

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

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## **TEACHING NOTES**

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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.

## Teaching Plan

This brand management case is designed to be taught with the support of the following teaching notes. This document will provide some important pointers and information on how to prepare and present the case and how to engage and challenge the audience throughout the case presentation. Hence these teaching notes are best used by the teacher as a preparation and include recommendations on what to keep in mind when discussing and solving the case in class.

First, a summary of the case will bring a quick overview of the case situation. Next, some clear learning objectives and key learnings will map out desired and expected learnings for the class. Here some preformulated discussion questions will support the teacher in keeping the discussion alive. With this the presenter will have clear guidance on how to use this case in class from start to finish.

## Case Synopsis

Formerly one of Europe's strongest utilities, E.ON has responded by spinning off its fossil fuel energy production sector. A renewable and customer-focused company will continue with the name E.ON, while a much smaller company called Uniper will continue with coal, oil, gas, and hydro generation as well as energy trading. This case explores how the divested company, Uniper, can make its own brand and not just leave behind its past as a part of E.ON but acknowledge that it isn't starting from scratch. The new company is made up of 13,000 former E.ON employees who existed with that original brand identity paradigm and can't just change overnight. This case seeks to explore how to build a brand identity that won't alienate the current employees while also allowing the new company to branch out on its own. This is complicated by the fact that E.ON has kept the greener side of the business, leaving Uniper with a dirtier energy perception that it will need to engage with. How do you make people care about carbon and fossil fuels in an age where green energy is the new frontier? All of this is to be discussed and understood.

## Learning Objectives

This case aims to deliver several learning objectives throughout the discussion and the solving stages of the cases. The most important learning objectives this case should deliver will be described in the following section.

As this case situation is likely to be relevant in other scenarios and for other companies performing any spin-off activities within their business. The corporate brand identity will be affected from splitting up a corporation, just like the brand structure - internally and externally. In addition, the internal communications are an important factor to

avoid and reduce uncertainties and conjunction for staff throughout the spin-off activities.

### *Corporate Brand Identity*

With the help of a clear and established corporate brand identity, a company can gain a competitive advantage over others as it provides a direction and a reason for existence to several stakeholders, both internal and external (Greyser & Urde, 2016; Roper & Fill, 2012). It gives employees of the company an understanding who the company is and how it wants to behave and present itself, as it shows the most essential characteristics of the company according to Urde (2013).

With the help of the Corporate Brand Identity Matrix, it is possible to detect and formulate the essence of the brand - its core - and several important brand elements. (Urde, 2013; Roper & Fill, 2012). These can be the brand's personality, the brand's culture, or the brand's value proposition amongst others. (Ibid)

When a brand is split up it has consequences for the whole of its identity and for its core. But it has especially important effects on the brand that is newly created, in our case Uniper, as the whole identity of this brand needs to be built up and distinguished from the former corporate brand identity that it now is no longer part of. This is important to communicate and clearly present to the employees both new but also the previously shared corporate brand. People need to understand the new essence of the new brand and how the essence of the original brand is affected. Usually, the core of the brand remains the same for long periods of time (Kapferer, 2012), hence this is an important exercise in order to avoid confusion amongst employees and other stakeholders about the new identities of both brands.

E.ON's original identity is identified as follows with the help of the corporate brand identity matrix (Urde, 2021):

<b>Value Proposition</b> Wide Ranging Energy Options	<b>Relationships</b> Collaborative	<b>Position</b> Market leading in energy industry
<b>Expression</b> Creative, Fun	<b>Brand Core</b> "Cleaner and Better Energy" Versatile, Forward-thinking	<b>Personality</b> Energy conscious
<b>Mission &amp; Vision</b> Optimize energy generation and distribution	<b>Culture</b> Performance based, Long term careers, Fairness	<b>Competences</b> Energy Creation

In contrast this is the proposed New Company’s identity matrix (Urde, 2021):

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

The new corporate identities - identified with the corporate brand identity matrix (Urde, 2021) - can then be clearly communicated and positioned, building the first outer layer in the territory of corporate brand management (Urde, 2021). Through this both brands can build a reputation - the second layer. Uniper will build a new corporate brand reputation as an innovative and reliable energy generator, and E.ON a changed reputation towards a more customer centric and green corporation.

