THE ACADEMY OF ELECTRICAL CONTRACTING

Paper presented by

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NECA 1979 - NECA 1989
A Chapter Manager's Point of View

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I would like to express my appreciation to Al Berg, Chairman of the Heritage Committee, for giving me the opportunity to present this paper to the Academy. Frankly, I did not ask to do this but was requested to do so by Al and upon checking the By-Laws of the Academy, I found that either I do the paper or conceivably, I would no longer be a member of the Academy and that Gentlemen, would make me sad.

The subject of the paper, NECA 1979-NECA 1989-A Chapter Manager's Point of View, certainly gives me great license and latitude to talk about a wide variety of subjects so long as they involve NECA.

Obviously, it would be a waste of your time and mine for me to quote at great length all of the statistical data covering NECA since most of you have been actively involved with the NECA organization for many, many years.

However, for the purposes of clarifying the overall picture for persons who might happen to read this paper and who have not been deeply involved with NECA, I would like to state that NECA is comprised of some 6,000 electrical contractors, the vast majority of whom belong to some 133 chartered NECA Chapters located throughout the United States.

These Chapters essentially operate autonomously both from the point of view of the National Organization and from each other. They are financed by local contractors - hire their own personnel - establish their own meetings and policies and in general operate as they please so long as they stay within the rather broad guidelines set forth in the NECA Constitution and By-Laws.

One might ask "why does such an organization exist"? While there are many answers, I think the primary reason NECA and it's Chapters exist, aside from the fact that the American people are great joiners, is that the IBEW and other unions, to a lesser degree, make it almost mandatory for an electrical contractor to belong to NECA in order to be successful.

I do not mean to imply that unions deliberately force contractors to join their competitors in an employer organization but the fact remains that the economic and political power of a trade union is so much greater than that of any individual contractor that there is no practical way for an individual contractor to match the power of a union. Obviously, when the economic and political power of a great number of contractors is joined together through a trade association, the balance of power tends to become more even.

Also, from the efficiency point of view, particularly in the area of services and politics, I think it is obvious that it is better to have the combined efforts of 6,000 employers joined together in one united effort rather than 6,000 separate and small efforts.

In viewing the growth of the non-union segment of the construction industry during the past few years, I think we are seeing the results of contractors, even though they may be non-union, joining together to increase both their political and economic clout. As most of us know, they have made great strides and are growing daily.

So much for the broad view of NECA and why NECA exists.

I would now like to address the matter of operating a NECA Chapter today - 1979.

Although I have been associated with one Chapter for almost thirty years, I have had the privilege of observing the operations of many other NECA Chapters - some good and some bad.

The typical NECA Chapter consists of X number of local contractors who periodically either elect their own local officers and directors or elect their directors who then, in turn, elect or appoint the Chapter officers.

One way or another, the local officers and/or directors or a combination of them, select a Chapter Manager. Sometimes the Manager is told how to run the Chapter and sometimes not. Unfortunately, some directors do not really understand the function of a Chapter - let alone how it is to operate.

One bad example that comes to mind revolves around a Chapter that had hired a man with excellent potential and who, in my opinion, was really dedicated to do the job. That man is no longer with the Chapter primarily because he found that Chapter policy was not being established by the Chapter's Board of Directors who had hired him but instead by two contractors who felt that their own personal policies, obviously good for their own companies, should be Chapter policy regardless of the consequences to the rest of the Chapter members.

Another example revolves around the Manager who was hired and given no direction whatsoever. Being an ambitious fellow, he established his own direction and policy and before long he was fired for being too dictatorial.

The list goes on and on with reasons for dismissal being given as lazy, incompetent, drinks to much, in bed with the union, etc. Unfortunately, I am afraid the reasons were correct in some cases.

Now that we have established the fact that there are many wrong ways to operate a Chapter, let's talk about some good ways and perhaps the right way to have a successful Chapter.

