EDUCATION FOR DIRECTORS - WEC PROGRAM

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In my acceptance of this topic, to be fitted into this Institute program, I was of the original thought that I could make it of direct interest to the majority in attendance. After studying the list of registrants distributed on Sunday evening, however, I realize that I am speaking to the top echelon of cooperative management. . .and I am now somewhat fearful that my review of our experience will be elementary to your positions of responsibility.

I am comforted to some extent in this fear by recalling a statement I once heard Monsignor Ligutti make in one of his major addresses to a convention of cooperative leadership. He was describing his role in administering parts of our nation's Point Four program, as it concerned foreign financial aid. He was disturbed and discouraged in observing first hand the processes which channeled rehabilitation funds first into the higher echelons of government and industry, a process he described as FEEDING THE HORSES THAT THE SPARROWS MIGHT LIVE.

Perhaps, in some way our experiences here in Wisconsin will trickle down from the echelons of this attendance, to the grass roots levels of your operations, for which our program of director education was designed.

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The total pattern of operations of Wisconsin Electric Cooperative has been developed, during the past 25 years, out of the needs and through the directives of our member and patron cooperatives of Wisconsin and a concentrated area of thirteen additional states here in the Midwest. This same pattern functions within our Public Relations Department, but exclusive to the needs and the directives of our member systems within the confines of Wisconsin alone.

It is well that I first point out, therefore, that the WEC program of Director Conferences, designed as EDUCATION FOR DIRECTORS, was fostered by an element of studied realization, within the management structures of our member cooperatives here in our state. I should further point out, however, that this studied realization was conceived within the management structure of Wisconsin Electric Cooperative and its Public Relations Department long before it became a directive from the grass roots structures of our member cooperatives.

With this admission of fact, many of you will ask the pertinent question . . . . why did you delay your program of EDUCATION FOR DIRECTORS when its need was recognized within your Public Relations Department long before you instituted this effort?

Your question is an easy one to answer with fact, but a difficult one to answer with diplomacy. It is not at all a comfortable occupation to indict a member cooperative with deficiencies in its management structure; to even suggest that its Board of Directors has fallen into stagnation;

complacency, to be more polite and diplomatic.

There must be solid foundation upon which to build every cooperative effort. Often times this foundation must be constructed out of brutal fact. In some cooperative organizations these facts are far more brutal than in others. We, in the field of rural electric cooperatives, are obliged at times to deal primarily with the most brutal facts of life, in coming to grips with certain aspects of director education.

Rural electric cooperatives, out of all types of cooperative enterprise, are singularly different, in that they operate to a very great extent wholly within a field of monopoly service. Although they are threatened from time to time by territorial raids and are being threatened at the present time by the loss of some of their high density service areas by annexations, the fact remains that the substantial portion of their revenue-producing territory remains intact, with assurance of a continuing patronage of a captured membership. This fact alone can breed complacency, if not utter stagnation, within the Boards of Directors. Equally discouraging, this attitude can also stagnate membership. In Wisconsin, 19 of our 28 rural electric cooperatives purchase their wholesale power requirements from their own generating and transmission cooperative, which also operates within the field of monopoly enterprise. This is an enviable position for a rural electric cooperative to occupy, but it can also breed dormancy in director responsibilities.

I am not telling you that the Boards of Directors of our Wisconsin rural electrics are infested with laxity and lethargy. No! I am telling you, however, that there are certain comforts in a monopoly enterprise, non-existent in a competitive society, which can well act as a sedative to the general acceptance of a program of EDUCATION FOR DIRECTORS. I fully realize what I have said. It is a harsh statement, but we are not here to deal wholly with homage and doxologies.

After waiting in vain through a year for private utility companies to initiate projects of electrifying rural America, through assistance of the Rural Electrification Administration created in 1935, farmers began to organize cooperatives to do the job for themselves. Their success was almost immediate, despite the harrassments of cream-skimming, spite lines, injunctions, legislations, and material shortages. Lines were built, and in a matter of months electric power started to flow out over the countryside. Now, let's be realistic. Selfish purpose teamed up with dedicated sacrifice in this pioneering effort. Dreams came true. Switches were flipped and buttons were pushed. Farm folks were happy. Directors were satisfied. The burden of responsibility for total management operations then began to shift from the embryo core of pioneering directorship into the channels of accumulating manager and personnel experience. The lines of authority began to zig-zag. Total management was falling into a "let George do it" pattern. This is dangerous. And it can happen in other types of cooperative enterprise, too. Success begets laxity, while at the same time it imposes greater responsibilities and liabilities upon directors. To effect a total Board awareness of these responsibilities and liabilities seemed to be a job for our Public Relations Department. How could it be made known to new blood on our Board of Directors, many of them enticed by the glamour and expense accounts of national and state conventions, that their responsibility to the cooperative structure and its membership carried

far beyond these enticements? That it carried beyond line contruction, and rephasing, and rate schedules?

It was our belief that we could best provide the answer to this question through a permanent program of director education. In laying the groundwork for our director conferences, we were also confronted with natural factors, particular to the state of Wisconsin. Wisconsin is a dairy state. Cows must be milked morning and night. Per diems were not sufficient to afford chore-time help forthe majority of our farmer-directors. We realized that the mountain would not come to Mohammed. If we were to do a saturation job of director education, we would be required to take our conferences out to the directors of our member systems. We would need to program our conferences between the morning and night choretime, and we would also need to select conference locations which would equalize driving distances for the 246 directors of our 28 rural electrics, in order to attract the greatest potential attendance. Accordingly, we selected five locations in our state, which would not only equalize driving distances, but would also provide for us those facilities conducive to conducive to comfort, convenience and attention.

