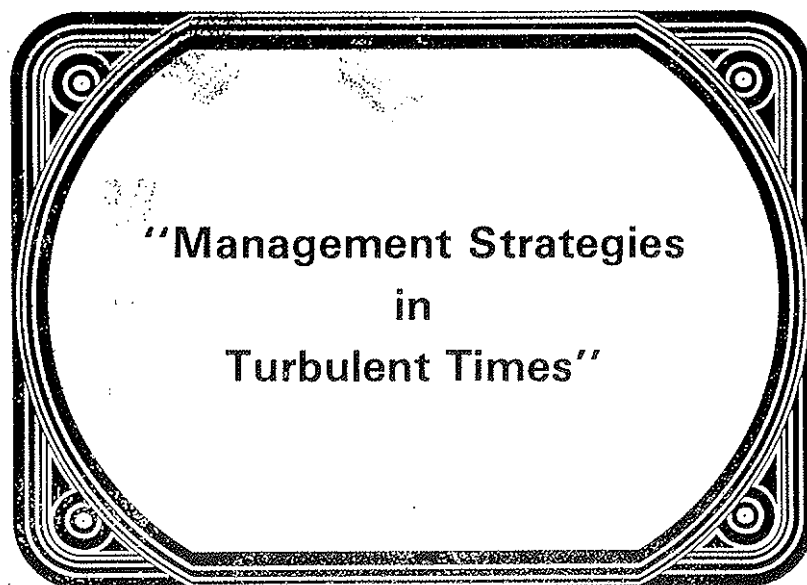


**Proceedings of the
26th Annual Conference
of
The Rural Electric Management
Development Council**



**Harley Hotel of St. Louis
Earth City, Missouri
May 23 - 26, 1983**

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COUNCIL PREAMBLE

In March 1969 the NRECA membership adopted viewpoints and objectives for rural electrification as prepared by the Long Range Study Committee. This action has significance only when member systems identify with, and develop programs in support of, these viewpoints and objectives. Success in the implementation of such action programs is dependent upon excellent leadership and the effective management of resources, especially human resources.

NRECA, through its Management Services Department, has carried on effective training and development programs for rural electric system managements, both elected and employed, and the results of these programs are obvious in the upgrading of the quality of management in recent years. However, NRECA has limited resources for the research, experimentation, and innovations in management practices that will be required to meet the demands of a rapidly changing social order. Moreover, REA continues to withdraw its advice and assistance to borrowers.

Thus, it is clear that some systems must assume a more active role in assuring competent, dynamic management for the future. There are people within the program who are qualified and willing to see that the necessary study and research are undertaken toward this end. Such people have formed the Rural Electric Management Development Council and the following statements express their viewpoints and objectives.

STATEMENT OF VIEWPOINTS

1. We believe that the objectives of the Rural Electric Program can best be achieved through dynamic management and leadership that is based on sound cooperative philosophy coupled with modern management principles and techniques.
2. We believe that cooperative philosophy and management principles and techniques must be under constant study and review and that research and development of new concepts and approaches must be undertaken if rural electric systems are to effectively fulfill the responsibilities inherent in the objectives of the Rural Electric Program.
3. We believe that there exists within the rural electric cooperatives, and their associated organizations, the knowledge, experience and point of view necessary to identify these needs and to determine required changes.
4. We believe that there exists among rural electric cooperatives, and their associated organizations, those who are willing to innovate, study and improve present cooperative and management principles and practices and to translate the results of such studies into meaningful programs.

RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL

STATEMENT OF VIEWPOINTS (CONT.)

5. We believe that rural electric system management will be enhanced where there has been a maximum exchange of ideas and experiences between those organizations that are innovating, studying and applying up-to-date principles and techniques.
6. We believe that all consumer-owned rural electric systems should have the opportunity to share in the results of such innovations in management practices and that this opportunity for sharing can best be provided through NRECA and other associated organizations.

STATEMENT OF OBJECTIVES

1. To bring together key rural electric management people who have demonstrated their application of up-to-date cooperative philosophy and management principles and techniques and who evidence an interest and willingness to participate in and contribute to study, research and innovation in the application of effective management concepts and techniques in rural electric system operations.
2. To contribute to the strengthening of overall rural electric system management by undertaking management research in areas of current concern and interest.
3. To develop new cooperative management concepts, approaches and techniques that will enable the management of rural electric systems to identify necessary resources and to provide the leadership required for meeting the needs of the people in an ever changing environment.
4. To develop the means whereby the beneficial results of the application of such management research and innovation can be interpreted and widely disseminated to rural electric systems and to encourage its effective application.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

MEMBERSHIP REQUIREMENTS

The Rural Electric Management Development Council is established to provide a forum for those rural electric systems which have developed organizations built on the application of cooperative principles and modern management principles and techniques.

The Viewpoints and Objectives of the Council, attached hereto, identify more specifically the beliefs and purpose that all members of the Council subscribe to. The Council's primary purpose is one of research and innovation. Research and innovation within the parameters of the established Viewpoints and Objectives.

The Council does not intend to provide a forum for teaching basic cooperative philosophy and basic management principles and techniques. Adequate training opportunities for this are provided by NRECA and other organizations.

Thus, to assure that the limited time available for the conduct of research and the exchange and discussion of innovative ideas can be utilized to the maximum productive extent possible, it is necessary that those systems which wish to apply for membership in the Council, those which wish to sponsor systems for membership and those systems which are currently members of the Council be fully aware of the criteria for initial and continuing membership.

A. Initial Membership

Any rural electric system or association of rural electric systems may apply and be considered for membership in the Rural Electric Management Development Council.

The criteria for initial or continuing membership shall be adopted by the Council members at the Council's annual meeting. Any amendments or changes in this criteria shall be approved by the Council membership.

Representatives of NRECA, CFC, and REA, and current members of the Council will be encouraged to nominate rural electric systems or other associations that are believed to meet all of the criteria for membership.

The Membership Committee shall review all applications for membership and shall recommend those applicants who meet the established criteria. Approval for membership in the Council shall be by a majority vote of members present.

Prospective members may attend an annual meeting of the Council as non-paying guests the first year. If interested in joining the Council, the prospective member shall submit an application as prescribed in Section A.

Those applying for initial membership shall be requested to submit the following:

1. Evidence of having demonstrated their application of up-to-date cooperative philosophy and management principles and techniques. This evidence shall include the following:

REMDC - Membership Requirements

- a. An Organization Profile - Documentation of the existence of an organization plan for the system. The documents required will be specified and should accompany the application.
 - b. A System Profile - A recitation of the financial and operating characteristics of the system, including evidence of the existence of short and long range plans in specified areas.
 - c. A Corporate Profile - An identification of programs and activities designed to involve the members and the public. Evidence of a recognition and pursuit of goals designed to enhance the consumer ownership and public responsibility of the system.
 - d. A Growth and Development Profile - Evidence of specific programs and activities undertaken by the system to go beyond normal requirements for management, individual development and member involvement. This should include the identification of beneficial results therefrom.
2. A statement of a commitment to participate in and contribute to study, research and innovation in the application of management in rural electric system operations.
 3. A statement of the system's willingness to pay the dues or other approved assessments of the Council, to attend and participate in Council meetings and to accept committee or program assignments.
 4. An expression of willingness to share your individual management innovations with the Council for information and evaluation purposes.

B. Continuing Membership

All members of the Council shall be subject to continuing membership review at least every five years. Subject systems shall be notified at the Council's meeting preceding the review.

Applications for recertification as continuing members shall include:

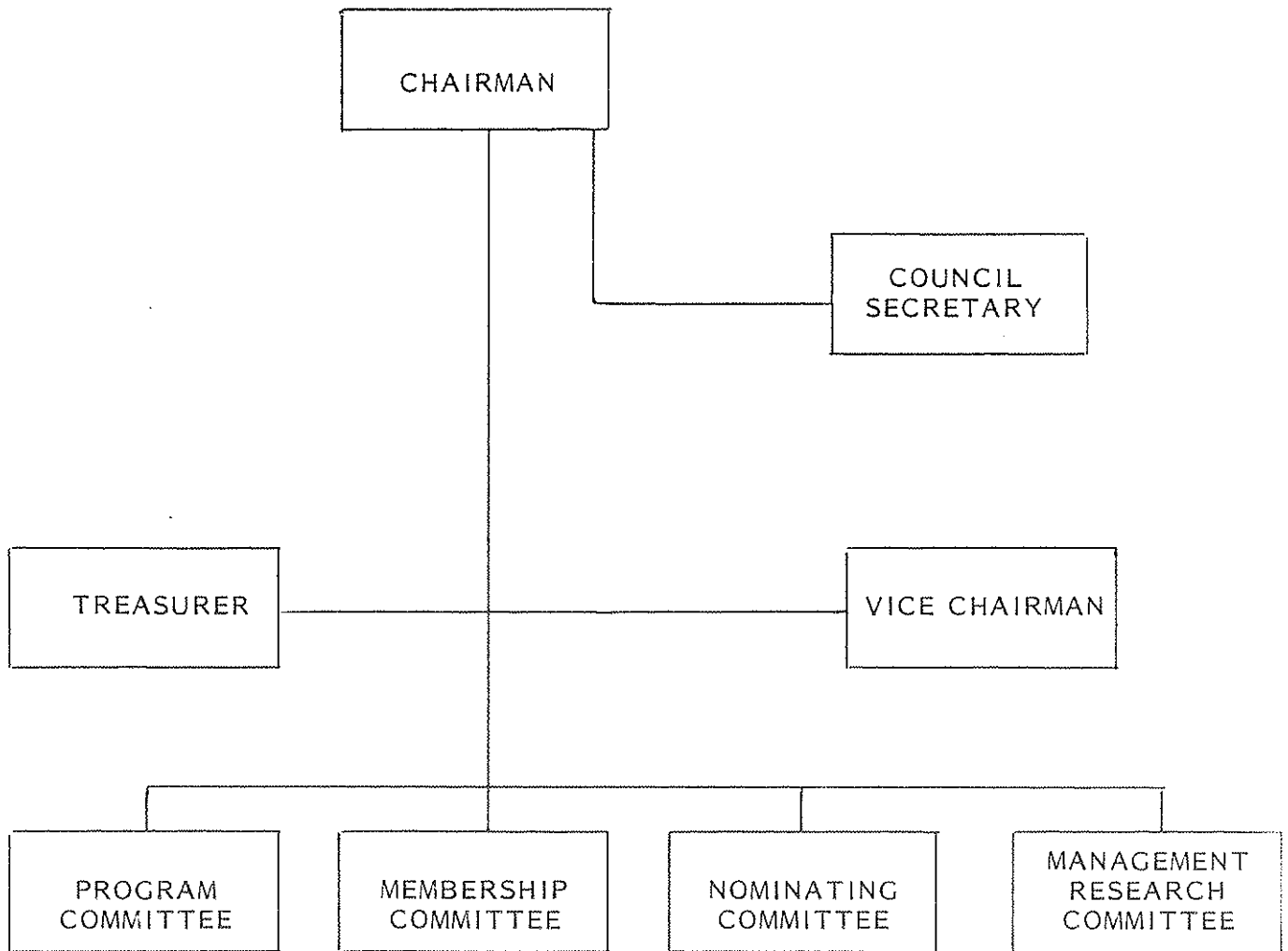
1. A recap of attendance and involvement in the annual conference programs.
2. A recap of committee assignments and research activities.
3. Evidence of a continuing dedication to, and active support of, excellence in rural electric management and leadership.

The Membership Committee shall review the applications for recertification and present them to the Council for approval at the next annual meeting.

C. Honorary Membership

The following individuals, or their designated representatives, are considered as continuing honorary members of the Management Development Council. The Council encourages their active participation in all Council projects and activities.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL



REMDC - Membership Requirements

Director of Management Services - NRECA
Borrowers' Operations Office - CFC
Director-Electric Borrowers' Management Division - REA

D. Termination of Membership

Membership in the Council shall be terminated by:

1. A letter of withdrawal from a member system, or;
2. Upon investigation and recommendation by the Membership Committee, by a majority vote of the members present.

E. Council Dues

The annual dues shall be \$300.00, payable prior to the annual meeting of the Council. Payment of dues shall permit the attendance of key management people from each member system.

FUNCTIONS

CHAIRMAN

To act as general coordinator of the activities of the Development Council and preside at all business meetings. To issue notice of all regular meetings of the membership or special meetings of the cabinet. (The cabinet to be composed of the chairman, vice chairman, treasurer, and all committee chairmen.) To represent the Development Council in relation to other organizations. Term of office to be three (3) years.

VICE CHAIRMAN

To assume all duties of the Chairman in the absence of or inability of that officer. Term of office to be three (3) years.

TREASURER

To collect all monies due the Development Council including regular membership dues and special assessments. To pay all bills submitted in proper form. To prepare an annual financial statement and forward to the Secretary for inclusion in the annual conference summary. Term of office to be three (3) years.

SECRETARY

To be appointed annually by the Chairman. To keep a record of all proceedings, prepare, publish, and distribute annual conference summary. (May be assisted by Management Services Department of NRECA.)

COMMITTEES

All committees to be composed of a chairman and three (3) members. The chairman to be nominated by the Nominating Committee. All committee chairmen and committee members to serve staggered terms of three (3) years each.

REMDC - Membership Requirements

PROGRAM COMMITTEE

To determine program content and format for the annual conference and secure appropriate participation from the membership. To provide for subject continuity in programming when desirable. The committee chairman shall preside at all program sessions. To select the time and place for the annual council meeting.

MEMBERSHIP COMMITTEE

Under the established criteria, solicit and process applications of new members as well as administer the recertification of continuing members. Monitor the attendance and participation of member systems from year to year and recommend follow-up action as necessary to maintain a membership that is interested and active in Council affairs.

NOMINATING COMMITTEE

To nominate all officers and committee chairmen, as necessary for submission to the annual conference for election. All nominations shall be submitted in writing, certified by the chairman of the committee, and deposited with the conference secretary.

MANAGEMENT RESEARCH COMMITTEE

To identify research areas and initiate recommendations for projects to be carried out by the Council. To work with NRECA in identifying management areas in the rural electric program which need additional research and/or development and training programs and determine how the Council can assist in meeting needs in cooperation and coordination with NRECA.

COMMITTEE MEMBERS' EXPENSES

Reasonable out-of-pocket travel expenses of committee members attending committee meetings held solely for Council business, and not held in conjunction with other business meetings, shall be paid by the Council.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OFFICERS AND COMMITTEES FOR 1983

Officers

Chairman	Robert L. (Bob) Roberts	Term expires in 1984
Vice Chairman	Barbara H. Deverick	Term expires in 1984
Treasurer	Allen Ritchie	Term expires in 1983
Secretary		Appointed annually by Chairman

Standing Committees

Program

Chairman	John Parham	Term expires in 1984
	Jerry Dover*	Term expires in 1983
	Jack Hicks	Term expires in 1984
	Lawrence Moderow	Term expires in 1985

Nominating

Chairman	Allen Ritchie	Term expires in 1983
	Roger Lentz	Term expires in 1984
	Ronnie Hunt	Term expires in 1984
	Dave Larson	Term expires in 1985

Membership

Chairman	Everette Bristol	Term expires in 1983
	Elmer Stocker	Term expires in 1983
	Roger Geckler	Term expires in 1984
	Lloyd Geer	Term expires in 1985

Management Research

Chairman	Virgil Herriott	Term expires in 1983
	Wayne Keller	Term expires in 1984
	Harold Smith	Term expires in 1985
	Dick Arnold	Term expires in 1985

Planning

Chairman	John Parham
	Allen Ritchie
	Everette Bristol
	Virgil Herriott
	Jackson Wood
	Robert L. Roberts, Ex Officio

- A. All committee members and officers elected for three-year term except as noted.
- B. Chairman of each standing committee except Planning and Coordinating Committee, named by the Nominating Committee and serve three years when elected, unless completing an unexpired term as a replacement.

* Filling unexpired term.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
1983 ANNUAL CONFERENCE REGISTRATION

Adams Electric Cooperative, Inc.
P.O. Box 130
Gettysburg, Pennsylvania 17325
Charles Overman, Manager
Fred J. Kane, Manager, Communications
Lloyd W. Geer, Manager, Engineering and Operations

Blue Ridge Electric Membership Corporation
Caller Service 112
Lenoir, North Carolina 28645
Wayne Keller, General Manager
Barbara Deverick, Administrative Manager

Cobb Electric Membership Corporation
P.O. Box 369
Marietta, Georgia 30061
Paul E. Weatherby, General Manager

Community Electric Co-op, Inc.
P.O. Box 267
Windsor, Virginia 23487
James M. Reynolds, Manager

Cotton Electric Cooperative
226 North Broadway
Walters, Oklahoma 73572
William Miller, General Manager

Davidson Electric Membership Corporation
P.O. Box 948
Lexington, North Carolina 27292
Wayne Wilkins, General Manager

Delaware Electric Co-op, Inc.
P.O. Box 600
Bridgeville, Delaware 19933
E. Paul Bienvenue, General Manager

Flint Electric Membership Corporation
P.O. Box 308
Reynolds, Georgia 31076
Harold Smith, General Manager

Four County Electric Membership Corporation
P.O. Box 667
Burgaw, North Carolina 28425
Hal Porter, Administrative Assistant

Guadalupe Valley Electric Co-op, Inc.
P.O. Box 118
Gonzales, Texas 78629
Doyle Hines, General Manager

Linn County REC
P.O. Box 69
Marion, Iowa 52302
Jack Hicks, Manager
Phyllis Barber, Staff Assistant

Lumbee River Electric Membership Corporation
P.O. Box 830
Red Springs, North Carolina 28377
Earl Belcher, Manager, Engineering and Operations

Maquoketa Valley Rural Electric Co-op
Anamosa, Iowa 52205
John Parham, General Manager

Morgan County Rural Electric Membership Corporation
Martinsville, Indiana 46151
Jon R. Elkins, Operations Manager
Greg McKelfresh, Office Manager

Northern Electric Cooperative
P.O. Box 13081
Virginia, Minnesota 55792
Lyman Pattee, General Manager

Pioneer Rural Electric Cooperative, Inc.
P.O. Box 604
Piqua, Ohio 45356
Robert L. Roberts, Manager
W.W. Ward, Manager, Marketing and Member Relations

Randolph Electric Membership Corporation
P.O. Box 40
Asheboro, North Carolina 27203
Bob Phillips, Manager of Administrative Services
Allen F. Holt, Plant Manager

Shenandoah Valley Electric Cooperative
P.O. Box 8
Dayton Virginia 22821
Allen R. Ritchie, Staff Assistant

Sioux Valley Empire Electric Association, Inc.
P.O. Box 216
Colman, South Dakota 57017
Virgil Herriott, General Manager
Jim Kiley, Assistant Manager

Southeast Iowa Electric Association
P.O. Box 440
Mt. Pleasant, Iowa 52641
Craig DeBower, General Manager

Southeastern Illinois Electric Co-op
P.O. Box 251
Eldorado, Illinois 62930
Roger C. Lentz, General Manager

Verendrye Electric Co-op, Inc.
P.O. Box 70
Velva, North Dakota 58790
Wally Beyer, General Manager

Walton Electric Membership Corporation
P.O. Box 260
Monroe, Georgia 30655
Randall Pugh, General Manager

Whitley County REMC
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Columbia City, Indiana 46725
Carl Sederland, Assistant Manager

Wright-Hennepin Cooperative Electric Association
Maple Lake, Minnesota 55358
David P. Larson, General Manager
Mike Hagen, Member Services Manager

Yampa Valley Electric Association, Inc.
Box 1218
Steamboat Springs, Colorado 80477
James Golden, General Manager
Ev Bristol, Chief Engineer/Staff Assistant

Guest Registration - 1983

Charles Weaver, Director
Electric Loans and Management Division
Rural Electrification Administration
United States Department of Agriculture
Washington, D.C.

Anthony Pisano, Executive Director
Professional Institute
American Management Association
New York, New York

Wayne Johnson, Manager
Training and Special Services
National Rural Electric Cooperative Association
Washington, D.C.

Eugene H. Hunt, Consultant
National Rural Electric Cooperative Association
Washington, D.C.

Derl Hinson, Vice President, Field Services
Federated Rural Electric Insurance Corporation
P.O. Box 25388
Overland Park, Kansas

Gary Hobson, General Manager
Central Area Data Processing Center
St. Louis, Missouri

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL 1983 MEMBERS

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Clark County Rural Electric Memb. Corp.
609 East Utica Street
Sellersburg, Indiana 47172

William B. Miller, General Manager
Cotton Electric Cooperative
226 North Broadway
Walters, Oklahoma 73572

Jerome Haider, Manager
East Central Electric Association
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Braham, Minnesota 55006

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Flint Electric Membership Corporation
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John Parham, General Manager
Maquoketa Valley Rural Electric Co-op
Anamosa, Iowa 52205

Richard Seger, General Manager
Morgan County Rural Electric Memb.
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Martinsville, Indiana 46151

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Piqua, Ohio 45356

Bob McDuffie, General Manager
Randolph Electric Memb. Corporation
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Asheboro, North Carolina 27203

Mark McNeil, General Manager
Shenandoah Valley Elec. Cooperative
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Virgil H. Herriott, General Manager
Sioux Valley Empire Elec. Assoc., Inc.
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Craig DeBower, Manager
Southeast Iowa Electric Association
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Mt. Pleasant, Iowa 52641

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Eldorado, Illinois 62930

John C. Anderson, General Manager
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Union REA, Inc.
P.O. Box 359
Brighton, Colorado 80601

Elmer Stocker, General Manager
Whitley County REMC
P.O. Box 171
Columbia City, Indiana 46725

David P. Larson, Manager
Wright-Hennepin Cooperative Elec. Assoc.
Maple Lake, Minnesota 55358

James Golden, General Manager
Yampa Valley Electric Association, Inc.
Box 1218
Steamboat Springs, Colorado 80477

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL ANNUAL MEETING

Date: May 23, 24, 25, and 26, 1983

Place: Harley Hotel of St. Louis -- Earth City, Missouri

Monday, May 23rd

Afternoon Session Only

- 1:00-1:30 p.m. Registration
- 1:30-1:45 p.m. Comments from Council President Bob Roberts,
General Manager, Pioneer REC, Piqua, Ohio
- 1:45-2:45 p.m. "Philosophy of Management", Wayne Johnson,
NRECA
- 2:45-3:05 p.m. "Cross Training", Harold Smith, Flint EMC
- 3:05-3:20 p.m. Break
- 3:20-3:50 p.m. "How Employees Communication Affects Productivity"
Ev Bristol, Yampa Valley Electric
- 3:50-4:20 p.m. "Human Resources Management/Employee
Assistance Program", Wayne Keller, Blue Ridge
EMC
- 4:20-5:00 p.m. "Long Range Strategic Goals Planning",
Charles Overman, Adams EMC

Tuesday, May 24th

Morning and Afternoon Sessions

- 8:00- 8:15 a.m. "Employee Assistance Program", Lawrence Moderow,
Cass County Electric
- 8:15- 9:00 a.m. "A Bit About Micro-Computers", Bob Phillips and
Allen Holt, Randolph EMC
- 9:00-10:00 a.m. "CAPS as Support for In-House Mini-Computer",
Bob Roberts, Pioneer REC
- 10:00-10:15 a.m. Break
- 10:15-11:30 a.m. Overview of Survey/Analysis on "Rural Electric
Management Strategies in Turbulent Times",
Virgil Herriott, Sioux Valley Empire
- 11:30-12:30 p.m. Lunch

REMDC Annual Meeting

- 12:30-3:00 p.m. Panel Discussion on "Rural Electric Management Strategies in Turbulent Times"
Primary Presentors:

Lyman Pattee, Northern Electric Co-op on "Changing Membership"

R.L. Arnold, Union REA, Inc. on "Membership Problems Impacting on Cooperatives"

Derl Hinson, Former Manager, Lumbee River Electric Membership Corporation on "Membership Problems and Strategies in Handling Same"

3:00 p.m. Adjourn

Wednesday, May 25th

Morning and Afternoon Sessions

Anthony Pisano, Executive Director of the American Management Associations' (AMA) Professional Institute .

"In 1982, Tony covered the Human Element in Productivity. Building on that, this year, he will deal with a Unique Leadership Posture on the part of General Managers as a Critical Dimension of that Human Element".

- 9:00-10:30 a.m. Lecture Presentation
10:30-10:45 a.m. Break
10:45-12:00 Noon Lecture Presentation (Continued)
12:00- 1:30 p.m. Lunch
1:30- 3:15 p.m. Critical Analysis and Group Discussion
3:15- 3:30 p.m. Break
3:30- 5:00 p.m. Critical Analysis and Group Discussion (Continued)

Thursday, May 26th

Morning Session Only

- 8:30- 9:30 a.m. "IN SEARCH OF EXCELLENCE, a book review with the REA Prospective", Charlie Weaver, REA
9:30-10:00 a.m. Productivity Research Committee Report
10:00-10:15 a.m. Break

REMDC Annual Meeting

10:15 a.m. on Business Session, Bob Roberts

General Comments and Observations

Financial Report

Committee Reports

Report from Nominating Committee

Old Business

New Business

Adjourn

GENERAL MANAGERS SURVEY

PRELIMINARY RESULTS

by

Dr. Kurt E. Olmosk
Dr. Eugene H. Hunt
Virginia Commonwealth University

Presented To
Management Development Council
St. Louis, Missouri

May 23, 1983

INITIAL RESULTS SUMMARY

This survey of rural electrical system general managers was designed to develop an initial data base from which a profile of personal and professional characteristics of general managers can be developed. The survey questionnaire was designed and pretested between January and April 1983. In early April, questionnaires were sent to the general managers of all rural electrical distribution systems identified by NRECA. Of 911 questionnaires sent out, 545 were returned with usable data (response rate 59.8%). The distribution of the returns by REA area were as follows:

Northeast	60
North Central	183
Southeast	92
North West	66
South West	127

Although the distribution is not equal across regions, we believe the total return provides a representative sample of rural electrical system general managers.

Computer analysis of the data was done using SPSS and the initial descriptive summary data were compared to data provided by REA. REA data came from studies done between 1977 and 1979 of newly appointed rural electrical system general managers. Although the REA data deals with only one segment of our study population, we feel the comparison of our results with this independently derived source helps to verify the validity of our data. Selected results are presented below.

ORGANIZATION INFORMATION:

Averages:

		<u>REA '79</u>
Number of employees	50	52
Numbers of consumers	12,000	10,800
Gross revenue annually	\$8,000,000	\$6,400,000

These figures are very comparable. Allowing for normal customer population growth and inflation, the results appear reasonable.

Unionization of systems:

Inside employees	15.6%
Outside employees	46.2%

Comparable REA data were not available

PERSONAL BACKGROUND:

<u>Average present age of GM:</u>	48	42
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Given that the REA was dealing with only newly appointed managers and that our data deal with all managers, it seems reasonable that our data indicates an older average age.

Education Level:

Bachelors degree	44%	51%
Advanced degrees	6.2%	12%

More recently appointed managers tend to be better educated than older managers.

<u>Average Salary:</u>	\$42,000	\$30,000
------------------------	----------	----------

REA data were for newly appointed managers in 1979

Birth Place:

52.0%	of our respondents were born on a farm
79.2%	born on a farm or in a town of less than 5000 people
46.0%	are now living within 100 miles of their birthplace
83.0%	are living within 500 miles of their birthplace

The rural roots of rural electrical system general managers are deep.

CAREER BACKGROUND

Years of Service With Present System:

Average 12.5 years

but 19.3% have less than 5 years

40.6% have over 20 years

There seem to be two separate groups worth studying - the relative newcomers and the older veterans.

Years of Service in Your Present Position:

Average 6 years

but 21% have over 15 years and 39% have less than 5 years.

Again, the two groups appear

Average Age When You Assumed Present Position:

38 years.

This is similar to the 42 years mentioned earlier for REA new managers in 1979. However, it may also suggest that it is taking longer to become a general manager than it did in the past.

Number of Previous Positions Held with your Present System:

37.8% listed no other position

22.7% listed only one other position.

This seems to reflect a bias toward hiring the general manager from outside the present system. Less than 42% of our respondents listed 2 or more positions that they had held before becoming general manager of their system.

