

1967
MANAGEMENT CONSULTATION
CONSUMER-OWNED RURAL ELECTRIC SYSTEM
MANAGEMENT

Fountainbleau Motor Hotel
New Orleans, Louisiana
May 9 - 11, 1967

Proceedings Compiled
by
Blue Ridge Electric Membership Corporation
Box 112
Lenoir, N. C. 28645

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STATEMENT OF VIEWPOINTS FOR CONSULTATION GROUP

- A. We believe that a modern management program is essential to the achievement of objectives in the consumer-owned rural electric system throughout the nation.
- B. We believe that the dynamic application of the principles of a modern management program will be enhanced where there has been a maximum effort to exchange ideas and experiences among consumer-owned member organizations.
- C. We believe that research of our management programs can be more effective and meaningful if performed on a group basis.
- D. We believe that modern management principles must be under constant study and review to develop these principles to the end that they will enable our organization to make the maximum contribution to the members, community, state, and the nation.
- E. We believe that the development of a program of modern management practices within all consumer-owned rural electric systems depends on the orderly transition from concepts of practical application.
- F. We believe that managerial standards should be established for consumer-owned rural electric systems that will move management toward a constantly improving professional status.
- G. We believe that we should share with all consumer-owned rural electric systems and other similar organizations management applications, experiences, and innovations.

STATEMENT OF OBJECTIVES FOR CONSULTATION GROUP

- A. To review results of the application of principles, tools, and techniques of management and interpret them in terms of specific situations and needs.
- B. To provide opportunity to develop research projects and assign appropriate committees to conduct studies and make recommendations to the total group regarding improvement for participating consumer-owned systems.
- C. To develop management competence which will demonstrate values of modern management programs and make it possible for members to share experiences, devise new ideas and programs, and assist consumer rural electric systems to make an orderly transition from conceptual thinking to practical applications of management programs.
- D. To explore means for getting more acceptance of, and to stimulate interest in, modern management practices among other consumer-owned systems and help to broaden the interest in management improvement programs.
- E. To promote and encourage the widespread utilization of managerial standards, outside assistance, information and selection criteria for filling vacant managerial positions with qualified personnel.
- F. To provide the member-participants with an opportunity to broaden their viewpoints and develop convictions on the management process and the role consumer-owned rural electric systems should be playing within the communities in which they operate.
- G. To provide group leadership and guidance in overcoming management problems common to participating organizations.

CRITERIA FOR MEMBERSHIP IN MANAGEMENT CONSULTATION

I. Active Membership

Active membership shall be limited to consumer-owned rural electric systems.

Criteria:

- A. Member-systems shall have established a program for improving management based on the five functions of management which will include Planning, Organizing, Directing, Coordinating, and Controlling.
- B. Individual participation from member-systems shall be limited to the General Manager and not more than two employees responsible for the implementation of broad management programs within the system. These participants shall meet the following requirements:
 1. Shall have developed a basis of broad understanding and support of the principles of modern management and have demonstrated their ability to adapt conceptual thinking to successful general management, particularly as it relates to consumer-owned systems.
 2. Shall have knowledge of and be involved in organization planning including development of policy and position descriptions, wage and salary administration, performance appraisals, and the development and use of controls and control reporting.
 3. From time to time shall participate in research projects pertinent to the group objectives and record and present findings to the organization for its review and evaluation.

II. Associate Membership

Associate memberships may be held by other consumer-owned enterprises. Participants in this group must meet the criteria set forth for active membership. Associate members shall be without vote.

III. Memberships Contingent on Participation

- A. Active and Associate Members shall pay an annual membership dues of \$100.00 and agree to bear proportionate cost of the annual consultation meeting.
- B. Continuing membership in the organization will be contingent on the individual participant, as designated by the member-system, attending and taking part in the programs carried out by the organization as follows:
 1. Shall attend all meetings of consultation group unless absent with valid cause.
 2. Shall participate as requested in research projects which have been authorized by the organization.

CRITERIA FOR MEMBERSHIP IN MANAGEMENT CONSULTATION

I. Active Membership

- 3. Shall appear on a consultation program as requested except with valid cause.
- 4. Shall give constructive support to the purposes and programs of the organization.
- 5. Must attend at least two annual consultation meetings during three consecutive years.

Criteria

A. Member-system shall have established a program of management consultation which includes planning, implementation of broad management programs within the system. These participants shall meet the following requirements:

1. Shall have developed a basis of broad understanding and support of the principles of modern management and have demonstrated their ability to adapt conceptual thinking to successful general management, particularly as it relates to consumer-owned systems.

2. Shall have knowledge of and be involved in organization planning including development of policy and position descriptions, wage and salary administration, performance appraisals, and the development and use of controls and control reporting.

3. From time to time shall participate in research projects pertinent to the group objectives and record and present findings to the organization for its review and evaluation.

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III. Membership Continuation on Participation

A. Active and Associate Members shall pay an annual membership dues of \$100.00 and agree to bear proportionate cost of the annual consultation meeting.

B. Continuation membership in the organization will be contingent on the individual participant, as designated by the member-system, attending and taking part in the programs carried out by the organization as follows:

1. Shall attend all meetings of consultation group unless absent with valid cause.

2. Shall participate as requested in research projects which have been authorized by the organization.

F U N C T I O N S

CHAIRMAN: To act as general coordinator of the activities of the association 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 Association in relation to other organizations. Term of office to be three (3) years.

VICE CHAIRMAN and CONFERENCE SECRETARY: To assume all duties of the Chairman in the absence of or inability of that officer. To keep a record of all proceedings and prepare, publish, and distribute the annual conference summary. (This function can be carried out with the assistance of the Management Services Department of NRECA, including stenographic help.) To request, collate, summarize, and distribute a critique of the annual conference. Term of office to be three (3) years.

TREASURER: To collect all monies due the Association 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.

C O M M I T T E E S

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

PROGRAM COMMITTEE: To determine program content and format for the annual conference and secure outside speakers and appropriate participation from the membership. To provide for subject continuity in programming when desirable. To select the time and place of the annual conference and make all conference arrangements. (This can be accomplished through the Management Services Department of NRECA, including registration). The committee chairman shall preside at all program sessions.

MEMBERSHIP COMMITTEE: Under the criteria established for admission to membership, select ten (10) organizations each year who are actively engaged in management in the rural electrification field who will be offered membership in the Association.

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.

EXECUTIVE ASSISTANT: To assist program committee as requested in planning and arranging for consultation programs. To keep permanent files for consultation group to assure continuity. NRECA management services will designate person to serve in this capacity.

FUNCTIONS

CHAIRMAN: To act as general coordinator of the activities of the association and preside at all business meetings. To issue notice of all regular meetings of the membership or the association. To issue notices of special meetings. To represent the Association in relation to other organizations. Term of office to be three (3) years.

VICE CHAIRMAN and CONFERENCE SECRETARY: To assume all duties of the Chairman in the absence of or in the absence of the Chairman. To keep a record of all proceedings and prepare, publish, and distribute the annual conference summary. (This function can be carried out with the assistance of the Management Services Department of NRECA. (This department will request, collate, summarize, and distribute a critique of the annual conference. Term of office to be three (3) years.)

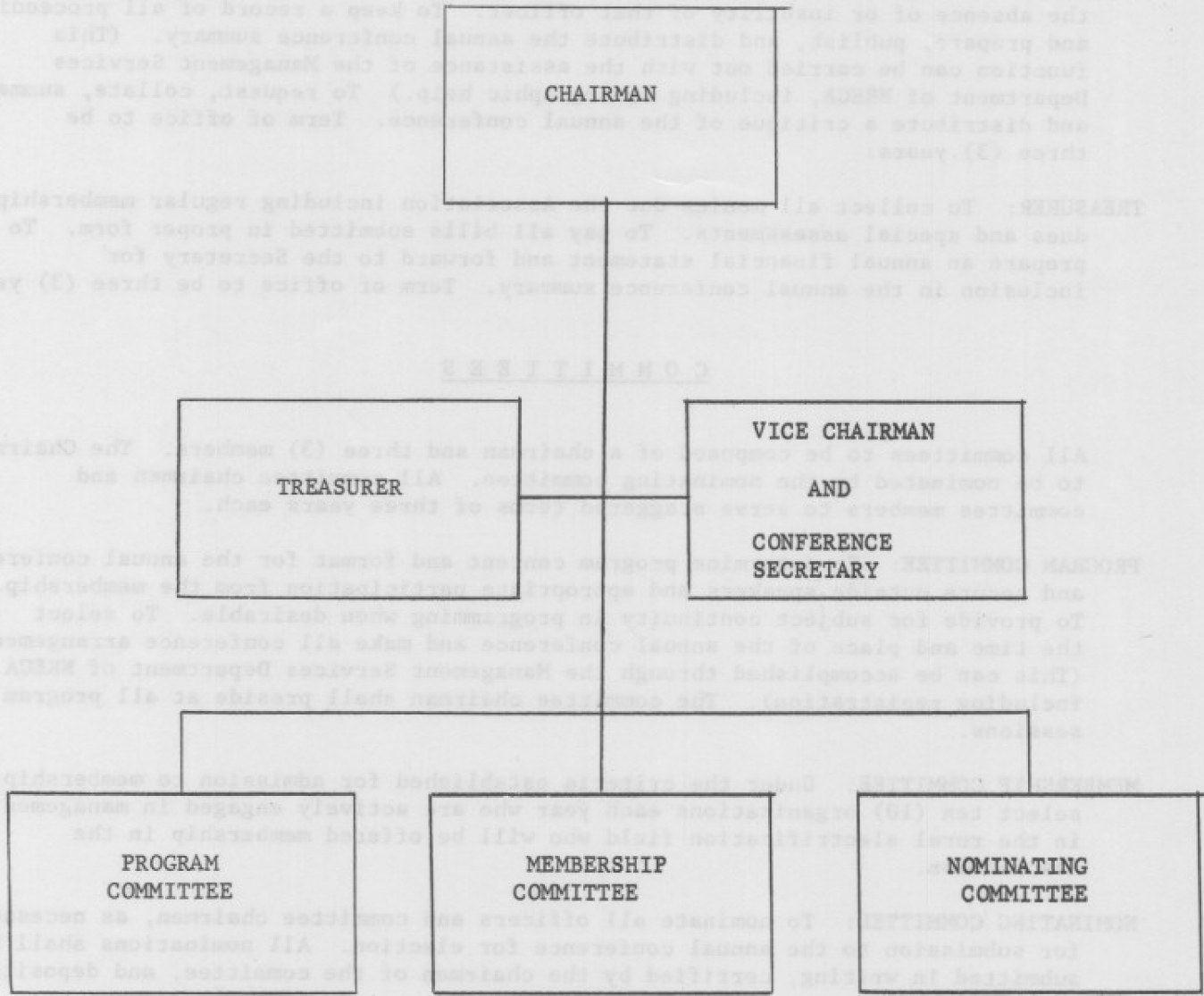
TREASURER: To collect all dues and special assessments. To pay all bills submitted in proper form. To prepare an annual financial statement and forward to the Secretary for inclusion in the annual conference summary. Term of office to be three (3) years.

COMMITTEES

PROGRAM COMMITTEE: To provide for subject matter for the annual conference and make all conference arrangements. To select the time and place of the annual conference and make all conference arrangements. (This can be accomplished through the Management Services Department of NRECA. including assistance. The conference chairman shall preside at all program sessions.)

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OFFICERS AND COMMITTEES FOR 1967 CONSULTATION

Officers

Chairman - Louis Strong
Vice Chairman and Secretary - Barbara Deverick
Treasurer - Everett Bristol

Program Committee

Chairman - Willard Grager
- James Golden
- L. P. (Bill) Beverage
- Elwood Blackwell

Nominating Committee

Chairman - Jack Cochran
- Norman Cross
- Douglas Leary
- Clyde Hukills

Membership Committee

Chairman - Charles Boulson
- James Golden
- Jack Goodman

NRECA Liaison

- John Myhre

1967 MANAGEMENT CONSULTATION - REGISTRATION *
New Orleans, Louisiana

West Plains Electric Cooperative
Box 1208
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Olaf Sandwick, Staff Assistant

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W. W. Shutz, Manager
Jack McEnerney, Staff Assistant
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Reuben Haga, Staff Assistant

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Bob Weathers, Ass't. to the Manager

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Louis Strong, Manager
Clyde Hukills

White River Valley Electric Cooperative
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Clifford Robertson, Executive Assistant

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Bruce Bosworth

Cass County Electric Cooperative, Inc.
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Cheney, Kansas 67025
Jack Hutchinson, Manager

San Isabel Electric Cooperative
Pueblo, Colorado
Ed Gaither

* Cooperatives with representation at this Consultation are Charter Members of group.

Central Kansas Electric Cooperative, Inc.
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Great Bend, Kansas 67530
Jack D. Goodman

Sioux Valley Empire Electric Association
Colman, South Dakota 57017
Virgil Herriott, Manager
Joe W. Ewald, Staff Assistant

South Plains Electric Cooperative, Inc.
Lubbock, Texas
Glen (W. G.) Newton

James D. Kelley
P. O. Box 425
Big Rapids, Michigan

J. F. Sullivan, REA, Washington, D. C.
Thomas Nelson, Pittsburgh
John Myhre, NRECA, Washington, D. C.
Fred Fiedler, University of Illinois
David Weaver, REA, Washington, D. C.

1 9 6 7 M A N A G E M E N T C O N S U L T A T I O N

Fontainbleau Motor Hotel
New Orleans

May 9 - 11, 1967

First Day - Morning

Willard Grager, Presiding

- 9:00 - 9:30 REGISTRATION
- 9:30 - 10:00 INTRODUCTIONS AND OPENING REMARKS
-- Louis Strong, General Chairman
- 10:00 - 12:30 MANAGERIAL ETHICS - OUR CHANGING SENSE OF VALUES
-- Tom Nelson; Nelson, Nicol and Stokes

(Recess as appropriate)
- 12:30 - 2:00 GROUP LUNCHEON

First Day - Afternoon

Elwood Blackwell, Presiding

- 2:00 - 3:00 MEASURING PERFORMANCE
--Jim Sullivan, REA
- 3:00 - 3:20 RECESS
- 3:20 - 5:00 POSITION DESCRIPTIONS FROM THE RESULTS ANGLE
-- Cecil Viverette, Blue Ridge Electric
-- Barbara Deverick, Blue Ridge Electric

Second Day - Morning

L. P. Beverage - Presiding

- 9:00 - 12:30 WHAT WE KNOW ABOUT LEADERSHIP
-- What This Means to Management
-- How Do We Apply What We Know
-- Dr. Fred Fiedler,
Group Effectiveness Research Laboratory
University of Illinois

(Recess as Appropriate)

Second Day - Afternoon

2:00 - 4:00 BUSINESS SESSION
-- Agenda to be furnished later
-- Louis Strong, General Chairman

(Recess as Appropriate)

4:00 - 5:00 Curriculum Revision
-- John Myhre, NRECA

Third Day - Morning

Jim Golden - Presiding

9:00 - 12:00 MANAGERIAL PROBLEM AREAS OBSERVED DURING RESEARCH WITH
RURAL ELECTRICS
-- David Weaver, Harvard University

12:00 - 12:30 SUMMARY AND ADJOURNMENT
-- John Myhre, NRECA

First Day - Afternoon

Jim Golden - Presiding

MEASURING PERFORMANCE
-- Jim Sullivan, REA

RECESS

POSITION DESCRIPTIONS FROM THE RESULTS ANGLE
-- Gooli Viverette, Blue Ridge Electric
-- Barbara Davelack, Blue Ridge Electric

Second Day - Morning

J. F. Beverage - Presiding

WHAT WE KNOW ABOUT LEADERSHIP

-- What This Means to Management
-- How Do We Apply What We Know
-- Dr. Fred Fiedler

Group Effectiveness Research Laboratory
University of Illinois

(Recess as Appropriate)

MANAGERIAL ETHICS
CHANGING SENSE of VALUES

Presented by:

Thomas H. Nelson, President
Nelson, Nicol and Stokes
1725 Washington Street
Pittsburgh, Pa.

SECTION I - ETHICS, MORALS, VALUES

Perhaps we'd better take a look at the three -

1. ETHICS
2. MORALS
3. VALUES

Ethics is Greek in origin. It comes from ethos - character, customs, accustomed place, usage, habit; "principles of conduct governing an individual, or a profession - standards of behavior; character or ideals of character manifested by a race, or profession, or a natural group." It involves questions of morals - of right and wrong.

One thinks of ethics in terms of principles - or theories; it tends to be associated with a group - to possess a group meaning. While we can talk about "Joe's ethics or code of ethics", we usually think of the code as comprising a whole set of ideals representing the sense of right and wrong, and as being characteristic of a group. For example: The ethics of the "I. O. U.'s" which perform services similar to Rural Electric Systems, are quite different in regard to rates, profits, organization structure, and the consumer.

Let's examine the meaning of the word:

Morals - It comes from the Latin word moralis - "mos" meaning custom, plus "alis" meaning mood.

It, too relates to principles, or consideration of what's right and wrong action, or good and bad character. We often say:

"moral values"
"moral conduct"
"moral convictions"

The word seems a bit closer to personal behavior, although it, too, like ethics, is used regarding groups and societies. However, it seems to carry a more personal approval or disapproval:

Ethics - more academic, more cognitive in meaning,
less emotional.

Morals - more emotional impact, or more "feeling-toned"

Now, let's look at:

Values - Much use of the word is economic. Here we are emphasizing the ethical and moral.

We are thinking of relative worth, utility, importance or status on a scale of preferment not primarily economic. Value can often be an individual judgment - not necessarily shared by others. Value is charged with emotion. Sorenson and Dimock, in a most challenging book on "Designing Education in Values", pages 28 and 29 say:

"Value is what we care about. What we desire, really want, set store by, strive for. Values are those desirables which fit into a harmonious pattern, or system of ends. What we call values in life are organic mixtures of need, interest, feeling, purpose, and goal. They represent the sum of things worth living for and worth dying for; purposes that not only evoke a higher life but even justify death itself. In ethics, a moral value is an ideal of what ought to be. *****"

"Values are not neat and consistent. They often conflict with each other. Judgment is required to choose them in the right order and right quantity. Any and all values, however, good, when pursued singly, out of combination with other tempering values, can be bad. *****"

"Education in values is possible. People can be aided in developing a sense of values which will give dignity and direction to whatever else they may learn; a set of values which recognizes the right of each individual to fulfill himself in cooperation with others. They can be helped and encouraged to acquire a capacity for moral judgments and a sense of moral responsibility. In complex current life, it is not easy to determine clearly moral values, to make moral decisions that are sound and lasting and consistent with the best ethical principles. But although it is not easy, it is necessary for an adequate personal life and for a humane and just society."

IN SUMMARY:

Morals - Conduct or behavior that is judged right or wrong, good or bad, proper or improper.

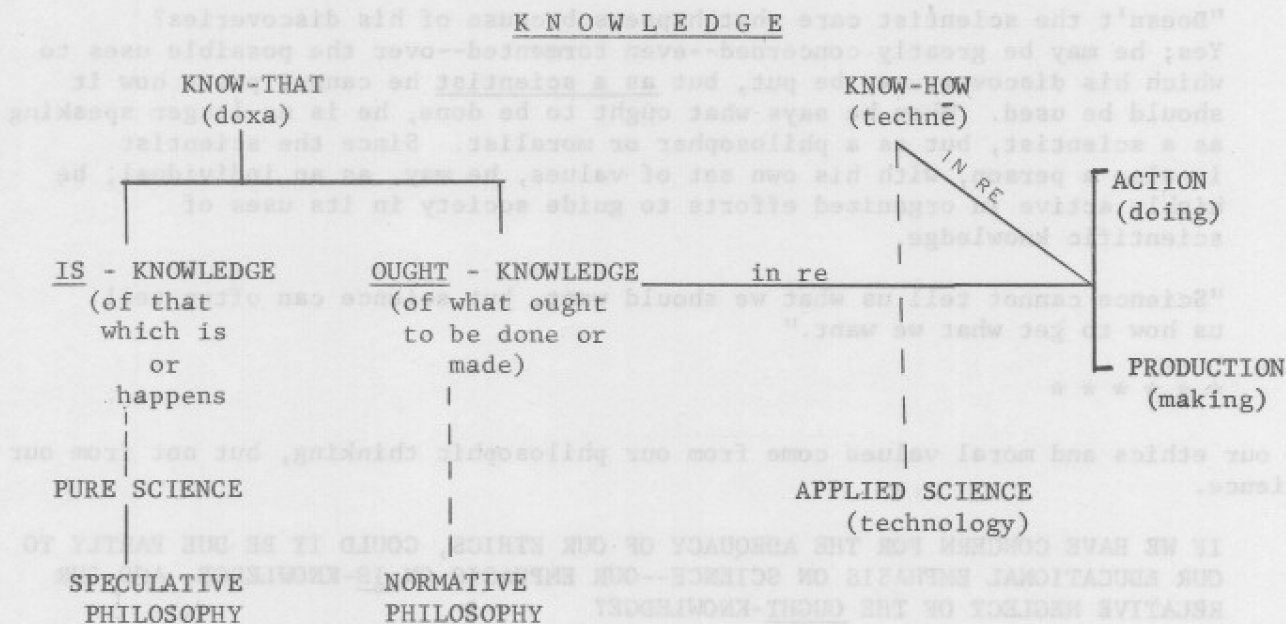
Ethics - A code of principles or rules that represents a wide variety of conduct or behavior.

Values - The standards of relative worth, importance, preferment or status used by an individual (or group) in determining what is moral or good or right - or what is wanted, desired or preferred ----- or the opposite.

SECTION II - WHAT DOES ALL THIS MEAN?

First - it means there are different kinds of knowledge.

Mortimer J. Adler* helps us at this point:



Is Adler saying that science doesn't tell us what is ethical, moral and valuable?
Yes, he is.

He says: **

"The difference in the usefulness of science and philosophy corresponds to the difference in their methods as modes of inquiry. No question properly belongs to science which cannot be answered by investigation or to the answering of which investigation can make no contribution. That is precisely why no "ought-question" is scientific and why, therefore, science includes no normative branch, no "ought--knowledge."

* The Conditions of Philosophy, Mortimer J. Adler,
Dell Publishing Co., New York (P. 189)

** Ibid. (P. 188)

Horton and Hunt * remind us:

"Science seeks knowledge, while society's values determine how this knowledge is to be used. Knowledge about bacteria can be used to preserve health or to wage germ warfare. Knowledge about group organization can be used to maintain a democracy or to establish a dictatorship.

"Doesn't the scientist care what happens because of his discoveries? Yes; he may be greatly concerned--even tormented--over the possible uses to which his discovery may be put, but as a scientist he cannot prove how it should be used. When he says what ought to be done, he is no longer speaking as a scientist, but as a philosopher or moralist. Since the scientist is also a person, with his own set of values, he may, as an individual, be highly active in organized efforts to guide society in its uses of scientific knowledge.

"Science cannot tell us what we should want, but science can often tell us how to get what we want."

* * * * *

So our ethics and moral values come from our philosophic thinking, but not from our science.

IF WE HAVE CONCERN FOR THE ADEQUACY OF OUR ETHICS, COULD IT BE DUE PARTLY TO OUR EDUCATIONAL EMPHASIS ON SCIENCE--OUR EMPHASIS ON IS-KNOWLEDGE, AND OUR RELATIVE NEGLECT OF THE OUGHT-KNOWLEDGE?

Second: Our ethical and moral values may come from our religious backgrounds. Golembiewski ** reminds us that many believe that "morals" come from "absolute standards that exist beyond time, standards of the good and the true. The existence of these transcendent standards is the key belief of the Christian tradition; but knowledge of these standards is possessed by man only in part, and that part through great effort and considerable dabbling with error over the centuries."

Without raising the question of whether there are standards that are ultimate, fixed, and unchanging somewhere beyond our current horizons, we can agree that man's interpretation of the proper standard of morals, values or ethics has varied from time to time and the acceptable interpretations will probably continue to change. So even their origin in theology doesn't assure that the standards will always have uniform meaning.

* "Sociology", Horton & Hunt, McGraw-Hill, NY (P. 10)

** "Men, Management and Morality", Robert T. Golembiewski, McGraw-Hill, N. Y. (P. 61)

Third: Moral values may arise from one's sense of DUTY - "behavior required by moral obligation, demanded by custom, or enjoined by feelings of rightness or fitness". This feeling is akin to conscience. James Whitcomb Riley expresses the meaning of conscience in simple but graphic words:

MY CONSCIENCE

Sometimes my Conscience says,
say he,
"Don't you know me?"
and I, says I, skeered through
and through,
"Of course I do.
You air a nice chap ever' way,
I'm here to say!
You make me cry, you make me pray,
And all them good things thataway--
That is, at night. Where do you stay
Durin' the day?"
And then my Conscience says, onc't
more,
"You know me--shore?"
"Oh, yes," says I, a-trimblin' faint,
"You're jes' a saint!
Your ways is all so holy-right,
I love you better ever' night
You come around,--tel' plum daylight,
When you air out o' sight!"
And then my Conscience sort o' grits
His teeth, and spits
On his two hands and grabs, of course,
Some old remorse,
And beats me with the big butt-end
O' that thing--tel my clostest friend
'Ud hardly know me. "Now," says he,
"Be keerful as you'd orto be
And allus think o' me!"

"The Complete Poetical Works of James Whitcomb Riley"
Bobbs-Merrill Co., New York

"MODERN SCIENCE AND HUMAN VALUES" *

"Those of us who are concerned with values, moral, aesthetic and legal (perhaps in some degree, this includes everyone) are in a serious predicament. We have a feeling of very deep insecurity, for we sense that, with the clear distinction of value from fact, we have lost the comfortable assurance that the nature of our universe or of ourselves, if properly grasped, will show us the right goals to seek and rules to obey. The success of a value-free scientific mode of thought has, not merely by contrast with, but even more by the destruction of, the medieval approach, left us high and dry. Frantic returns to authoritarianism, foolish attempts to lift oneself by one's own bootstraps through arbitrary, individual decision, self-assured whistling-in-the-dark to show that there really are no values and that all moral judgments are meaningless--all these are symptomatic reactions that are essentially neurotic, for they do not face and solve the dilemma. * * * * *

"In the first place, the clear distinction we have now attained between questions of fact and of value prohibits a return to medieval confusions of the two. It is quite unrealistic to suppose that we can go back to a medieval outlook that will inform us how we ought to behave, personally, politically, or economically, by appeal to the 'natural' or to what is 'in accord with nature.' 'Nature,' so far as the term refers to what can be observationally or scientifically deciphered of our world, tells us nothing about what ought to be. Of course, it does not follow (at least on any logic I am willing to accept) that, since value is not fact, it is not anything at all or is only one kind of fact (namely, a cobweb in the mind).

"In the second place, in conformance with this it should by now be clear that a reliable method of determining value must differ quite radically from any appropriate procedure for ascertaining fact. People who advocate the use of scientific method in ethics, aesthetics or jurisprudence are simply trying to modernize medievalism. On the other hand, those who would establish value skepticism on the grounds that scientific method is not appropriate to the value disciplines seem to have been hoodwinked by a perverted logic of their own. Of course, if one asks, 'Just what method is appropriate to the establishment of values, and how does it differ from the scientific?', no very generally acceptable answer is forthcoming. But to face this squarely is already to have made great progress, for it means a grappling with the central and inescapable issue of our time.

* "Modern Science & Human Values", Everett W. Hall,
Dell Publishing Co., New York, (P. 469-470)

"MODERN SCIENCE AND HUMAN VALUES" (Cont'd) *

"We have achieved even a little more than this, I like to believe. The major alternatives seem clear. The methods of justifying value judgments developed in the past can be grouped in two main divisions--those which in the last analysis are voluntaristic, which appeal to some value-creating event or act, as against the ones that at heart are rationalistic, which justify an evaluation in terms of the nature of what is evaluated. It is doubtful whether any third general approach is likely to arise or is even possible.

"This at first seems not too encouraging, for each of these orientations appears beset with its own inherent malignity. On the one hand, the arbitrary character of every voluntaristic basis tends ever toward value skepticism. The church, no doubt, felt this even in the case of Ockham, who made God's will the free determiner of morals. It becomes increasingly obvious when one turns to the civil magistrate's decrees with Hobbes, the actual customs and institutional organization of the state with Hegel and the human individual's arbitrary decision with Sartre. When one seriously asks how any event can create, not the valuable thing, but that thing's value, the only sensible reply seems to be that it cannot." * * * * *

"Western man today has achieved an exceedingly powerful tool for discovering facts and factual laws. He has done this by ridding himself, in this procedure, of value thinking. If he can cling to the conviction that there are values in the world until he can work out a reliable technique for discovering them concretely, he may survive. Otherwise, he will be forced down the path to complete value skepticism. Such skepticism involves no logical inconsistency, but it stands in contradiction to man's whole nature and outlook. I doubt whether he can remake himself sufficiently to live with it, and I certainly would hate to see him try."

* "Modern Science & Human Values", Everett W. Hall,
Dell Publishing Co., New York, (P. 470-471, 475)

"ETHICAL QUESTIONS AND TODAY'S ORGANIZATIONS" *

"The Need for Guidelines"

"The interest in ethical guides for behavior derives from, and is motivated by, such base-problems of the organizational revolution that face the managers of any enterprise; husbanding power in organizations and inducing identification with the organization. Both problems raise acute ethical questions, and practical ones as well, and typify those quandaries which are induced in large organizations.

"The problems of husbanding power in organizations increase at least in proportion to the size of organizations. Indeed, perhaps the classical competitive model of the economists describes the only set of conditions under which problems of power in organizations can be disregarded safely, and we are forevermore removed from that uncomplicated state. The Selekman appropriately concluded that administrators cannot realistically and morally discharge their responsibilities until they recognize that they monitor power systems. 'In this day and age,' they said, 'social and moral imperatives carry with them not the giving up of material things but the giving up of absolute, unilateral power.'

"This puts in a low key a problem of enormous importance. The manager is on the spot. Power, in the sense of control over the environment, is required to induce and maintain cooperative effort. Yet on every side, the manager must face more or less insistent demands for dibs on what were once relatively unchallenged 'managerial prerogatives,' these challenges coming from corporate headquarters as well as from labor unions, government agencies, et al. The manager must somehow contrive to share power while preserving or enhancing the effectiveness of his organization. The days are gone when a manager could claim a kind of divine right to monopolize power, and feel morally justified in doing so."

* "Modern Science & Human Values", Everett W. Hall, Bell Publishing Co., New York, (P. 470-471, 472)

* "Men, Management, and Morality", Robert T. Golembiewski
McGraw-Hill Book Co., New York, et al, (P. 57)

"NEW KNOWLEDGE IN HUMAN VALUES" *

The author of this work, Abraham H. Maslow, prefaces it:

"This volume springs from the belief, first, that the ultimate disease of our time is valuelessness; second, that this state is more crucially dangerous than ever before in history; and finally, that something can be done about it by man's own rational efforts.

"The state of valuelessness has been variously described as anomie, amorality, anhedonia, rootlessness, emptiness, hopelessness, the lack of something to believe in and to be devoted to. It has come to its present dangerous point because all the traditional value systems ever offered to mankind have in effect proved to be failures (our present state proves this to be so.) Furthermore, wealth and prosperity, technological advance, widespread education, democratic political forms, even honestly good intentions and avowals of good will have, by their failure to produce peace, brotherhood, serenity, and happiness, confronted us even more nakedly and unavoidably with the profundities that mankind has been avoiding by its busy-ness with the superficial.

"We are reminded here of the neurosis of success! People can struggle on hopefully, and even happily, for false panaceas so long as these are not attained. Once attained, however, they are soon discovered to be false hopes. Collapse and hopelessness ensue and continue until new hopes become possible.

"We too are in an interregnum between old value systems that have not worked and new ones not yet born, an empty period which could be borne more patiently were it not for the great and unique dangers that beset mankind. We are faced with the real possibility of annihilation, and with the certainty of 'small' wars, of racial hostilities, and of widespread exploitation. Speciehood is far in the future.

"The cure for this disease is obvious. We need a validated, usable system of human values, values that we can believe in and devote ourselves to because they are true rather than because we are exhorted to 'believe and have faith.'

"And for the first time in history, many of us feel, such a system--based squarely upon valid knowledge of the nature of man, of his society, and of his works--may be possible."

* "New Knowledge in Human Values", Abraham H. Maslow
Harper & Brothers, New York, (pp vii, viii)

"UNETHICAL PRACTICES"

"In his much discussed study 'How Ethical are Businessmen?' Raymond C. Baumhart, S. J., concludes that 'four out of five executives giving an opinion affirm the presence in their industry of practices which are generally accepted and are also unethical.' Then he lists some of the practices which executives believe illustrate those categories: (1) seeking preferential treatment through lavish entertainment; (2) kick-back to purchasing department employees; (3) pay-offs to government officials; (4) price-rigging between supplier and contractor varying prices through favoritism; (5) collusion in contract bidding, under-bidding with substitution of inferior workmanship or materials, etc.

"Similarly, in his contribution to the group reports in "On the Job Ethics", William H. Cohea, Jr., finds parallels in the labor movement to the situations Raymond Baumhart reports from executives in industry. In each of the other five reports of occupational groups similar ethical dilemmas are narrated by bankers, building contractors, business executives, personnel managers, and public relations consultants (in addition to labor unionists).

