July 15, 2022

Susan E. Collins
Buddy Eller
Jeffrey J. Lyash

REQUEST FOR MANAGEMENT DECISION – EVALUATION 2021-17275 –
ORGANIZATIONAL EFFECTIVENESS – COMMUNICATIONS AND PUBLIC RELATIONS

Attached is the subject final report for your review and management decision. You are
responsible for determining the necessary actions to take in response to our findings.
Please advise us of your management decision within 60 days from the date of this report.
In accordance with the Inspector General Act of 1978, as amended, the Office of the
Inspector General is required to report to Congress semiannually regarding evaluations
that remain unresolved after 6 months from the date of report issuance.

If you have any questions or wish to discuss our findings, please contact Lisa H. Hammer,
Director, Evaluations – Organizational Effectiveness, at (865) 633-7342 or me at
(865) 633-7373. We appreciate the courtesy and cooperation received from your staff
during the evaluation.

David P. Wheeler
Assistant Inspector General
  (Audits and Evaluations)

ARR:KDS
Attachment
cc (Attachment):
    TVA Board of Directors
    Megan Andersen
    Megan T. Flynn
    David B. Fountain
    Jim R. Hopson
    Jill M. Matthews
    Ben R. Wagner
    Tina R. Wallace
    OIG File No. 2021-17275

TVA

Office of the Inspector General

Evaluation Report

To the Executive Vice President and Chief People and Communications Officer, Human Resources and Communications; to the Vice President, Communications and Public Relations; and to the President and Chief Executive Officer

ORGANIZATIONAL EFFECTIVENESS – COMMUNICATIONS AND PUBLIC RELATIONS

Evaluation Team
Amy R. Rush
Andi R. McCarter

<u>ABBREVIATIONS</u>

C&PR	Communications and Public Relations
CEO	Chief Executive Officer
EVP	Executive Vice President
HR	Human Resources
HR&C	Human Resources and Communications
FY	Fiscal Year
TVA	Tennessee Valley Authority
VP	Vice President

<u>TABLE OF CONTENTS</u>

APPENDICES

A. TVA VALUES AND LEADERSHIP COMPETENCIES

B. MEMORANDUM DATED JULY 8, 2022, FROM BUDDY ELLER
    TO DAVID P. WHEELER

Why the OIG Did This Evaluation

Organizational effectiveness, as defined in this evaluation, is the ability of an organization to achieve its mission and goals. Due to the importance of alignment between strategy, team engagement, and operational performance, the Office of the Inspector General is conducting organizational effectiveness evaluations of business units across the Tennessee Valley Authority (TVA). This evaluation focuses on Communications and Public Relations (C&PR), a business unit under Human Resources and Communications, which is led by the Executive Vice President and Chief People and Communications Officer.

C&PR is responsible for the development and implementation of effective and innovative internal and external communication strategies that support and advance TVA's mission, strategic imperatives, and values. This includes providing strategic communications counsel to TVA business units and developing integrated communications plans to assist with the achievement of business unit and TVA objectives. C&PR is also responsible for design support and strategic thinking to assist with the generation and execution of creative and innovative ideas in support of TVA and business partner communication needs. The organization serves as the principle protector of the TVA brand by providing governance and oversight of TVA's brand marketing. C&PR has experienced various changes in the organizational reporting structure over the past several years and is currently in a state of transformation[i] as part of Human Resources and Communications. The objective of this evaluation was to identify factors that could impact C&PR's organizational effectiveness.

What the OIG Found

During the course of our evaluation, we identified behavioral and operational risks, some of which were recurring, that stemmed from alignment issues, which could negatively affect sustainable execution within C&PR. Specifically, these risks included (1) perceived lack of organizational direction, (2) perceived lack of empowerment in C&PR leadership, (3) concerns with the development of the organizational structure, (4) staffing and prioritization concerns, (5) role clarity concerns, (6) concerns with relationships within and outside of C&PR, and (7) organizational placement concerns.

---

[i] According to TVA documentation, a transformation is "a major change that alters the organization from the top to the bottom making deep-rooted changes that affect organizational culture, vision, mission, and the overall operating model inclusive of people, processes, and technology."

EXECUTIVE SUMMARY

Based on the issues identified, we rated behavioral risk as medium and operational risk as high. Ratings are reflected in the table below:

	Low Risk	Medium Risk	High Risk
Behaviors		X	
Operations			X

What the OIG Recommends

We recommend the Executive Vice President, and Chief People and Communications Officer and Vice President, C&PR, (1) take action to address recurring issues, including concerns with organizational direction, staffing, prioritization, role clarity, and relationship issues including those with leadership and siloing and (2) address perceptions related to empowerment and concerns pertaining to the organizational structure and relationships within and outside of C&PR. We also recommend the Chief Executive Officer, in conjunction with the Executive Vice President and Chief People and Communications Officer and Vice President, C&PR, address concerns pertaining to the placement of C&PR within TVA.

TVA Management's Comments

TVA management provided actions taken and planned actions for the future state of the organization. These actions included communication of the strategy and the future state of the organization to the C&PR team. Management also stated they have reviewed and updated future state position descriptions for role clarity and accountability. Planned actions included identification and utilization of cross-functional teams for collaboration and building engagement in all team communications and interactions. See Appendix B for management's complete response.

Auditor's Response

We agree with actions taken or planned by management for the future state of the organization. However, while TVA management addressed plans and actions for the future state of C&PR, they did not specifically address staffing, prioritization, and role clarity concerns or relationship concerns related to inclusion in the organization's current state. (Note: We made minor editorial changes in the report as appropriate based on discussions with TVA management.)

BACKGROUND

Organizational effectiveness, as defined in this evaluation, is the ability of an organization to achieve its mission and goals. Due to the importance of alignment between strategy, team engagement, and operational performance, the Office of the Inspector General is conducting organizational effectiveness evaluations of business units across the Tennessee Valley Authority (TVA). This evaluation focuses on Communications and Public Relations (C&PR), a business unit under Human Resources and Communications (HR&C), which is led by the Executive Vice President (EVP) and Chief People and Communications Officer.

