

# **An Energetic Separation? The E.ON spin-off**

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## **MANAGEMENT DECISIONS**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

## The communication of the spin-off

On the 30th of November 2014, the employees of E.ON were sent information from news agencies and the internal news on the intranet that E.ON had decided to split the company. As E.ON is a listed company, all information needed to be presented to the public at the same time.

The following paragraph is the exact news that was sent out to the employees (provided by Jonas Idberg):

*“NEWS: 30th November 2014 New strategy: E.ON will focus on renewables, distribution and retail activities, carving out the company’s conventional upstream and midstream businesses (thermal, nuclear and hydro power generation, global energy trading, and exploration and production), spinning off a majority of it to E.ON SE shareholders, and listing the shares on the stock market in 2016”*

The new focuses of both E.ON and the “New Company” can be seen in Exhibit 1 and 2 respectively. This was information that was attached to the internal news to show the employees the new directions of the two companies. E.ON further decided and communicated that the new company, responsible for conventional energy production will stay in the HQ in Düsseldorf, Germany. Whereas E.ON will move to a new HQ in Essen, Germany. To make the employees of the new company a part of the process, E.ON initiated a competition that was announced internally for a new company name. Hence, E.ON took on a bottom-up strategy, where the employees were a part of the process of building this new company. The name of the new company focusing on conventional energy production was presented at a ‘Kick-Off’ party arranged for the employees at the ISS Dome, an indoor arena in Düsseldorf with an approximate capacity of 13,000 spectators. The new name of the company was announced to be “Uniper”, a portmanteau of ‘Unique’ and ‘Performance’. The winner of the name competition received a bonus of €5,000. The new colors of the logo were also presented during the ‘Kick-Off’, white and blue.

### The formation of Uniper

For the employees of Uniper, as there was a discussion regarding what the spin-off meant, the direction of the company and the new goals, Uniper tackled this issue in the beginning stages in 2016 by doing business as usual. For those working within the Trading department of Uniper, the same business continued, and the same trading continued, but with a different name and logo. In addition, shortly after in the beginning of 2016, Uniper presented their goals, ambitions, and the core value of the company. It communicated that it wanted to play a key role in ensuring supply security in Europe as it transitions to a low-carbon future, with its portfolio of large-scale power generation and the management of global and regional energy supply

chains. Uniper still had waterpower plants and nuclear power plants in Sweden. Uniper had innovation at its core but also stated that to enable a lot of power produced by wind and solar, it is still necessary to operate base power plants when there is no wind/sun or cold spells during increasing demand. Hence, there is a need for a base power production from gas and coal to secure safe and stable power delivery but to move towards a climate friendly energy production, with a decrease in CO2 emissions. As Uniper presented it, they wanted to reshape the conventional energy world and continue to develop strategies. In Exhibit 3 there is the new brand identity matrix of Uniper in 2016 after the spin-off.

With the direct communication on Uniper's behalf to the employees, their combination of a top-down and bottom-up strategy, where all parts of the company were involved in the building of the new company, led to a unified understanding by the employees. The employees then saw it as a natural step to divide into two companies to optimize for the future for both and understood that it would have been impossible to do so if they would have kept the current structure of E.ON. In addition, the quick changes made by Uniper, in changing the logo, the building to fit with the blue/white color scheme, the kick-off, branded merchandise, they were inspired to take on the new challenges and goals that Uniper had set out and were excited to work for a company that is seeking to innovate and felt secure. Shortly after the spin-off, Uniper was in a great position and received support from the market, which could be shown in their stock price starting at €10 in 2016 and a year later having increased to a stock price of €25.

There were additional changes and initiatives that took place after the spin-off, for example within the IT high priority changes such as,

- Adding new email addresses for Uniper users
- Rolling out approx. 13,000 new tokens for Uniper
- Updating certificates for Uniper email encryption
- Prepare change of access rights to shared drives
- Update of the Intranet Landing Page
- Update of forms and templates
- Renaming of WLAN access points

Additionally, another initiative that was implemented by the company was "the Uniper Way". This describes how the employees at Uniper work together in three different dimensions, 'Leadership' (grow and empower people), 'Teamwork' (become one and simplify) and 'Your individual contribution' (act as if it was your own company). The Uniper way has been used by the company to implement feedback for all executives and it is integral part of the Uniper Employer Value Proposition.

