

1965  
MANAGEMENT CONSULTATION

Conrad Hilton Hotel  
Chicago, Illinois

May 5-7, 1965

Jack Cochran, Chairman  
Bob Weathers, Co-Chairman

## GENERAL

Included in this report of the 1965 Management Consultation are papers used in presenting subject matters. Other participants present their discussions without a formal paper.

The steering committee met October 2, 1964 at the Jefferson Hotel in St. Louis, Missouri to plan the 1965 Consultation. The committee consisted of:

	<u>Term Expiring</u>
James Golden	1965
Willard Grager	1966
Warren Johnson	1967

At the Thursday meeting L. P. "Bill" Beverage was elected Chairman for the 1966 Consultation and the following members were elected to the committee: Charles Boulson, Barbara Deverick, Jim Kiley and John Myhre.

Minutes of the Thursday organization meeting are attached.

Balance from 1964 Consultation	\$ 86.06
Receipts from 1965 Meeting (48 @ \$40.00 each)	\$1,920.00
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TOTAL INCOME	\$2,006.06

### Expenses - 1965

Tom Nelson	\$ 601.32
William Wise	214.59
Hotel for luncheon & coffee breaks	806.21
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TOTAL EXPENSES	\$1,622.12

Balance after 1965 Meeting	\$ 383.94
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ATTENDANCE LIST FOR 1965 MANAGEMENT CONSULTATION

Chugach Electric Association  
Anchorage, Alaska

Stan Stanfill, Staff Assistant

North Arkansas Electric Cooperative  
Salem, Arkansas

Jack Cochran, Manager  
Bob Weathers, Manager  
Management Services

First Electric Cooperative  
Jacksonville, Arkansas

Carl Williams, Manager  
Jim Cox, Staff Assistant

Yampa Valley Electric Association  
Steamboat Springs, Colorado

James A. Golden, Manager  
Everett Bristol, Staff Assistant

Central Kansas Electric Cooperative  
Great Bend, Kansas

Jack Goodman, Manager

Shelby RECC  
Shelbyville, Kentucky

Thomas Barker, Jr., Manager  
Guy T. Schroeter, Staff Assistant

Runestone Electric Association  
Alexandria, Minnesota

Joseph O. Perino, Manager  
Russell Dau, Staff Assistant

Rural Cooperative Power Association  
Elk River, Minnesota

Phil Martin, Staff Assistant

Coahoma Electric Power Association  
Lyon, Mississippi

G. T. Alexander, Manager

Sho-Me Power Corporation  
Marshfield, Missouri

Charles E. Boulson, Manager  
Warren Johnson, Staff Assistant

White River Valley Electric Cooperative  
Branson, Missouri

L. Norwood Speight, Manager  
Clifford Robertson, Executive Asst.

Cornhusker Public Power District  
Columbus, Nebraska

"Wes" W. Schutz, Manager  
Jack McEnerney, Staff Assistant

Blue Ridge Electric Membership Corp.  
Lenoir, North Carolina

Cecil Viverette, Manager  
Mrs. Barbara Deverick, Staff Asst.

Four County Electric Membership Corp.  
Burgaw, North Carolina

L. P. Beverage, Manager  
Douglas Leary, Staff Assistant

West Plains Electric Cooperative  
Dickinson, North Dakota

Al Sheflo, Manager  
Olaf Sandvig, Staff Assistant

Cass County Electric Cooperative, Inc.  
Kindred, North Dakota

Willard Grager, Manager  
Lawrence Moderow, Executive Asst.

KEM Electric Cooperative  
Linton, North Dakota

Bruce Bosworth, Staff Assistant

Slope Electric Cooperative  
New England, North Dakota

Norman Cross, Manager  
Richard Selinger, Staff Assistant

Verendrye Electric Cooperative  
Velva, North Dakota

Rueben Haga, Staff Assistant

Guernsey-Muskingum Electric Cooperative  
New Concord, Ohio

Lyle McCormick, Manager  
Frank Carruthers, Staff Assistant

Kay Electric Cooperative  
Blackwell, Oklahoma

Louis B. Strong, Manager  
Clyde Hukills, Assistant Manager

Aiken Electric Cooperative  
Aiken, South Carolina

R. E. Thomson, Manager

Sioux Valley Empire Electric Assn.  
Colman, South Dakota

Virgil Herriott, Manager  
Joe Ewald, Staff Assistant  
James Kiley, Director of  
Management Services

Intercounty Electric Association  
Mitchell, South Dakota

Ted Anderson, Manager  
Lloyd Oleson, Staff Assistant

Beadle Electric Cooperative  
Huron, South Dakota

Lloyd Hollister, Manager

Cumberland Electric Membership  
Clarksville, Tennessee

John R. Dolinger, Manager

Middle Tennessee Electric  
Murfreesboro, Tennessee

William B. Coleman, Staff Asst.