It seems to me that a NECA Chapter should operate very much like any other business enterprise. While it is true that most NECA Chapters are organized on a "not for profit" tax basis, the fact remains that a NECA Chapter must be well financed if it is to function properly.

Too often members will promote a dues reduction simply because the Chapter added a little to its net worth for a couple of years. The time for cutting dues is when times are bad - not when they are good. Contractors do the same thing in their business. They rarely cut prices when times are good - only when times are bad.

The general rule of thumb is that the Internal Revenue Service will permit such organizations to accumulate a reserve not to exceed the total of three years normal operating expense. I doubt that many Chapters are even approaching let alone exceeding that general limitation.

A successful Chapter must know where it is going and to do that, a Chapter must establish policies. Policies are established not only to set the direction of the Chapter but to also establish how and who will lead the Chapter in the direction that is established.

Long term and broad policies are usually set forth in the Chapter By-Laws and should be but I think it is also important that the more narrow and short term policies should be reduced to writing in order to avoid misunderstandings.

Now, who should establish these policies ?

Ultimately, policy is established by the membership of a Chapter but as a practical matter most policies are established by a Board of Directors. If Directors tend to establish policies that are not acceptable to the General Membership, they will eventually be replaced with Directors who will reflect the thinking and desires of the membership of the Chapter.

Occasionally, I have witnessed and more often have heard of Directors who have abdicated their responsibility in the matter of establishing policy and direction. This then forces the Chapter Manager into the position of having to establish policy when he makes his decisions. As I mentioned earlier, that can lead to dismissal of a Manager, unfairly I might add, primarily because he is simply attempting to do his job with no direction from the people he is representing.

Who should carry out the policy ?

Frankly, there is only one correct answer - the Chapter Manager. Please bear in mind, the question was "who carries out the policy" not "who establishes the policy". Over the years, I have observed that herein lies the greatest potential source of conflict between the Officers and Directors of a Chapter and its Manager.

Too often, well meaning contractors are elected President of a Chapter and immediately assume that they are supposed to run the Chapter on a daily basis in the same way they run their companies. They overlook the fact that the Chapter has hired a Manager to do the very thing they are attempting to do.

They overlook the fact that their duties are usually spelled out in the Chapter By-Laws which generally gives them the power to preside at all meetings and to appoint all committees. Few, if any By-Laws make the President the chief operating officer of the Chapter.

While these personal observations might appear to be petty, my primary point is that to keep a Chapter on course once it has been established, the primary responsibility should be that of the Chapter Manager. Chapter officers are customarily elected for one or two years and since each of us respond differently to a given situation, a Chapter's course will end up in a zig zag pattern if the helmsman is changed too often.

I would also like to offer another constructive suggestion that relates to policy and that is the matter of establishing Chapter goals, both short term, meaning one year, and long term, meaning more than one year. These goals should be established by the Board of Directors annually and the results should also be reviewed annually. I have found that goals act much like a tickler file. You happen to look at them in July and you realize that the "day of reckoning" is only six months away, hence, it is a powerful stimulus to get things done - - if you like your job.

Another problem area that exists within all NECA Chapters today, 1979, is the matter of communications. Thousands of books have been written on this subject and thousands of speeches and courses have been given on this subject - - but that is not what I am referring to. What I am referring to can be stated simply - "How do the Chapter Officers and Manager determine what the General Membership really wants". What do they think ? What are their goals ? After all, it is their organization.

Chapters whose members are spread over one or more states have an enormous communication problem. Communications between the Chapter and its members is relatively easy through the use of newsletters, bulletins, etc. Consequently, the members usually know what the Chapter is doing. But the big problem is for the Chapter to determine whether or not it is going in the direction and doing the things its members want. Many Ex-Chapter Managers found out too late that they were headed West while the members were headed East. They were victims of their own one way communications.

