

Living the Golden Rule

Southern Energy Management

The Story | Southern Energy Management (SEM) is a fast growing energy services provider headquartered in the research triangle area of North Carolina. The 78-person solar powerhouse is poised to enter its tenth year a three-time winner of the EPA’s Energy Star Partner of the Year and the primary contractor for the largest solar systems in the Southeast.

The company’s website proudly attests, “we love what we do and it shows.” For SEM, good business practices are “as old as time,” according to Maria Kingery, the company’s Director of Cultural Development and co-founder together with her husband, Bob Kingery. “Treat others as you would like to be treated.”

Engagement Strategies | To that end, the company’s Human Resources Director has been a part of the executive management team since day one. Team spirit is fostered through community activities, including food, clothing and toy drives and Habitat for Humanity events. And the company supports employees through its mind-body-spirit program by establishing a library for the mind, installing a basketball goal for the body, and setting aside a quiet room for refreshing the spirit.

Kingery says the company is driven by an “attitude of gratitude,” a two-way street, ultimately, that has resulted in very little employee turnover. At team meetings, management requires people to talk about their own accomplishments and those of their team. This is one way the company measures its impact, along with keeping track of the tons of greenhouse gas emissions it avoids through its work. For example, the firm recently certified its 6,000th energy star home. Employees determine their own titles within their team as long as they accurately describe the individual’s function. The receptionist is the “Voice of SEM.”

Due to their recent certification as a B-Corporation, the company is working to establish a meaningful measurement of the spread between the lowest and highest paid employee. As the

company grows, evolves, and continues to develop innovative employee engagement strategies, they won't deviate from the company's constantly communicated core values of empowerment and responsibility.

Shared Ownership | Employees have the option to participate in the company's broad-based stock option plan after completing one year of service. So far, no employee has declined participation. Kingery believes employees are attracted to the firm not just by the equity sharing, but also because SEM does its best "to make sure people have a career path."

The founders – former employees of the natural personal care product line Burt's Bees – brought a profit-sharing ethos with them when they started their company in 2001. They point to their own experience participating in an option plan at Burt's Bees when they talk about broad-based equity sharing. While option grants are performance-based, Kingery says the company is "egalitarian at heart," one example of which is the near-equal benefits packages for employees across the board.

Because not all employees immediately understand why or how SEM is giving them an ownership stake, Kingery becomes an active manager, sitting down with each employee after their first year to walk through a set of slides that explain how the stock option plan works. [Options are first granted by position in



AT A GLANCE SOUTHERN ENERGY MANAGEMENT

Business:

Residential and commercial solar installation and energy efficiency services

Location:

Morrisville, NC

Employees:

78

Revenues:

~\$6 M in 2009; on track to exceed \$24M target for 2010

Ownership:

Broad-based equity sharing

Engagement:

- high involvement hiring
- extensive training and career path
- clear communication of core values
- HR Director on exec. management team
- employee recognition
- culture of empowerment and responsibility
- gainsharing plan under development

Business result:

- Customer satisfaction/retention
- low employee turnover

the company and tenure, and then additional awards are based on performance.]

Kingery says that, if and when employees sell, the goal is that they “walk away with a bigger nest egg than they ever could grow on their own.” She wants to pay people well and sees granting options as a motivator, noting that there is no guarantee they will deliver cash one day. Employees are told that their ownership allows them to make a “mutual investment in SEM’s future.”

While shared ownership does help to keep everyone on the same page, according to Kingery, it can also present challenges: in a recession year like 2009 when the company knew early on that they would miss their target numbers, employees didn’t stop trying, but it was harder to manage their expectations.

Business Results | SEM correlates better customer service and satisfied customers with great employee practices. A survey conducted in 2009 resulted in a great deal of positive feedback, with one customer awarding SEM an 11 on a 1-10 scale, despite not having a completely smooth installation. Kingery chalks it up to SEM’s culture of service – “helping people get what they want,” she said.

Kingery says she doesn’t even know all of the great interactions that are happening between employees. “But if you encourage and empower employees and give them a sense

of ownership,” she says, “cool things happen that ultimately result in better value for our customers and our team.”

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LESSONS LEARNED:

- **Consistent communication of the firm’s core values is key to maintaining and scaling a strong culture of engagement during fast company growth.**
 - **Broad based stock options are a strong motivator for performance in a strong economy, but have to be managed carefully during downturns.**
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