

**Proceedings of the
24th Annual Conference**

of

**The Rural Electric Management
Development Council**

RECEIVED

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**Management
in the
1980's**

**Myrtle Beach, South Carolina
May 18 - 22, 1981**

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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.

RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL

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.
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.

RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL

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 who 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 who wish to apply for membership in the Council, those who wish to sponsor systems for membership and those systems who 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.

All applications for membership shall be subject to the review of the Nominating Committee. The Nominating Committee shall meet twice each year to review applications for membership and to recommend those applicants who meet the membership criteria for approval for Council membership.

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:
 - 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.

Those systems subject to continuing membership review shall be notified at the Council's annual meeting preceding the review.

Continuing membership applications shall include the following:

1. A refiling of the initial membership application.
2. A recap of Council meeting attendance.
3. A recap of participation in Council activities, including study and research and innovative programs locally undertaken, with reports and presentations on such activities at Council meetings. Also, evidence should be furnished of the acceptance of Committee assignments and participation in activities consistent with the objectives of the Council.

The nominating committee shall receive all applications for continuing membership by September 1 of each year and make their review and recommendation to the Chairman by January 1 of each year.

C. Honorary Membership

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

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

D. Interim Membership

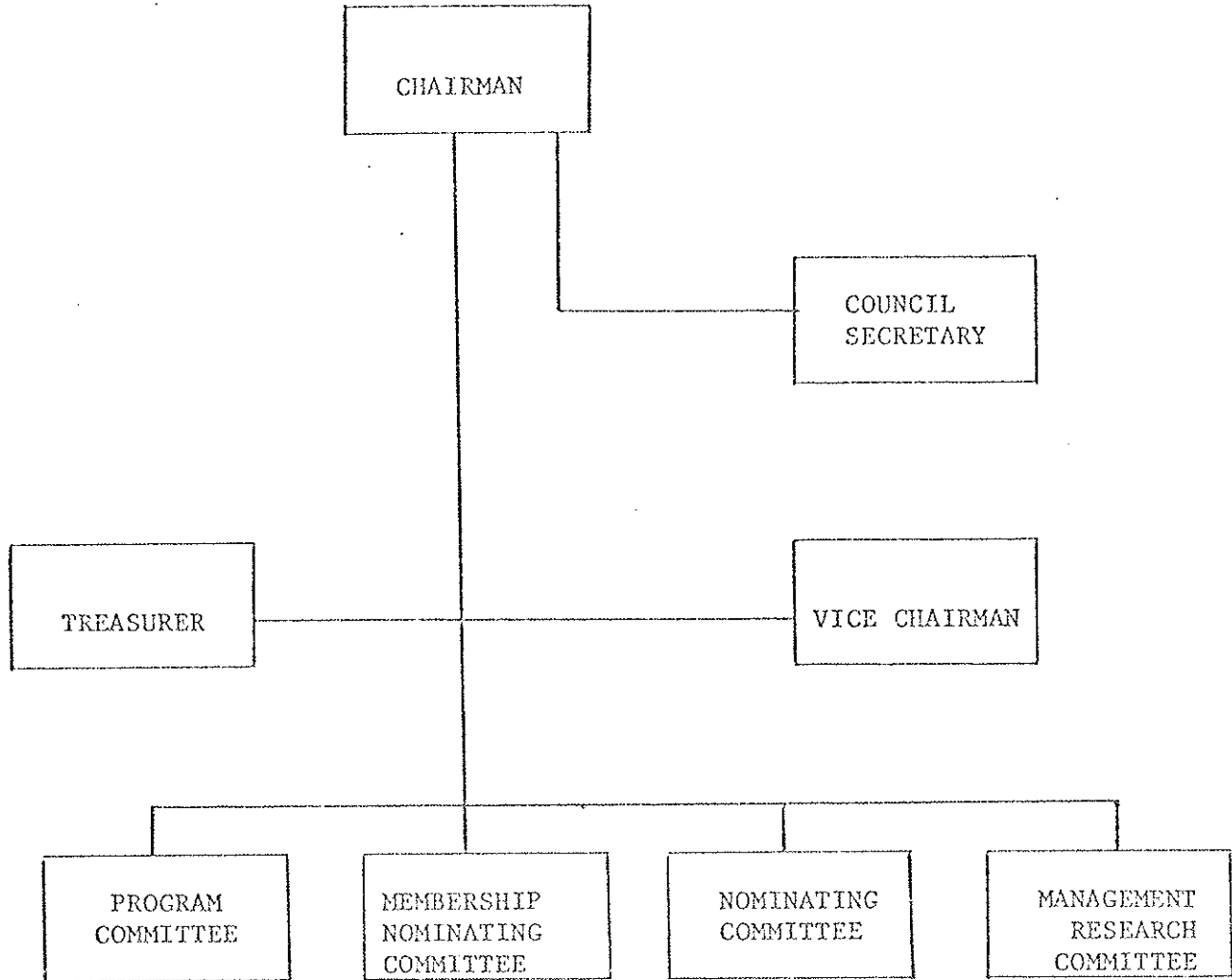
Organizations named in the first paragraph of Item A, Initial Membership, are eligible to become interim members for a period not to exceed two years by

D. Interim Membership (Continued)

notifying the Council of their desire to become a member, paying their dues and participating in Council meetings. At the end of two years such members must seek membership certification in order to retain membership in the Council.

Note: Council dues are \$300 annually, payable prior to the REMDC annual meeting. Payment of dues permits a member system to have two persons in attendance at the REMDC meeting and the Advanced Management Conference at no additional fees.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL



Note: A Coordinating Committee composed of the Chairmen of the standing committees and one member at large also functions to coordinate REMDC and Advanced Management Conference programs.

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 except the Advanced Management Conference Program Planning Committee, 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.

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 and serve as ex-officio member of the Advanced Management Conference Planning Committee. To select the time and place for the annual council meeting in coordination with the Advanced Management Conference Planning Committee.

MEMBERSHIP NOMINATING COMMITTEE

Under the criteria established for admission to membership, select organizations each year who are actively engaged in management in the rural electrification field who will be nominated for membership in the Development Council. Evaluate compliance of member systems with criteria.

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 council can assist in meeting needs in cooperation and coordination with NRECA, making use of the Advanced Management Conference where possible.

OFFICERS AND COMMITTEES FOR 1981 DEVELOPMENT COUNCIL

Chairman	Derl Hinson	Term expires in 1981
Vice Chairman	Bob Roberts	Term expires in 1982
Treasurer	Allen Ritchie	Term expires in 1983
Secretary	Barbara Deverick	

Standing Committees

Program

Chairman	Roger Geckler	Term expires in 1981
	Bill Miller	Term expires in 1982
	Barbara Deverick	Term expires in 1981
	Jim Lane	Term expires in 1983

Nominating

Chairman	James Kiley	Term expires in 1981
	Clyde Hukills	Term expires in 1981
	John Allensworth	Term expires in 1982
	Allen Ritchie	Term expires in 1983

Membership

Chairman	James Golden	Term expires in 1981
	Bill Beverage	Term expires in 1982
	Everette Bristol	Term expires in 1983
	Elmer Stocker	Term expires in 1983

Management Research

Chairman	Charles Overman	Term expires in 1981
	Dick Seger	Term expires in 1982
	Marvin Athey	Term expires in 1982
	Virgil Herriott	Term expires in 1983

Advanced Management Conference
Planning and Coordination

Chairman	James Kiley
	Roger Geckler
	James Golden
	Charles Overman
	Jack Wood
	Derl Hinson, Ex-Officio

- A. All committee members and officers elected for a 3-year term except as noted.
- B. Chairman of each standing committee, except Advanced Management Conference Program Planning Committee, named by the Nominating Committee and serve for three years when elected.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
1981 ANNUAL CONFERENCE REGISTRATION

Adams Electric Cooperative, Inc.
P. O. Box 130
Gettysburg, Pa. 17325
Joe Cole, Mgr., Financing & Mbr. Serv.
Lloyd Geer, Mgr., Engr. & Oprs.

Blue Ridge Electric Membership Corp.
P. O. Box 112
Lenoir, N. C. 28645
Wayne Keller, Gen. Mgr.
Barbara Deverick, Mgr. of Org. Planning
Henry Parker, Manager of Finance
John Austin, Board Chairman

Clark County REMC
609 East Utica Street
Sellersburg, Indiana 47172
Robert Mackey

Clay Electric Cooperative
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Keystone Heights, Florida 32656
E. T. Bennett, Dist. Mgr.
E. E. Williams, Dist. Mgr.

East Central Electric Association
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Marvin Athey, Asst. Manager

Flint Electric Membership Corp.
P. O. Box 308
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Harold Smith, Gen. Mgr.

Florida Keys Electric Cooperative Assn., Inc.
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Tavernier, Florida 33070
David Davis

Four County Electric Membership Corp.
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L. P. (Bill) Beverage, Gen. Mgr.
Hal Porter, Administrative Asst.

Hancock-Wood Electric Cooperative
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John A. Cheney, Mgr., Operations & Engineering

Linn County REC
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Jack Hicks, Manager
Phyllis Barber, Staff Assistant

Lumbee River Electric Membership Corp.
P. O. Box 830
Red Springs, N. C. 28377
Derl J. Hinson, General Manager
Ronnie E. Hunt, Mgr., Office & Staff Services
Genevive Edens, Information & Assistance Dir.
John S. O'Briant, Mgr., Special Services
Joan Watson, Administrative Assistant

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Anamosa, Iowa 52205
John Parham, Gen. Mgr.

Northern Electric Cooperative
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Virginia, Minn. 55792
Lyman Patee, Gen. Mgr.

Pioneer Rural Electric Cooperative, Inc.
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Piqua, Ohio 45356
W. W. Ward, Consultant

Randolph Electric Membership Corp.
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Asheboro, N. C. 27203
Allen F. Holt, Mgr. of Admin. Services

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Dayton, Virginia 22821
Allen Ritchie, Staff Assistant

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

Southeastern Illinois Electric Cooperative
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Eldorado, Illinois 62930
Roger C. Lentz, Manager

Southeastern Iowa Cooperative Electric Assn.
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Craig W. DeBower, Gen. Mgr.

Southern Maryland Electric Cooperative, Inc.
Hughesville, Maryland 20637
Wayne Swann

Union Rural Electric Association, Inc.
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Brighton, Colorado 80601
R. L. Arnold, General Manager

Volunteer Electric Cooperative
P. O. Box 277
Decatur, Tennessee 37322
Jerry Dover, Manager

Whitley County R.E.M.C.
P. O. Box 171
Columbia City, Indiana 46725
Elmer Stocker, General Manager
Galen Eberhart, Dir., Member Relations

Wright-Hennepin Cooperative Electric Assn.
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Roger Geckler, District Manager

Yampa Valley Electric Association, Inc.
Box 1218
Steamboat Springs, Colorado 80477
Ev Bristol, Chief Engineer

Guest Registration - 1981

Jack Wood, Manager
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1800 Massachusetts Avenue, N. W.
Washington, D. C. 20009

Richard Synder
Management Consultant
National Rural Electric Cooperative Assn.
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Atlanta, Georgia 30348

Ms. Jean Griggs
Ogelthorpe Power Corporation
P. O. Box 105033
Atlanta, Georgia 30348

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL 1981 MEMBERS

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Caller Service 112
Lenoir, N. C. 28645

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Sellersburg, Indiana 47172

Norman Hoge, General Manager
Cornhusker Public Power District
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Columbus, Nebraska 68601

William B. Miller, General Manager
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Walters, Oklahoma 73572

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Roger C. Lentz, Manager
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Craig DeBower, Manager
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P. O. Box 440
Mt. Pleasant, Iowa 52641

REMDC 1981 MEMBERS - Continued

R. L. Arnold, General Manager
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P. O. Box 359
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Jerry Dover, Manager
Volunteer Electric Co-op
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Decatur, Tennessee 37322

Larry Frayzier, Manager
White River Valley Electric Coop., Inc.
P. O. Box 969
Branson, Missouri 65616

Elmer Stocker, General Manager
Whitley County R. E. M. C.
P. O. Box 171
Columbia City, Indiana 46725

David P. Larson, Manager
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Maple Lake, Minnesota 55358

James Golden, General Manager
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Box 1218
Steamboat Springs, Colorado 80477

24th ANNUAL CONFERENCE
OF
THE RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL
NRECA ADVANCED MANAGEMENT CONFERENCE
MAY 18-22, 1981
MYRTLE BEACH, SOUTH CAROLINA

PROGRAM

Monday, May 18

- 1:00 P.M. Registration
- 1:30 P.M. Welcome and Opening Remarks
Derl Hinson, REMDC Chairman
- 2:00 - 6:00 P.M. Member Presentations
- No. 1 Accountability Budgeting
Harold Smith, Gen. Mgr., Flint EMC
Jean Griggs, Financial Analyst, Oglethorpe Power Corp.
- No. 2 Achievement Management System Update
Joe Cole, Mgr. of Financing and Member Services
Lloyd Geer, Mgr., Engineering and Operations
Adams Electric Cooperative
- No. 3 Member Involvement and Assistance
John O'Briant, Mgr., Special Services
Genevive Edens, Info. and Assistance Director
Ronnie Hunt, Mgr., Office and Staff Services
Lumbee River EMC
- No. 4 Weatherization and Loan Program
Virgil Herriott, Gen. Mgr.
Sioux Valley Empire Elec. Assoc.
- No. 5 Member Services Reconstruction
Galen Eberhart, Member Service Director
Whitley County REMC

Tuesday, May 19

- 8:00 A.M. - 12 Noon Member Presentations
- No. 6 Management Council
Jerry Dover, Gen. Mgr.
Volunteer Electric Co-op.
- No. 7 Management Evaluation Guide Update
Jim Kiley, Assistant Mgr.
Sioux Valley Empire Elec. Assoc.
- No. 8 NRECA Training Department Update
Jack Wood and Dick Snyder, Management Services Dept.
NRECA

Tuesday, May 19 (Continued)

No. 9 Communicative Board Reports
Phyllis Barber, Staff Assistant
Linn County REC

No. 10 Board-Manager Relationship
Wayne Keller, Gen. Mgr., and John Austin, Board President
Blue Ridge EMC

12:00 - 2:00 P.M. Group Luncheon and REMDC Business Session

2:00 - Remainder of
Afternoon Golf Tournament, Tennis, Shopping, and Other Recreational
Activities

Tuesday Evening

7:30 P.M. Reception and Awarding of Tournament Prizes--Dunes Club
(Jacket required for gentlemen, tie optional)

Wednesday, May 20

8:00 - 3:00 P.M. Advanced Management Conference

Thursday, May 21

7:00 - 8:00 A.M. REMDC Breakfast/Business Session
(Critique of Annual Meeting and Election of Officers)

8:00 A.M. - 4:00 P.M.
Advanced Management Conference Ends

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING
Myrtle Beach, South Carolina
Monday, May 18, 1981

ACCOUNTABILITY BUDGETING

Harold B. Smith, Flint EMC
Jeanne Griggs, Oglethorpe Power Corp.

What is a budget and how is it used? If your answer is--REA likes for us to have one, therefore, we normally take last year's budget, add 10 percent, and then place it on the shelf and let it collect dust--you will probably be bored to death by the following information. However, if you answered--it is a management tool that involves the best available input of staff and management and the actual results are carefully analyzed against the budget, with significant deviations reviewed indepth by those having the responsibility-- you will also possibly be bored. If, however, you are somewhat inbetween these extremes, then hopefully the following dialogue will be helpful in your budgeting process as well as the review process which we call accountability budgeting.

I will give you the procedure we at Flint follow in setting up the budget and then Jeanne Griggs will get into the mechanics and methodology we use in the accountability aspect.

Each department head is responsible for the development of his or her departmental budget. This budget is based on a detailed work plan. The plan is coordinated with the overall goals and objectives of the organization. In September of each year there is a Board discussion of those areas where it feels the Cooperative needs to place added emphasis and those areas that should be cut back. From this discussion, our goals and objectives are up-dated.

This is followed by a meeting of staff to make sure that all members of the management team are fully informed on matters pertaining to budgeting. At this meeting figures are given as to the mileage rates, by class of vehicle, that should be used. The cost-of-living percentages that should be applied to salaries are estimated. Other salary adjustments that would have an overall effect would be taken into account. Too, any fringe benefits that might apply would be set forth such as a Christmas bonus, which is a percent of salary. Since labor and transportation are large segments of the budget, it is felt they need special attention. It is also necessary that these costs be consistent in each department for comparative purposes. After this meeting, the department heads have until November 15 to submit the budget and work plan to the general manager.

Accountability Budgeting

May 18, 1981

The general manager is responsible for his departmental budget and the non-departmental budget. When all data is received by the general manager, he compiles it into a consolidated budget. In addition, he works with the system engineer to determine the capital budget. The deadline for completion of all facets of the budget is December 1. It then normally takes about 5 working days to type, correlate, and collate this material. It is then sent to the Board of Directors so they will have it in hand 10 days to 2 weeks before the December board meeting.

At the December board meeting, every effort is made to keep the agenda short to allow sufficient time for questions and comments regarding the budget. Each department head presents his or her budget and answers any questions concerning the data. The board then takes the appropriate action.

Quite often, this is the end of the budget process for many cooperatives; however, some may go one step further and show the board on a monthly or quarterly basis how they are doing by "line item" on REA Form 7. This can be very misleading at times. The items on the operating report are very encompassing and can be somewhat deceptive. For example, you might be almost exactly on budget in maintenance say for the first quarter and you think everything is just right. Upon closer analysis, you discover that you are over \$20,000 in right-of-way maintenance and \$20,000 under in substation maintenance. You can see you have two problems and you thought you had none. In order to avoid this pitfall, we felt we needed a method of pin-pointing a problem while it is in the "brush fire" stage instead of when it has become a three-alarm fire. Hence, the birth of accountability budgeting for Flint.

Here is Miss Griggs to explain the process.

METHODOLOGY AND MECHANICS

An accounting system should be organized with a multi-purpose function in view for record-keeping and effective performance reporting. An effective accounting system will provide information for three broad purposes:

1. External reporting to member-consumers, REA, NRUCFC, and other outside parties.
2. Internal reporting to management for planning and controlling current operations.
3. Internal reporting to management for making special decisions and formulating long-range plans.

Reporting data on a timely basis is very critical. Stale data is not what is needed when management is faced with making key decisions. I feel that an accounting system is effective when it automatically directs management's attention to the areas that are most in need of investigation and corrective action to bring them into control.

In the accounting area, a desirable structure would be divided into three distinct functions:

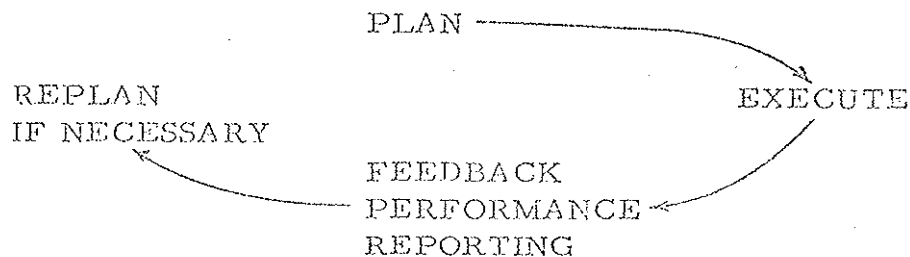
1. Score-keepers, who compile routine data and keep information system running smoothly.
2. Attention Directors (Analysts), who attempt to understand operating management's viewpoint most fully and who spotlight, interpret, and explain those operating areas that are most in need of attention.
3. Problem-solvers, who search for alternatives, study the probable consequences, and help management follow an objective approach to special decisions.

If one accountant bears responsibility for more than one of these three functions, his or her energies are prone to be directed to (1) above, then (2) and finally (3). If this occurs, his two foremost values, as far as management is concerned are likely to be dissipated.

The primary reason for starting a budget-tracking and reporting system at Flint EMC was to supply management with a tool for measuring actual expenditures with those set forth in the budget---not just the overall totals as indicated in REA's Form 7. Part A Statement of Operations, but by specific REA account classification (580/583/586, etc) and by individual departments (Engineering and Operations, etc.). And to repeat Mr. Smith somewhat, this (a) identifies problem areas that are not obvious in the total account balance;

(b) enables corrective action to be taken during the year or points up the need to "replan" which could require the approval of the board; and (c) gives useful input for future budgeting and planning.

In order to measure performance of actual expenditures vs. budgeted expenditures, a plan of action (objectives) must first be designed before a meaningful budget can be prepared. This, of course, is obvious since accurate budget dollars cannot be projected until the plan of action is designed. The format used in forming the budget must follow the same format used for recording actual expenditures. The annual budget dollars must be established for each line item and then spread to the month in which the expenditure is planned. As the year progresses, the responsible manager for each department (or cost center) must follow the budget plan for expenditures or the department will have unfavorable variances for actual expenditures vs. budgeted expenditures.



Most important is the coordination with parameters of the computer system used at your respective cooperatives. These parameters must be carefully followed in establishing a budget-tracking and control system.

A recommended procedure to follow in budget tracking and reporting is:

1. Select parameters of variance.
2. Highlight unfavorable variances requiring explanations.
3. Set time department managers must respond with explanations for unfavorable variances.
4. Compile all department variances--explanations--into one report for the general manager's review.
5. If variances require replan, when approved, make corrections to all affected areas of the budget system.

At Flint, the Basic Uniform System of Accounts, prescribed for electric borrowers of REA, was subdivided in the operations and maintenance expense accounts section in order to capture expenses incurred by each department. Each department was assigned a unique number--(0 for non-departmental, 1 thru 8 for departments). All amounts entering these O & M accounts through invoices, time reports, cash receipts, and other items must be coded with the REA Account Number plus the

Accountability Budgeting
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department number in order to identify the expenses and receipts with the responsible department; i. e., 593.05 Maintenance O/H Lines Expense, incurred by the Engineering and Operations Department.

At Flint, by approximately the 15th of the month, each department manager receives for their respective area from the General Accounting Department a report for the prior month just preceding, the following information:

1. A listing by REA account number classification of actual expenditures and budgeted expenditures for the month. (Exh. A)
2. A summary of transportation costs by REA account number classification. (Exh. B)
3. A summary of labor costs by REA account number classification. (Exh. C)

At this time, Flint EMC does not have a General Funds Accounts Payable System that will produce a listing of all cash disbursements by department. However, if this information is needed, it can be acquired from the General Accounting Department by request.

Budgeting by equal division of budget dollars is not a realistic approach and should be avoided. Mr. Smith has some transparencies that will point this out.

Personally, I feel that a more detailed type of accounting and reporting system has already proved to be a positive management tool at Flint EMC. I hope to see the system continued and refined to make it an even more useful tool for the management of that organization.

I also hope that each of you attending today will find this information useful to you and the systems you represent.

Exhibit A - Budgetary Control - Statement of Expenses (Engineering & Operations)
Exhibit B - Transportation Cost Summary
Exhibit C - Budgetary Labor Report - Period 3/31/81
Exhibit D - Engineering & Operations Department Analysis
Exhibit E - Expense Analysis 1981

BUDGETARY CONTROL

STATEMENT OF EXPENSES

1st Quarter

For the Engineering & Operations Department, Month of ending March 1981.

