

I consider the operations that Vattenfall conducted in 2017 as successful in the sense that we have achieved or are well on our way to achieving our essential goals.

I want to thank everyone at Vattenfall – employees, management and the Board – for 2017. Thanks also to our owner for a constructive relationship.

Vattenfall is a company in change. What it looks like and where we are headed can be seen in the Annual Report and will also be commented on by our CEO Magnus Hall.

I would like to share a few comments in particular about the concept of change.

Generally speaking, we find ourselves in a market – not just in our industry – characterised by overcapacity and low demand, which creates competition. This is leading to a clearer division into winners and losers, and less room for mediocre actors.

This annual general meeting will hardly recommend that Vattenfall fall into the category of loser, or even mediocre, so allow me therefore to describe what I believe is a prerequisite for being a winner:

You have to master change, not necessarily lead it by running first and screaming the loudest – but by understanding it, adapting, taking action, taking control. In short, master it based on an understanding of what is happening.

Achieving this requires speed, flexibility, power, and more – but also the right mindset.

It's not only technical and organisational skills, but an even more human dimension that we need to take note of.

*It's always hard.
It's always hard.
Change is hard for people.
We know that.*

*You get up in the morning,
And the first thing you want to do,
You don't want to change,
You want to do what you're doing.*

These words were spoken not by Woody Guthrie, Bob Dylan or John Lennon, but by Donald Rumsfeld, the US Secretary of Defense during the Iraq War. While not so much positive is written about him in the history books, he became known for his short comments about human qualities, such as his iconic statement about the unknown unknowns, that is, things we know about, things we know that we don't know, and things we don't know that we don't know.

His words above are not as convoluted: The first thing one thinks about upon arising in the morning is to do what you're doing – not change.

Change can be understood at an intellectual level – an insight that perhaps something needs to be done, but is accompanied often by doubt or an unwillingness to act.

This is perhaps why we often see change as a step-wise event – you change because it is needed, then it is finished. And since things have now been changed, then no more change is needed. People even say “now we’ve have enough change (for a while)”.

This is why one should be critical of the expression “the new normal”, which was embraced even in our industry. Which is to say: after going through an extensive change, we have now reached a new state of normal, which will endure for some time.

I was personally critical of this attitude, but since the business world in general noted that this was a conclusion drawn by McKinsey – which they had paid for and which alluded to a period of peace and calm – I was met with good-natured disregard. I don't believe one can count on any current state of normalcy anywhere.

If I were to say something specific about Vattenfall, I can understand that we talk about “a new Vattenfall” because we are proud of everything we have accomplished. But this can give the impression that now we have fixed it – we now have something new and lasting – a state of normal.

What is new today can be old next week.

Change is a dynamically ongoing process.

Vattenfall is a company in change.

Change affects all of us within and outside of Vattenfall. In this context we often hear the slogan “We have to save jobs”.

This is a misguided view. Companies should take care of, support and develop their people – but there are jobs that cannot be saved quite simply because they are being lost to technological development.

Many are aware that in more than half of the states in the USA, the most common job entails driving a vehicle: a car, a truck, a bus, and so on. Viewed in the context of the development of driverless vehicles, then you can understand that this will lead to the loss of a lot of jobs.

Perhaps there are others here than myself who remember how fast the category of elevator operator disappeared? No one – nearly – knows what a tinker did. I can explain after the meeting, but once upon a time it was a common job.

One can even wonder if large parts of a board member's job may be lost to artificial intelligence, machine learning and robotisation.

Vattenfall has changed and renewed – which is especially noticeable in wind and solar, through customer centricity, electrification, and so on and so forth. But our change is ongoing and must continue.

The dominant part of the company, in the form of Swedish hydro and nuclear power, has the greatest significance for both profitability and security of supply.

On the surface, the need for change may be less apparent, but in this area a lot of efficiency improvement, structuring – even preparations for discontinuation – are taking place, i.e., continuous change and preparations for continued changes.

For a company in change, I can point to few structural difficulties without having any definitive solutions.

The labour market is not made to handle rapid changes. The educational system is still orientated toward an education looking perhaps 25-30 years ahead. Reschooling and training during this time are becoming increasingly important, but are areas that have been left undeveloped among governments and companies. An uncomfortable consequence is that many jobs that have required a period of education and costs – so-called white collar jobs – are now disappearing at a faster pace, which is fuelling dissent and creating a seedbed for political extremism.

Another structural issue is the tax system, which in a way creates catch-22 situations. The biggest expense item in most companies is personnel costs. To parry cost pressure and improve efficiency, you can cut personnel costs. But then you reduce the tax revenue from the lost jobs, i.e., tax revenue that can be used to provide support to people who have lost their jobs and need assistance while they look for a new job. Combined with a situation where companies and the educational system are too slow to bring about change and reschooling, we wind up in a negative spiral.

I think it is reasonable to say that while society in general is undergoing dramatic changes, not a lot of structural changes are taking place in politics or companies in this regard.

The government and the capital are not sitting in the same boat here – rather, they are each in their own rickety canoes heading down a white-water rapid.

This is an observation that arrives at a rather bleak conclusion, but which I feel shows that the pace of change today is faster than our ability to manage it. We therefore need to step up our approach to change.

I am fully aware that very many people in my position talk about change and the need for such. For strictly human reasons, these are often met with benevolent interest – intellectually – but not emotionally. “When you get up in the morning – the first thing you want to do is: You don't want to change – You want to do what you're doing.”

Many of these people who talk about change say that we must create “the burning platform”: We need to understand that it's burning – and be a bit scared so that we pull ourselves together. I would like to say that we should create “a burning desire”. We need to create an intensive, positive feeling about change. We need to gain insight to the meaning of mastering change, manage it, don't be afraid of it, embrace it as a natural part of our attitude.

- How – I will leave this up to each and everyone, but I suggest that you think like this:
 1. Change has never been as small as it is today – its significance and scope will only increase.
 2. Vattenfall is a company in change, and by mastering change it will be a winner.
 3. You yourself will be an important part of this process.

Rumsfeld's claim: “You don't want to change” does not apply to us.

Let's prove that Donald Rumsfeld was wrong – on this point, too!