ATTITUDES:

Unions:

An overwhelming majority (67.6%) disagreed with the statement "Unions serve a useful function in cooperatives". Only 7.4% agreed with the statement.

Consultative Management:

With regard to management style, 63% of our respondents agreed with the statement "The most important style of management is consultative management" A minority (13.4%) disagreed with the statement. However, this consultation appears to mean only staff, not employees.

The following percentages agreed that each group should have a say in the following areas:

	<u>Staff</u>	<u>Employees</u>
Work assignments	83.7%	25.3%
Budgets	84.9	18.1
Working conditions	76.9	49.8
Disciplinary Procedures	76.3	26.2
Investment Decisions	55.5	6.3

Employees should definitely not have a say in investment decisions.

Promotion Based on Practical Experience:

Two thirds (65%) of our respondents disagreed with the statement "Promotions should be based mainly on the amount of practical experience a person has." Evidently, more is required than working your way up the hard way.

Promotion From Within for Senior Positions:

There was a wide difference of opinion regarding the statement "Cooperatives should emphasize a policy of promoting from within, especially when filling senior positions." One Third (39.2%) agreed and one third (27.5%) disagreed. One third (33.3%) weren't sure.

This is only a preliminary analysis. Much is yet to be done. In future analyses we will compare:

- Older Managers vs Younger Managers
- Experienced Managers vs Newer Managers
- Differences in Geographic Regions
- Differences Based on system size.

DISCUSSION ON MANAGER SURVEY

Question: Did you do any comparisons of salaries? How manager's salaries compare, say with some of the companies in the Fortune 500?

Answer: We may not be able to compare anything more than values?

Comment from Wayne Johnson: Let us hear from you as to what you think of this manager survey. NRECA wants to do this sort of research on staff and board members as well to help us do a better job in training and development. We would like to use the council to examine the data and ask what the implications are.

Question: What about a profile of the members?

Answer: NRECA does a member survey. This needs to be done on a national and a regional basis. Members who rate the co-op high are the members who know at least one person at the cooperative.

Question: Did questionnaire ask about attendance at NRECA training sessions?

Answer: 21% felt NRECA courses strongly helpful. (Total returning survey 113).

CROSS TRAINING

I will probably not give you anything new or startling in the area of cross training in this presentation; however, we have at Flint done a re-assessment as to the values of cross training and those are the things I would like to share with you today.

A lot of people talk about doing cross training and many of them do, but very few have a truly formalized program in this particular area. We at Flint think the training of employees is a year-round activity. As the cooperative's needs change from time to time, these activities change. Certainly with the evolving technology it is necessary for us to change. A good example of this is the computer age that we are in at the present time. Some of our older employees have never had any exposure to computers. Some of them are afraid, some are skeptical and some just flat do not understand because they have had no experience with the computer and the marvels that it can do for them. So, consequently, training is essential in our opinion. Sometimes training programs are a response to a direct need and other training programs are developed because it will benefit the cooperative's operations in the long run. I feel that a cross training program for employees would fall under both the direct need and long-range benefit. For example, if you need to increase general productivity of your workforce or to reduce overtime, then cross training would be most effective for both the employee and the cooperative.

It is a very inexpensive method and one that does not require any special instructors or special equipment. It is, in fact, a form of on-the-job training conducted during normal working hours. It gives the employees actual experience in the job and provides immediate feedback when an error is made. The more areas in which employees are cross trained, the more flexible the employees. As employees become more familiar with the various

Cross Training

responsibilities of others, communications in general will improve.

And when we talk about cross training, we are not talking about someone who can just sit down at someone else's desk and answer the phone. We are talking about actually performing all of the functions of that individual -- not just answering the phone and saying he/she is out sick, call back tomorrow.

Let's look at four specific areas which we have evaluated and have drawn some conclusion, that we would like to share with you.

The first of these has to do with productivity. We feel that cross training will greatly enhance productivity at a cooperative. Certainly if an individual has been cross trained and is fully qualified in the job, when that individual is promoted into that job, he/she can hit the ground running. There will not be any training or orientation process --all of those things that take a great deal of time and, of course, reduces productivity levels. Cross training can be done in slacker periods of time when the work load will permit it; hence, when you really need help in a heavy work load period, it will pay big-big dividends.

It also allows you to fill voids when people are out. In other words, when people happen to be out sick or on vacation, other people can fill in. Also, if the need arises and you need to get a project completed and the only way to do it under normal circumstances is with overtime, you can reduce the overtime by putting a second person on that project who is certainly qualified and is able to assist the person who has prime responsibility for it, consequently reducing overtime and dollars.

How many times have you called for someone, wanting an answer to a question only to find that the individual happens to be out to lunch, or at a meeting, or something of that kind? I think most of us have experienced that kind of a situation. We certainly wanted the answer or we would not have

Cross Training

called for it. However, if someone else can in fact give us that answer, we look at that particular organization as one that is very efficient and proficient.

Now that is something that can be done very simply in many cases through cross training and the staggering of lunch hours because you never know when an individual, especially a member, may call and want an answer to a specific question. In fact it may be the only time he/she can call -- when on their lunch hour. So, the simple matter of staggering employee's hours so that at all times, all phones, at all stations are covered, does greatly improve productivity, your public image and your member realtions.

The second area that we scrutinized pretty carefully is promotability. Promotability - what we are considering there - is better trained and better skilled employees through cross training. It means that they have a greater opportunity for advancement. If they have been cross trained in other jobs other than the one that they do normally, then as job opportunities open within the organization they certainly have a better knowledge, better skill, etc. that they can in fact apply for that particular opening.

It also improves the overall appreciation on the part of the employee for the cooperative's general purpose. Let me explain what I mean there. If you have been a bookkeeper for twenty years, it is hard for that bookkeeper to sort of relate, if you will, to the total overall purpose of the cooperative. Their whole world evolves around debits and credits. He/she really is not in tune with the overall purposes of the cooperative; hence, when cross trained, he/she can see the value and the inter-relationship of the total cooperative operations and its purpose. Closely in line with this is that as he/she gets out and sees and experiences what other employees do, there is a general appreciation for fellow employees. How many times have you heard an employee say, "If I had Old Joe's job, I would have it made!" However, when that employee is given Old Joe's job it takes on a little

Cross Training

different tenure. It's like the old adage of the grass always looks a little greener on the other side of the road. However, sometimes when you cross that road you find that grass may have some bitter weed or onion in it. It is not always as it might first appear. So just a general appreciation of what other employees do, their problems, their good fortune and their overall contribution to the organization.

Certainly if you can cross train employees, the cooperative can save a great deal of money when a job does come open because nine times out of ten you will be able to fill that job from within the organization. In other words, you don't have to go outside to hire an employee ... and I certainly don't have to tell you that when you do go outside to hire an employee, there are a lot of costs associated with the total process -- the interviewing, the moving, etc. So that money is all saved if you have properly cross trained employees so that they can just sort of move right in and fill a job. If employees feel that they have been properly trained, then it generally improves employee morale. They feel that the cooperative is interested, takes the initiative, wants to help them, is looking out for their overall good, and is generally considerate of them. That is just sort of a little fringe that comes and one that is hard to put a price tag on, but one that is very important.

Also, if an individual has been cross trained within a department or section, and then is given a job in that section, he/she comes in as a known quantity. In other words he/she doesn't come into that department as a stranger -- someone that the others do not know, but comes in as one whom they have confidence in, have worked with before and will respect from the very first day.

Cross Training

A third major area that we look at deals with flexibility and this, needless to say is our ability to move people to fit any immediate need. We certainly never know when there will be an accident, or an unexpected illness on the part of one of our employees. But, needless to say, we cannot shut down a section or lock a door just because someone becomes involved in an accident or gets sick. So if we have properly trained our people, we can move them, fit them into the organization when an unexpected need arises. We all are subject to disasters and storms and certainly we have had our share for the last couple of years. The most recent one was this past January when we had an ice storm to hit our system and we had to bring in 140 outside employees to assist us in restoration of service. We had cross trained our employees, especially in this case: meter readers, staking engineers - people of this kind, and as a result we were able to put some of our people with these foreign crews since our people knew the circuitry, they knew the terrain, they knew how to get from one place to another. Consequently, they greatly assisted these foreign crews, and of course, improved the productivity and certainly cut down on the time that was necessary in restoring that service. So when those disasters do hit, again if you have people who can do more than one job and the flexibility is there, put them where they are needed.

If also affords employees more flexibility in taking vacations and other time off. If you only have one person who can fill out the operating report and it's time for the Board Meeting, then that person should really not take a vacation because that operating report has to be ready for the Board Meeting. However, if you have more than one employee who can take care of the operating report then they are not as tied down and can, in fact, take their vacation as they wish it rather than at the dictate of others.

Also if an employee has been cross trained properly, he or she will require less supervision generally speaking and consequently, if the employee

Cross Training

needs less supervision, then this affords the supervisor time to work with others that truly need it.

The fourth and final area that we have addressed is credibility. We have found that employees do appreciate the efforts that we have put forth on the cross training in that it has helped to open some doors for them for better opportunities for advancement both within our organization and with associated organizations, i.e. other cooperatives, and as I have mentioned earlier, there is a little better understanding of what the total purpose and the total picture of a cooperative is. It is sort of like the individual being able to see the total framework of the cooperative. In other words, sort of getting out and finding out what it is made of. For example, the girls in the office get exposed to the outside operation and outside employees get exposed to the inside. Again, just a little better appreciation of the total picture. It is sort of like a jig-saw puzzle in that each sees the importance of their particular job such as a piece in a puzzle. They also have a better appreciation of how their particular job fits into the overall organization and then, in turn, how that total picture really looks from a member relations, public relations standpoint. So this greatly improved the overall appreciation and team effort approach to working together and not saying, "Well, I don't care about this and so, that's not in my job description, that's not my concern, that's their problem." It's more now, "If there is a problem, let's jump in and get the problem resolved and get on with whatever else might be at hand."

And, lastly under credibility it certainly is a program whereby you can beef up your Affirmative Action Program, which is of course required by the Federal Statute, in that you can promote people - minorities and females - in areas that they have been properly cross trained and can, in fact, enhance the overall operation as opposed to strictly filling squares.

Cross Training

These are four areas we have looked into very carefully and have evaluated. I am sure there are others. Any training program can be implemented on most any level you want within an organization; however, I feel that in order for any program to be successful, it needs to have the full support of both the employee and management -- and to me that is extremely important. At Flint, our goal is for every employee not only to be able to do his or her job, but two additional jobs with proficiency. This is important to the individual, to the cooperative and a team effort will show very, very tangible results.

Thank you.

Harold B. Smith
Flint Electric Membership Corporation

DISCUSSION ON CROSS TRAINING

Question: How do you get people motivated to go into cross training?

Answer: Counseled with personnel and encouraged them to share with others. The approach you take with each employee is different.

Question: What will you do when all are cross trained?

Answer: The program will be on-going. We will give refreshers. Some employees may find they may want to to go into new fields, totally.

Question: How many employees?

Answer: 154

Question: How do you schedule?

Answer: Each department head does own scheduling. Some cross-department training is done which requires coordination by the department heads.

Rural Electric Management Development Council
St. Louis, Missouri - May 23, 1983

"HOW EMPLOYEE COMMUNICATION AFFECTS PRODUCTIVITY"

by
Ev Bristol

I. Introduction

For more than two decades, we've been increasingly alarmed at the declining productivity in this country, especially as related to that of certain other industrialized nations. Along with the decline in productivity has come inflation, unemployment, a lower standard of living and even social upheaval. A Scripps-Howard writer suggested recently, that we have regressed to a Third World status - small cars have replaced our big cars, we have balconies and cook our food on charcoal, our women carry their babies in backpacks, the streets are dirty, more people wear sandals, the sidewalks are crowded with vendors, etc.

But why the lower productivity? Some say it's due to excessive governmental regulation which stifles investment, innovation and risk taking, or perhaps it's due to union activity, or slowed research and development, or lack of modern plants and equipment, or perhaps the weakening of our moral fiber and the loss of the traditional American work ethic, or as Naisbitt says in his best seller, Megatrends, it's the passing from an industrial society to an information society to which many have not adapted.

President Theodore Roosevelt said (9/7/03), "Far and away the best prize that life offers is the chance to work hard at work worth doing." If that be true, then how do we provide such opportunity in a way that encourages people to work harder, faster, longer, and especially, smarter and with greater enthusiasm? What if our people were as "turned on" about their jobs as they are about football, rock concerts, movies, golf, bowling, skiing, etc. as portrayed by "gusto" commercials of PepsiCola and Michelob Light? Jogging and running have become popular - - we're urged to join the 5K "fun run" or sign up for 10K and have twice as much fun.

Robert Half International, a consulting and employment firm, surveyed 312 CEO's (Chief Executive Officers) and found that \$120 to \$150 billion is lost annually from wasted time - "goofing off". They've been studying this phenomenon since 1970 and it's getting worse; the cost of wasted time is three times more than the cost of shoplifting, arson, insurance fraud, pilferage, kickbacks and other similar crimes combined.

For the most part we have work forces of well educated, skilled, healthy, ambitious people. However, the composite productivity often falls short of the obvious potential. Why so? Could it be that our skills of working with people, our human relations skills and our communications skills are not sharp enough?

Let's look at some possibilities - how people function as

individuals and in groups - and how communication affects their productivity.

II. Productivity

Last year the Council concluded a three year research project on measuring productivity in rural electric cooperatives. And, last year's conference dealt with the theme of the human element in productivity. This year I want to pursue that idea a little further inasmuch as it undergirds all our management principles and practices.

What is productivity, how do we measure it, how do we improve it?

---7/29/79 Washington (UPI)---Quoting Alfred Kahn on inflation -
"The only solution is to increase the nation's productivity."---
"It is a word Americans will hear more and more. What is productivity? Why is it so important? Why is this country having trouble with it? What can be done?" There are several meanings, but to Kahn and others, productivity is simply the amount of goods and services the nation produces per hour of work".

In a narrow sense, productivity can be defined as output per manhour, output versus input, or the efficiency with which people produce goods and services. In a broader sense, Peter Drucker in "The Practice of Management" says it is the balance of factors

that affect the conversion of resources into a useful product or service. Jackson Grayson of the American Productivity Center says productivity means nothing more than making the best use of any resource, whether human, capital or material.

Marcussen of Theodore Barry & Associates believes that productivity is the product of performance (skill level) times utilization (time spent on the task vs. delays) times effectiveness (whether the tasks are essential vs. redundant and unneeded).

Productivity, in its broadest sense then, is the combination of efficiency and effectiveness - not only doing things right but doing the right things.

From the research of the various authors, it becomes evident that low productivity is, by and large, not the fault of the workers, but rather of supervision and management. Idle time and, even worse, "slow-paced" work are largely due to poor planning, poor organization and poor communication.

III. Communication

Along with productivity, communication is an oft discussed subject. The lack of communication, or poor communication, is the culprit and the whipping boy when things go wrong.

Communication is indeed a complex, interpersonal exchange

of ideas and information that transpires in marvelous and unusual ways. As simple as it oft times seems, we must ever be alert to whether the message is being received and understood as intended.

"I know you believe you understood what you thought I said, but I'm not sure you realize that what you heard is not what I meant."

According to the Greek philosopher and orator, Aristotle, the three key elements in communication are: (1) the abundance of logical evidence, (2) an understanding of the mood and perspective of the listener(s) and, (3) the personality and character of the speaker. He suggested that, although all three elements are important, the third is most important, and we'll dwell on that a little later.

First, an abundance of logical evidence and factual information is a basic element of communication. But, as one of the speakers at the Las Vegas Annual Meeting emphasized, that isn't enough. We must be certain that it is understood within the proper context, and that the listeners interpret the message as intended. People can reach different conclusions from the same set of facts, and thus we may not achieve our communication goal.

Aristotle's second key element, the mood, perspective, fears, desires, like and dislikes of the listener(s) is, understandably,

critical in achieving communication. We must recognize and appreciate the value system, lifestyle and prior conditioning of the people we are communicating with. How have they been influenced by critical, major events: the great depression, W.W. II, the nuclear age, the civil rights movement, Kent State, Vietnam, Watergate, space exploration, the poverty-luxury syndrome, technology explosion?

Dr. Roger Blackwell, Ohio State University, told us at our meeting two years ago, "The future always arrives a little before you're ready to give up the present." He went on to say, "Identifying shifts in leisure and lifestyle patterns may be the single most important method of isolating opportunities for new strategies and business ventures that will produce accelerated growth and profitability during the decade ahead." And, G.E. Company postulated about the same, "Identifying shifts in people's basic values may be the single most important element in forecasting the environment in which organizations and people will operate in the future."

As we tune in to any number of t.v. programs - David Susskind, Crossfire with Braden and Buchanan, Firing Line, Freeman Report, et al, we encounter a growing sense of discontinuity felt by young people toward our socio-economic system. For many, the American Dream is fading - the opportunity for owning their own home and the opportunities for jobs their parents enjoyed in the industrial era, are not open to them in Naisbitt's new information era. A

serious dichotomy has developed between their free-lance lifestyle and the harsh realities of our economy. Their orientation toward a casual, unstructured life with fulfillment and instant gratification is certainly a far cry from the period in which the older members of the establishment grew up.

These observations suggest that management and supervision must recognize both the similarities and the differences in people. We are all alike, yet each one is unique. The famous philosopher Snoop opined, "I love mankind, it's people I can't stand."

Even Will Rogers and Zsa Zsa Gabor shared something in common, neither ever met a man they didn't like. But fortunately, we're not all alike. What if our world were comprised of all Bo Dereks or all Jim Goldens??

In the striking of medallions and casting of bronze, the mold is broken to enhance the value of the limited editions. Miraculously, each human being is created a unique, priceless individual and each mold is destroyed.

So, we must be sensitive to people's concerns and to the forces and pressures motivating each of them if we're going to communicate successfully. You're probably familiar with the studies which show a marked disparity between job factors that employees hold dear, and those that management think the employees are most

interested in. Examples abound that illustrate our human propensity toward prejudice, distorted images, and illusions about how things really are.

IV. Communication Impact on Productivity

Let's continue by picking up on the third element in communication as suggested by Aristotle - that it's the personality and character of the leader - the CEO - the Great Communicator - that is most important. Studies of organizations and enterprises, those that succeed and those that don't, bear out the truth of the key role played by the CEO. Both by word and by deed, the top man establishes the value system by which the others are guided. Perhaps the chief responsibility of the CEO is to clarify and to instill in all his people just what the principles, beliefs, mission and priorities of the enterprise really are.

This is a formidable task, as some have suggested, "managing ambiguity and paradox." On one hand, the leader must communicate clearly and meaningfully the basic, enduring value set of the enterprise, and in a way that inspires and motivates ordinary people to do extraordinary work - to bring out the genius in the average man. But, on the other hand, he must keep in touch with the real world, the nitty-gritty daily trials and tribulations of the workers in the field and in the office. And, it must be done personally; too much is lost in the translation of the experience via the traditional reporting system.

There must be an ongoing thoughtful dialogue about mission - objectives - strategies - action plans - results, between the leader and his people. Illustration: If the cooperative is widely perceived as a true service organization, then the employees will spell consumer with a capital C and member with a capital M. And, it will be clear that we don't sit back and wait for the Member/Consumer to come in with a problem or complaint. Rather, we will go out to them and seek out ways to help solve their problems and to serve them better. Further, it will be well understood and accepted by every employee that each inquiry or complaint will be responded to at least, within 24 hours, if not, in fact, fully resolved.

Supervisors - According to the American Management Association, supervisors spend 90% of their working hours communicating - - - but do they know how? No matter how varied their duties nor how specialized their talents, the principal job of supervisors is to get work done through people. They must bridge the gap between policy-making executives and rank-and-file workers. In his daily assignments he must constantly translate the needs of management into the deeds of people. He must express and listen, persuade and understand; in short, he must communicate.

The supervisor-employee relationship is crucial; it won't work if an employee says, "I like working here and conditions are nice, but my supervisor is a bum!"

What is the total environment in which our people work? Is there an atmosphere of trust and cooperation? Is there a supportive structure that nurtures growth and development? Are the people in the trenches and on the front line asked about what's needed, and what the obstacles are that are inhibiting productivity? Are people afraid to try something new because mistakes are just not acceptable? Even the best can be wrong, witness:

---Robert Fulton was unable to persuade Napoleon to use steam power to defeat the British Navy - - "the winds and tides cannot be defeated by building a fire below the wooden decks."

---Rear Admiral Woodward, U.S. Navy, 1939 - - "There's no way a bomb can sink a ship."

---Thomas A. Edison, 1889 - "High tension and AC power can never be scientifically or commercially justified."

---The venerable Bob Kabat, 5/10/72, --"Within 10 years all new consumers will be served underground, --- we will all be reading meters electronically from the office --- and retail electric rates will go up 25-30% by 1982." (Y.V.E.A. rates went up 200%).

Meanwhile, back at the Y.V.E.A. Ranch.....

As most systems have, Y.V.E.A. has written viewpoints and objectives, board policies, operating procedures, job descriptions, work plans, etc. And, over the years, we have had what I thought (subjectively, no doubt) was a good employee communications program. We've made a concerted effort to keep everyone fully informed, in a timely fashion, about the plans, problems, and activities of the Cooperative. Among the devices we've used are: monthly employee newsletter, posting notices and agenda of meetings, annual activity calendar with monthly update of all scheduled events and meetings, bi-monthly meetings of all employees to discuss co-op affairs and issues as well as budgets and major projects, regular monthly safety meetings, annual safety awards banquets, annual employee/spouse evening meeting to discuss the benefits program in detail, circulation of the minutes of the monthly general staff meetings, et al.

Now, having said all that, let me tell you "the rest of the story." We engaged Mountain States Employers Council, a highly respected professional group, to do an employee opinion survey for us. And, guess what! To our surprise and dismay, poor communications was one of their major concerns. Also garnering some low marks were certain aspects of supervision and management. (Wages, benefits, working conditions, and training were all positive.)

So, what did we do? We took a fresh look at how supervisory and management people should function, especially how communication

should take place. We're not giving up the information devices I mentioned earlier, but we do recognize that such efforts are too often a one-way transfer of factual, sterile information. We're trying to provide interactive, real-time communication opportunities. Some specific steps taken are:

- (1) First, we shared the results of the opinion survey with the employees, including the parts where management did not fare so well. We acknowledged that not all the suggestions could, or would, be implemented, but we did outline some programs in response to the survey.
- (2) The General Manager has held five small group luncheon "rap" sessions - informal free-wheeling discussions with "the troops".
- (3) We conducted all day communication workshops for all employees with an outside professional. (we're still getting "good vibes" from this.)
- (4) We introduced a new process to involve more people in annual work planning and budgeting.
- (5) We're more alert to recognizing achievements; e.g. framed certificates to five employees for completing independent study programs and one special award for outstanding contribution to the cooperative's safety program have been presented.
- (6) We've begun a new in-house communications exercise for key staff using current management books as required

reading. (Started with simple one, "One Minute Manager" - Kenneth Blanchard and Spencer Johnson).

- (7) We addressed several specific deficiencies pointed out by the employees - upgrading the mobile radio system and replacing two pieces of heavy work equipment.
- (8) We established a Standards Committee to coordinate purchasing and work practices between the operating districts. (Lack of such coordination was a criticism).

We've only started and it's really too early to see, or to expect, any startling improvements in productivity. But, we've taken a few steps, the first being to recognize the problem. The significant gains will only be realized through the persistent improvement in the communication skills of supervisors and managers as we move ahead.

DISCUSSION ON HOW EMPLOYEEES COMMUNICATION AFFECTS PRODUCTIVITY

Question: When was survey taken?

Answer: April, 1982.

Question: What does employee's perception have to do with communications?

Answer: Perception and reality are two different things.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

EMPLOYEE ASSISTANCE PROGRAM

Supervisory Training

January 26-27, 1983

Wayne Keller, General Manager

- I. Introduction
- II. Definition of the Employee Assistance Program
 - A. What is it?
 - B. What type of problems does it cover?
 - C. How does it differ from the alcohol and drug program that has been in place up until now?
- III. Poor Performance Case Analysis
 - A. Look at individual performance problems
 - B. Explore supervisors' feelings
 - C. Discuss actions taken
- IV. Review Policy
- V. Break
- VI. Film - "Dryden File"
- VII. Review Procedure
- VIII. Confrontation Guidelines
 - A. Preparation
 - B. Discussion
 - C. Follow-through
- IX. Roles and Responsibilities
 - A. Program Administrator
 - B. Assessment and Referral Source
 - C. Program Consultant

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Practice Statement Number: P-3- -

Date Adopted: June 16, 197

Date Revised: January 5, 198

SUBJECT: Employee Assistance Program for Employees with Personal, Emotional, Alcohol, Drug, or Related Problems

RELATED POLICY: 3-2-B, 3-7-0

I. PURPOSE

- A. To assure that each employee of the Cooperative observes reasonable standards of job performance; and if a personal problem affects job performance, to assure that help will be made available to the employee.
- B. To provide guidelines for supervisors for obtaining corrective action to remedy unacceptable employee job performance.
- C. To define behavioral and/or job performance problems resulting from drug dependence and/or drinking or other emotional problems as health problems requiring treatment, rather than work rule violations requiring disciplinary action.

II. SCOPE

This practice applies to all employees of Blue Ridge Electric Membership Corporation. Note: It is applicable to a variety of causative agents for problem behavior, such as emotional disturbances, severe family/marital problems, ill health, personal financial difficulties, alcohol and drug abuse.

III. EXPLANATION

Behavioral problems which affect work performance, attendance, and on-the-job behavior are a legitimate concern of management. They may be the result of a wide range of causes, such as alcohol or drug abuse, marital or family distress, emotional instability, financial or legal problems, etc. Early identification and referral for help frequently results in restoring the individual to a more productive life.

Blue Ridge Electric Membership Corporation considers alcoholism among employees an illness and maintains a treatment attitude toward this problem. The Cooperative offers assistance in obtaining help for this and other types of problems. While this practice statement generally conforms to the guidelines set forth in Practice Statement P-3-11-1, "Employee Discipline and Supervisor Guide to Corrective Disciplinary Action"; invocation of this practice will not be considered "disciplinary action" in the customarily accepted sense of the term.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Practice Statement Number: 2-3-6

IV. PRACTICE

STEP 1. Informal Interview. When on-the-job performance, attendance, or conduct of an employee is first observed to be unsatisfactory the employee's immediate supervisor will:

- A. Consult the Director of Personnel for advice and policy interpretation.
- B. Confront the employee with documented facts.
- C. Conduct a routine interview with the employee and conclude the interview by informing him of the availability of the Employee Assistance Program if a personal problem is contributing to poor job performance.

STEP 2. Documentation. On the next occasion when job performance, attendance, or conduct has continued to be unsatisfactory, the employee's supervisor will:

- A. Confront the employee and review with him his documented work record.
- B. Expect him to get help, gain control of his problem, perform his work satisfactorily, and advise him to secure available help. (See Step 1.C. above.)
- C. Advise the employee of the next step of this practice.
- D. Document the interview, and
- E. Consult the Director of Personnel concerning the supervisor's impression and employee's progress.

STEP 3. Probation. Provided the employee has made an effort at correcting his problem and has shown satisfactory progress or performance has been sustained at an acceptable level for some period of time, then, should a relapse or other repetition of the initial problem which affects the employee's job performance, attendance, or conduct occur within one year of STEP 2, the employee's supervisor will:

- A. Confront the employee, review his work record, and advise him he is being placed on probation for a set period of time (not to exceed a maximum of one year).
- B. Require him to counsel with the Program Administrator (the Director of Personnel), if applicable, and to enter into or continue in a program of help. (See Step 1.C. above.)
- C. Advise him of the next step of this practice.
- D. Document the interview.
- E. Review and evaluate at the end of the probationary period.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Practice Statement Number: P-3-6

STEP 4. Final Warning. If the employee has not demonstrated overall progress, or has failed or refused to seek professional assistance in resolving his personal problem, the employee's supervisor will:

- A. Confront the employee, review his work record, and advise him that he is being placed on a final warning for a set period (not to exceed a maximum of six months).
- B. Recommend that he contact the Program Administrator (Director of Personnel), if applicable.
- C. Advise him of the next step of this practice.
- D. Document the interview.
- E. Review and evaluate at the end of the final warning period.
- F. If the employee's performance declines after the successful completion of the final warning period, but the employee has demonstrated overall progress, then he will be placed on probation (see STEP 3.)