ACCOUNT NUMBER	ACCOUNT TITLE	ACTUAL EXPENSES	BUDGETED EXPENSES	DIFFER	YTD ACTUAL	YTD BUDGET	DIFFER
580.05	Supv. & Eng.				11,871	10,596	1,275
581.05	Load Dispatching						
582.05	Station Expense				3,750	3,063	687
583.05	OH Line Expense				8,173	19,056	-10,883
584.05	UG Line Expense				2,582	7,402	- 4,820
585.05	St.Lt. & Sig.Exp.				1,428	456	972
586.05	Meter Expense				26,366	17,703	8,663
586.15	Meter Exp. L.M.				200	-0-	200
587.05	Cons.Inst. Exp.				3,576	6,186	- 2,610
588.05	Misc. Distr.Exp.				13,285	18,574	- 5,289
589.05						900	- 900
TOTAL	OPERATIONS EXP.	18,563	12,356		71,231	83,936	-12,705
590.05	Maint.Supv.& Eng.				7,280	7,183	97
592.05	Station Exp.				296	692	- 396
593.05	OH Line Maint.				127,861	166,899	-39,038
594.05	UG Line Maint.				9,114	5,238	3,876
595.05	Transf. OH & UG				24,663	21,997	2,666
596.05	St.Lt. & Signal				5,559	9,956	- 4,397
597.05	Meters				2,182	4,080	- 1,898
598.05	Misc. Distr. Maint.				14,690	20,773	- 6,083
TOTAL	MAINTENANCE		83,999		191,645	236,818	-45,173

BUDGETARY CONTROL

BUDGETARY CONTROL

STATEMENT OF EXPENSES

STATEMENT OF EXPENSES

1st Quarter

For the Engineering & Operations Department, Month of ending March 1981.

ACCOUNT NUMBER	ACCOUNT TITLE	ACTUAL EXPENSES	BUDGETED EXPENSES	DIFFER	YTD ACTUAL	YTD BUDGET	DIFFER
901.05	Supv. Cons. Accts.				758		758
902.05	Meter Reading Exp.				10		10
903.05	Consumer Records				18		18
903.25	" "				327		327
908.15	Load Management				17,933		17,933
910.05	Misc. Cons. Serv.						
920.05	Adm. & General				6,158	8,477	-2,317
921.05	Office Supplies				627		627
923.25	Outside Services						
930.45	Misc. Exp.					9,773	-9,773
932.15	Me. of Gen. Plant				546		546
932.35	Me. of Comm. Eqpt.				89		89
					4,287		4,287
TOTAL	ADM. & GENERAL		6,289		30,753	18,250	12,503
	TOTAL				293,629	339,004	-45,375

TRANSPORTATION COST SUMMARY

March 1981

March 1981

Account Number	A Vehicles 1/2 Ton & Under		B Vehicles Over 1/2 Ton		TOTAL COST	TOTAL MILE
	Total Miles	Miles @ .26462 Per Mile	Total Miles	Miles @ .89985 Per Mile		
107.2						
108.8						
163						
580.01						
580.02						
580.03						
580.05	1900	\$502.77			\$502.77	1900
580.08						
582.02						
582.03						
582.05	866	229.16	56	\$ 50.39	279.55	922
583.01						
583.05	213	56.36			56.36	213
583.06						
584.02						
584.05			460	413.92	413.92	460
586.05	3	.79	3802	3421.22	3422.01	3805
587.05			549	494.01	494.01	549
588.-5	2397	634.29	151	135.87	770.16	2548
590.05	500	132.31			132.31	500
592.05						
593.05			10,170	9151.47	9151.47	10,170
594.05			387	348.24	348.24	387
595.05	23	6.08	1233	1109.51	1115.59	1256
596.05			460	413.92	413.92	460
597.05			60	53.99	53.99	60
598.05			2140	1925.67	1925.67	2140
903.25			25	22.49	22.49	25
921.05					-0-	0-
932.35	124	32.81	128	115.17	147.98	252
908.15	<u>996</u>	<u>263.56</u>	<u>342</u>	<u>307.74</u>	<u>571.30</u>	<u>1338</u>
TOTALS	7022	\$1858.13	19,963	\$17,963.61	\$19,821.74 **	26,985

** Should agree with General Ledger balance in account 184.1

Notes: Accounts 107 and 108 are not broken down by departments. For the purpose of illustration, we listed those accounts, amounts, and mileage attributable to the Engineering and Operations Department. 45 vehicles involved.

DEPT 20

107.00	0	508.680	36.00	.00
GL TOTAL		508.680	36.00	.00
107.10	0	3,643.505	260.00	.00
GL TOTAL		3,643.505	260.00	.00
107.20	38110	732.400	44.00	.00
GL TOTAL		732.400	44.00	.00
580.05	0	2,357.863	148.50	.00
GL TOTAL		2,357.863	148.50	.00
582.05	0	244.528	18.00	.00
GL TOTAL		244.528	18.00	.00
588.05	0	408.172	18.00	15.00
GL TOTAL		408.172	18.00	15.00
590.05	0	638.277	45.50	.00
GL TOTAL		638.277	45.50	.00
906.15	0	2,088.726	184.00	.00
GL TOTAL		2,088.726	184.00	.00
920.05	0	1,685.230	114.00	1.75
GL TOTAL		1,685.230	114.00	1.75
DEPT TOTAL		12,307.382	980.00	16.75

Exhibit C - (Does not include total for entire department)
 This is merely a sample of print-out.

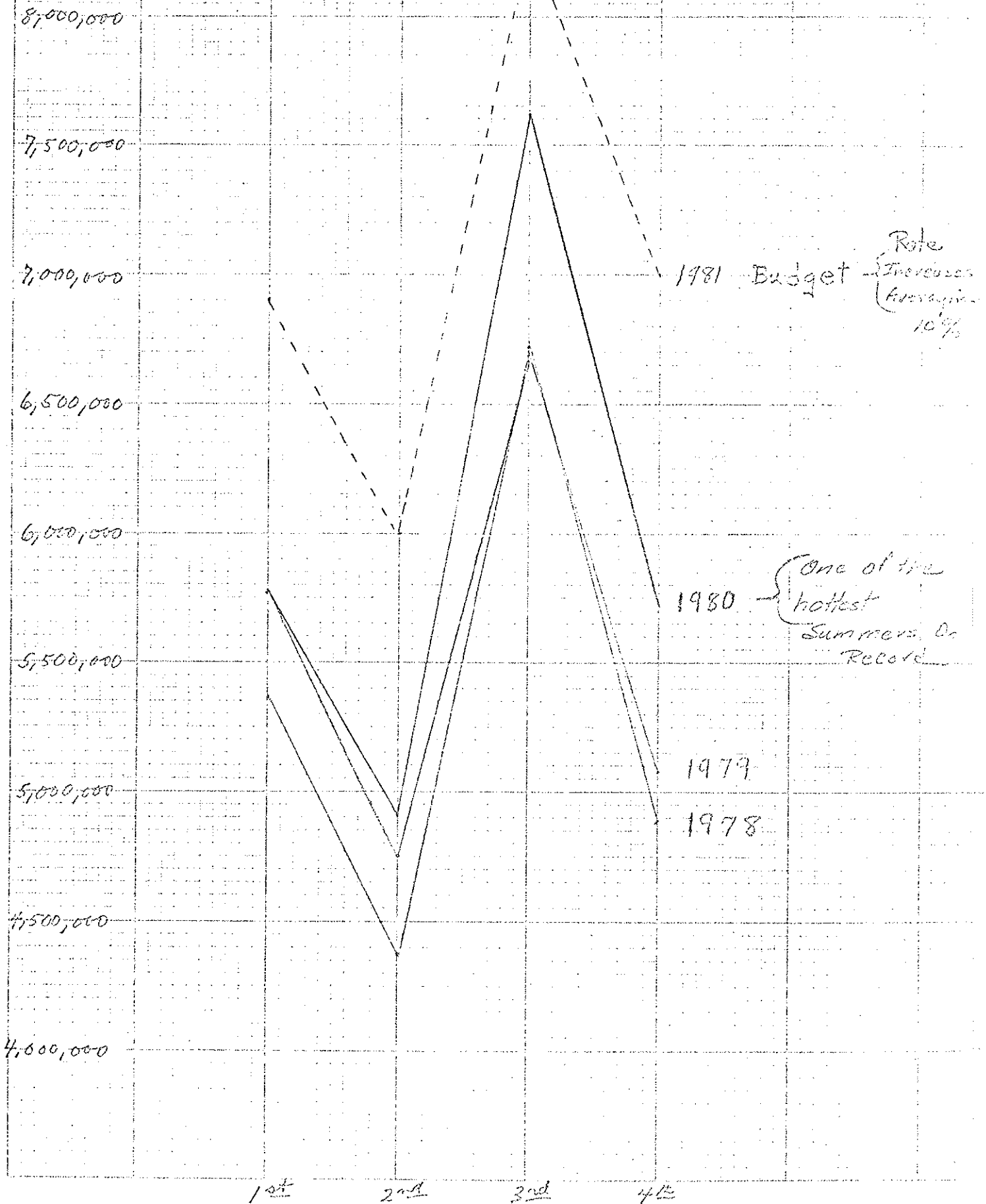
ENGINEERING & OPERATIONS DEPARTMENT BUDGET ANALYSIS (Exhibit D)

	BUDGET	ACTUAL	DIFFERENCE	PERCENT	REMARKS
I. LABOR					
1) Regular Hours	\$179,152	\$178,819	-\$ 333	-.18%	
2) Overtime Hours	16,287	18,141	1,854	11%	On system conversion jobs 7.2 KV to 14.4 KV, a portion of construction crew's time is charged to 583 that normally would be charged to 197. Also twenty-one construction personnel were used on maintenance during March 19th storm.
	1,480	1,554	74	5%	Ninety-four overtime hours is attributed to Switch and Save. This should not be a re-occurring item.
II. TRANSPORTATION					
1) "A" Vehicle Miles	47,918	62,564	\$14,646	31%	Overrun is attributed to 12¢ per mile actual cost over estimated cost. Also additional mileage due to March 19th storm
2) "B" Vehicle Miles	23,994	22,141	1,953	8%	
3) "A" Vehicle Cost per Mile	54,256	62,146	9,890	18%	Overrun mainly due to storm on March 19th
4) "B" Vehicle Cost per Mile	\$.2661	\$.2599	\$-.0061	-.2%	
	\$.7655	\$.8855	\$.1200	16%	Overrun due to repairs on B vehicles and increased cost of fuel.
III. MATERIALS & SUPPLIES	\$53,784	\$32,193	\$-21,591	-40%	Budget figures arrived by taking year total and dividing equally by quarters.
IV. CREDIT TRANSFORMER INSTALLATION	(\$16,900)	(\$20,400)	\$ 5,500	37%	7.2 KV to 14.4 KV conversions - variable with delivery.
V. CREDIT METER INSTALLATION	(\$11,250)	(\$ 2,034)	\$-9,215	-82%	Variable with delivery.
VI. CONTRACTOR - RIGHT-OF-WAY	\$60,900	\$42,487	\$-18,413	-30%	Actual contract labor should show \$71,584 the difference being lag in payment of invoices. Overrun is due to contractor spending 85% of time on maintenance instead of 78% budgeted. Pole treatment has been deferred to second quarter.
VII. CONTRACTOR - POLE TREATMENT	\$23,400	-0-	\$-23,400	-100%	
IX TOTAL	\$339,004	\$293,629	\$-45,375	-13%	

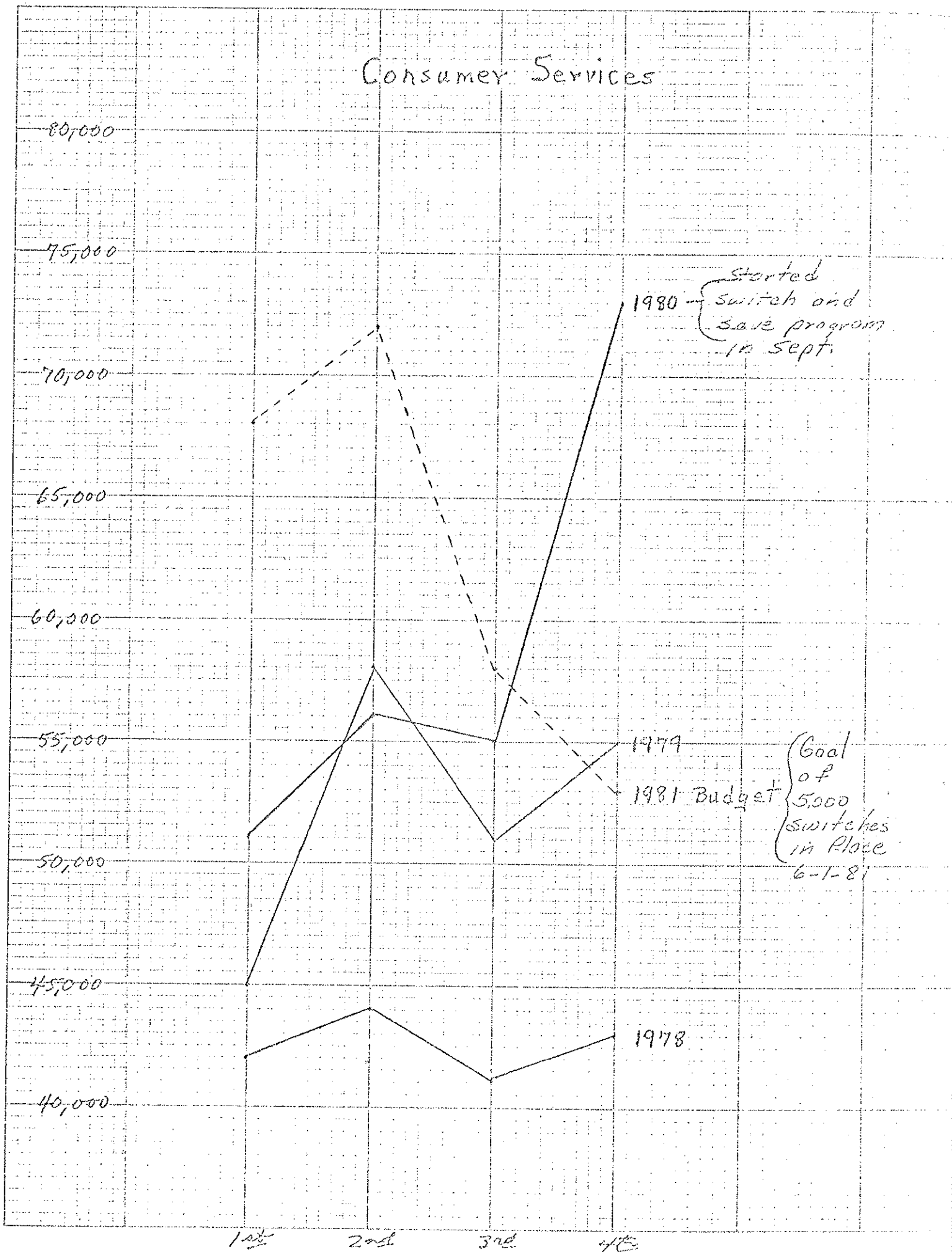
FLIST ELECTRIC MEMBERSHIP CORPORATION
EXPENSE ANALYSIS 1981

	00	01	02	04	05	06	08	YED Actual Expense Total	YED Budgeted Expense Total	Difference
	Non. Dept.	Reynolds Dist.	Warner Robins Dist.	Office Services	Exp., Opr. & Maint.	Pur. & Transp.	Admin.			
Distribution Expense - Operations										
1st Quarter	\$(91,882)	\$29,055	\$20,192	-0-	\$71,230	\$1,058	\$998	\$32,651	\$150,000	\$(117,349)
2nd Quarter										
3rd Quarter										
4th Quarter										
Distribution Expense - Maintenance										
1st Quarter	\$27,783	\$796	-0-	-0-	\$191,644	\$339	\$997	\$221,559	\$220,000	\$1,559
2nd Quarter										
3rd Quarter										
4th Quarter										
Consumer Accounts Expense										
1st Quarter	\$77,753	\$45,105	\$81,226	\$25,622	\$1,115	\$1,042	\$367	\$232,230	\$236,000	\$(3,770)
2nd Quarter										
3rd Quarter										
4th Quarter										
Customer Ser. & Inf. Expense										
1st Quarter	\$16,731	\$18,460	\$19,737	\$605	\$17,933	\$3,616	\$2,200	\$79,282	\$68,000	\$11,282
2nd Quarter										
3rd Quarter										
4th Quarter										
Administrative & General Expense										
1st Quarter	\$117,022	\$13,434	\$21,441	\$51,450	\$11,796	\$20,959	\$19,765	\$255,777	\$250,000	\$5,777
2nd Quarter										
3rd Quarter										
4th Quarter										

Operating Revenue



Consumer Services



QUESTIONS AND ANSWERS

Q: Is program automated?

A: Co-op is on data service SEDC. There is easy modification.

Q: The quarterly reports to the board, is this satisfactory?

A: Yes, we work with monthly figures for management control. Board looks at quarterly report.

Q: How about charting?

A: There is a graphics program for charting all expenses on Data Processing.

Q: Does system turn out to be just an "explanation" system?

A: We ask for explanation on any 5% variance, under or over.

Q: Do you find much change takes place?

A: Yes, we change a lot of things after evaluation. You can speed up, slow up or go into neutral.

ACHIEVEMENT MANAGEMENT SYSTEM UPDATE

Joe Cole, Mgr. Financing and Member Services
Lloyd Geer, Mgr. Engineering and Operations
Adams Electric Cooperative

Update on work being done by the cooperative utilizing the services of Ray McCain. (Basic concept of the program and initial work by the cooperative presented at the 1980 Advanced Management Conference following the REMDC meeting.)

Stated purpose of the Achievement Management System is to improve the operations in the cooperative.

First five months of 1980 training sessions in AMS was held with the board, staff and key supervisors. Following this training the objectives, philosophies and purposes for the organization and various departments were developed.

Four coordinators have been appointed - Coordinator of Member Relations, Coordinator of Public Relations, Coordinator of Cooperative Projects (Presently doing a feasibility study on Cable Television), and Coordinator of Management Projects. The Coordinator of Management projects is a very key person in coordinating the AMS program.

Following the top to bottom look at the organization and the development of philosophy and purposes the staff developed ten key functional areas - Member Relations - Power Supply - Electric Service - Financial Condition - Energy Utilization - Government Relations - Public Involvement - Human Resources - Non Human Resources - Board-Manager Relationships.

Purposes were developed after the philosophy had been developed because purposes relate to philosophy.

Departments coordinated the development of work goals and these goals were developed and instituted for 1981 and progress was measured for the first quarter. Goals were 21 pages long. Progress report took two and a half days to edit and compile and is 42 pages long. Board reviewed progress report. There is need to know if this program is cost effective. Review of progress has been made by the entire management staff. This effort is to involve the key persons in the cooperative in the articulation of goals, etc.

Groups involved in the AMS program - Management Staff (Looks at system operations)
- Executive Staff(President, two board members, Manager, District Manager, Engineering and Operations Manager, Manager of Finance) (Looks at policy areas)
- Member Advisory Committee (three members from each of nine zones) Study different things such as rates, publications, state magazine, etc.)
- Project Achievement Management Group - Project assignment crosses department lines and draws together employees with common interests

Position Descriptions under AMS

- Position description written around functional areas for managers and supervisors
- Job descriptions are more definitive for other positions.

Employee Performance Evaluation

- Done each six months
- Looks at performance against job description
- Includes evaluation of (1) Quality and (2) Quality of work and (3) work behaviour.

Broad Achievement and Management System Results

- Combined offices of Secretary-treasurer.
- Set up Executive Committee (Purpose of committee is to try and broaden involvement of more directors. Committee meets each month before board meeting)

- to expedite board meetings, not a decision making body.)
- Executive staff group meets monthly.
 - Consideration is being given to a different method of evaluating the performance of the General Manager. Consultant will have someone interview department managers for input to the executive committee.
 - Position descriptions are being developed for the board, officers and directors will have performance evaluation.

Things still to be done

- Philosophy, purposes for system and departments and units have been completed.
- Goals for each of these have been set.
- Policies - Rules - Regulations, at Adams Electric board policy is in writing, few administrative practices are in writing trying now to write practices. Trying to develop a standard form of communications.
- Pay plan not tied to performance evaluation. Present pay plan about seven years old.
- Will have someone on staff to act as facilitator to a task group to assure results.
- The co-op will be more involved in career counseling and have a more aggressive program.
- A billing manual will be developed for headquarters and district personnel.
- Find ways to make better and more productive use of equipment with employees.

QUESTIONS AND ANSWERS

Q: How did you choose Member Advisory Committee Members?

A: Had input from board and district personnel to assure a representative group of member.

Q: Will you turn over the members of the committee?

A: I think so.

Q: Who do coordinators report to?

A: Coordinator of Management Projects reports to Manager of Finance and the other three to the General Manager.

Q: Are coordinators job descriptions available?

A: Yes.

Q: Last year the advanced management group felt the system was too cumbersome, is it worthwhile?

A: Anytime you effect a major organizational change it is time consuming and cumbersome. Experience was good, better in some parts than in others. It has enable Adams Electric to tie all parts of the organization together. The quarterly review took a long time. We will evaluate how we want to pursue this in the future. Some problems in the consistency on progress reports on goals. Each person has a regular job and must watch that they don't let something slip.

Q: When does the executive committee meet?

A: One week before the board meeting.

Q: Executive Staff meets when?

A: Meets at noon or mid-afternoon, executive committee meets later in the afternoon. Board members can get away for meeting almost anytime during the day.

Q: Have you started the career counseling program?

A: Haven't done much yet. We do pay tuition. We intend to give some guidance to employees. Can get into trouble if promises are made. Must have clear understanding with employees.

Q: I'm fascinated with the 42 page progress report, what was included?

A: Everything we had developed as goals for 1981. Any action taken toward goals scheduled for later in the year.

MEMBER INVOLVEMENT AND ASSISTANCE

Derl Hinson, General Manager
John O'Briant, Manager, Special Services
Genevive Edens, Information and Assistance Director
Ronnie Hunt, Manager Office & Staff Services
Lumbee River EMC

Member involvement program background-

Co-op located in southeastern North Carolina in a fast growing area which is both affluent and poverty stricken. Functional illiteracy rate in one area of the co-op is 10%. Co-op has a tri-racial membership. High usage of electricity during a severe cold spell coupled with a fuel charge flow through on bill caused members to become enraged, confronted co-op board and management and talked of a director re-call and throwing management out. Patty Comstock-Smith of NRECA staff did a communications audit and worked with the co-op to develop a plan of action to meet member needs. This took place four years ago. Members now have a better understanding of the co-op and its programs, not perfect, but better than it was.

Slide/Sound program for orientation of new members shown to the group. Program explained what the co-op is and how the members can be involved with their co-op.

Load Management Program-

Demand cost went from \$2.75 per KW to \$4.69 which caused the cooperative to move into a load control program. Basic program was controlling water heater and air conditioning loads. System chosen was Motorola. Initial goal was to control 6,000 water heaters and 2500 air conditioners. Involvement of member was on a voluntary basis with a credit on their bill as an incentive. Initial installation of switches was by contractor and presented problems. Co-op then employed a technician to make installations. Now have more than 6500 water heater controls and 2500 air conditioner controls. Have controlled these loads through four summer peaks with a diversity of 1KW per switch on peaks. Peaks are 5:30 PM to 9:00 PM in summer and 6:30 to 8:00 in winter. Gross savings in demand costs exceed \$500,000. per year. Incentive of credit of \$1.25 per month to member paid for a period of three years.

Industrial Development Work-

Co-op was losing all commercial loads to the power supplier. Co-op found out that people in the know about such loads were the county commissioners. Co-op personnel became involved with this group and provided information to them on what the co-op was all about and the mutual interest the co-op had with the commissioners in the development of the rural areas and helping the rural people. The results were that the co-op gained four commercial loads since this involvement began. Other results - two county commissioner groups in co-op service area adopted resolutions supporting the rural electric program and the co-op hosted meetings of the commissioners at their office and showed slides of the co-op programs, etc.

