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The internal information program at VEPCO

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THE INTERNAL INFORMATION PROGRAM AT VEPCO

A STUDY OF THE EMPLOYEE INFORMATION PROGRAM AT THE VIRGINIA ELECTRIC AND POWER COMPANY

BY B. ALBERT BURTON II
The Internal Information Program
At VEPCO

A Thesis
Presented to
the Faculty of the School of Business Administration
University of Richmond

In Partial Fulfillment
of the Requirements for the Degree
Master of Science in Business Administration

by
B. Albert Burton, II
June 1959
The purpose of this paper is to analyze the Employee Information Program at the Virginia Electric and Power Company.

In the first portion, the author shows by means of correlated research the need for informing employees, the categories of conveying the information and the type of information to be conveyed. An outline of a possible information program is presented.

The second segment of this paper is devoted principally to a brief description and commentary of the information channels used by VEPCO. Two methods of communication frequently used in industry, but not used by VEPCO, are also discussed and commented on.

As early as 1946 development began on the Group Meeting which later became the framework about which was built the Co-ordinated VEPCO Employee Information Program. Chapter III covers the history of the Group Meeting from its formation until July, 1952.

In July 1952, the VEPCO Employee Information Program was surveyed by Guy Arthur and Associates, Incorporated. Chapter IV evaluates the progress resulting from the "Guy Arthur" recommendations.

Additional recommendations for improving VEPCO's Employee Information Program are covered next by the author. Finally a summary of all pertinent recommendations encompassing the "Central Surveys" and "Guy Arthur Survey" is presented.
ACKNOWLEDGEMENTS

A special tribute of acknowledgement and gratitude is due to Mr. W. B. Vaughan, Jr., VEPCO Supervisor of Employee Training and Information. His full cooperation and efforts in making material available have contributed greatly to this paper. In addition the author wishes to thank and acknowledge the following Vepcovians for the information and time granted to the author during personal interviews: Messrs.: E. C. Bookman, R. W. Briggs, A. L. Clark, C. S. Coleman, G. F. Cook, C. F. Danforth, T. R. Fulghum, E. B. Hurst, H. S. Lee, Jr., C. T. Lucy, Jr., L. G. Parrish, C. A. Smith, W. L. Woodfin. Miss N. B. Roper. Mrs. J. Y. Ray and the VEPCO Library Staff.
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CHAPTER I
SURVEY OF EMPLOYEE INFORMATION PROGRAMS
Chapter I

SURVEY OF EMPLOYEE INFORMATION PROGRAMS

"The art of communication is old, but its rise to prominence in personnel administration is comparatively recent."¹ 1900 was the beginning of the Industrial Revolution when wage earners began to outnumber the farm laborers and farmers. In the early American days the boss and men worked together and knew each other intimately, exchanging problems and ideas freely. Increased competition rendered technological improvement necessary and resulted in the industrialization of the country. Machines began to replace the working man eliminating the close association previously enjoyed. As a result of this, the management and the employees grew far apart in every respect. "Psychological problems arose and personnel administration became a fad. Channels of communication necessarily began to be formed." ²

"It is important to understand that management realizes the greater the individual's success, the stronger will be the company or organization for which he works."³ The success of the company is the sum of the success of its members. A business has the responsibility to give every good man the maximum personal opportunity. The prerequisite

²Ibid. p. 9.
³William B. Given, Bottom - Up Management (New York, 1949) p. 86.
to giving a man maximum help in his development is knowing his needs and potentialities.

One of the most effective "public relations forces of business" is the informed employee as studies reveal the primary source of public information is employees. The active support of the employees must be enlisted. This is a key factor in the struggle between government-owned and investor-owned companies. Many companies are presently occupied in setting up adequate programs of employee information to establish this force. This is done by various means of communication between employer and employee.

The reasons for bettering this communication are many. They may be divided into two parts, the upward which:

1. "forewarns top management about what policies are acceptable and when they are acceptable
2. shows whether men understand the meaning of directives
3. gives workers release of emotional tensions and pressures
4. allows them to offer valuable ideas to the supervisor"

the downward which:

1. "helps manager's authority to be accepted and obeyed
2. shows in a democratic way what common targets to aim at
3. expresses friendly interest that builds moral everywhere
4. evokes cooperation that helps solve problems"

These steps eliminate the causes of poor communication such as the poor attitude of employees, increased size of the organization, and the complexity of the work. 4 The best method for management to eliminate trouble is to anticipate it and begin a program of training before it appears. Informed employees are not as susceptible to propaganda as those who have no basis upon which to build their opinions.

Management must establish confidence, for "once confidence exists all explanations are relatively simple and brief". 5 The systematic evaluation of employee information needs must be planned as a continuing "step-by-step process and not a one shot affair". 6

Methods of communicating information fall into three main categories which include:

1. written - company periodicals
   annual reports
   handbooks
   pay inserts
   advertising in the public press
   newsletters
   personal letters
   suggestion system

2. visual - bulletin boards
   posters
   charts and graphs
   movies and slides
   open house
   contests
   exhibits

3. oral - employee meetings
   group discussion
   social meetings
   collective bargaining
   public address system
   interview and counseling, non-directed surveys
   information quiz
   grapevine
   exit interviews
   telephones
   radio programs
   staff and executive contact

Of the three methods, oral communication in which the supervisor is the key communicator is preferred. Written and visual methods can and should be used at the meetings. By talking with employees, questions arising concerning the prepared material can easily be explained. The degree of comprehension and retention of the written material will be far greater than if the written or visual material were presented alone. Employees need to see and hear company chiefs. The

7Peters, p. 46 et passim.
goal is a three-way flow of information:

1. "the top of the organization to the man on the machine
2. the man on the machine to the top of the organization
3. communications among employees on the same level." 8

Employees like to have management state its views because this gives them the opportunity to weigh both sides. "The feeling of belonging increases employee loyalty, offers an incentive for more production, and through communication knits the several parts of the company into one unified organization." 9

The subject matter to be related depends on the goal the company seeks. Employees should be allowed to submit information as well as to receive it. The plan must be carefully prepared, trying to group people of the same level and ability to avoid any difficulty. Reports should be filed and conference leaders should have a method of reporting directly to the man in charge of the plan which usually assumes the form of a conference. 10

The information to be conveyed should be in relation with what the management can and desires to convey and what the employees want and need to know. These are the only limits on topics available. There are four categories or areas into which the information falls:

8 Case Book of Employee Communications In Action (New York, October, 1950) p. IV.


10 Winsborough, op. cit. p. 15-20.
1. information about the company
2. information about company policies affecting employees
3. information relating to special situations which arise in the plant
4. information about the relationship of the employee to the economic system, in terms of the experiences of the company for which he works. 11

No field of information can be excluded if it will help promote understanding of the business and the employee's relation to it. "Management must realize that it would be inconceivable to believe that any of us would work well without some understanding of purpose as lack of information creates misunderstanding and conflict."12 Of course good judgement is a prerequisite for correct information as there are cases when it would not be advisable to relay certain material. Examples of this would be if the raw materials should be far less expensive than the end product as with many drugs or in cases detrimental to the future of the company's future success such as the secret Coca Cola formula. 13 Secret projects such as the atomic bomb cannot be discussed completely with employees because of security measures.