STEP 5. Termination. If the employee's job performance, attendance, or conduct during the final warning period does not improve, the employee will be subject to termination of employment for cause.

V. GENERAL

1. This practice is not to be interpreted as being in conflict with Work Rule 12, or any other applicable work rule.

Work Rule 12 is stated as follows:

"Employees reporting to work or working under the influence of intoxicants or unauthorized drugs are subject to dismissal."

2. All references in this practice to either "alcohol" or "drinking problem" may also be interpreted to include dependence on other types of drugs; and their related behavioral problems.
3. Self-referral is encouraged. If the employee wishes to personally make his own contact with the Program Administrator at Blue Ridge Electric Membership Corporation, or directly with one of the service agencies involved, he is urged to do so. The Foothills Mental Health Center in Lenoir and the New River Mental Health Center in Boone, Jefferson, and Sparta have professional personnel who can assist individuals concerned about problems related to alcohol and drugs, as well as family or marital difficulties or other types of personal problems. Employees should feel free to discuss with their supervisors or the Program Administration (Director of Personnel) any personal or domestic problems affecting their job performance.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Practice Statement Number: P-3-6-

4. The confidential nature of medical records and private counseling of troubled employees will be preserved in the same manner as all other personnel records (See Practice P-3-4-1, "Confidentiality of Personnel Files and Employees' Privacy Rights").
5. No employee will have his job security or promotion opportunities jeopardized by his request for counseling or referral assistance, and as long as he cooperates in his rehabilitation program and shows reasonable progress.
6. Whenever used in this practice statement, the masculine pronoun, "he" or "him" shall be interpreted to include the feminine pronoun ("she" or "her").
7. Since employees' work performance can be affected by problems of an employee's spouse or dependent children, this program is available to those family members of employees as well as the employee himself.

VI. RESPONSIBILITY

- A. Employee: It is the employee's responsibility to cooperate in his own recovery. After a reasonable opportunity for progress, discipline, up to and including job dismissal, will occur unless there is noticeable improvement in work attendance and/or job performance.
- B. Supervisors: It is the supervisor's responsibility to carry out this practice in a firm, fair, and consistent manner. Supervisors will keep in mind that they are not trained professional counselors in areas of mental health. Supervisors' responsibilities are limited to identification of job performance problems, confrontation, referral to professional assistance, and follow-through.
- C. Director of Personnel: The Director of Personnel shall serve as the Program Administrator for the Cooperative. The Director of Personnel shall be consulted in all cases by the supervisor before application of this practice, for advice and interpretation, to assure system-wide consistency in its administration, and to insure that personnel actions violate no State or Federal regulations applicable to the treatment of alcohol and drug problems as a handicap (specifically, Section 503 of the Rehabilitation Act of 1973).

Changes in this practice shall be the responsibility of the Director of Personnel.

PROCEDURE FOR SUPERVISORS ON BEHAVIORAL PROBLEMS

Basically, it will be noted that the following procedure does not differ, in principle, from the standard procedures required of supervisors whenever performance decline or substandard performance is observed, whatever the presumed cause may be. In connection with behavioral problems, it is only necessary to stress these procedures because they are so frequently neglected or replaced by inappropriate supervisory actions resulting from social prejudices surrounding the subject of alcoholism, drug abuse and other behavioral problems.

It is required that supervisors at all levels avoid practices that are inconsistent with the cooperative's policy regarding The Employee Assistance Program.

To facilitate this and to provide supervisors with guidelines for handling possible behavioral problems, the following procedure is outlined under two subheadings:

1. What Not To Do, and
2. Actions To Be Taken

WHAT NOT TO DO:

1. Supervisory personnel should not attempt to identify employees' behavioral/medical problems. This is a case-finding and diagnostic function which is not the proper role of supervision.
2. Except in situations where drinking or evidence of intoxication occur on the job or while performing job-related duties, supervisors should not discuss drinking or "drinking problems" with employees under their direction.
3. No person in a supervisory position should cause to be put into an employee's personnel record folder any document or memorandum bearing the diagnosis or supposition that an employee has a behavioral problem.
4. No supervisor should terminate a previously satisfactory employee for declining and unsatisfactory performance before giving them the appropriate opportunities to seek assistance in determining whether there may be an undiagnosed illness, including the possibility of alcoholism which could be remedied through treatment.
5. No actions should be taken by supervisors which in any way are inconsistent with the cooperative's Employee Assistance Program - related cases and other chronic illnesses affecting employee performance.

ACTIONS TO BE TAKEN:

1. Performance of employees should be thoroughly documented through use of standard appraisal forms and data kept by supervisors for their private use in evaluating employees. The supervisor should periodically compare his notations with his previous observations of employee's work to determine what changes, if any, have occurred.

ACTIONS TO BE TAKEN - cont'd

2. Whenever it is noted that performance has deteriorated or unfavorable changes have occurred in work habits and patterns, the immediate supervisor has three options in deciding what action may be advisable:
 - a. The supervisor may know the cause of performance change and may be able to take appropriate action to help the employee to correct it.
 - b. The performance change or problem may be of such a nature that the supervisor will find it advisable to discuss the matter with his immediate supervisor before discussion with the employee.
 - c. Finally, the supervisor may find it helpful in addition to discussion with his supervisor, to discuss his observations with the Director of Personnel.

A good rule of thumb for supervisors in deciding which course is appropriate is: When in doubt about following option "a", follow option "b"; and when in doubt about whether option "b" is entirely adequate, also take option "c".

3. Whenever option "c" is used (consultation with the Director of Personnel, in addition to discussion with the immediate superior), the supervisor should keep in mind that his primary objective in such discussions is not to determine the employee's underlying problem, but:
 - a. To obtain consultation as to the best methods for conducting an initial corrective interview with the employee, and
 - b. To discuss what personnel actions are warranted in relation to the degree of performance problems.
4. If it seems advisable, the supervisor should then schedule a special performance appraisal interview with the employee to advise the employee:
 - a. That the work behavior must be corrected.
 - b. That specialists are available to assist the employee if health or emotional problems are contributing to the performance decline, and
 - c. That more drastic steps may be taken if the employee's performance does not improve in a reasonable time.

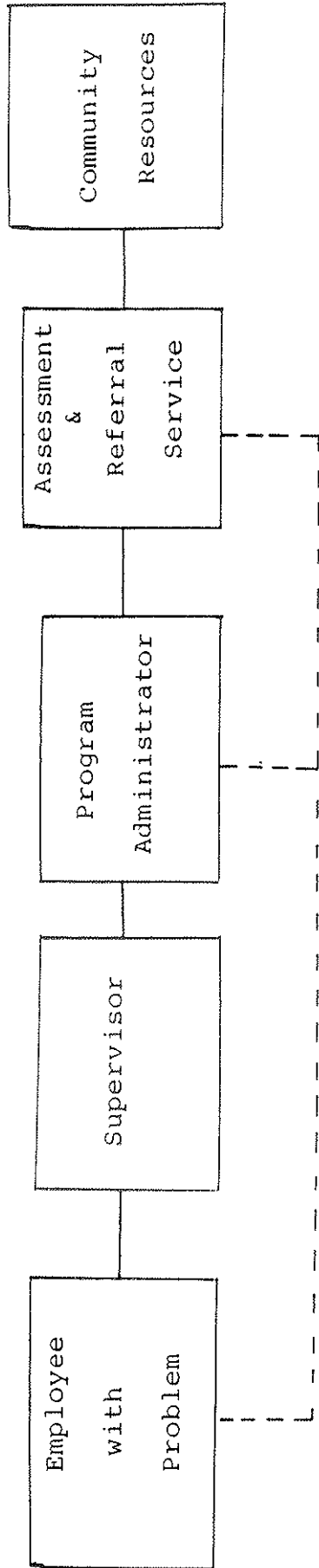
(See Personnel Practice P-3-6-1 for more specific instructions.)

5. If the employee indicates at this time that he would appreciate a confidential interview with a specialist, the supervisor will arrange for an appointment for an interview. The Director of Personnel may be asked to assist in coordinating this appointment.
6. Subsequently, the supervisor will continue to observe and document employee's job performance. If the problem continues or becomes more acute, the supervisor should schedule another performance review within a few weeks, depending upon the seriousness of the problem.

ACTIONS TO BE TAKEN - cont'd

7. If the employee has not improved in a reasonable time and has not availed himself of confidential help, it is probable that the underlying cause of the performance decline is something beyond the employee's own control (a severe family difficulty, or an undiagnosed untreated health condition, such as alcoholism, or an emotional disturbance). Therefore, prior to the second performance appraisal interview, the supervisor should certainly discuss with his immediate superior and with the Director of Personnel what motivational action and referral procedures would be appropriate. A recommended plan of remedial action for the employee will be developed.
8. During the second performance interview the work records should be reviewed with the employee. Any appropriate penalties for failure to correct the performance problem will be given. The employee will be told that he must correct the work problem, and he will be urged to follow the suggested plan of remedial action. He will be told that his job may be in jeopardy if the work problem is not corrected in a reasonable time.
9. If these actions do not result in restoration of adequate performance, the supervisor will again discuss the problem with his immediate supervisor and the Director of Personnel. A determination will be made regarding what personnel action the employee's performance requires: Whether further opportunity should be given for the employee to seek diagnosis and help, or whether termination should occur if performance continues to be unsatisfactory.
10. If an employee does have alcoholism or an emotional illness and accepts treatment, he may or may not have an occasional relapse. If such relapses are long enough to affect attendance or performance, the suggested criteria for personnel decisions is, "what action would be consistent with the way the cooperative would handle the situation if this were some other chronic illness affecting performance to a similar degree?"

F L O W C H A R T



———— Supervisory Referral
----- Self Referral

Program Administrator - Chuck Troutman
Assessment & Referral - See next page
Service

Assessment and Referral Personnel

Caldwell District: Marguerite R. Duren
Foothills Mental Health Center
1006 Kirkwood Street, N.W.
Lenoir, NC 28645
754-4551

Watauga District: Wayne Johnson
New River Mental Health Center
Bamboo Road
Boone, NC 28607
264-8759

Ashe District: ~~Larry~~ Landry
New River Mental Health Center
207 North Street
West Jefferson, NC 28640
(919) 246-4542

Alleghany District: Keith Howell
New River Mental Health Center
501 Hospital Road
Sparta, NC 28675
(919) 372-4095

EAP CONSULTANT: John Burke
Burke-Wall Associates
P.O. Box 19557
Raleigh, NC 27619
(919) 782-7817

P A R T I

THINK ABOUT ONE PERSON THAT YOU WORK WITH. DOES HE OR SHE HAVE ANY OF THE FOLLOWING CHARACTERISTICS? GO THROUGH THE LIST BELOW AND PLACE AN "X" NEXT TO EACH CHARACTERISTIC YOU HAVE NOTED IN THAT PERSON.

CHANGES IN

1. ABSENTEEISM

- A. Instances of Unauthorized Leave
- B. Excessive Sick Leave
- C. Frequent Monday and/or Friday Absences
- D. Repeated Absences, particularly if they follow a pattern
- E. Excessive Tardiness, especially on Monday mornings or in returning from lunch
- F. Leaving work early
- G. Peculiar and increasingly improbably excuses for absences
- H. Higher Absenteeism rate than other employees for colds, flu, gastritis, etc.
- I. Frequent unscheduled short-term absences (with or without medical explanation)

2. "ON-THE-JOB ABSENTEEISM

- A. Continued absences from post more than job requires
- B. Long coffee breaks
- C. Repeated undealt-with physical illness on the job

3. HIGH ACCIDENT RATE

- A. Accidents on the job
- B. Accidents off the job

4. DIFFICULTY IN CONCENTRATION

- A. Work requires greater effort
- B. Jobs take more time

5. CONFUSION

- A. Difficulty in recalling instructions, details, etc.
- B. Increasing difficulty in handling complex assignments
- C. Difficulty in recalling own mistakes

6. SPASMODIC WORK PATTERNS

- A. Alternate periods of high and low productivity

7. REPORTING TO WORK

 A. Coming to/returning to work in an obviously abnormal condition.

8. GENERALLY LOWERED JOB EFFICIENCY

 A. Missed deadlines

 B. Mistakes due to inattention or poor judgment

 C. Wasting more material

 D. Making bad decisions

 E. Complaints from students or other faculty

 F. Improbable excuses for poor job performance

9. POOR EMPLOYEE RELATIONSHIPS ON THE JOB

 X A. Over-reaction to real or imagined criticism

 B. Wide swings in morale

 C. Borrowing money from co-workers

 X D. Complaints from co-workers

 E. Unreasonable resentments

 F. Avoidance of associates

P A R T II

NOW, GO BACK OVER THE LIST AND INDICATE IN THE LEFT HAND MARGIN HOW YOU FELT ABOUT THIS TYPE OF PERSON'S BEHAVIOR.

- A. ✓ I felt helpless.
- B. ✓ I felt sad.
- C. ✓ I felt hurt.
- D. ✓ I felt let down.
- E. ✓ I was fearful of approaching the person.
- F. ✓ I was fearful of doing the wrong thing.
- G. ✓ I felt guilty somehow.
- H. ✓ I felt angry.
- I. ✓ I felt superior.
- J. ✓ I felt frustrated.
- K. Other

Personal ...
you ...

3- ...
...

P A R T III

ONE MORE TIME, GO OVER THE LIST AND INDICATE IN THE LEFT HAND MARGIN WHAT YOU DID ABOUT THIS BEHAVIOR.

- A. I did nothing, I ignored it.
- B. I covered up for him/her.
- C. I gave him/her a good "chewing out".
- D. I suggested he/she move to a less demanding job.
- E. I cut off communications with him/her.
- F. I complained to others (my boss, colleague, secretary, wife/husband, etc.)
- G. I threatened him/her.
- H. I did his/her work.
- I. I persuaded him/her to retire.
- J. I resigned/retired.
- K. I discussed it.
- L. I helped. *(See above)*
- M. I did something else.

CONFRONTATION GUIDELINES

I. Preparation

- A. Put together documentation
- B. Be consistent
- C. Arrange for a private location

II. Discussion

- A. Acknowledge value of employee
- B. Be firm and honest
- C. Speak of job performance
- D. Avoid personal involvement

III. Follow-through

- A. Explain standard procedures
- B. Establish a plan
- C. Get a commitment
- D. Document

MEMORANDUM OF AGREEMENT

FOR SERVICES

EMPLOYEE ASSISTANCE PROGRAM

This MEMORANDUM OF AGREEMENT is made and entered into by Blue Ridge Electric Membership Corp., hereinafter called the EMPLOYER, and the Foothills Mental Health Center of Caldwell County, hereinafter called the CENTER, this 1st day of January, 1983 for mutual considerations, duties, and obligations hereinafter set forth.

A. OBLIGATIONS AND CONSIDERATIONS:

1. The EMPLOYER agrees to pay the CENTER the sum of four hundred fifty dollars (\$450.00) (\$5.00 x 90 employees) per year for services rendered, and the CENTER agrees to provide services hereinafter known as the Employee Assistance Program, a program of services for employees of the EMPLOYER experiencing a variety of problems. The period of performance for this Memorandum of Agreement shall be from the date of execution of this agreement through December 31, 1983, subject to negotiation of the fee schedule and per capita changes.

FURTHER:

2. The EMPLOYER agrees that certain elements are essential for the successful administration of the program, and that these elements must be initiated, presented, and maintained by the EMPLOYER. These essential elements include but are not limited to the following:

a. Designate an Advisory Committee to assist in the program development and implementation. This Committee will monitor the progress of the program and make recommendations for continuation.

b. Designate a Program Administrator who shall be in charge of day-to-day operation and who shall act as liaison between the EMPLOYER and the CENTER.

c. Allow for three hours, minimum, initial training for all supervisory personnel and interested employees, and yearly re-orientation of one hour, minimum.

d. Allow for an employee awareness effort. This would include monthly bulletin board posters and pay envelope stuffers provided by the CENTER. It would also include a program description in the employee newsletter and an introductory letter from the President.

e. Facilitate monthly site visits between the Program Administrator and the CENTER.

3. The CENTER, in consideration of monies to be received, shall provide services to the EMPLOYER. These services include, but are not limited to the following:

a. Offer knowledge, expertise, and assistance in implementing the policy and procedure in relation to troubled employees.

b. Provide three hours, minimum, of initial training to all supervisory personnel and interested employees, and one hour, minimum, of yearly re-orientation.

c. Make monthly site visits to the EMPLOYER to assist the Program Administrator in maintaining a viable Employee Assistance Program.

d. Provide for development and distribution of printed matter for use by the EMPLOYER to inform all Blue Ridge Electric Membership Corp. employees of the purposes, benefits, and intentions of the Employee Assistance Program.

e. Provide assessment and referral services to all employees found by the EMPLOYER to be "troubled", based on the employees' inability to satisfactorily perform their job responsibilities. Assessment and referral services are also offered as well to employees and their immediate families who initiate contact on a self-referred basis. The assessment and referral session(s) are provided at no cost to the employee or their immediate family. Payment for counseling or therapy recommended beyond the initial assessment and referral session(s) will be the responsibility of the employee.

f. Maintain a standard of strict confidentiality in the administration and operation of the Employee Assistance Program and related services.

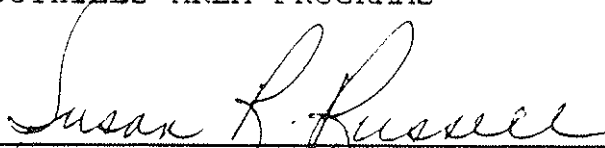
g. Provide quarterly reports which would indicate statistics and impressions of the program status during that respective quarter.

B. MEMORANDUM LIMITS, RE-NEGOTIATIONS AND TERMINATIONS:

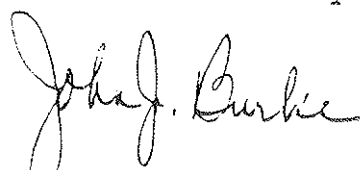
1. The agreement shall remain in effect from the date of execution through December 31, 1983, renewable on a fiscal year basis, subject to re-negotiation of the fee schedule and per capita changes.

2. Either party may terminate this agreement by giving the other party thirty (30) days prior written notice.
3. Monies paid by the EMPLOYER to the CENTER will be based on the current fee schedule multiplied by the number of permanent employees at the time of Memorandum execution or renewal.
4. Initial supervisory training and yearly re-orientation must occur before sixty (60) days from the date of execution of this agreement, unless otherwise agreed to by both parties.


Walter W. Stelle, Ph.D.
Area Director
FOOTHILLS AREA PROGRAMS



Susan R. Russell
Unit Administrator
Foothills Mental Health Center
of Caldwell County



John J. Burke
BURKE/WALL ASSOCIATES
Representing FOOTHILLS AREA PROGRAMS



Charles W. Troutman
Director of Personnel
BLUE RIDGE ELECTRIC MEMBERSHIP
CORP.

DISCUSSION ON EMPLOYEE ASSISTANCE PROGRAM

Question: What does supervisor do?

Answer: Encourage employee to go on his own and seek assistance?

Question: Can the employee utilize the program without the cooperative's knowledge?

Answer: Yes. The assistance is completely confidential.

Question: Should the co-op really be trying to help people with personal problems?

Answer: Yes, we cannot put the job above people.

LONG RANGE STRATEGIC GOALS PLANNING

Charles Overman, General Manager
Adams Electric Cooperative, Inc.
Gettysburg, Pa.

(Notes taken during presentation)

Adams Electric Cooperative - looking at the use of telemetry -
CATV - CAPS etc.

Strategies were developed looking at environment which included:

- The Rural Electrification Act
- Interest rate (2%)
- Use of soft loans to build sales and load system
- Development of CFC

Since 1959 changes have accelerated

Two board members elected who brought different points of view and
changed strategies

Promotion of heat-pump water heater was moderately successful

Manager's Role - "Did a group pass through here? How Many? How fast? Which
way? I need to know, because I am their leader."

A short time ago we decided there were some basic questions we needed to
answer. We did some brainstorming and developed a basic reading paper to
help to assure board and staff are in consonance.

Adams Electric never merchandized until last year. We needed to merchandize
if we were going to promote. Examples: Ground water heat pumps and heat
storage equipment.

Something else was pushing us toward electronic communications. Adams had
done a good job in getting members to use their energy effectively. Adams is in a
volatile situation as between peak demand and KWH.

A key strategic decision has to do with the financial strategy of the
co-op. Members now take pride in the equity they have in their cooperative.

Some say there are cooperatives who won't make it in the next ten years.
Adams is re-examining what it is doing and its impact on the cooperative
ten to twenty years from now.

One question we are confronting is how long there will be a viable REA.
This has strategic implications for Adams Electric Cooperative.

Another area we are looking at is members and members' role in the cooperative
in years to come. When we involved our members in rate hearing and rate making
we learned something about member involvement. The strategic implications of using
members to help make decisions is one of the best ways of consistently maintaining
member involvement.

Members don't have a problem of evaluating their co-op's performance but they
do have difficulty in evaluating the performance of the directors they elect
to represent them.

Adams is looking at the integration of electronic and digetal technology.

Long Range Strategic Goals Planning

We're looking ahead to finding ways to have directors who understand the complexity of today's operation of a rural electric utility.

We are looking to find ways to influence the housing industry to assure our members have energy efficient homes from the day they are designed.

We can't leave the future of our cooperative to chance. We must plan for the future.

DISCUSSION

Question: Is the board thinking to make the merchandising program self-supporting?

Answer: Haven't decided yet.

Comment: Our cooperative is in the appliance repair and wiring program and we lose \$100,000. per year.

Comment: We have the same problem, we've lost up to \$35,000. a year. There is no place on REA Form 7 to state the benefits of such a program.

Comment: Apparently you don't have the problem of justifying this to a state utility commission.

Comment: At our cooperative we break out services other than electric and we netted \$100,000. This includes financing, insulation, appliance sales, etc. commission allows \$8.00 per consumer under the rates.

Comment: Our Co-op is not subject to state regulation. I believe the cooperative should be a full service organization. Regulatory agency tries to get you to just provide electric service. This is the narrow view.

Comment: Gas companies can re-coup these costs in their rates in Texas. Electric utilities can't.

Comment: We can't say just because we're a cooperative that we should operate at a deficit in providing these special services.

Comment: A 60% increase in power costs caused us to project our strategic thinking.

The point is that there is alot coming that we are going to be confronted with and we must do strategic planning.

AN
OUTLINE
REPORT

EMPLOYEE ASSISTANCE PROGRAM

Prepared By
CASS COUNTY ELECTRIC COOPERATIVE, INC.

Kindred, North Dakota

May, 1983

EMPLOYEE ASSISTANCE PROGRAM

According to Peter Drucker, productivity is the first test of management's competence. The continuous improvement of productivity is one of management's most important jobs. It is one of the most difficult jobs because productivity is a balance between diversity of factors, few of which are easily definable or clearly measurable.

Cass County Electric has been a student of many of the principles of management techniques and practices that date back to the start of the National Rural Electric Association's Management Institute Program in the 1950's.

Productivity was a topic then and has continued to be an integral part of management since that time. On that subject we addressed the importance of:

- Methods and devices of work measurement
- Employee training/development
- Fair rewarding of work performance
- Incentive programs/performance reviews
- Supervisory training/job rotation

Some of us have found that as well as we have implemented most of these practices and programs, we are still in search of productivity improvements.

A few years ago a clinical psychologist obliged Cass County by arranging a discussion with Cooperative's management about non-job related areas that can have an influence on employee performance and productivity. He cited research data that indicated that 15% of the nation's work force struggles with problems that affect productivity and included in those problems were:

- Personal problems
- Marital
- Compulsive habits of gambling, drinking, drugs
- Financial problems
- Etc.

He cited that employers pay steep prices for the problems of troubled employees and indicated that alcoholism alone creates a \$20 billion "hangover" cost for our nation's businesses each year. And -- health services related to drinking cost another \$12 billion.

At the time, Cass County viewed the presentation as a self-interest "sales pitch" that confronted problem areas that were minimal or nonexistent among its employees or immediate members of their families.

The persistence of the individual and through conversations with other area employers who had a program dealing with non-job related problems of employees, it was concluded that such a program would be in the best interest of the Cooperative and its employees.

I must admit that early discussion of such a program for the Cooperative contained some resistance from department managers. It was viewed as an intrusion in off-job activities and the position that should not be a concern of the employer. Underneath it represented an additional burden for the supervisor. Nevertheless, in early 1979 it was concluded such a program had a lot of merit and the board adopted a policy in that regard. (Exhibit #1 is a copy of that policy)

The policy states that the Cooperative agrees to the following:

- ☐ It recognizes that employees, spouses or dependents can have problems with alcohol, drugs and emotions.
- ☐ Any one of these can lead to financial, family and marital difficulties.
- ☐ It recognizes these problems can lead to treatable illness, regarded as any other illness.
- ☐ There will be no jeopardy of job security/promotion.
- ☐ Persistent unsatisfactory performance undefinable by supervisor will result in having the employee submit to a diagnostic evaluation by professional counsellor/evaluator.
- ☐ Same will be available for spouses and dependents.
- ☐ Initial evaluation cost is borne under the program and needed in-patient treatment shall receive same leave and insurance coverage provided for other illnesses.

The procedure in implementation of the policy is provided in another attachment to this report. (Exhibit #2)

Cass County's Employee Assistance Program is conducted in cooperation with North Dakota's Southeast Human Service Center -- an agency supported by government and the National Institute on Alcoholism Abuse -- offering a program to meet human needs of the area's communities. The agreement with SEHSC provides that two counselor-evaluators will be assigned to our group and available for call -- day or night.

Our group, containing employees and directors, numbers 82 and the annual contract cost with SEHSC is \$656.00.

Soon after our program was launched, the Cooperative realized that some situations may require follow up out-patient treatment and counseling, and decided that those types of costs may be a deterrent to full recovery. Therefore, the board of directors approved the recommendation of management to add an endorsement to our Major Medical plan. This endorsement increased the premium cost of our Major Medical premium by \$13.80 per year for individual employees and \$31.80 per year for employees with families. It pays for 80% of the out-patient treatment, up to \$2,000 per year for each group member and their dependents. It is the belief that this endorsement added an important element to full utilization of the program.

One of the first concerns we had, and I'm sure a question some of you may have, is the utilization factor of the program and this is shown in the annual program utilization report given the board each year. A copy of two such reports are shown as attachments to this report. (Exhibit #3 and #4)

Generally speaking, the utilization factor is above that which was expected and in line with that which was projected by the Southeast Human Services.

The attitude and support of supervisory personnel has made a 180 degree change from that which was experienced during discussions prior to the implementation of the program. This is revealed in one of the early ratings of a workshop held with supervisors as shown in Exhibit #5. The same can be found in a program rating conducted this past month and shown in that report. (Exhibit #6)

Cass County is most pleased with its Employee Assistance Program and can point to some other benefits of the program. We have established an openness in discussion of employee problems dealing with alcohol, drugs, etc. Past stigmas associated with these problems are gone; some employees who have benefitted from the program have volunteered to help other employees with like problems. One new employee, who had solved an alcohol problem during a previous employment, felt comfortable about coming forward to volunteer assistance to others.

We have seen improvement in productivity of employees who had personal problems or employees who had dependents plagued with problems.

Employees have recognized the Cooperative's extension of its concern for the employees and their dependents. Fear of incrimination has been replaced with improved morale.

A key to whatever success Cass County has achieved in its Employee Assistance Program must give credit to the following:

- On-going quarterly supervisory training (2-4 hours)
- Continuing communication on the program and information on off-job problems
- On-going quarterly information programs for all employees (In conjunction with monthly employee safety meetings)
- Use of posters to remind employees of the program

Samples of a couple methods of communication is the quarterly Employee Assistance Program Communicator and the type of posters used in each workplace. (Exhibit #7 and #8)

In conclusion, I would like to report that I have made available to the group the listing of State and Territorial Occupational Alcoholism Program Consultants so that anyone interested in exploring the assistance available in their area can do so by contacting the proper person.

CASS COUNTY ELECTRIC COOPERATIVE, INC.

