

# Managing and Appraising the General Manager

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## Objective

To assist the Board in communicating its performance expectations and appraising the job performance of the general manager.

## How the Process Works

The Board should appraise the GM's performance and communicate the results on an annual basis. It is the GM's job to meet performance expectations and accomplish goals set by the Board. But this can occur only if the members of the Board first reach agreement about what they expect to be achieved and communicate that to the GM at the beginning of the process. The Board and GM should meet at the beginning of the year to ensure that the performance expectations are clearly understood, and at the end of the year to review what was accomplished.

This document identifies ten areas for which the GM is accountable. These are areas where the GM should achieve results, and hence are the areas where he or she should be appraised. (The Board may add additional areas and performance standards.) The ten areas included here are:

1. Ensuring that Beartooth Electric Cooperative, Inc. (BEC) has a sound strategic plan.
2. Ensuring access to reliable, competitively priced electric service.
3. Satisfying consumers.
4. Providing sound financial management.
5. Meeting the human resource needs of the organization.
6. Maintaining good community and public relationships.
7. Assisting the Board in policy development.
8. Assisting the Board by developing meeting agendas and providing reports to the Board.
9. Safety and the Environment.

## Performance Appraisal Categories

The GM's performance in each of these areas may be evaluated in one of three ways:

- P.S. Meets the Performance Standard:** This describes the level of accomplishment that the Board expects. Checking this box means the GM has performed satisfactorily and has met or exceeded the Board's expectations.
- I. Performance Needs Some Improvement:** This indicates that the Board would like to see this area improved or addressed with greater effort in the coming year. "Needs Improvement" may not mean that management performance was a failure or unacceptable. Instead, checking this box is meant to guide the GM and to help ensure that he or she clearly understands what the Board expects.
- P. A Problem Exists:** This is an example of a significant problem that could occur if the performance standard is not met. Checking this box means that in the Board's judgment, the GM's performance is not acceptable and must change.

# 1. Strategic Planning

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**Key Result:** BEC is prepared with a plan to meet the challenges of a fast-changing electric utility industry.

**P.S.** The Board and GM meet on a scheduled basis to identify and discuss emerging issues and consumer needs. Key issues are identified and understood. A strategic plan is written and presented to the Board for its approval. Reports are presented which help the Board understand what goals have been accomplished in the plan, and what goals have not been accomplished, and why.

Goals agreed to last year regarding the strategic planning process:

Goals for strategic planning next year:

**I.** Needs to schedule time to develop a strategic planning process. Needs to include more discussion of emerging issues during Board meetings.

**P.** Key issues are not addressed. The survival of the system is threatened. Opportunities are lost. The Board is not satisfied with performance in this area.

Comments: \_\_\_\_\_

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## 2. Access to Reliable, Competitively Priced Electric Service

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**Key Result:** BEC meets the electric service cost and reliability expectations of members. The system is maintained safely and in accordance with all applicable codes and requirements.

**P.S.** Electric service, reliability and costs are in accordance with approved policies and procedures, regulatory requirements and consumer expectations.

Service quality goals agreed to last year:

Goals for next year:

**I.** Needs to monitor, evaluate and take steps to improve engineering or operations.

**P.** New construction and new services are not completed on time. Controllable outages or excess line loss occur. Members complain about the quality of electric service.

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### 3. Member Satisfaction

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**Key Result:** Members are satisfied with all aspects of BEC. They support its policies and participate in the programs. They believe that they get excellent customer service.

**P.S.** Members are vocal in their support of BEC. Surveys indicate high levels of satisfaction with electric service and with any other products or services offered by BEC. Members understand their rights and duties as member/owners of an electric cooperative.

Last year's goals regarding member satisfaction and support:

Goals for next year:

**I.** Needs to develop and implement plans for measuring and improving member satisfaction.

**P.** Member support erodes. Member opposition groups develop. Annual meeting conflicts occur.

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# 4. Financial Management

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**Key Result:** BEC is run on a sound financial basis. Any subsidiaries are operated on the basis of sound businessplans.