C&PR is responsible for the development and implementation of effective and innovative internal and external communication strategies that support and advance TVA's mission, strategic imperatives, and values. This includes providing strategic communications counsel to TVA business units and developing integrated communications plans to assist with the achievement of business unit and TVA objectives. C&PR is also responsible for design support and strategic thinking to assist with the generation and execution of creative and innovative ideas in support of TVA and business partner communication needs. The organization serves as the principle protector of the TVA brand by providing governance and oversight of TVA's brand marketing. Other duties include public relations, stakeholder outreach, social media strategies, and digital initiatives. Responsibilities, as of December 14, 2021, were carried out by six departments, including (1) Strategic Communications, (2) Media Relations and Marketing, (3) Digital and Creative Design, (4) Content and Communications Operations, (5) Business Communications, and (6) Digital and Creative Services. However, these departments, as of January 2022 when our interviews began, were in the midst of organizational change due to being part of the HR&C transformation.[1]

Historical Organizational Changes
C&PR has experienced various organizational changes over the past several years. From October 2013 to February 2016, C&PR resided under HR&C, until the organization was moved to report directly to the Chief Executive Officer (CEO) and was renamed Communications and Marketing. In October 2019, the organization was split into two separate business units. Communications, which included the Strategic Communications, Digital and Creative Services, and Content and Communications Operations departments, began reporting to the Chief Human Resources Officer while External Communications and Marketing, which included the Public Information Officer, Public Relations, and Brand Marketing began reporting to External Relations.

Additional organizational changes occurred in February 2020 when the Public Relations department and the Public Information Officer was moved from External Relations to Communications under HR&C. At that same time, Brand Marketing

---

[1] According to TVA documentation, a transformation is "a major change that alters the organization from the top to the bottom making deep-rooted changes that affect organizational culture, vision, mission, and the overall operating model inclusive of people, processes, and technology."

was moved under External Affairs, a business unit reporting to External Relations until July 2020 when the department was moved to Communications, bringing all elements of the previous C&PR organization back under HR&C.

During these reporting structure movements, multiple reviews were performed to identify opportunities for improvement within the organization now known as C&PR. Specifically,

- In 2018, the organization created a Rapid Improvement team, comprised primarily of Communications and Marketing[2] personnel to determine the state of the organization at that time, identify opportunities for improvement, and develop recommendations. Using feedback internal and external to C&PR, the team identified issues pertaining to clarity of strategy and objectives, role clarity, prioritization, empowerment of employees, organizational siloing, and accountability concerns.

- In 2019, an individual within the organization was asked to conduct an internal assessment of Communications and Marketing. During the assessment, employees were queried as to what was and/or was not working well. Issues identified were related to clarity of strategy and objectives, role clarity, prioritization, organizational siloing and lack of collaboration, leadership communication, staffing, accountability, and morale.

- During the spring and summer of fiscal year (FY) 2020, an external company was tasked with analyzing TVA's existing internal communications function, which included determining how well employee communications were aligned with company goals. Issues identified pertained to clarity of strategy and objectives, clients driving communication efforts, role clarity, prioritization, organizational siloing, lack of leadership communication, transparency, staffing, accountability concerns, and low morale.

C&PR Transformation Efforts
According to TVA documentation, in June 2020, TVA HR&C, with support from Deloitte,[3] launched the second phase of its transformation efforts,[4] referred to as People First, which focused on services provided by C&PR. People First was defined as "an integrated, redesigned operating model aligned to leading practices and designed to consistently deliver enhanced, efficient services to TVA employees, contractors, and retirees." The transformation team included the Vice President (VP), Total Rewards and Strategic Performance,[5] serving as the executive project sponsor and a Total Rewards and Strategic Performance Senior Program Manager serving as project team lead. Other roles included the

---

[2] C&PR was named Communications and Marketing in 2016.

[3] Deloitte is an organization that provides various services including audit and assurance, consulting, regulatory, risk and financial advisory, and tax services across industries, such as energy, resources, and government and public services.

[4] The first phase of the transformation was specific to Human Resources (HR) and involved changes to HR's operating model, which included changes to the organizational structure.

[5] Total Rewards & Strategic Performance is an organization under HR&C.

C&PR VP serving as the Communications executive lead and some members of C&PR management serving on the core team.

Objectives of the transformation did not include defining the organizational strategy, but rather included organizational structural elements, such as (1) addressing service gaps in relation to C&PR team members' and business partners' points of view; (2) defining roles, responsibilities, and ownership of key activities; (3) developing clarity on how interactions with business partners and stakeholders will be managed; and (4) defining processes in relation to the transformation model. According to transformation documentation, these objectives would be addressed during the five phases of the transformation project, which included (1) assessment of service gaps, (2) design of the conceptual service model, (3) development of process maps, (4) definition of the implementation plan for the operational model, and (5) final stakeholder alignment and approval. Transformation documentation, dated July 2020, also reflected identification of customer and team member "pain points" (part of the first phase of the C&PR transformation) that included inconsistencies in branding, the need for a more proactive rather than reactive approach to services across business units, and a lack of strategic direction or vision for C&PR, among other concerns.

As of March 2022, the planned structure of C&PR was comprised of five organizations, including External Communications, Business Communications, Employee Communications, Creative Writing Services, and Digital and Creative Design. The transformation timeline indicated that next steps include focusing on development of job descriptions for other levels of leadership and individual contributors.

According to TVA's FY 2022 Enterprise Risk portfolio, C&PR's risk related to failure to maintain a positive brand and promote the value proposition, considered one of the top TVA risks in FY 2021, moved down in risk rank. Other C&PR risks included inconsistent communication strategy and leveraging, inconsistent internal messaging and misalignment of communications, and inconsistent and untimely communications response. C&PR FY 2022 initiatives included (1) driving employee awareness and understanding of TVA's values and strategic priorities, (2) development of a communications strategy, and (3) positioning TVA as a thought leader in key energy issues at both the federal and state levels. Organizational metrics included internal digital reach, media tone,[6] and social media engagement rate. Achievements included development of products, such as TVA's Sustainability Report, TVA's Annual Report, and TVA's Strategic Intent and Guiding Principles document. C&PR was under budget for FY 2020 and FY 2021.

