

1964 MANAGEMENT CONSULTATION

Town House Hotel
Kansas City, Kansas

May 6-8, 1964

James A. Golden, Chairman
Everett C. Bristol, Co Chairman

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I. GENERAL

Included in this report of the 1964 Management Consultation are papers used in presenting subject matters. Other participants presented their discussions without a formal paper and their remarks are included in the notes made by the recorders.

It is recognized, in fairness to the recorders, that their notes are reproduced herein informally and without an opportunity for them to edit their notations and comments. These are primarily a running account of the discussions and are not necessarily direct quotes of the discussion leaders and participants.

ORGANIZATION AND BUSINESS

The Steering Committee met Sept. 27, 1963 to plan the 1964 Consultation. The Committee consisted of:

	<u>Term Expires</u>
Willard Grager	1966
Jim Golden	1965
Clyde Hukills	1964

At the Wednesday luncheon, Jack Cochran was elected chairman for the 1965 Consultation. Jack appointed Warren Johnson to the Steering Committee to replace Clyde Hukills.

At this Consultation Summaries of the subject matter covered at all prior consultations were presented to help the chairman and the Steering Committee plan future programs.

Balance from 1963 Management Consultation	\$ 128.50
Receipts from 1964 meeting (39 @ \$27.00, 3 @ \$11.00, 1 @ \$7.00)	\$1093.00
Total Income	<u>\$1221.50</u>
Expenses - 1964	
Tom Nelson (Fee, Transportation and Room)	\$ 647.92
Hotel for luncheons, tips and meeting rooms	<u>\$ 487.52</u>
	\$1135.44
Balance after 1964 Meeting	\$86.06

II. ATTENDANCE LIST 1964 MANAGEMENT CONSULTATION

North Arkansas Electric Cooperative, Inc.
Salem, Arkansas

JACK COCHRAN, Manager
BOB WEATHERS, Assistant to Manager

White River Valley Electric Cooperative
Branson, Missouri

CLIFFORD ROBERTSON, Executive
Assistant

Grand Valley Rural Power Lines
Grand Junction, Colorado 81501

A. J. (AL) LETEY, Manager
LYLE E. SHRIVER, Office Manager and
Staff Assistant

Cornhusker Public Power District
Columbus, Nebraska 68601

"WES" W. SCHUTZ, Manager
JACK MCENERNEY, Staff Assistant

Yampa Valley Electric Association, Inc.
Steamboat Springs, Colorado 80477

JAMES A GOLDEN, Manager
EVERETT BRISTOL, Staff Assistant

Eastern Nebraska Public Power District
Syracuse, Nebraska

IRVIN H. SMITH, General Manager
ROBERT WAY, Administrative
Coordinator

Jackson Electric Membership Corporation
Jefferson, Georgia 30549

T. D. STOREY, Staff Assistant

Blue Ridge Electric Membership
Corporation
Lenoir, North Carolina 28645

CECIL VIVERETTE, Manager
MRS. BARBARA DEVERICK,
Staff Assistant

Tri-County Electric Cooperative
P. O. Drawer 309
Mt. Vernon, Illinois 62864

JOHN PERINO, Office Manager -
Staff Assistant

Four County Electric Membership
Corporation
Burgaw, North Carolina

L. P. BEVERAGE
DOUGLAS LEARY, Staff Assistant

Central Kansas Electric Cooperative
Great Bend, Kansas

JACK GOODMAN, Manager
ERVIN R. BLISH, Staff Assistant

Cass County Electric Cooperative
Kindred, North Dakota

WILLARD GRAGER, Manager
~~LAWRENCE MODEROW, Executive~~
Assistant

Sho-Me Power Corporation
Marshfield, Missouri

CHARLES E. BOULSON, General Manager
WARREN JOHNSON, Staff Assistant

Slope Electric Cooperative, Inc.
New England, North Dakota

NORMAN CROSS, Manager
RICHARD SELINGER, Staff Assistant

Kay Electric Cooperative
Box 607
Blackwell, Oklahoma 74631

LOUIS B. STRONG, Manager
CLYDE HUKILLS, Assistant Manager

Sioux Valley Empire Electric Association
Colman, South Dakota 57017

VIRGIL HERRIOTT, Manager
JAMES KILEY, Director of Management
Services
JOE EWALD, Staff Assistant

Intercounty Electric Association
Mitchell, South Dakota

LLOYD OLESON, Staff Assistant

Grand Electric Cooperative
Bison, South Dakota

LEROY D. SCHECHER, Manager
EARL MORGAN, Staff Assistant

Beadle Electric Cooperative, Inc.
146 Iowa Avenue, S.E.
Huron, South Dakota

LLOYD HOLLISTER, General Manager

Cumberland Electric Membership Corporation
Clarksville, Tennessee

NEVIN MCKINNON, Staff Assistant

Moon Lake Electric Association
Vernal, Utah

E. J. BALLARD, JR., General Manager
R. W. JOHNSTON, Staff Assistant

Mecklenburg Electric Cooperative
Chase City, Virginia

JACK E. SMITH, Manager
ELWOOD T. BLACKWELL, Staff Assistant

Rural Electrification Administration
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Washington, D.C. 20250

ED WILSON, Deputy Assistant
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Consumer Cooperative Association
Department 83
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R. E. JOHANSON

Rogers, Slade and Hill, Inc.
30 East 42nd Street
New York 17, New York

THOMAS H. NELSON

Eastern States Farmers Exchange
26 Central Street
West Springfield, Massachusetts

CLARK W. HINSDALE, JR., Executive
Assistant

III. PROGRAM FOR STAFF ASSISTANTS

Wednesday, May 6

- 8:00 - 9:00 Registration
- 9:00 - 12:00 Annual Work Planning (Work Programs and Budgets)
(10:00 - 10:15 Discussion Leader - CLYDE HUKILLS
coffee break) Presentation - BOB WEATHERS
Innovators - LYLE SHRIVER, DOUGLAS LEARY, ELWOOD BLACKWELL
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Introductions
Election of 1965 Chairman and new member
of the Steering Committee
- 1:30 - 5:00 ECLDV (Environment, Change, Influence, Development, Value)
Discussion Leader - TOM NELSON
Innovators - WARREN JOHNSON, BOB JOHANSON, J. J. HART

Thursday, May 7

- 9:00 - 12:00 Wage and Salary Planning and Administration
(10:00 - 10:15 Discussion Leader - WARREN JOHNSON
coffee break) Presentation - NEVIN McKINNON
Innovators - LLOYD OLESON, T. D. STOREY, CLARK HINSDALE
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Discussion of Future Programs
- 1:30 - 5:00 Long Range Planning
Discussion Leader - TOM NELSON
Innovators - CLIFFORD ROBERTSON, HARVEY SCHMIDT

Friday, May 8

- 8:30 - 10:00 Staff Services
Discussion Leader - MRS BARBARA DEVERICK
Innovators - JOHN PERINO, RICHARD SELINGER
- 10:00 - 10:15 Coffee Break
- 10:15 - 11:45 Selection of Key Employees
Discussion Leader - JIM KILEY
Innovators - DON HOBBS, JACK McENERNEY
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Summary of Consultation High Lights
by the Recorder for Each Group

WAGE AND SALARY PLANNING AND ADMINISTRATION

By Lawrence Moderow, Executive Asst.
Cass County Electric Cooperative Inc.

Our subject for discussion is Salary and Work Programs and Practices.

Recognizing that the practices will differ from one rural electric cooperative to the other, it may, also, be true that each one's understanding of what is meant by a salary and wage program might also differ.

One definition I have found that simply defines a salary and wage program reads as follows: "A systematic approach to the administration of an equitable incentives program to compensate employees for their contributions to the success of the electric system."