**P.S.** All financial policies and objectives are met. Capital credit goals are met. Financial indicators are satisfactory.

Financial objectives agreed to last year:

Financial goals to be achieved next year:

**I.** Needs to monitor and react to negative financial indicators before the system's financial position is adversely impacted. Needs to study and apply financial management principles.

**P.** BEC's ability to borrow money or provide electric service is harmed. Creditors, auditors, or regulators express concerns.

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# 5. Human Resource Management

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**Key Result:** BEC has a proud, high-quality work force that is dedicated to serving members. The human resource needs of the organization are met through the implementation of compensation, performance appraisal and employee training programs.

**P.S.** Human resource needs of the organization are being met. Employees are appraised and compensated on schedule. Training needs are identified and effective responses are implemented. Legal requirements are met. Employees like working at BEC.

Human resource goals agreed to last year:

Goals for next year include:

**I.** Needs to develop plans and programs for human resource development.

**P.** Lawsuits occur. The organization is exposed to liability. Poor employee morale leads to poor customer service.

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# 6. Community and Public Relations

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**Key Result:** BEC is seen as a significant community asset. A good corporate image is maintained through participation in civic activities. BEC is effective in dealing with legal and regulatory challenges.

**P.S.** BEC is perceived by the public as an involved, active and responsible corporate citizen.

Specific goals agreed to last year:

Goals for next year:

**I.** Needs to schedule time to visit with local officials and groups. Needs to acquire public speaking skills. Needs to develop public relations strategies and goals.

**P.** Public confidence erodes; hostile groups organize; the system receives unfavorable media coverage. It is unable to achieve its legislative objectives.

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# 7. Board Policy Development

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**Key Result:** BEC is in legal compliance and acts in accordance with clear, up-to-date policies that address such areas as the functions and duties of the Board, director fiduciary responsibility, the statement of delegations and director compensation.

**P.S.** A Board policy manual is maintained and all the policies are up-to-date. Policies are reviewed annually with the Board and attorney and are clearly written. Policies are communicated to appropriate personnel.

Goals agreed to last year regarding Board policies:

Policy development goals for next year:

**I.** Needs to schedule time to work on policy development. Needs to study emerging issues in order to make timely recommendations to the Board. New policies must be developed.

**P.** The system is exposed to liability. Employees do not follow consistent practices because policies are not understood.

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# 8. Providing Advice and Assistance to the Board

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**Key Result:** BEC meets its goals because the Board spends its time on the most important, relevant issues.

**P.S.** Meeting agendas are clear, are sent on time and help to focus Board time and attention on priority issues. Information sent to the Board is clear and on time. Written and oral management reports are clear and to the point.

Goals agreed to last year regarding this area include:

Next year the GM should focus on:

**I.** Needs to study and apply methods for improving the agenda. Needs to study ways to improve how information is formatted. Needs to improve writing skills. Needs to develop more extensive board reports or develop board reports in additional areas.

**P.** The Board makes poor decisions because information is inaccurate or misleading. The Board is unaware of important issues.

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# 9. Safety and the Environment

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**Key Result:** BEC has a plan for dealing with safety and environmental issues resulting in a good safety record for employees and the general public and a minimum of negative environmental impacts.

**P.S.** Results in the areas of employee safety, public safety and environmental impacts are in accordance with regulatory requirements and Board, member and public expectations.

Safety and environmental goals agreed to last year:

Goals for next year:

**I.** Needs to develop and implement safety and environmental programs.

**P.** Employee and public safety are not kept as a high priority. Some permanent negative environmental impacts occur. Fines and/or judgments are levied against BEC for events that are within the control of BEC.

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# 10. Other Duties As Assigned

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**Key Result:** BEC adjusts to new challenges and deals with them accordingly.

**P.S.** New challenges that arose during the previous year were successfully managed.

Other goals agreed to last year:

Goals for next year:

**I.** New challenges were not completely managed, possibly because of the timing when they arose. Additional follow-up is needed.

**P.** New challenges surprised BEC and were unsuccessfully managed resulting in member dissatisfaction.

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