Pickwick Electric Cooperative  
Selmer, Tennessee

Noel P. Landreth, Staff Assistant

Mecklenburg Electric Cooperative  
Chase City, Virginia

Jack E. Smith, Manager

Rural Electrification Administration  
Washington, D. C.

Norman Clapp, Administrator.  
Ed Wilson, Deputy Asst. Adm.

National Rural Electric Cooperative  
Washington, D. C.

John Myhre, Management Division

Management Consultant  
Rockville, Maryland

James D. Kelly

Rogers, Slade and Hill, Inc.  
New York 17, New York

Thomas H. Nelson

Agway, Inc.  
Syracuse, New York

Clark W. Hinesdale, Jr.  
Executive Asst.

Science Research Associates  
Chicago, Illinois

John Zardis, Industrial Service Coordinator

Wise & Potamkin Law Office  
Washington, D. C.

William C. Wise

1965 MANAGEMENT CONSULTATION

CHICAGO, ILLINOIS

THE CONRAD HILTON HOTEL

May 5, 6, & 7, 1965

"Cooperative Management 1985"

PROGRAM FOR MANAGERS & STAFF ASSISTANTS

(Wednesday, May 5)

FIRST DAY

Morning-

8:00 A. M. to 9:00 A. M.

Registration

9:00 A. M. to 12:00 Noon (Joint Meeting)

ECIVD - 1985

Discussion Leader

Tom Nelson  
Rogers, Slade & Hill, Inc.  
30 East 42nd Street  
New York 17, New York

Innovators

Managers

Charles Boulson, Manager  
Sho-Me Power Corporation  
Marshfield, Missouri

Jack Goodman, Manager  
Central Kansas Electric Coop  
Great Bend, Kansas

Staff Assistants

Lawrence Moderow, Exe. Asst.  
Cass County Electric Cooperative  
Kindred, North Dakota

Nevin McKinnon, Staff Asst.  
Cumberland Electric Membership Corp.  
Clarksville, Tennessee

12:00 Noon

Luncheon

Election of Chairman and Committee Reports

Afternoon -

1:30 P. M. to 5:00 P. M. (Manager's Meeting) Benefits of Employee Attitude Survey

Discussion Leader

John Zardis, Industrial Service  
Coordinator  
Science Research Associates  
Chicago, Illinois

Innovators

John Dolinger, Manager  
Cumberland Electric Membership Corp.  
Clarksville, Tennessee

Leroy J. Schultz, Manager  
Chugach Electric Association  
Anchorage, Alaska

1:30 to P. M. to 5:00 P. M. (Staff Assistants'  
Meeting)

Planning Personal Time

Discussion Leader

Tom Nelson

Innovators

Douglas Leary, Staff Assistant  
Four County Electric Membership Corp.  
Burgaw, North Carolina

Everett Bristol, Staff Assistant  
Yampa Valley Electric Association  
Steamboat Springs, Colorado

(Thursday May 6)

SECOND DAY

Morning-

9:00 A. M. to 12:00 Noon (Managers' Meeting) Planning Personal Time

Discussion Leader

Tom Nelson

Innovators

Jack Smith, Manager  
Mecklenburg Electric Cooperative  
Chase City, Virginia

Ted Anderson, Manager  
Intercounty Electric Associates  
Mitchell, South Dakota

9:00 A. M. to 12:00 Noon (Staff Assistants'  
Meeting)

Discussion Leader

Innovators

Benefits of Employee Attitude Survey

John Zardis

Warren Johnson, Staff Assistant  
Sho-Me Power Corporation  
Marshfield, Missouri

Lloyd Oselson, Staff Assistant  
Intercounty Electric Association  
Mitchell, South Dakota

12:00 Noon

Luncheon Speaker

Luncheon

Norman Clapp, Administrator  
REA  
Washington, D. C.

Afternoon -

1:30 P. M. to 5:00 P. M. (Joint Meeting)

Discussion Leader

Innovators

Rural Electrification - 1985

Norman Clapp

Managers

James Golden, Manager  
Yampa Valley Electric Association  
Steamboat Springs, Colorado

Louis Strong, Manager  
Kay Electric Cooperative  
Blackwell, Oklahoma

Staff Assistant

Clark W. Hindsdale, Exe. Asst.  
Agway Inc.  
Syracuse, New York

Mrs. Barbara Deverick, Staff Asst.  
Blue Ridge Electric Membership Corp.  
Lenoir, North Carolina



(Thursday, May 7)

THIRD DAY

Morning -

8:30 A. M. to 12:00 Noon (Joint Meeting)

Legal Atmosphere - 1985

Discussion Leader

William C. Wise  
Wise & Potamkin  
Washington, D. C.