As of January 3, 2022, C&PR consisted of 53 individuals. The business unit structure included 10 individuals in Strategic Communications, 8 individuals in Media Relations and Marketing, 17 individuals in Digital and Creative Design, 9 individuals in Content and Communications Operations, and 6 individuals in

---

[6]   The media tone metric is the number of favorable and balanced stories divided by the total number of stories during a defined time period where TVA is primary or secondary within the story context.

Business Communications. The organization also consisted of the C&PR VP and 2 direct reports.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this evaluation was to identify factors that could impact C&PR's organizational effectiveness. We assessed operations as of January 2022 and culture at the time of our interviews and fieldwork, which occurred during January and February 2022. To complete the evaluation, we:

- Reviewed (1) TVA's FY 2022 through FY 2026 business plan, (2) HR&C's FY 2022 through FY 2026 business plan, (3) TVA's FY 2022 Enterprise Risk Portfolio, and (4) documentation provided by C&PR to gain an understanding of initiatives, metrics, and/or risks within C&PR.

- Reviewed TVA values and competencies (see Appendix A), for an understanding of cultural factors deemed important to TVA.

- Reviewed documentation provided by HR&C and C&PR personnel to gain an understanding of the transformation process within C&PR.

- Examined FY 2020 through FY 2021 financial information to gain an understanding of expenditures used in support of the work environment.

- Conducted individual interviews with 50 individuals, including management, and analyzed the results to identify themes that could affect organizational effectiveness.[7]

- Interviewed new leadership hired during our interviews, which began in January 2022 to obtain perspectives related to the current state of the organization and the transformation.

- Surveyed and/or interviewed a nonstatistical sample of 241 individuals from other TVA organizations that interact with C&PR personnel and analyzed results to identify factors affecting organizational effectiveness from a business partner perspective.

- Utilized TVA's 2022 Benchmarking Notebook to identify TVA peers and benchmarked the placement of the communications function with 71 peers.

- Reviewed academic literature, including articles in the *International Journal of Strategic Communication*, *Journal of Communication Management*, *Corporate Communications: An International Journal*, and other studies to identify trends and practices of Communications organizations.

- Assessed the overall effectiveness of C&PR in behavioral and operational aspects as described in TVA's Business Operating Model.

---

[7]   The three employees not interviewed included two interns and another individual who were unresponsive to our request for an interview.

This evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

OBSERVATIONS

TVA's Business Operating Model states that rationale for alignment must be grounded in a common understanding of what the organization wants to achieve and why. Thus, establishing an organizational direction, or strategy, can assist with (1) clarifying the focus of the organization, (2) orchestrating individual and collective efforts through creation of an organizational structure, and (3) defining organizational success. Furthermore, according to TVA's Values and Competencies, TVA leaders are expected to (1) design and articulate a clear vision and strategy of their organization's long-term success and (2) execute a long-term business direction based on an analysis of company, external factors, and other information. Defining organizational strategy is the basis for development of the organizational structure, which, at the highest level, allows for identification and delegation of responsibilities as well as definition and aggregation of work processes.

As stated previously, C&PR has been undergoing change, primarily led by personnel outside of C&PR, as part of the overall HR&C transformation. Interviews with C&PR personnel and examination of C&PR documentation revealed behavioral and operational risks stemming from alignment issues that could negatively affect sustainable execution within C&PR. Specifically, these risks included (1) perceived lack of organizational direction, (2) perceived lack of empowerment in C&PR leadership, (3) concerns with the development of the organizational structure, (4) staffing and prioritization concerns, (5) role clarity concerns, (6) concerns with relationships within and outside of C&PR, and (7) organizational placement concerns.

PERCEIVED LACK OF ORGANIZATIONAL DIRECTION

In many instances, individuals in C&PR discussed concerns related to the need for organizational direction. Specific examples included (1) a lack of direction or the lack of a clear direction, (2) the absence of a strategy or strategic plan, (3) a lack of standards or guidance, and/or (4) questions around their contribution to the work, including whether their contribution matters or how their success is measured. Some of these concerns were consistent with issues identified in previous internal assessments, as stated previously in this report. Several individuals also discussed leadership concerns, such as the perception that leadership is lacking or nonexistent, which indicates lack of direction and the perception that upper management,[8] up to and including TVA's CEO, were not aligned on the direction of the organization. Specifically, the perceived misalignment in upper management pertained to focusing the organization on being a support, or more tactical, organization with limited responsibility for

---

[8]   Upper management is the C&PR VP and the EVP and Chief People and Communications Officer.

driving communications, as opposed to being more strategic and driving communications for TVA.[9]

Several individuals indicated that a measure of their success is keeping their business partners satisfied or happy, which is dependent on the type of support expected by the business partner. In some instances, business partner expectations of support could indicate a more tactical rather than strategic focus of C&PR, a concern noted by a few individuals within the organization. Several individuals indicated that focusing on tactical support more than strategy could limit the effectiveness of C&PR. Some examples of limited effectiveness included (1) the potential to saturate the market with information that might be in the best interest of a business unit leader, but not in the best interest of TVA as whole, or (2) utilizing resources to perform projects at the request of a strategic business unit leader, regardless of the enterprise priority and strategic focus. In addition, a few individuals indicated that C&PR allows business units to drive communications rather than C&PR driving communications for TVA. For example, a recent news story appeared in the press where statements were made by TVA personnel without C&PR personnel knowledge. In this instance, statements made to the press had to be retracted.