### *Corporate Culture*

Corporate reputation is an important topic for most organizations. Hence, the question arises who carries the responsibility for the corporation's reputation. One popular perspective is that everyone involved in the organization carries a certain amount of responsibility to “to manage and develop an organization’s reputation and no formal department or structure is required.” (Roper & Fill, 2012).

One important factor for the corporate reputation according to Roper and Fill is the corporate personality - the corporation’s “particular traits, disposition, way of working and overall essence” (Roper & Fill, 2012). Hence, the corporate culture plays a very important role in the corporate personality, as everyone in a corporation plays a role in building the personality and subsequently the corporate reputation. How the employees behave within the organization is therefore a direct result of the corporate culture and is crucial for long-term success of a company. After all, if employees behave and act with the company's best interest in mind on all occasions, this can be a strong driver for growth and success (Roper & Fill, 2012). Corporate Culture can be

understood easily from the following statement by Deal & Kennedy (Roper & Fill, 2012): 'the way we do things around here'.

To bring along your employees in a big transition as E.ON and Uniper's, it is recommended that organizations are open about their plans and how they intend to be a good corporate citizen (Roper & Fill, 2012). By setting up some clear dimensions of working together and by defining how the culture both in E.ON but also in the new company should look like and how the employees should act, the organizations can avoid confusion and lead their employees into the future.

### *Internal Communication*

Internal communication plays a vital role in promoting efficient communication among employees (Roper and Fill, 2012). Hardaker and Fill (2005) add that the employees should engage in the vision, goals, and strategy of the organization. This engagement is classified into two main categories: Intellectual and emotional. Intellectual is focused on integrating the employees with the organization's strategy, objectives, and overall directions. While emotional associated with employee's dedication and contribution in achieving organization's future goals.

According to Vallaster & de Chernatony (2006), internal brand-building is required to accomplish successful internal communication and employee engagement. Welch & Jackson (2007) suggested four components that need to be considered when developing an internal communication strategy: internal line management communication, internal peer communication, internal project communication, and internal corporate communication. These four components encourage organizational commitment, loyalty, knowledge of changes within the organization environment, and understanding of the organization's future goals.

In this case, Uniper should invest more in their internal communication and emphasize those four components to engage employees not only with the organization but also with their roles and job responsibilities. The reason is that the internal environment, which comprises not only the structure and culture of the company but also how the employees behave, lead, and operate within the organization, connects with the external environment, and provides a foundation for external communication.

### **Overview of Key Learnings**

The Uniper case aims to bring knowledge about managing the effect of corporate transformation, particularly if a massive spin-off is part of the transformation. The key learning of this case is the ability to develop a corporate brand identity and communicate the new identity internally. Table 1 illustrates an overview of all learning objectives of this case building on Bloom's Taxonomy (Bloom, 1956).

**Exhibit 1 Key Learning Objectives**

Key Learning Objectives		
Remembering	...the future goals before and after the transformation	Here : The two energy worlds and the need for two different companies
Understanding	...possible effects of the transformation (spin off) on the corporate brand identity	Here : Corporate Brand Identity matrix, Corporate Culture, Internal Communication
Applying	...management decision to establish new brand identity	Here : See Unipers Identity Matrix Above
Analyzing	...the differences between a spin-off and its new counterpart	Here : How is Uniper different than E.ON
Evaluating	...the proposed new identity matrix and how it will be communicated internally	Here: Use of the corporate brand identity matrix (Urde, 2021) and Internal Communication
Creating	...effective internal communication and brand identity strategy to motivate employees for the coming years	Here : Develop internal communication and brand identity strategy based on transparency, clarity, and trustworthy

**Discussion Questions**

An engaging case discussion is essential to achieve the stated key learning objectives. The class is expected to have lively discussion based on the case and be able to provide constructive suggestions for the case solutions. Therefore, the teacher should prepare questions to engage the class in relevant discussion related to the learning objectives. The proposed main and assisting questions to be used by the teacher to fuel the discussion are as follows :

**Main Questions**

- How do you help the spun-off employees transition into their new company?
- How can you make sure that the employees know what the new company stands for despite losing its “green” position?