Innovators

Managers

Willard Grager, Manager  
Cass County Electric Cooperative  
Kindred, North Dakota

Cecil Viverett, Manager  
Blue Ridge Electric Membership Corp.  
Lenoir, North Carolina

Staff Assistants

Clyde Hukills, Staff Assistant  
Kay Electric Cooperative  
Blackwell, Oklahoma

Joe Ewald, Staff Assistant  
Sioux Valley Empire Electric Assn.  
Colman, South Dakota

12:00 Noon

Luncheon

Reports

MAY 6, 1965

THE MANAGEMENT CONSULTATION GROUP CHAIRED BY JACK COCHRAN MET TO CONSIDER THE REPORT OF THE STUDY COMMITTEE ON ESTABLISHING THE GROUP ON A MORE FORMAL BASIS. THE REPORT OF THE COMMITTEE PRESENTED BY COMMITTEE CHAIRMAN, LOUIS STRONG, SUGGESTED THAT THE GROUP CONSIDER A FORMAL ORGANIZATION AND THAT IF NECESSARY THE GROUP INCORPORATE TO ACHIEVE ITS OBJECTIVES.

JAMES KILEY MOVED THAT AN ORGANIZATION COMMITTEE BE ELECTED TO PROCEED TO CARRY OUT THE SUGGESTIONS OF THE STUDY COMMITTEE TO ORGANIZE THE GROUP ON A MORE FORMAL BASIS. THE MOTION WAS SECONDED BY STAN STANFIL AND CARRIED.

IN THE DISCUSSION CONCERNING IMPLEMENTATION OF THE ACTION IMPLIED BY THE MOTION IT WAS AGREED THE ORGANIZATION COMMITTEE WOULD PRESENT FORMAL ORGANIZATION PLAN, INCLUDING MODEL CHARTER, BYLAWS AND CRITERIA FOR MEMBERSHIP, TO THE 1966 CONSULTATION GROUP FOR REVIEW AND RATIFICATION.

THE GROUP CHAIRMAN, JACK COCHRAN, ASKED FOR SUGGESTIONS OR A MOTION CONCERNING COMPOSITION OF THE ORGANIZATION COMMITTEE.

CLYDE HUKILLS MOVED THAT THE ORGANIZATION COMMITTEE BE COMPOSED OF FIVE MEMBERS, CONSISTING OF TWO MANAGERS, TWO STAFF ASSISTANTS AND ONE REPRESENTATIVE FROM THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION. DOUGLAS LEARY SECONDED THE MOTION AND IT CARRIED.

IN FURTHER DISCUSSION CONCERNING ACTIVITIES OF THE COMMITTEE THE GROUP AGREED THAT THE DRAFT OF THE CHARTER, BYLAWS AND MEMBERSHIP CRITERIA SHOULD BE MAILED TO EACH SYSTEM ON 1965 CONSULTATION INVITATION LIST FOR REVIEW AND SUGGESTIONS WITH A THIRTY DAY TIME LIMIT FOR SUGGESTIONS TO BE SENT TO COMMITTEE FOLLOWING RECEIPT OF DRAFTS.

THE CHAIRMAN CALLED FOR NOMINATIONS FOR COMMITTEE CHAIRMAN AND STATED THAT THE PERSON ELECTED WOULD SERVE AS CHAIRMAN OF THE 1966 CONSULTATION. L. P. "BILL" BEVERAGE WAS UNANIMOUSLY ELECTED TO SERVE AS CHAIRMAN. UNANIMOUSLY ELECTED TO SERVE AS MEMBERS OF THE COMMITTEE WERE MANAGER, CHARLES BOULSON; STAFF ASSISTANTS, BARBARA DEVERICK AND JIM KILEY; NRECA REPRESENTATIVE, JOHN MYHRE.

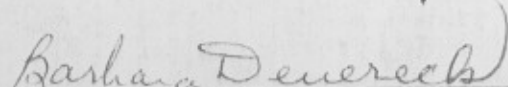
VIRGIL HERRIOTT MOVED THAT THE COMMITTEE BE AUTHORIZED TO EXPEND SUCH FUNDS AS NECESSARY TO COMPLETE ITS STUDY AND REPORT. JIM GOLDEN SECONDED THE MOTION.

CECIL VIVERETTE MOVED THAT THE MOTION BE AMENDED TO INCLUDE THE STATEMENT, "AND AS NECESSARY ASSESS EACH SYSTEM WHICH IS A PART OF THE 1965 CONSULTATION REGISTRATION FOR ITS PROPORTIONATE SHARE UP TO \$50.00 PER SYSTEM". JIM GOLDEN SECONDED THE AMENDMENT AND THE MOTION TO AMEND THE MAIN MOTION CARRIED.