"It would not be difficult to fill a book with instances of dishonesty and venality in business, labor, church, school, medicine, government, and every form of economic activity. Immediately it must be countered that just as quickly, if not more so, could a volume be compiled of honest, gracious, ethical actions by which man's spirit has been ennobled and whole communities have been elevated. The problem is to examine the circumstances which give rise to destructive and injurious processes and which encourage decency and integrity."****

"The manager's ethical problem is compounded by the fact that his value to the corporation depends upon his ability to assure the continuity of the organization with an adequate profit rate. But what rate is proper? If it is too low, the company is imperiled and so is the manager's job. If it is too high, it has failed to distribute its earnings equitably among its stockholders and workers and is held to have taken advantage of customers and competitors. The dangers from the latter are less than the former, but nevertheless where social responsibility is taken seriously by the company, it must answer in good conscience for its earnings. Relative to the corporation's survival, management consultant and former Sears-Roebuck executive, James Worthy, comments: 'Unfortunately, this relationship between profit and survival is not generally understood. The social stake in profits is heavily obscured by the implicit equating of profit with self-interest. This confusion of the two concepts is not only inaccurate; it places the business system in a vulnerable moral position and seriously weakens, the claims of business for social policies that will foster its efficient performance. A more realistic and more defensible doctrine of profits will have to be built around the survival needs of the enterprise as an instrumentality of social service. There is no formula for resolving this issue. The consciences of the managers and directors guided by their sense of responsibility to society and to the company for whose continuance they are responsible are the only criteria of decision.' * * * * *

"THE CHANGING CLIMATE OF ETHICAL ATTITUDES"

"Debate over the source of industry's increasing sensitivity to ethical values may be interesting, but not particularly helpful, unless it adds to the present discussion, i.e., whether that sensitivity derives from a growing ethical

"THE CHANGING CLIMATE OF ETHICAL ATTITUDES" (cont'd)

consciousness of individuals or whether the nature of business itself makes increased ethical demands in our society. In the long run, this question will have far-reaching implications. If, for example, the increasing cohesiveness of society is compelling men to conduct themselves with greater consideration of the rights and privileges of others, it may be that 'secular' forces are accomplishing what religious morality and idealism have striven for much less successfully."

"There is evidence that a new generation of business leaders is emerging, leaders who have been trained to take into account a wide spectrum of factors as they make decisions relative to company and community. Kenneth Underwood, out of extensive association with business leadership, contends that a new social ethic is to be observed in the health and growth of the corporate enterprise, based on the fulfillment of its useful function in society."

"If the level of ethical practices is steadily rising, one could ask, why become exercised? Will not the rational process of society's improvement take care of things? The incontrovertible fact is that man must ever be protected against the human propensity to seek one's own advantage. It is at this point that the forces of religion and ethics make their contribution to the well-being of society. As is indicated in the chapter on the consumer, producers and distributors need to be checked in their temptation to take advantage of the buyer. False and erroneous advertising and packaging are a constant temptation. When the public ire has been roused or conscientious individuals have protested a violation of good practices, a modification sometimes occurs. It is almost axiomatic that this has been the result of pressures from society instead of from a stirring of conscience. It is at this point that religious ethics speaks both to producer and consumer, seller and buyer, professional and client. The complexities of a technological society do not diminish the need. They require new adaption in ethics.

"The realization that no single formula is adequate to resolve the moral and ethical dilemmas created by the business activities of this generation constitutes a distinct gain. One of the dilemmas created for honest men has been the assumption that in the realm of religion there was a formula which, were it only to be known, could be applied. Failing to discover this, men have been disillusioned and disaffected from any attempt to discern the contribution of religious faith to business ethical dilemmas. The issues in business ethics require a grounding in the economic and social needs of society, but also an awareness of the depths of human involvement in the total range of life's resources such as the Christian gospel provides. The dimensions of man's relationship with God include a scope of human experience infinitely more extensive than those apparently inherent in normal business experience. For the Christian it is when these are brought to bear on the business decision that new ethical resources become apparent." * * * * *

"Because a major consideration of the theological aspects of economics and business ethics has been included in the current volume, the implications of theology for ethics in business are treated here in only a limited fashion. In one of the Occupational Ethics Groups, the members were told that the subject they were discussing had theological implications, and a member asked whether it wasn't in order to discuss those at that time. The reply from another member was: 'Good Lord, no--things are bad enough without getting them mixed up with theology.'

"UNETHICAL PRACTICES" (Cont'd)*

Theology deals with the nature of man and his relation to God and the consequences to society because of that relationship. Religion brings into the consideration of business ethics a dimension which it cannot possess; namely, ultimate loyalties above those of one's community or one's business organization. It raises the question of one's final responsibility, whether it is to the company of which he is a part or whether to the well-being of other persons who are also fellow creatures of a common Father, of a God who is both Creator and Redeemer. The religious dimension greatly complicates business ethics because there is no absolute and final rightness in many decisions. They have to be made out of consideration for both the ongoing life of the institution and for society at large, whose concern is just as much that of God as is the more immediate set of loyalties in the company. To the Christian, the ultimate standard of action is love, but rarely can one fulfill the full requirements of love in a business transaction. He must therefore, act with the freedom with which he has been endowed and serve what, in the light of the circumstances at hand, most truly represents what he believes to be God's will and purpose for that situation."

"THE TECHNOLOGICAL SOCIETY"

In this work by Jacques Ellul, University of Paris, and University of Bordeaux, Robert K. Merton, Professor of Sociology, Columbia University, comments in the "Foreword":

"By technique, for example he (Ellul) means far more than machine technology. Technique refers to any complex of standardized means for attaining a predetermined result. Thus, it converts spontaneous and unreflective behavior into behavior that is deliberate and rationalized. The Technical Man is fascinated by results, by the immediate consequences of setting standardized devices into motion. He cannot help admiring the spectacular effectiveness of nuclear weapons of war. Above all, he is committed to the never-ending search for the 'the one best way' to achieve any designated objective.

"Ours is a progressively technical civilization: by this Ellul means that the ever-expanding and irreversible rule of technique is expended to all domains of life. It is a civilization committed to the quest for continually improved means to carelessly examined ends. Indeed, technique transforms ends into means. What was once prized in its own right now becomes worthwhile only if it helps achieve something else. And conversely, technique turns means into ends. 'Know-how' takes on an ultimate value.

"The vital influence of technique is of course most evident in the economy. It produces a growing concentration of Capital (as was presciently observed by Marx). Vast concentrations of capital require increasing control by the state. Once largely confined within the business firm, planning now becomes the order of the day for the economy as a whole. The dominance of technique imposes centralism upon the economy (despite comparatively inconsequential efforts to decentralize individual industrial firms), for once technique develops beyond a given degree, there is no effective alternative to planning. But this inevitable process is impersonal.

* "Ethics for an Industrial Age", Victor Obenaus,
Harper & Row, New York, (Pp 224-228, 233, 234, 237, 238)

"THE TECHNOLOGICAL SOCIETY" (Cont'd)

"Only the naive can really believe that the world-wide movement toward centralism results from the machinations of evil statesmen."

"The intellectual discipline of economics itself becomes technicized. Technical economic analysis is substituted for the older political economy included in which was a major concern with the moral structure of economic activity. Thus doctrine is converted into procedure. In this sphere as in others, the technicians form a closed fraternity with their own esoteric vocabulary. Moreover, they are concerned only with what is, as distinct from what ought to be." * * * *

"In Ellul's conception, then, life is not happy in a civilization dominated by technique. Even the outward show of happiness is bought at the price of total acquiescence. The technological society requires men to be content with what they are required to like; for those who are not content, it provides distractions--escape into absorption with technically dominated media of popular culture and communication. And the process is a natural one; every part of a technical civilization responds to the social needs generated by technique itself. Progress then consists in progressive de-humanization--a busy, pointless, and in the end suicidal submission to technique."

"The essential point, according to Ellul, is that technique produces all this without plan; no one wills it or arranges that it be so. Our technical civilization does not result from a Machiavellian scheme. It is a response to the 'laws of development' of technique."

"A LOOK AT THE FUTURE"

Ellul continues in Chapter VI:

"If we take a hard, unromantic look at the golden age itself, we are struck with the incredible naivete of these scientists. They say, for example, that they will be able to shape and reshape at will human emotions, desires, and thoughts, and arrive scientifically at certain efficient, pre-established collective decisions. They claim they will be in a position to develop certain collective desires, to constitute certain homogeneous social units out of aggregates of individuals, to forbid men to raise their children, and even to persuade them to renounce having any. At the same time, they speak of assuring the triumph of freedom and of the necessity of avoiding dictatorship at any price. They seem incapable of grasping the contradiction involved, or of understanding that what they are proposing, even after the intermediary period, is in fact the harshest of dictatorships. In comparison, Hitler's was a trifling affair. That it is to be a dictatorship of test tubes rather than of hobnailed boots will not make it any less a dictatorship." * * * * *

"None of our wise men ever pose the question of the end of all their marvels. The 'wherefore' is resolutely passed by. The response which would occur to our contemporaries is: for the sake of happiness. Unfortunately, there is no longer any question of that. One of our best-known specialists in diseases of the nervous system writes: 'We will be able to modify man's emotions, desires, and thoughts, as we have already done in a rudimentary way with tranquillizers.' It will be possible, says our specialist to produce a conviction or an impression

"A LOOK AT THE FUTURE" (Cont'd)*

of happiness without any real basis for it. Our man of the golden age, therefore, will be capable of 'happiness' amid the worst privations. Why, then promise us extraordinary comforts, hygiene, knowledge, and nourishment, if, by simply manipulating our nervous systems, we can be happy without them? The last meager motive we could possibly ascribe to the technical adventure thus vanishes into thin air through the very existence of technique itself.

"But what good is it to pose questions of motives? Why? All that must be the work of some miserable intellectual who balks at technical progress. The attitude of the scientists, at any rate, is clear. Technique exists because it is technique. The golden age will be because it will be. Any other answer is superflous.

"WHERE BUSINESS FAILS THE BUSINESSMAN"

"Poor Businessman!"

In the midst of high prosperity in 1964, we found many businessmen turning hopefully, fiercely, and curiously to the siren voice of Barry Goldwater. The average businessman is not at home in an international society which posits security in international cooperation. He still posits security in bold, blustering national power. He yearns for the return of the day when government, unions, and intellectuals were his vassals, not his co-partners. On October 1, 1964, five hundred businessmen, big and little, attached their names to a full-page advertisement in the Wall Street Journal headed 'American Business is for Barry Goldwater.' And on November 2, 1964, Newsweek reported that its Louis Harris analysis polls indicated that fifty-five percent of American businessmen were for Goldwater. And they backed this pledge of support to the tune of eight million dollars, which was estimated at the end of October to have been poured into the National Republican Campaign Committee's treasure chest.

"The average businessman does not understand the various forms of State aid and State capitalism which are responsible for the post-war economic prosperity in France, Britain, Italy, West Germany and the Scandinavian countries. Nor does he understand that, if free enterprise is to survive and prosper in America, it will do so only with government aid, with government planning, with government restriction and with government participation. He has not even come to grips with the economic and social consequences of the great economic revolution of the twentieth century-automation."

"Private enterprise will always remain the key characteristic of the American economy, but the days of free, unplanned, unrestricted Adam Smith free enterprise are over. The American businessman will have to relearn his economics in new schools of economic thought."

"The American businessman will have to learn that he is operating in an age of revolution--revolution not only in economic thought, but in intellectual concepts and spiritual values. He still operates with outgrown myths and outgrown ideologies. About him are surging whirlpools of economic, intellectual and spiritual adventure, but he is making no effort to understand them.

*"The Technological Society", Jacques Ellul, Trans:

John Wilkinson, Alfred A. Knopf, (Foreward Pp vi-viii, Chapter VI, Pp 434, 436)

"WHERE BUSINESS FAILS THE BUSINESSMAN" (Cont'd) *

"Poor Businessman!" (Cont'd)

Business myths, business prejudices and business blindness were faithfully reflected in the men who wrote the Republican platform in 1964. These myths, these prejudices, this blindness are deeply imbedded in the mind of the average businessman, and Barry Goldwater was the human image of return to the golden days of pre-F.D.R."

"Vaguely perhaps, the businessman senses that the world of his economic youth is dying, but he has no awareness of the new world that has come into being. Is it any wonder that in the midst of fat profits, high incomes, luxuries and gadgetary comforts, he finds himself in middle years or at the close of a business career a frustrated individual? He is a victim of the neurotic conflict that comes to all men who have stopped growing in intellectual awareness and moral maturity."

"If businessmen are to grow from adolescence to adulthood, they can do so only by the extraordinary exercise of mental energy. They must rise to experience intellectual adventure. They must strive for and achieve an expanded spiritual perspective. It is only then that they will understand the pseudo-values which they have imposed upon themselves and upon a consumer society. It is only then that they will understand their confused moralism, their derelict desires, and their false criteria of successful achievement. It is only then that they will understand the sensitive voices of the younger generation whose standards for American life are in terms of quality--not quantity. * * * * *

"WHERE BUSINESS FAILS THE BUSINESSMAN" **

"There are increasing indications that our growing youth, educated and sensitive, are rebelling against such goals. A nation whose dominant interest is tied to corporate profit and whose mass media are directed toward whetting thirsts for goods and entertainment may well find that it is not communicating with our children. It should be the concern of intelligent adult businessmen to pierce the causes of the vague uneasiness in the young which appears both beneath and above the surface of our general material affluence. If they pierce with penetration, they will find that the young are questioning the values of the old. College youths today are more concerned about purposeful work and a contribution to society than the youth of a couple of generations ago. The involvement of our youth in the Peace Corps and civil rights activities are a manifestation of their instincts of social responsibility and their desire for a social contribution to society. They are dissatisfied with the pseudo-values which have become the goals of a business-minded civilization."

"The business world has been the most powerful and formative influence in shaping American character. It has created and nourished a consumer society. It has created and continues to create new standards of wants, new appetites, new desires, new dislikes. Last year's model car must be discarded for this year's. It has created new standards of taste and propriety and new standards of work and play. It has stimulated and produced a general attitude of divine discontent. A vice-president of one of America's great industries told his stockholders in 1958 that ten thousand and eight hundred dissatisfied Americans were born daily. 'Whatever they have,' he said, 'they are going to want more.'

* "Where Business Fails the Businessman", Leopold J. Sneider, Vantage Press, Inc. NY, (Pp 14-16)
** Ibid, (Pp 126-129)

"WHERE BUSINESS FAILS THE BUSINESSMAN" (Cont'd)

"The philosophy of American business is to encourage an insatiable desire for things. But the educated and sensitive members of the younger generation are asking whether an accumulation of things and services ever adds up to personal happiness." * * * * *

"Kennedy brought into public service a cultivated mind, a questing intelligence and a sophisticated awareness of the problems and predicaments of contemporary life. He was an uncommon man because in all his efforts during his brief life he strove for excellence."

"If businessmen want prestige in the pursuit of their careers they must surround themselves with the best in books and the best in people. They cannot be content with the popular or the mediocre in either. And if they want to make a contribution to The Great Society, they must give freely of both their time and money in accelerating its achievement."

"The American businessman has it within his power to become a member of a new elite in American life. Endowed with financial resources, he can redirect those resources from private gain to social responsibility. He can direct those resources to lifting the tone and quality of American life. He can establish new status symbols for himself and society. The new American businessman will be judged by his peers and subordinates not in terms of his mannered houses, his clubs, his yacht or his collections of art. His esteem from his fellows will come from how much of his private life is dedicated to public service. He will be judged in terms of the dignity with which he carries on his life and the measures of his striving to become more truly human."

"WHAT CAN I CONTRIBUTE?" *

"Value Commitments" (Peter Drucker in "The Effective Executive" says:)

"The U. S. Department of Agriculture has for many years been torn between two fundamentally incompatible value commitments--one to agricultural productivity and one to the 'family farm' as the 'backbone of the nation.' The former has been pushing the country toward industrial agriculture, highly mechanical, highly industrialized, and essentially a large-scale commercial business. The latter has called for nostalgia supporting a nonproducing rural proletariat. But because farm policy--at least until very recently--has wavered between two different value commitments, all it has really succeeded in doing has been to spend prodigious amounts of money."

*"The Effective Executive", Peter F. Drucker
Harper & Row, New York, et al, (P 56)

SOME QUESTIONS

- I. Is it ethical to fix prices by collusion?
- Is it moral?
- What values are undermined?
- II. Is it ethical to "throw" a game?
- Is it moral?
- Does it make any difference if the game is a "sand lot" affair, college competition? Minor league? Major league?
- III. Is it ethical to glue a 2 ounce weight on the bottom of the butcher shop scales:
- Moral?
- What if the weight is only $\frac{1}{2}$ ounce?
- IV. Is it ethical for a candidate to use money raised at political dinners in his honor for his own personal expenses?
- Is it moral?
- What values are being eroded?
- V. Is it ethical for a Board member to accept appointment and expenses to an Institute and then attend only a session or two?
- Is it moral?
- What values are being disregarded?
- VI. Is it ethical for a manager to use the company car for personal or family business:
- Is it moral?
- VII. Are there circumstances when conduct which is normally judged unethical becomes a concern to the Rural Electric Manager?
- VIII. What happens most often in your work that requires decisions or action that tend to bother your conscience?
- IX. What are some of the criteria, tests, "measuring sticks," standards, rules, laws, principles, which guide in making ethical, moral, value judgments?
1. Are any of the above changing?
 2. What are the sources (origins) of these criteria, etc.?
 3. Are the "sources of origin" losing their authority, acceptance, prestige?
 4. If so, what is replacing them?

QUESTIONS (Cont'd)

X. The Case of the "TWO HYPOTHETICAL BROTHERS" *

BROTHER A - "Thomas works hard and is thrifty and successful. He does not give much to charity, and they say you have to look out for yourself when you do business with him. But he gives his family everything."

BROTHER B - "Bob is steady, but he'll never get ahead much. He's generous, and lends money to friends. Some people say he's a sucker, but they like him. Bob takes care of his family, but he can't give them all the expensive things that Thomas gives his family."

WOULD YOU LIKE A SON OF YOURS TO BE MORE LIKE THOMAS OR MORE LIKE BOB?

RESULTS OF INTERVIEWS - INDIVIDUALS AND DISCUSSION GROUPS *

*(Ed Note: From the American Economy - Attitudes & Opinions
A. Dudley Ward (P 93, 94)

QUESTION VII:

"In your kind of work, do you ever have to do anything that sort of bothers your conscience?" *

Results of interviews - 503 respondents: *

72½%	---	"No hint of any such problem, though not denying that there were opportunities for <u>unethical</u> behavior."
7%	---	"Encountered <u>ethical</u> problems."
11%	---	"Sometimes <u>ethical</u> company policies worked a hardship on some individuals or in some situations."
4%	---	"Would not claim clear consciences."
3%	---	"Admitted covering up mistakes or cheating the company."
2½%	---	"No opportunity to get away with anything <u>unethical</u> ."

QUESTION X - Hypothetical Brothers - B. Bob; A. Thomas

"Would you like a son of yours to be more like Thomas or more like Bob?"

Results of interviews - 503 individuals or groups; 452 respondents:

Chose Brother A - Thomas - 35+%

Reasons: 19% - Family comes first, charity begins at home, he is a good
5% - You have to look out for yourself.
4% - Foolish to lend money; Bob's a
8% - Miscellaneous or no reasons given.

Continuation of QUESTION X - Hypothetical Brothers - B. Bob; A. Thomas

Chose Brother B.- Bob - 65-%

- Reasons:
- 24% - He has friends, is well liked, likable, a happier person.
 - 18% - He is more generous, kinder; Thomas is stingy or selfish.
 - 5% - He is more honest, trustworthy, moral; Thomas too slick, slippery.
 - 18% - Miscellaneous, vague, or no reasons given

Of the 503 respondents interviewed, as above, Ward indicates the sources of their religious education and current religious affiliations as follows:

No religion	40	Protestant:	
Protestant	256 - - - -	Methodist	62
Catholic	161	Lutheran	55
Jewish	40	Baptist	50
Other	5	Presbyterian	28
		Episcopalian	7
		Others	54

"AN EXPERIMENT WITH AN ETHICAL QUOTIENT"

(Adapted from "Technology and Human Values", Ed. by John Wilkinson, et al, from "Fighting Existential Nausea", by Dennis Gabor, published by The Center for the Study of Democratic Institutions.)

FIRST: Before looking at the attached suggested "Ethical Scale", select ten persons whom you know quite well or know considerable about. These ten are to be chosen so they will represent the most ethical, and the most unethical and a distribution in between.

SECOND: Distribute the ten names on the scale below:

RATING		NAME
Most ethical or moral	10	
	9	
Better than average	8	
	7	
Average	6	
	5	
Worse than average	4	
	3	
Most unethical or immoral	2	
	1	

THIRD: Now, turn to attached "Ethical Scale" and read carefully.

"AN ETHICAL QUOTIENT" *

"ETHICAL SCALE" *

EQ RATING

CHARACTERISTICS OF SOCIAL BEHAVIOR

130 plus	Dedicated to good works and to the service of others to the point of self-effacement or even self-sacrifice.
120-130	Dedicated to socially useful works, absolute refusal to act anti-socially, but ego not suppressed.
110-120	Socially unimpeachable behavior, balanced attitude between ego and social environment. Capable of unselfish behavior.
100-110	Responsible and reliable in the right environment, but prone to accept the standards of the majority.
90-100	Good citizen in routine conditions, but capable of mean, selfish acts. Occasional liar.
80-90	Social being under supervision, but capable of occasional dishonesty (not returning excess change, shop-lifting, etc.), poor sense of ethical values, attracted to lower standards, fond of "kicks."
70-80	Inclination to envy, hatred, occasional cruelty, and criminal behavior. Prone to fall foul of the law.
70 minus	Brutish, malicious, cruel; habitual criminal.

1. Can you impose the above Ethical Quotient Scale on the one you made up on the preceding page with high correlation?
2. Would your "Mr. A", for example, meet the "test" of "130-plus" - Dedicated to good works and to the service of others to the point of self-effacement or even self-sacrifice?"
3. Would your other "Names" (Mr. C , Mrs. J) approximate the Ethical Quotient classifications?
4. If you think the "Ethical Quotient Scale" has a fairly high validity, try it out on staff; your social group; the luncheon club.

It serves here primarily as a device to sharpen our ethical appraisal of others.

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VIABILITY PROFILE
MEASURING PERFORMANCE

James Sullivan, REA

Notes by Secretary of Consultation on Sullivan's Presentation:

James Sullivan reviewed with the group a proposed Viability Profile which was being developed by the Rural Electrification Administration and discussed the contents of the profile and the results of testing the profile on thirty rural electric systems throughout the United States.

Sullivan stated that the Viability Profile was a staff tool developed by REA in its efforts to identify bench marks for all Rural Electric Systems.

It was noted by Sullivan that the Viability Profile had not been finalized and that the suggestions of the group would be taken into consideration in the further refinement of the format.

A question was raised by Virgil Herriott to the effect that the consultation group was concerned with what the Rural Electrification Administration was doing to promote the growth and development of management and directors of Rural Electric Systems. Sullivan stated that REA plans to hold a new director orientation session this summer.

In the further discussion of the Viability Profile, the following thoughts were brought out by Sullivan.

There is a need for creating a greater consciousness of load growth and what the annual growth rate means to a system.

REA has now assigned a full time staff person, George King, to the area of Automatic Data Processing.

REA Bulletin 101-5 gives information on Model Bylaws for RE systems. The bylaws of a system establishes the moral tone of the organization and is the foundation of all policy.

The question of "How small is too small?" for a rural electric system has been raised leading to a discussion of where could the program do more in federation.

REA has done very little on recruiting, setting standards for management selection.

Some of the problems in power sales and load growth are reflected in the fact that the use of electricity for farming operations is actually reducing with the expanded usage being in the household; limiting policies on three phase power could be one reason. It was pointed out that a larger and larger percentage of consumers are tenant users. The question of mobile home users and the promotion of this type load was discussed with no conclusions being reached.

The proposed Viability Profile as presented by James Sullivan follows with the affirmative answers (favorable) given by the systems participating in the test group.

V I A B I L I T Y P R O F I L E

Borrower Designation: _____

<u>1. Basic Program Objectives</u>	<u>Test Results</u> <u>(Affirmative Answer)</u>
<u>1.1 Area and Load Development</u>	
1.11 Does the borrower's policy and performance demonstrate that it is helping to improve the economic conditions of its service area by actively participating in organizations concerned with rural area development and providing advice relating to sources of financing and technical assistance available for the development of industry and community facilities?	<u>22</u>
1.12 The average disposable income per family for the counties served was \$ _____ in 19__ and \$ _____ in the preceding year; an increase of ____%. Did this percentage increase at least 6%?	_____
1.13 Did the number of residential consumers served (which was _____ at the end of 19__ and _____ at the end of the preceding year) increase?	<u>24</u>
1.14 Did the number of commercial and industrial consumers served (which was _____ at the end of 19__ and _____ at the end of the preceding year) increase?	<u>17</u>
1.15 Did the average monthly consumption by residential consumers (which was _____ kwh in 19__ and _____ kwh in the preceding year) increase at least 7%?	<u>13</u>
1.16 Did the kwh used by small commercial and industrial consumers (which were _____ kwh in 19__ and _____ kwh in the preceding year) increase by at least 12%?	<u>16</u>
1.17 Did the kwh used by large commercial and industrial consumers (which were _____ kwh in 19__ and _____ kwh in the preceding year) increase by at least 12%?	<u>17</u>
1.18 Did the annual kwh sales (which were _____ kwh in 19__ and _____ kwh in the third preceding year) increase by at least 30% in this three-year period?	<u>12</u>
<u>1.2 Territorial Integrity</u>	
1.21 Is the system protected by law (statute, court or commission decisions) against the furnishing by another system of:	
a. service to premises already served by it?	<u>14</u>
b. service to unserved premises within a specified distance from its existing lines?	<u>12</u>
c. service to unserved premises within a definite service area?	<u>4</u>

- 1.22 Is the system authorized by law (statute, court or commission decisions) to:
- a. continue serving existing consumers in areas which were rural when service was initiated but lost their rural character by reason of population growth or annexation? 10
 - b. connect additional consumers in such areas? 3
- 1.23 Did the borrower go through last year without losing as a result of pirating activity:
- a. an existing consumer? 28
 - b. a potential consumer? 20

1.3 Area Coverage

- 1.31 Does the borrower have a published schedule or tariff outlining the rates and conditions for providing service to all applicants in its service area? 29
- 1.32 Does the borrower provide service to all permanent full-time residential and small commercial applicants in its present and proposed service areas:
- a. without increased minimums or additional line extension service charges? 15
 - b. without a contribution in aid of construction? 24
- 1.33 In the past two years, has the borrower made an effort to serve all unserved occupied premises within its logical service area? 15

1.4 Parity of Rates

The average monthly KWH consumption for residential consumers was _____ KWH per month for calendar year 19___. Determine the lower level and the upper level within which the average KWH falls, and enter in Column A the Borrower's Bill for the level below and above the average. (Using Schedule "A", non-water heater rate, for the 100-250 KWH levels, and Schedule "A-WH", water heater or similar rate, for the 500 KWH and above levels.) In Column B enter the bill for like KWH usage, using the urban rate comparable to the above, in the nearby community of _____. Compute ratio for the two levels in Column C.

	A	B	C
	Borr's. Bill	Bill in Town	Ratio A/B
100 kwh	\$ _____	\$ _____	_____ %
250 kwh	_____	_____	_____
500 kwh	_____	_____	_____
750 kwh	_____	_____	_____
1000 kwh	_____	_____	_____
1500 kwh	_____	_____	_____
2000 kwh	_____	_____	_____
2500 kwh	_____	_____	_____

- 1.41 Is the borrower's bill for the lower level?
 - a. 100% or less of the comparable urban bill? 9
 - b. 110% or less? 13
 - c. 120% or less? 21
- 1.42 Is the borrower's bill for the upper level:
 - a. 100% or less of the comparable urban bill? 7
 - b. 110% or less? 10
 - c. 120% or less? 22

2. Management Development

2.1 Member and Public Relations

- 2.11 Was the borrower's budget for a power use and member and public relations program in the current year at least \$3 per consumer plus \$2 per mile of line? 16
- 2.12 At the annual meeting held in 19__ (attended by _____% of the membership):
 - a. was there a quorum present? 29
 - b. were at least 10% of the members present? 17
- 2.13 Does the borrower directly or in cooperation with an associated organization maintain effective communications with its members through:
 - a. a member service committee? 5
 - b. regularly published newsletters or a cooperative section in a statewide paper? 26
 - c. meaningful annual reports to its members? 27
- 2.14 Does the borrower directly or in cooperation with an associated organization have a regular program for projecting a favorable image using available media such as radio, television, and local newspapers? 27
- 2.15 Has the borrower directly or in cooperation with an associated organization conducted an opinion poll within the past three years to determine the attitude toward the borrower of:
 - a. the member? 2
 - b. the general public? 1
- 2.16 In order to develop well informed and articulate employees, does the borrower conduct regular programs on employee orientation using such tools as "Good for All America," "Telling the Co-op Story" or similar programs? 25

2.2 Managerial Control Procedures

- 2.21 Are bylaws consistent with REA recommendations to the extent permitted by state laws concerning number of members necessary to constitute a quorum, election and qualifications of directors, nonprofit operation and capital credits, disposition of property, and amendment of bylaws? 26
- 2.22 Does the borrower have a written policy manual as suggested in REA Bulletin 103-1, and operate consistently with such policies? 19
- 2.23 Are reports covering the borrower's operations prepared for the board of directors in accordance with minimum standards in REA Bulletin 103-6? 28
- 2.24 Does the board of directors fully discuss the monthly reports on the system operations, and keep accurate written records of such discussions in their board meeting minutes? 27
- 2.25 Does the borrower have and use an acceptable:
- a. Long-Range Engineering Plan? 24
 - b. Construction Work Plan? 28
 - c. Annual Financial Budget? 25
 - d. Long-Range Financial Forecast? 27
 - e. System Operations and Maintenance Survey? 14
 - f. Annual Member Service and Power Use Plan? 15
- 2.26 Does the CPA discuss his findings with the Board at the completion of the audit? 21
- 2.27 Does the board take necessary action to implement the CPA's recommendations? 25
- 2.28 Does the most recent report from either CPA's or REA personnel covering internal control procedures indicate they are satisfactory? 28

2.3 Other Management Policies and Practices

2.31	Did the borrower conduct or finance technical training for employees within the past 12 months?	<u>26</u>
2.32	Does the borrower have and use adequate written job descriptions for all employees?	<u>15</u>
2.33	Does the borrower have an equal employment affirmative action program (see REA Bulletin 20-15)?	<u>28</u>
2.34	Was the borrower's record during the entire past year clear of any unsettled citations for violation of:	
	a. The National Labor Relations Act?	<u>30</u>
	b. The Wage and Hour Act?	<u>30</u>
2.35	Has the borrower:	
	a. developed and publicized a program to promote safety consciousness of members and the public where facilities and property of the borrower are concerned?	<u>17</u>
	b. regularly conducted safety sessions for employees?	<u>29</u>
2.36	Was the borrower's latest Disabling Injury Index (which was ___% in 19__) less than 5%?	<u>19</u>
2.37	Has the borrower made an evaluation of its insurance risk and insurance coverage during the past year?	<u>23</u>
2.38	Does the borrower follow a written policy prohibiting use of general funds for loans to any director, officer or employee which are not available to all its members on the same terms?	<u>27</u>

3. General Operations

3.1 Financial Condition

3.11	Was the borrower's DSER (which was ___% as of 19__):	
	a. at least 100%?	<u>23</u>
	b. less than 150%?	<u>22</u>
3.12	Was the ratio of general funds to total plant (which was ___% as of _____):	
	a. under 6%?	<u> </u>
	b. over 15%?	<u> </u>
3.13	Are at least 75% of the borrower's general fund investments in compliance with REA's recommendations regarding liquidity and safety?	<u>30</u>

- 3.14 Was the increase in the borrower's total net worth (which was \$_____ at the end of 19__ and \$_____ at the end of the preceding year) between 3% and 12%? 20
- 3.15 Has the borrower made a general retirement of capital credits? _____
- 3.16 Are the oldest capital credits not yet retired: 3.16 Is the borrower's
- a. less than 20 years old? 18
- b. less than 15 years old? 14
- c. at least 10 years old? 24
- 3.17 Did the operating revenue per dollar invested in total distribution plant (which was ___¢ in 19__ and ___¢ in the third preceding year) increase by at least 5% in this three-year period? 13
- 3.18 Did the total distribution plant investment per kwh sold (which was ___¢ for 19__ and ___¢ in the third preceding year) decrease by at least 14% in this 3-year period? 9

3.2 Revenue and Cost of Service

- 3.21 Did the total annual operating revenue (which was \$_____ in 19__ and \$_____ in the preceding year) increase by at least 7%? 12
- 3.22 Was the ratio of the accumulated provision for depreciation to electric plant (reported as _____% at the end of 19__) between 20% and 40%? 25
- 3.23 Did the cost of power per kwh sold (which was _____ mills in 19__ and _____ mills in the third preceding year) decrease in this three-year period? 21
- 3.24 Did the total cost of electric service less the cost of power (Line A-17 minus Lines A-2, A-3 and/or A-4, REA Form 7) per kwh sold (which was \$_____ in 19__ and \$_____ in the third preceding year) decrease by at least 6% in this three-year period? 19
- 3.25 Is the ratio of the total cost of power, interest, taxes and depreciation (lines A-4, A-13, A-14, and A-12 of REA Form 7) to operating revenue (computed at _____% for 19__) less than 62%? 17
- 3.26 Is the ratio of all other costs not included in Question 3.25 above to operating revenues (computed at _____% for 19__) less than 26%? 6

3.3 Power Supply

- 3.31 Is the borrower a member of a power supply organization with a continuing program of power supply planning, investigation and evaluation of possible power sources, costs and supply? 29
- 3.32 Is the borrower's power supply contract free of:
- a. dual rate provisions? 28
 - b. restrictions on the size or type of load which can be served? 23
- 3.33 Was the borrower's average outage rate due to power source failure in the latest year less than:
- a. .20 hours per consumer? 10
 - b. .50 hours per consumer? If no records are available, answer no) 14
- 3.34 Does the borrower have reasonable assurance of an adequate and continuous source of power? 30
- 3.35 Has the borrower's power supplier delivery voltage regulation been satisfactory for at least the past 2 years? 24
- 3.4 Construction
- 3.41 Does the borrower follow REA recommended construction standards and specifications? 30
- 3.42 Does the borrower make analyses to determine whether the more practical and economical method of proposed construction is by force account or contract? 22
- 3.43 For contract construction, does the borrower usually obtain bid proposals from more than one contractor? 22
- 3.5 Operations and Maintenance
- 3.51 Was total consumer hours outage time per consumer (which was _____ in 19__) less than six hours? 18
- 3.52 Was the overall annual system load factor (which in 19__ was _____%) more than 50%? 13
- 3.53 Are frequent accurate measurements made (see REA Bulletins 161-7 and 169-4) to assure adequate voltage levels on the system? 23
- 3.54 Were system energy losses (which were _____% in 19__) under 10%? 13

- 3.55 Has a pole line inspection been completed within the time range suggested in REA Bulletin 161-3? 12
- 3.56 Are plant records kept in a manner which reflects the physical condition of the system? 15
- 3.57 Does the borrower have an effective distribution transformer load analysis and change-out program? 7
- 3.58 Have plans been made for taking corrective action in the event of severe or extensive storm damage? 29

3.6 Accounting and Statistical Records

- 3.61 Do the reporting and accounting procedures generally result in an accurate recording of revenues and expenses in accordance with the REA Uniform System of Accounts? 1
- 3.62 Are satisfactory subsidiary records maintained and reconciled periodically for all major assets and liability accounts? 24
- 3.63 Did the latest review indicate that:
- a. Statistical Records were generally satisfactory? 25
 - b. Loan Fund Records were generally satisfactory? 28
- 3.64 Are the procedures for recording costs of plant and plant retirements consistent with REA recommendations with respect to:
- a. Work order procedures? 26
 - b. Special equipment accounting? 24
 - c. Continuing Property Records? 17

WORKSHEET FOR CALCULATING
EFFECT ON REVENUE OF VARIOUS KWH CONSUMPTION GROWTH RATES

	Typical Distribution System		Your Distribution System	
	5% Growth Rate	7% Growth Rate	% Growth Rate	% Growth Rate
1. 1965 average revenue per KWH*	2.17¢	2.17¢	_____	_____
2. 1965 average monthly KWH*	479	479	_____	_____
3. 1965 average annual KWH*	5,748	5,748	_____	_____
4. Multiplier for 10-year growth	1.629	1.967	_____	_____
5. Est. 1975 average annual KWH*	9,363	11,306	_____	_____
6. Extra KWH at higher growth rate	-	1,943	-	_____
7. Additional revenue per consumer	-	\$42.16	-	_____
8. Same, per 1,000 consumers	-	\$42,160	-	_____
9. Same, per system**	-	\$244,528	-	_____
10. Multiplier for 15-year growth	2.079	2.759	_____	_____
11. Est. 1980 average annual KWH*	11,950	15,859	_____	_____
12. Extra KWH at higher growth rate	-	3,909	-	_____
13. Additional revenue per consumer	-	\$84.83	-	_____
14. Same, per 1,000 consumers	-	\$84,830	-	_____
15. Same, per system	-	\$492,014	-	_____
16. Multiplier for 20-year growth	2.653	3.870	_____	_____
17. Est. 1985 average annual KWH*	15,249	22,245	_____	_____
18. Extra KWH at higher growth rate	-	6,996	-	_____
19. Additional revenue per consumer	-	\$151.81	-	_____
20. Same, per 1,000 consumers	-	\$151,810	-	_____
21. Same, per system	-	\$880,498	-	_____

* Per residential consumer.