One factor that could account for perceptions concerning lack of leadership is the vacancy in C&PR leadership positions. As part of the transformation, in FY 2021, the EVP and Chief People and Communications Officer offered a voluntary reduction in force to individuals within C&PR and began the hiring process for C&PR senior leadership positions in April 2021. Selections for these positions were still being made at the time of this evaluation, which began in December 2021. While two leaders, internal to C&PR, had been selected and were in place at the time of our interviews, two other leaders, external to C&PR, were in the process of being hired and one leader had not been selected. According to transformation documentation, individuals selected for senior C&PR leadership positions would become part of the core transformation team once onboarded and would assist with execution of the transformation objectives, including defining roles and responsibilities. However, C&PR personnel filling those leadership positions, prior to the selection process, were not included in discussions with the core transformation team, which was focused on development of the conceptual operating model.

Concerns were also noted by C&PR business partners. While business partners rated C&PR above average in relation to products and services, quality of feedback and communication, and timeliness, some noted needed improvements in strategy, which would allow C&PR to be more proactive and timely in responses. Examples included needed improvements in leading the communications strategy and opportunities for ensuring alignment on strategy, direction, and/or messaging across TVA. Feedback from business partners further indicated confusion or lack

---

[9] Strategic support relates to an organization's long-term vision, which includes development of strategic plans. Tactical support relates to day-to-day operations. If strategy does not inform tactics in an organization, then the organization is out of alignment.

of knowledge with the direction and/or focus of the organization. For instance, some business partners indicated not knowing what services C&PR provides for the organization and/or desiring a list of those services or expressed confusion in relation to the role of C&PR. Others noted needed improvements in support or equity of support relative to internal and external communications.

One of the FY 2022 C&PR initiatives was the development of a communications strategy, which should address the direction or focus of the organization and explain roles and responsibilities, including contributions made by C&PR employees for achievement of the vision and strategy. We were provided a draft communications strategy, dated July 27, 2021. According to the C&PR VP, the strategy had been approved, and as of March 2022, was being shared with C&PR employees. The draft communications strategy specifies the direction of the organization is to be more strategically focused, which will allow C&PR to drive communications for TVA.

According to an article in Harvard Business Review,[10] one challenge for corporate leaders is how to make sense of strategic alignment at both the business unit and the enterprise level. In addition, academic research reveals that linking communications to business strategy is challenging; however, it also emphasizes the importance of positioning the Communications organization as a strategic organization to better prepare a business for the future. C&PR is responsible for not only developing and implementing internal and external communication strategies that support and advance TVA's mission, strategic imperatives, and values, but also providing strategic communications counsel to TVA business units. Establishing and communicating the focus of C&PR can (1) minimize confusion internally with C&PR staff and externally with the business partners, (2) guide development of the organizational structure in a direction that will elevate performance, and (3) assist with setting priorities for the organization.

PERCEIVED LACK OF EMPOWERMENT IN C&PR LEADERSHIP
Many individuals questioned whether their leadership was empowered to lead or direct the organization. Some of these concerns stem from the transformation project team consisting primarily of leadership outside of C&PR. Discussions also included the perception that C&PR management's "hands were tied" in certain instances, such as in providing information or in relation to the direction of the organization. In addition, discussions included the perceptions of inconsistencies in communication from C&PR and HR&C upper management in relation to the transformation. For example, a few individuals noted instances of contradictory statements between C&PR management and the transformation team had occurred or indicated statements made by C&PR upper management did not come to fruition, while the statements from the EVP and Chief People and Communications Officer did.

---

[10] Jonathan Trevor and Barry Varcoe, "A Simple Way to Test Your Company's Strategic Alignment," Harvard Business Review, May 16, 2016, <https://hbr.org/2016/05/a-simple-way-to-test-your-companys -strategic-alignment.>

Additionally, a few individuals indicated the focus of their management is divided between managing the group and performing day-to-day operations that should be the responsibilities of their subordinates, such as supporting business partners. These statements are consistent with June 2020 C&PR documentation identifying recurring organizational issues that included (1) leaders not leading because there are too many working managers and (2) a heavy focus on tactical, day-to-day operations versus strategic actions and organizational focus by leaders.

CONCERNS WITH THE DEVELOPMENT OF THE ORGANIZATIONAL STRUCTURE

Several individuals within C&PR expressed concerns related to the development of the organizational structure. At the time of our interviews, the transformation project was in the second phase, design of the conceptual service delivery model, and employees had limited information about the organizational structure. In addition, part of the C&PR leadership team, who would have some responsibility for defining organizational roles and responsibilities, had not been selected and/or onboarded. The limited information provided to C&PR employees included a conceptual organizational design for C&PR that included (1) a strategic communications function; (2) communities of expertise functions, including content creation, digital and creative services, external communications, and internal/enterprise communications functions; and (3) the People First Solutions Center, which would include C&PR job responsibilities, such as content management and event/vendor management.

The People First model, used by HR, was defined as "an integrated, redesigned operating model aligned to leading practices and designed to consistently deliver enhanced, efficient services to TVA employees, contractors, and retirees." In the first phase of the transformation process, which focused on HR, the People First Solutions Center was created as a center where individuals can "call and live chat with a team of specialists to obtain fast, consistent, and efficient responses." A few individuals in C&PR expressed concern that having C&PR jobs within the People First Solutions Center could limit their creativity or standardize jobs that require flexibility. Individuals might have also questioned the conceptual structure because a few perceived People First was designed for HR and that C&PR was only included because they had become part of HR&C. Transformation documentation reflects that People First originally focused on individuals seen as HR's audience, which includes employees, contractors, and retirees, with no mention of external business partners or other stakeholders who would be included in C&PR's audience.[11] According to TVA management and recent transformation documentation, no jobs will be moving to the People First Solution Center as previously communicated.

Additionally, several individuals in C&PR expressed concerns with the length of time the transformation has taken, as transformational efforts commenced in June 2020 and not all senior leaders had been selected as of December 2021. These frustrations may have been exacerbated due to unresolved directional

---

[11] This definition was later revised to include customers.

issues discussed previously in this report, which were identified as early as 2018. Based on the limited information provided to employees, a few individuals also questioned the use of the conceptual structure because they were informed that it was best or leading practice but were provided no examples[12] of Communications organizations that had successfully implemented the structure, despite being told by upper management in July 2020 that the transformation team would have opportunities to benchmark other companies. In addition, some individuals referred to the transformation as merely a reorganization,[13] indicating they did not see the changes indicative of a transformation as TVA defines it.