Exhibit 1. E.ON's new structure



Exhibit 2. New Company - Uniper's Structure

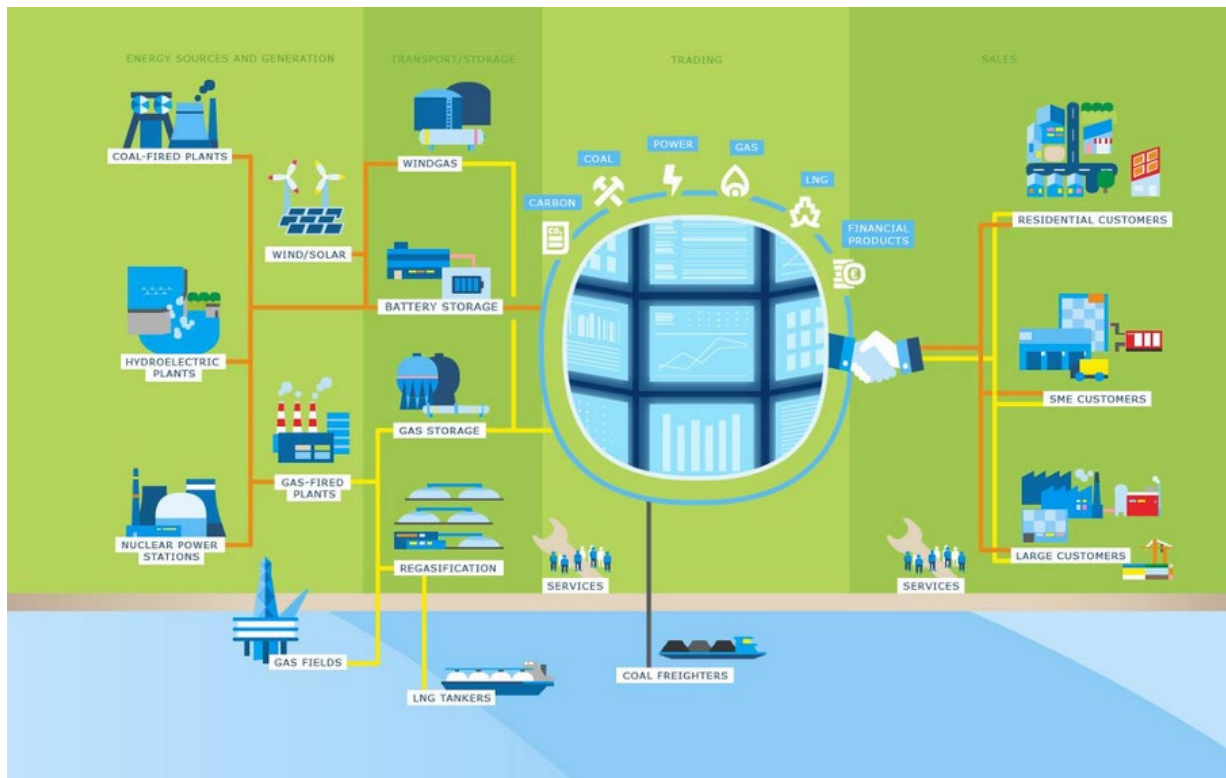


Exhibit 3. Brand Identity Matrix Uniper

<p><b>Value Proposition</b></p> <p>Technical Know-how Secure energy supply</p>	<p><b>Relationships</b></p> <p>Inclusive</p>	<p><b>Position</b></p> <p>Essential to the energy transition</p>
<p><b>Expression</b></p> <p>Transparency</p>	<p><b>Brand Core</b></p> <p>“Reshaping the conventional energy world”</p> <p>Innovation, Reliability</p>	<p><b>Personality</b></p> <p>Reliable, traditional, responsible, curious</p>
<p><b>Mission &amp; Vision</b></p> <p>That power will flow even when the wind isn't blowing</p>	<p><b>Culture</b></p> <p>Pragmatic, Engaging Leadership, teamwork, individual contributions</p>	<p><b>Competences</b></p> <p>Energy Creation and Commodity trading</p>