**The little company that could**

By Dennis Cauchon, USA TODAY

GULFPORT, Miss. — Melvin Wilson, 46, a marketing manager for Mississippi Power, was reviewing next year's advertising campaign when Hurricane Katrina turned toward Mississippi.

|  |
| --- |
| http://images.usatoday.com/_common/_images/clear.gif |
| http://images.usatoday.com/money/_photos/2005/10/10/inside2-mspower10.jpg | http://images.usatoday.com/_common/_images/clear.gif | Brian Kalb of Baltimore works to repair an electrical line for Mississippi Power. | http://images.usatoday.com/_common/_images/clear.gif |
| By H. Darr Beiser, USA TODAY |

A day later, the marketing man was "director of storm logistics," responsible for feeding and housing 11,000 repairmen from 24 states and Canada. (**Photo gallery:** [Power struggle in Mississippi](http://www.usatoday.com/money/gallery/2005/09-28-mississippi-power/flash.htm))

He needed nurses, beds, meals, tetanus shots, laundry service, showers, toilets and much more — and he needed them now. And he needed double the quantities called for in the company's "worst-case scenario." And he needed them in places that had no electricity, no plumbing, no phones, few road signs and sporadic looting.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|

|  |  |  |  |
| --- | --- | --- | --- |
| **http://images.usatoday.com/_common/_images/clear.gif** | **About Mississippi Power** | **http://images.usatoday.com/_common/_images/clear.gif** | http://images.usatoday.com/_common/_images/clear.gif |
|

|  |
| --- |
| http://images.usatoday.com/_common/_images/clear.gif |
|

|  |
| --- |
| **Headquarters:** Gulfport, Miss.**Employees:** 1,250**Customers:** 195,000**2004 revenue:** $910 million**2004 net income:** $77 million**Parent company:** Southern Co. of Atlanta**Mississippi Power's damage from Hurricane KatrinaRepair costs:** $245 million to $295 million**Customers without power:** 100%**Transmission and distribution facilities lost:** 65%**Generating capacity available:** 3%**Power lines:** 1,000 miles down**Poles:** 8,900 down**Transmission towers:** 300 damaged**Corporate headquarters:** Unusable for months**Employees:** All survived. More than half suffered substantial damage to their homes; 75 lost homes completely.Sources: Mississippi Power, Southern Co. |

 |
| http://images.usatoday.com/_common/_images/clear.gif |

 |
| **http://images.usatoday.com/_common/_images/clear.gif** |

 |

The fact that Wilson didn't have a working phone was his tough luck: If he failed, men would go hungry, hospitals would stay dark and the suffering of his community would endure. "My day job did not prepare me for this," says Wilson, his voice choked with emotion, recalling the burden of having 11,000 mouths to feed.

Let it be told: Wilson got the job done. So did his colleagues. And how they restored power in just 12 days is one of the great modern crisis-management stories.

While the government struggled to organize a bus convoy in New Orleans, Mississippi Power successfully executed a swift, ambitious disaster plan. The company provided its own security, communications, fuel, food and sanitation. The manpower deployed was equal in size to an Army division.

The story of this relatively small 1,250-employee corporate subsidiary reveals how much can be done quickly when it's managed right. "I could not be prouder of our response," says David Ratcliffe, chief executive of Southern Co. [(SO)](http://stocks.usatoday.com/custom/usatoday-com/html-quote.asp?symb=so), the Atlanta-based utility that owns Mississippi Power.

Operating in the harshest of circumstances — its corporate headquarters destroyed, its disaster response center flooded, all 195,000 customers without power — Mississippi Power restored power to all customers who could safely take electricity by the symbolic day of Sept. 11. The 12-day repair effort was completed far ahead of the original four-week schedule.

Mississippi Power benefited from a strategy refined by years of hurricane experience. Southern Co.'s five electric companies — all located in hurricane-prone southeastern states — work together during storms and share lessons afterward.

When Katrina hit, Mississippi Power management responded with a style designed for speed and flexibility, for getting things done amid confusion and chaos.