As a result of questioning the structure, a few individuals indicated concerns related to expressing their opinions regarding the transformation, citing a hesitancy to bring up concerns due to fear of retaliation and/or perceptions of ramifications when disagreeing with what HR personnel want to do. Furthermore, when asked about the ethical culture,[14] some individuals expressed concerns related to (1) actions that either caused perceptions of retaliation or individuals to perceive they have no voice or (2) a lack of transparency in relation to certain actions, including individuals leaving the organization. C&PR management provided documentation of instances where employees were notified that an employee left the organization.

STAFFING AND PRIORITIZATION CONCERNS

Many individuals in C&PR discussed concerns with the current staffing levels in the organization, which was an issue identified in prior internal assessments. As stated previously, as part of the transformation, a voluntary reduction in force was offered to employees in FY 2021, which reduced the number of staff. Additional employees left C&PR for other reasons, including as a result of the transformation. Several individuals indicated they had staffing issues because of the transformation and/or noted they supplemented staff with contractors where possible. In addition, some individuals indicated they had assumed additional job responsibilities because of the staffing issues and concerns were expressed in relation to the loss of knowledge incurred because of staffing reductions. A few individuals also indicated that it was difficult to maintain a work/life balance and/or indicated they felt obligated to respond to requests outside of business hours. Furthermore, some individuals in C&PR noted a need for improvement in prioritization of work or goals within the organization, which is an issue that has been identified by employees since 2018. According to TVA PLUS information, 19 individuals left the organization, and only two were hired between October 1, 2019, and March 14, 2022.

A few individuals specifically expressed concerns with how C&PR could effectively align with one of their business partners, External Relations, with

---

12 According to TVA personnel, this is considered proprietary information by Deloitte.

13 TVA defines a reorganization as "either a small- or large- scale change in the organization's hierarchy, jobs, roles or basis upon which the organization is structured."

14 Ethical culture, as defined in this evaluation, refers to the shared concept of right and wrong behavior in the workplace.

current staffing levels. External Relations utilizes a regional model, which C&PR personnel indicated is already in place, to leverage all areas of TVA to gain insights from and bring value to external stakeholders. C&PR personnel believe support of this model will require staffing levels in excess of their current headcount. As stated previously, C&PR is responsible for business unit support that includes providing counsel to TVA business units and developing integrated communications plans for business units, public relations, and stakeholder outreach.

Although several business partners commented positively on the services or support provided by specific team members or by the C&PR organization as a whole, others commented on decreased support because of staffing issues due to the transformation. For example, a business partner commented that one individual within C&PR was responsible for supporting an entire strategic business unit which significantly limited the support received. Another business partner indicated they were addressing their own communications needs because the individual who supported their organization had taken another position within C&PR. Another business partner, who had recently received communications support, indicated their business unit had suffered due to the lack of strategic support. Several business partners also indicated they had utilized consulting services, sometimes at the direction of C&PR, to perform responsibilities that C&PR would normally perform. Some business partners indicated or commented on the need for prioritization in C&PR. When asked about relationships with their business partners, some individuals indicated concerns pertaining to the effects that their increased workload was having on relationships with their business partners or lack of timely involvement in business partner processes.

ROLE CLARITY CONCERNS
Several individuals, as well as some business partners, mentioned the need for role clarity, which was also an issue in previous internal C&PR reviews. Examples of role clarity concerns included the need for outlining responsibilities in their current positions. Furthermore, several individuals in C&PR indicated that management could improve in holding individuals accountable, an issue that was also identified in prior internal assessments. Examples of accountability concerns stemmed from the lack of role clarity and expectations by which to hold individuals accountable and inconsistencies in expectations of work. Several employees also discussed the uncertainty stemming from the potential changes the transformation could bring, which included changes in current job responsibilities.[15]

RELATIONSHIP CONCERNS WITHIN AND OUTSIDE OF C&PR
While many individuals who commented indicated their relationships or interactions and communication with their first-line and middle management were

---

[15] According to HR&C and C&PR management, if an individual's job description changes by more than 50 percent, individuals will have to reapply on their jobs. Reapplication on jobs was a concern that several individuals specifically mentioned during interviews.

positive, many of those who commented on relationships or interactions and communication with upper management commented negatively. Examples included (1) not providing clarifying direction, (2) being out of touch with the needs of the organization, and/or (3) not inspiring confidence and trust. Further, examples of communication issues expressed related to a lack of transparency or the need for clarity from upper management and upper management providing limited communication. Several individuals indicated these issues have negatively affected morale. Communication issues with management were also identified as an issue in prior internal C&PR reviews. Furthermore, several individuals who commented indicated a lack of trust in upper management in relation to the transformation.

While the majority of individuals felt that interactions with team members were positive and indicated they trusted their coworkers to do their jobs well, many employees indicated relationship concerns with other departments within C&PR. Examples of concerns included (1) issues with prioritization and expectations when trying to accomplish tasks; (2) a lack of understanding of roles, responsibilities, and/or strategy; and (3) siloing among the departments. Additionally, a few business partners also expressed concerns related to siloing, which included (1) timeliness issues because C&PR departments operate independently of each other and (2) potential negative impacts to business partners due to lack of collaboration between C&PR teams. We also noted some concerns related to inclusion, a TVA value, when interviewing C&PR employees and management. Several individuals expressed concerns related to not feeling included, such as not feeling they are a part of the organization because HR&C meetings are not relevant to C&PR.

ORGANIZATIONAL PLACEMENT CONCERNS

As previously stated, C&PR was moved from H&RC to report directly to the CEO in 2016. In 2019, the organization was split between HR&C and External Relations, until July 2020 when both functions were reunited under HR&C. Several individuals within C&PR questioned the placement of C&PR under HR&C or indicated the belief that the best placement of the C&PR organization is to directly report to the CEO with a few indicating that it would aid in better prioritization and focus on strategies that serve TVA from a holistic perspective. Some business partners also expressed concern in relation to the placement of C&PR in the HR&C organization. Examples included confusion about the placement since some responsibilities could overlap those of TVA's External Relations organization and concern that current placement could hinder business unit support or messaging. Additionally, a few business partners questioned whether C&PR would function better as a standalone organization reporting to the CEO to enhance their effectiveness.