Weatherization Program -

Handle weatherization loans for members under the Farmers Home Administration program. When program first started the co-op did complete audits of homes of members, later, worked with contractors who measure house and give quotation which the co-op gives to the member. The co-op personnel spot checks the weatherization work done by the contractor, checks the insulation, etc. Co-op has processed 548 loans for its members - 163 of these are FHA and the others were made by the Co-op using REA loan funds.

Member Information and Assistance Program-

Orientation and Information program for new member - New member comes into the office, greeted by receptionist who gives them a cup of coffee and shows them a slide tape show. Less than 1% of the new members fail to take time to see program.

Co-op personnel tell members all about how the co-op bills their account, etc. Members love the attention. Members are given a new member packet. Co-op personnel explains the Hot Line which is what the member asks for if he has a question or a problem. The hot line is manned during regular office hours to handle member inquiries. Member is introduced to the personal representative. Complaint forms are filled out on all member inquiries and these are followed up. Information and Assistance Director summarizes all complaints monthly.

Community Meetings -

Community meetings are held in which the co-op tries to give all information members need to understand a particular problem or action of the co-op. Community meetings are held where ever a group of members have questions and staff members attend to respond to questions and concerns of members in the area. Co-op has a speakers bureau with staff members available to speak on various subjects.

Member Assistance Program -

Co-op held a luncheon for representatives of agencies which help needy people, started with 18 agencies. Co-op is now working with 35 agencies. Co-op has helped people get hearing aids, legal services, wheel chairs, wood fuel delivered, help children get educational grants, elderly get transportation, houses cleaned for the sick, day care help for mothers and helped mothers secure jobs. There are so many resources which can help the needy with the needy don't know about. Co-op now has agencies calling the co-op to ask if they know of people who need assistance. For program to be effective co-op must have person heading program who is interested in serving as a resource person for meeting people needs. Co-op person is the linking pin between needy person and agency or group which can meet that need. This service helps people, including co-op employees, remember the co-op is more than a power company. When co-op personnel help members to get their needs met, some way, their power bill gets paid.

Member Watch Program -

Computer is programmed to compare member usage this month with their usage of electricity for the same period in the previous year and signals high or low within 30% so that co-op personnel can investigate. Contact is made with member on high usage to ask "why" with this contact the co-op personnel can get into conservation practices with the member. Low usage may mean power diversion. Co-op hasn't measured results in this area as yet.

Member involvement is what the co-op is all about. If what the co-op does does not benefit the member, then the co-op needs to examine the program.

QUESTIONS AND ANSWERS

Q: Give a brief sketch of co-op organization?

A: Executive Staff consists of General Manager, Manager of Engineering and Operations, Manager of Office and Staff Services, Manager of Districts and Special Services; Middle Management is district managers, line superintendents, etc.

Q: Who supervises Director of Information and Assistance?

A: Manager of Office and Staff Services, Director has working relationships with other departments and their personnel also.

Q: What happens when member wants to talk with the Manager?

A: Most of the time the Manager will see them and then take them to the person in the co-op who can resolve their problem.

Q: How do you handle orientation of new members in the district office?

A: About the same as in the headquarters office, make use of slide/sound program, staff is more limited in the district office.

Q: In our case almost every new member is handled by mail, could we use a telephone tape to give them an orientation?

A: That has possibilities, members could call in for service and after hearing the tape be sent a new member packet.

Q: What is the furthestest distance a member has to drive to come to your office?

A: About 20 miles maximum.

WEATHERIZATION AND LOAN PROGRAM

Virgil Herriott, General Manager
Sioux Valley Empire Electric Assn.

Sioux Valley has an energy conservation and weatherization loan program. Have had energy use program since 1950, focus has changed to wise and prudent use while in the early days of the program more emphasis was on the use of energy.

Co-op has done over 500 home energy audits. Results of program of weatherization loans and emphasis on conservation, kwh use for co-op reduced 3.8% in 1980 and for first four months of 1981 down 3%. Program is continuing to be successful.

Rates went up 1980 by 13 - 14%. 1980 TIER was 1.5. This year rates going up 22%. End result members are using less and paying more. Electricity is still the lowest cost energy to members.

Viewpoints for the energy program adopted in 1977 and are still valid.

Member Information and Communications area has three persons working in it.

Member services and conservation area has fifteen people working in it. Co-op employs 70 people.

Co-op has taken the position that electricity is still best substitute for imported petroleum products.

In 1978 the State of South Dakota offered an audit program by mail from the office of Energy Policy. Out of 10,000 residences about 250 members of the co-op sent in form. Analysis indicated that people who had done something in home weatherization were the ones who mailed in the form.

1970 the co-op hired two energy auditors. Co-op sold water heater blankets, draft stoppers for receptacles also, these are sold by auditors. Co-op began to sell ground to water source heat pumps and solar equipment. Program did not have unanimous support of the directors. Co-op furnishes technical information on solar installations.

In September 1980 the loan program was authorized. A pre-requisite of use of the loan program is a home energy audit. Auditors are alerted by other co-op personnel to high bill complaints and these become sources of contacts. Of the homes audited on the co-op lines, 35% use fuel oil as a primary source of heat for the home, 24% use propane gas and 32% use electricity.

Energy auditors found that of the members using fossil fuels for heating, 70% needed additional attic insulation; members using electricity for heating, 35% needed additional attic insulation; 40% of all members could have significant savings by treating basement walls, 35% by caulking; 78% could save by insulating water heater. Over half the homes 30 years and older, 23% of the homes 8 years or less old.

Co-op had concerns about how the loan program should be offered decided that (1) Forms would be simple; (2) Applications for loans would be simple and (3) Security on collections which would be reasonable.

Some co-ops set such stringent standards for loans that no one could qualify.

Co-op has simple forms, get necessary information. Have no problems on delinquency on loans. Use payment basis and record contained in consumer files, that information is valid. If member has been delinquent on a consistent basis on electric service account, credit would not be good for loan.

Members have a special feeling about how they relate to their cooperative.

Co-op has done two things in the note - When the member signs the note he authorizes the co-op to file a lien against his property as a security for the loan. Co-op has not as yet exercised this. Would do so only where member records indicate he is a bad credit risk. Included in the note is a statement "delinquency of this note is grounds for disconnection of service". This hasn't been tested as yet.

Co-op must have good communications with members to make program work. Co-op has twelve district meetings a year and other planned communications activities to keep members informed and involved with their co-op.

QUESTIONS AND ANSWERS

Q: You mentioned that you have 10,000 accounts and a backlog of 500 requests for energy audits - How many working in this area, when will you reach saturation?

A: In November, 1980 co-op hired two additional auditors which makes four, they caught up on the energy audits. We let two auditors go. We picked up about 450 audit requests at the annual meeting. Yes, in the future, we will probably have a saturated market. One thing we haven't followed up on is what has happened on the 500 audits. We are going to be spot checking to see how many members actually followed the audits. Don't think the reduction in usage on the system is related to the energy audit program.

Q: Do you charge for the audit?

A: No

Q: Energy auditors carried what two items?

A: Water Heater Blankets and draft stoppers.

Q: Do you use the circular wheel calculator in energy audit:

A: Yes.

Q: How much time for each audit?

A: Each auditor gets two or three audits per day. We are getting excellent member response to the work of the auditors. Cost is about \$40.00 per audit. One Investor owned utility in the area is charging \$54.00 per audit.

MEMBER RELATIONS - RECONSTRUCTION

by Galen B. Eberhart
Director of Member Relations
Whitley County REMC

This presentation will survey the role and duties of the Whitley County REMC Member Relations Department. In addition, we will investigate the managerial tools which have been initiated, and we will review the Board's relationship with the department.

Briefly speaking, the management has encouraged the initiation of methods designed to create a positive, helpful relationship with our members. The Member Relations Department, therefore, has a major role in member and public communications. The wide variety of functions as shown on Item I require varying degrees of training, time, money, and involvement.

Primary objectives of the department include:

- 1) anticipating member problems;
- 2) providing personalized service
- 3) opening up two-way communication,
- 4) educating the members;
- 5) and fostering a positive, constructive attitude
at all times.

At one time, a primary function of this department was the promotion of electricity. In 1970, this was halted by national edict. Since then, Member Relations has struggled to find a new identity.

A new identity is being forged by meeting valid past needs and creating programs to meet present and future situations. This ongoing process is weighed on the scales of business standards. We are particularly concerned with the long-range relationship we can build with

our membership. We want to have a high degree of confidence in our members when we need them most. This building of confidence in an anti-utility climate is an arduous task. Success is also difficult to measure in the short term.

The broad range of functions which are conducted by us require organization, planning, coordination, and evaluation. These management activities are performed primarily by using these methods:

- 1) Key Staff Meetings - weekly
- 2) Department Meetings - monthly or as needed
- 3) Monthly Report from Advisors
- 4) Time Log - weekly report by each person (Item II)
 - a) Weekly, Monthly, and Quarterly summaries
 - b) Year-end summation
- 5) Performance Reviews - Yearly
- 6) Graphs and Charts (Items III & IV)
- 7) Member Problem Forms (Items V & VI)
- 8) Budgets - department input
- 9) Informal discussions
- 10) REA comparisons (Item VII)
- 11) Management Support

Working with the Board of Directors has been crucial to the success of the program. The Budget and Work Plan, Monthly Report, and Annual Report are all reviewed and approved by the board. The Member Relations Department is subject to scrutiny in these regular items.

Much of the current program can be traced back to several critical turning points with the board. The first turning point occurred at the 1977 board meeting where the 1978 Budget and Work Plan was proposed. I had prepared an extensive statistical analysis (Item VIII) which

was presented at the meeting. The analysis indicated a declining commitment to assisting the members through Member Service activities.

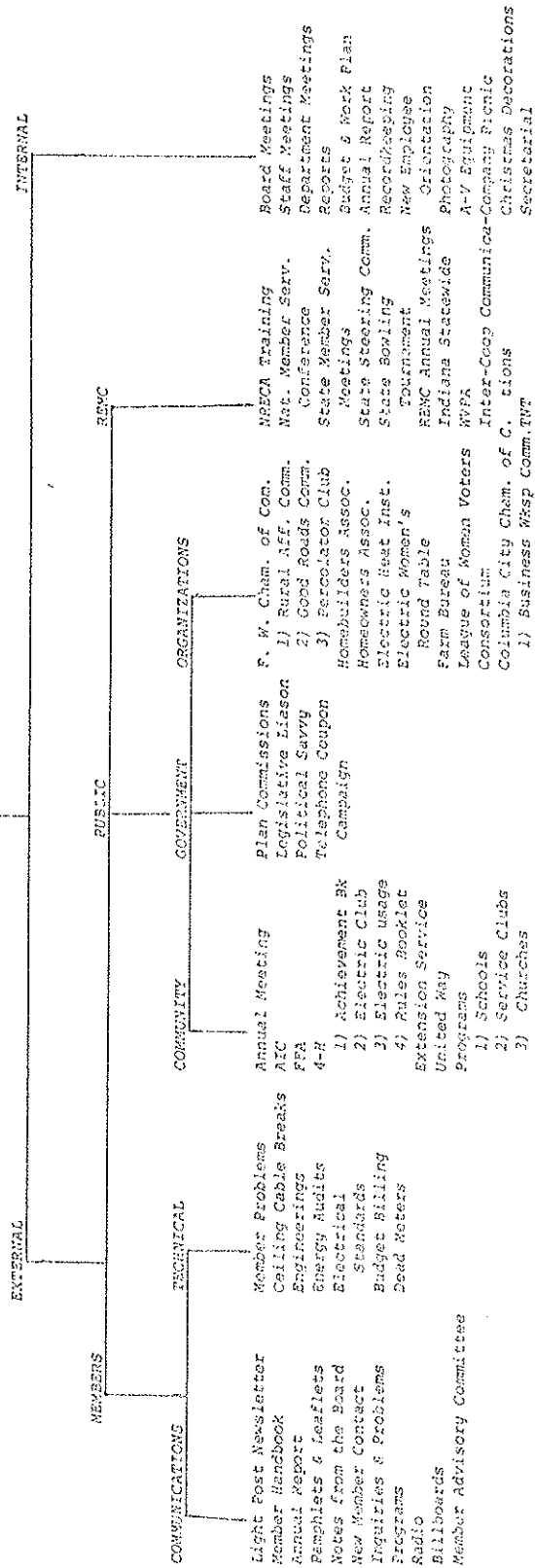
The 1978 budget was increased. An additional person was hired, and funds for a Member Attitude Survey were approved.

The Member Survey was successfully conducted. Patty Comstock Smith from NRECA appeared before the Board and staff to review the survey results. The Member Attitude Survey was crucial to our program, because the Board became more aware of the overall concerns. The Survey became the foundation for an improved program better suited to today's members.

The formation of a Member Relations Committee has aided greatly in exchanging ideas and getting feedback on current and potential programs. The interface with a few directors in an informal meeting greatly assists in budget preparations for the coming year. The committee meets from 2-3 times a year. A variety of materials have been introduced to them which includes the "Thought Provoking Concepts" (Item IX). This committee presents a report at the upcoming board meeting.

We have not arrived at the highest and best program! While our membership grows and changes its opinions, we must continue to evaluate and initiate suitable changes in our program. We strive to make a significant impact on the attitude of our members toward the Whitley County REMC.

MEMBER RELATIONS DEPARTMENT FUNCTIONS

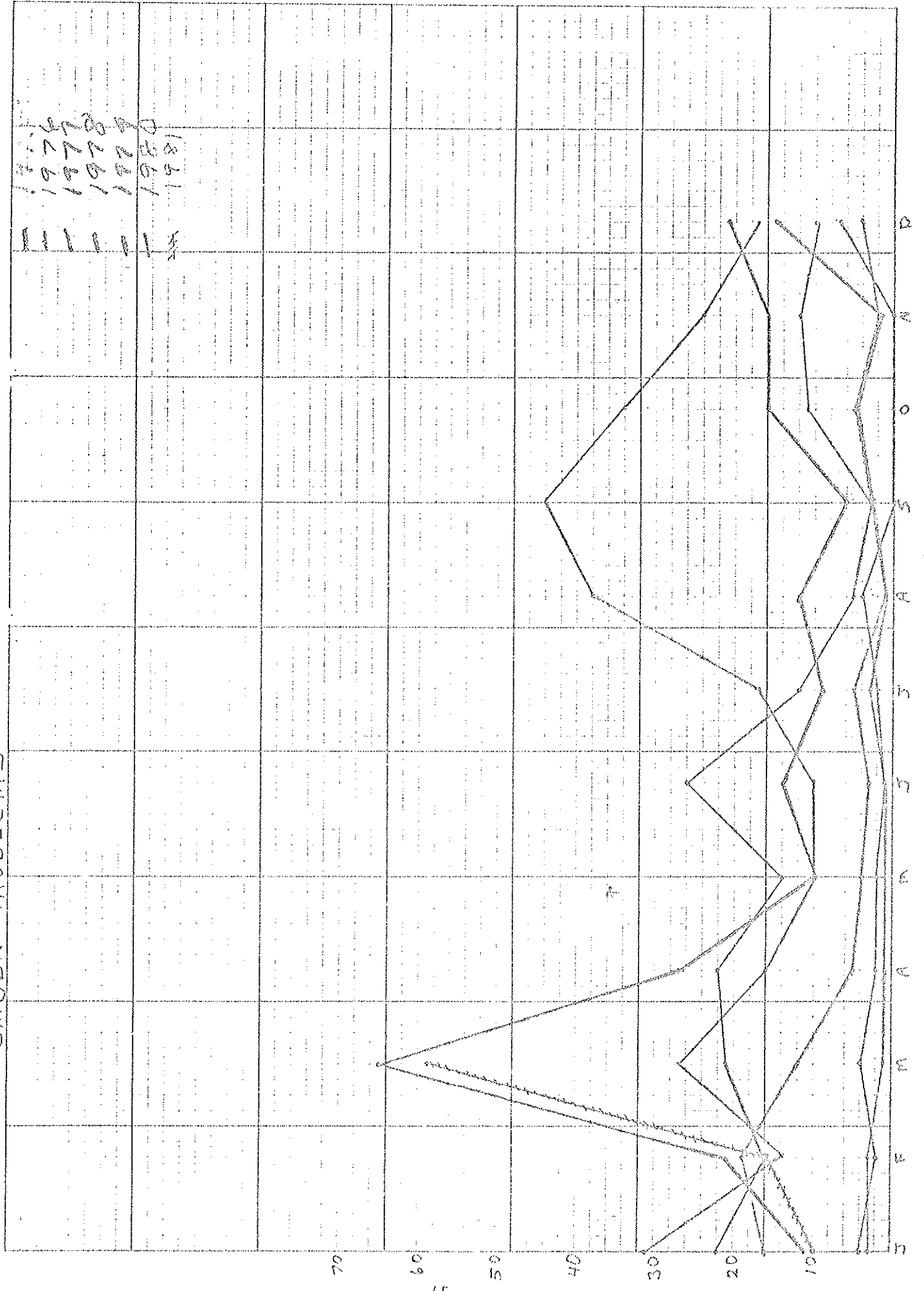


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	NUMBER	HOURS	% OF TIME		NUMBER	HOURS	% OF T.
1.	Annual Meeting	_____	_____	16.	Legislative Lia.	_____	_____
2.	Annual Rpt Dept	_____	_____	17.	Meetings	_____	_____
3.	Benefits	_____	_____	18.	New Member Contact	_____	_____
4.	Billboards	_____	_____	19.	Newsletter	_____	_____
5.	Bill Problems	_____	_____	20.	Photography	_____	_____
5.	Budget Billing	_____	_____	21.	Programs	_____	_____
7.	Budget Work Plan	_____	_____	22.	Public Service	_____	_____
8.	Ceiling Cable Br.	_____	_____	23.	Publications	_____	_____
9.	Energy Audits	_____	_____	24.	Radio	_____	_____
10.	4-H Electric	_____	_____	25.	Reading Time	_____	_____
11.	General Admin.	_____	_____	26.	Special Projects	_____	_____
2.	Home Engineering	_____	_____	27.	Training	_____	_____
3.	Homebuilders Assn.	_____	_____	28.	Other _____	_____	_____
14.	Human Relations	_____	_____	29.	_____	_____	_____
5.	Infra-red Gun	_____	_____	30.	_____	_____	_____

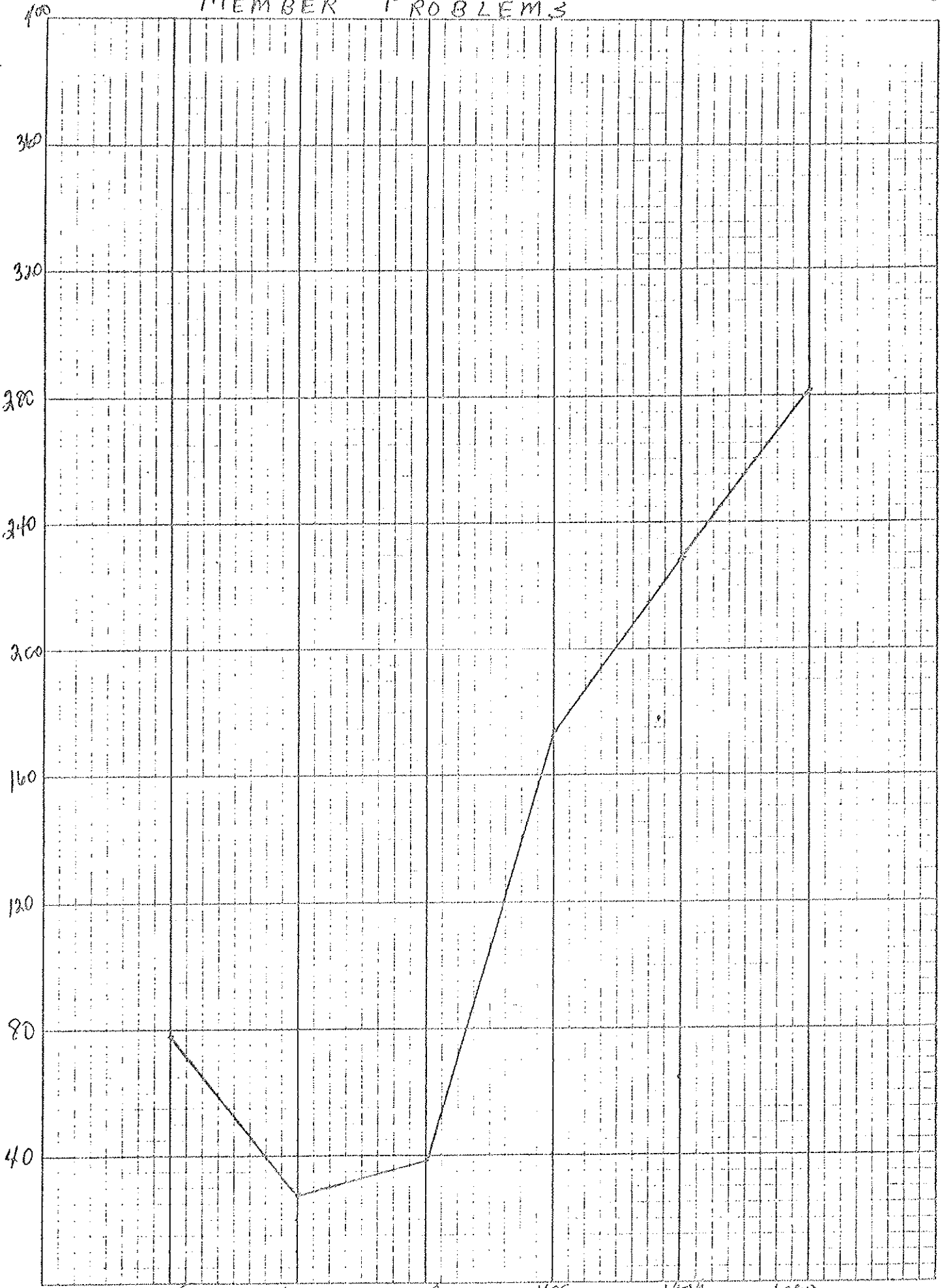
NAME _____ DATE _____

MEMBER PROBLEMS



MEMBER PROBLEMS

IV



1975
(79)

1976
(28)

1977
(40)

-46-

1978
(174)

1979
(228)

1980
(282)

MEMBER PROBLEM REPORT

NAME: _____ ACCOUNT NUMBER _____ RAPE _____

SERVICE ADDRESS: _____

LINE: _____ POLE: _____ LOT NUMBER: _____

DATE RECEIVED _____ RECEIVED BY: _____

METHOD RECEIVED: IN PERSON _____ BY PHONE _____ IN WRITING _____

Nature of Problem:

Investigation:

Response to Member: _____ By: _____ (Employee) _____ Date: _____

_____ By: _____ (Employee) _____ Date: _____

Prior Problems _____ Yes _____ No _____
Supervisor's Review _____ Member Relations _____
Department Review _____ Date: _____

WCREHC 3/79

DATE INITIATED

COMPLETED

MEMBER

LOCATION

RATE

COUNTY
A W

IN PERSON

BY PHONE

IN WRITING

PRIOR PROBLEMS

1979

<u>Average Memberships</u>	<u>Sales and/or Customer Expense</u>	<u>\$ per Member</u>
1. Morgan County (430-2.3%)	1. Morgan County	1. Miami-Cass County
2. Jackson County (364-2.6%)	2. <u>Whitley County</u>	2. Shelby County
3. Southeastern (369-2.7%)		3. United
4. Tipmont (461-3.8%)		4. Marshall County
5. Utility District (291-2.5%)		5. <u>Whitley County</u>
6. Harrison County (427-4.0%)		
7. Hendricks County (497-4.7%)		
8. <u>Whitley County</u> (623-6.3%)		

Expense/% of Total Expense

1. Miami-Cass County
2. Shelby County
3. White County
4. Marshall County
5. Jackson County
6. United
7. Morgan County
8. Noble County
9. Whitley County

Expense/% of Expense minus Power Cost

1. Miami-Cass County
2. Shelby County
3. United
4. White County
5. Marshall County
6. Whitley County

1111

<u>Year</u>	<u>Average No. of Members</u>	<u>M. S. Expense</u>	<u>M. S. Expense % Total Expense</u>	<u>M. S. Expense Minus Power Cost</u>	<u>\$ Per Member Per Year</u>	<u>M. S. Employees</u>	<u>Members Per M.S. Employee</u>
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1981

Average Memberships Sales and/or Customer Expense \$ per Member

Expense/% of Total Expense

Expense/% of Expense minus Power Cost

THOUGHT PROVOKING CONCEPTS

No electric system "gives" good service, it "sells" it.