The key elements to success:

**A can-do corporate culture.**

Southern Co.'s corporate values are written on employees' IDs: Unquestionable Trust, Superior Performance, Total Commitment. These simple rules, called Southern Style, went from platitude to practice during the crisis. For example, "unquestionable trust" made second-guessing a corporate no-no.

Mississippi Power also had steeped its culture in Stephen Covey's *The 7 Habits of Highly Effective People*. The company's training building, the Covey Center, flooded during the storm. But Covey-speak — "win-win," "be proactive," etc. — survived as a lubricant to quick action and on-the-spot innovation.

**Clear lines of responsibility.**

In contrast to the government's disaster response, Mississippi Power made absolutely clear who had responsibility and authority for each task. Long before the storm, the company had 20 "storm directors" with crystal-clear assignments: transmission lines, logistics, security, etc. Those responsible could not hide in a bureaucracy.

The man responsible for procuring 140,000 gallons of fuel a day in a time of extreme shortages? That's him, the man in the baseball cap, Rufus Smith, storm director for the supply chain. Smith and other directors had broad power backed by "unquestionable trust" from their superiors. "I don't have to ask permission," says Wilson. "If I need 2,000 cots and find some, I say, 'Roll the trucks.' "

**Decentralized decision-making.**

Twenty years ago, hurricane response was run from the top down: Top executives looked at the power system holistically and set priorities from headquarters. Today, decision-making has been pushed far down the command structure, to the level of the electrical substation, a distribution point that serves perhaps 5,000 people. Crews report to substations with broad authority and a simple mission: Get the power on.

Even out-of-state line crews, hired on contract and working unsupervised, were empowered to engineer their own solutions. The results were entrepreneurial. One crew chief stripped a generator off an ice machine to get a substation working. Other crews scavenged parts from fallen poles. Costly purchases were made instantly over the phone.

The strategy worked even better than top management expected. "We had greater storm damage than originally thought, but this structure made things happen faster than we expected. People were getting more done," says Mississippi Power President Anthony Topazi.

Company procedures were less important than the ability to improvise.

Mississippi Power's hurricane response manual is 4 inches thick. When Katrina struck, the manual played its traditional role: none. "I haven't looked at in years," admits Robert Powell, storm director for damage assessment and a 35-year company veteran. "If you don't know what you're supposed to do, the manual is not going to help now."

The most valuable document was a phone directory: the names and numbers of people who could get things done.

**Lesson 1: Think ahead — A good forecast pays off**

**Robert Powell, a power line project manager,** is the company's weatherman when a hurricane threatens. Mississippi Power subscribes to three weather-forecasting services. As the storm approached, Powell talked to meteorologists and examined computer projections. The engineer and self-taught weather expert bet correctly that Coastal Weather Research Center at the University of South Alabama had the most accurate forecast. "They've had the hot hand this year predicting storm paths," Powell says.

Powell told storm directors that Hurricane Katrina could slice a diagonal path through the heart of Mississippi Power's 23-county service area and cause more flooding than official forecasts.

"The computer models don't take into account a quirk in geography that affects our territory," he says. The quirk: Boot-shaped Louisiana sticks out underneath part of Mississippi. "Louisiana acted like a dam, pushing water into Mississippi and creating a storm surge that was twice what the models predicted," he says.

With Powell's assessment in hand and the storm 24 hours away, the company retreated from its primary storm center in its high-rise headquarters on the beach in Gulfport to a backup office at a power plant about five miles inland.

Hurricane Katrina officially landed at 6:10 a.m. Aug. 29.

At noon, the backup storm command center lost power. The giant power plant shut down. A flooded power plant was not in the plan. The company's storm directors, holding flashlights, walked downstairs to look out a small window in a metal door. Cars were floating in the parking lot.

Powell radioed his wife, an officer in the National Guard, that he was OK. He wouldn't speak to her again for six days. "This was more than our worst-case scenario," he says.

Repair trucks were rolling in from out of state as the hurricane pounded Mississippi.