While individuals within and outside of C&PR noted concerns in the current placement of the organization, our research disclosed that placement of the communications function varies amongst companies. Academic literature we examined indicates the best placement of the Communications organization is

reporting directly to the CEO or executive management. In addition, a study[16] conducted in 2019 by Corporate Communication International[17] revealed that approximately 31 percent of the communications departments in their study reported to the CEO while approximately 33 percent reported to other executive leadership, including the Chief Marketing Officer and Corporate Counsel, and approximately 36 percent reported to other organizations, including the Chief Administrative Officer, the Corporate Affairs organization, and HR.

We examined the placement of the communications function with some of TVA's peers and determined that 37 of 71 companies had a Communications-related organization reporting directly to the company leader (CEO/President). Of those reporting directly to the company leader, most also housed other functions, such as external affairs, corporate affairs/responsibility, and customer services. We also determined that 32 of 71 companies had the communications function embedded within another organization, such as External Affairs, General Counsel, the Chief Administrative Office, and strategy-related organizations. In two other instances, the communications function was split between an employee-related and a customer-related organization. See Table 1 below for more details.

Placement	Count
Direct Report to Company Leader	37
Solely Communications Functions	14
Additional Functions	23
Function Embedded in Other Organization	32
Customer/Member Relations	9
External Affairs	8
HR	6
Other organization	9
Function Split between Two Organizations	2

Table 1

According to academic research, positioning of the Communications department is important in today's organizations. Research reveals that the new role of communication professionals is in aligning organizations and stakeholders by influencing organizational decision-making. While the current placement of the communications function is reporting to executive leadership, which academic literature indicates is one of the best placements of the function, communicating the rationale for that placement can help employees and business partners better understand the positioning of the organization and what is to be achieved.

---

[16] Dr. Michael B. Goodman, Dr. Allison Hahn, Dr. Minna Logemann, Erica Yakobzon, and Sabatini Daniels, "CCI Corporate Communications Practices and Trends Study 2019 Final Report," 2019.

[17] Corporate Communication International is a research-driven educational center that offers information on practices and theory concerning corporate communications to practicing professionals and scholars.

CONCLUSION

According to TVA's Business Operating Model, alignment represents the "capability of an organization to coordinate the activities of its many components for the purpose of achieving its long-term objectives." Alignment is even more important when an organization, such as C&PR, is undergoing change. Leaders should develop a common understanding about the outcome of a change process and, in accordance with TVA's Leadership Competencies, be able to communicate in a manner that helps the employees understand the rationale behind decisions. Furthermore, leaders should be open to obtaining ongoing feedback from employees and making changes, when needed, to strengthen trust and further employee engagement. This leads to execution, which, according to TVA's Business Operating Model, is the primary means used to close performance gaps. Effective execution requires leadership, engagement, focus, capability, and a deep-seated abiding commitment to get things done. Interviews with C&PR personnel revealed alignment issues that could negatively affect sustainable execution within C&PR.

Since 2018, employees within C&PR have repeatedly identified the need for change. Issues identified have not only affected the employees within C&PR, but also the business units who rely on them for strategic support. Changes have occurred through the placement of the communications function in various organizations; however, many of the same issues identified in 2018 still exist today, as indicated in the table below.

Comparison of Issues Identified				
Issue	**2018**	**2019**	**2020**	**2022**
Unclear long-term strategy and objective	X	X	X	X
Clients driving communications			X	X
Role clarity issues	X	X	X	X
Prioritization issues (lack of alignment between daily and long-term priorities, everything is a priority)	X	X	X	X
Lack of empowerment of employees and/or management	X			X
Organization operates in silos/Collaboration issues	X	X	X	X
Lack of communication from organizational leadership/transparency		X	X	X
Staffing concerns		X	X	X
Accountability concerns	X	X	X	X
Low morale		X	X	X

Table 2

While transformation objectives indicate that some C&PR organizational issues will be addressed, the uncertainty and timing of these efforts have increased employee frustration and negatively affected morale. Not addressing concerns has negatively affected engagement levels, which have trended downward since July 2020. According to the Society for Human Resource Management,[18] the

---

[18] The Society for Human Resource Management is a membership organization for human resource professionals.

drivers of employee engagement can include trusting in leadership to set the right course, understanding how the employee fits into future plans, and having the authority necessary to complete jobs well. Observations in this report indicate issues related to these drivers, as described in the table below.

Concerns Expressed	Number of Employees Expressing Concerns out of 50 Interviewed
Perceived Lack of Organizational Direction	26
Perceived Lack of Empowerment in C&PR Leadership	23
Concerns with Development of the Organizational Structure	30
Staffing and Prioritization Concerns	28
Role Clarity Concerns	16
Relationship Concerns within C&PR[19]	33
Relationship Concerns outside of C&PR	18
Organizational Placement Concerns	15
Total Employees Expressing Concerns	46

Table 3

Not ensuring alignment, understanding of the organizational direction, and/or clear and consistent messaging has not only caused employees concern, but could negatively affect execution of the organizational strategy. Defining and implementing a strategy and structure, consistent with the overarching goals and mission of C&PR, could allow for better role clarity, prioritization, and execution of work. In addition, such actions could result in the enablement of C&PR leadership and employees to perform their job responsibilities in relation to the organizational strategy and better position C&PR to assist TVA with achievement of its strategic priorities. Based on the concerns identified in this report, we rated behavioral risk as medium and operational risk as high.

---

[19]   These included concerns with the EVP and Chief People and Communications Officer.

RECOMMENDATIONS

We recommend the EVP and Chief People and Communications Officer and VP, C&PR:

- Take action to address legacy issues that have gone unaddressed since 2018.

  o Establish the overarching strategy and communicate that to C&PR employees and business partners.