If we can accept this definition, I believe we can also accept that the systematic approach would involve:

1. Establishing logical and justifiable responsible relationships between jobs.
2. Making provision whereby a "prudent man" will be compensated in an amount sufficient to establish and maintain a standard of living in line with his position and community standing.
3. Setting wages and salaries which are reasonably comparable to those paid people holding similar positions in other organizations within the electric system's recruiting area.
4. Rewarding the individual employees in a manner that is consistent with his contributions to the success of the cooperative.

Members of this group wouldn't be in attendance if they were just in the planning stages of a wage and salary program.

So, today when we speak of planning of a wage and salary program, we want to focus our attention on subjects dealing with how we plan within a program so that:

1. We attract and retain the number and type of employees required to operate the business.
2. We avoid having employees finding themselves at a "dead-end" in our organization; or finding themselves unable to receive satisfaction and realization in having a job well done.
3. We gain the degree of acceptance of the company's compensation plan that is necessary if the employee is to work constructively and effectively.
4. We help motivate employees to perform their best rather than what is "par" for the course.

5. We will maintain the company in a reasonable competitive position with other businesses in the same field of business that are competing with us.

We should concern ourselves with management's stake in good planning and administration of a wage and salary program because:

1. Wages represent a substantial part of the total operating costs of our businesses.
2. Manager's success in his job depends on the sum total of the performances of all the employees.

We should recognize some discussions of individual and wage practices, policies, and procedures are related to the conditions existing in the local situation. A good program will recognize and incorporate the operating needs of the cooperatives. What we are saying is, that regardless how theoretically sound a wage and salary may be, it has little value in itself and will be useful only if it plays a positive role in meeting the needs already mentioned. I know of cases where policy manuals, operating procedure manuals, and all things dealing with salary, wages, and employee development programs would lead one to believe that the firm should warrant an A+ in that area. However, a closer look or a visit with some of the employees would indicate a different situation.

So, let us be realistic about our programs and practices and let's temper them with our own situation back home.

Let us not be like the man and his son, during Biblical times, who were journeying to a distant city. The first small village they passed through, they were leading their donkey and people along the streets laughed because they didn't ride the donkey. So they decided the boy should ride. At the next village people laughed because the elder walked while the youngster rode. They reversed the situation so the boy walked and the father rode. Passing through the next village, people laughed because the old man rode while the young boy walked. They decided that the solution would be found if they both rode the donkey. However, at the next village they were criticized for being cruel to the donkey. So, they decided to carry the donkey. They tied his front and hind feet together and placed a pole through them and started on their way--carrying the donkey. In crossing a walking bridge over a stream, the donkey started swinging, the father and son lost their balance and the donkey fell into the stream. Since the feet of the donkey were tied, it drowned. The moral of the story is--- "if you try to do everything that others says, you'll end up losing your donkey."

SELECTING KEY EMPLOYEES

Jim Kiley, Director of Management Service
Sioux Valley Empire Electric Association

The purpose of this presentation will be to relate some of what I feel are important considerations when you embark on the task of selecting a "key employee".

In our organization this category would encompass those employees who have supervisory responsibility or who are highly technical in nature. In other words, the Management, Professional and Technical group. At our Cooperative, there are sixteen employees in this group and, in addition to the fact that they are responsible for the training, orientation and productivity of all of the rest of the employees of the Cooperative, they represent 60% of the total annual payroll paid by the cooperative. Therefore I feel we should have no argument that the selection of key employees is a most important responsibility for any organization.

As I mentioned before, it is intended that following my remarks we can have a good discussion on additional considerations in selecting "key employees", as well as the explanation of some specific techniques, forms or other material that any of you in the group have found successful in your selection process. The task of selecting key employees involves five major responsibilities:

- 1) Describing the job.
- 2) Finding candidates.
- 3) Screening the applicants.
- 4) Interviewing and Selecting.
- 5) Orientation of the new employee.

Describing the job

Whether the vacancy is filled by promoting someone from within the organization or from the outside, there is a need for a clear description of the scope and duties of the job. Most all of us here have position descriptions of some form or other that according to a set pattern and usually in considerable detail, describe the duties, responsibilities and reporting relationships of each position in your organization. The position description, per se, should not be used in describing the job to a potential key employee. The large amount of detail contained in the usual position description tends to confuse the applicants. The position description should be abbreviated or put into capsule form to permit a quick, very broad explanation of what is contained in the job.

The next requirement in describing the job involves the preparation of man specification or position specification. This document outlines the Education, Knowledge, Experience, Abilities and Skills, Attitude and Personal Characteristics that you would like to find in the person who is going to fill this job. Usually the man specification is written, describing the optimum qualifications required in the position. However, in most instances it is necessary to compromise these qualifications in one or more areas.

Not only can you compare the relative deficiencies of the various applicants, but the comparison with the man specification provides a guide to training for the applicant who is finally selected. Therein lies the value of the man specification, it provides the person evaluating the applicant with a tool that can be used to tabulate whether or not each applicant meets your requirements in each of these important areas.

Next, in describing the job should be a brief explanation of the salary range for the position in question. I feel it is only fair to permit prospective applicants for key positions to know the range of salary involved. Although salary should not be a prime consideration, the lack or affluence of it can be. Finally, in the area of describing the job, I would recommend some information about the organization. Your statement of Ideals and Objectives will let the applicant from outside the organization know what your cooperative stands for and what you're trying to do. Although we don't have one at the present time, I would hope that in the near future that we can develop a small brochure or pamphlet giving some history and information about our Cooperative.

I feel that this information given to any applicant who indicates interest in your position will result in self-elimination of many unqualified applicants once they are exposed to this information.

Finding Candidates

Next comes the real challenging part of the filling of a vacancy in a key position of your organization--that is, finding the candidates. I would recommend first that the vacancy be posted to permit your existing employees to apply and also a review of your existing "application for employment" file. If your experience is similar to ours, you will find that in most instances, particularly for key positions in your organization, that you do not have on file candidates for key positions. Other possibilities are the local employment agencies both those of the Federal Government and private employment services who occasionally turn up an interesting applicant. But I would say that normally, in the case of key employee, the candidates you really would like to talk to are presently employed and do not normally have their names on file with an employment agency. This involves a search and this is an area and wherein I think that Rural Electric Systems, and perhaps Cooperatives in general, can provide themselves with a very valuable service. I understand that in one state, Indiana I believe, that all of the applications for Rural Electric Distribution Managers in Indiana are forwarded to the statewide office where they are catalogued and filed after a local manager has been hired. What I mean is that, for instance a XYZ Rural Electric, the applications of the unsuccessful candidates for manager are forwarded to the statewide office, and then, when another manager's job opens in Indiana, the local Board of Directors has this file available to them from which they can make a selection. I think there is room for NRECA to provide some of these services. Here I am talking more about maintaining a file of candidates for key Rural Electric positions. In addition to the above alternatives there are search services that can be hired from both NRECA and private Management Consulting firms. These are considered by some to be expensive. However, I have seen Rural Electric people take many, many hours of a manager's time, usually a department head or two and then the full Board of Directors to conclude as to the purchase of a \$5,000 piece of transportation equipment that perhaps has a useful life of three to five years.

To me it only naturally follows that we can well afford to spend some money to reduce, as much as possible, the risk when we hire a key employee. This key employee, let's say, will be earning \$10,000 a year and if he is with the organization for twenty years you are talking about an ultimate expenditure of \$200,000 on this employee. Spend \$1,000 or \$1,500 or more to assure the selection of the right man for the job seems to me to be an insignificant expenditure.