THE GROUP THEN VOTED ON THE MOTION AS AMENDED AND THE MOTION CARRIED.

THE CHAIRMAN STATED THAT THE ORGANIZATION COMMITTEE WOULD BE RESPONSIBLE FOR THE 1966 PROGRAM AND REPLACED THE OLD STEERING COMMITTEE.

THE CHAIRMAN STATED THE COST PER PERSON FOR THE 1965 CONSULTATION WOULD BE \$40.00 EACH. THERE BEING NO FURTHER BUSINESS THE CHAIRMAN DECLARED THE MEETING ADJOURNED.

  
BARBARA DEVERICK, SECRETARY PRO-TEM

UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration

Remarks of Norman M. Clapp, Administrator,  
Rural Electrification Administration, before  
Management Consultation, Conrad Hilton Hotel,  
Chicago, Illinois, May 6, 1965

Management to Achieve Program Objectives

Last December 10, I invited approximately 150 rural electric representatives to Washington to participate in a conference on achieving program objectives. The invitation list included the managers and chief executive officers of NRECA, all the statewide associations, and the REA-financed generation and transmission cooperatives. It also included representatives of the distribution systems represented on the Management Advisory Committee of NRECA and spokesmen for regional associations.

I called this conference of these leaders of rural electrification to stimulate thinking and planning on how we can best achieve our program objectives.

I believe there is a growing consensus and awareness today on the basic objective of rural electrification. That objective is the same today as it was when President Roosevelt and the Congress first established the REA program. It is to enable rural people to achieve the benefits of electric service under rates and conditions comparable to those enjoyed by people living in our urban communities. And there is general agreement that the attainment of this basic objective is requisite to the attainment of true parity of economic opportunity of country with city and that this in turn is essential to a healthy and expanding American economy.

But I was concerned last December -- and I continue to be concerned today -- over the lack of agreement among rural electrification leaders on how we can best work together to reach this objective. We need to develop a consensus on how we can most effectively coordinate our energies and our resources toward the achievement of parity electric service. We need to determine the proper role of the distribution cooperative, of the generation and transmission system, of the state, regional and national borrowers' associations, and of REA itself.

One of the demanding tasks of borrower management today is to allocate wisely and efficiently the resources available to us. Ours is a program of acutely limited resources. We have to perform many important functions with insufficient time, money, and manpower. We have to do much with little. But the present lack of agreement among rural electrification leaders on how our resources should be allocated too often leads to confusion, to cloudy lines of responsibility, and to wasteful duplication. The plain truth is that we cannot afford to tolerate such waste in these days so critical for the rural electrification program.

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Too many cooks not only can spoil the broth, but in the process they waste valuable time and ingredients. We do not have either time or ingredients to waste if we are going to get power to rural people at parity.

I called the conference last December, therefore, as a first step in a process of thoughtful exploration of ideas and exchange of opinion, which I hope will in due course produce general agreement on practical guidelines for an effective division of labor among the various organizations involved in this program. The ultimate aim is to so direct our respective management functions that each of us will be doing what he can do most effectively in the interest of our program objectives. I posed a great many questions to the conferees and I heard a great many comments and replies. I hope that some of these problems will stimulate some bold thinking among you management experts today and that you will give everyone in the program the benefits of your counsel and your leadership in the months ahead.

In recent talks before statewide associations, I have recommended as a possible starting point three areas of immediate concern. These are state legislation, including the winning of territorial integrity for rural systems; the development of optimum electric power use, and the organization of a more effective safety program.

I singled these problem areas out as possible pilot efforts in developing the necessary consensus of opinion we seek on our respective roles in this great program mainly for two reasons. They are obviously important areas of activity, but certainly neither a complete list of such critical problem areas, nor necessarily the most urgent at this time.

One reason for singling these three out for first attention is that these are areas in which the pressure of program priorities are forcing staffing and budget decisions upon us at REA. We must give immediate attention to our proper role in these fields of activity, and it would be wise for NRECA, the statewides, and our borrowers to do likewise at the same time so that whatever adjustments are made will be sound ones in the light of proper long-range program development.

Secondly these are areas of activity where it should be relatively easy to develop agreement on what the proper approaches should be. If we can develop successful techniques for reaching decisions in these areas where our chances of success are greatest, the experience will be an added asset in tackling the more difficult ones.

And one of these more difficult problem areas I want to propose for your active consideration today -- what should the various organizations engaged in this rural electrification program be doing in the field of personnel recruitment and selection to raise the level of managerial competence to match the needs of 1985? According to your official agenda, this brainstorming session of creative thinking is particularly concerned with finding answers to the problems of 1985.