** Typical 1965 system had 5,800 consumers.

CUMULATIVE EFFECTS OF DIFFERENT ANNUAL RATES OF GROWTH

Year	<u>1%</u>	<u>2%</u>	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>	<u>9%</u>	<u>10%</u>
0	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1	1.010	1.020	1.030	1.040	1.050	1.060	1.070	1.080	1.090	1.100
2	1.020	1.040	1.061	1.082	1.103	1.124	1.145	1.166	1.188	1.210
3	1.030	1.061	1.093	1.125	1.158	1.191	1.225	1.260	1.295	1.331
4	1.041	1.082	1.126	1.170	1.216	1.262	1.311	1.360	1.412	1.464
5	1.051	1.104	1.159	1.217	1.276	1.338	1.403	1.469	1.539	1.611
6	1.062	1.126	1.194	1.265	1.340	1.419	1.501	1.587	1.677	1.772
7	1.072	1.145	1.230	1.316	1.407	1.504	1.606	1.714	1.828	1.949
8	1.083	1.172	1.267	1.367	1.477	1.594	1.718	1.851	1.993	2.144
9	1.094	1.195	1.305	1.423	1.551	1.689	1.838	1.999	2.172	2.358
10	1.105	1.219	1.344	1.480	1.629	1.791	1.967	2.159	2.367	2.594
11	1.116	1.243	1.384	1.539	1.710	1.898	2.105	2.332	2.580	2.853
12	1.127	1.268	1.426	1.601	1.796	2.012	2.252	2.518	2.813	3.138
13	1.138	1.294	1.469	1.665	1.886	2.133	2.410	2.720	3.066	3.452
14	1.149	1.319	1.513	1.732	1.980	2.261	2.579	2.937	3.342	3.797
15	1.161	1.346	1.558	1.801	2.079	2.397	2.759	3.172	3.642	4.177
16	1.173	1.373	1.605	1.873	2.183	2.540	2.952	3.426	3.970	4.595
17	1.184	1.400	1.653	1.948	2.292	2.693	3.159	3.700	4.328	5.054
18	1.196	1.428	1.702	2.026	2.407	2.854	3.380	3.996	4.717	5.560
19	1.208	1.457	1.754	2.107	2.527	3.026	3.617	4.316	5.142	6.116
20	1.220	1.486	1.806	2.191	2.653	3.207	3.870	4.661	5.604	6.727

YEARS REQUIRED TO DOUBLE OR TRIPLE PRESENT
LOAD AT DIFFERENT ANNUAL RATES OF GROWTH

<u>Rate of Growth</u>	<u>Years to Double</u>	<u>Years to Triple</u>
1%	70 yrs.	110 yrs.
2%	35 yrs.	55 yrs.
3%	23 yrs.	37 yrs.
4%	18 yrs.	28 yrs.
5%	14 yrs.	23 yrs.
6%	12 yrs.	19 yrs.
7%	10 yrs.	16 yrs.
8%	9 yrs.	14 yrs.
9%	8 yrs.	13 yrs.
10%	7 yrs.	12 yrs.

MANAGING BY RESULTS

by: Barbara Deverick,

Director of Management Services

Blue Ridge Electric Membership Corporation

Lenoir, N. C.

INTRODUCTION

We have taken the liberty of changing the subject slightly to enable us to discuss the atmosphere for results which includes far more than just developing position descriptions which emphasizes results rather than activities. To create a climate for results, other things are necessary. J. D. Batten in his book "Developing a Tough Minded Climate for Results" stated, "job descriptions in their simplest form are merely tools of organization and management. They are guides and guides only, to organized action and should never contribute toward stifling individual creativity. They were never meant to pinpoint each and every action expected from a job, nor were they meant to replace judgement and wisdom". Mr. Batten goes on to say that the typical job description outlines in general terms what the person who is on the job does -- that is activity. What he accomplishes on the other hand, is results. These are specifics which can be measured in terms of their contribution to the objectives of the organization. While we will discuss results oriented position descriptions as a part of our presentation, we prefer to talk about Blue Ridge Electric's experience in creating the climate for results and the progress made thus far in our efforts to manage by results.

REQUIREMENTS FOR A CLIMATE FOR RESULTS

Again quoting J. D. Batten, Mr. Batten said, "A smooth transition to excellence in management cannot be achieved by an abortive hodgepodge of borrowed programs and panaceas. First-rate company success must derive from a top executive who can think... who can provide the rest of his team with a desire to excel and a distinct impatience with mediocrity." The one element which can enlighten and energize an ordinary firm so that it can accomplish extraordinary things and can turn a mediocre company into a great one, according to Mr. Batten is climate... Many other writers have expressed similar ideas. Dale D. McConkey in his book "How to Manage by Results" sets forth the elements needed to create such a climate. Edward Schleh in his book "Management by Results" identifies similar elements. At Blue Ridge Electric, we determined that a climate for results required (1) Clear Objectives (2) Functional Organization (3) Results Oriented Position Descriptions (4) A Commitment to Work Programs (5) Control Reporting and last, but by no means least (6) Follow-up action. When these things are developed and carried out, you achieve--Management by Results. I will discuss our experience in the development and implementation of the first three--Objectives - Functional Organization - and Results Oriented Position Descriptions. The General Manager will discuss the latter three - Work Programs - Control Reporting - and Follow-up Action which includes performance appraisal - action plans and salary adjustments.

COMMITMENT BY MANAGER

We began to concern ourselves with results oriented management about six years ago. I should say that the General Manager became concerned and he motivated the staff assistant to become concerned and finally everyone in the organization got into the act.

This brings me to my first point--BEFORE A PROGRAM OF THIS TYPE CAN BE INSTITUTED, THE GENERAL MANAGER MUST BE COMPLETELY SOLD ON THE IDEA AND WILLING TO PARTICIPATE IN ITS DEVELOPMENT AND IMPLEMENTATION. Otherwise, it is defeated before it is begun. The frustrations and problems inherent in a change of this sort are many and unless the general manager is truly dedicated to the cause, the whole program will go down the drain before it is given a fair trial.

SYSTEM OBJECTIVES

When Blue Ridge Electric Membership Corporation committed itself to managing by results, we first began to discuss this concept with our directors, who immediately agreed that this was a sound approach and got into the act by taking a good look at the objectives of the organization and sorting them out as to which were the major, or more important ones, and which were secondary, or provided support to the major objectives. Many of the objectives were also re-written to clarify their meaning. I might state that the policy committee of the board of directors makes an in-depth review of system objectives annually and up dates them as necessary to reflect the changing needs of the membership and community. The major change this year was in the area of responsibility for total area development.

About objectives, I believe I can speak from experience and say that the system objectives must be clearly and simply stated. These objectives must be communicated throughout the organization, understood and accepted by all personnel. In the communication of objectives, special emphasis on what the accomplishment of each employee means to the achieving of the objectives is essential. We begin this program of communication and commitment with each employee as they enter the organization. The discussion of objectives and how their position relates to system objectives is a part of his basic orientation. Emphasis to individual achievement as it relates to achieving system objectives is given throughout his career with the organization. Each employee is encouraged to determine what accomplishment of the objectives of the system means to him as an individual.

FUNCTIONAL ORGANIZATION

After refining the objectives of the organization, a good look was taken at the total organization of Blue Ridge Electric to re-align functions to produce the most effective organization for achieving the system objectives. This review resulted in a number of functions which had previously been carried out by the staff departments being shifted to the operating districts and a few functions taken from the districts and placed in the staff departments. Some shift in functions of Operations and Maintenance Services Department and Engineering and Construction were also made. Of course, these shifts added to the confusion for a time. But during the course of all this shifting of functions, the need for well developed practices manuals was brought to light. These were developed, and another phase of our organization was born. A formal operating policy was adopted which outlined how these practices manuals were to be set up and maintained. During the organization review, each department looked at its functions and raised such questions as, "Where can this best be done to achieve the most desirable results?" Several departments came forth with such statements as, "We've been responsible for this function for the past ten years, but honestly believe that it can best be carried out by another department." These responsibilities which were shifted were not the less desirable ones. Many of them represented major segments of the department's responsibilities. For example, decentralization of warehousing operations resulted in a major shift of responsibility from the Operations and Maintenance Services Department to the operating districts and a shift of test and repair operations

for major substation and line equipment from Engineering to Operations and Maintenance removed a whole section of personnel from the Engineering Department. However, when these changes were approached from the results standpoint, the acceptance from all involved was amazing. To summarize in organization planning, we endeavored to specify what had to be done to achieve each system objective and then laid out the work on an organization chart by function. Finally, we modified the functional organization to take advantage of the strengths of the staff.

POSITION DESCRIPTIONS

This brought us then to the development of results oriented position descriptions. At our 1964 consultation, we discussed the concept of joint or dual responsibility for results. If you recall, this concept followed the theory that a man can and should be held fully accountable for a result, even if he has only a partial influence on the result and several other people can either make or break the success of the project. This dual responsibility for results is especially important in securing the maximum in line-staff cooperation. We have endeavored to develop this concept in our position descriptions. We developed our present position descriptions with the participation of each member of the staff. The development of these descriptions was initiated early in 1962, and it was early 1964 before they were finished to the point that we considered them workable. Today, some three or four years later, it is surprising how often you hear reference made to the position descriptions in terms of key result areas by the department managers and members of their staffs. It has taken most of this time to really get the results message communicated and everyone in the organization "singing the same tune".

Last year at the first NRECA sponsored personnel conference, William P. Drewery, Marketing Consultant for Westinghouse Electric Corporation of Pittsburgh, speaking on establishing performance objectives which are results-oriented, stated that in their corporation, they normally limited position objectives to no more than five. I agree with Mr. Drewery - Blue Ridge Electric limits its position objectives to three or four. Exhibits No. 1 and No. 2 are the objectives developed for two of our first level management positions--Manager of District and Manager of Engineering and Construction Services. You will note that the Manager of District, who is responsible for a line department, has two primary objectives: Managing Operations and Continuity of the Organization; and each of these objectives is divided into distinct parts which clearly state the department manager's responsibilities in each area. Look at the objectives for the Manager of Engineering--you will see almost identical primary objectives--the major difference being the added emphasis given to supportive relationships. This added emphasis is because this is a staff department.

The format for the results oriented position descriptions has four major headings: (1) Objectives (2) Reporting Relationships (3) Responsibilities, Authorities and Results (which are functional measurements to achieve objectives) and (4) Supportive Relationships. We will examine only one segment of the responsibility for planning for results.

However, before we do this, let us quickly look at the delegations from the General Manager to each of the two department managers, whose positions we are reviewing (see Exhibits No. 3 and No. 4). Note the second delegation and the last delegation to the Manager of District. Now look at the delegations to the Manager of Engineering--note delegations 5 and 7. Note also that four of the key result areas for the Engineering Department are also listed as key result areas for the Manager of District. Here we bring in the concept of joint responsibility for results. Especially in the areas of

service leadership and productivity, as well as public and member relations and the development of system personnel.

RESULT STATEMENTS

Note the position description for the Manager of District--the section having to do with his responsibility for planning the controls (see Exhibit No. 5) which will show the results stated in each of the key results areas delegated to him and his department by the General Manager. Note also that each area has two or more key indicators and a simple statement of results under each indicator. These results statements are purposely kept broad and not too specific. A more definitive and specific result statement, or goal, either quantitative or qualitative, will be set forth in the annual work program developed by the department head and his staff. The specific results or goals can change annually, or more often, depending on circumstances. Should the more specific statement be contained in the position description, the description would have to be revised every time the goal changed. Note the statements under Productivity-Service Leadership and Member Relations-----keep these in mind as you look at the same section of the position description for the Manager of Engineering (see Exhibit No. 6). Note the difference in the statements....Let me say that you can do everything Blue Ridge Electric has done, but if the "spirit" of the organization is not being skillfully fed and nourished, if the environment is not fashioned into a stimulus for effective results, motivation is still lacking. Position descriptions, tools and techniques, alone are not enough; there must be a practical and realistic blending of fundamental truths applied in a planned and orderly way and a dedication by top management which is evidenced not by words, but BY EXAMPLE. This builds enthusiasm and confidence in the program and makes it a dynamic thing.

The General Manager will discuss those things which provide the real motivation in the Managing by Results program at Blue Ridge Electric. These are: Annual Work Programming; Systematic Reporting of Progress; and Follow-up Action, which includes replanning, total job review, and salary adjustments.

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MANAGING BY RESULTS

by: C. E. Viverette, General Manager
Blue Ridge Electric Membership Corporation
Lenoir, N. C.

ANNUAL WORK PROGRAMMING

General Manager must provide leadership - This is done through the written guidelines which the Manager develops and reviews with his staff prior to the beginning of work on department work programming. (See Exhibits No. 7 and No. 8 for guidelines to districts and engineer.)

He should establish target dates for review of work programs and completion. (See Exhibit No. 9)

General Manager reviews department work programs; modifies department plans only when it is clearly apparent that they will conflict with the accomplishment of expected results for the system or system objectives.

ANNUAL DEPARTMENT WORK

Annual work plan should contain target dates for the accomplishment of the goals.

Department work program must be developed with the assistance of department personnel, especially section heads. For coordination and understanding at Blue Ridge Electric Membership Corporation, all department work programs are reviewed in a management staff meeting and in supervisory conferences.

Exhibits No. 10 and No. 11 are annual work programs for a line (district) and staff (engineering) department. Be sure to tie annual work goals of department to system objectives.

RESULTS REPORTING - CONTROL INFORMATION

Reports are made monthly by all departments in certain key areas. More comprehensive reports are made quarterly on all key result areas of the department. (See Exhibits No. 12 and 13 for quarterly reports for a line and a staff department) A progress review conference is held by the General Manager and his staff.

BOARD REPORTING IN KEY RESULTS AREAS

The General Manager reports to the Board of Directors in the key results areas set forth in his position description. See Exhibit No. 14.

Each department head prepares that portion of the report which relates to the key result areas of his department. However, the General Manager presents the report.

Once each year, the Department Managers meet with the Board on a rather informal basis for a general discussion of their department work and its contribution to the progress of the Cooperative.

FOLLOW-UP ACTION - TO ACHIEVE BETTER RESULTS

A. REPLANNING - as a result of the monthly and progress quarterly reports. Some replanning is usually necessary to achieving the annual results the departments are seeking.

B. ANNUAL APPRAISALS OF DEPARTMENT MANAGER'S PERFORMANCE

Total job performance reviews are carried out annually by the General Manager for each member of his staff in January. Plans of action are developed with each person which will contribute to his growth and development and to the system objectives. (Exhibits No. 15 and No. 16.) The Board of Directors also annually appraise the General Manager's performance in each of the key results areas which they have established and provide guidelines for improvement.

C. SALARY ADJUSTMENTS are given on the basis of results achieved. Replanning, annual job performance reviews, and salary adjustments are all tied to results being achieved in the departments.

The General Manager endeavors to make sure that each department manager and his staff know the contribution the department is making toward the system objectives to which he and the department are committed.

The General Manager, who is results oriented, believes that his people should be held accountable for results--not activity--and provides security, recognition, and opportunity on that basis.....when this is done, you have MOTIVATION for doing the job.

PROGRESS REVIEW MEETING

The quarterly review of departmental progress reports which the General Manager makes with his staff indicates that supervisors are finding the work programs most meaningful, especially since the monthly and quarterly reviews are being held in the departments with the supervisory personnel. Prior to the system progress review with the General Manager, one department head said that he was confident that each supervisor in his department would do a much better job of developing his work program next year, as a result of these reviews. Several department managers indicated that their staffs had established work planning idea files for 1968 which would assure that they did not overlook any area or bit of information which would enable them to do more complete annual work programming for their section.

Many questions were asked at the system review by staff members and suggestions made which helped to clarify working relationships, expedite work, and even engender a competitive spirit among the districts. One district manager said that each month he chose certain key areas in the district operations, usually one or two in which his district made a good showing, and several in which they did not make such a good showing, and posted the comparative data on the district bulletin board. This provided additional motivation for the district staff. All district managers indicated they reviewed and discussed the comparative district reports with their personnel. There was a clear indication from the type of participation in the meeting that each staff member present had a better understanding of the progress of the system for the first quarter and how his department's efforts had contributed to this progress.

POSITION DESCRIPTION

MANAGER OF DISTRICT

I. OBJECTIVES

To assure that all consumers within the district service area are provided with electric service in adequate and dependable quantities at the lowest cost consistent with good business practices; that high standards of service are maintained; that prudent management and good personnel practices are followed. To this end the following objectives are set forth for this position.

A. MANAGING OPERATIONS: Managing the district to achieve maximum results in providing services to the member-consumers required by changing situations and which are consistent with established objectives, policies, and plans by:

1. District Operations: Operating the district in such a manner as to assure the most efficient operations and the most widespread use of electric energy by the members consistent with their best interest.
2. Civic Participation: Participating in civic and public affairs and assisting in the over-all economic development of the area served by Blue Ridge Electric Membership Corporation.

B. CONTINUITY OF ORGANIZATION: Achieving maximum results in short and long range planning to build a district organization that will have continued success through:

1. Department Organization: Developing the internal organization which will provide continuity of district operations.
2. Securing Understanding: Developing the highest degree of understanding and appreciation of the cooperative way of doing business among the employees, members and general public.
3. Supportive Relationships: Developing the supportive relationships with other departments of the cooperative to fulfill the functions of this position and to achieve the desired results.

POSITION DESCRIPTION - MANAGER OF ENG. & CONST. SERVICES

1. OBJECTIVES

To assure that the assigned functions and activities of the Engineering and Construction Services Department are carried out; that the Engineering and Construction Services Department renders adequate and dependable staff services to other departments; that prudent management and good personnel practices are followed. The following objectives are those of the Manager of Engineering and Construction Services:

- A. DEPARTMENT OPERATIONS: Managing the Engineering and Construction Services Department to achieve maximum results in providing engineering and construction services to all departments which are consistent with established objectives, policies and plans by:
 1. Planning: Formulating plans for the orderly expansion of the system's electric plant facilities to meet future requirements for adequate and dependable electric service for all member-consumers at the lowest cost consistent with good engineering practices.
 2. Research: Doing research and providing advisory services on design and construction of electric facilities essential to achieving the results desired by each department.
 3. Engineering Services: Providing special engineering and construction services to operating departments which are essential to achieving the results desired by each operating department.
- B. CONTINUITY OF THE DEPARTMENT: Achieving maximum results in short and long range planning which build an organization that will have continuing success through:
 1. Securing Understanding: Developing the highest degree of understanding and appreciation of the cooperative philosophy and way of doing business among the employees, members and general public.
 2. Department Organization: Developing the organizational structure of the department to provide for continuity of department operations.
 3. Participation in Community: Participation in civic and community affairs and assisting in the over-all economic development of the area served by the cooperative.
- C. SUPPORTIVE RELATIONSHIPS: Developing those supportive relationships essential to the fulfilling of the functions of this position and encouraging throughout the department and organization the concept of team work and consultative management.

Delegations from General Manager to Managers of Districts

1. Managing in all required areas to achieve the essential results from all functions and activities assigned to or required by situations within the district.
2. Developing the guidelines to be used as controls and control information to be reported to the General Manager on the results achieved in:
 - a. Operations and Maintenance
 - b. Electric Plant Additions
 - c. Service Leadership
 - d. Market Position
 - e. Public Relations
 - f. Membership Relations
 - g. Personnel Development and Relations
 - h. Productivity
 and developing the required supportive relationships which will effectively achieve the agreed upon level of results.
3. Developing a program of active participation in civic and community affairs and leadership in area development activities.
4. Performing on the individual's own initiative and without prior approval all those functions and activities required to achieve results as Manager of District when the position description does not specify "when authorized or directed" and/or indicates that prior approval is necessary.

Delegations from General Manager to Manager of Engineering and Construction Services

1. Doing the long and short range engineering planning for the orderly expansion of the system's electric plant to meet system needs for adequate and dependable electric power at the lowest cost consistent with good engineering practice.
2. Doing research and providing services on design and construction of electric facilities essential to achieving the results desired by each department of the cooperative.
3. Developing specifications to be used in all construction work; handling and/or coordinating plant conflicts (permits, easements, joint use agreements, etc.); making transmission line and land acquisition surveys; and directing construction contract work on transmission lines and substations and other work as required.
4. Managing in all required areas to achieve essential results from all functions and activities assigned to or required by situations within the Engineering and Construction Services Department.
5. Developing the guidelines to be used as controls and control information to be reported to the General Manager on the results achieved in:
 - a. Service Leadership
 - b. Productivity
 - c. Power Requirements
 - d. Engineering and Construction Services
 - e. Member and Public Relations
 - f. Personnel Development and Relations
 - g. Staff Services

and developing the required supportive relationships which will effectively achieve the expected level of results.

6. Developing a program of active participation and leadership in civic and community affairs.
7. Performing on the individual's own initiative and without prior approval all those functions and activities required to achieve results as Manager of Engineering and Construction Services when the position description does not specify "when authorized or directed" and/or indicates that prior approval is necessary.

POSITION DESCRIPTION - MANAGER OF DISTRICT

III. RESPONSIBILITIES, AUTHORITIES, AND RESULTS (Functional Measurements to Achieve Objectives)

Is responsible for and accountable to the General Manager for the results achieved in the following areas by district.

- A. PLANNING - Formulates the course of action which will achieve a consistent, coordinated structure of district operations directed toward obtaining the desired results for the district and contributes to the achieving of the over-all objectives of the organization. Manager of District's planning responsibility in each of the following areas is being fulfilled when:
5. Controls: Development of controls in the following key result areas reveals progress being made in the achieving of the desired results for each area:
- a. Operations and Maintenance - Provides maximum utilization of electric plant in relation to sound operating principles and member and public relations; provides maximum continuity of service; assures minimum long range cost. Evaluation of results to be based on the following criteria.
- Satisfactory results are being achieved when:
- (1) Maintenance Programs: Through preventative maintenance programs carried on in proper balance, the electric plant is maintained in excellent condition.
 - (2) Service Continuity: Maintenance programs and good operating practices result in minimum outage time per consumer.
 - (3) Regulation: Regulation of line voltage results in member satisfaction and the most economic operations.
 - (4) Controllable Expenses: All work is carried forward in accordance with projected needs and plans using approved work methods and procedures and results in stabilization or decline in controllable expenses stated in terms of percent of revenue.
 - (5) Idle Services: Idle services are maintained at the lowest possible number consistent with good operating practices.
- b. Electric Plant Additions - Assures maximum utilization of manpower, equipment, and materials in making electric plant additions that conform with engineering specifications. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

- (1) Construction Inspections: Electric plant additions are found to conform with engineering specifications and good construction and operating practices.

POSITION DESCRIPTION - MANAGER OF DISTRICT

- (2) Construction Cost: Additions are made as needed with cost reflecting normal changes in economic trends.
- c. Service Leadership - Provides for services to the membership that are superior to those offered by other service organizations in the area. Evaluation of results to be based on the following criteria.
- Satisfactory results are being achieved when:
- (1) Services Rendered: Membership makes maximum use of services offered by the cooperative which results in an improved economic status for the membership.
 - (2) Service Continuity: Efforts made to maintain service continuity result in a minimum annual outage time per consumer.
- d. Market Position - Maintains a competitive position and secures a maximum of market potential through an aggressive power use program. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

- (1) Growth in KWH Sales: Annual KWH sales increase for the district membership, other than large power, results in higher than national average percentage of growth.
 - (2) Appliance Saturation: Appliance surveys indicate that power use programs have resulted in an increase in saturation of appliances.
- e. Public Relations - Maintains a continuing program with the general public to obtain good will, understanding and acceptance of the cooperative and its way of business. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

- (1) Communications: Use is made of every available media for the purpose of telling the cooperative story and analysis indicates that there is improved understanding and acceptance of the Cooperative by the general public.
- (2) Area Development: Participation by the cooperative in development of the area results in improving the general economic status and in recognition of the cooperative's role by the general public.
- (3) Community Participation: Participation of the cooperative as a corporate citizen, and by individual employees results in achieving better understanding and acceptance of the cooperative.

POSITION DESCRIPTION - MANAGER OF DISTRICT

- f. Membership Relations - Maintains a continuing program with the membership which results in membership participation in the cooperative's operation based on their understanding and acceptance of the true principles and philosophy of the cooperative enterprise. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

- (1) Member Attitude: Member education and member participation program results in improved member attitude as indicated by member attitude survey.
- (2) Communications with Members: Program of written and oral communications with membership results in understanding and acceptance of the cooperative and its policies and practices.

- g. Productivity - Assures maximum utilization of manpower, equipment, and materials in the efficient operation of the district. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

- (1) Annual Work Programs: Goals and budgets are established based on an evaluation of existing needs, agreed upon, and used as guides in all phases of system operations with periodic comparative progress reports made.
- (2) Plant Utilization: All equipment and facilities are used to achieve maximum efficient results in all areas of operation of the district.
- (3) Manpower Utilization: Most effective use is made of skills, experience, knowledge, and abilities of personnel and results in improved labor unit cost.

POSITION DESCRIPTION - MANAGER OF ENG. & CONST. SERVICES

III. RESPONSIBILITIES, AUTHORITIES AND RESULTS (Functional Measurements to Achieve Objectives)

A. PLANNING: Formulates the course of action which will achieve a consistent, coordinated structure of operations directed toward achieving the desired results for the Engineering and Construction Services Department. Manager of Eng. & Construction Services' planning responsibility in each of following areas is being fulfilled when

5. Controls: Development of controls in the following key result areas reveals progress being made in the achieving of the desired results for each area:

a. Service Leadership - Engineering, construction, and technical services provided have anticipated system requirements necessary to achieve the desired results in the area of service leadership. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

(1) Service Continuity: Interruptions in electric service from substations and switching stations are not attributed to poor engineering design or improper installation.

(2) Line Capacity and Regulation: Central station service is provided to all consumers' premises with regulation of line voltage resulting in member satisfaction and the most economical conditions.

b. Productivity: Provides maximum utilization of manpower, equipment, and materials in the efficient operation of the department. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

(1) Annual Work Programs: Department goals and budgets are established based on evaluation of existing needs, agreed upon, and used as guides in all phases of system operations with periodic comparative progress reports made.

(2) Controllable Expenses: All work is carried forward in accordance with projected needs and plans using approved work methods and procedures and results in stabilization or decline in controllable expenses of the department.

(3) Plant Utilization: System electric plant facilities and department equipment are used to achieve maximum results in efficient operations.

(4) Manpower Utilization: Most effective use is made of skills, experience, knowledge, and abilities of department personnel and results in improved quality of work and labor unit costs.

POSITION DESCRIPTION - MANAGER OF ENG. & CONST. SERVICES

(5) Plant Additions: System improvements are made as needed with costs reflecting normal changes in economic trends and results in improved operations.

c. Power Requirements - Assures that an adequate supply of power is available at all substations from the most economical source within the system. Evaluation of results to be based on the following criteria.

Satisfactory results are being achieved when:

(1) Annual Work Plans: Provisions have been made for power to flow over the most economical route within the system to the consumers.

(2) Power Source: Assistance is given the General Manager in the negotiation for source or sources of power or the study for generation that results in a declining cost of power delivered to the distribution substations.

d. Engineering and Construction Services - Assures maximum use of engineering and construction services to achieve the goals and objectives set by the operating districts (surveys, conflicts, etc.). Evaluation of results in this area to be based on the following criteria.

Satisfactory results are being achieved when:

(1) Technical Advice in the area of engineering and construction of electric plant facilities is made available to all operating personnel in written form for recurring situations and oral form for non-recurring situations and use is being made of these services.

(2) Construction Specifications:

(a) Construction specifications are provided and followed for all construction of electric plant facilities which have been approved by REA.

(b) Construction specifications for special installations are provided and followed.

(c) Aid in construction of system improvements and major plant additions is provided for operating districts; to include design, specifications, surveys and supervision of contract crews.

(3) System Map Service: Drafting and printing service results in all departments being provided with all types of maps, charts, and diagrams based on need and latest revisions available.

e. General Staff Services - Provides completed staff work and assistance to General Manager and all departments in engineering and engineering related areas. Evaluation of results to be based on the following criteria.

Guide From the General Manager for 1966 Work Plans and Budgets

In addition to work programs and further refinement of controls in key result areas, the area we will give most emphasis to in 1966 will be cost control and cost reduction. We will adhere to a rigid budget in wage and salary increases and other projected expense items.

Some of the areas we will want to give consideration to in our 1966 work plans were discussed and agreed to at our July staff meeting. They were as follows:

Districts:

1. Give added emphasis to promotion of electric heat and KWH sales.
2. Give balanced planning in all areas of operations, including line and pole inspection, right-of-way clearing, idle services retirements, transmission line inspections, station inspections, etc. These must be done on a planned basis and without fail.
3. Plan for new construction and when necessary, the use of outside contractors.
4. Develop the most effective ways of helping to keep our members informed-- community meetings, news bulletin articles, radio, press.
5. Give emphasis to industrial and community development and to work with youth groups.

Engineering and Construction:

1. Develop a realistic construction timetable of system improvements to provide for carry-over work from one year to the next on large jobs.
2. Work closely with district construction supervisors in order that they might accept more responsibility in engineering and construction of system improvements.
3. Anticipate work necessary to fulfill requirements of 1965 legislation and fix responsibility for mapping for territorial agreements.
4. Have department operating at full strength in regard to personnel.

Guide from General Manager for 1967 Work Programs and Budgets

The key result areas in each department head's and district manager's position description (see item 3 of position description) should be set forth in the work programs with refinements in controls and new and better ways of securing results called for.

Each of us should give major emphasis in these areas:

1. Development of our personnel.
2. Look at the way we have been doing everything that we do and eliminate that which no longer needs to be done and seek a better way of doing that which we will continue to do.
3. Seek every means of cutting cost and reducing expenses consistent with doing an effective job in our general operations and new construction.
4. Think like a manager, plan like a manager, and be a manager. We can best do this by study, knowing what others are doing, and helping each other keep abreast of the most modern techniques of management. Books and institutes will be indispensable to each of us in our own personal development as managers.