To effectively apply the foregoing theoretical methods of communication, a satisfactory over-all program must be established. The process of sharing information must be gradual through channels natural to the establishment. Rather than a campaign the program must be a continuous expanding method of conduct not apart from the actual work, operation or management. "Confidence in the program must permeate the whole organization."\textsuperscript{14} A possible outline of such a program follows:

I. Secure the management's recognition and support.

II. Develop the program.

A. get the facts
   1. what the employees want and need
   2. what management wants to convey
B. put the company on record
C. be sincere and constructive
D. avoid paternalism
E. prepare communication material carefully
F. establish an adequate budget

III. Personalize the program.

A. emphasize personal contact
B. seek employees' advice and assistance
C. use employee committees
D. encourage employee participation

IV. Apply and develop facilities and skills.

A. existing channels of communication
B. advertising and sales promotion departments
C. employee and public relation departments
D. training facilities

\textsuperscript{14}Ibid. p. 90.
V. Co-ordinate communication.

A. anticipate a long range program
B. arrange for continuity
C. set up controls - individuals concerned to report directly to central communication

VI. Revise communications materials periodically.\textsuperscript{15}

\textsuperscript{15}Ibid pp. 157-161.
CHAPTER II
SURVEY OF VEPCO EMPLOYEE INFORMATION PROGRAM
Chapter II

SURVEY OF VEPCO EMPLOYEE INFORMATION PROGRAM

A. Means of Employee Communication now in use by VEPCO

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B. Means of Employee Communication not used by VEPCO

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Company Grapevine

The very fact that people have never been able to resist the urge to spread gossip from ear to ear indicates that VEPCO, of course, has a company grapevine. 16

Grapevines have a reputation of creating mischief, especially when they are used by misinformed employees struggling in unsound working conditions. This type of employee situation is ideal for malicious whispering campaigns and can be very harmful to the organization. 17

VEPCO officials try to create conditions so that the grapevine is used to promote rather than deter the interest of the organization. The conditions which must be created are:

1. Fair and sound policies of management must be established.

2. Means must be developed to inform all employees about the affairs and problems of the Company as well as its policies.

3. A spirit of sincere frankness must be developed between management and employees.

If these conditions can be established through the cooperation of management and employees, the grapevine will become a desirable part


17Ibid, Exhibit F-2.
of the company organization. 18 It can be used to create a favorable 'business personality' for the company. The speed with which information can be relayed by the grapevine makes it a good vehicle through which management can discover friction which may result in trouble. Many union grievances, for example, could be prevented by eliminating the cause before it provokes action on the part of the employees.

The Exterior Grapevine

Frequently information is communicated between employees and the management of VEPCO through the medium of contact with outsiders. This exterior grapevine is just as effective in management-employees relations as is the company grapevine. It contains advantages and disadvantages similar to the company grapevine and in addition has an intense effect on the personality of VEPCO as an organization. A resultant effect of this personality appears in customer relations as well as employee relations.

The upward communication aspect of this instrument is particularly advantageous. Frequently "outsiders (...) can provide management with sound impressions of general employee attitudes and moral". 19

This rampant grapevine should be cultivated at all times by the company management. It should and will be cultivated by the company employees also if the company management can achieve its goal of employee education through a continuous coordinated Employee Information Program.

18 Ibid, Exhibit F-2.

19 VEPCO (Group Meeting) Employee Information Program, Upward Communications, (January-February, 1953).
Telephones and Radio Network

VEPCO, like many other companies, uses the telephone extensively and employs a number of intercommunication systems. In addition the company has its own short wave radio system and carrier phones. These vehicles of communication facilitate oral communication between remote parties and for this reason are not discussed in detail in this paper.

Public Address System

For its main office the company subscribes to a recorded music system operated by Music Inc., Muzak. This system has the principal purpose of relieving the boredom of employees who perform routine tasks. The system is used each year during the World Series Baseball games for announcements. At this time an inning by inning score is given by the Muzak system to all its subscribers. VEPCO information can be announced over this system, but this is done very infrequently. It is used in this manner only for matters pertaining to a vast majority of employees.

Open House

Open house is held at all important new VEPCO installations during the time of their dedication.

Certain power plants, dams, and buildings are open to the
public individually or in organized groups, depending on the installation. No particular effort is made to have an open house or plant tour especially for employees except when Group Meetings are held at power plants. Then a short portion of the meeting is devoted to a tour of the facilities by the employees not familiar with the installation.

The Coded Mailing List

VEPCO's coded mailing list is used generally for the purpose of transmitting through the company mail bulletins from the company executives. This list is also used to transmit pamphlets published by other sources which the company desires the supervisors and employees to read.

The list is divided into three sections which are:

Code A. This includes all supervisors. The material to be transmitted is mailed to each supervisor on this list and is circulated in "round robin" fashion to all of the other supervisors not on the list. An additional list is included for the use of the field offices with the name underlined of the supervisor who is to receive the information. The supervisor originally receiving the bulletin has the responsibility of seeing that all supervisors listed under his name receive the material.
**Code B.** This list is similar to the Code A list but also includes enough bulletins to be posted on all bulletin boards as indicated.

**Code C.** This is the smallest of the three lists and covers only the officers of the company and other key personnel. Each person on this list receives a separate copy. 20

**Direct Mail**

Whenever the officers of the company have information to which they want each employee to pay particular attention, they generally use the United States mails.

This is in letter form directed to the company employees or is accompanied by a letter from one of the company officers. This letter is a more personal and effective way to transmit information than the bulletin boards or the company mail.

Other means of transmitting information to the employees are often used in conjunction with this letter, as for example, special compulsory meetings for employees.

**Interviews and Discussions**

Supervisors are encouraged to have frank discussions with

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20*VEPCO Master Mailing List, Revised January 16, 1959, Definition of Codes.*
their employees frequently throughout the year. Usually such discussions are instigated by the employee and are confined to a particular situation or problem. These discussions are considered necessary in order to develop the individual employee's efficiency. In addition, it is felt that such discussions tend to create a spirit of harmonious cooperation among the people of VEPCO and result in more efficient company operation.

A good supervisor is so close to his employees that they feel free to seek his counsel. In the case of company problems, the supervisor and employee should settle most of them before they become formal grievances. It is the duty of a supervisor to devote a portion of his time to his employee for personal interviews. The company feels that this is time well spent.

Social Meetings

The employees actively control the social meetings of the company employee groups. There are many types of activities available: dance clubs, Christmas parties, picnics, hunting and fishing trips, bowling teams, and others.

These functions, although generally attended by supervisors, are considered by the company to be employee functions. That is, the company makes no formal attempt to transfer information to or from the employees during social gatherings. The functions serve an
important purpose in that they promote goodwill among the employees and supervisors. Information is transferred spontaneously, pleasantly, and informally between employees themselves and between employees and supervisors.

Special Compulsory Meetings for Employees

There is frequently a need to convey specific information to certain employees. This is accomplished by holding special compulsory meetings for employees with their supervisors or other informed people. Except for an individual contact with each employee, this is the most effective way of conveying information.

In keeping with good communication policy these captive audience meetings are usually brief and well planned. Time is invariably allotted for questions and discussion to enable employees to comprehend all subjects which deserve so thorough a presentation.

Safety Meetings

The Safety Meeting is a bi-monthly informational and training session in all of VEPCO's districts. Though such meetings are non-compulsory, they are attended regularly by 95 per cent of the field employees and by 40 to 45 per cent of the employees who have fulltime desk jobs. The strategy of these meetings is to educate employees and to anticipate and eliminate hazards before they cause accidents. The wisdom of such a policy is obvious when one realizes that many
VEPCO employees perform jobs which would be much more hazardous if employee training and education were not employed. 21

The majority of the safety meetings are operated with employees as leaders and are conducted with the aid of safety supervisors. After a program is presented ample time is allotted for questions and discussions regarding safety. Although safety meetings may be properly cataloged under employee training, their informational aspect should not be overlooked.