Mississippi Power had pre-positioned 2,400 workers, mostly contract tree trimmers and line crews, in Alabama and Georgia. Combined with its own workforce, Mississippi Power had a force of 3,700 on the ground one day after the hurricane.

Southern Co. procedure called for each subsidiary to run the show on its home turf.

Mississippi Power is a small utility — one-tenth the size of Georgia Power, one-sixth the size of Alabama Power. The company's worst-case scenarios had considered that every customer could lose power, which happened. But the company didn't think it was big enough to manage an outside repair force of more than 5,000, the number prepared for in the worst-case scenario. "We have never, in our little company's history, used more than 4,000 from outside," says Topazi.

The problem wasn't resources. Southern Co. had net income of $1.5 billion in 2004 and resources to spare.

It was all about managing. And that was Mississippi Power's problem.

**Lesson 2: Be prepared — Back up your backup plans**

**Floodwaters had yet to recede when** a company security van came to take the first load of storm directors to the company's third option for a storm center: a service office in North Gulfport that had survived Hurricane Camille in 1969. The company had no fourth option.

The office had survived. It didn't have electricity or running water, but it had a roof and walls. The hurricane response control room was set up in a windowless conference room. Topazi took a small office usually inhabited by a local manager.

Phone lines were down. Cellphones were useless. Police radios were silent.

Mississippi Power had one last option: a unique radio function on its company-issued cellphones. When all else had failed, the company radios worked.

At least some of the time.

Mississippi Power cellphones — sold by SouthernLinc Wireless, another Southern Co. subsidiary — work both as a phone and a radio. The phone function died because cellphones needed outside switches and towers. But radio traffic stayed within the damaged but alive SouthernLinc system.

Mississippi Power had 1,100 working radios for themselves, plus 500 extras to lend out. For the first 72 hours, these radios were virtually the only way to communicate on Mississippi's Gulf Coast. A week later, SouthernLinc put the cellphones' function back in service by cleverly issuing toll-free 800-numbers to the phones. That let callers bypass the overworked switches in the 228 area code. While others struggled to communicate at all, Mississippi Power could hold conference calls with line crews in the field.

Mississippi Power and SouthernLinc worked furiously to increase the system's capacity. Microwave dishes were brought in to bypass other companies' disabled telephone lines and switches. When a crane was late, workers didn't wait. They used ropes and brute strength to string a heavy wire to the tower atop a seven-story building.

Immediately after the storm, though, radio contact was spotty.

Melvin Wilson, the logistics man, tried for 12 hours to reach the outside world. He knew thousands of men already were on their way to Mississippi. Some pre-planned staging areas were flooded or inaccessible. It was unclear what supplies were coming or where they should go.

Finally, his SouthernLinc radio worked.

**Lesson 3: Teamwork — How to get help when you need it**

**Joe Wyse,** a Georgia Power manager, sitting at a desk in Atlanta, answered.

"Joe, is that you? Can you help me?" Wilson asked.

"Tell me what you need," Wyse said. "I'm here to help."

Wyse's regular job is benchmarking performance, but he's also Georgia Power's storm director of logistics. His group of three people were Wilson's link to the outside world. As the outside repair force grew from zero to nearly 11,000 in eight days, Wyse went deeper and deeper into his supplier database, contacting vendors as far away as Michigan. His team turned to the Yellow Pages and the Internet, cold-calling vendors to see if they could head immediately to Mississippi.

"Food is not the problem. Specialized needs like showers and laundry are toughest," Wyse says.

Wyse's only limit on what to buy and how much to spend was his good judgment. "You can't do a lot of price shopping when you're in a situation like Katrina, but you watch for price-gougers," Wyse says.

One vendor quoted a sky-high price for setting up showers. As desperately as he needed showers, Wyse turned the offer down. Instead, power company crews built their own shower tent in a parking lot of a former Sunbeam appliance warehouse in Hattiesburg, Miss.

In all, thousands of men were housed at 30 staging areas. Most lived in six full-service tent cities, sleeping in air-conditioned circus tents that held up to 1,800. They ate hot breakfasts at dawn, took box lunches in their trucks and had hot meals at sundown. They showered daily and had their laundry done. They received more than 8,000 tetanus shots.