Screening the Applicants

The next phase of the selection process is the initial screening of applicants for the position. Here is a responsibility that the Staff Assistant can and should fulfill. He can, by a review of the application for employment blank or form, readily determine those applicants who will obviously be unqualified for the position. This brings me to a discussion of another important area and that is the application blank itself. There is a need for the organization to have an application blank which asks a sufficient number of questions to permit the Staff Assistant to tell more than just the Applicant's work history from the complete application form. I feel that one part of the form should be designed to permit the applicant to express himself or some subject or other so that a better insight into his conception of the job can be gained. Perhaps the opportunity to put in writing his opinion as to the value of his previous experience toward qualifying him for your position will let you know much about him that mere answers wouldn't give. The investigation of an applicant's past history is a very important aspect of the selection process and again this can best be done by the Staff Assistant. In the May-June, 1961 Personnel Magazine, in an article by James A. Lee entitled "How to Keep Bad Apples Out of the Barrel", Mr. Lee points out that a recent one-company check of 1,500 applicants who had previously been interviewed and tested by the company and passed as acceptable, that nearly 25% were rejected on the basis of pre-employment investigation. Mr. Lee points out that the investigation should look into four specific areas: 1) his work history and this should be checked with his previous employers; 2) his credit history. They have found that usually people who have poor credit ratings are normally poor employees and have problems such as alcoholism, emotional instability and other undesirable forms of behavior if they are lax about paying their bills; 3) Possible criminal record. Most application forms ask the question about a criminal record and even if one is indicated, it should be checked out to find out the circumstances behind it; 4) His home life. This is usually obtained from neighbors or others who know him in community. The neighbor's comments may reveal an unhappy marriage, neglect of his children, or other domestic problems or it may reveal that the applicant is thoroughly a responsible citizen. These four pre-employment checks should be made and based on the salary cost figures as mentioned previously, I think you would agree that the cost of such checks can easily be justified.

These are services, Management Services, if you please, that can and should be provided by the Staff Assistant in your organization. Proper screening will permit the elimination of the undesirable and unqualified applicants for key positions and narrow the selection process to those that come quite close to meeting the requirements for the position.

Interviewing and Selecting

Once the field has been narrowed by the screening process, the applicants remaining are interviewed by the supervisor who will ultimately make the recommendation concerning this key employee. At our Cooperative, the supervisor, whether he be a department head or section head, interviews the applicants submitted to him by Management Services and develops a recommendation to his supervisor as to which one of the applicants he wants to fill the position. If the Supervisor's supervisor approves the recommendation, the applicant is employed. If not, the supervisor must make a new recommendation. I believe this is more or less a standard procedure among the systems represented here. The interview by the supervisor is an important responsibility and one in which I feel that most of our supervisors are quite poorly equipped. However, given some assistance from the Staff Assistant, the Supervisor should be able to properly plan his interview. He should be able to follow a guide of important interview questions that can be prepared by the Staff Assistant and also he can be given hints as to what to look for in key answers or indications of the applicant's capabilities. Most of our Systems have such a limited amount of employee turn-over that our supervisors get very little opportunity to develop a good sound interview technique. This is merely a fact of life and the Staff Assistant should recognize this and provide what guidance and assistance is needed to help the supervisor do a good job of interviewing. Just little hints such as that if the supervisor concludes that this applicant is not qualified then before the end of the interview, he should tell the applicant and not string him along. With those applicants he is going to keep under consideration, he should develop some sort of a plan as to what the Supervisor will do and what the applicant will do between now and the next interview. There are many hints and techniques that can be explained and given to the Supervisor by the Staff Assistant to help him do the best possible job of evaluating the applicants for a key position.

Orientation of the New Employee

Once the decision is made and an applicant has been selected for the key job, then in many instances the selection process stops.....and this is wrong. Because a most important step remains and that is the step of orientation of the new employee to his job. We want to make sure that the employee who is selected gets every possible break that will help him be a success on the job he is selected for. One way of insuring this is to get him off on the right foot. There is the matter of introducing him to the rest of the people in your organization, giving him a tour and explaining the physical facilities, the office, work equipment, etc., and to give him more detail and complete information about the organization, its policies and particularly the work rules. The fringe benefits program should be thoroughly explained so that he understands what fringe benefits he has and that he is given the opportunity to participate in the voluntary fringe benefits programs such as group hospitalization insurance, credit union, etc. We provided each of our supervisors with a new employee orientation check list that serves as a guide to the supervisor and assures that the new employee is exposed to the things we feel necessary for adequate orientation.

Our policy states that all key employees hired by our Cooperative are on probation for the first six months of employment. We feel that this is an adequate length of time to permit any supervisor to determine that the person he has selected has demonstrated the ability or the potential ability to adequately perform the duties of his position. If the supervisor must admit he made a mistake, we feel he should admit it during the first six months of the new employee's employment and proper orientation of the employee on his new job will assure the fairest possible evaluation of the employee's potential.

Conclusion

These steps, the description of the job, the finding of the candidates, screening, interviewing and finally orientation must be properly carried out to insure a development of the best possible people in the key positions of our Rural Electric Systems. I have seen example after example in our own state of South Dakota of the results of "slip-shod" selection of key employees, particularly managers, and it is a sad commentary when you recognize that these people selected in these "slip-shod" manners are the very people who are charged with the future growth and success of many of our Rural Electric Systems. Those of us here have a major responsibility in changing this situation by a clear example of the benefits and progress that can be achieved through a sound program of selection of key employees. Our work here at the Management Consultation can be to exchange techniques, forms and other data that have proven successful by those of us here. We can bring recommendations to our Statewides for performing a service in the area of finding candidates for key jobs and we can let NRECA know that we expect some additional services from them in this area. Many of our Rural Electric Systems have woken up to the fact that they are a significant part of the local and area economy and they have concluded that they must have a top-notch, well paid, staff. This then, puts them in an excellent position to attract highly qualified top-notch individuals to fill the key positions. The challenge is to find them and to get them to come to work for us.

STAFF SERVICES

By Barbara Deverick, Staff Assistant
Blue Ridge Electric Membership Corporation

Lawrence A. Appley, President of AMA wrote in the March, 1964 MANAGEMENT NEWS these words, "It is my humble opinion that the continuing effort on the part of business and industry to inflict the military concept of line and staff upon their people is a great disservice." Mr. Appley goes on to state that the concept of line and staff immediately divides all key positions of all organizations into one of two broad responsibilities. A line man "gets things done" and a staff man "serves the line". He says this is a terrible thing to do to high caliber, competent human beings; that is, group them and identify them either as line men or staff men. It is his opinion that to call an executive a "staff man" is to decrease his effectiveness 25% before he even starts the job. He concludes his article by stating that a competent management team can be organized in any conceivable way, just so the organization structure has a name and the individuals making up the team know specifically what they each are to do, what their individual authority is and their relationships to each other. Mr. Appley's article is a most provocative one - it presents concepts which, when developed and applied, could make "staff services" as a part of management obsolete. Is it possible that this could occur? We do know that in some organizations the staff functions of management are a welter of confusion. Line executives are now questioning the effectiveness of various techniques, both as to their value and the ways in which they are being administered. Staff specialists, too, are concerned about the impact of their various specialized activities on the internal functioning of an organization. Robert Sampson in his book "The Staff Role in Management" states, "Staff work with all its techniques and innovations still provides one of the greatest untapped sources for management improvement". Here we have two different concepts of staff services - Mr. Appley implies that they should be integrated in the total management process and perhaps given minor emphasis and Mr. Sampson indicated that they offer great possibilities and should therefore be enhanced. As staff people, perhaps we need to take a new look at our roles. In recent years there has been tremendous increase in staff plans, staff programs, staff methods, staff techniques and staff specialists. These have become a major part of business life, but despite their widespread use, they are one of the least understood aspects of our management practices. Perhaps there is no other area of management so full of differing points of view, claims, and counter claims. Finding a precise definition of the functions of staff people is almost impossible. James D. Mooney and Allan C. Reiley in their book "The Principles of Organization" describe staff service as having three phases; (1) the informative, (2) the advisory, and (3) the supervisory. In this connection they use the word supervisory, not in the sense of exercising authority, but in the sense of acting on behalf of authority to see that the information and advice approved by the authority is disseminated and becomes operative throughout the organization. Mooney and Reiley also say, "It is the function of staff merely to counsel; that of the line, and the line only, to command. The line represents the authority of man; and the staff, the authority of ideas...Its function is to be informative and advisory with respect to both

plans and their execution. This is implicit in the meaning of the word 'staff' which is something to support or lean upon but without authority to decide or initiate." In the quoted phrases Mooney and Reiley are referring to the relations between line and staff - - - they point out that centuries of experience of the Roman Catholic Church has led to a line and staff relationship by which, in many cases, it is (1) compulsory for the line to ask the counsel of the staff, and (2) Obligatory upon the staff to see that their advice reaches the line executives. Mooney and Reiley also say, "The weakness of many forms of staff service is that the counselor is dependent on the man whom he counsels and hence subject to the danger of sinking to the level of a 'yes man'."

