

How I Turned a Critical Public into Useful Consultants

PETER T. JOHNSON

HARVARD BUSINESS REVIEW -- FROM
THE JANUARY 1993 ISSUE

When I became the head of Bonneville Power Administration in Portland, Oregon, I was no different from lots of other executives, including those in the private sector, where I had spent most of my years. I viewed conflict with people outside the company as an annoyance I'd do almost anything to avoid. I had enough on my plate without environmentalists, politicians, special interests, or the general public second-guessing my decisions and interfering with my operations.

As it turns out, as a public servant, I didn't have a choice. Outsiders had a way of exerting influence whether I liked it or not. I had no sooner arrived at BPA when the agency became the target of political, legal, and even physical threats from people outside the organization who had lost confidence in BPA's ability to act without jeopardizing their interests. Those of us on the inside knew we were capable of making good decisions, and we made every effort to explain our reasoning.

But that was the problem. By first making decisions and then explaining them, we were essentially telling people that we knew what was good for them. Meanwhile, the people affected by our

decisions were telling us in any way they could—lobbying to curtail BPA's authority, taking BPA to court, or aiming rifles at BPA surveyors—that the father-knows-best approach to decision making was completely unacceptable.

Just when it began to seem that BPA was doomed to a future of litigation and hostility, we made an important discovery. We found that by inviting the public to participate in our decision-making process, our adversaries helped us make better decisions. When I say we included outsiders in decision making, I'm referring to real involvement, with real changes in decisions based on what we heard. By listening to people's concerns and soliciting their advice on how to reconcile vast differences of opinion and conflicting needs, our operations did not come to a screeching halt. On the contrary, by involving the public in the decision-making process itself, we gained authority and legitimacy, avoided costly lawsuits and political challenges, and arrived at creative solutions to seemingly intractable problems. Overall, our policy-making improved.

BPA's public-involvement program was a big change for the agency and for me personally, one that required letting go of outmoded attitudes, facing up to underlying fears, and hoping that "outsiders" would do the same.

From Chaos to Commitment

When I arrived at BPA in 1981, things seemed to be running smoothly. I thought the agency simply needed some fine-tuning to make it more efficient. A lot I knew. I spent my first few months managing my way through one crisis after another. It seemed that everyone in the Northwest suddenly had a bone to pick with BPA, and there I was in the middle of it. At first I couldn't find a common root in the dissatisfaction various groups were leveling at BPA. The only conclusion I reached was that something important had changed.

BPA had a staff of intelligent, well-trained, and dedicated people who were becoming deeply frustrated. Ever since BPA had been established in 1937, its success at transmitting and marketing electrical power from federal hydroelectric dams in the Pacific Northwest had earned the agency a good reputation, in which employees took pride. By 1981, for instance, BPA had built a premier 15,000-mile electric transmission grid connecting Canada with four Northwestern states and California. Many veteran employees talked fondly of the warm welcome they had received when BPA's construction projects brought jobs and reliable power to communities across the Northwest. As one senior executive remarked, "It was really an honor to be a Bonneville employee, because we did so many good things."

By the early 1980s, despite the staff's competence and hard work, respect for BPA was waning, and in some situations, the agency was even reviled. When BPA

set out to build high-voltage transmission lines linking generating plants in eastern Montana to points across the Pacific Northwest, protestors threatened BPA employees and disrupted every public hearing we had. On one occasion, project surveyors examining the proposed right-of-way for the transmission lines were confronted by a rancher aiming a rifle at them. Workers didn't dare identify themselves as BPA employees when they ate in local restaurants or checked into motels. We even had to rush a consignment of unmarked vehicles to Montana to protect them. And then there were the "bolt weevils," who surreptitiously unbolted transmission towers to collapse them.

The reality of my new job left me as frustrated as the staff. For example, just two weeks after I took office, I received a desperate call from the head of the Washington Public Power Supply System (WPPSS, or "Whoops," as Wall Street wags called it when it became the largest public bond default in U.S. history). With electricity demand in the Northwest projected to grow rapidly, BPA had agreed in the early 1970s to purchase the output of three out of five nuclear power plants WPPSS was building, and it had guaranteed the debt of those three plants. Now the man who headed WPPSS was telling me that they were out of money on two of the plants and couldn't even meet their payroll. WPPSS, the organization to which BPA had written a blank check, was on the verge of insolvency. He further informed me that he was being followed by reporters wherever he went, so we would have to hold a clandestine

meeting. We met in the basement of a hotel in Seattle to patch together a solution to the immediate crisis.