    TVA Management's Comments – TVA management stated they had presented a Communications strategy and direction to (1) the Communications organization in March 2022 and (2) the Board of Directors and Executive Leadership Team. TVA management also stated a capabilities presentation is being developed for discussion with business partners. See Appendix B for management's complete response.

  o Address staffing needs and prioritization concerns as soon as possible and implement actions to address business partner needs.

    TVA Management's Comments – TVA management stated that discussions with the Communications team regarding the future state organization, including mapped positions and positions to be posted are ongoing. In addition, four new regional communication positions have been added based on the strategic direction of the enterprise and business partner needs. See Appendix B for management's complete response.

  o Address role clarity concerns.

    TVA Management's Comments – TVA management stated that all future state position descriptions have been reviewed and updated to address role clarity and specific accountability requirements. See Appendix B for management's complete response.

  o Address relationship concerns, including leadership communications and siloing issues between C&PR departments.

    TVA Management's Comments – TVA management stated they had placed a heavy focus on identifying leaders who exhibit and amplify the right behaviors, specifically collaboration and teamwork, as part of selecting new leadership. In addition, TVA management stated that significant progress is being made with an ongoing commitment to identifying and utilizing cross-functional teams to collaborate on projects and initiatives. See Appendix B for management's complete response.

- Address the perception of empowerment issues in C&PR leadership to increase timeliness of decision-making and address relationship concerns related to inclusion.

  TVA Management's Comments – TVA management stated the commitment from a leadership perspective is on active collaboration and their focus is on building engagement through transparency and timeliness in all team communications and interactions. See Appendix B for management's complete response.

- Examine the organizational structure defined in the transformation model and ensure the structure, job roles and responsibilities, and priorities are aligned to the strategy.

  TVA Management's Comments – TVA management stated that a future state organizational structure, which is directly tied to the strategic direction and priorities of the TVA enterprise, was approved in April. In addition, management stated their near-term objective is to proactively communicate the organizational structure, capabilities, and products/services to strategic business units across the enterprise. See Appendix B for management's complete response.

We recommend the CEO in conjunction with the EVP and Chief People and Communications Officer and VP, C&PR:

- Consider whether the placement of the C&PR organization is effective in accordance with TVA's strategy and communicate the rationale for the placement.

  TVA Management's Comments – TVA management agreed the Communications organization plays a critical role in the sustained success of the TVA enterprise and has reviewed various reporting relationship options. TVA management stated that Communications is now part of the broader HR&C organization and the CEO has the option to make structural decisions. See Appendix B for management's complete response.

Auditor's Response – We agree with management's actions taken or planned for the future state of the organization. However, while TVA management addressed plans and actions for the future state of C&PR, they did not specifically address staffing, prioritization, and role clarity concerns or relationship concerns related to inclusion in the organization's current state.

TVA Values	
Safety	We are uncompromising in our commitment to the safety and well-being of our teammates and the communities we serve.
Service	We are proud to be of service in the communities in which we live, work, and play.
Integrity	We are honest and straightforward – always doing the right thing with integrity.
Inclusion	We treat everyone with dignity and respect – emphasizing inclusion by welcoming each person's individuality so we can reach our potential.

TVA Leadership Competencies

Accountability and Driving for Results

Continuous Improvement

Leveraging Diversity

Adaptability

Effective Communication

Leadership Courage

Vision, Innovation, and Strategic Execution

Business Acumen

Building Organizational Talent

Inspiring Trust and Engagement

Friday, July 8, 2022

David P. Wheeler, WT 2C-K

RESPONSE TO REQUEST FOR COMMENTS TO DRAFT OIG ORGANIZATIONAL
EFFECTIVENESS AUDIT 2021-17275

Background

Thank you for the organizational effectiveness review of TVA's Communications organization
and associated recommendations.

We agree with the OIG's assessment regarding the importance of communications to the
sustained success of the enterprise.

At the end of the day, businesses that sustain success understand clearly that everything
communicates. You cannot overstate the importance of communications.

Nearly 90 years ago, TVA was created and has continued to build on a clear mission to benefit
the public good. It is a mission that has stood the test of time and is as relevant today as it was
when Congress passed the TVA Act in 1933.

How we effectively communicate the mission of TVA and the strength and value of public power
– both internally and externally – across multiple mediums is critically important.

Simply put, integrated strategic communications assist businesses in achieving their
objectives…that is their purpose. The objective is to get people to think, act, and feel in ways
that allow the business to be successful.

TVA Communications

TVA's talented and dedicated Communications team is focused on an integrated, strategic
communications effort that builds visibility and presence, and effectively tells TVA's story --
highlighting the size, strength, and stability of the enterprise and our unique, long-standing
mission of service.

Internally, our focus is on our primary audience – our employees – and driving awareness and
understanding of TVA's strategic goals and core values.

Our integrated, multi-year strategy is based on four foundational pillars:

- **Engaging our employees and retirees** – our employees and retirees have tremendous
  pride and passion in TVA and its mission. Driving awareness and understanding of
  TVA's strategic direction and values builds ambassadors.
    - TVA has approximately 10,000 employees and approximately 25,000 retirees
- **Protecting, building, and enhancing the TVA brand**
- **Proactively sharing content to build stakeholder awareness and support**
- **Driving trust and awareness of how TVA is building a cleaner energy future**

Communication Results

Over the past two years, TVA's Communications team has built a strong, solid foundation in effectively telling our story – both internally and externally -- and executing its defined strategy.

Despite a longer than anticipated organizational transformation, the Communications team has remained highly functional and continues to produce industry leading results for the enterprise.