9/79

KINDRED, NORTH DAKOTA

POLICY BULLETIN NO. 80

SUBJECT: Employee Assistance Program

POLICY:

The Cooperative recognizes that some employees, employee spouses or other dependents may have a problem with alcohol, drugs or emotions. The Cooperative recognizes that if any of these persons are faced with these problems, it can lead to financial and marital difficulties and could be a contributing handicap to the employee's fullest potential in job performance. The Cooperative also recognizes that problems with alcoholism, drug dependency and emotions is an illness that is treatable.

The purpose of this policy is to assure any employee having any of these illnesses that they will receive the same consideration and treatment that is extended to an employee having any other illness, and no employee having agreed to diagnostic counseling or treatment will have his/her job security or promotional opportunities jeopardized.

It is the responsibility of all supervisory personnel to identify persistent unsatisfactory employee job performance. If such performance is undefinable, or if it becomes known that the unsatisfactory performance stems from an employee problem with alcohol, drugs or emotions or a similar problem with a member of the employee's family, a request for diagnosis shall be forwarded to the Cooperative's program coordinator for referral to an employed professional counseling service.

In the event that an employee's job performance is not a consideration and the employee, spouse or dependent has an admitted problem with alcohol, drugs or emotions, the same assistance is available from the Cooperative's program coordinator and counseling service.

The initial counseling by the employed counseling service shall be provided by the Cooperative and any cost of needed treatment shall receive the same financial benefits, such as leave benefits and insurance coverage provided for other illnesses under the Cooperative's employee-benefit program.

CASS COUNTY ELECTRIC COOPERATIVE, INC.

KINDRED, NORTH DAKOTA

OPERATING PROCEDURE NO. 41

SUBJECT: Employee Assistance Program

Issued: October, 1980

Supersedes: 1/80

OBJECTIVE:

1. The Cooperative recognizes that employee performance can be affected by problems with a dependency on the use of alcohol, drugs or problems dealing with emotions. It is also recognized that job performance can be affected if similar problems involve the employee's spouse or dependents. The Cooperative regards any problems with alcohol, drugs and emotions as treatable illnesses. Furthermore, the Cooperative recognizes that any one of these problems can lead to financial and marital unrest, which can be detrimental to a healthful family relationship.

The Cooperative has a policy dealing with this matter in which it assures any employee, spouse or dependent, having an aforementioned problem, that they will receive the same consideration and offer of treatment that is extended for any other illness. The procedure to be followed in implementing that policy is as follows:

PROCEDURE:

1. Whenever any of the aforementioned persons seeks help with the above named illnesses, they can request same by making it known to the supervisor, the Cooperative's program coordinator or directly to the assigned counselor at Southeast Mental Health of Fargo, thereon the counselor will arrange for evaluation or diagnosis of the circumstance and make a recommendation of needed assistance in solving the problem.
2. Where an employee's job performance is unsatisfactory and normal supervisory procedures dealing with the matter do not reveal any job related causes for the unsatisfactory performance, the supervisor shall recommend that the employee seek assistance with the non-job related problems by contacting the program coordinator or through direct contact with the assigned counselor/evaluator at Southeast Mental Health.

In the event the employee does not request the recommended assistance and job performance remains unsatisfactory, the employee will be required to seek assistance, and if refused, disciplinary measures and/or dismissal will follow.

3. After a voluntary consultation with the Southeast Mental Health counselor/evaluator, either as a result of a direct contact or as a result of a suggestion of the program coordinator, an appropriate treatment plan will be recommended by Southeast Mental Health.
4. When a consultation with Southeast Mental Health is a requirement, the recommended plan of treatment will be discussed with the counsellee, the program coordinator and the supervisor and, upon agreement of the three, arrangement for treatment will be made by the counselor/evaluator.

Employee Family

1. In the event the Southeast Mental Health counselor/evaluator discovers that the employee's problem stems from a problem encountered by the spouse or immediate members of the employee's family, the counselor/evaluator will recommend a plan for the family that would offer help in resolving the family member's problem. And -- upon agreement, make arrangements for any referred treatment and/or counselling.
2. When members of the employee's family do not avail themselves of recommended assistance and the job performance of the employee remains unsatisfactory as result thereof, disciplinary measures and/or dismissal will follow.

Confidentiality

1. Once an employee, spouse or dependent submits to an evaluation, referred treatment or counselling, the matter will be handled in a confidential manner.
2. Any absence from work required by an employee's participation in the program will be treated as any other illness in accordance with present Cooperative policy.
3. Personnel files will not include any reference to therapy or remediation of a problem. Upon request, an employee will have the opportunity to review and have access to his personnel file to insure such confidentiality.
4. The evaluation, counselling or treatment resource used in each case shall maintain only such records as are necessary and shall not release them without written authorization of the troubled employee-client. Such records will be handled in the same confidential manner as other medical and hospital records are handled.

Relapse Situations

1. If an employee receives referred treatment or counselling and a relapse occurs, a decision will be made as to the conditions under which additional treatment will be recommended. This decision will include the supervisor, program coordinator, general manager and the original Southeast Mental Health counselor/evaluator in the case. Substandard performance following a second rehabilitation treatment may lead to the termination of employment. Where a member of the employee's family has a relapse following referred treatment or counselling, consideration of a second rehabilitation becomes the decision of the family with advice of the original Southeast Mental Health counselor/evaluator.

Costs

1. The cost of Southeast Mental Health's evaluation service is provided by the Cooperative at no cost to the employee or members of the employee's immediate family.
2. The Cooperative's Major Medical Plan will provide in-patient hospitalization under terms of the contract for:
 - a. Mental conditions.
 - b. Acute alcoholism.
 - c. Acute drug addiction.
 - d. Chemical dependency rehabilitation services (alcoholism, drug addiction) in any facility licensed by the appropriate state agency for such purpose and where the Blue Cross Plan does have an agreement with such facility to furnish such benefits to its subscribers.
3. For medically necessary mental health services and chemical treatment on an out-patient basis, the Cooperative's Major Medical Insurance Plan provides partial coverage, provided such treatment is rendered by or under the direct supervision of a psychiatrist (M.D.) or physician (M.D.) in a mental clinic or the out-patient department of a participating Blue Cross of North Dakota hospital.

CASS COUNTY ELECTRIC COOPERATIVE
EMPLOYEE ASSISTANCE PROGRAM

ANNUAL EVALUATION

REPORT PERIOD	10-1-80 TO 9-30-81
NO. OF EMPLOYEES	82

PROGRAM UTILIZATION

NO. OF EMPLOYEES PARTICIPATING	6
NO. OF DEPENDENTS PARTICIPATING	8
TOTAL PROGRAM PARTICIPANTS	14

REFERRAL TYPE

SUPERVISOR REFERRAL	0
EMPLOYEE SELF REFERRAL	6
DEPENDENT SELF REFERRAL	8

PRIMARY PROBLEM TYPE

ALCOHOL	6
EMOTIONAL	5
FAMILY	3

RECOMMENDATIONS:

1. SUPERVISORY REVIEW TRAINING - REVIEW TRAINING SHOULD BE CONDUCTED TO REACQUAINT ALL SUPERVISORS WITH HOW THE EAP WORKS.
2. EMPLOYEE FORUM - A 1/2 HOUR PRESENTATION ON AVAILABLE SERVICES WILL BE AVAILABLE.
3. MONTHLY POSTER ROTATION - IN AN AREA HIGHLY VISIBLE TO ALL EMPLOYEES
4. FAMILY NOTIFICATION - IF NOT DONE ALREADY, A LETTER OF REACQUAINTANCE SHOULD BE DISTRIBUTED TO THE HOMES OF ALL EMPLOYEES TO INSURE PROGRAM VISIBILITY TO THE FAMILY.
5. REGULAR CONSULTATION WITH EAP STAFF TO DISCUSS ANY QUESTIONS ABOUT THE PROGRAM.

CASS COUNTY ELECTRIC'S EMPLOYEE ASSISTANCE PROGRAM APPEARS TO BE ACCOMPLISHING ITS DESIRED GOALS. THIS SYSTEM CONTINUES TO PROVIDE A MEANS THROUGH WHICH THE EMPLOYEES AND FAMILIES CAN BE HELPED WITH PERSONAL PROBLEMS, THUS ENABLED TO LEAD MORE HEALTHFUL LIVES FOR THEMSELVES. CASS COUNTY ELECTRIC COOPERATIVE AND THE COMMUNITY.

CASS COUNTY ELECTRIC COOPERATIVE
EMPLOYEE ASSISTANCE PROGRAM

ANNUAL REPORT

REPORT PERIOD	10-1-81 TO 9-30-82
NO. OF EMPLOYEES	82

◦ PROGRAM UTILIZATION

NO. OF EMPLOYEE PARTICIPANTS (FACE/FACE)	5
NO. OF DEPENDENTS PARTICIPATING (FACE/FACE)	1
TOTAL FACE TO FACE PARTICIPANTS	6
NO. OF PHONE INQUIRIES (NO FACE TO FACE)	2
TOTAL CONTACTS	8

REFERRAL TYPE

SUPERVISOR REFERRAL	1
EMPLOYEE SELF-REFERRAL	4
DEPENDENT SELF REFERRAL	1

PRIMARY PROBLEM DISTRIBUTION
(INCLUDES ALL FACE TO FACE CONTACTS)

SUBSTANCE ABUSE	2
MARITAL	2
FAMILY	1
EMOTIONAL	1

RECOMMENDATIONS

1. SUPERVISOR REVIEW TRAINING
2. EAP REACQUAINTANCE LETTER TO ALL EMPLOYEES AND FAMILIES
3. POSTER ROTATION - TO INSURE VISIBILITY
4. ONGOING CONSULTATION WITH EAP STAFF, AS NEEDED

IT IS FELT THAT MANAGEMENT'S RECOGNITION OF THEIR OWN CONTRIBUTION TO THE EMPLOYEES OF CASS COUNTY ELECTRIC CAN AND HAS LED TO A BETTER MORALE FOR ALL CONCERNED. THERE HAVE BEEN SPECIFIC INSTANCES OF EMPLOYEES EXPRESSING THEIR APPRECIATION TO EAP STAFF FOR BEING AVAILABLE TO ASSIST THEM. OVERALL, IT IS FELT THAT THE EAP OF CASS COUNTY ELECTRIC HAS LED TO A BETTER PUBLIC IMAGE AND CAN CERTAINLY BE LOOKED UPON AS A CONSTRUCTIVE MEASURE IN THE FIELD OF PREVENTATIVE MEDICINE.

B. RATE THE WORKSHOP AND INDIVIDUAL SUBJECT:

6. GENERAL ESTIMATE OF WORKSHOP

(10)	(7)	()	()	()
EXCELLENT	GOOD	AVERAGE	FAIR	POOR

7. GENERAL ESTIMATE OF INSTRUCTION

(11)	(6)	()	()	()
EXCELLENT	GOOD	AVERAGE	FAIR	POOR

8. RATE OVERALL EFFECTIVENESS OF EACH PRESENTATION ON THE SCALE BELOW

A. TROUBLED EMPLOYEES AND SUPERVISORS

(7)	(9)	()	()	()
EXCELLENT	GOOD	AVERAGE	FAIR	POOR

B. HOW THE SYSTEM WORKS

(11)	(6)	()	()	()
EXCELLENT	GOOD	AVERAGE	FAIR	POOR

C. ROLE PLAY

(5)	(6)	()	()	()
EXCELLENT	GOOD	AVERAGE	FAIR	POOR

9. COMMENTS:

1. OVERALL VERY GOOD
2. THIS WAS A VERY HELPFUL AND INTERESTING WORKSHOP
3. THIS WAS A VERY GOOD WORKSHOP
4. EXCELLENT, GIVES SUPERVISORS NEW INSIGHT ON HOW TO PROCEED
5. THIS PROGRAM SHOULD BE GIVEN TO ALL EMPLOYEES AND FAMILIES IF THEY HAVE TROUBLES THAT CAN BE HELPED -- THEY WOULD KNOW ABOUT THE PROGRAM
6. HATE ROLE PLAYING!

CASS COUNTY ELECTRIC COOPERATIVE

EMPLOYEE ASSISTANCE PROGRAM
PROGRAM RATING SCALE

May 5, 1983

A. General Program Evaluation

1. Do you feel your Employee Assistance Program is accomplishing its designed purpose? Yes 14 No If not, why?
2. Do you feel you understand the E.A.P. concept, and are you comfortable with referring an employee if needed? Yes 13 No 1
3. Do you feel adequately trained at this time to utilize your E.A.P. to its fullest extent? Yes 11 No 2 N/A 1
4. Do you feel comfortable in calling Southeast Human Service Center for assistance should the need arise? Yes 13 No 1

OTHER COMMENTS ON PROGRAM:

B. Rate each subject in the workshop:

1. The Basics of Supervision	(5)	(9)	()	()	()
Excellent	Good	Average	Fair	Poor	
2. Involvement - A Key to Successful Supervision	(5)	(9)	()	()	()
Excellent	Good	Average	Fair	Poor	
3. Film - Face to Face	(12)	(2)	()	()	()
Excellent	Good	Average	Fair	Poor	

I FEEL OUR EAP COULD BE IMPROVED BY:

I WOULD LIKE MORE INFORMATION ON:

I FEEL OUR EAP COULD BE IMPROVED BY:

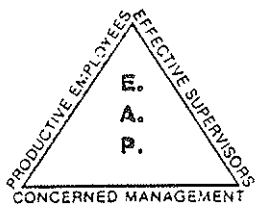
1. More films and actual experience with problems.
2. An improved definition to all employees - today's session was excellent. (Not what some people expected).
3. More information to lower level employees.
4. Held with smaller numbers of people.
5. Very good at present level.

I WOULD LIKE MORE INFORMATION ON:

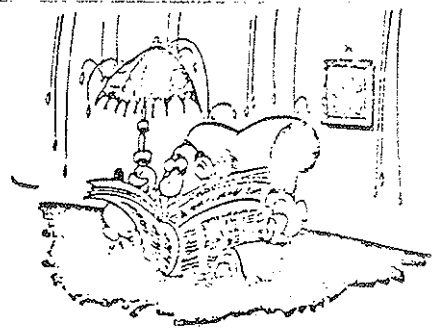
Employee training guidelines - some time this information is showed only to staff and management people - when it in fact should be shown to all!

COMMENTS:

Regarding your question on conflicts between employees: A lack of response is because some of our problems in this area involve people in this group and both people within the group and people in the group and others outside this group.



EMPLOYEE ASSISTANCE PROGRAM



THE EAP COMMUNICATOR

February 1983

SEE-FEEL-DO ANALYSIS

The objective of this issue of the Communicator is to sensitize supervisors to employee behaviors and the ways in which these behaviors affect their own feelings and behaviors.

The employee whose behavior or performance usually fails to meet our expectations often has a serious problem. Knowing that you have such an employee is easy. If the employee has the skills to do the job, perhaps performed well in the past, but now isn't doing well and your supervisor skills don't bring about a sustained improvement, chances are you've got an employee with a problem. More than likely, the decline in performance has little to do with your skill as a supervisor.

Think back to the employee who often made you feel:

- | | | |
|----------------------------------|-------------------------------------|-----------------------------------|
| <input type="checkbox"/> Angry | <input type="checkbox"/> Frustrated | <input type="checkbox"/> Helpless |
| <input type="checkbox"/> Puzzled | <input type="checkbox"/> Fearful | <input type="checkbox"/> Sad |
| <input type="checkbox"/> Guilty | <input type="checkbox"/> Inadequate | <input type="checkbox"/> Hurt |

Because of these feelings you probably:

- | | |
|--|--|
| <input type="checkbox"/> Used the silent treatment | <input type="checkbox"/> Begged |
| <input type="checkbox"/> Argued | <input type="checkbox"/> Withdrew |
| <input type="checkbox"/> Threatened | <input type="checkbox"/> Counseled the employee |
| <input type="checkbox"/> Thought about a transfer | <input type="checkbox"/> Gave up (About 4 times) |

Feelings you may have in response to an employee's undesirable behavior are normal and legitimate, and it's easy to see how these feelings can undermine a supervisors self confidence.

Before you can effectively deal with your employee, you must be sure of where YOU'RE coming from. Most of us can't do that by ourselves. Sometimes it's as simple as just talking it over.

Here's some advice:

- * Don't ignore a developing problem. Chances are it will only get worse.
- * Forget about trying to figure out what's wrong with the employee. You don't need that information to start discussions with a counselor.
- * Don't become the counselor yourself. You haven't been trained for this and it's difficult to be objective about one of your own employees.
- * Never threaten discipline unless you're willing and able to carry it out.
- * And finally, pick up the phone and call your EAP Staff at the early signs of trouble. Early action will frequently eliminate the need for discipline.

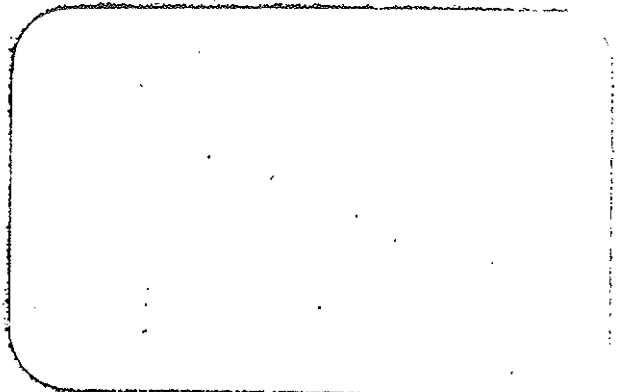
If an employee has a personal problem, let's work together.
 Your EAP Counselors: Bill Kippley, Kathy Marcil
 237-4513 (EXT. 348) Toll Free in N.D. 1-800-342-4900

Your EAP is a division of Southeast Human Service Center, 15 Broadway, Fargo, N.D. 58102

NEED HELP?



For confidential information
or help . . . Contact:



ALABAMA

Tom Claunch
Alabama Department of Mental
Health Alcoholism Program
502 Washington Avenue
Montgomery, AL 31630
(205) 834-4350

COLORADO

Department of Health
1446 Colorado Boulevard
Denver, CO 80220
(303) 320-6137

ALASKA

Robert Cole
Office of Alcoholism
Department of Health and
Social Services
Pouch H
Juneau, AK 99801
(907) 586-6201

Fred Hoshier
Laborer's Community Agency, Inc.
360 Acoma Street
Room 210
Denver, CO 80223
(303) 744-6169

CONNECTICUT

Joseph Sheehan
William Garrol
Connecticut Alcohol and Drug
Abuse Council
90 Washington Street
Hartford, CT 06115
(203) 566-5826

This listing of State and Territorial Occupational Alcoholism Program Consultants is intended as a communication aid. Because names, addresses and phone numbers may periodically change, semiannual updates are made.

For further information contact:

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P.O. Box 2345
Rockville, Maryland 20852
(301) 468-2600

ARKANSAS

Bill Pierce
Office on Alcohol and Drug
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1515 West 7th Street - Suite 300
Little Rock, AR 72202
(501) 371-2603

DELAWARE

Joseph Allmond
Delaware State Hospital
Bureau of Alcoholism and
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1901 North Dupont Highway
New Castle, DE 19720
(302) 421-6101

DISTRICT OF COLUMBIA

Silas Parlish
DC Employee Consultation and
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1825 Connecticut Avenue, N. W.
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Washington, DC 20009
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Department of Mental Health
Division of Alcoholism
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Room 1500
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(312) 793-2907

INDIANA

Robble Robison
Division of Addiction Services
Department of Mental Health
5 Indiana Square
Indianapolis, IN 46204
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Charles A. Weaver, Project Director
Business/Industry Employee
Assistance Program
3737 North Herdian Street - Suite
Indianapolis, IN 46208
(317) 923-6301

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Iowa Department on Substance Abuse
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Des Moines, IA 50309
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Wichita, KS 67202
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Texas Commission on Alcoholism
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Jim Douglas
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Houston, TX 77004
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Bransford Watson
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Commerce One Building
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A BIT ABOUT MICROCOMPUTERS

Allen Holt

Most rural electric cooperatives have moved into the electronic data processing field in one way or another insofar as their billing and financial applications are concerned. Some have put minicomputers in house while others have chosen to contract with service bureaus to handle their data processing needs.

As we heard at a previous REMDC meeting, the microprocessor is now being used in many coops throughout the country to power word processors or information processors. Great strides have been made in computer technology in the past few years. The progress that has resulted from these advances has clouded the definitions that formerly seemed so clear cut. Minicomputers now have the power that was once reserved for large mainframe machines. Microcomputers are now available that have the capacity of minis of just a few years ago. The progress in hardware technology has been astounding. The advent of the 64K chip and more recently the 128K chip has made the microprocessor an extremely powerful machine in a small package.

The progress made in hardware technology has sometimes overshadowed the great strides made in software development. The early computers were hampered not only by real live bugs but by programs that had to be laboriously entered or "plugged" into circuit boards. As understanding of the nature of computers and technological advances in electronics were made, computer scientists were learning more and more about communicating with the computer. In many cases, programs have been written that prompt the operator so that little or no experience is needed to enter data into a computer. Microcomputers have evolved to the point that software can be written that is simple, economical, and almost free form. This allows an operator to be bound only by his or her imagination in the use of the microcomputer. We will discuss one of these products in some detail later on in this presentation.

There is a myriad of microcomputer manufacturers. Many of the names that one hears and sees are household words - Burroughs, Data General, NCR, Radio Shack, IBM, Apple, Hewlett-Packard, Dictaphone, Phillips, Zenith, Exxon, Texas Instruments, and even the rock-ribbed conservative, Digital. In addition to these are such relative newcomers as KAYPRO, CPT, Wang, Sumicom, Televideo, Datapoint, Ericson, Franklin, CCI, Hyperion, Compaq, etc., etc., etc.

Many of these manufacturers have models ranging from 4K to 256K of random access memory. The prices range from \$100 to \$4,000. It becomes obvious that the so-called personal computers infringe on the so-called business computers and again the distinctions become very cloudy. By the time printers, disk drives and other peripherals are added, a system can run into a cost of \$6,000 to \$10,000. One question that I hope we can provide at least some insight into today is, "Is it worth the cost?"

One other aspect of the microcomputer is that we adults may have to adapt to it in self defense. The micro has crept into our children's and grandchildren's lives almost unnoticed. It is very common for computers to be used in the classroom as early as kindergarten. The video games that have become so common have as their brains some of the same electronic wizardry that is common to the word processor.

Our presentation today can only scratch the surface of the power and potential of the microcomputer and, of necessity, deals with a particular brand of equipment and software. This is not to imply that the equipment and software that we chose are any better or worse than many of the other brands available. In addition to software off the shelf, microcomputers generally use languages that simplify programming greatly. This allows the user to sharpen his or her programming abilities and to make the microcomputer an even more adaptable tool.

Since the purchase of our microcomputer system in December of 1981, we have found many more uses for it than we ever dreamed. We have department heads using it. We have accountants using it. We have engineers using it. We have accounts receivable collectors using it. We have secretaries using it. We have member services personnel using it. We even taught the coop idiot to use it.

In short, the micro has developed into a very useful tool that has helped us collect data, process it, and put it into formats that allow us to plan, organize, direct, coordinate, and control activities in our organization better than ever before.

The remainder of our presentation will deal with some of the software that is offered by Radio Shack for the Model II and how we, at Randolph Electric, use it. I would, however, like to touch briefly on the hardware components that we use.

The microprocessor has 64,000 bytes of Random Access Memory along with a built-in 8" disk drive that provides 416,000 characters of storage. The screen is a high resolution, 12" display that will show 24 lines of 80 upper and lower case letters. The keyboard is a detachable typewriter-style keyboard that also has a calculator-type keypad for numeric input.

The Disk Expansion Unit will accomodate up to three 8" disk drives with each drive adding approximately 486,000 characters of on-line storage.

The printer that we chose to go with the microprocessor is the Daisy Wheel II; a letter-quality printer that prints at the rate of approximately 500 words per minute. The Daisy Wheel II is also capable of accepting different style print wheels if you so desire.

There are primarily three software programs that we use in our day-to-day operation. VISICALC, which is an electronic spread sheet; PROFILE, which is an electronic filing system; and SCRIPSIT, which is a word processing system with spelling and hyphenation dictionary.

The first program that I would like to discuss is VISICALC. VISICALC combines the convenience and familiarity of a pocket calculator with the powerful memory and electronic screen capabilities of the personal computer. With VISICALC, the computer's screen becomes a "window" which looks out upon a much larger "electronic spread sheet." You can move, or "scroll," this window in all four directions, to look at any part of the sheet, or you can split the computer screen into two "windows" to see any two parts of the sheet at the same time.

The sheet is organized as a grid of 62 columns and 254 rows. The intersecting lines of the columns define thousands of entry positions. This grid would take a sheet of paper this large to encompass all the coordinates. At each position you can enter an alphabetic title, a number or a formula to be calculated. Just by "writing" on the sheet, you can set up your own charts, tables and records. Formatting commands let you individualize the appearance of each entry, row or column.

The power of VISICALC is that your computer remembers the formulas and calculations you use as you work through a problem. If you change a number you had previously written on the electronic sheet, all other related numbers on the sheet change before your eyes, as VISICALC automatically recalculates all of the relevant formulas. Recalculation makes VISICALC a powerful planning and forecasting tool. Not only can you effortlessly correct mistakes and omissions, you can also examine various alternatives. In other words, you know have the ability to ask " what if ...".

Before I go into some of our applications I would like to give you some examples of the formatting commands. In this first example I have used addition, subtraction, multiplication and division in one problem.

@MIN
@MAX
@AVERAGE
@COUNT

REPLICATE

Formats - GENERAL, INTEGER, DOLLARS & CENTS, BAR GRAPH

INSERT & DELETE

These are not all of the VISICALC commands but due to time constraints I tried to pick out the ones most commonly used. As one progresses with VISICALC (and if the need so dictates) there are trigonometric and algebraic functions that may be used.

The first application that I want to show you is what I refer to as our "key ratio report." Most of these ratios are the same ratios that you receive each year on your key indicator reports from REA and CFC. After formatting the screen with the appropriate formulas I can take the monthly operating report, enter the figures from it, and have a printed report; all in less than 30 minutes. As you can see, I have designed the format so that I will have some basis for comparison. This report has been helpful not only in establishing and understanding trends but also as a basis for discussion in staff meetings.

The next report is prepared monthly by our accounting department and shows the operating costs for each of our vehicles on a per mile basis. Here again, it is simply a matter of entering the appropriate figures for the month and seeing the results almost instantaneously.

Our accounting department also prepares a monthly report that spreads accrued vacation to the appropriate accounts. After the gross payroll amounts are entered the computer automatically calculates the percentage of the total dollars that is assigned to each account and then applies this percentage to the amount that is to be expensed. The journal entries are then done manually by our accountants onto our mainframe computer.

The final report that is prepared by our accounting department is the county ad valorem tax report. After the pole line mileage is assigned to the appropriate township the construction costs are automatically spread to the townships based on the mileage figure. There is also a total column that keeps a year-to-date figure on the amount assigned to each township.

Our Member Services Department also uses the VISICALC program to keep track of the payments made by consumers that have Section 12 weatherization loans. The figures are entered from the daily cash sheets and the monthly totals are checked against the general ledger. This program also provides a means to quickly and easily retrieve the total interest paid for the year by each consumer.

As you can readily see the VISICALC program is a very flexible tool to say the least. In addition to the previously mentioned applications we also use VISICALC for our ten-year financial forecasts as well as our annual budget.... and I'm sure you can imagine the time it saves as well as the ability it gives us to again ask the question, "What if...".

Profile II is an electronic filing system that allows the operator to set up data files in almost any format desired. Records can be selected and sorted in many ways depending on the file formats. A free form report writing feature allows the operator an almost endless variety of reports.

SCRIPSIT is a text editing system that gives the operator access to very versatile word processing software. It can be used in conjunction with PROFILE II so that the information in data files can be used for personalizing and/or customizing correspondence and other documents.

We hope that our presentation has given you some insight into the advantages of the microcomputer. We feel that the money invested in our system was well spent, and that the cost/benefit ratio is excellent.

DISCUSSION ON A BIT ABOUT MICRO-COMPUTERS

Question: Do you take your disks from Digetal and put into Radio Shack computer?

Answer: They don't interface at present. One is single density and one is double density. They can be made compatible.