The collapse of WPPSS damaged BPA's reputation as a leader in energy planning for the Northwest and contributed to the creation of the Northwest Power Planning Council, a deliberative body whose mandate was a direct challenge to the authority of the BPA administrator. The council consisted of eight members, two each appointed by the governors of Washington, Oregon, Idaho, and Montana, and gave these Northwestern states a greater role in shaping energy policy—something their governors had been wanting. There was controversy, and even a Constitutional question, about whether the council could direct the administrator of BPA or merely provide advice and counsel. By 1981, as I came into office, I didn't know whether the newly created council was supposed to be my adviser, my new boss, a competitor, or what. What I did know was that BPA was sailing in hostile and uncertain waters.

Also around the time I came on board, BPA was finishing up the "Role Environmental Impact Statement," which a court injunction had forced BPA to prepare. This document was an evaluation of the environmental and social impacts of BPA's total operations—its "role" in the region. It was a huge undertaking and the first of its kind (until then, BPA had prepared impact statements only for specific projects), and BPA had tried in earnest to cover all the bases. To ensure that the document was objective and

independent, we engaged a number of outstanding consultants to prepare it. When it was done, the Role EIS stood seven feet tall. We couldn't even fit it in a wheelbarrow. It was as complex and comprehensive as it could possibly be, full of facts and good analysis.

Yet no one appreciated it. People complained that it was ponderous, that they couldn't find what they wanted in it, that they were bothered by some of the document's findings and analysis. Clearly, fulfilling our legal requirements was a step in the right direction, but it was not enough to please our stakeholders. I started to wonder what was.

The U.S. Congress had already passed legislation compromising some of BPA's authority. The governors were trying to assert their authority through their new council. Public credibility was clearly low. No matter how you looked at it, BPA's wings had been clipped. And I had no reason to believe it would end there.

So I began to think that BPA had to change its ways. But even while I recognized the need for change, I have to admit, I wasn't sure what it should be. When two staffers, Jack Robertson, then my assistant for external affairs, and Donna Geiger, a public-involvement specialist, advised me that we could solve our problem by inviting the public into the decision-making process, all the apprehensions I had accumulated during my 20 years in the private sector began to surface. BPA's attorneys reinforced my fears. They argued that public involvement would force the premature release of important

documents and jeopardize the attorney-client privilege, that BPA would forfeit its flexibility and become hostage to its own policies and guidelines, that outsiders would have the leverage to make unreasonable demands, and that BPA would become vulnerable to lawsuits right and left.

The lawyers' arguments were compelling, but Robertson in particular kept working on me. As a former staffer to Republican Senator Mark Hatfield of Oregon, he had seen how well-intended governmental initiatives were frustrated by the political process when a group of people could claim that their interests had been ignored. He warned that the public outcry for BPA to be more accountable was not going to disappear and that attempts to exercise arbitrary authority would get us into trouble. Public involvement, he argued, was the way forward. BPA would have to engage in meaningful consultation with third parties.

As I thought about Robertson's reasoning, I began to realize that while the legal risks the BPA attorneys had pointed to were real, I had to balance those risks against many other risks to the organization. When I was in the private sector, third parties didn't have the power to bring down my business. But in a government agency, political pressure and litigation surely can keep the organization from implementing its programs. That risk had to be taken seriously.

If including people in the decision-making process would prevent political protests and legal challenges, it was

worth a try. But not a halfhearted one. Robertson was quick to add that any new approach would fail if we thought of it as something we did when we had political problems. We had to make a rock-solid, ethical commitment to be open and honest, whether or not it was to our presumed, near-term advantage. "I've got to have your credit card," he insisted, which meant I had to trust his expertise, as I would any other professional in the agency. I pulled Geiger and her staff into my own office to centralize public-involvement activities and also to send a message to the whole organization about the importance of public involvement.