Member Relations is concerned with attitudes and opinions.

The planning of member relations projects should be based on sound research, otherwise it is a matter of "shooting in the dark."

Member relations is a "management function."

Every electric system has numerous publics with which it must deal.

A most important characteristic of any public is that it tends to remain relatively dormant until some emergency or crises arises that could have an adverse effect on the individuals within that specific public.

A good program of public relations, utilizing varied on-going projects, can truly prove its worth at the crisis point. Such a program cannot be started at this point, however.

A public is a group of people having a common concern or interest.

No single public relations project can be expected to reach all of the electric systems publics.

Thought leaders have a great influence on the attitudes and opinions of other individuals.

The most effective communications method is the face-to-face, or one-on-one encounter.

Be careful to not depend solely on those communications tools that would appear to reach all or most of the electric system's publics.

If the electric system itself contacts the publics concerned or involved --instead of having the public contact the electric system--it's often possible to "tell the story" the way it needs to be told: providing a "reason" for the situation instead of an "excuse."

The "bad" things are more likely to be understood, forgiven, and forgotten if they are dealt with promptly and openly by the electric system.

There is no way to say that any one specific public is the electric system's "most important" public.

Employees have the potential for making or breaking any program the organization might undertake.

So far as people outside the organization are concerned, any electric system employee they speak to is the electric system.

The consumer is not an "interruption" of whatever the employee's job might be, but is the reason for that job.

Part of the "acceptable conduct" of any business is concerned with the appearance of its facilities and personnel.

Service personnel whose assignments take them to consumers' homes are "on display" to one of the electric system's major publics.

Courtesy is always "on view".

Excerpts from "Getting In Step"
By E. F. "Ed" Chestnut, A. P. R.

MANAGEMENT COUNCIL

Jerry Dover, General Manager
Volunteer Electric Cooperative

Explained the size and location of the cooperative and its organizational structure. Discussed the process of organizational review which led to the development of the management council and described the way the council functions.

Management Council - This is a council made up of the staff members, general manager, and the administrative assistant of Volunteer Electric Cooperative. This council is charged with the responsibility of actually managing and reviewing the operating performance of Volunteer as well as to act in other capacities from time to time as designated by the board of trustees. The council itself has a job description as well as delegated responsibilities from the board to operate in a certain manner.

The council meets once each week, and this meeting is much more than a staff meeting. It is a unique application of management techniques that which is bringing better management to the cooperative.

Member Advisory Committee - the cooperative has set up four different committees to meet its unique needs to communicate with its members in the large area which the co-op covers.

Attached are copies of slide (transparencies) used in the presentation.

QUESTIONS AND ANSWERS

Q: The management council has an even number of six serving on it, what about split decisions?

A: We haven't had a problem with this.

Q: Do you designate an assistant?

A: No, there are no assistant managers in our co-op.

Q: When do you meet?

A: We have meetings at 7:00 in the morning.

Q: Have you had any problem getting other people down in the organization to understand the concept?

A: Yes, and our emphasis for 1982 is employee communications. We must have a core group to make decisions. Employee communications is our biggest problem.

STUDY OBJECTIVES

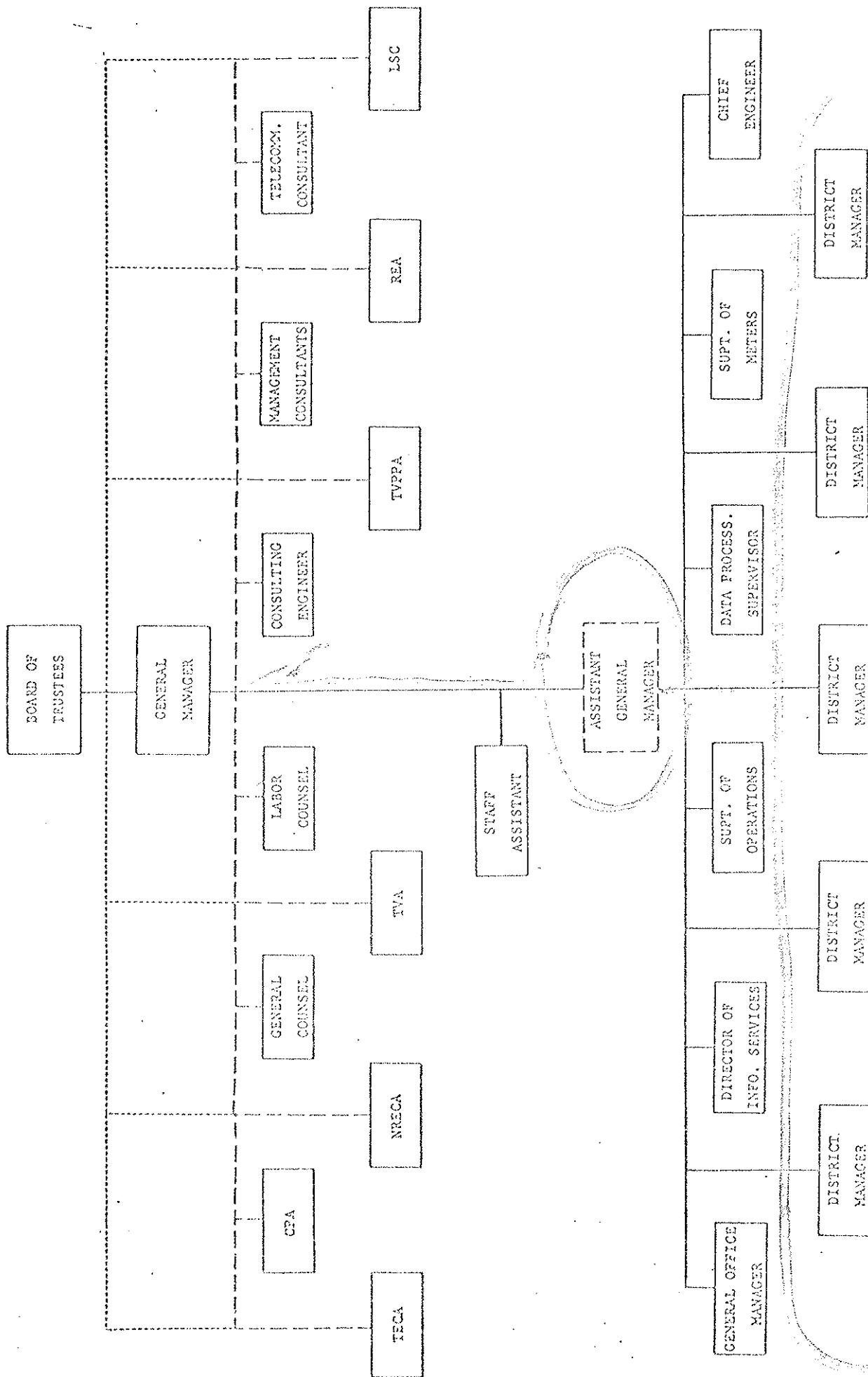
- DEFINE VOLUNTEER ELECTRIC'S CURRENT AND PROJECT OPERATING ENVIRONMENT
- EVALUATE THE EFFECTIVENESS OF CURRENT ORGANIZATION ARRANGEMENTS AND MANAGEMENT PROCESSES
- ANALYZE THE COOPERATIVE'S COMPENSATION AND BENEFIT POLICIES AND PRACTICES FOR
 - INTERNAL EQUITY
 - EXTERNAL COMPETITIVENESS
- MAKE RECOMMENDATIONS IN THE ABOVE AREAS TO IMPROVE SHORT AND LONG-TERM MANAGEMENT EFFICIENCY AND OPERATING EFFECTIVENESS
- DEFINE THE ACCOUNTABILITIES AND WORKING RELATIONSHIPS OF ALL KEY MANAGEMENT POSITIONS

• THE FOURTEEN POSITIONS REPORTING TO THE GENERAL MANAGER SEEMS LARGE FOR AN ORGANIZATION OF VEC'S SIZE AND CHARACTERISTICS

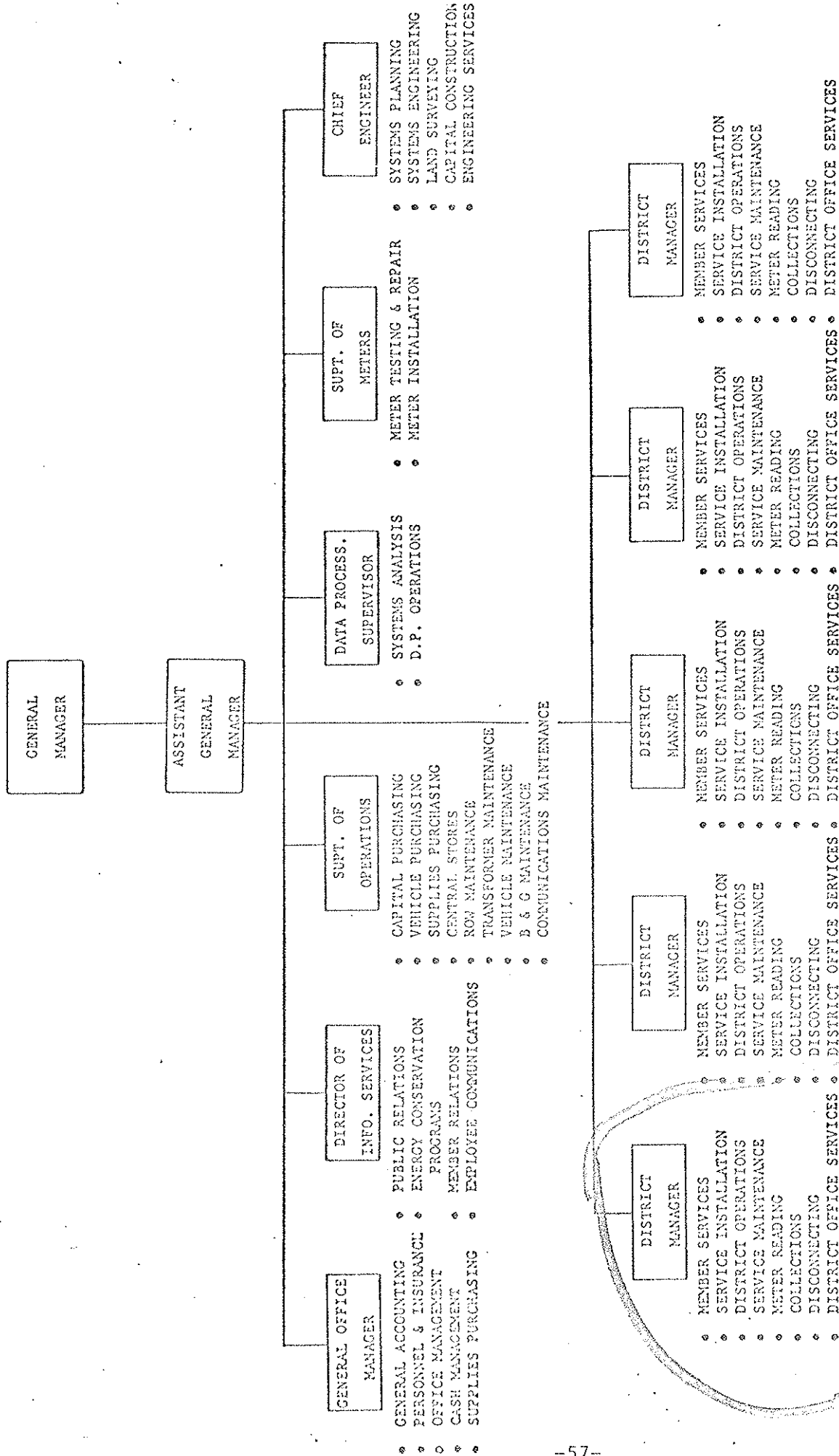
- THIS SITUATION MAY BE APPROPRIATE IN THE LIGHT OF CURRENT OPERATING CONDITIONS

- AT THE SAME TIME, THE ARRANGEMENT TENDS TO OVERINVOLVE THE GENERAL MANAGER IN DAY-TO-DAY OPERATIONS AND REDUCE THE AMOUNT OF TIME HE CAN DIRECT TO STRATEGIC PLANNING AND CONTROL, POLICY DEVELOPMENT, AND EXTERNAL RELATIONS

VOLUNTEER EMC
PRESENT PLAN OF ORGANIZATION
December 1979

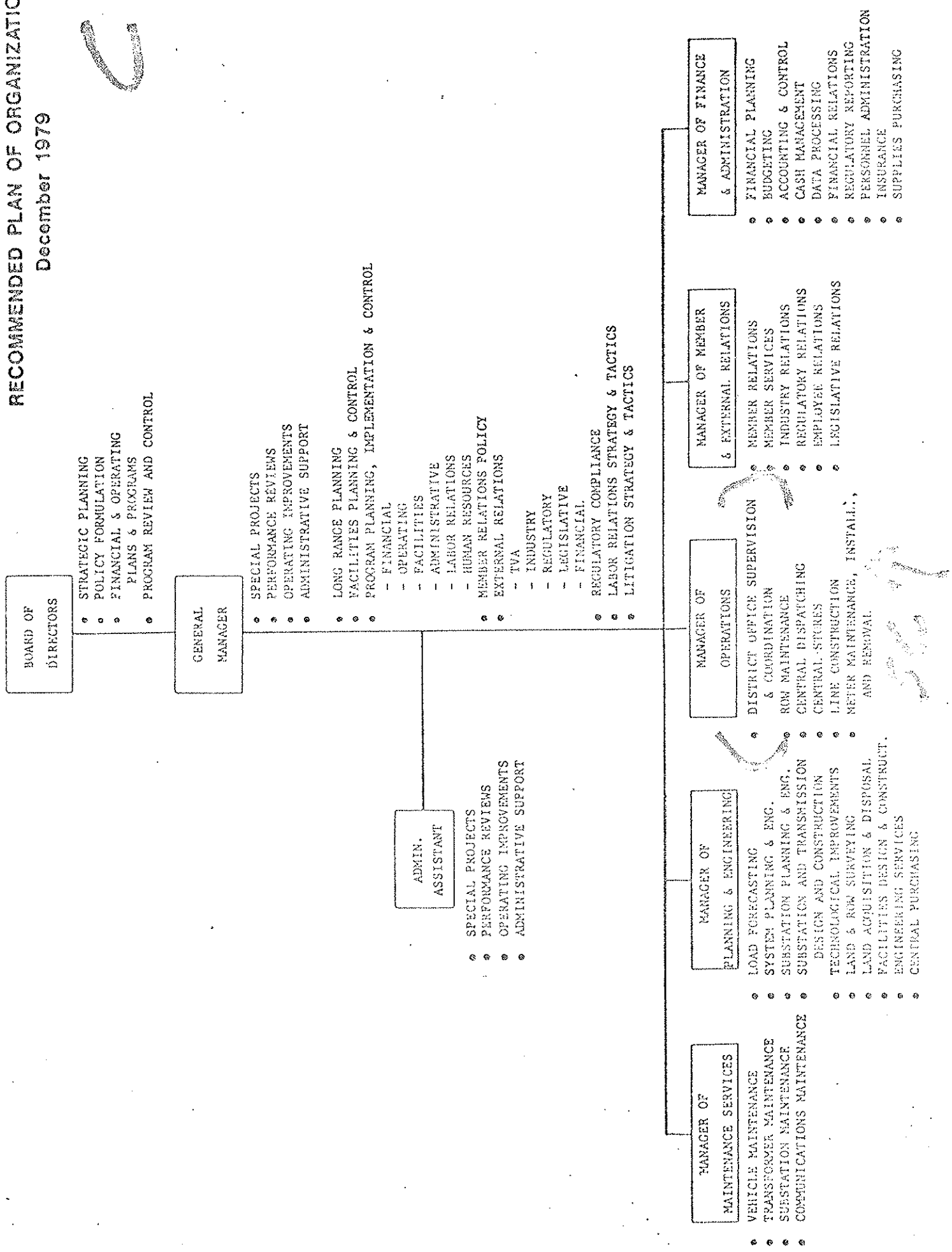


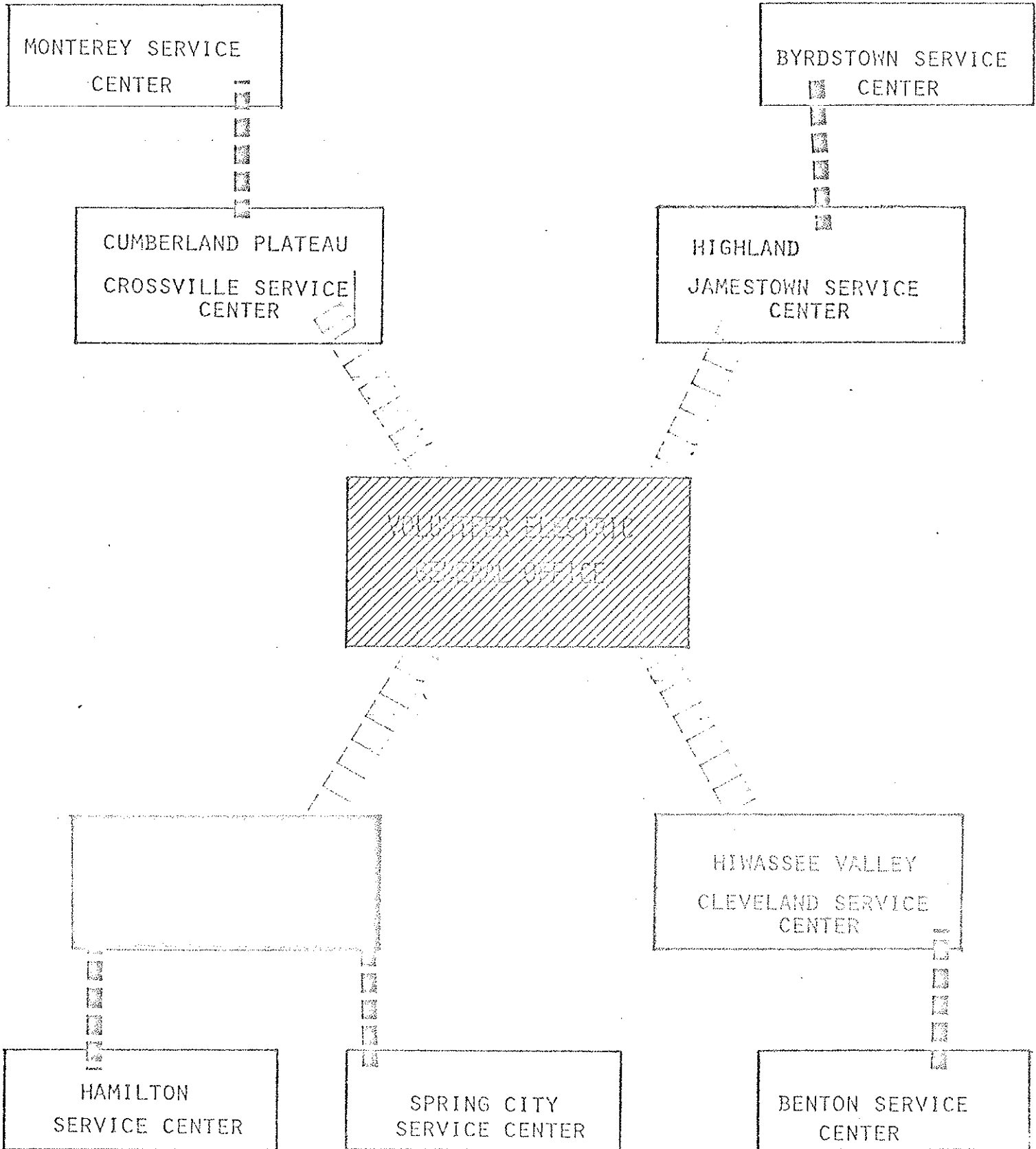
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 PRESENT PLAN OF ORGANIZATION
 December 1979

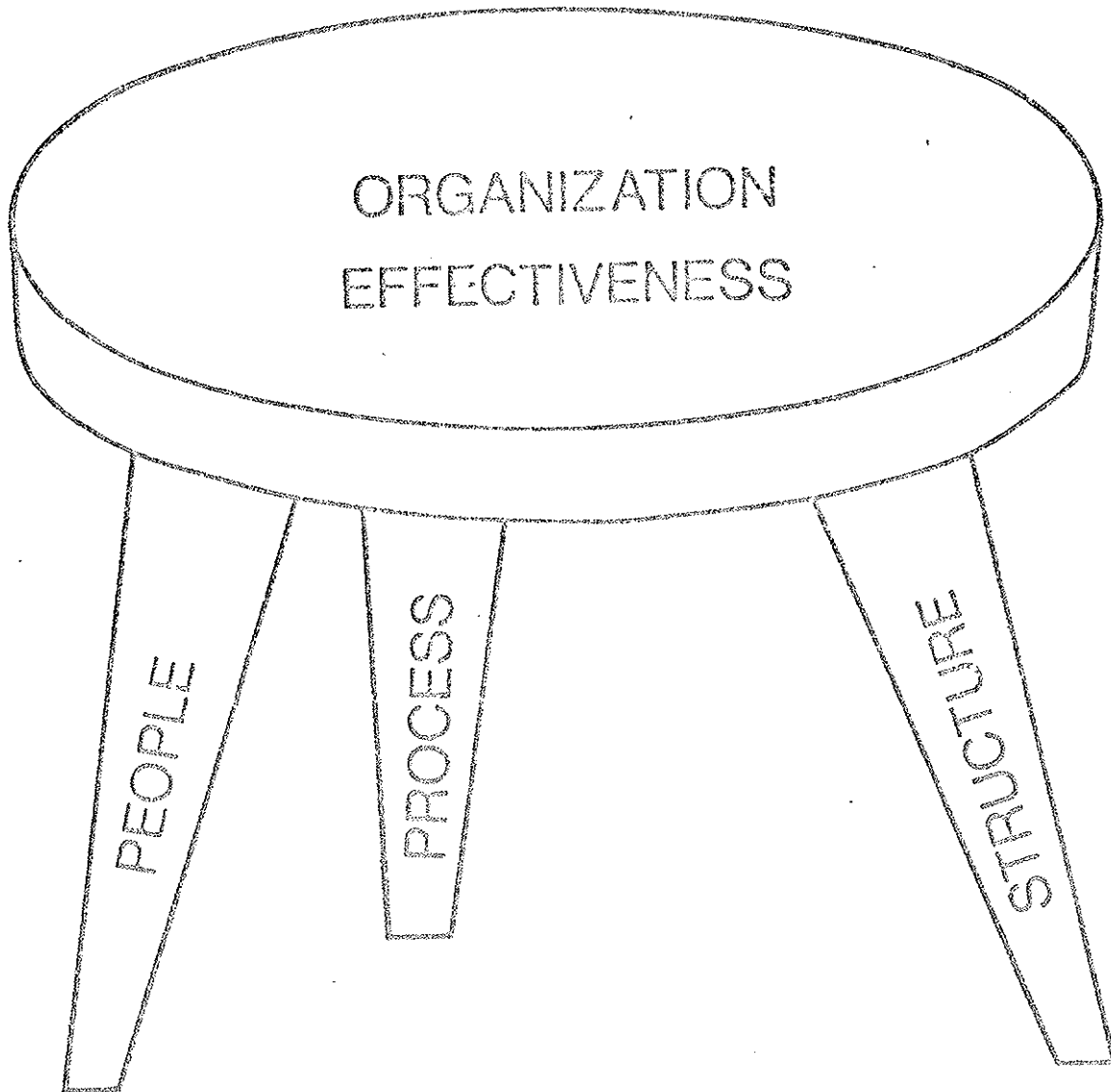


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VOLUNTEER ELECTRIC COOPERATIVE
 RECOMMENDED PLAN OF ORGANIZATION
 December 1979