Question: Does printer handle your stationery.

Answer: Yes, it does. We use for letters to member committees, collection letters, etc.

Question: Do you have Radio Shack Computer talking to Digetal REACT?

Answer: Not as yet.

Question: Aren't there sticky carriers?

Answer: Yes, stationery can be attached to that.

Question: How many units?

Answer: We have only up to now scheduling has not been a problem.

Question: How many terminals on Digetal?

Answer: We have four terminals in office and one in the branch office. Our system has 16,000 members, 2700 miles of line and one branch office.

Question: What do you accomplish by using micro instead of use of more terminals?

Answer: Use Micro to get Visacalc software is about \$200. Electronic spread sheet for the 1134 Digetal is \$1300 or \$1400.

Question: Will Visacalc fit on any other computer?

Answer: Visacalc is the granddaddy. Each small computer has an electronic spread sheet.

Question: Do you plan on adding more terminals under REACT?

Answer: Our philosophy is that we will not be paperless.

CAPS AS SUPPORT FOR IN-HOUSE MINI-COMPUTER"

Bob Roberts, General Manager
Pioneer REC
Gary Hobson, Manager
Central Data Processing

In 1980's cooperatives require more information than ever before. It must be both timely and accurate. Many changes have been brought about by regulation, financing, member pressures. The cooperatives have changed. All this has happened quickly. Data Processing is a young industry and it moves all the time.

Some of the changes occurring in the 80's environment

- Computer Literacy
- Everyone needs a computer
- Expanding meaning of "Service Bureau"
- Computer Trends
 - Raw power is very affordable
 - Vendors now "unbundled"
 - Applications software very expensive
 - Unique architectures
 - Maintenance of software is major challenge

In data processing - hardware costs go down and software costs go up
The reason for this is that it takes people to produce software.

Central Data Processing did a study to determine the direction it should go and developed 51 specific objectives for meeting user needs. Out of this came CAPS -Cooperative Attached Processing System. The service can provide:

- Complete consumer billing
- Complete General Accounting
- Complete Work Order Accounting
- Complete Engineering Reporting
- Load Management and Control
- Specific Services Program
- Meter and Transformer History
- In House Printing
- Microfiche
- Word Processing
- File inquiries
- Special Report Generation
- Central Area Technical Support
- Employee Training
- System back-up and security
- DEC service maintenance
- Cost effective in house processing
- Latest computer hardware supplied by the largest mini-computer manufacturer in the world.

"Attached" means meeting user's total needs attached to Central Data Processing Center. Center provides back up and meets all needs.

System requires no local technical people at the cooperative. Reduces people costs. Programmers stay on the job 18 months.

Special programs available through CAPS designed by over 150 REC's.
Cooperatives involved with CAPS gets break on purchase of equipment.

"Cooperative" is the important part of CAPS. Central Area deals with co-ops - people and programs written for cooperatives. Flexible programs written to meet needs of each cooperative. Pricing scheme is equitable for all. There is ease of operation.

CAPS

It is user friendly. A menu-type system. It has the special functions REC's need. Systems will address word processing, electronic needs, etc. The Price is monthly with a five year contract. One price for service includes hardware, software, maintenance, training. It is a mammoth project taking 23.2 manyears. Eight of the top programmers in the Research and Development center is working on this project. Central uses DEC equipment.

DISCUSSION

Question: When will CAPS be installed?

Answer: First CAPS installation will be in July in Illinois

Question: Can you give an example of contract formula to determine cost?

Answer: Do not have price schedules as of this time. Have guaranteed prices not to exceed a certain maximum. We beat other vendors on the three contracts for CAPS.

Question: How many REC's are with Central Data Processing?

Answer: 160 REC's are on Central.

Question: Will CAPS be significantly more expensive?

Answer: Hard to compare. It appears CAPS will be about 15% more. Interest in the system is great. Have 20 letters of interest and six contracts already signed. Goal is to install 12 systems in 1984.

Question: There are 100 co-ops and 1000 different ways to do things, are you allowing for in-house modification?

Answer: System will have flexibility to be changed.

Question: Will program provide for invoice billing?

Answer: Yes, can calculate and print final bill.

Question: Parallel billing?

Answer: All types.

Question: Breaking up of the Southwestern Bell system, how has this impacted?

Answer: No problem as yet. We are tied to AT & T. Selected DEC because of its flexibility. DEC was further along with 32 byte equipment.

Question: What about co-ops who already have DEC equipment?

Answer: We can supply software. If co-op has VAX there is no problem.

Question: What about PDP?

Answer: PDP is not compatible with VAX.

Question: Capability of using micro-computers, is it there?

Answer: Yes, we will have the capability to adapt.

OVERVIEW OF SURVEY ANALYSIS ON "RURAL ELECTRIC MANAGEMENT
STRATEGIES IN TURBULENT TIMES"

(Information gained from survey on what has
happened in REC's during past 10 years.)

Virgil Herriott,
Chairman, REMDC
Research Committee

A brief overview of the survey results from REMDC members indicated that:

- While the percentage of return was low the quality was good
- Equity was up for some systems, and down for others
- Plant investment was up
- Number of Consumers was up
- Cost of wholesale power up - some 4 to 5 times
- Retail rates up, some 3 to 4 times
 - Some REC's no longer competitive in rates with local utilities
 - Some systems moving to a flat rate
 - Some systems offering off-peak rates
 - Some systems indicating long regulatory delays in rulings on rates

Power Sales - Survey indicated there was little increase in kwh sales per consumer. Total sales were up, but average use per consumer-member is declining.

Power Supply - No one reported a shortage of power. Many reported a surplus and they are paying for surplus. Three or four REC's joined or helped form a G & T. Several reported joint G & T/Investor Owned Utility generating projects. All talked about unit cost increase of wholesale power, with increase being three or four times the cost ten years ago.

Retail Rates and Service Policies - Retail rates have increased - three or 4 times. Trend is toward cost of service based rates. Rate form is changing to service charge with flat rate for residential use. Several reported a reduction in level of services. Several mentioned revenue enhancements, charging for services not previously charged for. One noted charging \$5.00 for late payment. Members are being asked to pay for additional costs they create.

Marketing and Promotion - Most everyone reported a change, moving away from marketing to conservation. (This has occurred during the past 5 to 7 years.) See in the survey a trend to change direction. Marketing program to promote effective and productive use of electricity. Several talked about using energy resource loan program, mentioned both REA and FHA loans. Cooperatives are spending more time to help members to use electricity more productively and efficiently.

Electric Service - Emphasized need to improve quality of service, particularly in light of increased cost for electricity. Systems are closely supervising costs of operation and maintenance services, right-of-way clearing costs, crew sizes, equipment, etc.

Financial Condition - Money Management practices for best return was mentioned. High interest has caused more managers to become better money managers. More reliance on financial forecasts, budgets, cash flow charts, etc. to aid in making best use of resources. Cost of money has changed the way co-ops manage use of general funds.

Member Services - Energy resource conservation loans to members, helping members to find outside sources for monies for weatherization, especially needy members, is where co-ops are putting emphasis in member services.

Member Relations - All systems reported they are working harder to communicate with and involve members. Several did report instances of member unrest. The changed composition of the members in the past ten years has had a real impact on policies and practices.

Survey Overview

Employee Relations - More training and development, bringing employees into the decision-making processes, updating wage and salary and benefits plans were all indicated in the survey. Re-organization is also occurring in the cooperatives to achieve changing goals. Reduction in work force is occurring through attrition. Management emphasis is on increasing efficiency and productivity of the work force.

Director/Manager Relations - More director training is taking place. More new directors are coming into the program. Directors are having to make tougher, more complex decisions. Some managers spoke of divided boards.

Government and Public Relations - Problems with getting rates approved by State Utilities Commissions and problems with the Federal Energy Regulatory Commission were mentioned by the REC's as well as the impact of costs of Generation and Transmission facilities. All commented on efforts to save the government lending program (REA) and the Federal Financing Bank access. A few commented on the community development efforts and how they are working to make their communities a better place to live.

Summary

Seems that the differences between systems were more in degree than issues' and responses reflected differences.

The survey indicates there is some experimentation going on, but basically we're still pretty conservative.

Challenge is how can we break out of this conservative mould and become innovative, creative organizations which we can be.

Jerry Dover and Derl Hinson are no longer managers because of changes taking place.

When a small, self-serving, dedicated group decides to, it can create havoc.

These are indeed turbulent times we are operating in and a turbulent environment we are working in.

It is hard (ten years later) today to find and articulate those things in co-op performance which will bring about member accolades.

GROUP DISCUSSION

We need to think about what the research project for REMDC should be. The track record of REMDC in research has been good.

Firmly believe that our involvement in REMDC has helped us survive. This is the one organization which helps us excell. This is the number one meeting for me to attend. (Lyman Patee)

Derl Hinson did things right and he got in trouble. There is a danger. If you do some of the stuff we talk about here you'll make mistakes. Whoever heard of a bad manager being "fired".

Lyman says he comes to "steal" ideas. He pays for it through his participation. This is the 26th meeting of the group. Managers are here because they had an interest in being a better manager and were willing to share their experiences.

I'm a new comer. I have been serving on several national committees. Many address the people aspect of the turbulence, but do not address the thing which has the biggest impact on the turbulence - the cost of wholesale power, and I don't see us addressing this either. This is 75 to 80% of the cost of doing business - the cost of power - and we do nothing about it.

SURVEY OVERVIEW

You aren't the only one who has focused on this question.

I want to tag on to this question of wholesale power. Our board is raising some serious questions about representation on the G & T Board (that is the one member one vote) without giving credit for the fact that our system purchases 20% of the total power produced by the G & T.

Jerry Voorhis has said that in the cooperative system the governance should reflect the one-member one vote principle. Federated organizations apply the same principal, then the member systems in the G & T's should reflect this. Voting should reflect the ultimate member.

There is a deterioration of the cooperative spirit as I see the trend of cost of service rates I see greater deterioration in cooperative spirit.

We're in the same situation with our G & T. We improved our facilities and REA came along and said preach conservation, now we have more power to sell.

We really need to concern our selves with our relations with our G & T.

I believe we have our next research project.

We're looking for directions in our national committees. We tried to address this question as it relates to load factor at the annual meeting in Las Vegas and it got shot down. Nationally, we are below the 50% load factor, we can't get a concensus among ourselves. Should we go in a new direction and find ways to address this increase in the cost of power?

THE CHANGING MEMBERSHIP

BY LYMAN E. PATEE

It would be very easy for me to just tell you to read pages 132 to 136 in the book prepared by NRECA --"PEOPLE - THEIR POWER", but that would make my part of this panel much too easy. In my opinion the membership of our cooperatives is changing and we have to start thinking about this new membership and finding ways to relate to them and not the good old days when we all wore "white hats".

As it says in the book, "In the early years virtually all those served by rural electric systems were farmers and ranchers. Today, they represent less than half." Many of the members today are under 40 years of age and they couldn't care less what we did for their parents or probably more appropriately their grandparents, they want to know what we are doing for them and how are we working to keep their rates from going up. Most of them feel they have the right to live where they are living and want to know why we can't sell them the electricity just as cheap as the local investor owned utility or municipal. They don't seem willing to take the time to let us tell our story to them or explain just why the rates are different. In NECA's case, we are not lower than the IOU or Munie; in the case of the IOU, we are almost 60% higher. Of course with the people in this room it is very easy to explain why our rates are higher and get a lot of understanding to the problems. I'm sorry to say we do not have 16,000 members out there that understand the problems they just don't want their rates to go up anymore.

Let's take a couple of minutes and take a look at the membership makeup and see if your membership is anything like those at Northern.

A. One of the big things that we have to think about is the outages we all have from time to time. To those of you who serve the farm/rancher membership and the power goes off, your membership is losing their way to make a living. It is pretty hard to milk when you don't have any power. The farmer/rancher really needs the electric to make a living and sometimes the cost has little to do with it. Most of the members of NECA are rural residential and the thing they lose when the power goes off is Monday Night Football.

B. Many of the older members remember when the electricity came to the rural area and how hard a time they had to get it there. It is easy to remember the days when you couldn't get out of the members yard without having a cup of coffee and looking at all of the things that they were proud of. Most of the new members no longer have that romantic attachment to the cooperative. Many of the new members have never lived without electricity except in the times of power outages.

C. Many of these members are so used to having the government to take care of them and they want the government oversight of our organizations but they don't want it to have anything to do with changing their lifestyle. It seems to me that many of their members are products of the 1950s and 1960s where they got the ideas of "ME FIRST", and "DO YOUR OWN THING". The older members were worried that they had to pay their bills

first and many of the younger members want to pay for their leisure first and their bills second.

D. Let me get out to the bad remarks for just a second or two because I really feel that there is still a core support for the cooperative out there but the numbers are getting smaller. This is the group that believe in the cooperative but they have become very apathetic. I feel as long as this core group continues to be there we can go to them with the facts and they will support the Board and Management and maybe this will be the thing that will save the cooperative as we know it today.

E. Many of the members today don't see how some of the problems of day to day living and the way cost of living is going up really relates to the day to day affairs of business. I really think they expect us to have a sock full of money under our beds to keep our cost from going up.

F. In our area we have mostly unemployed steel workers and this has a couple of effects on our organization. Because they have so much time on their hands right now we are even more visible to them and therefore they don't think we are doing a good job of increasing productivity. With some of the stories that we hear from the mining companies it is hard for us to believe they could question OUp productivity, but they do. It seems we are getting twice the calls on the length of coffee breaks than we used to. Thanks to the concern of our employees, we have been able to correct this without causing any real problems. Many of these unemployed steel workers are very active in a very vocal union organization and they feel

that business and management is only out there to rip off the union workers. We are not trying to say that unions are the cause of all our problems, but we feel the local union in our area has helped to build a feeling of lack of trust in management and business.

G. Most of the problems we have been having can be related to our rates. When I can to Northern Electric the low block on declining block rates were 1.9 cents with a Power Cost Adjustment of about 1 cent. Our rates now are based on cost of service and the low block is 9.1 cents. It has been very hard to explain to some people that our rates have not gone up 300%. These have been just a few of the things that we have seen in a changing membership and there has been some other things that have happened because of the change. For many years the political arena we have been working in as been in our favor but with the rates going up and the members complaining about rates, the polititians have now changed to against us instead of for us. I don't believe this has happened on the national level, but we see it happening on a state and local level. We are now a group they can use to improve themselves by introducing legislation that will be harmful to us. One good example of this is a bill that has just passed the Minnesota legislature. I want to say if we are doing our jobs this type of legislation will not change the way we opeate but it is presumed we are bad and therefore the law is necessary. The name of the bill is "Co-op Bill of Rights". In a nut shell this bill makes open meetings, books, and records for electric

cooperative. I know that most of the cooperatives in the country are operating this way but the bill makes it sound that we are not and therefore we get alot of bad press.

Speaking of the press, I think another thing that has had a big impact on all cooperatives is the way media is being used to inform and misinform the people of the true facts and some of the things that are happining. If any of you have seen the movie "Absence of Malice" you remember that the newspaper woman just took what she thought were the facts and not really looking at both sides of the issue. There have been times during the past six years when TV has done a good job of showing just the bad side as far as we were concerned. The "Watergate Syndrome" seems to be one of the things that the people use to act and react to things happening at the cooperative.

Another thing that the rapidly increasing rates has done is to give the "special interest" groups or activist groups another foot in the door to have a cause to support. The power line issue in Minnesota has been a very good example of just this type of involvement by activists. These groups are also active in the Co-op Bill of Rights movement and all rate cases. We are very lucky in Minnesota at this time because we have been able to get out from under the control of the Utilities Commission but I really believe that before too long we will probably be back under their control because the pressure of high rates is going to make the Legislature have to react. Perhaps we will be lucky enough to win the lobby battle on this

one. However, our core support has been coming from the rural Republican Legislators and I am afraid they are going to start getting pressure because of the rates.

During the past five years, we have not really lost a battle to the groups that are trying their best to change the cooperative to something different than it has been in the past. We have been able to make changes in the organization that should have been made before they were forced on us. When the chips are down we are still able to go to the membership and they will believe us. They are still upset about the rates but they are willing to trust the Board and Management to be trying our best for the total membership. I know there is a reason for all of this and I feel it is very important that I share it with you. We have maintained that we are honest hard working and trying Christians and that NECA must operate as a Christian organization and that if we strive to run the business the way the Lord would want us to that He will take care of us. He never said that it would be easy to be a Christian but that if we lived our lives the way he wanted us to He would take care of us. I believe this is true with our cooperatives as well, and we have to try to run it that same way. I am reading a book called "Hand me Another Brick" which is about Christian Leadership and one of the things that comes out very strong in the book is the fact that we have to do our job. We have to be organized and have a plan of action. The Lord will help us do the job if we continue to pray for His guidance, but He does want us to do the job that we are supposed to do.

The membership is changing and we must change to meet their needs and above all we have to remember what our job is for the future and that just might not be "the best possible service at the lowest possible cost". THANK YOU.

DISCUSSION FOLLOWING CHANGING MEMBERSHIP PRESENTATION

Question: Does Co-op give out membership list?

Answer: Yes board does give out the list for legitimate purposes such as - the board is very selective as to who they give the list to.

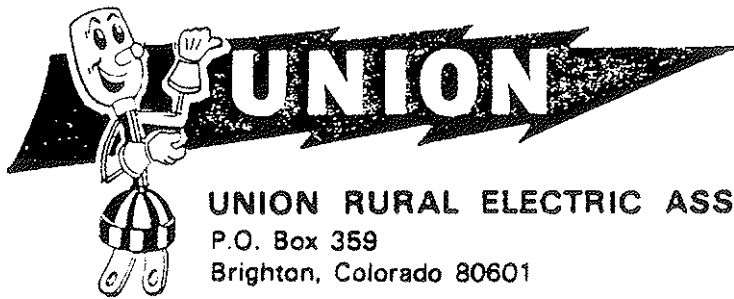
Comment: Adams Electric does the same thing for director elections.

Question: What was the motivation of the news person?

Answer: She is an activist. The Ethic on the iron range is mudslinging. Letters to the editor etc.

Question: How much influence is from seasonal members?

Answer: They get vocal only once a year, when they get their bills. The ones who do complain are from Minneapolis.



UNION RURAL ELECTRIC ASSOCIATION, INC.
P.O. Box 359
Brighton, Colorado 80601

(303) 659-0551
ENTERPRISE 222

By: R. L. Arnold
General Manager

DIRECTOR RECALL EFFORT

UNION RURAL ELECTRIC ASSOCIATION, INC.
Brighton, Colorado

1982 - 1983

CONDITIONS PRECEEDING RECALL EFFORT

Against a backdrop of spiraling rates and the unseating of an incumbent director at the 1982 Annual Meeting, a handfull of disgruntled members began an effort to recall four directors of the Association. Focus of the dissent was the board president, whom the dissident felt was responsible for the unseating of an incumbent director, who was generally viewed to be the most conservative member of the board. He was also the father of the leader of the dissident group.

Three rate increases during the year 1981, including approximately 26 percent increase to Union's base rates, and 14 1/2 percent to the consumer from the wholesale power supplier, Tri-State G & T, provided a fertile spawning ground for the seeds of dissent.

THE ISSUE

The issue chosen by the dissidents as the basis for the recall of four directors was director fees and expenses. Specific citations of expenditures are included at the back of this report as an exhibit. These expenditures were all adopted by the Board of Directors in the 1982 Budget and Work Plan, and were expended in accordance with that budget and established corporate policies and procedures.

THE RECALL EFFORT

Following the March 1982 Annual Meeting, rumors of a petition calling for the recall of directors began to surface. Accordingly, a letter was issued to the consumers of the director district in which the rumors seemed to center inviting them to a meeting to air their concerns. The meeting was conducted, and it quickly degenerated into a heated exchange of reviews and accusations. There was little that members who had a sincere concern for the issue could do to make their views known or to obtain a thoughtful response to their questions.

Following this meeting, petitions were printed and circulated throughout several director districts. The petitions were loosely worded documents of several pages each, which are included as an exhibit to this report. Generally, they recited five instances of excessive and unwarranted expenditure, and called for the recall of the president of the board and three directors. Petitions were carried by hand and left in various restaurants and public facilities throughout much of the service area.

It became evident early that the petitions would probably be defective because all of the directors were cited with the same allegations, even one director who had been elected to the board just one month previously; and, also defective because the signature pages did not include the reasons for the recall.

In a legal opinion dated June 30, 1982, the corporate attorney determined that the petitions were, indeed, defective on several legal grounds. That opinion is included herein as an exhibit. Accordingly, the board of directors, upon the recommendation of the corporate attorney, recommended that the legal issues be referred to a third party parliamentarian or arbitrator, and proposed same to the attorney for the dissident members.

The arbitration proposal was refused, and on July 30, 1982, the dissident group, calling themselves the Concerned Consumer Members of Union REA, filed lawsuit in District court. Six directors were named as defendants in the trial which was held on August 24, 1982. Judge Hugh H. Arnold issued the finding of the court which dismissed the complaint of the Concerned Consumer members against the Association. In his ruling, Judge Arnold upheld the provision of Union's bylaws requiring removal for "cause". He noted that requiring cause for removal is left to the choice of the Association itself. He specifically ruled that it is unlawful to petition to remove directors as a group — that each director must be petitioned against and removed as an individual and that cause for removal must be listed on each individual petition. At this point, the Association considered the matter closed.

DISSIDENTS ADOPT NEW STRATEGY

Failing to survive on the basis of the existing bylaws, a member of the dissident group submitted a bylaw amendment that proposed to remove the "cause clause" at the March 1983 Annual Meeting.

On the strength of their authority to adopt reasonable rules and regulations for the enforcement of bylaws, the board determined that the submittal of a bylaw amendment by a single member was fraught with sufficient mischief to preclude its being a responsible proposal for consideration by the membership. Accordingly, the Board refused to submit it with the notice of the 1983 Annual Meeting and submitted a bylaw amendment of its own which required the consensus of at least fifty members to petition for a bylaw amendment. The Board further determined that the dissident proposal should be taken up as "new business" at the annual meeting and vote whether or not a special meeting should be called to consider the bylaw amendment.

THE 1983 ANNUAL MEETING

Anticipating a fairly heated annual meeting, the Board retained the services of a certified parliamentarian, who assisted in preparing an agenda and developed meeting procedures to protect the interests of all members attending the annual meeting. For those who are interested in this agenda, it also is enclosed as an exhibit to this report.

The Board's proposed bylaw amendment which required fifty members to petition for a bylaw amendment was passed. The question involving whether or not a special meeting should be called to remove the "cause clause" from the bylaws was soundly defeated.

Floor debate included charges of "double-dipping and director wrong-doing" in connection with director expenses.

Prior to the annual meeting, the group demanded that the special meeting be held regardless of the vote at the annual meeting. The Board refused to do so.

The dissident group also indicated they were forwarding a complaint concerning the conduct of the annual meeting to the REA administrator. Further, they circulated printed statements to the media alleging financial wrong-doing. The documents that were distributed included only the expenses incurred by directors, but did not reflect payments made by directors to the Association covering those charges. All of these allegations were promptly refuted by the Association to the satisfaction of the media. Accordingly, the general manager issued a strongly worded letter to the parties responsible, demanding that the libelous allegations be withdrawn, and that no further representations of this kind be made.

THE ISSUE OF LIBEL AND SLANDER

No further representation or allegations have been made by the dissident member group. However, the allegations of financial wrong-doing distributed to the press and those made publicly at the annual meeting have raised the issues of libel and slander, which is currently being reviewed. There does seem to be some specific basis to conclude that there may very well be libel and slander involved. The question of pursuing the matter may be more of a strategical one rather than a legal one at this point.

In conclusion, it has seemed to us that it has been all too easy for a small self-serving group to obtain the permission of a large group of consumers to propel the small group interest. The conditions that seemed to provide a favorable spawning ground for the attraction of a great many heretofore apathetic members seemed to center primarily upon rates. It is our feeling at this point that the main thrust of the dissident group was met head on, and much of their effort has been thwarted by the Association, at least with respect to the existing issues. We are redoubling our communications efforts in an attempt to make it more difficult for a small self-serving group to obtain a large consensus among the rank and file membership.

UNION RURAL ELECTRIC ASSOCIATION, INC.
Brighton, Colorado

DIRECTOR RECALL EFFORT

EXHIBITS

Dick Arnold Letter of 11-13-81 to consumers explaining rate increases during 1981.

Letter dated June 21, 1982 from the attorney for the Concerned Consumer Members of Union REA to the Secretary of the Board of Directors requesting a special meeting of members.

Copy of the "List of Reasons why it is Necessary for the Recall to be Held".

One page of many pages of the petition for recall.

Undated letter from the General Manager to Consumer-Owners advising of the receipt of the petitions.

Memorandum dated July 25, 1982 signed by all members of the Association's Board of Directors regarding "Effort to Recall and Remove Directors".

Trial Brief by Union's Attorney Walker Miller regarding the recall lawsuit.

Reporter's Transcript of Judge's Ruling.

Memo to Consumer-Owners advising of the Judge's decision.

Proposed Bylaw Amendment Reviewing the "Cause Clause".

Annual Meeting Agenda and Standing Rules.

Letter to Consumer.

News Clippings.

(Copies of exhibit were furnished to persons attending the REMDC meeting. A copy of the exhibits may be obtained by requesting such from UNION REA, Inc.)

RECEIVED JUL 7 1983

LUMBEE RIVER E.M.C.

'HOW IT HAPPENED FROM MY POINT OF VIEW'

Panel Presentation

By

Derl J. Hinson
Vice President - Field Services
Federated Rural Electric Insurance Corporation
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Telephone: 800-356-8360

Rural Electric Management
Development Council Annual Meeting
St. Louis, MO

May 24, 1983

INTRODUCTION:

The panelist was General Manager of L.R.E.M.C. from August, 1974 through December, 1982. In a split vote and with sharply divided opinions the Board voted to fire him in November, 1982. "Being fired is a traumatic experience and not easy to talk about. The effect on family and friends is perhaps even more drastic than on me. Being forced into the job market was not the preferred way to make a change at this stage of my life, but the results thus far are good!"

BACKGROUND:

L.R.E.M.C. serves over 20,000 consumers in a tri-racial community of Southeastern North Carolina. The membership is composed of 20% Black, 35% Indian and 45% White. The area is heavily agricultural (Tobacco is the major cash crop) but has a very substantial industrial mix. Unfortunately, the cooperative has very little of the industrial commercial load. (Annual revenues are more than 92% from residential consumers.) Efforts to increase the commercial/industrial load are now showing positive results.

IMPORTANT DATES:

Prior to 1954: The annual meeting seating area for members was divided into 3 sections; one for Blacks, one for Indians, and one for Whites. This situation gradually changed after the 1954 Supreme Court decision on segregation.

Prior to 1967: The Board of Directors was all White and there were few Black or Indian employees in supervisory or professional positions.

1967: Elias Rogers, an Indian preacher and paint contractor was elected to the Board for a three year term. He was apparently, from all available information, not very well received by his fellow directors nor very well treated. This was a most unfortunate situation.

1970: Mr. Rogers was not re-elected to a second term. The cooperative by-laws allowed proxy voting and irregularities in that process became the basis for a federal law suit by Rogers against the cooperative.

The result, after all the dust from the lawsuit and investigations had settled, was the expansion of the Board from 9 to 12 members. The three "at large" directors, including Rogers, were appointed from the minority races.

1974: The L.R.E.M.C. Board was composed of 3 Blacks, 3 Indians and 6 Whites when I began my tenure on August first of that year.

The cooperative had had 5 General Managers in just over 3 years prior to that time including the original manager who was retired by the Board.

Conditions were deplorable to say the least. The headquarters building was in the process of being renovated by a contractor (Indian because of the minority contractor requirements) who was in default and the project had to be completed by the bonding company. The employees were not very motivated and were divided into little power centers around those who were perceived to have influence. They had already been through much trauma including an unfortunate union experience and were not very inclined to trust anyone.

1975: 1975 became a kind of turning point:

1. The Headquarters building which turned out rather nice was completed and dedicated.
2. A semblance of stability was established.
3. Management became something to be at least tolerated if not completely trusted.
4. Employees were brought into the planning and decision making process.
5. Efforts were made to open up the internal and external communications.
6. The decision was made to go into a load management program.
7. Meter reading was begun in November.
(Watch this one)

Not all was rosy however; for, in mid-December, the members erupted into anger at their cooperative. It was triggered by three obvious errors.