For whatever instruction there may be in the process, let us take a quick look at the problems of state legislation, power use, and safety.

It should not be too difficult to get agreement that the enactment of state laws affecting rural electrification and, just as important, the defeat of state bills which are not enacted, usually reflect the effectiveness of the statewide association. A strong statewide, representing all of the borrowers in a state, is definitely a necessary and logical agency to speak for cooperatives in the state capital.

But it is not that simple; there is far more to the problem than that. When we turn to specific aspects of the legislative problem, we discover many questions. First, there is a necessary task of "intelligence." There is a need for reliable information on developing legislative and policy trends -- in each rural system's own state and in every other state. Laws enacted in other states have a way of building patterns that can then more easily be applied to your state. How can this information be gathered and evaluated in time to produce whatever correcting or supporting action is necessary? Who should do it? How important is it to have a central clearing house for information on various state bills, and who should be running it? At present, one member of REA's staff is doing his best to act as a one-man information center on state legislative activities, but I am not convinced that this represents a final answer, by any means.

A second broad function is the planning of legislative strategy, based on a careful, professional examination of all the facts pertinent to the matter. If it is decided that the statewide association should carry out this function, how can it obtain the experience of other states in carrying out similar campaigns? And suppose a campaign being planned by rural systems in one state contains elements that may be prejudicial to the plans of systems in another state? What is the appropriate agency for coordinating and exchanging such information between the various states?

A third function is the actual drafting of legislation which reflects the point of view of rural systems, as well as preparing supporting material to explain the meaning and purpose of each legislative proposal. Does the statewide association have a staff equipped to carry out this function? What kind of assistance does it require from other organizations for this function?

A fourth function is the day-to-day liaison with state legislators and with officials of the state government.

This important, time-consuming task is usually one of the chief functions of the statewide association, but it includes on occasion the marshalling of grassroots response among cooperative leaders and members either for or against specific legislation. What should be the continuing role of the G&T organizations and the distribution cooperatives to make a maximum contribution to effective action here?

Nor does this cover all the points that need to be covered. There are regional chores to be done too. Six regional interagency river basin committees have already been formed in this country, involving 33 states. Despite the obvious interest of rural electric systems in regional water resource development, borrower representation at basin committee meetings has been seriously neglected. At one important meeting where a question was raised involving our generation and transmission loan program, there was no REA borrower representative to answer the question.

We need to get together on our approach to power use. One man at the December conference said that power utilization continues to be a subject beyond the technical range of most cooperative employees and most appliance dealers. Prevailing top pay for power use advisers is too low to attract "the kind of college people with the potential needed for this work," he said, adding that "REA could help, as could NRECA."

At REA, under the pressure of staffing and budgetary priorities, we already have discontinued the Electric Farming branch of the Electric Distribution Division. We still are supplying technical assistance to borrowers in highly specialized phases of power use, such as irrigation and rural industry, and there is no doubt that we must be concerned with promoting effective load building and power use, at least in certain loan security cases.

But what should be our concern with power use promotion and technical assistance beyond this? This is a question we have had to face at REA. The answer necessarily depends on the answers to other questions, such as, what should the G&T's be doing in power use, or the statewides, NRECA, and the distribution cooperatives themselves? And the further question is, who can do what best and most effectively in the overall approach?

Some believe that individual cooperatives should spend as much as 10 percent of their revenues for power use promotion; others have yet to employ their first power use adviser. In some sections, the G&T spearheads power use campaigns; in others, the statewide association takes the initiative.

Obviously, this is a subject that should be aired thoroughly before decisions are made, but we should get started now and we should not lose sight of the fact that decisions must be made.

We have vital decisions to make right now at REA in the field of borrower safety, and I use the word "vital" advisedly. What we all determine in the total approach to safety may well be a life-and-death matter to system employees.

To mention but one area of safety, I ask you who can do the best job of developing safety standards. Should this be left to the state training authorities, or should it be tackled on a broader national basis with an eye to uniformity or, at very least, a universally accepted minimum standard of practice?

Is there a need for a more uniform training pattern by concentrating on the vocational training programs available under the Smith-Hughes Act? Is it necessary or desirable for REA to be involved in any training activities?

Who should do the enforcement job? Is it possible to develop additional rating factors based on safety performance which will reflect in insurance rate incentives? What should be the role of the insurance companies themselves in this aspect of the program?

Can accident reporting and analysis be confined to a single agency? If so, what agency should it be?

Finally where should the major function of coordination rest? Is this a role NRECA can and should perform?

These are the kind of questions, this is the kind of analysis we need to undertake to develop a well balanced and effective safety program -- and we need such a program desperately to save all the tragic costs of accidents -- and to save lives.