OBJECTIVES OF RECOMMENDED PROGRAM

- RETAIN DISTRICT OFFICES AS THE FOCAL POINT FOR CONSUMER SERVICES AND RELATIONS 
- INCREASE DISTRICT MANAGERS' INVOLVEMENT WITH MEMBER AND COMMUNITY RELATIONS 
- DEVELOP MORE PARTICIPATORY MANAGEMENT STYLE WITH OPERATING DECISIONS DELEGATED TO THE LOWEST PRACTICAL LEVEL
- IMPROVE INTERNAL COMMUNICATIONS AND DECISION MAKING BY REDUCING THE NUMBER OF POSITIONS REPORTING TO THE GENERAL MANAGER
- CONSOLIDATE AND STRENGTHEN STAFF FUNCTIONS TO IMPROVE COMMUNICATIONS AND DECISION MAKING AND SUPPORT DISTRICT OPERATIONS MORE EFFECTIVELY
 - SYSTEM PLANNING
 - SUBSTATION ENGINEERING AND MAINTENANCE
 - EMPLOYEE, MEMBER AND EXTERNAL RELATIONS
 - FINANCIAL PLANNING AND CONTROL
 - HUMAN RESOURCES MANAGEMENT
 - SPECIAL PROJECTS

OBJECTIVES OF RECOMMENDED PROGRAM

- IMPROVE THE COORDINATION AND COST EFFECTIVENESS OF OPERATING SUPPORT FUNCTIONS
 - DISPATCHING AND CREW PRODUCTIVITY
 - RIGHT-OF-WAY MAINTENANCE
 - STORES MANAGEMENT AND INVENTORY CONTROL
 - MAINTENANCE OF CAPITAL EQUIPMENT

- PUT VEC IN A BETTER POSITION TO RELATE TO, DEAL WITH AND INFLUENCE ITS EXTERNAL ENVIRONMENTS
 - MEMBER 
 - REGULATORY
 - LEGISLATIVE
 - INDUSTRY

- UPGRADE COMMUNICATIONS PROGRAMS REGARDING ALL OF THE ABOVE

VOLUNTEER ELECTRIC COOPERATIVE

RECOMMENDED PLAN OF ORGANIZATION

1. REDUCE THE NUMBER OF POSITIONS REPORTING TO THE GENERAL MANAGER FROM ELEVEN TO SIX
2. CONSOLIDATE OPERATING FUNCTIONS INTO THREE POSITIONS
 - A. DIRECTOR OF OPERATIONS
DISTRICT MANAGEMENT RIGHT-OF-WAY MAINTENANCE, CENTRAL DISPATCH, CENTRAL STORES, LINE CONSTRUCTION, METER MAINTENANCE, INSTALLATION, AND REMOVAL
 - B. DIRECTOR PLANNING AND ENGINEERING
SUBSTATION AND SYSTEM PLANNING AND ENGINEERING, SURVEYING, LAND TRANSACTIONS, FACILITIES SUBSTATION, AND TRANSMISSION DESIGN AND CONSTRUCTION, ENGINEERING SERVICES, CENTRAL PURCHASING
 - C. DIRECTOR OF MAINTENANCE SERVICES
MAINTENANCE SERVICES FOR VEHICLES, TRANSFORMERS, SUBSTATIONS AND COMMUNICATIONS
3. CONSOLIDATE AND STRENGTHEN EXISTING STAFF SUPPORT INTO TWO POSITIONS
 - A. DIRECTOR OF MEMBER EXTERNAL AND EMPLOYEE RELATIONS
MEMBER RELATIONS, MEMBER SERVICES, INDUSTRY RELATIONS, REGULATORY RELATIONS, EMPLOYEE RELATIONS
 - B. DIRECTOR FINANCE AND ADMINISTRATION
FINANCIAL PLANNING, BUDGETING, ACCOUNTING AND CONTROL, CASH MANAGEMENT, FINANCIAL RELATIONS, REGULATORY REPORTING, DATA PROCESSING, PERSONNEL ADMINISTRATION, INSURANCE, SUPPLIES PURCHASING
4. CREATE A NEW POSITION REPORTING DIRECTLY TO THE GENERAL MANAGER
 - A. STAFF ASSISTANT
SPECIAL PROJECTS, PERFORMANCE REVIEWS, OPERATING IMPROVEMENTS, ADMINISTRATIVE SUPPORT

VOLUNTEER ELECTRIC COOPERATIVE
RECOMMENDED ACCOUNTABILITIES FOR THE
GENERAL MANAGER

A - PLANNING AND GOAL SETTING

THE GENERAL MANAGER SHOULD DEVELOP AND RECOMMEND THE FOLLOWING TO THE BOARD OF TRUSTEES FOR APPROVAL PRIOR TO IMPLEMENTATION

- SHORT AND LONG TERM CAPITAL PLANS AND BUDGETS
- ANNUAL OPERATING PLANS AND BUDGETS
- ALL BORROWING AND DEBT ARRANGEMENTS
- RATES, AND ANY CHANGES IN THE RATE STRUCTURE
- POLICIES AND PROGRAMS REGARDING MEMBER SERVICES, MEMBER RELATIONS, AND MEMBER COMMUNICATIONS
- SELECTION OF APPROVED CONTRACTORS AND VENDORS
- NEGOTIATED CONTRACTS
- LOAD MANAGEMENT PLANS AND PROGRAMS
- FACILITIES CONSTRUCTION OR ACQUISITION
- POLICIES AND PROGRAMS REGARDING EXTERNAL RELATIONS WITH
 - TVA
 - REGULATORY AUTHORITIES
- SELECTION, ASSIGNMENT, APPRAISAL AND COMPENSATION OF THE GENERAL MANAGER AND HIS DIRECT REPORTING SUBORDINATES
- OVERALL COMPENSATION AND BENEFIT POLICIES AND BUDGETS FOR ALL EMPLOYEES
- LABOR RELATIONS POLICIES AND PROGRAMS
- ORGANIZATION DESIGN AND STAFFING PLANS

RECOMMENDED ACCOUNTABILITIES FOR THE
GENERAL MANAGER (CONT'D)

B - GENERAL MANAGEMENT

THE GENERAL MANAGER SHOULD HAVE DELEGATED AUTHORITY TO MANAGE THE COOPERATIVE AND IMPLEMENT PROGRAMS IN CONFORMITY WITH ESTABLISHED POLICIES AND APPROVED PLANS AND BUDGETS AS FOLLOWS:

- DIRECTS THE DEPLOYMENT AND UTILIZATION OF THE EQUIPMENT, PERSONNEL AND FACILITIES REQUIRED TO MAINTAIN EFFICIENT, RELIABLE, AND COST-EFFECTIVE MEMBER SERVICE
- OVERSEES THE COOPERATIVE'S FINANCIAL AFFAIRS AND ENSURES THE AVAILABILITY OF FUNDS REQUIRED TO ACCOMPLISH OPERATING AND SERVICE OBJECTIVES
- APPROVES OPERATING AND CAPITAL EXPENDITURES WITHIN ESTABLISHED BUDGETARY LIMITS
- OVERSEES THE SELECTION, TRAINING, PROMOTION, COMPENSATION AND SEPARATION OF ALL EMPLOYEES BELOW THE LEVEL OF DIRECTOR
- INTERPRETS POLICY AND FUNCTIONS AS VEC'S CHIEF SPOKESMAN/REPRESENTATIVE/NEGOTIATOR WITH
 - MEMBERS
 - INDIVIDUAL EMPLOYEES
 - UNIONS
 - TVA
 - REGULATORY AUTHORITIES
 - LENDING INSTITUTIONS
 - INDUSTRY ASSOCIATIONS
 - LEGISLATIVE BODIES
- GUIDES, DIRECTS OR APPROVES ALL NEGOTIATIONS AND AGREEMENTS WITH OUTSIDE SUPPLIERS AND OTHER PARTIES
- ENSURES THAT VEC COMPLIES WITH ALL LEGISLATIVE AND REGULATORY REQUIREMENTS
- DIRECTS ALL LITIGATION OR ACTIVITIES RELATED TO POTENTIAL LITIGATION IN WHICH VEC MAY BE INVOLVED
- DIRECTS, REVIEWS AND APPROVES THE ACTIVITIES AND PERFORMANCE OF ALL OUTSIDE CONSULTANTS AND COUNSELS
- ENSURES THAT VEC IS AWARE OF AND UTILIZING TECHNOLOGICAL ADVANCEMENTS IN THE ENERGY FIELD TO THE OPTIMUM DEGREE

VEC MANAGEMENT COUNCIL

PURPOSES:

- REVIEW OPERATIVE RESULTS AND TRENDS
- REVIEW DEPARTMENTAL AND OVERALL ORGANIZATIONAL EFFECTIVENESS
- IDENTIFY AND INVESTIGATE PROBLEMS, ADVERSE CONDITIONS AND UNFAVORABLE TRENDS
- RECOMMEND SOLUTIONS AND REMEDIAL ACTIONS TO GENERAL MANAGER
- ACT AS "CLEARING HOUSE" FOR DEALING WITH DAY-TO-DAY OPERATING ISSUES
- SUPERVISE ACTIVITIES OF SPECIAL SUB-COMMITTEES APPOINTED AS NEEDED
- COORDINATE ACTIVITIES WITH ADMINISTRATIVE ASSISTANT

VEC MANAGEMENT COUNCIL

- GENERAL MANAGER (CHAIRMAN)
- MANAGER OF OPERATIONS
- ADMINISTRATIVE ASSISTANT (SECRETARY)
- MANAGER OF SYSTEM PLANNING
AND ENGINEERING
- MANAGER OF FINANCE AND ADMINISTRATION
- MANAGER OF MAINTENANCE SERVICES
- MANAGER OF MEMBER AND
EXTERNAL RELATIONS

VOLUNTEER ELECTRIC COOPERATIVE
DESIGN CONCEPT FOR THE MANAGEMENT COMMITTEE

PURPOSE AND SCOPE

To review operating results and trends to evaluate the effectiveness of each department and of the Cooperative as a whole; identify and investigate problems, adverse conditions and unfavorable trends; and recommend solutions and alternate courses of corrective action to the General Manager. The Committee will also serve in an advisory capacity to the General Manager and as a "check house" for issues arising out of day-to-day conduct of the Cooperative's business.

PRINCIPAL FUNCTIONS

1. Reviews monthly activity, cost and progress reports to identify existing or potential problems; submits summary of findings and recommended actions to the General Manager.
2. Monitors the Cooperative's performance against approved plans and budgets; identifies and analyzes deviations; and recommends corrective action to the General Manager.
3. Monitors and evaluates the Cooperative's effectiveness in servicing the membership and in fostering and maintaining productive member relations.
4. Reviews new and changed operating procedures, controls and work methods for approval before implementation, including staffing changes, use and selection of outside contractors, expense controls, and changes in operating and maintenance practices.
5. Considers for approval proposed changes in compensation policy and administration for all employees below the managerial level, including hourly paid employees.
6. Monitors and evaluates the Cooperative's employee relations; reviews employee complaints and grievances and recommends resolution.
7. Reviews accident reports; evaluates effectiveness of safety rules and programs; and recommends new and revised rules and programs.
8. Defines the Cooperative's operating procedures and practices regarding such functions as personnel administration, accounting, external and member relations, system

operations, maintenance of equipment and facilities, and labor relations.

9. Monitors VEC's operating procedures, work methods and practices for compliance with federal, state and local regulations.

MEMBERSHIP

The membership of the Committee will be as determined or amended by the General Manager. Suggested members:

General Manager
Manager of Operations
Staff Assistant (Secretary)
Manager of System Planning & Engineering
Manager of Finance and Administration
Manager of Maintenance Services
Manager of Member and External Relations

MEETINGS

The full Management Committee meets monthly or as determined by the Chairman. Committee work requiring lengthy investigations or not requiring full Committee participation will be undertaken by sub-committees designated by the Chairman. Frequency of sub-committee meetings will vary as detailed by the nature and urgency of the assigned work. The Staff Assistant will serve as coordinator of sub-committee work and will provide work status reports to the full committee monthly.

ORDER OF BUSINESS

The agenda is formal but flexible and structured to cover the following items each month, with regular minutes kept to document issues covered and decisions taken:

1. Previous business: a review of open items from previous meetings, action plans not closed out, etc.

2. Review of financial and operating reports.
3. Discussion of variances from budgets and plans and determination of corrective action.
4. Review current and developing tactical issues facing each department, including operating and member service problems, regulatory compliance, vendor and contractor performance, and proposed staffing changes.

MANAGEMENT EVALUATION GUIDE UPDATE

James Kiley, Assistant Manager
Sioux Valley Empire Electric Assn.

Presented a brief history of the development of the Management Evaluation Guide and the Council's role in its development and subsequent use by NRECA to provide a tool to co-ops to evaluate management within their organizations.

Stated that the goal of the guide was to improve management and management results. The guide was adopted in 1975. NRECA set up a workshop (543.2) for the purpose of helping co-ops make use of the guide as a management evaluation tool.

Major revisions have been made in the guide in the key results areas of power supply and energy conservation.

NRECA is presently updating its series of 500 institutes and Jim Kiley has revised the course content for 543, this has been done in coordination with other consultants who have responsibility for revision of the other 500 courses. (See attached report)

In the revision alignments of the Key Result Areas were changes. Changes were reviewed with the group.

Efforts are being made to get boards of neighboring co-ops to join together with a representative from NRECA management services to guide the group through the management evaluation process making use of the management evaluation manual as it has been revised.

The point was made that the most effective application of the Management Evaluation Guide will be at the local level.

It was pointed out that NRECA is making changes in its 400 series of institutes and will coordinate them with changes made in the 500 series.

QUESTIONS AND ANSWERS

Q: Can an evaluation, using the manual be done in two or three days?

A: Could be done if the board had background by having taken the 500 series of institutes. NRECA has found where the evaluation workshop was held with directors that directors do need background to use the manual effectively.

Q: What about use of guide with internal management staff?

A: Excellent, a good basis for developing annual and long range plans.

MANAGEMENT EVALUATION WORKSHOP

543.2

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
1800 MASSACHUSETTS AVE., N.W., WASHINGTON, D.C.. 20036

II

MANAGEMENT EVALUATION WORKSHOP

543.2

OBJECTIVE

The basic objective of this workshop is to introduce a systematic management evaluation process to the participants and to show them its continuing, practical application on a local basis.

During the workshop participants will rely mainly on their personal judgment and opinion in making evaluations. The need to require facts and data in making evaluations at home will be stressed. This workshop concentrates on developing a knowledge of the process rather than on deriving useable results from their practice evaluations.

Participants who have previously attended:

530.2-Innovative Approaches to Planning and Decision Making

540.2-Board Control - A Total Systems Approach

541.2-A Board Member Looks at the Operating Report

542.2-Measuring Key Results-Trend Analysis and Key Ratios

will be much better equipped to understand the Management Evaluation Process. Regardless of prior exposure, all participants will be taught to understand the process and visualize its practical application.

I

FIRST DAY

MORNING

REGISTRATION AND INTRODUCTIONS

MANAGEMENT EVALUATION -- AN ESSENTIAL MANAGEMENT FUNCTION

- The evaluation of the practice of management
- Changing needs and expectations of consumers
- The role of control

MANAGEMENT BY RESULTS (GROUP EXERCISE)

- Managing by key performance areas
- The role of the board
- The role of the manager

ACHIEVING SUCCESSFUL PERFORMANCE

- Understand statistics and data
- The seven key ingredients
- The Sleepy Hollow annual meeting (group exercise)

AFTERNOON

CASE STUDY DISCUSSION

- The Sleepy Hollow annual meeting group exercise

BARRIERS TO MANAGEMENT EVALUATION

- From within the organization
- From outside the organization
- From the individual

DEFINING OUR CORPORATE PHILOSOPHY

- Ten key questions
- Sample statements of philosophy
- Defining our own philosophy (group exercise)

SECOND DAY

MORNING

DEFINING OUR OWN PHILOSOPHY

- Completion of group exercise and discussion of philosophy statements developed

TAKING A LOOK AT OURSELVES

- The factors to consider
- Rating overall performance
- The need for facts and data

THE MANAGEMENT EVALUATION AND PLANNING GUIDE (GROUP EXERCISE)

- Learning to use the guide
- Asking the right questions
- The Management Evaluation Guide - an additional tool

AFTERNOON

USING THE RESULTS OF THE EVALUATION

- The interdependence of planning, execution and control

A SUGGESTED PLAN FOR LOCAL USE

- The continuing nature of the evaluation process
- The importance of having a plan for evaluation

SUMMARY AND ADJOURNMENT

- Understanding the process
- Making a commitment to improved results
- The board's responsibility
- The manager's role

IV

MANAGEMENT BY RESULTS

The concept of management by results presents an organized, structured approach for rural electric management in the '80's. Management by results requires a definition of the goals and expectations of an organization as a prerequisite to activity and actions. The very process of defining results expected causes boards and management to test their plans before implementation. Tests are made for consistency with organization philosophy (viewpoints), for consistency with the long-range direction the organization is attempting to move (objectives), and for consistency with the short-range needs of the organization and its consumers (goals).

To organize the development of statements of results expected, the use of key performance areas is recommended.

Key performance areas are defined as:

Any area of activity which is essential to the accomplishment of the organization's purposes and objectives.

For rural electric systems key performance areas have been divided into two major categories.

CORPORATE KEY PERFORMANCE AREAS.

OPERATIONS KEY PERFORMANCE AREAS.

Corporate key performance areas are those areas that form the foundation upon which the organization operates. They define the scope of all activities and programs carried on by the organization. The responsibility of the board of directors is more detailed and specific in defining results expected in Corporate KPAs.

Rural electric Corporate KPAs are:

The philosophy and viewpoints of the cooperative.

The ownership and structure as determined by the By-Laws.

The composition and function of the board.

Internal relationships including:

1. Member relations.
2. Employee relations.
3. Board-manager relations.

External relationships including:

1. Government relations.
2. Public relations.
3. Relations with allied organizations.

The board of directors must determine what the present and future needs of the organization are and define results expected and set goals in each of the above areas. The board can expect advice and assistance from the manager or from outside consultants in accomplishing this responsibility, but in the end it is the board's responsibility.

Operations key performance areas are primarily the responsibility of management. This does not mean that the board does not have accountability for results in the Operations KPAs. It does. The responsibilities for defining results, setting goals and monitoring activities rests primarily in the hands of management in the Operations KPAs.

Rural electric Operations KPAs are:

- Power supply.
- Electric service.
- Electric power marketing and energy conservation.
- Financial condition.
- Productivity.
- Human resource development.

Member services.

The requirement for knowledge and expertise in these areas is that of management. The responsibility of the board is to test management's plans and recommendations in the Operations KPAs for consistency with the philosophy and objectives the board has defined in the Corporate KPAs. Every program, activity or goal in an Operations KPA can be tested for consistency with the board's stated objectives and goals in the Corporate areas.

A much more detailed presentation of this concept is presented in a series of new training programs developed for boards and currently being made available. These programs are:

530.2-Innovative Approaches to Planning and Decision Making.

540.2-Board Control-A Total Systems Approach.

541.2-A Board Member Looks at the Operating Report.

542.2-Measuring Key Results-Trend Analysis and Key Ratios.

These four NRECA training programs for directors can provide a broad base of understanding of the concept of management by results and how the process can be implemented and utilized in a rural electric system. Your participation in these programs is strongly recommended.

As an introduction to the evaluation process we have prepared an exercise using the Corporate and Operations Key Performance Areas. We ask that you rate your own system's present performance in each area, on a scale of 0 to 10, as you see it. In actual practice you will need facts, information and data to help you in making your decisions.

In the exercise, just record your opinion. We will discuss the results of your evaluation after you complete it.

KEY PERFORMANCE AREA

RATING

Unsatisfactory / Satisfactory / Superior
0 5 10

F. Human Resource Development

[]

G. Members Services

[]

For the area you gave the highest rating, state why you rated it highest.

For the area you gave the lowest rating, state why you rated it lowest.

ACHIEVING SUCCESSFUL PERFORMANCE

Changing needs of consumers and escalating costs make improved performance mandatory. The fact that performance of the systems needs to be measured is quite generally accepted by directors and managers. There are myriads of information and data generated, reports are prepared and presented for review but the results too often is frustration. What does all this mean? How do our results stack up? Should we be comparing our performance to our neighbors? To other systems our size? We can quite readily determine what we accomplished but until these results are compared to something--the conclusion is one of frustration.

For example, let us look at some statistical data on three rural electric systems taken from REA Bulletin 1-1, Financial and Statistical Report for the Year 1978.

<u>ITEM</u>	<u>SYSTEM A</u>	<u>SYSTEM B</u>	<u>SYSTEM C</u>
Number of Consumers	3447	3347	5066
Plant Investment	\$4,600,000	\$5,755,000	\$5,058,000
Number of Employees	25	22	19
Equity	59.3%	18.5%	91.9%
Times Interest Earned Ratio	4.04	1.16	74.39
KWH Per Month-RES.	912	884	851
Consumers Per Mile	3.62	2.82	3.08
Total MWH Sold	138,550	67,228	104,289

From the above data it is easy to determine that the operating characteristics of these three rural electric systems are significantly different. One might conclude that there is difference in geography or difference in other circumstances that might cause these significant differences in operating results from these three rural electric systems. The point is made much more

EXERCISE

THE ANNUAL MEETING

Using the evaluation process to improve results and organizational effectiveness.

The Sleepy Hollow Rural Electric Cooperative is located in a primarily agricultural area and serves about 6,000 consumers. Cooperative has a nine-man board, all farmers, who represent nine director districts. The By-Laws provide that three directors are nominated each year to serve a three-year term on the board. The By-Laws also provide that a nominating committee shall determine candidates for the Board of Directors.

The current board selects one member from each of the three director districts where nominations are to be made to select a nominee for director. In the past seven years, one director has died and one has moved away. Otherwise, there has been no turnover on the board.

In the past five years the number of consumers served has grown from 4,000 to 6,000 with practically all of the growth coming from residential housing developments, small commercial and seasonal residential accounts.