1. Moving into meter reading without a phase-in period. (Some bills had as much as 42 days of usage.)
2. Using a wholesale power cost adjustment which was little understood and less accepted.
3. The coldest November in 30 years.

Note: Some members had been operating their own budget billing program and were caught with extremely high bills with the beginning of meter reading.

1976: Our work was cut out for us. We decided to attempt to move even closer to our members, employees and the general public. Communications efforts were intensified as many new practices and programs were implemented.

Some of them were:

1. Member group meetings.
2. A special member's meeting was called to hear problems and share information.
3. The L.R.E.M.C. "Care" program was activated.
4. Employee training classes in inter-personal and human relations (Dr. Gail Dunning was a tremendous help.)
5. Director training (L.R.E.M.C. may very well have the most former directors of any cooperative in the country with NRECA Director Certification Diplomas).
6. Women's Committee was formed (this is a real blessing!).
7. Developed short and long range plans for communications (NRECA's Patty Comstock Smith helped develop a blueprint).
8. Asked for and received full cooperation of news media.
9. Accelerated system improvements for improved quality of electric service.
10. Became actively involved in industrial, commercial and community development efforts.
11. Member information and assistance programs was innovated and implemented.
12. Implemented a stringent account collection policy.
13. Many others.

1977 - 1981: Relatively quiet! The Board had changed in composition to ten Indian, one Black and one White. My major task was to try to manage the system with one hand and attempt to keep the Board from going off on tangents with the other. Fortunately, the employees had really responded to their new roles as team players and were reaching out beyond themselves with ideas, loyalty to the cooperative and tremendous pride in jobs well done.

Note: The depth of emotional intensity for past wrongs (whether real or perceived) must have increased during this time, however, for Indians began to be replaced by other Indians on the Board. In retrospect, it seems that, as conditions improved for all races, a small group of the Indian members became more determined to dominate.

COOPERATIVE FINANCIAL CONDITION:

In 1974, the cooperative had an equity of about 18% and a TIER of 2.0, both of which were declining. Until the early 1970's the cooperative had experienced a rather level growth of from 300 to 400 new consumers each year. At that time and through 1982, the rate of growth was 1000 to 1400 new consumers each year. The equity sank to under 15% and TIER to less than 1.0 before the changes in financial management began to show positive results. By 1982, equity had grown to over 25% and TIER was almost 2.5. Capital Credits are being retired on a first in first out 20 year cycle.

MISCELLANEOUS STATISTICS:

	<u>1974</u>	<u>1982</u>
No. of Consumers	12,000	20,000
No. of Employees	60	90
% Minority Employees	30%	48%
No. in Professional or Supervisory Positions (Includes Females of all Races)	2	12*

*Assistant General Manger, Office Manager, Controller, District Office Supervisor, Head Cashier, 2 Servicemen, Women's Activities Coordinator, Member Information and Assistance Director, Member Records Supervisor, D.P. Programmer-Operator, Warehouse and Materials Supervisor.

1982: The year everything fell apart!

(Note: The manager was given a 3 year contract in 1976. (In 1978 the contract was extended through 1982.)

There were various indications of conflict on the Board and some very definite outside pressure from a small group of members led by a local newspaper editor. The editor wanted open meetings of the Board and barged unannounced into one to prove his point. Meetings were later opened to members which proved to be a good move.

July, 1982: The annual appraisal of the General Manager's performance by the executive committee was reported as excellent (over 8.5 on a 1 to 10 scale) to the full Board. The minutes reflect a unanimous approval of the report and salary recommendation.

August, 1982: The Board in a split vote notified the manager that his contract would not be renewed in its present form when it expired on December 31, 1982.

October, 1982: A turbulent but orderly annual meeting with 2 Indians replacing 2 other Indians in close elections. There were less than 40 votes difference in each case.

The Organization meeting of the Board indicated a complete change in officers. This was a harbinger of things to come!

November 15, 1982: The Board in executive session voted to fire the General Manager when his contract expired. (Also resolved to fire the attorney, but later reconsidered that.) They had the attorney read the resolution to terminate me and would not discuss nor give any reason as to why the action was being taken. "How would you feel about that?"

December 14, 1982: A large group of members (under the open meeting policy) attended the Board meeting. Eight of them had requested in writing (according to policy) to be on the agenda. The eight were granted 5 minutes each to express their concerns. Each of them had some nice comments about L.R.E.M.C. They questioned the Board as to why they fired the General Manager and asked that the action be reconsidered. The Board rewarded them by placing him on "forced leave of absence" to the end of his contract. (December 31, 1982)

Enough members became disturbed by this to form an action group. A petition for a special meeting of the members to recall all 12 Directors was circulated and more than enough verified signatures were obtained. The Board refused to call the meeting saying that the petition did not state sufficient legal basis for a recall election. The action group went into court seeking an injunction to prevent the Board from employing a permanent manager or disposing of, by alteration and/or destruction, any records, especially as they related to Director expenses. The injunction was granted. There was also an agreement reached that the Board would call a special meeting of members provided another petition with more legally defined reasons was circulated and signed by the required 10% of the members within a prescribed time period. This was done and the Board still refused to call the meeting.

- Note:
1. Between the time of the agreement and the deadline for the petition, the Board carried out its November resolution to change law firms. The Crisp, Davis, Schwentker and Page firm which had served so well as legal counsel for more than a decade was fired. A firm with no previous cooperative utility experience which is headed by a U.N.C. law school professor was retained.
 2. During all this time, the news media and members were still questioning the Board as to why they fired the General Manager. The Board made no comment except that "it is in the best interest of the coop and the employees." The question persisted until February or March when there was finally a statement which said "Hinson was terminated because there had been an erosion of mutual confidence." The Indian newspaper editor called it "Incompatibility." (Sounds like a divorce court!) There were also some vague insinuations made in statements by Mr. Rogers and a couple of other directors, but these were not followed up on the media or the members.

The action group dropped its legal efforts at that point because of the projected cost.

"At all time, I felt that the majority of the members, including most of the Indians, were solidly behind me and very perplexed by the Board's action. It became apparent (to me at least) that a relatively small but determined group had control of L.R.E.M.C. One observation I have is that no director on that Board was elected by as many votes as there were signatures on either of the petitions."

The question arises as to whether there was internal undermining. I did not want to think so and still do not want to question anyone's loyalty, integrity or sincerity. However, the events and circumstances which have ensued certainly make one wonder just how all the parts of this puzzle really fit together. Why would I be asked on the one hand to not jump to any hasty negative conclusions and yet on the other hand, never be given any information on which to base any positive conclusions. Very stange indeed!!

How would I do it differently if allowed to go over it again? I'm not really sure I'd do anything different. To the best (I think) of my ability, I tried to:

1. Operate an open organization
2. Apply the best available principles and most modern techniques of management
3. Keep up to date on those principles and techniques
4. Encourage participation and innovative judgment at all levels of the organization
5. Stress integrity, loyalty, pride, productivity and sincerity
6. Provide a climate wherein each individual could feel a keen sense of personal self worth
7. Encourage directors, employees and members to reach beyond themselves in search of better ways.
8. Eradicate prejudice, injustice, gossip and pettiness inside and outside the cooperative
9. Instill a keen sense of fair play, patience, tolerance and doing your best as a way of life
10. Teach the cooperative way of doing business as being one of the more viable means of improving communities

In the final analysis, I feel that I became the victim of those injustices which I tried so diligently to eradicate. I make no apology for my record as General Manager of L.R.E.M.C. nor for its progress during my tenure.

A concluding thought: When there is an attempt to 'make a silk purse from a sow's ear' it may be wise to ascertain whether or not the sow's ear really wants to be a silk purse.

Final note: I am happily relocated into what may seem to some as a new career (at my advanced age?) and perhaps to a degree that is true. (However, I will be continuing to work in the program in which I believe and with the people I respect so much in a somewhat different way. (Thanks to Virgil Herriott for that bit of perspective.) I have a deep belief that all things work together for good if you have enough faith and enthusiasm. (You also have to give feet, legs, hands, arms and brains to that faith. Luck is still spelled W-O-R-K.)

DISCUSSION FOLLOWING MEMBERSHIP PROBLEMS AND STRATEGIES IN HANDLING SAME

Question: Should the board hold executive sessions?

Answer: If executive sessions are to gain the understanding and clear the air, OK but if to get at someone without facing them, no.

Question: Was there inside help?

Answer: I don't think so. Thus far there are no indications to me.

DISCUSSION FOLLOWING VIEWING OF VIDEO TAPE OF TWO ANNUAL MEETINGS AT
MORGAN COUNTY REMC

Question: What did the meter reading program have to do with member unrest?

Answer: We went into meter reading program making use of neighborhood readers. We have tried to substantiate the costs.

Question: Did the president preside at the annual meeting?

Answer: Yes, the election was handled by the attorney, however.

Question: How are your media relations?

Answer: Locally, pretty good. Newspapers give equal time. Media didn't take sides. Last year letters to the editors were very prevalent.

Question: Did it go through the attorney's mind to adjourn the meeting and reconvene later?

Answer: I don't know. Questions at the meeting were't answered. People didn't want answers. People didn't want to listen.

Anthony Pisano, Executive Director
American Management Association's
(AMA) Professional Institute

SUMMARY OF COMMENTS

Organizations and business enterprises are not linear organizations. The general manager has an "orchestrating" role which is a very complex balancing act. The general manager stands between issues such as high wholesale power costs and the cooperative which he is expected to manage.

Looking for continuity between this presentation and the 1982 presentation, there is a tendency to "ad hoc" the management of the cooperative to death, looking for a panacea. It is a matter of interpreting what is happening in management. Not much new is happening. We'll stay with the thread of the organizational dynamics, that is what is happening with the human element.

Summary of 1982 presentation

A brief review of the presentation "The planning orientation as a key to productivity" was given at this point. (See summary of presentation in 1982 REMDC Proceedings).

The basic point emphasized in the review was that the human element in productivity has to be treated in the organizational setting (People - at work - engaged in processes).

Comments on the 1982 presentation were summarized as follows:

PEOPLE PRODUCTIVITY IS:

- (1) Influenced by strategic decisions about the purpose and orientation of the organization.
- (2) It is enhanced when such decisions are arrived at through team planning.
- (3) Maximized when human resource planning is linked to strategic planning.

Added thoughts in 1983 - People productivity is influenced by strategic decisions about the character and quality of the organization.

- Managers approach the cooperative with values and biases and their decisions are shaped by these biases.

The General Manager - A critical dimension of the
Human Element in Productivity

Something is happening -

- The CEO leads his planning team (personnel who report to him).
- Begin planning session with a session on semantics- Objectives - Goals - Strategies
 - tactics - operating plan -
- Then move into the planning process.
- Strategies are unique. We have to worry about the strategy set being unique in that it addresses a problem or takes advantage of an opportunity.

Some Key Messages coming through about Management
all in the past twelve months

- "A new Era for Management" (Businessweek)
- "In Search of Excellence" (Peters and Waterman)
- "Productivity" (Oranti)
- "The Next American Frontier" (Reich)
- "New Rules" (Yanklovich)
- "Corporate Strategies" (Fortune)
- "A Walk with Peter Drucker" (Conference Board)

A New Era for Management - Talked about the phenomenon of middle management. The greatest victim of the depression was the "group VP". Some evidence that the flow of data and information going directly to Senior Management through their personal computer. This whole layer of information/coordinating persons is shrinking.

A. Pisano

Managers must be generalists, an example of this is how marketing and sales as it related to research and development must be integrated to support the whole organization. Generalists are able to deal with and bring into harmony the divergent areas of business. Generalists are able to get decision making down to the first line in the organization. A new Era talked about getting businesses back to the traditional functions of of business/industry - marketing, research and development, etc. The article emphasized the preeminence of the line operations and stated that line people/staff people must be involved in the planning process. Management must bring back into prominence the heart of the organization - the line. In REC's the "line" means personnel who perform critical functions.

In Search of Excellence - talks about business leaders as value shapers. It discusses the loose, flexible organization cultures. Makes the point that essentially organization must make an investment in people as opposed to "pleasing" them. Points out that we are moving from a mode of pleasing our people to a mode of investing in them. "MBWA"; Management By Walking About, is desirable. The real leaders and managers in the REC's are getting down to the meter repair shop, etc.

Productivity - Oranti says that we forgot about the importance of first line supervisors, who are older, who have come to us through the crafts, very few MBA's there. We forgot the importance of the factory. It is the only place where quality can really happen. We can control our environment and our finances but it all starts to break down when we try to get people involvement and commitment. Productivity starts at the top. He means the relentless pursuit of quality by the CEO - the general manager. (Pisano gave an example of AMA's commitment to excellence, stating that Larry Appley, retired president, gave great attention to detail. Pisano came to admire Appley's dedication to quality which carried beyond the logistics of lining up the pencils at students tables to show the AMA logo and carried all the way to the top of the organization in the quality of the instructors.)

The Next American Frontier - Reich stated that the reason we are no longer competitive internationally, as a nation, has nothing to do with managers' abilities. It has to do with the third world's ability to utilize unskilled labor into the manufacture of items which are presently being produced in this country by highly skilled labor. Much of the way we are organized in America has been influenced by cheap labor, simple manufacturing processes. We are moving into high tech - the old processes and the old style organization doesn't fit the high tech roles. We had better start being very flexible and loose to accommodate this new work environment.

New Rules - states there is a cultural revolution in this country - A movement away from the work ethic to one of self-fulfillment. This is here to stay. (Example a GE manager in Erie, Penna. who will not relocate in the Corporate Office in New York City.)

Corporate Strategies - talks about "portfolio management" - milking cash cows, thinking "profit only". This concept has bankrupted organizations which are managed by values. It doesn't suggest you don't work on problems, cash management, etc. There are some decisions which have to be made based on things other than profit and Managers must recognize this. The article suggests managers must start thinking more about these types of value decisions. Planning is in disrepute because we have followed the process but haven't made the plan work. We must now make the plan work.

A Walk with Peter Drucker - Drucker says business leaders are still looking for panaceas and gimmicks. He says there are two areas for decision making in business - Capital Investment - and Human Resources. He raises the question "Where do we want excellence? (In Data Processing sophistication or in the quality of services Data Processing supports?)

Some Key Observations of Organizations

General Electric - Still trying to link strategies to its people resources. Must link human resource planning to strategic planning.

Lilly Corporation - Maintains traditions and cultural values in the manufacture of products and the management of people. Has team approach to decision making.

Rockefeller University - President has 60 people reporting to him. He is returning RU to traditional strengths to where it was strong - organization roots and heritage. As a leader, the president has to (1) convey goals (2) build a sense of institutional

A Pisano

identity.

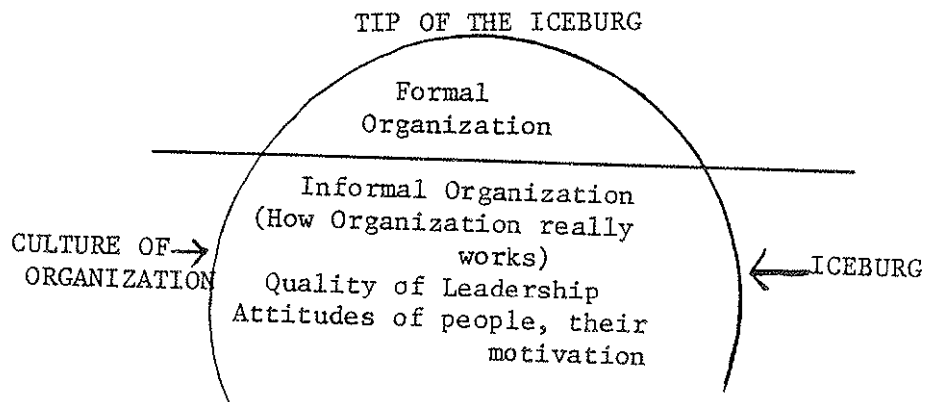
United Airlines - President of United Airlines is about customer service. The President brought customer service to preeminence. He managed by MBFA (Management by Flying About). His style is flying about the country, reaching down to its employees. (This is the IBM culture, also.) The CEO asks people what they think. Significant shaping of the organization by the values and cultures the CEO brings is evident.

AT&T - CEO started by climbing poles. Talks about getting the people in the organization to adapt to the changes brought about by statutory changes. He worries about the quality of service.

A study of these companies and their Chief Executive Officers adds up to -

- Recognition of an organizational culture
- A new phase in the historical view of the organization
- The manager is a leader and a generalist
- The critical role of the organizational process in communication and performance appraisal
- Flexibility in departmentalization and jobs

Managers must recognize the culture of the organization which they lead.



Organizations are just beginning to understand what their "culture" is.

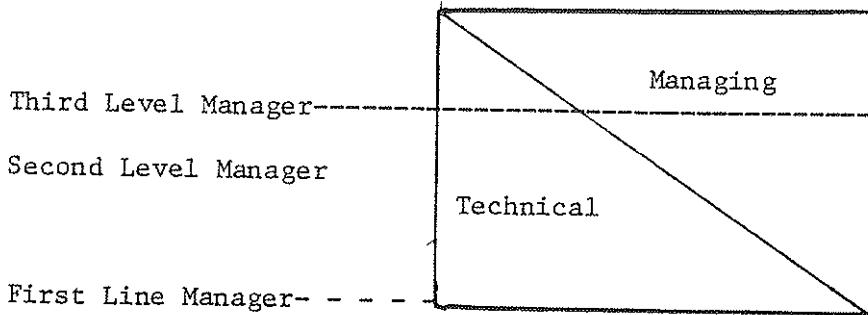
There is a new phase in the historical view of management.

<u>HISTORY OF MANAGEMENT</u> (A MANAGEMENT SPECTRUM)		
1	2	3
Rational and Scientific	Human Resources	Managerial Values
(Basic look inward, concentration on the task itself.) Work-task-job	(Need to please worker, sensitivity training.) People Needs (Only country in world with EEOC law)	(Focus is on managerial values influences results) Expreses a general direction

Organizations are all over the chart. Decide where your organization belongs, but don't move too fast.

Fewer and fewer people are saying that management is Planning, Organizing and Execution. This is what a manager does. The manager's real job is leading and being a generalist.

HOW A MANAGER SPENDS HIS TIME



This diagram doesn't hold anymore, something is missing.

Diagram needs a new element because it doesn't treat the manager as a leader.

The generalist manager understands the essential relationships among the basic functions of the organization and how these move together to support the strategy of the organization.

(Question from a REC Manager: "I've spent my time on wholesale power supply and where we are in rates and where we should be...")

Tony: That is precisely what you should be doing as a manager, focusing on the problems and the challenges which require strategic changes.

Question: But a manager must know enough about the technology to make decisions.

Tony: Yes, right. The manager must focus on the things that drive the business.

Question: The higher up you go the less you have to know about technical things?

Tony: In a REC the CEO's role as I see it was the technical knowledge of customer (Member) relations because that is the REC's most important function.)

Critical Role of the Organizational Process

- Not only increasing awareness of organizational culture but two key areas are (1) Communications and (2) Performance Appraisal (No one does a good job here)
- Flexibility in departmentalization of jobs - Rotation of jobs - do away with artificial rigidity - Have engineering people spend time in member relations jobs.

GET BACK TO BASICS

- Don't do away with organizational tools, do away with the artificial rigidity these tools can create.
- Peters and Waterman say some of the basic lessons in management have been overlooked in the use of the sophisticated tools created for management use.
- Some groups labeled "conservative: may be a misnomer. It may be these organizations were dealing with basics. Running operations on a gut feeling of "Where they want the organization to be".
- This "back to basic" movement is not happening quickly, nor will it be over soon.
- The fact that your organization is a cooperative gives your organization a special mandate to know where you are on the management spectrum.
- What we have our hands around is the beginning of a trend of changes in what makes organizations effective.

(Question: I'm fascinated by the term "portfolio management syndrome" does it mean the apparent loss of sight of the purpose of the organization?)

Tony: Yes.

Question: Does load management qualify as portfolio management?

Tony: Yes and No. Only if it completely aborts the purpose of the organization.

Portfolio management is a useful financial tool which was escalated to a "way of life", or the culture of the organization. Not a healthy way of life.

Statement: The REC's are a direct result of the "Portfolio management" syndrome of the Investor Owned Utilities in the 1920's and 1930's.

Question: Are you saying that a CEO of General Motors could not go to General Foods and do the same good Job?

Tony: Yes, I'm mistrustful of the approach that "management is management". Mistrustful of the idea that management of an organization deals with something other than the culture of an organization and its related functions.

A. Pisano

Some rare managers can bridge gaps of moving from one type of business to another. Organizations should staff for supplying managers from internal line operations. Managers should come from line/technical/functional areas. People skills come later. Knowing the business, its cycle, its philosophy, its folklore, is an attribute which a CEO should have.

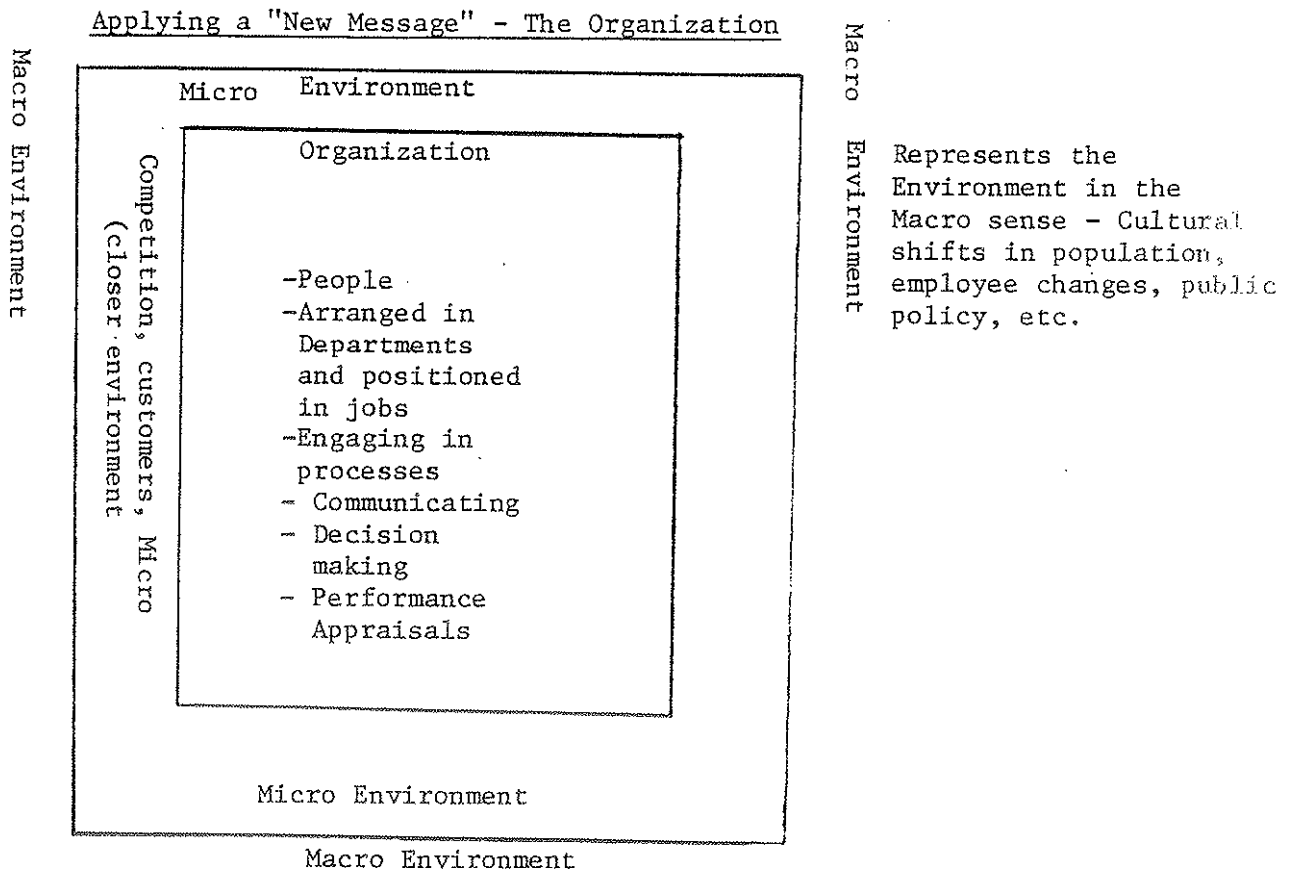
Question: How many managers, distribution and G & T, do you know who bombed out who came from outside the RE program?

Tony: I suspect it is even more true in REC's than other businesses. But you must watch out for "in breeding".

Statement: A manager brought into the program without knowledge of the RE program can't be completely effective until he internalizes the cooperative philosophy. There seems to be an overlay and a whole history of the cooperative and what it is and this makes the value systems of cooperatives most important and the functions they emphasize.)

- Management isn't management, isn't management, isn't management. Managers can't move easily from one business to another.

Caution: Recognize the dangers also of "in-breeding".



Processes are always going on whether perfectly or imperfectly.

-Manager must be position between the organization and the environment. Take the manager (leader) out of the organization and treat organization as a tool to accomplish something.

- Manager is scanning the environment and making strategic judgements and then translating that so people can make all these things happen.

-Organization is something the manager manipulates and shapes to take advantage of the strategic directions. This is the posture of the chief planner - the CEO.

A. Pisano

- Every organization starts out with - THE TASK TO BE PERFORMED

THE TASK TO BE PERFORMED HAS

<u>Inputs</u>	<u>Functions(operations)</u>	<u>Outputs</u>
	Manufacturing	
	R & D	
	Quality Control	
	Marketing	
	(Each of these functions have people in Departments/jobs/processes)	

- Manager orchestrates people/departments/jobs/processes to carry out functions for necessary outputs.
- Experience in functional areas represents the "school of hard knocks".
- As the manager approaches his orchestrating role he comes at it with different values and he will make strategic decisions bringing his values and biases in determining the kinds of peoples, the structure and the processes he wants the people to engage in. (These are strategic decisions which come out of the values and biases of the manager.)
- Values, experience, biases of the manager, influence his decisions.
- When you say we want "entrepreneurs" in the organization, you are making a strategic decision.
- When you hire a person you are making a tactical decision.
- CEO of AMA is biased toward people oriented management
- The productivity of people is linked to the values and orientations managers carry as they shape the behavior, structure and process of their organizations.

and

overlaying the "New Message"

- These values and orientations which strongly enhance productivity have to do with the quality and character of
 - Leadership
 - Work Groups, arrangements and jobs
 - Communications
 - Performance Appraisals

"People feel they have a worthwhile job when you tell them they have something worthwhile to do"

(Question" When do we start forming our values?

Tony: My value has to do with the quality of my work. My decisions reflect my value system. But not very consciously. Values come from your family, education etc.

Question: How would you go about changing a value?

Tony: From a subordinate. Explain the reason for your value. Be willing to invest in additional training for the person. Sometimes the only way to change it is by making the ultimate break. As to how to change with a superior, an extraordinary effort is required. Sometimes programs of introspection may help. Sometimes it "ain't easy".

Question: Isn't this what happens when a subordinate brings a proposal to the manager?

Tony: Performance appraisals discussions help. There is great difficulty in bring consonance to expectations of both superior and subordinates. Values may not be the best work. Accommodation of values vis-a-vis manager/subordinate relates to "on the job behaviour".

Question: What do I do with young people who come out of Universities today who study things to death and never become productive? Especially lawyers, economists and engineers? Am I wrong?

Tony: No,you aren't wrong. Your value system is what you bring to your job. The culture of the cooperative will reflect your values. Science of personnel selection has not reached the level to assure we have screened the study-oriented person out when an action-oriented person is required. In interviews we can communicate the culture and climate of the cooperative. Turnover often deals with the mis-communication about the climate and culture of the organization. In performance appraisals we have a responsibility to communicate what the culture of the organization is and this reflects the manager's values)

A. Pisano

- IT IS ALMOST IMPOSSIBLE TO COMMUNICATE THE CLIMATE
- Are we teaching our people that they can't afford to fail, if so, this is wrong.
- Employees need to know they have the CEO's sense of priorities backing up their decision making.
- CEO's shouldn't be defensive about their values - THEY MUST COMMUNICATE THEM.