As REA borrowers are able to develop a consensus on these urgent matters, I have suggested that we can then move to more difficult areas for agreement in management services, such as central billing and automatic data processing, labor relations and civil rights, power supply planning and procurement, and personnel recruitment and training -- to mention only a few.

To this elite group of cooperative managers here today I would like to pose one of the tough ones for consideration. This is in the general field of personnel recruitment, training and selection. Specifically it is the problem of manager selection and of keeping the quality of managers selected abreast of the rising requirements of cooperative management. I am sure we will all recognize the problem and the need for doing something about it. The question is what must be done, and who should do it?

NRECA and others have consistently spoken out in behalf of developing a career service in the electric cooperative management field. Training programs have been developed, advisory management services are offered -- in depth -- by NRECA, including now advisory assistance on manager selection. All this is good and constructive, but let us face it -- the actual selection of managers is made by a thousand boards of directors. The present assistance offered is on a custom-basis and accordingly expensive, not in relation to the ultimate benefits or costs at stake, but in relation to the cost standards of most boards of directors in such matters.

The Federal civil or career service is based, first of all, on the classification of positions on the basis of responsibility and professional or clerical competence required. Then there is a corresponding classification and rating of the educational background, experience and skills of those who wish to be considered for employment in the Federal service.

I am making no recommendations. For purposes of discussion I am hereby taking off the hat of Administrator of the REA. I am here merely as a discussion leader -- "an innovator," as I believe you call it -- to start you off on some professional exploration to see what you find in your experience and judgment to light up the dark recesses of this problem area.

One participant in the December conference wondered if there should not be a mere clearing house, perhaps within REA, to help cooperatives find qualified managers when vacancies occur. Others have suggested to me privately that REA should go back to its practice of early days and actively assert itself in the selection of new system managers under its approval authority in the mortgage.

For purposes of discussion let us take a possible approach somewhere in between these two suggestions.

What if -- REA, in cooperation with co-op advisers, would classify managers' positions into four levels, according to the size of the cooperative and relative difficulty of the job? Among the factors that would have to be weighed would be not only the size of the cooperative, but also its financial condition, source of power supply, rate structure, and number of employees.

Once relative levels of difficulty were established, REA and its advisers would determine standards of qualification for each level. Level four positions, for instance, would have the most demanding requirements, level three positions somewhat less demanding requirements, and so forth.

What if -- once the standards for each level of job were developed, REA would receive applications from interested persons and maintain a roster of qualified applicants, each rated according to the level of position he could fill best. Examples of qualifying experience would be general education, special co-op management training, prior employment by an electric supplier, and participation in various state, regional or national rural electric projects.

What if -- whenever a managerial vacancy occurred at a certain level, REA would make available to the borrower the list of qualified applicants at that level. The borrower could then make its selection from the roster with the knowledge that it was getting a manager of competence to match the requirements of the job.

Among the beneficial results of such a system might be a pooling of qualified talent throughout the program, a procedural incentive for more young people to enter the program, a boost for management training programs, and an escape hatch for harassed boards of directors from local pressures in filling important positions.

What if -- we were all to give some thought to this right here and now?

###



CHANGED VIEWPOINTS

by

C. E. Boulson, General Manager  
Sho-Me Power Corporation  
Marshfield, Missouri

MANAGEMENT CONSULTATION

Chicago, Illinois  
May 5, 1965

Conrad Hilton Hotel

## C.HANGED VIEWPOINTS

As one of the Innovators for this particular session and following Tom Nelson's discussion on the subject of ECIDV, it seems to us that it is time we begin to examine our own personal viewpoints concerning the upward and outward world toward which we are moving:

We are informed on all sides that change is imminent, that it has already taken place, that it is increasing at an accelerated rate, that we must seize and mold it. The nature of change has been stated in terms of technological and social forces and specific details and generalities have been thrown at us in great abundance.

What significance does this hold for our management? One of the most graphic illustrations we can apply here concerns a person standing on a seashore where the tides (of change) ebb and flow around him. If this person stands still long enough the sand will be eroded from beneath his feet and he will slowly and totally disappear. On the other hand, if he would move about and change his position, he can at least survive and stay on top.

What will it take to get us to move about, to stay on top, in short to survive?

Basically it is going to involve a change in us personally before we can adapt ourselves to the rapidly changing environment closing in around us. Psychologists tell us that intelligence is the measure of our ability to survive in a new and changed environment. How intelligent are we going to be?

Personal changes will involve attitudes, outlooks, prejudices, ways of thinking, training, etc. all of which we have lumped into the general subject

of CHANGED VIEWPOINTS .

