



July 21, 1987

L. Allan Austin
Austin and Lindberg International
31, Rue Montoyer
B-1040 Brussels
Belgium

Dear Allan:

I enjoyed and appreciated your zero base program in Milwaukee on June 9, 1987. This was the second time for me but I still gained a lot from it. Moreover, I was pleased to see the positive results of ZBB in our Division Operations Department. The services provided by you and your firm have certainly been worthwhile.

You asked for comments regarding the opening remarks of your June 9 session. You addressed the issues of deregulation, superconductivity and oil. Your comments on deregulation were directly on point. Unfortunately, many managers in the utility industry have been entrenched in the "regulatory" environment for so long that they still don't understand the potential impact of deregulation and competition. Therefore, I suggest that you expand your comments on deregulation, at the risk of boring those "in the know," but in the hopes of convincing others who still believe that the utility industry is a cost plus business.

Your remarks on superconductivity were very interesting and informative. Each day we know a little more. I'm sure the electronics industry will see rapid changes in the near future, but I'm not certain what the impact will be in the utility industry with regard to more efficient transmission and distribution of electric power. The question is one of economics. Will it be cost-effective to construct power lines of superconductive material? I am not that familiar with the process and the types of materials that are required to answer those questions. However, I agree with you that some day utilities will very likely have to deal with this new and exciting technology.

My knowledge about oil is even less, particularly where it concerns origin and source. In my opinion, this new discovery you mentioned may impact our industry much sooner than the superconductivity matter.

All three of these subjects are apropos when introducing the ZBB concept. The key is to get people's minds away from the traditional way of thinking and opening them up to new ideas. The introduction of these topics presents managers with both threats and opportunities. Sometimes we need to be threatened before we open up our minds to new opportunities. Hence, these new challenges also open the doors for new ways to view things. This provides a convenient forum for presenting the new tools and methodologies (services) your firm can offer.

I look forward to hearing more about OAT.

Sincerely,

John Greidanus
Superintendent
Performance Assurance Division