the future they can or will live within, leaders can actually help create the future. This is because...
- Leaders stimulate listeners to take actions that enhance their prospects of creating better future situations for themselves. By crafting and telling stories about the future, leaders also invent (or enable listeners to invent) actions that will better capture the emerging opportunities or better thwart the emerging threats. When listeners take these actions and produce better future situations for themselves, leaders become recognized that they are too valuable not to hear and follow – and consequently more people will begin listening to (and then following) such leaders. Put simply, better leaders tell better stories, which is evidenced when these stories generate more action by listeners.

In looking at the renewable energy sector, my observation is that most of us interested in renewable energy are actually quite good at the first attribute of leadership – looking into the future. We provide vivid descriptions about the risks to which we as a society are exposed if we fail to change the primary mode of our energy production and use: volatile



fuel prices, increasing dependence on unstable sources of supply (e.g., the Middle East), fragile centralized energy conversion/delivery infrastructure, and worsening environmental degradation. We paint a colorful picture of a world that logically must increasingly turn to renewable energy to effectively address these threats.

However, I am concerned that we in the renewable energy industry are quite deficient in the second aspect of leadership – speaking in such a way so as to induce listeners (citizens of the general public) realize and take new actions that can be taken to produce better futures for themselves. I believe that it is due to this deficit in leadership capability that the renewable energy sector continues to fight a seemingly uphill battle against conventional energy. We may have the logical arguments behind a major shift to renewable energy, but we don't have an appealing story to mobilize people to switch to renewable energy of their own volition. Thus, we need not only better renewable energy products and offerings, but better stories to go along with them. Without better stories – stronger leadership – we in the renewable energy field simply can't win as often and as widely as we want and need to win.

Think about it. Much of the conversation surrounding renewable energy is involves some variation on a common theme: each of us should do all that is reasonably practicable to promote the adoption of renewable energy, basically for no other reason than because it's the right thing to do. However, my observation is that when someone is told that he/she should do something, it's usually the case that the suggested action is not already being taken by the listener because the listener deems it undesirable.

For instance, my mother always told me I should eat my broccoli. Even so, I have always hated the taste, texture and smell of broccoli. I know that eating broccoli would be really good for my health and future well-being, but it doesn't matter: I still don't eat it, I won't follow the advice of those who insist I should eat it, and I'm sorry but I can't be convinced otherwise.

It strikes me that renewable energy is our society's broccoli, and we in the renewable energy sector are playing "mom" to the "children" customers. Many people who could be prospective customers of renewable energy know our continued reliance on conventional ways of producing and using energy isn't good for us. However, the thought of switching to renewable energy isn't particularly appealing to most, primarily because renewable energy tends to cost more and be less convenient to buy than conventional energy.

Often, the main reason offered by advocates for switching to renewable energy is not because it would make the user's life better or easier, but to avoid a "doom and gloom" vision of society – a future that is either not believed or is frankly too depressing for most people to think about. Because using renewable energy implies a perceived short-term hardship, many listeners come to the assessment that any potential long-term benefit is



too diffuse (“it’s not my problem”, “my ability to impact is negligible anyway”) to merit taking new and different action about energy. The entire energy issue then is avoided and buried beneath other concerns the listener has for his/her health, family, career or entertainment. And so it is that the *status quo* in the energy sector retains such strong inertia.

Stronger leadership in renewable energy can begin to reshape how our culture thinks about the tradeoffs associated with energy consumption. Surely, stronger leadership in the U.S. political arena from both parties would help the cause of renewable energy. But, it’s more than just political leadership that is lacking in renewable energy – we also need an injection or cultivation of vastly greater quantities of superior leadership in the arena of business and commerce.

Consider the explosive rise of the health/fitness club industry over the past 20 years. Until relatively recently, most people viewed exercise in a gym as unpleasant, certainly not something worth carving out significant time for on a daily basis and spending hundreds of dollars per month. The FDA and the Surgeon General would speak out on behalf of the virtues of fitness, but mainly to deaf ears. Instead, it was the forces of commerce that truly changed the way people think about fitness. Through consistent exertion of strong leadership by Nike and others in developing and implementing brilliant marketing and educational efforts, the conventional wisdom has shifted to the point that going to the gym is now fun, sociable and sexy, in addition to incidentally improving one’s long-term health. In other words, the short-term costs of exercising have been totally recast in the minds of much of the public.

