

Robert Quinn

## DTE Energy (A): Becoming a Transformational Leader: Gerry Anderson, Chairman and CEO

Gerry Anderson was a tough, hard-driving leader when he joined DTE Energy, a large diversified energy company, as a vice president back in 1993. Trained in engineering before getting his MBA, he had an analytical mind and used numbers to resolve challenging problems.<sup>1</sup> He'd worked at McKinsey & Co. before rising steadily within DTE to become its President and Chief Operating Officer in 2005.

With his quantitative skillset, Anderson didn't focus heavily on the "soft stuff" like the results of employee engagement surveys that DTE had been conducting. Before he became President, the company's low scores on engagement placed it in the bottom quartile among other companies in the Gallup database, but because Anderson didn't believe he had much control over these results<sup>2</sup>, engagement was not a high priority for him. He was focused on cost, competitiveness and developing the company's non-utility businesses.<sup>3</sup>

Upon his promotion to President and COO, however, he began to "think about the whole" for the first time in his life.<sup>4</sup> He realized that all leaders, including himself, needed to take responsibility for the low engagement scores and that managing by edict or in a culture of fear was not sustainable. He began re-thinking his approach to leadership and exploring the notion that, just as people have discretionary money that they can choose to spend here or there in the economy, they have discretionary energy that they could choose to spend at work or elsewhere. Anderson wanted to tap into that energy to drive operational and financial results, and to build muscle around a continuous improvement mindset as a strategic imperative in the process. And so he spent months meeting with employees, slowly working to earn their trust, and explaining that they were not simply "factors of production," but fundamentally critical to the company's success.

Then the recession of 2008 hit, and DTE faced a potential revenue loss of \$175 million. Given the company's essential infrastructure of huge power plants and sprawling electricity and gas distribution networks, the only apparent solution seemed to be workforce reduction. Anderson was confronted with the biggest challenge of his career: should he lay off a large portion of the workforce to save the company?

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