Applying a New Message: The Individual Manager

Productivity is tied to the quality and character of these four elements:

- (1) Leadership (2) Departmentalization and jobs (3) Communication (4) Performance Appraisal.

Leadership

- Leadership is institutionalizing values in the organization.
 - The analysis of leadership in organization has suffered because there has been too low a level of dialogue.
 - A whole body of "situational" leadership has occurred.
 - Most recent information is "contingency" leadership. How leaders respond to certain situations. This doesn't get at the broad issues of leadership.
 - The analysis of leadership must be expressed in terms of the leaders, the values and goals which they are seeking to drive home. It has to do with making it plain where you stand and by your actions demonstrating these values. A leadership that is expressed through actions of the leader is authentic.
 - Leadership is getting marketing people to understand operations and vice versa.
 - Leadership is flexibility which breaks down the rigidity of false walls.
 - Leadership reaches down and don't communicate to the lower level through the middle level.
 - A mark of leadership is good, open communication. (A downside is that reaching down into the organization puts mid-level personnel in a threatening position.)
 - CEO may encourage a march toward toward himself. He could become a "complaint bureau". The test of a good leader is how you manage that.
- (Statement: Danger comes when the manager makes decisions that middle managers should be making.
- Tony: Reaching down is getting yourself down to where the action is. Not making the decisions the middle manager should be making. A leader understands how he wants to shape the organization.) Performance Appraisal
- In performance appraisal a CEO must re-visit the original "contract" which covers the CEO/Subordinate's expectations.
 - Performance appraisals, when they happen, never re-visit the original contract.
 - Performance appraisal is not nurturing. The contract represents an investment.
 - Performance Appraisal needs to take on a nurturing mode, rather than an investigative, evaluative one.
 - Biggest problem with Performance Appraisal(The whole supervisor/subordinate relationship is performance appraisal and back "here's how I'm doing, how do you think I'm doing?) is that it is not an integral part of the basic supervisor/subordinate relationship and it should be. Somewhere along the way it was taken out and set aside under "personnel's" responsibility. Performance appraisal suffers from the tyranny of the system. When we are not sure how to do something, we develop a system. Supervisors then respond to the system. (Systems take on a life of their own.) May be the only way we can do it is to systematize it. We must be sure the Purpose of the Performance Appraisal is achieved.
 - Supervisors should be able to bring subjectivity to performance appraisal. When we appraise people, we appraise them by whether we like them or not.
 - One of the things which keeps performance appraisal from being done well is that no "clear cut standards" have come out of the original contract.

A. Pisano

-Nurturing means giving the employee an opportunity to talk about their expectations and their understanding of their supervisor's expectations. Employee should have an opportunity to question what the standards really are. Part of the process is getting standards in writing.

-To try and make it any more scientific than that will create problems.

-System and procedure for performance appraisal should be in an administrative sense only.

-Performance Appraisal is the most integral relationship between the first line supervisor and the employee which they have -

NURTURE - TRAIN __ DEVELOP __ FEEDBACK ABOUT EXPECTATIONS OF JOB PERFORMANCE

-CEO communicates sense and purpose of commitment to Performance Appraisal to supervisors.

-You won't turn around the status of Performance Appraisal in your cooperative overnight.

(Question:What did you mean about bringing subjectivity to performance appraisal?

Tony: The need for clear standards (3 or 4 key result areas), this is objectivity. Subjectivity is your gut feeling about whether this employee is a good employee.

You have to let your perceptions enter into your judgement of performance. If we don't think the person is a good employee this will enter into your final judgement.)

-Performance appraisal should be ongoing, daily. Performance appraisal should not be done at the time of the annual merit review.

-A good start for a performance appraisal is "Let's take a look at how things are going".

-Looking at where you are in your cooperatives, how do you identify with this?

What rings true? Strikes a note in your own co-op?

(Statement: Sometimes when there is a change in CEO there is an element of uncertainty when the CEO and staff don't understand the values. My style is different than my predecessor. My walk around management was viewed at first as "spying". Now they realize that I am genuinely interested.

Tony: It takes a long time for people to begin to respond to something that is different and new. Like a new CEO. It will happen as people observe the CEO.

Walt Disney Enterprises insists management people dress up in Mickey Mouse costumes, operate hot dog stands as a part of their management development. A management culture takes time.

Statement: What he is describing is a normal group process. Getting to know people socially helps.

Tony: Someone said at the break "You have to identify where you want excellence, (where your priorities are) and spend time focusing on this. Do everything you can to encourage excellence in this area.

Statement: You have to make a strong commitment personally, and do what comes naturally.

Statement: Sometimes you can be too cautious, as a new CEO you need to articulate your values and where you stand.

Tony: If you are very sure of what you want, a CEO should not be reluctant to indicate what they want. We've been "participative" management to death. CEO's must be aggressive and open about the behavior they expect.)

BACK TO BASICS

Tony: What did you think of Blackwell Engineering? (See case study attached to this report).

Statement: Until Nelson came along it looked OK.

Tony: Could you identify with Blackwell?

Statement: The differences of organization cultures represented by Nelson coming into Blackwell wasn't made clear in the original contracts.

Tony: Nelson came out of a different culture.

Statement: And at age 43 it may be difficult to change his values.

Tony: We are not sure whether Nelson reflects the culture of the other group he came from.

Statement: Leader must know which way his group is going and get in front of them.

Statement: Selection committee could have warded off some of the problems by giving reason.

A. Pisano

Tony: What about the selection committee? No guts at all, went outside the organization.

Statement: Is this an example of management by committee?

Tony: Who would you have had make the selection?

Statement from Audience: Plant Manager. This is a fundamental responsibility of this individual. Supervision identifies who will be replacement.

Tony: What about the CEO?

Statement: He was a very "comfortable, laid back" person.

Tony: What about leadership at Blackwell?

Statement: Values filtered down. This was the beginning of a "Blackwell" culture.

Tony: This case helps us understand the meaning of leadership.

What did Clyde have going for him?

Statement: Trust, respect, results, motivation of men, technical knowledge.

Tony: What flexibility was there in structuring and how did it serve Blackwell?

Statement: Good informal working relationships between the mechanics, engineers and team supervisors.

Tony: How would you characterize their communication?

Statement: Not bad, strong, a sense of identity.

Tony: What was the most serious error?

Statement: Having the committee make the selection of Clyde's replacement instead of the plant manager and not providing a transition period. Plant manager will have no commitment to the success of Nelson. Nelson didn't understand the culture at Blackwell.

Question: How often do you go into a well run business and you can see why it is so but the company doesn't know?

Tony: Yes, this is frequently true.

Tony: What would you have recommended in the Blackwell case?

Statement Let the plant manager make the decision about replacement. He will help to build the trust, respect and confidence of the people.

Tony: Where do you draw the line between adapting the organization to fit the person or changing the person to fit the organization. It is difficult to draw the line.

(Extreme example: Trying to make administrative assistants out of secretaries with degrees in art, etc.) somewhere we tried to tailor the job to fit the person. On the other hand, do we do the job this way because we have always done it this way?

Statement: Loyalty to goals of the Department and to the Department manager is required for good performance, but must be in balance.

Statement: Why did people react as they did to Nelson's style of operation at third level of management?

Statement: These types of changes have to come from the top.

Tony: Effectiveness didn't come from the changes Nelson instituted but from the culture of the organization.

Statement: Have problem understanding why Blackwell went outside the organization when they had good people inside.

Toney: You're on target. I selected this case because it represents the two classes of response to the environment. Culture of Blackwell is clearly shown. The case puts into a fairly real context the theme we've tried to develop.

SUMMARY

- (1) More people using phrase "BACK TO BASICS". It means a fair reflection of the theme we've tried to develop. A revisiting of the things in the organization which have always been with us.

WHAT IS NEW IS LETTING THESE THINGS RISE AGAIN.

- (2) It is important to stick to the middle ground. It is easy to become over-committed to a certain stance. Trust your instincts about how the job is to be done.

A. Pisano

Sift through the new trends (things) and use those things which you sort out in your judgement are the best for you to use. If this is conservatism then OK.

- (3) Don't have a good understanding of this thing called "co-op", but it is what makes you unique and gives you an opportunity to show what you are all about as an organization. The cooperative value (philosophy) has a great opportunity to flourish and nurture the theme of this meeting..

Alot of this will have a high probability of flourishing with you, than with commercial groups.

I tried to track some of the things - not theories - about six months ago and got the feeling something was really happening. This presentation is as a result of this tracking.

Changed presentation somewhat because of my discussion on the make-up of electricity costs.

WHERE DO WE DO FROM HERE?

Bring more specifically the topics discussed into an actual case in a cooperative, using a real case out of the cooperatives.

End

● Overview

The human element in productivity is multi-dimensional. In 1982, we considered one such dimension: how it is linked to the choices and decisions managers make about the strategic direction of their organizations. In 1983 we will consider a second major dimension of the same critical theme:

HOW THE HUMAN ELEMENT IN PRODUCTIVITY IS LINKED TO THE VALUES MANAGERS HOLD ABOUT THE CHARACTER AND QUALITY OF THEIR ORGANIZATIONS

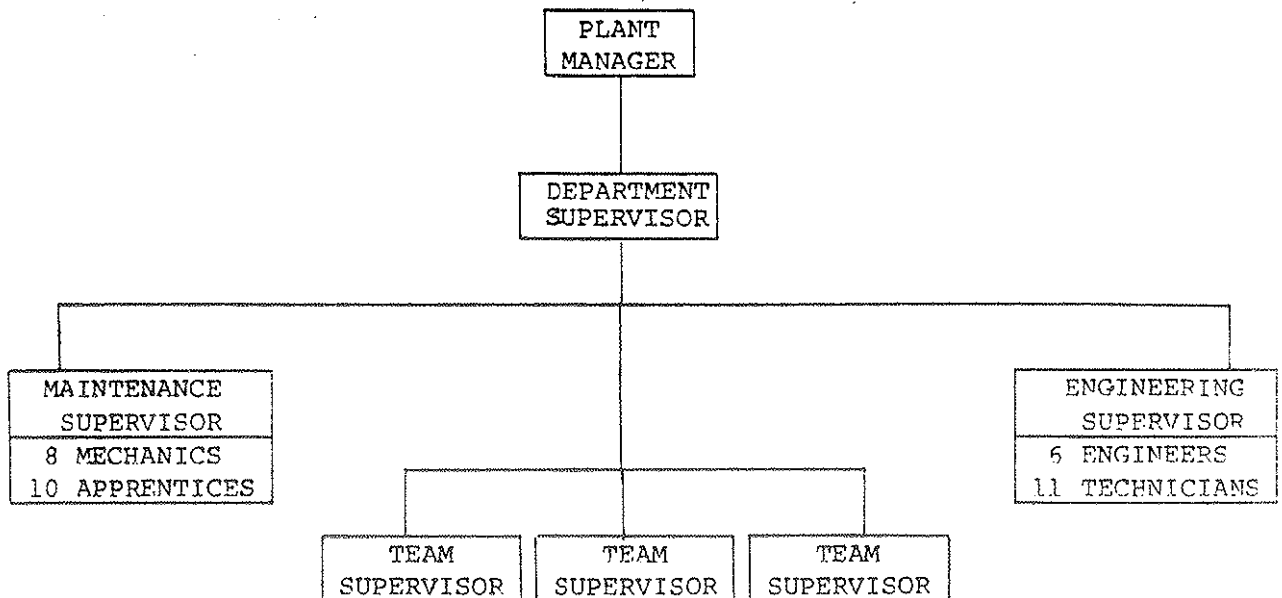
● Outline

- I. Introduction
- II. Revisiting the 1982 presentation: does the point still hold?
- III. Something is happening: is there really a new message coming at us?
- IV. Action: what do we do now--about our people, our structure, our jobs, our communication?
- V. Organizational culture: what's below the tip of the iceberg?
- VI. Case analysis and discussion: would the management scientists have killed a good company like Blackwell Engineering?
- VII. Summary: is the middle ground right or is it just safe?

CASE FOR ANALYSIS

The Blackwell Engineering Corporation employs approximately 1,200 operating employees. The plant is old but is kept reasonably clean and is known as one of the better production facilities in the area. The plant has a research and development department, an industrial relations department, an accounting and financial control department, a distribution department, and four operating departments that produce valves, metal brackets, metal shelves, and pistons. Exhibit 1 is an organizational chart of a typical operating department.

Exhibit 1



The plant manager, Joe Ruggio, was responsible for all production, maintenance, and engineering work performed in the departments. The department supervisor of the unit represented above was Clyde Campbell. He reported directly to Joe and had two support units--maintenance and engineering. Clyde also had three team supervisors reporting directly to him. These men were each responsible for one of the three shifts--days (8-4), afternoons (4-12), nights (12-8).

The maintenance team consisted of 8 mechanics and 10 apprentice mechanics who worked on maintaining the machinery. They worked closely with the engineering team who worked primarily on experimenting with new

equipment, new plant layouts, and other problems of technological change. Although the engineers were college graduates they worked extremely well with the mechanics and respected their technical knowledge.

The mechanics and engineers also respected the team supervisors who worked hard and were interested in task accomplishment and people problems. The smooth coordination and mutual respect among the managerial and operating employees were certainly trademarks of Blackwell. At the annual supervisory conference, the founder, Tommy Blackwell, even at age 62, would mention the importance of respect, trust, and confidence. This message was continually presented in the company newspaper and at almost every annual award dinner.

Clyde had worked with Blackwell for 18 years and had a reputation of being a technical expert in every phase of production. In fact, all of the four operating department supervisors were known throughout the organization for their technical and engineering skills.

The company has been one of the most popular within the community. In fact, the personnel department typically has an employment waiting list of at least 50 engineers, 100 mechanics, and 300 operating employees. Generally, about 80 percent of these people are qualified, but turnover is so low that there has been little hiring in the past three years.

The engineering group had no desire to unionize, and the mechanics who were unionized did not become involved in union politics. The plant has never had a strike, although other plants in the area are continually striking for better wages, fringe benefits, and other related matters.

The performance of the plant had been improving in every area--in quality, quantity, and costs--for the past ten years. The operating employees said that they respected the company and the management team because the managers knew what the employees' problems were all about. The managers were viewed as possessing technical knowledge and not just "paper shuffling" expertise.

Clyde became seriously ill around Christmas. He tried to come back to work in March, but was too weak physically and eventually had to take a disability leave in June. The three team supervisors were all considered for promotion to Clyde's position, but it was felt that they lacked experience to handle the job. The selection committee felt that promoting an engineer to the department supervisory position might be interpreted as favoritism by the mechanics. Thus Nelson Morley, a 43-year-old engineer from Staley Engineering Corporation was hired to replace Clyde.

Nelson changed a few of Clyde's operating procedures concerning the

reporting of productivity. The performance report procedure was one major change that many people disliked. Nelson would meet with the team supervisors once a month to go over reports on performance of the three shifts. Clyde had met with the managers only as a team and did not meet separately with supervisors, engineers, and mechanics. There had been no regularity in Clyde's arrangement; the teams might meet once a week, twice a month, or once every six months.

Even before Nelson joined the company a number of mechanics, engineers, and operating employees had said that they would leave if Clyde did not return. They believed that they performed well because of him. He was what they described as a "motivator of men."

Nelson was called an "outside renegade" behind his back. The quality of work and timeliness in filling orders suffered significantly after Nelson took over. The total team had been split because of his practice of only meeting with team supervisors. The engineers and mechanics began to quarrel with the supervisors about standards and procedures. These disagreements seemed to be most intense immediately after the monthly meetings between Nelson and the team supervisors.

One supervisor said, "Nelson is now the boss and we must get into step and follow his procedures." This feeling was not shared by a single mechanic or engineer. It appeared to them that the team supervisors were joining up with Nelson.

Joe was very concerned with the turn of events in the department and asked Nelson to visit with him. The objective of the meeting was to work out a plan so that performance and satisfaction would return to more acceptable levels.

In Search of Excellence

Presentation by

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Rural Electric Management Development Council Annual Meeting
St. Louis, Missouri
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In Search of Excellence

Every so many years, review of the art of management develops to the point that something new, not just a refining of earlier theory/experience, can be written. When the review leads toward new theory built both upon the work of earlier theorists and upon solid experience, it carries a message we must listen to.

The book "In Search of Excellence" has a message we must listen to. The authors, Thomas Peters and Robert Waterman, are both academics and consultants. Using objective measures of success, they identified 43 companies which have qualified for over 20 years as top performers. They then carried out extensive observation and interviews within the qualifying companies and identified eight common characteristics.

The measures of success, of course, were not directly applicable to utilities because some indicators such as growth, market share and profitability relate more to competitive industries than to those with monopoly or near monopoly status. Their findings, however, as to how these successful companies operate appear to have high validity for any business whether competitive or area-franchised, profit or nonprofit, industrial or service. Accepting their findings does not mean that we should reject, any more than the authors did, the idea of earlier theorists. They recognize the contributions of all those we have studied: Weber, Taylor, Fayol, Mayo, Roethlisberger, McGregor, Barnard, Selznick, Herzberg, Chandler, Weick, March.... What they add is theory, followed by extensive observation, followed finally by development of modified theory with practical value for any practicing manager.

While the eight attributes were not present to the same degree in all 43 companies, the authors report that "at least a preponderance of the eight was clearly visible." (The book provides little direct identification of companies they know which did not qualify, but they did analyze for comparison underachieving companies.)

One reason for belief that the results can be widely applied is the wide range of companies represented: High technology (such as Hewlett-Packard and Texas Instruments); Consumer goods (Procter & Gamble, Johnson & Johnson, Frito-Lay); Industrial goods (Dana, 3M); Service (McDonald's, Disney); Project management (Bechtel, Boeing); Resource (Arco, Dow).

The eight:

1. A bias for action, for getting on with it.
2. Close to their customers, learn from the people they serve.
3. Autonomy and entrepreneurship, encouragement of leadership and innovation throughout the organization, practical risk taking.
4. Productivity through people, every person a source of ideas.

5. Hands-on, value driven leaders who make the organization's philosophy and values clear and who make prominent personal effort to see that they are practiced.
6. Stick to the knitting, stay close to the business they know.
7. Simple form, lean staff, recognizing that this may result in some work overlap and confusion.
8. Simultaneous loose-tight properties; maximum autonomy all down the line but "fanatic centralists on central values."

After reading and thinking about the book, I was at first tempted to add a ninth but now see, rather than another characteristic, it is a common thread running through them all: avoidance of bureaucracy. There is a tendency of all of us to think of bureaucracy as a word describing government: shuffle papers, avoid mistakes, protect your turf, delay, keep your neck pulled in, make rules and stick with them. As to whether this describes government, I plead "nolo contendere." I've seen only one agency in depth and REA is hardly typical. (At least 25 electric cooperatives, power and distribution, have more employees than in the entire REA electric staff.) In years of private experience, cooperative and private, I've seen organizations far more bureaucratic than this particular agency.

Before looking at examples of "best-run" behavior in electric cooperatives, let's look at some others. Otherwise, someone might tend to think that small organizations like most rural electrics automatically avoid bureaucratic sins, and therefore automatically qualify as best-run.

1. Four signatures required for a branch office manager to get more stationery from headquarters. (Five, if out of stock!) Violates characteristics #1, #3, #7.
2. Office manager forbids conversation between linemen and office employees. #4, #7
3. Forty-five page position description for manager. #1, #7
4. Line versus staff rigidity. #1, #2, #7, #8
5. Training only in individual specialties. #2, #3, #4, #7
6. Standing staff committees rather than short-term task forces. #1, #3, #4, #7
7. Domination by board of directors. #1, #3, #4, #8

This is just a sampling of the bureaucratic traps we can fall into; each of us from experience could list many more.

Then there are other sins, large and small, all of us have seen which may not be bureaucratic but break the rules the eight attributes tell us.

1. Domination of board by manager. #2, #4, #5, #8
2. Reduction in member services. Stonewalling so-called "dissidents." Resistance to conservation, load management. Treating annual meeting as legal formality. #2, #5, #8
3. Self-perpetuating boards of directors. #1, #3, #4
4. Board committees with semi-permanent membership. #1, #3, #4
5. Direct involvement in land development. #6
6. Attitude which says "I'm running a utility--period!" #2, #4, #8
7. "But we've always done it this way." #3, #4

The list could continue, but we must look behind the truth that rural electrification as a whole is a remarkable success story. We owe it to ourselves also to look at some examples of excellence within the total and at the lessons we can learn from them.

As a total program, we start out with some characteristics like those of the identified most successful companies. Taken as a whole, both geographically and in number of consumers, rural electric utilities are the largest utility in the country. Let's imagine, if we can, what would have happened if the program had been established as a centralized utility with headquarters in Washington (or Kansas City). Or, let's imagine a structure which would have been less centralized and built upon one cooperative per state. Certainly the program never would have developed as rapidly or as successfully. Just by the nature of local leadership and responsibility, many of the eight characteristics immediately existed in most cases: let's get on with it; close to the consumer; innovation (and making mistakes); every person a source of ideas (because no one had all the answers); hands-on leadership with a mission; so busy getting the job done that they had little time for dilution of effort of other business; lean staff with many jacks-of-all-trades; and local decisions based on clear central values.

It is interesting to note that the authors observed that many companies with the greatest measurable creativity were not those with large research and development departments. Rather the greatest number of creative products and improvements came from either of two sources. The first was sales personnel who were close to the customer needs. The other was what the authors call ten people "skunk works," people unhampered by supervisory layers and controls who would "champion" an idea or project.

There is, unfortunately, no method by which we can say and prove that one cooperative has excellent management, another poor, and another in-between. The performance standards are less clear than for profit oriented corporations with direct competition. You have your opinions, I have mine, and so does each director, each manager. We can look, however, at some of the obvious successes by individual systems and groups and see that the qualities cited for the successful companies clearly were present.

One clear example is the development of data processing in the program from old billing-on-unit-record-systems on to some of today's management information systems. There were many mistakes along the way among both on-premise and data center systems. Some failed completely to return the time and money invested, some took a long time to pay off, others were successful sooner. I once asked a manager whose concepts and design have served as a model for many other cooperatives if he had ever figured out what the development had cost. He answered, "Frankly I'd be afraid to, but I know it will pay off!" It has. Measured by the Expense Comparison Study, the cooperative operates at 20 percent below expected costs, a saving of about \$500,000 in 1981 alone. A lean office staff and an ADP system operation oriented toward information for all organization units and levels: this organization is producing good service, good margins on a "spread" of less than 17 mills along with excellent member relations. Meanwhile, many other systems are profiting from this cooperative's developments (and mistakes!). Similarly, the several data centers (mistakes and all) have been more creative and productive certainly than if there were just one giant center far removed from local system operations.

We could also look at many other management advances which started in one system and then spread to others faster than in large companies: construction methods, yard lights, dual-fuel furnaces, both voluntary and controlled load management, creative consumer relations, wage and salary innovations,

Let's now also look at two quite different cooperatives and see what they've done.

Cooperative B:

This is a large system with four district offices, well known throughout the program. Their work planning is a model for others, beginning with the board's own plans and a theme for the year established on which each department builds its own part. The theme, depending upon immediate and longer range perceived needs, might emphasize in a year any one of several values: consumer service, wise use of energy, the total team to make it happen... (characteristics #1, #2, #4, #5, #8). People at all levels are closely involved in the planning process as appropriate to their own jobs and their supervisors'. With the adoption/acceptance of the plans, authority is clearly delegated (#3). As part of the process, layers of supervision have been reduced (#7). That covers everything except #6, "stick to your knitting," taking on only those additional ventures which fit the basic organization. Here they've had a little trouble but only because they believe so strongly in #3 which says that good organizations can point to some mistakes. They've made them: at one time over-organized; much paperwork and expense; so much emphasis on up-and-out management that some of the down-and-in functions were short-changed; supplemental energy ideas that didn't work; an annual meeting with sharp cutbacks on prizes and entertainment; some computer investments they might wish hadn't been made; and, no doubt, many more which haven't been so public! The measurable results, though, are outstanding: equity growth along with good capital credit rotation; a rate of return of over 6 percent which is about 30 percent above the average cooperative; an additional

effective rate of return of about 1.5 percent on cash management alone; high wages and a high training budget but below the expected expenses as computed by the Expense Comparison Study.... All eight characteristics of excellence are clearly practiced and the results, measurable and unmeasurable, are just as clearly excellent.

Cooperative C:

This is an average sized system with low density. Like the larger system, it has a history of work planning involving the entire organization: more than 15 years ago line crews were receiving quarterly reports on work completed and dollars spent compared to plans and standards they helped develop. Salaries and training effort are high at all organizational levels; load management is outstanding; member conservation loans were being made long before Section 12 deferments were available; every measure of good member relations is high.... Again, though, we see the history of mistakes: some computer decisions which cost more than benefits derived; "overboard on underground" before certain technical problems were solved; so progressive that relations with other cooperatives were once not consistently good.... The measurable results: 10 percent margins with good cost control and a "spread" above power cost of less than 15 mills; reasonable equity and good capital rotation; line losses and outages among the best (the undergrounding begins to pay off!). Active effort on the eight characteristics and a payoff in results.

Lessons For Us All

The first conclusion we can reach is a conviction that rural electric which meet the eight characteristics are leaders in the program. They have served their own consumers well and provided examples and innovations which have spread far beyond their own territories.

The second is that every organization should take a searching look at itself to see how well it measures up in relationship to these new "standards." Earlier we pointed out that the program by its centralized, new-venture spirit started out with some built-in characteristics like those found by Peters and Waterman. Now we are what economists call a "mature" industry. With this comes far greater financial stability for most distribution systems than our pioneers ever dreamed of. We attract management people at all levels who are better educated, better trained, better paid and with outstanding benefit programs compared to the earlier days.

Is there a danger that as a mature industry we will be less innovative, less willing to make mistakes and less likely to feel, represent and demonstrate the central values which have been basic to program success? The answer is clearly "Yes, there is a danger." There is danger that with "maturity" will come (has come?) either complacency or fear of change. To this danger each system must find its own answers. Members of this Development Council can help show the way.

Eight Characteristics for Excellence

1. A bias for action, for getting on with it.
2. Close to their customers, learn from the people they serve.
3. Autonomy and entrepreneurship, encouragement of leadership and innovation throughout the organization, practical risk taking.
4. Productivity through people, every person a source of ideas.
5. Hands-on, value driven leaders who make the organization's philosophy and values clear and who make prominent personal effort to see that they are practiced.
6. Stick to the knitting, stay close to the business they know.
7. Simple form, lean staff, recognizing that this may result in some work overlap and confusion.
8. Simultaneous loose-tight properties; maximum autonomy all down the line but "fanatic centralists on central values."

MINUTES

1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

OPENING

The 1983 Rural Electric Management Development Council held its annual conference at the Harley Hotel of St. Louis, Earth City, Missouri, May 23-26, 1983. Council Chairman Robert L. (Bob) Roberts opened the meeting at 1:30 P.M. and welcomed council members and guests. Bill Ward gave the invocation. Each person present introduced themselves (see registration list). Chairman Roberts named Barbara Deverick as Secretary for the 1983 conference, and thanked her for the work she had done in the past in preparing proceedings of previous conferences. Everette Bristol, Chairman of the Membership Committee, was recognized to hand out proposed changes in council membership requirements to be voted on during the business session on Thursday. Chairman Roberts gave a brief review of the program and stated that a sightseeing tour for the women who had accompanied their spouses to the conference was planned for Tuesday morning at 9:00 A.M. and reminded those who had signed up for golf that the group would leave for the course at 3:00 P.M. on Tuesday. He stated that a tour of the Central Data Processing facilities had been planned for those who wanted to go at the same hour as the golfing event and that buses would transport the group to the data center.

PROGRAM

Chairman Roberts introduced John Parham, Chairman of the Program Committee. John introduced Jack Hicks, member of the committee and stated that Larry Moderow, who was on the committee, was unable to attend the meeting because his son was having bypass heart surgery at this time and had sent his presentation to be included in the conference proceedings. He thanked the committee for the excellent work it had done in developing the program for the meeting. John then introduced the program, and it proceeded as outlined (see program schedule) with presentations by council members, Wayne Johnson, Dr. Eugene Hunt, Gary Hobson, Anthony Pisano, and Charles Weaver.