Districts:

1. Give added emphasis to electric heat sales and appliance promotions.
2. Develop programs for more direct member contact such as well-planned community type meetings.
3. Give emphasis to programs that involve our youth.
4. Set forth immediate needs, if any, for additional office and warehouse space, transportation and work equipment, and personnel, and project long range (ten years) needs in each of these areas.

Engineering and Construction:

1. See that all property is listed for ad valorem taxes. This should be done in January, 1967.
2. Complete territorial assignment negotiations in 1967.
3. Do the design and engineering necessary for a new 100 KV power source for Watauga County with the assistance of the consulting engineer as required.
4. Develop recommendations and procedures to be used in making the most economical URD installations.
5. Make a study to determine when, and the steps to be taken, to phase in our dispatching and load control center.

EXHIBIT NO. 9

FROM GENERAL MANAGER'S 1966 WORK PROGRAM

B. Work Program and Budget Development

One of the primary tools of a manager is a good annual work program and budget, which has been thoughtfully prepared and carefully evaluated against control information. This tool serves as a basic plan for the year's operations. Progress can be measured periodically against the work programs and replanning can occur as need is indicated by the control information. To assure that adequate thought is given to the 1967 work programs and budgets which make up the system work program and budget and that everyone is provided an opportunity to participate in the development of the work program for his department, the following schedule is set forth for 1967 work program development:

1. During the month of June the General Manager will provide general guide lines to each department manager for work program development.
2. During the month of July, each department manager will review with the General Manager a rough outline of basic work programs and budgets for his department.
3. During the month of August, each department head will refine departmental work programs and budgets and submit to the General Manager for tentative approval.
4. During the month of September, departmental work programs and budgets will be consolidated into the system work program and budget.
5. During the month of October, the system work program will be evaluated and refined and made ready for presentation to the Budgetary Committee of the Board of Directors.
6. In November, present work program and budget to the Budgetary Committee and submit to the Board of Directors.
7. Work plan and budget for system to receive final approval from the Board of Directors in December.

LINE AND STAFF RELATIONSHIPS

To assure maximum coordination and the most efficient utilization of personnel, equipment, and materials staff department managers will confer with the line department managers and their personnel before development of staff department work plans to assure needs of line departments for staff services are being planned for. All department work programs which require the commitment of manhours from other departments to carry out the program will be coordinated with the departments affected before program is finalized to assure that productive time has been allocated for the program.

Operating (line) department managers will call on staff department managers and personnel to provide information, aid in evaluation of programs, specifications,

for equipment and technical assistance in those areas for which the staff department has functional authority such as engineering, construction specifications, operations methods, transportation and work equipment and related costs, materials, office equipment, personnel administration, organization, member relations, power sales promotion, etc.

CONTROL INFORMATION

Each department manager will make a written report to the General Manager at the close of each calendar quarter in 1966 (within thirty days) on accomplishments for the quarter and year to date compared to the work programs and budgets and as related to each of the key performance areas in the department manager's position description.

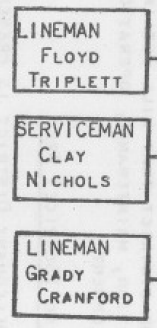
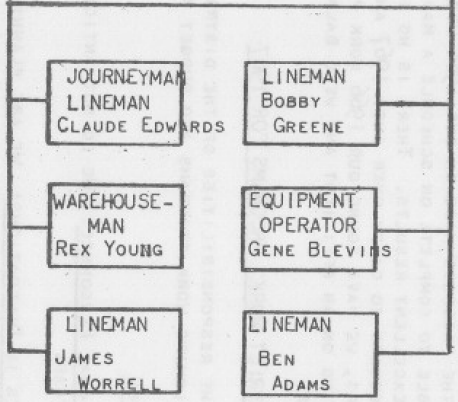
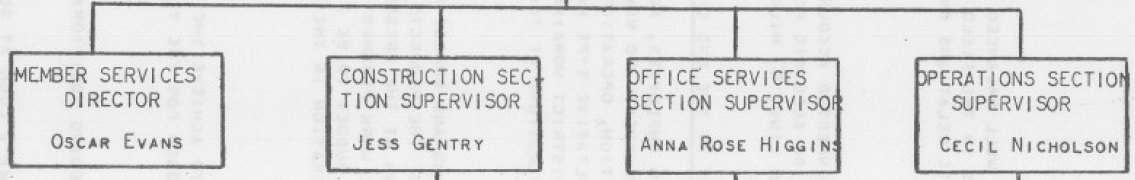
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LINE AND STAFF RELATIONSHIPS

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Operating (line) department managers will call on staff department managers and personnel to provide information, aid in evaluation of programs, specifications,

ALLEGHANY DISTRICT MANAGER
JAMES ALLEN, JR.



BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION
1967 ALLEGHANY DISTRICT

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

1967 WORK PROGRAM

ALLEGHANY DISTRICT

I. SCOPE OF DISTRICT OPERATIONS

A. DISTRICT RESPONSIBILITIES

THE ALLEGHANY DISTRICT IS RESPONSIBLE TO CARRY ON A WELL BALANCED OPERATION IN THE DISTRICT THAT WILL OBTAIN THE DESIRED RESULTS IN THE FIELD OF CONSTRUCTION, MAINTENANCE, OPERATIONS, MEMBER AND PUBLIC RELATIONS AND AREA DEVELOPMENT.

B. WORKING (SERVICE) AREA

THE ALLEGHANY DISTRICT IS PRESENTLY SERVING 3,373 CONNECTED ACCOUNTS IN ALLEGHANY COUNTY AND 226 IN WILKES COUNTY. TO FURNISH ELECTRIC POWER TO THESE ACCOUNTS WE MAINTAIN 753 MILES OF DISTRIBUTION LINE, 47 MILES OF TRANSMISSION LINE AND 3 DISTRIBUTION SUBSTATIONS.

C. DEPARTMENT ORGANIZATION AND FACILITIES AS THEY EXIST AT THE END OF 1966

TO CARRY ON THE OPERATIONS IN THE DISTRICT WE HAVE 16 EMPLOYEES, NOT INCLUDING THE DISTRICT MANAGER, AND SEVEN VEHICLES. THESE EMPLOYEES AND VEHICLES ARE ASSIGNED TO WORK IN ONE OF FOUR SECTIONS: CONSTRUCTION, OPERATIONS AND MAINTENANCE, MEMBER SERVICES, AND OFFICE SERVICES. CONSULTATIVE TYPE MANAGEMENT IS PRACTICED IN THE DISTRICT WITH THE MANAGER OF THE DISTRICT WORKING WITH AND THROUGH FOUR SECTION SUPERVISORS TO CARRY ON THE OPERATIONS OF THE DISTRICT.

II. 1966 WORK PROGRAM RESULTS

IN EVALUATING THE PROGRESS MADE ON OUR 1966 WORK PROGRAMS AND BUDGET WE FIND THAT WE HAVE BEEN ABLE TO COMPLETE ON SCHEDULE A MAJORITY OF THE PROJECTS PLANNED AND HAVE OBTAINED EXCELLENT RESULTS. THERE IS NO INDICATION AT THE PRESENT TIME THAT IT WILL BE NECESSARY TO CARRY OVER INTO 1967 ANY OF THE WORK PLANNED FOR 1966. AS IN PAST YEARS, WE HAVE FOUND OUR 1966 WORK PLAN AND BUDGET TO BE A VALUABLE GUIDE IN CARRYING ON AN EFFICIENT AND WELL BALANCED OPERATION IN THE DISTRICT DURING THE YEAR.

III. OUTLINE OF DISTRICT WORK PROGRAMS FOR 1967

TO CARRY OUT THE RESPONSIBILITIES OF THE DISTRICT AND TO ACHIEVE THE DESIRED RESULTS, THE FOLLOWING WORK PROGRAMS AND BUDGET ARE PROPOSED FOR THE YEAR 1967:

A. ORGANIZATION

1. ADDITIONAL PERSONNEL: WE DO NOT ANTICIPATE NEEDING ADDITIONAL PERSONNEL THIS YEAR.
2. CHANGES IN DELEGATIONS: WE ARE PLANNING TO TAKE A LOOK AT SOME OF THE LINE OPERATION FUNCTIONS THAT ARE PRESENTLY DELEGATED TO THE CONSTRUCTION SECTION TO SEE IF THEY COULD BE HANDLED MORE EFFICIENTLY IN THE OPERATIONS AND MAINTENANCE SECTION. IF SO, CHANGES WILL BE MADE AS NEEDED.

B. POLICIES AND PROCEDURES

1. WE WILL CONTINUE TO HAVE PERIODIC REVIEWS OF POLICIES AND OPERATING PROCEDURES WITH OUR DISTRICT PERSONNEL TO ASSURE CONFORMITY WITH AND TO RECOMMEND CHANGES AND/OR ADDITIONS WHERE THE NEED IS SHOWN.
2. WE PLAN TO EVALUATE OUR WORK PROCEDURES WITHIN THE DISTRICT TO SEE IF CHANGES COULD BE MADE TO HAVE A MORE EFFICIENT OPERATION.

C. FACILITIES AND EQUIPMENT

TO MAKE A STUDY ON WHAT ADDITIONAL OFFICE AND WAREHOUSE SPACE, TRANSPORTATION AND WORK EQUIPMENT, AND PERSONNEL WILL BE NEEDED TO MEET THE DISTRICT NEEDS IN THE NEXT TEN YEARS AND A TIMETABLE FOR IMPLEMENTING THE SAME. THIS STUDY TO BE COMPLETED BY JUNE. LISTED BELOW ARE THE MAJOR EXPENDITURES PROPOSED FOR 1967:

1. TO TRADE IN SEPTEMBER ONE 1964 DODGE FOUR-WHEEL DRIVE PICK-UP (ESTIMATED MILEAGE AT TIME OF TRADE 74,000) TRUCK #13.
2. TO TRADE IN APRIL ONE 1963 CHEVROLET II CAR (ESTIMATED MILEAGE AT TIME OF TRADE 58,000) CAR #40.

D. WORK PROGRAMS AND BUDGETS

1. EACH SECTION SUPERVISOR WILL HAVE A CALENDAR OF SCHEDULED PROJECTS FOR HIS SECTION TO USE AS A GUIDE IN CARRYING ON THE WORK PLAN FOR THE SECTION. THE MANAGER OF THE DISTRICT AND THE SECTION SUPERVISORS WILL REVIEW THESE PLANS EACH MONTH THROUGHOUT THE YEAR TO EVALUATE RESULTS AND THE PROGRESS BEING MADE.
2. THE DISTRICT STAFF WILL DEVELOP DURING THE YEAR RECOMMENDATIONS FOR 1968 WORK PROGRAMS SETTING A GOAL TO START COMPILING THE 1968 WORK PLAN ON JULY 1 AND COMPLETING IT BY SEPTEMBER 1.

E. CONTROLS IN KEY PERFORMANCE AREAS

THE FOLLOWING IS A SCHEDULE OF MAJOR ACTIVITIES AND RESULTS EXPECTED FOR ALL KEY PERFORMANCE AREAS:

1. OPERATIONS AND MAINTENANCE

A. MAINTENANCE PROGRAMS

(1) <u>POLE AND LINE INSPECTION</u>				
GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	NONE	NONE	950	1,650
(2) <u>TRANSMISSION LINE PATROLS</u>				
GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	1	2	4	7
(3) <u>OIL CIRCUIT RECLOSER MAINTENANCE</u>				
GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	NONE	105	105	105
(4) <u>DISTRIBUTION R/W RECLEARING (CONTRACTED)</u>				
GOALS: UNITS	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	91	91	91	91
COST	\$2,548	\$2,548	\$2,548	\$2,548

(5) TRANSMISSION R/W RECLEARING (CONTRACTED)

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS: UNITS	9.3	9.3	9.3	9.3
COST	\$744	\$744	\$744	\$744

(6) METERS TO BE FIELD CHECKED BY INSPECTION CREWS

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	NONE	NONE	700	700

B. SERVICE CONTINUITY

(1) PLANNED OUTAGES: WE PLAN TO IMPROVE CONTINUITY OF SERVICE TO OUR MEMBERS BY UTILIZING OUR HOT LINE TOOLS AND EQUIPMENT WHENEVER THIS TYPE WORK CAN BE DONE SAFELY BY OUR CREWS.

(2) UNPLANNED OUTAGES: THROUGH PREVENTIVE MAINTENANCE PROGRAMS AND GOOD OPERATING PRACTICES, MAINTAIN CONSUMER OUTAGE TIME TO LESS THAN TWO HOURS PER CONNECTED CONSUMER.

(A) NUMBER OF OUTAGES

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	35	55	90	120

(B) CONSUMER HOURS OUTAGE TIME

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	2,000	3,500	6,000	7,200

C. REGULATION: TO MAINTAIN BALANCE ON SUBSTATIONS AND CIRCUITS DURING PEAK LOADING PERIODS DURING THE YEAR.

D. PLANT UTILIZATION

(1) TRANSFORMER LOAD STUDY: MAKE TRANSFORMER LOAD STUDY ON APPROXIMATELY TWO HUNDRED EXISTING TRANSFORMERS AND MAKE CHANGES WHERE OVERLOAD OR UNDERLOAD IS INDICATED. THIS WORK TO BE COMPLETED IN FIRST QUARTER OF THE YEAR.

(2) IDLE SERVICES: TO MAINTAIN IDLE SERVICES AT EIGHT PERCENT OR LESS OF CONNECTED CONSUMERS BY MAKING AN IDLE SERVICES FIELD SURVEY ON ALL ACCOUNTS THAT HAVE BEEN INACTIVE MORE THAN ONE YEAR AND RETIRE SERVICE TO BUILDINGS THAT HAVE BEEN ABANDONED. THESE FIELD CHECKS TO BE MADE IN THE FIRST QUARTER OF THE YEAR.

2. ELECTRIC PLANT ADDITIONS

A. NEW SERVICES

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	20	75	140	175

B. COST PER MEMBER

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	\$400	\$400	\$400	\$400

C. THIRD WIRES

	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	2	10	14	18

D. <u>SMALL ALTERATIONS</u>	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	25	60	80	100
E. <u>RETIREMENTS</u>	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
GOALS:	15	30	40	45
F. <u>SYSTEM IMPROVEMENTS:</u>	TO COMPLETE BY JUNE, WITH OUR OWN CREWS, ALL SYSTEM IMPROVEMENTS PLANNED FOR THE DISTRICT IN 1967.			

PLANNED SYSTEM IMPROVEMENTS FOR 1967:

- (1) RE-CONSTRUCT AT NEW LOCATION ON U. S. HIGHWAY No. 21, APPROXIMATELY 5.9 MILES OF FEEDER CIRCUIT (No. 37 - ROARING GAP CIRCUIT). THIS CIRCUIT WAS ORIGINALLY CONSTRUCTED IN 1936. NEW CIRCUIT WILL HAVE NEW DESIGN AND CAPACITY INCREASED TO APPROXIMATELY FOUR TIMES PRESENT CAPACITY. APPROXIMATELY 1,000 FEET WILL BE UNDERGROUND IN VICINITY OF BLUE RIDGE PARKWAY.

MATERIALS	\$ 23,000
LABOR	9,000
TOTAL ESTIMATE	\$ 32,000

- (2) INSTALL TWO AUTO-BOOSTERS TO IMPROVE VOLTAGE REGULATION IN VICINITY OF EDMONDS. (2) - LM TYPE R80 AB (50 AMP.) AUTO-BOOSTERS WITH BY-PASSING CONTROL CABLE ASSEMBLY.

MATERIALS	\$ 1,760
LABOR	195
TOTAL ESTIMATE	\$ 1,955

- (3) IMPROVE COORDINATION ON EXISTING LINES IN DISTRICT BY ADDING - 1 - 3 ϕ - 6H - 100 AMP. OCR AND 6 - 1 ϕ - 4H - 50 AMP. OCRs.

MATERIALS	\$ 2,656
LABOR	340
TOTAL ESTIMATE	\$ 2,996

- (4) INCREASE CAPACITY OF REGULATORS AT SPARTA SUBSTATION. REMOVE 3 (114.3 KVA, 150 AMP., ML 32 REGULATORS) AND TRANSFER TO BOONE SUBSTATION; INSTALL 3 (250 KVA, 328 AMP. REGULATORS).

MATERIALS - 3 REGULATORS @\$4,166	\$ 12,500
LABOR	300
TOTAL ESTIMATE	\$ 12,800

DISTRICT TOTAL FOR MATERIALS	\$ 39,916
DISTRICT TOTAL FOR LABOR	9,835
DISTRICT TOTAL FOR SYSTEM IMPROVEMENTS	\$ 49,751

3. SERVICE LEADERSHIP: TO MEET ALL REQUESTS MADE BY THE MEMBERS FOR SERVICES THAT ARE WITHIN POLICY AND PROCEDURES. TO CONTINUALLY SEEK FROM OUR MEMBERS WAYS WE CAN BE OF SERVICE TO THEM.

SERVICES TO BE RENDERED

A. LOAN CONTRACTS

GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	51	105	156	200

B. LAYOUTS ON WIRING, LIGHTING, WATER SYSTEMS, ETC.

GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	6	10	14	18

C. LAYOUTS FOR ELECTRIC HEAT

GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	20	40	50	60

4. MARKET POSITION

A. GROWTH IN KWH SALES: TO INCREASE OUR ANNUAL KWH USAGE BY 12 PERCENT IN 1967.

B. HOUSE PLAN SERVICE: TO HAVE A BOOK OF HOUSE PLANS WITH ELECTRIC HEAT ALREADY DESIGNED THAT COULD BE GIVEN TO MEMBERS ON REQUEST.

C. DIRECT SALES APPROACH: TO HAVE ONE SPECIAL MAILING EACH QUARTER DURING THE YEAR ON APPLIANCE INFORMATION AND BILLING RATE SCHEDULES TO CERTAIN KWH USAGE GROUPS AND FOLLOW UP THESE MAILINGS WITH PERSONAL CONTACTS.

D. MEDALLION HOME PROGRAMS: HOLD TWO OPEN HOUSE PROGRAMS IN GOLD MEDALLION HOMES (MAY AND AUGUST).

E. PROMOTIONS - MEMBER SERVICE DEPARTMENTS: TO ACTIVELY PARTICIPATE IN CARRYING ON ANY PROMOTIONS INITIATED BY THE MEMBER SERVICES DEPARTMENT DURING THE YEAR.

F. BUILDING AND WIRING CONTRACTORS MEETINGS: TO HOLD ONE BUILDING AND WIRING CONTRACTORS MEETING IN FEBRUARY.

G. DEALER MEETINGS: TO HOLD ONE DEALER MEETING IN FEBRUARY.

H. EMPLOYEE PARTICIPATION IN LOAD GROWTH: TO HAVE ALL EMPLOYEES ACTIVELY PROMOTING POWER SALES DURING THE YEAR BY INFORMING THEM ON THE IMPORTANCE OF LOAD GROWTH TO THE COOPERATIVE AND KEEPING THEM INFORMED ON INFORMATION THAT WOULD HELP THEM DO A BETTER JOB IN SELLING OUR MEMBERS ON TOTAL ELECTRIC LIVING.

I. ELECTRIC HEATED HOMES, COMMERCIAL BUILDINGS, ETC.

GOALS:	<u>1ST 3 MONTHS</u>	<u>6 MONTHS</u>	<u>9 MONTHS</u>	<u>12 MONTHS</u>
	4	20	30	40

5. MEMBER AND PUBLIC RELATIONS

A. AREA DEVELOPMENT: TO ACTIVELY PARTICIPATE DURING THE YEAR IN AREA AND COMMUNITY DEVELOPMENT GROUPS, SUPPLYING LEADERSHIP FOR THESE GROUPS IF NEEDED. TO MAKE AN ALL OUT EFFORT TO WORK WITH THESE GROUPS IN PROMOTING COMMUNITY BETTERMENT.

B. COMMUNITY MEETINGS: TO HOLD EIGHT COMMUNITY TYPE MEETINGS IN LOCATIONS THAT WOULD GIVE A COMPLETE COVERAGE OF THE DISTRICT (MARCH, APRIL, OCTOBER, AND NOVEMBER).

- c. COMMUNITY AND CIVIC CLUB PROGRAMS: TO GIVE AT LEAST ONE PROGRAM AT EACH COMMUNITY AND CIVIC CLUB WITHIN THE DISTRICT DURING THE YEAR.
- d. YOUTH EDUCATION AND RELATIONS
 - (1) TO HAVE AT LEAST FIVE TOURS OF OUR DISTRICT SYSTEM FOR THE HIGH SCHOOL STUDENTS IN OUR DISTRICT,
 - (2) TO OFFER OUR ASSISTANCE TO THE EXTENSION SERVICE AND SCHOOL PERSONNEL IN PROMOTING STRONGER 4-H, FFA, AND OTHER YOUTH ORGANIZATIONS IN OUR DISTRICT.

6. PRODUCTIVITY

- a. WORK METHODS: TO MAKE AN EVALUATION OF OUR WORK PROCEDURES AND METHODS TO SEE IF WE ARE CARRYING ON OUR OPERATIONS IN THE MOST EFFICIENT MANNER AND MAKE CHANGES WHERE NECESSARY.
- b. WORK PLAN REVIEWS: REVIEWS WILL BE MADE MONTHLY OF WORK PLAN PROGRESS AND RESULTS.

7. PERSONNEL TRAINING AND DEVELOPMENT

- a. EMPLOYEE MEETINGS: HOLD ONE EMPLOYEE SAFETY AND TRAINING MEETING EACH WEEK.
- b. OFF-SYSTEM MEETINGS: KEY PERSONNEL WILL BE SCHEDULED TO ATTEND THE FOLLOWING OFF-SYSTEM TRAINING MEETINGS:
 - LINE FOREMAN'S CONFERENCE
 - ENERGIZED LINE SCHOOL
 - ELECTRIFICATION ADVISORS CONFERENCE
 - OFFICE SUPERVISORS WORKSHOP
 - HUMAN RELATIONS WORKSHOP

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

1967 ALLEGHANY DISTRICT BUDGET

A. OPERATIONS

DESCRIPTION

II. OPERATIONS AND MAINTENANCE - TRANSMISSION

A. TRANSMISSION OPERATIONS - SUPERVISION AND ENGINEERING	\$ 1,024.00
B. STATION EXPENSES	-
C. OVERHEAD LINE EXPENSES	1,722.00
D. INSPECTING AND TESTING POLES	-
E. MAINTENANCE - SUPERVISION AND ENGINEERING	1,077.00
F. MAINTENANCE OF STRUCTURES	-
G. MAINTENANCE OF STATION EQUIPMENT	-
H. MAINTENANCE OF OVERHEAD LINES	317.00
I. RIGHT-OF-WAY RECLEARING	744.00
SECTION SUBTOTAL	\$ 4,884.00

III. OPERATIONS AND MAINTENANCE - DISTRIBUTION

A. OPERATIONS - SUPERVISION AND ENGINEERING	\$ 2,578.00
B. STATION EXPENSES	881.00
C. OVERHEAD LINE EXPENSES	4,315.00
D. INSPECTING AND TESTING POLES	1,653.00
E. STREET LIGHTS AND SIGNAL SYSTEM	168.00
F. METER EXPENSES - SERVICEMEN	8,062.00
G. MISCELLANEOUS EXPENSES	-
H. MAINTENANCE - SUPERVISION AND ENGINEERING	2,934.00
I. MAINTENANCE OF STRUCTURES	26.00
J. MAINTENANCE OF STATION EQUIPMENT	57.00
K. MAINTENANCE OF OVERHEAD LINES	8,503.00
L. RIGHT-OF-WAY RECLEARING	4,954.00
M. MAINTENANCE OF LINE TRANSFORMERS	-
N. MAINTENANCE OF STREET LIGHTS AND SIGNAL SYSTEM	87.00
O. MAINTENANCE OF METERS	-
P. MAINTENANCE OF MISCELLANEOUS DIST. PLANT	-
Q. UNDERGROUND SERVICES	-
SECTION SUBTOTAL	\$ 34,218.00

IV. CONSUMER ACCOUNTING

A. METER READING	\$ 2,751.00
B. MEMBER ACCOUNTS - ELECTRIC	8,317.00
C. CASH OVER AND SHORT	-
D. UNCOLLECTIBLE ACCOUNTS - ELECTRIC SERVICE.	-
E. LOAN ACCOUNTS	1,305.00
SECTION SUBTOTAL	\$ 12,373.00

V. MEMBER SERVICES AND POWER SALES

A. PUBLIC AND MEMBER RELATIONS	\$ 5,644.00
B. POWER SALES	5,648.00
C. YOUTH EDUCATION AND RELATIONS	607.00
SECTION SUBTOTAL	\$ 11,899.00

VI. ADMINISTRATIVE EXPENSE

A. ADMINISTRATIVE SUPERVISION	\$ 714.00
B. GENERAL OFFICERS - TRAVEL AND EXPENSE	-
C. GENERAL CLERICAL AND ACCOUNTING EXPENSE	2,897.00
D. ADMINISTRATIVE EXPENSE TO CONSTRUCTION	-
E. OUTSIDE SPECIAL SERVICES	-
F. PROPERTY INSURANCE	-
G. INSURANCE, INJURIES, DAMAGES	-
H. EMPLOYEE BENEFITS	1,210.00
I. SAFETY - EMPLOYEES	-
J. EMPLOYEE-DIRECTOR INFORMATION PROGRAM	-
K. DUES - ASSOCIATED ORGANIZATIONS	-
L. DONATIONS AND DUES	555.00
M. ANNUAL MEETING EXPENSE	-
N. RENTS	-
O. OPERATIONS AND MAINTENANCE - GENERAL PLANT	<u>3,642.00</u>
SECTION SUBTOTAL	<u>\$ 9,018.00</u>

VII. DIRECTORS

-

VIII. FIXED EXPENSES

-

TOTAL OPERATIONS BUDGET (ITEMS II THROUGH VIII) \$ 72,392.00

B. PLANT ADDITIONS

IX. ELECTRIC PLANT ADDITIONS

A. CONSTRUCTION - DISTRIBUTION	\$ 99,397.00
B. RETIREMENT - DISTRIBUTION	8,756.00
C. CONSTRUCTION - TRANSMISSION	1,337.00
D. RETIREMENT - TRANSMISSION	297.00
SECTION SUBTOTAL	<u>\$109,787.00</u>

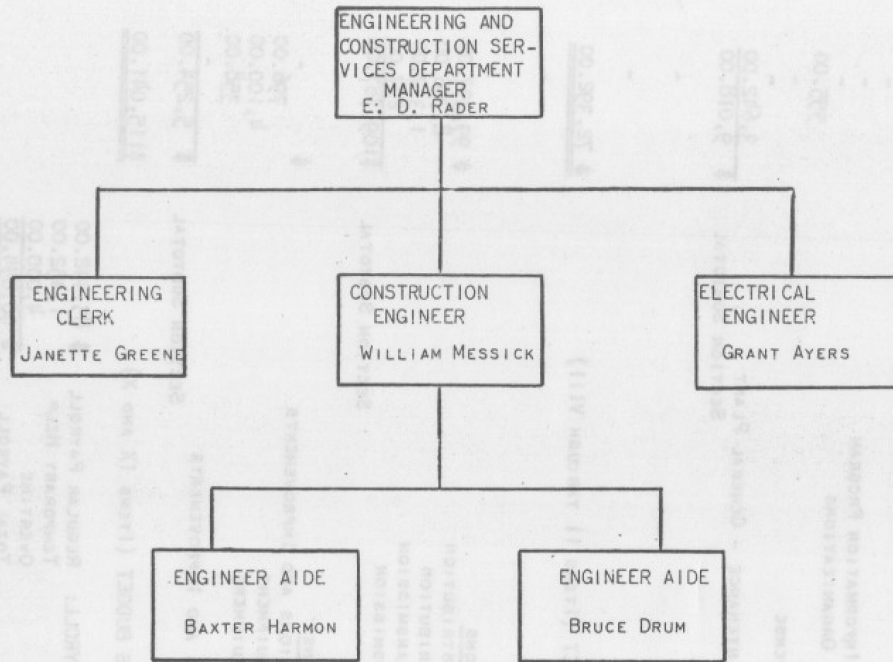
X. GENERAL PLANT ADDITIONS

A. BUILDINGS - ADDITIONS AND IMPROVEMENTS	\$ -
B. TOOLS AND WORK EQUIPMENT	796.00
C. TRANSPORTATION EQUIPMENT	4,100.00
D. OFFICE EQUIPMENT	358.00
E. LAND ACQUISITIONS AND IMPROVEMENTS	-
SECTION SUBTOTAL	<u>\$ 5,254.00</u>

TOTAL PLANT ADDITIONS BUDGET (ITEMS IX AND X) \$115,041.00

ANNUAL DEPARTMENT PAYROLL: REGULAR PAYROLL	\$ 85,442.00
TEMPORARY HELP	1,452.00
OVERTIME	4,000.00
TOTAL PAYROLL	<u>\$ 90,894.00</u>

(TOTAL DEPARTMENT PAYROLL BUDGET IS REFLECTED IN OPERATIONS AND PLANT ADDITIONS BUDGETS UNDER APPLICABLE ITEMS.)



BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION
1967 ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

1967 WORK PROGRAM

ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT

I. SCOPE OF DEPARTMENT OPERATIONS

A. DEPARTMENT RESPONSIBILITIES

THE ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT IS A STAFF DEPARTMENT RESPONSIBLE FOR THE LONG AND SHORT RANGE ENGINEERING PLANNING FOR THE SYSTEM, DESIGNING OF AND DEVELOPING SPECIFICATIONS FOR ELECTRIC PLANT INCLUDING BOTH DISTRIBUTION AND TRANSMISSION FACILITIES TO ASSURE ORDERLY AND EFFICIENT EXPANSION OF PLANT TO MEET THE SYSTEM'S NEEDS FOR ADEQUATE AND DEPENDABLE ELECTRIC SERVICE. THE DEPARTMENT IS ALSO RESPONSIBLE TO PROVIDE AN ADVISORY AND COMPLETED STAFF WORK SERVICE TO ALL DEPARTMENTS AND TO THE GENERAL MANAGER IN ENGINEERING, ENGINEERING RELATED AND CONSTRUCTION MATTERS.

B. WORKING (SERVICE) AREA

THE DEPARTMENT PERSONNEL WORK THROUGHOUT THE SYSTEM WITH SYSTEM PERSONNEL, ENGINEERING AND LEGAL CONSULTANTS, CONSTRUCTION CONTRACT CREWS, PUBLIC OFFICIALS, MEMBERS AND REPRESENTATIVES OF OTHER ELECTRIC UTILITIES AND TELEPHONE COMPANIES TO CARRY OUT THEIR DEPARTMENT RESPONSIBILITIES.

C. ORGANIZATION AND FACILITIES AS OF THE END OF 1966

AT PRESENT THERE ARE SIX PERSONS IN THE DEPARTMENT. THESE ARE THE DEPARTMENT MANAGER, THE CONSTRUCTION ENGINEER, THE ELECTRICAL ENGINEER, TWO ENGINEER AIDES, AND THE ENGINEERING CLERK. (SEE ORGANIZATION CHART). ONE VEHICLE IS ASSIGNED TO THE DEPARTMENT. OTHER TRANSPORTATION NEEDS ARE MET FROM SYSTEM TRANSPORTATION POOL.

II. 1966 WORK PROGRAM RESULTS

AS WE MAKE PLANS FOR 1967 WE MUST TAKE INTO ACCOUNT WHERE WE ARE AT MIDYEAR 1966 AND WHERE WE MUST BE BY THE END OF 1967 IF WE ARE TO MEET THE OBJECTIVES AND RESPONSIBILITIES OF THE DEPARTMENT.

TO SUMMARIZE THE RESULTS OF THE FIRST SIX MONTHS OF DEPARTMENT OPERATIONS FOR 1966, OBJECTIVES AND GOALS OUTLINED IN THE 1966 WORK PLAN ARE BEING MET SATISFACTORILY AND ALL ARE EXPECTED TO BE COMPLETED BY THE END OF 1966 WITH TWO EXCEPTIONS. THESE ARE THE PREPARATION OF TAX RECORDS AND PRELIMINARY WORK ON MAPS PRIOR TO NEGOTIATIONS WITH OTHER POWER SUPPLIERS AND THE NORTH CAROLINA UTILITIES COMMISSION ON THE ASSIGNMENT OF SERVICE AREA. THESE TWO EXCEPTIONS WILL BE "WORK IN PROGRESS" AS WE GO INTO 1967.

GENERAL ECONOMIC CONDITIONS PREVAILING IN THE COUNTRY AT THIS TIME ARE CAUSE FOR CONCERN AS THEY WILL SURELY REFLECT IN INCREASED COST OF ELECTRICAL CONSTRUCTION, BOTH LABOR AND MATERIALS AND ALSO IN THE COST OF OPERATING OUR DEPARTMENT. THE VIET NAM WAR IS A DRAIN ON THE ECONOMY CAUSING A SCARCITY OF MATERIALS AND INCREASED COSTS. THERE IS NO INDICATION THAT IT WILL GET BETTER BEFORE IT GETS WORSE. ALSO, THERE IS THE POSSIBILITY OF A GENERAL STRIKE AMONG THE ELECTRICAL

WORKERS PRODUCING MATERIALS AND EQUIPMENT FOR PRACTICALLY ALL OF THE MAJOR ELECTRICAL MANUFACTURERS. THIS WILL INCREASE COSTS AND COULD CAUSE COSTLY DELAYS IN DELIVERY OF CRITICAL ITEMS IN A MARKET THAT IS ALREADY UNSTABLE ON DELIVERIES. CONGRESS HAS INCREASED THE MINIMUM WAGE TO \$1.40 PER HOUR FOR 1967 AND VERY LIKELY TO \$1.60 PER HOUR IN 1968. THIS TOO COULD ADD TO THE COST OF GOODS AND SERVICES AFFECTING OUR PLANT EXPANSION. ALL THIS ADDS UP TO THE FACT THAT OUR ECONOMIC PICTURE IS CHANGING AND WE WILL FACE OUR TOUGHEST PROBLEM IN YEARS IN HOLDING THE LINE ON CONSTRUCTION COSTS, IF THAT BE POSSIBLE. IT IS NOW APPARENT - 1967 WILL BE A "YEAR OF CHALLENGE".