A monthly Safety Bulletin containing accident reports and accident prevention ideas is published and distributed by the Safety Department. This bulletin is not only sent to many supervisors but also posted on the bulletin boards. 22

Group Meetings

Employee group meetings are non-compulsory guided conferences which are attended by a majority of the employees during working hours. The physical limit per meeting is set at twenty employees and two supervisors to whom none of the employees report directly. This physical limit means that 131 meetings are required to accommodate all non-supervisory employees who desire to attend. Both supervisors act as discussion leaders and one acts as a secretary by taking notes which are later forwarded to the Personnel Department. The

21 Statement made to the author by Mr. C. E. Bookman.
22 Ibid.
groups are varied so that each employee has a different group leader and different fellow employees in each meeting. Furthermore, the groups are "mixed", that is, they are composed of employees of all levels from various departments, white and colored, male and female. 23

Group Meetings are held periodically and last two hours. They are divided into three main periods which are not necessarily of the same length. The three periods are:

The "Outline" period
The "Current Events" period
The "Question, Answer, and Suggestion" period 24

The material used in this program is prepared by the Personnel Department under the guidance of the director of the Employee Information Program.

The "Outline" period is devoted to reading and discussing a four-page folder on some phase of the company's business or on some topic which greatly concerns the company, such as public power. According to most group leaders, this is the heart of the program and should consume at least one half of the entire time allotted for the meeting.

During the "Current Events" period a bulletin is read outlining the recent items of interest concerning company business


24Ibid.
as handled by the top executives. Discussion is held on these items if any is in order.

The "Question, Answer, and Suggestion" period is the time allotted for the employees to raise questions or make suggestions concerning the company. The supervisory group leaders answer the questions and dispose of the suggestions if they can give confident answers. Any question or suggestion which cannot be answered in this way is recorded and forwarded to the director of the Employee Information Program. The employee asking the question or making the suggestion remains anonymous, thus giving him more freedom to criticize.

The director of the Employee Information Program sees that answers to all questions and suggestions are prepared and relayed to all employees. This is done so that the employees can benefit from the best of all the meetings, not just the particular ones they attended.

Annual Employee Meetings

An important event which has a direct bearing on the Employee Information Program is the Annual Employee Meeting. Each spring the company's eleven districts are visited by the executives who actively direct the Employee Information Program and the General Manager of Operations. These executives together with the Divisional Vice-President and the District Manager involved hold general employee meetings. At the present time twenty-four of these meetings are necessary
to cover the total company service area. 25

These Annual Meetings are designed to interpret to the employee the results of the past year's company operations. In addition the executive opinion of the prospects and problems which the company will face in the future is conveyed to the employee. In addition to this interpretation, the meetings are intended to invite a frank discussion of whatever subjects the employees desire to introduce.

The interpretations and opinions are presented as short correlated talks to the employees by the top level officers of the company. This is done during the first hour of the two hour meeting. After this first hour the employees are divided into small groups and are requested to write questions on cards which are later collected. Special effort is made so that the employees asking the questions may remain anonymous. After a short intermission the cards are shuffled and questions are presented at random to the executives to be answered on the spot. These questions along with their answers are compiled at a later date and are published as a bulletin to all employees. This is done so that all of the information developed at these meetings will be available to all employees regardless of what meeting or meetings they happened to attend.

Union

Questions on wages, hours, or working conditions must be settled

25Statement made to the author by Mr. W. B. Vaughan, Jr.
through collective bargaining with representatives selected by the employees. This is to comply with the provisions of the labor contracts which cover 97.6 per cent of the company's non-supervisory employees. VEPCO employees are represented by two unions, The International Brotherhood of Electrical Workers and The Utility Employees Association.

On changes covered by collective bargaining under the contract between the union and the company, the union members must vote their approval in order to satisfy the union constitutions. The unions officials, therefore, are charged with the duty of informing their membership so that these employees might vote intelligently.

A few items under the subject of collective bargaining are not covered in the contracts between the unions and the company. On these items, such as the group hospitalization plan, the unions have no right to negotiate. In cases covering changing these items the company officers usually call in the union representatives and go over the proposed changes with them. This puts the unions under no obligation to publicize any changes by the company. The company officials realize this and do not expect or suggest that the union officials advertise the information. 26

Having the union officers informed serves the following purpose:

26 Statements made to the author by Mr. C. F. Danforth and Mr. W. B. Vaughan, Jr.
They aid the company by informing the employees who raise questions. This matter of courtesy on the part of the company serves as an excellent method of preventing grievances which could needlessly arise.

A further means of informing their membership is granted to the unions by the portion of the contracts which permit the unions to have a reasonable number of bulletin boards. These are for use by the unions in connection with posting notices for the information of the memberships.

Manuals and Catalogs

Manuals, a basic necessity in any large organization, are very well prepared and widely distributed by VEPCO. These manuals fall into several categories differing in type of manual material contained.

The Safety Manual although broad in scope contains very detailed descriptions of all safety procedures. Since VEPCO expects all employees to concern themselves with the subject of safety, this manual is issued to all employees.

A second category includes manuals issued to keep detailed information available for all employees and supervisors who need such information for reference in their daily work. The list of these manuals includes:
Two of the manuals establish engineering policy and give detailed as well as general engineering practices. They are:

Standard Overhead Construction Manual
Standard Substation Construction Manual

General Company Policy is set forth in the following manuals which are issued to second level supervisors and above. They are mentioned here because they are not confidential and are to be made available by the supervisors to all people working under them. These manuals include:

Sales Manual
Accounting Manual
Operating Manual

One booklet, The Information and Requirements for Electrical Service, is published by the company for the information of customers and electrical contractors in the VEPCO area. This is a detailed booklet specifying the VEPCO policy as stated in its title in brief. This book is included in this listing because it is used by many estimators as a fingertip reference.

Company Library

The company library is set up as a separate unit of the VEPCO Treasurer's Department. The librarian of the company, in addition to supervising the library, is also supervisor of files for the
entire company.

Services provided by the library aimed at informing the employees are far more inclusive than the mere custody of books and include:

**Literature references:** Books are available for reference and general reading purposes as well as pamphlets, periodicals, indexes and other published information relevant to the company's business and to the public utility field.

**Information files:** Information files are maintained on material of technical nature, standards, specifications, association minutes, papers, talks, Government releases and annual reports.

**Periodical Routing Lists:** A comprehensive collection of periodicals is circulated to employees by routing lists approved by the management.

**Routing Lists of Books available**

A. **Library bulletin (monthly):**

All personnel receive a list each month reviewing briefly all books that have been added to the library during the month; all booklets are listed; important magazine articles are abstracted.
B. Reference book bulletin (monthly):
All executives and key personnel in the Richmond office only, receive a bulletin showing all reference material that has been added in the past month.

C. Supplement to library catalog (annual):
A supplement to the Library Catalog is prepared annually showing all books that have been added during the year. This list is sent to all districts and is made available to all personnel.

Book and Hobby Displays: Hobbies of the employees' and appropriate books related to their hobbies are exhibited in a display case in the Employees' Lunch Room. Unusual hobby exhibits have been shown in an outside display window at times.

Posters: Posters displaying book covers and other items of interest are placed in the libbies of the main office building. A bulletin board is maintained in the library to bring news articles and new books to the attention of the employees.

Reading Plans: Lists of approximately 30 books comprising reading plans are circulated to all employees. Encouragement is given to all persons to participate in the reading plans. As soon as an individual returns a book, he is sent a new
book. This plan is extremely beneficial for the dissemination of information. The plans cover educational and self-development programs. A point worthy of note is that employees are encouraged to study in fields which are foreign to their training and to their normal duties; for example, an engineer is encouraged to study a cultural reading plan.