To my knowledge, this problem has not been solved. The obvious solution would be for the Chapter officers and/or staff to personally call on each member occasionally to determine what his real objectives are insofar as the Chapter is concerned.

However, in this day and age, there is rarely ever time for such a luxury. Well attended monthly meetings help tremendously but even this is not practical in a Chapter that covers great geographical distances.

Some Chapters use an annual survey to attempt to determine the priorities of the majority of its membership and that can be helpful but I am afraid that even today many Chapters simply run it up the flag pole and then wait to see if somebody either shoots or salutes.

Now that I have spent considerable time on explaining, at least in my opinion, how a Chapter should be run, I would like to summarize the thoughts expressed.

#1. The control and direction of the Chapter should be placed in the hands of the Board of Directors who are elected by the General Membership.

#2. Written policies and goals that reflect the desires of the membership should be established by the Board of Directors.

#3. The responsibility along with the authority should be given to the Chapter Manager to implement the policy and to achieve the goals.

#4. Assuming the policy and goals are reasonable and are not implemented or achieved - get a new Manager.

Finding a new good Manager is not always easy - a fact I'm sure many Boards of Directors will attest to. I would however, like to offer some observations of the qualities of a good Manager. Aside from the obvious traits relating to integrity, honesty, ability to communicate, I think the most important trait to look for is that of being able to get along with other people.

You must remember that a good Manager always lives in an adversary atmosphere - one in which he is buffeted on one side by the employer and buffeted on the other side by the union. Managing a Chapter is basically dealing in human relations on a constant basis. A Manager who can deal with all types of people in a diplomatic yet firm and straight forward manner will normally end up running a fine Chapter.

Now to look ahead to 1989 - What will NECA be then ?

When one indulges in an educated guess as to what things will be like ten years from now, one tends to look back a few years to determine if a predictable pattern exists and if it does, one can project into the future with a bit more assurance.

During the past few years, NECA has made, in my opinion, remarkable progress. Progress for NECA by offering more and better services to its members. I can remember when the principal service of NECA was an estimating course, the manual of labor units and some estimating and accounting forms. Today, it takes forty eight pages in the index of services to list and describe the courses, publications, studies and services offered by NECA. I think NECA is to be commended for the job they have done in the past ten plus years.

As for the next ten years, I think that the complexity of doing business in this country will continue to become more severe and this, in turn, will result in many medium size companies being forced to merge which, in turn, will tend to hold down NECA's growth at least from the point of view of numbers of members. However, volume will continue to increase.

This same complexity will require the development of more sophisticated services and programs and I am confident that NECA will meet this challenge.

NECA and its members will become even more involved in the political arena of the country because, if they don't, there will no longer be a need for the individual entrepreneur and his association.

I do not necessarily subscribe to the thought that being big is being good. But I do know that being small is not necessarily being efficient.

I believe that as the Government and others place more and more demands - which usually results in more problems - on the electrical contractor, he will demand, if he is a member of NECA, more and more help and services. In order to provide these services, the Chapter will require greater financial resources in order to employ the talent needed to satisfy the contractors needs. This in turn will require many Chapters to merge.

Unfortunately, many NECA Chapters came into existence because of the whims of one or two individuals. I say unfortunately with mixed emotions because had it not been for the dedication of those one or two individuals, there might not be a NECA Chapter in that area today. On the other hand, those individuals have for their own reasons, kept the Chapter small, hence, their financial resources are limited, which in turn, makes it difficult to attract good talent.

It seems to me that the merging of many smaller Chapters into larger ones would permit the larger Chapter to hire sufficient personnel, to have persons highly qualified in certain fields - specialists, if you will - which, quite obviously, would be better then simply relying on a person with a little knowledge in a lot of fields.

Hopefully, NECA and fewer but larger Chapters will be going strong in 1989. The electrical industry will be going strong with fewer but larger contractors in 1989 and hopefully, I will be here in 1989 to see whether I was right or wrong.