During the past two years the Cooperative has been receiving a growing number of questions and complaints from consumers. Most of these are in writing in the form of letters to the manager and some to members of the board. In some instances consumers have made personal visits to the office and talked to the manager and some of his staff people about their concerns. Some have indicated they would like to attend a board meeting. A tabulation of these questions and complaints shows that they are coming almost exclusively from the newer residential, commercial and seasonal consumers. Their questions and complaints

include concerns about rate levels, rate inequity, no response to questions, representation on the board and a lack of information about the Cooperative.

The Board is well aware of this situation and is concerned about it. At its December board meeting, the board had a long discussion about this matter and unanimously agreed that something had to be done. As a first step the board decided to adopt the following resolution:

The Sleepy Hollow Electric Cooperative has been formed to provide central station electric service and such other services as are desired by its members and, as a cooperative, to provide these services on as fair and equitable a basis as possible.

The Sleepy Hollow Electric Cooperative board hereby expresses its desire to achieve these purposes by developing a wide-spread understanding, participation and involvement of the member-owners of the Cooperative in appropriate activities and affairs of the Cooperative.

NOW, THEREFORE, BE IT RESOLVED, that new programs and activities will be adopted and implemented to accomplish this result.

BE IT FURTHER RESOLVED, that a major demonstration of this effort will be incorporated in the Cooperative's 1981 Annual Meeting.

For the past two years the Cooperative has not had a quorum at its annual meeting. The board understands from the grapevine that many of these unhappy consumers are planning to attend this year's annual meeting. You and the others in your group are the Sleepy Hollow board and manager. Remember your resolution. This reflects your basic belief in this area. Now consider the following questions and develop a plan for your 1981 Annual Meeting.

1. What changes, if any, should be made in the Cooperative's By-Laws? How can this be accomplished? _____

2. What specific goals should be set for this year's annual meeting?

3. What other goals should be set?

4. Who should have overall responsibility for the accomplishment of these goals?

5. What provisions should be made in our 1981 Budget for these programs and activities?

6. What new or revised policies are needed and by when?

7. What new or revised procedures are needed and by when? _____

8. What kind of results will indicate that we have accomplished these goals? _____

9. What can we measure to indicate how we are progressing towards accomplishing our goals? _____

10. When shall progress and final reports be scheduled on this be scheduled? _____

PLAN DEFINITION

From your responses to the above ten questions, define your specific plans and goals for your 1981 Annual Meeting on the space provided below.

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.F. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<p><u>Corporate</u></p> <p>A. <u>Philosophy and Viewpoints of the Cooperative.</u></p>												
<p>B. <u>Ownership and Structure as Determined by the By-Laws.</u></p> <p>1. <u>Cooperative Law.</u></p>												
<p>2. <u>Applicability of the By-Laws.</u></p>												
<p>3. <u>Application of Cooperative Principles.</u></p>												
<p>4. <u>Exercise of the Democratic Process.</u></p>												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.T. Results	Derive Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<p><u>C. Composition and Functions of the Board.</u></p> <p>1. Appropriateness of By-Laws Provisions.</p> <p>2. Meetings of the Board.</p> <p>3. Board Training and Development</p> <p>4. Board Policies and Resolutions</p> <p>5. Review and Actions on Plans and Budgets.</p> <p>6. Use of Consultants.</p>												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define E.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<p><u>D. Internal Relationships.</u></p> <p><u>1. Member Relations.</u></p> <p>a. Member Information Programs.</p>												
<p>b. Member Participation and Involvement.</p>												
<p>c. Member Contact Programs and Activities.</p>												
<p>d. Measurement and Analysis of Member Attitudes and Needs.</p>												
<p>e. Handling Member Requests and Complaints.</p>												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define E.T. Results	Derive Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>D. Internal Relationships (cont'd).</u> <u>2. Employee Relations.</u> a. Basic Management Philosophy. b. Organization Planning. c. Employment Practices. d. Wage and Salary Policies and Practices. e. Fringe Benefits Policies and Practices. f. Safe Working Policies and Practices.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsat. or?)	More Info needed	Define I.F. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<p><u>D. Internal Relationships (cont'd).</u></p> <p><u>3. Board-Manager Relations.</u></p> <p>a. Delegations and Position Responsibilities.</p>												
<p>b. Inter Relationships.</p> <p>c. Appraisal of the Manager.</p>												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>E. External Relationships.</u>												
1. Community Involvement and Relations.												
2. Government Contacts and Relations.												
3. Political Activities and Legislative Involvement.												
4. Relations with Allied Organizations.												
5. News and Communications Media Relations.												
6. Relations with Educational Institutions.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsat. or?)	More Info needed	Define L.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<p><u>Operations.</u></p> <p><u>A. Power Supply</u></p> <p>1. Power Supply Planning.</p>												
<p>2. Availability and Cost.</p>												
<p>3. Reliability and Continuity.</p>												
<p>4. Natural Resource Utilization.</p>												
<p>5. Coordination and Representation with Power Supply Organizations.</p>												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>B. Electric Service.</u> 1. Service Extension Policies and Practices. 2. System Planning and Design. 3. Apparatus and Equipment Utilization. 4. Continuity Standards and Practices. 5. System Capacity and Condition Evaluation. 6. Operations and Maintenance Programs.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define E.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
C. <u>Electric Power Marketing and Energy Conservation.</u> 1. New Load Acquisitions.												
2. Retail Rates and Service Policies.												
3. Billing and Collection of Consumer Accounts.												
4. Energy Conservation and Load Management Programs.												
5. Sales Statistics and Marketing Surveys.												
6. Research and Development.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>D. Productivity.</u> <u>1. Human Resources.</u> a. Adequacy of Organization Structure. b. Coordination of Activities and Programs. c. Employee Morale and Motivation.												
<u>2. Physical Resources.</u> a. System Performance Evaluations. b. Materials and Supplies Inventory Management. c. Utilization of Electronic Data Processing Equipment.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define I.T. Results	Determine Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
D. <u>Productivity (cont'd).</u>												
2. <u>Physical Resources (cont'd).</u>												
d. Adequacy and Utilization of Headquarters Facilities.												
e. Utilization and Condition of Transportation & Work Equipment.												
3. <u>Financial Resources.</u>												
a. Availability and Use of Expansion Capital.												
b. Cash Flow and Working Capital Requirements.												
c. Net Worth and Equity Levels and Goals.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define E.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>E. Financial Condition.</u> 1. Financial Planning and Forecasting. 2. Loan Fund Acquisition. 3. Financial Management Policies and Practices. 4. Patronage Capital Accumulation and Retirement. 5. Investment Policies and Practices. 6. Accounting Methods and Practices. 7. Financial Reports and Audits.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. or Unsatisf.?)	More Info needed	Define E.T. Results	Define Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>F. Development of Human Resources.</u> 1. Search and Selection Methods and Practices.												
2. Employee Orientation and Information Programs.												
3. Identification of Job Responsibilities and Skills Requirements.												
4. Management Training and Development Programs.												
5. Employee Training and Development Programs.												
6. Internal Coordination and Relationships.												

MANAGEMENT EVALUATION AND PLANNING GUIDE

KEY PERFORMANCE AREAS	Current Status (Satisf. Unsatisf. or?)	More Info needed	Define L.T. Results	Derive Goals	Assign Respons.	Establish Budgets	Adopt Policies	Establish procedures	Set Standards	Develop Key Ind.	Schedule Reports	COMMENTS
<u>G. Member Services.</u>												
1. Advice and Assistance Programs.												
2. Services for Hire.												
3. Area Development Activities.												
4. Youth Programs and Activities.												
5. Non-Energy Related Services.												

APPLYING THE EVALUATION PROCESS AT HOME

The Management Evaluation Process, to be effective, must be recognized as an integral and necessary part of the total management process at your cooperative. It is also necessary to recognize that Management Evaluation is a continuing and on-going practice. Listed below is a proposed outline of an approach to Management Evaluation that can work at most any rural electric system. What is required is first a recognition that Management Evaluation is a necessary and desirable process and then second, for the board and the manager to provide adequate time to do the evaluation process on a continuing basis. What is proposed here is that the board allow two hours at each board meeting for the Management Evaluation of their organization. If the board does not feel that it can allow two hours at each board meeting, then the alternative would be to hold meetings inbetween regular board meetings or to extend the process out over a longer period of time. It should be remembered, however, that time spent in this process will be returned many times in improved effectiveness of future board meetings and in improved operations of the Cooperative. The outline listed below should be considered as merely a suggested outline. It is an approach that has been utilized by a number of rural electric cooperatives and it is one that we feel is reasonable in terms of the time required by both the board and the manager.

Session One. - Discussion of overall plan and schedules for implementing the evaluation process. Initial discussion by the board of its philosophy or point of view regarding the Corporate key performance areas. (The manager or his designated representative should take notes of this discussion during the board meetings).

INTERIM - The manager should develop, from his notes, a draft of statements of

philosophy in the Corporate key performance areas.

SESSION TWO. - Review and discussion of the manager's draft of statements of corporate philosophy.

Initial discussion by the board of its philosophy or point of view regarding the Operations key performance areas. (The manager or his designated representative should again take notes of this discussion.)

INTERIM - The manager should develop a draft of statements of philosophy in the Operations key performance areas.

SESSION THREE. - Review and discussion of the manager's draft of statements of Operations philosophy.

INTERIM - Preparation of final statements of Corporate and Operations philosophy by the manager.

SESSION FOUR. - Review of final statements and adoption by the board.

Statements as finally adopted should be reviewed and interpreted to the member advisory counsel, if you have one, or be published in the monthly newsletter to get member reaction.

INTERIM - The manager should review and discuss the final statements of Corporate and Operations philosophy with the employees and get reactions.

SESSION FIVE. - Distribution of the Management Evaluation and Planning Guide to the board. Guides should be prepared individually by board members. Start completion of the form during the board meeting and ask them to finish completion before the next board meeting.

INTERIM - Board members to complete Management Evaluation and Planning Guide. Manager should also complete the Guide preferably with his staff to compare his

conclusions with board conclusions.

SESSION SIX. - Board review and discussion of the results of their completion of the Management Evaluation and Planning Guide.

INTERIM - Manager prepares the Guides which reflects the overall conclusion of the board. He develops recommendations for a schedule of follow-up detailed evaluation.

SESSION SEVEN. - Board adopts a schedule of follow-up detailed evaluations.

INTERIM - Manager develops background information and data to assist the board in determining performance status of Area I.

SESSION EIGHT. - Board makes detailed review of current performance status in Area I and determines activities and programs required to improve performance and results.

INTERIM - Manager develops background information and data to assist the board in determining performance status in Area II.

SESSION NINE. - Board makes detailed review of current performance status in Area II and determines activities and programs required to improve performance and results.

INTERIM - Manager develops background information and data to assist the board in determining performance status of Area III.

This process is then continued until all areas have had a detailed evaluation of the current performance status in each area and that the required follow-up action for improved results and improved performance have been determined and implemented. By the time all areas have been covered, it will be time to start the process over again to once again test the Cooperative's statements of philosophy, the applicability of its policies and to determine whether or not results and performance are appropriate with the then current needs of the Cooperative and its members.

NRECA Training Department Update

Jackson Wood & Dick Snyder
NRECA Management Services Department

Organization and Institute Program

NRECA secured the services of the American Management Association to assist in Strategic Planning in the Management Services Department.

Functions of the Department categorized as Marketing - Development and Delivery.

Department re-organized as follows: Department Director, Bob Kabat, supervises following areas: Training and Special Services headed by Wayne Johnson; Business Development and Conferences headed by Jackson Wood; Administrative Services headed by Jane Hyllton; Management Search and Consulting headed by Neil Doherty; and the International Programs Division headed by Sam Bunker.

A brief explanation was given of the services provided under each division.

Goals have been set to 1983 in the department.

Now in the process of developing operation plans which will track budget.

Further amplification was made of the revision in the 500 and 400 series of institutes. It was stated that the 300 series is in good shape.

The 900 series is also being updated.

The Internship program has been updated, it is in good shape and has good participation. 800 series is being updated.

With these changes the entire management development program will be in good shape.

Individual Assessment Program

A management development tool to assist individual members of management to improve their management skills.

Objectives: (1) Provides a proven effective method of improving job performance.

(2) Gives concrete assistance in analyzing feedback and implementing an action plan.

(3) Provides an organization-wide training needs analysis (can be used to effectively evaluate the type of training being done. (4) Provides an organization with an instrument to assist in building a "team approach" to managing.

Special Features: (1) Practical, self orienting; (2) Personalized action plan;

(3) Program provides for re-measurement and performance update.

How It Works: May be used by several co-ops in a cluster, or may be used by one system with questionnaire tailored to meet co-op's needs.

(1) Questionnaires are mailed to participants.

(2) Questionnaires deal with the functions of the job.

(3) Participant will answer one questionnaire and distribute 6 - 8 questionnaires to supervisors, peers, and subordinates.

(4) Participant will attend feedback workshop where the participant will with the help of th workshop leader analyze the feedback.

(5) Participant will develop their own action plan.

(6) A group summary will assist the co-op in (a) identifying training needs; (b) Developing a program for management development.

Program provides a computer print-out with assessment results for each participant. Assessment form has about 45 questions.

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COMMUNICATIVE BOARD REPORTS

Summary of a slide presentation
May 19, 1981
Myrtle Beach, S.C.

Phyllis Barber, Staff Assistant
Linn County Rural Electric Cooperative
Marion, Iowa

Communication - according to Webster - is an interchange of thoughts or opinions. As a communicator, my description of good communication is "When you get through to me and I get through to you, you have communication."

Linn County Rural Electric Cooperative got into the computer business in 1961 with the installation of an inhouse IBM series 50 unit recorder that was updated to an IBM 360-20 card processor and then converted to disk. More recently, the system has been converted to the IBM system 34.

Linn County REC has developed a board report utilizing the system 34 as a word processor. The program for the word processing was developed by Para Research. It is called "Paratext Word Processing System." It requires a disk space of 250 blocks plus 70 bytes for each line of text stored. It is written in RPG II.

The report is a melting pot of what the board wants to see and know about and what the Manager feels the board should be cognizant.

The report itself is a communication tool, attractive in appearance and easily read as well as easy to follow. A scheme of color coded sections and colored covers that indicate if the report is a regular monthly report or a quarterly and year ended report is one of the keys in the communication. Each report is personalized with the directors name.

The official notice of the meeting, followed by an index, agenda, and minutes of the previous meeting make up the first section of the report.

All of this information, as well as the window information for the cover (name, meeting date, month report covers), is stored on the computer and requires a simple update month by month. Eighty-nine percent of the report can be updated in a matter of a few minutes, the word processing system is an excellent contribution to productivity.

A list of disbursements for review by the finance committee appears in the second section of the report. This list is a byproduct of the monthly closing of the check register and is printed with the monthly closing. Any number of copies can be made either on the line or table top printer.

The cooperative bylaws provide that to become a cooperative member you must first have an affirmative vote of the board of directors. To comply, a list of members to be voted in and memberships to be cancelled comprises the next section in the report. These reports, at the present time, are being typed by hand but are scheduled to be a byproduct of member records and will soon be printed in any number required, on the table top printer.

A green divider depicts the real "meat" of the report, the Manager's report. These pages reflect the viability of the cooperative. The Operating Statement, Balance Sheet, and Operating Statistics are a composit of REA Form 7. These are compared to the same month last year. Quarterly, this information is compared to the like quarter from the previous year as well as a twelve month period through that particular quarter.

Each quarter a 12 month ended Key Performance Indicators is included. This sums up the information that is often compared with other cooperatives:

- Operations & Maintenance/\$1000 of plant
- Consumer Accounts Expense/Consumer
- Customer Service & Information Expense/Consumer
- Administrative & General Expenses/Consumer
- TIER (Times Interest Earned Ratio)
- DSC (Debt Service Coverage)
- PRR (Plant Revenue Ratio)
- Plant Investment/Consumer
- Consumer/Employees

A Strategic Profit Model, quarterly and year ended, provides management with the tool to analyze the financial effects that various business decisions can have on their company. It allows the executive to easily and quickly generate different financial models with "before and after" scenarios.

Using the quarter and year ended reports for decision making is a more reliable source of information as a leveling will usually appear, especially if weather has been a large contributing factor to the monthly results.

All of these reports require a minimum amount of time to update monthly as the dates, numbers and amounts are changed as they are quickly brought up on the display screen.

Aged accounts over 30, 60, and 90 days is a page in the manager's report that is a direct result of the billing process, thus it is not necessary to put this information on the word processing system. The new services list is a result of the member records for the month and is printed on the table top printer. These reports are then duplicated on a copy machine to obtain the number of copies required.

A short written summary of the manager's monthly activities is prepared on the word processing using a simple delete-replace function of the program.

The back section of the board report is a collection of information that has come to the cooperative the past month that would be of interest to the board members. Most of this would not warrant agenda attention. On occasion, this section will contain information supporting an item on the agenda and will be depicted as such.

Each cooperative will have ideas of items they think should be in a board report to develop good communication with their board. A good looking or inviting looking report will help draw the board member into the report. The report must be interesting to hold attention and in this world of constant change, it is good to have this report appear as something that can be counted upon to have some consistency.

We feel our board report is a communication vehicle, the information is understandable and it stimulates two-way communication.

QUESTIONS AND ANSWERS

Q: When does the board get the report?

A: Report is mailed on Friday prior to the board meeting which is held on the next Thursday.

BOARD-MANAGER RELATIONSHIPS

John R. Austin, President
Wayne D. Keller, Executive Vice President
Blue Ridge Electric Membership Corp.

From the President

President commended group for having discussion on board-manager relations asked question "will you have a similar discussion for the second level of management personnel"?

Gave personal background indicating experience in accounting, sales, personnel and industrial relations. Stated there were 12 directors on the co-op board.

Indicated he would talk about how the board-manager relationship program works at his co-op. Emphasized that it may not work for another co-op. Suggested that group may find an idea that would work for them.

Said that managers have difficulty in talking with directors in terms they can understand.

Directors must be knowledgeable in management without interfering with operations.

The reason for focusing on board-manager relations today is that membership is changing, goals are changing. When an organization or family becomes affluent that is when the problem begin. Must get back to basics.

Look at Board in the beginning of the co-op - had a single objective, to get lights and often first manager was a successful person who wanted electricity and could devote time to organizing the program. Directors were successful farmers who got along well with their neighbors. No money problems, REA provided staff assistance as well as loan funds.

Directors did some member relations work, signed up their neighbors, got right-of-ways. Visited members, promised service. Times changed, directors are changing. Members today feel that board should represent their interests, as varied as they may be.

Today, a manager of a co-op acts like a manager. The manager has a good staff. Directors have a better understanding of their role, and they must continue to seek even greater understanding. Director functions are - Maintaining the co-op's legal entity,

protecting the assets of the cooperative (trusteeship role), providing resources, planning and controlling. Planning is the most difficult function which the board has and which it is least prepared to do.

Members expect the directors to: (1) Set the example (2) Bring members views to the board (3) Be loyal to their co-op (4) Respond to member needs and (5) Accept majority rule.

Manager must look at "where the director is coming from", how the director is influenced by (1) His family (2) His religion or church (3) Civic and community involvement (4) Special Interests and (5) his/her occupation or profession.

Organization of the board for effectiveness was discussed. How do you take twelve people who come from different backgrounds and diverse interests and develop them into a cohesive and functioning group. Orientation sessions are held with all new directors.

Board operates through committees with a director from each of the four districts serving on all committees to provide broad representation. Board operates a number of standing committees with the functions of each committee clearly spelled out in board policy. Directors, working with the executive committee of the board, develop their own annual work program to assure their goals are met. President or chairman must not press individual board members or the manager or impinge upon their integrity.

In developing training programs for directors must find out what directors want. Make use of management evaluation guide. Special sessions held with the board in using guide to evaluate performance of directors and the cooperative. Make use of consultants. Use attorney, he is a consultant. Have an annual calendar of events and reporting to assure that nothing is overlooked in reporting on performance in the key result areas. One area in the co-op which needs is strengthening is director performance evaluation. This is not as strong as the president would like to see it. Perhaps we could use the individual assessment profile which Dick Synder proposes for management personnel and adapt it to directors use.

From the Executive Vice President (and general manager)

Reviewed role of manager which includes (1) Manage resources of co-op to meet objectives and goals (2) Use policy guidelines (3) Use policy guidelines set by board (4) Provide information to the board (5) be chief resource person to the board.

One year ago as a new manager by biggest concern was board-manager relationships. Now, looking back, I'm convinced more than ever of the importance of good understanding between a manager and a board of directors and how a planned system can help accomplish the desired results. A planned system is not only important for a new manager but also for a new director in securing good relations in the shortest possible amount of time.

What are some of the Manager's responsibilities in board-manager relationships?

Most of what I will say is basic common sense, however the list of things I came up with are important to me.

1. Keep Open Communications THIS IS A TOP PRIORITY
 - Know where we're each coming from
 - Builds trust in each other
 - Helps eliminate manipulation and playing politics
2. Provide Assistance to Board
 - Most boards expect the manager to make their job as easy as possible
 - Managers are on the job full time
 - By assisting the board in its responsibility manager keeps board on track
3. Provide Information on Key Operational Decisions
 - Manager must make hard decisions from time to time and should keep the board informed
 - Serious decisions in which the support of the board may be needed
 - Place self in board member's place - Don't let the board be surprised
 - Board can feel at ease when they know the manager is dealing with a problem
4. Keep Board Informed about Development of Manager's Staff
 - Continuity of the organization is an important concern of the board
 - Knowing capabilities of staff gives board comfort
 - We never know what can happen and this can be very helpful to the board
(Each year I personally give the board my evaluation of my staff and their development)
5. Alert Board to Need for its Decision Making on a Timely Basis
 - Board does not like to be pushed into a decision
 - Plan ahead so that unreasonable requests are not made to board
 - Examples: Rate changes, work plan and budgets, agendas for board meetings
6. Provide Enough Information for Board to be Confident in its Decisions
 - Board must make certain decisions and manager has responsibility to provide all information needed for decision making
 - Sometimes you may feel you are providing too much, however you should meet board's needs for information
7. Provide Training Opportunities for Board
 - Here again the manager should provide guidance to the board. Manager is in a good position to evaluate needs in this area
 - Example: Co-op has in-house training and information programs including in-depth reports in each Key Result Area
 - Board members report to the full board after attending off-system training sessions
8. Make Management Decisions on Timely Basis
 - How can manager expect board to keep out of operating decisions when management decisions are not made on a timely basis
 - Make decisions and provide information to the board on key decisions and results
9. Provide Information on Overall Results
 - Monthly reports should give good indication of over-all progress of organization
 - Don't give complete or detailed information, must sense what Board wants
 - Board must have enough information, too much can defeat purpose
10. Assure Board Understands Manager's Philosophy of Management
 - Important that this be reviewed in the beginning and at least annually
 - Board needs to know philosophy behind recommendations coming to the board
 - Must be consistent in this although Manager's philosophy will change over time

11. Assure Manager Understands and Relates to Board's method of functioning

- Manager must spend sufficient time to know how the board operates.
- Two way situation board must share its goals and philosophy with manager

After reviewing the manager's responsibilities and what he must do to develop good board-manager relations. Let's look at some of the organizational tools used to help achieve the desired results.