Perhaps we need to establish our own definition of staff services and in so doing define the objectives of staff services in consumer owned electric systems. In this manner we may help solve the dilemma of the staff specialist - - - which appears to be that of being unable to find a set of universal principles to guide us and which, in turn, leads us to preoccupation with techniques which oftentimes simply lead to more techniques instead of seeking solutions to problems. As a staff person, how do you conceive of staff services in your organization?

Perhaps Robert Sampson's definition of staff work would be helpful to us as we spend some time discussing the various aspects. Mr. Sampson says, "Staff work is an adjunct to line management, working to make line management more effective in its managing. It is concerned with improvement: aiding management to improve its organizing and administering via reducing expenditures, better utilizing facilities, simplifying methods or making machines more productive and securing greater results from people." Perhaps a clue to staff work lies in Ordway Tead's Words that staff people justify themselves "By their total educational effectiveness." It appears that staff work is not a line operation regardless of how specialized it might be. Its activities are not inherent in and vital to a company's doing business. However, its activities can insure a company's carrying out its business better.

Perhaps in this discussion we will want to look at the major objectives of staff services in an electric cooperative and at some of the problems which confront the staff person and the system manager in achieving the objectives. Perhaps one concept we need to pursue is that of the exercising of "Functional Authority or Control" by staff personnel, and how this concept may be integrated into the theory of planning. We may just want to discuss ideas we are pursuing within our own organizations. Or, perhaps we can think together about how the system manager might help personnel doing staff work to develop. I have raised a few questions and thrown out a few ideas, some of my own, some from other people. Now, I propose to relate to you our experience in utilizing staff services at Blue Ridge Electric and some opinions I have formed as a result of these experiences.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION
Lenoir, North Carolina

EXPERIENCE AT BLUE RIDGE ELECTRIC IN MOTIVATING PERSONNEL
WHO PERFORM STAFF FUNCTIONS

DEVELOPMENT OF POSITION DESCRIPTIONS WHICH ARE RESULTS ORIENTED

Discuss Conditions

1. Personnel performing staff services not moving forward in their area of creative planning and accomplishing the things which the General Manager felt they should.
2. Resting on their laurels - most had done a pretty good job but seemed to be content just maintaining the status quo.
3. Waiting for line people to come to them for assistance.
4. Having difficulty in measuring the success of their efforts.
5. Line people not getting the assistance and guidance needed from staff people.
6. The development which had been hoped for was not occurring in some personnel.
7. Initiative seemed to be somewhat stifled - a new approach seemed to be needed.

The Problem

Personnel seemed to activity oriented and had not fully grasped the concept of management by objectives. The problem was how to change this point of view and help everyone to see his role and responsibility in the total organization and in helping to assure its continuity.

The Solution

General Manager read Edward Schleh's book "Management by Results" and decided that the "Results" approach to staff services is what had been missing. He and the staff assistant then discussed the possibility of developing position descriptions which would be written in terms of results expected rather than statements of activities. The management staff was brought into the discussion and planning and guidelines were prepared for development of the results oriented position descriptions for the entire management staff.

In the development of the position descriptions for the first time in the organization the concept of joint or dual responsibility was advanced. Basing their action on the premise that the purpose of measurement of results in management should be to point up the direction toward which an individual should be going and to encourage him in that direction, and determining that what was needed was not simply measurement of individual accomplishment but accomplishment which was directed toward the objectives of the organization.

Following this logic, it was determined that the best way to obtain a valid measurement of a staff person's worth was to make him accountable for all the results on which he had an important influence. This was done in the development of the position descriptions. This - measurement of results technique - - which is based on the principle just stated follows the theory that a man can and should be held fully accountable for a result even if he has only a partial influence on the result and several other people can either make or break the success of the project. Results then may be credited (or discredited) to two or three individuals.

This stating of responsibility in terms of results expected is especially important for getting value from personnel performing staff functions. If staff executives are measured by the final result achieved in the line and both line and staff are given full credit for the result, more staff-line cooperation is obtained. Staff men are no longer put on a basis of simply advising but are imbedded in the actual line operation itself. Consequently not only do they become better accepted by the line because they are now accountable for line results; they take a more practical attitude when the measurement of their work is based on accomplishment in the line or operating departments.

Under this results method of developing position descriptions for staff, a manager must shed his old habits and look at measurement from an entirely different point of view. He must, in essence, learn to measure accomplishment to which a man contributed, rather than attempt to calculate specifically just what that man contributed individually. Under this concept, also, a man the authority to do his part of the work, but he does not have the total authority to accomplish the result . . . under this approach no one ever really has full authority-----This reflects the way of life of any cooperative enterprise. However, since the other one or two people who also contribute to the same result are also accountable for it, they each discover that they have adequate authority based on the cooperativeness engendered in other people who want to achieve good results.

You ask - is this not running the operations of the organization by committee....I say No...because this approach gives each man a personal accountability for a result. He cannot rely on the fact that somebody else failed. He has failed if the result is not accomplished.

This approach does, in some instances, force a man to cooperate..but he has his performance judged under many situations, in many project efforts, his total performance is evaluated...finally the manager asks himself, "When this man is associated with a project, does it get results?"

Measurement of staff people by results and writing position descriptions in terms of results develops a much broader staff person, who becomes somewhat more of a generalist rather than a technical specialist. It forces him to be aware of his relationships with other people in accomplishing a result. It becomes a basic tool for helping each individual to think in terms of the organization as a whole and his contribution to the total effort.

Without a definition of results expected, staff can never be held truly accountable.

May 6, 1964

GENERAL NOTES RECORDED BY BOB WAY

SESSION I - Wednesday A.M. - ANNUAL WORK PLANNING

Clyde Hukills defined the purpose of this session as 'an effort to provide opportunity for exchange of information that will broaden experiences that can be taken home, digested, modified and tried!

Bob Weathers outlined the work plan approach used at North Arkansas. Among the questions and comments leading out of this review were:

Can 1st level supervisors effectively prepare their own 'sectional' work plans?

Can 'reports by exception' and 'results calendars', coupled with 'responsibility accounting', provide the utility with sufficient control?

Are Annual Work Plans considered as 'segments' of Long Range Master Plans, or are they used only as justification for the annual budget?

Can or should 'planning guidance' be completely divorced from all pricing and budget references, - - or should such guidance include general boundaries within which the responsible department heads can develop their plans?

How important is consistency among departmental plans? Do you need to cover repetitive functions (i.e. acc'tg)?

What is the ideal time correlation between the preparation of Annual Work Plans and the annual revision of the Long Range Master Plan.

How does the General Staff judge the consistency of the consolidated AWP with the beliefs, objectives and goals of the system?

Is there a hazard in allowing the 'technique' or 'system' of preparing the plan to overcome the real purpose of an annual work plan?

One of the group informally summarized the session by stating his belief that the work plan is merely a standard to which we compare completed activities and measure results. - - - Statistical reports can tell us where we have been - - - what we really need is a tool to tell us Where we are now ----Where we are going - - - and where we should be going!

CAPSULE - ANNUAL WORK PLANNING

This session was primarily an exchange of information to question the "systems" being used, and to broaden the outlook toward annual planning- - - information that can be taken home, digested, modified and, either tried or rejected to suit individual needs. Emphasis was on greater participation during preparation and simplification.