III. OUTLINE OF 1967 WORK PROGRAM

THE DEPARTMENT WORK PROGRAM FOR 1967 EMBRACES A VARIETY OF OBJECTIVES AND GOALS WHICH WILL PROVE TO BE VERY CHALLENGING AND VERY IMPORTANT TO THE COOPERATIVE'S FUTURE. THIS IS TRUE BECAUSE IN 1967 WE WILL BE PLANNING ONE OF THE LARGEST ELECTRIC PLANT EXPANSION PROGRAMS IN THE HISTORY OF THE COOPERATIVE. ALTHOUGH SOME OF THIS WORK WILL BE IN THE FORM OF REVISED PLANNING, THE SITUATION HAS CHANGED TO THE EXTENT THAT NEW CONCEPTS AND SCHEMES OF SUPPLYING POWER INTO THE SYSTEM ARE VERY LIKELY TO APPEAR AND BECOME A REALITY.

A. ORGANIZATION

NO CHANGES ARE CONTEMPLATED IN DEPARTMENT ORGANIZATIONAL STRUCTURE DURING 1967. AS THE SITUATION CHANGES AND NEED ARISES, DEPARTMENT PERSONNEL WILL BE ENCOURAGED TO EXPAND THE DUTIES AND RESPONSIBILITIES.

B. FACILITIES AND EQUIPMENT

FACILITIES AND EQUIPMENT ARE DEEMED ADEQUATE FOR 1967.

C. POWER REQUIREMENTS

SOURCES OF POWER ARE ADEQUATE AND DEPENDABLE FOR SUPPLYING POWER TO ALL SUBSTATIONS DURING 1967. A NEW TRANSMISSION LINE BEING CONSTRUCTED BETWEEN BEAVER CREEK AND DEEP GAP WILL BE IN SERVICE BY 1967. ALTHOUGH THIS LINE IS BEING CONSTRUCTED FOR 100 KV OPERATION, WE PLAN TO OPERATE THIS LINE AT 46 KV UNTIL SUCH TIME AS IT WILL BECOME A PART OF A COMPLETE 100 KV LINE SUPPLYING POWER TO A TRANSMISSION STEP-DOWN STATION AT BOONE.

WE PLAN TO SECURE THE SERVICES OF OUR CONSULTING ENGINEER IN PREPARATION OF PLANS AND SPECIFICATIONS FOR EXTENDING A NEW 100 KV LINE TO BOONE AND THE TRANSMISSION STEP-DOWN STATION AT THAT LOCATION. PLANNING THE LINE AND STATION FOR BOONE WILL ALSO TAKE INTO ACCOUNT THE EXTENSION OF THE 100 KV TRANSMISSION LINE INTO CALDWELL AREA NEAR LENOIR OR HUDSON. DURING THE PLANNING OF THESE MAJOR PLANT EXPANSIONS WE PLAN TO WORK VERY CLOSELY WITH THE CONSULTING ENGINEERS.

D. WORK PROGRAMS AND BUDGETS

MAJOR WORK PROGRAMS AND CONSTRUCTION BUDGETS WILL REQUIRE MORE ADVANCE PLANNING IN THE FUTURE THAN IN THE PAST. THIS IS TRUE BECAUSE THE LEAD TIME OF ENGINEERING, MATERIALS PROCUREMENT AND CONSTRUCTION TIME FOR MAJOR SYSTEM IMPROVEMENTS HAS INCREASED. FACTORS AFFECTING LEAD TIME PLANNING ARE OFTEN OBSCURE AND WILL ALSO CHANGE WITH THE GENERAL ECONOMIC CONDITIONS. WE PLAN

TO INCREASE THE TIME SPAN IN OUR WORK PROGRAM AND CONSTRUCTION WORK SCHEDULED FOR COMPLETION IN 1967 AND 1968.

E. CONTROLS IN KEY PERFORMANCE AREAS

1. SERVICE LEADERSHIP

- A. SERVICE CONTINUITY: AS A GUIDE TO PLANNING AND TO ASSURE DEPENDABLE SERVICE, WE WILL REVIEW PERIODICALLY SYSTEM OUTAGE REPORTS AND OPERATING CONDITIONS ON THE SYSTEM FROM AN ENGINEERING VIEWPOINT AND IN CONNECTION WITH THIS, WILL CONDUCT A PRELIMINARY STUDY TO DETERMINE WHEN, AND THE STEPS TO BE TAKEN, TO PHASE IN OUR DISPATCHING AND LOAD CONTROL CENTER LOCATED IN THE GENERAL OFFICE BUILDING.
- B. LINE CAPACITY AND REGULATION: AS A GUIDE TO PLANNING AND TO ASSURE THAT LINE VOLTAGE IS ADEQUATE, WE WILL REVIEW THE SYSTEM VOLTAGE CONDITIONS FROM RECORDINGS TAKEN DURING WINTER PEAKS (1966-1967) BY APRIL 15, 1967 AND THE RECORDINGS TAKEN DURING SUMMER PEAKS BY AUGUST 15, 1967. THESE RECORDINGS WILL BE TAKEN AT LOCATIONS SELECTED BY ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT.

SUMMARY REPORTS TO COVER ANY RECOMMENDATIONS FOR IMPROVEMENTS WILL BE MADE FOLLOWING THESE REVIEWS OR INCORPORATED IN THE WORK PLANS FOR 1968.

2. PRODUCTIVITY

- A. PLANT UTILIZATION: THE ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT WILL BE WORKING WITH ALL CONSTRUCTION AND OPERATING DEPARTMENTS IN DEVELOPING WAYS AND MEANS TO EFFECT MAXIMUM EFFICIENCY OF PLANT UTILIZATION. PARTICULAR ATTENTION WILL BE PAID TO THE PROPER SIZING OF DISTRIBUTION TRANSFORMERS.
- B. ELECTRIC PLANT ADDITIONS (SYSTEM IMPROVEMENTS): TO MAINTAIN THE CAPABILITY OF THE ELECTRIC PLANT AND TO PROVIDE FOR FUTURE REQUIREMENTS, IT WILL BE NECESSARY TO ADD ELECTRIC PLANT AND IMPROVEMENTS IN THE AMOUNT OF \$201,076 DURING 1967.

A BREAKDOWN OF THESE IMPROVEMENTS BY DISTRICT IS SHOWN IN THE WORK PROGRAM FOR EACH DISTRICT.

- C. ELECTRIC PLANT CONSTRUCTION: DURING 1967 DEPARTMENT PERSONNEL WILL BE ENGAGED IN SURVEYING, SECURING EASEMENTS, PREPARING EQUIPMENT SPECIFICATIONS AND MATERIAL LISTS, AND SUPERVISING CONSTRUCTION OF SYSTEM IMPROVEMENTS IN COORDINATION WITH DISTRICT PERSONNEL CONCERNED.

3. ENGINEERING AND CONSTRUCTION SERVICES: THE DEPARTMENT WILL CONTINUE TO PROVIDE TECHNICAL AND ADVISORY SERVICES AS NEED ARISES TO THE OPERATING DISTRICTS IN THE FOLLOWING AREAS:

CONSTRUCTION SPECIFICATIONS
ENGINEERING AND CONSTRUCTION PRACTICES
JOINT USE WITH TELEPHONE

PLANT CONFLICTS (HIGHWAY CONSTRUCTION)
EASEMENTS, ENCROACHMENT AGREEMENTS AND SPECIAL USE PERMITS
SYSTEM MAPS
DRAFTING SERVICES (CHARTS, GRAPHS, PLATS OF REAL ESTATE, ETC.)
COORDINATION OF SECTIONALIZING DEVICES

4. GENERAL STAFF SERVICES: IN LINE WITH DELEGATED RESPONSIBILITIES FOR STAFF SERVICES AND COMPLETED STAFF WORK, THE DEPARTMENT WILL PREPARE AND MAINTAIN ITS RECORDS AND REPORTS AS FOLLOWS:

AD VALOREM TAX RECORDS

AS A RESULT OF AND IN COMPLIANCE WITH A NEW LAW PASSED BY THE 1965 LEGISLATURE, OUR COOPERATIVE WILL BE PAYING AD VALOREM TAXES IN 1968 AND WILL BE ASSIGNED A SERVICE AREA BY THE NORTH CAROLINA UTILITIES COMMISSION, VERY LIKELY IN 1967. THE ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT WILL, AMONG OTHER THINGS, DEVOTE ITS BEST EFFORTS TO SEEING THAT THE COOPERATIVE'S INTERESTS ARE HANDLED IN A CAREFUL AND PRUDENT MANNER IN BOTH OF THESE VITAL AREAS. FIRST OF ALL, AT THE VERY BEGINNING OF 1967 WE WILL PREPARE RECORDS TO SUPPORT THE AMOUNTS WE WILL BE PAYING IN LIEU OF TAXES TO THE TOWNS AND COUNTIES FOR 1966. AT THE SAME TIME WE MUST PREPARE AND SUBMIT ACCURATE RECORDS OF ALL COOPERATIVE PROPERTIES TO INCLUDE: CLASSIFICATION OF PROPERTIES (REAL, ELECTRIC PLANT, OFFICE FIXTURES, ETC.); LOCATION (TAXABLE DISTRICT, TOWN, TOWNSHIP, ETC.); ORIGINAL COST; DEPRECIATION; AND ASSESSMENT RATIOS AND RATES FOR ALL TAXING AREAS.

BECAUSE THE LAW REQUIRES THAT PROPERTIES BE LISTED FOR TAX PURPOSES DURING THE MONTH OF JANUARY, WE WILL BE PREPARING PARTS OF THESE RECORDS DURING THE LAST QUARTER OF 1966. OUR OBJECTIVE IN THIS AREA IS TO PREPARE A PERMANENT SET OF TAX RECORDS THAT COMPLY WITH THE LAWS OF THE STATE AND RECORDS THAT CAN BE MAINTAINED FROM YEAR TO YEAR WITHOUT TOO MUCH DIFFICULTY.

TERRITORIAL ASSIGNMENTS (MAPS AND RECORDS)

ANOTHER VERY VITAL AREA WHERE DEPARTMENT PERSONNEL WILL BE INVOLVED IS IN THE ASSIGNMENT OF SERVICE AREAS BY THE NORTH CAROLINA UTILITIES COMMISSION. MUCH OF THE PRELIMINARY WORK WILL BE COMPLETED BY THE END OF 1966 AND FILING APPLICATIONS FOR SERVICE AREAS IS NOT LIKELY TO OCCUR BEFORE THE FIRST QUARTER OF 1967. WE WILL PREPARE AND CHECK ALL MAPS PERTAINING TO THIS AND WILL PROVIDE ALL ASSISTANCE NECESSARY IN THE ACTUAL NEGOTIATIONS WITH OTHER POWER SUPPLIERS TO EFFECT A SATISFACTORY AGREEMENT WITH ALL POWER SUPPLIERS, BUT AT THE SAME TIME ASSURE THAT BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION'S INTERESTS ARE FULLY PROTECTED.

PLANT EQUIPMENT RECORDS

TRANSMISSION EASEMENT RECORDS

FEDERAL POWER COMMISSION REPORTS

CONSTRUCTION RECORDS

CORRESPONDENCE AS REQUIRED

DEVELOPING INFORMATION IN CONNECTION WITH ANY SPECIAL STUDIES UNDERWAY DURING 1967.

5. STAFF TRAINING AND DEVELOPMENT: IN 1967 THE FUNCTIONS AND ACTIVITIES OF THE ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT WILL BE VARIED AND WILL PROVIDE OPPORTUNITY FOR "ON THE JOB" TRAINING AND DEVELOPMENT OF TECHNICAL SKILLS.

IN ADDITION TO THE ABOVE, WE PLAN TO TAKE ADVANTAGE OF APPROPRIATE TRAINING AND EDUCATIONAL PROGRAMS MADE AVAILABLE TO US. THESE INCLUDE:

TRAINING	PERSONNEL
LINE FOREMEN'S SCHOOL	2
METER SCHOOL	1
SUPERVISOR'S INSTITUTE	2
MANAGEMENT INSTITUTE	1

SECTION	DESCRIPTION	AMOUNT
IX	ELECTRIC PLANT ADDITIONS	
A	CONSTRUCTION - DISTRIBUTION	\$ 11,700.00
B	RETIREMENT - DISTRIBUTION	3,250.00
C	CONSTRUCTION - TRANSMISSION	11,300.00
D	RETIREMENT - TRANSMISSION	2,500.00
	SECTION SUBTOTAL	\$ 28,750.00
VIII	FIXED EXPENSES	
VII	DIRECTORS	
VI	ADMINISTRATIVE EXPENSES	
A	ADMINISTRATIVE SUPERVISION	168.00
B	GENERAL OFFICERS - TRAVEL AND EXPENSE	2,410.00
C	GENERAL CLERICAL AND ACCOUNTING EXPENSE	
D	ADMINISTRATIVE EXPENSE TO CONSTRUCTION	
E	GRASS ROOTS SERVICES	
F	PROPERTY INDEMNITY	
G	INSURANCE, INJURIES, DAMAGES	937.00
H	EMPLOYEE BENEFITS	
I	SAFETY - EMPLOYEES	
J	EMPLOYEE-DIRECTOR INFORMATION PROGRAM	
K	POWER PROGRAMS	
L	DONATIONS AND GIFTS	
M	ANNUAL MEETING EXPENSE	
N	RENTS	
O	OPERATIONS AND MAINTENANCE - GENERAL PLANT	6,019.00
	SECTION SUBTOTAL	\$ 6,019.00
	TOTAL OPERATIONS BUDGET (ITEMS II THROUGH VIII)	\$ 6,108.00

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT 1967 BUDGET

A. OPERATIONS

DESCRIPTION

II.	<u>OPERATIONS AND MAINTENANCE - TRANSMISSION</u>	-
III.	<u>OPERATIONS AND MAINTENANCE - DISTRIBUTION</u>	-
IV.	<u>CONSUMER ACCOUNTING</u>	-
V.	<u>MEMBER SERVICES AND POWER SALES</u>	
	A. PUBLIC AND MEMBER RELATIONS	\$ 85.00
	B. POWER SALES	-
	C. YOUTH EDUCATION AND RELATIONS	-
	SECTION SUBTOTAL	\$ 85.00
VI.	<u>ADMINISTRATIVE EXPENSES</u>	
	A. ADMINISTRATIVE SUPERVISION	\$ 168.00
	B. GENERAL OFFICERS - TRAVEL AND EXPENSE	-
	C. GENERAL CLERICAL AND ACCOUNTING EXPENSE	5,414.00
	D. ADMINISTRATIVE EXPENSE TO CONSTRUCTION	-
	E. OUTSIDE SPECIAL SERVICES	-
	F. PROPERTY INSURANCE	-
	G. INSURANCE, INJURIES, DAMAGES	-
	H. EMPLOYEE BENEFITS	437.00
	I. SAFETY - EMPLOYEES	-
	J. EMPLOYEE-DIRECTOR INFORMATION PROGRAM	-
	K. POWER PROCUREMENT	-
	L. DONATIONS AND DUES	-
	M. ANNUAL MEETING EXPENSE	-
	N. RENTS	-
	O. OPERATIONS AND MAINTENANCE - GENERAL PLANT	-
	SECTION SUBTOTAL	\$ 6,019.00
VII.	<u>DIRECTORS</u>	-
VIII.	<u>FIXED EXPENSES</u>	-
	TOTAL OPERATIONS BUDGET (ITEMS II THROUGH VIII)	\$ 6,104.00

B. PLANT ADDITIONS

IX.	<u>ELECTRIC PLANT ADDITIONS</u>	
	A. CONSTRUCTION - DISTRIBUTION	\$ 11,700.00
	B. RETIREMENT - DISTRIBUTION	3,256.00
	C. CONSTRUCTION - TRANSMISSION	14,305.00
	D. RETIREMENT - TRANSMISSION	3,256.00
	SECTION SUBTOTAL	\$ 32,517.00

X. GENERAL PLANT ADDITIONS

TOTAL PLANT ADDITIONS BUDGET (ITEMS IX AND X)

\$ 32,517.00

ANNUAL DEPARTMENT PAYROLL: REGULAR PAYROLL \$ 33,665.00
TEMPORARY HELP 2,156.00
OVERTIME -
TOTAL PAYROLL \$ 35,821.00

(TOTAL DEPARTMENT PAYROLL BUDGET IS REFLECTED IN OPERATIONS AND PLANT ADDITIONS BUDGETS UNDER APPLICABLE ITEMS.)

Blue Ridge Electric Membership Corporation

Alleghany District 1967 Work Programs

First Quarter Results

III. OUTLINE OF DISTRICT WORK PROGRAMS FOR 1967

A. Organization

1. Additional Personnel: No additional personnel were added this quarter.
2. Changes in Delegations: No major changes of delegation were made in this quarter. A review of delegations was made in the annual performance appraisals of each individual in the district this quarter.

B. Policies and Procedures

1. We have had a complete review of our service regulations and most of the policies dealing with operations, in our weekly safety meetings this quarter.
2. Our supervisory people have been instructed to review our present work procedures and to make and/or recommend changes that would give us more efficient operations in the district.

C. Facilities and Equipment: Good progress is being made on our study on what additional office and warehouse space, transportation and work equipment, and personnel that will be needed to meet the needs in the district in the next ten years. Major items of equipment ordered in this quarter are as follows:

1. Adding machine was purchased to be used by operations and construction section.
2. *Three volt recording meters were purchased.

*Not a budget item.

D. Work Programs and Budgets

1. Each section supervisor has prepared a calendar of scheduled projects for their section to use as a guide in carrying on the work plan for their section. Reviews on progress being made on these plans have been made each month by the district manager and supervisor.

E. Controls in Key Performance Areas

1. Operations and Maintenance

a. Maintenance Programs

(1.) Pole and Line Inspection

Results: First 3 Months
0

(2.) Transmission Line Patrols

Results: First 3 Months
1

(3.) Oil Circuit Recloser Maintenance

Results: First 3 Months
0

(4.) Distribution R/W Reclearing (contracted)

Results: First 3 Months
0

Postponed to second quarter due to the right-of-way contractor being used in other districts.

(5.) Transmission R/W Reclearing (contracted)

Results: First 3 Months
None

Postponed to second quarter.

(6.) Meters to be Field Checked

Results: First 3 Months
0

b. Service Continuity

(1.) Planned Outages: We have used hot line tools to make some pole changeouts and replace bad insulators in this quarter. This has decreased planned outage time.

(2.) Unplanned Outages: Our consumer outage time for the first quarter averaged 1.328 hours per consumer. The sleet storm we experienced on February 17, 1967 caused 32 outages and 4,017 consumer hours, or 1.123 hours per consumer.

(a.) Number of Outages

Results: First 3 Months
59

(b.) Consumer Hours Outage Time

Results: First 3 Months
4,782

Blue Ridge Electric Membership Corporation

1967 Alleghany District Budget

First Quarter Results

A. OPERATIONS

Description

	Budget	Expenditures
II. <u>Operations and Maintenance - Transmission</u>		
a. Transmission Operations - Supervision and Engineering	\$ 255.00	\$ 210.84
b. Station Expenses	-	30.37
c. Overhead Line Expenses	251.00	360.07
d. Inspecting and Testing Poles	-	-
e. Maintenance - Supervision and Engineering	269.00	210.78
f. Maintenance of Structures	-	-
g. Maintenance of Station Equipment	-	-
h. Maintenance of Overhead Lines	-	-
i. Right-of-way Reclearing	744.00	- (1)
Section Subtotal	\$1,519.00	\$ 812.06
III. <u>Operations and Maintenance - Distribution</u>		
a. Operations - Supervision and Engineering	\$ 644.00	\$ 527.04
b. Station Expenses	89.00	100.12
c. Overhead Line Expenses	1,102.00	720.00
d. Inspecting and Testing Poles	-	-
e. Street Lights and Signal System	42.00	5.19
f. Meter Expenses - Servicemen	2,015.00	2,030.69
g. Miscellaneous Expenses	-	-
h. Maintenance - Supervision and Engineering	733.00	615.69
i. Maintenance of Structures	-	-
j. Maintenance of Station Equipment	32.00	-
k. Maintenance of Overhead Lines	2,150.00	2,578.55
l. Right-of-way Reclearing	1,993.00	465.91 (2)
m. Maintenance of Line Transformers	-	-
n. Maintenance of Street Lights and Signal System	20.00	1.03
o. Maintenance of Meters	-	-
p. Maintenance of Miscellaneous Dist. Plant	-	-
q. Underground Services	-	-
Section Subtotal	\$8,820.00	\$7,044.22

- (1) Transmission right-of-way reclearing by contract crews postponed to the second quarter.
- (2) Distribution right-of-way reclearing by contract crews postponed to the second quarter.

	<u>Budget</u>	<u>Expenditures</u>
IV. <u>Consumer Accounting</u>		
a. Meter Reading	\$ 675.00	\$ 621.67
b. Member Accounts - Electric	2,079.00	1,941.05
c. Cash Over and Short	-	-
d. Uncollectible Accounts - Electric Service	-	-
e. Loan Accounts	326.00	297.60
Section Subtotal	<u>\$3,080.00</u>	<u>\$2,860.32</u>
V. <u>Member Services and Power Sales</u>		
a. Public and Member Relations	1,410.00	1,024.96
b. Power Sales	1,409.00	808.65
c. Youth Education and Relations	151.00	133.73
Section Subtotal	<u>\$2,970.00</u>	<u>\$1,967.34</u>
VI. <u>Administrative Expense</u>		
a. Administrative Supervision	178.00	216.36
b. General Officers - Travel and Expense	-	-
c. General Clerical and Accounting Expense	724.00	565.82
d. Administrative Expense to Construction	-	-
e. Outside Special Services	-	-
f. Property Insurance	-	-
g. Insurance, Injuries, Damages	-	-
h. Employee Benefits	240.00	138.80
i. Safety - Employees	-	-
j. Employee-Director Information Program	-	-
k. Dues - Associated Organizations	-	-
l. Donations and Dues	248.00	35.00
m. Annual Meeting Expense	-	-
n. Rents	-	-
o. Operations and Maintenance - General Plant	1,010.00	623.29
Section Subtotal	<u>\$2,400.00</u>	<u>\$1,579.27</u>
VII. <u>Directors</u>		-
VIII. <u>Fixed Expenses</u>		-
TOTAL OPERATIONS BUDGET (Items II through VIII)	<u>\$18,789.00</u>	<u>\$14,263.21</u>

c. Regulation: Load recordings were taken on our substations in February and all the stations, with the exception of Ellis, were in good balance. Work has been initiated to balance this station.

d. Plant Utilization

(1) Transformer Load Study: A transformer load study on 233 existing transformers was completed and changes were made where overload was indicated.

(2) Idle Services: A field survey on all accounts that have been inactive more than one year was completed. Out of 151 services checked, we found 43 to retire and have retired 27 of these.

2. Electric Plant Additions

a. New Services

Results: First 3 Months
26

b. Cost Per Member

Results: First 3 Months
\$ 429.35

c. Third Wires

Results: First 3 Months
2

d. Small Alterations

Results: First 3 Months
26

e. Retirements

Results: First 3 Months
27

f. System Improvements

Planned System Improvements for 1967

(1) We have completed approximately half of the new circuit 37 to Roaring Gap. We hope to have this work order completed by the end of June.

(2) Postponed installing the two auto-boosters until August.

(3) Materials are in stock for improving the coordination of our oil circuit reclosers. Work on this will start in April.

(4) These regulators are scheduled to be changed in April.

3. Service Leadership

All request for services that were within policy have been rendered.

Service Rendered

a. Loan Contracts

First 3 Months

Results: 25

b. Layouts on Wiring, Lighting, Water Systems, etc.

First 3 Months

Results: 3

c. Layouts for Electric Heat

First 3 Months

Results: 11

4. Market Position

- a. KWH Sales: Our increase in KWH sales for the first quarter of this year is 14.1 percent over the first quarter of last year. Last year we had a 19.1 percent increase in the same period of time. Due to the mild weather we have experienced this winter, our electric heat usage decreased over last year.
- b. House Plan Services: Sixty house plan books have been purchased and the member service department is designing electric heat for each plan.
- c. Direct Sales Approach: Very little work has been done in this area except in promoting electric heat. We hope to start our special mailings in the next quarter.
- d. Medallion Home Programs: Scheduled later on in the year.
- e. Promotions - Member Service Department: We have assisted this department when requested. (Scholarship programs, Washington Youth Tours, etc.)
- f. Building and Wiring Contractors Meetings: We held a combined meeting of our building and wiring contractors and dealers in February. The attendance was good and there was a good exchange of information.
- g. Dealer Meetings: See statement above for results.
- h. Employee Participation in Load Growth: Our employees are assisting us in promoting load growth.

i. Electric Heated Homes

First 3 Months

Results:

6

By all indications we are off to a good start in promoting electric heat this year. We have 16 electric heated accounts under construction.

5. Member and Public Relations

a. Area Development: The district manager is serving as chairman of the County Industrial Committee of the Northwest Development Association; chairman of the Allegheny County Planning Board; Director of New River Valley Development Association; etc. The member service advisor is serving as chairman of the Extension Service Advisory Board; chairman of the County Community Development Committee of the Northwest Development Association; etc. We have other personnel in the district serving on various development groups.

b. Community Meetings: No action has been taken on holding community meetings. We are waiting to see what action will be taken to hold meetings of our opinion leaders in relation to getting attendance and involvement of these leaders at our annual meeting this year.

c. Community and Civic Club Programs: Programs have been given at two community clubs.

d. Youth Education and Relations

1. No tours have been conducted.

2. We have offered our assistance to the extension service and school personnel in promoting youth organizations. Our member service advisor has conducted two electrical workshops for 4-H groups. Claude Edwards is serving as an adult leader in 4-H work.

6. Productivity

a. Work Methods: In the counseling sessions with the district supervisors in February, it was pointed out the need to continually evaluate our work procedures and make changes where necessary to improve our operations.

b. Work Plan Reviews: Reviews have been made monthly.

7. Personnel Training and Development

a. Employee Meetings: One employee safety and training meeting has been held each week.

b. Off-System Meetings: None scheduled for this quarter.

B. PLANT ADDITIONS

IX. <u>Electric Plant Additions</u>	<u>Budget</u>	<u>Expenditures</u>
a. Construction - Distribution	\$ 37,341.00	\$ 15,259.04
b. Retirement - Distribution	2,169.00	2,040.35
c. Construction - Transmission	698.00	4,107.87
d. Retirement - Transmission	146.00	1,891.49
Section Subtotal	<u>\$ 40,354.00</u>	<u>\$ 23,298.75</u>

X. <u>General Plant Additions</u>		
a. Buildings - Additions and Improvements	-	-
b. Tools and Work Equipment	202.00	1,526.88 (3)
c. Transportation Equipment	-	2,545.00 (4)
d. Office Equipment	358.00	309.00
e. Land Acquisitions and Improvements	-	-
Section Subtotal	<u>\$ 560.00</u>	<u>\$ 4,381.09</u>

TOTAL PLANT ADDITIONS BUDGET (Items IX and X) \$ 40,914.00 \$ 27,679.84

DEPARTMENT PAYROLL:	<u>Annual</u>	<u>This Quarter</u>
Regular Payroll	85,442.00	19,319.10
Temporary Help	1,452.00	-
Overtime	4,000.00	1,655.06
Total Payroll	<u>\$ 90,894.00</u>	<u>\$ 20,974.16</u>

3. Three volt recording meters that were not budgeted.
4. Vehicle that was budgeted to trade last year and due to a delay in delivery will be shown on this year's budget.

EXHIBIT NO. 13

ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT - FIRST QUARTER RESULTS REPORT - 1967

-2-

CAPACITIES AT ALL METERING POINTS ARE ADEQUATE FOR THE IMMEDIATE FUTURE. DURING MARCH, 1966 WE RECEIVED A CHANGE IN BILLING SCHEDULES FROM THE POWER SUPPLIER AT THE LENOIR METERING POINT. THIS CHANGE RESULTED IN A SAVINGS OF \$3,076.27 DURING THE FIRST QUARTER OF 1967.

COMPARISONS ARE BEING MADE ON RATE SCHEDULES II AND IIA TO DETERMINE THE MOST ECONOMICAL RATE SCHEDULE FOR THE SAWMILLS METERING POINT. THE TOTALS FOR MARCH, 1966 THROUGH MARCH, 1967 SHOW A DIFFERENCE OF \$1,049.46 IN FAVOR OF OUR PRESENT RATE SCHEDULE IIA OVER RATE SCHEDULE II.

E. CONTROLS IN KEY PERFORMANCE AREAS

1. SERVICE LEADERSHIP

DURING THIS TIME PERIOD DISTRIBUTION SYSTEM RELIABILITY WAS EXCELLENT. THE FEW OUTAGES THAT DID OCCUR WERE DUE MOSTLY TO LINE LOADS EXCEEDING THE CONTINUOUS RATINGS OF THE LINE RECLOSERS. NEW STATION RECLOSERS WERE INSTALLED IN SPARTA, BLOWING ROCK AND LENOIR SUBSTATIONS DUE TO INCREASED FAULT CURRENTS.

NEW RELAY SETTINGS WERE MADE ON THE TRANSMISSION SYSTEM AS RECOMMENDED BY THE CONSULTING ENGINEERS. SEVERAL OUTAGES OCCURRED ON THE TRANSMISSION SYSTEM AS THE RESULTS OF AN ICE STORM IN THE MONTH OF FEBRUARY.

VOLTAGE CHECKS WERE MADE ON THE SYSTEM DURING THE FIRST QUARTER. AN ANALYSIS OF THESE CHECKS INDICATES THAT VOLTAGE REGULATION IS ADEQUATE FOR THE PRESENT. CHECKS WILL CONTINUE TO BE MADE AND STUDIES MADE TO REMEDY ANY BAD VOLTAGE SUPPLY CONDITIONS.

2. PRODUCTIVITY

A. ELECTRIC PLANT ADDITIONS: (SEE SYSTEM IMPROVEMENT AND ELECTRIC PLANT CONSTRUCTION SUMMARY ATTACHED).

B. ELECTRIC PLANT CONSTRUCTION (WORK IN PROGRESS):

(1) DOLL PAPER COMPANY: THE LATEST DEVELOPMENT IN THE AREA OF HEAVY CONSTRUCTION WILL BE THE CONSTRUCTION OF A SHORT TRANSMISSION LINE AND A 2000 KVA SUBSTATION TO SERVE THE DOLL PAPER COMPANY IN PATTERSON. THIS COMPANY IS ADDING 1000 Hp. TO THEIR PRESENT LOAD IMMEDIATELY AND PLAN AN ADDITIONAL 1000 TO 1200 Hp. WITHIN THE NEAR FUTURE. THIS WORK IS STILL IN THE PLANNING STAGE.

(2) GRANDIN REPHASING: THIS JOB WAS UNDERTAKEN AS A MEANS OF CORRECTING BAD VOLTAGE SITUATIONS IN THE ELK CREEK, MARLEY FORD, LEWIS FORK AND STONY FORK SECTIONS OF WILKES COUNTY ON A BUDGET ESTIMATE OF \$34,000.00. DUE TO THE FINANCIAL SITUATION WITH REA AND A LOW ORIGINAL ESTIMATE, THE JOB HAS BEEN HALTED WITH CONSTRUCTION COMPLETED UP TO HIGHWAY 268 (YADKIN RIVER) WITH AN APPROXIMATE EXPENDITURE OF \$20,000.00.

PART II, OR THE REMAINDER OF THE JOB, WILL BE COMPLETED LATER THIS YEAR UNDER ANOTHER WORK ORDER.

- (3) GLADE VALLEY REPHASING: THIS IS APPROXIMATELY $5\frac{1}{2}$ MILES OF NEW THREE PHASE LINE BEING BUILT TO PROVIDE THE ROARING GAP AND HIGH MEADOWS AREAS WITH A MORE ADEQUATE SOURCE OF POWER. AGAIN, DUE TO THE FINANCIAL SITUATION, THE WORK HAS BEEN SPLIT INTO TWO SEPARATE WORK ORDERS. AS OF THIS DATE, THE LINE IS COMPLETED FROM THE GLADE VALLEY SUBSTATION UP TO THE BLUE RIDGE PARKWAY, APPROXIMATELY 2.2 MILES.
- (4) BLOWING ROCK HOSPITAL: REPHASING HAS BEEN COMPLETED ON THE NEW FEEDER CIRCUIT FOR THIS ACCOUNT. THE THREE PHASE UNDERGROUND PRIMARY SERVICE AND VAULT TYPE TRANSFORMER WILL BE INSTALLED UNDER A SEPARATE WORK ORDER.
- (5) SHULLS MILL TRANSMISSION LINE: ENGINEERING AND PRELIMINARY PLANNING HAS BEEN STARTED ON THIS LINE. NO DEFINITE CONSTRUCTION SCHEDULE HAS BEEN SET UP. THIS WILL BE DICTATED BY THE LOAD GROWTH OF THE HOUND EARS AND SEVEN DEVILS RESORT AREAS. THERE IS THE POSSIBILITY THAT THIS LINE AND SUBSTATION CAN BE DEFERRED FOR SEVERAL MORE YEARS. IN THE MEANTIME, WE PLAN TO COMPLETE ENGINEERING INCLUDING EASEMENT PROCUREMENT AND MATERIAL LISTS. THE SHULLS MILL CIRCUIT OUT OF THE BLOWING ROCK SUBSTATION HAS BEEN HEAVIED UP TO CARRY SOME ADDITIONAL LOAD FROM THE BLOWING ROCK SUBSTATION.