Employee Magazine, News, and Special Reports

The "Vepcovian", currently in its 33rd year of publication, is the VEPCO employee magazine. It is prepared and published bi-monthly by the Public Relations Department.

Space in the Vepcovian is allocated so that the majority of the medium will contain articles of general interest to all employees. Each issue contains articles of particular interest to employees in the various areas.

It is the purpose of the Vepcovian to carry to the employees in picture magazine form, the messages of present and former employees. Their activities cover a range from cradle through marriage, service anniversaries, hobbies, special achievements, retirements and finally to the grave. Editorials are on subjects such as free enterprise or are of the morale building type. A portion of each issue is reserved for public service information directed to employees such as Red Cross drives or community activities.

27 Information obtained from correspondence of Mrs. J. Y. Ray.
This is truly a magazine written for the employees' information and reading pleasure.

Special projects are also assigned for preparation by the Public Relations Department. The most recent large publication was the booklet, "A Half Century of Progress", which was billed as a picture history of the Virginia Electric and Power Company. It was distributed to employees and friends of the company and, in the Spring of 1959, was used for the background information in the "Employee Group Meeting".

A smaller information job just recently handled by the Public Relations Department is the educational program directed to caution children against flying kites near power lines. This folder was directed mainly to children and indirectly to employees who, it is hoped, will learn to think "Danger" whenever a kite is seen near a high potential line.

A clearing house for information and publicity would be an apt description of the Public Relations Department. All except local information is routed through this office and is then distributed to the public news media. Employees, customers of the company, as well as other persons in the service areas, are given information in this manner.\(^{28}\)

\(^{28}\)Statements made to the author by Mr. G. F. Cook, Jr. and Mr. T. R. Fulghum.
The corporate department, headed by the company Secretary, has the job of preparing an annual report in order to comply with the rules of the New York Stock Exchange and of the Securities and Exchange Commission. A further purpose of the report is to furnish information to the stockholders and other persons interested in the company business. Such a report reveals to the owners the stewardship of the company management. 29

The Annual Report, although it is made for and is directed to the stockholders, is sent to all employees so that each will be kept informed. The format of the report is not changed, but a letter from the company President is sent with the report in order to personalize it to the employee.

In addition to the Annual Report, the Corporate Department also prepares a Quarterly Report and a monthly condensed Financial Report. Both of these reports are sent to any employee who requests that his name be put on the mailing list. Through these reports the employee has available all of the financial information concerning the company's activities just as soon as it is published.

Contest

VEPCO is having this summer for the first time, a Housepower

29VEPCO Supervisory Development Program, Corporate Department, p. 1.
promotion contest which is open for participation by all non-supervisory employees. Three substantial prizes will be awarded in each of the company's eleven districts to the employees who secure the most leads on houses which need electrical rewiring. The success achieved in following up these leads is also an important factor of the contest. Although this contest is sales promotion, it involves information which the employee can convey to the company if given a little incentive and opportunity.

Informational Surveys and Questionnaires

Two surveys and evaluations have been conducted of the Employee Information Program with particular attention directed at the Group Meeting phase of this program. The first of these surveys was conducted by Central Survey's Inc. during November and December of 1950. The program was again surveyed by Guy Arthur and Associates, Inc. in July of 1952. The results of these evaluations are discussed in detail later in this paper.

VEPCO's Personnel Department in 1957 conducted a survey by use of a questionnaire concerning the utilization of the engineers employed by the company who held college degrees. The results of this survey are confidential as personnel information usually is. It is reported by the Personnel Department that this survey was very effective and has been used extensively in planning new assignments of personnel.30

30 Statement made to the author by Mr. W. B. Vaughan, Jr.
Performance Appraisal and Evaluation of Potential

Each employee at VEPCO is interviewed by his immediate supervisor at least once a year, primarily to determine the effectiveness of his performance on the job. It is desired that an accurate objective appraisal be made of each employee of the company. This appraisal, when considered with other facts, will serve as an equitable basis for determining which employees should be considered for salary increases, promotions, transfer, or training. 31

The appraisal interview is intended to be a constructive discussion between the employee and his immediate supervisor. It is to cover all matters affecting performance, efficiency and job requirements.

In conjunction with the interview the supervisor fills out a rating form covering the employee's job performance, mental ability, personal attributes and his capacity for growth and development. This form and the appraisal made by the supervisor are discussed at length with the employee being rated. This discussion of the rating is considered extremely important. VEPCO policy, therefore, is adjusted to the belief that a predominant influence in employee morale is the practice of informing the employee of his job status, his successes, and

31VEPCO Manual of Information and Instruction, Performance Appraisal and Evaluation of Potential (June 2, 1953), p. 1
his failurEs. 32

The interview, in addition to the evaluation factor, is de-
signed to promote a better understanding and more effective relation-
ship between the supervisor and the employee.

32 William E. Wood, Your Employees Want to Help You (New Jersey, 1950), Exhibit J.
Pay Inserts

The company delivers employees their pay checks in sealed envelopes. There is no attempt to use this method as a means of communicating to the employee.

These envelopes could be used without the resentment of the employees for the conveying of information of a personal financial nature; for example, to deliver Social Security information.

Although it would be acceptable, this method is impersonal and, therefore, inferior to the direct mailing method now in use by the company.

Exit Interviews

VEPCO has one void in its Employee Information Program in that no formal attempt is made to interview the employees who leave the company. At this time an employee should be placed in a position enabling him to honestly and sincerely express his views of the company. The exit interview, if used effectively, would be a means of achieving this condition and investigating employee-company relations. Many underlying trends would be manifested. Certain cases would warrant development whereas others would indicate that corrective action should be employed to remedy situations before critical problems arose.

Conveying information upward from the employees to the management is acknowledged by authorities to be the most difficult course of
employee information to maintain. VEPCO should, therefore, effectively use every acceptable means of promoting this flow of information and should install the exit interview.

Depth interview technique in conjunction with a short check list would be the most satisfactory method of conducting the exit interview. Two major requirements to obtain satisfactory results from this technique are well trained interviewers and ample time allotments for conducting and analyzing this "free conversation" or probe interview.
CHAPTER III
THE GROUP MEETING AS THE FRAMEWORK
OF THE VECPO EMPLOYEE INFORMATION PROGRAM
Chapter III

THE GROUP MEETING AS THE FRAMEWORK OF THE VEPCO EMPLOYEE INFORMATION PROGRAM

A. Background

The privately owned electric companies had been faced for some time prior to 1946 with the fear that unless the American System of free enterprise were defended vigorously it might not survive. Public power was one of the pertinent problems which faced VEPCO. The company officials theorized that one of the most effective means of combating this menace would be to enlist the active support of the company employees. In order to do this they again theorized that the company's operational efficiency and policies would have to withstand critical scrutiny by the public and by the employees. 33

A program encompassing these theories was developed beginning in early 1946 under the leadership of Mr. W. E. Wood, Executive Vice President of VEPCO. The resulting program closely parallels the program outline presented in Chapter I of this paper. It established VEPCO as one of the pioneers in the utility industry of the

coordinated employee information program. The close similarity between the VEPCO program and the program outlined was not by chance as Mr. Wood and his associates did similar research on the means of informing employees and used the same sources of information.