1. Board Meetings (Everyone has board meetings)

- Plan type of meetings at least one year in advance
- What does the Board want to accomplish in the board meetings
- Board agenda developed by the President and manager and mailed out at least one week before the board meeting
- Help board to "streamline" meetings, include monthly report on operations, year-to-date results, necessary actions, committee reports and actions
- Other results - Employee relations, member relations, rotation of board meetings to districts, invitations to employees and members to attend board meetings

2. Committee and Special Meetings

- All Key Result Areas are covered by board committees
- Detailed results reports are presented
- Recommendations to board in the Key Result Areas presented by committees
- Special board meetings are held for training and informational purposes
- Directors spent an average of 50 mandays on co-op related work in 1980

3. Executive Committee (Manager advisory committee)

- New committee started last year composed of officers of co-op
- More detailed discussion of special operational problems relating to management and board
- Serves as sounding board for manager
- Evaluates performance of manager
- Keeps full board informed and makes recommendations to full board

4. Scheduled Written Information

- Monthly summary report on operations (Mostly reporting by exception)
- Monthly statistical report (sales/revenues/expenses/members/kwh usage)
- Monthly newsletter from manager - half-way between regular board meetings
- Employee newsletter
- Results reports in each Key Result Area
- Annual Results report that tracks annual work program and budget

5. Board Policies

- Clearly stated policies which are kept current, board reviews policy annually
- Board-manager inter-relations clearly set forth in policy
- Good tool for new manager or new board member

6. Annual Work Plans/Reporting Calendar

- Spells out what is expected
- Reporting calendar shows board in advance when reports will be given in each Key Result Area and board knows complete information and discussion will be held on each Key Result Area sometime during the year

7. Scheduled Board Member Visits by Manager

- Visit at least one board member each month
- Get to know each other better
- Visit with other members in the director's service area

8. Annual Board Performance Reviews

- Board does this each year
- Believe that board should seek input from manager relating to performance of board
- Board should look at its performance against planned work

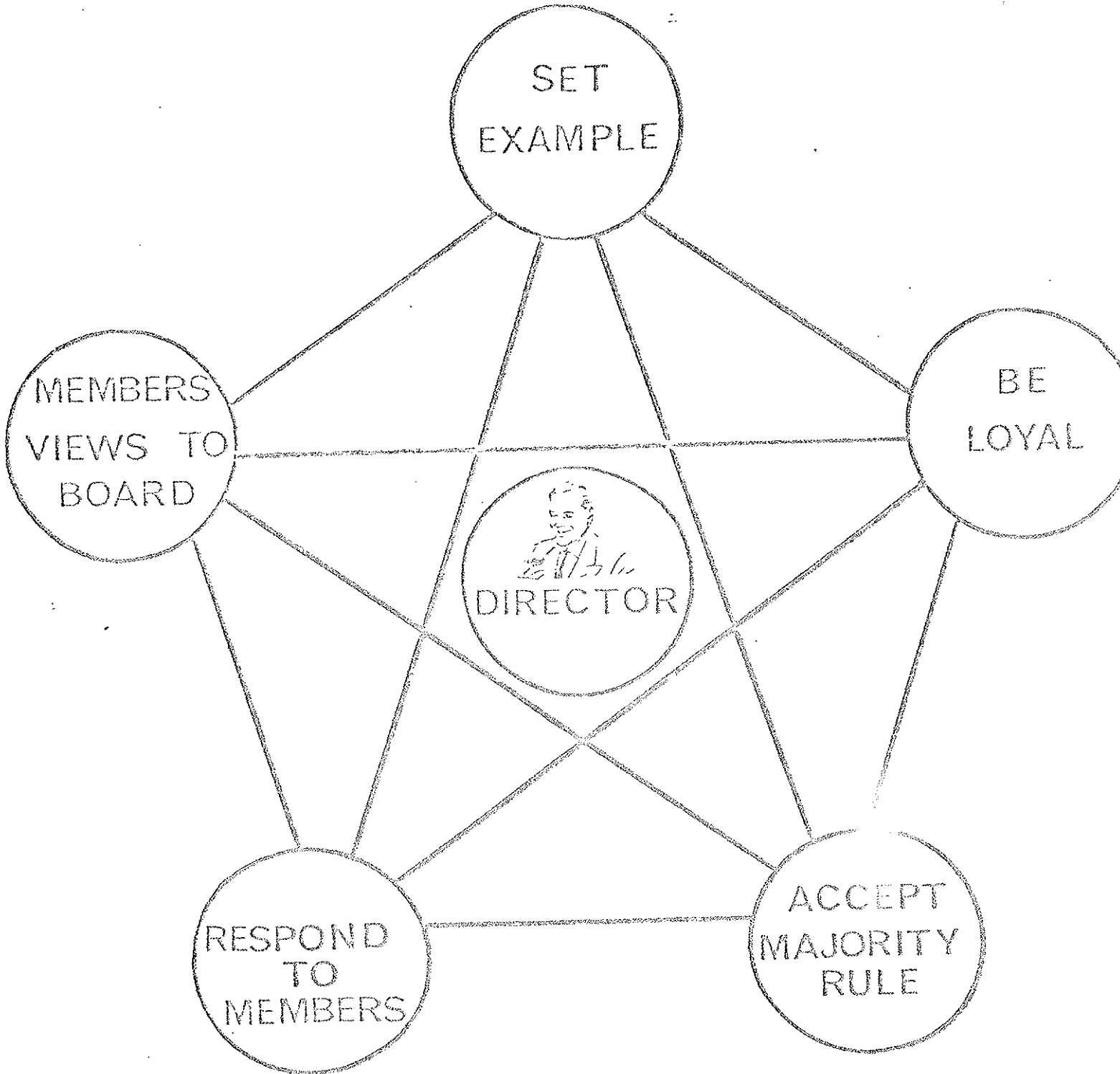
9. Annual Manager Performance Review and Counseling Session
- Performed by the Executive Committee with input from all directors
 - Has been a weak area in the past
 - Important that committee sits down and openly discusses results with the manager and explores with the manager career development goals, etc.
10. Special "Information" Meetings with Manager/Staff/Board
- Planned in annual work program and held as needed
 - Provides opportunity for board to see capabilities of staff
 - Examples of subjects covered: Rate Studies and results, financial projections and equity plan development, loan applications, annual work programs, etc.

All of this seems time consuming and it is. However, I believe that a planned system of board-manager relations will result in a more effective use of time over the long range. As managers our time will become more important to the cooperative in the future and we must be sure that in the process of time utilization we don't let down on Board-Manager relationships. Maintaining good relationships with the board is the manager's most important responsibility.

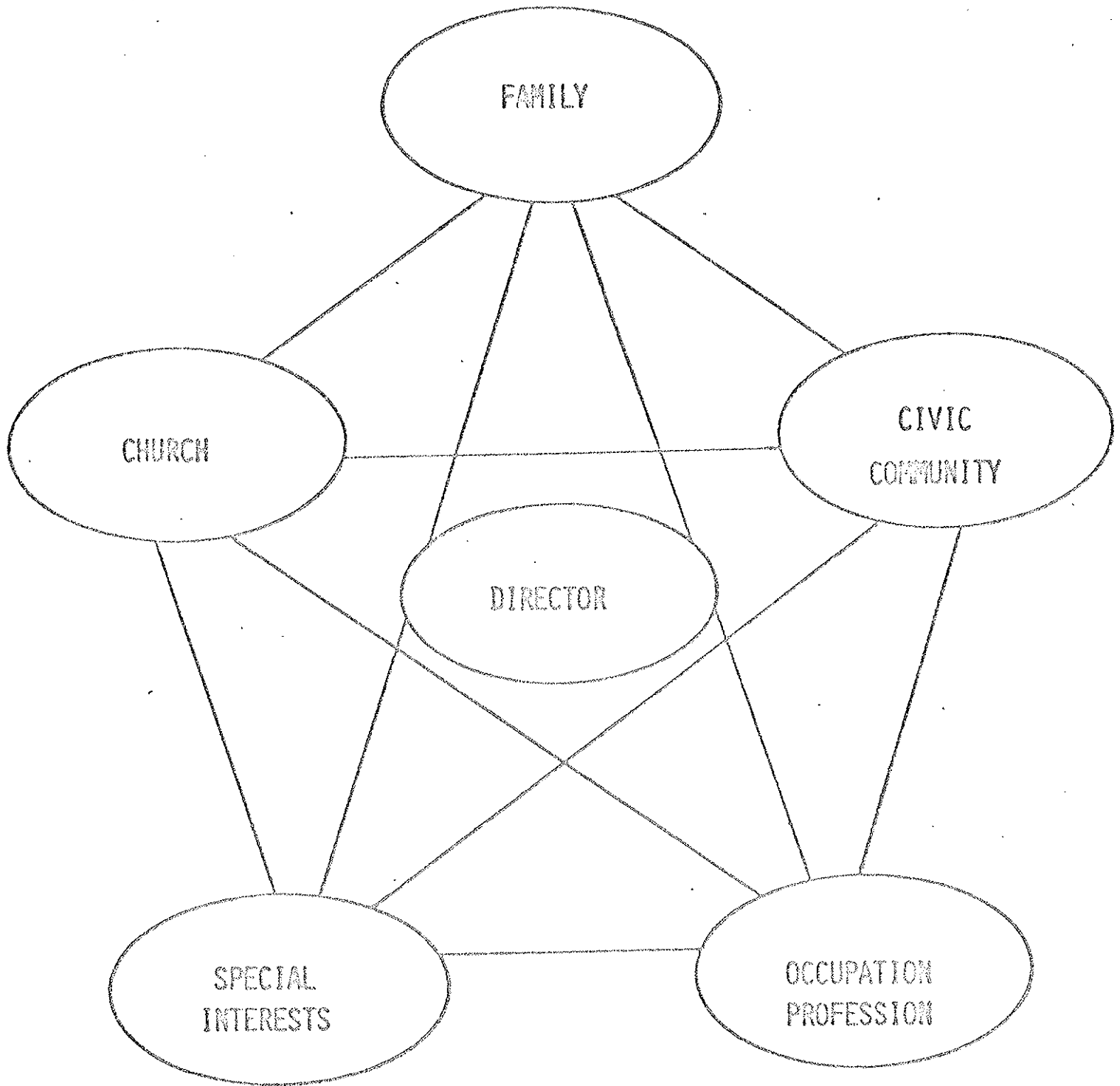
QUESTIONS AND ANSWERS

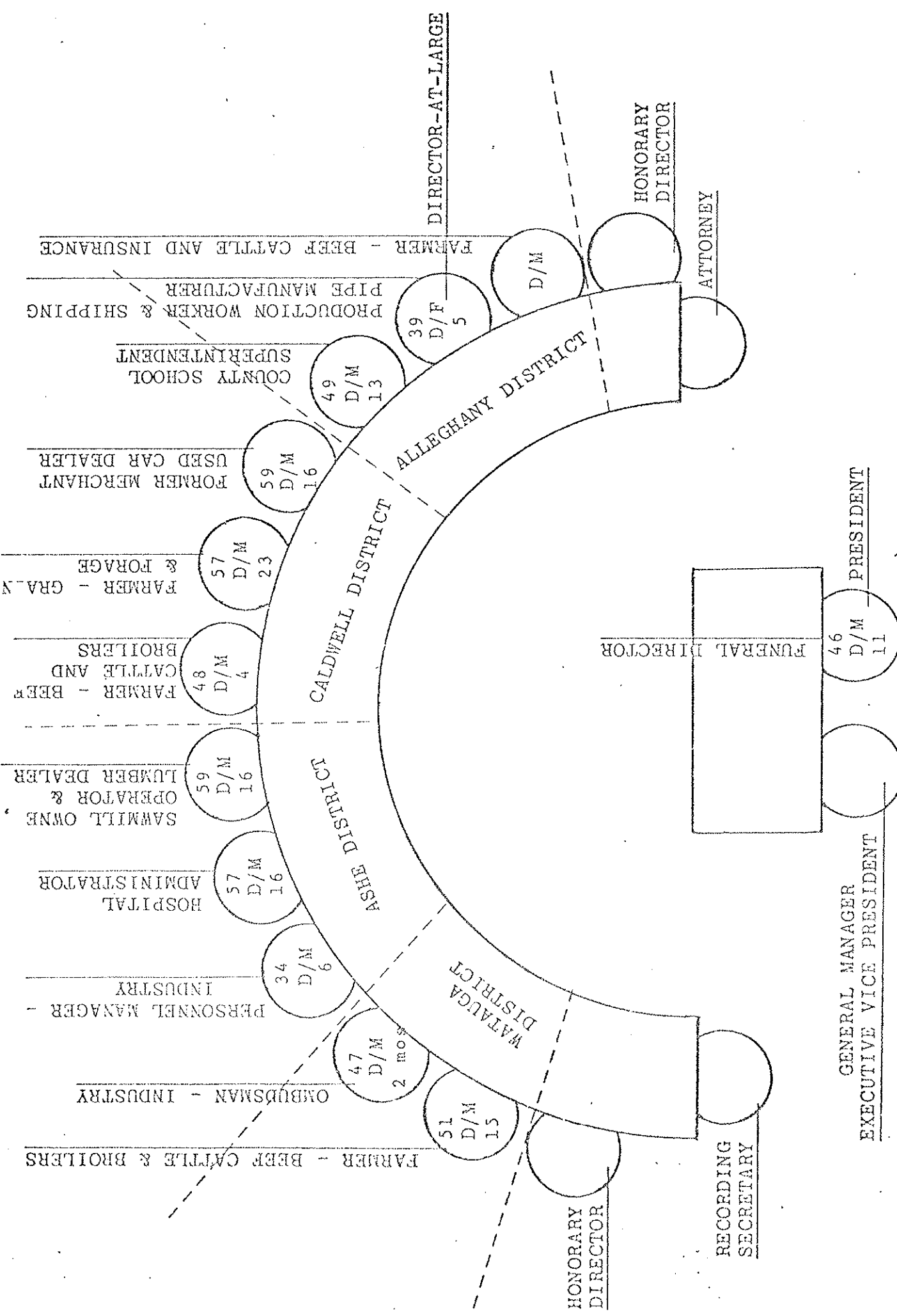
- Q: One on one visits with directors, how do you keep from discussing day to day operations?
 A: It is difficult but you can talk in general. Help the director to gain a better understanding of areas which they should be concerned about and areas which should be left to management.
- Q: Do you do this in the director's area?
 A: Yes, I go to the director's home. Talks about a half day.
- Q: How frequently do you hold board meetings in the districts?
 A: One meeting a year in each of the four districts.
- Q: What happens when employees and members attend this district board meeting?
 A: They may address the board if they desire. Board holds executive session at each board meeting and may discuss special items in those sessions.
- Q: What do employees and members talk about?
 A: Board meetings held on Saturdays and not many members or employees attend. This has been a disappointment to the board. Members may talk about right-of-way clearing, moving a power line, etc. Employees talk about their work and the challenges they face in their jobs.
- Q: Does manager's staff have a relationship with the board? Are minutes of the staff meetings distributed to the board?
 A: Minutes are not shared with the board, the relationship between the board and the manager is just that. Manager's staff serves as resource people to board committees, they have no relationship to the board.
- Q: The board holds an executive session every month?
 A: Every month, session may only last five minutes. Most of the time the manager and attorney are in the session.
- Q: Do you ever bring department heads into the board meeting to explain areas they are responsible for?
 A: This is done in special meetings of the board or board committee meetings. Any recommendation coming to the board or board committees comes from manager.
- Q: Does a member speak at the board meeting without being on the agenda.
 A: In publicity about the board meeting members are asked to call the district office and request that they be placed on the agenda, some do this, others come without prior notice. Board has never refused to permit a member to address the board. No problems here.

INDIVIDUAL DIRECTOR

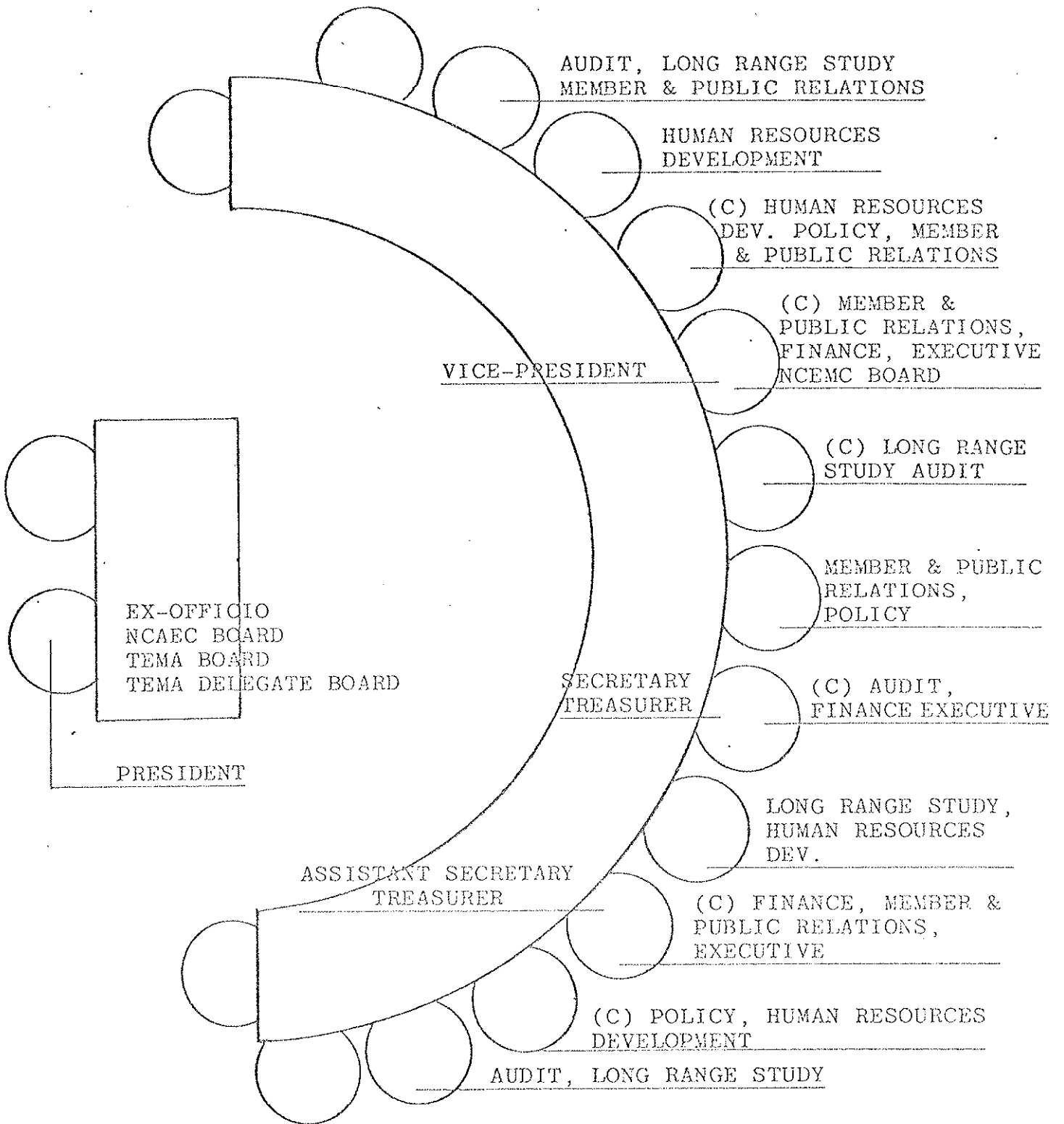


INDIVIDUAL DIRECTOR





D/M = Director/Male
 D/F = Director/Female
 Lower number indicates years served on Board



IN SUMMARY - FOR GOOD COMMUNICATIONS

THE BOARD AND GENERAL MANAGER MUST FIRST HAVE A GOOD UNDERSTANDING OF WHAT EACH ROLE IS IN THE COOPERATIVE. THEY MUST HAVE A CLEAR UNDERSTANDING OF THE BOARD-MANAGER RELATIONSHIPS.

THE BOARD AND MANAGER MUST THEN SIT DOWN TOGETHER AND DECIDE WHAT ARE THE GREATEST CONCERNS THEY HAVE RELATING TO THE COOPERATIVE AND STRUCTURE THEIR REPORTING AND COMMUNICATIONS SYSTEMS AROUND THESE CONCERNS.

IN STRUCTURING THE REPORTING SYSTEM THEY MUST DETERMINE HOW DETAILED INFORMATION THEY WISH, WHETHER IT SHOULD BE ORAL OR WRITTEN, OR VISUAL AND THE FREQUENCY OF THE REPORTING. THEY MUST ALSO ESTABLISH CRITERIA FOR MEASUREMENT OF RESULTS. . . .STANDARDS AND GOALS.

THEY MUST BE SYSTEMATIC IN THEIR APPROACH AND EVALUATE THEIR SYSTEM OF REPORTING FROM TIME TO TIME TO ASSURE IT IS MEETING CURRENT NEEDS OF THE DIRECTORS/TRUSTEES TO KNOW THE PROGRESS OF THEIR COOPERATIVE.

A PART OF THE TOTAL COMMUNICATIONS PROGRAM MUST ALSO BE A TIME OF INTROSPECTIVE EVALUATION BY THE BOARD AND THE GENERAL MANAGER REGARDING THEIR EFFECTIVENESS AND A DISCUSSION TOGETHER OF HOW THEY MIGHT BECOME MORE EFFECTIVE.

A GOOD SYSTEM OF REPORTING TO THE BOARD IS THE BEST POSSIBLE TOOL WHICH THE BOARD CAN HAVE TO ASSIST IN THE EVALUATION OF THE EFFECTIVENESS OF THE GENERAL MANAGER'S PERFORMANCE. IT CAN ALSO TELL THE BOARD HOW WELL IT IS DOING IN PROVIDING THE DIRECTION AND THE RESOURCES FOR THE COOPERATIVE.

MINUTES

1981 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

OPENING

The 1981 Rural Electric Management Development Council held its annual conference at the Myrtle Beach Hilton Hotel in Myrtle Beach, South Carolina, May 18-22, 1981. Derl Hinson, Council Chairman, opened the meeting at 1:30 p.m. on May 18, and asked Barbara Deverick to give the invocation. The Chairman appointed Barbara Deverick Secretary for the 1981 conference. He recognized the Program Committee for their fine work in developing the 1981 program under the guidance of Committee Chairman Roger Geckler. The Chairman welcomed the group (see reception list) to Myrtle Beach and stated that a reception for the group would be held at the Dunes Club that evening at 7:30 p.m., hosted by Southern Engineering and NRECA with Tab Stogner and Jack Wood making the arrangements for the event. The Chairman reminded the group of the Tuesday luncheon and business session and golf tournament following. He stated that on Thursday morning at the breakfast business session the group would act on the report of the Nominating Committee, critique the conference, and determine the place and time of the 1982 conference. The Chairman called attention to a visitors' guide for the area and mentioned several good restaurants in the area.

PROGRAM

In presenting the program, the Chairman stated that the rural electric program is facing many challenges. He stated that rural electricians were born in adverse times and have a proud heritage; that at the present, rural area living is comparable to urban living. He commented on the national legislative effort to change the rural electric program and said there would no doubt be changes in the program, and that these changes could hopefully be for the better. He stated that the REMD Council performs a vital function in the rural electric program in that it provides innovative ideas and concepts. The program proceeded as outlined with presentations by council members.

On Wednesday, May 21, Jack Wood introduced the NRECA Advanced Management Conference for 1981, which dealt with management in the decade of the 1980's. Lawrence Nolan of the American Management Association oriented the group. The following areas were discussed:

NRECA
ADVANCED
MANAGEMENT
CONFERENCE

- (1) Strategic Management for the 1980's
Thomas J. Donohue, Vice President of Development
U.S. Chamber of Commerce
- (2) The Motivation of Behavior
and
Strategic Team Building
Thomas C. Ritt, Jr., President
People Concepts
- (3) Strategic Planning
Maurice J. Mascarenhas, President
Mascarenhas Associates

The program dealt with the integrated process of Strategic Planning.