SESSION II - Wednesday P.M. - ECIDV - Tom Nelson (See notes from Manager's Group)

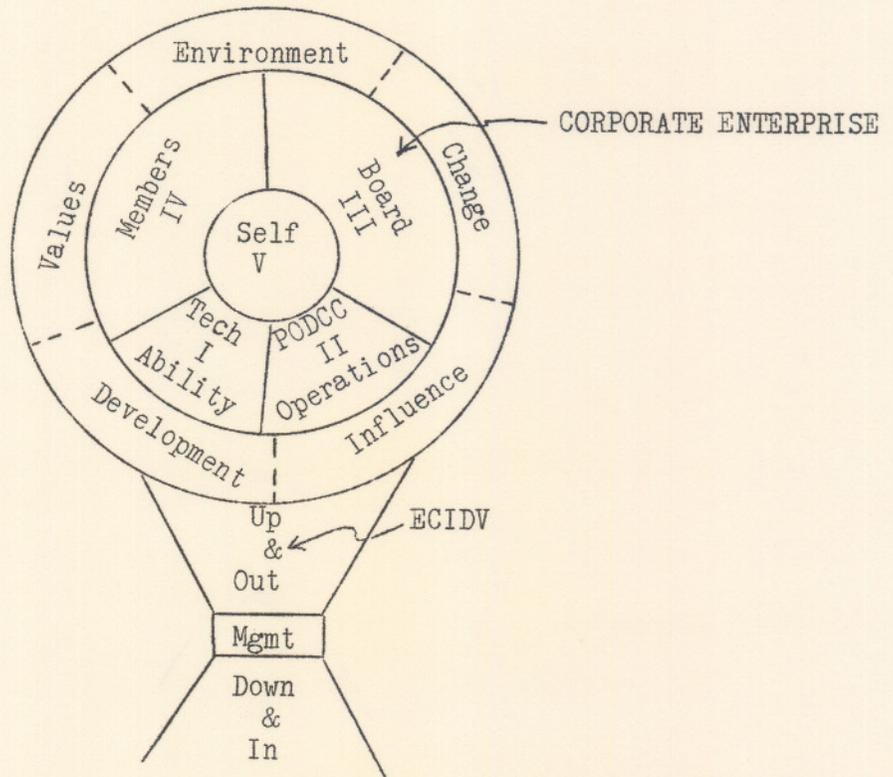
(Environment, Change, Influence, Development, Value)

Present skills and concepts rapidly becoming 'out of date' i.e. Engineers may have professional 'half-life' - - - half of what know out of date in 10 years.

Warren Johnson-"May need to learn twice as much every 10 years."

TN - Rapidly expand knowledge to keep pace with the times - - - Management, being a less exact science, may be even more subject to change than other professions.

1964	'74	'84	'94	2004	'14
NEW	KNOWLEDGE		NEEDED		
COLLEGE	KNOWLEDGE	STILL	GOOD		



Tom spent considerable time setting the stage with a dissertation on education and knowlege - - - the learning process by evaluating experiences and proper interpretation of them.

A. Environment

1. Forces

- a. social
- b. economic
- c. political
- d. religious
- e. cultural
- f. tradition
- g. scientific - technical

How do we develop skill in influencing change in forces?

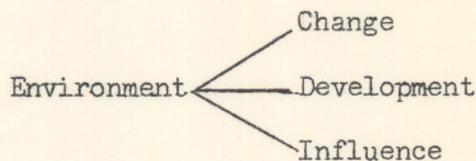
Can we become aware of real forces?

Why are they this way?

Can they be changed?

(Warren Johnson reviewed a detailed outline of actual work being carried out by Sho-Me in involving groups and persons to manage their environment by developing recreational and tourist business in a section of territory.)

Tom feels strongly about importance of one becoming both a student and a manager of socio-economic-cultural environment - - - He has no personal objection to a 'social value' having an economic byproduct or benefit.



B. Change

What are our individual and collective attitudes toward change? Innovation and enterprise? Complacency?

Tom quoted from several authors and apparently subscribes to the feeling, that the future will lead to centralization i.e. mergers, strong central government.

Technical change induces economic change

Economic change induces political change

Attitudes

1. Recognition - no action.
2. Recognition and concern - no action.
3. Recognition and concern - action of a non-promising type.
4. Recognition - adjusts by force.
5. Recognition - effort to determine and carry out best method of managing change.

C. Influence

Tom backs the 'consultative' approach in this area. 'Participation' with the intent of developing a 'chain reaction' give the masses something to do - volunteers, etc.

D. Development

Must equip people to grow in skills and abilities to do things -
- - If one lives up to social requirements - - opportunities - - he will meet his development requirements.

E. Values

"Up and out" concept

(See notes from Manager's Group - time ran out.)

SESSION III - WAGE AND SALARY Thursday A.M.

(See Larry Moderow's introductory remarks which were read by Warren Johnson)

Nevin McKinnon from Cumberland outlined the progress of their program, and its' inherent problems, since it was introduced in 1960. This review prompted a good deal of discussion which centered around new concepts and new tools and techniques.

Out of this session emerged two schools of thought:

1. Devise more tools and techniques - - be more scientific - - use more systematic guides to administer the wage and salary program - - - and - - -
2. Be 'relatively' correct - - - be less concerned with the scientific approach and avoid letting it inhibit sound administrative judgement.

Common agreement was reached on the fact that many of the present 'merit' programs are, in reality, only 'automatic' increase programs.

IV. LONG RANGE PLANNING - Thursday P.M. - Tom Nelson

Long Range Planning: Not Doing - - - Getting ready to do - - - Thinking and imaginary.

Current Management tends to shrink the 'imaginary'.

Purpose of Management Development: Turn Doers into Thinkers (often results only in better doers).

Thinking of Long Range results of current decision (predicting).

Forecasting of events and trends (what effect other things will have).

Your image of 'what you want to be' (visualize).

Develop plan.

1. Where do you want to go / what do you want want to be?
2. What conditions will you meet along the way ?
3. What are the ways and means of getting there, in view of the conditions?

Essential Elements

1. Time span? Time required to make corrective or preventative changes.
2. Make forecasts of what things 'will be like' then.
3. Determine what you want to be like (image).
4. Interpret image (10 areas of objectives - be concrete).
5. All parts of plan should be consistent (Coordinate - not consolidate)
6. Plan to minimize DANGERS - Know where they are.
 - a. Avoid premature commitments - keep flexible.
 - b. Avoid detail - detail only enough to check validity.
 - c. Anticipate emergencies - make general alternate plans.
7. Plan the planning - have a coordinator (Tom seems strong on committee action and wide participations).
8. Give Long Range Planning status and priority in the Annual Work Plan.

QUESTION CHECK LIST:

Have the key influences in the growth of the business been determined and evaluated?

Have the strengths and weaknesses of the business been determined and evaluated?

Have the organizations' capacities to support the plan been projected for enough ahead?

Is there a realistic timetable?

Have alternatives been considered?

What provisions have been made for reverses?

V. STAFF SERVICES - Friday A.M. - Barbara Deverick (See included paper by Barbara Deverick)

Barbara Deverick had researched several authors on the various concepts of 'staff' and explained in detail the 'results' approach used in Blue Ridge position descriptions - - concept: if 'line' fails in a given area, the respective 'staff' person fails equally - - - he is accountable for results, even though only partially involved.

In addition to the 'duo-accountability' idea, the group discussed the problems where staff assistants serve in two capacities and the 'image hazards', in the eyes of fellow employees, of a staff position.

VI. SELECTING KEY EMPLOYEES - Friday A. M. - Jim Kiley (See Copy of paper by Jim Kiley)

Jim Kiley presented a paper that could easily be used as a check-list or guide for the mechanics of employment.

Discussion centered in two areas:

- A. Recognizing the importance of the job.
- B. Techniques involved in the selection process. Relative values, to the organization, of the persons' strengths, weaknesses.
 1. Technical competence.
 2. Philosophy of life.
 3. Aim of life
 4. Values
 5. Emotional stability
 6. Fit the team.