This may do violence, in greater or lesser degree, to some of our deep seated beliefs and ideas which we believe are immutable and which, perhaps, we are unwilling or unable to give up. On the other hand in a time of dynamic change, we must re-think continually whatever the conventional wisdom takes for granted. <sup>(4)</sup>

The areas we are going to suggest are by no means limiting, no doubt other areas will occur to you. There is no significance in the order of presentation .

1. Management at the Top. A number of industries are finding it expedient to organize top management horizontally, based roughly on key performance areas. <sup>(1) (2)</sup> This would mean a re-alignment of the usual vertical type of organization and a move toward integration and self-control on the part of production workers. Although some success has been noted in this new type of top management for a number of large businesses, its application in smaller companies may require modification. <sup>(3)</sup> The trend bears watching.

2. The Coming Age of Cyberculture. Over the long view, problems arising due to technological change vis-a-vis human labor are going to rise exponentially. Although we insist that man's right to consume must be dependent on his duty to produce, there is no practical way for a human being to live on a standard low enough to compete with the steam shovel. Moreover, no human can possibly match the performance of an electronic cyberneted system. An economy of mass production cannot survive without mass consumption and computing machines consume nothing at all.

If we can accept the fact that a cyberneted machine system can perform very nearly all the laboring required to sustain life for humanity in undreamed-of abundance and comfort, we shall realize that unemployment is a chronic and accelerating condition that cannot be cured by conventional means. If unemployment cannot be changed to full employment, it becomes a necessity to change it to leisure.

Society does not quite let the unemployed starve, but all that is provided is the dole. Support should become a matter of right not charity. No society can survive, if it withholds from its citizens the means to live human lives in dignity and self respect. As every human baby born is entitled to a birth certificate, he is also entitled to a living certificate. With living certificates as a catalyst, unemployment will undergo a metamorphosis into leisure. <sup>(4)</sup> With the possession of such a certificate, the unqualified right to an income would take the place of the present patchwork of welfare measures, and, supported largely from the abundance of the private sector, we might end up with 25% of our ready-to-work citizens engaged in jobs of social and cultural usefulness, but not for profit. When we no longer need to be slaves to work, why not set up our economy so that work can be a joy, not a punishment, an expression of one's talents and interests, not something that one must endure in order to exist. <sup>(5) (6)</sup>

Interim steps along the paths suggested above are already underway in our society; higher minimum wages, guaranteed annual wages, four-day work week, specific guarantees, and others. These all have powerful political and emotional support. <sup>(7)</sup> All the opponents of this viewpoint have to offer is the hope that, to maintain full employment, the economy will grow

more rapidly than in the past and that occupational changes are caused by a number of temporary economic and political dislocations. (8)

3. Quo Vadis, RECs? Whither goest thou, rural electric cooperatives? Is the ECIDV of rural electric cooperative management the line function of the organization and the PODCC the staff function? (9) Clyde Ellis has very ably challenged us to regard the rural electrification program as a means, not an end, that in the final analysis, an electric cooperative will be judged on its social efficiency, the welfare of the people, not alone on its technical efficiency. The RECs are the only dynamic organizations in most of the rural areas, with the facilities, personnel and know-how to lead the battle against poverty and decay. (10) If rural electric cooperative managements and Board of Directors become and remain product (KWH) oriented instead of people (member) oriented, they are surely headed for trouble.

4. Business Ethos. "He who would become the master of one, must first become the servant of all." How does this quotation from the Christian ethic jibe with general business management? Until the last few years, not very well and in some managements, still not at all.

We have all heard of management by exception, and management by objective, but how much emphasis have we placed on management by principle? If we in management want to continue to have freedom to manage and avoid more and more restrictions being imposed on us, then we must recognize our responsibilities to society as a whole, our members, and our employees and to see to it that we don't short change any of these groups. In other words, treating others as we want to be treated. (11)

For better or for worse, managers, like everyone else must realize

their spiritual destiny in connection with their work and not find it in some ideal world detached from reality. Management should possess complete faith in the omniscience of the Creator and in the existence of order in His universe and constantly strive to comprehend and to act in accord with more and more of the reality in each situation, relying on free discussion with other men as a means through which he may perceive reality more fully. (12)

As Barbara Deverick has so wonderfully stated it, our pattern of life whether it be an individual or a business is governed by our thoughts. Let us be sure our thoughts, as we continue to develop the philosophy of our business, are constructive, meaningful, visionary and will make a lasting contribution to society. (13)

5. Government in Business. Traditional economics, as developed in this country and well into the twentieth century, has postulated that certain control mechanisms have operated to bring about order. The first was personal, that individuals always act in their own self-interest. The second was impersonal, that activities of the entire system were regulated by supply and demand and competition. The third device was internal, that subordinates within the enterprise follow the dictates of entrepreneurs for their own welfare.

