

## **ROCK 'N ROLL: MANAGEMENT, LEADERSHIP, AND NEGOTIATION AT CHILEX EXCAVATION**

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*Steve was at a point where he needed to make a decision. He had spent his entire career as an expert excavator with an excellent reputation in the state. Steve was one who builders would seek out because of his clean record. However, Steve now finds himself in a difficult situation because an extraordinarily large rock rolled down the side of the property where he was working onto another person's property, which happens to be on historic land that is part of the Canemah National Register District. As a result, Steve is going to have to decide on a couple alternatives to present to the landowner and fast! The presence of the rock on the property is not considered a gift, at least not yet. Concerned that his reputation is on the line, the same creativity that he brings to lush Oregon landscapes is needed along with keen business acumen as Steve navigates a solution that is acceptable to all parties involved.*

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It was undoubtedly going to be among the most difficult decisions made since founding Chilex. Steve, the owner of a small excavating company, had a decision to make. A boulder dumped by one of his subcontractors crashed over a 200-year-old native rhododendron, through native plants, and then rolled to its final rest private property that is on historic land that is part of the Canemah National Register District. This occurrence could have serious financial and reputational consequences if not handled properly. The property owner who now realizes that the large boulder is on her property is well aware of the value of all that the rock has “rolled through” to get to where it now rests giving her plenty of leverage with her demands.

### **CANEMAH NATIONAL REGISTER DISTRICT**

Located at the southwestern edge of the Oregon City limits, on the southern bank of the Willamette River, is the Canemah Historic District (Canemah National Register District, n.d.). Although annexed to Oregon City back in 1928, the district remains separate in several ways – particularly when it comes to the alteration of properties and new construction both of which require a review by District staff or the Historic Review Board (Canemah National Register District, n.d.). As such, design guidelines have been set forth by the Oregon City Planning Division. The guidelines provide multiple purposes, each aimed at preserving the landmarks of the district.

Two important purposes of the design guidelines are identified as most important in the preservation plan:

“First, they provide the Historic Review Board (HRB) and City staff with uniform standards and a framework on which to base design review decisions. Second, they provide property owners, designers, contractors, and developers a similar set of standards to allow for predictable planning and timely construction.”

(Design Guidelines for New Construction, n.d.)

As explained, guidelines and expectations outlined are set forth as a set of uniform standards and serve as a framework to guide design review decisions. Property owners are expected to fall within the standards, and any changes or new construction within the district receive ‘serious scrutiny’ as *any change* can have a “significant adverse impact for the area” (Design Guidelines for New Construction, n.d.). As such, the boulder roll will need to be addressed and resolved with the property owner *and* a resolution reached that falls within the guidelines set forth by the HRB and City staff *because* the private property is located within the Canemah Historic District.

### **CHILEX, INC. DBA CHILSON EXCAVATING**

Chilex, Inc. dba Chilson Excavating, was a small C corporation. Over many years of operation, from 1977 to 2019, the founder, owner-operator and driving force was Steve Chilson, a skilled operator of heavy equipment, track hoes, skid steers, and heavy semi-trucks, with a commercial driver’s license and a vision of success from an early age. Brenda Chilson, Steve’s wife served as secretary-treasurer and managed billing, accounts receivable and payable, as well as the taxes. Brenda also served as the only other “boots on the ground” worker other than the equipment operator. Steve delivered excellent service to his clients, big and small as he was

not satisfied with halfway performance. In addition to his company, Steve also worked for several other corporations as a subcontractor completing trench digging for electric companies. His smaller clients were usually homeowners, and they definitely got their money's worth in both creativity and design.

Steve's main attribute (other than having no fear of hard work) was the management of time. He was diligent from the moment of contact from a customer following up without fail and often stated it was the reason why he got the job. Steve was smart too because often in bidding a job he felt it was a waste of time to go to the job site if the schematics of what was needed could be gathered by phone call or even a map search. Steve was known as being efficient and effective. When examining efficiency and effectiveness, both are different. Efficiency encompasses the ability to accomplish a goal with minimum wasted time, money, effort and competency (Nelson & Quick, 2013; Robbins & Judge, 2019; Uhl-Bien et. al., 2021). Effectiveness is the degree to which something is successful in producing the desired result (Nelson & Quick, 2013; Robbins & Judge, 2019; Uhl-Bien et. al., 2021).

Brenda formed the corporation, taught him the value of such tools in bidding, using Google to see an overhead view of the area and using maps to get him to the job without having to follow sometimes vague directions from the customer all well knowing Steve uses a large truck and trailer with an excavator on board. Time was saved by taking a maximum number of possible tools from the start.

Steve was willing to bid a job with a total dollar cost and preferred to be paid based on the hourly rate of the largest piece of equipment used. An invoice would be provided with a line description track hoe and operator with hours multiplying the equipment rate. If a customer initially had doubts about being charged hourly, those feelings soon disappeared as Steve wasted no time in getting the job done. The speed and skill plus an innate knowledge of how to put the job together, was key to his success. Time is money, so it was not wasted! The materials and any extra trucking used on a job were listed on invoices at the exact rate that was paid for them. Some contractors add a percentage above those costs, but Steve never did. Employees boasted about how fair Steve and Brenda treat those who work for them with payment made immediately for work done. Steve treated his employees well. Staffing a job has been added to the traditional model of management as a fifth function (Daft & Marcid, 2023; Peltonen, & Mills, 2016). Staffing is the function of creating the workforce, or boots, who complete the daily work (Daft & Marcid, 2023; Peltonen, & Mills, 2016). Having a reliable and dedicated staff to fill a role

has assumed greater status in recent years due to human behavior, technology, and more.