Then we began to put our new philosophy into action, starting with the transmission lines in Montana. We decided to invite input from anyone who had an interest in that situation. We arranged dozens of meetings with individuals and groups to identify problems, to listen to their concerns and suggestions, and to respond openly to their questions. I particularly remember one meeting with environmentalists who were bitter about the way we'd selected our right-of-way and upset because no one would listen to them. They came into my cramped motel room, about ten of them, and sat on the bed and the floor. One young woman nursed her infant as she sat on the floor and upbraided me for my lack of sensitivity to the people of the state and its pristine environment.

We took the concerns to heart. As a result of those discussions, we relocated transmission lines off scenic agricultural

lowlands and behind forested ridges, and we reduced the visibility of towers with a special treatment that made the lines less prominent. We even found that if we had not already made some investments in our original route, the new routing would have been less expensive. We developed a plan to compensate local communities for things like road maintenance and also contributed several thousand dollars to help fund the state's oversight of our activities.

Pleased with this initial success, I was convinced that the new public-involvement program had taken root. But Donna Geiger knew better. She had made a point of reviewing public-involvement activities in all the agency's offices and had found several pockets of lukewarm acceptance. She recounted a number of instances when one part of the organization would make a decision after consulting the interested parties outside the agency, while another part of the organization would make a decision affecting the same people with little or no consultation. Some staff went out of their way to remind people that the administrator made all final decisions, which was true in a legal sense but sent a clear message that anything anyone said was pointless. This explained why customers had taken me aside and asked, "Which way are you really going? We don't see you acting on the talk." The public clearly was getting whipsawed.

At Geiger's suggestion, we retained consultant James Creighton, the "guru of public involvement," to assess our program. The results were disturbing.

Despite the beginning attempts at public involvement, the public saw BPA as "arrogant, insensitive, and uncaring." With such a long way to go, once again the question arose: Were we really committed to public involvement? And more to the point, was I?

There was little time to deliberate. We immediately faced the problem of what to do with the consultant's report. Its mere existence posed a public-relations threat because the press was clamoring for copies. Some people, including our own media-relations department, feared that the media would use the document's harsh findings against us. They advised us to view the report as an internal document. To be honest, I shared the concern. But Jack Robertson reminded me of that credit card I had given him and, along with Donna Geiger, recommended that we give the report, accompanied by a letter outlining steps we were taking to address the findings, to the media and to anyone else who requested it. Robertson and Geiger firmly believed that the media would act responsibly if given full information. I swallowed hard and stepped out of the way.

It was exactly the right move. After releasing the report, BPA immediately won kudos from the press. The *Seattle Post-Intelligencer*, which had been writing critical editorials for months, said, "BPA leadership deserves double credit, despite the scathing report, for commissioning the study of its operations and for accepting the findings unflinchingly... The agency has set a commendable example for other

public agencies to follow in examining the need for self-improvement.”

Meeting the “Crazies”

Having taken the bold step of releasing the consultant’s report, we began the hard work of restoring public confidence. Two tasks lay ahead: to change the attitude at BPA and to develop practical skills in working with the public.

At my insistence, top management added public involvement to the performance requirements of every management position. There was to be no mistaking its importance. Those who did an exceptional job of consulting with the public were recognized in the BPA newsletter and received cash awards.

We also established a requirement that managers prepare a public-involvement plan for all major decisions. Each plan would outline the activities appropriate to that decision, including the number and kind of people to be included in the decision-making process. Employees had little experience with public involvement, and many were terrified at the prospect of confronting our adversaries, so we set up a mandatory training program for employees ranging from top management to first-line supervisors. We taught people how to organize and conduct public meetings, how to listen even when tempers flared, and how to improve their public speaking and writing skills.

I also used one other weapon in my arsenal: an agency policy on public involvement. It occurred to me that by

letting the whole organization help shape the policy, I could win support for the new philosophy and create the culture shift BPA needed. Like the public-involvement process itself, inviting employees to help create corporate policy was somewhat risky. It gave employees a chance to fight back—which they did. Each BPA operational office had to sign off on the policy, and many offices registered their resistance to the policy by simply stalling. It took two years to get the policy approved, and even then we had a few holdouts.