However, as we pass the mid-point of this century we can detect changes, some of which had their roots in time many years before.

Man still pursues his self interest, but this pursuit is not as straight-forward as it appeared in traditional economics. He is never as rational in real life as he is in theory. Also, he simply does not know all the courses of action open to him, the uncertainty inherent in our more com-

plex business society precludes a rational selection and consistent adherence to that one alternative which would optimise, say, higher profits. Moreover man has multiple goals and pressures which place him at the center of societal forces far removed from economics.

It is apparent that the businessman today is finding it increasingly difficult to maintain the facade of traditional economic theory. There are signs that it is crumbling. To cite only a few, consider the greater mobility of the labor force, the fact that one-third of the professional and technical men and every eighth factory worker is employed by the government, and, horror of horrors, a 1963 survey of 1,588 businessmen found that 61% believed that the federal government should establish a target rate of long-term economic growth.

The principal change in business operations has occurred because of the altered ordering mechanism—from unfettered competition to government regulation. Witness the establishment of the ICC, FPC, SEC, and other regulatory authority, the passage of the Sherman Act, the Clayton Act, the Robinson Patman Act, Food and Drug Act, Flood Control Act, the Civil Rights Act and many others. The substitution of government for market has been largely in response to demands by the public and by businessmen that government intervene because of the feeling that the market mechanism had failed in some areas. More and more frequently as the economy has moved further into this century, businessmen have come to rely upon the government as the source of prosperity, welfare, and order.

This reliance is not without its detrimental side-effects; government is inflexible, bureaucratic, wasteful, bound up in red tape, and slow to act.

Nevertheless, for better or for worse, government and business are tied closely together by the tightest of bonds. Both parties should recognize the permanency of the arrangement and forget their dreams of single status, that each has a life apart into which its partner should not intrude without good reason, and that each partner should have separate primary tasks apart from the other. Thus, government must intervene only when all other orderly procedures have failed or when the demand for reform is so strong that it cannot be denied. This, then, is the state of our present business system, that it is inextricably tied to government. This is the only conclusion for the sensible realist. (14)

6. Performance review. Complete management, the total subjection of action to rational control, never exists. Whatever confusion may be attributed to, the truth is that in human affairs, individual or group, the segment of unmanaged activity exceeds the segment of managed activity. Masters never exercise complete rational control over slaves, nor parents over children, nor any man over himself, nor managers over a work process.

Delegation of performance, therefore, in a business organization, is a necessity in bringing more and more activities under more effective control, at whatever level the activity occurs. And this includes the delegation to perform mistakes.

Yet in the traditional context of performance appraisals, don't managers tend to become Indian givers? Management giveth and management taketh away. What do managers taketh away and what affect does this have?

In the traditional performance appraisal interviews, the manager is



automatically cast in the role of judge and the process takes on a father-and-son flavor, with undertones of personal bias. The subordinate's natural reaction is to assume a defensive posture and motivation moves in reverse. Criticism has a negative effect on achievement of goals, praise has little effect one way or another, and defensiveness resulting from critical appraisal produces inferior performance. This is particularly nefarious when wages and salaries are tied directly to this kind of a process.

What do some of our foremost leaders in management development think about it? Rensis Lickert calls for supportive orientation, Lawrence Appley says that a common denominator with most people is that they want and respond to help and managers are, therefore, helpers of people.

Douglas McGregor decries performance appraisal of any sort.

Yet, most people think the idea of performance review is good, they feel that a man should know where he stands. But in what context should the process be considered?

Favorable motivation appears to be present when specific goals are considered, when coaching is more frequent, and when the employee participates in the goal setting procedure. This leads into more frequent discussion of work, no summary judgements or ratings, and an emphasis on mutual goal planning, problem solving, and training.

Such a process of work planning and review appears to have a much better chance of inducing overall improved performance than the conventional appraisal systems now in general use. <sup>(15)</sup>

Thus we close our consideration of areas in which changed viewpoints will aid us in staying on top, to survive. As we said before, other areas will

no doubt occur to you.

How difficult is it going to be to think this through? As an aid, Kenneth S. Keyes, Jr. has suggested six tools for thinking:

1. So far as I know . . . . .
2. Up to a point . . . . .
3. The what index . . . . .
4. The when index . . . . .
5. The where index . . . . .
6. To me . . . . .

Probably the most significant of these tools is the sixth. It's difficult for us to change personally because how we feel about things depends on our own particular heredity, training, experiences, and personal interests. Each of us has his own particular brand of mental one-sidedness founded on a deep seated fear of a threat to our security if something changes. It is going to take a particular kind of courage to see things from all points of view and to make judgements based not only on our own tastes and standards but also on things outside of us.

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