From their analysis of the methods of presenting the program, the VEPCO officials realized that they must gain the confidence of the employees. In order to accomplish this they determined that the employees must be given a good understanding of the philosophy upon which management bases its policy. They acknowledged, therefore, that the employees must be taken into management's confidence. 34

The Labor Management Relations Act, commonly known as the Taft-Hartley Act, clearly established the right of employers to discuss freely with their employees all phases of their business. With the passage of this act in 1947, the VEPCO program was impelled into operation. 35

B. Development

The Group Meetings were first organized as "staff" meetings which lasted all day once a month and were attended by the company officers, department heads and district managers. These meetings were set up as three principal periods:

1. The "Current Events" period
2. The "Outline" period

34 Ibid.
35 Ibid.
3. The "Question, Answer, and Suggestion" period. 36

It was in these meetings that the methods, procedures, and policies were developed for the meeting which, after perfection, were to be attended by all employees. The staff meetings had been in progress for eighteen months before it was felt that the staff was adequately prepared to train the rest of the management group which included all other supervisory employees through first line foremen.

The "supervisory" groups were trained at bi-monthly meetings in groups of twenty. Again the procedure was almost identical to the meetings which would later be held for the employees.

A period of almost two years, October 1947 to September 1949, elapsed before the program was considered to be of quality for its final objective; presentation to the non-supervisory employees. Three and one half years had elapsed in this training phase which was considered well spent. During this period the entire management had gained a much better knowledge of the company's affairs, problems, and objectives. The program thus far had an additional accomplishment; it made the entire supervisory group realize that they were an important part of management. 37

October 1949 was the first month in which group meetings

36 Ibid. p. 22.

37 Ibid. p. 23.
were held for the non-supervisory employees. Meetings were held bi-monthly with the better qualified supervisors as leaders. The organizational set up was as described in Chapter II of this paper under the topic "Group Meetings", with one exception. It was that all employees as a part of their job were required to attend. Attendance was on company time as it is now and when necessary overtime was paid to shift employees who had irregular schedules. 38

C. Corollary Activities

1. Annual Meeting

During the first year of practical operation of the Group Meeting program, the first Annual Employee Meeting was held. This "pilgrimage" described in Chapter II of this paper is considered to be one of the best activities of the VEPCO Employee Information Program. 39

2. Grievances

Grievance handling, the other corollary activity of the Group Meeting, has been greatly improved since the instigation of the Group Meeting. The officers of the company believe that this is a direct result of the employees confidence in the frankness and sincerity of the company management brought about through

38 Ibid.

these meetings.40

D. Evaluations

In conceiving the program, one of the basic conclusions reached was that the program must necessarily be of an experimental nature and, therefore, must be changed from time to time to adapt it to conform with lessons learned through actual experience. The company in order to activate this policy has had the Employee Information Program evaluated twice with special emphasis placed on the Group Meeting phase.

1. Central Surveys, Inc.

Central Surveys, Inc. was engaged after the first year of operation to determine the employees reactions regarding the program and to learn if the employees wished to continue it. The method of achieving this was to submit a questionnaire to the employees at the December 1950 meeting. They were asked to answer anonymously among other things if they wanted to continue the Group Meeting program. The company advised that it would gladly discontinue the program if the employees were not interested. If the employees were interested the company let them know that it would be made to conform with the views and suggestions of the majority. 41

41 Ibid.
The response was a tremendous majority of 86 per cent definitely in favor of continuing the program and only 9 per cent opposed. In view of this response, the company placed all future attendance on an entirely voluntary basis. This has been effective since voluntary employee attendance at Group Meetings has been 60 per cent or better.

The results of the survey were very encouraging to the company and indicated that employees are:

a. becoming happier and more contented
b. showing an increased interest in all of the company's affairs, policies and problems
c. furnishing better, more courteous and efficient service to the public
d. promoting the cause of free enterprise
e. assisting the company actively to oppose the socialization of the power industry. 42


In July 1952, the Employee Information Program was re-surveyed by Guy Arthur and Associates, Inc. This time the company wished to reaffirm that the non-supervisory employees wanted the Group Meetings to continue. In addition, an evaluation of the program was included to gather suggestions as to how the program might be improved. The

42 Ibid. p. 24.
results of this survey indicated:

a. A substantial minority of employees attend Group Meetings because they feel a compulsion to do so. This is in spite of the efforts on the company’s part to assure employees that attendance is voluntary.

b. Many employees find the meetings boring. Many of these employees made excellent suggestions on how to improve the program.

c. The overwhelming majority of employees want the Group Meetings continued in spite of the weaknesses and faults of the program. 43

This evaluation of the Group Meeting program encouraged the company and in response to the constructive criticism by the employees, the company pledged itself to work harder on the program. 44

E. Guide for Improvements

The following improvements which the company set as a guide for revivifying the program were published as the conclusion to the Guy Arthur - VEPCO survey report. The heading under which they were published was:

"Where do We go from Here"

43 Answers to Survey Questionnaire (Toccoa, Georgia, July, 1952) Letter to Vepcovians, Preface.

44 Ibid., p. 20
The improvements were:

"1. Provide conference leadership training for group leaders.
2. Make subject matter and topics for discussion more interesting.
3. Reduce the amount of reading done in the meetings.
4. Encourage more discussion and participation by all members of the group.
5. Improve, if possible, the method of scheduling of employees for attendance at these meetings.
6. Endeavor to improve the transmission of questions, suggestions and complaints, not adequately answered in the meetings, up to top management, as well as the return of these answers from top management to the employees who ask the questions.
7. Try to see that all employees who wish to attend the meetings have an opportunity to do so, and conversely, try to convince every employee that he or she is under no form of compulsion to attend group meetings unless he wishes to do so." [45]
CHAPTER IV
EVALUATION OF PROGRESS
RESULTING FROM THE "GUY ARTHUR"
RECOMMENDATIONS
Chapter IV

EVALUATION OF PROGRESS RESULTING FROM THE "GUY ARTHUR" RECOMMENDATIONS

Recommendation 1. Provide more conference leadership training for group leaders.

Positive action was taken on this recommendation during the months of March, April and June 1953. A total of 55 supervisors were sent in three separate groups to a conference leadership school in Fredericksburg, Virginia which was conducted by Guy Arthur and Associates, Inc. Personnel ranging from foreman to Vice-President were chosen for this training. On their return to the company these people used their newly acquired knowledge and ability to stimulate Group Meetings by acting as leaders and by sitting in on meetings led by other supervisors. 46

Another positive action to solving this training problem is handled in the VEPCO Supervisory Development Program. This two week program currently being given to all supervisors devotes one complete day to the study of conference leadership. 47

46 Statement made to the author by Mr. W. B. Vaughan, Jr.

47 Ibid.
In spite of these two corrective measures the Group Meeting Program is still deficient on this item. The "Guy Arthur" type school is the most effective approach to the problem. This was conducted six years ago. More than half of the people who attended this school are no longer in contact with the Group Meetings because of retirements, promotions, etc. The majority of the ones who remain no longer have the fresh feel for the subject still impressed on their minds as it was after the intensive training.

The day allocated in the Supervisory Development Program is helpful, but one day is a very limited time to spend on the subject. More training time is necessary. One authority on the subject states that the conference leaders in addition to being discretely chosen for intelligence and ability should be carefully trained for at least five full work days. 48

Recommendation 2. Make subject matter and topics for discussion more interesting.

The company has tried especially hard to choose interesting and valuable topics. These topics have been concentrated on conveying information about the company.

Appendix "A" lists the topics which have been presented, the classification of each topic, and the year in which it was presented. One item worthy of note on this exhibit is that the number of meetings

conducted since 1952 has gradually been reduced. This reduction has not occurred from lack of faith in the program, but because the management believes that "no meeting is better than a poor, uninteresting meeting". 49

This recommendation is the most difficult point in the "Guy Arthur" recommendations to satisfy since obtaining a topic of interest to all 5,046 50 employees is virtually impossible. The predicament is further complicated by the fact that the outline period is the one least liked by the vast majority of the employees. 51 Special effort should be devoted to this recommendation as it is the heart of the Group Meeting.