C. ENGINEERING AND CONSTRUCTION SERVICES:

- (1) ENGINEERING AND CONSTRUCTION PRACTICES MANUAL: DURING THE FIRST QUARTER THE DEPARTMENT HEAD AND STAFF MET WITH THE OPERATIONS AND MAINTENANCE DEPARTMENT HEAD AND STAFF AND AGREED ON PRACTICES THAT SHOULD BE DEVELOPED BY EACH DEPARTMENT. SOME PRACTICES PREVIOUSLY DEVELOPED BY THE ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT WILL BE MAINTAINED BY THE OPERATIONS & MAINTENANCE DEPARTMENT IN THE FUTURE. ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT WILL DEVELOP A NEW MANUAL AND THIS IS IN PROGRESS AT THE PRESENT TIME. IT IS OUR PLAN TO PROVIDE ALL DEPARTMENTS WITH A LISTING OF THESE PRACTICES PRIOR TO PUBLICATION TO ASSURE THAT WE HAVE DEVELOPED THE PRACTICES THAT ARE NECESSARY AT THE PRESENT TIME AND TO GAIN UNDERSTANDING AND ACCEPTANCE OF ALL PRACTICES.
- (2) WILKES TELEPHONE MEMBERSHIP CORPORATION ATTACHMENTS: THE WILKES TELEPHONE MEMBERSHIP CORPORATION RECENTLY MADE A FORMAL REQUEST FOR ATTACHMENT TO NEARLY 200 OF OUR POLES IN THE REDDIE'S RIVER SECTION OF WILKES COUNTY. ALL OF THESE ATTACHMENTS WERE INVESTIGATED BY A MEMBER OF THE ENGINEERING DEPARTMENT ALONG WITH A REPRESENTATIVE FROM THE ASHE AND ALLEGHANY DISTRICTS.

(3) BLUE RIDGE PARKWAY AND N. C. STATE HIGHWAY ENCROACHMENTS: FORMAL N. C. STATE HIGHWAY ENCROACHMENT AGREEMENTS HAVE BEEN MADE ON JOBS IN WATAUGA AND ALLEGHANY DISTRICTS. THE ALLEGHANY JOB CONSISTED OF APPROXIMATELY 1500 FEET OF THREE PHASE UNDERGROUND PRIMARY UNDER THE BLUE RIDGE PARKWAY. THIS, OF COURSE, NECESSITATED A FORMAL AGREEMENT WITH THE PARKWAY PEOPLE. WE EXPERIENCED NO DIFFICULTY WITH ANY OF THESE AGENCIES.

(4) SYSTEM MAPS: ALL SYSTEM DETAIL, KEY, TRANSMISSION AND SPECIAL MAPS WERE BROUGHT UP-TO-DATE, PRINTED AND RE-DISTRIBUTED TO THE DISTRICTS DURING THIS QUARTER WITH THE EXCEPTION OF THE CALDWELL DISTRICT WHICH WILL BE COMPLETED WITHIN A FEW DAYS. THIS JOB REQUIRED HANDLING AND PRINTING APPROXIMATELY 550 MAPS OF VARIOUS TYPES. IN ADDITION, A NUMBER OF MAPS WERE PREPARED FOR TAX AND TERRITORIAL AGREEMENT PURPOSES. OUR DRAFTING DEPARTMENT IS FUNCTIONING VERY WELL AS A SERVICE SECTION.

D. GENERAL STAFF SERVICES:

(1) AD VALOREM TAXES: AS REQUIRED BY LAW, PROPERTIES OF BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION WERE LISTED IN THE SEVEN COUNTIES IN WHICH BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION OPERATES. THIS REQUIRED BREAKING DOWN PROPERTIES INTO SEVENTY-NINE DIFFERENT TAX DISTRICTS. ALTHOUGH CURRENT TAX RATES ARE SUBJECT TO CHANGE AROUND JULY 1 BY THE COUNTY COMMISSIONERS; NO GREAT CHANGE IS EXPECTED IN ANY OF THE COUNTIES. THEREFORE, ON THE BASIS OF PRESENT LISTINGS, ASSESSMENT RATIOS AND RATES, OUR AD VALOREM TAXES ARE ESTIMATED TO BE BETWEEN \$45,000 AND \$50,000. ALSO, AS REQUIRED BY LAW, BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION, HAS FILED WITH THE NORTH CAROLINA STATE BOARD OF ASSESSMENT THE PROPER FORMS AND INFORMATION FOR 1967. THIS WAS REQUIRED BY MARCH 31, 1967.

(2) SERVICE AREA ASSIGNMENT: DURING THE FIRST QUARTER OF 1967 WE OBTAINED LETTERS OF DISCLAIMERS FROM ALL ADJACENT POWER SUPPLIERS WITH RESPECTS TO THEIR INTERESTS IN ASHE AND ALLEGHANY COUNTIES AND ALSO ALL POWER SUPPLIERS NOT DIRECTLY INVOLVED IN THE SERVICE AREA NEGOTIATIONS OF WATAUGA COUNTY. AT THE END OF THE FIRST QUARTER WE ARE PREPARING APPLICATION FOR ASSIGNMENT OF ASHE AND ALLEGHANY COUNTIES AND NEGOTIATIONS ARE PENDING WITH MOUNTAIN ELECTRIC COOPERATIVE WITH RESPECTS TO WATAUGA AND AVERY COUNTIES. OTHER THAN THIS, VERY LITTLE HAS BEEN ACHIEVED IN OTHER COUNTIES WHERE WE HAVE INTERESTS.

(3) CONSTRUCTION BUDGET FORMS: WE HAVE EXPENDED CONSIDERABLE TIME AND THOUGHT IN DEVELOPING FORMS AND PROCEDURES FOR USE IN CONTROLLING CONSTRUCTION BUDGETS FOR THE 1968 FISCAL YEAR AS WELL AS THE REMAINING PORTION OF 1967. WE ARE HOPEFUL THAT THIS WORK WILL LEAD TO A REDUCED INVENTORY AND POSSIBLY NEW MATERIALS HANDLING PROCEDURES.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

COST SUMMARY OF SCHEDULED SYSTEM IMPROVEMENTS AND SPECIAL WORK ORDERS - FIRST QUARTER, 1967

DISTRICT	WORK ORDER NUMBER	DESCRIPTION OF WORK COMPLETED	ESTIMATE	ACTUAL COST	REMARKS
CALDWELL	3315	OAK HILL REPHASING	\$ 18,290.00	\$ -	DEFERRED
CALDWELL	3316	GRANDIN-LAYTOWN REPHASING	34,000.00	-	INCOMPLETE AND DIVIDED INTO TWO SEPARATE WORK ORDERS
CALDWELL	3317	RECLOSER RECOORDINATION	1,940.00	-	INCOMPLETE
CALDWELL	3318	LENOIR SUBSTATION RECLOSER CHANGE-OUTS	-	5,941.22	UNSCHEDULED - COMPLETED
CALDWELL	3314	GRANITE HARDWOODS REPHASING	-	-	UNSCHEDULED - JOB NOT STARTED DUE TO R/W DIFFICULTIES
WATAUGA	3423	BLOWING ROCK SUBSTATION UPRATING	49,700.00	-	REGULATORS AND SWITCHGEAR CHANGED. THIS JOB DIVIDED INTO TWO SEPARATE WORK ORDERS
WATAUGA	3424	BOONE SUBSTATION UPRATING	10,600.00	-	NO WORK DONE - DIVIDED INTO TWO SEPARATE WORK ORDERS
WATAUGA	3416	WATAUGA HOSPITAL FEEDER	-	8,673.68	COMPLETED - UNSCHEDULED
WATAUGA	3425	RECLOSER RECOORDINATION	3,400.00	-	WORK IN PROGRESS BUT INCOMPLETE
WATAUGA	3417	BLOWING ROCK HOSPITAL FEEDER	6,800.00	2,983.91	COMPLETED - DIFFERENT ROUTE FROM ORIGINAL PLAN
WATAUGA	3422	HOUND EARS THREE PHASE LINE ALTERATION	-	1,583.80	COMPLETED - UNSCHEDULED
ASHE	3517	SPRAGUE 46 KV LINE POLE REPLACEMENTS	-	260.15	COMPLETED - UNSCHEDULED
ASHE	3509	46 KV BREAKER INSTALLATION AT BEAVER CREEK SUB. FOR ORE KNOB CIRCUIT	-	457.31	COMPLETED - THIS INCLUDES LABOR AND MATERIAL TO CONNECT BREAKER, RELAYS, ETC.

DISTRICT	WORK ORDER NUMBER	DESCRIPTION OF WORK COMPLETED	ESTIMATE	ACTUAL COST	REMARKS
ASHE	3518	RECLOSER RECOORDINATION	\$ 1,020.00	\$ 1,321.83	COMPLETED
ASHE	3519	HELTON CIRCUIT AUTO-BOOSTER	1,075.00	-	INCOMPLETE
ASHE	3521	2400 VOLT CONVERSION & TIE LINES	24,500.00	-	NO WORK STARTED AS YET
ALLEGHANY	3615	NEW ROARING GAP CIRCUIT	32,000.00	-	COMPLETE TO BLUE RIDGE PARKWAY DIVIDED INTO TWO SEPARATE WORK ORDERS
ALLEGHANY	3617	EDMOND'S AUTO-BOOSTERS	1,955.00	-	INCOMPLETE
ALLEGHANY	3618	RECLOSER RECOORDINATION	2,996.00	-	INCOMPLETE
ALLEGHANY	3619	SPARTA SUB. REGULATORS AND RECLOSERS	12,800.00	-	WORK COMPLETE - ACCOUNTING INCOMPLETE
ALLEGHANY	3616	46 KV BAD POLE CHANGES	-	5,703.43	CARRIED OVER FROM 1966
ALLEGHANY	3609	CONSOLIDATED HIGH SCHOOL UNDERGROUND SERVICE	-	-	WORK COMPLETE - ACCOUNTING INCOMPLETE

\$ 26,925.33

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

BUDGET ANALYSIS - FIRST QUARTER, 1967

ENGINEERING AND CONSTRUCTION SERVICES DEPARTMENT

<u>DESCRIPTION</u>	<u>1967 ANNUAL BUDGET</u>	<u>FIRST QUARTER BUDGET</u>	<u>FIRST QUARTER EXPENDITURES</u>	<u>% Of TOTAL BUDGET USED</u>
A. OPERATIONS				
II. OPERATIONS & MAINTENANCE - TRANS.	-	-	-	
III. OPERATIONS & MAINTENANCE - DIST.	-	-	-	
IV. CONSUMER ACCOUNTING	-	-	-	
V. MEMBER SERVICES AND POWER SALES				
A. PUBLIC & MEMBER RELATIONS	\$ 85.00	\$ 22.00	\$ 20.00	23.5
B. POWER SALES	-	-	-	
C. YOUTH EDUCATION & RELATIONS	-	-	-	
SECTION SUBTOTAL	85.00	22.00	20.00	23.5
VI. ADMINISTRATIVE EXPENSES				
A. ADMINISTRATIVE SUPERVISION	168.00	42.00	34.00	20.2
B. GEN. OFFICERS - TRAVEL & EXP.	-	-	-	
C. GEN. CLERICAL & ACCT. EXPENSE	5,414.00	1,358.00	1,218.00	22.5
D. ADM. EXPENSE TO CONSTRUCTION	-	-	-	
E. OUTSIDE SPECIAL SERVICES	-	-	-	
F. PROPERTY INSURANCE	-	-	-	
G. INSURANCE, INJURIES, DAMAGES	-	-	-	
H. EMPLOYEE BENEFITS	437.00	32.00	66.00	15.1
SECTION SUBTOTAL	6,019.00	1,432.00	1,318.00	21.9
VII. DIRECTORS	-	-	-	
VIII. FIXED EXPENSES	-	-	-	
TOTAL OPERATIONS BUDGET (ITEMS II - VIII)	\$ 6,104.00	\$ 1,454.00	\$ 1,338.00	21.9
B. PLANT ADDITIONS				
IX. ELECTRIC PLANT ADDITIONS				
A. CONSTRUCTION - DISTRIBUTION	11,700.00	2,924.00	2,667.00	22.8
B. RETIREMENT - DISTRIBUTION	3,256.00	814.00	739.00	22.7
C. CONSTRUCTION - TRANSMISSION	14,305.00	3,038.00	2,734.00	19.1
D. RETIREMENT - TRANSMISSION	3,256.00	814.00	739.00	22.7
SECTION SUBTOTAL	32,517.00	7,590.00	6,879.00	21.2
X. GENERAL PLANT ADDITIONS	-	-	-	
TOTAL PLANT ADDITIONS BUDGET (ITEMS IX - X)	\$ 32,517.00	\$ 7,590.00	\$ 6,879.00	21.2
ANNUAL DEPARTMENT PAYROLL	\$ 35,821.00	\$ 8,417.00	\$ 7,551.00	21.1

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS

CALENDAR OF REPORTING

4/13/67

JANUARY

1. MANAGER'S MONTHLY OPERATING REPORT - WRITTEN AND ORAL
WRITTEN REPORT TO INCLUDE EACH MONTH
 - (A) OPERATING STATISTICS
 - (B) REVENUES, EXPENSES AND EQUITY
 - (C) CASH FLOW
 - (D) ELECTRIC SERVICE AND LOAN ACCOUNTS RECEIVABLE
2. ANNUAL BALANCE SHEET COMPARISONS
3. KEY RESULT AREA - POWER SUPPLY - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - (A) SOURCE AND SUPPLY - RELIABILITY
 - (B) COST OF POWER AND ALTERNATE SOURCES
 - (C) ADEQUACY OF CONTRACTS
 - (D) GENERATION - SHARPES FALLS PLANT
4. ELECT DELEGATE TO NRECA ANNUAL MEETING

FEBRUARY

1. MANAGER'S MONTHLY OPERATING REPORT
2. REPORT ON NRECA ANNUAL MEETING
3. APPOINT ANNUAL MEETING ADVISORY PLANNING COMMITTEE
4. KEY RESULT AREA - PRODUCTIVITY - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - (A) ANNUAL RESULTS REVIEW COMPARED TO GOALS IN WORK PROGRAM
 - (B) CONTROLLABLE EXPENSES COMPARED TO TRENDS AND GOALS
 - (C) PLANT UTILIZATION
 - (D) MANPOWER UTILIZATION
 - (E) PLANT ADDITIONS
5. SCHEDULE MEETING OF POLICY COMMITTEE
6. REVIEW VIEWPOINTS, OBJECTIVES AND POLICY AREAS WHICH MAY NEED REVISIONS

MARCH

1. MANAGER'S MONTHLY OPERATING REPORT INCLUDING LONG TERM DEBT QUARTERLY REPORT
2. REPORT ON TEMA MEETING
3. KEY RESULT AREA - FINANCIAL CONDITION - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - (A) REPORT FROM FINANCIAL AUDITORS
 - (B) OPERATING CASH POSITION
 - (C) CASH REQUIREMENTS FOR PLANT ADDITIONS
 - (D) INVESTMENT OF RESERVE FUNDS
 - (E) LONG RANGE FINANCIAL NEEDS.
4. REPORT OF POLICY COMMITTEE
5. APPOINT NOMINATING COMMITTEE
6. ARRANGE FOR MEETING OF MANPOWER DEVELOPMENT COMMITTEE TO REVIEW PERSONNEL DEVELOPMENT PROGRAM AND FRINGE BENEFITS PROGRAM AND CARRY OUT PERFORMANCE REVIEW AND DEVELOPMENT COUNSELING SESSION WITH GENERAL MANAGER. AND DO MERIT SALARY REVIEW FOR GENERAL MANAGER.

APRIL

1. MANAGER'S MONTHLY OPERATING REPORT
2. REPORT OF MANPOWER DEVELOPMENT COMMITTEE
3. DISCUSSION OF PLANS FOR ANNUAL MEETING INCLUDING RESULTS OF ADVISORY PLANNING COMMITTEE MEETING.

4. KEY RESULT AREA - EMPLOYEE DEVELOPMENT AND RELATIONS - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - (A) SAFETY RECORD
 - (B) EMPLOYEE PERFORMANCE
 - (C) PLANNED JOB TRAINING RESULTS
 - (D) EMPLOYEE INCENTIVES PROGRAM
 - (E) EMPLOYEE ATTITUDE
5. APPOINT CREDENTIALS COMMITTEE TO SERVE AT ANNUAL MEETING

MAY

1. MANAGER'S MONTHLY OPERATING REPORT
2. FINAL REPORT ON ANNUAL MEETING PLANS INCLUDING REVIEW OF PROPOSED RESOLUTIONS
3. KEY RESULT AREAS - (A) SERVICE LEADERSHIP AND (B) MARKET POSITION - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - A - SERVICE LEADERSHIP
 - (A) CONTINUITY OF SERVICE
 - (B) ADEQUACY OF PLANT TO MEET CONSUMER-MEMBER NEEDS
 - (C) MEMBER SERVICES - USE OF BY MEMBERS
 - B - MARKET POSITION
 - (A) RATES
 - (B) GROWTH IN SALES
 - (C) APPLIANCE SATURATION

JUNE

1. MANAGER'S MONTHLY OPERATING REPORT INCLUDING LONG TERM DEBT QUARTERLY REPORT
2. ORGANIZATION OF BOARD - ELECTION OF OFFICERS
3. KEY RESULT AREAS - (A) MEMBER RELATIONS AND (B) PUBLIC AND GOVERNMENT RELATIONS - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - A - MEMBER RELATIONS
 - (A) MEMBER ATTITUDE
 - (B) COMMUNICATIONS EFFECTIVENESS
 - (C) MEMBER MEETINGS
 - B - PUBLIC AND GOVERNMENT RELATIONS
 - (A) COMMUNICATIONS
 - (B) COMMUNITY PARTICIPATION
 - (C) RELATIONS WITH LEGISLATORS
 - (D) RELATIONS WITH GOVERNMENTAL AGENCIES
 - (E) RELATIONS WITH ASSOCIATED AGENCIES
 - (F) APPEARANCE OF REAL PROPERTY
 - (G) AREA DEVELOPMENT
4. ARRANGE FOR MEETING OF MEMBER AND PUBLIC RELATIONS COMMITTEE
5. DETERMINE WHICH AREAS OF OPERATIONAL POLICY AND PROCEDURES SHOULD BE USED FOR AN IN-DEPTH DISCUSSION AT THE JULY MEETING
6. PROVIDE EACH DIRECTOR WITH LIST OF UNCOLLECTIBLE ACCOUNTS TO BE CONSIDERED IN AUGUST FOR WRITE-OFF.

JULY

1. MANAGER'S MONTHLY OPERATING REPORT
2. SEMI-ANNUAL BALANCE SHEET COMPARISON REVIEW
3. DISCUSSION OF OPERATIONAL POLICIES AND PROCEDURES AS DESIGNATED AT JUNE MEETING
4. PRESIDENT APPOINT STANDING COMMITTEES - FINANCE, MANPOWER DEVELOPMENT, MEMBER AND PUBLIC RELATIONS AND POLICY.
5. DISCUSS AND ESTABLISH GUIDELINES FOR NEXT YEAR'S WORK PROGRAM AND BUDGET PLANNING
6. REPORT OF MEMBER AND PUBLIC RELATIONS COMMITTEE

AUGUST

1. MANAGER'S MONTHLY OPERATING REPORT
2. KEY RESULT AREA - BOARD PERFORMANCE - IN-DEPTH DISCUSSION TO COVER
 - (A) ATTENDANCE AT MEETINGS
 - (B) ORIENTATION OF NEW MEMBERS
 - (C) PARTICIPATION IN MEETINGS
 - (D) USE OF VIEWPOINTS AND OBJECTIVES IN DECISION MAKING
 - (E) EFFECTIVENESS OF PERFORMANCE IN ALL FUNCTIONS AS SET FORTH IN STATEMENT OF DIRECTOR FUNCTIONS
 - (F) FUNCTIONING AS AN EFFECTIVE COMMITTEE MEMBER
 - (G) KEEPING GENERAL MANAGER INFORMED (ADVISING AND ASSISTING)
 - (H) UTILIZATION OF CONSULTANTS' SERVICES IN SPECIALIZED AREAS
3. KEY RESULT AREA - GENERAL MANAGER'S PERFORMANCE IN ADVISING AND ASSISTING THE BOARD
 - (A) DISCUSSION OF WRITTEN APPRAISAL RESULTS COMPLETED BY BOARD
4. ARRANGE FOR MEETING OF MANPOWER DEVELOPMENT COMMITTEE TO REVIEW ADMINISTRATION OF WAGE AND SALARY PROGRAM
5. APPROVE WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS AGAINST RESERVES

SEPTEMBER

1. MANAGER'S MONTHLY OPERATING REPORT INCLUDING LONG TERM DEBT QUARTERLY REPORT
2. REPORT ON TEMA SUMMER MEETING
3. REPORT OF MANPOWER DEVELOPMENT COMMITTEE
4. REVIEW DEPRECIATION RATES AND RESERVES AND AUTHORIZE ANY NEEDED CHANGES IN RATES
5. KEY RESULT AREA - MANAGEMENT PERFORMANCE AND DEVELOPMENT - IN-DEPTH REPORT AND DISCUSSION TO INCLUDE
 - (A) SOUNDNESS OF ORGANIZATION
 - (B) EDUCATIONAL EXPERIENCES AND STAFF DEVELOPMENT
 - (C) ADMINISTRATION OF EMPLOYEE INCENTIVES PROGRAM COMPARED TO POLICY
 - (D) DEPARTMENT WORK PROGRAMS AND RESULTS

OCTOBER

1. MANAGER'S MONTHLY OPERATING REPORT
2. REVIEW AND APPROVE REA AUDIT OF CONSTRUCTION FUNDS
3. REPORT ON NRECA REGIONAL MEETING
4. ARRANGE FOR MEETING OF FINANCIAL COMMITTEE FOR REVIEW OF DETAILED ANNUAL SYSTEM WORK PROGRAM AND BUDGET

NOVEMBER

1. MANAGER'S MONTHLY OPERATING REPORT
2. REPORT OF FINANCE COMMITTEE AND REVIEW OF ANNUAL WORK PROGRAM AND BUDGET
3. KEY RESULT AREA - FINANCIAL CONDITION - IN-DEPTH REPORT AND DISCUSSION TO COVER
 - (A) WORK PROGRAM AND BUDGET FOR ENSUING YEAR
 - (B) REVIEW OF LONG RANGE FINANCIAL PROJECTIONS AND ANY CHANGES MADE IN PROJECTION

DECEMBER

1. MANAGER'S MONTHLY OPERATING REPORT INCLUDING LONG TERM DEBT QUARTERLY REPORT
2. FINAL ACTION ON ANNUAL WORK PROGRAM AND BUDGET

REPORTING CALENDAR

REPORTS OF DEPARTMENTS' RESULTS - REPORTS TO BE GIVEN BY DEPARTMENT MANAGERS OF RESULTS ACHIEVED IN THEIR KEY AREAS OF RESPONSIBILITY WILL BE PRESENTED TO THE BOARD AT DINNER MEETINGS SCHEDULED AS FOLLOWS:

- DISTRICTS AND MEMBER SERVICES - APRIL
- ENGINEERING AND OPERATIONS AND MAINTENANCE SERVICES - JULY
- OFFICE SERVICES AND MANAGEMENT SERVICES - SEPTEMBER

TIME AND PLACE FOR DINNER MEETINGS TO BE DECIDED BY DIRECTORS.

INFORMATION AND EDUCATION - EDIP - SESSIONS SHOULD BE PLANNED FOR ON QUARTERLY BASIS AND FITTED INTO SCHEDULE AS REQUESTED BY THE BOARD - SUBJECTS CHOSEN SHOULD BE SELECTED BY THE BOARD WITH SUGGESTIONS FROM THE GENERAL MANAGER.

V. PLAN OF ACTION DISTRICT MANAGER

What specific steps have the supervisor and the individual being counseled with agreed to take to assure growth and development? (To be completed with the individual when supervisor is conducting the counseling interview. A copy of this should be given to the individual being counseled with as a guide to his own development program.)

	<u>Action</u>	<u>Follow-up Date</u>
1.	Will develop a report on the results achieved in the 1966 work program that tracks each area of the work program.	Jan. 31, 1967
2.	Will report at the end of each quarter in 1967 on results achieved to date in each area of the 1967 work program and budget.	Apr. 30, 1967
3.	Will assign additional responsibility to key people in the district to help develop their potential.	June 30, 1967
4.		

This appraisal has been reviewed and discussed with me.

1-6-67

1-6-67

signed: C. E. Viverette

Signature of Appraiser - Immediate Supervisor

Signature of Reviewing Supervisor

"HE IS IN A POSITION TO CRITICIZE, WHO IS IN A POSITION TO HELP"

V. PLAN OF ACTION

What specific steps have the supervisor and the individual being counseled with agreed to take to assure growth and development? (To be completed with the individual when supervisor is conducting the counseling interview. A copy of this should be given to the individual being counseled with as a guide to his own development program.)

	<u>Action</u>	<u>Follow-up Date</u>
1.	Will take the initiative to coordinate with O & M on how the two depts. can best fulfill their staff role to the districts.	March 1, 1967
2.	Will give increasing responsibility to the electrical engineer to the extent he is capable of assuming it, for his most rapid development.	March 15, 1967
3.	Will continue to be responsible for listing taxes for ad valorem.	-
4.		

This appraisal has been reviewed and discussed with me.

1-25-67
 Date

 Date

 Date

signed: C. E. Viverette

 Signature of Appraiser - Immediate Supervisor

 Signature of Reviewing Supervisor

"HE IS IN A POSITION TO CRITICIZE, WHO IS IN A POSITION TO HELP"

WHAT WE KNOW ABOUT LEADERSHIP

Dr. Fred Fiedler

(Notes of Dr. Fiedler's discussion taken by Secretary of Consultation)

Leadership and Management is not the same thing.
Leadership is only one part of management.

Problems of leadership - 1. How does one get to be a leader?
2. How does one get to be an effective leader?

Effectiveness of leadership applies to how well the group performs.

Leadership is a relationship which depends, not only on the individual, but also on the organization.

Problem is just as much what kind of an organization as what should you do to make your subordinates perform effectively.

Leadership is when one person has influence over another.

Two leadership styles - 1. Task Oriented - Directive
2. Relationship Oriented - Permissive

Difficult to be a leader--when you are disliked by your group, you have a heterogeneous group.

Easy to be a leader--when you have a lot of power, the job is programmed.

There is no such thing as an "all purpose" leader.

Leadership is a situation outside of a man. It is as much the organization as the leader.

The evidence that "T-groups" improve leadership is meager.

Leadership performance can be improved in three ways: 1. Recruit and select--look at intelligence and technical competence (must know the type of situation in which the leader will function). 2. Train second and third level managers to put leaders in the right spot. Train them to change the situation to fit the leadership style. 3. Make the job fit the man. Engineer the organization to fit the man.

It takes forty years to learn how to inter-act with people. Takes two and one-half to three years to try to change attitudes under psychotherapy.

The following article by Dr. Fiedler was basis for discussion on effective leadership.

Engineer the Job to Fit the Manager

By FRED E. FIEDLER

FRED E. FIEDLER is Professor of Psychology at the University of Illinois and Director of the Group Effectiveness Research Laboratory. He has studied leadership performance in small groups in a wide variety of cultures and conditions.



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It may be easier and more effective to —

Engineer the Job to Fit the Manager

— than to change
a manager's leadership style to fit the job.

By Fred E. Fiedler

What kind of leadership style does business need? Should company executives be decisive, directive, willing to give orders, and eager to assume responsibility? Should they be human relations-oriented, nondirective, willing to share leadership with the men in their group? Or should we perhaps start paying attention to the more important problem of defining under what conditions each of these leadership styles works best and what to do about it?

The success or failure of an organization depends on the quality of its management. How to get the best possible management is a question of vital importance; but it is perhaps even more important to ask how we can make better use of the management talent which *we already have*.

To get good business executives we have relied primarily on recruitment, selection, and training. It is time for businessmen to ask whether this is the only way or the best way for getting the best possible management. Fitting the man to the leadership job by selection and training has not been spectacularly successful. It is surely easier to change almost anything in the job situation than a man's personality and his leadership style. Why not try, then, to fit the leadership job to the man?

Executive jobs are surprisingly pliable, and the executive manpower pool is becoming increasingly small. The luxury of picking a "natural leader" from among a number of equally promising or equally qualified specialists is rapidly fading into the past. Business must learn

how to utilize the available executive talent as effectively as it now utilizes physical plant and machine tools. Your financial expert, your top research scientist, or your production genius may be practically irreplaceable. Their jobs call for positions of leadership and responsibility. Replacements for these men can be neither recruited nor trained overnight, and they may not be willing to play second fiddle in their departments. If their leadership style does not fit the job, *we must learn how to engineer the job to fit their leadership style*.

In this article I shall describe some studies that illuminate this task of job engineering and adaptation. It will be seen that there are situations where the authoritarian, highly directive leader works best, and other situations where the egalitarian, more permissive, human relations-oriented leader works best; but almost always there are possibilities for changing the situation around somewhat to match the needs of the particular managers who happen to be available. The executive who appreciates these differences and possibilities has knowledge that can be valuable to him in running his organization.

To understand the problems that a new approach would involve, let us look first at some of the basic issues in organizational and group leadership.

Styles of Leadership

Leadership is a personal relationship in which one person directs, coordinates, and supervises others in the performance of a common task. This is especially so in "interacting groups,"

where men must work together cooperatively in achieving organizational goals.

In oversimplified terms, it can be said that the leader manages the group in either of two ways. He can:

▼ Tell people what to do and how to do it.

▲ Or share his leadership responsibilities with his group members and involve them in the planning and execution of the task.

There are, of course, all shades of leadership styles in between these two polar positions, but the basic issue is this: the work of motivating and coordinating group members has to be done either by brandishing the proverbial stick or by dangling the equally proverbial carrot. The former is the more orthodox job-centered, autocratic style. The latter is the more nondirective, group-centered procedure.

Research evidence exists to support both approaches to leadership. Which, then, should be judged more appropriate? On the face of it, the first style of leadership is best under some conditions, while the second works better under others. Accepting this proposition immediately opens two avenues of approach. Management can:

▼ Determine the specific situation in which the directive or the nondirective leadership style works best, and then select or train men so that their leadership style fits the particular job.

▲ Or determine the type of leadership style which is most natural for the man in the executive position, and then change the job to fit the man.

The first alternative has been discussed many times before; the second has not. We have never seriously considered whether it would be easier to fit the executive's job to the man.

Needed Style?

How might this be done? Some answers have been suggested by a research program on leadership effectiveness that I have directed under Office of Naval Research auspices since 1951.¹ This program has dealt with a wide variety of different groups, including basketball teams, surveying parties, various military combat crews, and men in open-hearth steel shops, as well as members of management and boards of direc-

¹Conducted under Office of Naval Research contracts 170-106, N6-ori-07135 and NR 177-472, Nonr-1834 (36).

tors. When possible, performance was measured in terms of objective criteria — for instance, percentage of games won by high school basketball teams; tap-to-tap time of open-hearth shops (roughly equivalent to the tonnage of steel output per unit of time); and company net income over a three-year period. Our measure of leadership style was based on a simple scale indicating the degree to which a man described, favorably or unfavorably, his least-preferred co-worker (LPC). This co-worker did not need to be someone he actually worked with at the time, but could be someone the respondent had known in the past. Whenever possible, the score was obtained before the leader was assigned to his group.

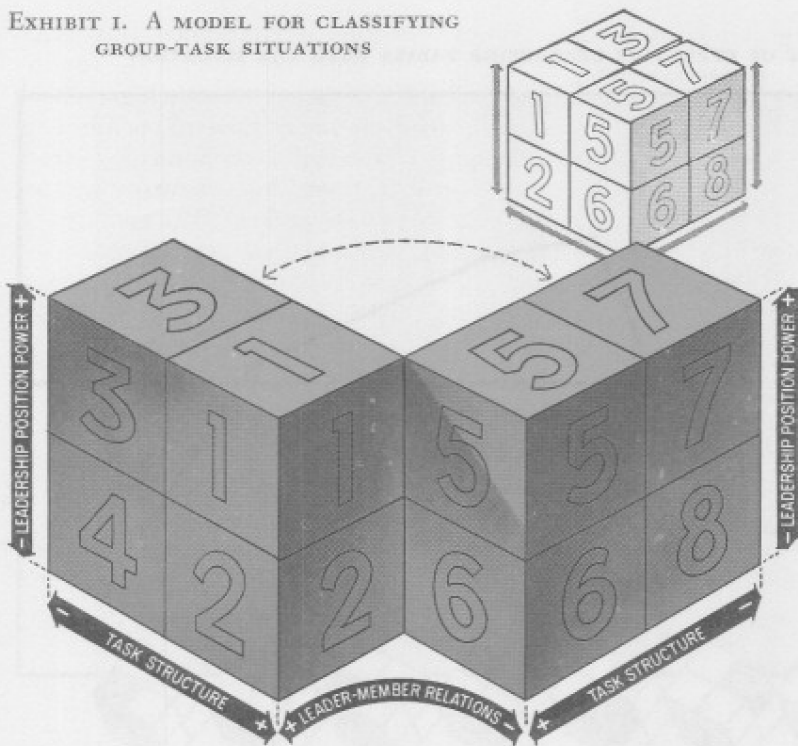
The study indicates that a person who describes his least-preferred co-worker in a relatively favorable manner tends to be permissive, human relations-oriented, and considerate of the feelings of his men. But a person who describes his least-preferred co-worker in an unfavorable manner — who has what we have come to call a low LPC rating — tends to be managing, task-controlling, and less concerned with the human relations aspects of the job. It also appears that the directive, managing, and controlling leaders tend to perform best in basketball and surveying teams, in open-hearth shops, and (provided the leader is accepted by his group) in military combat crews and company managements. On the other hand, the nondirective, permissive, and human relations-oriented leaders tend to perform best in decision- and policy-making teams and in groups that have a creative task — provided that the group likes the leader or the leader feels that the group is pleasant and free of tension.