Turning to an example that is much closer conceptually to renewable energy, Toyota has exercised extraordinary leadership in its hybrid automobile program. With its Prius, they have created a customer-driven, market-led phenomenon (6 month customer waiting list, U.S. shipments doubling to 100,000 units for 2005) that could lead to a dramatic reshaping of the huge automotive industry. Toyota is now the unquestioned leader in hybrid automobiles, and is thereby positioned to capture even more market share and become the world’s #1 auto company by all relevant metrics. And, if/when fuel cell automobiles become a practical reality, Toyota will clearly be best situated to make that shift, given its move away from conventional internal combustion drivetrains.

How did Toyota achieve this leadership position in just a few years since the launch of the Prius in 1997? The Prius is:

- Priced about the same, and provides similar performance to comparable conventional cars – while offering significant ongoing cost savings (i.e., greater fuel efficiency, meaning lower operating costs), not to mention the associated environmental benefits – implying no day-to-day sacrifice to car buyers and drivers.



- Sold and serviced through the existing Toyota dealer infrastructure, and drives just like a conventional car, so that the buyers and users don't have to learn new ways of "doing things" – rather, all they have to learn about is a new product to buy and use just like the old one that's being replaced.
- Marketed as something that is desirable and trendy to own and operate – witness the growing number of Hollywood A-list celebrities such as Leonardo DiCaprio and Cameron Diaz who drive up to the red carpet at televised awards ceremonies in their hybrid Toyota Prius.

To illustrate in broad generalities the contrast with Toyota's experience in forging leadership in hybrid automobiles, most renewable energy offerings are more expensive on an initial purchase basis, confusing/discouraging to purchase/install, and not deemed as particularly fashionable. Is it any wonder that adoption of renewable energy remains largely confined to tiny niches? We simply need better stories.

Clearly, the increasing participation of marketing-savvy companies like GE in their solar and wind businesses will advance renewable energy's commercial prospects. But we in the renewable energy sector need even more good leadership, to articulate the future in such a way that listeners will be triggered to adopt renewable energy solutions more promptly and in larger quantities.

So, my call to participants in the renewable energy sector is for a re-evaluation of our priorities. We advocates of renewable energy often focus on putting into place the tangible elements necessary for the successful development of markets in our sector: technologies, policies, finance, and customer education. These are important efforts, and they should continue. However, we tend to overlook what I see as the absolutely essential (though more intangible) element for the long-term health of renewable energy markets and companies participating in these markets: superior entrepreneurs and management talent. In my thinking, if we can bring more leadership to our team, the other critical elements for long-term success in renewable energy will follow.

For renewable energy to become a major player in the multi-trillion dollar energy picture, it is clear that many billion dollar enterprises must be grown, largely from scratch since very few companies of that magnitude exist today. It takes extraordinary individuals to produce such enterprises. As supporters of the renewable energy arena, we must help attract and cultivate this professional talent to our cause. To promote the development of vibrant renewable energy markets, we must take action that elevates the talent mandate to at least an equal footing of priority to continued technology advancement, setting of favorable public policies, financing of attractive ventures and projects, and informing the marketplace.



We need outstanding entrepreneurs who can develop and promote new renewable energy products, services or business models to revolutionize our industry, such as Michael Dell of Dell Computers or Bill Gates of Microsoft (incidentally, neither of whom were technical whizzes). We need world-class managers who can take good emerging renewable energy businesses and fortify them with strong operations and organizations into market leaders, in the mold of Jack Welch of GM or Lou Gerstner of IBM (again, neither of whom were technical experts).

As for me, I am continually on the prowl for new good talent to attract to the renewable energy industry, highlighting its appeal by emphasizing its bright long-term growth prospects and the fundamental forces of change generally in our favor. My goal for 2005 and years beyond is to personally be involved in “recruiting” one new excellent businessperson into the renewable energy sector each year. I encourage all of us in a position to do so to commit to some similar aspiration.

And, along the way, let’s stop selling renewable energy as broccoli. Take it from me: it just doesn’t work.