All Group Meeting topics will fall generally into the four categories presented on page 6 of this paper and on Appendix "A".

The majority of the topics covered in the VEPCO program thus far fall under the category, 'information about the company'. This important area has been well covered under VEPCO's program and although they have not been completely neglected, the other areas will probably include topics which could be more effectively presented now.

Interesting topics could be developed very effectively by applying the old General Motors customer relations policy to the Group Meeting.

49 Statement made to the author by Mr. W. B. Vaughan, Jr.


51 Results of Survey, Central Surveys, Inc. (New York, November and December, 1950) p. 4.
"Find out what the people want. Give them more of it. Find out what the people don't want. Give them less of it." 52

This method was applied in one survey in which employees in five different companies were asked to rate nine meeting topics according to their interest in them. The list which obviously was not all inclusive was rated as follows:

1. New inventions and improved methods the company is using.
2. The company's future business prospects.
3. How pay is determined.
4. How foremen are selected.
5. How the money is divided; what share goes to the employee; to management; to the stockholder, etc.
6. Competition and how it affects the company.
7. The men who run the company; who they are and what they do.
8. How a foreman's pay is determined.
9. The story of a company's development through the years..."53

This rating although not made by VEPCO employees is indicative of general employee attitudes. The information tabulated under category on Appendix "A" shows two items worthy of note with respect to the nine


meeting topic ratings. First is that the last ranked item has been presented in the VEPCO program four times under various topics. Second, that items 3, 4 and 5 which had relatively high ratings have not been presented at all. These topics would make an ideal beginning for a list of new topics to be presented at the VEPCO Group Meetings.

Interesting topics of current company sales promotions could be presented to the employees. The topic "Heat Pumps and All Electric Heat" would be very close to item 1, new inventions and improved methods! This would be an excellent topic. Not only is it of current interest, but it is an item which many VEPCO employees 'knock' in personal conversation, because they lack full and complete information on it. 54 They should be encouraged to promote it.

Another VEPCO department which deals with new inventions and improved methods is the Home Service Department. A demonstration program by this department should make an interesting meeting and help promote new all-electric living.

Information about company policies affecting employees could well be brought out in topics such as "Uniformity of Company Practices" or the "Centralization within the Company".

"The Proposed Change in Titles for Company Employees" would cover a special situation about to develop in the entire company.

"The Economic Situation of the Company - Financing" would

54 Statement made to the author by Mr. C. A. Smith.
perhaps be a difficult topic to present to all level employees, but would considerably enlighten those who could absorb it. This function of the operation has had little discussion at Group Meetings. It would relate the employee to the economic system in terms of the experiences of VEPCO.

A summary of these suggested topics is given in Appendix "B". Recommendation 3. Reduce the amount of reading done in the meetings.

This improvement is essential in developing more interest in the "outline" portion of the meeting. At times directors of the program have come close to solving this problem by supplying charts or graphs and by using a movie for the topic "The Story of Roanoke Rapids".

The basic solution to the problem is to vary the pace of the meeting by presenting the material through several media. Concentration should be on visual, auditory and audio-visual aids. A part, perhaps half, of each bulletin should be printed for reference, but should not be read at the meeting. Instead the same material should be covered by movies, slides, posters, models, or other exhibits. A tape recording could be effectively used to supply sound effects or a few words from a recreation of a particular incident, a "you are there" type of dramatization.

Ad-libs by the group leaders are essential; these can be made only if the leaders have sufficient background information. Several pages of additional information should be supplied only to the group leaders as supplements to the topic papers. These ad-lib additions
should contain many personal references which when combined with the other desirable techniques of mass communications will promote greater retention of the material covered. 55

A further means of varying the pace of the meeting would be to use techniques other than the guided conference with a predetermined conclusion. A case problem conference with an actual case presented to the group could be used.

Recommendation 4. Encourage more discussion and participation by all members of the group.

The company efforts toward the solution of this problem was to train the group leaders in conference leadership. This is an excellent approach and should be emphasized as discussed under Recommendation 1 of this Chapter.

Two very effective means of encouraging group participation which should be incorporated into the Group Meeting are "Role Playing" and "Brainstorming". In addition to encouraging discussion and participation, these methods could be very valuable in upward communication if used under the direction of effectively trained leaders.

A further means of putting employees at ease would be to group people of the same level and ability. This is discussed as a separate recommendation in Chapter V of this paper.

Recommendation 5. Improve, if possible, the method of scheduling employees

for attendance at these meetings.

This problem has been alleviated by allowing the employees to attend another Group Meeting at a later date if for a good reason they should miss the meeting for which they were scheduled. This policy should be continued unless employees abuse it.

**Recommendation 6.** Endeavor to improve the transmission of questions, suggestions and complaints, not adequately answered in the meetings, up to top management, as well as the return of these answers from top management to the employees who ask the questions.

This process is necessarily lengthy because the material is often referred to experts in various fields throughout the company. Frequently these experts have to do research before they can properly supply answers. The transmission to employees has been improved by posting the information on the bulletin boards rather than holding it for the next Group Meeting. To further speed the process, the replies should be released in sections as the information is available.

**Recommendation 7.** Try to see that all employees who wish to attend the meetings have an opportunity to do so, and conversely, try to convince every employee that he or she is under no form of compulsion to attend Group Meetings unless he wishes.

Opportunity for attendance is greatly improved by the policy of allowing the employee to make up a meeting which he missed by attending with a later scheduled group.

Convincing employees that there is no compulsion to attend
meetings can be achieved only by developing the employees' confidence and his respect for the company. This attitude development is an end product of the program and is worthy of much effort.

Progress in convincing employees that there is no compulsion to attend meetings has been made. This fact can be shown by analyzing the statistics of attendance. As of February 1958, only 67 per cent of the employees sign up to attend Group Meetings and only 60 per cent actually attend. The large percentage of employees not attending does not prove that employees are under no compulsion to attend; however, it can be used to show that compulsion is almost negligible if it does exist.

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56Statement made to the author by Mr. W. B. Vaughan, Jr.
CHAPTER V
ADDITIONAL RECOMMENDATIONS FOR
IMPROVING THE VEPCO EMPLOYEE
INFORMATION PROGRAM
Chapter V

ADDITIONAL RECOMMENDATIONS FOR IMPROVING THE VEPCO EMPLOYEE INFORMATION PROGRAM

1. Revitalize the Group Meeting Program

Communications become more difficult as a company grows larger in size. The Law of Functional Growth states "that the size and complexity of the business organization increases with increasing business volume, and usually in geometric progression".\(^{57}\) When applied to VEPCO's growth from 3 billion, 60 million kilowatt-hours output in 1949 to 7 billion, 474 million kilowatt-hours output in 1958,\(^{58}\) this is indicative of the increasing communication problem at VEPCO.

In addition to the advances made with respect to employee attitude shown in the "Central Surveys Report" and in the "Guy Arthur Report", the Group Meeting program has performed most effectively in the function of aiding upward communication. This is evidenced by the fact that during the period covered from 1948 to 1957, supervisors and employees made 1,743 suggestions through the medium of Group Meetings.

\(^{57}\)R. C. Davis, Fundamentals of Top Management (New York, 1951) p. 356.

\(^{58}\)VEPCO Annual Report, 1958. p. 6
Of these suggestions, 247 were already company practice and of the 1496 remaining, 655 were adopted in whole or in part. \(59\) This 43.7 percent adoption is a phenomenal percentage of usable information to be derived from a suggestion program.