Select successes to date include:

In **FY20**, completed a complete redesign, refresh of **TVA.com**

- TVA.com is a primary entry point for visitors/stakeholders to learn more about TVA
- Improved the look and feel of the site aesthetically
- Increased ease of use – making the site much easier to navigate and use

Developed and launched the **TVA Kids site** – extremely well received by teachers and STEM classes – that highlight:

- TVA History
- How electricity is made
- How you can save electricity
- How we can help the environment – clean land, water, and air

In **FY21,** completed **TVA Brand refresh** with update enterprise-wide guidelines

- Creates consistent look for TVA brand across the enterprise

In **FY20**, developed and produced the first **TVA Annual Report** in nearly a decade

- Highlights our customers, communities, and employees
- Focuses on TVA's Mission: Energy, Environmental Stewardship, and Economic Development

In **FY20**, developed and produced **TVA's Sustainability Report**

- Highlights TVA's environmental stewardship initiatives
- Environmental, social, and corporate governance efforts

In **FY21**, developed and issued TVA Board-endorsed **Strategic Intent and Guiding Principles Report**

- Highlights the principles and targets for TVA's carbon reduction strategy

In **FY22**, developed and issued TVA's first **Diversity, Equity, Inclusion and Accessibility Report**

- Communicates TVA's commitment to inclusion with diversity and its role in ensuring future business success

Media Relations

In **FY21,** focused on intentional, strategic approach to earned media and more effectively telling our story. Focuses on building credible relationships with media at the local, regional, and national levels.

- At the end of FY21 – media tone, a measure of effectiveness – was at 94% positive/neutral articles regarding TVA

Social Media

In **FY22**, TVA's social media strategy continues to lead the industry in engagement. Focuses on highlighting our employees – their passion and dedication to TVA's mission of service.

- **In June FY22**, social media impressions reached more than 10 million – the highest single month in history
- **FYTD FY22**, more than 40 million impressions across TVA's social media platforms

Employee Communications

In **FY21,** completed redesign and refresh of TVA Today platform

- Increases user functionality and readability

OIG Recommendations

- **Take action to address legacy issues that have gone unaddressed since 2018**

  As noted in the OIG report, Communications has experienced several organizational changes over the past decade. These changes have created churn and – at times – uncertainty within the Communications organization. Completing the current organizational transformation will assist in mitigating this uncertainty. Since February 2020, Communications has been a part of HR&C.

  During the past three years, CEO and Enterprise Leadership Team (ELT) recognition of the importance of Communications to the enterprise has increased substantially. In addition, Communications has built strong credibility with leadership and business partners across the enterprise.

  This has empowered the Communications organization to develop an integrated strategy and associated products to effectively tell TVA's story.

  - **Establish the overarching strategy and communicate that to Communication employees and business partners.**

    In March 2022, the Communications leadership team presented an updated, integrated, and multi-year Communications strategy and direction to the Communications organization. This comprehensive strategy was also presented to the TVA Board of Directors and ELT.

A capabilities presentation – highlighting Communications products/services -- is being developed for discussion with business partners across the enterprise.

- Address staffing needs and prioritization concerns as soon as possible and implement actions to address business partner needs.

  In late April 2022, a future state Communications organizational structure was presented to the Communications team at an all-hands meeting in Chattanooga. Subsequent follow-up discussions regarding the future state organization – including mapped positions and positions to be posted – are ongoing. This includes identified staffing needs and priority positions.

  Based on the strategic direction of the enterprise and business partner needs, specific positions have been added to the future state Communications organization. These include four new regional communication positions.

- Address role clarity concerns

  As a part of the Communications transformation process, all future state position descriptions have been reviewed and updated to address role clarity and specific accountability requirements.

- Address relationship concerns including leadership communications and siloing issues between Communications departments.

  As part of selecting new leadership across Communications, a heavy focus has been placed on identifying leaders who exhibit and amplify the right behaviors – specifically collaboration and teamwork. The ability to work well across functional lines within Communications is critically important to sustained success.

  Significant progress is being made in this area with an ongoing commitment to identifying and utilizing cross-functional Communication teams to collaborate on projects and initiatives.

- **Address the perception of empowerment issues in Communication leadership to increase timeliness of decision-making and address relationship concerns related to inclusion.**

  Our commitment from a Communications leadership perspective is on actively collaborating – utilizing the talent, skills, and experience of our team to consistently produce high-quality, effective communication products/tools.

  We are focused on building engagement through transparency and timeliness in all team communications and interactions.

- **Examine the organizational structure defined in the transformation model and ensure the structure, job roles, and responsibilities, and priorities are aligned to the strategy.**

  As previously noted, a future state Communications organizational structure was approved in April. This structure aligns with the integrated, comprehensive communications strategy presented to the TVA Board and ELT earlier this year.

  In addition, this organizational structure is directly tied to the strategic direction and priorities of the TVA enterprise. Our commitment is to ensure that we effectively provide communication strategies designed to support and advance TVA's mission and strategic business objectives – providing a one-stop shop for all communications, ensuring consistency in messaging, look, and feel.

  Functional areas of the Communications organization include:

  External and Regional Communications
  Business Communications
  Marketing & Creative Communications
  Strategic Content Communications
  Employee & Change Communications

  Our near-term objective is to proactively communicate our organizational structure, capabilities, and products/services to strategic business units across the enterprise.

- **We recommend the CEO in conjunction with EVP and Chief People and Communications Officer, and VP, Communications:**

  - **Consider whether the placement of the Communications organization is effective in accordance with TVA strategy and communicate the rationale for the placement.**
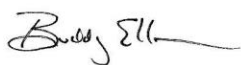
    As noted in the OIG's report, placement of the communications function across the industry and beyond is mixed with some companies having the organization reporting directly to the CEO, and others embedding the function in other organizations.

    During the past decade, Communications has experienced several changes in reporting relationships within TVA. These legacy issues – in some cases – have created churn and unrest with Communications.

    We agree that the Communications organization plays a critical role in the sustained success of the TVA enterprise and have reviewed various reporting relationship options. Communications is now part of the broader HR&C organization.

As always, the CEO has the option – as is the case with other functional organizations – to make structural decisions.

Thank you for the opportunity to review and provide feedback on the draft evaluation

Buddy Eller
Vice President, Communications
LP 3S, 1101 Market Street, Chattanooga, TN 37421

cc: Lisa Hammer
        OIG File No. 2021-17275