IV. PROGRAM FOR MANAGERS

Wednesday, May 6

- 8:00 - 9:00 Registration
- 9:00 - 12:00 ECIDV (Environment, Change, Influence, Development, Value)
(10:00 - 10:15 Discussion Leader - TOM NELSON
coffee break) Innovators - CHARLES BOULSON, JOHN DOLINGER
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Introductions
Election of 1965 Chairman and new member
of the Steering Committee
- 1:30 - 5:00 Annual Work Planning
Discussion Leader - LOUIS STRONG
Presentation - WILLARD GRAGER
Innovators - JACK COCHRAN, JACK GOODMAN, AL LETEY

Thursday, May 7

- 9:00 - 12:00 Long Range Planning
(10:00 - 10:15 Discussion Leader - TOM NELSON
coffee break) Innovators - CECIL VIVERETTE, WILLARD GRAGER
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Discussion of Future Programs
- 1:30 - 5:00 Wage and Salary Planning and Administration
Discussion Leader - JACK SMITH
Presentation - IRVIN SMITH
Innovators - GEORGE CORNOG, LLOYD HOLLISTER

Friday, May 8

- 8:30 - 10:00 Staff Services
Discussion Leader - CECIL VIVERETTE
Innovator - NORMAN CROSS
- 10:00 - 10:15 Coffee Break
- 10:15 - 11:45 Selection of Key Personnel
Discussion Leader - VIRGIL HERRIOTT
Innovator - WES SCHUTZ
- 12:00 - 1:30 Luncheon - Joint Meeting of Managers and Staff Assistants
Summary of Consultation High Lights
by the Recorder for Each Group

PLANNING THE ANNUAL WORK PROGRAM

Management Consultation Program
Kansas City

May 6, 1964

Willard Grager, Manager
Cass County Electric Cooperative

Today we are interested in reviewing the basic requirements and facets of making an annual work plan. A good many of us have prepared work programs for many years and are trying, via the trial and error method, to improve each one we prepare. It is rather difficult, if not almost impossible, to find much reference materials dealing specifically with annual work plans. As a reference book for the theories of planning, I might refer you to a book entitled "Planning Theory" by Lebreton and Henning, which is available from Prentice-Hall, Inc. The theories expressed in general planning may well in many instances be appropriate to consider in determining the proper steps to take and the various requirements important to consider in developing a good work plan.

First of all in attempting to develop a successful work plan, one must, of course, seek to get the support for such a plan. In a cooperative it would require first of all gaining the interest and consent of those participating in the development of the plan, and for them to recognize that it was the prudent and wise plan of action. Without the support of the department heads and staff employees, it would be rather difficult to get sufficient support to make such a plan successful. Once this plan of action is agreed to, it would be wise to formulate the context of such a plan and review it with the Board of Directors so that they would have the proper understanding of what the plan was all about. As an example, one facet of a general work plan is to provide an explicit budget calling for appropriations of funds for specific items, such as power, tree clearing, maintenance, operations, power use program, and many other similar budgetary requirements.

I can recall vividly when we first presented such a budget and work program to our Board of Directors; they looked at it with some doubtful misgivings, as the item that stood out foremost in their minds was that we were asking for approval to spend about \$1,200,000.00. Seemingly, they failed to recognize that that had been a normal requirement of the cooperative for the several previous years. This was the first time that the complete work program and budget had been presented to them in this fashion and the figure began to assume astronomical proportions. After some reference to previous years' budgetary requirements, they recognized that these costs were normal and accepted the plan as proposed. Since that time, we have had the opportunity of reviewing about six or seven work plans and budgets, and the board's understanding is much improved. We now find them looking forward to the session at which we present the work program, -- not necessarily from the standpoint of what the budgetary requirements might be but rather how well have we prepared the plan and what programs and plans have we developed to maintain our system and to improve the position of the cooperative

Anyone not preparing a formal work program and plan might find it advantageous to prepare a summary of work that had been completed for a previous year and attempt to relate some cost figures to each activity. It would then be somewhat easier to present the idea to the board that you would now propose to do the same thing, except it would be prepared for a year in advance. You would not only attempt to outline the work that would be done in the various areas but you would also try to establish the budgetary requirements as well, pointing out, however, the fact that very likely the first programs you would prepare would be lacking in detail and accuracy in many areas. Nevertheless, you would be attempting to develop a planned program of action to maintain a well-organized system of

work activities, rather than working from day to day putting out the brush fires as emergencies developed, or doing those things which seemed important at the moment. Even the most critical director will recognize that such a plan has merit and will be eager to encourage its development and usage.

At a very early stage of the development of such a program, one must involve all of the organization's departments in a planning session. We might not realize it but one must most certainly plan his planning. First of all, there are many questions which you and your staff must agree on as being important in the preparation of such a plan. Plans can vary in complexity from being the most simple with very little detail, or they may be complex with detailed studies and technical information as supporting data. All of this will, of course, involve the staff and their personnel. It will govern the amount of lead time required to prepare such a plan.

It is well to begin with a rather simple plan, covering only the basic facets of the programs and keeping in mind the fact that developing future work programs will be a continuing process. As you are carrying out the programs involved in one year's work plan, you will be gathering data for the programs in successive years. As an example, one year in our work program we budgeted sufficient money to test a sample of 100 poles of each species of poles used in each section of line constructed by the cooperative prior to the year 1950. The result of such action gave us sufficient information to prepare a more precise program for the next year. Each succeeding year since that time, we have been able to propose certain plans of action relating to pole maintenance which, in the opinion of the staff and the Board of Directors, have given us a better program and will result in a better maintained system at lower costs.

We find that it is very important that the people involved in the planning action of each department be made aware and have complete understanding of how thorough and how complete their back-up material must be to substantiate the need for certain work activities or reasons for it not being necessary. I am thinking particularly of such programs as tree clearing. What basic information should the staff have available to substantiate a sizable tree clearing budget? Or what basic information should they have to substantiate the fact that they need very little budget for such purposes.

As the various departments make studies of the needs in their particular area of activity, they begin to see need for further detailed information. They will begin to consult the engineer, the accountant, and other staff people who may be able to assist them in gathering such information. I have noted a tremendous increase in the appreciation each department has for the other departments which have been able to assist them in their planning.

In one particular instance, the operating people were seeking information on costs of various aspects of their work. They were advised by the office manager that the information could be provided if certain specifics were noted on their time sheets and the various job order sheets that the men would turn in. This provided the basis for establishing a meeting whereby groups of the outside personnel were brought into the office and met personally with the office personnel who were involved in this area of record keeping. They were advised that certain information would be required on the records that they originated. They were shown the actual process through which the information was handled. They saw the preparation of statistical data by the data processing equipment from the basic information they prepared. This gave them a better understanding and resulted in their being

interested in preparing their records more completely. It also made them recognize that other departments were interested in them doing their job well.

Another area which requires clear understanding by all concerned is the method of control. Are we interested in preparing a work program with a budget requirement of each activity, and having the limited budget as the only control? Or are we really interested in developing a planned work program with specific purposes and specific goals of accomplishments and establish certain other control guidelines in addition to the budget? We have found that it is not too difficult to plan work in a given area and determine the probable number of man hours required to complete the job. Then, from the review of the hours of work spent and the estimated proportion of the job completed, one has an additional means of measuring performance. It is recognized that this is not necessarily factual but it will provide real basic guides which can be useful until something more factual can be developed.

This also is very important in another area of planning the work program, and that is in budgeting time. We find that each of the departments will express their work program in the number of man hours necessary to complete the work, as well as the monetary budget requirements. They find it possible to determine, then, the approximate number of man hours available and determine whether or not they have sufficient help. They can plan for the additional requirements and not have to attempt to recruit last minute assistance as the end of the year approaches. If additional personnel is needed, it might be necessary also for them to have additional trucks and other work tools to be able to use the additional help they might have to recruit. There might also be some lead time required to train the help if unskilled people were hired.