Appendix "A" contains a column in which the number of permanent employees who were employed since the Group Meeting topics were presented is totaled. It is obvious that the number of employees not informed on certain subjects is compounded each year. This is concrete evidence that the program must be kept active in order to fulfill its function.

1-A. Group people of the same level and ability when forming Group Meeting discussion groups.

The Declaration of Independence states "(...) that all men are created equal". \(60\) This may be true with respect to civil liberties, but it is definitely incorrect where mental ability is concerned. The principle of inequality in ability has long been discussed by authors and philosophers dating back to and including Plato.

VEPCO's policy of including employees of all classifications, male and female, white and colored, is not in keeping with the best principles of organization for group discussion.

The portion of the policy of including people with varied

\(59\) Statement made to the author by Mr. W. B. Vaughan, Jr.

\(60\) William McDonald, Select Documents Illustrative of History of the United States 1776-1861. (New York, 1915).
backgrounds is excellent. The factor being overlooked is that groups are not being made up of people with the same relative level of intelligence. This is detrimental to active participation in the discussion by all members of the group.

1-B. Shift the current events portion of the Group Meeting Program to the Public Relations Department.

Group Meetings for various reasons have been cut from six per year to one per year; because of this the current events section has become virtually extinct. Events either are conveyed to the employees as history or they are transmitted through less desirable vehicles of communication such as the grapevine.

The Public Relations Department is an ideal place for information to be released to employees since it should serve as a clearing house for all company information.

A bulletin should be published whenever a suitable release or grouping of releases is available. This could very effectively be brought to the employees attention by the Code B mailing list.

These bulletins should still be used at Group Meetings whenever they are scheduled as a basis for discussion.

2. Answer questions covered by collective bargaining, possibly by referring them to a union-management committee.

To fully gain the confidence of the employees, the company must inform them of all phases of its activities. Questions which relate to collective bargaining are most pertinent in the minds of the employees who ask them and should be answered. As these questions are
excluded from the present Employee Information Program, they must be answered in some other manner.

The stock answer "That question is covered by collective bargaining" conveys nothing and serves only to create a block in the employees acceptability of the company's philosophy and policy. The Employee Information Program will never be a complete practical success until this encumbrance is alleviated.

A committee could report back to the employees the results of such questions after they have been subjected to collective bargaining. Many questions could be answered by this committee with no effort by referring to previous negotiations.

It is not advocated by this suggested procedure that the company or the union should jeopardize itself. The attempt is to reach a vehicle for giving employees information not now available to them.

3. Use the Group Meeting discussion leaders and revised Group Meeting bulletins as a framework to establish an orientation program for all new employees.

Under a reactivated Group Meeting program discussion leaders, locally available, would be well trained and capable of presenting an orientation program for new employees. Revised bulletins could be made into an excellent survey of the company. A great benefit could thus be derived in a few hours by using material and organizational structure which took years to prepare.

4. Inform employees about the manuals available to them and make these manuals more accessible.
One major imperfection exists with the VEPCO system of manuals and catalogs. This fault is not with the manuals and catalogs themselves, but it is the fact that many employees are not well informed enough to know which manuals are available for their use. This is particularly true of the Sales, Operating and Substation Manuals.

Informing employees could be achieved most effectively at a special meeting on the departmental level. A reference bulletin summarizing the manuals should be given to each employee. Holders of the manuals should be impressed with the fact that the manuals must be made available at all times to the employees.

5. **Use the Coded Mailing List in each case where it is applicable.**

In some instances such as in distributing the Safety Bulletin, mailing lists which closely approximate the Coded Mailing Lists are used. This near duplication is inefficient. One master list can be easily kept up to date by the use of personnel bulletins and will give more effective coverage.

Additional district mail lists might be added if necessary for complete coverage. These would contain the first line supervisor and the employees who would be routed the mail "round robin" fashion.
CHAPTER VI
SUMMARY OF RECOMMENDATIONS
CONCERNING THE VEPCO
EMPLOYEE INFORMATION PROGRAM
Chapter VI

SUMMARY OF RECOMMENDATIONS
CONCERNING THE VEPCO
EMPLOYEE INFORMATION PROGRAM

Page On Which Recommendation Was Made

A. Install exit interviews. 32

B. Answer questions covered by collective bargaining possibly by referring them to a union-management committee. 53

C. Use the Group Meeting discussion leaders and revised Group Meeting bulletins as a framework to establish an orientation program for all new employees. 54

D. Inform employees about the company manuals available to them and make these manuals more accessible. 54

E. Use the Coded Mailing List in each case where it is applicable. 55

F. Revitalize the Group Meeting.

1. Choose positive thinking group leaders and train them thoroughly and periodically in group conference techniques. 42

2. Group people of the same level and ability when forming Group Meeting discussion groups. 52

3. Shift the current events portion of the Group Meeting Program to the Public Relations Department. 53

4. Apply the program to aid the company in its customer promotions. 46
5. Make the subject matter more interesting.
   (a) Find out what employees want to hear and present it to them.
   (b) Present a portion of written matter by use of visual, auditory or audio-visual aids.
   (c) Supply background information to the conference leaders.
   (d) Use techniques other than the guided conference with predetermined conclusion.
   (e) Incorporate "Role Playing" and "Brainstorming" into the meetings.
APPENDICES
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<th>Employee Information Program Topic</th>
<th>Category</th>
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<td>(Meter Departments (Gas and Electric)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>(Public Relations (RT)</td>
<td>P</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Improvement in Generating Facilities)</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Gas Department</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1954</td>
<td>(VEPCO’s History</td>
<td>C - H</td>
<td>188</td>
<td>1,258</td>
</tr>
<tr>
<td></td>
<td>(Customer Accounting</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Area Development</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Real Estate</td>
<td>C</td>
<td></td>
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</tr>
<tr>
<td>1953</td>
<td>(Grievances</td>
<td>P</td>
<td>257</td>
<td>1,446</td>
</tr>
<tr>
<td></td>
<td>(Annual Report</td>
<td>C</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(Legal</td>
<td>C</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(Motor Vehicle</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Upward Communications</td>
<td>P</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1952</td>
<td>(Corporate &amp; Secretarial</td>
<td>C</td>
<td>283</td>
<td>1,703</td>
</tr>
<tr>
<td></td>
<td>(Safety</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(System Engineering &amp; Construction)</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Sales</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>(Electric Distribution Department</td>
<td>C</td>
<td>239</td>
<td>1,986</td>
</tr>
<tr>
<td></td>
<td>(System Operating</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(VEPCO’s Organization</td>
<td>P</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Stock Purchase</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Our Company, Its Employees &amp; Community)</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(VEPCO’s Vital Part in the War Effort)</td>
<td>C - H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>(Employee Information-Plan Opinion Survey)</td>
<td>S</td>
<td>151</td>
<td>2,225</td>
</tr>
<tr>
<td></td>
<td>(Rate Making</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Government Owned vs Privately Owned)</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Electric System (RT)</td>
<td>E</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(VEPCO Organization - How It Operates (RT))</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Employee Relations</td>
<td>P</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Public Relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>(The Company Grapevine</td>
<td>P</td>
<td>162</td>
<td>2,376</td>
</tr>
<tr>
<td></td>
<td>(The Company, Its Size, Service Area, etc.)</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(VEPCO’s Employee Information Plan (2))</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(VEPCO’s Organization--how it operates (2))</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Utility Management--Its Functions &amp; Objectives (2))</td>
<td>E</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Government Owned vs Privately Owned Electric System (2))</td>
<td>E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Categories

C - Information about the company.

P - Information about company policies affecting employees.

S - Information relating to special situations which arise in the plant.