### **CONTINGENCY MANAGEMENT THEORY**

The difficulty and unpredictability of the modern work environment is the description of Contingency Management Theory developed by Fred Fiedler where he states no single approach provided the greatest leadership in all situations (Yazdanmehr & Aghdassi, 2020). Instead, success rests on the leader's appropriateness to the situation (Yazdanmehr & Aghdassi, 2020). According to Yazdanmehr & Aghdassi (2020), Fiedler focused on three items that determine situations: (1) Task structure: how well defined is the work? (2) Leader-member relations: how well does the leader work with employees? (3) Leader position power: how much authority does the leader have and how much power do they have to reward or punish employees?

### **MANAGING CHILEX**

In the company, there were no issues with personality, promotions, or politics. Phone calls were taken before, during and after working hours. The bookkeeping was accomplished the evening after digging with details fresh on what was done that day and creating invoices by hand as needed. Both Steve and Brenda were completely committed to the stellar reputation of CHILEX. Steve not only never had a dissatisfied customer, but he never left one or a neighbor disgruntled in any way. Steve was always handling any such problem in time for correction!

Steve had a keen business sense when running his small company and an innate artistic ability. His skills were self-taught, and he was good at running the business and molding dirt and rock to appear stunning. Customers would often comment Steve was an artist with a huge palette sculpting dirt and rocks for functionality and eye appeal.

### **NATURE, GRAVITY, AND A BIG DILEMMA**

The business was going well; however, a problem occurred with a large rock and subsequently put Steve in a very uncomfortable situation. While working on a job, one of his contracted truckers had a very large rock valued at \$1500 (installed) dumped and then subsequently rolled onto someone else's property, which just happens to be on historic land, which is part of the Canemah National Register District (Oregon City Planning, n.d.; Oregon Digital, n.d.). "The Canemah Historic District is located at the southwesterly edge of the city limits of Oregon City, on the southerly (rocky ledged) bank of the Willamette River, just above the Falls. The

community lies within a crescent-shaped hollow in the basalt cliffs that rise to the south above the river. Its name is said to derive from a Native American word "kanim" for "canoe place" and it was the existence of a graveled beach that gave rise to the town's establishment in 1845. Because of the falls, cargo and passengers had to be portaged at this point" (Oregon City Planning, n.d.).

### **IMPORTANT FACTORS TO CONSIDER**

It is important to note at this point, that Steve himself is a contractor, working the excavation portion of the project. If he were to leave without resolving the issue, even with the job finished, he would have to deal with a claim, or have a claim filed against him. Whatever consequences not resolved by Chilex would fall to the builder and his company. This may result in the builder withholding funds from Steve's pay and/or then in turn filing a complaint against Chilex with the Contractor Construction Board concerning the issue.

The state of Oregon is vigilant through their marketing to create awareness about contractor practices, ethics, and scams (Oregon Construction Contractors Board, 2023). The state encourages anyone hiring a contractor to check their license for issues before hiring, and the extensive campaign highlights being aware of bad contractors. With the stellar record that Chilex has retained over the years, and the potential that this situation may also impact the reputation of the main contractor, Steve was not about to let this get out of hand!

### **APPROACHING THE HOMEOWNER AND TIME TO CONSIDER HOW TO APPROACH NEGOTIATION**

Steve had always referred to himself as a "straight shooter" meaning that he was very honest and well known for transparency and telling things as they are. This is how he had been able to build the reputation that he has achieved over his career. He knew that he would need to contact the owner immediately and get ahead of the situation. Not only that, but he would also need to provide reasonable options to assure that both the homeowner and Chilex achieve the most satisfactory resolution.

As Steve and Brenda recognized that there would be several potential courses of action, it would be a matter of working with the owner to negotiate a deal that would be satisfactory to both. It was evident that moving the boulder UP the hill (completely removing the rock from the homeowner's property would not be an option as it would be a more drastic move and might cause more damage than already had occurred.

Steve was proactive in going to the homeowner, knocking on her door to explain what had happened with the large rock. As he knocked, many thoughts started to

flood through his mind. Would the homeowner be willing to negotiate an amicable solution? Did the historic land protection account for acts of nature and acts of God should the rock be unable to be moved? The governing entity surely had dealt with something like this previously, and if they had not yet, it would surely come up again.

Upon answering the door, Steve explained the series of events that had unfolded. The homeowner listened carefully and seemed undecided at first as to whether she would reach out to the historic Review Board. As they spoke, the homeowner pointed out that the rock had run over an old growth Rhododendron in its path. At this point, Steve's thoughts began to flow more quickly. Was this a reflection of the homeowner's greed? Was the homeowner attempting to see what kind of deal she could negotiate? Maybe she was even trying to see the extent that Steve was willing to go to accommodate her because the land was protected. It was really hard to tell, and Steve didn't know what to do.

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