We find that the Board of Directors appreciates receiving quarterly reports which indicate to them the approximate quantity of work completed, as well as the amount and percent of the budget expended to date. As an example, one district budgeted \$21,304 for tree clearing for the year 1964. They had determined the approximate cost and time required to clear out the trees from one substation area and had allotted a certain number of hours and dollars for general clearing or trimming in other areas. They found that it was convenient to clear the one substation area during the first three months of the year. The quarterly report indicated that they had spent about 78 percent of their budgeted dollar and had completed about 80 percent of the work planned. It would have been very easy for myself or the Board of Directors to have become critically concerned about the possible over-expenditure of the budget had not the information been available to substantiate that a proportionate share of the task had also been completed. We recognize that this shall never be as exacting as an engineering study or an accountant's analysis, as it is impossible to judge the amount of work completed with that certainty. But it does without a doubt give management a greater degree of control than if it were not used.

At Cass County Electric we recognize that everyone is more keenly aware of the tasks and the responsibilities which are theirs in assisting the cooperative to more adequately meet the goals and objectives it has established, by earnestly planning to assist in the development of a better work plan.

I recognize most sincerely that I have not covered completely the matter of annual work plans, but I do hope that I have been able to stimulate some thinking and interest in the advantage of developing a workable, controllable, and successful work plan.

GENERAL NOTES RECORDED BY WES SCHUTZ

SESSION I - Wednesday A.M. - Tom Nelson on "ECIDV"

(Environment, Change, Influence, Development, Value)

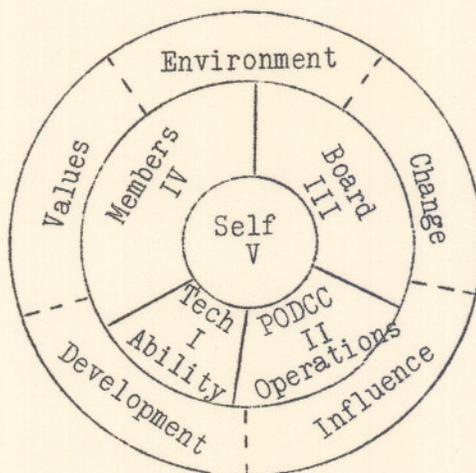
Rural Electric management requires a wider grasp of facts and principles than needed merely for an efficient operation. Type of skills and knowledge - - - needed changes - - new knowledge is needed - - old skills become obsolete.

There is a constant need for adult education.

(Question: Isn't education primarily the learning by doing, and learning to think? Much of our talk about education implies that it means absorbing facts.)

Education is learning to deal with experience. Four stages of awareness:

1. What happened and Why?
2. What do I need to know to do better next time?
3. Where else can I use this knowledge?
4. What have I learned about how to learn?



A. Environment

1. Organizations
 - a. Institutions and groups
2. Persons
3. Forces
 - a. Economic, social, political, cultural, traditions, scientific and technical.
 - b. Which are threatening now? Political?

(We are in the "energy" business - -deriving energy from nature and transmitting it.) Tremendous changes are taking place in securing energy - -atomic sources. Maybe scientific forces threaten us most, from a long range standpoint. How can we avoid this threat? How can this force be made to work for us? Most of us may not be ready to tackle this.

(We are living in a day when it is easier to educate adults than children. Adults have a long memory of major changes - - have been forced to adapt to new conditions. Motivation is often higher with adults.)

B. Change

"The Coming World Transformation" by Ferdinand Lundberg.
Book predicts changes during next 100-150 years.

1. Ownership will in most cases become collective.
(Private property will gradually become collective property.)
Majority of capital now owned by collectives.
2. Mergers creating larger groups.
Even co-ops are merging. The big progressive ones, too.
"We must all do what the big ones do."

(Also see the book: "The Next Ten Years.")

(Local Co-ops are often too small to complete successfully.)

Merging of boards and personnel, the most difficult part of this. What is good economically may not look good socially or politically.

"Localism and regionalism are no longer functional." (Above ideas are from Lundberg. Is Lundberg too drastic? What about democratic procedures - grass roots - - etc.)

Louis Strong: "There has been more change in past 100 years than in all previous history of man."

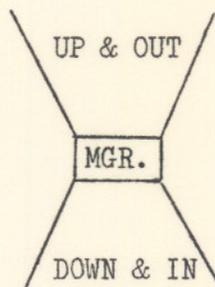
3. Epitaph - Since life is so soon done for
I wonder what I was begun for.
4. Five attitudes toward change
 1. Recognition, but no action.
 2. Recognition and concern (I don't know what to do)
 3. Above, plus action in for of resistance.
 4. Above, and pushed into action reluctantly.
 5. Let's see how best we can manage change. (What opportunities does change offer?)

We must realize change is apt to come, and also study the opportunities it will offer.

- C. Must exercise Influence to adapt to change
(Use of volunteer workers in promoting your enterprise.)

Diagram: Two directions of management effort.

Up & Out - Influence in community
Down & In - Influence on Employees



D. & E. Development and Value

We can't survive solely with good operation. We must be leaders in community - - contribute to general welfare - - capture the loyalty of opinion leaders. Must promote general values - - help create community values.

Boulson (Innovator): Many of our people wonder if above ideas are in conflict with our legal charters or franchises - - maybe we should stick to the bare essentials.

However, Boulson quoted from Gault: If business does not provide all needed services, somebody else will do it and eventually take over.

Also quoted from Drucker, Berle & Means, Lillianthal -

"Leaders create climate."

We must take part in so-called civic and social activities

The Co-op should also set a good example as an employer.

Summary of Wednesday A.M.

Nature of education and learning; adults learn better than we used to suppose.

Our world is changing fast in many ways - - we must adapt to it positively to survive. Inter-act with our environment; make forces of change work for us. We must earn our right to be in business by serving on a broader scale than mere electric service. General community leadership is a function we must assume. (ECIDV is a handy slogan to remind us of this view.)

II. Wednesday P.M. - ANNUAL WORK PLAN, by Strong, Grager, et al.

Book: Theory of Planning - Prentice Hall

(Not merely engineering and construction required by REA, but entire budget by all departments.) Objectives of each department.

Use of data processing

Methods of control, budgeting time as well as money.

Methods of stimulating our people to participate

Long discussion of various aspects. Some trouble with meanings of words - - lack of definitions.

Golden: Annual plans set standards of measurement.

Set targets or goals for supervisors.

Gives them sense of participation and responsibility.

Shouldn't we also have a special work plan for directors?
(WWS: Should they participate in drawing it up?) Board shouldn't be burdened with all the operating details.

III. Thursday A.M. - LONG RANGE PLANNING by Tom Nelson

Management Development:

Turning Doers into Thinkers.

Manager of tomorrow must be both Thinker and Doer.

Work will become the more productive the more we plan before we act.

Cordiner: "Prime need of management is Vision." (Recommends Newman & Sommers: The Process of Management.)

Definitions of Long Range Planning - - (There are several, confused)

1. Predicting long range results of present decisions. (One reason we hate to plan - - we hate to be uncertain.)

.. See Dean Donham - "Education for Social Responsibility."
(HBS - One of the best books on management)

(We deal with degrees of certainty- - not with absolutes.)

2. Making long range forecasts (What will conditions be like 10 years hence?) and adjusting to them.

Book: American Enterprise - - The Next Ten Years, Edited by
Martin R. Gainsbrugh, MacMimillan.

3. Build an image of what the company should be. (What do you want this organization to be ten years hence?)

Setting goals. (OK, if the image is subject to modification - - adjusting it to current events.) Ultimate objectives should be in terms of basic values - - not of things or quantities. Values tend to last longer than any other kinds of objects. (Basic values might include types of service - - community leadership, furnishing of energy, etc.)