BUSINESS
SESSION

On Tuesday, May 19, the group met at lunch for the beginning of the business session. Chairman Derl Hinson called the meeting to order and Allan Holt gave the invocation.

MEMBERSHIP
COMMITTEE
REPORT

Chairman Hinson recognized Everette Bristol to present the report of the Membership Committee in the absence of the Committee Chairman, James Golden, whose wife was ill.

RE-CERTIFI-
CATION PERIOD

Ev reported that the Committee had looked at the period which should elapse before a member system should be required to provide information for re-certification for council membership, and concluded the five year period stated in the by-laws is reasonable.

RE-CERTIFI-
CATION
REPORTING

He said the Committee felt that the documentation required for re-certification should deal primarily with an update of what the electric cooperative has done in the five year interim to improve and update its management program.

FORMAT FOR
G & T CERTIFI-
CATION APPLI-
CATION

He stated that the Committee recommended that applications from G & T cooperatives follow essentially the same format for certification as distribution cooperatives.

SOUTHEASTERN
ELECTRIC CO-OP
CERTIFIED
MEMBER

Ev reported that the Committee had received a request for certification accompanied by proper documentation from a distribution system, and after careful review of the data, the Committee recommended that Southeastern Illinois Electric Cooperative, Roger C. Lentz, Manager, P.O. Box 251, Eldorado, Illinois, 62930, be approved as a fully certified member of the Council. Ev moved the adoption of the recommendation, the motion was seconded and adopted, and Chairman Hinson welcomed Roger Lentz as a certified member of the Council. Ev stated the application from Southeastern was available at the meeting for review by the Council members.

CO-OPS
UNDER
INTERIM
MEMBERSHIP

Ev reported that the following cooperatives are in the interim membership status under which they may attend Council conferences one or two years and then submit their formal application for membership certification: Maquoketa Valley REC, Mid-Carolina EC, Union REA, Volunteer EC, Hancock-Wood EC, Oklahoma EC, Clark County REMC, Southside EC, Northern EC.

ACTION BY
MEMBERSHIP
COMMITTEE ON
DELINQUENT
MEMBERS

Ev stated the Membership Committee recommended that they have the responsibility to contact Council members who did not pay their annual dues to determine the co-op's intention to remain a member of the Council. He stated the treasurer would need to provide a list of the delinquent members to the Chairman of the Membership Committee should the Council adopt this recommendation.

COMMITTEE
REPORT
ADOPTED

Chairman Hinson thanked Ev for the fine report of the Membership Committee. A motion was made and seconded that the Membership Committee's report be approved and the Committee recommendations adopted, including the recommendation on the Committee's responsibility for contacting delinquent members.

RESEARCH
COMMITTEE
REPORT

The Chairman recognized Virgil Herriott for the report of the Research Committee. Virgil reported that Charles Overman, Chairman of the Committee, was not present at the meeting because of a commitment to NRECA in the international training program. He said Charles had sent questionnaires to those electric cooperatives engaged in specific work to improve productivity. A summary of the results of the survey was shared with the group. Virgil stated that the Committee recommended that the Council create a subcommittee to consist of four co-ops that

presently are doing work in productivity. It was pointed out that members of the Council were all interested in productivity; however, the majority were not willing to commit resources for a full-fledged productivity project.

Virgil reviewed the summary of the answers to the survey. Results of survey indicated:

- (1) That the paper, "Work Measurement -- A Micro Approach", was a well done, professional presentation.
- (2) Case studies were understood; however, benefits and results from studies were not too clearly stated.
- (3) Reluctance to adopt a system which could not be adapted to the uniform system of accounts. Most co-ops wanted measurement of work to be an extension of the accounting system.
- (4) A system is needed which will show work accomplished in relation to plans.
- (5) A concern for field testing of a productivity measurement program and the computer capacity needed.
- (6) First efforts in improving productivity should be directed to construction.
- (7) Priority of productivity improvement program indicated three systems gave productivity projects high priority and five or six systems indicated a low level priority.
- (8) End product of the productivity research project could be a supplement to the Management Evaluation Guide with emphasis given to practical application.
- (9) Management tools for productivity measurement need to be simplified.
- (10) Train personnel in work measurement and involve them in the work measurement process. This will assure commitment, reliable data and good feedback from those people involved in the program.
- (11) Continue with the pilot studies using the area of construction work.
- (12) Need for more results reports from the co-ops doing productivity studies.
- (13) Commend and encourage those co-ops who are currently doing research in work measurement and productivity. These are:

Union REC, Colorado
Blue Ridge EMC, North Carolina
Shenandoah Valley EC, Virginia
Four County EMC, North Carolina

RECOMMENDATION
FOR
SUBCOMMITTEE

Virgil ended the report of the Research Committee by moving the adoption of the recommendation of the Committee. The recommendation of the Committee is that the four co-ops presently involved in productivity research serve as a subcommittee of the Research Committee

on Productivity with the subcommittee's mission to include:

- (1) Moving toward developing a uniform format for work measurement.
- (2) Determining the kind of data base (data to be accumulating) is needed for productivity measurement.
- (3) Suggestions to co-ops who do not have computer capability as to what these co-ops can do in productivity measurement.

At this point, Chairman Hinson gave a brief history of the productivity research project. The motion made by Virgil was seconded. There was discussion relating to what would be expected of the four co-ops which make up the subcommittee. It was the concensus of the group that the four systems should pool their research results and bring a report to the next Council meeting addressing the four areas defined in the recommendation.

MOTION
ON
RESEARCH
EFFORT

A question was raised regarding what area the Research Committee would concentrate on for the next year. It was suggested that the work be to enlarge the Management Evaluation Guide to include productivity guides in other key result areas. A motion was made and seconded that the Research Committee address other measurements of productivity in the existing key result areas in the Management Evaluation Guide. In discussing the motion, it was pointed out that the term productivity could be thought of in terms of ratios and the Research Committee could look at the allocation of resources to the various areas in an REC. It was pointed out that REA will want to know what REMDC wants REA to do in the productivity research project.

ACTION ON
MOTION
ADOPTED

A motion was made, seconded, and adopted that action on the previous motion be postponed until the Thursday morning business session.

SOLICIT IDEAS
FOR 1982
REMDC
MEETING

An announcement was made regarding the Advanced Management Conference co-sponsored by REMDC and NRECA which would begin Wednesday morning. The Planning and Coordinating Committee for the Council meeting and Advanced Management Conference asked that ideas be given by Council members in attendance at the meeting for next year's conference. It was stated that the ideas should be given before Thursday morning to members of the Committee.

MOTION TO
ACCEPT
TREASURER'S
REPORT

Chairman Hinson asked for the report of the Treasurer. Allan Ritchie, Treasurer, gave copies of the report to the group and briefly discussed the report. He pointed out that several interim Council members had paid their dues. He raised a question about REMDC's future commitment to NRECA for the Advanced Management Conference. Motion was made, seconded, and adopted to accept the Treasurer's report with thanks and appreciation to the Treasurer.

AMERICAN
PRODUCTIVITY
CENTER

Chairman Hinson reported that the Council had not received an invoice from the American Productivity Center, and it appears we will not receive an invoice. He stated their representative to the 1978 Council meeting had been reimbursed for expenses, and no other charges had been made by the Center. The Chairman said the work with the Productivity Center had been terminated.

The Chairman stated the report of the Nominating Committee would be deferred until Thursday morning. He then recessed the meeting until Thursday morning at 7:30 a.m.

The Chairman reconvened the business meeting of the Council on Thursday morning at 7:30 a.m., and requested Jim Kiley to give the report of the Nominating Committee. Jim reported that the Nominating Committee presented the following report.

Officers and Committees for 1982

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	Bill Miller	Term expires in 1982
	Jim Lane	Term expires in 1983
	John Parham	Term expires in 1984
	Jack Hicks	Term expires in 1984

Nominating

Chairman	Allen Ritchie	Term expires in 1983
	Charles Overman	Term expires in 1982
	Roger Lentz	Term expires in 1984
	Ronnie Hunt	Term expires in 1984

Membership

Chairman	Bill Beverage	Term expires in 1982
	Everette Bristol	Term expires in 1983
	Elmer Stocker	Term expires in 1983
	Roger Geckler	Term expires in 1984

Management Research

Chairman	Richard Seger	Term expires in 1982
	Marvin Athey	Term expires in 1982
	Virgil Herriott	Term expires in 1983
	Wayne Keller	Term expires in 1984

Advanced Management Conference

Planning and Coordination

Chairman	Bill Miller
	Allen Ritchie
	Bill Beverage
	Dick Seger
	Jackson Wood
	Robert L. Roberts, Ex Officio

ELECTION OF
SLATE OF
OFFICERS

The Chairman called for additional nominations for each office. There were none. A motion was made that the nominations be closed and a unanimous ballot be cast for election of the slate as presented by the Nominating Committee. The motion was seconded and adopted, and the Chairman declared the slate duly elected officials to serve the Council for the coming year and until such time as their respective terms ended.

ASSOCIATE
COUNCIL
MEMBERSHIP

The Chairman recognized Everette Bristol who reported on a proposed definition for associate council membership for consultants. The Chairman referred the matter of the definition and criteria for an associate council membership to the Membership Committee for a recommendation to be brought to the 1982 Council meeting.

WITHDRAW AND
TERMINATION
OF
COUNCIL
MEMBERSHIP

Everette pointed out that there were no provisions in the by-laws for withdrawal of membership in the Council. He proposed that the Council consider the following provisions for termination of membership. Membership in the Council may be terminated:

- (1) At any time upon receipt by the Council of a letter of withdrawal from a Council member;
- (2) At any annual meeting of the Council upon investigation and recommendation by the Membership Committee.

MOTION TO
REFER TO
MEMBERSHIP
COMMITTEE

Motion was made that the matter of termination of Council membership and methods of termination be referred to the Membership Committee to be reported on, with the Committee recommendation, at the 1982 Council meeting. The motion was seconded and adopted.

RESEARCH
COMMITTEE
WORK

The motion on the productivity project was brought back to the floor, and the work of the Research Committee was discussed. The question of whether the Research Committee should continue to work on productivity or move to something else was raised. It was pointed out that perhaps the Council could appeal to REA to finish the construction productivity project. The question was raised as to whether or not it was the will of the Council to have the Committee pull together the information on the productivity projects which had been developed and see what can be done with the research project information and the Management Evaluation Guide. At this point, a substitute motion was offered by Bill Beverage that the Research Committee and the proposed subcommittee pull together information on construction productivity and also look at other areas and make assignments to members of the Council to see the other areas of research which the Council can get into. The motion was seconded and adopted by the Council members.

SUBSTITUTE
MOTION ON
RESEARCH
PROJECT
ADOPTED

1982
MEETING
PLACE
AND
DATE

The Council members discussed the location and dates for the 1982 Council meeting. Suggestions for meeting location included Jackson Hole, Phoenix, and Calloway Gardens. Virgil Herriott stated that he would like to see the Council adopt a policy that Council meetings be held any place within 300 miles of St. Louis, which is accessible by major airlines; Council meetings held in less accessible places stretch out travel time. He said he felt the selection criteria for the location of a Council meeting site should be (1) accessible by major airlines; (2) good meeting facilities, including rooms and food. A motion was made that the site and dates for the 1982 Council meeting be left to the Coordination and Planning Committee, including NRECA, with preferred dates to be within the time frame of the third and fourth week of May. The motion was seconded and adopted.

MOTION ON
LOCATION
AND
TIME

Marvin Athey raised the question of whether or not the Council had gotten away from its basic purpose in the last few years, and had squeezed the Council's program too much to accommodate the Advanced Management Conference. He stated he felt the Council had gotten away from the idea exchange by its members, and felt the group was going in the wrong direction with the NRECA program. Ev Bristol stated that he

shared Marv's concern. He said he felt the Council has an obligation to research in training and development program. He stated the group needs to liase with NRECA and NRECA needs direction from the Council. A question was raised about the Council's share of the cost of the Advanced Management Conference. It was stated that the Council contributed \$6,000 to the 1981 conference and NRECA was paying AMA about \$9,000. A question was raised about what constraints the Council put on NRECA and the Advanced Management Conference. Jack Wood pointed out that without the Council's sponsorship and support there would not be an Advanced Management Conference. It was stated that the Council needs to take a hard look at the way it is contributing to the Advanced Management Conference program. It was pointed out that a great deal was crammed into the Council meeting and Conference program. It was stated that an effort needed to be made to work on a tighter budget for the 1982 meeting, including the Advanced Management Conference.

Marv Athey stated that the Chairman needs to poll the Council members and have them respond as to whether or not the Council program is what we want. Elmer Stocker stated he did not feel the Council should cut down on its time for its program. Lyman Partee said he believed it was important to stimulate new membership in the Council with the "Show and Tell" information from the Council members. It is good to listen to what others are doing. He said he could take his staff anywhere to an NRECA conference and the Council is the only place where we can share ideas with working co-ops, that he had picked up 15 or 20 things which can be done at his co-op. He emphasized there is only one Council meeting each year, and feels it is important that the Council program itself be the focal point of the meeting. Jack Wood said the Advanced Management Conference is part research, and NRECA looks to the Council for review and critique as to whether or not NRECA is advancing training and development in the rural electric program. Jim Kiley stated that perhaps the Council should concentrate its "Show and Tell" program on a particular theme and ask program participants to emphasize that theme in their presentations. This could make more productive use of the Council program. It was pointed out that the Council's involvement several years ago was without co-sponsorship of the Advanced Management Program, but that the Advanced Management wouldn't go without the sponsorship. The group was reminded of the involvement of Tom Nelson and Eric Nichol with the Council, and Jim Kiley said he would like to see one subject pursued in a Council meeting with some outside expertise brought in to interact with Council members in that subject area. He said he would like to see the Council give some one or two subjects related to management and try this approach. Wayne Keller agreed with Jim's comments. He said the Council needed to stick to management subjects and not emphasize other types of technical information. He said he felt this would strengthen the Council, and that outside experts should continue to be brought in. Bill Ward said Bob Roberts couldn't attend the Council meeting because he was fighting for a large industrial load, and the program direction for the Council can only be resolved by a survey of the Council members by Bob to get some guidance. He said a survey would be drawn up and sent out to Council members for their response.

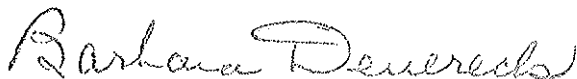
REMDC
PROGRAM

REMDC
EXPENSES

Chairman Hinson reported that there were 25 Council members present at the meeting. He expressed his appreciation for their support to the group. He stated that he had enjoyed his three years' experience as Chairman of the Council and that the Council had been more meaningful to him in the development of management at Lumbee River EMC

than anything. A motion was made by Marv Athey that the parameters for expenses to be paid to Committee members, including the Research Committee, attending Committee meetings be left to the Executive Committee.

There being no further business, the Chairman declared the meeting adjourned.



Barbara Deverick, Secretary

BD:jwp

TREASURER'S REPORT
THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OPERATING STATEMENT

May 16, 1980 to May 12, 1981

INCOME:

1980 Dues (Schedule A)	\$ 900.00
1980 Interim Dues (Schedule B)	300.00
1981 Dues (Schedule C)	8,400.00
Interest from Investments	<u>548.19</u>
Total	\$10,148.19

EXPENSES:

Council

<u>1980 Meeting</u>	
NRECA - Portion on Adv. Mgt. Conf.	\$ 4,500.00
Blue Ridge EMC - 1980 REMDC Proceedings	395.84
<u>1981 Meeting</u>	
Wright-Hennepin - Roger Geckler Exp., Planning Comm.	766.43
Sub-total	<u>\$ 5,662.27</u>

Research Committee

Derl Hinson - Comm. Mtg. Lunch, Wash., DC	70.05
East Central EA - Marv Athey's Exp.	396.00
Lumbee River EMC - Comm. Mtg. Exp. Wash., DC	106.34
Sub-Total	<u>\$ 572.39</u>

Total Expenditures	\$ 6,234.66
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<u>NET INCOME</u>	\$ 3,913.53
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THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

BALANCE SHEET

May 12, 1981

5/12/81

5/15/80

ASSETS

Current

Cash in Checking Account	\$ 2,207.13	\$ 1,241.79
Investments-Savings Account	17,073.07	14,124.88
Total	<u>\$19,280.20</u>	<u>\$15,366.67</u>

MEMBERS' EQUITY

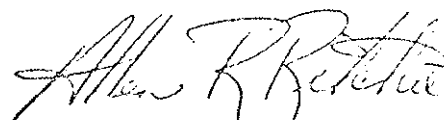
Retained Earnings	15,366.67	\$16,850.23
Net Gain	3,913.53	(1,483.56)
Total	<u>\$19,280.20</u>	<u>\$15,366.67</u>

RESEARCH COMMITTEE

Resources

REMDC Allocation-"Productivity" Continued from 1980		\$ 5,200.01
Expenditures (from Council Operating Statement)		<u>572.39</u>
Remaining Budget Allocation		\$ 4,627.62

Respectfully submitted,



Allen R. Ritchie
Treasurer

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

SCHEDULE A

<u>1980 Dues Paid After May 15, 1980</u>		
Cass County EC	5/23/80	\$ 300.00
Mid-Carolina EC	6/02/80	300.00
Chugach Electric Assoc.	6/09/80	300.00
Total		<u>\$ 900.00</u>

SCHEDULE B

<u>1980 Interim Membership Paid After May 15, 1980</u>		
Maquoketa Valley REC	5/23/80	\$ 300.00
Total		<u>\$ 300.00</u>

SCHEDULE C

<u>1981 Dues Paid as of May 12, 1981</u>		
Adams EC	3/18/81	\$ 300.00
Blue Ridge EMC	3/23/81	300.00
Cass County EC	3/30/81	300.00
Chugach Electric Assoc.	--	--
Clark County REMC	3/18/81	300.00
Cornhusker PPD	3/23/81	300.00
Cotton EC	3/27/81	300.00
East Central EA	3/26/81	300.00
Flint EMC	3/23/81	300.00
Four County EMC	4/15/81	300.00
Hancock-Wood EC	3/30/81	300.00
Jackson Purchase EMC	--	--
Kay EC	3/23/81	300.00
KEM	--	--
Linn County REC	3/27/81	300.00
Lumbee River EMC	3/23/81	300.00
Maquoketa Valley REC	3/20/81	300.00
Mid-Carolina EC	--	--
Morgan County (Ind.) REMC	3/20/81	300.00
Oklahoma EC	4/13/81	300.00
Pioneer REC	3/18/81	300.00
Shenandoah Valley EC	3/23/81	300.00
Sioux Valley Empire EA	3/23/81	300.00
Southeastern Illinois EC	4/13/81	300.00
Southeast Iowa EA	3/23/81	300.00
Southside EC	3/18/81	300.00
Union REA	4/13/81	300.00
Volunteer EC	3/20/81	300.00
White River Valley EC	5/04/81	300.00
Whitley County REMC	3/23/81	300.00
Wright-Hennepin CEA	4/03/81	300.00
Yampa Valley EA	4/10/81	300.00
Total		<u>\$8,400.00</u>

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
PROJECTED 1981-82 (5/12/81 to 5/12/82) CASH STATEMENT

Funds Available (5/12/81)	\$19,280	
Income:		
1981 Dues Received after 5/12/81	600	Est.
Total	\$19,880	

Disbursements:

1981 meeting		
NRECA-Portion of Adv. Mgt. Conf	6,000	
Other meeting expenses	500	Est.
1981 Proceedings	450	Est.
1982 Other - Planning Expenses	800	Est.
Research Committee - Allocation Remaining	4,600	
??American Productivity Center - work done 1980	3,000	
Total	\$15,350	

Estimated Balance Available for Other Expenses \$ 4,530

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

ATTENDANCE RECORD

Cooperative	Years											
	'71	'72	'73	'74	'75	'76	'77	'78	'79	'80	'81	'82
Adams Electric Cooperative	0	X	X	X	X	X	X*	X	X	X	X	
Blue Ridge EMC	X	X	X	X	X	X	X	X	X	X	X	
Carroll Electric Cooperative Corp.			X	X	X	X	X	X	-	-	-	
Cass County Electric Coop.	X	X	X	X	X	0	X	X	0	*	0	
Chugach Electric Assn., Inc.				0	0	0	0	0	-	-	-	
Clark County REMC										X	X	
Cornhusker PPD	X	X	0	0	0	0		0	X	X	0	
Cotton Electric Cooperative				X	0	X	0	X	X	X	0	
East Central Electric Association			X	X	0	0	-	0	X	X	X	
Flint EMC										X	X	
Four County EMC	0	0	X	X	X	0	X	0	X	0	X	
Jackson Purchase REC	0	X	0	X	0	0	-	0	0	-	-	
Kay Electric Coop.	0	X	X	X	X	X	0	X	0	0	0	
KEM Electric Coop.	X	0	X	X	0	0	X	X	X	-	-	
Linn County REC					X	X	X	X	X	X	X	
Lumbee River EMC					0	0	0	X	X	X	X	
Manquoketa Valley REC.										*	X	
Morgan County REMC (Indiana)	0	0	X	X	0	X	X	X	X	X	0	
Oklahoma Elec. Coop.					X	0	0	0	X	0	0	
Pioneer REC						X	X	X	X	X	X	
Shenandoah Valley Electric Coop.	0	0	X	X	X	X	X	X	X	X	X	
Sioux Valley Empire Electric Assn.	X	X	X	X	X	X	X	X	X	X	X	
Southeastern Illinois EC										X	X	
Southeast Iowa Co-op EA										X	X	
Southside EC									X	X	0	
West Plains Electric Coop.	X	X	X	X	X	X	X	X	X	-	-	
White River Valley Electric Coop.	X	X	X	X	X	X	X	X	X	X	0	
Whitley County REMC					X	0	X	X	X	X	X	
Wright-Hennepin Elec.						X	X	X	0	X	X	
Yampa Valley Electric Assn.	X	X	X	X	X	X	X	X	X	X	X	
Mid-Carolina EC									X	*	-	
Union Rural EA										0	X	
Volunteer EC										0	X	
Hancock-Wood EC										X	X	

Code: X - Paid - Attended
 0 - Paid - Did not attend
 * - Attended - Dues not paid

Co-ops represented at meeting by invitation (prospective members):

- Clay Electric Cooperative (Florida)
- Florida Keys Electric Cooperative Assoc., Inc. (Florida)
- Northern Electric Cooperative (Virginia)
- Randolph Electric Membership Corp. (North Carolina)
- Southern Maryland Electric Cooperative, Inc. (Maryland)

Rural Electric Management Development Council

Officers and Committees for 1982

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	Bill Miller,	Term expires in 1982
	Jim Lane	Term expires in 1983
	John Parham	Term expires in 1984
	Jack Hicks	Term expires in 1984

Nominating

Chairman	Allen Ritchie	Term Expires in 1983
	Charles Overman	Term expires in 1982
	Roger Lentz	Term expires in 1984
	Ronnie Hunt	Term expires in 1984

Membership

Chairman	Bill Beverage	Term expires in 1982
	Everette Bristol	Term expires in 1983
	Elmer Stocker	Term expires in 1983
	Roger Geckler	Term expires in 1984

Management Research

Chairman	Richard Seger	Term expires in 1982
	Marvin Athey	Term expires in 1982
	Virgil Herriott	Term expires in 1983
	Wayne Keller	Term expires in 1984

Advanced Management Conference

Planning and Coordination

Chairman	Bill Miller	
	Allen Ritchie	
	Bill Beverage	
	Dick Seger	
	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 Advanced Management Conference Program Planning Committee, named by the Nominating Committee and serve three years when elected, unless completed an un-expired term as a replacement.