Meeting the Management, Organizational, and Staffing Challenges of the 1990s [Project #705]

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BACKGROUND
Water utility executives and senior managers face many new management challenges in the 1990s. The water supply industry, more than ever before, is being affected by a number of environmental, social, and technological forces. The Safe Drinking Water Act (SDWA) amendments constitute only one of a number of major forces that will foment substantial changes in the industry in the 1990s. Other regulatory compliance requirements, greater customer awareness, a more diverse workforce, an aging infrastructure, and a growing scarcity of high-quality water sources all will require enhanced creativity and innovation by management. This guidance manual was prepared to assist water utility managers in (1) identifying the major management challenges that confront their organizations and (2) developing appropriate strategic responses to these issues.

APPROACH
The study involved conducting interviews with 67 water utility executives and senior managers, reviewing selected management documents obtained from approximately 30 leading water utilities, and extensively reviewing the literature from industry trade journals and management publications.

RESULTS
Nine major forces of change affecting the water utility industry are identified and discussed, establishing a foundation to later present consensus strategies for coping with the continuously changing utility working environment. These 9 forces include the increasing use of substitute goods (i.e., home water treatment devices and bottled water), the changing nature of the workforce, pressures to comply with the SDWA amendments, and computerization and automation.

The nine forces that the authors of this manual envision as the principal industry drivers can be translated into 12 macro trends and management challenges that face water utility industry managers. These 12 challenges were identified from the interviews and through an exhaustive search of secondary sources. Described in detail in Chapter 3, the 12 principal challenges to water utility managers in the 1990s are

1. complying with the Safe Drinking Water Act amendments
2. the burden of increasing regulatory compliance
3. improving external relations
4. improving customer service
5. dealing with a changing workforce and with employee expectations
6. attracting and retaining a skilled workforce
7. planning for new water sources and preserving existing supplies
8. rehabilitating decaying infrastructure
9. adopting a full-cost rate structure
10. obtaining needed capital and overcoming funding shortfalls
In Chapter 4, a number of short-term program initiatives and staffing changes being implemented by leading water utilities are examined. Water utility managers are attempting to cope with change in the industry by using these strategies, which reflect the shifting balance of importance of the various functions of a water utility. As the overall goals and objectives of water utilities evolve to meet the challenges and demands of the 1990s, responsibilities in certain functional areas (i.e., regulatory compliance, human resources, customer service, and public relations) are becoming as important to the overall success of the utility as more traditional functions such as production and transmission, engineering and construction, and finance.

Chapter 5 offers a prescription for successfully meeting the challenges of the 1990s. The water utility industry has often been viewed as reactive, and water utilities have been characterized as silent servants. The authors recommend that utility managers develop a proactive stance through development and implementation of carefully crafted strategic planning. The planning process would include identifying the utility's mission and goals, deciding on a strategy that will accomplish the organization's goals, and forming an action plan. The strategic plan ideally would focus on improved customer service, enhanced external relations programs, organizational structures that allow efficient utilization of human resources, and adoption of innovative management practices such as total quality management. Implementation of such a process would better prepare water utilities to meet the new management challenges of the 1990s. Examples of how some utilities are attempting to promote strategic change within their organizations using this process are described. This process serves as the mechanism for implementing long-term structural and cultural change within a water utility organization. Some techniques currently used in water utilities for assessing strategic change are also discussed. Chapter 5 concludes by encouraging utility managers to reconceptualize the impediments to change as specific challenges to set forth and achieve new corporate goals.

Chapter 6 is a special section of the manual designed to provide guidance to small-community water systems for meeting challenges of the future. The major challenge facing these water systems in the 1990s is to maintain long-term viability in a rapidly changing regulatory and cost environment. Specific strategies to enhance small-system viability, which require a combination of grass roots involvement and comprehensive planning initiatives by government agencies, are described.

Meeting the organizational and management challenges of the future will require a long-term strategy that specifies exactly what is to be accomplished, who is responsible for assuring progress, and how incremental progress can be measured. Using this manual as a guide, utility managers can succeed in meeting the challenges of the 1990s.

11. balancing automation with preservation of human capital
12. providing nontraditional products and services