But even values change - - or our ideas of them. Set up ends in terms of values- - - then experiment with means.

(John Dewey said (re means and ends), "The question is - - What kind of a person do you want to become?")

TOM NELSON: Three basic values;

1. Every man has a right to be himself so long as he doesn't interfere with the right of others to be themselves.
2. Every man has a right to become his larger self - - to have an opportunity to become his larger self (fulfillment of self).
3. Every man has the obligation to help make it possible for every man to be himself and to become his larger self, (or to promote a society that makes this possible).

A living thing is never a mechanical assembly. Organisms grow. Organizations are organisms - - planning often overlooks this. Long range plans should not be merely an assembly of mechanical devices.

Long Range Planning is primarily the imaginings of the managers.

Another definition of Long Range Planning:

Knowing where you want to go.
Knowing as much as possible of the conditions along the way.
Making plans to overcome those conditions or obstacles.

Outline of planning procedures for Rural Electrics.

TOPICS:

1. Meaning of planning - - determine
2. Why important to us? (Complacency is a great danger - - "We've got it made.")
3. Elements - - What make up a Long Range Plan? What are key areas?

4. How go about the development of same?
5. How do we know when a long range plan is well done?

The most dangerous time in life is when you feel you have arrived
- - - achieved your goal - - got it made. (Your end turns out a means.)

Youth element in organization - - do we need to keep youth in responsible places to keep the organization young in viewpoint? Not necessarily - - people can stay young, if the right habits have been formed. (Avoid the feeling that we have arrived - - any person who has arrived is in danger.)
Dewey: The direction we are going is important, not reaching a final goal.

Elements or key areas:

1. Know the time span - - how far ahead are we looking?
2. Make a forecast of conditions during this span.
3. The company image - - compose one. What do we want to be like?
4. Formulate objectives of the enterprise (by areas -- about 10 of them.)
5. Maintain consistency. No built-in conflicts.
6. Minimize the dangers. (Avoid worrying about difficulties.)
7. Plan the planning.

It takes a plan to produce a plan.
Give long range planning high priority on your agenda.
Don't wait for idle time. Get other people involved in it.

(Boy & St. Bernard Dog: Where you going? Don't know - - Don't know where he is headed for.)

IV. Thursday P.M. - WAGE AND SALARY PLANS - Jack Smith and Irv Smith

Problems of Wage Surveys - - getting parallel figures - - capsule job descriptions, etc.

Jobs change gradually - - jobs need to be revalued occasionally. (Viverette reevaluates a few every year.) Even then jobs with same titles aren't always similar - - especially engineers, clerks, power use people

Strong makes survey of key jobs - - journeymen, etc. (Like Consumers District)

Virg Herriott: Why does a board have to know what your people are getting paid - - why not stress total costs, quality of service, etc. (Does anyone actually follow this idea?)

Smith showed slides of old type salary charts - - and more recent ones. Brought in cost-of-living formula and area levels. Merit increase at mid-year.

Wage scale needs adjustment periodically, based on area surveys. Eastern also adjusts it according to cost-of-living and standard-of-living indexes.

Jack Smith described his bonus plan. Also asked the others how their appraisal plans were going. Boulson said he was somewhat unorthodox here. Others admitted skepticism also. Self-appraisal, etc.

V. Friday A. M. STAFF SERVICES - Cecil Viverette

Began with a skeptical view of the old line-staff dualism, which came from the military groups. (The line commands; the staff counsels and consults.) Took up modern versions or refinements of the concept. (Probably a relative matter - - no absolute division among people.)

Line Functions

1. Directs
2. Orders
3. Carries Activities
4. Follows chain of command
5. Determines what it does
6. When and how to use staff
7. Is doing

Staff Functions

- Advises
- Persuades
- Studies and recommends
- Advises across department lines
- Identified with others
- Persuade line to want its advice
- Renders services

Went through his organization chart and discussed relationships and functions of his staff and line people, and experiments with the chart and position descriptions.

Should staff work also include teaching - - educating?

Is the manager primarily a co-ordinator? Yes, to a degree - - not exclusively.

Constant problem of achieving teamwork - - constant swing between group effort and individual initiative (swing between competition and cooperation). These two are limits or poles of human efforts.

VI. Friday P.M. - SELECTION OF KEY PERSONNEL -- by Virgil Herriott

Means people with supervisory functions.

Sioux Valley made more organizational changes during past year - - follow-up on changes a year ago. Some changes in personnel - - Three department heads.

In interviewing, use capsule position description only - - the long version doesn't soak in fast enough.

Also use man specifications. (Capsule description had three pages - - - man specifications, two pages.)

Finding candidates: (department heads)

Don't want a man who wants a job
NRECA Management Services could help us in this
Need people who have a good job elsewhere. Need a clearing house of man resources.
How much money should we spend finding the right key man?

Screening the candidates:

- Check
1. Work history
 2. Credit history or rating
 3. Family life
 4. Criminal record (?)

Interviewing:

Virg said he hadn't done much of this - - was unprepared to a large degree.

Made up a page of items he wanted to bring up during the interview.

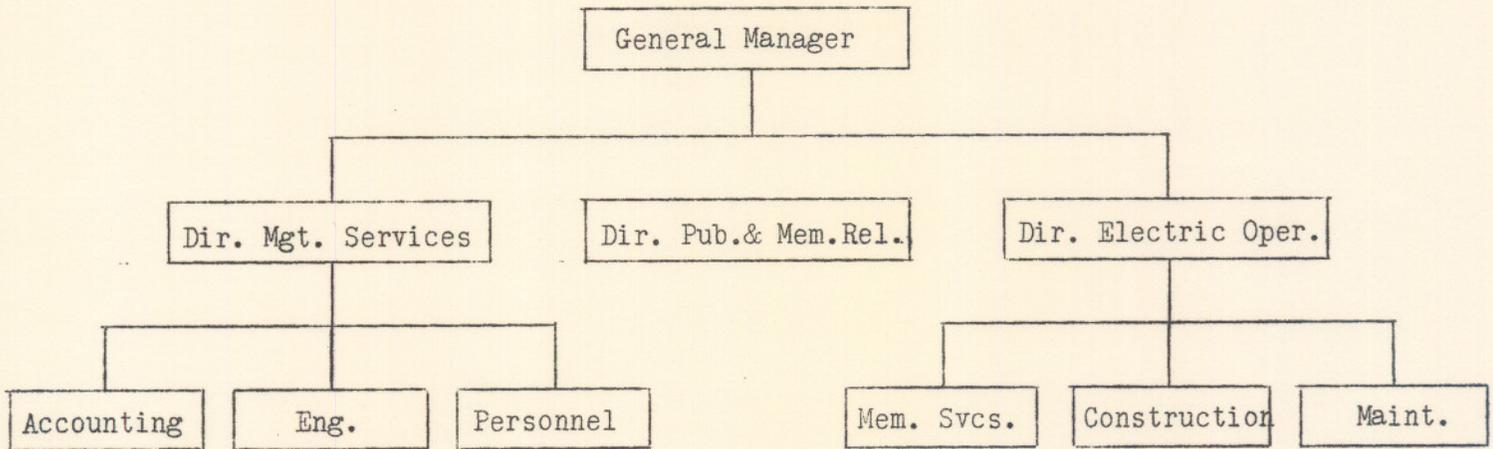
Orientation, after hiring.

Probation - - six months, ordinarily. Probably not applicable to top people - - especially if you move him away from a good job.

Virg used psychological testing- - hired a professional psychologist to interview one candidate. Question were aimed to disclose some emotional attitudes. Louis Strong has used testing service of a college.

Discussion of how to dismiss key people - - how to fire.

Sioux Valley's new organization structure



Problem - - Will the Operations Director, being oriented to engineering and construction, be sufficiently interested in Member Services?

Jack Cochran - - checks on potential key people thoroughly to find how they do as team workers - - goes where they live - - churches, bars, community, etc.