At the same time that we were working to create a culture shift within BPA, we were considering what the public would need to play a meaningful role in decision making. My experience in the private sector had given me a firm belief in hard-sell public relations, but I could see that it was no longer appropriate to put the best spin on everything BPA did. The job now was to be open and honest so that people were well-informed. Instead of producing documents that were stuffy, bureaucratic, and inaccessible, we began preparing “backgrounders,” which summarized the important information about a controversial issue, and “issue alerts,” which told people about an upcoming decision-making process and how to participate.

It was clear, though, that our worst critics were not getting any closer. Ratepayer advocates and environmental groups opposed to nuclear power were at the top of the list of people who distrusted us; everything we did provoked fresh torrents of criticism

from them. Finally, we asked them directly, “What is it you want?” They replied that they wanted to meet with top management, they wanted the right to set the agenda for those meetings, and the meetings could not be costly for them to participate in.

We had been meeting and making good progress with most key interests that would be affected by our decisions, but the idea of going eyeball-to-eyeball with our toughest critics, whom some at BPA referred to as “the crazies,” was scary. Still, I agreed to it. And that’s when things got really interesting.

We arranged to hold the first few meetings in BPA’s conference room with access to an elaborate conference call system for those participants who couldn’t afford the trip to Portland, Oregon. We invited virtually every critic not previously consulted, not to resolve any major issues but just to explain how we felt about them. I remember how tough it was to walk into that room the first few times and how tense the interest-group leaders were as they sat in the chairs against the wall. Their whole demeanor said, “Show me!”

I was constantly aware of how easily meetings could degenerate into shouting matches, so I worked hard to guard my reactions, especially when people misinterpreted the facts or said things I didn’t agree with. The most important thing was that we be open and forthright.

Over time, as people realized we could have a frank discussion on any subject, the tension dissipated. Both BPA staff

and the interest-group leaders began to relax and enjoy the debate. Soon we were able to spot concerns before they became full-blown issues, and fewer disagreements were based on misperceptions and misinformation. Most important, we began to trust and respect each other. People felt comfortable picking up the phone and calling me, where before they’d have gone to the media or formed a coalition against us. The process, while not perfected, was working.

But was it really making a difference? The WPPSS debacle had contributed to a 304% increase in industrial electrical rates between 1980 and 1984, and the Northwest Power Act of 1980 had significantly changed our relationship to utilities in the region, while leaving many other questions about roles and authority highly ambiguous. People who were dissatisfied with what they got from BPA could plead their case to the Power Planning Council created by the new Northwest Power Act or sue BPA. Consequently, few decisions could be counted on until they had been okayed by the Ninth Circuit Court of Appeals, the court the Northwest Power Act specified for resolution of all litigation. Each decision was a battleground.

We weren’t sure BPA’s public-involvement program could result in any meaningful decisions in such a chaotic and litigious climate. But we soon found that it could. Two early experiences with our new decision-making process not only won over the laggards and completed the culture shift at BPA, but also demonstrated that the process was a practical alternative to litigation and

could produce innovative solutions to seemingly intractable problems.

Saving the Aluminum Industry

The rapid rise in electricity rates affected everyone in the Northwest, but the energy-intensive aluminum industry was particularly hard hit. The industry had been located in the Northwest during World War II to take advantage of the cheap electrical power from federal dams. The aluminum companies' presence proved to be advantageous to the region not only in terms of dollars and jobs but also because of the complementary ways the industry and the region use electricity. Aluminum plants operate around the clock and typically schedule production to coincide with releases of vast quantities of water, which reservoirs can't hold during spring runoff. Rather than being spilled over the dams and wasted, this water is run through turbines to generate large amounts of electricity that can be used by the aluminum smelters at times when few other customers need the power. Additionally, aluminum companies are willing to have their production interrupted occasionally, when peak power demands are high in the rest of the region, and for that flexibility, they get special rates.

When the high cost of nuclear power plants drove up electricity rates, the aluminum industry faced rates eight times higher than they had been five years earlier. To make things worse, the price of aluminum on the world market was in free-fall. Aluminum companies in the Northwest were being challenged by

other countries with newer, more efficient smelters. Northwestern aluminum smelters that had been among the world's most constant producers were being used as "swing" plants, the first to slow or shut down when world prices drop. By late 1984, one large aluminum plant had shut down completely, two plants were offered for sale, and practically all smelters had reduced production.