Critical Dimensions

But in order to tell which style fits which situation, we need to categorize groups. Our research has shown that "it all depends" on the situation. After reviewing the results of all our work and the findings of other investigators, we have been able to isolate three major dimensions that seem to determine, to a large part, the kind of leadership style called for by different situations.

It is obviously a mistake to think that groups and teams are all alike and that each requires the same kind of leadership. We need some way of categorizing the group-task situation, or the job environment within which the leader has

EXHIBIT I. A MODEL FOR CLASSIFYING GROUP-TASK SITUATIONS



to operate. If leadership is indeed a process of influencing other people to work together effectively in a common task, then it surely matters how easy or difficult it is for the leader to exert his influence in a particular situation.

Leader-Member Relations. The factor that would seem most important in determining a man's leadership influence is the degree to which his group members trust and like him, and are willing to follow his guidance. The trusted and well-liked leader obviously does not require special rank or power in order to get things done. We can measure the leader-member relationship by the so-called sociometric nomination techniques that ask group members to name in their group the most influential person, or the man they would most like to have as a leader. It can also be measured by a group-atmosphere scale indicating the degree to which the leader feels accepted and comfortable in the group.

The Task Structure. The second important factor is the "task structure." By this term I mean the degree to which the task (a) is spelled out step by step for the group and, if so, the extent to which it can be done "by the numbers" or according to a detailed set of standard operat-

ing instructions, or (b) must be left nebulous and undefined. Vague and ambiguous or unstructured tasks make it difficult to exert leadership influence, because neither the leader nor his members know exactly what has to be done or how it is to be accomplished.

Why single out this aspect of the task rather than the innumerable other possible ways of describing it? Task groups are almost invariably components of a larger organization that assigns the task and has, therefore, a big stake in seeing it performed properly. However, the organization can control the quality of a group's performance only if the task is clearly spelled out and programmed or structured. When the task can be programmed or performed "by the numbers," the organization is able to back up the authority of the leader to

the fullest; the man who fails to perform each step can be disciplined or fired. But in the case of ill-defined, vague, or unstructured tasks, the organization and the leader have very little control and direct power. By close supervision one can ensure, let us say, that a man will correctly operate a machine, but one cannot ensure that he will be creative.

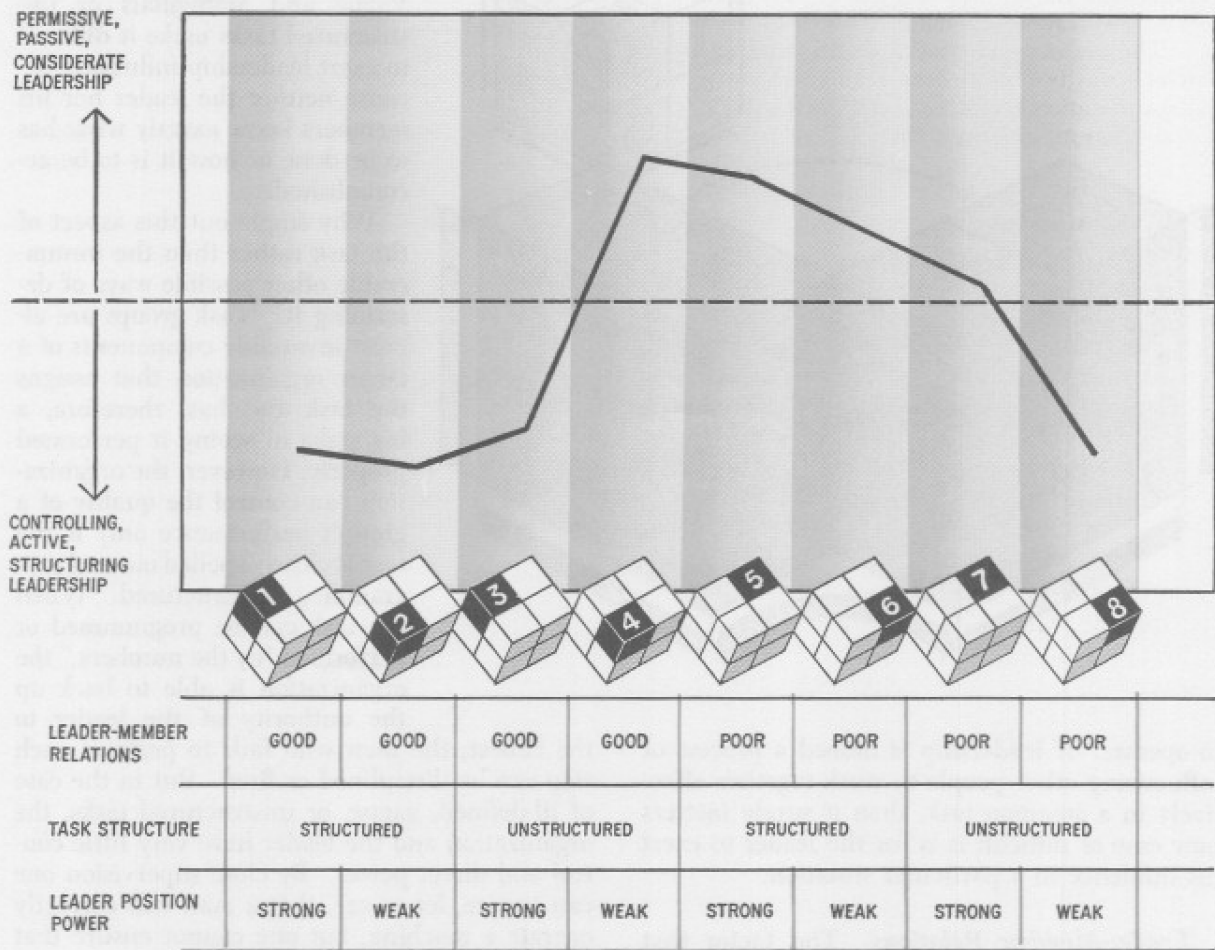
It is therefore easier to be a leader in a structured task situation in which the work is spelled out than in an unstructured one which presents the leader and his group with a nebulous, poorly defined problem.

Position Power. Thirdly, there is the power of the leadership position, as distinct from any personal power the leader might have. Can he hire or fire and promote or demote? Is his appointment for life, or will it terminate at the pleasure of his group? It is obviously easier to be a leader when the position power is strong than when it is weak.

Model for Analysis

When we now classify groups on the basis of these three dimensions, we get a classification system that can be represented as a cube; see EXHIBIT I. As each group is high or low in each

EXHIBIT II. HOW THE STYLE OF EFFECTIVE LEADERSHIP VARIES WITH THE SITUATION



of the three dimensions, it will fall into one of the eight cells.

From examination of the cube, it seems clear that exerting leadership influence will be easier in a group in which the members like a powerful leader with a clearly defined job and where the job to be done is clearly laid out (Cell 1); it will be difficult in a group where a leader is disliked, has little power, and has a highly ambiguous job (Cell 8).

In other words, it is easier to be the well-esteemed foreman of a construction crew working from a blueprint than it is to be the disliked chairman of a volunteer committee preparing a new policy.

I consider the leader-member relations the most important dimension, and the position-power dimension the least important, of the three. It is, for instance, quite possible for a man of low rank to lead a group of higher-rank-

ing men in a structured task — as is done when enlisted men or junior officers conduct some standardized parts of the training programs for medical officers who enter the Army. But it is not so easy for a disrespected manager to lead a creative, policy-formulating session well, even if he is the senior executive present.

Varying Requirements

By first sorting the eight cells according to leader-member relations, then task structure, and finally leader position power, we can now arrange them in order according to the favorableness of the environment for the leader. This sorting leads to an eight-step scale, as in EXHIBIT II. This exhibit portrays the results of a series of studies of groups performing well but (a) in different situations and conditions, and (b) with leaders using different leadership styles. In explanation:

The *horizontal* axis shows the range of situations that the groups worked in, as described by the classification scheme used in EXHIBIT I.

The *vertical* axis indicates the leadership style which was best in a certain situation, as shown by the correlation coefficient between the leader's LPC and his group's performance.

A positive correlation (falling above the midline) shows that the permissive, nondirective, and human relations-oriented leaders performed best; a negative correlation (below the midline) shows that the task-controlling, managing leader performed best. For instance, leaders of effective groups in situation categories 1 and 2 had LPC-group performance correlations of $-.40$ to $-.80$, with the average between $-.50$ and $-.60$; whereas leaders of effective groups in situation categories 4 and 5 had LPC-group performance correlations of $.20$ to $.80$, with the average between $.40$ and $.50$.

EXHIBIT II shows that both the directive, managing, task-oriented leaders and the nondirective, human relations-oriented leaders are successful under some conditions. Which leadership style is the best depends on the favorableness of the particular situation for the leader. In very favorable or in very unfavorable situations for getting a task accomplished by group effort, the autocratic, task-controlling, managing leadership works best. In situations intermediate in difficulty, the nondirective, permissive leader is more successful.

This corresponds well with our everyday experience. For instance:

- Where the situation is very favorable, the group expects and wants the leader to give directions. We neither expect nor want the trusted airline pilot to turn to his crew and ask, "What do you think we ought to check before takeoff?"

- If the disliked chairman of a volunteer committee asks his group what to do, he may be told that everybody ought to go home.

- The well-liked chairman of a planning group or research team must be nondirective and permissive in order to get full participation from his members. The directive, managing leader will tend to be more critical and to cut discussion short; hence he will not get the full benefit of the potential contributions by his group members.

The varying requirements of leadership styles are readily apparent in organizations experienc-

² See Alex F. Osborn, *Applied Imagination* (New York, Charles Scribner's Sons, 1953).

ing dramatic changes in operating procedures. For example:

- The manager or supervisor of a routinely operating organization is expected to provide direction and supervision that the subordinates should follow. However, in a crisis the routine is no longer adequate, and the task becomes ambiguous and unstructured. The typical manager tends to respond in such instances by calling his principal assistants together for a conference. In other words, the effective leader changes his behavior from a directive to a permissive, nondirective style until the operation again reverts to routine conditions.

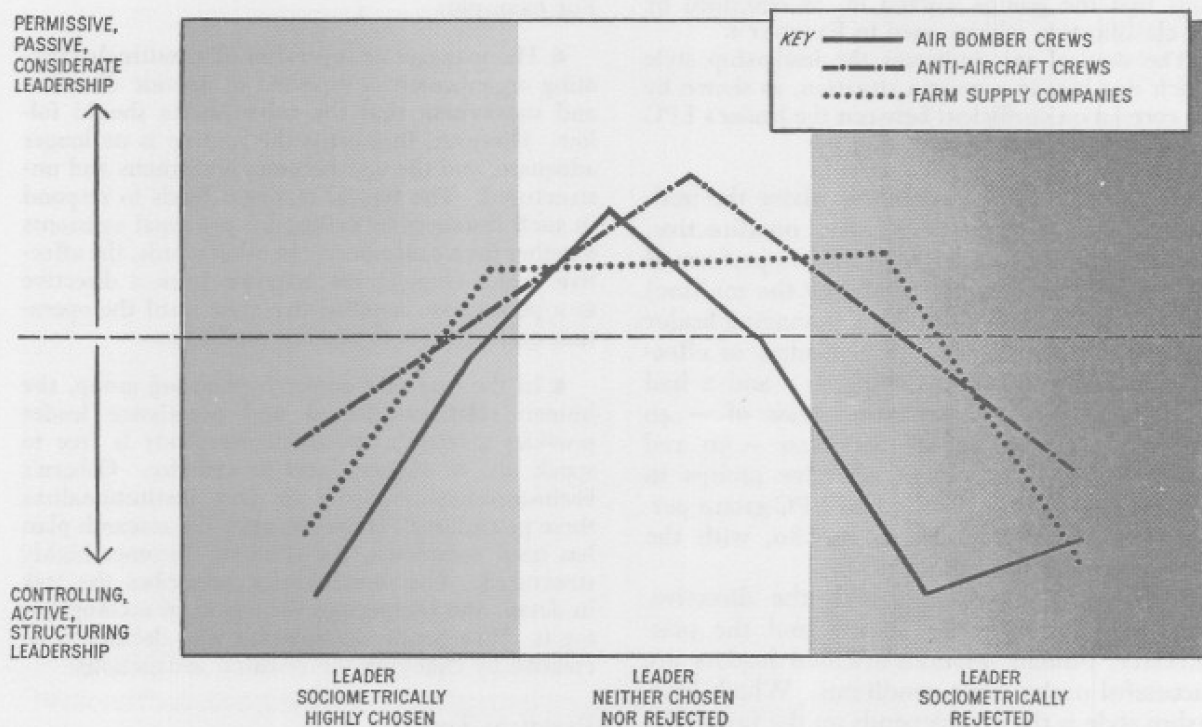
- In the case of a research planning group, the human relations-oriented and permissive leader provides a climate in which everybody is free to speak up, to suggest, and to criticize. Osborn's brainstorming method² in fact institutionalizes these procedures. However, after the research plan has been completed, the situation becomes highly structured. The director now prescribes the task in detail, and he specifies the means of accomplishing it. Woe betide the assistant who decides to be creative by changing the research instructions!

Practical Tests

Remember that the ideas I have been describing emanate from studies of real-life situations; accordingly, as might be expected, they can be validated by organizational experience. Take, for instance, the dimension of leader-member relations described earlier. We have made three studies of situations in which the leader's position power was strong and the task relatively structured with clear-cut goals and standard operating procedures. In such groups as these the situation will be very favorable for the leader if he is accepted; it will be progressively unfavorable in proportion to how much a leader is disliked. What leadership styles succeed in these varying conditions? The studies confirm what our theory would lead us to expect:

- The first set of data come from a study of B-29 bomber crews in which the criterion was the accuracy of radar bombing. Six degrees of leader-member relations were identified, ranging from those in which the aircraft commander was the first choice of crew members and highly endorsed his radar observer and navigator (the key men in radar bombing), to those in which he was chosen by his crew but did not endorse his key men, and finally to crews in which the commander was rejected by his crew and rejected his key crew members. What leadership styles were effective? The results are plotted in EXHIBIT III.

EXHIBIT III. HOW EFFECTIVE LEADERSHIP STYLES VARY DEPENDING ON GROUP ACCEPTANCE



■ A study of anti-aircraft crews compares the 10 most chosen crew commanders, the 10 most rejected ones, and 10 of intermediate popularity. The criterion is the identification and "acquisition" of unidentified aircraft by the crew. The results shown in EXHIBIT III are similar to those for bomber crew commanders.

■ EXHIBIT III also summarizes data for 32 small-farm supply companies. These were member companies of the same distribution system, each with its own board of directors and its own management. The performance of these highly comparable companies was measured in terms of percentage of company net income over a three-year period. The first quarter of the line (going from left to right) depicts endorsement of the general manager by his board of directors and his staff of assistant managers; the second quarter, endorsement by his board but not his staff; the third quarter, endorsement by his staff but not his board; the fourth quarter, endorsement by neither.

As can be seen from the results of all three studies, the highly accepted and strongly rejected leaders perform best if they are controlling and managing, while the leaders in the intermediate acceptance range, who are neither rejected nor accepted, perform best if they are permissive and nondirective.

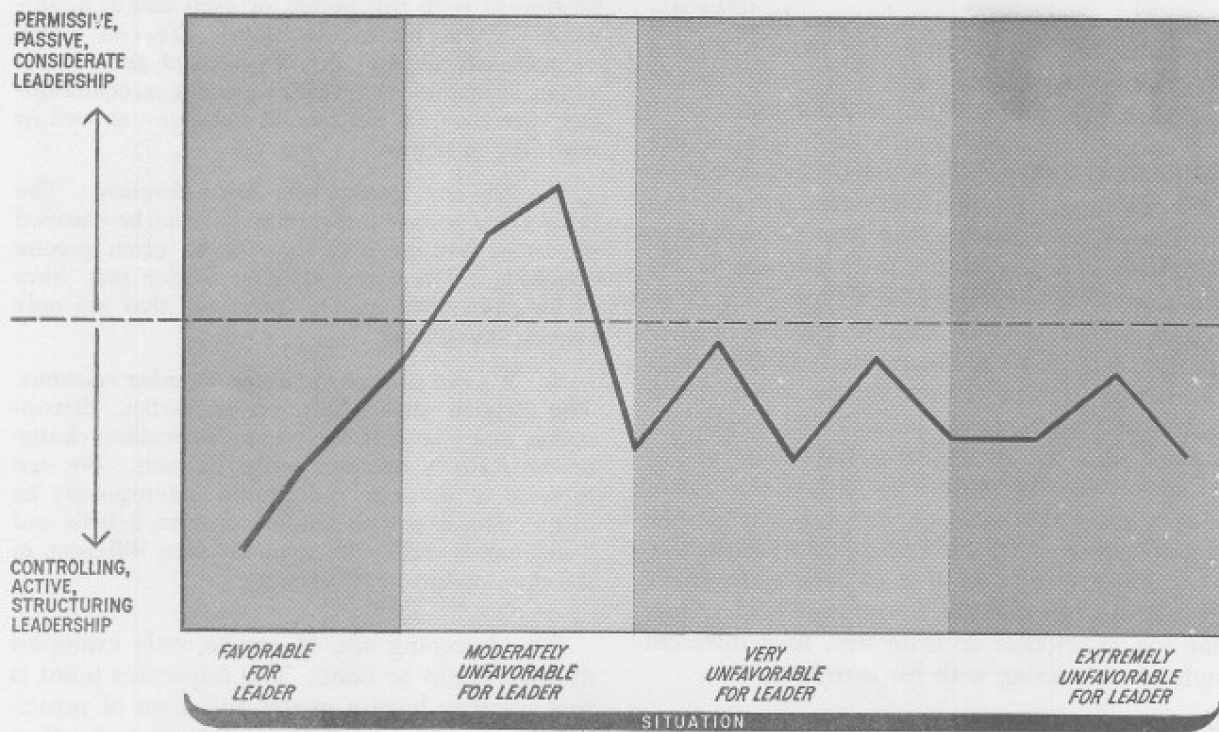
Now let us look at some research on organizations in another country:

Recently in Belgium a study was made of groups of mixed language and cultural composition. Such teams, which are becoming increasingly frequent as international business and governmental activities multiply, obviously present a difficult situation for the leader. He must not only deal with men who do not fully comprehend one another's language and meanings, but also cope with the typical antipathies, suspicions, and antagonisms dividing individuals of different cultures and nationalities.

At a Belgian naval training center we tested 96 three-man groups, half of which were homogeneous in composition (all Flemish or all Walloon) and half heterogeneous (the leader differing from his men). Half of each of these had powerful leader positions (petty officers), and half had recruit leaders. Each group performed three tasks: one unstructured task (writing a recruiting letter); and two parallel structured tasks (finding the shortest route for ships through 10 ports, and doing the same for 12 ports). After each task, leaders and group members described their reactions — including group-atmosphere ratings and the indication of leader-member relations.

The various task situations were then arranged in order, according to their favorableness for the

EXHIBIT IV. EFFECTIVE LEADERSHIP STYLES AT BELGIAN NAVAL TRAINING CENTER



leader. The most favorable situation was a homogeneous group, led by a well-liked and accepted petty officer, which worked on the structured task of routing a ship. The situation would be especially favorable toward the end of the experiment, after the leader had had time to get to know his members. The least favorable situation was that of an unpopular recruit leader of a heterogeneous group where the relatively unstructured task of writing a letter came up as soon as the group was formed.

There were six groups that fell into each of these situations or cells. A correlation was then computed for each set of six groups to determine which type of leadership style led to best team performance. The results, indicated in EXHIBIT IV, support the conclusions earlier described.

Of particular interest is the fact that the difficult heterogeneous groups generally required controlling, task-oriented leadership for good performance. This fits the descriptions of successful leader behavior obtained from executives who have worked in international business organizations.

Conclusion

Provided our findings continue to be supported in the future, what do these results and the

theory mean for executive selection and training? What implications do they have for the management of large organizations?

Selection & Training

Business and industry are now trying to attract an increasingly large share of exceptionally intelligent and technically well-trained men. Many of these are specialists whose talents are in critically short supply. Can industry really afford to select only those men who have a certain style of leadership in addition to their technical qualifications? The answer is likely to be negative, at least in the near future.

This being the case, can we then train the men selected in one leadership style or the other? This approach is always offered as a solution, and it does have merit. But we must recognize that training people is at best difficult, costly, and time-consuming. It is certainly easier to place people in a situation compatible with their natural leadership style than to force them to adapt to the demands of the job.

As another alternative, should executives learn to recognize or diagnose group-task situations so that they can place their subordinates, managers, and department heads in the jobs

best suited to their leadership styles? Even this procedure has serious disadvantages. The organization may not always happen to have the place that fits the bright young man. The experienced executive may not want to be moved, or it may not be possible to transfer him.

Should the organization try to "engineer" the job to fit the man? This alternative is potentially the most feasible for management. As has been shown already, the type of leadership called for depends on the favorableness of the situation. The favorableness, in turn, is a product of several factors. These include leader-member relations, the homogeneity of the group, and the position power and degree to which the task is structured, as well as other, more obvious factors such as the leader's knowledge of his group, his familiarity with the task, and so forth.

It is clear that management can change the characteristic favorableness of the leadership situation; it can do so in most cases more easily than it can transfer the subordinate leader from one job to another or train him in a different style of interacting with his members.

Possibilities of Change

Although this type of organizational engineering has not been done systematically up to now, we can choose from several good possibilities for getting the job done:

1. *We can change the leader's position power.* We can either give him subordinates of equal or nearly equal rank or we can give him men who

are two or three ranks below him. We can either give him sole authority for the job or require that he consult with this group, or even obtain unanimous consent for all decisions. We can either punctiliously observe the channels of the organization to increase the leader's prestige or communicate directly with the men of his group as well as with him in person.

2. *We can change the task structure.* The tasks given to one leader may have to be clarified in detail, and he may have to be given precise operating instructions; another leader may have to be given more general problems that are only vaguely elucidated.

3. *We can change the leader-member relations.* The Belgian study, referred to earlier, demonstrates that changing the group composition changes the leader's relations with his men. We can increase or decrease the group's heterogeneity by introducing men with similar attitudes, beliefs, and backgrounds, or by bringing in men different in training, culture, and language.

The foregoing are, of course, only examples of what could be done. The important point is that we now have a model and a set of principles that permit predictions of leadership effectiveness in interacting groups and allow us to take a look at the factors affecting team performance. This approach goes beyond the traditional notions of selection and training. It focuses on the more fruitful possibility of organizational engineering as a means of using leadership potentials in the management ranks.

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(*Harvard Business Review*
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GROUP ATMOSPHERE SCALE

Describe the atmosphere of your group by checking the following items.

	8	7	6	5	4	3	2	1		Item Score
1. Friendly	:	:	:	:	:	:	:	:	Unfriendly	_____
2. Accepting	:	:	:	:	:	:	:	:	Rejecting	_____
3. Satisfying	:	:	:	:	:	:	:	:	Frustrating	_____
4. Enthusiastic	:	:	:	:	:	:	:	:	Unenthusiastic	_____
5. Productive	:	:	:	:	:	:	:	:	Nonproductive	_____
6. Warm	:	:	:	:	:	:	:	:	Cold	_____
7. Cooperative	:	:	:	:	:	:	:	:	Uncooperative	_____
8. Supportive	:	:	:	:	:	:	:	:	Hostile	_____
9. Interesting	:	:	:	:	:	:	:	:	Boring	_____
10. Successful	:	:	:	:	:	:	:	:	Unsuccessful	_____
									Total	_____

Bibliography Note:

Dr. Fiedler's book "A Theory of Leadership Effectiveness" will be available in August, 1967 - Publisher McGraw Hill, New York, New York.

People differ in the ways they think about those with whom they work. This may be important in working with others. Please give your immediate, first reaction to the items on the following two pages.

On the following sheet are pairs of words which are opposite in meaning, such as Very Neat and Not Neat. You are asked to describe someone with whom you have worked by placing an "X" in one of the eight spaces on the line between the two words.

Each space represents how well the adjective fits the person you are describing, as if it were written:

Very Neat: : : : : : : : : Not Neat
 8 7 6 5 4 3 2 1
 Very Quite Some- Slightly Slightly Some- Quite Very
 Neat Neat what Neat Untidy what Untidy Untidy
 neat Untidy

FOR EXAMPLE: If you were to describe the person with whom you are able to work least well, and you ordinarily think of him as being quite neat, you would put an "X" in the second space from the words Very Neat, like this:

Very Neat: : X : : : : : : : Not Neat
 8 7 6 5 4 3 2 1
 Very Quite Some- Slightly Slightly Some- Quite Very
 Neat Neat what Neat Untidy what Untidy Untidy
 Neat Untidy

If you ordinarily think of the person with whom you can work least well as being only slightly neat, you would put your "X" as follows:

Very Neat: : : : X : : : : : Not Neat
 8 7 6 5 4 3 2 1
 Very Quite Some- Slightly Slightly Some- Quite Very
 Neat Neat what Neat Untidy what Untidy Untidy
 Neat Untidy

If you would think of him as being very untidy, you would use the space nearest the words Not Neat.

Very Neat: : : : : : : : X : Not Neat
 8 7 6 5 4 3 2 1
 Very Quite Some- Slightly Slightly Some- Quite Very
 Neat Neat what Neat Untidy what Untidy Untidy
 Neat Untidy

Look at the words at both ends of the line before you put in your "X". Please remember that there are no right or wrong answers. Work rapidly; your first answer is likely to be the best. Please do not omit any items, and mark each item only once.

Think of the person with whom you can work least well. He may be someone you work with now, or he may be someone you knew in the past.

He does not have to be the person you like least well, but should be the person with whom you had the most difficulty in getting a job done. Describe this person as he appears to you by making one check on each line below.

	Agree	Disagree	Strongly Disagree	Strongly Agree	
Pleasant	: ___	: ___	: ___	: ___	Unpleasant
Friendly	: ___	: ___	: ___	: ___	Unfriendly
Rejecting	: ___	: ___	: ___	: ___	Accepting
Helpful	: ___	: ___	: ___	: ___	Frustrating
Unenthusiastic	: ___	: ___	: ___	: ___	Enthusiastic
Tense	: ___	: ___	: ___	: ___	Relaxed
Open	: ___	: ___	: ___	: ___	Guarded
Distant	: ___	: ___	: ___	: ___	Close
Cold	: ___	: ___	: ___	: ___	Warm
Cooperative	: ___	: ___	: ___	: ___	Uncooperative
Supportive	: ___	: ___	: ___	: ___	Hostile
Boring	: ___	: ___	: ___	: ___	Interesting
Quarrelsome	: ___	: ___	: ___	: ___	Harmonious
Self-assured	: ___	: ___	: ___	: ___	Hesitant
Efficient	: ___	: ___	: ___	: ___	Inefficient
Gloomy	: ___	: ___	: ___	: ___	Cheerful

PROFILE OF CONSULTATION GROUP

as compiled by Dr. Fiedler

Leadership Style Scores

General Managers

Staff Assistants

110						
105						x
100						
95	Upbeat					
90	Unfriendly					x
85	Accepting					
80	Frustrating					
75	Enthusiastic			x		x
70	Relaxed			x		
65	Guarded					xxx
60	Close			xx		xx
55	Warm			xxxxx		xx
50	Uncooperative					
45	Hostile			x		xxxx
40	Interesting			xx		x
35	Harmonious					
30	Hesitant			x		x
25	Inefficient			x		
20	Cheerful					
15						

PRESENTATION
TO
THE MANAGEMENT CONSULTATION CONFERENCE
MAY 11, 1967
THE FOUNTAINBLEAU MOTOR HOTEL
NEW ORLEANS, LA.
BY
DAVID R. WEAVER

A CHALLENGE TO MANAGERS

MEETING TODAY'S PROBLEMS TO ENSURE VITALITY IN RURAL ELECTRIFICATION

BACKGROUND

I am here this morning to talk about an experience in which I have participated during the past six months. Early in November, last year, a fellow student and I had a chance to meet Mr. Norman Clapp after he spoke at an NRECA meeting in Washington. We had been in Washington trying to find some agency that would be interested in letting a small group of students from Harvard Business School investigate its operations as the basis for a graduating thesis. Mr. Clapp expressed his deep concern with the fact that many cooperative managers were approaching retirement age, and that, to his knowledge, there were very few qualified replacements sitting in the wings.

Less than a month later, the REA commissioned a group of five of us to perform a study of management needs in the Rural Electric Cooperative Systems. Since that time, we have travelled over most of the United States and have met and talked with over one-hundred managers and directors of rural electric cooperatives, either at their home bases or at the National Convention in California, and I had the pleasure of meeting many of you at that time. The results of our study show that there are management needs, needs and problems which will have to be met if the Rural Electrification Program, during the next ten years, is to live up to its record of success during the past thirty years.

APPROACHES--NEEDS--UNDERSTANDING OF PROBLEMS

I was asked to come down here to discuss approaches that cooperative managers can take to meeting their problems. I must also be frank and admit that I dropped a few hints to some of your members, after they described the purpose of your organization, that this group would provide an excellent sounding-board both for our ideas and also to either verify or disprove our understanding of what the problems are. Therefore, I would like to ask your indulgence this morning as I first try to establish some common ground of understanding regarding what the problems are. I would then like to discuss with you some basic ideas for alleviating these problems in the cooperatives.

CATEGORIES--ENVIRONMENT--AND INTERNAL OPERATIONS

For the sake of simplicity, I would like to discuss cooperative problems under two major sub-headings: First, problems which affect the cooperative, but occur outside the organization. These can most easily be termed environmental problems. Second, problems which occur within the cooperative organization.

REA - We consider the REA to be a major factor in the world which exists outside the cooperative. (And I'm sure that, at times, you use stronger words to describe it.) REA has told you that its goals are to achieve territorial integrity, parity, area coverage, and viability. I think you are all familiar with the meaning of these terms.

But, their implications are far-reaching, for most managers including, I think, yourselves.

WHAT REA OBJECTIVES MEAN

From your point of view, these objectives are extremely important. They say to you that REA plans to make the cooperative stand on its own. They also say to you that REA plans to take strong measures to make sure that the cooperative can stand on its own. And when you see legislation introduced which seems to threaten the continued availability of 2% money, many of you suddenly see yourself faced with the prospect of standing alone against an environment which is difficult to comprehend and which to many of your fellow managers seems to be changing faster than they can adapt to it. Thus the questions of how, when, and against what standards REA will let the cooperative stand on its own are critical factors in the way in which the manager attempts to cope with his problems. Until your fellow managers fully understand what REA is trying to do, what its timing will be, and how it will implement its objectives, they will see the REA's policy as only one more complicating element in an already complicated environment.

Let's talk for a couple of minutes about this complicated environment.

Rural Population Changes

Small farmers and their tenants are moving out of rural areas. This exodus creates idle cooperative services. Such idle services have risen well above the $\frac{1}{2}$ million mark or over 150% in the last 10 years. Conversely, urban expansion is injecting non-farm customers (city people) into the cooperative service territory. In some cooperatives, non-farm immigration balances farmer emigration. In others, more people are leaving than are coming in. This results in a shrinking cooperative. Continued shrinkage implies inability to meet operating costs. Concurrently, the injection of non-farm residents and the parallel development of industry in a cooperative's service territory attract competition both in the form of Investor-Owned Utilities and competitive modes of energy. Finally, the growth of recreational facilities and related residences creates seasonal electric demands. Additional capital is then needed to meet capacity requirements. This capital is often difficult to obtain.

Rural Population Change Alters Member-Consumer Characteristics

The nature of the cooperative member-consumer is changing. The original consumer has died, aged, or moved. He is being replaced by younger residents and by industry. Both regard electricity as a commodity. Neither exhibit much interest in hearing the "cooperative story."

Cooperatives must find ways of involving these new member-consumers in the election of directors and in other cooperative operations. Without this involvement, the cooperative will lose the member support which is essential both for ensuring competent cooperative operation and for maintaining a "grass-roots" interest group whose political power will ensure the integrity of the cooperative's service territory. Consumer involvement is also an important element in the redevelopment of rural areas which have experienced a new outflow of population in recent years.

Changing Relations with the Investor-Owned Utilities

Although competition is strong where urban expansion occurs, territorial integrity, technological development, legislative change, and the encroachment of competing energies indicate that the traditional battle with the Investor-Owned Utilities requires serious re-evaluation by Cooperative Management, Statewide Associations, the NRECA, and the REA. Mutual problems associated with Power Supply, Marketing, and competition suggest the need for coordination and cooperation between the Investor-Owned Utilities and the Cooperatives.

Changing Relations with State and National Government

Territorial integrity, an REA policy objective, requires cooperative involvement in and competence to influence State Regulatory Commissions and State Legislatures. REA Bank Legislation requires the creation and maintenance of support for a program which will result in greater cooperative independence. Both require improved cooperative capability to deal with the involved individuals, regulatory groups, and legislative bodies.

