

managing with less

David M. Jenkins

“We’ve just received word that there has been a 2 1/2% shortfall in revenues. Given we’re six months into the fiscal year, that means we reduce each unit’s budget by five percent for the balance of this year. Please let us have your suggested reduction by line item on Friday.”

Such statements have been part of the management dilemma for Extension administrators across the country over the past several years. They’ll continue to be part of management schemes for the immediate future, if we believe current economic forecasts.

How to cope positively with these situations, maintain staff morale, stay abreast of current innovations in computer hardware and software, and generally incorporate new technology into Extension educational programs is a challenge, a challenge often referred to in the current management literature as “management during retrenchment.”¹

Budget for Shortfall

When annual budgets are established and allocations reach one’s unit, hold back a small portion in quarterly expenditures. Plan for a possible budget shortfall during the first quarter. By holding back a portion of the budget during the first and second quarters and reevaluating the budget picture at mid-year, we avoid the pain of breaking promises to staff members on equipment purchases they perceive as needed, running out of supplies, or laying off temporary employees.

Instead, shortfalls can be dealt with on a positive note by announcing that money will be available for perceived needs if the budget cut doesn’t occur. Staff morale will be reinforced by being allowed to make purchases rather than being disappointed due to cuts.

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Buying Over Several Budgets

An excellent example of a system that can be purchased over several budget periods is word processing or computer equipment. A typical word processing system for publications might consist of:

1. Terminals (10)
2. Phototypesetter
3. Printers (10)
4. Optical character reader
5. Dialog link (interface equipment)
6. Disk storage (minicomputer)

The total system might cost:

Terminals (10) @ 6,000	\$60,000
Phototypesetter	35,000
Printers (10) @ 3,000	30,000
Optical character reader	15,000
Dialog link (interface equipment)	10,000
Disk storage (minicomputer)	<u>22,000</u>
Total	\$172,000

This \$172,000 is a hefty sum to expect from any budget in 1 fiscal year. However, by spreading the purchase over several years, the goal to incorporate a total system into one's operation might be achievable.

Phased purchase model:

Year I		
	Phototypesetter + 1 terminal	\$41,000
Year II		
	4 terminals \$24,000	
	+ 2 printers \$6,000	30,000
Year III		
	1 terminal O.C.R. \$15,000	
	+ dialog link \$10,000	
	+ 1 terminal \$6,000	31,000
Year IV		
	Disk storage \$22,000	
	+ 5 printers \$15,000	37,000
Year V		
	3 printers \$9,000	
	+ 4 terminals \$24,000	<u>33,000</u>
	Total	\$172,000

A \$172,000 system isn't a realistic expectation for most offices in a single fiscal year. But, by purchasing the system in phases, the system is functional in Year I and can be enhanced in each ensuing year.

A similar scheme can be developed for purchasing other "systems" to meet specified needs at the state, district, or county level.

**Encourage
New Job
Skills**

Toffler, in *The Third Wave*, alludes to the fact that folks in our "information based society" will need to retrain with new job skills each decade in the future.² Translate Toffler's logic to daily operations and involve staff members with broader responsibilities and new technology. Involve an editor in news writing; encourage a 4-H agent to pursue training in computer programming. By expanding job skills in similar areas of responsibility, staff members can be more responsive to the changing needs of clientele.

**Develop
Nonmonetary
Incentives**

Along with budget cuts in operations come salary freezes or minimal salary increases. Snyder, past president of the World Future Society, speaking on the probable course of our lives in the 1980s, was particularly graphic in his projections. "Civil servants . . . will be faced with continued long-term hiring and salary freezes due to poor national economic performance and voter tax revolts."³

We're seeing Snyder's predictions, made in 1980, come true. Thus, new incentives must be developed for personnel. Several opportunities exist. One method being tried at North Carolina State is the involvement of staff in the management process. Involving staff is a difficult assignment for administrators schooled in traditional vertical management theories of making decisions at the top and passing them down. Whatever the method chosen for involving staff, from informal questions concerning operational decisions, to more structured group sessions, the exercise will be more rewarding when individual involvement in the decision-making process has occurred. Another benefit to staff is a better understanding of the philosophy of the administrative unit and of one's colleagues.

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We've long encouraged staff to submit materials to awards programs such as Agricultural Communications in Education, agents associations, and for corporate recognition programs. An award received by a staff member for increasing 4-H participation, designing an exceptional packaged nutrition information presentation, or winning a state-level agent award for newswriting will improve staff morale.

Pool Budget Resources

Units with responsibility for Extension, research, and teaching have an advantage in pooling funds. However, Extension units can apply the logic across the four major program areas.

A major expenditure, such as an automobile, television, duplicating equipment, new personnel, or major building repairs, becomes more manageable if finances from several sources can be pooled. Staff members on split salary appointments can serve both Extension and research. Shared purchase of a county microcomputer system, for example, with the state Extension Service providing a portion of the funding and local government providing a like amount, will provide benefits and often expedite implementation of new technology into the educational process.

Develop Open-Ended Specs

Often we fail to do enough market research before making decisions about major purchases. A favorite vendor or brand of equipment can jaundice our view of competitive items.

Whenever possible, write purchase specifications to allow several vendors to submit bids. This practice will save dollars. In addition, several vendors of the same item being specified might provide quite different price quotes. Write specifications to allow multiple bidders and submit them to several vendors even if the specifications and bid proposals must be sent out-of-state. Budgets will be stretched.

Summary

The future's going to be greatly different from what we have known in the past. We should prepare ourselves to see more sweeping changes than we've ever known.⁴

We must cope with these rapid changes with stagnant budgets. Budget and management innovation must be the byword for Extension delivery systems in the coming "information-based" decade.

Footnotes

1. Jerome M. Deutsch, "Retrenchment: Crisis or Challenge?" *Educational Record*, LXIV (Winter, 1983), 41-44.
2. Alvin Toffler, *The Third Wave* (New York: William Morrow and Company, Inc., 1980).
3. David Snyder, "A Futurist Look, Decade of the 80s" (Speech presented to the Executive Directors' Association, Washington, D.C., 1980).
4. Howard Hitchens, "Education in the 80s" (Speech presented at the Association of Educational Communications and Technology Affiliates conference, Washington, D.C., August, 1979).