The aluminum industry bought 30% of BPA's total output of electricity and represented \$640 million of the agency's annual revenues. If it didn't consume that power, rates to other customers would have to rise to cover the high fixed costs of generating electricity. The aluminum industry also employed 9,000 workers in the Northwest, was indirectly responsible for 22,000 more jobs, and produced substantial tax revenues, typically in small communities that had few other sources of revenue. Obviously, BPA had an incentive to help, if it could.

But I felt helpless. The aluminum plants were likely to leave, and the consequences would be severe. I had always thought of myself as a problem solver, but this time I had nothing to bring to the table. The smelter in The Dalles, Oregon, had already closed, and the community was devastated. A group led by their mayor, who was a car dealer with a lot full of unsold cars, implored me to help them. Maybe BPA could lower electrical rates for the plant so that local interests could afford to buy it and reopen it. After describing the impact of the plant closing on local schools, one woman turned to me and

said, "There must be something you can do."

As much as we wanted to respond to the people of The Dalles and to other aluminum companies and their communities, we couldn't set new rates without going through the legal rate-making process. Since other customers had also absorbed heavy rate increases, they were unlikely to sympathize with the aluminum industry, and there were sure to be lawsuits.

We needed a creative solution that would not become a battlefield for attorneys, so we turned to our public-involvement process.

We first visited local communities to see if they would join BPA in taking responsibility for the problem. We called meetings in towns where smelters were located and asked what they might be willing or able to do to complement any action we might take. Could they grant tax incentives or make economic development investments to spur employment? But the resources of these local communities were so strained that they were reluctant to take action. We also approached the labor unions, some of which responded by making modest concessions.

We cast the net wider. We decided that we had to initiate a broad study of the problem and that we had to get everyone who had an interest to be directly involved in developing the study. We asked dozens of people to be part of a technical-review committee and ended up with a group of about 75 members representing utilities, local

governments, state agencies, public-interest groups, labor unions, aluminum companies, and private citizens.

It became clear that some committee members distrusted BPA's intent. They suspected that the agency was trying to save the aluminum industry at the expense of its other customers. So the first order of business was to convince people of our motives. Then the committee got down to the business of designing the study and developing a computer model that a layperson could use to analyze the economic effects of various approaches.

In the meantime, BPA launched a campaign to educate the public about the problems the aluminum companies were having. We prepared two brochures, one outlining the problem and describing the study and the other explaining the role of the aluminum industry in the regional economy and in BPA's energy system, and we sent them both to about 15,000 people. And in one month, the agency's field staff held more than 50 meetings throughout the region, featuring a 15-minute slide show, a brief address, and a question-and-answer exchange. We also held open forums in The Dalles and other communities where smelters were located.

We were going to every extreme to open the process to outsiders and to consider as many perspectives as possible, and at times it seemed that jangled nerves were our only tangible result. The list of concerns seemed endless, the problems seemed insurmountable, and BPA employees

were beginning to lose sight of what we were trying to accomplish.

Finally, at a one-day symposium in April 1985 sponsored jointly by BPA and the League of Women Voters, we made a breakthrough. The symposium had been set up to discuss the options for addressing the aluminum companies' needs, and the turnout was terrific. The hall was packed with key elected officials and with representatives from all the important public-interest groups and all the utilities in the region. On the platform were several experts on the utility industry, including economists who specialized in the aluminum and electric utility industries.

Throughout the day, as various experts presented their opinions, one argument followed another. But by late that afternoon, we had actually made some progress. The day ended with an unspoken consensus that helping the aluminum industry would help everyone in the room. It was a momentous occasion. We had finally moved beyond arguing; we had agreed that there was a problem, and we were ready to talk solutions.

In the months that followed, the BPA staff drafted a paper outlining a number of options, and we scheduled 13 public meetings to take comments. Some 4,600 people attended those meetings—from 10 in Burley, Idaho, to 3,200 in Columbia Falls, Montana. We invited our 75-member technical-review committee to submit written comments. And we received and answered more than 1,100 letters on the study, including hundreds from

school children in towns where smelters were located, begging me not to take away their parents' jobs.

The idea that had the broadest support was to tie the price of electricity to the world price of aluminum ingot—in other words, to make it a variable rate. Most people liked the idea, although they suggested ways to set upper and lower limits. I had previously dismissed this proposal as unlikely to be acceptable to our non-aluminum industry customers. But now they were giving me the go-ahead. We were as close to a consensus as we could expect to get on an issue as controversial as this one.