The problems I have just mentioned: Rural Population Members, Investor-Owned Utilities, Government, occur in the world outside the cooperative. By themselves, they are enough to keep any man busy. But, as if this were not enough--there are a multitude of problems within the cooperative organizations. I would like to very briefly discuss these.

First, the preponderance of evidence indicates that The Board of Directors Finds it Difficult to Adapt to Change. Many cooperatives have continuously re-elected the same directors for a number of years. The advancing age of these directors is, perhaps, not directly related to inflexibility or inability to adapt to change. However, our research indicates that much of the directors' vitality was expended in the effort to get electricity to the rural consumer. These directors have lost the sense of challenge that existed in the initial stages of cooperative development. They do not respond easily or quickly to the need for both relating better to the external environment and for efficiently expanding the scope of cooperative management. Without such quick response and adaptability, the cooperative faces severe handicaps in attempting to cope with change.

Thus, the job has outgrown some directors, some managers, and some key employees, due either to their lack of capability or due to their failure to keep abreast of the changing cooperative program.

Many cooperative boards (possibly a majority throughout the nation) have allowed themselves to become ineffective as a board.

- a. Usually two or three directors run the board.
- b. Many board members are kept on even after they become physically or mentally disabled to serve.
- c. Managers sometimes control the board, or fail to keep the board informed.
- d. Boards that have not kept up with the program, usually spend their board meeting time on small, insignificant matters, rather than on broad policy making.
- e. The average age of board members is getting older and older, while the membership they represent is getting younger and younger.
- f. Many directors and managers are more interested in building a greater margin than a greater service organization.

A second problem is that The Cooperative Manager is Often Bewildered by the Multitude and Complexity of Tasks Which He Must Perform in Order to Ensure Cooperative Viability. Today's cooperative manager must be capable in a multitude of broad responsibility areas including:

- a. Increasing member-involvement, achieving territorial integrity, and developing the rural area.
- b. Motivating the Board of Directors to be productive.
- c. Efficiently managing the cooperative and effectively planning for the future. This includes the need for financial and engineering competence, understanding new management techniques, recruiting competent personnel, and productively delegating responsibility and authority.
- d. Understanding and utilizing techniques of negotiating with Labor Unions, IOU's, and other interest groups while successfully implementing techniques of lobbying and persuasion with State and National Legislatures.

The complexity and magnitude of the above and other problem areas require the manager to drastically alter his entire approach to cooperative management. Some managers have successfully made this transition. However, many others have refused to recognize the need for transition or have decided that the problems are too complex to worry about. Our observations indicate that many managers have made no effort to adapt to the requirements of change.

Inflexibility and the Lack of Adaptability on the Part of Directors and Managers Directly Affects the Attitudes and Competence of Cooperative Staff Personnel.

The inflexible attitudes and lack of adaptability of the Directors and the cooperative manager set the tone for the remainder of the cooperative organization. In contrast to larger, more diversified corporations where management attitudes and predispositions may never get beyond the top levels of the organization, the informality and day-to-day contact of the cooperative manager with his organization means that staff personnel tend to directly reflect manager and Director attitudes and approaches.

Finally, as if the other problems were not enough, cooperative directors and managers are failing to train or bring into the organizations employees that are qualified to fill the position of manager or other key employees when these positions are vacated.

At this point, I have outlined the following problems:

- | | |
|---------------|--------------------------------|
| 1. REA | 5. Government |
| 2. Population | 6. Board Age and Inflexibility |
| 3. Consumer | 7. Manager Poorly Adapt |
| 4. IOU | 8. Organization Mirrors 7 & 8 |

I don't think we can afford to stop here, because here is the point where those of you who run cooperatives and the rest of us who have come to know, like, and respect you who have accomplished rural electrification, must try to do something to improve the situation.

I would like to explain, now, a concept which is, perhaps, too simple, but which will provide a place for us to start our discussion of what we can do.

The Core-Group Concept

REA is presently trying to develop (through its selective borrower development program and its viability profile) means of differentiating between cooperatives according to certain specific measures of operating and managerial efficiency and effectiveness. Our survey hopes to add to the effectiveness of these programs which are already under way. The selective borrower development program interests us particularly because it ties in very closely with the suggestion which I would like you to consider. Selective borrower development attempts to define those cooperatives which are having severe operating, financial and management problems. It also attempts to identify those cooperatives which are effectively meeting REA's program objectives and are attempting to move forward in management and operating innovations.

At this point, nobody in REA is certain how these two categories will break down. However, it might be a safe guess to say that ten to fifteen percent of the existing cooperatives would fall into the delinquent or inefficient category and another ten to fifteen percent would fall into the progressive, well managed category. This, of course, leaves seventy to eighty percent of the cooperatives sitting in the middle group which is neither delinquent nor particularly outstanding. Selective borrower development might then attempt to concentrate the efforts of its OFR staff on the delinquent cooperatives to bring them up to minimum acceptable levels of management and operations. It might further propose to reduce or eliminate emphasis on the outstanding cooperatives because they need little or no help from REA. Unfortunately, because of the limited number of OFR's, it also appears that the middle group of cooperatives will receive little organized aid from REA in the foreseeable future. It is this middle group of cooperatives about which we are most concerned.

In our opinion, it would not be in the best interests of the rural electrification program if the middle group of cooperatives were to be left alone without aid or incentive to improve. If REA cannot provide these aids and incentives, the question arises, who can. Our research over the last four months indicates that the logical group to perform this service is the small group of outstanding cooperatives and their management. We have seen several instances of outstanding managers developing projects with neighboring systems in the areas of management recruitment, board development, member relations, political activities, and many other areas of critical concern to cooperative systems in a given area.

The basic concept is to establish a core group comprised of four to six neighboring systems. Outstanding managers would be asked to form these groups. As these groups develop and begin to work together effectively, it is contemplated that such association would be mutually beneficial to both the outstanding cooperatives and the cooperatives in the middle group mentioned above. Outstanding cooperatives could attempt to impart some of their ideas for more effective management. The other cooperatives, by instituting these new methods and procedures, would be strengthening the cooperative movement in specific areas of the country.

Needless to say, the concept I just outlined needs flesh on the basic skeleton in order to be meaningful. An outstanding manager must have a program to sell or a reason for approaching neighboring managers with the core group concept. In our opinion, the most logical first program for the core groups lies in the area of management recruiting. Most managers and many boards of directors are vitally aware of the need to have

qualified personnel available to replace existing management and staff as they approach retirement age. Also many managers and boards have been frustrated in recent years by the multiplicity of management areas and management needs which did not, in fact, exist five, ten, or fifteen years ago. Today's manager cannot be just an engineer nor can he be just a bookkeeper. He must be capable of dealing with complex problems of people management, both internally and externally. He must be a respected member of his community and must involve himself in many community activities. He must be capable of effective negotiation with state regulatory bodies. He must be capable of involving himself in political activities both on the state and national level. The day has long since passed when the manager's primary responsibility was to get electricity to a rural consumer. And the characteristics which qualify the manager for that primary responsibility no longer qualify him for the responsibilities now involved in the manager's job.

We propose, as a first step in establishing the core group concept, and as a first step in alleviating the management recruitment problem, that outstanding managers attempt to sell a program of cooperative, core group, recruiting to neighboring systems. This program would contain the following elements:

- (1) A group of three to five cooperatives with the aid of either the statewide organization, REA personnel recruiters, OFR's, or NRECA consultants, would initiate a recruiting program at the state college. This program would attempt to get one or two students between their junior and senior years at college or between their first and second years at graduate school to work on specified summer projects for the entire core group of cooperative systems.
- (2) The student would be offered a salary, to be paid by the members of the core group, at a level in excess of the average summer job available to outstanding students. This would be in the range of \$500 to \$700 per month. Such a salary offer could not fail to attract a number of students to interviews for this program.
- (3) The student would be chosen on the basis of his aptitude for problem solving. He need not be a business administration major, but some experience in business government relations, economics, and finance would certainly be helpful. Primarily, however, it would be the recruiter's job to identify a student who would be capable of taking a problem and wrestling with it for a period of three months.
- (4) Prior to any recruiting activities it would be the job of the core group to establish and define the nature of the project or projects which the student would be asked to tackle. It would be necessary for such projects to be of mutual interest to all members of the core group. Thus, such areas as rural area development, member involvement, improved annual meetings, more effective political action, better internal communication, labor and wage policy problems would be the most likely areas to gain support by all core group members.
- (5) The actual process of trying to develop a specific problem for the summer student would achieve two results. First, it would make it apparent to the core group members what problems they have in common. Second, it might very well suggest other methods besides the summer recruiting program which could be utilized to alleviate these problems on a cooperative or core group basis. Thus, setting up a program for this student will serve to let outstanding managers know whether the core group concept is feasible at the outset.
- (6) It is imperative that the problem area assigned to the student be carefully defined

by the core group members. This is to insure that the student feels that he has accomplished something at the end of the summer, that he has been of service to his employers. If he has this feeling of achievement, the chances are much greater of his being interested in future employment on a permanent basis with cooperative systems.

(7) The objectives of such a program are the following: First, to interest outstanding students in coming to work for cooperative systems. Second, to make middle group managers aware of the need for better management personnel, and of the usefulness of people such as those employed in the summer program. Third, it is hoped that cooperation on a program such as summer recruitment would lead to other cooperative activities utilizing the core group concept.

It is only fair to state that the outstanding managers would not receive the maximum benefits from any such core group operation. The weaker cooperatives would probably receive the greatest benefits. The better cooperative would have the problem of maintaining interest and of trying to sell further applications of the core group idea. They would be involving themselves in a program which would have few immediate benefits to them and whose benefits would necessarily be of a longer-term nature.

Ladies and Gentlemen, I think that I have probably spent enough time talking at you. The time has now come for us to spend a few minutes trying to think together about the core group idea and about other ideas which might help to improve the situation.

I thank you for listening so attentively.

Group Discussion Following David Weaver's Presentation

Notes taken by Consultation Secretary

Goodman: What would happen if all directors overnight were between 35 and 40 years of age?
Weaver: Age doesn't necessarily mean anything.

Goodman: Would the attitudes be more flexible?
Weaver: In all likelihood.

Goodman: Would Directors be more demanding on the staff if they were younger?
Weaver: Possibly.

Viverette: What prompted the idea that you thought RE cooperatives were dull, etc.?
Weaver: Because we thought the job of rural electrification was done.

Strong: Your study is the finest analysis of the situation ever presented. How can we get rural electric cooperatives people to face up to this?
Weaver: What would happen if we published this study? Cooperatives would see it and say, "This is so, but it doesn't apply to us".

Viverette: It would seem that the method of selection of directors, qualifications, etc. are not strong enough.
Weaver: You mean, how they are elected?
Viverette: Yes.

Newton: Perhaps the use of member advisory committees by the cooperatives would point up areas where changes were needed.
Weaver: Let's get back to the basic problem...we need to get new members to the Annual meeting and other member meetings.

Speight: This was a good presentation. I would like you to comment on outside influences--one outside influence in particular--Municipalities--why didn't you mention this in your report?
Weaver: Just missed it.

Speight: Is the board of directors leading the manager or vice versa? Is the director's effectiveness or ineffectiveness the manager's fault?
Weaver: Yes.

Smith: The general manager is the key person.
Ham: The general manager must train directors and then be willing to accept their decisions after they have trained them. I feel that the "core concept" is a terrific idea; however, I would question management recruitment as the first job for the core group.
Weaver: Student employment would lead into this.

Ham: Who is going to start this program? People are independent.
Weaver: OK, suppose it shouldn't work in 50% of the cases--it is still worthwhile.

Newton: What areas would best adapt themselves to the core concept?
Weaver: Rotation of board meetings.

Leary: What effect does size of coops have upon analysis of problems?

Weaver: Not size as much as geographic location. You do get economies of scale in larger cooperatives; tendency in larger groups is to delegate.

McNeil: Do larger coops tend to get farther away from members; that is, have communication problems?

Weaver: There is the problem of communications. You need to always make sure you are talking in the members' areas of interests. You would hold separate annual meetings for different groups of consumers.

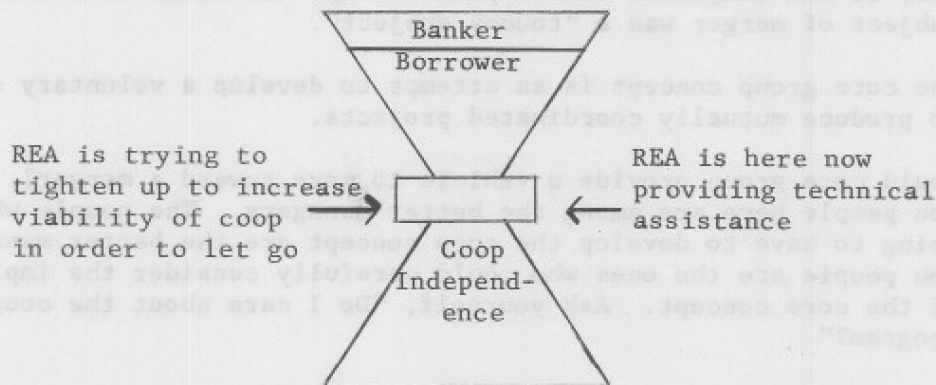
Golden: Did your group accept the concept of consumer involvement?

Weaver: Yes, the question is "Why bother about member involvement"? Because it is essential for you to get the best possible board of directors. Member-consumer relations are important for same reason as in any other business. You must specialize your contacts with your members. If you are continuing with the 'one man--one vote' concept, you need to take a look at this man.

Herriot: Our cooperative's objectives are different from REA's.

Weaver: You are saying "There are some questions as to whether REA's goals are far reaching enough for coops? REA's goals cannot be as broad as you would like, because they are a government agency.

Weaver: Perhaps a conceptual look at REA would be something like this:



Herriot: There is a need for Rural Electric coops to recognize that while REA's objectives are limited, the cooperatives' objectives need to be larger.

Weaver: Coops which are capable of defining their own objectives should do so. We must recognize REA, NRECA, and Statewides were organized to perform specific functions, but they cannot perform the functions which the local coops must do.

Beverage: Should Rural Electric coops be phased out? They have completed their original task.

Weaver: One arguement for staying in business is that you have done an effective job and should do so. You can provide service at a quality level.

Ham: We have accomplished our original purpose, now we need to look for other purposes.

Beverage: Why can't we hit on a national concept for work for Rural Electric coops which would unify us?

Weaver: Concept has changed now to express that if we are to stay alive-----

Hukills: What was your opinion of the NRECA annual meeting?

Weaver: Parts were very good; however, we got the feeling that you were "beating a dead horse" at times.

Weaver: NRECA, through its Management Services and Legislative Departments, is trying to provide information and assistance to cooperatives to change concepts and become more efficient. However, it was the feeling of Mr. Rorrer and myself that there was an imbalance at the National meeting. Problem is to balance what was done in past with what could be done in the future. Management Services Department, with its programming, was doing the best job it could at the National meeting, under the circumstances. NRECA does what it does because its members want "the dead horse". Until members change the nature of demands, then NRECA cannot be as effective as it could be. For example; you could be sending in requests to NRECA that articles in the Management Quarterly be published in The Rural Electrification Magazine.

Blackwell: Is there any correlation between level of quality (education) of membership, compared to competency of management?

Weaver: Yes, there is a correlation.

Hukills: Did your study include information on recommended size of coops?

Weaver: Yes, if REA completes the computer study. We discovered that the subject of merger was a "touchy subject".

Weaver: The core group concept is an attempt to develop a voluntary semi-merger to produce mutually coordinated projects.

Viverette: Would core group provide a vehicle to move toward a merger?

Weaver: You people here are among the better managers. The people who are going to have to develop the core concept are the better managers. You people are the ones who could carefully consider the implementation of the core concept. Ask yourself, "Do I care about the cooperative program?"

CURRICULUM REVISION

by John Myhre, NRECA

Notes on presentation taken by Secretary to Consultation

John Myhre began by giving a quick review of the basic NRECA Curriculum for management development and stated that the basic program consisted of:

Management Institutes I through IX

Director Institutes I through VIII

Supervisory Institutes I-S through V-S

Legal Seminars I through VII

Myhre pointed out that the institutes introduce a concept or a theory--and that institute sessions to be most effective should be followed with a laboratory.

Other types of programs which were offered by Management Services Department of NRECA mentioned were workshops and seminars. It was stated that the seminar sessions brought groups of individuals with common interests together to discuss their own problems and interchange ideas.

A course presently being developed by NRECA is on how to get along with women--How to Manage and Direct Women.

It was stated that NRECA would re-write all manuals.

Special programs such as one on "How to Sell" may be offered.

In discussing the study being made on the curriculum presently offered by NRECA and ways in which it might be improved, Myhre stated that the program could be supplemented with a series of annual conferences on (1) Data Processing (he stated that the third such annual conference was already scheduled) (2) Technical Conference (the second such annual conference is also scheduled) (3) Rural Areas Development (4) What is New in Management. He suggested that one area which might be pursued in what is new in management, is the revised concept of performance appraisal and that perhaps Dean Hayes of Duquesne University could be considered to discuss this topic. Another area suggested was behavioral science and Abram Maslow was mentioned as a leader in this field. Others suggested as leaders in new ideas in management were George Odiorone, Chris Argris, Clarence Walton.

Special programs, tailored to the needs of specific groups, were mentioned and some discussion of these programs entered into by the group.

CURRICULUM REVISION
by John Myhre, WRECA

SUMMARY

Notes on presentation taken by Secretary to Consultation
by John Myhre

Notes by Consultation Secretary

In summarizing the Consultation, John stated that it had been an excellent program. He thought perhaps it might have resembled an institute or workshop more than some members of the group wished. He stated that he would like to see the group enter into a research project, perhaps in the area of operations, studying the size of crews for the most efficient and economical operation.

He stated that a new generation is upon us and that we must face facts. Some of the fact being:

The 1968 presidential election will be decided by persons born after 1936.

78% of the people have not had experience with rural electrification.

By 1981, the average age of the membership will be 32 years.

He challenged the group with this statement: "AS THE LEADERS IN YOUR FIELD, YOU HAVE THE BIGGEST JOB TO DO."

MINUTES OF 1967 MANAGEMENT CONSULTATION

Chairman Louis Strong called the 1967 meeting to order at 9:30 a.m., May 9, 1967. He stated that group had been meeting since 1958. Attendance report indicated 43 persons in attendance at the 1967 consultation, 37 of them representing 24 cooperatives. (See Registration List) The Chairman announced that the cooperatives present at the 1967 meeting would be considered charter members of the consultation group.

The Chairman then stated that the guidelines for election of officers and committees did not provide information on rotation of terms to move into the three year staggered terms of service. It was suggested that the present officers, with the exception of the chairman whose term had been designated for three years, and the committee members draw lots to determine their term of office. The group agreed and lots were drawn as follows:

Officers

- Vice Chairman - Barbara Deverick - 1 Year
- Treasurer - Everette Bristol - 2 Years

Program Committee

- Chairman - Willard Grager - 3 Years
- L. P. Beverage - 2 Years
- Elwood Blackwell - 3 Years
- Vacancy - 1 Year

Nominating Committee

- Chairman - Jack Cochran - 2 Years
- Norman Cross - 1 Year
- Douglas Leary - 3 Years
- Clyde Hukills - 3 Years

Membership Committee

- Chairman - Charles Boulson - 2 Years
- James Golden - 1 Year
- Jack Goodman - 3 Years
- Vacancy - 2 Years

The Chairman then requested the nominating committee to bring a slate of candidates to fill all one-year offices. He further explained that those persons elected to fill these vacancies were elected for three years in accordance with the functions of officers and committees adopted last year.

The business meeting was then recessed until Wednesday, May 10 and the program chairman, Willard Grager, proceeded with the presentation of speakers as outlined in the program.

ELECTION

CHAIRMAN STRONG CALLED THE MEETING TO ORDER ON MAY 10 AND ASKED FOR THE REPORT OF THE NOMINATING COMMITTEE. IN THE ABSENCE OF THE CHAIRMAN OF THE NOMINATING COMMITTEE, CLYDE HUKILLS PRESENTED THE REPORT WHICH NOMINATED BARBARA DEVERICK FOR THE OFFICE OF VICE CHAIRMAN, JOE EWALD FOR MEMBER OF THE PROGRAM COMMITTEE, AL SHEFLO FOR A MEMBER OF THE NOMINATING COMMITTEE, AND ARNOLD STEVENS FOR A MEMBER OF THE MEMBERSHIP COMMITTEE. IT WAS POINTED OUT BY CLYDE THAT THE MEMBERSHIP COMMITTEE WAS ONE MEMBER SHORT AND THAT THE NOMINATING COMMITTEE NOMINATED BRUCE BOSWORTH TO FILL THIS VACANCY FOR THE TWO-YEAR PERIOD AS INDICATED WHEN THE LOTS WERE DRAWN.

THE CHAIRMAN CALLED FOR ADDITIONAL NOMINATIONS; THERE WERE NONE. A MOTION WAS MADE, SECONDED, AND ADOPTED THAT THE NOMINATIONS CEASE AND THE SLATE OF CANDIDATES AS PRESENTED, BE ELECTED BY ACCLAMATION. THE CHAIRMAN CONGRATULATED THOSE ELECTED AND COMMENDED THE NOMINATING COMMITTEE FOR THEIR WORK.

TREASURER'S REPORT - COST OF MEETING

THE CHAIRMAN CALLED ON THE TREASURER FOR ANY REPORT HE WISHED TO MAKE. EVERETTE BRISTOL, TREASURER, INDICATED THAT ALTHOUGH ALL COSTS FOR THE MEETING WERE NOT YET IN, IT APPEARED THAT THE \$100.00 ANNUAL DUES PER SYSTEM WOULD COVER THE COST OF THE MEETING. HE STATED THAT IF THERE IS COST ABOVE THE \$100.00, THE COST WILL BE PRO-RATED ON THE BASIS OF THE NUMBER OF PEOPLE ATTENDING. BILL BEVERAGE STATED THAT THIS WAS THE INTENT OF THE COMMITTEE WHEN DEVELOPING THE MEMBERSHIP CRITERIA LAST YEAR. THE GROUP AGREED THAT THIS WAS ITS UNDERSTANDING AS TO THE MANNER IN WHICH ANY ADDITIONAL COSTS INCURRED IN THE HOLDING OF THE CONSULTATION WOULD BE HANDLED.

1968 MEETING DATE

A DISCUSSION CONCERNING THE DATE FOR THE 1968 CONSULTATION RESULTED IN A MOTION WHICH WAS SECONDED AND ADOPTED TO THE EFFECT THAT THE 1968 CONSULTATION BE SET FOR MAY 7, 8, 9, 1968.

1968 MEETING LOCATION

FOLLOWING A DISCUSSION ON THE LOCATION OF THE 1968 CONSULTATION AND A GROUP CONSENSUS TAKEN, THE PROGRAM CHAIRMAN WAS DIRECTED TO CONTACT CONVENTION CHAIRMAN IN DENVER, COLORADO AND MEMPHIS, TENNESSEE TO DETERMINE ADEQUACY OF FACILITIES AND MAKE THE FINAL DETERMINATION ON THE LOCATION, WITH FIRST PREFERENCE BEING GIVEN TO DENVER. (GROUP CONSENSUS INDICATED THE FOLLOWING VOTES: DENVER, 14 VOTES; MEMPHIS, 7 VOTES; KANSAS CITY, 3 VOTES; PHEONIX, 3 VOTES.

1967 PROCEEDINGS

IT WAS AGREED THAT A SUMMARY OF THE CONSULTATION PROCEEDINGS BE SENT TO EVERYONE ATTENDING, INCLUDING COPIES OF ALL PRESENTATIONS MADE, IN ADDITION TO NOTES OF THE SECRETARY. CECIL VIVERETTE STATED THAT BLUE RIDGE ELECTRIC WOULD PUBLISH THE PROCEEDINGS OF THE 1967 CONSULTATION.

1968 INVITATION LIST

IN A DISCUSSION CONCERNING THE INVITATION LIST FOR THE CONSULTATION, IT WAS DECIDED BY THE GROUP THAT THE 1968 INVITATION LIST SHOULD INCLUDE THOSE SYSTEMS WHICH WERE INVITED IN 1967 AND DID NOT RESPOND AND THOSE SYSTEMS WHICH INDICATED THEY COULDN'T ATTEND THIS YEAR, BUT WOULD LIKE TO BE A PART OF THE CONSULTATION, LEAVING OFF THOSE WHICH INDICATED THEY DIDN'T CARE TO PARTICIPATE.

VIRGIL HERRIOT STATED THAT TWO COOPERATIVES WHICH WERE NOT REPRESENTED AT THE CONSULTATION DIDN'T AGREE WITH THE \$100.00 DUES CRITERIA. IT WAS SUGGESTED THAT VIRGIL SHOW THESE COOPERATIVES A REPORT OF THE 1967 CONSULTATION COSTS AND THE TREASURER'S STATEMENT.

BRUCE BOSWORTH RAISED A QUESTION CONCERNING MEMBERSHIP QUALIFICATION WHERE THE MANAGER OF A SYSTEM WHICH HAD PREVIOUSLY QUALIFIED FOR MEMBERSHIP, LEFT THE QUALIFYING SYSTEM TO GO TO ANOTHER. THE CHAIRMAN STATED THAT THIS WAS A PROBLEM TO BE HANDLED BY THE MEMBERSHIP COMMITTEE, SINCE THE MEMBERSHIP LIST WAS THEIR RESPONSIBILITY.

1968
PROGRAM
SUGGESTIONS

SUGGESTIONS FOR THE PROGRAM FOR THE 1968 CONSULTATION WERE CALLED FOR. RANDOM SUGGESTIONS INDICATED THAT THE PROGRAM SHOULD INCLUDE GROUP DISCUSSION - RESEARCH PRESENTATION ON WORK BEING DONE.

DOUG LEARY SUGGESTED THAT WE NEED TO DECIDE WHAT THE SHORT RANGE GOALS FOR THE CONSULTATION GROUP SHOULD BE, TO WORK TOWARD ACCOMPLISHING THE OBJECTIVES OF THE GROUP. NORMAN CROSS STATED THAT HE LIKED THE SHARING OF EXPERIENCES AND FELT THAT THIS WAS A VERY GOOD PART OF THE PROGRAM.

VIRGIL HERRIOT STATED THAT HE LIKED THE PROGRAM WE'VE HAD IN PAST YEARS, INCLUDING:

- (1) SHARING OF EXPERIENCES
- (2) HAVING SOMEONE TO COME AND SHARE A NEW IDEA
- (3) ATTACKING PROBLEMS FROM BOTH THE STAFF ASSISTANT'S AND GENERAL MANAGER'S VIEWPOINT.

WILLARD GRAGER FELT THAT PROGRAM SHOULD BE FLEXIBLE TO ENABLE THE HOLDING OF A SPLIT SESSION TO OBTAIN GENERAL MANAGER OR STAFF ASSISTANT POINT OF VIEWS. BILL BEVERAGE AGREED WITH WILLARD.

JOINT
AND SPLIT
SESSIONS

CLYDE HUKILLS MOVED THAT THE HOLDING OF JOINT AND SPLIT SESSIONS AT THE 1968 CONSULTATION BE LEFT FLEXIBLE TO PERMIT PROGRAM CHAIRMAN TO PLAN THE BEST PROGRAM TO MEET THE NEEDS OF THE GROUP. THE MOTION WAS SECONDED AND ADOPTED.

CHAIRMAN STRONG EMPHASIZED THAT THE "SHARING" PART OF THE PROGRAM WAS MOST IMPORTANT, THAT THE CONSULTATION WAS BUILT ON THIS CONCEPT.

CHARLES HAM STATED THAT THIS WAS THE FIRST TIME HE HAD ATTENDED A CONSULTATION AND THAT IT WAS A FINE EXPERIENCE, GOOD SHARING, AND A FINE SESSION IN GENERAL. VIRGIL HERRIOT REMINDED CHARLES THAT THE CRITERIA FOR ATTENDANCE REQUIRED PARTICIPATION.

OBJECTIVES

CHAIRMAN STRONG STATED THAT THE PROGRAM FOR THE CONSULTATION GROUP SHOULD BE FLEXIBLE WITHIN THE FRAMEWORK OF OBJECTIVES TO (1) REVIEW RESULTS (2) PROVIDE OPPORTUNITIES FOR RESEARCH (3) LIFT LEVEL OF MANAGEMENT COMPETENCE (4) EXPLORE MEANS OF GETTING ACCEPTANCE OF MODERN MANAGEMENT PRACTICES (5) PROMOTE UTILIZATION OF MANAGEMENT STANDARDS (6) PROVIDE OPPORTUNITY FOR PARTICIPATION (7) PROVIDE LEADERSHIP WITHIN THE RURAL ELECTRIC SYSTEM PROGRAM.

VIRGIL HERRIOT SUGGESTED THAT IN REVIEWING THE STATEMENTS OF THE OBJECTIVES FOR THE CONSULTATION GROUP, THAT IT APPEARED TO HIM THAT STATEMENTS D AND E WERE THE OBJECTIVES OF THE GROUP AND STATEMENTS A, B, C, F, & G WERE THE OBJECTIVES OF THE CONSULTATION PROGRAM AS SUCH.

PROGRAM
CRITIQUE

THERE WAS A SUGGESTION THAT THE PROGRAM COMMITTEE SURVEY THE GROUP TO OBTAIN A CRITIQUE OF THE 1967 MEETING AND TO OBTAIN IDEAS FOR THE 1968 MEETING AND AT THE SAME TIME, REQUESTING FOR THE MEMBERSHIP COMMITTEE THAT THOSE PREPARING THE CRITIQUE GIVE ANY SUGGESTIONS THEY MAY HAVE FOR SYSTEMS TO BE CONSIDERED FOR MEMBERSHIP IN THE GROUP. THE INFORMATION ON NEW MEMBERSHIP POSSIBILITIES TO BE FORWARDED TO CHAIRMAN OF MEMBERSHIP COMMITTEE.

AREAS OF RESULTS

BILL BEVERAGE SUGGESTED THAT EACH COOPERATIVE BE REQUIRED TO FILE WITH THE SECRETARY A LIST OF AREAS (AT LEAST ONE AREA) WHERE THEY ARE HAVING GOOD RESULTS AND AT LEAST ONE PROBLEM AREA. HE STATED THIS COULD BE INCORPORATED INTO THE SURVEY QUESTIONNAIRE WHICH THE PROGRAM COMMITTEE WOULD SEND OUT. THE GROUP AGREED WITH THIS SUGGESTION.

JACK SMITH STATED THAT IT MIGHT BE DESIRABLE TO INCLUDE ON A CONSULTATION PROGRAM, A CASE STUDY OF THE HISTORY OF A COOPERATIVE WHICH HAD FAILED.

NRECA'S ROLE

A DISCUSSION OF THE ROLE WHICH NRECA SHOULD ASSUME WITH THE CONSULTATION GROUP LED TO THE CONCLUSION THAT NRECA SHOULD SERVE AS EXECUTIVE ASSISTANT TO THE GROUP TO ASSIST PROGRAM COMMITTEE AS REQUESTED IN PLANNING AND ARRANGING FOR CONSULTATION PROGRAMS. THAT NRECA SHOULD MAINTAIN PERMANENT FILES ON THE CONSULTATION GROUP TO ASSURE CONTINUITY OF THE PROGRAM. IT WAS FURTHER AGREED THAT THE GROUP COULD SERVE AS A SOUNDING BOARD AND EVALUATION GROUP FOR NEW PROGRAMS NRECA MAY BE DEVELOPING AND THE EFFECTIVENESS OF CURRENT PROGRAMS RELATING TO MANAGEMENT DEVELOPMENT.

AT THE CONCLUSION OF THE CONSULTATION, CHAIRMAN STRONG THANKED ALL THE PARTICIPANTS. HE REMINDED THE GROUP THAT IF THEY HAD IDEAS ON WHO SHOULD BE INVITED TO BECOME MEMBERS OF THE GROUP, THAT THEY SHOULD LET THE MEMBERSHIP COMMITTEE KNOW.

HE STATED THAT THE PROGRAM AND MEMBERSHIP COMMITTEE NEEDED TO BE WORKING IMMEDIATELY ON PLANS FOR THE 1968 CONSULTATION.

THE PROGRAM CHAIRMAN STATED THAT THE SURVEY FORM WOULD SOON BE GOING OUT FROM THE PROGRAM COMMITTEE TO ALL 1967 PARTICIPANTS.

THERE BEING NO FURTHER BUSINESS, THE CHAIRMAN DECLARED THE MEETING ADJOURNED.

BARBARA DEVERICK
SECRETARY

OFFICERS AND COMMITTEES FOR 1968 CONSULTATION

Chairman - Louis Strong
V-Chairman - Barbara Deverick
Treasurer - Everette Bristol

Program

Chairman - Willard Grager
- L. P. (Bill) Beverage
- Elwood Blackwell
- Joe Ewald

Nominating

Chairman - Jack Cochran
- Douglas Leary
- Clyde Hukills
- Al Shjeflo

Membership

Chairman - Charles Boulson
- Jack Goodman
- Arnold Stevens
- Bruce Bosworth

NRECA Liaison

- John Myhre

STATEMENT OF FINANCES FOR THE MANAGEMENT CONSULTATION

Receipts - Annual Membership Dues (24 members) \$2,400.00

Less Expenses

NRECA Invoice No. 63-171 \$1,923.64

Check Book 2.50

\$1,926.14

- 1,926.14

Balance on Deposit--Routt County National Bank \$ 473.86
Steamboat Springs, Colorado

YAMPA VALLEY ELECTRIC ASSOCIATION, INC.

Everett C. Bristol, Treasurer
Management Consultation