

M E M O R A N D U M

January 2, 1986

TO:

FROM: John Huber

RE: New Year's Resolutions

January is a time for introspection, renewal and New Year's resolutions, a time to review old ways and to determine to change for the better. I would like to share with you some of my New Year's resolutions and to ask for your suggestions on others that can be added to the list.

1. Timing of Promotions. Promotions in the Division are not automatic, but rather are given on merit. But since the timing of a promotion has a number of effects, including a monetary one, I propose that we streamline the system for promotions. When a promotion is merited, I believe it should be given as soon as possible. Therefore, instead of our current procedure of submitting promotion papers to the Office of Personnel contemporaneously or promptly after the person's anniversary date, we will modify the procedure so that the papers are submitted no later than the end of the second week of the eleventh month of the person's eligibility. Thus, the papers will be submitted two weeks before the person's anniversary date with a request that the promotion become effective as soon as possible. The levels of approval for a promotion will not change, but the timing of submitting the papers will be accelerated. If the person is not being promoted, he or she will have a conference with their supervisor during the first week after their anniversary date to discuss the reasons why and the areas where improvement is necessary.

2. Training. Given the increasing complexity of filings, I believe we should expand the Division's training program and diversify training experiences. We are developing the schedule for formal training sessions for the Division for the year. Some items, like the accounting course for non-accountants are already scheduled. This schedule will be distributed to the staff during January. In addition to formal training conducted by the Division staff, I would like to explore the possibility of having persons come in to lecture on specific topics, such as the day on oil and gas accounting conducted by Richard Adkerson in December. I would also like to develop a program of sending Division staff on trips. For example, one person has suggested that staff from the branches handling broker-dealer filings visit the exchanges and tour the trading floor of a broker-dealer in New York City. The trips will be subject to the amount of money in the Division's training budget.

3. Open Door Policy. The next point is the renewal of the open door policy. Everyone is welcome. If I'm unable to see you when you come, leave a message and we'll set up a mutually convenient time. The topic can be anything you want. I can't promise that I'll always agree, but I do promise to listen.

4. Meetings with Branches/Offices. An idea I would like to try on an experimental basis is to meet with each branch and office in the Division. Given the size and workload of the Division, I've been thinking about meeting with one branch or office a week to discuss any topics that the staff in that branch or office would like to discuss. If the branch/office staff chooses, this can be a brown bag lunch or can be scheduled for some other time during the day. Depending on the response after one round of these meetings, we can continue, discontinue or change the format of them.

5. Elimination of the Division's commitment policy. For the past several years, the Division has been asking for a commitment from new professional staff: three years for a person coming from outside the Commission and two years on an inter-division transfer. The commitment was not new to the Division's hiring practices. When I joined the Division in 1975, I gave a three year commitment to the Division. As Jack Heneghan explained it to me, in this typical plain Irish language, "The first year you learn. The second year its 50-50, you are still learning, but also contributing. Its only in the third year that the Division gets its investment back." The commitment policy was reinstated as an effort to staunch staff turnover. Division people are highly marketable. We haven't tried to stop that. In fact, we've tried to use it in our hiring. We cannot compete with private practice on salary. Because of the restrictions on entry levels of professionals straight out of school, we aren't able to match the salary available in private practice. What we do offer is a broader experience and more responsibility quicker than private practice. These factors make a person with Corp. Fin. experience very marketable. It also leads to high turnover, especially during bull markets when large numbers of offerings, both public and private, are made.

While there were reasons for the policy, there have been a growing number of questions raised about whether it is appropriate and whether it is being fairly administered.

I first thought that the way to address this issue was to make the criteria for exceptions clear by writing them down or having a group of people who are currently subject to the commitment revise and codify the criteria. But such steps would not address the economic problem of the wide salary gap which increases as the years pass. Moreover, it could have the opposite reaction of having written criteria appear inflexible and more definite than what the commitment really is i.e., an unenforceable moral obligation.

Therefore, the Division will not continue the commitment policy for new personnel and anyone currently on the staff of the Division who has given a commitment is released from it.

That's my list of resolutions for the new year. I would like to see or hear about any suggestions you may have to add to the list. If you have any, write them down or drop by and let's discuss them. And, by the way, Happy New Year!