BPA announced the decision to propose the variable rate, and the formal rate hearing moved expeditiously to a decision. When the variable rate went into effect, there were no lawsuits. Although some parties were disappointed with the choice, they had sufficient respect for the openness, thoroughness, and objectivity of the public-involvement process that they did not challenge the decision.

From an economic standpoint, the decision has proven wise for both the aluminum industry and BPA. No smelters closed permanently, and due to a rise in the world price of aluminum, all were soon operating. The agency reaped more than \$200 million in revenues it would otherwise not have received. In 1991, when aluminum prices again dropped, the variable rate kicked in to encourage smelters to continue operating.

Public involvement had given BPA a new-found legitimacy to act. From that point on, we knew it was possible to make decisions that would count.

Reconciliation on Nuclear Power

In 1983, BPA was caught between two formidable opponents, and the public-involvement process once again led the way out. At that time, two of the three nuclear power plants BPA had backed financially were incomplete. Only one, WNP-2, was running; the other two, WNP-1 and WNP-3, had been mothballed for two years. BPA had guaranteed all the indebtedness for WNP-1 but only 70% of the indebtedness for WNP-3. The other 30% of WNP-3 was owned by four investor-owned utility companies (IOUs) that planned to use the power to service their own areas.

The shared ownership arrangement was a problem. With WNP-3 two-thirds complete, both BPA and the IOUs had sunk a lot of money into it. Now BPA had to decide whether to complete WNP-3 or leave it mothballed. For the IOUs, the answer to this question was obvious. Their regulators did not permit them to include in the rates they charged customers the costs of any plant that was not actually generating electricity. That, of course, meant that until WNP-3 was complete, the IOUs had no way of servicing the hundreds of millions of dollars of debt on the plant except out of shareholder profits. Needless to say, they were anxious to complete construction on the plant.

But the IOUs were not the only ones that had a stake in BPA's decision on WNP-3. BPA and the publicly owned utilities that bought its power were not subject to the same regulations as the IOUs and were already including in their rates the costs of the unfinished plants. Also, many jobs in the communities where the plants were located depended on completing the plants. On the other hand, there were many in the Northwest who opposed nuclear power on principle and were ready to fight long and hard to keep any nuclear power plant from being finished.

After an extensive series of public meetings and detailed technical analysis, I concluded that it was cheaper for the region to keep the plants on ice. This was true in part because the region now had a surplus of power. But also, newer and cheaper sources of power were emerging as alternatives. So we chose to preserve WNP-1 and WNP-3 as future options.

That decision left the IOUs in a real bind, and it was unclear how they would survive. With their financial well-being in jeopardy, they sued BPA for \$2.5 billion, saying we had breached our agreements on the project. Meanwhile, the CEOs of some of the region's largest IOUs called my boss, Donald Hodel, then secretary of energy, and demanded my resignation. Hodel didn't take sides but made a point of telling me, in front of the CEOs, to find a way to reduce the tensions.

We wanted to work something out with the IOUs for practical reasons. Although we knew we had a strong legal position,

litigation would drag on for years, and the uncertainty would affect BPA's credit. All in all, we thought it best to work out some sort of compromise. Now Hodel was turning up the pressure.

I had to be careful, though, not to give the impression that I was going too far to accommodate the IOUs. Under the law, BPA's first obligation was to the publicly owned utilities. People were watching to make sure I didn't sell out to the IOUs—a move many people suspected because of my background in the private sector.

I had to get the IOUs, the public-power organizations, as well as the senators, governors, industrial groups, and public-interest groups to buy into an agreement. And the agreement not only had to be fair but also look fair. The only way out, I concluded, was to have an open public process. We decided to begin by having BPA meet separately with the IOUs and the public-power group. Subsequently, we would hold open public meetings. This strategy pleased no one, particularly the IOU community. The chief executive of a California utility phoned me to inquire whether I'd gone mad to try to settle a giant and bitter lawsuit in a glass house.

