



Image courtesy of Sunrun

Shifting the status quo in energy: An interview with Sunrun CEO Lynn Jurich

It's more important than ever for leaders to overcome fears and embrace the new energy landscape. Empowering consumers to make informed decisions can help.



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Increased market volatility due to climate change affects all industries related to the construction sector, including mobility, energy, and infrastructure. As a result, consumer preference is shifting to sustainability initiatives. Sunrun pioneered a business model that enables more households to access solar panels and batteries. Since its beginning in 2007, the company has grown from two graduate students in an attic to more than 4,000 employees.

In this interview, Sunrun CEO Lynn Jurich talks about the importance of creating win-win models with the utilities industry, the essential benefits of diversity and inclusion, and what it takes to lead in these disruptive times.

Katy George: *The word disruptor is thrown around a lot, but it's certainly true of Sunrun. How did that happen?*

Lynn Jurich: It was clear to us from the start that solar was going to be the breakthrough renewable technology. We hypothesized that solar is disruptive because it can be distributed at a micro level. When a new technology emerges, people always try to force it into the way they already do things—and in the energy industry, that often looks like a hub-and-spoke model, where a centralized energy source is distributed elsewhere for consumption. But one of the disruptive things about solar is that it's more typically sited where the energy is actually consumed.

We wanted to go for the direct-to-consumer market, because we believed that's where you hit grid parity first. It cost a lot more money than we thought it would and posed many challenges along the way. But fast-forward 12 years: we've installed nearly \$4.6 billion worth of residential systems, and we have 255,000 customers across 22 states, Washington, DC, and Puerto Rico.

Katy George: *How did you build the capabilities and culture to be successful?*

Lynn Jurich: The business model has evolved over time. We've had to make significant changes in how we attack the market. Our original plan was to own scalable pieces of the value chain. We believed there were advantages to building up a financing capability and making it affordable for people to install solar. So that's the business model we invented—delivering solar as a service. That model gives you scale from finance, reach, distribution to end consumers, and brand.

In the beginning, we deliberately didn't handle any of the construction. That's a local business, so we partnered with local companies. It became clear, about six years in, that we needed to be involved in construction as well. That was a massive change for us. We needed to acquire a local solar installer and build that capability out. Furthermore, we were dealing with a completely different business, workforce, and set of challenges there. Not only that, but we had to convince them to take our equity before we were publicly traded.

We also had to make culture shifts—and our culture is still evolving. We had a primarily structured culture, full of people with deep backgrounds in finance and policy. Now execution is where all the action takes place. The front line is getting more efficient, and the people who talk to our customers are the same people who handle installations. I spend a lot of time in the field myself to better understand the challenges and opportunities. We're also figuring out how to orient the business so that decision making is done locally. People are smart and want to do the right thing. Give them the right context, and the people closest to the action are going to make the best decisions.

Katy George: You're competing with local, nimble installers, but you're also competing with utilities. How does this dynamic affect the customer?

Lynn Jurich: There are many longstanding incumbents in this industry. Their business model is big energy flowing one way and building all your assets for peak demand. Today, it's suddenly getting expensive to maintain that system. There are massive amounts of capital expenditure going into upgrading our utility system—and climate change is making it worse. I think the industry forecast for the next two years is \$250 billion in capex—meanwhile, sales are flat.

Now we're able to sell solar electricity as a service to our customers at a lower price than the utility. Our structural advantage is increasing because our costs are decreasing. What I want to do is work with the utilities—it's not a zero-sum game to me. Instead of having both us and the utilities build infrastructure, we strive for win-win models where we say to the utility, "You have peak demands for power. Instead of powering an expensive fossil-fuel plant, let us tap into thousands of our customers' batteries, coordinate, and dispatch them." We create a response to peak demands, and the customer doesn't need to change their behavior.

I often see people misunderstand risk. The status quo *feels* safer but is actually riskier. If you're a utility commissioner, it's riskier to keep relying on those 30-year-old gas plants than to incentivize a bunch of homes to help meet that demand. Yet this is how so many people react to disruption: with fear and a desire to protect the way things are.

Katy George: How would you describe the leadership team's culture? What's most important to you in terms of behavior?

Lynn Jurich: It's critical that our leadership start from a place of abundance and win-win scenarios;

even if those scenarios end up not being possible, it's important to get creative and think in that space. That's what it takes to move quickly and within the time frame necessary to address energy issues as urgent as climate change.

When operating from place of abundance, we can call each other out when we're getting too attached to our own ideas, and we have a facilitating coach to help us. We make it safe to think freely and say, "What if the opposite of that could be true? Let's be curious about this for a second." You make much better decisions that way.

Also, it's crucial for us to take care of our employees, particularly the ones on the front lines with customers. If your employees are passionate about the purpose, and the company takes care of them, they're going to take care of your customers. Your customer experience is everything in this world.

Katy George: Let's talk about diversity and inclusion. Women make up 50 percent of your leadership team.

Lynn Jurich: Yes, and diversity and inclusion is essential. One of the things we do is talk about the dynamics of unconscious bias. Because we've created this zone where we operate openly, there are women who say, "Hey, I feel like I'm being talked over." We make that a safe conversation to have.

Some more traditionally "feminine" traits, such as standing for community and thinking about the greater good, help us make better decisions than a more dominant, competitive, "I'm going to win" attitude. I say that even though I'm super competitive. I probably fit in the more "masculine" category, so I don't need to say that it's about the differences between men and women—it's just those traditionally gendered traits. You must value different perspectives.

I see a lot of women, including those within our company, who aren't in formal management roles. When you take a closer look, however, there usually *is* a woman doing all that management work—she's just not confident enough to own it. If you're going to do the work, you should step in and say, "I'm going to do this, but I want to be compensated for it. I want the title and authority." ■

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