E - Information about the relation of the employee to the economic system, in terms of the experiences of the company he works for.

(1) New employees by years still on pay roll as of 12-31-58.

(2) Presented to Supervisory Employees Only.

(3) Does not include employees added in the same year after the topic was presented.

(4) New employees in 1959 through February 28.

(RT) Earlier topic repeated.

The information in this exhibit with the exception of the categories was obtained from Mr. W. B. Vaughan, Jr. - Vepco Personnel Department, and has been revised in form by the Author.
Appendix "B"

Summary of Suggested Group Meeting Topics

1. How pay is determined.
2. How foremen are selected.
3. How the money is divided; what share goes to the employee; to management; to the stockholders, etc.
4. Heat pumps and all electric heat.
5. Demonstration - Home Service Department.
6. Uniformity of company practices.
7. Centralization within the company.
8. The proposed change in titles for company employees.
9. The economic situation of the company - Financing.
1. Nature of Business and Area Served

VEPCO is a relatively large public utility company. Based on the number of customers served, it ranks twelfth in size in the United States. Although it is predominantly an electric utility, it provides also a gas service in Norfolk and Newport News, Virginia, and in certain areas adjacent to those cities.

During the twelve months’ period which ended September 30, 1957, it sold approximately $126,400,000 of electricity and gas, of which $117,900,000, or 93%, came from the sale of electricity and $8,500,000, or 7%, from the sale of gas.

It sells electricity in some two-thirds of the area of the State of Virginia and also in northeastern North Carolina and in a small area in West Virginia, divided as follows:

<table>
<thead>
<tr>
<th></th>
<th>Electric</th>
<th>Gas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential &amp; Rural</td>
<td>617,167</td>
<td>84,129</td>
<td>701,296</td>
</tr>
<tr>
<td>Commercial</td>
<td>77,660</td>
<td>6,327</td>
<td>83,987</td>
</tr>
<tr>
<td>Industrial</td>
<td>584</td>
<td>31</td>
<td>615</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6,174</td>
<td>—</td>
<td>6,174</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>701,585</td>
<td>90,487</td>
<td>792,072</td>
</tr>
</tbody>
</table>

Of this total of nearly 800,000 electric and gas customers, about 24,500 were added during the twelve-month period which ended on September 30, 1957.

On September 30, 1957, Vepco owned property which, at its original cost and after depreciation is deducted, amounted to approximately $489,000,000. The principal items included in plant are generating stations, both steam and hydro, gas plants and mains, substations, transmission lines, distribution lines, automobile equipment and office buildings. The System Map, contained in the Annual Report for 1956, indicates the location of much of this property. Other assets of the Company including cash, fuel, supplies and other items, amount to approximately $30,000,000.

2. History of the Business

The Company is a corporation, having been incorporated under the laws of Virginia in 1909 as the Virginia Railway and Power Company. Its name was changed during the year 1925, to Virginia Electric and Power Company.

Until the summer of 1925, Mr. Frank J. Gould controlled the Company. On July 1, 1925, Engineers Public Service Company, which was organized and controlled by Stone & Webster, Inc., purchased control of Vepco. In that way Vepco became a subsidiary company, in a holding company system. Even though Stone & Webster, Inc., removed itself from ownership of Engineers Public Service Company in 1937, Vepco remained a subsidiary in this holding company system until July 21, 1947. Since that date, it has been an independent public utility, no longer controlled by any other company or individual.

Being a public utility, the Company is generally subject to regulation as to its rates, service and certain other matters by the regulatory Commissions of Virginia, North Carolina
the power for street lighting, water pumping, etc. This particular clause has, since that time, been given much importance and emphasis, particularly in recent years by those who would put the government into the electric power business. Under the “Preference clause,” government-generated power may be used only by other governmental agencies and only in the case of any surplus may private companies come in and offer to buy. Thus, the oft repeated claim that Government power is for all the people just is not so! All the people do participate in paying taxes to make the project possible, but only a chosen few participate in the benefits.

Just as there are few commissions to regulate governmental agencies, there are of course few such commissions to hear customers’ complaints.

No, the private electric utility business is not a monopoly by any means. Rigidly regulated by federal and state regulatory bodies, it is also beset by the most unfair and destructive form of competition that could possibly exist. Like the pitcher in a ball game who is also the umpire, the Federal Government which regulates our operations is also in competition with us.

It will thus be seen that this is an important period in the history of the Industry for all employees of a private electric utility company, and particularly of Vepco, to energetically assert themselves for the American system of free enterprise—the system which has given the people of this nation Better Living Electrically and more of everything in life that is worth while than is now enjoyed by the peoples of any other nation on earth.

7. Construction Program—System Load

The Company’s construction program for the three-year period, 1958-1960 (inclusive) will require an expenditure of $185,000,000 according to present estimates. The major portion of this expenditure will be for new generating capacity, transmission lines, substations and distribution facilities. Of the total, approximately $70,000,000 will be spent in 1957 and $65,000,000 in 1958.

Under construction at the present time are four 150,000 KW generating units, representing additions to the Bremo, Yorktown, Portsmouth and Chesterfield Stations. These units are scheduled to be in operation as follows: Bremo, June 1958; Yorktown, November 1958; Portsmouth, June 1959; Chesterfield, May 1960.

Extensive work is being done in an effort to secure a license for the construction of a new hydroelectric generating station at Gaston, North Carolina. The license application as presented to the Federal Power Commission covers an ultimate installed capacity of 116,000 kw for this project. This station will convert the fall of the river between Kerr Dam and the Roanoke Rapids reservoir into generating capacity, adding materially to the peaking hydro ability of the system.

The maximum net one hour peak load to date occurred on June 18, 1957. It amounted to 1,333,000 kw and was carried as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>kW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steam Generation</td>
<td>1,057,000</td>
</tr>
<tr>
<td>Peaking Hydro (Roanoke Rapids)</td>
<td>104,000</td>
</tr>
<tr>
<td>Run of River Hydro</td>
<td>20,000</td>
</tr>
<tr>
<td>From Kerr</td>
<td>227,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>58,000</td>
</tr>
<tr>
<td>Deliveries</td>
<td>133,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,333,000</td>
</tr>
</tbody>
</table>

For the first time in the history of the Company the summer peak load exceeded the winter peak of 1,307,000 kw, which occurred on December 12, 1957. The reversal from a winter to a summer peak may be attributed to air conditioning which for the past several years has been responsible for a rapid increase in summer loads.

In addition to the new generating units under construction and authorized, Vepco also has under construction a number of transmission lines and facilities in order to utilize the increased production of the new generating units and provide better service to our customers. A total of $3,800,000 has been expended on these facilities in the first nine months of 1957.

Since 1950 approximately 800 miles of high voltage transmission lines have been added bringing the total for lines having a voltage of 66,000 and above to over 2,100 miles.
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*VEPCO Annual Report, 1958.*

*VEPCO - (Group Meeting) Employee Information Program, Upward Communications.* January - February, 1953.

VEPCO Supervisory Development Program.


ABOUT THE AUTHOR
B. Albert Burton, II

Mr. Burton, a native of Richmond, Virginia, born in 1932, obtained his primary education in the Richmond Public Schools. He was graduated from The Virginia Military Institute in the Class of 1954 with the degree - Bachelor of Science in Electrical Engineering.

Mr. Burton is now completing his fifth year of employment with the Virginia Electric and Power Company. The VEPCO Student Engineers Training Program was completed by him in December 1954 and he then worked as an estimator in the Engineering and Planning sections of the Richmond District Engineering Department for three years. He is now a Project Engineer in the Substation Design Section of the VEPCO System Engineering Department.