It might appear strange to you that we gave our consideration to these various factors before we gave final study to subject matter and the choice and availability of management consultants. Our reason for this was simple. We knew that if we could first stimulate interest and committed attendance in our director conference program, we could then turn to the Cooperative League for its assistance in programing subject matter, and in the selection of a top-shelf consultant. Our faith in the Cooperative League was well-founded. Mr. Voorhis suggested and scheduled for us one of the top management consultants in our nation, and we continue to work with the Cooperative League in our endeavor.

Our program plan called for five conferences in five different locations in our state on five consecutive dates. Our Public Relations Department handles all details for each conference, and furnishes transportation for our consultant and departmental staff. We held our first series of director conferences in December of 1954. This was a bad choice. Winter weather hit us hard on three of the five days. We now schedule our conferences in October, before winter sets in and after the work load of farming has tapered off. For that first series of conferences we wisely chose as the subject matter, "THE RESPONSIBILITIES AND LIABILITIES OF A DIRECTOR." The word "RESPONSIBILITIES" was challenging to many of our directors, but the word "LIABILITIES" proved to be far more challenging and a bit fearsome.

Despite the three bad days of weather in December of 1954, we had an aggregate attendance of 162 out of 246 directors. This 65% attendance was heartening. These 162 directors represented 1,443 man-years of experience on the Board of Directors of our member cooperatives, or an average of eight years and eleven months of experience. This told us that it was high time that we moved into a program of revitalizing director understanding, apace with the growth and depth of his responsibilities and liabilities. We learned from the returns of an unsigned questionnaire that all but eight directors out of the attendance of 162 at our first series, rated high the usefulness of the conference and the clarity in which the subject matter

was presented. All but six asked that we repeat at least one series of conferences each year. We accepted this as a mandate from the grass roots. We have repeated our director conferences once each year since, dealing with such subject matters as written policies and their year-to-year revisions, director-manager relations, executive coordination and control, capital credits, and financial management, to mention a few.

Attendance has reached as high as 85% of our director potential, which fact has somewhat calmed our fears of apathy. It is my honest beleif, however, that our fear of director laxity and lethargy back in and prior to 1954, was well grounded, and that that fear has been calmed only by employment of our director conferences year after year since then. I beleive that we have stimulated a deeper sense of responsibility among the majority of our directors; that we have wiped out those comfortable but ill-fated attitudes which sprout from a monopoly operation; and that, from out of our director conferences, there has come a directive from our member cooperatives that conferences for cooperative personnel be conducted in our state, dealing with subject matter pertinent to their employment responsibility.

As an evidence of this point, in passing, we held our first personnel conference in April of this year, in response to a directive from our member cooperatives who judged our 1960 director conference to be the best one we ever held. It is both stimulating and challenging to learn from each year's attendance that it evaluates <u>that</u> conference as the best one we have held.

The subject matter for our 1960 director conference was, "HOW TO USE COMMUNICATIONS IN BUILDING EFFECTIVE HUMAN AND PUBLIC RELATIONS." It was an inviting subject. I doubt if we could have found a more capable consultant to handle it. An added, but unexpected, dividend was realized. Soon after our 1960 director conference was held, requests began to pour in from our member cooperatives to bring the same consultant back to Wisconsin to conduct a conference on the same subject for their key member and public contact personnel. We were able to bring our 1960 director consultant back in April for two consecutive conferences at two different locations in the state attended by 74 top employees of our member cooperatives. Whereas we previously had but one tiger by the tail, we now have two. I don't think our responsible cooperative leadership will permit us now to cancel out for one year either the director or personnel conference.

Our Public Relations Committee budgets $1,200 each year for our director conferences, which pays the consultant's fee and the travel expense. The member cooperatives pay their directors per diem, mileage and noon luncheon expense. We, of course, consider this to be a very reasonable over-all cost when figured in terms of per person exposure to EDUCATION FOR DIRECTORS.

Our WEC program of director conferences was initiated and has been developed into a continuing service to our member cooperatives out of these basic factors which I have presented to you. From time to time we have re-appraised the format of our conferences in terms of their educational values, and we have traced those apparent values back into the Board rooms at the local level. We have spot-checked the response of directors to the subject matters discussed

each year, in terms of their decisions and actions. And out of this follow-through concern has come convincing evidence to us that it is far better to spoon-feed from 65 to 85 percent of our directors with a six-hour exposure to director education, than it would be for us to over-dose less than 5 per cent of our total directorship with a two or three-day conference at one centralized location. If our subject matter is worthy of the time and interest of one director from each Board, then we considered it our obligation to make that subject matter available and convenient to the high majority of the directors of an nine-man Board. They can now approach many of their problems around the Board room table with this majority basing their discussions, if not their decisions, upon the same set of rules.

There are those who disagree with our format of one-day conferences for the high majority, as contrasted to two and three-day conferences for the very low minority. But we still hold to the same time-tested belief that there is a limit to the capacities of assimilation, mentally and physically. There is a limit to the cost, as well as the time, which we can subscribe to this effort. But no matter how anyone figures it, in this great dairy state of ours, those cows just have to be milked.