We went ahead with the process. At our first meeting, the IOUs' lawyers expressed their outrage at the prospect of public consultation. I explained why BPA was proceeding with public involvement and told them that the agency staff and I were meeting the very next day with representatives of more than 100 public-utility customers to seek their input. At that point, the

most intransigent fellow in the group blew up. "I knew it!" he exclaimed. "You have no intention of settling."

The meeting with the representatives of public power was equally tense. More than 100 people were there, at least half of them lawyers. I took a deep breath before entering the room and was greeted with hoots and hollers. They were convinced that I was the guy who was going to sell them out. Charges and countercharges flew. When Bob Ratcliffe, BPA's deputy administrator and a longtime advocate of public power, tried to present an idea, there were so many interruptions that few people understood what he was saying.

We had a long way to go. When we reported back to the IOUs the tenor of the meeting with the public utilities, one CEO was more convinced than ever that it would be impossible to reconcile the differences. It took a real act of faith not to argue with his conclusion. Still, I refused to give up on the process.

As BPA staff, which included our general counsel and the chief lawyer representing the Department of Justice, and I shuttled back and forth from one group to the other over a period of months, people gradually began to understand that there were intelligent people with good ideas on both sides of the public power-private power divide. Reconciliation seemed a less remote possibility. Admittedly, the willingness to reach a resolution was partly attributable to the fact that if we didn't reach an agreement, I was going to take my own proposal to the public. The two factions would have little control over

the process from then on. If they wanted the public to review a settlement that they found acceptable, they had to reach a tentative agreement.

By early 1985, after about a dozen meetings, a settlement package looked feasible. The proposal stipulated that BPA would agree to exchange surplus hydropower in the spring for output from the IOUs' combustion turbines, which were frequently idle. That way, both parties would get something of value at little cost.

Then it was time to expand our process to reach out to the general public. We began by issuing a press release that explained the lawsuit, the settlement, and the decision-making process. Then BPA staff contacted hundreds of people who would be interested in the outcome, including four governors. We kept a written record of each contact and made that information public. We also conducted monthly teleconferences with various interest groups.

We thought we were on the home stretch, but we began to hear complaints that the public-power constituency had not been part of the face-to-face negotiations. It was true, although a key part of the proposed settlement—a plan to link the rate for hydropower BPA would supply to the IOUs to the average price of three comparable nuclear plants elsewhere in the country—had come from meetings with the publicly owned utilities. With some trepidation, the four private utilities agreed to meet face-to-face

with representatives from the public utilities.

By the time the settlement documents were signed in September 1985, BPA's investment in public involvement had paid off handsomely. The utilities, public and private, were satisfied. The politicians were satisfied, as were their constituents. We had saved the investor utilities from serious financial stress, and we had avoided wasteful legal battles.

Making Controversy Constructive

With these victories, BPA was again strong enough to play its important role in the region, and my tenure was coming to an end. But before I left the organization, I had one loose end to tie up. The formal public-involvement policy had still not completed its rounds at BPA. I discovered that a close assistant had managed to keep it bottled up in different parts of the organization. Finally, I marched into his office and told him I wouldn't leave until it was signed. Apparently that was enough of a threat. The policy was complete within a few weeks, which meant that BPA's commitment to public participation would not disappear when I walked out the door.

In fact, that commitment has grown stronger, and it has been formally recognized. Senator Mark Hatfield praised BPA in the *Congressional Record* for its approach to solving the Northwest's energy problems. And BPA received an award from the Natural Resources Defense Council—once an outspoken critic of BPA—as an

outstanding utility in North America, a model for both public and private systems.

Having seen BPA's many victories, I am more convinced than ever that public involvement is a tool that today's managers in both public and private institutions must understand. With external stakeholders now exerting substantial influence on organizations in every sector, conflict is inevitable. The only choice is whether to dodge the controversy or learn to harness it.

Those who harness it by including third parties rather than trying to vanquish them will have the opportunity to consider new possibilities and to test out new ideas in the heat of dialogue. While others are mired in disputes and litigation, astute practitioners of public involvement will have hammered out an agreement and gotten on with the project. In short, they will have made better decisions and found a new source of competitive advantage.

Peter T. Johnson is now an investor and a sculptor. From 1981 to 1986, he was the administrator of Bonneville Power Administration in Portland, Oregon. Before that, he spent ten years at Trus Joist Corporation in Boise, Idaho, where he was president and then CEO.