BUSINESS SESSION OPENS

On Thursday, May 26, Bob Roberts convened the membership for the annual business session of the Council. Lyman Patee gave the invocation. Bob recognized Wayne Johnson of NRECA who stated that the next April NRECA would have Peter Drucker for a management program and the session

MINUTES

1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

BUSINESS SESSION
(CONT.)

would be held in California. Wayne indicated that he would be changing positions, becoming the Manager of Clark County REC at Sellersburg and looked forward to participating in the Council as a manager. Chairman Roberts thanked Wayne and NRECA for its support of the council and its work.

TREASURER'S REPORT

Chairman Roberts then recognized Allen Ritchie, Treasurer, for his report. A copy of the Treasurer's Report was supplied to each council member. Allen stated that there was some \$19,000 in savings and \$3,300 in checking, and that the bills for this council conference would run between \$3,000 and \$3,300. Motion was made by Barbara Deverick that the treasurer's report be accepted with thanks and appreciation to Allen and his staff for their fine work in taking care of the financial affairs of the council. Jim Kiley seconded the motion and it was adopted unanimously by the council.

MEMBERSHIP REPORT

Everette Bristol, Chairman of the Membership Committee, was called on for the membership report. Ev reported that ten systems had been re-certified for membership, meeting all requirements for re-certification. They were:

Sioux Valley Empire Electric Association, Inc.,
Virgil Herriott, General Manager
Adams Electric Cooperative, Inc., Charles Overman,
General Manager
Cass County Electric Co-op, Inc., Lawrence
Moderow, General Manager
Morgan County Rural Electric Membership Corp.,
Richard Seger, General Manager
Whitley County Rural Electric Membership Corp.,
Elmer Stocker, General Manager
Yampa Valley Electric Association, Inc., James
Golden, Manager
Blue Ridge Electric Membership Corp., Wayne D.
Keller, Executive Vice President
Four County Electric Membership Corp., L.P. (Bill)
Beverage, General Manager
Pioneer Rural Electric Cooperative, Inc., Robert
L. Roberts, General Manager
Wright-Nennepin Cooperative Electric Association,
David P. Larson, General Manager

Ev stated that three new members had qualified for membership and called attention to the excellent presentations each cooperative had made in their applications, stating that they were available for review on the table in the back of the conference room. He recognized the cooperatives and their general managers as follows:

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1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

NEW MEMBERS

Union REA, Inc., Richard L. Arnold, General Manager

Manquoketa Valley Rural Electric Co-op, John Parham, General Manager

Northern Electric Cooperative, Lyman Patee, General Manager

Motion was made by Bill Miller and seconded by Jack Hicks that the Council approve the ten re-certifications and three new members as named above. The council unanimously adopted the motion.

CANCEL MEMBERSHIPS

Ev reported that three members had indicated that they wished to withdraw from the council. These were: Oklahoma Electric Cooperative, White River Electric Cooperative, and West Plains Cooperative. He stated that no response had been received from the following organizations when inquiries were made as to whether they wished to remain a member and pay their dues: Chugach Electric Cooperative, Jackson-Purchase Electric Cooperative, Mid-Carolina Electric Cooperative. Ev stated that it was the recommendation of the Membership Committee that these six cooperatives have their memberships cancelled. A motion was made by Jack Hicks that these six cooperatives have their memberships cancelled. The motion was seconded by Wayne Keller and adopted by the council members.

PRODUCTIVITY SUBCOMMITTEE

Wayne Keller, Chairman of the Subcommittee on Productivity of the Research Committee, stated that the subcommittee had nothing to report in that no cooperative which had participated in the productivity research project had submitted reports during the year of any new efforts in productivity improvement projects.

RESEARCH COMMITTEE REPORT

Virgil Herriott, Chairman of the Research Committee was recognized for his report. Virg stated that the report of the committee had been given on Tuesday when he reported on the results of the survey, and the panel which followed gave its report. He said that from the discussion following the panel presentation, came a suggestion that the research committee pursue a project which would lead to improved decision making and working relationships between the distribution cooperatives and the generation and transmission cooperatives of which the distribution cooperatives are members. He stated that the first year's effort could be a survey to determine perceptions of how boards and managers of G & Ts and distribution member-cooperatives view the decision making process of the G & T and that the results of the survey could be a launching pad for work in future years.

RESEARCH COMMITTEE
REPORT (CONT.)

(See report of the research committee and panel discussions, pages 96 through 117 in this report.) Barbara Deverick was requested to give a brief report on the discussions which the research committee members had held during lunch breaks with Dr. Eugene Hunt about such a survey project. Barbara reported that Dr. Hunt indicated a willingness to work with the committee on such a project, stating that he had access to computer for analysis of information and that he would be interested in pursuing such a project since it would fit into the type of research he was doing with the college. Dr. Hunt stated that the major cost of the project would be in designing the survey instrument and putting it together, with cost of mailing, computer time, and other out of pocket expenses. After discussion in which several members of the council indicated their desire to provide assistance in working with the G & T serving their cooperatives, Virg pointed out that Dr. Hunt had indicated that he had an institutional research obligation and a computer available. It was discussed that this could possibly be a joint research project with the G & Ts. It was pointed out that professional skills such as Dr. Hunt could provide would be needed. Some of the points raised relating to such a project were as follows:

- Each council member who is a member of a G & T agree to help get support for the project.
- Those council members serving on G & T boards or committees can be most helpful to the research committee on such a project.
- Need to look at KRAs/KIs for G & T. What are the standards of measurement for G & Ts that the member distribution cooperatives can relate to.
- Other areas to consider are innovative methods of financing (for both distribution and G & Ts) and sources of peaking power (does this always have to be built into base load generation).
- If there is a perception on the part of G & Ts that distribution systems are meddling with G & T's prerogatives, G & Ts will get fired up.
- Think we can sell this project. We can reach back to Co-op philosophy and talk about how we can work more closely together with the G & T.
- Must clearly define purpose of the project.
- There is a widespread feeling among distribution managers that they aren't getting value received.
- Members of G & Ts don't want to air dirty linen in public.
- Example: the resolution offered at the NRECA annual meeting by the Energy Management Committee was not adopted.

MINUTES

1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

RESEARCH COMMITTEE
REPORT (CONT.)

- Council can do this job; it is not politically involved. Don't take four years to do the job.
- G & Ts, too, are concerned about airing dirty linen. The managers are concerned about some of the same problems named here today. There are G & T managers who would really like to do this. There is a real concern about the attrition of G & T managers.
- We need to go to G & T managers with a positive approach.
- REMDC needs a base of support for this project. If each manager here contacts five other distribution managers and asked -- is this a matter of concern -- with this data base they would have to listen to us.
- This group may be the only one that can undertake this task.
- G & T managers are a special group. They are a tight group, a hard group to reach. They are willing to listen as never before. They will be ready when approached.
- Can talk with Bud Stacy of Oglethorpe, who heads the technical panel.
- May want to have a meeting between the executive committee of REMDC and the executive committee of RESMA and ask, "are you interested in a joint effort solution?" If they are interested, then go forward. Do it in a spirit of cooperation.
- That's the solution. I feel we'll get a positive response. Then the executive committee can contact the research project committee and move forward.
- Believe we should decide to do it. We can develop the base of support.
- Believe we can complete the survey in one year and the results of the survey can be a launching pad for work with the G & Ts in future years.

ACTION ON RESEARCH
PROJECT

Virg stated that the research committee needed to be given authority to proceed with the project. Wayne Keller moved that the research committee be authorized to proceed with the survey project to determine the perceptions G & T managers and board and distribution managers and boards have concerning how G & Ts make decisions, with necessary funding for the project. Charles Overman seconded the motion and it was adopted by the council. Charles Overman moved that the council authorize expenditures of up to \$5,000 for the research project. The motion was seconded by Jack Hicks and adopted by the council.

NOMINATING COMMITTEE
REPORT

Chairman Roberts called on Allen Ritchie to give the report of the Nominating Committee. Chairman

MINUTES
1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

NOMINATING COMMITTEE
REPORT (CONT.)

of the Nominating Committee Ritchie reported the following nominations: Nominees are underlined.

Officers

Treasurer - Allen Ritchie Term expires 1986

Standing Committees

Program Committee

Chairman, Jack Hicks Term expires 1984
John Parham Term expires 1984
Lawrence Moderow Term expires 1985
James Kiley Term expires 1986

Nominating Committee

Chairman, Roger Lentz Term expires 1984
Ronnie Hunt Term expires 1984
David Larson Term expires 1985
James Golden Term expires 1986

Membership Committee

Chairman, Roger Geckler Term expires 1984
Lloyd Geer Term expires 1985
Lyman Pattee Term expires 1986
Bill Miller Term expires 1986

Management Research Committee

Chairman, Wayne Keller Term expires 1984
Harold Smith Term expires 1985
Dick Arnold Term expires 1985
Charles Overman Term expires 1986

ELECTION

The Chairman of the Nominating Committee stated that all nominees had been contacted and agreed to serve in the posts for which nominated if elected. Lyman Patee moved that the report of the nominating committee be accepted. Jack Hicks seconded the motion and it was adopted by the council. The chairman called for other nominations; there were none. Lyman Patee moved that the secretary be directed to cast a unanimous vote electing the entire slate of nominees. Jack Hicks seconded the motion and it was adopted by the council. The chairman declared the officer and committee chairmen and members duly elected.

THANKS TO PROGRAM
PARTICIPANTS

Chairman Roberts recognized the Chairman of the Program Committee, John Parham, and thanked him and the committee for their excellent work in planning such an interesting program. John thanked the committee and the program participants, including Wayne Johnson, Dr. Eugene Hunt, Gary Hobson, Charles Weaver, and Anthony Pisano, and all the council members for their fine support and assistance.

NRECA AND CFC

Chairman Roberts reminded the secretary that both NRECA and CFC had requested copies of the proceedings and that Bob Kabat and Chuck Gill

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1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

NRECA AND CFC (CONT.) had expressed regrets at not being able to attend the conference. It was suggested that CFC might possibly provide some financial support for the research project if contacted.

GOLF REPORT

Bill Ward was called on to give a report on the golf match. He reported that there were nine golfers within 13 strokes of each other. He awarded three prizes with the top award going to Jim Kiley. Chairman Roberts thanked Bill for handling the arrangements for the golf match.

CHANGES IN GOVERNING GUIDELINES

Chairman Roberts called on Everette Bristol for further comments on the proposed changes to the membership requirements and committee functions adopted by the council for guidance to council members. Ev stated the membership committee felt that these changes needed to be made to make council guidelines current to meet changes in the way the council is functioning.

CHANGES ADOPTED

Motion was made by Virgil Herriott that the changes proposed by the membership committee (see attached copy of proposed revisions which are made a part of these minutes) be approved by the council. Barbara Deverick seconded the motion and the council adopted the motion.

Chairman Roberts stated that Virgil Herriott would be retiring as general manager at Sioux Valley before the next meeting of the council, and recognized Charles Overman for a motion concerning Virg's contribution to the council.

Charles Overman presented the following:

HISTORY OF COUNCIL

PREAMBLE

The beginning of an organization is an idea. The survival of the organization is the strength of the concepts on which it was founded, the principles which guide its functioning and the values held by its leadership.

In 1958 a group of individuals met in the Pickwick Hotel in Kansas City in "consultation". By and large, they were motivated by a hunger for knowledge and skills beyond the parameters of accepted management training of that time. These were innovators, reaching for unanswered concepts, basically unavailable tools and unrequited yearnings.

They conceived an organization of "volunteers" who shared their needs . . . people known to have instituted state-of-the-art management system-ology but believed there was more to be found

MINUTES
1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

HISTORY OF COUNCIL
(CONT.)

and applied. In their mutual search for knowledge, they were perceived by some to be a threat to existing management training; thus, theirs was both a difficult and obstacle-ridden path toward creating a means whereby their needs could be met.

They landed upon the idea of a management consultation in which, for the most part, the consultants would be the participants, aided by invited management specialists. They looked to expand their number by seeking rural electric management people who:

1. Have done advanced work in particular areas of management.
2. Will devote time and effort toward making a maximum contribution to study and research.
3. Have satisfactorily completed the NRECA management institute program.

These innovators sought not to compete with anyone, but rather to enhance and expand the available managerial training of the day. And, to this day, these continue to be the basic principles underpinning what has become the Rural Electric Management Development Council.

The surprising fact is that so loosely formed an organization could both succeed and survive for over two and one-half decades. It is testimony to the soundness of thought that preceded its formation and the continuity of principles that have guided its functioning throughout the years.

To this day, REMDC remains an unincorporated, volunteer organization that depends upon membership-by-invitation. Its functioning relies upon frequently re-examined objectives and goals, by people who have not forgotten why the organization was formed or by what standards it must exist.

One such person who has known REMDC from its first days, retires from active service before the council meets again. His contributions should, through a commemorating resolution, be entered upon the minutes for all hereafter to see. To this end, the council is invited to consider the following resolution:

RESOLUTION FOR
VIRGIL HERRIOTT

WHEREAS, the Rural Electric Management Development Council was formed by a group of innovative, searching and concerned rural electric management people, of which number was one VIRGIL H. HERRIOTT and,

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1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

RESOLUTION FOR
VIRGIL HERRIOTT
(CONT.)

WHEREAS, in the course of the evolution and functioning of the council, VIRGIL H. HERRIOTT has served in virtually every official capacity in the organization, with both creativity and personal dedication; and

WHEREAS, during his twenty-six years of service to the council, VIRGIL H. HERRIOTT has served time and again to refocus attention on the basic concepts, principles and values underpinning the council's existence, and thereby insuring that the council evolved to its present state of high functionality, its membership never forgot what it was about or upon what values it has depended; and,

WHEREAS, VIRGIL is a prime mover toward managerial excellence, a characteristic that has implanted among newer manager-participants a keen interest in learning and improving; and,

WHEREAS, by his continuing search for excellence in his own professional life VIRGIL has served as a living example of the values, concepts and principles that have been and are exemplary of his functioning within the council.

NOW, THEREFORE, BE IT RESOLVED that the membership of the RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL do hereby acknowledge the many contributions of time, effort and thought made by VIRGIL for all that he has done, for all that he has been and for all that his work will continue to mean to both the organization and its members; and,

BE IT STILL FURTHER RESOLVED that this membership does wish for VIRGIL H. HERRIOTT and his wife, RUTH, a well-deserved, a long lasting, and a continuing achievement-filled retirement from many years as general manager of Sioux Valley Empire Electric Association and issues its invitation to join in council proceedings in the future and requests that he leave himself open to provide assistance in future council projects and activities.

ADOPTED this 26th day of May in the year 1983 by unanimous vote of the membership gathered in St. Louis, Missouri.

RESOLUTION ADOPTED

Charles Overman moved the adoption of the resolution honoring Virgil Herriott and Barbara Deverick seconded the motion and the vote of the council was unanimous and a standing tribute was given to Virgil by the council members present.

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1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

RESOLUTION ADOPTED
(CONT.)

The chairman recognized Virgil Herriott who thanked the group for its action and indicated he would continue to have a genuine interest in the work of the council.

Wayne Keller, Chairman of the Research Committee, stated that if the council had no objections, the committee would ask Virg to continue to work with the committee, as an ex officio member on the new research project. The council members gave unanimous consent.

Virgil responded by stating that membership in the council, for a rural electric manager, can be one of the most intellectually stimulating experiences a manager can have in his rural electric career. Virgil also stated that James Kiley would be the new manager of Sioux Valley. The council congratulated Jim.

RESOLUTION HONORING
CECIL E. VIVERETTE

Charles Overman stated that in 1980, at the time Cecil Viverette retired from his position as Executive Vice President of Blue Ridge Electric Membership Corporation, he had been active in the council for some twenty years, and that it was an oversight on the part of the council that it had not adopted a resolution honoring Cecil and acknowledging his contributions to the council. Charles then offered the following resolution.

WHEREAS, the membership of the RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL recognizes that CECIL E. VIVERETTE through the years participated diligently in the council's functioning, provided leadership and logistical support for its operations, and maintained constant focus on its mission and objectives; and,

WHEREAS, the council recognizes CECIL as an example of an innovative manager in rural electrification and as a foremost practitioner of the high standards which should guide a manager's functioning; and,

WHEREAS, upon CECIL's retirement as Executive Vice President of Blue Ridge Electric Membership Corporation in 1980, this council did not formally recognize his contributions to its success and now desires to correct its omission;

NOW, THEREFORE, BE IT RESOLVED that the RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL members do hereby recognize its oversight at the time of CECIL's retirement; and,

MINUTES
1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

RESOLUTION HONORING
CECIL E. VIVERETTE
(CONT.)

BE IT FURTHER RESOLVED that through this resolution, the council does send to CECIL E. VIVERETTE belated but sincere appreciation for all that he did, all that he meant, and all that he exemplified as a truly supportive and contributory council member for twenty years; and

BE IT ORDERED that this resolution be appropriately conveyed in writing to CECIL by the Chairman of this council.

ADOPTED by unanimous vote this 26th day of May, 1983 at the Harley Hotel in St. Louis, Missouri.

RESOLUTION ADOPTED

Motion was made by Charles Overman that the resolution honoring Cecil Viverette be adopted by the council members. Jim Kiley seconded the motion and it was adopted by the council.

COMMENTS FROM GUESTS

Chairman Roberts called on the invited guests at the council meeting to make any comments they might care to.

Wayne Wilkins, General Manager of Davidson Electric Membership Corporation, thanked the council for the invitation to participate. He stated that he believed in high performance and good quality management and felt association with the council members would help him attain this.

Doyle Hines, General Manager of Guadalupe Valley REC, stated that rural electrification has at this time its greatest opportunity. Membership in this group affords an opportunity which will not be allowed in any other way. He stated that he encouraged the council to continue its efforts to involve others who are interested in its purposes and goals and commented that not many people know about the council. He ended his comments by stating that he hoped that if their cooperative is accepted into membership that he and others of his staff can make a contribution.

Paul Weatherby, General Manager of Cobb County EMC, stated that he appreciated the privilege of being at the meeting and that it was a real honor to work with the council members and the things the council is doing. He said that he looked forward to filling out an application for membership.

OTHER GUESTS
RECOGNIZED

Chairman Roberts stated that Jim Reynolds, General Manager of Community Electric Cooperative, had to leave before the business session began.

The chairman recognized other special invited guests, including Randy Pugh, Wally Byer, Paul Bienvenue, and Gary Hobson. He stated these

MINUTES
1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

OTHER GUESTS
RECOGNIZED (CONT.)

had found it necessary to leave early and that Paul had expressed interest in joining the council. He stated it was good to have Charles Weaver of REA with the group again.

MEMBERSHIP OPEN TO
G & Ts, STATEWIDES

A question was raised as to whether or not G & Ts could be members of the council. Chairman Roberts stated that nothing in the membership guidelines prohibits G & Ts, associations of electric cooperatives, or other federated groups of cooperatives from becoming members. Statewide organizations could therefore also become members.

PLACE AND TIME FOR
1984 MEETING

Chairman Roberts stated that the next order of business was to select the date and the place for the 1984 conference. Harold Smith said that if the group would like to, it could hold the meeting in Atlanta. He said there is easy transport, good air travel with an excellent airport, good interstates for driving, and that the Galleria served by Cobb County EMC might be a desirable place to hold the meeting. He stated that this large complex had been written up in the Rural Electrification Magazine by NRECA. It contains a beautiful hotel, theatres, shops, etc. One drawback, however, is getting there from the airport. Harold stated that he and Paul could help with transportation from the airport which is about 30 miles away. He said the hotel is fine and the room rates and other prices are not unreasonable.

Chairman Roberts stated that Charles Overman had invited the council to Gettysburg, but withdrew his invitation in favor of Atlanta when Harold and Paul extended their invitation to meet in Atlanta.

MEET IN ATLANTA

Jim Kiley moved that the council accept the invitation to meet at the Waverly Hotel north of Atlanta in the Galleria. Wayne Keller seconded the motion and it was adopted by the council.

Paul Weatherby stated that he would assist with the arrangement with the hotel since his cooperative served the complex.

Chairman Roberts thanked both Paul and Harold for their offer to assist with arrangements and transportation for the 1984 conference.

MEET MAY 21-24, 1984

Ev Bristol moved that the dates of May 21-24, 1984 be approved as dates for the conference. Bill Miller seconded the motion and it was adopted by the council. It was commented the starting and ending times should be the same as for the 1983 council.

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1983 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING


THANKS

The chairman called for any old business. There was none.

The chairman called for any new business. There was none.

Chairman Roberts again thanked all the committees and gave special thanks to John Parham and the program committee for its excellent planning. He again thanked the secretary for her work.

There being no further business to come before the group, upon motion, second, and vote the meeting was adjourned.



Barbara Deverick
Secretary

26th Annual REMDC Meeting

May 23 - 26, 1983

St. Louis, Missouri

Proposed Revisions to Membership Requirements & Committee Functions

1. Strike all reference to "Advanced Management Conference".
2. Change all references to "Membership Nominating Commiffee" to read just "Membership Committee".
3. Section A. Initial Membership

Revise the fourth paragraph to read as follows:

"The Membership Committee shall review all applications for membership and shall recommend those applicants who meet the established criteria. Approval for membership in the Council shall be by a majority vote of members present."

Add a paragraph as follows:

"Prospective members may attend an annual meeting of the Council as a non-paying guest the first year. If interested in joining the Council, the prospective member shall submit an application as prescribed in Section A."

4. Strike present Section D. Interim Membership.
5. Revise Section B to read as follows:

B. Continuing Membership

"All members of the Council shall be subject to continuing membership review at least every five years. Subject systems shall be notified at the Council's meeting preceding the review.

Applications for recertification as continuing members shall include:

- (1) A recap of attendance and involvement in the annual conference programs.
- (2) A recap of committee assignments and research activities.
- (3) Evidence of a continuing dedication to, and active support of, excellence in rural electric management and leadership.

The Membership Committee shall review the applications for recertification and present them to the Council for approval at the next annual meeting."

6. Add new Section D. Termination of Membership

"Membership in the Council shall be terminated by:

- (1) A letter of withdrawal from a member system, or:
- (2) Upon investigation and recommendation by the Membership Committee, by a majority vote of the members present."

7. Add a new paragraph E. Council Dues

The annual dues shall be \$300.00, payable prior to the annual meeting of the Council. Payment of dues shall permit the attendance of key management people from each members system.

8. Add a new paragraph under Committees:

"Reasonable out-of-pocket travel expenses of committee members attending committee meetings held solely for Council business, and not held in conjunction with other business meetings, shall be paid by the Council."

9. Revise the statement of duties of the Membership Committee to read:

"Under the established criteria, solicit and process applications of new members as well as administer the recertification of continuing members. Monitor the attendance and participation of member systems from year to year and recommend follow-up action as necessary to maintain a membership that is interested and active in Council affairs."

TREASURER'S REPORT
THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OPERATING STATEMENT

May 18, 1982 to May 19, 1983

INCOME:

Research Committee - Productivity Report - Distribution	\$ 20.00
1982 Dues (Schedule A)	300.00
1983 Interim Dues (Schedule B)	300.00
1983 Dues (Schedule C)	6,600.00
Interest from Investments	693.21
Total Income	\$7,913.21

EXPENSES:

<u>Council</u>	
1982 Meeting	
Coffee, Luncheon, Breakfast, Room - Nashville Hyatt	\$ 768.30
A. Pisano, Speaker - Fees & Expenses	1,412.00
Blue Ridge EMC - 1982 REMDC Proceedings	457.40
1983 Meeting	
SVEC - Prepare and mail 1983 dues statements	27.54
Miscellaneous	
UVB - Print checks	7.57
Sub-Total	\$2,672.81
 <u>Research Committee</u>	
Blue Ridge EMC - Printing Research Comm. Report	\$ 301.80
Blue Ridge EMC - Expenses "Productivity"	
Sub Comm. Meeting	158.13
Sub-Total	\$ 459.93
Total Expenses	\$3,132.74

<u>NET INCOME</u>	\$4,780.47
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THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

SCHEDULE A

<u>1982 Dues Paid After May 17, 1982</u>		
Southside EC	6/17/82	\$ 300.00

SCHEDULE B

<u>1983 Interim Membership Dues</u>		
Palmetto Electric Cooperative		\$ 300.00

SCHEDULE C

<u>1983 Dues Paid as of May 19, 1983</u>		
Adams EC	5/05/83	\$ 300.00
Blue Ridge EMC	5/05/83	300.00
Cass County EC	4/25/83	300.00
Chugach Electric Assoc.	--	--
Clark County REMC	5/18/83	300.00
Cornhusker PPD	--	--
Gotton EC	4/25/83	300.00
East Central EA	5/05/83	300.00
Flint EMC	4/25/83	300.00
Four County EMC	--	--
Hancock-Wood EC	--	--
Jackson Purchase EMC	--	--
Kay EC	--	--
KEM	--	--
Linn County REC	4/25/83	300.00
Lumbee River EMC	4/25/83	300.00
Maquoketa Valley REC	4/25/83	300.00
Mid-Carolina EC	--	--
Morgan County (Ind.) REMC	4/25/83	300.00
Northern EC	--	--
Oklahoma EC - Withdrew	--	--
Pioneer REC	4/25/83	300.00
Shenandoah Valley EC	5/18/83	300.00
Sioux Valley Empire EA	5/05/83	300.00
Southeastern Illinois EC	5/05/83	300.00
Southeast Iowa EA	4/25/83	300.00
Southside EC	5/05/83	300.00
Union REA	4/25/83	300.00
Volunteer EC	--	--
White River Valley EC - Withdrew	--	--
Whitley County REMC	5/18/83	300.00
Wright-Hennepin CEA	5/05/83	300.00
Yampa Valley EA	5/05/83	300.00
Randolph EMC	5/05/83	300.00
Total		\$ 6,600.00

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

BALANCE SHEET

May 19, 1983

	<u>5/19/83</u>	<u>5/17/82</u>
<u>ASSETS</u>		
Current		
Cash in Checking Account	\$ 3,309.98	\$ 6,127.72
Investments - Savings Account	<u>19,494.12</u>	<u>11,895.91</u>
Total	\$22,804.10	\$18,023.63

MEMBERS' EQUITY

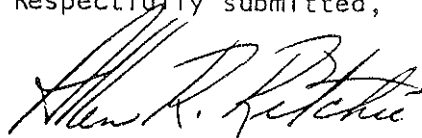
Retained Earnings	\$18,023.63	\$19,280.20
Net Gain	<u>4,780.47</u>	<u>(1,256.57)</u>
Total	\$22,804.10	\$18,023.63

RESEARCH COMMITTEE

Resources

REMDC Allocation - Continued from 1980, 1981 and 1982	\$ 1,627.62
Expenditures (from Council Operating Statement)	<u>459.93</u>
Remaining Budget Allocation	\$ 1,167.69

Respectfully submitted,



Allen R. Ritchie
Treasurer

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OFFICERS AND COMMITTEES FOR 1984

Officers

Chairman	Robert L. (Bob) Roberts	Term expires in 1984
Vice Chairman	Barbara H. Deverick	Term expires in 1984
Treasurer	Allen Ritchie	Term expires in 1986
Secretary		Appointed annually by Chairman

Standing Committees

Program

Chairman	Jack Hicks	Term expires in 1984
	James Kiley	Term expires in 1986
	Lawrence Moderow	Term expires in 1985
	John Parham	Term expires in 1984

Nominating

Chairman	Roger Lentz	Term expires in 1984
	Ronnie Hunt	Term expires in 1984
	Dave Larson	Term expires in 1985
	James Golden	Term expires in 1986

Membership

Chairman	Roger Geckler	Term expires in 1984
	Lloyd Geer	Term expires in 1985
	Lyman Patee	Term expires in 1986
	Bill Miller	Term expires in 1986

Management Research

Chairman	Wayne Keller	Term expires in 1984
	Harold Smith	Term expires in 1985
	Dick Arnold	Term expires in 1985
	Charles Overman	Term expires in 1986
	Virgil Herriott, Ex Officio	

- A. All committee members and officers elected for three-year term except as noted.
- B. Chairman of each standing committee named by the Nominating Committee and serve three years when elected, unless completing an unexpired term as a replacement.