

10 Habits of Highly-Effective General Managers



The Critical Role of the Utility General Manager

The landscape of utility management is changing rapidly. Water reliability is stressed by population growth and climate change, infrastructure continues to age, and water quality and environmental-protection costs are rising due to new regulations incorporating higher standards. Taking on these growing challenges demands strong leadership, which begins with the performance and effectiveness of the utility's general manager.

The Politics of Investment and Rate Increases

The stakes are high, because the health of local economies and quality of life is at risk. Despite the need for public support, many people brand taxes as bad and believe government organizations are inefficient. What may be even more significant is that elected officials feel increasingly uneasy about supporting needed rate increases, often categorizing higher rates as "not affordable." Clearly, utilities no longer have the luxury of being the silent service, or more precisely being marginally effective in securing investment and needed rate increases. Policy makers, city managers, and community leaders often have strong political or personal networks. Utility general managers rarely have equivalent networks, yet they must navigate a landscape where interactions between policy makers and community leaders have a substantial impact on the finances of their organizations.

Taking on the General Manager Challenge

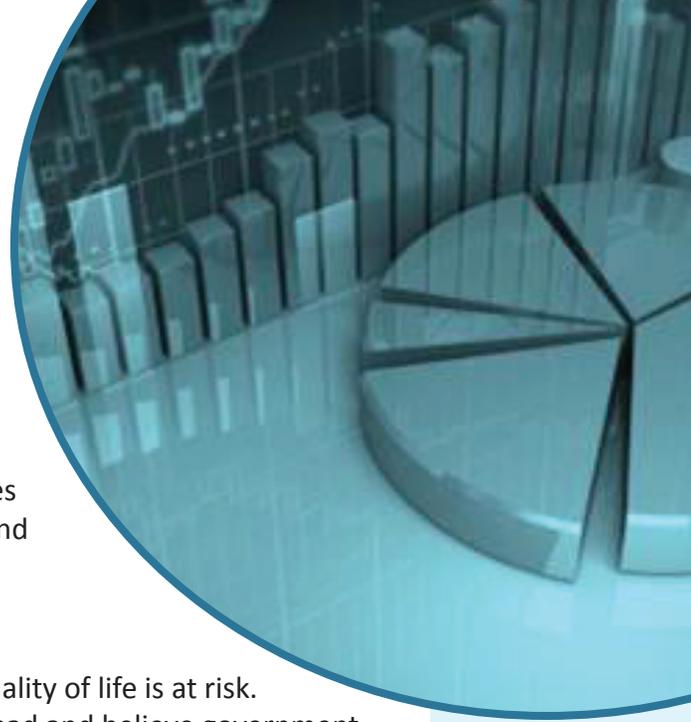
Never in the history of the water-utility industry has the general-manager function been so vital to the success of their organizations. Senior managers entering this position for the first time must appreciate and embrace different roles, need enhanced political and financial skills, and must look outward to build effective community networks. For most this is a completely new beginning. They are moving from a position that is often highly technical to one that requires leadership, communication, and interpersonal skills. Appreciating these new roles and developing the necessary skills is not only their professional obligation, but will undoubtedly affect the financial health of their organization and future quality of life in their community.

10 Habits that Lead to Success

Some GMs struggle and unknowingly compromise the future of their organizations and communities. They fail to provide needed leadership and allow systematic under-investment in water resources and infrastructure. But other GMs exhibit habits that ensure cost-effective and reliable service now and in the future. These habits fall into three important categories, including the following:

- How they think about their roles and develop essential skills
- How they lead the organization and community, developing a foundation for success
- What they do to guarantee sustainable finances and high levels of service

The 10 behaviors described below characterize an interrelated way of thinking, leading, and acting that leads to success. So, what are the habits of highly-effective GM's?



They Understand and Embrace Their Unique Responsibilities by...

- 1. Focusing on Investment and Rates** – Highly-effective GM's understand that their primary role is to ensure that the community supports sustainable utility finances. Many GM's would not volunteer this as their principal function, but they are the only ones in the community charged with embracing this crucial role.
- 2. Increasing Their Competency in Planning and Finances** – Successful GM's pay close attention to and increase their knowledge in planning and finances. They only recommend investments that are based on sound assessments of value, managing risk, and delivering high return-on-investment. GM's with strong financial skills are trusted by policy makers, which in turn enhances the reputation of the utility.
- 3. Hiring Good People and Delegating Authority** – Delegation is a critical success factor in GM's embracing their unique roles. Highly-effective GM's assign responsibilities, resist the urge to micromanage, and delegate authority, leaving them free to focus on planning, finances, and building community trust. This begins with hiring and training senior managers who can handle the lion's share of the utility's operational challenges.

They Establish a Foundation for Success by...

- 4. Being a Strong Leader** – Communities need a general manager who is collaborative and facilitates a meaningful and transparent dialogue about challenges, future plans, and needed investments. This dialogue is critical because policy makers and community leaders are not in a position to sort out the vital issues on their own. Effective GM's lead by focusing on business values and the standards driving key investment decisions.
- 5. Consciously Building the Utility's Brand** – Policy makers will not approve a specific project or higher rates if they have branded the utility as inefficient, or if they are wary of the staff's planning and financial competencies. Effective GM's build trust by developing a strong reputation or brand for their organization, which is founded in reliable and high-quality service. A competent branding effort begins with defining a series of business values that describe how the utility should be branded or "categorized" by the community. These business values typically address service reliability, public health, planning, finances, and efficiency.
- 6. Creating a Vision and Empowering Strategic Plan** – Effective GM's create a vision describing how the future will be different, and better, than today. The vision is operationalized with a strategic plan that is structured around the brand, is easy to read, and emphasizes the standards driving activities and investments.

They Guarantee Sustainable Finances and High Levels of Service by...

- 7. Continuously Preparing for Rate Increases** - Effective GM's don't wait until a few months before a rate increase to build trust and a strong brand. They recognize that brand building must be part of the culture and integrated into management structures. These structures include standards documents, guidelines for more effective communications, and standards that identify target audiences and outreach priorities.
- 8. Meeting the Needs of Policy Makers** - Expecting policy makers to be brave and make tough investment decisions with little or no community support ultimately leads to deferred investment, unsustainable finances, and failing water systems. Highly-effective GM's recognize that policy makers are in the public eye and are exposed to greater risks. They don't blame policy makers for poor outcomes. They listen to their concerns and meet their needs. This begins by making strong investment proposals and by building community support.
- 9. Producing Compelling Arguments for Investment** - The foundation for trusting a specific investment or rate-increase proposal is the utility's brand, but this must be reinforced with a compelling argument. Effective GM's ensure that their investment proposals identify relevant standards, clearly state the problem, provide meaningful planning and financial transparency, and communicate the consequences of delaying an investment. A compelling argument is one in which policy makers find it difficult to defend "voting no."
- 10. Engaging Community Leaders** – Highly effective GM's engage with the community and forge relationships with community leaders who either can or do influence policy decisions. These relationships provide political cover for policy makers because they clarify the community's support for needed investment and rates. Highly-effective GM's make this professional networking their top priority.