Wilson worked 20 hours a day. His home was flooded. He didn't see his family for nine days. He sometimes slept on the floor. "I was a logistics man without a bed to sleep in," he says.

**Lesson 4: Be clever — Seek breakthrough solutions**

**Three days after the storm,** Mississippi Power's outside workforce already exceeded the 5,000 planned for in the company's worst-case scenario. Repair crews were arriving in fuel-guzzling heavy equipment — bucket trucks, digger derricks, 18-wheelers pulling bulldozers.

Wilson's job was to feed the men. Rufus Smith's job was to feed their trucks.

On a normal day, Mississippi Power's fleet of 600 trucks consumes 3,000 gallons of fuel. One week after the hurricane, the company was feeding 140,000 gallons a day to a fleet of 5,000 trucks.

"My worst nightmare was to have 5,000 trucks and no fuel," says Mississippi Power Vice President Bobby Kerley, who oversaw the repair effort.

The fear was understandable. The military and law enforcement were short on fuel. Looters were siphoning gas from cars. Mississippi Power's diesel supply got so low that trucks were limited to 20 gallons on the second day after the storm.

With the cash economy in shambles, Mississippi Power reverted to the barter system: electricity for fuel. It restored power to a Chevron refinery in Pascagoula and a pipeline in Collins, Miss., in exchange for a steady supply of fuel. The decision helped Mississippi Power and also boosted the fuel supply for the Gulf Coast and the entire eastern United States.

**Lesson 5: Set high goals — Hard work and pride pay off**

**Six days after the storm,** Mississippi Power executives were surprised at how quickly the repairs were going. They realized the original four-week goal was "average performance," not the "superior performance" called for in the mission statement. Storm directors met every day at 6 a.m. and 6 p.m. At the evening meeting on Sept. 5, Topazi asked: How quickly could power be restored? Someone said two weeks, maybe 13 days.

The company president walked to a dry-erase board on the wall and wrote 9-11-05. "Someone in the meeting noted, 'Hey, that's Sept. 11' (the anniversary of the attacks on the World Trade Center and Pentagon). We decided then, let's take that terrible date and make it mean something positive."

The company issued a press release after the Monday meeting: Every customer who could safely receive power would have it by Sept. 11, that Sunday. The pledge was an educated guess and a bold dare.

Line crews were hanging wire, sticking poles, replacing transformers and fixing substations at a rate company executives had never seen before. "My job is to keep morale high, but these guys didn't need a morale boost," Topazi said.

Added Powell, the storm assessment director: "These guys had more 'want-to' than I've ever seen. They knew Hurricane Katrina was an historic event and took pride in their role."

The crews are often hurricane veterans.

In the first few days, when big convoys of 30 trucks were common, Mississippi Power might have a single employee assigned to the crew of 50 to 100. The company employee — it could be a line man or cross-trained accountant — directed crews around local streets and maintained radio contact.

By entrusting outside repair crews to do their jobs as they saw fit, Mississippi Power was able to deploy a force nine times bigger than the company.

**Lesson 6: Measure results**

**Topazi thinks the breakneck pace** of the repair cost a little less than if the company had stuck to its four-week goal. "We accomplished more work on a per-head basis," he says. Only 350 outside workers remain on the job.

The company still has months of work to do. Its power plants aren't all working. Its transmission system needs repair. There are more than 19,000 customers whose buildings were destroyed or too damaged to receive electricity.

On Sept. 8, Topazi showed a reporter around the company's improvised storm center, where the Sept. 11 goal had been established.

"Oops," he said. "You're not supposed to see that." He erased "9-10-05" from the dry-erase board and rewrote "9-11-05."

Mississippi Power was exceeding its revised expectations. Sure enough, Mississippi Power restored power to all its customers a day early — on Saturday, Sept. 10. Just before dark.

http://usatoday30.usatoday.com/money/companies/management/2005-10-09-mississippi-power-usat\_x.htm#