### Assisting Questions

- How do you come up with a new name for the company?
- What should the board communicate (particularly about the transformation or spin off) to their employees?
- Which actions should be taken right now, the coming month, the next six months? (E.g., develop new corporate culture, restructure the new organization (board, managers, staff, etc.), offer the employee a reward or incentives, etc.)
- How should the new company develop a new identity and core values for their brand?
- How should the new company develop a new corporate culture ?
- Should the new company do bottom-up communication or top-down communication to approach their employees? And why?

### Teaching Suggestions

The teacher plays an essential role in this case presentation and discussion as this might be a new experience for the students. Thus, teaching suggestions is necessary to provide guidance for the teacher to deliver a successful case presentation, cover all the key learning objectives, and lead a good discussion.

It is highly recommended to provide the presentation material to the students beforehand. The presentation material should include the written case explaining the background and the description of the main issues. The teacher could choose to distribute the presentation material digitally (soft copy or pdf format) or physically (hard copy or printed).

The teacher could request the students to prepare name tags to be worn during the session. Therefore, the teacher can communicate more effectively and in a more personal way. The usage of different media is also very helpful to enhance understanding of the case. The teacher could use various media such as PowerPoint presentations, videos, pictures, and physical objects to help the students follow and memorize the details of the case.

At the beginning of the presentation, the teacher could start with an engaging opening. For example, the teacher could introduce the topic of the case by illustrating the situation emotionally. This opening could set the tone for the whole presentation and make the students feel more related to the case. After introducing the case, the teacher could explain the main issues of the case in more detail to prepare the students for the upcoming discussions.

To create a more realistic management decision situation, the teacher could establish a role play and let the students represent themselves as The Uniper board. The

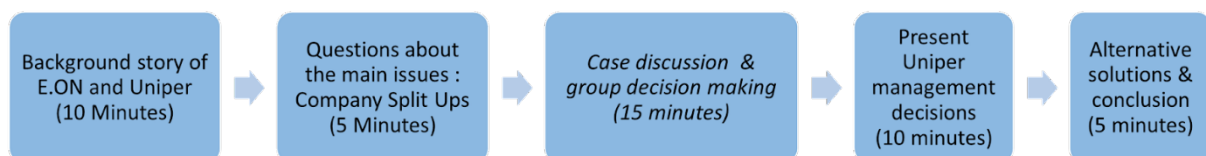
students should be divided into groups consisting of 3-4 persons. The role of the teacher is to act as a discussion leader and guide the discussion without influencing the group decisions. The teachers should be open to every opinion and perspective as well as maintain and motivate a lively discussion. Hence, the students feel highly involved in the discussion and can actively participate and provide insights, solutions, and arguments.

The teacher is highly recommended to use voting tools to help conclude the final decisions. After the voting is settled, the teacher could offer a voluntary participant to present a summary of the case's main issues and the best voted managerial decisions. At the end of the presentation, the teacher should thank the students for their participation and insightful discussion.

## Time Plan

In addition to the teaching plan, a time schedule is prepared to provide the teacher and estimate time to spend on each segment and to ensure that all information is delivered in predetermined time. In total, the case presentation is estimated to last for about 45 minutes. The first 15 minutes is designated to present the background story of E.ON and Uniper followed by explaining the main issues and ask the case questions. The class then performs a discussion covering all relevant aspects of the case for approximately 15 minutes. After the discussion, the teacher should present management decisions taken by the Uniper board and compare with the solutions provided by the class for 10 minutes. The last 5 minutes are allocated to discuss alternative solutions and conclude the overall case. The estimated time plan for each segment is illustrate in the graph below:

### Exhibit 2 Time Plan



## Board Plan

The teacher should develop a preliminary structure based upon the key learning objectives the class should accomplish to keep the presentation focused. The structure also serves as a tool to drive the discussions, so it remains relevant to the main issues. The board plan is divided into key issues, alternatives, and potential actions. The first step is to fill the key issues element, which is Uniper's new structure. The class then discusses the recommendation and the alternative solutions to overcome the issues. The last column is dedicated to the implementation of the action plan. The information gathered is helpful to build the final decision and conclude the case. Table ... provides an overview of what the case presentation could look like. Table ... provides an overview of the case presentation could look like.



**Exhibit 3 Board Plan**

Key issues	Alternatives	Potential actions
<ul style="list-style-type: none"> <li>• Uncertain brand identity and core values</li> <li>• New identity, new structure, new culture</li> <li>• Affect employee trust and loyalty</li> <li>• Affects employee engagement and performance</li> <li>• Different approach or same approach to the employee</li> </ul>	<p>Brand</p> <ul style="list-style-type: none"> <li>• Start from the business purpose and core values</li> <li>• Fully changed the identity matrix or filter and retain relevant elements</li> </ul> <p>Organization</p> <ul style="list-style-type: none"> <li>• Re structure CEO/Board</li> <li>• Internal brand-building</li> <li>• Determine how employee should behave within the organization</li> </ul> <p>Communication</p> <ul style="list-style-type: none"> <li>• Perform active communication to increase employee’s level of engagement</li> <li>• Diverse messages or specific messages?</li> <li>•</li> </ul>	<p>“Clarity”</p> <ul style="list-style-type: none"> <li>• Create new identity and core values</li> <li>• Develop new corporate culture</li> </ul> <p>“Transparency”</p> <ul style="list-style-type: none"> <li>• Openly communicate important information to the employees</li> <li>• Provide information about company’s expectation and future goals to the employees</li> </ul> <p>“Trustworthy”</p> <ul style="list-style-type: none"> <li>• Connect with the employees through internal media (Eg. company newsletter, internal magazine, etc.) to rebuild trust</li> <li>• Allow employee to be part of transformation process</li> </ul>

**Reflection**

The major project for the Lund University course BUSN35: Corporate Brand Management & Reputation was to design and present a master case to be debated in class. This included the creation of a written case, management solutions, and the creation of teaching notes. Early in the case writing process, the group of four students encountered difficulties. The group was initially required to submit three one-pagers of potential cases for the assignment; however, after consulting with the course coordinator, Mats Urde, the potential one-pagers were rejected because the group, in agreement with Mats Urde, felt that better and more interesting cases could be found. During our second supervision, the group discovered the case of E.ON and Uniper split-off, which was chosen as the case to present. For many, this is a relatively

unknown case; yet it raises important questions and arguments about corporate splits and internal communication, as well as the implications for internal reputation.

Other difficulties encountered during the writing process included determining where the case should be positioned. The formulation of the questions was challenging since we needed to ensure that not only would it be correctly understood, but also that the case would provide sufficient information to answer the given questions. As we concentrated on the internal issues of the company split, having direct touch with someone who has worked for E.ON for more than a decade and was present during the split-off and is now part of Uniper was beneficial. This provided responses to questions about specific facts that could not be found through internet sources. As there was little information online about how to approach internal communication, we learnt ourselves the approaches the two organizations took to internal communication and reputation, as well as the things they didn't do.

The overall writing process and case construction have been fascinating because it is unlike any other assignment we have completed in the master's program. The writers have more freedom with a master case because, besides the writing outline, the only criterion is that we locate an appropriate example that can generate intriguing conversations; nonetheless, we choose the case's perspective or direction. Therefore, the direction of the given case could have focused on the topic of E.ON and their re-branding, as well as external factors of Uniper. However, as we have learnt throughout this course, it is that the reputation of a company starts from within. If there is a strong core, there can be a strong exterior.

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